



Kato (Hong Kong) Holdings Limited
嘉濤(香港)控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2189

優質服務 敬老樂業
以人為本 全身投入



Environmental, Social and
Governance Report

2022



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Scope and Reporting Period



This report highlights the environmental, social and governance (“**ESG**”) performance of Kato (Hong Kong) Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), with disclosure reference made to Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). It is reported in compliance with the “comply or explain” provisions.

This ESG report covers the environmental and social performance of the Group’s business operations in Hong Kong from 1 April 2021 to 31 March 2022 (the “**Reporting Period**”), unless otherwise stated.

The Group principally engages in care services for the elderly in Hong Kong. Its business operations involve (a) rendering of elderly home care services, (b) sales of elderly home related goods, (c) rendering of elderly community care services; and (d) rendering of care support services to persons under quarantine. The Group offers over 1,100 residential care places across four districts in Hong Kong, through its eight care and attention homes for the elderly, namely:

- (i) Kato Home for the Elderly in Tuen Mun;
- (ii) Kato Home for the Aged in Tuen Mun;
- (iii) Fai-To Home for the Aged (On Lai) Branch in Tuen Mun;
- (iv) Fai To Home for the Aged (Tuen Mun) Branch in Tuen Mun;
- (v) Fai To Sino West Combined Home for the Aged in To Kwa Wan;
- (vi) Happy Luck Elderly Home Limited in Tsuen Wan;
- (vii) Tsuen Wan Elderly Centre Limited in Tsuen Wan; and
- (viii) Pine Villa in Tseung Kwan O.

In addition, the Group operates two day care centres for the elderly during the Reporting Period, namely:

- (i) Ka Shui Garden (Hung Hom) Health Care Limited in To Kwa Wan; and
- (ii) Ka Shui Garden (Tsuen Wan) Day Care Centre Limited in Tsuen Wan.

Last but not least, the Group completed the acquisition of suitable properties at Lam Tin district and Yuen Long district in February 2021 and July 2021 respectively. Hence, respective principal properties holding companies, namely:

- (i) Golden Grand Holdings Limited, a company incorporated in Hong Kong; and
- (ii) Kato Elderly Care Limited, a company incorporated in Hong Kong,

shall also be considered in this ESG Report.

The Group anticipated to restructure the abovementioned properties and establish care and attention homes so as to supply approximately 530 residential care places for the elderly in the future. However, the said care and attention homes would not be taken into account in the preparation of this ESG Report since such impact for the Reporting Period will be minimal.

REPORTING PRINCIPLES

This ESG Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 to the Listing Rules (the “**Guide**”). The contents covered herein are in compliance with the mandatory disclosure requirement and the provision of “Comply or Explain” as well as four reporting principles of materiality, quantitiveness, balance and consistency required in the Guide.

Materiality — Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the section “Stakeholder Engagement and Materiality” in the Report.

Quantitiveness — Key performance indicators (“**KPI(s)**”) have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

Balance — The Report presents the Group’s performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

Consistency — Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

Stakeholder Engagement and Materiality

STAKEHOLDER ENGAGEMENT

The Group values relationships with its stakeholders. The Group maintains an ongoing dialogue with its shareholders, employees and customers through general meetings, regular performance reviews, appraisals and interview sessions, so as to facilitate effective communication and collect constructive feedback. Such feedback is considered as essential in the decision-making process of the Group's daily operation, from improving its business performance to bringing insights for future development.

During the Reporting Period, the Group specifically engaged internal stakeholders, including the members of the board (the **"Board"**) of directors (the **"Directors"**) of the Company, senior management and frontline staff to feedback on the ESG material issues that are crucial for the Group's sustainable development. In the stakeholder engagement process, selected stakeholders were asked to rate a list of 23 ESG topics in terms of their relevance and importance to the Group's business continuity and development.

The table below lists the aspects identified to be imperative to the Group's operations. Overall, the key material issues raised by the stakeholders focused on the social aspect which have been strictly managed through the Group's policies and guidelines. The Group aims to keep close communication with its stakeholders for the identified aspects and continue to improve its ESG performance.

