

# 皇璽餐飲

集團控股有限公司

ROYAL CATERING

Group Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8300



## 2019

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT



Royal Catering Group Holdings Company Limited

# 2019

## Environmental, Social and Governance Report

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## Royal Catering Group Holdings Company Limited

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## PREPARATION BASIS

As a company based and serving in Hong Kong, Royal Catering Group Holdings Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or We) aims to serve its customers with top quality food at good value, in a cosy and inviting dining atmosphere. The Group also targets to provide (i) safe, healthy and pleasant working environments to its employees, (ii) reasonable returns on investments to investors, business partners and supporters, and (iii) sustainable development to the society and environment.

To ensure these long-term goals, the Group’s senior management (including the Company’s directors (the “**Directors**”)) are committed to environment protection, being socially responsible and are equipped with the strictest corporate governance. In pursuant to the requirement of the *Environmental, Social and Governance Reporting Guide* in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”), the Group has prepared this 2019 Environmental, Social and Governance (thereafter “**ESG**”) report, disclosing efforts in managing its ESG impacts from its principal operation activities, including: casual dining food catering services in Hong Kong. This ESG report covers two subject areas, namely environmental and social.

## SCOPE OF REPORT

The scope of this report will cover the Group’s initiatives on introducing the concept of ESG to its internal and external stakeholders, implementing practices throughout the Group’s daily operations and disclosing results as a year-end summary. It is also the intention of the management to provide an overview of the Group’s direction in managing ESG related issues, driving for ESG initiatives throughout the Group, and communicating its ESG performance with stakeholders.

## ESG REPORTING BOUNDARY AND PERIOD

The ESG reporting boundary of this report shall cover the operating activities of the Group from 1 April 2018 to 31 March 2019 (“**Reporting Period**”).

## STAKEHOLDER ENGAGEMENT & MATERIALITY IDENTIFICATION

The Group sets out below its efforts to minimise the negative influence to the environment, to promote employees’ well-being and to contribute to the local community.

To ensure the full spectrum of the ESG aspects of the operation is covered, the Group has consulted both the internal and external stakeholders about its potential impacts, and to identify its related attributes for active management purpose. The Group understands and values relationship with stakeholders from all perspectives, and thus included a wide range of parties as consultation targets.



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In addition, the Group engaged and commissioned a professional firm on drafting the ESG Report, and conducted a materiality analysis in the form of a management interview during the drafting process. Particular sustainability-related issues which are material to the Group were identified during the process, and results of which shall be disclosed in later part of this ESG Report.

The below table presents key stakeholders of the Group as well as how the Group communicate with them through a variety of engagement channels during the Reporting Period.

Stakeholders	Expectations and Concerns	Engagement Channels
Customers	Quality of products and services Customer rights protection	After sales services Feedback channels such as hotline and email
Employees	Staff salary and benefits Health and safety of working environment Training and career development	Training Performance review and interviews Internal announcements and publications Suggestion box
Suppliers	Fair procurement process Timely payment for supplied goods/services	Site visit
Shareholders	Corporate governance Business compliance Return on investment	Annual general meeting Annual, interim and quarterly reports Press releases and announcements Company website
Government and Regulatory Authorities	Compliance with laws and regulations Sustainable development	Supervision on compliance with local laws and regulations Routine reports
Community	Community involvement Environmental protection awareness	Community activities Subsidies and charitable donations

Table 1. Engaged stakeholder list and methods

## CORPORATE GOALS AND VISIONS

The Group aims to serve our customers with quality and safe food at good value in a cosy and inviting dining atmosphere. In addition, it envisions to:

- (i) provide its employees with safe, healthy and pleasant working environments;
- (ii) generate reasonable returns on investments to investors, business partners and supporters; and
- (iii) maintain sustainable development to the society and environment.





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## **ESG Management Structure**

The Group's ESG management has been structured to ensure the fulfilment of our corporate goals and visions to bring benefits to all stakeholders, and to support and serve the society and the environment with responsibilities and sustainable development.

The Board, headed by the Chairman and having a balance of skill and experience from the Executive and Non-Executive Directors, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budget and business plans. The day-to-day management including the effective implementation of the overall strategies and initiatives adopted by the Board on operations, financial, environmental and social issues and obligations, has been delegated to the Chief Executive Officer ("**CEO**") and its senior management team members.

Specifically, regarding environmental and social issues and obligations, the management is structured as follows:

### **Head office management**

At our head office, where the CEO and the senior management team members are based, is responsible for the overall management and supervision of our restaurants and the centralized warehouse.

### **Restaurant Operation**

Each of our restaurants is headed by a restaurant manager who oversees the daily operation of the restaurant. The staff of each restaurant is categorized into the kitchen division and the dining service division. The kitchen division is led by a head chef who supervises the operation of the kitchen and is responsible for the hygiene and safety of the kitchen and the food produced. The dining service division is headed by the restaurant manager who is responsible for overseeing the operation of the dining area of the restaurant to ensure delivery of satisfactory services to the customers.

