

Chapter 1: Introduction to ASA Building Materials (HK) Limited's Environmental, Social, and Governance (ESG) Report

(Issued on 29 July 2025)

Welcome to the 2025 ESG Report of ASA Building Materials (HK) Limited. Building on the foundation laid in prior years, this report outlines our ongoing commitment to sustainable development, corporate responsibility, and robust governance. As a trusted provider of building materials in Hong Kong, we uphold the highest standards of transparency and accountability, serving all stakeholders, including employees and the broader community.

1.1 Our Company

ASA Building Materials (HK) Limited continues to deliver high-quality glazed and unglazed tiles, driving innovation for the construction industry. Our focus on sustainability and product excellence allows us to create lasting positive impacts both commercially and socially.

1.2 Our ESG Philosophy

Our ESG philosophy is grounded in the conviction that sustainable practices are crucial for achieving long-term profitability and enhancing stakeholder value. This year, we have further integrated these principles into our operations, reflecting our commitment to reducing our environmental footprint, contributing to communities, and maintaining robust governance.

1.3 Scope and Structure of the Report

We see sustainability as integral to long-term value creation. Guided by an ESG framework rooted in environmental stewardship, social well-being, and transparent governance, this 2025 report covers the period from April 1, 2024, to March 31, 2025. We will benchmark our ESG achievements against the key performance indicators (KPIs) outlined in the Hong Kong Stock Exchange (HKEX) ESG Reporting Guide. While ASA operates with a modest workforce of merely 30 employees and a streamlined operational footprint across Hong Kong and Hubei, the Company acknowledges that certain quantitative indicators may not fully capture the breadth of its ESG progress. As such, this report places strong emphasis on qualitative achievements, systems implementation, and governance maturity, which provide a more meaningful reflection of ASA's sustainability journey.

Green Production Initiatives: Showcases our commitment to advancing sustainable manufacturing through the adoption of environmentally responsible production practices.

Social Responsibility: Emphasises our efforts to support employees and engage with local communities, reflecting our continued dedication to social well-being.

Governance: Outlines our focus on upholding robust governance standards, fostering transparency, accountability, and ethical conduct across the organisation.

1.4 Stakeholder Engagement

Actively engaging with our stakeholders — including employees, customers, suppliers, regulators, and the wider community — is a cornerstone of our ESG strategy. Their feedback plays a vital role in shaping our initiatives and aligning our priorities with their evolving needs and expectations.

1.5 Materiality Methodology

ASA Building Materials (HK) Limited undertook a two-phase materiality assessment process grounded in both international frameworks and the unique context of its business operations. The objective of the assessment was to identify ESG topics that are most significant to ASA's environmental and social footprint (impact materiality) as well as those most likely to affect the company's financial performance and investor perception (financial materiality).

TOPICS	IMPACT SCORE	FINANCIAL SCORE	MATERIAL?
ENVIRONMENTAL PROJECTS	5	5	Yes
CIC GREEN PRODUCT CERTIFICATION	5	5	Yes
WASTE DISPOSAL	2	1	Yes
EMPLOYEE DIVERSITY	2	2	Yes
SUPPORTING EDUCATION	3	3	Yes
EMPLOYEE HEALTH AND SAFETY	5	4	Yes
GOVERNANCE STRUCTURE	2	2	Yes
GOVERNANCE PRACTICES	2	2	Yes

1.5.1 Impact Materiality Assessment

The impact materiality assessment began with ASA mapping the environmental and social dimensions of its value chain across Hong Kong and Hubei. This included manufacturing operations, supply chain touchpoints, employee welfare,

and product stewardship. ESG topics were initially identified through reviews of sector-specific standards. Each issue was scored on a 1- to 5-point scale based on its severity, scale, and likelihood of actual or potential impact on people, communities, and the environment. For example, greenhouse gas (GHG) emissions and climate mitigation (environmental projects) were rated with a top score of 5, due to the energy intensity of ceramic tile production and its direct link to carbon-conscious building standards. Similarly, employee health and safety received the highest possible score, considering ASA's duty of care as an employer. Other issues, such as age diversity, received lower ratings, acknowledged as socially relevant, but carrying limited operational impact under current workforce demographics.