MATERIAL ASPECTS IDENTIFIED FROM STAKEHOLDER ENGAGEMENT

Environmental Practices	Employment and Labour Practices	Operating Practices
<ul style="list-style-type: none">• Water• Other Raw Materials Consumption• Environmental Protection Measures	<ul style="list-style-type: none">• Employment• Occupational health and safety• Labour standards	<ul style="list-style-type: none">• Customer Service• Product and service quality<ul style="list-style-type: none">• Building Safety• Pharmaceuticals management• Emergency response capacity• Safety and hygiene in elderly homes• Elderly-friendly building design• Anti-corruption• Community investment

Stakeholders' Feedback



The Group welcomes stakeholders' feedback on its ESG approach and performance. Stakeholders may share with the Board any suggestions and views by writing to 1/F, Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong.





The Group's Ethics and Business Integrity

Ethics and business integrity are of great importance to the Group, as one of the leading providers of elderly home care services. In line with the corporate values, the Group has formulated a code of conduct to spell out the Group's commitments to ethics and business integrity in a set of formal written requirements, which are strictly observed by the employees (at all levels, divisions and care and attention homes for the elderly) and all sub-contractors' staff.

The Group is committed to conducting all the business dealings with integrity, in accordance with strong business ethics, including:

- Being accurate and truthful in dealings with third parties, and not misrepresenting the Group or the quality, features, price or availability of the Group's products and services;
- Being honest and forthcoming with the employees of the Group;
- Taking reasonable care to meet business commitment; and
- Exercising reasonable care to ensure that the Group meets the terms of its contractual obligations with its customers, business partners and associates.

The Group's commitments to uphold ethics and integrity enables the Group to secure a firm foothold within the residential care home for the elderly industry, so as to continue enhancing its market position in the residential care home for the elderly sector and fulfilling its social responsibility.

The Group's Corporate Social Responsibility Value



The Group recognises its impact on the society and environment. Therefore, the Group adheres to the highest standards of corporate social responsibility in its business operations.

As an integral part of the Group's corporate values, corporate social responsibility has guided the Group throughout its business operation. The Group was in full compliance with the rules and regulations as stipulated in the Residential Care Homes (Elderly Persons) Ordinance (Chapter 459 of the Laws of Hong Kong), the Code of Practice for Residential Care Home (Elderly Persons) (the "**RCHE Code of Practice**") and the handbooks issued by the Social and Welfare Department (the "**SWD**") regarding service quality standards during the Reporting Period.

The Group strives to cultivate a homely atmosphere as far as possible in its care and attention home for the elderly such that the residents would feel secure and comfortable. To nourish interpersonal relationships of residents, social and recreational activities were organised to enhance interactions among residents.

The Group will continue its endeavours to contribute to the society, by giving the needy and underprivileged a hand through voluntary work and donations. The Group will carry on promoting harmonious relationships and a zero-harm environment for its employees, residents and the society as a whole.



A. Environmental

The Group puts significant efforts into environment protection and reduction of greenhouse gas (“GHG”) emissions. The Group mainly consumed electricity, gas, water and paper, generated clinical waste, expired medication waste and paper waste during the Reporting Period.

During the Reporting Period, the Group strictly abided by the laws, rules and regulations enforced by Hong Kong in relation to environmental protection and pollution control, including but not limited to the following:

- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (the “WDO”);
- Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong) (the “Waste Disposal (Chemical Waste) (General) Regulation”); and
- Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong).

During the Reporting Period, no material non-compliance with laws and regulations relating to air and GHG emissions, discharges to water and land, or the generation of hazardous and non-hazardous waste was recorded.

A1. EMISSIONS

A1.1 Air Emissions

The Group consumed towngas and liquid petroleum gas (“LPG”) as stationary fuel for canteen operation in several care and attention homes for the elderly during the Reporting Period. The operation emitted 3.89 kg of nitrogen oxides (NO_x) and 0.01 kg of sulphur oxides (SO_x) during the Reporting Period. The emissions intensity is 12.14g NO_x and 0.03g SO_x per million HKD revenue, which respectively represents a 24% decrease and 20% decrease compared with that for the period from 1 April 2020 to 31 March 2021 (the “Last Reporting Period”).

A1.2 Greenhouse Gas Emissions

Throughout the Reporting Period, the Group’s business operations resulted in GHG emissions of 1,388.70 tCO₂eq., consisting mainly carbon dioxide, methane and nitrous oxide. The overall GHG emission intensity of the Group in terms of the Group total revenue was 4.34 tCO₂eq./million HKD, indicating a 15% drop compared with that for the Last Reporting Period. The reported GHG emissions were attributed to the following activities and scopes:

- Scope 1 — Direct GHG emissions from the combustion of LPG and towngas;
- Scope 2 — Energy indirect GHG emissions from purchased electricity and gas; and
- Scope 3 — Other indirect GHG emissions from paper waste disposal, freshwater treatment and sewage processing.

