



閩港控股有限公司

**FUJIAN HOLDINGS LIMITED**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00181)



**Environmental, Social and Governance Report 2022**

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# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2022

## FUJIAN HOLDINGS LIMITED

### ABOUT THE REPORT

Fujian Holdings Limited (HK.00181) (the “**Company**” together with its subsidiaries, hereinafter referred to as the “**Group**” or “**we**”) strives continuously to incorporate sustainability initiatives into its daily operations and management. While sharing the vision of becoming the preferred choice of our stakeholders, the Group is committed to improving its Environmental, Social and Governance (“**ESG**”) performance by upholding good corporate governance standards, protecting its environment, engaging the community and promoting social integration.

This ESG report (the “**ESG Report**”) aims to share our key sustainability performances and outline our milestones on our sustainability journey during the financial year ended 31 December 2022 (“**2022**” or the “**Reporting Period**”). The content of the ESG Report has been prepared by the ESG working group (the “**ESG Working Group**”) of the Group and confirmed by the board (the “**Board**”) of directors (the “**Directors**”) of the Group. The reporting scope of the ESG Report covers the entities under the Group’s direct operational control, namely the hotel operations business in mainland China (“**Mainland China**”) and head office in Hong Kong unless specified. The reporting scope of the ESG Report is the same as the ESG report of the financial year ended 31 December 2021 (“**2021**”). We endeavor to provide a balanced, honest and transparent account of our performance.

This ESG Report follows and complies with the “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) under Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**SEHK**”) and comply with the “comply or explain” provisions. We value your feedback regarding our ESG reports and our overall sustainability practices. Please provide your comments by email to [info@fujianholdings.com](mailto:info@fujianholdings.com)

## BOARD STATEMENT

The Group is pleased to present the ESG Report for 2022. The Group puts the sustainable development of its business as the top priority of its long-term development goals, and incorporates ESG-related issues into its long-term business strategic planning. As the most important leading role of the Group, the Board has the overall responsibility to oversee, manage and monitor the Group's ESG policies, performance, management approach, risks and opportunities and priorities.

The Group strives to ensure the establishment of appropriate and effective risk management and internal control systems for supervising the identification and assessment of ESG and climate-related risks and opportunities, and to respond to the challenges and impacts of different times.

In response to the "carbon neutrality" goals set by the governments of the countries and regions in which the Group operates, the Group has set short-term and long-term sustainable development visions and incorporated them into the Group's strategic planning, business model and other decision-making processes. The Board discusses ESG-related issues, monitors and reviews the Group's ESG-related risks and opportunities, performance, goals and targets, progresses made against ESG-related goals and targets, management approach, and policies at least annually.

Effective implementation of ESG policies relies on the collaboration of different departments. The Group has established an inter-departmental ESG Working Group to ensure effective cooperation between different departments on ESG issues. Members of the ESG Working Group are comprised of the management and general staff from different departments. They are responsible for assisting the Board with its responsibility in overseeing the Group's ESG-related issues. Their duties include but are not limited to monitoring and evaluating the Group's ESG-related policies, performance, management approach, risks and opportunities and priorities. They also review the ESG reports and make suggestions to the Board on approving the ESG report. The ESG Working Group holds meeting and reports to the Board at least annually on their findings, suggestions on the Group's ESG performance and other material findings.

Looking ahead, the Board will continue to oversee, review and monitor the Group's ESG performance and provide material, reliable, consistent and comparable ESG information to its stakeholders for making contributions to create a better environment and society.

## REPORTING PRINCIPLES

The Group also attaches great importance to materiality, quantitative, and consistency in the preparation of this ESG Report. The Group has applied these reporting principles in accordance with the ESG Reporting Guide, details of which are as follows:

- **Materiality:**

Materiality assessment was conducted to identify material ESG issues during the Reporting Period, thereby adopting the confirmed material ESG issues as the focus for the preparation of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board and the ESG Working Group. For further details, please refer to the section headed “Stakeholder Engagement and Materiality Assessment”.

- **Quantitative:**

The standards, methodologies and applicable assumptions used in the calculation of key performance indicators (“KPIs”) data are supplemented by explanatory notes.

- **Consistency:**

Unless otherwise stated, the preparation approach of this ESG Report is consistent with the previous financial year for comparison. If there are any other changes in the scope of disclosure and calculation methodologies that may affect comparison with previous reports, explanations will be provided to the corresponding data.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

To understand the full spectrum of ESG aspects covered by the operation, we have regularly engaged in active two-way dialogue with both the internal and external stakeholders to better understand their concerns relating to sustainability issues that affect them. We engaged our stakeholders through meetings, interviews, direct mails and staff performance appraisal interviews. We tried to reach our stakeholders through all channels. We also make regular reference to our peers and both local and regional sustainability standard when we review our sustainability context, materiality and disclosures in order to keep our sustainability priorities and strategy relevant.

