

# MS CONCEPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8447



# 2020

Environmental, Social  
and Governance Report

# Environmental, Social and Governance Report

## OVERVIEW

- (I) **SCOPE AND REPORTING PERIOD**
- (II) **CORPORATE VISIONS AND MISSION**
- (III) **ESG COMMITMENTS, AND MANAGEMENT**
- (IV) **STAKEHOLDER COMMUNICATION AND MATERIALITY**

## ESG MATERIAL AREAS AND ASPECTS, OBLIGATIONS AND PERFORMANCE

### (A) ENVIRONMENTAL AREAS AND ASPECTS

- ASPECT A1: Emissions and Wastes
- ASPECT A2: Use of Resources
- ASPECT A3: The Environment and Natural Resources
- ASPECT A4: Climatic Change

### (B) SOCIAL AREAS AND ASPECTS

#### (i) Employment and Labour Practices Areas

- ASPECT B1: Employment
- ASPECT B2: Health and Safety
- ASPECT B3: Development and Training
- ASPECT B4: Labour Standards

#### (ii) Operation Practices Areas

- ASPECT B5: Supply Chain Management
- ASPECT B6: Product Responsibilities
- ASPECT B7: Anti-corruption

#### (iii) Community Area

- ASPECT B8: Community Investment

# Environmental, Social and Governance Report

## OVERVIEW

### (I) SCOPE AND REPORTING PERIOD

MS Concept Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”), herein disclose its third Environmental, Social and Governance (“**ESG**”) Report which is prepared in accordance with Appendix 20 — Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**HKEx**”), and follows the principles of materiality, quantitative, balance and consistency as recommended by the ESG Guide. Apart from updating the Group’s policies and measures regarding material environmental and social areas and aspects, which are considered to have significant impact to the Group’s business and stakeholders, we also report our environmental and social obligation performance for this Reporting Period, from 1 April 2019 to 31 March 2020 (the “**Reporting Period**”). Except for provisions that the Group considers are inapplicable to its operation, this ESG Report is compliant with all the “comply or explain” provisions set out in the ESG Guide.

The Group’s main business is the provision of food catering services in the Hong Kong Special Administrative Region (the “**HKSAR**”). This report covers the Group’s head office and 12 restaurants of different cuisines under six different brand names as of 31 March 2020, namely:

Name of restaurants	Types of cuisines
Mr. Steak	Western cuisine along with steak;
Mr. Steak — Buffet à la minute	International cuisine with buffet;
Sky Bar	Western cuisine along with seafood dishes and wines and cocktails;
Bistro Bloom	Western specialty food;
Bistro Bloom/Marbling	Western specialty food; and
Hana	Japanese hotpot dishes such as Sukiyaki, Shabu Shabu and Seiomushi.

### (II) CORPORATE VISION AND MISSION

The Group continues with its vision to be a leading quality food and catering group and to provide healthy, safe and pleasant working environment to employees; maximize returns to its shareholders, investors, business partners and supporters; and sustainable development to the local community and to protect the local as well as the global environment. It is the Group’s mission to deliver an affordable luxury dining experience with high quality food, desirable ambience and thoughtful services at affordable prices.

# Environmental, Social and Governance Report

## (III) ESG COMMITMENTS AND MANAGEMENT

The Group continues to follow the ESG Guide on listed areas and aspects and regards them as significant considerations for the short and long-term operations of its business, and is committed to conducting its business in a socially and environmentally responsible manner. The Group also continues to attend and care about the impact of its daily operation on the environment, employees, clients and local communities, and to make efforts to meet and to maximize the interests of all stakeholders, environment, society and corporate governance on a fair and mutual-beneficiary balance.

During the Reporting Period, the Group's ESG management structure and process continued to be the same as the last reporting period. The Board, headed by the chairman, is responsible for formulation and approval of the Group's ESG strategies, policies, guidelines and targets and ultimately for its public reporting. The day-to-day management including the effective implementation of the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations, are delegated to the chief executive officer of the Group ("**CEO**") and his management team composing of several area managers (the "**ESG Management Team**"). On day-to-day operations, the ESG Management Team were responsible for the following duties in relation to ESG issues:

- implementing the approved ESG policies, rules and regulations;
- collecting, compiling and formulating data and statistics on ESG related issues and Key Performance Indicators ("**KPIs**");
- reviewing and monitoring especially on the legal, environmental and social compliance of the ESG related issues on a regular basis; and
- achieving the ESG targets set by the Board.

Whenever regular or ad hoc special updates and reports on ESG activities and related issues were received, the ESG Management Team headed by the CEO evaluated the overall positions, drafted the appropriate action plans, prepared and submitted reports and recommendations to the Board for approval and thereafter for implementation.

The Group fully understands that changes in business operations, structures, technologies, laws and regulations, and the environment may affect its ESG policies, practices and performances. The Group therefore continues ensuring adequate resources available to monitor ESG issues, policies, practices and performance on an ongoing basis.

In managing the ESG priorities, the Group insists on its corporate and all the restaurants operations to fulfil and comply with their environmental and social responsibilities and obligations as required by the ESG Guide, the related laws, rules and regulations of the HKSAR and relevant statutory requirements, operating practices and standards of the catering industry, and guarantee food safety and quality services.

# Environmental, Social and Governance Report

## (IV) STAKEHOLDERS COMMUNICATION AND MATERIALITY

Stakeholders including shareholders, investors, employees, clients, suppliers, service providers, professional advisors, non-governmental organisation partners, industry associations, and government agencies always provide the Group with invaluable insights, opinions and views on many aspects of the corporation including but not limited to operation, management and development issues, which the Group has always taken them into consideration when formulating its business strategies and plans. It is imperative that the Group continue to maintain regular and frequent communication with the stakeholders to collect their insights, views and opinions regarding the Group's operations, management and performance.

