恒益控股有限公司
HANG YICK HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 1894

# 2025/26 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

# Environmental, Social and Governance Report

## REPORTING PRINCIPLES

To achieve sustainable development and improve our practices on ethical and transparent management style, the Group, throughout the year ended 31 March 2026, implemented various measures in relation to environment, social and governance into our daily operation. The Group is pleased to present this Environmental, Social and Governance Report (the "**ESG Report**") to provide an overview of the Group's measures and policies in relation to environment, social and governance, as well as the results achieved. This ESG Report's primary coverage includes the environmental, social and governance aspects of the Group's principal business, i.e. steel and metal engineering services and the sales of steel and metal products; while it is supplemented with information of the recent addition of our construction section.

The information disclosed in this ESG Report is derived from the Group's public information, official documents, and internal statistics, referring to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Listing Rules as well.

The ESG Report comprises and explains the relevant information for the year ended 31 March 2026 quantitatively, in a consistent and material manner. Relevant comparison is made with information from the previous year. The ESG Report, as well as the information contained in the ESG Report, have been approved by the Board of Directors and management of the Group.

## STAKEHOLDERS' FEEDBACK

The Group understands ESG issues are sufficiently important to our shareholders as well as other stakeholders. To ensure strong corporate governance, the Group continues to collect feedbacks from different stakeholders to continually improve its ESG approach and its sustainability performance.

| Major stakeholders | Demands and expectations | Communication channels |
|---|---|---|
| Shareholders and investors | • Sustainable profitability<br>• Prevention of operational risks | • Company announcements<br>• Annual report and interim report<br>• Annual general meetings |
| Government and regulatory bodies | • Regulatory compliance<br>• Pollution and conservation | • Supervision and evaluation<br>• ESG Report<br>• Inspection |
| Customers | • High standard of services<br>• Quality control<br>• Information security | • Business communication<br>• Customer feedback |
| Employees | • Corporate governance on employee rights and interests<br>• Improvement on employee remuneration and welfare<br>• Career development | • Staff meetings and activities<br>• Staff training<br>• Recruitment |

| Major stakeholders | Demands and expectations | Communication channels |
|---|---|---|
| Media | • Transparent information<br>• Corporate sustainability | • Company's website<br>• News monitoring |
| Communities | • Higher community involvement<br>• Supporting public welfare activities | • Charity activities |

## MATERIALITY ASSESSMENT

During the year ended 31 March 2026, the Company conducted a comprehensive materiality assessment to identify and prioritise the potential environmental, social and governance concerns brought by the Group's business.

The Group is aware that emissions from the Group's operation would bring pollution to the environment and is working on improving its operation to minimise such pollution.

## OUR ENVIRONMENTAL POLICY

During the year ended 31 March 2026, the Group strictly complied with all the relevant rules and regulations on national and regional levels, in accordance to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Guangdong Province Environmental Protection Regulation, as well as the laws and regulations in Hong Kong in relation to environmental protection.

Although climate-change-related issues do not impact the Group's business operation particularly; the Group makes its best effort in achieving environmental efficiency in its business development so as to minimise negative impacts to the environment. Beyond compliance, the Group strives to control environmental pollution by adopting an Environmental Management System (EMS), and to monitor, manage and evaluate its performance towards pollution control and waste reduction at the same time. The EMS implemented in our main manufacturing facilities in Huizhou, Guangdong Province, has been certified to the ISO 14001:2015 international standard.

For the year ended 31 March 2026, the Group recorded four areas of environmental impact involved in its production: the management of air and gas emission, noise levels, sewage discharge and solid waste. Due to limitations in recording all items of consumptions and emissions, the following figures demonstrate the consumption data recorded from our offices, production facilities and vehicles.

