

2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



TOMSON GROUP LIMITED
湯臣集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 258

INTRODUCTION

Tomson Group Limited (the “Company”), established in the late 1980’s, is a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 258). The Company and its subsidiaries (the “Group”) are principally engaged in property development and investment, hospitality and leisure business, securities trading, as well as operation of and investment in media and entertainment business.

This is the eighth Environmental, Social and Governance Report (“this ESG Report”) issued by the Company. The content of this ESG Report has been prepared in compliance with the requirements of the Environmental, Social and Governance Reporting Guide, which was applicable to the Reporting Period (as defined below), set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REPORTING PERIOD AND SCOPE

This ESG Report reflects the Group’s practices in sustainable development and social responsibility for the year from 1st January, 2023 to 31st December, 2023 (the “Reporting Period”) and covers all principal activities of the Group.

Based on the principle of materiality for disclosure and reporting, the Company has decided that for the property development and investment business as well as the hospitality and leisure business, only the following key operating subsidiaries engaged in the relevant business activities are included in the scope of this ESG Report:

- (A) Property development/ investment/ management
 - (i) Grand View Property Management (Shanghai) Co., Ltd.
 - (ii) MHK (Penha Hill) Limited
 - (iii) Shanghai Cheng Qi Technology Limited
 - (iv) Shanghai Tomson Real Estate Investment & Development Co., Ltd.
 - (v) Tomson Group Garland (Shanghai) Housing & Estate Ltd.
 - (vi) Tomson Haijing Garden (Shanghai Pudong New Area) Co., Ltd.
 - (vii) Tomson International Trade Building (Shanghai) Co., Ltd.

- (B) Golf course, club operation and property development
 - (i) Tomson Golf (Shanghai) Limited

This ESG Report primarily covers the environmental, social and governance (“ESG”) information and aspects related to the Group’s operations in Shanghai, the Hong Kong Special Administrative Region (“Hong Kong”) and the Macao Special Administrative Region (“Macao”) of the People’s Republic of China (“China”).

ESG GOVERNANCE STRUCTURE

The Group acknowledges the need to have effective and strong governance of the ESG aspects in place. Good governance ensures accountability and a balance of authority by clearly defining the roles and responsibilities of different parties within the Group. The Board of Directors of the Company (the “Board”) has the overall responsibility for formulating and overseeing the Group’s ESG strategies, directions and reporting. A Board statement has been approved to guide the Group’s policies to achieve a better ESG performance in different areas of works, such as the process used to set targets, evaluate, prioritise and manage material ESG-related risks to the Group’s business.

An ESG working team (the “Working Team”) has been set up by the Board in 2021 with specific written terms of reference. The Working Team comprises an Executive Director of the Company and five management/staff from various departments of the Group’s Hong Kong and Shanghai offices. The Board discusses and evaluates the Group’s ESG risks and opportunities, performance, progress, goals and targets regularly with the assistance of the Working Team. The Working Team facilitates the Board’s oversight of the ESG matters and also monitors and manages the Group’s strategic goals in terms of sustainable development, mitigating potential risks, and minimizing the negative impact on business operations of the Group. The Working Team periodically reports to the Board to assist it reviewing the key performance indicators (“KPIs”) in respect of the Group’s ESG-related issues and formulating strategies.

The Board has reviewed the ESG performance and reporting of the Group and considered that the allocation of resources and budget as well as the provision of training programmes were adequate. In addition, an external services provider with proper experience and qualifications was engaged in assistance of preparing this ESG Report.

In the future, the Board will regularly review the latest developments in the ESG matters in order to create long-term value for the Group and the community.

STAKEHOLDER ENGAGEMENT

In order to better understand the preferences of stakeholders, the Group solicited their opinions on the priorities on the reporting items in the ESG reports of the Company by means of questionnaire survey. An expanded stakeholder engagement exercise was performed during the period from November 2021 to January 2022 and more than 30 major stakeholders of the Group were consulted. The stakeholders included suppliers, customers, tenants and different levels of employees of the Group. The questionnaires set out twelve aspects of the ESG scope and the stakeholders were asked to rank three aspects that concerned them most in terms of priorities and provide their reasoning. The rankings were assigned with designated scores for calculating and reflecting the pressing ESG issues regarding the Group those stakeholders were concerned. The results show that “Health and Safety” remains the top priority and “Emissions” comes second. “Product Responsibility”, “Use

of Resources”, “Employment” and “The Environment and Natural Resources” are also the main concerns for the stakeholders. The Company aims to continue improving these areas to satisfy the stakeholders’ concerns.

