

NATIONAL ELECTRONICS HOLDINGS LIMITED

Stock Code: 213



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

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1 ABOUT THIS REPORT

1.1 OVERVIEW

National Electronics Holdings Limited (“the Company” or “the Group”) is an investment holding company. The Company, along with its subsidiaries, is mainly engaged in the manufacturing, assembly and sale of electronic watches and watch parts; trading of watch movements and watch parts; property development and investment; and hotel operation.

1.2 ABOUT OUR BUSINESS

The Group engages mainly in the manufacturing, assembly and sale of electronic watches and watch parts; trading of watch movements and watch parts; property development and investment; and hotel operation. The following table summarises revenue from the various operating segments:

Business segment	2019 Revenue (HK\$)
Manufacturing of watches and trading of watch movements	740,137,503
Property development and investment	5,066,189
Hotel operation	136,243,857

Source: Annual Report 2019

1.3 SCOPE OF THIS REPORT

This Environmental, Social and Governance (“ESG”) Report covers the Group’s initiatives and progress for the reporting period from 1 April 2018 to 31 March 2019 (“the reporting year”). The scope covers the three main operating segments of the Group – manufacturing, assembly and sale of electronic watches and watch parts, and trading of watch movements and watch parts; property development and investment; and hotel operation.

The reported environmental Key Performance Indicators (“KPIs”) cover the Group’s operations in the three major business segments, including our five offices, one manufacturing facility and four hotels – The Putman, 99 Bonham, The Jervois and One96. In order to better reflect the environmental impact of our property development projects, we are also reporting the environmental KPIs of active property construction activities performed by our contractors in the reporting year. The following are the Group’s property development projects (as at 31 March 2019) and their ESG data inclusion status:

Project	Location	Nature	ESG data included
No. 3 South Bay Close	Hong Kong	Residential	Yes
45 Tai Tam Road	Hong Kong	Residential	Yes
A parcel of land located at Yinkai Industrial Park, Nanning City	China	Industrial	No
88 Queen Street East	Canada	Commercial and residential	Yes
Properties located at No. 2, No. 2-1 and No. 2-2, Herfeng 3 rd Road, New Taipei City	Taiwan	Residential	Yes

1.4 REPORTING REFERENCE

We have prepared this ESG Report in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (“ESG Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. We will prepare the ESG report annually along with the annual financial report.

1.5 SOURCE OF INFORMATION AND CONTACT

The information disclosed in this report has been sourced from the Company’s internal archives and contractors of our property development projects. The Company’s management and the respective departments have confirmed all information in this report. If you have any questions or comments regarding any part of this report, please contact the Company’s Chief Financial Officer, Mr. Andy Wong at info@nationalholdings.com.hk.

2 OUR APPROACH

2.1 ESG WORKING GROUP

The Group strives to evaluate and determine the potential risks and opportunities of ESG issues arising from its operation. ESG issues with potential significant impacts on the Group are discussed at the board level as and when necessary.

To better manage ESG matters, the Group plans to establish an ESG working group with representatives from its three major business segments - watch manufacturing and trading, hotel operation and property development. The representatives shall co-operate for the management and disclosure of ESG issues. The working group would also be responsible for identifying, assessing and mitigating current and potential ESG risks to seize opportunities for improvement.