Scope of GHG Emissions	Emission Sources	Reporting Period		Last Reporting Period		
		GHG Emission¹ (tCO₂eq.)	Total Emission (%)	GHG Emission¹ (tCO₂eq.)	Total Emission (%)	
Scope 1 — Direct GHG Emissions						
	Combustion of fuel for stationary sources	LPG	0.10	4%	3.43	4%
		Towngas	51.64		51.80	
Scope 2 — Energy Indirect GHG Emissions						
	Purchased electricity		1,286.21	93%	1,199.55	93%
	Purchased towngas		11.97		12.01	
Scope 3 — Other Indirect GHG Emissions						
	Paper waste disposed of at landfills		10.56	3%	10.08	3%
	Freshwater processing by government		18.93		17.84	
	Sewage processing by government		9.29		8.56	
Total			1,388.70	100%	1,303.27	100%

A. Environmental



Note 1: Emission factors were made reference to the Guide and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

A1.3. Hazardous Waste

The Group's operation generated chemical and clinical wastes. A total of 0.14 tonnes of chemical and clinical waste was generated, including used syringes, needles and surgical dressings, contributing to an intensity of 0.42 kg/million HKD revenue during the Reporting Period.

A1.4. Non-hazardous Waste

Non-hazardous waste from the Group's operation consists mainly of domestic waste from the Group's care and attention homes for the elderly, domestic waste from the Group's day care centers, and paper waste from offices. The total generation of non-hazardous waste during the Reporting Period was estimated at 550.49 tonnes with an intensity of 1.72 tonnes/million HKD revenue, which represents a 19% reduction in intensity compared with that for the Last Reporting Period.

Of the non-hazardous waste generated, approximately 548.29 tonnes were domestic wastes, estimated based on the average monthly occupancy rate of each respective care and attention homes and average monthly visit rate of each day care center as at 31 March 2022 and the average per capita waste generation rate.

A1.5. Measures to Mitigate Emissions

The Group keeps track of the consumption of LPG, gas and electricity, and strives to reduce related emissions whenever possible.

During the Reporting Period, the Group consumed 97% less LPG as compared to that for the Last Reporting Period, due to the Group switching to electric stoves for cooking in May 2021. This resulted in lowered NO_x and SO_x emissions.

Details on the Group's efforts to reduce electricity consumption shall be disclosed in Section A2.3.

With the above measures, the Group aims to achieve a 5% reduction in overall emissions intensity in 10 years, or by 2032.

A1.6. Waste Handling and Reduction Initiatives

The Group strictly observes the regulatory requirements of the WDO in handling both hazardous and non-hazardous waste. During the Reporting Period, about 2.20 tonnes of paper waste was generated, which represents a 5% increase as compared to that of the Last Reporting Period. Such increase was attributed by diversified factors, for instance, the regulatory procedures requiring additional paper documentation and maintaining hard copy back ups. Paper saving initiatives have been adopted such as encouraging double-side printing or photocopying and reusing recycled papers for draft works. To reduce its paper waste disposal in the future, the Group will explore on recycling opportunities with reliable vendors. It will also promote electronic administrative procedures and identify telecommunication possibilities to advance toward a paperless working environment.

Sharps waste is placed in specific containers which are carefully coded with fixed colours and sealed with ties separately. All hazardous wastes are collected by licensed clinical waste collectors by dedicated vehicles. Expired medicines will either be returned to the hospitals for further handling, or collected by licensed clinical waste collectors for disposal.

A2. USE OF RESOURCES

Although the Group has not established formal policies on the efficient use of resources, it encourages employees to observe resource conservation practices.



A. Environmental

A2.1. Energy Consumption

Energy Sources	Reporting Period		Last Reporting Period	
	Direct/ indirect Consumption (kWh in '000s)	Energy Intensity (kWh/million HKD revenue)	Direct/ indirect Consumption (kWh in '000s)	Energy Intensity (kWh/million HKD revenue) (Restated)
LPG	0.45	1.39	15.80	61.61
Electricity	3,476.25	10,853.10	3,242.03	12,639.48
Towngas	269.70	842.02	270.56	1,054.82
Total	3,746.40	11,696.51	3,528.39	13,755.91

The Group's business operations resulted in total energy consumption of 3,746.40 kWh in '000s from the use of LPG, electricity and towngas, with an overall energy intensity of 11,696.51 kWh/million HKD revenue during the Reporting Period, representing a 15% decrease in intensity as compared with that for the Last Reporting Period.