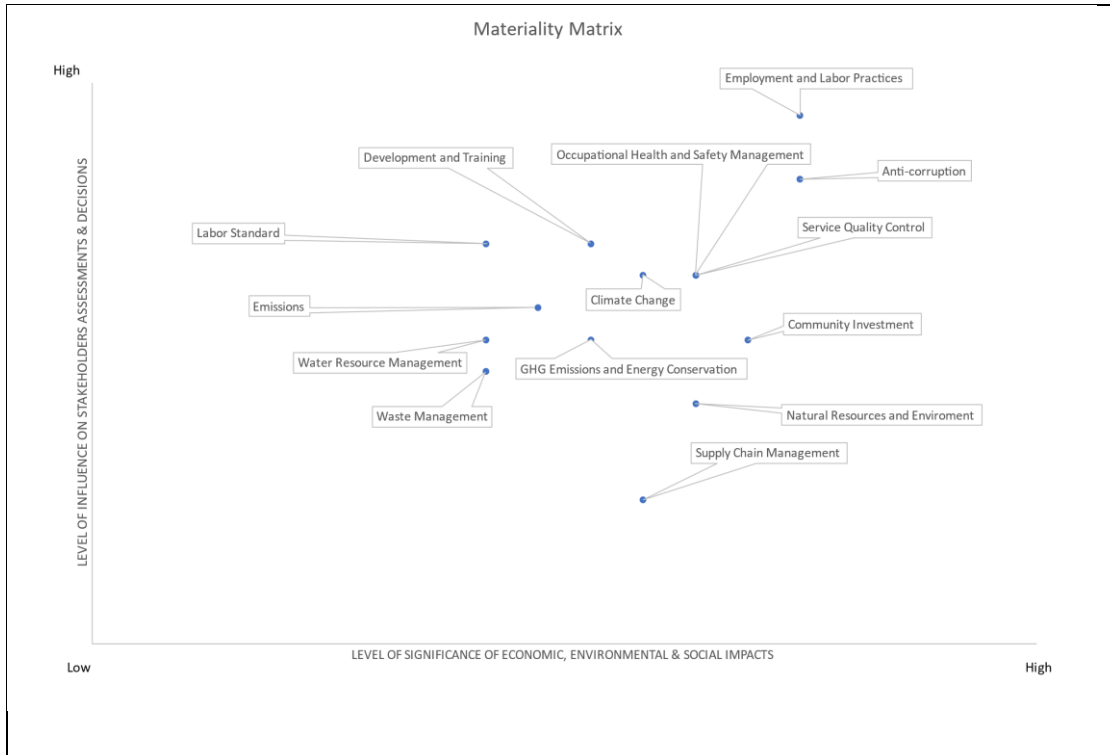
The Group endeavors to regularly engage with its external and internal stakeholders to identify business opportunities and address associated risks in order to further the Group's sustainable development efforts. The contribution of all stakeholders will aid the Group in improving potentially overlooked ESG performances and sustaining the success of the Group's business in the challenging market.

Stakeholders' expectations have been taken into consideration by utilizing diversified engagement methods and communication channels as shown below:

Stakeholders	Concerns and Expectations	Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> <li>● Compliant operation</li> <li>● Risk management</li> <li>● Anti-corruption</li> <li>● Financial performance</li> <li>● Corporate sustainability</li> </ul>	<ul style="list-style-type: none"> <li>● General meeting and other shareholder meetings</li> <li>● Financial reports</li> <li>● Announcement and circulars</li> <li>● Company websites</li> </ul>
Employees	<ul style="list-style-type: none"> <li>● Equal opportunities</li> <li>● Employees' health and safety</li> <li>● Employees' development and training</li> <li>● Protection of employees' rights and interests</li> <li>● Working environment</li> </ul>	<ul style="list-style-type: none"> <li>● On-job trainings</li> <li>● Mentoring by direct supervisor</li> <li>● Regular team sharing</li> <li>● Staff notice board</li> <li>● Staff Handbook</li> </ul>

Hotel Guests	<ul style="list-style-type: none"> <li>● Protection of guests' interest and privacy</li> <li>● Compliant operation</li> <li>● Complaint handling</li> <li>● Hotel environment and hygienic management</li> </ul>	<ul style="list-style-type: none"> <li>● Customer service manager</li> <li>● The Group's online booking websites, hotline or email</li> <li>● Customer satisfaction survey</li> <li>● On-site enquiry and resolution</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>● Fair and open procurement</li> <li>● Stable business relationship</li> <li>● Sustainable development of supply chain</li> </ul>	<ul style="list-style-type: none"> <li>● Tendering process</li> <li>● Supplier management meetings and events</li> <li>● On-site visits</li> <li>● Supplier evaluation</li> </ul>
Government Bodies and Regulators	<ul style="list-style-type: none"> <li>● Compliant operation</li> <li>● Risk management</li> <li>● Payment of tax</li> </ul>	<ul style="list-style-type: none"> <li>● The Group's secretary and in house solicitor</li> <li>● Legal executive</li> </ul>

In accordance with the industry standards and the result of internal review, the Group has identified 14 material ESG issues. The Group comprehensively assessed the importance of each issue based on the level of influence on stakeholders assessments and decisions as well as the level of significance of economic, environmental, and social impacts by conducting the internal materiality assessment survey. The Board and the management regularly review the sustainability issues that are most significant to our business and operations, and consider issues that are important to both our business and our stakeholders as material. The result of the materiality assessment is used to determine the focus of disclosure in the ESG Report and formulate the Group's ESG strategy. The Group will continue to conduct the materiality assessment regularly in order to analyze its business risks, enhance the relevance of the ESG reports and respond to the expectations of stakeholders. The following is the materiality matrix of the Group's material ESG issues:





## ENVIROMENTAL PERFORMANCE

We are committed to the long-term sustainability of the environment and communities in which we operate. To our best knowledge, we have complied with all relevant laws and regulations in the regions where we operate regarding environmental issues during the Reporting Period. This includes but not limited to the Environmental Protection Law of the People’s Republic of China. The Group expects high discipline from our employees and suppliers to take responsibility for their actions.