In conclusion, the results of the survey clearly indicate that “Health and Safety” has been of utmost importance for all different stakeholders, especially during the COVID-19 pandemic. In view of the fundamental elements for sustainable business, both the global and the national environmental standards have been rising, various stakeholders put strong emphasis on reducing emissions and conserving the natural resources. As the Group’s business nature remains unchanged along these years, the materiality of the ESG issues is expected the same.

QUANTITATIVE ASSESSMENT

The Group’s assessment standards, methodologies, calculation tools and source of conversion factors used are mainly based on a publication issued by Hong Kong Exchanges and Clearing Limited, namely “How to prepare an ESG Report”. The environmental KPIs are calculated in accordance with Appendix 2 to the said publication, “Reporting Guidance on Environmental KPIs”, while the social KPIs are calculated in accordance with Appendix 3 to the said publication, “Reporting Guidance on Social KPIs”.

CONSISTENCY ASSESSMENT

In this ESG Report, there is no material change to the methods or KPIs used or any other relevant factors affecting a meaningful comparison of this ESG Report with the Company’s ESG report for 2022.

ENVIRONMENTAL PROTECTION

As an experienced real estate developer of high-end residential properties and high-grade commercial buildings in the Mainland of China, the Group recognizes that the long-term viability of its businesses is closely linked with the well-being of the society. The Group strives to minimize the potential impacts of its businesses on the environment and society in which it operates. One of the goals of the Group is to create living, working and retail communities that are harmoniously integrated and value-adding to the environment of the neighbourhoods. To attain the goals, the property management services provided in Tomson Riviera and Tomson Commercial Building have adopted the standards of GB/T24001-2016 / ISO 14001:2015 Environmental Management Systems and GB/T19001-2016 / ISO 9001:2015 Quality Management Systems which were assessed and certified by Origin Certification (Shanghai) Co., Ltd. in August 2023. In addition, the code on risk management and internal control of the Group has stipulated requirements for environmental protection in the operational control.

The Group has set its target to reduce 5% in terms of intensity per revenue on the non-hazardous wastes, the energy consumption and the water consumption over the five-year period from the year 2021. In addition, the Group has targeted to reduce 5% of the air emissions and the greenhouse gas emissions over the five-year period from the year 2021. The Group-wide environmental protection measures will be implemented in all property projects and offices. The measures include not only increasing the reminders to the staff members to conserve the energy and water and to promote waste reduction and recycling concept but also increasing adoption of online meetings/visits instead of physical meetings/visits to reduce air emissions and greenhouse gas emissions generated from transportation.

A1. Emissions

The Group has complied with the Environmental Protection Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates.

In the property development business, the Group outsources construction works to general contractors which manage all operations in the construction sites. To mitigate the impact of construction on the environment, the Group requires its contractors to exercise controls over the emission of dust in building construction and the emission of waste gas generated from fuel combustion, in accordance with the Atmospheric Pollution Prevention and Control Law of the Mainland of China and other applicable laws and regulations related to air pollution in the cities in which the Group operates. The Group regularly checks on the performance of contractors via site visits to ensure compliance.

In addition, the Group provides 80 rechargeable battery-powered golf carts for use by the members in Tomson Shanghai Pudong Golf Club to minimize air pollution and noise generated from operating golf carts. The Group has started using hybrid electric vehicles in 2023.

Air emissions

The air emissions were mainly from vehicles and gaseous fuel (town gas) consumption (approximately):

	Nitrogen oxides	Sulphur oxides	Particulate matter
2022	15.63 kg	0.23 kg	0.78 kg
2023	13.35 kg	0.32 kg	1.05 kg

Though there was a slight rise in air emissions due to the increased use of vehicles and gaseous fuel since the resumption of normal operation in post pandemic era in 2023, the overall trend of air emissions was stable and was improving as compared with the situation in 2021. The Group will continue to pay effort in reducing the use of energy by using various conservation measures.