## Emissions and Wastes

*Greenhouse Gases and Key Air Pollutants Emissions*

| | For the year ended 31 March 2026 | |
|---|---|---|
| | Emission in tonnes of $CO_2$ equivalent | Emission intensity per million Hong Kong dollars in revenue |
| Total GHG emissions (with direct removals) | 675.69 | 3.79 |
| Scope 1 — Direct GHG emissions | 334.37 | 1.88 |
| Scope 2 — Energy indirect GHG emissions | 329.35 | 1.85 |
| Scope 3 — Other indirect GHG emissions | 11.97 | 0.07 |

The Group's emissions of greenhouse gas in carbon dioxide (CO2) equivalent mainly attribute to its electricity consumption and fuel consumption during production and operating activities involve welding fumes, electricity consumption and transportation of material. The total GHG emissions is decreased by 26.8% compare with the previous year.

Compared to the year ended 31 March 2025, emissions of greenhouse gases and other key air pollutants had decreased during the year resulting from the decreased in fuel and electricity consumption and packaging used. Alongside our business footprints, we always stay alert on the balance between business achievements and energy efficiency, so as to sustain our business development with controllable energy consumption. The Group will continue to monitor and revise our energy usage and logistic plans so as to minimise the emissions in the future. Ventilation and filtering systems were also adopted to reduce the concentration of pollutants in our production facility.

*Water Sourcing*

There have been no issues for the Group to source water for its production for the year ended 31 March 2026.

*Hazardous Sewage Discharge and Treatment*

Sewage discharged from our production process contains hazardous waste. Following the regulatory guidelines issued by the local department of environmental protection in Mainland China, our amount and source of discharge from our production facility attained its required standard. The Group controls our usage strictly in each production stage.

*Treatment steps:*

Evaluation of the Group's hazardous sewage discharge → Report to the relevant agencies → Environmental Protection Bureau Approval → Waste declaration → Appointed Huizhou Dongjiang Environmental Protection Technology Limited as the third party → Wastes treated by Huizhou Dongjiang Environmental Protection Technology Limited → Transfer hazardous waste

| | For the year ended 31 March 2026 | |
|---|---|---|
| **Source of sewage** | **Sewage discharged (tonnes)** | **Discharge destination** |
| Huizhou Hengyi | **5** | **Dong River** |

Contaminants are then removed from the hazardous discharges in the course of sewage treatment. Meanwhile, general sewage is gathered for safe disposal into the city's water treatment system.

*Non-hazardous Waste*

Our non-hazardous solid wastes consist of papers and other general wastes which are treated by Huizhou Dongjiang Environmental Protection Technology Limited. During the year ended 31 March 2026, our total non-hazardous waste greatly decreased from 7.66 tonnes to 1 tonne compare with the previous year. We encourage our production staff to minimise and recycle all solid wastes.

*Noise Levels*

Due to the use of heavy machinery in our operation, our production process creates noise. To minimise the level of noise generated, production machines are inspected regularly to ensure they remain in optimal conditions. Meanwhile, we also have adopted sound-proofing designs and structures in the construction of production facilities.

## Use of Resources

*Fuel Consumption*

| Fuel | For the year ended 31 March 2026 |
|---|---|
| LPG (L) | 16,010 |
| Diesel (L) | 98,057 |
| Unleaded petrol (L) | 9,768 |
| Total (L) | 123,835 |

*Consumption of Resources*

| | For the year ended 31 March 2026 | |
|---|---|---|
| Resources | Consumption | Consumption intensity per million Hong Kong dollars in revenue |
| Electricity (kWh) | 866,715 | 4,863.72 |
| Water ($m^3$) | 7,527 | 42.24 |
| Paper (tonnes) | 1.75 | 0.01 |
| Plastic packaging (tonnes) | 2.00 | 0.01 |
| Wooden packaging (tonnes) | 12.00 | 0.07 |

The Group's consumption of resources was attributable to electricity, water, paper, as well as packaging with plastic, and wooden materials. During the year ended 31 March 2026, the Group's total consumption of electricity and wooden packaging slightly decreased. During the year ended 31 March 2026, our electricity consumption was reduced from 905,800 kWh to 866,715 kWh; our wooden packaging was reduced from 12.5 tonnes to 12 tonnes. The implementation of Energy Management System has helped the Group in achieving energy efficiency by reducing the electricity consumption of air conditioners in office buildings and dormitories, and gradually replacing the old air conditioners to the ones with Grade 1 energy-label. We put up signs and often remind staff to save water through internal communication groups.