A2.2. Water Consumption

During the Reporting Period, the Group consumed 44,225.58 m³ of water, with a water intensity of 138.08 m³/million HKD revenue, which represents a 17% decrease in intensity as compared with that for the Last Reporting Period. No issue in sourcing water that is fit for purpose had been identified during the Reporting Period.

A2.3. Energy Use Efficiency Initiatives

Staff members are reminded to follow the energy use efficiency initiatives implemented by the Group, including:

- Maintaining the temperature of air conditioner at 25°C or above;
- Setting computer to energy-saving modes when idle; and
- Switching off unnecessary electronic appliances and devices.

With the above measures, the Group aims to achieve a 5% reduction in electricity consumption intensity in 10 years, or by 2032.

A2.4. Water Use Efficiency Initiatives

Since GHG emissions from water consumption are insignificant, the Group has not set any reduction targets. Nevertheless, the Group encourages water conservation and reminds staff to reduce water wastage whenever possible.

A2.5. Packaging Materials

The Group's business operation did not involve the use of packaging materials during the Reporting Period.

A. Environmental



A3. THE ENVIRONMENT AND NATURAL RESOURCES

A3.1. Significant Impacts of Activities on the Environment

The Group is dedicated to lessening the adverse impacts it poses on the environment through various initiatives targeted at energy conservation, carbon reduction and effective waste management.

Carbon Footprint

In view of the considerable amounts of electricity consumed from its operations, the Group has been proactively exploring ways to reduce its carbon emissions and the impacts of global warming. The Group has practised energy conservation by adopting various energy-efficient and-saving measures in its operations.

Waste Disposal

For hygienic reason, the Group chose to consume disposable clinical instruments and personal protective equipment during the rendering of daily nursing care service. While it is inevitable that a certain amount of waste is generated, the Group has taken precautions to minimise environmental and health risks. For instance, employees are required to strictly abide by the internal guidelines on chemical and clinical waste management, and they are clearly instructed of the proper waste handling procedures. The above measures ensure that the disposal of chemical and clinical wastes, and pharmaceutical substances are carried out in a safe manner.

A4. CLIMATE CHANGE

A4.1. Significant Climate-Related Issues

Climate change poses a huge threat to all businesses, and the Group is not immune from it. The Group recognises that extreme weather events may negatively impact daily operations and has accordingly prepared contingency plans for these situations. In cases of extreme weather such as typhoons or heavy rain, the Group shall execute procedures to resume and maintain operations as soon as possible. However, the Group has yet to identify any opportunities which may arise from climate change.



B. Social

1. EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

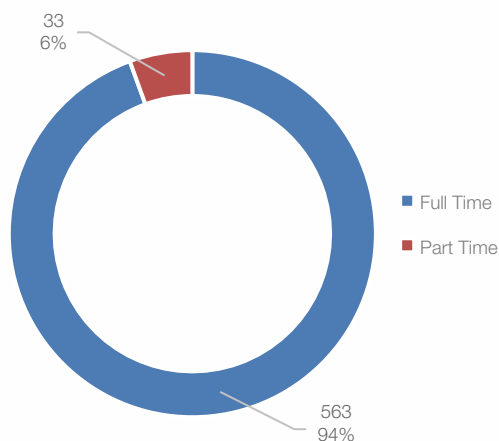
The Group strictly abided by all applicable laws and regulations in relation to employment in Hong Kong during the Reporting Period, including but not limited to the following:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong); and
- Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong).

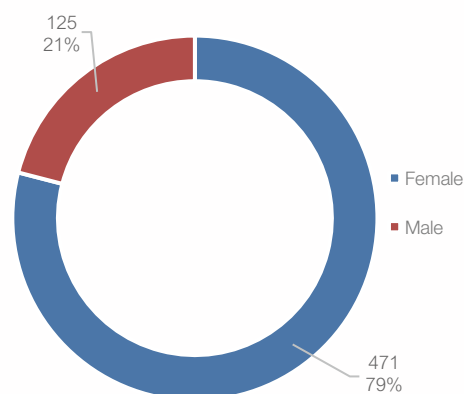
During the Reporting Period, there was no material non-compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits and welfare of the Group.

The Group had a total number of 596 employees as at 31 March 2022 (as at 31 March 2021: 498 employees), all of which are geographically located in Hong Kong. See below for the detail breakdown of the workforce.