2.2 STAKEHOLDER ENGAGEMENT

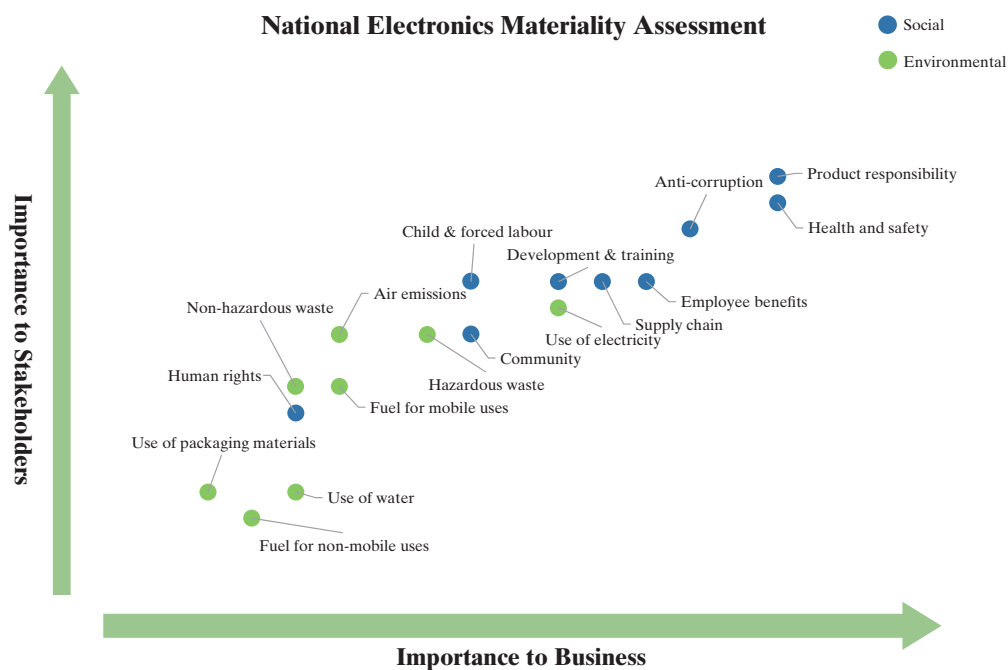
To identify the focus of our ESG management strategies, materiality assessment is vital. Through stakeholder engagements, we are able to obtain important inputs for our decision-making. This enables us to continuously improve and make progress towards our ESG commitments.

To identify the materiality for the Group, we have reached out to our senior management, who not only have hands-on knowledge of our operations but also maintains close relationships with our key investors and business partners. In addition, we conducted and assessed engagement surveys and interviews through a third-party consultant. The findings were subsequently transcribed into the materiality results described in the section below.

One of the core components of the Group's business and sustainability strategies is stakeholder engagement. Our key stakeholders include clients, employees, suppliers and contractors as well as professionals engaged in property development and investment. The Group plans to expand the scope of the stakeholder engagement exercise by including a variety of stakeholders; this will provide more comprehensive feedback for the continuous improvement of our ESG performance.

2.3 MATERIALITY ASSESSMENT

We assessed and summarised the views and opinions collected during the stakeholder engagement in the materiality matrix below. In the table below, we have presented each material ESG issue and its relevance to our business operations, listed in descending order categorised by environmental and social aspects:



Material environmental aspects

Use of electricity

Hazardous waste

Air emissions

Material social aspects

Product responsibility

Health and safety

Anti-corruption

3 ENVIRONMENT

We strive to take measures towards environment protection. In line with this, we take into consideration the interests of the environment where our businesses are located.

To minimise the environmental impact of our operations, we minimise the use of resources and reduce environmental emissions, where practicable. Our employees and service providers are encouraged to follow the same principle. While our business operations vary in nature, we apply relevant precautions and take appropriate actions to minimise the impact on the environment.

Watch manufacturing

In the watch manufacturing business, we mainly assemble externally sourced parts and components. The major environmental impact of our manufacturing process is the chemical waste from the use of lubricants as well as air emissions generated from soldering. We have adopted an environmental management system with reference to ISO14001 in order to better manage our manufacturing process. Under the management system, we have set relative environmental targets, and seek to continuously improve our environmental performance through the measures below where practicable:

- Understanding both local and global regulatory requirements related to environmental protection;
- Considering more eco-friendly product design;
- Adopting more environmentally-friendly concepts in the production process through better understanding of our existing environmental performance standard (for instance, monitoring exhaust gases and indoor air quality in manufacturing facility);
- Collaborating more tightly with suppliers, and responding better to global environmental supply chain pressures;
- Implementing strategic planning for long-term environmental improvement; and
- Enhancing environmental awareness of our employees.