### **Warehouse**

The Group engaged a service provider for procurement and warehouse services for our self-owned restaurants at Hong Kong International Airport ("**HKIA**"). The warehouse is located in Kwun Tong, which centralizes and supervises purchase, delivery and distribution of fresh and safe food ingredients as well as other supplies. Regarding restaurants operated by us under franchise agreements, we contracted out our procurement and the management of our warehouse to Tensel Investment Limited, a connected person. Please refer to our announcement dated 31 December 2018 for further details on the connected transaction. On the other hand, we handle our procurement and store the food ingredients and other supplies are stored in the restaurant premises for our self-owned restaurant in Central.

Through an independent internal control and risk management system, the Group ensures its restaurant operations and management fulfil and comply with its environmental and social responsibilities and obligations as required by the ESG Guide and the laws and related regulations of the Hong Kong Special Administrative Region ("**HKSAR**"), and the specific guides of the food industry. The Board is duty-bound to review, address and report all the environmental and social issues listed in the aspects and areas laid out in the Guide.



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In response, the Board has approved its updated strategies and policies, and assigned the CEO and senior team members to have the overall responsibility of their implementations. The CEO is responsible for analysing and developing Key Performance Indicators (“KPIs”) where appropriate and necessary, for continued monitoring action in line with the Group’s goals, visions and policies.

## ENVIRONMENTAL

The Group understands the importance and the responsibility of serving only the finest and safest food to our customers, and is committed to comply with all related laws and regulations. Through the materiality identification exercise, the Group identified that energy and water consumption, and waste generation are the most significant issues within the environmental section. In addition, the analysis also shows that the Group has minor impact towards air and carbon emissions, which also requires some monitoring attention from the Group. The Group’s management has delegated specific efforts in managing the identified environmental issues. Details will be provided in later sections.

The Group also understands the importance of a sustainable business development, and thus it is actively promoting a green operation, as well as cultivating a healthy and safe culture in the workplace. The Group encourages “*Green Environment*” ideas to ensure:

- the efficient consumption of energy and water;
- management and conservation of natural resources;
- the promotion on environment and safety awareness among staff;
- the reduction on waste and pollutants;
- a green, healthy and safety workspace for staff, visitors and contractors;
- an optimised energy use operation; and
- the continuous improvement in performance, environment and safety.

The Group also runs an internal environmental protection awareness program that consistently reminds and encourages its employees and clients to improve environmental performance together.

## Air Emissions

The Group examined the issue of air emissions across its operation, and concluded that the main sources of emissions originate from the direct consumption of Towngas during the cooking procedure, as well as diesel consumption of logistics vehicles. Air emissions include nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>) and particulate matter (PM). During the Reporting Period, a total of 115.2 kg of NO<sub>x</sub>, 0.2 kg of SO<sub>x</sub> and 11.4 kg of particulate matter. Since the main composition of town gas consist mainly of hydrogen and methane, it is generally considered to be a cleaner fuel source, hence the cooking process generated and released less pollutants into the atmosphere (source: [www.towngas.com](http://www.towngas.com)).



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However, to ensure the quality of air released to the atmosphere are meeting standards listed in related laws and regulations, emission collection and filtration systems were installed in various of the Group's operation locations (restaurants, centralised warehouse and the administrative head office), and specifically in restaurants located in HKIA, where emissions were pre-treated through a centralised system before releasing to the atmosphere.

The Group will continue monitoring its operation and ensuring its air emissions will remain well-managed and in compliance with all relevant laws and regulations. Further information shall also be disclosed in future ESG reports from the Group as changes occur.

### Greenhouse Gas Emissions

In addition to the efforts made in monitoring air emissions as mentioned in the above section, the Group performed careful assessment on its overall greenhouse gas emissions. As the Group's operations involve kitchen and food preparation, greenhouse gas emission by the Group is mainly composed of carbon dioxide (CO<sub>2</sub>), with minor contribution from methane (CH<sub>4</sub>) and nitrous oxides (N<sub>2</sub>O) from the kitchen operation.

The Group estimated its greenhouse gas emissions for the Reporting Period through calculation with relevant methodology, and with data available on electricity & gas consumption. To convert energy consumption figures to greenhouse gas emissions, emission factors obtained from invoices and references to third-party documents (including electricity & gas consumption data, and carbon intensity factor that are available on bills and sustainability reports from electricity & gas provider respectively).

The total greenhouse gas emissions of the Group in the Reporting Period was estimated to be approximately 975 tCO<sub>2e</sub>.