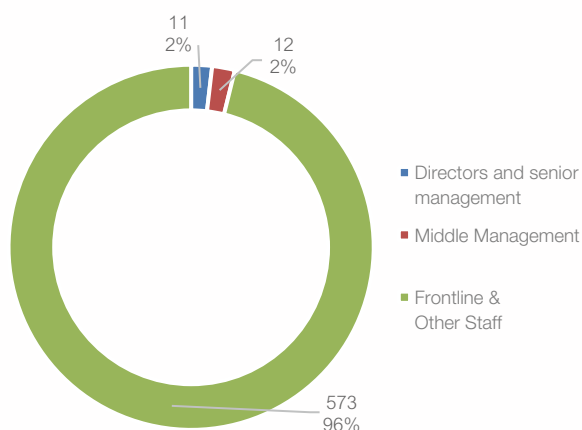
Full-Time / Part-Time Employees



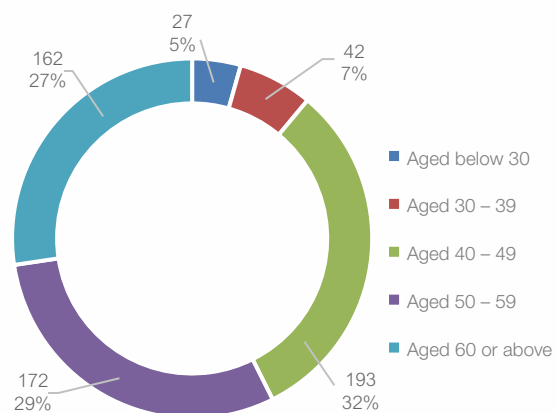
Gender



Employee category



Age group



B. Social



See below for the detail breakdown of turnover rate by employee group during the Reporting Period.

Turnover Rate as of 31 March 2022

By Gender

Female	24%
Male	14%

By Age Group

Below 30	48%
30–39	31%
40–49	16%
50–59	20%
60 or above	23%

By Geographical Location

Hong Kong	22%
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The Group has established written policies, procedures and guidelines for its principal business operations. These policies and guidelines cover aspects including procurement, financial management, sales, inventory control and personnel management. Frontline workers are required to strictly follow the responsibility of duties and respective code of practices as listed out in the employment handbook, code of practice as well as financial and operational policies and procedures.

Competitive Compensation and Benefits

High-calibre and committed staff is the most valuable asset to the Group's successful development. The Board has set up the remuneration committee to formulate remuneration policy and to recommend salary adjustment and performance bonus. The Group offers equitable and market-competitive remuneration packages to attract and retain talents. Employees are entitled to mandatory provident fund, medical insurance and body check programme. On top of statutory holidays, various types of paid leave including annual leave, sick leave, maternity leave, paternity leave, compensation leave, compassionate leave and injury leave are also provided.

Equal Opportunity

The Group embraces diversity in the workplace. Equal opportunities are given to employees in respect of recruitment, training and development, promotion, compensation and benefits. The Group complied with relevant laws and regulations in Hong Kong during the Reporting Period including but not limited to the following:

- Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong);
- Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong); and
- Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong).

During the Reporting Period, there was no non-compliance relating to equal opportunity, diversity and anti-discrimination.

Appraisal System and Employee Relations

Internal meetings are held regularly to facilitate effective communications inside the Group. Through meetings, senior management can clearly communicate policy and procedure changes to all levels of employees.

B. Social

Annual appraisal is conducted by home managers to evaluate the attitudes and performances of frontline employees in the workplace and identify areas of improvement for career advancement. Performance assessment against nursing skills is carried out quarterly to evaluate employee performance and to ensure that their knowledge and competency profiles match the department's requirements.

B2. Employee Health and Safety

Safe and healthy working environment is vital for employees — not only to reduce injury and illness, but also to raise working morale and productivity. Hence, the Group has implemented strict preventive and control measures to protect employees from contamination, infections and accidents. During the Reporting Period, the Group complied with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). No material non-compliance in relation to occupational health and safety laws and regulations was recorded during the Reporting Period.

Personal protective equipment is provided to the frontline staff subject to the needs and types of work engaged in, with items including surgical masks, surgical disposable gloves and protective goggles. Frontline staff who carries out nursing and personal care procedures is required to dispose of personal protective equipment in accordance with appropriate procedures.