1.5.2 Financial Materiality Assessment

In parallel, a financial materiality assessment was conducted to evaluate the potential influence of each ESG topic on ASA's enterprise value. This included examining how issues could affect revenue growth, cost structures, access to capital, regulatory compliance, and long-term resilience. Topics were rated on their financial significance using a comparable 1- to 5-point scale. For example, the CIC Green Product Certification received a high rating due to its implications for ASA's eligibility as a preferred supplier to major developers and its alignment with global due diligence expectations. Climate adaptation and energy use also received high ratings, driven by the energy pricing and the Company's energy-cost exposure. While some topics, such as supporting education, did not directly affect revenue flow, they nonetheless registered moderate financial materiality due to reputational implications since the Company recognises that a persistent lack of public awareness about the building materials industry in Hong Kong presents a structural challenge to talent acquisition and succession planning.

1.6 Looking Ahead

As we look ahead, we remain firmly committed to continuous improvement, learning, and growth. We look forward to deepening our engagement with stakeholders, addressing their concerns, and upholding our responsibilities as a responsible corporate citizen.

We invite you to read this report to gain insight into our ESG strategies, actions, and accomplishments as we work together toward a more sustainable future.

Chapter 2: Green Manufacturing Initiatives

This chapter details our initiatives to disclose and mitigate our environmental impacts, including carbon emissions, during the 2024–2025 period. It presents the outcomes of our environmental projects. It highlights our achievement of earning Platinum Grade in the CIC Green Product Certification Scheme for our full range of products manufactured at the Hubei Production Plant.

2.1 Environmental Projects

In 2024, we initiated several environmental initiatives aimed at enhancing energy efficiency at our Hubei Production Plant. However, due to the economic downturn, some projects experienced delays or were temporarily suspended. Looking ahead, we remain committed to advancing these initiatives in the years to come. Key projects include the installation of photovoltaic systems, the adoption of biomass fuel, and the use of oxygen-enriched combustion technology to further enhance energy efficiency.

2.1.1 Photovoltaic Project (KPIs A1.2, A1.5, A4.1)

During the winter of 2023-2024, heavy snowfall caused significant damage to the roofs of our storage facilities at the Hubei Production Plant. In response, we planned to replace the damaged roofs with Building-Integrated Photovoltaic (BIPV) panels. The photovoltaic project is designed to generate 16 MW of electricity, primarily to power our factory, with any excess energy fed back into the grid. This initiative is projected to substantially lower production costs while delivering economic, environmental, and social benefits, including reducing the use of standard coal by 1,800 tons and cutting approximately 8,000 tons of CO₂ emissions each year. Although the contract has been signed and initial preparations were made, the project was temporarily suspended after the contractor identified that additional structural reinforcements would be necessary, as the current building structure cannot support the complete installation of BIPV panels. Despite this setback, the project remains a priority, and we are committed to its eventual implementation.

2.2.2 Biomass Project (KPI A2.1)

By subjecting biomass materials, including but not limited to crop straw, forestry waste, municipal solid waste, and industrial organic waste, to pyrolysis and gasification under controlled pressure conditions, organic matter is converted into combustible synthesis gas. This gas can replace approximately 16,000 tonnes of pulverised coal and is expected to reduce carbon dioxide emissions by

about 30,000 tonnes. The project is currently in the preparation and assessment stage.

2.2.3 Oxygen-Enriched Combustion Technology (KPI A2.3)

This project is primarily designed to provide an oxygen-enriched gasification solution for the two-stage gas generator furnaces at Hubei Production Plant. By utilising high-temperature “oxygen-enriched air in steam” as the gasifying agent, the process aims to increase the steam decomposition rate, enhance the content of hydrogen and other combustible gases, and improve the calorific value of the generated gas. As a result, this will effectively reduce specific energy consumption. The project is currently in the planning stage.

2.3 Review of Flue Gas Pipeline Upgrade Project (KPI A2.3)

A fully integrated waste heat recovery system has now been installed for all drying kilns. With an investment of 1.8 million yuan, this upgrade is delivering substantial environmental benefits: it is expected to reduce standard coal consumption by 1,000 tonnes annually and lower CO₂ emissions by approximately 2,400 tonnes each year.

2.4 Achievement of Platinum Certification in CIC Green Product Certification (Version 1.0a) (KPI A3.1)

We take great pride in announcing a significant milestone in our sustainability journey: ASA Building Materials (HK) Limited has attained Platinum Grade certification with full marks in the CIC Green Product Certification (version 1.0a) for our entire range of key products produced at the Hubei Production Plant.

The certified products include:

- Glazed Porcelain Tiles (CICGPC-L-24078(CTi))
- Glazed Ceramic Tiles (CICGPC-L-24079(CTi))
- Unglazed Porcelain Tiles (CICGPC-L-24081(CTi))

This achievement reflects our ongoing commitment to environmental responsibility, product excellence, and adherence to the highest industry standards. Attaining full marks across all three product categories demonstrates the effectiveness of our sustainable production practices, comprehensive quality control, and transparent environmental reporting.