### Waste Management

The Group strives to reduce waste production in its operation activities. The Group produced various non-hazardous wastes in its operation activities, including waste oil, food wastes, paper wastes and waste water. Waste oil is mainly generated from restaurant's kitchen. Food wastes are mainly generated from cooking and unconsumed food by customers and paper wastes refer to used napkins from restaurants. Waste water is produced as a result of daily restaurant operations.

To minimize food wastes, the Group has established a centralised warehouse for the purchase, delivery and distribution of food ingredients and other supplies. Waste management guidelines and procedures such as Inventory Control Guideline are in place to ensure efficient inventory control. Restaurant Assistant Shop Manager and the Head Chef are both responsible for managing the food and drink preparation process, as well as minimizing non-consumed food wastes. The Head Chef would also provide regular training to other employees on proper usage and the mix of food, beverages, and vegetables materials for all dishes and drinks to avoid wastage.

All of the Group's food wastes and waste oils are handled by licensed waste disposal companies, and treated properly according to related regulations.



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Waste water generated by restaurants in the HKIA shall be collected from the central drainage system and treated before discharge, where other restaurants shall discharge daily waste water to the public drainage.

To control paper waste from daily operations, all staff are encouraged to use electronic messages and print on both sides of paper.

The Group will continue exert additional attention to waste management, and to the compliance of all applicable laws and regulation.

During this Reporting Period, the Group has generated the following of waste from its activities mentioned:

<b>Waste Materials</b>	<b>Unit</b>	<b>Quantity</b>
Waste Oil	6,160	Litres
Food Waste	189	Kilograms
Non-Hazardous Daily Waste	2,968,056	Litres

Table 2. Waste Generation Quantities

In addition, considering its business nature, the Group is not involved in any significant consumption of hazardous chemical reagents, and thus no hazardous waste figure was recorded in this Reporting Period.

## **Use of Resources**

The Group actively promotes “Green” culture and “Eco-Friendly” practices by maintaining an efficient consumption practice throughout its operation, at the same time protecting the environment. Measures including re-using resources, reducing waste, and recycling. In addition, “Green” operation in the supply chain and workplace have been adopted.

## **Energy (Town gas and electricity)**

In line with its “Green” culture, the Group actively promotes the concept of smart usage of energy in all operating premises. The main source of energy for the Group’s operation are Towngas and electricity. To ensure efficient energy consumption in restaurants, the Head Chefs at each restaurant are delegated to manage and guide employees on better energy use. The Group also invested into energy saving technologies, such as LED lighting system in both the warehouse and head office. In addition, notices on energy-saving are issued to our staff to raise awareness on energy conservation. Other initiatives implemented on energy-saving are set out as follows:

- All electrical appliances including air-conditioners and lights have to be turned off in a timely manner and after work;
- Energy-saving LED lights are installed whenever possible;
- The use of natural ventilation is encouraged whenever feasible; and
- Unused and idle appliances have to be turned off in a timely manner.



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An “Energy Consumption Key Performance Indicator Scheme” was also implemented within the Group to monitor on the use of town gas and electricity, and the resultant air pollutants and greenhouse gas emissions, and as a reminder for better consumption practices.

#### Water

During the Reporting Period, the Group did not encounter any issue in sourcing water for business operations. In addition to its efforts on energy conservation, the Group is also working closely with its employees on water conservation measures. Water meters are installed to record the water usage pattern and head chefs regularly monitor the volume of water used in restaurants for better consumption management.

#### Packaging materials

Packaging materials including boxes and bags are generally used for takeaway orders, and for the purpose of showing the Group’s support to a green environment, the Group uses only recycled materials for the takeaway boxes and bags. On the other hand, restaurants shall charge a levy on the consumption of take-out packaging materials for the purpose of discouraging their consumption and hence reduce their usage.

#### Paper

The Group intends to reduce any excessive paper usage by fostering a paperless working environment. Employees are encouraged to:

- facilitate information sharing via electronic tools such as emails, messages and USB storage to replace paper files, sketches and letters; and
- print paper on both sides, and to use only recycled paper.

The group has monitored its paper usage associated with its operations, including paper used in offices and in restaurant branches. The total paper consumption during the Reporting Period was estimated to be about 2,851 kg.

For continuous monitoring purpose, the Group has also established a “Key Performance Indicator Performance Scheme” on water, materials & paper consumption. Result shall be reviewed periodically by the Group’s management for further improvement.

### The Environment and Natural Resources

As the Group is mainly engaged in food production and restaurant operation, the Group constantly reminds its employees to be cautious on consumption, especially on electricity and water, and tries to conserve and minimise the Group’s resource consumption footprint. Conservation initiatives were thus implemented throughout this Reporting Period, and details are explained in the “Use of Resources” section.