Greenhouse gas emissions

Scope 1 direct emissions were mainly from vehicles and stationery combustion (approximately):

CO ₂ equivalent emissions	Carbon dioxide	Methane	Nitrous oxide
2022	461,088 kg	221 kg	4,228 kg
2023	578,165 kg	263 kg	5,677 kg

The increased Scope 1 direct emissions were mainly attributable to the rise in use of diesel oil and petrol due to the normalization from the COVID-19 in 2023.

For Scope 2 energy indirect emissions, the CO₂ equivalent emissions mainly from purchased electricity were approximately 1,707,012 kg (2022: 1,668,998 kg), the increase was caused by the cancellation of the work-from-home policy of the Group.

The total greenhouse gas emissions (Scope 1 and Scope 2) were approximately 2,291 tonnes (2022: 2,135 tonnes). The overall trend was generally stable and was improving as compared with the situation in 2021 despite there was a slight increase in 2023 as year-on-year comparison resulted from the impact of the COVID-19 in 2022. The Group does not report Scope 3 emissions because of lack of complete and accurate data.

The Group disposes of solid wastes in accordance with the provisions of the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates. Earthwork and construction wastes generated from construction are collected in time and disposed of properly and legally.

Non-hazardous solid wastes from the operations amounted to 1,840 tonnes (2022: 1,362 tonnes) with the intensity of 3.31 tonnes (2022: 2.61 tonnes) per revenue of HK\$1 million during the Reporting Period, which were mainly the domestic and commercial wastes generated in the Group's offices in Hong Kong, Macau and Shanghai as well as the residential and commercial property projects and golf club operation in Shanghai (including construction wastes). The increase in wastes was caused by the cancellation of the work-from-home policy of the Group. In addition, 0.56 tonne of hazardous wastes (2022: 0.62 tonne) was recorded, and it was properly handled by a licensed collector.

The Group recognizes the carbon footprint arising from travels to business meetings. Video-conferencing and audio-conferencing facilities have been set up in the Group's offices to conduct most business meetings. Business travels are restricted, where possible, to where meetings in person are necessary. Emails, phone calls and video conference are the preferred modes of communication.

A2. Use of Resources

For its operations in the Mainland of China, the Group strictly abides by the Law on Energy Conservation of the Mainland of China. Elsewhere, the Group adheres to the principles of recycling and reduction, and implements green office practices where practical. The Group strives to increase awareness of its employees on energy saving and water saving, as well as encourages its employees to participate in the green office initiatives.

Below is the direct and indirect energy consumption of the Group:

Energy type	Energy consumption (kWh)	
	2022	2023
Petrol	126,155	171,770
Diesel oil	1,450,717	2,174,535
Town gas	143,142	229,889
Electricity	2,961,655	3,163,540
Total	4,681,669	5,739,734
Intensity (kWh per revenue of HK\$1 million)	8,966	10,330

The total energy consumption was increased in 2023 after the normalisation from the COVID-19, however, the revenue has not picked up in tandem with the increase in energy consumption, so a rise in the intensity of energy consumption was resulted.

Electricity is a major resource which the office operations consume every day and represents the principal energy consumption of the Group in 2023. The Group promotes reduction in energy consumption by using various efficiency measures, which include switching off idle lightings and electrical appliances, as well as using programmed energy-saving modes to control electric and electronic devices (including but not limited to computers, printers, photocopiers and air-conditioners). The Group has fully adopted LED lighting in its Shanghai head office. In addition, LED lighting has been gradually applied in the Group's Macau office and various projects in Shanghai, including Tomson Riviera, Tomson Commercial Building and the clubhouse of Tomson Shanghai Pudong Golf Club, in the range of 25% to 80% in their respective office or public areas. There will be a gradual replacement of fluorescent lamps of 32W to LED lighting of 21W in the public area of Tomson Commercial Building. It is anticipated increasing use of LED lighting or other energy-saving alternatives in the Group's properties and offices when the time comes for lighting replacement.

