

# TASTY CONCEPTS HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)



賞之味控股有限公司

Stock Code: 8096

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# 2021



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Tasty Concepts Holding Limited ("We" or the "Company") and its subsidiaries (collectively known as the "Group"), our Environmental, Social and Governance ("ESG") report ("ESG Report") address a range of material impacts on the Group, outlining our sustainability approaches and disclosing our ESG performances during the period from 1 April 2020 to 31 March 2021 (the "Review Year").

## REPORTING BOUNDARY AND PRINCIPLES

The board (the "Board") of directors (the "Directors") of the Company, with the assistance of the ESG executive group, has identified key ESG risks of the Group based on the consideration of a series of factors such as business nature and scale, geographic location, regulatory requirements, operating practices and stakeholders' expectations.

The key considerations that the Board has taken include, but not limited to:

- Our business is headquartered in Hong Kong and restaurants in Hong Kong and Mainland China ('PRC');
- Our operation involves production, processing and serving of hot food and drinks;
- Our production and processing arrangement involve emissions and use of nature resources;
- Our operation is subject to the various food safety related regulations;
- Our operation is subject to the various environmental protection related regulations.

Based on our assessment, the reporting boundary for this report shall be set at the production, processing and serving function of our Hong Kong and PRC operations.





## BASIS OF THE ESG REPORT

Our ESG Report is conducted according to the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. With reference to the ESG Reporting Guide and the Group’s business operation, the presentation of our ESG Report divides the relevant aspects and key performance indicators (‘KPI’), which are determined to be relevant and material to the Group, into six subject areas:

1. Use of resources
2. Product responsibility
3. Supply chain management
4. Health and safety
5. Workforce management
6. Compliance operation

A complete index in compliance with the ESG Reporting Guide is also available at the end of the ESG Report for reference. The Group has complied with the “comply or explain” provisions set out in the ESG Reporting Guide in the Review Year.

As a food producer, we are committed to delivering high quality and safe food products and continuously meeting customers’ expectations and complying with legal requirements.

Owing to better and develop our reporting and strategic decision-making tools, we take reference to issues which matter to our stakeholders and business are to be priorities. The foundation of our materiality exercise reference to the ESG Reporting Guide, opinion gathered from our senior management based on their constant interaction with our stakeholders.





## REPORTING PRINCIPLES

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so to enable stakeholders to comprehend the Group's ESG performance. Information of the standards, methodologies, references and sources of key emission of these KPIs are stated wherever appropriate. To enhance comparability of the ESG performance between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in details in the corresponding sections.

## BOARD'S OVERSIGHT OF ESG

The Board of Directors has the overall responsibility for ESG strategy, materiality assessment, initiatives, policy and reporting of the Group. Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three major pillars: economic, environmental and social. It is integrated in our operation as profits, environment and people. We have instilled in our employees the notion of sustainability which has become an integral part of our manufacturing and operational activities, seeing to deliver profit and environmental & social benefits in a continuous and synergistic manner.

To implement the ESG initiative and formulate our sustainability strategy, the Group has established a committee which comprises of senior management and other members staff with sufficient ESG knowledge, and the authority to promote a company-wide awareness of the importance of the Company's ESG efforts. The sustainability committee members span across various functional departments, including the operational, human resources, and finance departments, aiming to ensure that the environmental and social responsibility considerations are integrated into our daily management decision as well as daily operation. The ESG working group is also responsible for executing our ESG initiatives, collecting and calculating ESG data and KPI and reporting of ESG-related matters across our major businesses and operations.








## STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an incubator of our sustainable development plan, which is also an important step to gather valuable ideas about ESG issues for materiality assessment in order to sharpen the focus of our sustainability strategy. In preparing our ESG Report, we have primarily engaged major stakeholders through a number of channels. We believe that trust is built on effective communication. Ongoing interaction with stakeholders is an integral part of our day-to-day operations. Our communication channels such as comments left in our social platform, meetings, interviews enable stakeholders to express their ideas, opinions and suggestions. Our identified stakeholders include investors, employees, customers, suppliers, business partners, media, government agencies, regulators and the community. In view of materiality analysis, we have identified for a materiality matrix with four key topics and sixteen aspects which become the basic elements in formulating our sustainability plan.



## MATERIALITY ASSESSMENT

We identifying key issues based on the above summarized expectation and concerns from our stakeholders with reference to the ESG Reporting Guide, and industry characteristics. The following are shortlisted key items from our materiality assessment regarding the level of importance to stakeholders and to the Group. To determine the strategies and directions for our sustainability, and to identify environmental and social issues that are most essential for the Group and the stakeholders. The following table illustrates material issues covered by this ESG Report, which formed a basis for the Group's ESG KPI management and disclosure.

|                      |   |  |  |
|----------------------|---|--|--|
| <b>Governance</b>    |    | Complaint handling & effective communication   | • Response in section of "Our Supply Chain Management"                                   |
| <b>Governance</b>    |    | Effective management system                    | • Response in section of "Commitment to Ethics and Integrity"                            |
| <b>Social</b>        |    | Healthy and safe workplace                     | • Response in section of "Commitment to Our Employees"                                   |
| <b>Governance</b>    |  | Product quality management                     | • Response in section of "Commitment to Product Quality"                                 |
| <b>Social</b>        |  | Continuous improvement on service satisfaction | • Response in section of "Commitment to Product Quality"                                 |
| <b>Social</b>        |  | Managing Operational Risks                     | • Responds in section of "Commitment to Product Quality" & "Commitment to Our Employees" |
| <b>Governance</b>    |  | Operational Compliance                         | • Response in section of to "Our Supply Chain Management"                                |
| <b>Environmental</b> |  | Environmental Concerns & Measures              | • Response in section of "We and Our Environment"  |
| <b>Social</b>        |  | Suppliers' Capability & Management             | • Response in section of "Our Supply Chain Management"                                   |

The Group is dedicated in enhancing the interaction and exchanges with external stakeholders, encourage them to engage more in the communication on sustainable development of the Group and share their recommendations and expectations for the Group. The development of the sustainability strategy and vision are intended to be an iterative, ongoing process and we shall endeavor to provide future reports with further strengthening of corporate social responsibility and enhancement of environmental performance and resource efficiency within operations.