To enhance the Group’s commitment to corporate social responsibility and allow the Group’s stakeholders to better understand the ESG performance of the Group, the Board has set different ESG-related targets and different measures are implemented by the Group in order to achieve those targets. The Board, with the help of the ESG Working Group, monitors the progress of those targets and reviews the targets at least annually.

## EMISSIONS

The Group has implemented the Environmental Policy to govern its impact on the environment, including reducing the emissions to the environment. The Group strives to protect the environment through the implementation of control and monitoring measures in its business activities and workplace. The policy requires the Group to reduce its greenhouse gas (“**GHG**”) emissions and other air emissions and to reuse and recycle as much as possible to minimize waste disposal.

During the Reporting Period, the Group was not aware of any material non-compliance with environmental related laws and regulations, including but not limited to the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People’s Republic of China on Prevention and Control of Environmental Noise Pollution, the Law of the People’s Republic of China on Prevention and Control of Water Pollution, and the Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes that would have a significant impact on the Group.

## AIR EMISSIONS

With increased economic activities, air pollution has become a major environmental issue in the regions where we operate. In view of this, we are committed to controlling and reducing air emissions.

The Group's major source of air emissions comes from fuel consumption of company-owned vehicles. Business travel is avoided as much as possible to minimize emissions. We encourage the staff to use telephone conferences or e-mails for communication instead. When employee trips are organized, priority is given to public transportation and adjacent areas are chosen whenever possible.

The following table shows the Group's air emissions:

Air emissions <sup>1</sup>	Unit	2022
Nitrogen Oxides	g	686.87
Sulphur Oxides	g	26.32
Particulate Matter	g	50.57

Note(s):

- The calculation method of air emissions and the related emission factors were based on, including but not limited to, "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by SEHK.*

## GHG EMISSIONS AND ENERGY CONSERVATION

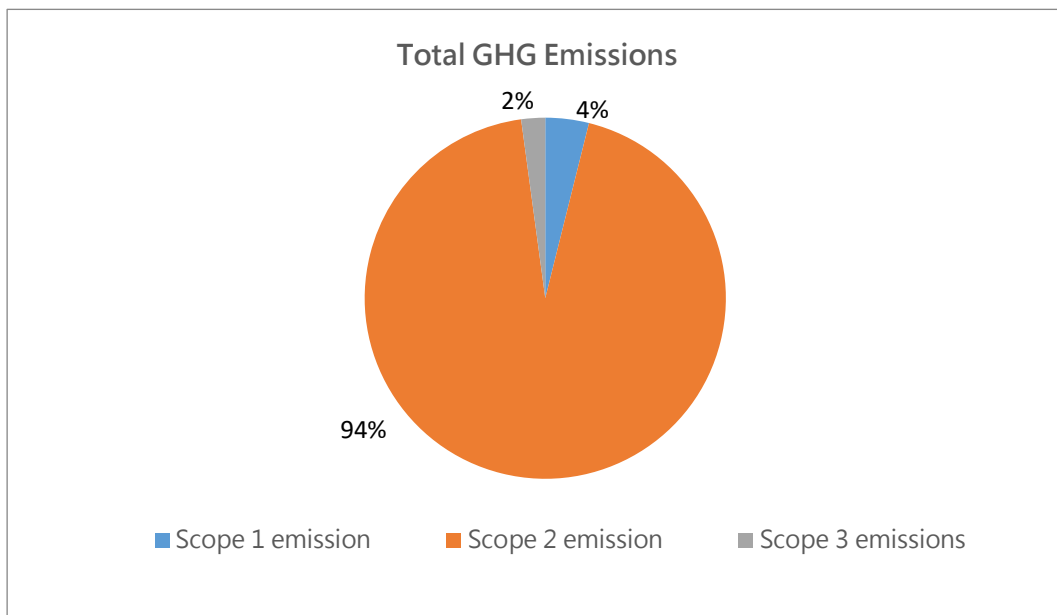
The impact of global climate change is a challenge that businesses and organizations around the world must face and address. The principal GHG emissions of the Group are generated from petrol and diesel consumed by company-owned vehicles (Scope 1) and purchased electricity (Scope 2). In response to the local governments' emissions reduction requirement, the Group has set a target to comply with more stringent requirements set up by local governments on or before 2030 and to achieve carbon neutrality by 2050. Currently, the target is in progress and the Group will continue to monitor its GHG emissions and implement GHG emissions reduction measures. To reduce the emissions from purchased electricity, the Group strives to improve energy efficiency to help us conserve resources and tackle climate change.

The major energy consumption of the Group during its daily operation is petrol and diesel consumed by company-owned vehicles and purchased electricity. During the Reporting Period, the Group has set a new target of organizing at least one energy conservation activity in the financial year ending 31 December 2023 ("2023"). The Group has also implemented energy conservations measures as

follows:

- Use energy-efficient equipment and lighting devices in our offices and turn them on only when used and turn them off after;
- Establish multi zone lighting controls;
- Encourage staff to switch off their personal lighting devices before leaving for a long period of time;
- Turn on time switch setting for the air-conditioners in the hotel control rooms to save electricity as much as possible;
- Replace lighting in hotel with light emitting diode (“LED”) energy-saving lighting; and
- Require electrical equipment to be shutdown promptly when not in use.