Property development

In our role as the project manager of property development projects, we work closely with our service providers, such as engineers, architects and contractors. This enables us to incorporate responsible environmental considerations throughout the whole process from design to build. We consider green building guidelines, such as BEAM¹ and LEED², for all new buildings. Some of our certified buildings are the residential development at 45 Tai Tam Road, Hong Kong, and the office building at 7 St. Thomas Street, Toronto.

During the design stage, we incorporate environmentally-friendly or green design features where practicable. In our project, 45 Tai Tam Road in Hong Kong, we introduced several design features such as double insulated glass units as window panes to minimise solar heat gain, and Variant Refrigerant Volume central air conditioning system to save energy. In addition, at least 20% greenery area was designated as common area. Several green design features, such as a green roof and rainwater collection for flushing, were introduced in our 7 St. Thomas Street Project in Canada.

¹ Building Environmental Assessment Method (BEAM) is the Hong Kong rating tool for green buildings.

² Leadership in Energy and Environmental Design (LEED) is a rating system devised by the United States Green Building Council (USGBC) to evaluate the environmental performance of a building and encourage market transformation towards sustainable design.

We do not directly engage in construction activities, however, we collaborate with our contractors to implement proper on-site environmental management. This is aimed at ensuring environmental regulatory compliance as well as monitoring the environmental performance, from air emissions and noise generation to wastewater discharge, etc.

Hotel Operation

Our hotels operate round the clock and we rent out the shops and cafes to third parties. In our hotel operation, we have identified two environmental aspects to focus on in the future – use of resources and waste management.

Offices

In order to advocate environment-friendly working practices at our offices, we give importance to the efficient use of resources and minimising waste generation. In addition, we strive to improve our environmental performance by encouraging our staff to follow the concept of “Reuse, Reduce and Recycle”.

3.1 USE OF RESOURCES

The Group strives to use resources efficiently and conserve resources in its operations. Among the various types of resources used in our operations, we have identified electricity as the most significant type of resource. We maintain records of our monthly utilities including electricity, water and fuel consumption to analyse our base-line consumption of various resources and whether any improvements can be made.

Watch manufacturing

We seek to reduce energy and water consumption from the daily operations in our facilities. We have set targets to reduce 10% of our water and electricity consumption comparing to the previous reporting period. By enhancing the environmental awareness of our employees, we seek to lower the electricity and water consumption in our manufacturing facility, reducing the wastage of resources.

Property development

We are not the end-user of the completed units as we are a property developer. However, to reduce the environmental impact of the units, we incorporate resource-efficient designs and adopt high-efficiency equipment when practical and appropriate. Our efforts include:

- Using energy-efficient LED light fixtures;
- Installing occupancy sensors to turn off the lights when the areas are not in use;
- Installing energy-efficient appliances and water-efficient fixtures; and
- Retaining and treating rainwater for flushing.

3 ENVIRONMENT

Hotel operation

We have limited control over the consumption habits of our hotel guests, however, we encourage them to consider the environment and conserve resources. To avoid unnecessary change of room towels and bed sheets, occupants can place an Environmentally Friendly Card on the bed or towels if there is no need for replacement. Air conditioning in unoccupied rooms would be set at 27 °C to reduce electricity consumption.

To further manage our energy consumption, we are exploring the feasibility of introducing an Energy Management System to our hotels. Depending on the results of preliminary study, we expect to have the system installed earliest next year.

Offices

We have implemented various measures at our offices to save energy and minimise the use of resources. These measures include the following:

- Keeping the air-conditioned room temperature at around 25°C;
- Switching off lights in unoccupied rooms and shutting down computers when they are not in use;
- Switching to energy-saving mode for office equipment and electronic appliances after a period of inactivity; and
- Adopting duplex printing and minimising the printing of documents by using electronic communication whenever practicable.

