

CBK Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8428



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT
2018

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

CBK Holdings Limited (the “Company”) and its subsidiaries (the “Group” or “We”) are pleased to present our Environmental, Social and Governance (“ESG”) Report (the “ESG Report”). The ESG Report is prepared pursuant to the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Rule 17.103 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “HKEX”). Additional information in relation to the Group’s corporate governance and financial performance can be referred to our 2018 annual report for the year ended 31 March 2018 (“Annual Report 2018”).

The general disclosure and compliance issues in this report mainly covers the principal operation and core business of the Group: provision of food catering service through a chain of hotpot specialty restaurants in Hong Kong for the period from 1 April 2017 to 31 March 2018 (the “Reporting Period” or “FY2018”).

The ESG Report describes the environmental and social activities, challenges and measures of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable. With reference to the definition stated in the ESG Reporting Guide, the presentation of our ESG Report divides those aspects and key performance indicators (“KPI”), which are considered to be relevant and material to our Group’s operations, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investment.

Stakeholder participation is an integral part of the Group’s continuous improvement of the sustainable development. In our daily business, we actively exchange information with our stakeholders, including but not limited to investors, customers, suppliers, employees and the government. Through various kinds of stakeholders’ participation and communication channels, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions.

During the Reporting Period, the Group’s operation is socially and environmentally in compliance with the requirements of the ESG Reporting Guide in all material aspects.

We welcome comments and suggestions from our stakeholders. You may provide your comments on the ESG Report or towards our performance in respect of sustainability via email to cs@cbk.com.hk.

2. ENVIRONMENTAL PROTECTION

The Group adheres to the strategy of sustainable development during the operation. With the goal to reduce energy consumption and carbon emissions, the Group has formulated relevant rules and regulations for a sound and effective management energy consumption, greenhouse gas (“GHG”) emission, as well as discharge of kitchen waste, kitchen sewage and other pollutants. As a catering enterprise in Hong Kong, we strictly comply with the environmental protection laws and regulation promulgated by the local government.

During the Reporting Period, the Group has complied with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations in Hong Kong, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental violations.

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2.1. Emissions

2.1.1. Exhaust Gas and GHG Emissions

Due to our business nature, the Group does not generate significant amount of exhaust gas emissions directly during its operation.

During daily operation and office administration, the Group generates GHG emissions directly or indirectly. To actively manage our GHG emissions, the Group actively adopts electricity conservation and energy saving measures as well as other measures, including:

- providing on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- installing LED lighting system in our restaurants and offices;
- encouraging employees to switch off IT devices, such as computers and monitors when not in use;
- maintaining indoor temperature at an optimal level for comfort;
- encouraging modern telecommunication system to avoid unnecessary travel arrangement; and
- placing "Green Message" reminders on office equipment to further enhance employees' environmental awareness.

Table 1 — Emissions

	Unit	FY2018
GHG Emissions	CO ₂ e (kg)	1,852,915
Nitrogen Oxides	g	Nil
Sulphur Oxides	g	Nil
Particulate Matter	g	Nil

2.1.2. Waste Management

The Group adheres to the principles of waste management and is committed to a sound and proper management and disposal of all waste generated during our operation.

Hazardous Catering Waste

Due to our business nature, the Group does not directly produce hazardous waste in its business activities.

Non-hazardous Waste

Kitchen Waste

As a catering business, the non-hazardous waste generated by the Group are mainly kitchen waste. The food waste, used cooking oil and grease trap waste are properly separated and collected by authorised waste collection and recycling contractors.

The Group has also implemented policies to reduce waste generation, aiming at waste management from the source control. For example, the Group has established central kitchen and set out the cost control standard to achieve a better control of food purchase. These measures help to minimise excessive consumption of food ingredients and reduce food waste. The Group also promotes low-carbon dining, waste recycling, and reducing the use of disposable tableware.

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Wastewater Discharge

With respect to wastewater management, the Group has carried out oil separation and pre-treatment of the waste water before discharge. Sewage service is also contracted to properly handle the domestic sewage. During the Reporting Period, the Group complies with the Water Pollution Control Ordinance ("WPCO") (Chapter 358 of the Laws of Hong Kong).

