

Mobile Internet (China) Holdings Limited 移動互聯（中國）控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code:1439



Environmental, Social and Governance Report

I. PREAMBLE

Mobile Internet (China) Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is an investment holding company, mainly engaging in two business segments, namely the mobile gaming business and packaging business. The mobile gaming business offers free-to-play mobile, browser and client-based online games, while the packaging business is focused on the manufacturing and sales of a wide variety of paper-based packaging materials such as flexo-printed cartons and offset-printed cartons for products including food and beverage, glass and ceramics articles, metal hardware and chemicals products, bamboo articles, shopping bags, etc.

As one of the leading providers of packaging products and solutions and player in mobile game industry, the Group has invariably been mindful of its responsibility to address its material ESG concerns. Over the course of the past few years, the Group has seen that the awareness and expectations around environmental sustainability reach a new high among its stakeholders. By taking a broad view of and in response to the nation’s environmental ambitions, the Group is dedicated to minimising the overall impact of its products and operations on the natural environment, and staying in sharp focus on the implementation of various national legislative initiatives such as Opinions on Further Promoting the Classification of Domestic Waste (關於進一步推進生活垃圾分類工作的若干意見) and Measures for the Classification and Management of Domestic Waste in Xiamen (廈門經濟特區生活垃圾分類管理辦法).

In the journey of integrating “3R principle — Reduce, Reuse and Recycle” with an aim to strengthen the adoption of circularity measures and sustainable business practices, the Group endeavours to research and implement a series of constructive plans for a sound and resilient business development, striving to further base its decision-making process on internal ESG management system to meet its stakeholders’ growing expectations in sustainability and increasingly stricter regulatory requirements.

In the beginning of 2020, the outbreak of COVID-19 pandemic (the “pandemic”) unprecedentedly affected and still continues to impact global communities to varying degrees. Facing the challenges and disruptions brought by the pandemic, the Group was committed to protecting its people and the wider society by building emergency response taskforces, while simultaneously consolidating its efforts to promote the improvement of sustainability within the enterprise. As the world stages a “green” recovery from the pandemic, the Group is committed to making solid strides towards a balanced development by fulfilling its environmental and social responsibilities.

II. ABOUT THE REPORT

In strict compliance with the requirement under Appendix 27 — Environmental, Social and Governance Reporting Guide (“ESG Guide”) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the Group is pleased to present its Environmental, Social and Governance Report for the year ended 31 December 2020 (“FY2020”), which demonstrates the Group’s approach and performance in terms of ESG management and corporate sustainable development for FY2020. For corporate governance section, please refer to the Group’s 2020 Annual Report.

Reporting Boundary

Given the business development of the Group, the ESG Report covers the performance and management policies of the major operations of the Group that are aligned with the business segmentation of the Group under the operational control approach, including the office operations of mobile gaming business and the production operations of packaging business in the People’s Republic of China (“PRC”). The reporting period of this ESG Report is for the financial year from 1 January 2020 to 31 December 2020, unless specifically stated otherwise.

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Reporting Principles

The Group has followed the following reporting principles, namely Materiality, Quantitative, Balance and Consistency, in its preparation of the ESG Report.

To demonstrate the principle of materiality, the Group carried out an objective materiality assessment and generated a comprehensive matrix depicting the picture of how the sustainability-related topics were prioritised with respect to its stakeholders' concerns.

Materiality

The application of the principle of Quantitative was reflected primarily under the environmental subject of the ESG Report, where the calculation of greenhouse gas ("GHG") emissions and other environmental and social performance of the Group in FY2020 were quantified in the Appendix.

Quantitative

In terms of the principle of Balance, the Group selected and disclosed both its achievement in ESG management and the areas that needed improvement according to the requirements of the ESG Guide.

Balance

To produce a clear report that allows a year-on-year comparison and facilitate peer benchmarking, a consistent reporting framework and calculation methodology for data collation were adopted in the preparation of the ESG Report.

Consistency

Information Disclosure

The information in this ESG Report was gathered through the collection of the internal policies of the Group, the Group's ongoing engagement with various stakeholder groups via online surveys and the quantitative data analysis against the Key Performance Indicators ("KPIs") set out in the ESG Guide. The Board reviewed the ESG Report before its publication and assumed the overall responsibility for the content of the ESG Report. To deliver a standard ESG Report that caters to both local and global readership, the Group referenced the Global Reporting Initiative Standards ("GRI Standards") and the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") in the preparation of the ESG Report. If there is any conflict or inconsistency, the English version shall prevail.