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## Summary

The consolidated data with respect to environmental key performance indicators (KPIs) regarding emissions and resource consumption associated with the Group during the Reporting Period are summarized in the following table:

Environmental KPIs		
Category	Unit	2018-2019
<b>Energy Consumption</b>		
Total Energy Consumption	GJ	7,048
Petrol Consumption	GJ (L)	95 (2,739)
Diesel Consumption	GJ (L)	432 (11,155)
Electricity Consumption	GJ (kWh)	3,986 (1,107,128)
Town Gas Consumption	GJ (Unit)	2,536 (52,843)
Total Energy Consumption Intensity	GJ/1000 customers	5.92
<b>Greenhouse Gas Emissions</b>		
Total Greenhouse Gas (GHG) Emissions	t CO <sub>2</sub> e	975
Scope 1 — Direct Emissions	t CO <sub>2</sub> e	172
Carbon Dioxide (CO <sub>2</sub> ) Emissions	t	170
Methane (CH <sub>4</sub> ) Emissions	kg	2.3
Nitrous Oxide (N <sub>2</sub> O) Emissions	kg	3.8
Scope 2 — Energy Indirect Emissions	t CO <sub>2</sub> e	746
Scope 3 — Other Indirect Emissions	t CO <sub>2</sub> e	57.4
Paper Waste Disposed At Landfills	t CO <sub>2</sub> e	13.7
Fresh Water Processing	t CO <sub>2</sub> e	37.3
Sewage Processing	t CO <sub>2</sub> e	5.8
Employee Business Travel	t CO <sub>2</sub> e	0.6
Total Greenhouse Gas (GHG) Emissions Intensity	t CO <sub>2</sub> e/1000 customers	0.82
<b>Air Emissions</b>		
Nitrogen Oxides (NO <sub>x</sub> ) Emissions	kg	115.2
Sulphur Oxides (SO <sub>x</sub> ) Emissions	kg	0.2
Particulate Matter Emissions	kg	11.4
<b>Waste Management</b>		
Waste Oil	L	6,160
Food Waste	kg	189
Non-Hazardous Daily Waste	L	2,968,056
<b>Use of Resources</b>		
Paper Consumption	kg	2,851
Paper Consumption Intensity	kg/1000 customers	2.39
Water Consumption	m <sup>3</sup>	40,985
Water Consumption Intensity	m <sup>3</sup> /1000 customers	34.4
Total Packaging Material	pieces	737,564
Total Packaging Consumption Intensity	pieces/1000 customers	620

Table 3. Environmental Performance Summary Table





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## **SOCIAL**

Restaurant operation requires the support of a diverse, skilful workforce, and the Group's senior management considers the Group's employees as valuable asset. The Group strives to provide a competitive benefit scheme, as well as a stable and safe working environment for its employees in order to attract and retain talents.

In order to continue to grow sustainably and responsibly, the Group constructs its benefits, employment and corporate governance scheme, and ensures it is in full compliance in accordance with the applicable local laws and regulations.

As indicated in materiality assessment, the Group is principally involved in all aspects related to "Employees" in the social perspective. Details on the management measures implemented by the Group shall be elaborated in following sections.

### **Employees**

Since a motivated and balanced workforce is crucial to the success, sustainability and continued growth of the Group's business, the Group is dedicated to offer a safe, equal and healthy working environment for all of its employees.

The Group is in full compliance with all the applicable laws and regulations towards employment arrangements, as it is also committed to provide equal opportunities on recruitment, promotion, compensation and benefits, and establishes a pleasant, harmonious, safe and healthy working environment.

The Group strives to strengthen its human resources management with employee-oriented policies to protect the interests and legal rights of the employees, and ultimately to achieve a positive, constructive and harmonious relationship between the Group and its employees.

The Human Resources Manager is assigned to implement the Group's human resources strategies and policies. This includes wages and salaries, holidays, severance and compensation pay, performance assessment, accidents and injuries, as well as safety and health topics. All employment terms and conditions are clearly listed in the *Employment Rules And Regulations and Employment Contract*, and it is in full compliance with relevant employment-related ordinances of the HKSAR.

The Group provides various benefits to qualified employees, including but not limited to Mandatory Provident Funds (MPF), employment compensation insurance and compensation and statutory holidays pursuant to the requirements of the laws of the HKSAR.

The Human Resources Manager has prepared "Employment Record" with breakdown of total number of employees in different levels, sectors, genders, ages and qualifications to assist the Group's management to constantly monitor and analyse the Group's employment situations.

Further information on employee remuneration, workforce diversity and training shall be discussed in the below sections.



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## **Employment & Remuneration**

In order to attract and retain talents, the Group rewards its employees with competitive remuneration packages (including competitive wages, incentives and discretionary performance bonus, transportation allowance and staff meals), along with promotion opportunities and discretionary grant of share options. Remuneration packages are constructed with reference to the prevailing market level in line with competency, performance, qualification and experience of each individual employee.

Performance bonus and share options are given to outstanding employees on a discretionary basis, and as a recognition of his/her contributions toward the Group.

