



# Dragon King Group Holdings Limited 龍皇集團控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 8493



Environmental, Social  
and Governance Report

## 2020

# Environmental, Social and Governance Report

## INTRODUCTION

The Group is committed to maintaining high standards of business practices in relation to environmental protection, social responsibility and related governance. With a view to uphold shareholders' confidence and understanding in the Group's efforts in achieving an environmentally and socially well governed and sustainable business, the Group's measures and performance on sustainable development topics are disclosed in a transparent and open manner below.

## REPORTING STANDARDS

The "Environmental Social and Governance Report" (collectively the "**ESG Report**") is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" ("**ESG Guide**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") set out in Appendix 20 of the GEM Listing Rules. The ESG Report provides a simplified overview on the environmental, social and governance ("**ESG**") performance of the Group. The information in the ESG Report is derived from the Group's official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by the Group.

## REPORTING YEAR

All the information in the ESG Report reflects the performance of the Group in environmental management and social responsibility from 1 January 2020 to 31 December 2020 (the "**Reporting Period**"). This ESG Report is released annually by the Group for public review so as to improve the transparency and responsibility of information disclosure.

## REPORTING SCOPE

The Group is a Cantonese full-service restaurant group operating Cantonese cuisine restaurants under five self-owned brands in Hong Kong, Macau and Shanghai. The Group's restaurants focus on providing quality food and services and comfortable dining environment to the customers. Over the years, the Group has diversified its business and revenue sources and obtained various awards and recognition, including the "Michelin Guide Hong Kong Macau" and the "Best of the Best Culinary Awards".

The scope of content focuses mainly on the Group's restaurants and headquarter office in Hong Kong, which are the areas that represent the majority of the Group's social, environmental and economic impacts.

After the comprehensive completion of data collection procedures and system and the Group's materiality assessment, certain ESG issues have been identified by considering their materiality and importance to the Group's principal activities, stakeholders as well as the Group. Those identified ESG issues and key performance indicators ("**KPIs**") have been disclosed in the ESG Report.

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## ESG GOVERNANCE

The Group has developed its internal strategies and policies with aims to create sustainable values to its stakeholders, thereby to large extent minimising the Group's undue impact on the environment. In order to carry out the Group's sustainability strategy from top to bottom, the Board has ultimate responsibilities for ensuring the effectiveness of the Group's ESG policies.

The Group has established dedicated teams to manage ESG issues within each business division of the Group and kept monitoring and overseeing the progress against corporate goals and targets for addressing climate change. Dedicated teams with designated staff for management of ESG issues has been assigned to enforce and supervise the implementation of the relevant ESG policies cascading through the Group.

With the forward-looking guidance and well-designed plans of action to address underlying ESG matters, the management and responsible teams keep reviewing and adjusting the Group's sustainability policies to satisfy the ever-changing needs of its stakeholders on a regular basis. For instance, through the assignment of the responsibility of progress tracking to different management-level positions, the Group is committed to achieving an excellent performance in ESG management while also remaining competitive compared with its peers. Details of the Group's management approaches in both the environmental and social aspects are elaborated in different sections of this ESG report.

## STAKEHOLDER ENGAGEMENT

The Stock Exchange has set forth four principles for reporting in the ESG Guide: materiality, quantitative, balance and consistency, which should form the basis for preparing the ESG Report. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. Through stakeholder engagement, companies can understand wide-ranging views and identify material environmental and social issues.

The Group believes that effective feedback from stakeholders not only contributes to comprehensive and impartial evaluation of its ESG performance, but also enables the Group to improve its performance based on the feedback. Therefore, the Group has engaged in open and regular communication with its stakeholders and investors, employees, customers, suppliers and regulators. Over the years, the Group has continued to fine-tune its sustainability focus, addressing pressing issues. The table below shows how the Group communicates with key stakeholder groups and their respective concerns.

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## Stakeholders and Engagement Methods

Stakeholders	Interests and concerns	Engagement channels
<b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Corporate strategy and governance</li> <li>• Risk mitigation and management</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Interim and annual reports, corporate websites</li> <li>• Announcements, notices of meetings, circulars</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Robust operation management</li> <li>• Full compliance with regulations</li> <li>• Sustainability performance of operations</li> <li>• Food choice and quality</li> <li>• Food safety and hygiene</li> <li>• Service quality</li> <li>• Opinions and complaints handling</li> <li>• Good dining environment</li> </ul>	<ul style="list-style-type: none"> <li>• Interim and annual reports, corporate websites</li> <li>• Regular meetings and communication</li> <li>• Adopt appropriate control management measures at different stages of food production process</li> <li>• Maintaining channels of customer communication and feedback at restaurant, social media and complaint hotline, mailbox</li> <li>• Conducting customer surveys regularly and improving performance</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Compensation and benefits</li> <li>• Occupational health and safety</li> <li>• Career development opportunities</li> <li>• Corporate culture and wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• Provide leisure activities and increase cohesion</li> <li>• In-house training programmes</li> <li>• Performance reviews and appraisals</li> <li>• Promote career development and enhance competence at all levels</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Ethical business practices</li> <li>• Supplier assessment criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement processes</li> <li>• Audits and assessments</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Review latest laws and regulations</li> <li>• Inspection</li> </ul>