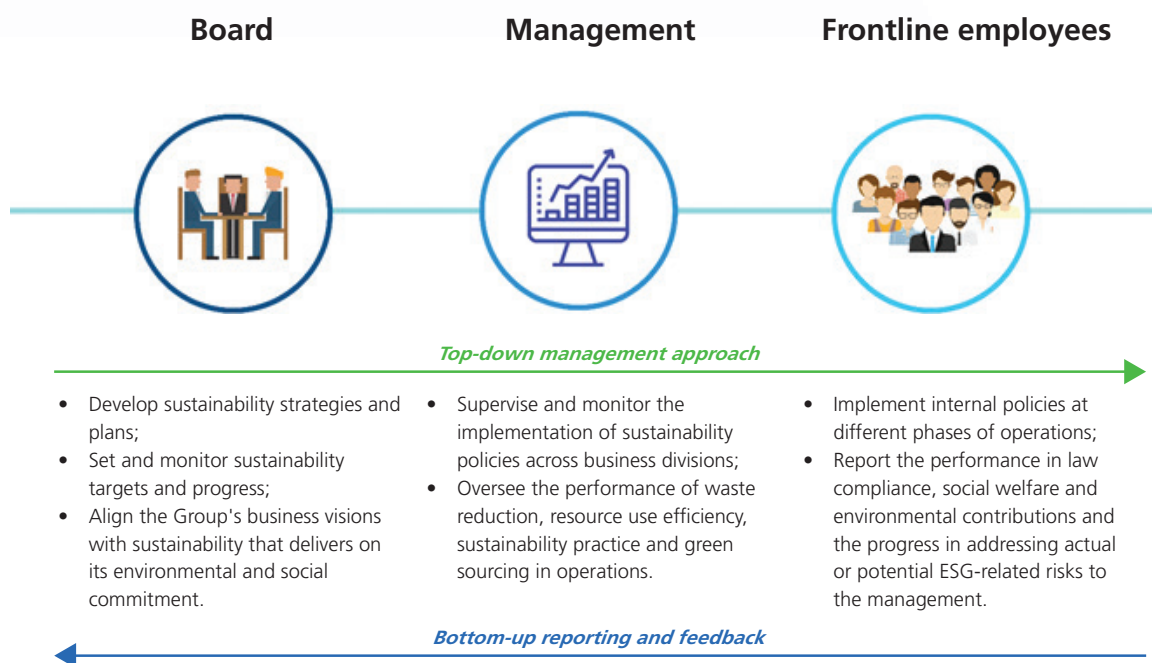
Stakeholder feedback

As the Group strives for excellence, the Group welcomes stakeholders' feedback and advice on the improvement of corporate ESG approach and performance, especially under the topics listed as being of highest priority in the materiality assessment. Readers are also welcomed to share their views with us at www.hs-pack.com.cn.

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III. BOARD INCLUSIVENESS

The Group is deeply aware that the Board of Directors (the “Board”) has a pivotal role to play in leading and managing the sustainable business development of the Group in the long run. As such, the Board and the senior management have assessed the Group’s material issues as part of its sustainability strategy, by adopting a two-way management approach that is believed to be essential to the efficiency of conveying clear messages from the top and enabling smooth communication between the policy makers and frontline workers within the Group.



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The Board takes the lead on and assumes the ultimate responsibility for the implementation of ESG policies throughout the organisation and the Group's daily operations. The management, which is delegated by the Board, is responsible for evaluating the risks and opportunities arising from the implementation of relevant policies, and developing integrated solutions in combination with expertise across core thematic areas. Under the overarching goals from the top, the general staff carries out the tasks assigned by the management and reports on the problems during the operations. The Group also has built a professional team with strong business background and practical experience in coordinating the ESG-related affairs in the Group and enforcing the policies in all business divisions and functional departments of the Group.

The Group believes that an integrated governance framework is vital to facilitating the collaboration between different departments and conducive to the efficient management of sustainability issues in the organisation. As such, the Group has been insisting on building a robust sustainability management system that connects different functional units and defines the clear responsibility that each department is required to hold in daily operations and the execution of the Group's sustainability policies.

HIGHLIGHT OF THE SUSTAINABILITY MANAGEMENT SYSTEM IN BUSINESS DEVELOPMENT

The role of each functional unit in promoting sustainability in the Group

<p>Procurement Department</p> <ul style="list-style-type: none"> • Maintain timely and effective communication with suppliers • Coordinate collaboration within and outside the company 	<p>Storage and Transportation Department</p> <ul style="list-style-type: none"> • Manage the company's logistics and control the operational practices 	<p>Finance Department</p> <ul style="list-style-type: none"> • Monitor the company's financial capital and strengthen the financial cost control
<p>Operation Department</p> <ul style="list-style-type: none"> • Formulate market strategies and set relevant goals • Deal with customer's enquiries and complaints 	<p>General Manager</p> <ul style="list-style-type: none"> • Formulate company's business policies, directions for development and strategic plans • Ensure the appropriate allocation of sufficient resources in the management system 	<p>Administration Department</p> <ul style="list-style-type: none"> • Formulate training plans for staff • Coordinate the operation of the company's general affairs • Formulate and revise the system management documents of the company
<p>Production Department</p> <ul style="list-style-type: none"> • Apply and promote new technologies, processes and equipment • Establish and continuously improve the quality management system 	<p>R&D Department</p> <ul style="list-style-type: none"> • Collaborate with the Production Department in improving production technology • Product design, process management, quality assurance and equipment upgrade 	<p>Quality Control Department</p> <ul style="list-style-type: none"> • Track and handle unqualified products and abnormal incidents • Supervise onsite "5S" management • Monitor operations and test samples at different stages

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A Letter to Stakeholders

Dear valued stakeholders,

On behalf of the Board, I am pleased to present to you all our ESG report for FY2020 demonstrating our performances and management approaches in terms of environmental and social sustainability. As the concept conveyor, resources distributor, leader and controller (理念傳播者、資源分配者、領導者、駕馭者) of the Group, our Board is putting our keen focus on creating an effective management system and clear sustainable corporate culture within the organisation that continuously generates satisfactory return for our shareholders while making positive impacts on our environment and society.