Water is essential to all communities. The Group promotes water conservation to employees. Reminders of water-saving responsibilities and actions, in form of notices and signs, are posted near where the water resources are in the offices. Tomson Shanghai Pudong Golf Club has put in place standard procedures to ensure the efficient use of water based on operating needs and estimates. For instance, water from nearby rivers is used to irrigate the greenery of Tomson Shanghai Pudong Golf Club. In Tomson Riviera, there is regular cleaning of the falling leaves or plankton in the waterscape facilities to make sure that the frequency of water change is minimized while keeping the water clean and clear. Moreover, water-efficient flushing systems are installed in a majority of the public washrooms in Tomson Commercial Building.

Use of resources	Unit	2022 (approximately)	2023 (approximately)
Electricity	kWh	2,961,655	3,163,540
Electricity intensity	kWh per revenue of HK\$1 million	5,672	5,693
Water	Cubic meter	73,692	52,372
Water intensity	Cubic meter per revenue of HK\$1 million	141	94

As water consumed in the offices in Hong Kong and Macau is supplied by their respective landlords, only information of the offices and projects in Shanghai is available.

There was a reduction in water consumption during the Reporting Period and the overall trends of the water usage and water intensity kept improving. However, the electricity usage increased in the Reporting Period following the resumption of normal operation in post pandemic era and there was a slight rise in the electricity intensity. Nevertheless, the overall trends of electricity usage was stable and the Group shall put effort in enhancing the efficiency of using resources.

To reduce paper consumption, the Group encourages the use of digital documents and double-sided printing and copying. Recycling bins are provided in the offices to promote paper recycling and minimize paper wastes. Since the Group is mainly engaged in real estate industry and service industry, only 382 kg (2022: 264 kg) of plastic packaging materials were consumed in Tomson Shanghai Pudong Golf Club during the Reporting Period.

The Group has stringent planning and control management over the use of consumables and supplies for operations. Replacement is chosen where repair is not cost efficient or technically impractical. Consumables and supplies are budgeted annually, purchased monthly based on operating needs, and recorded for allocation and consumption. Inventories are kept to minimal levels, and logbooks are maintained and audited for purchase and control management.

A3. Managing Significant Impacts on the Environment and Natural Resources

The Group strictly abides by the Water Pollution Prevention and Control Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates and adopts corresponding measures and preventive control on emission of waste water.

The Group believes the daily operations of its businesses have no direct significant impact on the environment and natural resources. To maintain the green plantations within the Group’s properties and golf course in a healthy condition, pesticides and fertilizers are selectively used. The Group understands the importance of minimizing the effects of these chemicals on the environment and water resources. Therefore, the Group has engaged qualified professionals to deal with the storage, usage, collection, recycling and disposal of pesticides and fertilizers, as well as their related packages, strictly in accordance with the relevant laws and regulations.

A4. Climate Change

Climate change-related risks may impact the core business of the Group. To further informing shareholders of the impacts of climate change, the Group adopted the framework of the Task Force on Climate-related Financial Disclosures (TCFD), which ensures companies disclose key information within these areas and communicate how they are thinking about and assessing climate-related risks and opportunities as part of their resilience and risk assessment process.

1. Governance	Management of climate-related risks and opportunities
Board’s oversight	The Board has the overall responsibility for formulating and overseeing the Group’s ESG strategies, directions and reporting. Climate risks will become the focus in terms of reducing greenhouse gas emissions from the usage of vehicles, diesel oil and electricity.
Assessment and management	The Board will explore the ways to further enhance the efficiency of using energy and reduce carbon footprint of the Group’s operations, including replacing the existing vehicles to hybrid and/or electric vehicles and using less-polluting fuels.
2. Strategy	Approach to both the actual and potential impacts of climate-related risks and opportunities
Risk and opportunities	Climate related issues identified and discussed include: <u>Risks (some are short term)</u> <ul style="list-style-type: none"> ● Under the physical risks, the property construction works and the golf club activities may be disrupted due to adverse and extreme weather such as more frequent and intense heavy rainfall, flooding and typhoons. In addition, the facilities and equipment at the project sites may be damaged. Furthermore, adverse and extreme weather