With the goal to strengthen the approach and performance of the Group, engaging with stakeholders and understanding their views would allow the Group to propel its business practice closer to the satisfaction of stakeholders' needs and expectations and properly manage opinions from different stakeholders. Accordingly, on top of our regular engagements, we have formulated plans to strengthen our stakeholder engagement process, including the intended use of an ESG survey and interview program, from which the information and feedback to be collected and exchanged, will further enable us to take appropriate actions and enhance our ESG initiatives and reporting.

## WE AND OUR ENVIRONMENT

The Group admits the need to find a balance between business development and the environment. We commit to implement the ESG regulations, and stipulate its environmental responsibilities and commitments, aiming at the efficient use of natural resources and minimizing the environmental impacts of the resources consumed in its business operation.

The Group's greenhouse gases ('GHGs') emissions mainly come from combustion of town gas for food processing and energy indirect emission, the amount of particulate matter ('PM') generated by the Group is negligible. While our cooking media are mostly with water and consume immaterial amount of oil. In this regard, the composition of our kitchen's air emission is mostly steam.

### USE OF RESOURCES

The main sources of the Group's GHG emissions were the use of town gas and the purchase of electricity. In addition to the GHG emissions mentioned in the previous section, there were certain amounts of solid wastes (including kitchen wastes) and wastewater generated by the Group from its administrative office, central kitchen, and restaurants.

Owing to our concise serving menu, we can keep our cooking processes and ingredients simple and neat, leading to minimal amount of waste produced in our central kitchen and restaurants. In order to enhance the use of raw materials and reduce food waste effectively, we carried out most of the food processing procedure in our central kitchen. Therefore, most of the kitchen wastes were generated from customer's unfinished food. In the Review Year, the Group starts to provide take away service, and the packaging materials used are carefully selected to avoid any burdens to our environment. The Group did not generate any hazardous waste.

In the Review Year, in response to the environmental topic and reduction use of plastic products, the Group keeps implementing the No-Straw policy that stopped providing straws to customers unless they request them from our staff.

We use our resources efficiently, thereby reducing the costs and also for the benefit of our environment and workplace condition. Our management put conservative program in practice from 4 main aspects, namely promotion, inspection, monitoring, and evaluation.

Water is our major media in food processing. We attach importance to water conservation in our daily operations. There is no difficulty in sourcing water in our operation. To improve the utilisation efficiency of water resources, we regularly inspect our water taps, pipelines, and storage tanks. In case of leakage or malfunction, we will arrange for repair immediately.





## EMISSION AND CONSERVATION MEASURES

The GHG emissions of our Group are mainly generated from gas and electricity used in our food processing. Our indirect GHG emissions are mainly generated from the purchased electricity in our operations. We are dedicated in reducing the emission generated by our Group and, accordingly, have established relevant policies and initiatives, including:

1. restaurants adopt energy efficient appliances especially LED lights, to replace traditional energy-hungry equipment;
2. central kitchen applies slow cooking system which promote systematic control over energy and consumption in food processing;
3. most of the ingredients are prepared in our central kitchen leaving minimal processing procedure in each restaurant, thereby greatly reducing resource consumption and waste generation.

In the Review Year, we have joined the "Food Wise Eateries" Scheme led by the Environmental Protection Department. Our Group is awarded with an Impressive Progress Award in the scheme.

## WATER CONSUMPTION AND WASTE MANAGEMENT

The major water consumption of the Group is mainly for the production processes. We have established controls and procedures to ensure our water usage is within the reasonable range necessary for our productions without over-using concerns.

Our other water consumption is referring to office water consumption, which is considered minimal in quantity. We have encouraged all employees to develop the habit of conserving water consciously. The domestic sewage is discharged into the urban sewage pipe network.

We often explore effective ways of saving water in each segment of its operation such as fix dripping taps and leakage immediately, brooms and mops are widely used to clean floor in all our working and production premise, advocate the importance of saving water among employees by posters and protocols.

Our Group will continue to look for ways to reduce emissions and natural resource impacts from our operations. We aim to continually strive to understand and assess our impacts and contributions to all ESG issues.

In the Review Year, the Group did not face any problem in sourcing suitable water, which is supplied by the government.

## NON-HAZARDOUS WASTE AND MANAGEMENT

The non-hazardous wastes generated by the Group's business activities are mostly paper and plastic. Such wastes are usually collected and processed by general waste service providers.







## PACKAGING MATERIAL

We provide take-away service to our customers. To better control the consumption of packaging materials, we outsource the delivery service that allow us to order and use packaging materials in best estimated amount for avoiding over-ordering and wastage. Packaging materials we select are environmental friendly with paper-abased packaging made from sustainable forest whilst the ink used for printing is vegetable-based.

## ENVIRONMENTAL AND NATURAL RESOURCES

We are active in promoting environmental awareness among our employees through encouraging them of the fours principles of "recycle", "reuse", "save water" and "save energy"

We adopt slow cook in our food processing in which water is the major media where oil is rare required. In our central kitchen and restaurants, air emission is mostly steam in the course of boiling water. Such a cooking methodology reduced significant amount of energy consumption and food waste during our operation. In the Review Year, due to the coronavirus disease 2019 ("COVID-19"), we provide take away service to maintain our revenue, so the packaging waste is increased.