2020 was a year like no other with the COVID-19 pandemic sweeping across the globe. Undeniably, the pandemic has been an obstacle in global sustainability journey by bringing unimaginable and largescale risks to the pressing sustainability challenges around the world. Nevertheless, with the roll-out of vaccines and the recovery from the pandemic accelerating, we are committed to mobilising our very best strength and resilience based on the experience and know-how, while striving to establish innovative partnerships and refresh our ways of thinking and working, in an effort to put business on a more sustainable path.

Integrating sustainability at the heart of our business

Sitting at the heart of our business strategy, we pay attention and efforts in integrating sustainability into our daily operations. A particular highlight in the past year has been the targets of the reduction in environmental discharge and improvement of the efficiency of natural resource consumption that we have achieved. In addition to replacing heavily polluting coal with gas as the fuels of boilers, we have also been actively embedding the concept of "circular lifecycle" when exploring new raw materials with recyclable content or features in our packaging business.

Leading the way to sustainability

While we are making some progress in protecting our people's wellbeing and endeavours to minimise our business impacts on the environment, we aspire to do much more. We are planning to extend our ambition into setting science-based environmental targets and understand climate risk assessment, as part of the analysis of our significant environmental impacts. Looking forward, we are dedicated to driving more positive changes as an enterprise as well as one of many players in our industry.

Last but not least, I would like to take this opportunity to express my sincere gratitude to our fellow stakeholders, business partners and our staff for their dedication, contribution and continuous support to the Group's sustainability journey. I very much welcome your feedback on this report and our performance.

Chen Hong Cai

Chairman and Executive Director

Jiangxi Province, the PRC, 23 August 2021

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IV. STAKEHOLDER ENGAGEMENT

In steering the Group's sustainability work effectively, the Group has maintained a close dialogue with both of its internal and external stakeholders that enable the Group to be updated of the ESG issues that are material and relevant to different stakeholder groups of the Group. Key stakeholder groups have been identified as the groups that are affected by the Group's operations most and which may have a major impact on the Group's ability to implement its business strategies and achieve sustainability goals. The Group highly values the feedback from its stakeholders and takes initiatives to build a trustful and supportive relationship with them in ways that are highlighted below.

Stakeholders	Expectations and concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> — Compliance with laws and regulations — Corporate sustainability — Proper tax payment 	<ul style="list-style-type: none"> — Supervision on complying with local laws and regulations — Routine reports and tax paid
Shareholders	<ul style="list-style-type: none"> — Return on investments — Corporate governance — Compliance with laws and regulations 	<ul style="list-style-type: none"> — Regular reports and announcements — Regular general meetings — Official company website
Employees	<ul style="list-style-type: none"> — Employees' remuneration and benefits — Career development — Health and safety in the workplace 	<ul style="list-style-type: none"> — Performance reviews — Regular meetings and training — Emails, notice boards, hotline, caring activities with the management
Customers	<ul style="list-style-type: none"> — High-quality products and services — Customers' rights — Contribution to the well-being of local communities 	<ul style="list-style-type: none"> — Face-to-face meetings and on-site visits — Customer service hotline and email
Suppliers	<ul style="list-style-type: none"> — Fair and open procurement — Win-win upstream and downstream cooperation — Protection of intellectual property rights 	<ul style="list-style-type: none"> — Face-to-face meetings and on-site visits — Suppliers' satisfactory assessment — Telephone conferences
General public	<ul style="list-style-type: none"> — Involvement in communities — Compliance with laws and regulations — Environmental protection awareness 	<ul style="list-style-type: none"> — Media conferences and responses to enquiries — Public welfare activities — Regular reports and announcements

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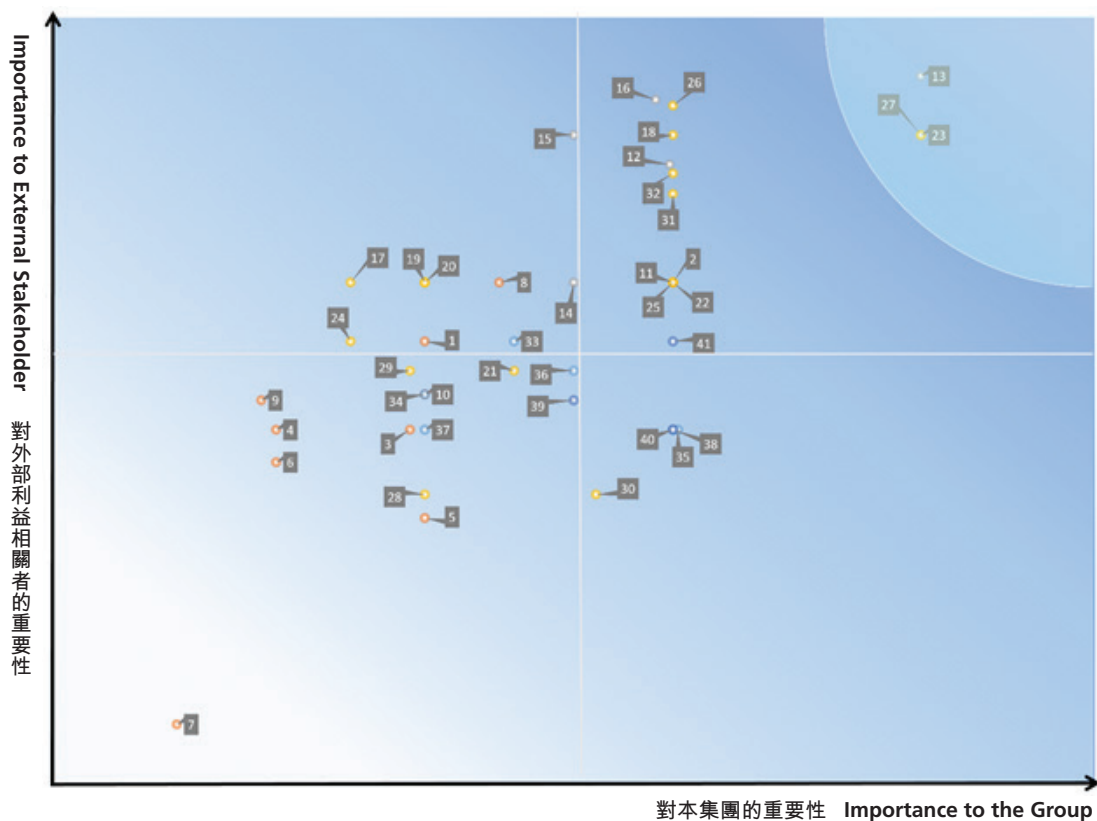
Materiality Assessment