This triple platinum recognition not only validates the eco-friendly attributes of our products but also supports our goals for green building and sustainable construction within the industry.

2.5 Commitment to CIC Green Product Certification Version 2.0 (KPI A3.1)

In May 2025, the CIC introduced Green Product Certification version 2.0, which features enhanced requirements and a greater emphasis on environmental impact, product lifecycle analysis, and sustainable sourcing. As part of our commitment to ongoing improvement, we are fully dedicated to achieving Platinum certification under version 2.0 for all product categories by the end of this year. This objective underscores our proactive approach to meeting evolving standards and reinforcing our leadership in green and sustainable building materials.

2.6 Summary

In summary, this chapter highlights our proactive approach to reducing environmental impacts and advancing sustainable manufacturing at the Hubei Production Plant. Despite the challenges posed by the economic downturn, we remain focused on advancing key environmental projects, including the installation of photovoltaic systems, the adoption of biomass fuel, and the implementation of oxygen-enriched combustion technology. Our attainment of Platinum Grade in the CIC Green Product Certification Scheme for our complete product range further demonstrates our commitment to achieving the highest standards in green manufacturing. As we move forward, we will continue to prioritise energy efficiency and emissions reduction, reinforcing our role as a responsible and forward-looking leader in the industry

Chapter 3: Social Responsibility and Employee Welfare

This section explores our commitment to social responsibility and the well-being of our employees. We regard our people as our greatest asset, recognising that their dedication and effort are fundamental to our achievements. As such, we place a strong emphasis on creating a healthy, safe, and inclusive workplace where everyone can thrive.

3.1 Diversity and Inclusion (KPIs B1.1, B1.2)

We are committed to building a diverse and inclusive workplace, providing equal opportunities for all employees regardless of age, race, gender, nationality, or background. Over the past year, we have increased the participation of younger generations in senior management roles. However, some employees of older age have found it challenging to adapt to our company's working style, which has led to their departure. Despite this, we remain dedicated to hiring and retaining talent based solely on ability and suitability, regardless of age.

The building materials industry has traditionally been perceived as a male-dominated sector. However, our efforts to promote gender diversity are evident in our workforce composition. The male-to-female ratio within the company has shifted from 2:3 to 3:7, reflecting a significant increase in female representation. This change highlights our ongoing commitment to fostering a more balanced and inclusive environment, supporting greater participation of women at all levels within our Company.

POSITION GRADE	≤ 30	31-40	41-50	51-60	≥ 60	SUB-TOTAL
SENIOR MANAGEMENT	3.45%	10.34%	3.45%	0.00%	0.00%	17.24%
MIDDLE MANAGEMENT	10.34%	0.00%	0.00%	0.00%	0.00%	10.34%
GENERAL EMPLOYEES	37.93%	17.24%	10.35%	6.90%	0.00%	72.42%
TOTAL	51.72%	27.58%	13.80%	6.90%	0.00%	100.00%

POSITION GRADE	MALE	FEMALE	SUB-TOTAL
SENIOR MANAGEMENT	10.34%	6.90%	17.24%
MIDDLE MANAGEMENT	3.45%	6.90%	10.34%
GENERAL EMPLOYEES	17.24%	55.17%	72.42%
TOTAL	31.03%	68.97%	100.00%

3.1.1 Equal Opportunity Guidelines (KPIs B1.1, B1.2)

We consistently maintain policies that promote equality throughout our Company, ensuring that all employees are treated fairly and have access to equal opportunities. Our recruitment, promotion, and professional development processes are designed to be open, impartial, and transparent.

3.1.2 Valuing Age Diversity (KPIs B1.1, B1.2)

We highly value the knowledge and experience that older employees bring to our team and actively recruit individuals over the age of 50, recognising the expertise and fresh perspectives they offer. While some have chosen to leave due to challenges adapting to our working style, we continue to hire new employees within this age group. At the same time, the participation of staff under 30 in senior management roles further demonstrates our commitment to maintaining an age-diverse workforce.

3.2 Supporting Education and Career Development (KPIs B8.1, B8.2)

Despite the vital role our sector plays in Hong Kong's development, public understanding and recognition of the industry remain limited. This creates a significant challenge in recruitment, as many potential candidates are simply unaware of the opportunities and career pathways available within our operations. Our company is dedicated to nurturing future talent through initiatives such as the Pitch Perfect Programme and the Business-School Partnership Programme, both organised by the Hong Kong General Chamber of Commerce. We help university students develop their presentation skills and assist secondary school students in gaining a deeper understanding of the business world and the building materials industry. By sharing valuable insights and firsthand experiences, we aim to equip students for their future careers. This year, we conducted talks at Chong Gene Hang College and HKCWC Fung Yiu King Memorial Secondary School, each attended by over 30 students.