3.2 EMISSIONS

Hazardous waste generation and air emissions have been identified as the most significant environmental emission aspects in our business operations. In the following sections, we have provided further details of their relevance and control measures taken to properly manage these emissions as well as the regulation compliance status.

3.2.1 Waste management

Watch manufacturing

The process of manufacturing watches mainly involves the assembly of parts and components. Hence, it is not subject to significant environmental impacts or compliance matters. However, the use of chemicals such as spent oils and lubricants, and the disposal of batteries generate hazardous waste. If improperly disposed of, heavy metals in batteries, such as mercury, lead, cadmium and nickel, may result in environmental contamination. When incinerated, certain metals can be concentrated in the ash produced by the combustion process or may be released into the air. Mercury leakage from the batteries would be another concern.

We adopt proper waste management measures at our facility to handle the hazardous and general waste from our operation. Licensed waste contractors are appointed to properly collect and dispose of such waste, and waste packaging materials are separated from other general waste for recycling. Through improvements in our manufacturing process and better design of our watches, we target to reduce our waste generation by 15% comparing to the last reporting period.

Hotel operation

In the daily operation of our hotels, food waste accounts for a major part of the waste generated, along with other domestic waste from our guests. To reduce waste disposal, recycling bins are provided to separate recyclable materials including plastic bottles, cans, and used paper etc.

While we have no control of our guests' consumption habits, we seek to provide more environmentally friendly options for guests to choose from. For example, we will be trialling the use of water dispensers in our guest room and office starting from June 2019. This would help reduce the need for bottled water and generate less plastic waste.

From the time to time there are also a limited amount of hazardous waste produced, mainly from the use of paints and replacement of light tubes during routine maintenance. We use paints that comply with Environmental Protection Department's standard, and store used light tubes for collection by authorised waste collector for proper handling.

Property development

Property development mainly generates construction waste. To reduce the amount of waste being disposed of to landfill sites, we minimise construction and demolition waste through reuse and recycling. We ensure hazardous construction waste is properly managed and disposed of by working closely with our contractors.

For our Hong Kong projects, abortive works are avoided through careful planning and design to reduce construction waste. We reuse timber planks as much as possible to reduce the generation of waste materials.

For our Canadian projects, each contractor implements a construction waste management plan to limit the amount of waste generated. The contractors also segregate the waste and plan the recycling of materials.

Besides construction waste, chemical wastes like paints and solvents are also generated during construction works. As we are not directly involved in construction works, our contractors are responsible for adopting proper hazardous waste disposal plans. We work closely with our contractors to ensure hazardous waste are properly managed and disposed of, as per applicable local laws.

Offices

With no manufacturing or servicing activities, our offices generate an insignificant amount of general waste. We have adopted the following measures to reduce the generation of such waste:

- Adopting electronic means for internal communication to replace hardcopies when possible;
- Recycling of food waste like coffee grounds when practicable;
- Providing recycling bins to collect used paper, plastic bottles, packaging materials and ink cartridges; and
- Using double-sided printing and reusing scrap paper.

3 ENVIRONMENT

3.2.2 Air emissions

Watch manufacturing

In our watch manufacturing process, air emissions mainly come from soldering, volatile organic solvents and lube oil, and metal dust from cutting machinery. We ensure air ventilation is adequate and appoint a third-party agency to regularly perform tests on our exhaust emissions. The testing parameters include lead, tin and non-methane hydrocarbons. According to the test results in September 2018, our air emission levels are in compliance with the relevant provincial standards.

Property development

During property development, dust emissions from construction works and air emissions from vehicle exhausts are inevitable. We do not have direct control over the emissions from construction sites, however, we work closely with our contractors to ensure their compliance with the local environmental protection laws and regulations.

To minimise air pollution, we regularly inspect and maintain plants and machineries at the construction sites so as to prevent excessive air emissions. Water is sprayed for dust suppression on site to lower the impact of dust emissions to the surroundings. We are in compliance with applicable local regulations such as Ontario's Local Air Quality Regulation.