The Group's sustainability strategy is focused on addressing its high priority ESG concerns where the Group believes it can have the greatest impact. Since ESG risks and opportunities for companies vary across industries and depend on the business model, the Group regularly undertakes an annual review of its key stakeholders' material concerns and interests, so as to ensure its priorities remain aligned with its stakeholders' expectations.

In FY2020, the Group undertook a materiality analysis initiated by a third-party agency in order to guarantee the accuracy and objectivity of the evaluation. Key internal and external stakeholders of the Group were selected based on their respective influence and dependence on the Group and voiced their concerns in terms of the Group's sustainability performance and operational plans under a list of 41 ESG-related topics. Through a science-based materiality assessment, the Group eventually formulated a materiality assessment matrix below, which reflected the prioritisation of relevant ESG matters. This objective and transparent assessment acted as a powerful tool in facilitating the Group to develop action plans for effective ESG management.

Stakeholder Engagement Materiality Matrix

利益相關者的參與重要性分析矩陣



- Environmental Impacts 環境影響
- Operating Practices 營運慣例
- Leadership & Governance 領導力和管治
- Employment and Labour Practices 僱傭及勞工常規
- Community Investment 社區投資

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1	GHG Emissions	15	Preventing Child and Forced Labour	29	Product Design & Lifecycle Management
2	Air Pollution	16	Labour Practices	30	Access & Affordability
3	Energy Management	17	Green Procurement	31	Business Ethics & Anti-corruption
4	Water & Wastewater Management	18	Communication and Engagement with Suppliers	32	Internal Communication & Grievance Mechanism
5	Solid Waste Stewardship	19	Environmental Risk (e.g. pollution) Management of Supply Chain	33	Community Engagement
6	Materials Management	20	Social Risk (e.g. human rights or corruption) Management of Supply Chain	34	Participation in Philanthropy
7	Land Use, Ecosystem and Biodiversity	21	Supply Chain Materials Sourcing & Efficiency	35	Cultivation of Local Employment
8	Climate Change Mitigation & Adaptation	22	Health and Safety Relating to Products/Services	36	Local Environmental Protection
9	Packaging Material Management	23	Customers Welfare	37	Support of Local Economic Development
10	Renewable and Clean Energy	24	Marketing and Promotion	38	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11	Diversity & Equal Opportunity	25	Intellectual Property Rights	39	Management of the Legal & Regulatory Environment (regulation-compliance management)
12	Employee Remuneration and Benefits	26	Product Quality	40	Critical Incident Risk Responsiveness
13	Occupational Health and Safety	27	Customer Privacy and Data Security	41	Systemic Risk Management (e.g. Financial Crisis)
14	Employee Development and Training	28	Labelling Relating to Products/Services		

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With respect to this ESG Report, the Group identified “Occupational Health and Safety”, “Customers Welfare” and “Customer Privacy and Data Security” as issues of high importance to both the Group and its stakeholders. This review helped the Group in pinpointing its significant sustainability issues and highlighting the material and relevant aspects.

Moving towards Sustainable Development Goals (SDGs)

2020 marked the fifth year since the SDGs were adopted. While significant progress has been achieved so far on a global level, it was recognised by the international community that the world was not fully on track to deliver the 2030 Agenda for Sustainable Development. The Group understands that businesses are uniquely positioned to influence shared future outcomes, provide support to each and every stakeholder and have a significant impact on the entire economy. As such, the Group has been committed to pushing the achievement of these global sustainability targets by playing a key role in promoting SDGs locally and nationally.



SDG 3: Good Health and Well-being

As the global pandemic crisis swept across the world in 2020, the topic of people’s health and well-being has been elevated to an increasingly higher level to all business enterprises. As a top priority in business operations, especially in our packaging business segment, the Group set up and implemented a series of policies to safeguard the safety of its people by eliminating their exposure to potential occupational health and safety risks. Meanwhile, the Group also cared about the wellbeing of its business partners and customers, and further extended its efforts to the health of community groups through the donation of epidemic prevention materials such as masks and sanitisers in the toughest period.



SDG 11: Sustainable Cities and Communities

In response to the proposed ambitions under SDG 11 and striving to make cities and human settlements inclusive, safe, resilient and sustainable, the Group is dedicated to minimising the potential adverse environmental impacts on cities during operations. In particular, the Group has laid emphasis on the monitoring, disclosure and management of its air emissions and waste management, and delved into the feasibilities of making use of innovative procedures and technologies to improve its environmental performance.

