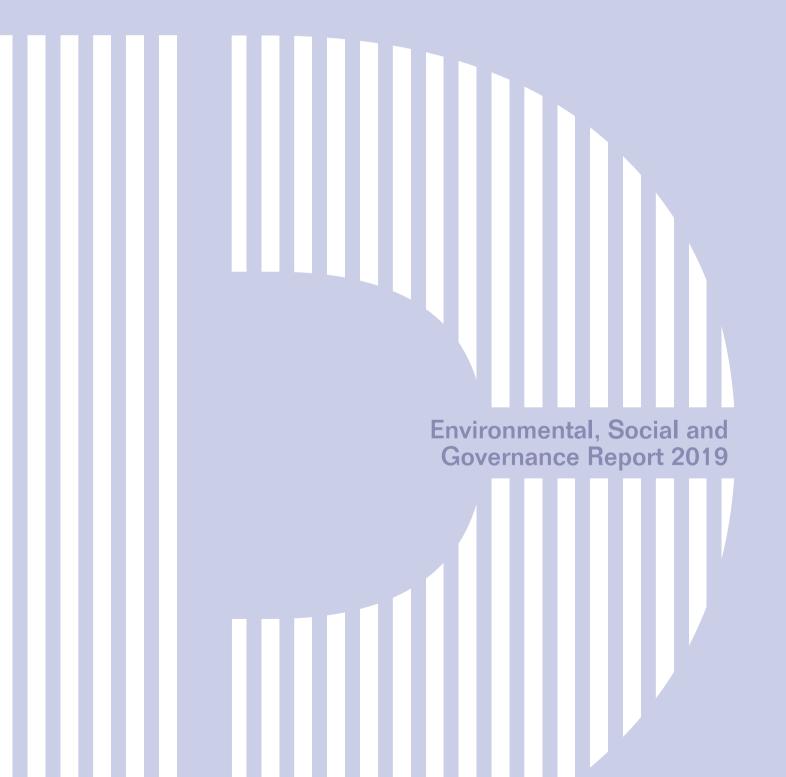


迪臣建設國際集團有限公司

Deson Construction International Holdings Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 8268



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About The Report

Deson Construction International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "We") are pleased to present the Environmental, Social and Governance ("ESG") Report, which summarises the efforts and achievements made by the Group in corporate social responsibility and sustainable development. For the details of corporate governance, please refer to the Corporate Governance Report of the Group's Annual Report 2019.

SCOPE OF THE REPORT

The ESG Report focuses on the environmental and social performance of the core businesses of the Group, namely (i) a contractor in the building industry to provide building construction works, electrical and mechanical engineering works and alterations, addition, renovation, refurbishment and fitting-out works, mainly in Hong Kong, the People's Republic of China (the "PRC") and Macau; (ii) investment in securities; and (iii) property investment, during the period from 1 April 2018 to 31 March 2019 (the "Year"). The Group will continue to develop strategies to enhance its performance in the environmental realm and to disclose relevant information in sustainable development.

REPORTING FRAMEWORK

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

INFORMATION AND FEEDBACK

Your opinions on the Group's ESG performance are highly valued. Should you have any advice or suggestions, please feel free to contact the Company through info@deson-c.com.

ESG Responsibility Management

STAKEHOLDER ENGAGEMENT

The Group deeply understands the importance of close communication with stakeholders. The preparation of the ESG Report, which included the participation of different stakeholders, has helped us to review our current management on the environmental and social performance, and has also served as a basis for the formulation of our sustainability strategies. In order to understand the stakeholders' expectations and requirements, the Group has established various channels to collect opinions regarding our ESG performance and to address their reasonable expectations.

Stakeholders	Expectations and Requirements	Means of Communication and Response		
Government and Regulators	 Compliance with national policies, laws and regulations Support for local economic growth Tax payment in full and on time Safe construction 	 Regular information reporting Regular meetings with regulators Examination and inspection 		
Shareholders	 Returns Operational compliance Growth in corporate value Information transparency and effective communication 	 General meetings Announcements Email, telephone communication and company website 		
Business Partners	Operation with integrityFair competitionPerformance of contractsMutual benefits	Business communicationEngagement and cooperation		
Customers	 High-quality construction projects and services Health and safety Performance of contracts Operation with integrity 	 Customer service center and hotlines Customer communication meetings 		
Environment	Compliant emissions	 Communication with local environmental departments Participation in environment-related charity activities 		
Employees	 Protection of rights and interests Occupational health and safety Remunerations and benefits Career development Care for employees 	Employee mailboxTraining and workshopsEmployee activities		