With regard to ESG issues, the CEO has assigned duty managers to constantly communicate with the stakeholders through various channels and means including but not limited to annual and/or special shareholders meetings, public websites, emails, circulated documents, fax and telephonic enquires, meetings with employees, business partners, customers, suppliers with front line staffs, and so on, to gain their insights, views and opinions. Subsequently after collecting the stakeholders' ESG insights, opinions and views, the ESG Management Team will carry out materiality assessments internally with the related managers and externally with related stakeholders and with reference to the ESG Guide and related laws, rules and regulations. The Group identified the following material ESG areas and aspects for the Reporting Period:

- Environmental Protection especially on Pollution Control and Resources Conservation;
- Climatic Change;
- Employment Packages, especially on Working Conditions and Safety;
- Raw Materials Supply and Procurement;
- Quality of Products and Services especially on Food Hygiene and Safety;
- Anti-Corruption; and
- Social Contribution.

The ESG issues and performances, especially on the above material areas, aspects and related KPIs during the Reporting Period, have been the responsibilities of the CEO and his ESG Management Team and are reported herein below:

# Environmental, Social and Governance Report

## ESG MATERIAL AREAS AND ASPECTS, AND OBLIGATIONS PERFORMANCE

### (A) ENVIRONMENTAL AREA

#### 1.1 Environmental Areas and Aspects Overview

Given the nature of food and catering activities, the Group mainly uses energy and resources of electricity, gas, water, disposal paper and packaging materials. The Group's operation and activities do generate air emissions, food and packaging wastes and used water discharge. As an environmentally responsible corporation, the Group continues to abide by and comply with all the local environmental laws and regulations, commitments to environmental sustainable development with ongoing operations and activities to protect the environment, to prevent and minimize pollution, and to conserve energy, water and resources.

During the Reporting Period, the Group, same as the previous reporting periods, did not receive any violation notices and fines or complaints in relation to its emissions, wastes and discharges or other environmental obligations.

#### 1.2 Environmental Aspects

##### *ASPECT A1: Emissions, Wastes and Discharges*

For the Reporting Period, same as the previous reporting periods, during the course of the Group's food catering operation and activities in the 12 restaurants (2019: 13) and the head office, the types of emissions, wastes and discharge, were mainly air pollutants, direct and indirect greenhouse gas ("GHG"), namely carbon dioxide ("CO<sub>2</sub>") emissions from gas and electricity consumption, non-hazardous food and packaging waste, and used water discharge. All these emissions, wastes and discharges continued to be subjected to the surveillance of law enforcers and there had been no complaints or breaches recorded by the Hong Kong Food and Environmental Hygiene Department, Environmental Protection Department and other law enforcing agencies.

##### Types of Emissions, Wastes and Discharges

###### (a) Air Emissions — Non-Hazardous GHG and Hazardous Air Pollutant Emissions

Same as the previous reporting periods, our main emissions from the head office and the operating restaurants in the HKSAR were non-hazardous GHG, mainly CO<sub>2</sub> indirectly generated from the use of electricity and hazardous air pollutants of Nitrogen Oxides ("NO<sub>x</sub>"), Sulphur Oxides ("SO<sub>x</sub>"), Methane ("CH<sub>4</sub>"), Nitrous Oxide ("N<sub>2</sub>O"), and GHG-CO<sub>2</sub> directly generated from the use of gas for cooking. Pursuant to Appendix 2 of the ESG Guide: Reporting Guidance on Environmental KPIs, and based on the uses of electricity and gas, the Group's direct and indirect emissions for the Reporting Period were estimated below:

# Environmental, Social and Governance Report

## *Direct Emissions*

- (i) **SO<sub>x</sub>**: approximately 0.09 kg, a drop of approximately 10.0% from 0.10 kg of the last reporting period;
- (ii) **NO<sub>x</sub>**: approximately 18.94 kg, a drop of approximately 9.2% from 20.87 kg of the last reporting period;
- (iii) **GHG (CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O)**: approximately 250.61 tonnes, a drop of approximately 9.3% from 276.19 tonnes of the last reporting period; and

## *Indirect Emissions*

- (i) **GHG-CO<sub>2</sub>**: approximately 1,599.07 tonnes, a drop of approximately 5.2% from 1,686.62 tonnes of the last reporting period.

Total direct and indirect emissions of GHG-CO<sub>2</sub> generated from electricity and gas consumption amounted to approximately 1,849.68 tonnes, a drop of approximately 5.8% from 1,962.81 tonnes of the last reporting period.

Under the outbreak of coronavirus (“**COVID-19**”) pandemic in Hong Kong since January 2020 which caused a decrease in number of customer visits to the Group’s restaurants, the direct emissions and indirect GHG-CO<sub>2</sub> emissions dropped simultaneously. The drop of 9.3% on direct emissions and 5.2% on indirect emissions, though less than the 12.7% drop in turnover, was because restaurants had to continue operations even when the number of customers was minimal. The Group expects that the COVID-19 pandemic will affect the future business turnover and operation, and the electricity and gas consumption and the resulting direct and indirect air emissions will continue to fall as well.

As the cornerstone operations principle and policy, the Group has committed to environmental protection through conserving energy and resources, and controlling pollution emissions and has implemented the following measures:

- complying with the relevant environmental laws and statutory regulations;
- employees at various levels have been frequently educated and reminded of their respective roles and responsibilities in protecting the environment, conserving energy and natural resources through effective implementation of strict rules and regulations;
- designing and installing all of the Group’s kitchens and dining halls with cooking, lighting and ventilation equipment to be energy efficient and generate minimal pollution; and
- adequate and proper maintenance of the related equipment are pertinent to emissions and discharge quality.