3.2.3 Other emissions

Property development

During the construction of our properties, the surrounding environment may be impacted by the noise and wastewater discharge from our construction sites. To minimise this impact, we work hand-in-hand with our contractors to properly manage our construction noise and wastewater discharge.

To mitigate the impact of construction noise on the surrounding environment, our contractors follow the time and date specifications of noise permits or other local regulations on construction work. We perform regular maintenance of plants to minimise the generation of noise.

For wastewater discharge, our contractors follow relevant local regulations and monitor the quality of wastewater discharge to avoid contamination of public drains. In Hong Kong, sedimentation tanks are used to treat the wastewater before discharge.

3.2.4 Regulatory compliance

During the reporting period, we were not aware of any material non-compliance with laws and regulations relating to environmental emissions for our manufacturing facility, construction sites and operating properties including hotels.

3.3 ENVIRONMENT AND NATURAL RESOURCES

We have already discussed the major environmental issues in our business related to emissions and the use of resources in the sections above.

3.4 ENVIRONMENTAL PERFORMANCE DATA TABLE

	Unit	Group ³	Construction Contractor
Use of electricity	kWh	4,657,580	283,320
Use of water	m ³	30,695	221
Use of town gas	unit	67,988	–
Use of natural gas	m ³	2,276 ⁴	239,066 ⁵
Use of diesel	litre	1,220	4,266
Use of gasoline	litre	19,878 ⁶	–
Solid hazardous waste disposal	kg	13	–
Liquid hazardous waste disposal	litre	165	–

³ Excludes contractor consumptions at our property development sites, which is reported separately in the column “Construction Contractor”
⁴ For office building in Canada
⁵ For heating cement in Canadian construction sites
⁶ For vehicle consumption in Hong Kong offices and China watch manufacturing facility

4 PRODUCT RESPONSIBILITY

We firmly believe that quality products and services are important for the long-term sustainable development of a company. In line with this, a number of quality control initiatives have been implemented to ensure our products and services are consistently up to standard.

4.1 SECURING PRODUCTS AND SERVICES QUALITY

Watch manufacturing

Through research and development, we strive to continuously improve product quality. We are committed to creating quality products and have obtained ISO9001 certification for our watch manufacturing business.

Our products are subjected to stringent quality control tests, including the following:

- A series of inspection from parts to final products, regarding their appearance, packaging, specification and brand logo, etc., is conducted on a sampling basis; and
- If any defects are identified, the relevant product will be returned to the production house for assessments, with the reason for the defect investigated and recorded.

Property development

In our property business, we work together with expert consultants to provide the best products to our customers, ranging from the design, construction plan, technical management, sales to after-sales services. For every property development project, our team strives to consider the design from the perspective of end users by taking into account their needs.

While we strive to provide quality properties to our clients, building safety is also one of our top priorities. To ensure the safety of our property developments, we comply with all local health and safety regulations regarding building designs, including fire safety and other necessary provisions.

We generally employ external property agents to market our development projects. Though we do not have direct control of their actions, we work closely with our external agents to ensure they use accurate communication materials and do not use exaggerating or misleading statements. We are in compliance with relevant regulations and guidelines, including the Residential Properties (First-hand Sales) Ordinance and the self-regulatory regime of the Real Estate Developers Association of Hong Kong.

Hotel operation

At our hotels, we treat customers' information as private and confidential. As stated in our Employee Handbook, we are committed to safeguarding the privacy of our guests and our staff adheres to the highest standards. When handling client information, employees may refer to the information security guidelines for guidance. To prevent data leakage, all confidential information is shredded or destroyed after use.

Regulatory compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to our products and services.

4.2 SUPPLY CHAIN MANAGEMENT

We consider our suppliers as partners and expect them to make a fair return when they do business with us. When selecting our suppliers, we pay attention to both objective criteria such as price and quality, as well as other intangible criteria such as integrity and reliability. We appoint suppliers and service providers based on strict ethical standards, which enhance the confidence of our customers.

