



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

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# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2023

## FUJIAN HOLDINGS LIMITED

### ABOUT THE REPORT

Fujian Holdings Limited (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 dedicates itself to enhancing its Environmental, Social, and Governance (“**ESG**”) performance. This commitment is reflected in our adherence to high standards of corporate governance, our efforts to safeguard the environment, our active community involvement and our initiatives to foster social integration.

This ESG report (the “**ESG Report**”) aims to share our key sustainability performances and outline the milestones achieved in our sustainability journey during the financial year ended 31 December 2023 (“**2023**” 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 approved 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 otherwise stated. We endeavor to provide a balanced, honest and transparent account of our performance.

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) in Appendix C2 enclosed in the Rules Governing the Listing of Securities on the Main Board (the “**Main Board Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Group has complied with all the “comply or explain” requirements set out in the ESG Guide. We place great importance on your views concerning our ESG Report and our comprehensive efforts towards sustainability. We invite you to contribute your feedback by sending an email to [info@fujianholdings.com](mailto:info@fujianholdings.com).

### Disclaimer

Parts of this report are forward-looking subject to uncertainties, which could cause actual results to differ materially from those presented. The Company undertakes no obligation to update any forward-looking statements provided in this report.

### BOARD STATEMENT

The Group is pleased to present the ESG Report for the year 2023. 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 report to the Board at least annually on their findings, suggestions on the Group's ESG performance and other material findings.

Looking ahead, the Board remains steadfast in promoting ESG principles to foster stable progress, aiming to furnish stakeholders with vital, trustworthy, consistent and comparative information. We are enthusiastic about the prospect of making more significant contributions to fostering a more prosperous, green and harmonious society.

## REPORTING PRINCIPLES

The Group places substantial emphasis on the principles of materiality, quantification and consistency in the preparation of this ESG Report. In alignment with the ESG Reporting Guide, we have applied these principles with the following elaboration:

- **Materiality:**

We have conducted a materiality assessment to pinpoint key ESG issues within the Reporting Period. These significant issues have been taken as the core focus in the creation of this 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:**

We disclose measurable environmental and social KPIs (“KPIs”) and set quantitative performance targets where applicable. The measurement standards, methodologies, assumptions and/or calculation tools of the KPIs in this report, as well as the source of the conversion factors used, have been explained in the corresponding context (where applicable).

▪ **Consistency:**

Unless otherwise stated, the preparation approach of this ESG Report is consistent in previous years. Changes that may affect a meaningful comparison with previous reports have been explained in the corresponding section.

**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.

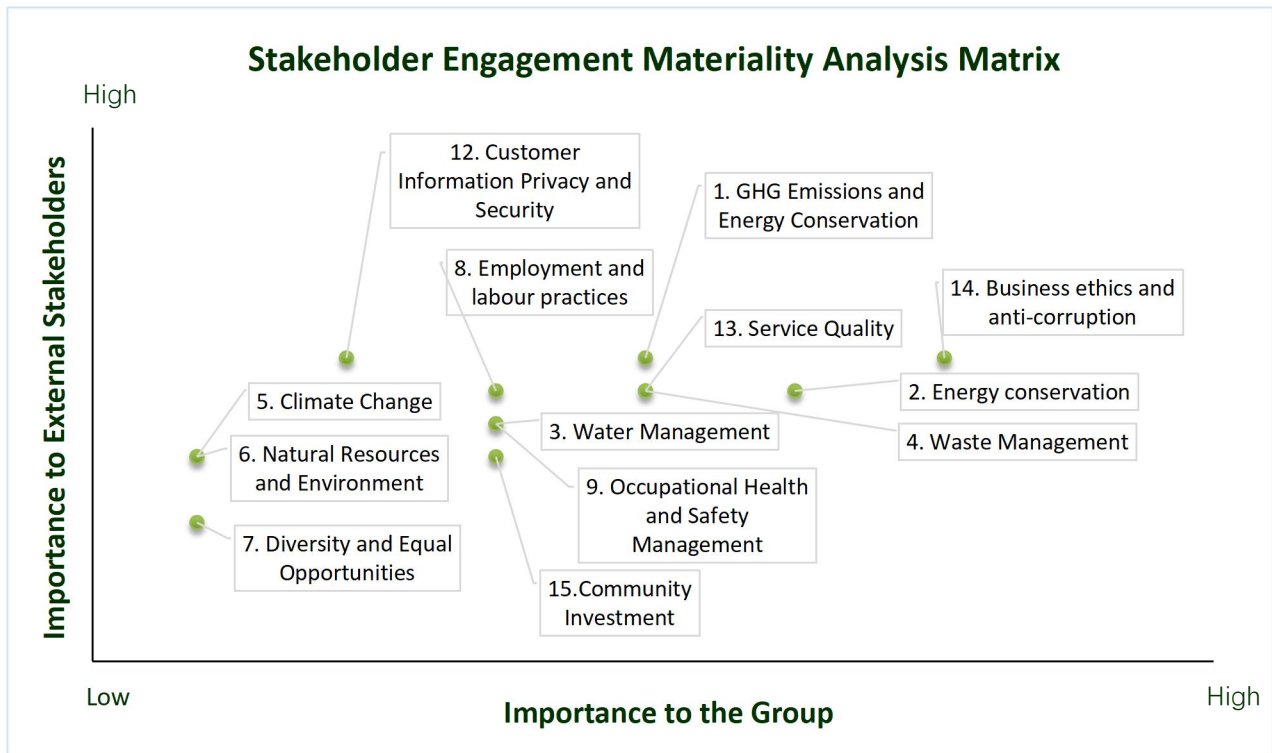
Stakeholders’ expectations have been taken into consideration by utilizing diversified engagement methods and communication channels as shown below:

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> </ul>	<ul style="list-style-type: none"> <li>▪ On-job trainings</li> </ul>

	<ul style="list-style-type: none"> <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>▪ 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>

Given the substantial disparities in the ESG challenges and opportunities that businesses in various industries face due to differences in their operational models. The Group commits to a recurrent evaluation of pivotal issues pertinent to the interests of our stakeholders. This ensures that our priority setting resonates with stakeholder expectations. The Board and management team undertake regular scrutiny of critical sustainable development issues that are vital to the Group's functions and continual operations, assuring these issues receive the appropriate level of focus.

In the fiscal year of 2023, the Group engaged an independent third party to carry out an online materiality assessment, thereby guaranteeing the precision and objectivity of the evaluation. Based on industry benchmarks and the outcomes of our internal reviews, we identified fifteen significant ESG topics for which stakeholder feedback was solicited. Through this equitable and transparent materiality assessment process, we have been able to define the focal points for disclosure in our ESG reports and formulate the Group's strategies for environmental, social, and governance matters.



## ENVIRONMENTAL PERFORMANCE

The group is committed to a vision of green development, striving to embed the principles of environmental protection deeply into our corporate culture. This ensures that our business growth and environmental conservation are mutually enhancing. As a corporate citizen, we fully recognize the environmental stewardship we must uphold and emphasize the necessity of protecting our environment to all team members and business partners in every aspect of our operations. To promote a green, low-carbon management strategy, we are dedicated to optimizing output while minimizing energy consumption, thus supporting the sustainable development journey towards an environmentally harmonious existence. We comply with all applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China.

The Board has established specific ESG goals. With the backing of our ESG working group and a spirit of interdepartmental collaboration, we vigilantly monitor the progress towards these goals, reviewing them in detail at least annually. Our vision is aligned with the national agenda for sustainable development. We actively align with the nation's "Dual Carbon" targets and are transforming our operational models in key regions to foster the shift towards a low-carbon economy.

We have established the following objectives to minimize the environmental impact of our Group and its operations. To track environmental performance, the Group regularly reviews

the progress of these environmental goals.

Area	Sustainable Development Goals	Progress
Waste Management	To organizing at least one waste reduction activity in 2023.	The Group have proactively advocated reduction of usage among all employees in the daily operations
Energy	To organizing at least one energy conservation activity in 2023	The Group have proactively advocated for less energy usage among all employees in our daily operations
Water	In 2021, the Group has set a target to reduce water consumption by 3% by 2026 compared to 2021	In Progress
Compliance	To align with stricter standards by 2030 and aspire to carbon neutrality by 2050	The Group consistently closely monitor and comply with the latest environmental laws and regulations

## EMISSIONS

The Group has implemented an Environmental Policy to manage its impact on the environment actively, with a strong focus on reducing emissions. In its business activities and workplaces, the Group is committed to protecting the environment by enforcing control and monitoring measures. The policy mentioned specifically requires the Group to reducing greenhouse gas (“GHG”) and other forms of emissions, reinforcing the reuse and recycling of resources and effectively minimizing waste to alleviate the environmental burden.