# Environmental, Social and Governance Report

## (b) Non-hazardous and Hazardous Wastes Discharge

The Group's restaurant and office operations do not generate and discharge hazardous wastes which are of significance and material to the environment. The main wastes from the restaurant's operations are:

- residual food and unused raw food materials exceeding their perishable conditions, which are organic by nature; and
- paper and packaging materials from purchases, napkins and dining utensils used by customers.

The Group, being a responsible catering business operator, is aware of its obligation and role in resource conservation and waste reduction and following measures have been taken:

- careful estimation of the purchase of ingredients to avoid surplus and residuals; and
- always encourage customers to cherish food and to order just enough to eat and avoid unnecessary wastage.

While in the Group's head office, the wastes generated are papers and packaging materials, which are mostly non-hazardous. The amount of waste generated is insignificant and is collected daily by the office cleaners. The office sometimes will also generate hazardous wastes such as battery and printing toner boxes, which are quite insignificant in amount.

During the Reporting Period, same as the previous reporting periods, no adverse comments or irregularities were reported from the internal control mechanism or external law enforcers on its solid wastes discharges.

## (c) Noise and Light Emissions

The designs of all of the restaurants have complied with the relevant governmental standards and ensured no disturbing noises or light pollution affecting the surrounding neighbors.

During the Reporting Period, same as the previous reporting periods, no noise or light complaints were filed against the Group's restaurants.



# Environmental, Social and Governance Report

## Core Measures to Mitigate Emissions and Hazardous and Non-Hazardous Wastes

As listed in the above sections, energy saving and conservation of natural resources are material ESG issues concerned by the Group's stakeholders. It is also the cornerstone principles during formulation of environmental strategies and policies. The Group has adopted and implemented the 5-R principle (Reuse, Renew, Resume, Recycle and Reduce) with the purpose to achieve its environmental protection targets. All levels of the Group are reminded of its importance and exercised due care on its successful implementation.

## *ASPECT A2: Use of Resources*

The Group's core business — food catering — remained unchanged in the few years, and its operations and activities will continue to use the resources of electricity, gas, water, printing and packaging materials for its restaurants and office, which will have impact on the natural resources and environment in the course of its business operations.

The Group continued with its objectives and policies to promote resources saving measures and has implemented various energy, water and packaging materials saving measures in order to improve the resources saving performance and achieve operational optimization while complying with the relevant national laws and regulations. The Group has implemented the 5-R Principle on the efficient use of resources and to avoid unnecessary wastage for the restaurants and office.

The Group also recognises that installing advanced and modern equipment in compliance with the relevant rules and regulations will improve efficiency and possibly saving costs. This principle has been fully examined and explored when new equipment is launched or when new restaurants are planned.

Finally, the Group continues to pay attention to education programs, in which employees are constantly reminded to treasure natural resources and energy.

## Type of Resources Used

During the Reporting Period, the resources usage — electricity, gas, water and paper which had impacts to the environment were recorded below:

- (i) **Electricity** — During the Reporting Period, approximately 2,166,619 kWh, with the intensity of 9,339 kWh per employee; or a drop approximately of 3.9% over 2,254,982 kWh of the last reporting period; and
- (ii) **Gas** — During the Reporting Period, approximately 98,167 m<sup>3</sup>, with the intensity of 423 m<sup>3</sup> per employee; or a drop of approximately 9.3% over 108,185 m<sup>3</sup> of the last reporting period.

As seen above, the Group's electricity and gas consumption for the Reporting Period continued to achieve reduction, which was closely proportionate to its drop on turnover due to the occurrence of the COVID-19 pandemic taking place since January 2020.

# Environmental, Social and Governance Report

On energy consumption, the Group has benefitted from its proactive approach in planning and designing its restaurants. Up-to-date technology and devices are installed and introduced in its new setups. Energy saving lights such as LED lights and water-saving systems, where applicable are installed in the kitchens and dining areas. Energy efficiency has always been one of the Group's considerations in our purchases of new equipment.

On the day-to-day operations, the Group believes that smart and responsible use of energy by its employees are other key contributing factors to save energy. The Group has operating guidelines and instructions on the efficient use and conservation of resources. In parallel, education and promotional programs are in place to remind staff of efficient use of energy. Staff at all levels are made responsible for and are conscientious of the importance of energy saving and resource conservation.

In short, with the installation of modern energy saving equipment and measures to reduce energy consumption, the Group's electricity and gas consumption for the Reporting Period continued to perform and achieve reductions. The Group targets a further 3% energy consumption saving under similar working conditions in the coming year.

(iii) **Water** — During the Reporting Period, approximately 60,020 m<sup>3</sup>, with the intensity of 259 m<sup>3</sup> per employee; or a drop of approximately 14.8% over 70,430 m<sup>3</sup> of the last reporting period.

The Group's water consumption during the Reporting Period recorded a higher drop than the drop of 12.7% in turnover, which was still an improvement.

Same as other food and beverage operators in the HKSAR, the kitchens of the Group's restaurant operations enjoy constant and reliable water supply as well as electricity supply from the city supply. There are no issues in sourcing water that is fit for purpose. The incoming quality meets with our production quality requirements. Alternative sources like drilling wells or using well water are considered not practicable in the HKSAR.

During the Reporting Period, the Group did not find unreasonable usage and wastage of water as well as discharge of waste water in its restaurants, nor receiving any warning notice on its inappropriate consumption of water from any government agency. The Group will continue to apply the stringent measures and targets to reduce a 3% under similar operation conditions for the coming year.

The Group is also aware that customers' behaviour is an important driver in conserving resources and efficient use of water, as well as energy and paper. All its provisions are paved to guide its customers towards this path. Deterring the use of non-recyclable take-away containers, is an illustration of its commitment in this aspect.