The following table shows our GHG emissions and energy consumption performance:



GHG Emissions <sup>2</sup>	Unit	2022
Scope 1 Emissions	tCO <sub>2</sub> e	44.22
Scope 2 Emissions	tCO <sub>2</sub> e	1,066.58
Scope 3 Emissions	tCO <sub>2</sub> e	24.28
Total GHG Emissions	tCO <sub>2</sub> e	1,135.08
Total GHG Emissions Intensity <sup>3</sup>	tCO <sub>2</sub> e/employee	10.32

Energy Consumption <sup>4</sup>	Unit	2022
Direct Energy Consumption	MWh	212.16
Petrol Consumption	MWh	17.35
Natural Gas Consumption	MWh	194.81
Indirect Energy Consumption	MWh	1,868.20
Electricity Consumption	MWh	1,868.20
Total Energy Consumption	MWh	2,080.36
Total Energy Consumption Intensity	MWh/employee	18.91

Note(s):

2. *GHG emissions data is presented in terms of tonnes of carbon dioxide equivalent and is 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, “How to prepare an ESG report - Appendix 2: Reporting Guidance on Environmental KPIs” issued by SEHK, the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2015 (AR5), the “The Notice on Enhancing the Management on the Task of 2023-2025 Electric-generating Industries Cooperates GHG Emissions Report” published by the Ministry of Ecology and Environment of the People’s Republic of China, Sustainability Report 2022 published by the HK Electric Investments and the HK Electric Investments Limited.*
3. *As at 31 December 2022, the Group had a total of 110 employees. This data is used for calculating other intensity data.*
4. *The calculation of unit conversion is based on “Energy Statistics Manual” issued by the International Energy Agency.*

## WATER MANAGEMENT

Water shortage and pollution has become a global problem, leading to health, food supply and ecological crisis and so on. To protect valuable water resources, we save water in our daily operations and explore more ways to reduce waste of water. The water resources of the Group are assigned to be managed by designated personnel. The Group has also developed a series of environmental policies to manage the use of water resources and reduce wastewater discharge.

In 2021, the Group has set a target to reduce water consumption by 3% by the financial year ending 31 December 2026 (“**2026**”) compared to 2021 (2021:

30,056.00 m<sup>3</sup>). In 2022, the Group's water consumption is 27,817.00 m<sup>3</sup>. Under the impact of COVID-19, the operation of the hotel in Mainland China was affected and resulted in a lower level of water consumption, which is not representative of the normal level of water consumption. The Group will continue to monitor its water consumption and implement relevant measures, aiming to achieve the target by 2026.

In terms of protecting our valuable water resources, we encourage our employees to save water resources and minimize the waste of water. To utilize water efficiently we have implemented measures including posting water-saving signs near water consuming sites. We have assigned designated staff to check on water facilities, such as pipes and faucets, on a regular basis to repair water leakage promptly. Employees are required not to keep the water running when it is not in use to prevent leakage and dripping. We also educate our employees and visitors on water conservation and organize activities that promote water conservation to improve their awareness of water conservation.

Since the water bill of the head office operations in Hong Kong is included in the maintenance fee of the office building, therefore, the Group is not able to estimate the water consumption of the head office in Hong Kong. The following table shows data on water consumption and sewage generation from our hotel operations in Mainland China. Due to the geographical location of where the Group operates, there is no issue in sourcing water.

The following table shows the Group's water consumption performance:

<b>Water Consumption</b>	<b>Unit</b>	<b>2022</b>
Water Consumption	m <sup>3</sup>	27,817.00
Water Consumption Intensity	m <sup>3</sup> /employee	252.88
Sewage Generation	m <sup>3</sup>	27,817.00

## WASTE MANAGEMENT AND REDUCTION

We work diligently in reducing the waste produced from operations by sorting waste, and reusing materials wherever possible. We recognize the importance of waste reduction and waste separation at source for recycling. During the Reporting Period, the Group has set a new target of organizing at least one waste reduction activity in 2023. The Group has also implemented waste reduction measures as below.

- Use electronic means (e.g. email) for communication;
- Print only when necessary and reuse single-sided printed paper and stationeries;
- Collect used paper for recycling;
- Return used toners of laser printers to suppliers for recycling;
- Set up green trays next to photocopiers and LAN printers to facilitate printing on single-side used paper; and
- Collect and recycle leftovers at our restaurants.

Due to the Group's business nature, the amount of hazardous waste generated is not material. The Group will assign professional third-party to handle if any hazardous waste is generated.

The following table shows the Group's non-hazardous waste performance:

Type of Non-hazardous Waste	Unit	2022
Food Waste	tonnes	90.30
Paper	tonnes	0.54
Total Non-hazardous Waste	tonnes	90.84
Intensity	tonnes/employee	0.83

## NATURAL RESOURCES AND ENVIRONMENT

While benefiting from the natural environment and resources, we should bear the responsibilities and fulfill the obligations of protecting them and making appropriate use. We have taken considerable efforts to minimize the impact generated by our business operations on the natural environment. Aligning the Group's environmental protection strategies with the Environmental Policy, the Group is committed to promoting a green environment by introducing environmentally friendly business practices, educating the employees to raise their awareness of environmental protection and complying with the relevant environmental laws and regulations.