The Group spared no efforts to conserve resources and promote environmental protection, to improve our operation efficiency, our management team strictly monitor, manages, and evaluate to make every possible improvement in our operation.

## RESPONDING TO CLIMATE CHANGE

The Board is of the view that the Group is not subject to material climate change-related risks and impacts. Although, the Company do not perform a study on climate change effect or impact, we do provide various form of resource conservation actions in our operations. Therefore, our emission level follows our production level.

The Group understands the direct relationship between sustainable development and competitiveness. The energy consumed and waste generated by business activity do make an impact on water, air and soil resources, and therefore on the ecosystem. The Group also recognises the importance of balancing economic, environmental and social needs. All Group subsidiaries continue to introduce technical refinements and innovations to fulfil targets for reducing, reusing, recycling and renewing natural resources, reducing emissions and waste, improving the utilisation efficiency of natural resources, and minimising their operations' effect on the environment and natural resources.





## OUR SUPPLY CHAIN MANAGEMENT

The Group maintains comprehensive procurement and storage management policy to acquire goods and services through an objective-oriented process. When sourcing items for our ingredients, we prioritize suppliers and subcontractors base on their background, pricing, service, quality, reputation, and after-sales support, as well as environmental protection considerations.

A set of criteria is strictly followed. We regularly review and update when needed. The ultimate goal is to select our suppliers (especially raw materials category) are required to be in full compliance with the latest food labelling, hygiene, and sanitary regulations. In the evaluation process and thereafter, suppliers are required to provide relevant supporting documents (food sample or certificate for same item) or through field inspection, to ensure the requirements of the Group are met. If we found unqualified raw materials, we generally return the materials.

We apply a procurement authority based on the amount of the purchase. The cost of purchase which is below HKD\$20,000 will be approved by procurement manager and the purchase which costs above HKD\$20,000 should be approved by the chief executive officer of the Company.

Before admitting new supplier, a set of evaluation checklist will be conducted. Once the selection of new supplier and subcontractor are confirmed, approval from management is needed before become one of our approved suppliers. Qualified suppliers will be registered in our record. The approved list of suppliers is documented in the procurement department and accounting department. Besides that, the procurement department constantly reviews the existing suppliers and subcontractors' terms and takes necessary precaution measures when applicable. Procurement department should choose the qualified suppliers on the list when the cost of purchase is below certain amount. If there is any act deviated from the procurement policy, it must be approved by the chief executive officer of the Company and the reason of deviant should be indicated.

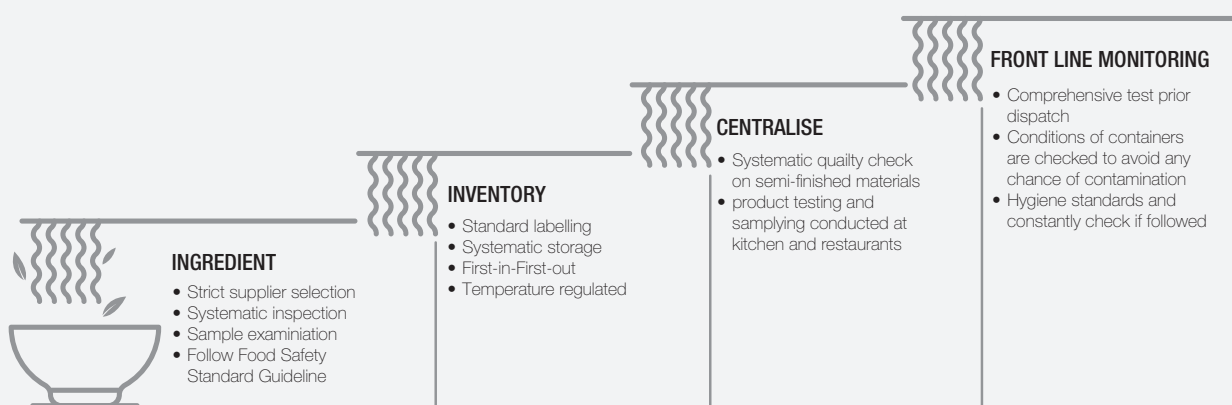
To manage the risks of supplies in terms of climate changes, harvest, price, quality, traffic, we have established diversified suppliers base for each major type of key raw materials. In the Review Year, our major raw materials sourced from 64 suppliers and we considered they are our critical suppliers. In overall, we believe we have established a reliable source comparable alternative within Hong Kong, PRC and other foreign countries.

In the Review Year, the Group has 64 major material suppliers which are located 57 in Hong Kong, 5 in PRC and 2 in Japan collectively known as our critical suppliers.



## COMMITMENT TO PRODUCT QUALITY

We are committed to produce high quality food and drinks. Due to the nature of the food industry, there is an inherent risk of food contamination, complaints, and quality inconsistent filed by our customers. As our central kitchen process the majority of the semi-processed or processed food ingredients used in our Group's restaurants, it may cause food contamination during the transportation from our central kitchen to our restaurants and at our restaurants. To be a successful dining service provider, the Group is committed to ensuring that the food ingredients are safe, fresh, and of quality upon delivery, in storage, and during processing. Our four level of safeguard are:



To reduce such inherent risk, comprehensible standards for food safety, hygiene, and quality control measures are implemented throughout our entire food processing chain. Amongst all, we focus on observing proper hygiene standards and other quality control measures that would affect our food quality with our preset standards.