# Environmental, Social and Governance Report

- (iv) **Paper and paper-packaging materials** — During the Reporting Period, purchases amounted to approximately HK\$334,847, a drop of approximately 33.8% over HK\$506,129 of the last reporting period.

For food hygiene and customer safety reasons, the Group attaches significant concern and extremely serious importance on sourcing and using packaging materials in its restaurant operations. As a general principle, the Group adopts the view that it must be fit for purpose and has a recognised safety and hygiene standard in place, and is cost effective and environmentally friendly.

In the restaurants, paper is used for napkins and packaging materials are mostly in the form of bags and containers used for taking away food. In the office, paper is used for document printing and filing purposes. On the former, the Group has tried to deter the use of packaging materials by imposing fees. On the latter, the Group has encouraged staff to reduce paper consumption through use of electronic tools such as emails, messages and Universal Serial Bus storage to replace paper files, sketches and letters; to print paper on both sides, and to use only recycled paper. All staffs are constantly reminded to reduce paper consumption.

During the Reporting Period, the Group recorded a significant reduction of approximately 33.8% on paper and paper-packaging materials used over the last reporting period. Even if the improvements are discounted by the drop in the Group's turnover, an improvement was still recorded. In the coming year, the Group will continue with its effort on saving paper and targets a 3% drop on the usage of paper and paper-packaging materials.

## *ASPECT A3: The Environment and Natural Resources*

Same as before, the Group's food and catering services operations have used a substantial amount of natural resources especially on energy (including electricity and gas), water, paper and packaging materials, which in turn have generated gas emissions and waste discharges, and could have a direct impact on the environment, if they are not properly managed. The Group has already taken a responsible approach to implement policies and measures to invest in energy and resource saving equipment and technology, to properly handle, and to reduce the emissions and discharges. The Group in fact achieved a reduction on its GHG and other air pollutants during the Reporting Period. The Group, same as the last reporting period, had no warnings, fines nor violation notices, and was in compliance with applicable environmental protection laws and regulations in all materials respects, during the Reporting Period.

# Environmental, Social and Governance Report

As a continuous guiding principle and policy, for not only cost saving purposes but environmental preservation as well, the Group continues to constantly review ways and means to accomplish further means of saving resources. To reduce the consumption of fresh water, energy and papers, the Group continues to advocate and support all measures to refuse, reduce, reuse, repurpose and recycle as much as possible. The Group has also constantly been looking for ways and means including investment opportunities on new energy and resources-saving technology and equipment to accomplish its reduction, reuse and recycling goals. Reduction, reuse and recycling measures, where appropriate and practicable, remain to be the main approaches which the Group would consider pursuing. Finally, the Group constantly updates and upgrades its operation procedures and processes with the aim to achieve a higher standard in the work of energy saving and emission reduction, and the use of water, energy and paper; and alert, educate, and encourage employees on the importance of environmental protection and to act in an eco-friendly manner during work and in daily life.

## *ASPECT A4: Climate Change*

Climate change is mainly caused by the release of CO<sub>2</sub> into the atmosphere, which is directly and indirectly the result of the use of fossil fuels (including coal, crude oil and gases) for energy and electricity generation. As the world now moves toward a lower-carbon sustainable economy to remediate the global warming problem, the Group should consider areas and aspects which may contribute to tackle the problem.

As specified in the section "Stakeholders' Communication and Materiality", stakeholders expect the Group to be managing and mitigating climate change risks. In light of the current global environmental conditions and the Group's operations and activities, the Board identifies that reduction on electricity, water and wood based tools including printing papers, napkins, chopsticks, packaging bags consumption will be the immediate areas that may impact the Group and the environment. These three areas will not only affect the operation costs of the Group, they will also contribute directly or indirectly on the global environmental conditions, and the Group should tackle them for the purposes to combat climate change and reduce the operation costs in the future.

### (i) Indirect and direct GHG-CO<sub>2</sub> Emissions

As explained above, during the Reporting Period, the Group indirectly and directly emitted GHG-CO<sub>2</sub> through electricity and gas consumption for its operations. The Group has already implemented policies and measures to reduce the use of electricity and gas in its restaurants and office. With a reduction in electricity and gas consumption, less energy will be required, and less fossil fuel or gas will be used, and less GHG-CO<sub>2</sub> will be generated accordingly. The Group will also continue to invest in more energy efficient processes and equipment in the near future.

### (ii) Water

As explained above, during the Reporting Period, the Group has already taken measures to supervise and encourage employees to more efficiently use water in order to reduce its consumption for the purpose of conserving water, which will possibly bring back a balance to the global atmospheric condition.

# Environmental, Social and Governance Report

## (iii) Paper packaging Materials

As explained above, during the Reporting Period, the Group has already implemented policies and measures to reduce papers and to use recycled papers as far as possible, which will directly reduce the cutting of trees. The Group at the same time has supported low-carbon activities and to re-grow the forest, which is the main tool to reduce carbon directly to curb global warming.

During the Reporting Period, the Group's business operations and activities did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group has already taken measures to lower indirect and direct GHG-CO<sub>2</sub> emissions, and to reduce water and paper and paper-related packaging materials usage with a wish to curb global warming. The Group will continue with such policies and measures for the coming year.

## **(B) SOCIAL AREAS**

### **2.1 Social Areas and Aspects Overview**

The Group is committed to conduct business in a responsible and ethical way and strives to build mutually beneficial relationships with its stakeholders, including its employees, customers, suppliers, communities, as well as the public and governing authorities. On formulation of ESG strategies and policies, the Group has already taken into account of its short and long term corporate development goals, the benefits to the stakeholders and sustainable development of the society and the environment.