In addition, the Group also cooperates with both the Provincial Association of Environmental Protection and the Municipal Association of Environmental Protection in Mainland China to educate its employees on environmental laws and regulations to enhance its employees' awareness of environmental protection. To further raise environmental awareness among stakeholders in our value chain, we integrate the concept of environmental protection into the education and training of our employees, promoting the importance of reducing carbon emissions among suppliers and sales customers.

We measure different types of materials used to gauge our environmental performance and dedicated to minimize the use of resources and waste disposal by using less and recycling more. For the measures to reduce waste and the Group's material consumption performance, please refer to the section "Waste Management and Reduction". Due to the Group's business nature, the amount of packaging material consumed is not material.

## CLIMATE CHANGE

Climate change poses escalating risks and challenges to the global economy, and such risks may negatively impact the Group's business. As a result, the Group formulates the Climate Change Policy to identify climate change-related risks and opportunities and make corresponding mitigation plans. The followings are the identified risk and mitigation measures.

### **Physical Risk**

In terms of physical risks, climate change will bring more intensive and frequent extreme weather events, such as strong winds and heavy rainfall, as well as tides and floods. Those extreme weather events can cause serious damage to assets such as buildings and goods in storage, resulting in financial losses and interrupting

logistics and supply chain, as well as increasing the cost of repairing or restoring damaged sites. Extreme weather events may also hinder traveling and affect the number of customers in our hotel business or even put our customers and employees in danger. As a countermeasure, the Group is accelerating its transformation to be smarter, more environmentally friendly, and safer to our employees and customers. It has made the Group more sustainable and fulfills its commitment to resource management and environmental protection.

#### **Transition Risk**

For the transition risk, the Group expects policies and regulations to become stricter. In response to the “Paris Agreement”, the government of Hong Kong and the Mainland China have announced that they will strive to achieve carbon neutrality. SEHK has also required listed companies to enhance climate-related disclosures in their ESG reports. Failure to meet the climate change compliance requirements may expose the Group to risks of claims and lawsuits, which may cause a negative impact on its reputation. Stricter compliance requirements may also increase the cost of compliance. In response to the transition risk, we will regularly monitor existing and emerging climate-related trends, policies and regulations to avoid reputational risks due to delayed response. We aim to ensure that the Group’s GHG emissions will comply with the more stringent requirements set up by local governments on or before 2030. We are committed to continuously improving energy efficiency, and maintaining efficient management system, in order to safeguard the Group’s reputation.



## **SOCIAL PERFORMANCE**

We recognize the importance of compliance with regulatory requirements and risks of non-compliance with the laws and regulations regarding social issues. We have complied with the relevant laws and regulations in the regions where we operate that have a significant impact on the business and operation of the Group during this Reporting Period.

## **EMPLOYMENT AND LABOR PRACTICES**

The employees of the Group are one of our key stakeholders. Maintaining harmonious employment relationships are the important cornerstone for the stable development of the Group. Therefore, the Group has developed sound wage systems and benefit policies to ensure all employees are treated fairly.

Each job candidate has an equal job opportunity, and the Group does not decline any candidate because of his or her gender, age, disability and ethnicity. Any discrimination on race, gender, religion, national origin, physical or mental disability, age, sexual orientation, and gender identity are strictly prohibited during the employment process and in workplace. Any candidate that meets the requirements of the position will be considered. We only refer to the employees' performance, experience and competence when making promotion decisions. Other attributes such as marital status and physical condition will not affect an employee's opportunity to be promoted.

Maintaining a good work and life balance is essential for employees' physical and mental health, therefore, the Group never forces employees to work overtime.

We provide good working environment, including a workplace free from discrimination and harassment, and provide equal opportunities for all employees along with competitive remuneration. The Group has formulated remunerations and benefits in strict compliance with relevant laws and regulations. Our remuneration benefits include allowances, holidays and pensions. Discretionary bonus scheme is also in place to reward employees with outstanding performance. We also provide paid wedding leave, causal leave and compassionate leave in addition to those stipulated under the Employment Ordinance of Hong Kong. The Group is also paying for the retirement benefit plans of employees in Hong Kong and Mainland China. Employees in Hong Kong are participating in a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, while the employees in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China.

During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulation, including but not limited to the Hong Kong Employment Ordinance, the Hong Kong Disability Discrimination Ordinance, and the Labor Law of the People's Republic of China that would have a significant impact on the Group.