	<p>brought by climate change may hinder the public transportation and travelling means for the employees commuting to the offices. As a result, operation disruption may occur.</p> <ul style="list-style-type: none"> ● As for the transition risks, the Group expects to face more stringent environmental protection regulations. <p><u>Opportunities (mostly medium to long term)</u></p> <p>Improving environmental performance of the operations in Tomson Shanghai Pudong Golf Club could help to attract young customers and retain existing clientele.</p> <p>Enhancing the ESG concern in property management could enhance the asset value and help to solicit high-quality tenants who put ESG issues as a priority in business.</p>
Strategy	Climate change actions are integrated in studies from an early stage.
3. Risk Management	How the Group identifies, assesses and manages climate-related risks
Risk identification	The Group, from time to time, inspects the physical properties and assesses the different vulnerabilities in accordance with the different estimations of the impacts of climate changes in terms of extreme weather and rise of water level. The Group also pays attention to the future development of the environmental policies imposed by the local governments and the industries.
Process and management	<p>The Group closely monitors the weather forecast to formulate contingency plans in advance for identification and mitigation of serious climate-related issues which may have significant impact on the Group's business. To minimize the impact of climate change, regular checking and maintenance works are being carried out to prevent and reduce the damage due to extreme weather and rise in water level. In view of all these measures, the impact on the Group's revenue due to the risk of climate change is considered manageable.</p> <p>The Group is contemplating proper arrangement to maintain a minimum level of operation through the aid of the technology and online platforms.</p> <p>The Group is well aware of the necessity of preparing sufficient financial resources to cope with the change in the transition. Carbon offset may be considered if the target cannot be met after the Group's best effort.</p>
4. Metrics and Targets	Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities
Greenhouse gas metrics	The Group keeps measuring its greenhouse gas emissions and sets targets to reduce the emissions. The progress is monitored and the targets will be adjusted if necessary.
Climate related physical and transition risks	Separate budgets and reserves will be set up to strengthen the Group's capabilities to combat climate related physical and transition risks and capture the climate related opportunities.

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

Employees are valuable assets that contribute to the success of the Group. The Group strictly follows the requirements of the Labour Law, the Labour Contract Law, the Social Insurance Law and Regulation on Work-Related Injury Insurance of the Mainland of China, as well as the Employment Ordinance of Hong Kong and the relevant laws in Macau.

Flexible working hours system has been put in force in Hong Kong and Macau offices during the early stage of the Reporting Period to facilitate the staff to avoid travelling during peak traffic hours in order to lower the chance of infection under the impact of the COVID-19. Operation has resumed normal since the epidemic situation became stabilized. Employees are reminded to observe a high standard of hygiene and surgical masks and alcohol hand washes are provided to protect the staff against the virus, when necessary. Most of the Group's offices were regularly cleansed with disinfectant.

Recruitment, Compensation and Benefits

The Group emphasizes the importance of a highly-efficient staff management and incentive structure. The Group recruits and promotes employees based on various factors, such as professional experience, educational background and capabilities. Remuneration and benefits packages are generally structured with reference to market terms and practice, as well as individual responsibilities, performance and qualifications. Discretionary bonus may be paid based on individual contribution.

The Company also participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance of Hong Kong (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is funded by contributions from employer and employees pursuant to the provisions of the MPF Ordinance. Employees of the Group in the Mainland of China are members of respective state-managed defined contribution retirement benefits schemes operated by the local governments. The employers and the employees are obliged to make contributions at a certain percentage of the payroll under rules of the schemes. In addition, the Group and its employees in Macau shall make contributions of a fixed amount per quarter to the Social Security Fund under the obligatory system in accordance with the laws of Macau.

Employees are eligible for stipulated annual leave, sick leave and other types of leave in accordance with national and local laws applicable in the cities where the Group operates. Additional leave was granted to the staff members during the Reporting Period to allow them sufficient rest and as an encouragement for having received COVID-19 vaccine.

Anti-Discrimination, Equal Opportunity and Diversity

The Group promotes a diverse workplace where people of different backgrounds are valued and respected. The Group does not discriminate based on race, colour, national or ethnic origin, gender, sexual orientation, religion, disability, age, cultural background, social group, marital status, family status or other factors.

The Group has complied with the applicable labour laws and regulations in all material aspects including, inter alia, dismissal and working hours.