V. ENVIRONMENTAL SUSTAINABILITY

A.1. Emissions

Aiming to create a sustainable future of the planet and seek the long-term business success, as well as to meet all customers’ aesthetic expectations, demands and environmental principles, the Group has committed itself to lowering the environmental footprint and enhancing the application of sustainable practices across the value chain. In FY2020, the Group put unremitting efforts in controlling its emissions and consumption of natural resources, and strictly complied with relevant laws and regulations in Hong Kong and the PRC in its daily operations, including but not limited to:

- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Environmental Protection Law of the People’s Republic of China (中華人民共和國環境保護法);

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- Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法);
- Law of the People's Republic of China on Prevention and Control of Water Pollution (中華人民共和國水污染防治法); and
- Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法).

This section primarily discloses the Group's policies and practices on emissions, use of resources, the environment and natural resources and climate change in FY2020. More details about the quantitative data on emissions can be found in Table E1 in the Appendix.

Air and GHG emissions

Given the business nature of the Group, the major emissions were generated from its packaging business segment while the emissions from the mobile gaming business were relatively insignificant. In FY2020, the Group's air and GHG emissions were mainly generated from the purchase and consumption of electricity of its production plants and office operations, as well as the combustion of fossil fuels in vehicles for transportation. During the year under review, the GHG emission distribution of the Group was similar with that in FY2019, with Scope 2 (Energy Indirect Emission) dominating its GHG profile by constituting over 95% of total GHG emissions. Meanwhile, the emissions of different air pollutants including SO_x and NO_x recorded significant drops during the year under review, with a 20.4% and 85.3% reduction respectively.

In FY2020, the Group furthered its data collation process according to the latest requirements of the Stock Exchange, categorising the use of fossil fuels with regard to vehicle types and engine size, which improved the accuracy of its emission data. The Group unwaveringly strengthened the promotion of environmental protection within the organisation, striving to raise its staff's awareness on energy conservation and emission minimisation. In addition, the Group has also aligned its operations with internationally recognised standards and benchmarked the best practices in the industry. In particular, the Group has upgraded its manufacturing equipment, optimised the production operational process, implemented and strengthened the online monitoring system on the consumption of energy, as well as supported the integration of energy-saving technologies during operations. For instance, the Group made use of technological innovations to upgrade its production procedures through replacing coal by gas as the fuel for boilers thereby drastically lowering its air and GHG emissions.

More measures in relation to energy conservation that have been taken by the Group to reduce its air and GHG emissions can be found in **A.2. Use of Resources** section of this report.

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Non-hazardous Waste

In FY2020, the Group did not generate any hazardous solid waste nor wastewater. The non-hazardous wastewater and solid waste from the Group in the reporting year mainly consisted of industrial wastewater, domestic and commercial wastes. Specifically, the domestic wastewater was discharged directly to the drainage system, while the industrial wastewater was carefully pre-treated in order to meet the requirements of the local regulations and the “Integrated waste discharge standard (GB 8978-1996)” (污水綜合排放標準) before being discharged to the municipal sewage treatment plant. To further improve the quality of sewage to prevent any contamination of the natural water body, the Group has invented and held the patent of “An Improved Device for Soft Water Discharge” (軟水排放改良裝置). Since the amount of wastewater is highly dependent on the amount of fresh water consumed, more actions on reducing the amount of water usage and thus the discharge of wastewater can be found in the section **A.2. Use of Resources** below.

In the meantime, the solid waste generated by the Group mainly consisted of domestic waste from dormitories and commercial waste from offices and factory operations. Upholding the “3R Principles” of reduce, reuse and recycle, the Group has focused its efforts on identifying and avoiding the unnecessary administrative waste including posters and receipts in office operations. To further implement the Group’s sustainable waste management policies, solid waste is required to be classified according to their properties. The reusable resources, for example, are collected internally for reusing, while the unrecyclable waste will be handled by qualified environmental sanitation companies regularly. To enhance its recycling efficiency, the Group has invested in the research and development, and obtained a patent of an onsite paper recycling equipment.

Noise

In compliance with the Law of the People’s Republic of China on Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法), the Group has set up relevant policies in noise control and carried out noise detection tests in partnership with external agencies within its factories, in order to lower the impact of noise on the surrounding residents and meet the requirements of the “Emission Standard for Industrial Enterprise Noise at Boundary” (GB 12348-2008).

Progress

In FY2020, with the concerted efforts of all employees of the Group, the total GHG emissions of the Group declined by approximately 31.8%. Specifically, Scope 1 (Direct Emission) and Scope 2 (Energy Indirect Emission) emissions fell by 20.2% and 32.8%, respectively. The Group has further expanded its monitoring of GHG emissions and included a wider range of Scope 3 (Other Indirect Emission) emissions into analysis and final disclosure including business air travel, which was the primary reason of a rise of 29.2 tonnes of CO₂e during the year under review. Nevertheless, the substantial drop of total GHG emissions in FY2020 demonstrated the outstanding performance of the Group in environmental impact control.

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During the year under review, the Group reduced its wastewater from business operations by approximately 41.6%, which was mainly attributed to the strict implementation of its internal policies of water conservation.