In the Review Year, a qualified person is appointed in every restaurant and central kitchen of our Group to strengthen food safety supervision. These people take up the post of hygiene manager or hygiene supervisor to satisfy the requirement in "A Guide to Application for Restaurant Licence" (September 2016 Edition) of the Food and Environmental Hygiene Department of Hong Kong. There was no product subject to recalls for safety or health reasons. The Group was not aware of any non-compliance with relevant laws and regulations regarding product responsibility.

## QUALITY CONTROL MANAGEMENT

Our Group pay a great attention in managing and delivering our products to our consumers. All restaurants of the Group strictly complied the Group's quality and safety control standards which guarantee the safety of products and health of diners. Key measures we adopted:



## FOOD QUALITY MONITORING

The Group established operating procedures and quality standards to manage the stages of food preparation. Knives, chopping boards, and ingredient container are well separated by colors to void cross contamination. Restaurants staff takes samples includes soup consistency, ingredient freshness and noodle condition to examine food quality before store opening. Inspection and documentation of ingredient is needed when it received from central kitchen and supplier.

## FOOD PRODUCTION

To ensure food safety and quality, a quality control standard is adopted in cooking process. It is required to inspect the quality of all food ingredients according to the freshness, size, and date of use. Kitchen staff should produce food by following the standardized product recipe. The temperature of soup and sauces should be examined. After the production, product should be quickly reduced the temperature and stored in a freezer.

## TRANSPORTATION OF INGREDIENTS

To guarantee the quality of ingredients during transportation, the Group requests suppliers should monitor the hygiene and temperature of trucks. Before being delivered to restaurants, staff must record the temperature and cleanliness of trucks, and the temperature of ingredients.

## STAFF HYGIENE CONTROL

Food handler must sterilise their hands before processing food ingredients and wear gloves when processing ready-to-eat food. Restaurant staff must wear headband when handling food. Employees should report any contagious health condition, including diarrhea, vomiting, wounds infection, or nasal discharge. Smoking is prohibited at or near the working area.

## RESTAURANT HYGIENE CONTROL

All restaurants have adhered to the basic quality and control management principles of the Group and implemented the following procedures to ensure high quality and safety of its product to customers. It is required to clean the cold storages, freezer, range hoods, extractor fans and cooking utensils regularly. The use of rag is divided into colours based on different working area to avoid contamination of food, food-related equipment and utensils

## LISTENING TO CUSTOMERS

Actively collecting customer's feedbacks allows us to have a better understanding of the taste and demand of our customers.

In the Review Year, we provided numbers of campaign to enhance our relationship with our customers. We are devoted to make great customer experience via our customer retention strategy.

The Group has set up various complaints and feedback channels to collect suggestions and advice from customers, which include our social media platform (i.e. Facebook page), our corporate email, and the marketing hotline. Our marketing department is responsible to investigate any problem arise, and take follow-up action and solutions to improve the restaurant. Our Group establishes a complaint guideline for frontline staff, managers and marketing department to handle complaints whenever they received. Regarding to the guideline, the Group will investigate each complain and resolve with the customer. While dealing with comments about food quality, we will first communicate with the restaurants manager to understand any abnormalities in the ingredients. After that, we analyse the fact that causes these unsatisfactory situations. Finally, we instruct the relevant branches to pay attention to the quality of ingredients and provide compensation.

In the Review Year, we do not receive any significant quality defects or claims from our customers regarding our services and products. It is indicated that a majority of customers were satisfied with the products, and service of the restaurants, and joint efforts from both the management and employees were made to meet our customer's expectations by constant improvement.



## PACKAGING MANAGEMENT

To better control the level of environmental impact of packaging materials, we select paper-based packaging that are made from sustainable forest whilst the ink used for printing is vegetable-based. In addition, we set out and exercise a policy that the packaging materials supplied to us must have passed related food-grade testing conducted by reliable inspection, verification, testing and certification organizations.

Our management also due diligently design our delivery service process and related packaging material uses in accordance to a “best-use and sufficiently enough” principle for the purpose of avoiding over-ordering and wastage of foods and packaging materials

## ADVERTISING AND LABELLING

The Group has established internal guidelines which ensures our marketing department provide precise product descriptions and information that comply with the Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance 2012. Each internal packaged of product must be labelled with information including product name, expiry date, and storage temperature. Any misrepresentation in marketing materials or exaggeration of offerings is strictly prohibited

## PRIVACY PROTECTION

As we place great emphasis on the privacy protection of our customers, the Group has strictly implemented Personal Data (Privacy) Ordinance, Cap 486 of the Law of Hong Kong to strictly protect customers’ data and privacy while providing services to customers. Customer data security management primarily ensures the safe storage and use of customer data, including documents, communication record, and contact information. A designated staff is appointed by the Group for proper safekeeping customers’ data and maintaining the relevant systems for processing and storing data. The Group has implemented a confidential data security policy in which all collected personal data is treated confidentially and kept securely. It also stipulates customer data can only be used for the provision of services to customers or internal managerial purposes in an anonymous manner.

## COMPLIANCE STATUS

In the course of business, we only collect and maintain basic and public information of our customer. On this basis, data privacy is not material as we consider that we have a low-risk impact on it. Regardless, our collection, maintenance, and usage of customer information are in line with the Personal Data (Privacy) Ordinance. In the Review Year, we did not violate relevant laws and regulations that have a material impact on the Group.

## COMMITMENT TO OUR EMPLOYEES

We believe our employees are the Group’s greatest asset and core competitive advantage. We constantly promote a harmonious and safe working platform for our employee.



## EMPLOYMENT AND REMUNERATION

The Group believes an effective human resource management leads to better development for our business. A well-developed system enhances our targeted hiring and staffing, employee learning and education, and work allocation. Our goal is to provide and maintain a safe and equal working environment which promotes harmonious employer-employee relations. If any unfair treatment is discovered, the concerned employees should report the incident to the head of human resources and administration department directly. Much effort is also given by the Group to safeguard the legitimate rights and interests of employees, and cater for the developmental needs of employees.