Fire drills are always conducted with proper records and overseen by home managers. Handrails, corridors, fire alarms and other fire services installations and equipment are maintained in good conditions. Emergency evacuation plans are displayed at conspicuous locations inside every care and attention homes for the elderly. Adequate lighting is provided for every exit route which is kept clear of obstructions.

See below for the detail breakdown of the Group's occupational health and safety data.

Occupational Health and Safety Data in 2021/22

Work related fatality	0
Fatality rate	0.00%
Work injury cases >3 days	1 case
Work injury cases ≤3 days	0
Lost days due to work injury	353 days

Occupational Health and Safety Data in 2020/21

Work related fatality	0
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Occupational Health and Safety Data in 2019/20

Work related fatality	0
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Reactions to COVID-19

The health and safety of residents and employees in times of the COVID-19 pandemic remains the Group's primary concern. In response to the COVID-19 outbreak, the Group closely observed the guidelines promulgated by Centre for Health Protection of the Department of Health in Hong Kong and stepped up hygienic and infection control measures to prevent transmission of disease within and outside the facilities. Examples of infection control measures taken by the Group include the implementation of special visiting arrangements and stricter admission requirements to achieve more rigorous social distancing. The Group paid close attention to the development of COVID-19 and adjusted the arrangement with due consideration of the latest epidemic situation to safeguard the health of residents, staff and visitors at all times.

B. Social

B3. Development and Training

The Group acknowledges the importance of providing employees with training and development opportunities. It is essential to promote the personal growth of employees, and improve the reliability of services delivered to residents.

New employees are required to attend induction trainings to familiarise themselves with necessary knowledge, technical skills and procedures. Existing employees are also provided with reinforcement training to enhance operational efficiency and attentiveness at work.

The Group also develops training timetable to facilitate continuous development of staff through internal and external programmes. To cater for the needs of staff, the programmes cover a range of training topics, including first aid knowledge, occupational safety, stress management, infection control, drug management and nursing care.

Qualification attainment

Employees engaging in different divisions should acquire sufficient experience or professional qualifications. Within the operations of the Group, professionals who practise medicine, nursing, social work and therapy service are required to obtain formal certificate in respect of the professions, as stipulated in the following laws and regulations in Hong Kong:

- Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong);
- Nurses Registration Ordinance (Chapter 164 of the Laws of Hong Kong);
- Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong); and
- Social Workers Registration Ordinance (Chapter 505 of the Laws of Hong Kong).

During the Reporting Period, 596 employees, or 100% of all employees, received training arranged by the Group, and the average training hours that each employee received was 10.09 hours. The percentage and average training hours per gender and employee category during the Reporting Period are as follows:

	Percentage	Average Training Hours per person
By Gender		
Female	100%	9.86 hrs
Male	100%	10.48 hrs
By Employee Category		
Directors and Senior Management	100%	8.00 hrs
Middle Management	100%	8.00 hrs
Frontline and Other Staff	100%	10.13 hrs

B4. Labour Standards

There was no child or forced labour employed in the Group, and there was no non-compliance with laws and regulations relating to preventing child and forced labour during the Reporting Period. The Group's human resources department strictly abided by the Group's recruitment guidelines, which included verification of candidates' identity, employment background and relevant certificates during the Reporting Period.

Whenever imported workers are considered, the human resources department is responsible for the application and tracking the status of visa permit, ensuring the candidate meets the conditions of stay regarding employment as imported workers. If any incidents of non-compliance regarding labour standards are discovered within the Group's operation sites, the Group shall immediately suspend employment and carry out internal investigation.

B. Social

2. OPERATING PRACTICES

B5. Supply Chain Management

The Group engaged with 81 suppliers during the Reporting Period, all of which were located in Hong Kong. They primarily provided medical care products, groceries, health care products, laundry services and referral services of physiotherapists and occupational therapists.

The Group adopts an internal quality evaluation system for supplier selections and maintains a list of approved suppliers for the supply of recurrent goods and services. In selecting suppliers, the Group performs assessments based on various criteria, including history of the suppliers' quality, timing of delivery, source of the products, price and suppliers' reputation in the industry. The Group periodically evaluates the performance of the approved suppliers. If the goods and services procured through the suppliers are found defective, counterfeit, poor quality or are otherwise unsafe or ineffective, the Group will look for alternatives.

In respect of the referral of physiotherapists and occupational therapists, the Group arranges interviews with selective candidates. The Group verifies the qualifications by reviewing the background and certificates of candidates, ensuring the employees hired through employment agencies are professional and qualified.