Table 2 — Total Wastewater Discharge

	Unit	FY2018
Domestic Wastewater	tonne	42.07

Green Operation

As a catering service provider, the Group is committed to paperless operation. The Group constantly encourages all employee to reduce paper usage by duplex printing, paper recycling and frequent use of electronic information systems for sharing information or internal administrative documents. Reusable paper products, such as briefcases, envelopes, etc. are recycled and the use of disposable paper products, such as paper cups and paper towels, is minimised to the maximum extent.

2.2. Use of Resources

The Group considers conservation of natural resources as an indispensable component of our sustainable business. Through actively promoting various environmental friendly measures, we encourage efficient use of resources, including energy, paper, water and other raw materials. The Group has initiated policies to raise the awareness of electricity conservation and taken energy saving measures in daily operation as elaborated in the section of 2.1. Emissions.

Water Consumption

With respect to water conservation, multi-functional food washers are equipped in several restaurants of the Group to minimise the use of water. We encourage all employees and customers to develop the habit of conserving water consciously. Environmental messages are posted at pantry and washrooms to remind employees about the importance and urgency of water conservation. Apart from education, the utility services are assessed regularly to ensure that water-seepage or leaking pipelines are replaced and repaired on a timely basis. The Group has no issue of sourcing water during the Reporting Period.

Packaging Material

Due to our catering business nature, the Group does not have manufacturing facilities and does not consume significant amount of packaging materials in our operation.

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Table 3 — Energy and Resources Use

	Unit	FY2018
Electricity	kWh	2,741,468
Purchased Gas	Unit	40,715
Unleaded Petrol	L	Nil
Paper	kg	Nil
Water	m ³	40,480

The Group is committed to instilling the consciousness of resources conservation and environmental protection into the work and life of every employee. We even seek business partners who also share our commitments to preserve the environment and in compliance with the applicable environmental laws. We believe that these initiatives are capable of reflecting our commitment to offering our clients the best quality of service with the least adverse impacts on the planet.

2.3. The Environment and Natural Resources

The Group focuses on the business impact of the Group on the environment and natural resources, details of which are set out in sections 2.1 and 2.2 above, and takes steps to minimise negative environmental impacts of our operations.

In addition to complying with relevant environmental laws and regulations to properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operation with an objective of achieving environmental sustainability. In addition to strategic waste management and conserving resources, the Group aims to procure food that has been sourced from socially and environmentally considerate suppliers.

In the future, we will continue our commitment in environmental protection and strive to build a greener and healthier environment to fulfil our responsibilities as a member of the community we all live in.

3. EMPLOYMENT AND LABOUR PRACTICES

As a catering service provider, the Group fully understands that our business development is largely driven by the continued quality services by our experienced and knowledgeable management team and other key employees. The Group has set itself in a good position to maintain a robust business performance and growth for our employees.

3.1. Employment

With an objective to uphold an open, fair, just and reasonable human resource policy, the Group has formulated the recruitment policy of the Group in line with equal opportunities, diversity and anti-discrimination.

During the Reporting Period, all of our employees are based in Hong Kong. We continue to strictly observe the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus.

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The Group complies with relevant employment laws and regulations during FY2018, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the "EO") and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "ECO") by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees.

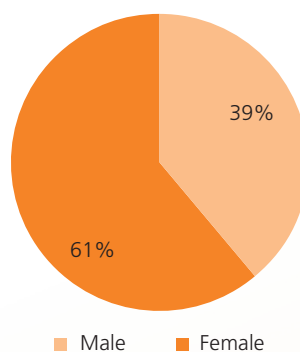
During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources.

In accordance with the ESG Reporting Guide set out by HKEX, details of the Group's workforce during the Reporting Period are tabulated as well as presented in charts below.

Table 4 — Our Workforce

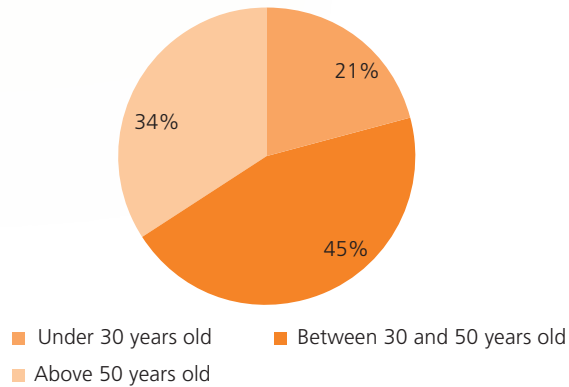
	FY2018
Total Number of Full-Time Employees	186
Turnover Rate by Gender	
Male	54.7%
Female	48.7%
Turnover Rate by Age Group	
Under 30 years old	66.7%
30–50 years old	45.9%
over 50 years old	48.9%