The staff handbook of the Group has already set out policies in relation to recruitment, promotion, discipline, working hours and vacations; The human resources department responsible for such implementation confirms that the staff has a full understanding of the contents of the handbook. Employees who fail to comply with the company's regulations are first given a warning notice and, in serious cases, are dismissed. We have created a harmonious working environment as well as a safe and comfortable workplace to build a business platform for every staff to grow with the Group.

Placing advertisements in the open market is the major recruitment channel regarding factors such as their experience, qualifications, and expertise required for our business operations. The Group has a fair recruitment system in which we only consider qualification, contribution, and years of experience and never treats candidates differently based on gender, age, race, marital status, and religious belief. The key principle of the Group's remuneration policy is to remunerate employees in a manner that is market competitive. We regularly carry out staff evaluations to assess their performance.

We believe our inclusive and supportive working environment and development opportunities have contributed to good employee relations and employee retention. We recruit our employees based on several factors such as their work experience, educational background, and vacancy needs. The Group strictly prohibits the employment of forced labour and child labour in our businesses and operation.

## COMPLIANCE STATUS

In the Review Year, we have been in compliance with the laws and regulations in Hong Kong and PRC relevant to the Labour Standards such as relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, including, but not limited to:

1. Employment Ordinance (Cap. 570, the law of Hong Kong);
2. Disability Discrimination Ordinance (Cap. 487, the law of Hong Kong);
3. Sex Discrimination Ordinance (Cap. 480, the law of Hong Kong);
4. Occupational Safety and Health Ordinance (Cap. 509, the law of Hong Kong);
5. Regulation on Work-Related Injury Insurance (the law of Hong Kong);
6. Minimum Wage Ordinance (Cap. 608, the law of Hong Kong);
7. Employees' Compensation Ordinance (Cap. 282, the law of Hong Kong);
8. Mandatory Provident Fund Scheme Ordinance (Cap. 485, the law of Hong Kong);
9. Labour law (PRC);
10. Production Safety Law (PRC); and
11. Prevention and Control of Occupational Diseases (PRC).

In the Review Year, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

## DEVELOPMENT AND TRAINING

We attach great importance to enhancing the quality and capability of our employees to improve the performance of the Group. Through a combination of orientation in-house training and on-the-job training, the Group strives to make sure that all employees are equipped with operational abilities. It brings diversified development opportunities to each employee as well. In the Review Year, much efforts provided in the form of on-the-job training rather than formal training hour. We did not conduct any formal in-house training for our employees in the Review Year followed by the Hong Kong Government's anti-epidemic strategy which encouraging social distancing.

The growth of our employees is the key that leads to sustainable business growth. All employees are equally applied to a well-defined evaluation procedure and promotion ladder for their career development. Our compensation packages are constantly reviewed. A probationary evaluation is regularly performed on assessing employees' capability and performance as well. We recognise and believe that talent retention is essential in helping us to improve our development and operation more efficiently.

## ANTI-CORRUPTION TRAINING

The Company has rolled out a rotation plan of anti-corruption trainings in the Review Year. We intend to provide anti-corruption trainings, through professional organisation, to our Directors and management and front-line shop managers first, and then gradually extend such training to our staff on a 4-year rotation plan targeting to attain a 100% training coverage in 4 years.

## OCCUPATIONAL HEALTH AND SAFETY

To provide and maintain a safe and environmentally friendly working condition for employees, the Group has formulated a series of work safety rules in the staff handbook regarding safety and health which are in line with relevant laws and regulations in Hong Kong and PRC. In addition, occupational safety education and training are provided to employees to strengthen their safety awareness.

In the past three year, we did not have material work related injury or fatality.





## WORK SAFETY MECHANISM

We believe increasing our employees' safety awareness is critical to minimize accidents. Therefore, work protocols and safety guidelines are provided for employees. With the goal to effectively manage occupational safety and health, the Group adopts appropriate and adequate tools in order to improve the effectiveness of the operation. Besides, the Group posts safety and operational instructions in conspicuous places, and thereby reducing the possibilities of significant occupational safety and health impacts.

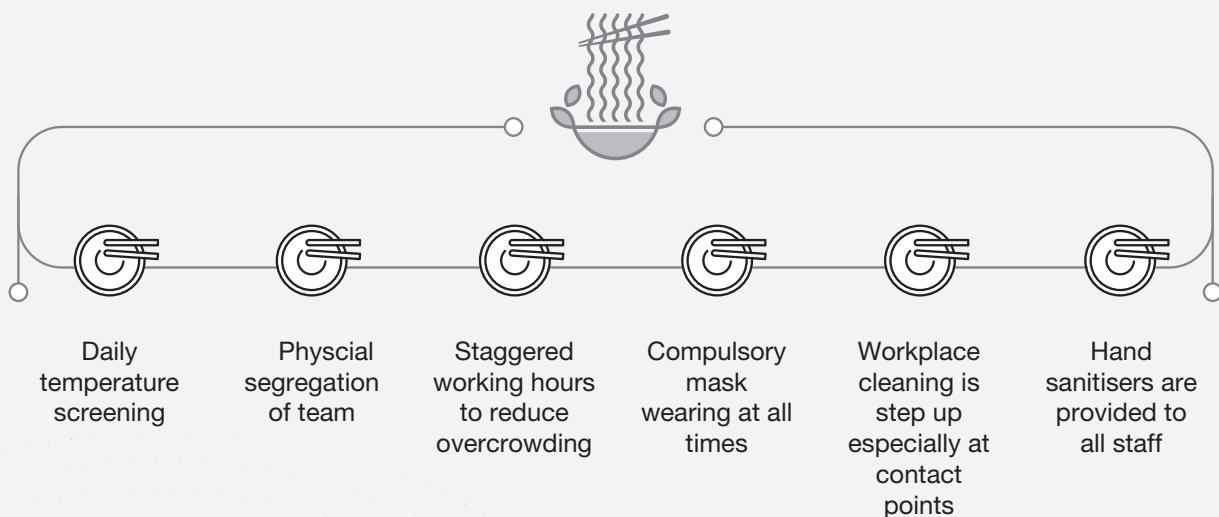
Example of the Group's guidelines and policies of occupational safety and health showed as below:

- Keep the grounds, entrances, and aisles clean and clear; do not accumulate items or waste.
- Find out safe handling procedures based on the size, shape and weight of the object. Use tools or find other colleagues to help.
- To avoid slipping and falling, grease or water on the floor must be dealt with as soon as possible and non-slip work shoes must be worn.
- Staff should wear protective clothing such as cut resistant gloves and aprons for work.

An occupational hazard contributes to severe health problems among workers. Interventions on awareness-raising will be continued to lessen the risk of safety hazards. In the Review Year, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

## OUR EFFORTS AND MEASURES AGAINST COVID-19

In relation to the COVID-19, our Company and operations have fulfilled all the lockdown and quarantine requirements imposed. In addition, we have also established necessary precaution measures, including regularly sanitising our workplace premises, allowing flexible working arrangements, minimizing socializing, requiring compulsory mask-wearing and setting up a reporting mechanism to timely report suspected or confirmed infection cases of our employees and their associates. Certain work safety & health measures are enhanced, some protocol highlighted below:



## COMMITMENT TO ETHICS AND INTEGRITY

### ANTI-CORRUPTION

The Group attaches great importance to staff integrity. The Group instructs employees to conduct duties in good faith, ethical, and lawful manner.

To maintain a fair, ethical, and efficient business and working environment, the building of related systems and processes such as those of procurement and the comprehensive internal audit of the Group, are consistently enhanced. We strictly abide by:

- the Drug Trafficking (Recovery of Proceeding Ordinance (Cap. 405 of the Law of Hong Kong); and
- the Organized and Serious Crimes Ordinance (Cap 455 of the Law of Hong Kong).

We prohibit all forms of bribery, extortion, fraud and money laundering and encourage reporting of non-compliance incidents or potential conflicts of interests to our senior management and/or independent internal audit function by our stakeholders. Any material non-compliance with our protocol may result in summary dismissal and/or court actions. In the Review Year, we are in compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering, in all material aspects.

### REPORTING AND MONITORING

All employees must adhere to the clauses set out in the staff handbook which delineates the behaviours and situations in the business expected of the employees. We have a whistle-blowing practice. We strongly encourage reporting to the management when employees are likely to accept gifts from clients, suppliers or subcontractors. The management of the Group understand the importance of whistle-blowing policy and system and hence, is in the plan of formulating a more stringent whistle-blowing policy that will meet the expectation of the market and our stakeholders.

### COMPLIANCE STATUS

In the Review Year, we did not acknowledge and encounter any anti-corruption incidents, reporting, enforcements and/or legal proceedings against our Group, Directors and employees.



## GIVING BACK TO THE COMMUNITY

As a member of the society, the Group is constantly aware of the needs of community and take up our corporate responsibility to contribute to the society. We strive to develop long term relationship with our stakeholders and bring a positive impact on community development. In the future, the Group will continue to assume the corporate social responsibilities and make contribution to the sustainable development of society.

## SOCIAL INDICATOR AND RELATED STATISTICS

| Employments                    | 2021<br>Full time | As at 31 March    |  | 2020<br>Full time | 2020<br>Part time |
|--------------------------------|-------------------|-------------------|--|-------------------|-------------------|
|                                |                   | 2021<br>Part time |  |                   |                   |
| Total number of employees      | 67                | 44                |  | 108               | 25                |
| <i>By Gender</i>               |                   |                   |  |                   |                   |
| Male                           | 31                | 20                |  | 43                | 13                |
| Female                         | 36                | 24                |  | 65                | 12                |
| <i>By age group</i>            |                   |                   |  |                   |                   |
| Below 30 years old             | 12                | 33                |  | 26                | 20                |
| 30 to 49 years old             | 37                | 8                 |  | 52                | 4                 |
| Above 50 years old             | 18                | 3                 |  | 30                | 1                 |
| <i>By ranking</i>              |                   |                   |  |                   |                   |
| Managerial grade and above     | 8                 | 0                 |  | 8                 | 0                 |
| Operation and front-line staff | 45                | 44                |  | 87                | 25                |
| General and administrative     | 14                | 0                 |  | 13                | 0                 |
| <i>By geographical region</i>  |                   |                   |  |                   |                   |
| PRC                            | 1                 | 0                 |  | 12                | 0                 |
| Hong Kong, PRC                 | 66                | 44                |  | 96                | 25                |

| Employee turnover rate <sup>1</sup> | For the year ended 31 March |                   |               |
|-------------------------------------|-----------------------------|-------------------|---------------|
|                                     | 2021<br>Full time           | 2021<br>Part time | 2020<br>Total |
| General turnover rate               | 89%                         | 68%               | 163%          |
| <i>By gender</i>                    |                             |                   |               |
| Female                              | 74%                         | 75%               | —             |
| Male                                | 102%                        | 63%               | —             |
| <i>By age group</i>                 |                             |                   |               |
| Aged 50 or above                    | 46%                         | 33%               | —             |
| Between 30 and 49                   | 70%                         | 63%               | —             |
| Between 18 and 29                   | 208%                        | 68%               | —             |