# EMPLOYMENT AND LABOUR PRACTICE

To safeguard our employees' lawful rights and well-being, we ensure strict compliance with the applicable laws and regulations in Hong Kong and Mainland China, including but not limited to Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and General Principles of the Civil Law of the People's Republic of China (《中華人民共和國民法通則》). Hence, a range of internal policies has been executed by the department of human resources under the supervision of the corporate governance team; while we include the updated policies in our internal publications to keep our employees well-informed. For instance, the employment contract for new staff must be approved by the director. In case of extra production needs in peak season, we would arrange the manpower according to the maximum working hours and minimum hourly wages, and such arrangement should be approved by the management.

For the year ended 31 March 2026, employee statistics of the Group categorised by job function, gender, age group, and employment location are shown below:

| | For the year ended 31 March 2026 |
|---|---|
| **By Job Function** | |
| Executive Directors and Senior Management | 5 |
| Project Management and Supervision | 37 |
| Finance and Accounting | 5 |
| Administrative and Human Resources | 18 |
| Production Workers | 115 |
| Site Workers | 290 |
| Warehouse and Logistics | 18 |
| **By Gender** | |
| Male | 433 |
| Female | 55 |
| **By Age Group** | |
| ≤30 | 71 |
| 31–40 | 94 |
| 41–50 | 143 |
| 51–60 | 137 |
| ≥61 | 43 |
| **By Employment Location** | |
| Mainland China | 147 |
| Hong Kong | 341 |
| Total | 488 |

## Employment Standards

The Group is committed to the principle of equal employment to protect employees and job applicants from discrimination of gender, age, family status, ethnicity or religion, where none of these factors but personal merit and vocational competence are considered in our recruitment, evaluation, or promotion processes. For the year ended 31 March 2026, the Group has not received any complaints regarding unequal employment. The Group strives to attain employee's diversity from different background, age group, and gender; yet gender diversity is a particular challenge in the construction industry with its labour-intensive work nature.

We highly respect human rights and prohibit any form of child labour or forced labour. The human resources department of the Group checks the identification documents of the job applicants to ensure that they meet the minimum working age requirements of local laws and regulations, and they hold legally authorised working permits. Internal guidelines and procedures are set to avoid ambiguity; it is every employee's obligation to report potential, suspected or actual violations of illegal labour. The management of each department could issue warnings, and we encourage all of our general employees to report to their managers under such situation. Any major issues must be reported to the board of directors. Any director or employee who violates the disciplinary code will be subject to disciplinary action, including termination of his/her duties. Criminal offences would be referred to the related law enforcement agencies.

In regard to insurance and benefits provision, the Group provides all mandatory insurances and retirement contributions for our employees, which include employees' compensation insurance and Mandatory Provident Fund that are implemented in Hong Kong, whilst social insurance is implemented in the Mainland China. Eligible employees are entitled to take maternity leaves as well as paternity leaves.

The Group provides a fair competing environment for career development and progression, where internal training opportunities are also open to employees of different ranks. The details of the Group's internal training will be discussed in the "Development and Training" section.

To reward and retain our employees, we implemented salary adjustment and merit point system for our production staff in Mainland China during the year ended 31 March 2026. The salary level of the production workers has been steadily increasing in recent years owing to changes in labour law and the local labour market trends. They are also eligible for birthday gifts, bonuses, and certificates of commendations. We encourage a healthy work-life balance by aiming to reduce working hours; hence, the Group has the internal rule of not working overtime for more than 20 hours per month. Moreover, we organised a variety of extra-circular activities during the year. Such extra-circular activities include morning and evening exercises, quarterly galas, sports days, and reward trips for management staff.

During the year ended 31 March 2026, Happiness at Work Promotional Scheme was implemented at our Hong Kong office to boost employees' satisfaction and happiness at the workplace. The Group received the Happy Company Award from the Promoting Happiness Index Foundation. We organised annual dinner, attended charitable events with staff, and implemented flexible work arrangements to show our care to employees' work-life balance.