3.3 Partnership with university Co-op programmes (KPIs B8.1, B8.2)

Our company remains committed to developing future talent through collaborations with leading academic institutions. This year, we joined the co-op programmes of both The Chinese University of Hong Kong and The University of Hong Kong, aiming to provide undergraduate students with valuable, hands-on work experience and exposure to the building materials industry. Last year, we welcomed one student from The Chinese University of Hong Kong who completed

a seven-month placement at our company. Although we were unable to recruit any students from these programmes this year, we ensured that every applicant received comprehensive, constructive feedback after their interviews, supporting their ongoing personal and professional development.

3.4 Employee Health and Safety (KPIs B2.1, B2.2, B2.3)

We place a strong emphasis on employee health and safety, understanding that a secure and supportive workplace is essential for all. Recognising that washrooms are the only private space for our staff, we have made their maintenance a priority. Last year, we established a dedicated committee comprising senior and middle management, as well as general employees, to oversee washroom conditions. This committee is responsible for ensuring that cleaning staff properly maintain the facilities and that all colleagues use them considerately. Since its formation, the committee has operated effectively, and the overall condition of our washrooms has noticeably improved. We have also provided office footrests to further improve comfort during long periods of sitting and working hours. Our goal is to offer a clean and comfortable environment, underscoring our commitment to the well-being of our employees.

3.5 Waste Disposal Committee (KPIs A1.4, A1.6, A3.1, B8.1)

In response to the government's waste management initiatives, especially the Municipal Solid Waste Charging policy, we formed a Waste Disposal Committee to address waste reduction and recycling within our company. Although the implementation of the policy has been postponed, the committee continues to actively promote waste minimisation and enhance recycling practices in our workplaces. Our efforts have been recognised by the Environmental Campaign Committee, which awarded us the Excellent Level under the Wastewi\$e scheme.

3.6 Summary

In summary, this chapter demonstrates our steadfast dedication to social responsibility and the well-being of our employees. Our ongoing efforts to build a diverse and inclusive workforce are evident in the increased representation of both women and younger colleagues at all levels, especially in an industry that has long been male-dominated. At the same time, we continue to value the expertise and perspectives of employees across different age groups, reinforcing our commitment to equal opportunities for all.

We have also taken practical steps to support our employees' health, safety, and comfort in the workplace, such as forming committees to enhance workplace conditions and maintain high standards in shared spaces. Our proactive approach to waste reduction and recycling, as recognised by the Excellent Level in Wastewi\$, further reflects our holistic view of social responsibility.

Ultimately, these initiatives not only foster a positive and empowering environment for our employees but also advance our role as a responsible corporate citizen. We will continue to build on these foundations, striving to create a workplace where everyone can thrive and contribute to our collective success.

Chapter 4: Governance

This chapter provides an in-depth look at the governance framework, practices, and policies of ASA Building Materials (HK) Limited. Our firm commitment to strong corporate governance is fundamental to upholding sustainable and responsible business operations. It also ensures that accountability, fairness, and transparency are maintained in all our interactions with stakeholders.

4.1 Governance Structure

This section presents an overview of the governance architecture at ASA Building Materials (HK) Limited, highlighting the distinct roles and responsibilities designated to both Senior and Middle Management.

4.1.1 Senior Management

Senior Management plays a key role in representing varied interests across the company. The Managing Director acts as the voice for administrative staff, addressing their specific needs and concerns. The Marketing Director is responsible for championing the Marketing Department, with a primary focus on strategy and resource allocation to support effective product marketing. Meanwhile, the Brand Development Director works closely with the sales team, devising initiatives to strengthen brand visibility and drive sales.

This year, we promoted Mr Marco Chan to Associate Director, overseeing Procurement and Logistics, thereby enhancing our supply chain management and operational efficiency. Additionally, we adjusted Ms Inez Ng's responsibilities to focus on overseeing Product Development, reflecting our commitment to continuous innovation and quality improvement.

4.1.2 Middle Management

Middle Management comprises managers from the project, retail, and Sourcing & Logistics teams. Given our company's strong sales orientation, this management structure is designed to ensure that voices from the Sales Department—both in-office and showroom staff—are represented and their interests protected. Sales continue to be our primary focus, and this organisational framework ensures that those driving revenue are well-supported.