The business of the Group affects different stakeholders, and each category of stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions of stakeholders through different platforms and more extensively, and make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of quantification, balance and consistency, in order to define content of the ESG Report and presentation of the information that is more in line with the expectations of stakeholders.



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## CLIMATE CHANGE

Climate Change is one of the most complicated challenges faced by mankind's in the new century. Global warming gives rise to more frequent extreme weather conditions including changes in precipitation mode, droughts, floods and bushfires. Rise in sea level will make tens of thousands of people in densely populated coastal areas and island countries homeless. Faced with all sorts of problems, individuals, corporations and governments must take immediate actions to tackle climate change.

Over-emission of greenhouse gases is the main factor in causing global climate change. To achieving a low carbon economy, the Group is committed to reducing its greenhouse gas emissions through the approaches of mitigation and adaptation. For example, the Group has strived to mitigate the risks brought by climate change through the adoption of various environmental policies and measures; and promoting energy saving measures and habits in office. The Group has also considered potential physical risks of climate change to its daily operation such as storms, fires or heatwaves and through implementation of the relevant protection measures to minimise the risks.

The Group are focused on reducing emissions in its operations, engaging suppliers to reduce emissions in supply chains, strengthening the resilience of its business and using its voice to advocate for collective action.

## ENVIRONMENT PROTECTION

### Emissions

#### *Emissions from vehicle usage and business operation*

During the Group's operation, the usage of private cars and other types of cars generate the emissions of nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and Particulate Matters ("PM"). Also, the use of electricity in headquarter office and restaurants generate carbon dioxides ("CO<sub>2</sub>"). The approximate amount of CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>x</sub> and PM produced from the Group's operation in Hong Kong, where the vast majority of Group's restaurants are located, are shown in the following table:

#### **Air pollutants from vehicle usage in the Reporting Period**

Region	Types of key air emissions	2020	2019
Hong Kong	NO <sub>x</sub> emissions (tonnes)	<b>0.085</b>	0.065
	SO <sub>x</sub> emissions (tonnes)	<b>0.0003</b>	0.0002
	PM emissions (tonnes)	<b>0.0043</b>	0.0047

Compared to the last financial year, the total amount of air emissions remain at a reasonably low level. It is due to the number of cars remain unchange.

Meanwhile, the Group commits to reduce and ensure the efficient usage of private cars continuously. The Group has implemented the following measures so as to achieve the environmental friendly approach: i) avoid peak hour traffic; ii) encourage the use of public transport; and iii) utilise the vehicle by carpooling with different staff.

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## Greenhouse Gas ('GHG') Emissions

During the course of operations, there are GHG emissions principally resulting from vehicle usage, electricity consumed, gas consumption, the use of electricity for processing fresh water and sewage water at headquarter office and restaurants and the business air travel by employees.

### *Scope 1 – Combustion of fuels in mobile sources controlled by the Group*

During the operations of the Group, due to the intense usage of private cars and medium and heavy goods vehicles, certain amount of GHG is produced.

The Group strictly controls the emissions of GHG through the establishment of a comprehensive data collection system. This system helps the Group to monitor the monthly usage of all vehicles to maintain the efficiency at a prominent level.

### *Scope 2 – Energy indirect emissions*

During the food preparation process and operations of the restaurants, the Group has incurred indirect GHG emissions (Scope 2), principally resulting from electricity and gas consumed at the restaurants and headquarter office in Hong Kong, where the vast majority of Group's operations are located.

### *Scope 3 – Other indirect emissions – electricity for processing fresh water and sewage water*

Except the electricity consumed, the Group has incurred other indirect GHG emissions (Scope 3) contributed by, principally resulting from the electricity for processing fresh water and sewage water consumed at the restaurants and headquarter office in Hong Kong, where the vast majority of Group's operations are located.

### *Scope 3 – Other indirect emissions – business air travel by employees*

In addition, the Group has also incurred other indirect GHG emissions (Scope 3), contributed by the business air travel of the employees.