Below are headcounts for the year ended 31 March 2026:

| | Mainland China | Hong Kong | Total |
|---|---|---|---|
| Beginning of year | 151 | 249 | 400 |
| Recruits | 40 | 158 | 198 |
| Resignees | 44 | 66 | 110 |
| End of year | 147 | 341 | 488 |

The table below sets out the employee turnover rate by gender, age group and geographical region for the year ended 31 March 2026:

| | Employee turnover rate (%) for the year ended 31 March 2026 |
|---|---|
| **By gender** | |
| Male | 19.3 |
| Female | 6.6 |
| **By age group** | |
| ≤30 | 30.5 |
| 31–40 | 10.7 |
| 41–50 | 8.4 |
| 51–60 | 40.3 |
| ≥61 | 39.5 |
| **By geographical region** | |
| Mainland China | 29.5 |
| Hong Kong | 22.4 |
| Total | 24.8 |

## Health and Safety

Considering the relatively high risk the construction industry poses to its frontline workers' safety and health, the Group is committed to protecting them as much as possible by improving its daily operation, particularly, safety standards of our workplace. During the year ended 31 March 2026, with the effort of our management team and supervisors of frontline workers, we managed to comply in material respects with all applicable laws and regulations in relation to health and safety, which include but not limited to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》), and the Provisions on Fire Control Safety Education and Training (《社會消防安全教育培訓規定》).

As for employees' health protection, medical insurance coverage is provided, as well as annual health check-ups to encourage our production staff to monitor their health conditions. Caring for its employees, not only physical but also mental health is on top of the Group's concern; as such, we promote a healthy lifestyle at work by initiating daily morning exercise routines to boost morality.

As an employer, the Group provides adequate health and safety information to our employees on workplace hazards to raise their awareness. For the new workers at the Group's production sites, safety awareness trainings are provided before they start on-site works, to ensure our employees are with the knowledge on how to avoid accidents by identifying occupational hazards at the workplace. To raise our staff's consciousness, we promote safety production in everyday morning assembly and regularly share occupational health and safety information with our employees via internal communication systems and on social media platforms. We encourage them to attend occupational safety and health seminars held by the Labour Department, and we also share relevant information such as Site Safety Handbook, Occupational Health Handbook for Office Workers released by the Labour Department and guidelines on prevention of heat stroke.

In our human resources policies, detailed safety guidelines and accident reporting procedures are stated clearly. We developed occupational safety measures such as protective clothing, working instructions, and in-house safety rules to prevent harm and injury as well as to minimise their safety risks at the workplace. Workers of the Group are required to wear protective equipment including masks, gloves, earplugs, safety helmets, and other safety production items. Safety drills are practised twice a year to prepare our employees for emergencies.

During the year ended 31 March 2026, no serious or fatal incidents occurred in the Group's operations. There were 11 work-related injury cases and a total of 621 lost workdays. The injured workers are covered with medical insurance provided by the Group. The Group has an evaluation system when work-related injury cases occur, in order to prevent workplace injuries and continually improve the work environment.

| | **For the year ended 31 March 2026** | For the year ended 31 March 2025 |
|---|---|---|
| Number of injured employees involved in occupational accidents | **11** | 13 |
| Number of deaths due to occupational accidents or occupational diseases | **0** | 0 |
| Number of workdays lost due to occupation injury | **621** | 273 |

## Development and Training

Our employees, from frontline and back-office staff, to our Directors, receive relevant training regularly. For example, we provided our frontline workers with trainings on occupational safety and technical skills, while management team and Directors attended courses on corporate governance, financial reporting, investor relations and public relations.