In FY2020, the Group's major solid wastes under measurement and management were waste paper from business operations, which amounted to a total of 376 kg. The Group will continue to work hard on creating maximum value from finite resources, and strengthen its monitoring of other types of solid waste with due consideration of the principle of Materiality in the near future.

A.2. Use of Resources

The efficient use of natural and energy resources has been a key issue for the Group's sustainable development. In FY2020, the Group complied with the laws and regulations in relation to energy conservation, such as Energy Conservation Law of the People's Republic of China (中華人民共和國節約能源法) and Regulations of the Management of Economical Use of Urban Water (城市節約用水管理規定). During the year under review, the primary resources consumed by the Group were electricity, water, gasoline, diesel, steam, paper and plastic raw materials, while no packaging materials were consumed by the Group. Table E2 illustrates the amount of different resources used by the Group in FY2020.

Electricity

The Group's electricity consumption mainly came from the mobile gaming development and packaging production process. To ensure the alignment of all operation processes of each site with the Group's internal energy efficiency principle, the Group has formulated and implemented policies and measures for energy saving and consumption reduction, while focusing more on the supervision, inspection, adjustment and evaluation of energy performance of each working site. The General Management Department and Engineering Department are responsible for the maintenance of power supply and potential power emergencies, while other departments should manage their own electrical appliances according to internal policies, including:

- Switch off all idling lights, air conditioners, computers and other electrical appliances;
- Prioritise electrical appliances with Grade 1 Energy Label;
- Forbid employees from using energy-intensive appliances such as stoves, heaters and kettles without permission, while setting specific time schedule for using electric water boilers;
- Clean and maintain equipment regularly to ensure their high efficiency;
- Affix "Save Electricity" posters at workplace to promote energy conservation;

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- Replace energy-intensive lamps with energy-efficient ones (e.g. LED);
- Maintain indoor temperature over 26 °C in summer and below 20 °C in winter; and
- Adjust the lighting and air conditioning in non-peak hours.

Other energy resources

In FY2020, the Group consumed gasoline, diesel and steam as its primary energy resources for daily operations and transportation. The strategy of the Group in energy management is “conservation” and “efficiency”. Specifically, the Group has been dedicated to reducing the use of fossil fuel and strengthening its monitoring on the consumption of different types of resources with the effective implementation of internal policies. The Group has been in constant pursuit of technical upgrade and committed to operational innovation by replacing outdated facilities with energy-efficient ones, to make changes towards sustainable development.

Water

In FY2020, the Group withdrew a total of 23,549 m³ of water and did not face any problems in sourcing water. The Group realised that the fair access to clean water resources is a global challenge that often needs local solutions, thereby setting up internal policies and internal management system to promote the sustainable use of water during both the production process and employees’ daily lives. The collective and effective actions taken by the Group and its employees are highlighted below:

- Promote and educate staff about the importance of saving water;
- Run regular leakage tests on water taps and joint rings so as to repair the defects in the water supply system in a timely manner;

- Establish water filters and emphasise the reuse of industrial wastewater for cleaning and cooling;
- Install rainwater harvesting systems to collect rainwater for irrigation; and
- Set quotas and targets for water consumption.

Paper

Paper was mainly used in the Group for administrative operations. Embracing and promoting the concept of “paperless office” and “office automation” within operations, the Group encourages its staff to pay attention to the regulation of their daily practices in terms of paper usage so as to facilitate the creation of an eco-friendly working environment, including but not limited to:

- Advocate “paperless office” and make use of multimedia intelligent system when necessary;
- Prioritise paper with environmental friendly sources;
- Avoid unnecessary printing by setting printing quotas for business departments;
- Set double-sided printing as the default mode for printers;
- Place trays beside printing/copy machine to collect single-sided paper for reusing; and
- Encourage customers to use electronic receipts instead of paper receipts.

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Raw materials

In FY2020, the Group mainly consumed plastics as raw materials for its packaging business. The Group has focused on the lifecycle management of its products, working towards the development of the packaging solution that embodies more elements of renewables and recyclable materials. The Group is dedicated to exploring the opportunities to apply more recycled materials in all its packaging products through research and innovative designing ideas without compromising the products' quality and safety.

Progress

In FY2020, the total energy consumed by the Group (excluding steam) amounted to 22,525.06 GJ, which was 40.5% less than that in FY2019, with the consumptions of electricity, gasoline and diesel dropping by 42.1%, 12.5% and 27.6% respectively. Meanwhile, the amount of steam plummeted by 46.3%. In terms of the consumption of water, paper and plastic materials, the decreases of 41.6%, 12.6% and 33.3% were recorded respectively.

A.3. The Environment and Natural Resources

The Group is conscious of the complexities in seeking the balance between economic growth and environmental benefits. To find the suitable route to growing and preserving its environmental value, the Group has made thorough assessment on its major environmental impacts, which lead to the consumption of energy resources including electricity and fossil fuels that will indirectly cause the emissions of various types of air pollutants and GHGs. As such, the Group has brought in stringent policies and effective measures on a strategic level by working on re-organising the industrial layout, planting, management of pollution source in the residential area and optimisation of operational process, in order to mitigate its environmental impacts.

The Group's sustainability strategy has been founded on its commitment to the concept of the transition to a low-carbon economy. The Group recognises that such an economy and business model should take into account not only recycling and reuse, but also the control of a spectrum of its environmental impacts in business operations. The Group has launched a series of internal programmes to manage its consumption of paper and paper-made materials. In particular, the Group prioritises partnerships and collaborations with suppliers who have more environmentally friendly paper sources, in order to address the greatest environmental challenges through collective actions.