### *Summary of GHG emissions*

Types of GHG	2020	2019
	CO <sub>2</sub> equivalent emission	CO <sub>2</sub> equivalent emission
Scope 1 – Direct emissions (tonnes)	<b>24.90</b>	26.56
Scope 2 – Energy indirect emissions (tonnes)	<b>2,872.97</b>	3,289.13
Scope 3 – Other indirect emissions (tonnes)		
– Electricity for processing fresh water and sewage water (tonnes)	<b>46.29</b>	86.57
– Business air travel by employee (tonnes)	<b>0.93</b>	19.61
Total	<b>2,945.09</b>	3,421.87

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Compare with the last financial year, the energy indirect emissions for the restaurant and the headquarter office in Hong Kong has decreased by approximately 13%. It is mainly due to limited operation of restaurants in Hong Kong for anti-infection measures that results in a decrease in the consumption of electricity.

Besides, the electricity for processing fresh water and sewage water for the restaurant has decreased by approximately 47% compared to 2019. Such decrease is due to the limited operation of restaurants in Hong Kong for anti-infection measures.

Lastly, the business air travel by employees in Hong Kong has decreased by approximately 95% compared to 2019. Such decrease was due to the Group has developed a greater reliance on remote control at Shanghai branch operations which cause less air travel to be taken.

## ***Hazardous and Non-Hazardous Waste***

Due to the business nature, the Group's operations do not directly generate any hazardous waste.

On the other hand, the Group generates the non-hazardous waste from its operation, which are mainly the kitchen waste. The Group is committed to manage and dispose the non-hazardous waste properly. During the Reporting Period, the Group has yet to implemented the reporting mechanism to gather the information of non-hazardous waste generated. In the future, the Group would plan to implement comprehensive data collection mechanism in respect of the non-hazardous waste disposed in order to enhance the waste management.

We are of the opinion that our activities have meet our objectives during the Reporting Period.

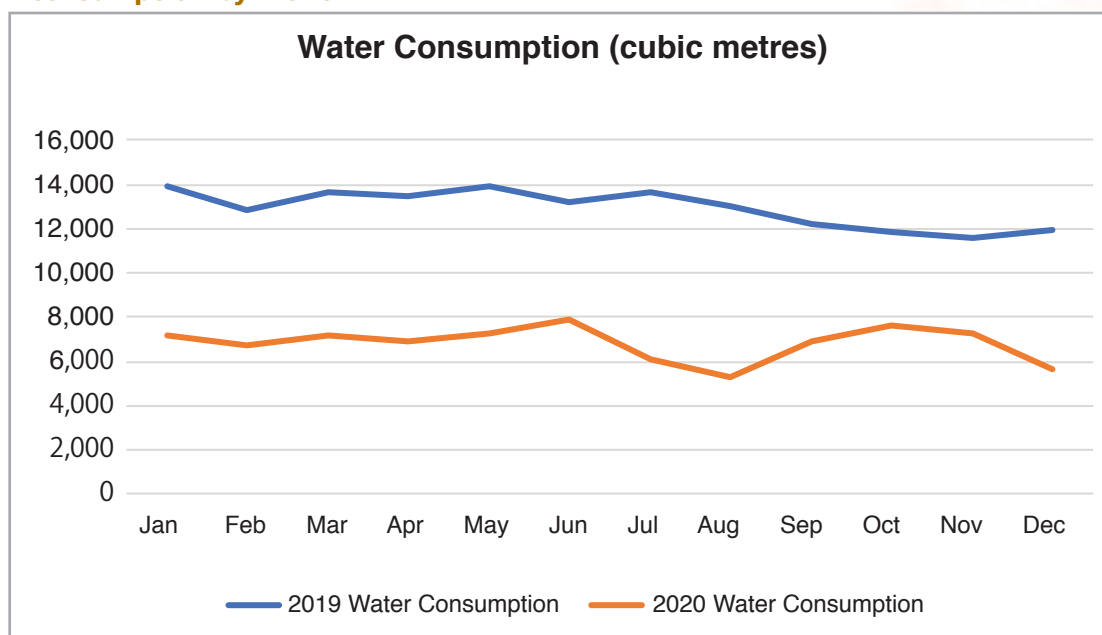
## ***Use of Resources***

The Group adheres to the concept of energy conservation and emission reduction for green business. The major resources used by the Group are principally electricity and water consumed in the head office and restaurants. The Group aims to improve its energy utilisation efficiency to achieve low-carbon practices and emission reduction throughout the operation and strive to save the resources.