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

As our economic activities expand, air pollution emerges as a significant environmental



challenge in the regions we operate in. In response to this, the Group actively engages in controlling and minimizing the emission of pollutants as part of our commitment to environmental stewardship.

The Group's major source of air emissions comes from fuel consumption of company-owned vehicles. To mitigate this, we endeavor to limit business travel, thereby reducing fuel consumption and air pollution. Additionally, we advocate for the use of telephone conferences or emails as alternatives to face-to-face communication to further diminish the environmental impact of travel. In situations where travel is necessary, we encourage employees to prioritize public transportation and to select destinations that are in closer proximity, thereby collectively contributing to our environment conservation efforts.

The following table shows the Group's air emissions:

Air emissions <sup>1</sup>	Unit	2023	2022
Nitrogen Oxides	g	1,065.82	686.87
Sulphur Oxides	g	29.45	26.32
Particulate Matter	g	78.47	50.57

Note(s):

1. The calculation method of air emissions and the related emission factors refer to the *How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs published by the Stock Exchange of Hong Kong Limited in March 2020.*

## GHG EMISSIONS AND ENERGY CONSERVATION

Businesses and organizations around the world must take responsibility on this shared global stage to address the severe challenges posed by climate change.

The Group's primary greenhouse gas (GHG) emissions derive from the petrol and diesel powering our company vehicles (Scope 1) and the electricity we purchase (Scope 2). To meet local government emissions reduction mandates, we are continuous monitoring of GHG emissions and the enactment of reduction strategies. In efforts to curtail emissions from our use of electricity, we are dedicated to advancing energy efficiency, thus conserving resources and confronting climate change. During daily operations, petrol and diesel for our fleet and electricity form our primary energy use. To support energy conservation, the Group has adopted the following measures:

- Utilising energy-efficient office equipment and lighting, switched on only when necessary and off post-use;
- Establish multi zone lighting controls;
- Encourage staff to switch off their personal lighting devices when leaving their desks for an extended time;
- Equipping hotel control rooms with air-conditioner timers to maximise energy savings.
- 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	2023	2022
Scope 1	tCO <sub>2</sub> e	55.73	44.22
Scope 2	tCO <sub>2</sub> e	1,475.47	1,066.58
Scope 3	tCO <sub>2</sub> e	81.65	24.28
<b>Total GHG Emissions</b>	tCO <sub>2</sub> e	<b>1,612.85</b>	1,135.08
<b>Total GHG Emissions Intensity<sup>3</sup></b>	tCO <sub>2</sub> e/ employee	<b>12.13</b>	10.32

Energy Consumption <sup>4</sup>	Unit	2023	2022
<b><i>Direct Energy Consumption</i></b>			
- Petrol Consumption	MWh	19.42	17.35
- Natural Gas Consumption	MWh	248.26	194.81
<b><i>Indirect Energy Consumption</i></b>			
- Electricity Consumption	MWh	2,537.65	1,868.20
<b>Total Energy Consumption</b>	MWh	<b>2,805.33</b>	2,080.36
<b>Total Energy Consumption Intensity</b>	MWh/ employee	<b>21.09</b>	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 Sixth Assessment Report (AR6), 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 2023, the Group had a total of 133 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 scarcity and pollution have escalated into significant global issues, adversely impacting health, food supplies, and triggering a range of ecological crises, among others. In response, the Group is committed to conserving water throughout our daily operations and seeking innovative ways to reduce water wastage. The Group's water resources are managed by designated personnel, and we have implemented a comprehensive suite of environmental policies aimed at responsible water resource management and minimizing wastewater discharge.

With respect to protecting our precious water resources, we advocate for our employees to make prudent use of water and endeavor to limit waste. To enhance water efficiency, our actions include displaying water conservation prompts at points of use. We also ensure regular inspections of pipes and taps by designated staff to address leaks and drips in a timely fashion, and we enforce a policy of shutting off taps when not in use to eliminate wastage. Additionally, we provide education to our employees and visitors about conserving water, including organizing related activities to reinforce the importance of water conservation awareness.