We maintain regular meetings with middle management and actively consult them in the product development process. Their operational experience and insights are invaluable in refining our offerings and ensuring that new products are

tailored to market needs. Additionally, Middle Management serves as a vital communication channel, helping streamline order placement workflows and facilitating smooth coordination across departments.

4.2 Governance Practices

Our governance practices, which include setting ESG goals and decision-making processes, are explored in this part.

4.2.1 ESG Goals

ESG objectives are established during Senior Management meetings with input from Middle Management. This collaborative approach, involving multiple departments, ensures our goals reflect a balanced and comprehensive perspective on environmental, social, and governance priorities.

4.2.2 Decision-Making Process

Our decision-making process is guided by the principles of fairness, transparency, and accountability. By ensuring all interests are considered, we strive to make informed decisions that serve the best interests of the entire company.

4.2.3 Transparency and Accountability

We have set up a regular reporting mechanism on our performance against ESG goals to improve transparency and accountability further. This has created an open dialogue environment where employees at all levels are encouraged to provide feedback and ask questions. This includes waste disposal, recycling, and hygiene in the workplace and washrooms. We plan to rebuild our website to enhance our digital presence and keep stakeholders updated about our company's progress and decisions.

4.3 Policies and Compliance (KPIs B7.2, B7.3)

To further reinforce transparency and accountability, we have implemented regular reporting mechanisms to track progress against ESG targets. This commitment has fostered a culture of open communication, encouraging employees at all levels to provide feedback and ask questions. This practice also covers topics such as waste management, workplace hygiene, and restroom cleanliness. Additionally, we are planning a website overhaul to improve our digital presence and provide timely updates for our stakeholders on our latest developments and decisions.

4.4 Stakeholder Engagement

Although the revamp of our website is progressing gradually, we remain fully committed to maintaining open channels of communication with all stakeholders. We continue to welcome feedback and are attentive to the concerns and perspectives of our employees, customers, suppliers, and broader community. In addition, we have participated in several meetings with government bodies, the Construction Industry Council (CIC), and the Hong Kong General Chamber of Commerce (HKGCC) to actively exchange views and contribute to industry discussions. These efforts reflect our ongoing dedication to constructive stakeholder engagement and collaborative growth.

4.5 Summary

This review of our governance structure highlights the collaborative efforts between Senior and Middle Management to align the varied interests within our organisation with our overall objectives. Our ESG strategies are comprehensive, drawing on insights from all departments. We maintain a strong emphasis on transparency and accountability, and consistently comply with our governance policies and relevant regulations. By enhancing stakeholder engagement through ongoing feedback mechanisms and digital enhancements, we reaffirm our commitment to ethical operations and sustainable growth.

Chapter 5: Conclusion and Future Outlook

5.1 Commitment to Sustainability

As we conclude the 2025 ESG Report for ASA Building Materials (HK) Limited, we reaffirm our unwavering commitment to sustainability. Over the past year, we have translated our ESG philosophy into concrete actions, successfully implementing energy-efficient technologies, achieving Platinum Grade in green product certifications, and undertaking initiatives to minimise our environmental footprint. These achievements not only support our internal goals but also contribute to a more sustainable built environment in Hong Kong and beyond.

5.2 Advancing Social Responsibility

On the social front, we continue to nurture a supportive, diverse, and inclusive workplace. We prioritise the well-being and professional development of our employees and actively engage with the broader community. By fostering constructive stakeholder relationships and partnering with educational institutions and industry bodies, we make a positive and lasting impact that extends beyond our company.

5.3 Upholding Robust Governance

We remain dedicated to strong governance, maintaining robust structures and transparent practices that ensure accountability and integrity are central to our operations. By benchmarking our progress against the Hong Kong Stock Exchange's ESG Reporting Guide and maintaining open communication channels, we provide all stakeholders with confidence in our management and ethical standards.

5.4 Forward Outlook

Looking ahead, ASA Building Materials (HK) Limited is committed to building upon this solid foundation. We will remain agile in the face of new challenges and focus on continuous improvement, deepening the integration of ESG principles across our operations. By actively listening to and collaborating with our stakeholders, we aim to create long-term value for our company, our partners, and the wider community.

5.5 Appreciation and Invitation

We thank all our stakeholders for their ongoing contributions and support throughout the past year. Together, we look forward to furthering our shared vision

for a more sustainable, inclusive, and well-governed future.

Report and confirm by

A handwritten signature in black ink, appearing to read 'Samuel Ng', with a long horizontal stroke extending to the right.

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