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Water is essential to all communities. The Group promotes water conservation to its customers and employees. Reminders of water-saving responsibilities, in the form of notices and signs, are posted near to water outlets in the kitchens, washrooms, and office. The Group records and analyses the monthly consumption rate of water regularly. After identifying the causes of high rates of water consumption, the Group will perform remedial action to minimise the water use. The following table shows the monthly water consumption in cubic metres of the Group:

## Water Consumption by Month



The total water consumption in cubic metres by region during the Reporting Period is shown in the following table:

## Water Consumption by Region

Region		2020	2019
Hong Kong	Total water consumption (cubic metres)	<b>82,068</b>	155,332
	Intensity of water consumption per restaurant property floor area (cubic metres)	<b>14.16</b>	26.81



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Compare to the last financial year, the intensity of water consumption per restaurant property floor area has dropped from approximately 27 cubic metres to approximately 14 cubic metres. The decrease in water consumed was due to the limited operation of restaurants in Hong Kong for anti-infection measures. The Group believes that the regular water consumption analysis and the internal training could create a sense of urgency to all staff about the monitoring of water usage. The Group will keep on performing current works and strive to remain the intensity at a low level.

The Group determines to maximise energy conservation in the head office by promoting efficient use of power and adopting green technologies. For instance, the Group continues to upgrade equipment such as purchasing electrical appliances with high efficient energy label, lighting and air-conditioning systems in order to increase energy efficiency. Air-conditioning systems can be adjusted to a specific temperature, which allows the users to set at a comfortable temperature and avoid power waste. In addition, lightings, electrical appliances, as well as other electric and electronic devices are encouraged to be switched off if any of them is being idle. Moreover, the Group uses LED lighting in various areas of the Group's office and restaurants.

During the food preparation process and operations of the restaurants, the Group has consumed electricity and non-renewable fuel ("NRF") including gas at the restaurants and headquarter office in Hong Kong, where the vast majority of Group's restaurants are located. In respect to the Group's electrical and gaseous usage, the figures are shown in the table below:

## Energy Consumption by Region

Region		2020	2019
Hong Kong	Purchase of energy (kWh)	<b>4,862,156</b>	6,119,081
	NRF consumed (kWh)	<b>1,887,745</b>	N/A <sup>1</sup>
	Total	<b>6,749,901</b>	6,119,081
	Intensity of total energy per restaurant property floor area (kWh)	<b>1,164.90</b>	1,056.03

Note 1: The figure in 2019 is not available

The electricity consumption has decreased by approximately 21%. It is mainly due to limited operation of restaurants in Hong Kong for anti-infection measures. The Group believes the electricity conservation norm has been developed among all staff through the internal training. The Group continues to expect more progress would be made after the energy conservation norm has evolved further among the staff. The Group expects this can be reflected in the key performance result next year.

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The Group believes that the regular gas consumption analysis and the internal training could create a sense of urgency to all staff about the monitoring of gas usage. The Group will keep on performing current works and strive to remain the gas usage at a low level.

The Board of the Company has set out emission target of the Reporting Period in an attempt to minimise emission and waste produced by the Group in the course of our business activity. By optimising the production process for the Reporting Period, we aim to enhance energy utilisation efficiency by reducing 10% GHG emission compared to that of the Previous Period.

## **Packaging materials**

The Group procures packaging materials include dinning serveware and utensils for takeaway order and festive product. Since the takeaway order and festive product are relatively immaterial in terms of revenue during the operations, the Group yet to establish the data collection mechanism. To strengthen the green approach launched by the Group, the Group will devise and implement a systematic data collection strategy in the future.

## **The Environmental and Natural Resources**

In the meantime, the Group has continued to give careful consideration to minimise all significant impact on the environmental resources. To develop a green approach at the restaurants and headquarter office, the Group has developed the following measures for daily operation so as to minimise the impact brought to the environmental and natural resources consumption:

### ***Implemented practice***

#### *Restaurants and office equipment*

- Switch off computers, printers, machines and other electronic devices after office hours or when leaving the workplace to reduce power consumption
- Used toner cartridges return to respective suppliers for recycling
- All windows and doors must be closed when the air-conditioners turn on
- Affix save energy posters near the main switches in order to remind the Group's employees of energy saving
- The last-man-out is dedicated to check and turn off all machines and equipment
- Maximise the use of nature light and energy-saving lighting systems
- Apply optima temperature setting of air-conditioning
- Encourage duplex printing
- Reuse of single-side used paper
- Upgrade the electrical equipment with high efficient energy label continuously
- Refill instead of new pen when used-up

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## *Water*

- All staff should fully utilise the water generated from air-conditioners (e.g. cleaning the floor when it is necessary)
- Using the tap water for cleaning the private cars or other vehicles are prohibited

## *Lighting*

- Switch off non-essential lighting if there are only a few people working in the office or restaurants
- The last-man-out is dedicated to check and turn off all lighting of the restaurants and head office

As a socially responsible enterprise, protecting nature and the environment has become an integral part of the Group's corporate culture and important value, the Group constantly looks for ways to maximise benefits with minimal resource consumption and environmental impact, and continue to strive for sustainable development.