ESG Responsibility Management

		Means of Communication and	
Stakeholders	Expectations and Requirements	Response	
Communities and the Public	Improvement in community	Company website	
	environment	 Announcements 	
	 Participation in charity 	 Participation in and provision of 	
	 Information transparency 	sponsorship to charity events	

ESG GOVERNANCE

The Group considers good ESG governance as an integral part of the sustainable growth of enterprises. The board of directors (the "Board") of the Company thereby bears the primary responsibilities for formulating the Group's short-term and long-term ESG strategies, and continually oversees and reviews the implementation of ESG policies, so as to strengthen the Group's ESG system and minimise related risks. The Board has delegated an authority to carry out sustainable development measures and ensure compliance with relevant laws and regulations.

Protecting Our Environment

ENVIRONMENTAL PRINCIPLE

The Group recognises the importance of environmental protection and is committed to embedding corporate responsibility into its business operation. A Safety and Environmental Department has been established by the Group, which is responsible for ensuring environmental compliance and proper implementation of environmental protection measures in the projects. As a contractor in the building industry, we have been operating in strict compliance with the environment-related laws and regulations applicable to building industry, so as to minimise the environmental impacts.

The Group has always put a high priority to environmental protection. With that in mind, regular on-site environmental management meetings are held by the Environmental Committee, which includes representatives from sub-contractors. In the meeting, environmental and site hygiene issues regarding the management system as well as on-site performance will be discussed and reviewed in order to effectively control the environmental impacts caused by construction work.

During the Year, the Group was not aware of any non-compliance with environmental-related laws and regulations.

EMISSION TREATMENT

Waste

The non-hazardous waste from the office operation of the Group is mainly general refuse, while the hazardous waste is mainly waste toner cartridges and waste light tubes. In general, recyclable materials are sorted and transferred to recycling companies regularly. To reduce paper waste, the Group sets the printers and computers to default duplex and reminds employees to reduce the number of photocopies whenever possible. In addition, we encourage our employees to use reusable dishware and cutlery instead of the disposable ones by displaying notice and posters in offices, so as to raise the awareness of waste reduction among employees.

In respect of site operation, as a way to identify and properly handle waste generation, a Waste Management Plan will be compiled before the commencement of designated projects, which sets out the approach and procedures in the management of waste generated from the various construction works, as well as the arrangements for storage and reduction of waste in accordance with the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste. A monthly waste audit will also be carried out to monitor the amount of various waste produced and supervise the compliance of sub-contractors.

In the construction phase, sub-contractors are required to handle the hazardous waste and non-hazardous waste separately to avoid land contamination. The hazardous waste, such as chemical waste, shall be properly packaged, labelled and stored at designated areas and transferred to qualified parties for handling pursuant to the requirements of relevant laws and regulations. Apart from hazardous waste, construction and demolition ("C&D") waste is the major non-hazardous waste arising from construction works, which is sorted and segregated into different containers. The sub-contractors are advised to recycle and reuse the C&D waste to the greatest extent possible before the transportation to designated disposal sites by authorised companies.

Protecting Our Environment

Air Emission

The major air emissions caused by the Group's operation stem from vehicle exhausts. To reduce emission from our vehicle fleet, we have purchased vehicles with small engine displacements, and have also regularly checked and maintained our vehicles. For site operation, construction dust is the main air pollutant that may affect the air quality of the surrounding environment. Thus, we require sub-contractors to comply with relevant laws and regulations such as the Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong) and the Law of the PRC on Prevention and Control of Atmospheric Pollution, so as to alleviate the air quality impact. For example, dusty materials should be covered or sheltered, while water is sprayed on dusty materials before loading and unloading to avoid the emission of fugitive dust.

Wastewater

The water consumption of the Group is mainly attributed to general office use and site operation. Domestic sewage is the major type of wastewater in the office and is discharged directly to municipal drainage system. For site operation, sub-contractors are required to comply with the requirements stipulated in the relevant laws and regulations, such as the Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong) and the Law of the PRC on Prevention and Control of Water Pollution. A proper wastewater treatment is applied at the construction site whenever necessary to reduce the water quality impacts. For example, sand trap filters are installed to avoid the discharge of sand and large particles to the drain when significant water pollution problem is anticipated.