Note to above table:

1 Turnover rate record and disclosure started from financial year 2021 ("FY2021").

## ENVIRONMENTAL KEY PERFORMANCE INDICATORS

| Emission type   | 2021          | 2020     | 2021 Intensity <sup>1</sup> |
|---|---------------|----------|-----------------------------|
| <i>Greenhouse gas</i>   |               |          |                             |
| Direct emissions – Scope 1 <sup>3</sup> (tonnes CO <sub>2</sub> )   | <b>314.47</b> | 313.08   | <b>6.06</b>                 |
| Indirect emissions – Scope 2 <sup>4</sup> (tonnes CO <sub>2</sub> ) | <b>751.13</b> | 1,160.40 | <b>14.47</b>                |
| Indirect emissions – Scope 3 <sup>5</sup> (tonnes CO <sub>2</sub> ) | <b>24.73</b>  | 38.09    | <b>0.48</b>                 |
| <i>Exhaust gas</i>  |               |          |                             |
| Sulphur Dioxide (SO <sub>x</sub> ) - kg                             | <b>0.31</b>   | 0.33     | <b>0.01</b>                 |
| Nitrogen Oxides <sup>6</sup> (NO <sub>x</sub> ) - kg                | <b>136.10</b> | 62.90    | <b>2.62</b>                 |
| Particulate matter – kg   | <b>6.20</b>   | 0.09     | <b>0.12</b>                 |

| Major resource consumed | 2021                | 2020         | 2021 Intensity   |
|-------------------------|---------------------|--------------|------------------|
| <i>Energy</i>           |                     |              |                  |
| Water (m <sup>3</sup> ) | <b>25,327.01</b>    | 24,730.50    | <b>499.11</b>    |
| Electricity (kWh)       | <b>1,615,046.00</b> | 2,239,877.90 | <b>31,118.42</b> |
| Towngas (unit)          | <b>24,528.00</b>    | 35,786.01    | <b>472.60</b>    |
| Refrigerants (kg)       | <b>88.10</b>        | 95.50        | <b>1.70</b>      |
| Diesel fuel (Litre)     | <b>1,831.50</b>     | 230.30       | <b>35.29</b>     |
| Unleaded petrol (Litre) | <b>1,900.21</b>     | 1,247.90     | <b>36.62</b>     |

Notes to above table:

- 1 Intensity is calculated by the emissions by the Group's revenue for FY2021 (approximately HKD51.9 million).
- 2 GHG emissions data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited.
- 3 Major source of Scope 1 emission mainly came from usage of liquefied petroleum gas ("LPG"), diesel, towngas, refrigerants and unleaded petrol.
- 4 Major source of Scope 2 emission mainly came from usage of purchased electricity and consumption of towngas.
- 5 Major source of Scope 3 emission mainly came from processing fresh water, business trips taken, and consumption of paper.
- 6 Nitrogen Oxides emission mainly came from consumption of diesel, unleaded petrol, LPG and Towngas.
- 7 Hazardous waste such as battery and light bulb construct an insignificant quantity and did not include in the scope of this report
- 8 Non-hazardous waste totals have been deemed immaterial to our operations and are not included in the scope of this report.



## APPENDIX 1: THE STOCK EXCHANGE OF HONG KONG LIMITED ("SEHK") ESG REPORTING GUIDE INDEX

| SEHK ESG Reporting Guide General Disclosures |   | Reference Section/<br>Remark  | Comply or<br>explain |
|--|---|---|----------------------|
| <b>A. Environment</b>                        |   |   |                      |
| <b>A1 Emission</b>                           | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | We and Our Environment  | Complied             |
| <b>KPI A1.1</b>                              | The types of emissions and respective emissions data.   | Environmental Key Performance Indicators  | Complied             |
| <b>KPI A1.2</b>                              | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Environmental Key Performance Indicators  | Complied             |
| <b>KPI A1.3</b>                              | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | We do not have material hazardous waste produced  | Explained            |
| <b>KPI A1.4</b>                              | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Environmental Key Performance Indicators  | Complied             |
| <b>KPI A1.5</b>                              | Description of emission target(s) set and steps taken to achieve them   | We are assessing if any emission target can be feasibly set.                                  | Explained            |
| <b>KPI A1.6</b>                              | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.  | We and Our Environment<br>We are assessing if any reduction initiative(s) can be feasibly set | Explained            |



| SEHK ESG Reporting Guide General Disclosures    |  | Reference Section/<br>Remark  | Comply or<br>explain |
|---|--|---|----------------------|
| <b>A2 Use of Resource</b>                       | Policies on efficient use of resources including energy, water and other raw materials.  | We and Our Environment  | Complied             |
| <b>KPI A2.1</b>                                 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Environmental Key Performance Indicators  | Complied             |
| <b>KPI A2.2</b>                                 | Water consumption in total and intensity (e.g. per unit of production volume, per facility).   | Environmental Key Performance Indicators  | Complied             |
| <b>KPI A2.3</b>                                 | Description of energy use efficiency target(s) set and steps taken to achieve them.  | We and Our Environment<br>We are assessing if any emission target can be set and feasibility.   | Explained            |
| <b>KPI A2.4</b>                                 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.                       | We and Our Environment<br>We are assessing if any water consumption and sewage emission target can be set and feasibility.                                  | Complied             |
| <b>KPI A2.5</b>                                 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.   | Environmental Key Performance Indicators  | Complied             |
| <b>A3 The Environment and Natural Resources</b> | Policies on minimizing the operation's significant impact on the environment and natural resources.  | Our operation does not induce significant impact on environment and natural resources. For details, please refer to section "Responding to Climate Change". | Explained            |
| <b>KPI A3.1</b>                                 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.  | Our operation does not induce significant impact on environment and natural resources. For details, please refer to section "Responding to Climate Change". | Explained            |
| <b>Aspect A4</b>                                | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer                                | Our operation does not induce significant impact on environment and natural resources. For details, please refer to section "Responding to Climate Change". | Explained            |
| <b>KPI A4.1</b>                                 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.                   | Our operation does not induce significant impact on environment and natural resources. For details, please refer to section "Responding to Climate Change". | Explained            |