## **PEOPLE**

### **Employment**

The Group reckons that employees are the most valuable assets of an enterprise and also the cornerstone for sustaining corporate development. It is always the Group's initiative to provide a fair and competitive compensation package to attract and retain quality talents, in the form of a basic salary, incentives bonus, mandatory provident fund, and other fringe benefits. Remuneration packages are reviewed periodically. The Group also has a set of comprehensive human resources management policy to support human resources function. The policies include compensation and benefits, working hours and holidays, recruitment and selection, performance management, promotion, employment termination, training and development.

Although part of the Group's business is located in China, which is a patriarchal society, the Group aims to refrain from any form of harassment and discrimination with respect to age, gender, race, nationality, religion, marital status or disability in the workplace. Besides, the Group has always strictly observed the relevant legislations in the People Republic of China ("**PRC**"), Macau and Hong Kong regarding the equal employment opportunities, child labour and forced labour. The Group abides by the employment regulations, relevant policies and guidance of the relevant jurisdictions where it operates, including the "Employment Ordinance", the "Employees' Compensation Ordinance" in Hong Kong; the "Framework Law on Employment Policy and Worker's Rights", "Law on Employment of Non-Resident Workers" in Macau and the "Labour Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China" in the PRC.

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The Group has the internal procedures to report employees' information regularly in order to review employment practices so as to avoid any non-compliance. Furthermore, the Group strictly complies with the internal recruitment process during recruitment to ensure no employment of child labour and forced labour in any form. The Group also strives to establish harmonious labour relationships so as to increase the working efficiency and remains the staff turnover rate at a reasonably low level.

## Employment Key Performance Indicators (Employee)

### Total workforce structure as at 31 December 2020

Region	Gender	Age below 30	Age 30-50	Age over 50	Number of employees by gender	Total number of employees	2020 Ratio of number of male to female employees	2019 Ratio of number of male to female employees
Hong Kong	Male	29	62	46	137	286	0.92:1	N/A <sup>2</sup>
	Female	3	63	83	149			
Macau	Male	4	11	2	17	24	2.43:1	N/A <sup>2</sup>
	Female	1	3	3	7			
PRC	Male	21	11	2	34	51	2:1	N/A <sup>2</sup>
	Female	5	11	1	17			
Total	Male	54	84	50	188	361	1.09:1	N/A <sup>2</sup>
	Female	9	77	87	173			
Total		63	161	137	361			

Note 2: The Group had not developed any mechanism for collecting these information in 2019.

### Employee recruited in the Reporting Period

Region	Gender	Age below 30	Age 30-50	Age over 50	Number of new recruits by gender	Total number of new recruits	2020 Percentage of new recruits to total number of employees	2019 Percentage of new recruits to total number of employees
Hong Kong	Male	3	9	5	17	34	12%	N/A <sup>3</sup>
	Female	1	5	11	17			
Total	Male	3	9	5	17	34	9%	N/A <sup>3</sup>
	Female	1	5	11	17			
Total		4	14	16	34			

Note 3: The Group had not developed any mechanism for collecting these information in 2019.

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## Employee turnover in the Reporting Period

Region	Gender	Age below 30	Age 30-50	Age over 50	Staff turnover by gender	Total staff turnover	2020	2019
							Ratio of employee turnover to total number of employees	Ratio of employee turnover to total number of employees
Hong Kong	Male	40	67	59	166	248	87%	N/A <sup>4</sup>
	Female	3	29	50	82			
Macau	Male	6	7	–	13	32	133%	N/A <sup>4</sup>
	Female	9	6	4	19			
PRC	Male	20	5	2	27	41	80%	N/A <sup>4</sup>
	Female	7	5	2	14			
Total	Male	66	79	61	206	321	89%	N/A <sup>4</sup>
	Female	19	40	56	115			
Total		85	119	117	321			

Note 4: The Group had not developed any mechanism for collecting these information in 2019.

## Health and Safety

The Group is an investment holding company incorporated in the Cayman Islands with headquarter office located in Hong Kong and the nature of the daily operation is mainly office-based where the safety risk is limited. The Group has equipped its office with suitable fire-fighting facilities like fire extinguishers.

The Group's subsidiaries in PRC, Macau and Hong Kong engage in catering industry to operate Cantonese cuisine restaurants. The Group strongly believes that ensuring to provide a safe working environment for the employees is the most important social responsibility to its shareholders, employees and the community where the Group situates. Therefore, the Group has always regarded that as one of the priorities in corporate management. Sound management systems have been established in occupational health and safety in strict compliance with the Director of Food and Environmental Hygiene ("DFEH") under the Public Health and Municipal Services Ordinance. All equipment including sanitary fitments, ventilation and facilities for cleaning equipment and utensils are monitored by the Group periodically to remain at a high safety standard.