Total Workforce by Gender
(As of 31 March 2018)

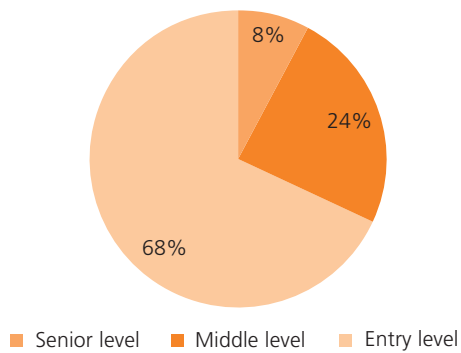


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Total Workforce by Age Group
(As of 31 March 2018)



Total Workforce by Employment Type
(As of 31 March 2018)



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3.2. Health and Safety

As employees' health and safety is of paramount importance to the operation of a hotpot restaurant, the Group has accordingly formulated a series of relevant personnel management policy to provide employees with a healthy, positive and motivative working atmosphere.

The Group maintains the risk management system including identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries. We have taken the following measures:

- installing air purifiers in relatively crowded areas such as conference and meeting rooms;
- prohibiting smoking and abuse of alcohol and drugs in the workplace;
- providing clean and tidy rest area such as corridors and pantry;
- ensuring sufficient ventilation and lighting system in the offices and workplaces;
- providing adjustable chairs and monitors for eye protection;
- setting up posters of proper working postures and lifting method accessible on the intranet and at appropriate locations in offices;
- organizing daily cleaning procedures by internal employees and engaging external cleaning companies to provide regular services such as pest control, garbage collection, carpet cleaning, aquarium cleaning and grease tank cleaning; and
- conducting fire drills to raise the staff's awareness of fire prevention and improve the fire evacuation plans by providing first aid kits and fire extinguishers in workplace in response to emergencies.

During the Reporting Period, the Group complies with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). The Group did not record any accidents that resulted in death or serious physical injury. No material non-compliance with laws and regulations relevant to health and safety of employees were identified.

Table 5 — Health and Safety

	FY2018
No. of Work Related Fatalities	Nil
Rate of Work Related Fatalities	Nil
No. of Injuries at Work	12
Lost Days due to Injury at Work	404

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Moreover, the Group is strongly convinced that sense of belonging and morale of the employees are always the key drivers to the Group's healthy and prosperous growth. The Group delivers festive foods, such as mooncakes, to employees during certain traditional festivals (such as Lunar New Year and Mid-Autumn Festival) in recognition of their contributions and dedicated work to the Group. Regular and festival gatherings are organised during the Reporting Period to enhance the harmonious spirit of different levels of staff throughout the Group.

The Group believes that such a corporate culture and harmonious working environment will naturally achieve a synergistic result to facilitate employee retention and to improve productivity.

3.3. Development and Training

The quality customer service is always of great importance to the catering industry. Therefore, the Group offers comprehensive training programs to our restaurant staff and ensures that they possess the appropriate qualities and skill-sets when serving our customers — thorough knowledge of their work, good etiquette and manners, effective communication, welcoming personality and willingness to serve. Various training programs are committed by the Group in different ways including specific service skillsets development, corporate culture, health and safety, business ethics and corruption prevention. These training programs not only boost the sustainable development of the Group, but also facilitate the career prospect of individual employee.

3.4. Labour Standards

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labour and forced labour. The Group explicitly states the age requirement in the post of recruitment. New employees are required to provide true and accurate personal data when they are onboard. Recruiters should strictly review the entry documents including medical examination certificates, academic certificates and identity cards.

During the Reporting Period, no material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

4. OPERATING PRACTICES

The Group is determined to disseminate the pursuit of sustainability into our core business which is regarded as part of the responsibility of an accountable corporate citizen.

4.1. Supply Chain Management

Supply chain management has always been one of the key aspects of the Group's operation. We encourage all our business partners to incorporate sustainability practices into their operation thoroughly in pursuit of sustainable development.

To ensure the quality of food and service, the Group has established a rigorous and regulated system for food procurement and processing. The suppliers selection procedures are based on the requirements of product quality, as well as environmental and social risk control. The Group regularly evaluates supplier performance, strengthens the management of environmental and social risks, promotes the sustainable development of the enterprise.