| SEHK ESG Reporting Guide General Disclosures |  | Reference Section/<br>Remark  | Comply or<br>explain |
|--|--|---|----------------------|
| <b>B1 Employment</b>                         | Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Commitment to Our Employees   | Complied             |
| <b>KPI B1.1</b>                              | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.   | Commitment to Our Employees   | Complied             |
| <b>KPI B1.2</b>                              | Employee turnover rate by gender, age group and geographical region.   | Commitment to Our Employees   | Complied             |
| <b>B2 Health and Safety</b>                  | Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.  | Commitment to Our Employees — Occupational Health and Safety                        | Complied             |
| <b>KPI B2.1</b>                              | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.  | No work-related fatalities occurred in the past three years                         | Explained            |
| <b>KPI B2.2</b>                              | Lost days due to work injury   | No lost days due to work injury   | Explained            |
| <b>KPI B2.3</b>                              | Description of occupational health and safety measures adopted, and how they are implemented and monitored.  | Commitment to Our Employees — Occupational Health and Safety                        | Complied             |
| <b>B3 Development and Training</b>           | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  | Commitment to Our Employees — Development and Training                              | Complied             |
| <b>KPI B3.1</b>                              | The percentage of employees trained by gender and employee category  | We did not perform or provide formal training in the Review Year.                   | Explained            |
| <b>KPI B3.2</b>                              | The average training hours completed per employee by gender and employee category.   | We did not have formal training and record on informal training in the Review Year. | Complied             |



| SEHK ESG Reporting Guide General Disclosures |   | Reference Section/<br>Remark  | Comply or<br>explain |
|--|---|---|----------------------|
| <b>B4 Labour Standard</b>                    | Information on:<br>(a) the policies; and<br>(b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour. | Commitment to Our Employees   | Complied             |
| <b>KPI B4.1</b>                              | Description of measures to review employment practices to avoid child and forced labour.  | Commitment to Our Employees — Employment and Remuneration   | Complied             |
| <b>KPI B4.2</b>                              | Description of steps taken to eliminate such practices when discovered.   | No violation was noticed.   | Explained            |
| <b>B5 Supply Chain Management</b>            | Policies on managing environmental and social risks of supply chain.  | Our Supply Chain Management   | Complied             |
| <b>KPI B5.1</b>                              | Number of suppliers by geographical region.   | Critical suppliers of our major materials are disclosed in the section of “Our Supply Chain Management” | Complied             |
| <b>KPI B5.2</b>                              | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.         | Our Supply Chain Management   | Complied             |
| <b>KPI B5.3</b>                              | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.                                | Our Supply Chain Management   | Complied             |
| <b>KPI B5.4</b>                              | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.             | Our Supply Chain Management   | Complied             |





| SEHK ESG Reporting Guide General Disclosures |  | Reference Section/<br>Remark   | Comply or<br>explain |
|--|--|--|----------------------|
| <b>B6 Product Responsibility</b>             | Information on:<br>(a) the policies; and<br>(b) compliance relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Commitment to Product Quality  | Complied             |
| <b>KPI B6.1</b>                              | Percentage of total products sold or shipped subject to recalls for safety and health reasons.   | Due to our product nature, product recall is not applicable. Please refer to the section "Commitment to Product Quality" for details.            | Explained            |
| <b>KPI B6.2</b>                              | Number of products and service-related complaints received and how they are dealt with.  | Commitment to Product Quality — Listening to Customers   | Complied             |
| <b>KPI B6.3</b>                              | Description of practices relating to observing and protecting intellectual property rights   | Commitment to Product Quality — Advertising and Labelling  | Complied             |
| <b>KPI B6.4</b>                              | Description of quality assurance process and recall procedures.  | Due to our product nature, product recall is not applicable. Please refer to the section "Commitment to Product Quality" for details.            | Explained            |
| <b>KPI B6.5</b>                              | Description of consumer data protection and privacy policies, and how they are implemented and monitored.  | Commitment to Product Quality — Privacy Protection   | Complied             |
| <b>B7 Anti-corruption</b>                    | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering  | Commitment to Ethics and Integrity — Anti-corruption   | Complied             |
| <b>KPI B7.1</b>                              | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases  | We did not have any legal case regarding corrupt practices in the Review Year. For details, please refer to "Commitment to Ethics and Integrity" | Complied             |
| <b>KPI B7.2</b>                              | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.   | Commitment to Ethics and Integrity — Anti-corruption   | Complied             |
| <b>KPI B7.3</b>                              | Description of anti-corruption training provided to directors and staff.   | Commitment to Ethics and Integrity   | Explained            |

| SEHK ESG Reporting Guide General Disclosures |   | Reference Section/<br>Remark   | Comply or<br>explain |
|--|---|--|----------------------|
| <b>B8 Community Investment</b>               | Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests. | Giving Back to the Community   | Complied             |
| <b>KPI B8.1</b>                              | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).   | Assessment will be performed according to social and economic change and needs | Explained            |
| <b>KPI B8.2</b>                              | Resources contributed (e.g. money or time) to the focus area.   | The company is assessing and will be provided when necessary                   | Explained            |