During the Reporting Period, all of the Group's employees are also entitled to Mandatory Provident Fund ("MPF") pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of Laws of Hong Kong), as well as employment compensation insurance pursuant to Employees' Compensation Ordinance (Chapter 282 of Laws of Hong Kong). In addition, all employees received payment of salaries and wages on time and are entitled to statutory holidays, annual leaves and sick leaves. In addition, policies on remuneration, benefits, training and occupational health and safety are regularly reviewed, and disciplinary action would be taken if act of serious misconduct are identified.

All details listed above are included in the Group's *Employment Rules and Regulations Policy*, which is constructed in accordance with the *Employment Ordinance* (Chapter 57 of Laws of Hong Kong), and the Group shall continue to monitor its compliance to related Ordinance as listed above.

## **Remuneration Committee**

To ensure the Group's remuneration scheme remains competitive, the Group's Remuneration Committee was established in 2016. The Remuneration Committee's primary duties include making recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general employee. The Remuneration Committee also ensures that none of the Directors or any of their associates determine his or her own remuneration. During the Reporting Period, the Remuneration Committee consists of three members, namely Mr. CHENG Wing Hong (resigned on 9 August 2018), Mr. NG Sai Cheong (appointed on 9 August 2018), Mr. WONG Man Wai, and Mr. CAI Chun Fai, where Mr. CHENG is the chairman of the Remuneration Committee before 9 August 2018 and Mr. CAI Chun Fai has been appointed as the chairman of the Remuneration Committee since 9 August 2018.

During the Reporting Period, Remuneration Committee has conducted 2 meetings, and with the purpose to perform the following:

- 1) review the remuneration and compensation package of the Directors and the senior management with reference to, among other things, the market level of salaries paid by comparable companies;



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- 2) review the respective responsibilities of the Directors and the senior management and the performance of the Group;
- 3) approve that the remuneration and compensation package remained unchanged; and
- 4) approve the proposal to pay performance bonus to certain Directors based on the performance of the Group in 2018.

### Retirement Benefit Scheme

All qualifying employees of the Group are entitled to Mandatory Provident Fund (“**MPF**”).

During the Reporting Period, total contributions paid to the MPF scheme by the Group amounted to approximately HK\$1,120,000 (2018: approximately HK\$1,231,000), which had been recognised as expenses and included in staff costs in the consolidated statement of profit or loss and other comprehensive income.

### Equal Opportunities, Diversity and Anti-Discrimination

Equal opportunities are given to employees in respect of recruitment, promotion, training and development, job advancement, compensation and benefits and other aspects of employment practices. The diversity of employees provides the Group with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. The Group is committed with a discrimination-free working environment, as opportunities will not be held back on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable laws. All successful recruitment will include a proper and standardized contract in writing between the respective employees and the Group.

As of 31 March 2019, the Group had a total of 131 employees, and the breakdown of the Group’s workforce is set out as below:

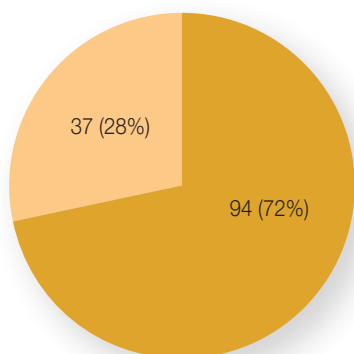
Total	Employee Type		Gender		Below 30	Age Distribution			
	Full Time	Part Time	Male	Female		30-40	40-50	50-60	above 60
131	94	37	74	57	48	27	32	19	5

Table 4. Employee Diversity



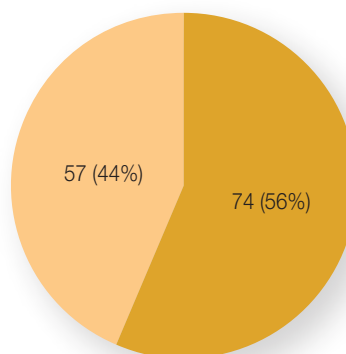
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**Employee Type Distribution**



■ Full Time    ■ Part Time

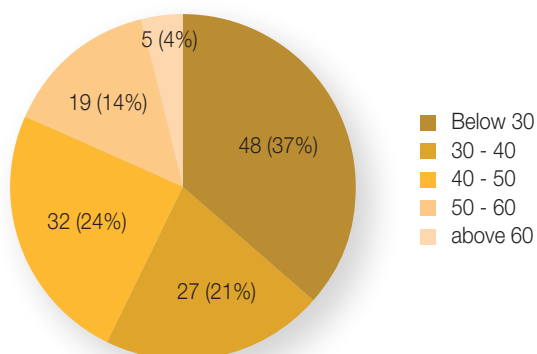
**Employee Gender Distribution**



■ Male    ■ Female

Chart 1 & 2 — Employee Type and Gender Distribution

**Employee Age Distribution**



■ Below 30  
■ 30 - 40  
■ 40 - 50  
■ 50 - 60  
■ above 60

Chart 3 — Employee Age Distribution

During the Reporting Period, the Group has not identified any material non-compliance with employment – related laws and regulations, and no discrimination act can be found.