While we firmly believe that the engagement of service providers or the purchase of goods should be mainly based on price, quality and timely delivery, we also take into account the ESG performance of our service providers, particularly regarding regulatory compliance on environment, employment and labour as well as health and safety.

Watch manufacturing

In our watch manufacturing business, we depend on various suppliers to support our production. As effective supply chain management is one of the most important parts of our operational process, we have developed and implemented policies on the selection and evaluation of suppliers.

Our suppliers are evaluated on a regular basis. We aim to assist underperforming suppliers to improve their product quality and standard of services. We would reevaluate our partnership with those who do not meet our requirements.

Property development

In our property construction business, we only work with major contractors with a solid reputation in the industry as well as a good record in health, safety and environmental issues. We have developed long-term partnerships with various major contractors in Hong Kong. For the year under review, we were not aware of any material violations regarding health and safety by our contractors.

Hotel operation

In our hotel business, we promote fairness and openness as well as aim to develop long-term relationships with suppliers and contractors. Transparent procurement and tendering procedures are in place to support our business operations. The purchase of goods and engagement of service providers should solely be based on need, price and quality. Our procurement policies and procedure follow the principles below:

- Genuine need for goods and services;
- Consideration of 2-3 quotations unless the required item is classified as sole supply item;
- Compliance with laws; and
- Management controls to prevent and detect bribery, fraud or other malpractices in the process of procurement and tendering.

We have revised the procurement guidelines in the reporting year to ensure better control of the procurement procedures. In the future, we will continue to progressively enhance the assessment and monitoring of the ESG performance of our suppliers.

5 EMPLOYMENT AND LABOUR PRACTICES

We consider talent as an important asset, and it is one of our top priorities to attract and retain the best people. In line with this, we implement a fair and transparent recruitment process, provide a respectful and safe working environment, as well as offer a comprehensive and competitive benefits package along with learning and professional development opportunities.

Our commitment towards the welfare of our employees is clearly stated in the Code of Conduct and Employee Handbook.

5.1 RECRUITMENT AND EMPLOYEE BENEFITS

Talent recruitment

The recruitment of high calibre talent is a crucial driver of our business growth. We are an equal opportunity employer, and we welcome talents from different backgrounds and strive to ensure a fair recruitment process. We select applicants solely based on their qualifications, demonstrated skill and achievements and not based on their race, colour, religion, national origin, gender, age, disability, sexual orientation, marital status or other status protected by law.

We offer competitive remuneration packages to retain and motivate employees; these packages are reviewed annually to reflect each employee's performance and contribution. The Group is committed to giving promotions from within, where employees with extraordinary performance are encouraged to take up more responsibility. Promotion decisions are made by the senior management based on merit, efficiency and ability.

Remuneration package and benefits

We offer various benefits to full-time employees. Apart from the provision of social plan contributions as required by local laws and regulations, employees are entitled to a leave option according to local labour laws and regulations, including public holiday, paid annual leave, sick leave, maternity leave, paternity leave and personal leave.

We understand that employees give importance to personal growth opportunity and exposure. We encourage internal transfers to provide our staff with exposure to greater value-added experiences. For example, at our hotel operation, we put up internal advertisements for additional manpower and replacements. Interested employees can submit their applications directly to the Human Resources department. All applications are treated fairly with strict confidentiality.

Building up an atmosphere of trust

The attitude of employees reflects the health of the organisation. We understand that effective internal communication builds productivity and satisfaction. Our employees can voice their opinions through various communication channels, which fosters an atmosphere of mutual trust between the Group and employees.

As the primary channel of communication, we encourage our line managers to hold regular briefings or meetings with their employees. Managers would organise counselling, acknowledge performance, encourage improvement in performances and give career guidance. We also encourage employees to give their constructive opinions and suggestions to their supervisors or the Human Resources department. All grievances and complaints are taken seriously, and all information received is treated as confidential.