As at 31 December 2022, total employees of the Group are 110 employees. The number of employees by geographical region, gender, age group, and employment type are as follow:

	Number of Employees
<b>(a) Breakdown by Geographical Region</b>	
Employees — Hong Kong	6
Employees — Mainland China	104
<b>(b) Breakdown by Gender</b>	
Employees — Female	55
Employees — Male	55
<b>(c) Breakdown by Age Group</b>	
Employees Age < 30	13
Employees Age 30 – 50	61
Employees Age > 50	36
<b>(d) Breakdown by Employment Type</b>	
Employees — Part-time	2
Employees — Full-time	108

The total turnover rate of the Group's employees in 2022 is 32.73<sup>5</sup>%. The turnover rate by geographical region, gender, and age group are as follows:

	Turnover Rate <sup>5</sup>
<b>(a) Breakdown by Geographical Region</b>	
Employees — Hong Kong	-
Employees — Mainland China	34.62%
<b>(b) Breakdown by Gender</b>	
Employees — Female	23.64%
Employees — Male	41.82%
<b>(c) Breakdown by Age group</b>	
Employees Age < 30	100.00%
Employees Age 30 – 50	19.67%
Employees Age > 50	30.56%

Note(s):

5. *Employee turnover rate = Number of employees leaving employment during the financial year (by category)/Total number of employees at the end of the financial year (by category) \*100%.*

## **OCCUPATIONAL HEALTH AND SAFETY**

Ensuring health and safety of our employees is one of our prime responsibilities. We strive to provide our employees with a safe working environment and reinforce their safety awareness by sharing safety information.

The Group has established equipment safety procedures and operation instructions to guide the employees about the safe operation procedures.

The instructions and procedures are posted in the offices and the operation areas of our hotel to remind employees of the safety practices for each operational process. The Group also provides appropriate protection measures for employees who work in positions with relatively higher risks to reduce the occurrences of occupational accidents and injuries.

No work accidents related to serious injuries or property damage and zero lost day due to work injury has been reported to our management during the Reporting Period. Also, there is no work-related fatalities occurred in each of the past three years, including the Reporting Period. Furthermore, during the Reporting Period, we were not subject to any claims arising from any material accidents involving personal injuries or death or property damage that had a material adverse effect on our business, financial condition or results of operation. The Group was not aware of any material non-compliance with health and safety-related laws and regulations including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Labor Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Prevention and Treatment of Occupational Diseases, and the Fire Protection Law of the People's Republic of China that would have a significant impact on the Group during the Reporting Period.

The Group is also very concerned about the physical and mental health of its employees. Therefore, in addition to providing physical examination, it also organizes activities to encourage employees to get together after work, improve the communication between each other and departments, build up team spirits among employees and create a pleasant work atmosphere.

In view of the coronavirus 2019 (“**COVID-19**”) pandemic, the Group has implemented corresponding health and safety measures to prevent our staff and customers from infections. To comply with recommendations from the Prevention and Control of Disease Ordinance of Hong Kong as well as Chinese Center for Disease Control and Prevention , we have requested our staff members to wear masks in workplace. In our hotel operations, an internal epidemic prevention and control structure has been established. Protective gears like masks and gloves are provided to our staff. Public spaces and areas are fully disinfected to ensure that hygiene level is up to government’s standards. In our office operations, policies on flexible working hours and work-from-home were adopted to safeguard the health and safety of our employees. Non-essential business travel is prohibited. As the pandemic is gradually under control, operations were resumed in an orderly manner in accordance to government regulations in regions we operate.

During the Reporting Period, the Group also invited local fire station to organize a fire safety education training event for the hotel staffs. The hotel staffs from different department learnt about the related laws and regulations on fire safety, fire safety measures in daily life and the cause of fire accidents by case study. The training raised the employees’ awareness and knowledge of fire safety.

## **DEVELOPMENT AND TRAINING**

To enable our talents to develop themselves to their fullest potential and provide them with the essential skill sets to deliver the best possible service, a comprehensive development plan has been established.

To ensure the effectiveness of our training programs, the Group has laid down a Development and Training Policy to administer and control the training related procedures. The Group provides diversified on-the-job training based on the needs of respective positions and the talents of employees. We provide them with all-rounded development opportunities and develop their potentials in different positions.

During 2022, there are approximately 78.18%<sup>6</sup> of the Group’s employees received training and the average training hours per employee is approximately 28.28<sup>7</sup> hours. The breakdown of staff members received training and average training hours completed per employee are as follows:

	Breakdown of Employees Trained <sup>8</sup>	Average Training Hours Completed Per Employee <sup>7</sup>
(a) Breakdown by Employee Category		
Employees — General	80.24%	27.60
Employees — Middle Level	13.95%	37.21
Employees — Senior Level	5.81%	22.50
(b) Breakdown by Gender		
Employees — Male	59.30%	33.65
Employees — Female	40.70%	22.91

Note(s):

6. *Total percentage of employees trained = Total number of employees trained during the financial year/Total number of employees at the end of the financial year\*100%.*
7. *Average training hours completed per employee = Total training hours completed during the financial year (by category)/Total number of employees at the end of the financial year (by category).*
8. *Breakdown of employees trained = Total number of employees trained during the financial year by category/Total number of employees trained during the financial year\*100%.*

## LABOR STANDARDS

The Group strictly prohibits the use of child labor and forced labor. The Group strictly adheres to the Provisions on the Employment Ordinance of Hong Kong and the Prohibition of Using Child Labor of the People's Republic of China. The Group only employs employees over the age of 18 years and never forces employees to work overtime to create a work environment that respects human rights.

The Group has implemented relevant policy to prevent child labor in the recruitment process. During the recruitment process, Human Resources Department declines candidates who are under the age of 18. Identification check is conducted during the hiring process. In strict accordance with the policy, no underage labor has been employed by the Group. If any violations are identified, the Group will promptly investigate and terminate the contract with the involved labor.