Looking ahead, the Group will continue to put efforts in controlling the emissions in order to reduce the environmental impact caused by its operation.

RESOURCES CONSERVATION

The main resources consumed during the Group's operation are energy and water. Our employees are reminded of the importance of water conservation and encouraged to adopt water-saving measures, such as turning off faucets tightly after use to avoid water wastage. In respect of energy saving, the Group has selected energy-efficient printer models and encouraged employees to switch off the lighting and air-conditioning when they are not in use, so as to reduce the energy consumption and carbon emissions. The Group will keep on improving the efficiency of energy and water usage, and hence to consume resources in a reasonable manner.

Due to the nature of construction industry, no packaging materials are used during our operations.

Caring About Our Employees

EMPLOYMENT, LABOUR PRACTICES AND WELFARE

The Group believes that employees are the most valuable assets and indispensable to its success. To protect employees' rights and interests, we strictly abide by relevant laws and regulations, such as the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), the Labour Law of the PRC and the Labour Contract Law of the PRC.

We have established a sound recruitment system, under which all recruitment processes are carried out according to the work requirements set by each department. Regardless of their nationality, gender, age, race, religious belief or disability, candidates with relevant professional qualifications and working experience would receive equal consideration for employment. We also strictly comply with the Employment of Children Regulations (Cap. 57B of the Laws of Hong Kong) and the Provisions on the Prohibition of Using Child Labour of the PRC, by closely examining the identification documents of candidates to ensure no child labour is employed. In order to prevent forced labour, duties and responsibilities of the positions are clearly stated on the employment contract to protect the rights of employees. To ensure that our employees have sufficient time to rest, the policies of working hours and rest periods are in line with relevant employment laws and regulations, and clearly stated on the employment contract.

On the other hand, the Group offers employees a competitive remuneration package, which is reviewed and determined with reference to the performances of employees and market practice. Also, employees with outstanding performance in their appraisal will be given promotion opportunities, which enable a long-term development of employees together with the Group.

In terms of employee benefits, in addition to the statutory requirements of monthly contributions to the Mandatory Provident Fund Scheme under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and occupational retirement schemes under the Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong) for employees working in Hong Kong, and the Five Social Insurances and One Housing Fund for employees in the PRC, we also provide employees with medical insurance, employee's compensation insurance and personal accident insurance. Besides, employees are entitled to annual leave, wedding leave, compassionate leave, maternity leave, paternity leave as well as statutory holidays. As for resigned employees, outstanding wages are paid pursuant to the requirements of the relevant laws and regulations.

Great importance is attached to the work-life balance of our employees. During the Year, we organised leisure activities for our employees, including Christmas party and Lunar New Year gathering, so as to maintain their physical and mental well-being, and foster a sense of belonging to the Group.

HEALTH AND SAFETY

The Group adheres to the people-oriented approach and has actively pushed forward safety measures in the workplace. In order to raise the awareness of our employees on occupational health and safety in office, posters issued by the Occupational Safety & Health Council of Hong Kong, regarding tips for stress management at work, proper use of computer and stretching exercise, are put up at prominent locations within the office area in Hong Kong. The Group has also purchased equipment such as metal step ladders for our employees to reduce their risk of injury.

Caring About Our Employees

As we recognise that the construction industry is one of the high risk industries in terms of occupational health and safety, we are committed to providing a safe and healthy working environment to our employees. With that in mind, a set of Safety Manual, which is prepared by the Group's safety officers and regularly reviewed and amended, is available for our on-site employees. The manual acts as a basis for the Group's safety policy and covers various aspects of occupational health and safety, including safety training, use of personal protective equipment, hazard analysis and safety promotion, as well as the safety rules and procedures for different tasks and operations, such as excavation, lifting operation, handling of flammable liquids and gases, etc. The Group is also responsible for overseeing the implementation of safety measures, while the safety officer carries out safety inspection from time to time and formulates corrective actions to mitigate safety risks. Besides, procedures for handling and reporting perils, work injuries and emergency situations are in place in the event of incidents.