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Daily operations are inspected by relevant department assigned by the Group, against the established risk assessment program that consists of a number of sequential steps such as risk identification, analysis, evaluation, treatment, monitoring and reviewing based on the existing controls and recommendations to reduce those risks which are not deemed to be under acceptable limits. Any non-compliance will also be identified and rectified on a timely basis.

Thus, it is a proof of guaranteeing the establishment of a healthy, safe and stable working environment effectively.

Every case of injury (if any) is required to be reported to the Group and be assessed individually under the internal guideline procedures. The Group is pleased to report that the rate of accidents and injuries during the Reporting Period was extremely low with zero fatal accident.

## Health and safety key performance indicators (Employee)

	2020	2019	2018
Number of work injuries	11	N/A <sup>5</sup>	N/A <sup>5</sup>
Rate of work injury in Hong Kong (per hundred employees)	3.85	N/A <sup>5</sup>	N/A <sup>5</sup>
Number of loss days due to work injuries	403	N/A <sup>5</sup>	N/A <sup>5</sup>

Note 5: The Group had not developed any mechanism for collecting these information in 2018 & 2019.

## Trainings and Development

The Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Therefore, the Group encourages them to participate in personal development and job-related training courses. In daily operation, the Group provides comprehensive on-the-job training and clear career paths to the employees. For instance, based on the job duties of individual employees, the Group offers vocational training on food ingredients, food preparation and preservation, flow of food production, hygiene conditions of the kitchen and quality control in different aspects of the restaurant operation. In addition, the Group trains all front-line service staff on customer services. Restaurant managers also hold daily briefing sessions with front-line service staff to review service performance of the day. Induction coaching is provided to all new staff members and experienced employees act as mentors to guide new comers. The Group believes such arrangement can be the best practice to facilitate communication and team spirit. Also the technical skills and managerial capability can be improved and encourage the learning and further development of employees at all levels.

The Group will continue to intensify its efforts to promote staff training programs which the Group believes that by means of offering comprehensive training opportunities, it could help providing the necessary protection for talent reserves for corporate development. The Group annually evaluates the training needs of its employees to ensure that employees are offered with suitable and appropriate training according to their job nature and position.

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## Training and Development Key Performance Indicators in Hong Kong (Employee)

Trained staff	Senior managerial level <sup>6</sup>	Managerial staff <sup>6</sup>	General staff <sup>6</sup>	Percentage of employees receiving training by gender <sup>6</sup>	2020	2019
					Overall percentage of employees receiving training <sup>7</sup>	Overall percentage of employees receiving training
Male	86%	–	–	86%	2%	N/A <sup>8</sup>
Female	14%	–	–	14%		
	100%	–	–			

Note 6: Percentage of employees trained in relevant categories = Employees in the category who took part in training/Employees who took part in training x 100

Note 7: Overall percentage of employees trained = Employees who took part in training/Total number of employees x 100

Note 8: The Group had not developed mechanism for collecting theses information in 2019.

Average training hours	Senior managerial level <sup>9</sup>	Managerial staff <sup>9</sup>	General staff <sup>9</sup>	Average training hours by gender <sup>9</sup>	2020	2019
					Overall average training hour <sup>10</sup>	Overall average training hour
Male	12.33 hours	–	–	0.59 hour	0.32 hour	N/A <sup>11</sup>
Female	0.75 hour	–	–	0.02 hour		
	8.77 hours	–	–			

Note 9: Average training hour per categories= Total number of training hours of the category/Number of employees in the category

Note 10: Overall training hours per employee= Total number of training hours/Total number of employees

Note 11: The Group had not developed mechanism for collecting theses information in 2019.

Due to the impact of COVID-19, many enrolled training courses had been suspended or cancelled to reduce in social distance. This lead to the significant drop of average training hours.

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## Labour Standards

The Group always respects and strictly complies with all applicable national laws and local regulations as well as relevant labour laws and regulations in the place where it operates, including the Employment of Children Regulations under the Employment Ordinance in Hong Kong. The Group has also developed rigorous and systematic measures for approval and selection, to prevent ourselves from illegally hiring child labour and ensure that the employment is in compliance with relevant laws and regulations in Hong Kong, Macau and the PRC.

The Group arranges the employees' working hours based on the statutory working hour standards and allows them to entitle paid leaves and sick leaves in accordance with labour laws.

## Supply Chain Management

Sourcing capability plays an important role in the management of restaurant business, and effective supplier selection is an essential element in this aspect. Leveraging the senior management's experience in the restaurant industry, the Group has developed a supplier selection system based on a set of selection criteria including, but not limited to, the pricing and quality of ingredients, and the reputation, service, agility, delivery efficiency and past performance of the suppliers.