The policies related to working hours and overtime works are listed in the Group's Employee Handbook, to ensure the employees know their rights regarding working hours. The Human Resources Department also reviews the attendance records on

a regular basis. If forced labor is discovered, investigation will be conducted immediately. Punishment, dismissal of relevant employees caused such situation and even report to related legal authorities will be conducted in regards to any non-compliance.

The Group has zero-tolerance for employment of child labor and forced labor by our suppliers. During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labor-related laws and regulations, including but not limited to the Employment Ordinance of Hong Kong, the Labor Law of the People's Republic of China, and the Labor Contract Law of the People's Republic of China that would have a significant impact on the Group. The Group also avoids engaging suppliers with known records of using child labor and forced labor in their operations. The Group will review the relevant measures regularly to ensure their effectiveness.

## **OPERATING PRACTICES**

### **GREEN SUPPLY CHAIN MANAGEMENT**

The Group highly values its relationships with suppliers and regards them as important business partners. The Group has implemented the green supply chain management approach into its supplier management policies, which aims to actively promote the importance of reducing carbon emissions in the supply chain. The Group required all suppliers to comply with relevant laws and environmental protection standards, which include but not limited to the Environmental Protection Law of the People's Republic of China, and establish and comply with a reasonable environmental management system which promotes continuous improvement of processes and products through plan-do-check-act cycle. The Group reviews suppliers' environmental and social performance regularly, and would not continue partnership with suppliers of poor environmental and social performance.

The Group gives priority to environmentally preferable product. Taking transportation cost, environmental risks, social risks, raw material quality, and other relevant factors into consideration, the Group chooses local suppliers and selects the nearest suppliers as well as appropriate transportation means to minimize associated carbon emissions.

During the Reporting Period, the Group has 91 major suppliers, and all major suppliers are located in Mainland China. All major suppliers are evaluated carefully and are subjected to regular monitoring and assessment. Relevant policies are reviewed at least annually to ensure their effectiveness.

## SERVICE RESPONSIBILITY COMMITMENT

As a responsible company, we are fully aware of the importance to comply with relevant laws and regulations concerning the provision and use of our products and services, relating to health and safety, advertising, labeling and privacy matters.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress, such laws and regulations include but are not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Product Quality Law of the People's Republic of China, the Patent Law of the People's Republic of China, and the Advertising Law of the People's Republic of China that would have a significant impact on the Group.

Star-rated hotel operation is the main source of revenue for the Group. Ensuring customers' information privacy and safety are our main priorities under our hotel operations. We have implemented a series of policies and guidelines to regulate the transmission and storage of customers' information, thus ensuring compliance with the Consumer's Rights and Interests Protection Law of the People's Republic of China. We collected personal data that are relevant and required for our business. Dedicated staffs are appointed to maintain customers' personal data. The Group's employees are required to comply with the Privacy Policy in the Employee Handbook, including the disposal of confidential information. Employees who violate the policy will face penalty and can be dismissed immediately. The Group will review the related measures regularly to ensure their effectiveness. During the Reporting Period, the Group did not receive any complaint about leakage of customer data.

The Group respects and values the management of intellectual property rights. We assure that the Group's business information is well protected with no misappropriation and are in line with our operation guideline as well as industry best practice.

In addition, the Group is also committed to providing a comfortable and safe hotel environment for our customers. The Group has researched customers' needs and satisfaction to establish standardized service processes and has established a mechanism to keep abreast of customer satisfaction status. It serves as the basis

for improving the quality of customer service. We value the staying experience of customers in our hotel and we required all our frontline staff to provide high-quality service and satisfy customers' needs with a professional, patient and positive attitude. All new joiners of the hotel must receive a training about the Group's requirement on customer services, including the attitude and behavior of employees.

To drive the Group's continuous improvement, it has established multiple feedback channels to facilitate communication with customers and to satisfy customers' needs. The Group has also implemented a set of procedures to handle customers' complaints. Complaints received will be handled by relevant department and action will be taken promptly to address the identified issues. During the Reporting Period, no material customer complaint related to delivered services occurred. Due to the Group's business nature, it is not subjected to any product recalls for safety and health reasons.

#### **ANTI-CORRUPTION**

The Group is committed to maintaining high standard of integrity as stipulate by the Prevention of Bribery Ordinance of Hong Kong and Anti-Money Laundering Law of the People's Republic of China when doing business as we strongly believe that it is essential to meeting the expectations of our stakeholders. The Group promotes integrity and prevents unethical behavior.

The Group has implemented an effective Whistle-blowing Policy for reporting fraud and corruption. We encourage the reporting of suspected business irregularities and provide clear channels specifically for this purpose. When suspected wrongdoings are identified, such as breach of duty, abuse of power, receiving bribes, staff should report to the Group for investigation and verification. The Group will carry out investigation on the reported case and report to the regulator and/or to law enforcement authority when necessary. The Group is determined to protect whistle-blowers against retaliation for reporting incidents in good faith. The Group will also ensure the confidentiality of the identity of whistle-blowers. Related measures will be reviewed regularly by the Group to ensure their effectiveness.

Trainings on anti-corruption are offered to Directors and staff by the Group every year, with reference to law elements of the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) and the Anti-Money Laundering Law of the People's Republic of China. During the Reporting Period, the Group provided anti-corruption training materials to its Directors and employees for their self-study.