Going forward, the Group will keep becoming more aggressive in building infrastructure and developing an intelligent approach to managing its mobile gaming business and packaging business in a sustainable and climate-resilient manner. Aiming to cater to the growing consumer awareness and comply with the increasingly strict regulatory requirements, the Group continues to align its operations and business practices with the global leading practices in sustainability and work on the renewability of its products.

A.4. Climate Change

As climate change undeniably threatens our lives including the consequences of extreme weather events, drought, flooding and other disasters, the Group is committed to strengthening its mitigation actions, building up adaptive capacity to climate-related hazards and enabling a smooth transition to a zero-carbon economy in response to the country's carbon neutrality goals by 2060.

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To stay ahead of the climate actions, the Board and management have carefully considered and identified some of the potential climate-related risks that may affect the Group's long-term operations. For instance, while the Group's mobile gaming business will not be severely impacted by climate change, the packaging business may be indirectly disrupted due to the potentially unstable supply of raw materials under climate-related extreme weather events, including the delay of delivery, damage in reputation and operational cost. To mitigate the risk, the Board and management have been and will keep looking into the Group's supply chain model and developing appropriate back-up plans.

VI. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

Operating in an industry that revolves around expertise and talents, the Group's business depends on the wellbeing, capacity and talent of its staff. The Group believes that an inclusive, equal workplace with high diversity will attract and retain the foremost talent in the industry, which is crucial for its success.

B.1. Employment

As of the end of FY2020, the Group had a total of 488 full-time employees. The detailed distribution of employees by categories such as gender, age group and geographical location can be found in Table S3 in the Appendix.

Law compliance

The Group's employment policies have been updated and adjusted to cater to social changes since its inception and to abide by the relevant laws and regulations. In FY2020, the Group complied with the relevant laws and regulations in Hong Kong and the PRC, including but not limited to the following:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Labour Law of the People's Republic of China (中華人民共和國勞動法);
- Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法);
- Labour Contract Law of the People's Republic of China (中華人民共和國勞動合同法); and
- Minimum Wage Regulations (最低工資規定).

The Human Resources Department of the Group is responsible for the reviewing and updating of relevant company policies on a regular basis in accordance with the latest laws and regulations.

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Recruitment and promotion

As talent acquisition is crucial to the sustainable development of the Group's business, the Group has formulated and implemented its internal policies for recruitment, which is stated in the "Employee Manual". Specifically, the relevant department needs to submit an application for employment and fills out the "Human Resources Demand Application Form" (人力資源需求申請表), which indicates details of the reason for recruitment, job description and position requirement. The Administration Department evaluates the application and the approval of the general manager is needed for the recruitment for vacancies above the middle level. According to the requirements, the Administration Department conducts the recruitment through the internal platform, external networks, campus recruitment, labour markets and job fairs. The "Position Change Sheet" (職務變動呈報表) is required to be filled out, reviewed and approved under a series of strict procedures for internal recruitment. The job applicant needs to complete the "Application Form" (應聘履歷表) in which the basic personal information is required. After several rounds of interviews with the director of the Administration Department and the manager of the relevant department, the qualified applicant is required to sign the "Labour Contract" (勞動合同) with the Group before on-board. The recruitment of senior-level staff must be reviewed and approved by the general manager or the chairman of the Group. New employees must complete the "Employee Transfer Assessment Form" (員工轉正考核表) after the probation period and the Administration Department needs to timely update the basic information of the "Employee List" (員工花名冊).

To attract high-calibre candidates, the Group offers fair, competitive remuneration and benefits based on individuals' performance, personal attributes, job experiences and career aspiration. The promotion of employees strictly follows the procedures set out in the Group's policies and is utterly based on personal capability, previous performance and appraisal outcome.

Compensation and dismissal

The Group refers to its internal policy in formulating the internal compensation system and is committed to providing its employees with a highly competitive salary. Specifically, the Group determines its employees' salary level based on an objective evaluation of their performance and the market benchmark. Meanwhile, any appointment, promotion or termination of employment contracts should be based on reasonable and lawful grounds and conducted in accordance with internal policies such as the "Employee Manual". The Group prohibits any kind of unfair or illegitimate dismissal.

Working hours and rest period

The Group sets its internal policies as stated in its "Employee Manual" to manage the working time of its employees based on local employment laws including the "Provisions of the State Council on Employees' Working Hours". The Group utilises the attendance system to monitor the working time of its employees and compensate those who work overtime with extra holidays and rewards. In addition to the basic paid annual leave and statutory holidays stipulated by the national and local governments, employees are also entitled to additional leave benefits such as marriage leave, paternity leave and compassionate leave.

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Equal-opportunity and anti-discrimination

The Group recognises the value of diversity and strives to foster an inclusive working culture and equal opportunities for all. As such, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all human resources and employment decisions. Training and promotion opportunities, dismissals and retirement policies are determined irrespective of employees' gender, race, age, disability, family status, marital status, sexual orientation, social or ethnic origin, religious beliefs, nationality or any other non-job-related factors in all business divisions and departments.

The Group bears zero tolerance to any workplace discrimination, harassment or victimisation. Abiding by the relevant government legislation, ordinances and regulations, including the Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), the Group encourages its staff to voice out and report to the department heads for any suspected practices regarding violence, harassment or discrimination. Disciplinary actions would be taken against the relevant staff who has breached the rules related to the Group's equal-opportunity policies.