In accordance to the ESG Guide, social areas and aspects including "Employment and Labour Practices" and "Operation Practices and Community Investment", and the Group's policies, strategies and performance in these areas are reported below:

### **2.2 Employment and Labour Practices Areas and Aspects**

The Group firmly believes that its development, success and growth depend highly on the skills, passion and commitment of its employees. It has treasured its employees and their intrinsic talent as its most important resources and assets. It has therefore committed to strictly complying at all times with all the relevant laws, rules and regulations on employment — the Employment Ordinance ("**Employment Ordinance**") (Chapter 57 of the Laws of Hong Kong) of the HKSAR, and providing a safe and healthy working environment, offering equal opportunities to all employees on recruitment, promotion, compensation and benefits. It has strengthened its human resources management with employees-oriented policies to encourage motivation and innovation, and to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship with its employees. The Human Resources ("**HR**") department of the Group has been delegated with the responsibilities to implement the employment and related policies, rules and regulations, which are summarised and laid out in its employee handbook and employment contracts.

# Environmental, Social and Governance Report

## *ASPECT B1: Employment*

Since the Group's establishment, it has continued an employee oriented employment policies and practices throughout, which include the following main features:

- The HR department continues to report directly to the Group's CEO and has been assigned with the responsibility to implement the Group's human resources strategies and policies, and has been charged with the responsibility and duty to ensure all the statutory obligations of the Group have been fulfilled and complied with in a legitimate manner.
- The manager of each restaurant will be the human resources head and will be responsible for implementing the human resources policies, rules and regulations promulgated by the head office in his managed restaurant.
- The Group adopts a humanistic and equitable human resources policies with equal opportunities for all without discrimination on hiring, promotion, remuneration, benefits, training, dismissal and other aspects of employment.
- All employees are required to sign employment contracts with the Group and/or its subsidiaries, and will receive an employee handbook, listed out all the employment terms and conditions, benefits and obligations including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and welfares etc..
- In accordance with the requirements of the Employment Ordinance and the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), and Employees' Compensation Ordinance ("**Employees' Compensation Ordinance**") (Chapter 282 of the Laws of Hong Kong) of the HKSAR, the Group provides and maintains statutory benefits to all qualified employees, including but not limited to mandatory provident fund, medical insurance, work injury insurance and compensation and statutory holidays.
- On recruitment, the Group has adopted a mixed policy of external recruitment and internal promotion for vacancies. All vacancies are open to all with equal opportunities, no discrimination on sex, religion, gender, age and disability, and to be selected on qualifications skill and competency basis.
- Employment of child labour and forced labour is strictly forbidden.
- Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for employees will be rewarded at the discretion of the top management with consideration on performance.
- Provide a safe and pleasant working environment to its employees.

# Environmental, Social and Governance Report

Although recruitment in the food catering industry is highly competitive, the Group has been able to hire suitable candidates in the market by offering attractive remuneration packages, including competitive wages, incentives and discretionary bonus, transportation allowance, staff meals and promotion prospects to its employees. Furthermore, the Group has constantly reviewed its policies, codes and guidelines on labour welfare and protection emphasizing on legal compliance of laws and legislative standards.

During the Reporting Period, same as the previous reporting periods, the Group honored all obligations to its employees including the payment of salaries and wages, holidays and leaves, compensations, insurances and health benefits, and did not have any employment related disputes or litigations recorded. In the coming year, the Group is again confident to maintain the amicable employer and employee relationship.

As at 31 March 2020, the Group employed a total of 232 full-time employees (2019: 192), raising the total number of employees by 40 or 21.0%. The main reason for the increase in the employee is largely attributed to the opening of the new restaurant operated under the brand “Hana” at Citygate in Tung Chung in August 2019. Further analysis of the Group’s employment breakdown for the current and the previous reporting periods are summarized in below:

Figure 1: Number of Employees by Employment Type

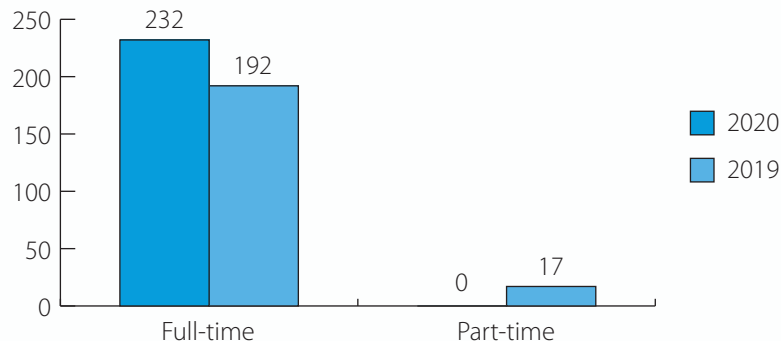
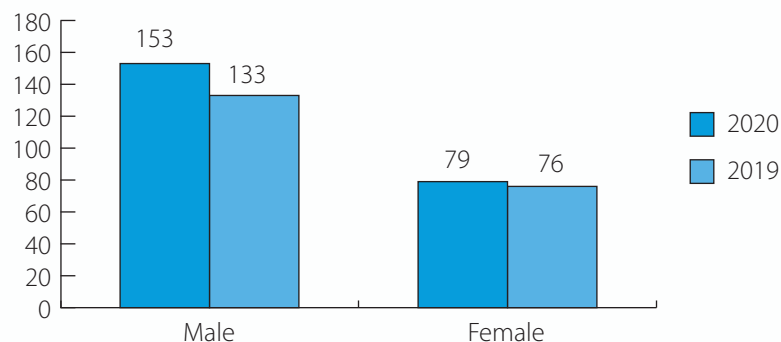