The Group has developed the Procurement and Bidding Management System for the procurement of materials. Tendering must be performed for all the Group's procurement activities, including all materials, projects and labor outsourced, purchased, leased and commissioned through contracts. The bidders' qualifications, including the quality, quantity, price and delivery timeframe of the materials purchased at the end, are used as the evaluation and assessment criteria.

During the Reporting Period, the Group did not observe nor receive any legal cases regarding corrupt practices, bribery, conflicts of interest, extortion, fraud, money laundering brought against the Group or its employees. The Group was not aware of any material non-compliance with any laws and regulations relating to bribery, extortion, fraud and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, the Criminal Law of the People's Republic of China, and the Company Law of the People's Republic of China that would have a significant impact on the Group.

## **COMMUNITY INVESTMENT**

The Group pursues sustainable development of its community by assessing and managing the social impact of its operations in the marketplace and by supporting initiatives that create effective and lasting benefits to communities in our operating boundaries.

The Social Investment Policy has been established to promote the Group and its staff's contributions to the community. With focus on people-in-needs in the communities, the Group encourages its staff to take part in community welfare and voluntary work. The Directors actively maintain communication with its stakeholders to understand community needs. Through participating in charitable activities, the Group hopes to bring more positive effects to the development of the community together with its own growth.

Affected by the COVID-19, the Group did not arrange any social activity during the Reporting Period in order to comply with the government's social distancing regulation. When the COVID-19 pandemic is over and the economic and social environment becomes stable, we will continue to make every effort to realize our social value through various means, thereby improving social wellness and promoting sustainable social development.

## ESG GUIDE CONTENT INDEX

Mandatory Disclosure Requirements	2022 ESG Report
Governance Structure	Board Statement
Reporting Principles	Reporting Principles
Reporting Boundary	About The Report

Disclosure, Aspects, General Disclosure and KPIs	Description	2022 ESG Report
<b>A. Environmental Aspect A1: Emissions General Disclosure</b>	Information on: (a) the 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	Emissions
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Environmental Performance — Air Emissions
<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 Performance — GHG Emissions and Energy Conservation
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance — Waste Management and Reduction

<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 Performance — Waste Management and Reduction
<b>KPI A1.5</b>	Description of emission target(s) set and steps taken to achieve them.	Environmental Performance — GHG Emissions and Energy Conservation
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Performance — Waste Management and Reduction
<b>Aspect A2: Use of Resources General Disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Performance
<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 Performance — GHG Emissions and Energy Conservation
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance — Water Management
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Performance — GHG Emissions and Energy Conservation
<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.	Environmental Performance — Water Management

<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Performance — Natural Resources and Environment
<b>Aspect A3: The Environment and Natural Resources General Disclosure</b>	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Performance — Natural Resources and Environment
<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.	Environmental Performance — Natural Resources and Environment
<b>Aspect A4: Climate Change General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Performance — Climate Change
<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.	Environmental Performance — Climate Change
<b>B. Social Aspect B1 Employment General Disclosure</b>	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.	Social Performance — Employment and Labor Practices

<b>KPI B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	Social Performance — Employment and Labor Practices
<b>KPI B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Social Performance — Employment and Labor Practices
<b>Aspect B2 Health and Safety General Disclosure</b>	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.	Social Performance — Health and Safety
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period	Social Performance — Occupational Health and Safety
<b>KPI B2.2</b>	Lost days due to work injury.	Social Performance — Occupational Health and Safety
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social Performance — Occupational Health and Safety
<b>Aspect B3: Development and Training General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social Performance— Development and Training
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance— Development and Training

<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	Social Performance— Development and Training
<b>Aspect B4: Labour Standards General Disclosure</b>	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.	Social Performance — Labor Standards
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	Social Performance — Labor Standards
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Social Performance — Labor Standards
<b>Aspect B5: Supply Chain Management General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Social Performance — Green Supply Chain Management
<b>KPI B5.1</b>	Number of suppliers by geographical region.	Social Performance — Green Supply Chain Management
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Social Performance — Green Supply Chain Management
<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.	Social Performance — Green Supply Chain Management

<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.	Social Performance — Green Supply Chain Management
<b>Aspect B6: Product Responsibility General Disclosure</b>	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.	Social Performance — Service Responsibility Commitment
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social Performance — Service Responsibility Commitment
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Social Performance — Service Responsibility Commitment
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Social Performance — Service Responsibility Commitment
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	Social Performance — Service Responsibility Commitment
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Social Performance — Service Responsibility Commitment

<p><b>Aspect B7: Anti-corruption General Disclosure</b></p>	<p>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.</p>	<p>Social Performance — Anti-corruption</p>
<p><b>KPI B7.1</b></p>	<p>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.</p>	<p>Social Performance — Anti-corruption</p>
<p><b>KPI B7.2</b></p>	<p>Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.</p>	<p>Social Performance — Anti-corruption</p>
<p><b>KPI B7.3</b></p>	<p>Description of anti-corruption training provided to directors and staff.</p>	<p>Social Performance — Anti-corruption</p>
<p><b>Aspect B8: Community Investment General Disclosure</b></p>	<p>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.</p>	<p>Social Performance — Community Investment</p>
<p><b>KPI B8.1</b></p>	<p>Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).</p>	<p>Social Performance — Community Investment</p>
<p><b>KPI B8.2</b></p>	<p>Resources contributed (e.g. money or time) to the focus area.</p>	<p>Social Performance — Community Investment</p>