Since the inclusion of water expenses for our Hong Kong head office operations within the office building's maintenance fees, the Group currently cannot determine the exact water usage at the head office. The table below presents the water consumption and sewage data for our hotel operations in mainland China. Owing to the Group's geographic position, there are no difficulties in sourcing water. Nonetheless, recognizing the increased demand for water resources resulting from post-pandemic economic recovery, the Group will persist in monitoring and examining our water use.

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

Water Consumption	Unit	2023	2022
Water Consumption	m <sup>3</sup>	41,841	27,817
Water Consumption Intensity	m <sup>3</sup> /employee	314.59	252.88
Sewage Generation	m <sup>3</sup>	41,841	27,817

## 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. 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, no significant amount of hazardous waste was generated during the Reporting Period. Should any hazardous waste be produced, the Group will assign a professional third-party to dispose of such waste in accordance with the relevant environmental regulations and laws.

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

Type of Non-hazardous Waste	Unit	2023	2022
Food Waste	tonnes	<b>243.50</b>	90.30
Paper	tonnes	<b>0.46</b>	0.54
<b>Total Non-hazardous Waste</b>	tonnes	<b>243.96</b>	90.84
Non-hazardous Waste Intensity	tonnes/ employee	<b>1.83</b>	0.83

## NATURAL RESOURCES AND ENVIRONMENT

As we benefit from the natural environment and its resources, it is incumbent upon us to uphold our responsibility to protect and cherish these assets. The Group has implemented a range of measures to minimize our business operations' impact on the natural environment. In keeping with our environmental strategy and policy, the Group is dedicated to instituting environmentally friendly commercial practices. We strive to enhance our employees' environmental consciousness through education and training, and we rigorously adhere to environmental laws and regulations to foster a sustainable green environment.

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 environmental conservation, thereby strengthening our employees' commitment to environmental stewardship. We incorporate environmental conservation principles into our employee training programs and convey the significance of carbon footprint reduction to our suppliers and customers. This broadens the understanding and implementation of environmental protection across our entire value chain.

By quantifying our material consumption, we can assess our environmental conservation performance accurately and aim to decrease resource usage and waste generation through reduced consumption and enhanced recycling efforts. 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 nature of its business, the Group does not consume large quantities of packaging materials. The use of such materials is not considered a material issue within the Group's ESG framework.

## **CLIMATE CHANGE**

As the risks and challenges posed by climate change to the global economy grow increasingly severe, it is highly likely that such risks could have a detrimental impact on the Group's operations. Therefore, we have developed a climate change policy to identify related risks and opportunities, and to devise corresponding mitigation plans and measures.

### **Physical Risks**

When it comes to physical risks, climate change is expected to lead to more frequent and intense extreme weather events such as hurricanes, heavy rainfall, and flooding. These events could cause considerable damage to buildings and stored products, resulting in economic losses, interrupted logistics and supply chains, and increased costs for repairing or restoring damaged facilities. Moreover, extreme weather may also hinder travel, affecting the number of customers at our hotel operations and potentially endangering the safety of our clients and staff. To counteract this, the Group is undergoing a rapid transformation to become smarter, greener, and to provide a safer environment for employees and customers. This transition enhances the Group's sustainability and reaffirms our commitment to resource management and environmental protection.

### **Transition Risks**

Regarding transition risks, in a proactive response to the challenges brought about by the Paris Agreement, governments around the world have pledged their commitment to achieving the grand target of carbon neutrality. Within the regions where our Group operates, the Hong Kong SAR Government has released the "Hong Kong's Climate Action Plan 2050", aimed at charting a long-term route towards carbon neutrality. The Mainland China government has also introduced the "China's Policies and Actions for Addressing Climate Change—The 2023 Annual Report", providing guidance for companies and citizens to gradually progress towards carbon neutrality. Meanwhile, the Hong Kong Stock Exchange has increased the requirements for listed companies to disclose detailed climate-related information in their environmental, social and governance reports.