Workforce and Turnover Rate

The staff members of the Group are all full-time. The detailed structure of the workforce of the Group's Hong Kong office and key operating subsidiaries in Shanghai and Macau as at 31st December, 2022 and 2023 is presented as below:

Gender	Number of employees		
	Male	Female	Total
2022	218	183	401
2023	215	188	403

Age Group	Number of employees		
	Under 30	30 - 50	Above 50
2022	16	224	161
2023	23	229	151

Geographical location	Number of employees		
	Hong Kong	Macau	Mainland of China
2022	24	1	376
2023	23	1	379

In 2023, the workforce was stable while the turnover rate slightly rose, especially in the Mainland of China and above the age of 50. The analysis of the employee turnover rate of the Group's Hong Kong office and key operating subsidiaries in Shanghai and Macau in 2022 and 2023 is set out below:

Gender	Number of employees left (%)		
	Male	Female	Total
2022	19 (8.72%)	25 (13.66%)	44 (10.97%)
2023	33 (15.35%)	24 (12.77%)	57 (14.14%)

Age group	Number of employees left (%)		
	Under 30	30 - 50	Above 50
2022	3 (18.75%)	19 (8.48%)	22 (13.66%)
2023	4 (17.39%)	24 (10.48%)	29 (19.21%)

Geographical location	Number of employees left (%)		
	Hong Kong	Macau	Mainland of China
2022	1 (4.17%)	0 (0%)	43 (11.44%)
2023	1 (4.35%)	0 (0%)	56 (14.78%)

B2. Health and Safety

Health and safety of the employees is the top priority for the Group and the stakeholders. One of the approaches is to create a strong culture of safety awareness by implementing high safety standards and providing appropriate training and education to the employees. The Group cares about its employees and their families, and therefore it strives to provide a safe and healthy working environment to them. Medical insurance is provided to the employees. Health check-ups are arranged annually for employees in various operations of the Group. Protective wears and kits are provided to employees according to the nature and requirements of the jobs. In summer, the Group also provides hardship allowance, beverages and cooling kits to its employees of Tomson Shanghai Pudong Golf Club and the property management staff of the Group's properties who carry out responsibilities or perform work outdoor under high temperature. The Group adopts international standards of occupational health and safety management system. For instance, the property management services in Tomson Riviera and Tomson Commercial Building have complied with the standards of GB/T45001-2020 / ISO 45001:2018 Occupational Health and Safety Management Systems which were assessed and certified by Origin Certification (Shanghai) Co., Ltd. in August 2023.

The Group strictly abides by the Production Safety Law of the Mainland of China and other relevant laws and regulations related to safety management in the cities where the Group operates.

For the properties held by the Group, property management companies are hired to manage the security operation and provide security personnel to safeguard the properties and the people therein. In addition, memoranda and notices are given to the employees of the Group regarding the protocols of office security during and after office hours and personal safety during emergency situations and extreme weather conditions.

During 2023, no severe injuries or fatalities of the Group's employees were reported. There were no work-related fatalities during the last three years. The number of the lost days due to work injury during 2023 was 372 (2022: 15), representing an increase as compared with the corresponding period in 2022 when the operation of the operating units in Shanghai has been temporarily disrupted owing to the COVID-19. The Group was not subject to any material claim or penalty in relation to health and work safety, and it has been following the relevant laws and regulations in all material aspects in Hong Kong, Macau and the Mainland of China.

B3. Development and Training

To ensure the professionalism of employees at all levels, employees of the Group are encouraged and sponsored to attend training and development courses relevant to their jobs and responsibilities. Despite lacking a formally publicized policy in this area, the Group has been providing educational or training allowance to employees up to the full costs of the courses approved by the management and attended by the employees. The Company will formalize the policy on this subject in due course.

Besides, the Group not only offers new employees on-the-job training by experienced personnel but also provides continuous training to employees periodically, according to the nature of the jobs and the requirements of the respective industries. Specialty training and preparation courses are also arranged to support employees in applying for or renewing professional qualifications, including certificates, licences, and permits, relevant to their jobs and industries. To maintain the quality management system of the Group's properties, GB/T19001-2016 / ISO 9001:2015 Quality Management Systems, GB/T24001-2016 / ISO 14001:2015 Environmental Management Systems and GB/T45001-2020 / ISO 45001:2018 Occupational Health and Safety Management Systems have been applied and these systems were assessed and certified by Origin Certification (Shanghai) Co., Ltd. in August 2023. Training on the requirements and application of these systems has been provided to selected property managers of Tomson Riviera and Tomson Commercial Building and they successfully passed the required examinations.