The Group has established and maintained long-term relationships with a number of suppliers. To ensure stable supply of food ingredients and minimise the risk of non-delivery, sub-standard products and supplier's default, the Group generally sources major raw materials from more than one approved supplier. Currently the Group sources the foods from over 80 suppliers, of which over 50 suppliers are Hong Kong based and approximately 30 of them are PRC based. The Group places great emphasis on the quality of its raw materials, and closely monitors whether the suppliers can achieve the aforesaid criteria.

The Group's purchasing department regularly conducts supplier reviews to ensure product quality and safety. All suppliers are required to hold valid licences required by the government, and all imported goods shall obtain proper clearance from the respective authorities. Goods received from suppliers have to be in compliance with the food labelling requirements and relevant hygiene and sanitary regulations.

## Number of critical suppliers cooperated with the Group during the Reporting Period

Region	2020	2019
Hong Kong	35	N/A <sup>12</sup>
Australia	1	N/A <sup>12</sup>
Malaysia	1	N/A <sup>12</sup>
PRC	1	N/A <sup>12</sup>
	<b>38</b>	N/A <sup>12</sup>

Note 12: The Group had not developed mechanism for collecting theses information in 2019.

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## Food Safety and Quality Assurance

The Group is committed to achieve high product and service quality by implementing stringent and comprehensive quality control procedures. The Group observed all the applicable laws and regulations, including the Food Safety Ordinance of Hong Kong and the Food Safety Law of the PRC that applies to food production and processing, food circulation and dining service in the PRC.

In order to enhance the food safety and quality assurance, the Group places great emphasis on identifying and securing a reliable supply of fresh and quality food ingredients for the restaurant operations. The Group selects food ingredients carefully, often based on origin, nutritional value, freshness and consumption safety. Raw materials and food ingredients are sourced primarily from the list of suppliers approved by the Group's senior management. Freshness and quality of the raw materials and food ingredients are examined on a regular basis. The Group would cease sourcing from those suppliers who fail to provide quality food ingredients as specified.

In addition, all restaurants of the Group follow the standardised preservation methods and recommended storage periods for different categories of foods. The Directors believe such practice promotes food quality, ensures food safety and preserves the freshness of food ingredients.

The Group implements a quality control system that emphasises food hygiene and safety as well as the sanitation and cleanliness of restaurant premises. It covers quality control from food processing and cooking, food and services provided to customers, to the dining environments of restaurants.

Food safety policies and procedures have been developed in accordance with the standards required by the relevant government authorities. Restaurant managers are responsible for reviewing the operations and performance of their respective restaurants to ensure that they are in compliance with the Group's operating guidelines and policies.

All the chefs and staff working in the kitchens are required to strictly adhere to the procedures and measures adopted by the senior management of the Group. They receive on-the-job training related to food preparation and preservation, flow of food production, hygiene conditions of the kitchen and quality control in different aspects of the restaurant operation.

In total, there are about ten staff members from different restaurants involved in implementing various quality control measures on food production, including, among others, checking the quality upon purchase of raw materials, receipt of food ingredients, cooking and serving of foods.

The Directors believe that maintaining good customer satisfaction will help to strengthen the Group's price-value proposition, branding and reputation. The Group makes every effort to understand our customers' needs and enhance their experience with our services. The Group welcomes comments and feedback from the customers. All frontline service staff are required to handle every request, enquiry or complaint of customers promptly and seriously.

During the Reporting Period, the number of complaint in relation to food or quality of services were minimal and insignificant.

# Environmental, Social and Governance Report

## **Protection of intellectual property right and consumer privacy**

The Group recognise the importance of the protection over intellectual property right and consumer privacy. Proper licences for software and information are obtained by the Group to use in its business operation.

Meanwhile, the Group handles all information provided by clients, employees and business partner in accordance with Personal Data (Privacy) Ordinance and related laws and regulations to ensure those information is under proper protection.

## **Anti-corruption**

The Group is committed to maintaining the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out the relevant policies in the employee handbook and guides the employees to abide by the code of conduct. The code of conduct provides a clear definition of the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Directors and employees are required to make a declaration to the management through the reporting channels when actual or potential conflict of interest arises. Employees cannot receive any gifts from any external parties (i.e. customers, suppliers, contractors, etc.) unless approval is obtained from the management.

The Group has whistle-blowing procedures in effect, encouraging the employees to report directly to the Company's senior management any misconduct and dishonest behaviour, such as bribery, fraud and other offences. Furthermore, the Group has specified in the employees' handbook that the Group is entitled to terminate the employment contract with any employee who is bribed with money, gifts or commission, etc., and reserve the right to take further legal actions against such person.

During the Reporting Period, the Group has complied with the relevant laws and regulations regarding anti-corruption and money-laundering and had no concluded legal case regarding corrupt practices brought against the issuer or its employees.

## **Community Investment**

The Group is committed to creating sustainable prosperity that brings long-term social and economic benefits for all stakeholders, particularly to maintain the relationship with interest groups which are relevant to business operation. The Group has been actively involved in charitable activities in the communities and cities where our restaurants are operating, and encourages the employees to participate in in-house or external community activities.