Figure 2: Number of Employees by Gender



# Environmental, Social and Governance Report

Figure 3: Number of Employees by Employment Category

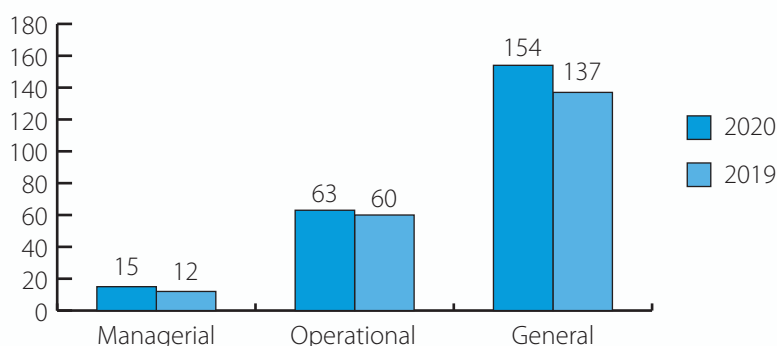
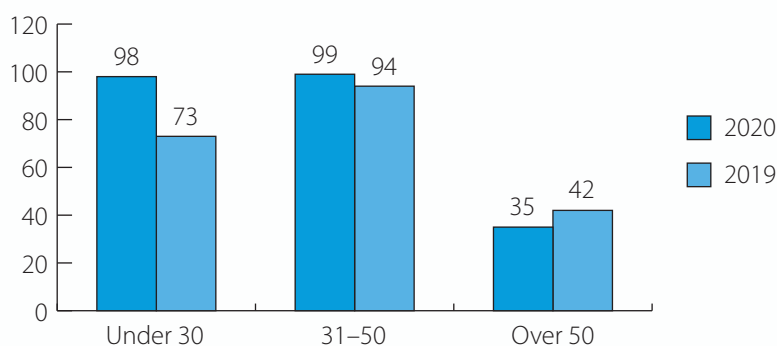


Figure 4: Number of Employees by Age



## ASPECT B2: Health and Safety

Given the nature of food catering business, the Group has continued to act as a responsible employer and implemented its 'employee-oriented' human resources policies and is committed to provide a healthy and safe working environment to employees to prevent them from injuries and accidents, and to minimize the risk of any occupational hazards, as well as to the visiting customers. In particular, personal hygiene of the employees is critical and instrumental in food safety. All employees are required to strictly observe the health and safety policies, instructions and guidance and to follow the same at work and place safety as their priority during operations. Restaurant managers and supervisors are charged with the responsibility of ensuring that safety policies, rules and practices are implemented in the workplaces. The Group has taken the following health and safety measures to protect its employees:

- Ensures all the safety, medical and hygiene equipment are adequately in place and are operating efficiently, passing inspections and complying with all the safety and hygiene rules and regulations.
- Requires all employees to strictly comply with the health and safety policies, rules and regulations, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and Employees' Compensation Ordinance of the HKSAR, and has constantly reminded the employees to perform their tasks under safety conditions.



# Environmental, Social and Governance Report

- Takes occupational health and safety as one of the Group's prime responsibilities, and constantly improves the occupational safety and health management system in order to reduce risks and create a safe working environment.
- In-house rules stipulate that whenever injuries or accidents occur, regardless of minor or serious incident, the employees must notify the superiors immediately who will then take appropriate measures to ensure safety is not compromised, and in all circumstance to be promptly and properly dealt with and reported in accordance with the local laws and regulations as appropriate.
- Whenever a remedial or compensatory action arising from safety and health issues or work injuries, HR department will assign a staff to ensure that the case will be done properly and in a timely manner.
- The Group has assigned safety officers to regularly inspect and to educate employees to take precautionary measures to ensure that the workplace is safe. Regular health and safety trainings have been provided to employees to assist them to perform their jobs safely.
- Ensures all kitchen and restaurant hall works with medical insurance in accordance with the statutory requirements.

The Group continues to treat health and safety as the upmost priority in its business goals and operations without any compromise. The Group has honoured all obligations without disputes towards its employees, and in compliance with all the statutory requirements.

The Group has equipped its restaurant kitchens with the required safety equipment and facilities. For the Reporting Period, the Group received approvals and no adverse comments from the Fire Department, Food and Environment Department, and Labour Department during their inspections.

The Group has paid medical insurance to provide coverage on sickness, injuries and accidents for its employees, and paid Retirement Provident Funds for employees in accordance with the relevant statutory requirements.

Apart from investment on the required safety equipment and facilities, the Group has also emphasized on safety at work sites. The Group has sponsored supervisors to attend safety work practices with an aim to help reduce the numbers of work-related injuries. During the Reporting Period, the Group recorded three cases of minor injuries such as knife cuts, slip from wet floors, etc., which were taken care immediately on spot. (2019: six). The occurrence of accidents and occupational injuries is common and unavoidable given the nature of kitchen works, but the Group was able to reduce in the number of injuries by 50%, which justifies its success on managing the risks. In the coming year, the Group targets to continue the improvement trend.

# Environmental, Social and Governance Report

## *ASPECT B3: Development and Training*

As the Group considers its employees as one of its most valuable assets, it has always supported means to enhance their value by regularly providing them with development and trainings programs in terms of skills and job knowledge, plant operation and production know-how at various levels, so that they are able to perform their required job duties in a competent and capable manner without risk to their health and safety or damage to plants.

Broadly speaking, the Group has continuously and regularly provided two types of trainings:

### (i) Orientation program and on-the-job training

Orientation program is provided to new recruits to enhance their understanding of the Group's history, organization structure, work environment, regulations, responsibilities and duties, working skills, safety operation, and career development plan etc. While on-the-job training is provided to permanent employees with an aim to improve their career development and skills for performing their required job duties in a more competent and capable manner and without risking their health and safety.