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## **Occupational Health and Safety**

Operational health and safety are treated as one of the top priorities in the Group, and the Group strives to maintain a high occupational safety and health standard, fostering a safe and comfortable working environment for our employees.

The Group's *Employment Rules and Regulations Policy* is implemented as a guideline for employees' daily operation practices, recommending the appropriate conduct during operation and it is consistently implemented in all premises of the Group (ie: restaurants, warehouses and head office).

All premises are equipped with first aids kits, and safety response procedures are in place to handle emergency cases. Regular safety inspections were conducted by relevant government department to ensure a safe working condition is maintained, and the Group obtained verified compliance pass for each of the inspections. Furthermore, internal control manual outlines guidelines on occupational and restaurant safety matters for kitchen operation, and it is a strict requirement for all kitchen employees to follow the guidelines. Safety and workplace hygiene trainings are also arranged as a mandatory requirement for all restaurant employees.

Other housekeeping safety guidelines are set out as follows:

### **General restaurant safety**

1. The surface of all the floors of restaurants and office premises shall be maintained even and non-slippery, and effective drainage should be installed in kitchen to prevent accumulation of water. Employees working in kitchen should wear non-slip shoes to prevent accidents;
2. Floor surface in the kitchen area should be laid with non-slip tiles;
3. Knives should be kept safely with blades protected and only used for the intended job;
4. Containers for hot water or oil should not be overfilled and should be properly placed. Handles of cooking pans should be kept away from aisles. Employees should wear proper work clothes, protective gloves and aprons;
5. Materials and operating equipment in all workplaces should be stored, stacked or arranged in such a manner that no danger would be caused to any person; and
6. First-aid boxes should be available to employees in all workplaces and placed at easy to access locations.



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**Fire safety**

1. Doors, gates and shutters shall always be kept unfastened or unlocked or otherwise fastened in such a manner that they can easily be opened from indoor without a key if there are people inside the workplace; or unobstructed, as they should serve as a means of escape in case of fire. There should be a conspicuously placed illuminated sign bearing the word “EXIT” in both English and Chinese;
2. The means of escape should be clearly and accurately illustrated in floor plans. The floor plans should be properly displayed at prominent places in the workplaces, and easily viewed by all;
3. Fire warning system should be regularly tested, and a record of these tests should be kept by the Administration Department;
4. Adequate, and regularly checked fire extinguishers shall be provided/maintained and so placed as to be readily available for use;
5. Employees should be aware of the location and the appropriate use of the fire extinguishers;
6. Adequate and sufficient training in fire safety at workplaces should be provided periodically at suitable intervals to all the employees working in the premises; and
7. Notices should be displayed in all conspicuous positions in the workplaces to highlight the action to be taken on discovering a fire. All fire instruction notices should be framed and glazed or otherwise sealed to prevent loss or defacement and be permanently fixed in position.

The Group also implemented an Accident Reporting Guideline, pursuant to which any injury or accident occurring at restaurants or warehouse, regardless of the type and seriousness of the injury and accident, must be reported to the head office.

During this Reporting period, the Group had no material non-compliance breach with relevant standards, rules and regulations, and had no major accident encountered. The Group has recorded a total of 9 work injury incidents in this Reporting Period.

**Development and Training**

The Group supports its employees to life-long learning and enhance job skills and knowledge. The Group customizes various types of in-house training programme for employees to improve their overall skills relevant to work, and for the benefit of the employees to prepare for skills necessary for career advancement, including (i) general training; and (ii) Directors' training.





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#### General training

As the Group's guiding policy, orientation programme and on-job training are provided for newly employed staff, and for those who have been relocated to a new position to ensure that they can be familiar with the new working conditions, specific job requirements and safety and environmental practices. Furthermore, the Group encourages employees to actively participate in work-related trainings organized by external institutions, such as Integrated Vocational Development Centre, the School of Continuing and Professional Education, and local university to enhance individual professional quality and ability. Tuition fees may be subsidized by the Group on application, if considered appropriate, by the Group's senior management. The Human Resource Manager has maintained records for internal and external training programs participated by the Group's employees.

#### General training — Daily Restaurant Debriefing

The Assistant Restaurant Manager and the Head Chef of each restaurant also conduct daily debriefing with all the employees of the restaurant for matters of attention, including recent incidents that occurred at the restaurant, customers comments and suggestions, changes in food and drinks menus, material changes in weather and traffic conditions, restaurant hygiene and cleanliness as well as areas for improving the quality of service. During the daily debriefing, comments from the employees are encouraged and brought up for discussion.