The Group will continue to explore other means to contribute more to the environment and strive to facilitate the building of a healthy and sustainable society in the future.



# Environmental, Social and Governance Report

## Environmental performance indicators

### Aspect A1: Emissions

Performance indicator		2020 Data	2019 Data	The Stock Exchange ESG Reporting Guide KPI
Emission	Total nitrogen oxides (NO <sub>x</sub> ) emissions (tonnes)	0.085	0.065	KPI A1.1
	Total particulate matters (PM) emission (tonnes)	0.0043	0.0047	KPI A1.1
	Total sulphur oxides (SO <sub>x</sub> ) emissions (tonnes)	0.0003	0.0002	KPI A1.1
	Total GHGs emissions – scope 1 (tonnes)	24.90	26.56	KPI A1.2
	Total GHGs emissions – scope 2 (tonnes)	2,872.97	3,289.13	KPI A1.2
	Total GHGs emissions – scope 3 – fresh water and sewage water processing (tonnes)	46.29	86.57	KPI A1.2
	Total GHGs emissions – scope 3 – business travel by employees (tonnes)	0.93	19.61	KPI A1.2

### Aspect A2: Use of resources

Performance indicator		2020 Data	2019 Data	The Stock Exchange ESG Reporting Guide KPI
Energy	Total energy consumption (kWh)	6,749,901	6,119,081	KPI A2.1
Water	Total water consumption & sewage discharge (cubic metres)	82,068	155,332	KPI A2.2

# Environmental, Social and Governance Report

## Social Performance Indicators

### Aspect B1: Employees

Performance indicator		2020 Data	2019 Data	The Stock Exchange ESG Reporting Guide KPI
Total workforce structure as at 31 December 2020	By region			KPI B1.1
	Hong Kong	286	N/A <sup>13</sup>	
	Macau	24	N/A <sup>13</sup>	
	PRC	51	N/A <sup>13</sup>	
	Total	361	N/A <sup>13</sup>	
	By gender			KPI B1.1
	Male employees	188	N/A <sup>13</sup>	
	Female employees	173	N/A <sup>13</sup>	
Employee recruited	By gender (Hong Kong)			KPI B1.1
	Male employees	17	N/A <sup>13</sup>	
	Female employees	17	N/A <sup>13</sup>	
Employee turnover	By gender (Hong Kong, Macau & PRC)			KPI B1.2
	Male employees	206	N/A <sup>13</sup>	
	Female employees	115	N/A <sup>13</sup>	

Note 13: The Group had not developed mechanism to collecting these information in 2019.

### Aspect B2: Health and safety

Performance indicator	2020 Data	2019 Data	2018 Data	The Stock Exchange ESG Reporting Guide KPI
Number of work injuries	11	N/A <sup>14</sup>	N/A <sup>14</sup>	KPI B2.1
Rate of work injury (per hundred employees)	3.85	N/A <sup>14</sup>	N/A <sup>14</sup>	KPI B2.1
Number of loss days due to work injuries	403	N/A <sup>14</sup>	N/A <sup>14</sup>	KPI B2.1

Note 14: The Group had not developed any mechanism for collecting these information in 2018 & 2019.

# Environmental, Social and Governance Report

## Aspect B3: Development and training

Performance indicator		2020 Data	2019 Data	The Stock Exchange ESG Reporting Guide KPI
The percentage of employees receiving training	By gender	86%	N/A <sup>15</sup>	KPI B3.1
	– Male	14%	N/A <sup>15</sup>	
	– Female			
	By gender			
	– Senior managerial level	100%	N/A <sup>15</sup>	
	– Managerial level	–	N/A <sup>15</sup>	
	– General staff	–	N/A <sup>15</sup>	
Average training hours completed	By gender			
	– Male (hour)	0.59	N/A <sup>15</sup>	
	– Female (hour)	0.02	N/A <sup>15</sup>	
	By category			
	– Senior managerial level (hours)	8.77	N/A <sup>15</sup>	
	– Managerial level (hour)	–	N/A <sup>15</sup>	
	– General staff (hour)	–	N/A <sup>15</sup>	

## Aspect B5: Supply Chain Management

Performance indicator		2020 Data	2019 Data	The Stock Exchange ESG Reporting Guide KPI
Number of Supplier by geographical region	By region			KPI B5.1
	Hong Kong	35	N/A <sup>15</sup>	
	Australia	1	N/A <sup>15</sup>	
	Malaysia	1	N/A <sup>15</sup>	
	PRC	1	N/A <sup>15</sup>	
		38	N/A <sup>15</sup>	

Note 15: The Group had not developed mechanism for collecting theses information in 2019.