### (ii) External specific skills and knowledge training

It is provided to potential and talented employees aiming at enhancing their technical, management and professional skills and ability. For example: The Group continued to sponsor and paid for all the costs for potential young chefs and managers to attend courses on Certificate in Food and Beverage Supervision, Advanced Certificate of Food and Beverage Management, Food Hygiene and Safety Code, etc.

During the Reporting Period, a total of 32 (2019: 80) employees received different training programs for 530 hours (2019: 147 hours). The reason for the substantial increase in training hours is that the Group has started to sponsor talent and potential young chefs and managers to attend long hours training classes. A total of 12 talented and potential young employees were selected to attend food and beverage supervision and safety certificate courses organized by external institutions to enhance their individual professional skills. The total cost paid by the Group for such trainings were amounted to approximately HK\$8,870.

## *ASPECT B4: Labour Standards*

During the Reporting Period, the Group continued with its cornerstone policy of strict compliance with the Employment Ordinance and adopting their respective standards as the minimum standards on employment and labour protection and welfare. The Group adhered to the legal requirements in Hong Kong as well as the local market practices on recruitment, dismissal, promotion, leave, holidays, benefits as well as equal employment opportunities to all sexes, ages, races and religions. The Group acted strongly against and banned all child, illegal and forced labour.

The HR department is charged with the responsibility of overseeing labor compliance. Managers of the restaurants are responsible for ensuring that all labor protection and welfare obligations of their operations are complied with and any breaches of statutory compliance have to be reported immediately to the HR Director in the head office.

# Environmental, Social and Governance Report

All job applicants are required to submit their credentials such as academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. As a legal obligation and for better management, the Group has kept the private file of the employees on confidential basis and in safe custody for record, future reference and government inspection.

The Group honoured all of its obligations towards the employees and has built a safe, healthy and pleasant working environment in all its restaurants. The Group did not violate any provisions under the Employment Ordinance and Employees' Compensation Ordinance, and no labour dispute charges were lodged against us; no child labour, illegal labour or forced labour employment was reported during the Reporting Period, same as the previous reporting periods.

## **2.3 OPERATION PRACTICES AREAS AND ASPECTS**

### *ASPECT B5: Supply Chain Management*

Supply chain management in the ESG Guide mainly refers to management of sourcing and procurement. The Group's main purchases for the office and the restaurants remain the same as the previous reporting periods, which include routine stationery supplies and utensils for the office, and fresh and perishable food, food ingredients and beverages and packaging boxes, cooking utensils etc. for restaurants. The Group has not yet established a centralized kitchen to source and to buy raw food materials and to prepare in advance the standardized food meals as its 12 restaurants provided different styles and classes of food. The Group has therefore allowed the sourcing and procurement to be done and decided by the head chef of each restaurant.

To ensure a quality assured and cost-efficient supply chain, the Group has continued to implement a clear and standardized procurement management rules and guidelines and procedures with respect to procurement including quality control, warehousing, payment and documentation approval process, and methods of payment.

The Group selects suppliers based on a set of criteria, which includes (i) ability to meet specification and standards; (ii) quality of products and services; (iii) pricing of the products and services; (iv) reliability of delivery; and (v) track records and reputation of the suppliers. The Group maintains a list of approved suppliers and will invite two to three suppliers to tender for purchases for a reasonable order size in order to obtain the optimal offer and to eliminate any chance of malpractice. All purchase transactions must be properly documented and executed and are subject to the scrutiny of internal hierarchy supervisions at different levels depending on the purchase sum and significance.

# Environmental, Social and Governance Report

To minimise the risks, the Group has not entered into any long-term contract with suppliers except with associated and related companies, and does not rely on any single supplier for its raw food materials. For general purpose and petty purchases, the Group usually sourced from the local suppliers or suppliers from close proximity for the purposes to encourage and support local economy, to ensure fast deliveries and reduce carbon footprint.

During the Reporting Period, the Group maintained and purchased from 118 (2019: 193) approved suppliers of food, ingredients and beverages. Given the nature of the Group's business, all of its purchases were from local suppliers owing to the freshness requirement, and the Group's purpose to support the local community and the Group did not experience any interruption of supplies or failure to secure sufficient quantities of supplies on time that had any material adverse impact on its business or operations.

## *ASPECT B6: Product Responsibilities*

The ESG Guide lists out four major sub-aspects on product responsibilities: product quality and safety, customer services and complaints handling, intellectual property rights and privacy, which our internal control process, operation manuals and employee handbook and employment contracts have clear guidelines and rules to deal with. To ensure quality, hygiene and safety of the food produced, the restaurants have to meet and satisfy all the strict requirements including, but not limited to, environmental, safety and hygienic set up, processes and regular inspections before valid operation licenses and approvals are granted. The Group has not identified any material non-compliance with relevant laws and regulations in HKSAR relating to advertising and labelling matters relating to products and services provided and method of redress that would have a significant impact on the Group during the Reporting Period.

In order to survive and to prosper in the highly competitive food catering market in the HKSAR, the Group needs to work extra hard from the quality of services rendered to the customers including customer servicing, cosy and comfortable environment, food delicacy and quality, and to ensure all of its restaurants are operating at customers satisfaction. The Group continues with its operation philosophy that only with consistency on top quality and delicacy food as well as tailor-made, friendly and attentive services, its restaurants can attract and keep customers.

### (1) Food and Services Quality

For any food catering business, clean hygienic, safe and quality of food and services are the lifelines for survival and reasons for prosperity. The Group fully understands their importance and continues to implement a strict internal quality control standard in its operation processes to ensure continuous highest quality, clean hygiene and food safety serving to its customers. The managers and the head chef are charged with the responsibility for ensuring that the right procedures are implemented in their restaurants.