Even though site workers do not work under our employment, considerable attention is paid to their health and safety. Our sub-contractors are required to strictly comply with the laws and regulations associated with health and safety, such as the Construction Workers Registration Ordinance (Cap. 583 of the Laws of Hong Kong), the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), the Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong), the Law of the PRC on the Prevention and Control of Occupational Diseases, and the Production Safety Law of the PRC. To ensure the compliance of sub-contractors, the Group holds regular safety meetings with the Site Safety Committee to discuss any non-conformity identified at site inspection, work-related injuries, updates of safety measures, etc. It is compulsory for sub-contractors to attend the safety meetings and make improvements as required by the Group.

TRAINING AND DEVELOPMENT

Driven by our firm belief in the profound importance of continuing education to enhance service quality, we provide education subsidies to motivate our employees to pursue further education. We also encourage our employees to attend training courses to keep up to date with the latest practices and the development of the industry, or to develop their management and decision-making abilities to enhance their work performance.

Safety is always the highest priority on site. Therefore, we provide safety trainings such as induction training and toolbox talks regarding various safety topics to site workers on a regular basis. In the course of training, site workers will be acquainted with relevant legal requirements as well as health and safety practice on construction sites, so as to maintain a high standard of safety awareness at all times. The safety training mainly covers the use of personal protective equipment, fire safety, proper manual handling procedure, safe operation of machineries and correct posture for lifting and other tasks.

Operating Practices

SUPPLY CHAIN MANAGEMENT

In our construction projects, sub-contractors are our major suppliers. To maintain the quality of services, the Group is careful about choosing experienced and qualified sub-contractors. Selection criteria for sub-contractors include safety performance, quality of workmanship, product availability, and on-time delivery. A list of approved sub-contractors is maintained and reviewed at least once a year. Sub-contractors with poor quality of works or unsatisfactory job performance will be removed from the list and replaced by other sub-contractors. We endeavour to lower the risks from supply chain and minimise the impacts towards the quality of our services.

QUALITY ASSURANCE

The Group understands the importance of quality control. Therefore, the Group has established and implemented a quality management system in our operations, which is in conformity with the internationally recognised ISO 9001: 2015 Quality Management System Standard. A set of Quality Manual is in place as a guidance and standard operation procedure to ensure the compliance with the requirement of ISO 9001 and relevant laws and regulations related to quality management, such as the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong) and the Construction Law of the PRC.

During the stage of project implementation, we perform regular inspection to monitor the progress of the project and ensure compliance with our guidelines. Regular meetings with our sub-contractors are held to address material quality issues in a prompt manner and to ensure that sufficient resources are allocated for timely completion of the project. With regard to the procurement of materials required by the contract, a list of materials will be submitted to project architects for approval to ensure the quality of materials. As a way to enhance the satisfaction of customers towards our services, we maintain a close contact with customers on an on-going basis to keep them informed of the status of the project and to collect their feedback. Follow-up actions such as remedial and preventive actions will be taken accordingly after receiving customers' comments, which also act as a reference for our future improvement.

CUSTOMERS' INFORMATION PROTECTION

With integrity being our intrinsic business value, we comply strictly with relevant laws and regulations, such as the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) to protect the personal information of our customers. The personal information of our customers is collected and used in a responsible and non-discriminatory manner, where the use of information is restricted to the purposes stated in the contract. The confidential information of our customers is stored properly in the office and not allowed to be taken away from the office without the permission of the senior management.

ANTI-CORRUPTION

Unethical behaviours are a potential source of risk that not only can tarnish the image of an enterprise, but also weaken its stability. Therefore, the Group acts in strict compliance with relevant laws and regulations regarding corruption and bribery, including the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), the Anti-Unfair Competition Law of the PRC and the Criminal Law of the PRC. The Group forbids employees to solicit or accept any advantage, including money, gifts, loans, commissions, offices, contracts, services or favours, in connection with their duties, without the Group's permission. In order to deter corruption, employees are highly encouraged to report to us if they have received any gifts from our customers, suppliers or any parties conducting business with us.

There was no case of corruption occurred within the Group during the Year.

Contributing to Our Community

Apart from the pursuit of business development, the Group also spares no effort in making charitable commitments which can be reflected by its active participation in various charitable activities.