The table below summarises training statistics for the year ended 31 March 2026:

| | **For the year ended 31 March 2026** |
|---|---|
| Number of employees trained | **162** |
| Total training hours of employees trained | **1,335.75** |
| Average number of training hours per employee | **8.25** |

| | For the year ended 31 March 2026 | |
|---|---|---|
| | Number of employees trained | Average training hours for employees in relevant categories |
| **Employees trained, by gender** | | |
| Male | 139 | 8.26 |
| Female | 23 | 8.13 |
| **Employees trained, by job categories** | | |
| Executive Directors and senior management | 4 | 12.44 |
| Project management and supervision | 15 | 7.30 |
| Finance and accounting | 5 | 6.60 |
| Administrative and human resources | 7 | 9.40 |
| Manufacturing | 115 | 8.00 |
| Warehouse and Logistics | 14 | 8.00 |
| Labourer | 2 | 22.75 |

# OPERATING PRACTICES

We adhere to fair and transparent operating practices by adopting internal policies which set out the selection and assessment procedures for suppliers and subcontractors according to the criteria that should be taken into account. Furthermore, we try to avoid engaging suppliers or subcontractors with questionable environmental practices or ethical standards.

## Supply Chain Management

The long-term relationship established with our suppliers is one of our greatest strengths throughout the years. The table below summarises the number of suppliers for the year ended:

| | For the year ended 31 March 2026 |
|---|---|
| Number of suppliers in the PRC | 147 |
| Number of suppliers in Hong Kong | 8 |
| Number of suppliers in Korea | 1 |

We maintain an approved list of suppliers and service providers. The potential suppliers and service providers must fulfil our assessment criteria before they are put into our approved list, and the criteria include, among others, price, quality, reputation in the industry, financial performance, delivery time, services as well as commitment to environmental and social responsibilities. With a growing database of suppliers, the Group demands strict regulations on procurement process. From time to time, our responsible staff will assess the performance of the suppliers and services providers, including, among others, cost competitiveness, ability to meet the delivery schedules, response to the instructions, quality of goods or services received. If the suppliers or service providers do not meet our assessment, they will be removed from our approved list.

## Product Responsibility

We tailor-make products for clients, emphasising the importance of customisation and quality control. We strictly follow rules and regulations such as the Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong). We obtained ISO9001:2015 Quality Management System Certificate in recognition of our endeavour in producing the best possible products in strict standards. Our production line covers a wide range of procedures, from choosing the right material, metal-cutting, to meticulous final polishing, to safeguard the highest quality and standard of our products.

During the year ended 31 March 2026, the Group did not have any product recalls due to safety and health reasons, nor have we received any product and service-related complaints. To the best of the Group's knowledge, the Group did not commit any breach of intellectual property rights or consumer data protection and privacy policies.

## Privacy

The Group strictly complies with relevant privacy provisions, and regards customer privacy protection as a vital matter. Therefore, the Group strives to protect confidential data of its customers as well as suppliers, which are forbidden from unauthorised access or disclosure.

## Anti-corruption

The Group has established and implemented a sound Anti-Corruption policy which clearly defines the anti-corruption supervision and management process. In our corporate culture, accepting gifts from business partners is generally discouraged. Any form of corruption is strictly prohibited, including but not limited to bribery, extortion, fraud, money laundering or misappropriation of public funds. In case of acceptance of gifts, employees must report to their department heads if they receive gifts valued above HK$300; for gifts valued above HK$5,000, they shall report to the Directors to avoid possible conflicts of interest. To achieve our anti-corruption goals, we set up internal channels for anonymous reporting of incompliance of rules and have issued internal memo to raise awareness on anti-corruption. The Group is not aware of any incidents of non-compliance with laws and regulations that may have a significant impact on the Group concerning bribery, extortion, fraud and money laundering during the year.

# COMMUNITY INVESTMENT

The Group is committed to its social responsibilities and supports our local community where our business rooted. During the year ended 31 March 2026, Hang Yick's volunteer team took turns to serve in the community centre and went for community visit in Lilin village with gift bags.

## AWARDS AND CERTIFICATIONS

During the year ended 31 March 2026, the Group received several awards and certifications from various organisations for our charitable efforts and professional performances:

- *Certificate of Happy Company* by Promoting Happiness Index Foundation
- *Environmental Management System — Certificate of Approval* for meeting the requirements of GB/T 24001–2016/ISO 14001:2015 by Procision (Shanghai) Certification
- *Quality Management System — Certificate of Approval* for meeting the requirements of GB/T 19001–2016/ISO 9001:2015 by Procision (Shanghai) Certification