B6. Product and Service Responsibility

The Group is dedicated to delivering reliable and quality offerings in the daily operation. During the Reporting Period, the Group complied with specific standards and all applicable laws and regulations. There was no non-compliance relating to health and safety, advertising, labelling and privacy matters relating to products and services provided during the Reporting Period. The sales of elderly home related goods, including medical equipment, consumables and other supplies, are assured of attainment of international standards and specific requirements.

Pharmaceuticals Management

Pharmaceuticals taken by the residents are provided by hospitals and handled by the staff of the Group in accordance with the Pharmacy and Poisons Ordinance (Chapter 138 of the Laws of Hong Kong). Detailed practical guidelines on proper medication management, in terms of storage, recording and preparation are developed within the Group to ensure safe and secure handling.

Storage and Recording

All medicines are clearly labelled and kept in a secure and locked place, which are maintained and accessible only to designated levels of personnel. To tie in with the established quality assurance mechanism, health workers conduct monthly review to confirm that the medicines stored at the Group's care and attention homes for the elderly are in line with residents' medication records. For any change in medication for the residents (such as change of prescription after attending medical follow-up), the Group will update the residents' personal medication record accordingly.

Dispensation of Medicine

Every nurse and health worker adheres to the general guideline of "three checks five rights" and selectively cross-check each other's work to avoid mistake in the distribution of medicines. Whenever a medicine expires, or is reported of abnormalities in the colour, odour or consistency, the staff members of the Group would consult and take advice from the hospitals. Unused medicines are securely stored and disposed of in accordance with the Waste Disposal (Chemical Waste) (General) Regulation. Employees who violate pharmaceutical handling and safety procedures can be subject to dismissal.

Safety and Hygiene of Elderly Homes

Cleanliness and sanitation play an important role in the betterment of the environment and the prevention of outbreak of infectious diseases in the care and attention homes for the elderly of the Group. Through implementations of standardised procedures and precautionary measures, the cleanliness and hygiene of premises are well maintained. The disease-inducing risks are simultaneously addressed and minimised.

B. Social



Care workers cleanse and disinfect the facilities and equipment across the Group's care and attention homes for the elderly in accordance with the Group's cleansing quality requirements. Personal hygiene of staff and residents are maintained at all times, especially for staff that handle food and render daily personal care to the residents. To further control the spread of infectious diseases, immediate cleaning or disinfection is conducted when items are contaminated.

Fans, ventilation fans and filters of air conditioners are installed and maintained to facilitate proper ventilation across care and attention homes for the elderly, especially those situated in toilets and bathrooms. While receptacles for general garbage are cleaned regularly and covered at all times, clinical wastes containing blood is handled with extra precautions. The designs of furniture and equipment, bathrooms, toilets and corridors at the homes adhere to the requirements and specifications as stipulated in the RCHE Code of Practice to protect residents from any possible hazards.

Emergency Response Management

The Group believes that preparedness helps responding to emergencies in an organised, resilient and alert manner. As such, the Group has identified possible threats from internal and external aspects and established specialised contingency plans in terms of the natures of emergencies (e.g., fire, gas leakage, outbreak of infectious diseases and medical emergencies). The plans provide clear leadership and accountability in the main areas, with roles and responsibilities clearly defined.

Home managers must make detailed records and report to Licensing Office of Residential Care Homes for the Elderly of any incidents/accidents, for after-the-emergency reviews and for taking steps to strengthen the capacity of response. The Group should be highly cooperative with emergency response personnel and with internal or external investigations of accidents, environmental mishaps, drug or alcohol-related incidents, and other irregularities.

Customer Service

The Group pledges to provide quality personalised services to its customers that meeting the psychosocial, physical and spiritual needs of residents ultimately. Beyond full compliances with the RCH(EP)O and the RCHE Code of Practice, the Group has also embedded the service quality standards developed by the SWD into the Group's ongoing management process and daily service provision.

After admission of the residents, the care and attention homes for the elderly provide orientation sessions and customise a personal care plan for them, followed by care workers providing suitable daily personal care services that address the health conditions of residents with due care (including eating conditions, emotional, mental, social and behavioural conditions, and exercise). To provide a hazard-free environment, the designs of furniture and equipment, bathrooms, toilets and corridors are based upon the requirement and specification as stipulated in the RCHE Code of Practice.