We make efforts to promote bonding with our employees. We organise company events such as New Year and Christmas lunches to give colleagues opportunities to interact with each other in a relaxed environment and enjoy a sense of belonging.

5 EMPLOYMENT AND LABOUR PRACTICES

Labour standards

The Group respects human rights of all its staff and forbids the use of child and forced labour in its operations. In addition, we comply with all relevant local regulations, such as Labour Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labour and the Employment Ordinance of Hong Kong.

The Group has procedures in place to prevent child labour. For instance, the age of the candidates is verified during the recruitment process by checking their identification documents to prevent the employment of underage labour.

Furthermore, the Group does not tolerate forced labour. Staffs' working hours and entitlements, including rest and leave days, are protected by their labour contract. For overtime, employees are entitled to be compensated upon approval of their managers.

Regulatory compliance

During the year under review, the Group was not aware of any material non-compliance with laws and regulations relating to employment and child or forced labour.

5.2 HEALTH AND SAFETY

We are committed to ensuring the wellbeing and safety of our staff at work. All employees are encouraged to report any potential safety hazard to their supervisors. We strictly comply with all applicable safety and health laws and regulations.

Watch manufacturing

In our watch manufacturing business, we are committed to providing our employees a safe and healthy workplace by minimising their exposure to potential health and safety risks.

We strive to ensure a healthy working environment for our workers. In line with this, indoor air quality (IAQ) monitoring and test for chemicals such as benzene, toluene, xylene, acetone, butanone and ethyl acetate are regularly conducted in our manufacturing facility. The quality of our drinking water is also tested to protect our employees' health. Based on the latest results of these tests, the quality of our indoor air and drinking water complies with the limits set forth by Chinese standards of "Occupational exposure limits for hazardous agents in the work place" and "Standards for drinking water quality".

To promote the awareness of employees, we also provided training to workers on environmental, health and safety at work. We have placed first-aid kits in every production area of the manufacturing facility and have stationed first-aid officers trained by the Red Cross. In the event of any major injury, employees are provided proper treatment at the local medical centres. All safety equipment and measures are in place as per applicable laws and regulations.

During the reporting period, there was no reported case of injury from our watch manufacturing business.

5 EMPLOYMENT AND LABOUR PRACTICES

Property development

Construction safety is an important issue in the property development business. Our construction work is outsourced to contractors with a good reputation, and records of workers' health and safety are maintained. Our contractors are encouraged to strive for the goal of zero accidents at all our construction sites.

Hotel operation

Though hotels have a low-risk working environment, we still emphasise work safety to our employees. We also provide environmental safety and health training as well as fire safety training to enhance the safety awareness of employees. Employees may also refer to the Employee Handbook for guidelines on dealing with fire and work-related injuries.

To ensure fire safety, staff members should be familiar with all safety precautions and regulations as prescribed by the Company in order to protect guests and themselves from danger. In case of any emergency, employees are required to immediately report to the relevant manager or Human Resources department, and call the Front Desk to inform the exact location of the incident occurrence.

During the reporting period, there were a total of 4 injuries, resulting in 20 working days lost.

Regulatory compliance

During the year under review, the Group was not aware of any non-compliance with laws and regulations relating to occupational health and safety.

5.3 DEVELOPMENT AND TRAINING

We firmly believe that the competency of our employees is an important driver of our long-term development. Therefore, our staff members are provided with training opportunities to support their career advancement as well as to meet our developmental needs.

We provide new joiners with orientation programmes to acquaint them with basic knowledge of the Group and our policies. We also provide employees with training tailored to their responsibility at work. For example, workers at our watch manufacturing branch would receive safety training, while associates at our hotels would have training like English writing and grooming to improve the communication with our guests. This year, hotel employees also joined the Dark Workshop organised by Dialogue Experience to enhance mutual respect, empathy, trust and collaboration with the team.