Should our Group fail to meet these increasingly stringent climate change compliance standards, we may face claims and litigation, damaging our brand and reputation. Moreover, the financial pressure to comply with these regulations might also increase. In order to

manage these potential risks, we are continuously monitoring existing and emerging trends, policies and regulations related to climate change, ensuring timely adaptation and response to avoid any damage to the Group reputation.

Our aim is to ensure that by 2030 or sooner, the Group's greenhouse gas emissions will meet or exceed the ever-rising regulatory standards set by local governments. To achieve this, we are consistently improving the efficiency of our energy use and implementing effective management systems, not only enhancing operational efficiency but also strengthening the Group's reputation. Through these efforts, we anticipate that while fostering business growth, we will also combat the challenges of climate change and protect our environment for future generations.

## **SOCIAL PERFORMANCE**

### **EMPLOYMENT AND LABOR PRACTICES**

Our employees are one of the Group's most valuable assets, and fostering harmonious employment relationships is a vital foundation for the Group's stable and forward progression. In recognition of this, we have established comprehensive remuneration frameworks and benefits policies, which guarantee all our staff members receive fair and equitable treatment.

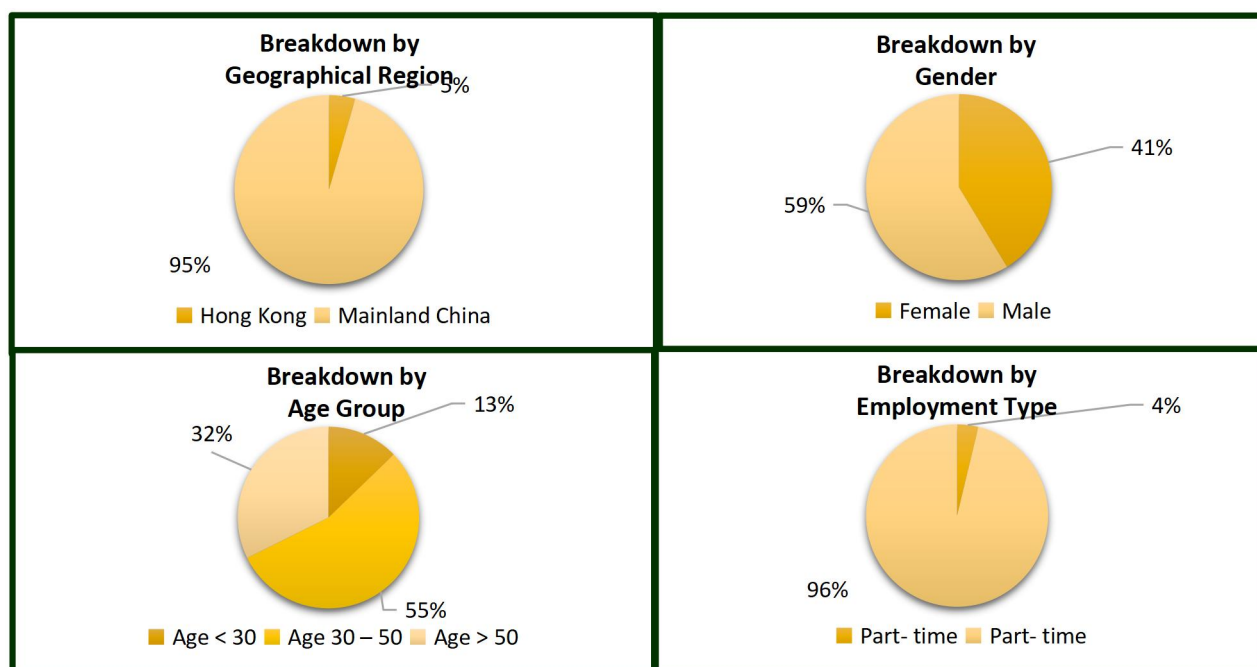
The Group upholds a policy of equal opportunity in employment; we do not discriminate against any job applicants based on gender, age, disabilities, or ethnicity. We have a zero-tolerance policy towards any form of discrimination, including biases against race, gender, religion, national origin, physical or mental disabilities, age, sexual orientation and gender identity during the recruitment process and within the workplace. Every applicant meeting the job specifications is considered for employment. Employee promotions are based solely on job performance, experience, and individual competencies, with no influence from other personal circumstances such as marital status or health condition. The Group places a high value on the work-life balance which is vital to our employees' overall well-being. Thus, 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 2023, total employees of the Group are 133 employees. The number of employees by geographical region, gender, age group, and employment type are as follow:



The total turnover rate of the Group’s employees in 2023 is 15.04%<sup>5</sup>. The turnover rate by geographical region, gender and age group are as follows:

	Turnover Rate <sup>6</sup>
<b>(a) Breakdown by Geographical Region</b>	
Hong Kong	-
Mainland China	15.75%
<b>(b) Breakdown by Gender</b>	
Female	14.55%
Male	15.38%

<b>(c) Breakdown by Age group</b>	
Age < 30	64.71%
Age 30 – 50	12.33%
Age > 50	-

*Note(s):*

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

*6. 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.

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 2023, there are approximately 98.50%<sup>7</sup> of the Group's employees received training and the average training hours per employee is approximately 3.947<sup>8</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>9</sup>
<b>(a) Breakdown by Employee Category</b>		
General Staff	98.47%	3.57
Middle Level Employee	0.76%	23.00
Senior Level Employee	0.76%	13.33
<b>(b) Breakdown by Gender</b>		
Male	58.78%	4.29
Female	41.22%	3.69

Note(s):

*7. 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%.*

*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%*

*9. 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).*

## **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 ad forced labor in their operations. The Group will review the relevant measures regularly to ensure their effectiveness.

## **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. During the

Reporting Period, our employees contributed a total of 16 hours of voluntary work, reflecting the corporate spirit of contribution to the community.

## ESG GUIDE CONTENT INDEX

Mandatory Disclosure Requirements	2023 ESG Report
Governance Structure	Board Statement
Reporting Principles	Reporting Principles
Reporting Boundary	About The Report

Aspects	Description	Section(s)
<b>A. Environmental Aspect</b>		
<b>A1: Emissions</b>		
General Disclosure	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
KPI A1.1	The types of emissions and respective emissions data.	Environmental Performance — Air Emissions
KPI A1.2	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
KPI A1.3	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
KPI A1.4	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
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Performance — GHG Emissions and Energy Conservation

Aspects	Description	Section(s)
KPI A1.6	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>A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Performance
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance — GHG Emissions and Energy Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance — Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Performance — GHG Emissions and Energy Conservation
KPI A2.4	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
KPI A2.5	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>A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Performance — Natural Resources and Environment
KPI A3.1	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>A4: Climate Change</b>		
General Disclosure	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



Aspects	Description	Section(s)
KPI A4.1	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</b>		
<b>B1 Employment</b>		
General Disclosure	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
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Social Performance — Employment and Labor Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Performance — Employment and Labor Practices
<b>B2 Health and Safety</b>		
General Disclosure	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
KPI B2.1	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
KPI B2.2	Lost days due to work injury.	Social Performance — Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social Performance — Occupational Health and Safety

Aspects	Description	Section(s)
<b>B3: Development and Training</b>		
General Disclosure	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>B4: Labour Standards</b>		
General Disclosure	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
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social Performance — Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social Performance — Labor Standards
<b>B5: Supply Chain Management</b>		
KPI B5.1	Number of suppliers by geographical region.	Social Performance — Green Supply Chain Management
KPI B5.2	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
KPI B5.3	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
KPI B5.4	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

Aspects	Description	Section(s)
<b>B6: Product Responsibility</b>		
General Disclosure	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
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social Performance — Service Responsibility Commitment
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social Performance — Service Responsibility Commitment
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Social Performance — Service Responsibility Commitment
KPI B6.4	Description of quality assurance process and recal procedures.	Social Performance — Service Responsibility Commitment
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Social Performance — Service Responsibility Commitment
<b>B7: Anti- corruption</b>		
General Disclosure	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.	Social Performance — Anti-corruption
KPI B7.1	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.	Social Performance — Anti-corruption
KPI B7.2	Description of preventive measures and whistle blowing procedures, how they are implemented and monitored.	Social Performance — Anti-corruption
KPI B7.3	Description of anti- corruption training provided to directors and staff.	Social Performance — Anti-corruption

Aspects	Description	Section(s)
<b>B8: Community Investment</b>		
General Disclosure	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.	Social Performance — Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Performance — Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Performance — Community Investment