#### Supply Chain Management

Food and catering businesses involve working with a diversified group of companies, and the Group values the mutual benefits that can be gained from a long-lasting relationship with reputable suppliers to provide high quality products. As the Group owns and/or operates several popular restaurants in locations across Hong Kong, the Group has implemented various effective and consistent Group-wide Supply Chain Management Schemes, (ie: *Internal Control Purchase Manual and Approved Suppliers List* ("**ASL**")), covering restaurant activities include sourcing for food ingredients, food products, beverages, utensils and other ancillary equipment purchases. Other supply chain activities that are covered under such schemes also include engagements with external licensing consultants, pest control companies, renovation, repair and maintenance service companies, cleaning companies, and office supplies purchase suppliers.

The Group principally purchases from its ASL that is constructed based on criteria set forth from the *Internal Control Purchase Manual*. Supplier shall be assessed according to its product and service quality and stability offered, and along with general reputations from the specific supplying company. Specific criteria such as price, quality of products, customer service team responsiveness, capability and experience shall all be assessed during the selection process. Quality of suppliers in the ASL shall be reviewed regularly to ensure the quality is maintained, and immediate removal from the list shall be performed in case suppliers are identified not meeting the Group's standard.

As a support to local economy and to ensure flexibility of supplies, the Group sources from reputable local suppliers. The Group also procures recycled packaging materials for food delivery as a means to support green practices.



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The Group monitors the reputation of the supplier's performance in business ethics, environmental protection, human rights and labour practices, and it will take note of such details during the procurement process.

During this Reporting Period, the Group did not identify any cases of suppliers failing to meet the Group's requirements.

## Product Responsibility

Serving high quality of food to customers is the core and guiding principle of the Group, and as part of the "product responsibility". Details on food quality management is stated in the Group's *Internal Control Manual, Employee Rules and Regulations and Contracts*, a summary of which is set out below:

### Food Quality

Quality of food and hygiene and safety is the most important aspects of the Group's business, and a series of strict internal quality control standards are implemented across the operation processes as summarised below to ensure the quality, hygiene and safety of food served to our customers:

- Purchase, Storage, Preservation and Inventory Control — to ensure freshness of food ingredients, reduce wastes and shortest delivery time, the Group purchases all food ingredients for restaurants in the HKIA in bulk-purchase orders and keeps the food ingredients in the centralised warehouse. Perishable food ingredients are kept at an inventory level sufficient for not more than one day, and non-perishable food ingredients, including frozen meat, are kept in the centralised warehouse at an inventory sufficient for at most 3 days of operation in order to maintain freshness. Any unused vegetables would be discarded at the end of each day.
- Suppliers — to ensure the quality of food ingredients, the Group only purchases from reliable and approved suppliers, who have proven track records on maintaining excellent food hygiene and safety.
- Food Preparation — to ensure the freshness and the safety of the served food, employees are trained with food safety handling and food processing procedures such as washing, cutting, seasoning, cooking and serving are carried out by kitchen staff under the supervision of the Head of Chefs. Employees working in the kitchen are also required to use different sets of cutting boards and knives for processing raw food and cooked food. All dishes shall be freshly made in the kitchen and served to customers as soon as possible, which reduces the risk of food contamination. Also, raw food and cooked food are stored separately to avoid cross-contamination. All used food processing equipment will be cleaned thoroughly before it is used for processing another dish. Used utensils are collected, washed and dried after used by customers.



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**Hygiene Manager and Hygiene Supervisor Scheme**

The Group is committed to food and environment hygiene, and to maintaining good food safety in restaurants. For restaurants with capacities of less than 100 customers, the Group employs a hygiene manager, while for restaurants that can accommodate 100 or more customers, the Group has appointed a hygiene manager together with a hygiene supervisor. Hygiene managers and hygiene supervisors are responsible for:

- a) inventory control of raw food, meats, fruits and materials for cooking;
- b) monitoring cooking methods and processes, and the overall quality of cooked food and drinks for serving customers;
- c) monitoring the cleanliness of the floor, furniture and fixtures, utensils and equipment;
- d) monitoring employees' uniforms and personal hygiene; and
- e) monitoring the overall cleanliness and hygiene of the restaurant (including washroom)

In this Reporting Period, the Group's restaurants have satisfied all legal requirements and operated with valid operation licenses that includes the general restaurant licenses, light refreshment license, liquor license and water pollution control license. The Group also confirmed that no material complaints or claims on served food was received, none of the Group's restaurants was subject to any investigation on food hygiene by government authorities due to food safety, and there was no identified case of material non-compliance with laws and regulations relating to food hygiene matters in this Reporting Period.