Besides internal training, we also support our staff to seek external resources for their professional development. For example, hotel associates who have completed two years of service are eligible to apply for an Educational Assistance Scheme, which offers sponsorship to our hotel associates and encourages them to attend external training to gain new knowledge and skills, helping them in their present job or future advancement.

5.4 ANTI-CORRUPTION

As a listed company in Hong Kong, we are committed to maintaining the highest standards of integrity and ethical conduct in our relationship with all our stakeholders – directors, employees, customers, suppliers, shareholders and the community. Our policy prohibits bribery and corrupt practices. Our employees are not allowed to accept benefits from business counterparts or provide benefits for the gain of the Group.

The Code of Conduct and Ethics provides guidances on the behaviour of our employees, officers and directors. The principles of conduct and ethics to be followed are outlined in the Code. It also emphasises the importance of avoiding conflict of interest and safeguarding confidential information.

All employees and directors of the Group are required to avoid any situation that does or may involve a conflict between their personal interests and the Group's interests. All directors and employees are obliged to promote the Group's best interest at all times.

The Group expects directors and employees to take every means or actions they reasonably can to avoid any conflict of interest. In case a conflict of interest arises or is likely to arise, the person involved must promptly report it to his or her supervisor or the Audit and Risk Management Committee of the Company.

Directors and employees are responsible for safeguarding any confidential information they have access to. No confidential information regarding the Company should be discussed with anyone outside the Company except where disclosure is needed to enable the Company to carry on its business or where there is no reason to believe that the disclosure may result in any economic loss for the Company.

Regulatory compliance

During the year under review, the Group was not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering.

6 COMMUNITY INVESTMENT

According to the Group, business growth is correlated with the wellbeing of the surrounding community and the environment where it operates. We encourage and support our employees to participate in community events and make charitable donations.

This year, our hotel branch joined the “DE Empower: Career Empowerment Platform for People of Differences” programme of Dialogue Experience. Through the programme, we provided diploma-level graduates with disabilities a 6-month job immersion experience via training and real life business experience. By providing them with on-the-job training and the experience to work on business projects, we help empower them for mainstream employment, and develop their own career.

	Aspects	Section	Remarks
A	Environmental		
A1	Emissions	3.2	
	Information on:		
	(a) Policies; and		
	(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.		
A1.1	Types of emissions and respective emissions data.	3.2	While we are not able to directly measure the total air emission, we ensure compliance to the relevant air emission level limits set by regulatory bodies.
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	–	Greenhouse gas emission is not a material aspect of the Group. We will continue to observe any changes in regulatory requirements and update our disclosure accordingly.
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.4	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	–	Non-hazardous waste is not a material aspect of the Group.
A1.5	Description of measures to mitigate emissions and results achieved.	3.2	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.2	
A2	Use of resources	3.1	
	Policies on the efficient use of resources, including energy, water and other raw materials.		
A2.1	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).	3.4	

A HKEX ESG INDEX

	Aspects	Section	Remarks
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.4	
A2.3	Description of energy use efficiency initiatives and results achieved.	3.1	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water-efficiency initiatives and results achieved.	3.1	There is no issue in sourcing water that is fit for purpose.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	–	Packaging material is not a material aspect of the Group.
A3	Environment and natural resources	3.3	
	Policies on minimising the issuer's significant impact on the environment and natural resources.		
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	3.3	
B	Social		
B1	Employment	5.1	
	Information on:		
	(a) the policies; and		
	(b) 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.		
B2	Health and safety	5.2	
	Information on:		
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to providing a safe working environment and protecting employees from occupational hazards.		

	Aspects	Section	Remarks
B3	Development and training	5.3	
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		
B4	Labour standards	5.1	
	Information on:		
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to preventing child and forced labour.		
B5	Supply chain management	4.2	
	Policies on managing environmental and social risks of the supply chain.		
B6	Product responsibility	4.1	
	Information on:		
	(a) the policies; and		
	(b) compliance with 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.		
B7	Anti-corruption	5.4	
	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.		
B8	Community investment	6	
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		