# Environmental, Social and Governance Report

The Group closely monitor the freshness and safety of its incoming raw ingredients, which are normally sourced from reputable and reliable suppliers. The preparation and processing procedures such as selection, washing, cutting, seasoning, cooking and serving are carried out by the kitchen staff under the supervision of the head chefs who will ensure the quality of the food on site. The kitchen workers are taught how to clean and keep raw ingredients fresh and to use different sets of cutting boards and knives for raw food and cooked food. Raw and cooked food are strictly controlled and monitored on their storage to avoid cross-contamination. All food-processing equipment must be cleaned thoroughly before use for processing another dish. The cooking process is an art and a skill, the chefs have been taught and trained professionally on the job and even by external classes to ensure high quality and delicacy food are prepared and cooked for the customers. After the customers consume the food, the used utensils are collected, washed and dried immediately. The managers are responsible for overseeing the quality of services in the restaurants who have the experiences to provide top quality customer services including reception, seating, ordering and food servicing, billing and to handle emergency incidents and complaints. All the restaurants have to be cleaned to the highest level with designer decorations and settings to ensure quality and safety to the customers at an affordable prices.

In addition, the Group maintains close relationship with its business peers to keep abreast of the latest food sources, customer tastes and product development and knowledge.

During the Reporting Period, same as the past reporting periods, the Group did not receive serious complaints on the quality and safety of its food and services which would be detrimental to its brands, business and operation. The Group is confident that given its existing quality assurance process and management on food and services offered, it can achieve similar result in the coming years.

## (2) Complaints Handling

Apart from providing the highest quality of food and services, the Group has in place policies and procedures to ensure all customer complaints or concerns are addressed at the appropriate levels and in a timely manner, and guarantees its customers full satisfaction on its food quality and services. Front desk managers have been trained to handle complaints with smiles, politeness and patience, any rejected food, due to below quality expectation, are promptly replaced or substituted by other choices of the customers. The Group keeps a customer hotline as a means to develop better communication with the customers and also for the customers to voice their complaints.

During the Reporting Period, same as the previous reporting periods, the established complaints handling routes and channels have functioned well and the Group did not experience serious complaints on the quality of food and services which led to disruption of its business operation. The Group is again confident to maintain similar good results for the coming year.

# Environmental, Social and Governance Report

## (3) Intellectual Property Right ("IPR")

The Group has registered six trademarks and one trademark is under application in the HKSAR. The Group is fully aware that IPR is material and important to its business. The Group respects IPR and have instructed its management not to copy or introduced any patented recipes, designs and to install original software onto our computers and operation systems to avoid vulnerabilities and legal disputes arising from software copyright.

During the Reporting Period and the previous reporting periods, the Group did not receive any IPR infringement complaints against the Group, and the Group is not aware of any third-party infringement on its trademarks as well.

## (4) Privacy

The Group's main business and operations have generated a substantial volume of private, confidential and sensitive information of customers, suppliers, business partners including the operation status and financial positions, commercial terms of contracts, general background information, etc. These types of information are sensitive and important, and by law, must be cautiously safeguarded and protected.

The Group fully understands its obligations and has taken measures to ensure the data and information are safeguarded, protected, and complied with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) of the HKSAR. The Group has also taken measures to ensure strictest protection of the information against unauthorised access, use and disclosure through a variety of security technologies and procedures. The employees, who are authorized and allowed to access to the confidential information, have been trained to handle sensitive information during the course of the operations with due care. The Group has also incorporated the confidential clause into the employee handbook and employment contract, under which all employees are obligated to follow. Legal action will be taken against any violation.

During the Reporting Period, same as the previous reporting periods, the Group did not receive any complaint on any breach of privacy or leakage of information.

## *ASPECT B7: Anti-corruption*

As stated in the section headed "Stakeholders Communication and Materiality" above, anti-corruption is a material aspect to all the stakeholders. The Group fully understands the importance of honesty, integrity and fairness in its business operations and has therefore put in place an anti-corruption policy which involves comprehensive internal control system comprising corruption reporting and investigation procedures, and adopts a zero-tolerance approach to those corruptive and fraud crimes. An independent non-executive director under the 'Internal Audit Committee' will be charged with the responsibility to initiate investigation upon receiving any corruption reports. Moreover, employees at all levels are constantly reminded in meetings and documents, such as the employee handbook, on anti-corruption, conflict of interest and giving and taking of interests. In daily operations, the directors, management and staff must comply with related government laws and regulations on prevention of bribery, extortion, fraud and money laundering. The Group is proud to reconfirm that with the implementation of clear policies and well-structured processes on purchases, sales, operation and finance, and the adoption of a high code of standard, the Group again reported no bribery or corruption cases during the Reporting Period, same as the previous reporting periods.

# Environmental, Social and Governance Report

## *ASPECT B8: Community Investment*

During the Reporting Period, the management continued to commit the Group to be an environmental and socially responsible corporation supporting its employees and environment, and contributing back to the local community and society whenever possible.

- Apart from on the job trainings, the Group continued to support and sponsor its potential employees at its own costs to attend external special skills program to enhance their future value.
- The Group contributed the effort to up-keep the HKSAR's image of quality services and environment to tourists, and was accredited under Quality Tourism Services Scheme for two consecutive years.
- The Group supported the local communities by prioritizing most of its purchases with the local suppliers.
- The Group continued to sponsor the employees to participate in the volunteering and charity events, and donated HK\$36,000 to Children Welfare Association for the second year.
- The Group has implemented measures with an objective to reduce hazardous and non-hazardous air emissions and polluted water and wastes discharges and continues to find ways and to implement measures to reduce air emissions, and wastes discharge.