**Labour Standards**

In addition, the Group is cautious to comply with all laws and regulations relating to labour standards, as it highly respects human rights and freedom, and the uses of child, illegal and forced labour are strictly prohibited. Recruitment personnel shall conduct a careful verification on the job applicant's identification documents to confirm the actual age of job applicants and to avoid any illegal employment during the recruitment process. Personal information and credentials of job applicants are kept in a secured data system, which is only accessible to restricted employees for human resource purposes.

The Group is also committed to prohibit any act of forced labour. Terms on working hours, rest and leave entitlement, labour protection and termination of employment are clearly laid out in the employment contract and in compliance with *Employment Ordinance (Chapter 57 of the Laws of Hong Kong)*.

In this Reporting Period, the Group has not identified any non-compliance in relation to child or forced labour-related laws and regulations.



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#### **Customer Service**

The Group values comments from its customers, and it aims to improve continuously.

Feedbacks and comments are regularly reviewed, as complaints are promptly and fairly investigated and resolved. As a result, the Group has earned trusted relationships with its broad customer base through providing excellent customer services. Details on the procedure to handling customer complaints are elaborated below:

- Complaints received from restaurants located in HKIA — Complaints received from restaurants located in the HKIA requires prompt internal investigation, where customer log and report shall be submitted to the Airport Authority for internal record purpose.
- Complaints received from other restaurants — Customer complaints shall be mainly handled by the Assistant Shop Manager, as immediate and reasonable resolution shall to be offered where possible, which includes improvement on the flavor of the particular ordered dishes in accordance with the customers' expectations, or to offer to exchange the unsatisfactory dish for another dish to customers if necessary.

The Assistant Shop Manager shall also be responsible for handling complaints toward the service quality of a particular employee, and proper response shall be offered to the customer. Details shall be collected and recorded for internal review by the senior management and directors for future improvement.

During this Reporting Period, the Group had not received any complaints from customers that had any material adverse impact on the Group's brands, business and results of operation. The Group however, maintains a "Customer Complaint Record" as a KPI for the management to be alert of the situation and to review.

#### **Data Privacy Compliance**

The Group is dedicated to protect the information privacy and confidentiality. As the Group receives a substantial volume of private, confidential and sensitive information from its operation, employees are instructed and trained to handle confidential information with due care. Confidential clause is included in agreements or proposals signed by the Group, where clauses included shall be strictly implemented and details and related information shall not be disclosed to third party at all time.

The Group will stay alert to the relevant legal issues and update its internal policies when necessary to avoid any breach of the regulatory requirements in regards to data security.

There were no issues occurred concerning data privacy in this Reporting Period.



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## **Protection of Intellectual Property**

As at 31 March 2019, the Group owned 12 trademarks in Hong Kong. The Group's senior management is fully aware that intellectual property rights are material to business. The Group respects intellectual property rights, for example all recipes were developed inhouse and software installed in computers are genuine.

During this Reporting Period, the Group is not aware of any third-party infringement on its trademarks and has fully complied with relevant laws and regulations, including *Trade Marks Ordinance*, *Copyright Ordinance*, *Trade Descriptions Ordinance* and *the Personal Data (Privacy) Ordinance (Chapter 486 of the HK Laws)*, and there was no incidents concerning data privacy. The Group will stay alert to the relevant legal issues and update its internal policies when necessary to stay in compliance with regulatory requirements.

## **Anti-Corruption**

The Group values employees' business conduct, integrity, ethics and discipline, and in order to create an environment of anti-corruption and anti-fraud, the Group has implemented a strict "Internal Control System" in relation to purchases, sales, operation and finance and code of conduct of the Group's senior management. The system operates under the Audit Committee and is authorized by the Board to conduct regular reviews on internal control systems so as to:

- regulate the conduct and behaviour of employees;
- create an atmosphere of integrity and dedication; and
- prevent prejudice to the Group's interest.

Employees in charge of finance and accounts are responsible for whistle-blowing and taking up remedial actions and have been given training and briefings on anti-money laundering. They are encouraged to raise concerns about possible improprieties in any matter related to the Group such as misconduct and malpractice. Disciplinary action would be taken by the Group should any employee is found guilty of corruptive acts.

During this Reporting Period, the Group was not involved with any action of non-compliance to legal regulations and laws, relating to corruption, bribery, extortion, fraud and money laundering.



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## **COMMUNITY INVOLVEMENT**

The Group's senior management acknowledges that generating and bringing profits to Shareholders and being socially responsible to care, serve and give back to our community wherever it is needed are equally important to the Group. The Group's senior management consistently seek out opportunities to support social initiatives, and details of the Group's activities can be found in the following section:

### **Community Investment**

As a responsible corporation, apart from providing job opportunities, the Group has carried out its business and operation in an environmentally-friendly manner, and has allocated resources to provide on-job training for its employees. The Group has also encouraged employees to carry out voluntary services to support and to contribute to society, the local community and those in need. The Group will continue its efforts in supporting the communities and identify suitable opportunities for contribution.