More resources were put into development and training for raising the quality of the staff members of the Group. The following tables show the training records of the workforce of the Group's Hong Kong office and key operating subsidiaries in Shanghai and Macau in 2022 and 2023:

	2022	2023
Percentage of total employees who took part in training	79.80%	99.75%
Breakdown rate of male employees who took part in training	56.25%	100%
Breakdown rate of female employees who took part in training	43.75%	99.47%
Breakdown rate of management who took part in training	13.75%	98.08%
Breakdown rate of general staff who took part in training	86.25%	100%

	2022	2023
Average training hours completed per employee	3.30 hours	2.02 hours
Average training hours completed per male employee	1.81 hours	2.09 hours
Average training hours completed per female employee	5.07 hours	1.95 hours
Average training hours completed per management	13.29 hours	2.73 hours
Average training hours completed per general staff	1.84 hours	1.92 hours



H K I o D
持續進修 2023
Director CPD

In addition, regular in-house seminars are arranged for the Directors of the Company annually and topics of these seminars may revolve around corporate governance, taxation, financial policies, as well as economic and business development in relation to the principal business of the Group. Three seminars on areas of corporate governance, information technology as well as legislative and regulatory requirements were conducted through The Hong Kong Institute of Directors in 2023 to help the Directors refresh their knowledge and skills.

B4. Labour Standards

The Group is well aware that child labour and forced labour violate fundamental human rights. The Group prohibits the use of child labour and validates the actual ages of job applicants in the recruitment process. Besides, the Group does not use unlawful or unfair means to restrict the employment relationship between the employees and the Group. Employees are free to quit their job upon giving reasonable notice as stipulated in their employment contracts.

The Group has been in compliance with relevant laws and regulations, and has not found any cases or been assessed any fines or penalties with regard to child labour and forced labour during 2023.

OPERATING PRACTICES

B5. Supply Chain Management

The Group has adopted green procurement policies in its general operation as well as property development and investment business. Internal guidelines are set up to prioritize the selection of environmentally preferable products and services.

In the property development and investment business, the Group hires design companies, construction contractors and property management companies to design, build and manage its property projects. The Group primarily selects suppliers through tenders. For contractors, the tender process is developed in accordance with relevant laws and regulations and the tender decision is made in a fair and equitable manner. In selecting contractors and equipment suppliers, the management takes into account various factors, such as (i) quality of services; (ii) contracting costs; (iii) safety management; (iv) industry qualifications/licenses; (v) environmental protection policies; and (vi) relevant track records and reputation. The Group requires its contractors to maintain a high standard of quality for the services provided, and to put in place adequate occupational health and safety and environmental protection procedures in accordance with the applicable laws and regulations and safety requirements imposed by the relevant government authorities in Macau and the Mainland of China.

The Group's Construction Works Department enters into contracts with suppliers awarded with tenders. The department is also responsible for monitoring the performance of the contractors by conducting on-site inspections and supervision and assessments on the contractors periodically.

The principal base of the Group's operations is in the Mainland of China, so the majority (over 90%) of its suppliers are in the Mainland. They provide products and services to the Group for daily operations in property development, facilities management and running the golf club.

B6. Product Responsibility

The Group is an experienced real estate developer in the Mainland of China with well-established brand and reputation in the development of high-end residential properties and high-grade commercial buildings. The Group is proud of the portfolio of its completed projects and projects under development, and believes that reliability and quality of its products and services are crucial to its success.

The Group is dedicated to delivering high-quality products and services to consistently meet the requirements of its customers. The Group and construction contractors enter into contracts, under which the contractors are obligated to carry out operational and quality assurance activities while ensuring regulatory compliance. In addition, the Group has established stringent quality control standards and followed testing and inspection procedures at the key stages of a property development project to ensure that construction and product quality are consistent with the designs and compliant with applicable laws and regulations. Contractors are required to rectify any defects or non-compliance incidents in a timely manner. Property checking and acceptance procedures are established to ensure properties are ready for delivery to the customers pursuant to the sales agreements.