The Group actively engages with residents and their families through daily communications, periodic surveys and meeting sessions. Management review meetings are often held to review the feedback, and to develop measures for addressing the identified deficiencies to achieve continuous improvement. The SWD conducts surprise visits to homes and provides feedback on their facilities and service, thereby assisting and encouraging homes to enhance their service standard. Complaints are dealt with in accordance with the Group's guidelines on proper procedures with special attention. No material non-compliance with relevant laws and regulations in relation to customer services of the Group was identified during the Reporting Period.

Data Protection and Privacy

The Group adopts strict policy and procedures to ensure that the privacy and confidentiality of residents are being respected and protected. The principles are also applicable to suppliers, employees and other parties.

Any personal data, including those of the Directors, staff and residents, should be handled with due attention. Personal information of residents will only be used for daily operation, unless with prior written consent and authorisation from the residents or their family members. The Group ensures that any personal care activities are conducted in a manner which respect the privacy and dignity of the residents. Sufficient personal space and facilities for protecting privacy (e.g. screens or curtains) are provided to the residents when rendering personal care services or nursing procedures.

B. Social

It is the Group's duty to safeguard the confidentiality of business and operational information. Internet access and emails are protected with password and firewalls. Staffs are prohibited from disclosing any confidentiality of the Group and misuse of company information. During the Reporting Period, the Group fully complied with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). No material non-compliance with relevant laws and regulations in relation to data protection and privacy of the Group was identified during the Reporting Period.

B7. Anti-corruption

The Group is committed to conducting its business with integrity, impartiality and honesty. All Directors and employees are subject to code of conduct, staff policy and regulations on the prevention of potential bribery, extortion, fraud and money laundering.

During the Reporting Period, the Group was in full compliance with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and other applicable laws and regulations relating to anti-corruption. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Conflict of Interest

The Group would from time to time organise various training sessions regarding anti-corruption for the Directors and its employees, which would be beneficial for them in familiarising themselves with their respective corresponding roles and responsibilities in anti-corruption and business ethics and fostering anti-corruption awareness and good professional conducts, hence building a good culture of integrity in practice.

All Directors and employees are required to declare any current or potential conflict of interests to the Group by completing relevant declaration forms. Employees, especially those in charge of key functions such as procurement, should not accept any entertainment, gifts or other benefits that could in any way influence the business decisions in favour of any person or organisation with whom the Group may have business dealings. Anyone who receives or is offered a gift or other benefits exceeding a certain amount, shall declare to the Chief Executive Officer and the internal audit team. A conflict of interest register should be maintained by the Company Secretary and reviewed annually by the Board.

Whistleblowing Policy

In line with the Group's commitment on accountability, a whistleblowing mechanism is developed among employees (at all levels, divisions and care and attention homes for the elderly) and all subcontractors' staff. It is to protect complainants against unfair dismissal, victimisation and unwarranted disciplinary action.

Any suspected misconduct, fraudulent activities or malpractices in any matters related to the Group should be made in writing and sent to 1/F., Tung Wai Court, No. 3 Tsing Ling Path, Tuen Mun, New Territories, Hong Kong to the audit committees. All reports of complaints, including the identity of the complainant, will be treated in the strictest confidence. Persons who victimise or retaliate against those who have raised concerns will be subject to disciplinary actions.

B8. Community Investment

Firmly established and rooted in Hong Kong, the Group highly values community investment and is dedicated to serving Hong Kong, caring for the community and building harmonious society as well as providing assistance to those in need. Throughout the Reporting Period, the Group has devoted time and effort in giving back to the society through encouraging its employees to support environmental protection and contribute to the community through participating in energy saving initiatives and volunteer works. In addition, the Group will:

- a. devote itself to poverty alleviation, caring for the underprivileged through supporting charitable causes and helping to build a harmonious society;
- b. endeavor to work with charitable organisations to participate in various community programmes to contribute to the local communities; and
- c. promote sports and cultural diversity of its employees and customers by organising and taking part in sports and fitness activities.

B. Social



The Group is also committed to providing career opportunities to nurture local talents and promote economic development to meet the needs of the community.

Donations

During the Reporting Period, the Group made a charitable sponsorship of HK\$600,000 to The Kowloon Federation of Associations Wong Tai Sin District Committee for community investment, and charitable donation of HK\$90,000 to The Leadership Institute on Narcotics to help eliminate drug abuse.

The Group will continue to be socially responsible and respond to the needs of the society through strategic use of its resources and networks.