During the Year, we have participated in various charitable activities in Hong Kong as follows:

Name of Charitable Activities	Purpose of Charitable Activities
Calvin Klein Performance Run 2018	Making donations to Save the Children Hong Kong and supporting their domestic programme.
Run for Peace 2018	 Promoting the United Nations Educational, Scientific and Cultural Organization's (UNESCO) vision of "building peace in the minds of men and women" through the act of running in order to foster a peaceful community.
Orbis Moonwalkers 2018	Making donations for supporting Orbis and its sight-restoring mission.
The Society of Rehabilitation and Crime Prevention, Hong Kong (SRACP) Charity Walk & Run 2018	Raising funds to support crime prevention education.
Hunger Run 2018	Making donations to "Food for Good" and providing food assistance for the people in need in Hong Kong.
United Nations Children's Fund ("UNICEF") Charity Run 2018	 Raising funds to support UNICEF's "For every child, end AIDS" global campaign in developing countries, aiming to eliminate mother-to- child transmission of HIV.
St. James Settlement GOrun Together 2018	 Supporting People's Food Bank, which aimed at alleviating the problem of hunger in community by providing food for homeless people and people in poverty.
The Clearwater Bay Chase 2019	Supporting Breakthrough's Liberal Studies Project.
AUSupreme Run 2019	Raising funds to Love Foundation for providing better education and living environment for the "left-behind children" in the PRC.
Po Leung Kuk Charity Run 2019	 Raising funds for supporting Po Leung Kuk's children and youth services and medical assistance fund-raising programme for the elderly and the underprivileged.

Contributing to Our Community

Name of Charitable Activities	Purpose of Charitable Activities
Race for Water 2019	 Raising funds for those living without access to clean water and gathering people together to make an impact with an extent beyond imagination.
Race the Runway HK 2019	 Raising funds to Habitat for Humanity Hong Kong to support its vision of providing everyone in the world a decent place to live.

Appendix 1: Key Performance Indicators

During the Year, the details of environmental key performance indicators ("KPIs") are as follows:

Environmental KPIs	2019	2018 Note 1
Emission from Vehicles		
Nitrogen Oxides (kg)	1.72	2.00
Sulphur Oxides (kg)	0.04	0.04
Particulate Matter (kg)	0.13	0.15
Greenhouse Gases Note 2		
Total Greenhouse Gas Emissions (tonnes CO ₂ e)	164	141
Greenhouse Gas Emissions Intensity (tonnes CO ₂ e/employee)	1.42	1.17
Waste Note 3		
Total Non-hazardous Waste (tonnes)	9,178	90,592
Non-hazardous Waste Intensity (tonnes/site)	1,835.60	18,118.48
Total Hazardous Waste (kg)	26	31
Hazardous Waste Intensity (kg/employee)	0.37	0.45
Use of Resources Note 2		
Total Energy Consumption (MWh)	221	220
Energy Consumption from Purchased Electricity (MWh)	195	192
Energy Consumption from Fossil Fuel (MWh)	26	28
Energy Consumption Intensity (MWh/employee)	1.92	1.83
Total Water Consumption (m³)	9,972	8,997
Water Consumption Intensity (m³/employee)	86.71	74.97

- The Group has improved the methods of data collection during the Year. The KPIs of greenhouse gas emissions, energy consumption and Note 1: water consumption of 2018 are therefore restated.
- Note 2: The electricity consumption and water consumption used in the calculation of greenhouse gas emissions and use of resources solely include those consumptions at the Group's expenses.
- Note 3: The calculation of waste generation covers only the data from the operation in Hong Kong, including the amount of waste generated, as well as the numbers of sites that generated C&D waste and employees used for intensity calculation.

Appendix 2: Content Index of Environmental, Social and Governance Reporting Guide

Aspects	Summaries	Reporting Chapters	Page No.
A. Environment			
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.	Environmental Principle; Emission Treatment; Resources Conservation	5-6
A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation	6
A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Principle; Emission Treatment; Resources Conservation	5-6
B. Social			
Employment and Labour P	ractices		
B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment, Labour Practices and Welfare	7
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	7–8

Appendix 2: Content Index of Environmental, Social and Governance Reporting Guide

Aspects	Summaries	Reporting Chapters	Page No.
B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development	8
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.	Employment, Labour Practices and Welfare	7
Operating Practices			
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	9
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, labeling and privacy matters relating to products and services provided and methods of redress.	Quality Assurance; Customers' Information Protection	9
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	9
Community			
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.	Contributing to Our Community	10-11



迪臣建設國際集團有限公司

Deson Construction International Holdings Limited