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During the Reporting Period, the Group has in total 367 suppliers which are located in Hong Kong. The supply chain management team conducts annual evaluation on our approved suppliers to ensure their supplies meet the Group's requirements. The regular assessment includes on-site inspections in the aspects of hygiene condition of the manufacturing facilities, process control and implementation of quality system. With more than 12 years of operation, the Group has maintained good relationships with our suppliers with an emphasis on a steady supply of fresh and quality food ingredients.

4.2. Product Responsibility

With an aim to maintain good quality of food and service, the Group ensures that the food ingredients are safe, fresh and of quality upon delivery, in storage and during processing. The Group purchases ingredients that are the most suitable for hotpot cuisine, and strictly implements the procurement management standard to select diversified quality ingredients for the customers.

As a responsible catering service provider, a series of measures have been taken by the Group, including but not limited to the followings:

- taking standardised hygiene control procedures in the restaurants;
- engaging external consulting companies for freshness checks; and
- engaging mystery customers for service rating.

Also, our Group complies with relevant laws and regulations relating to advertising, e.g. the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong), by ensuring that there is no false and misleading message in the advertisement and promotion activities of the Group.

The Group has set up various complaints and feedback channels, including guest comment cards, telephone hotline, social media channels, emails and food critic websites, to collect suggestions and advice from the customers. The customer feedbacks are compiled daily in the branches and are further reviewed by relevant personnel.

During the Reporting Period, no material complaints or claims on our food were received nor were our hotpot restaurants subject to any investigation with respect to food hygiene by any government authorities or relevant customer protection organisations within a timely manner.

Table 6 — Product Recalls and Complaints

	FY2018
Percentage of complaints received about the products related to health and safety issues	Nil
Percentage of total product sold subject to recall for health and safety issues	Nil

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4.3. Customer Data Protection

During our operation, we are committed to developing and strengthening our data mining and analytical capabilities to enhance the catering experience for our customers. Therefore, the Group may collect and hold information of customers.

The Group undertakes to strictly comply with relevant laws and regulations in relation to privacy that have an impact on the Group, to ensure that all customers' data is securely kept in our internal system with access control. The Group also sets out data privacy requirements in our corporate policies, under which customer data would be used exclusively for matters relating to the Group's operation. We strive to ensuring all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

4.4. Anti-Corruption

Insisting on the honesty, integrity and fairness in all aspects of our business, and upholding a high standard of business ethics and prohibition of any forms of bribery and corrupt practices, the Group has developed a series of policies of anti-fraud and anti-bribery. The Group complied with related laws and regulations such as the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

The Group conducts regular systematic fraud risk assessments and continues to monitor the effectiveness and deficiencies of risk control and mitigation through collaboration with external parties. Apart from the anti-bribery and anti-corruption policies, the Group also encourages employees and all business related parties, including customers and suppliers, to proactively report any suspected misconduct issues to the Group.

During the Reporting Period, the Group complied with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have an impact on the Group, as well as the corporate policy of anti-corruption, and no cases of anti-corruption have been concluded.

5. COMMUNITY INVESTMENT

Adhering to our corporate motto — "Innovate, Customers first, People-focused" (創新求變、以客為先、以人為本), we believe that the company is a social cell that grows with the nurturing of social maternity. Therefore, the Group has set up various complaints and feedback channels to understand the needs of the communities where the Group operates and to ensure its activities take into consideration the communities' interests, details of which are set out in section 4.2 above. Further, the Group is actively committed to making a better society through our active involvement in the community.

The Group put the best effort in helping the local communities and people in needs through voluntary services, donation programs and social enterprise supports. The Group actively cooperates with charitable organizations to organize social activities to support public welfare and charitable projects, so as to establishes a good corporate image while fulfilling social responsibilities.

During the Reporting Period, we actively participated in multiple meaningful charity events, such as Dragon Charity Run 2017 organised by Hong Kong Network for the Promotion of Inclusive Society, Pok Oi fundraising event organized by Pok Oi Hospital, Scholarship program (小肥牛愛心傳承獎學金) organized by "Yes I can Education Fund", to support the local community development. Overall, the Group donated to non-profit and charitable organisations worth HK\$409,579.30 during the Reporting Period.

In the coming future, the Group will continue to attach great importance to community services, and will encourage our staff members to actively participate in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on. We believe, employees can raise their awareness of citizen and establish correct values through participating in the charitable activities.