To ensure its services quality, the property management services of Tomson Riviera and Tomson Commercial Building have adopted GB/T19001-2016 / ISO 9001:2015 Quality Management Systems, which were certified by Origin Certification (Shanghai) Co., Ltd. in August 2023.

The Group is committed to a responsible approach to advertising and marketing. It strictly follows the Advertising Law of the Mainland of China and other laws and regulations related to advertising products and services in the relevant jurisdictions. The Group's advertising and promotional materials must be reviewed by relevant professionals to ensure accuracy and avoid misrepresentation of information for the prospective customers.

The Group treats customer information confidential in accordance with the Law on Protection of Consumer Rights and Interests of the Mainland of China, as well as other laws and regulations related to consumer privacy in the cities where the Group operates.

Customers are important to the Group. The Group makes every effort to understand its customers' needs and enhance their satisfaction and experience with its products and services. The Group highly values any feedback from its customers on its business operations. Proper guidelines are set up to handle and resolve customer complaints in a timely manner.

The Group has been in compliance with relevant laws and regulations and has not been assessed any fines or penalties which had a material and adverse impact on its business operations with regard to product safety, advertising, labelling and privacy matters. No complaints from the customers or recall of the products of the Group due to safety and health reason were recorded during the Reporting Period.

B7. Anti-Bribery and Corruption

The Group is committed to ethical conduct in doing business. All forms of bribery, extortion, fraud and money laundering are prohibited. The Group abides by the Anti-Unfair Competition Law, the Interim Provisions on Banning Commercial Bribery and the Anti-Money Laundering Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates and other laws and regulations that call for integrity and ethical conduct in operating a business.

The Group makes clear to its employees its expectations and guidelines in the normal course of business, as well as the applicable laws and regulations related to improper payment, frauds and money-laundering to ensure professional and ethical conduct of all staff. The Group has adopted an anti-corruption policy which has been approved by the Board and has taken effect from 1st January, 2022, pursuant to which the Company aims at setting out the basic standard of conduct expected of all directors and employees of all levels of the Group, and the Company's policy on acceptance of advantage and handling of conflict of interest when dealing with the Group's business. The Directors of the Company as well as staff of the Group's Hong Kong and Macau offices were served with a video recording for anti-corruption training in mid-2023 to refresh their knowledge. In the third quarter of 2023, the Group's Shanghai office arranged a local lawyer to

give a talk on the rules and regulations of the Mainland of China in relation to anti-corruption to staff in Shanghai.

The Group has adopted a whistle-blowing policy, which was formulated and approved by the Board. The Company Secretary of the Company has been designated to handle any complaint received under the policy during the Reporting Period, and the Audit Committee of the Board (the “Audit Committee”) is responsible for monitoring the implementation of the policy.

The whistle-blowing policy details the protocols of reporting and handling improper or illegal behaviours within the Group that could be detrimental to the interests of shareholders, investors, customers and general public. It emphasizes protection of whistle-blower’s identity and confidentiality of reported cases and the information involved, and sets out the available channels and methods for reporting concerns and the procedure of handling reported cases by the Group’s designated personnel.

The Audit Committee meets regularly to review the effectiveness of internal controls and risk management of the Company. As far as the Company is aware, no corruption or bribery incidents and fraudulent practices, which have had or may result in a material adverse impact on the Group’s financial performance or condition, have been brought to the Company’s attention during the Reporting Period.

COMMUNITY RESPONSIBILITY

B8. Community Investment

It is the goal of the Group and its staff to act responsibly and contribute to the society with a vision of building strong, long-lasting relationships with different stakeholders in their communities. Although the Group has not formalized its continuing practice, it makes donations regularly to various international and local charitable organizations (e.g. World Vision, Médecins Sans Frontières, Orbis and Senior Citizen Home Safety Association). The colleagues also write regularly to the sponsored children under World Vision program to keep in touch with them.



In addition, the Group has been a consistent sponsor for the “Heart to Heart Project” organized by The Hong Kong Federation of Youth Groups since its launch in 2005. The “Heart to Heart Project” links schools and companies who contribute resources so as to encourage youth volunteers to serve the community and to promote the concept of mutual help among neighbourhoods.

In 2023, the Group donated a total of approximately HK\$257,500 (2022: HK\$3.84 million) to various charitable bodies.