Other benefits and welfare

The Group always respects its employees' evolving expectations and encourages its employees to bring their creativity and innovation to work. As such, the Group has built a variety of channels such as the bulletin board, training programmes and meetings to facilitate barrier-free dialogues between the management of the Group and its general staff.

Meanwhile, the Group provides numerous benefits such as the social insurance, provident fund and well-equipped staff-quarters to its employees. The Group has held a multitude of entertaining activities for its employees in order to strengthen the team cohesion and collaboration while creating an uplifting atmosphere in the organisation. In FY2020, the Group organised a High-Altitude Adventure Training programme for its staff, aiming to boost employees' morale and enhance trust between colleagues.

In FY2020, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

During the pandemic, protecting its employees' health and wellbeing was of particular importance to the Group. In FY2020, the Group also made good progress towards the ultimate goal of zero accidents and work-related ill health. In FY2020, the Group was in compliance with the laws and regulations concerning the occupational health and safety in Hong Kong and the PRC, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Production Safety Laws of the People's Republic of China (中華人民共和國安全生產法);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法); and
- Regulation on Work-Related Injury Insurance (工傷保險條例).

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Adhering to its principle of “Safety and Prevention Come First (安全第一·預防為主)”, the Group has implemented a General Manager Accountability System (總經理負責制), regulating that all leaders at all levels must follow the Group’s principle of “The management of production must include safety (管生產必須管安全)”. The Group has enacted internal policies such as the Safety Production Management Responsibility System (安全生產管理責任制度), which specifies the responsible parties, inspection measures, obedience rewards and non-compliance punishment.

To minimise onsite risks, the Group has strengthened the patrol and investigation during the night which is carried out by the security guards. The General Department organises safety inspections on a monthly basis to eliminate the potential safety hazards. The Group stresses the supervisory responsibility while the Administration Department is responsible for overseeing, guiding and managing the Group’s health and safety-related affairs.

To enhance the safety awareness and emergency management capacity of its employees, the Group has stepped up its efforts in the promotion of occupational health and safety knowledge in the organisation through regular training and drills. In FY2020, the Group organised a Fire Safety Training course for its staff to improve their “Fire Safety Abilities”, including:

- The ability to eliminate hidden fire hazards;
- The ability to fight the fire at initial stage;

- The ability to organise and guide evacuation and escape routes; and
- The ability to publicise and educate others on fire safety knowledge.

Over the past three years, including FY2020, no work-related fatalities or injury incidents were found during the Group’s operations. During the year under review, the Group was in compliance with relevant laws and regulations in relation to providing a safe working environment and protecting its employees from occupational hazards that have a significant impact on the Group.

Response to the pandemic

The unprecedented pandemic put numerous lives at risk and posed a serious threat to our employees’ wellbeing. During the crisis, extraordinary measures were taken by the Group which allowed it to continue to deliver on its promise to protect its people’s health. Since the outbreak of the pandemic, the Group has formulated epidemic prevention policies in accordance with local and national government’s requirements, in particular the Novel Coronavirus Prevention and Control Guidelines (新型冠狀病毒防控指南) issued by the National Health Commission (國家衛生健康委).

- Disseminate correct epidemic prevention information to employees;
- Perform body temperature screening at entrances: employees with body temperature $>37.2\text{ }^{\circ}\text{C}$ are required to leave;
- Require social distancing of more than 1 metre between people and mask wearing in public space;

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- Set up special quarantine area for employees who are found to have any abnormal conditions; and
- Master the contact information of local disease control departments to determine the effective isolation and delivery plan for any emergency.

To maintain safe and stable operations amid the pandemic, the Group adopted a flexible working arrangement in terms of roles and tasks that require working onsite in the manufacturing plants. The Group also carefully organised its production schedule, and insisted on production through staggered or flexible shift.

B.3. Development and Training

Upholding the Group’s “people-oriented” management philosophy, everyone in the Group has been encouraged to learn through training, and continuously make a positive contribution to the Group’s business and culture. The Group believes that the healthy development of staff is essential to the introduction, mobilisation and motivation of the Group’s talents. The Group’s training philosophy and talent management programme for all employees has been and will continue to be built on the five core principles as shown below:

DEVELOPMENT AND TRAINING PRINCIPLES

SYSTEMATISM

Employee training should be a comprehensive, all-rounded, systematic project throughout the employees’ career.

INSTITUTIONALISM

Establish and improve the training management system, while regularising and institutionalising the training work so as to ensure the effective implementation of continuous training.



PROACTIVENESS

Emphasise employee participation and interaction, and give full play to the potential and initiative of employees.

DIVERSITY

The level and type of trainees should be carefully selected when developing training programmes so as to ensure that the diversity of training content and forms are taken into consideration.

EFFECTIVENESS

Employee training is a process of human, financial and material investment and a process of value appreciation. As such, all training programmes should define expected outputs and return, and based on the purpose of the improvement of the Group’s overall performance.

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The Group has designed the induction training in topics such as corporate culture, organisational structure and occupational health and safety for its new hires, while other job-related training opportunities are prepared for the experienced staff according to both corporate and individual needs. The Group also encourages its employees to attend external training courses for enhancing their competitiveness and expanding their capability through continuous learning. The Group regularly invites external organisations and experts for lectures, seminars and training. Employees who have received work-related certificates can apply for reimbursements after the director's approval.

In FY2020, approximately 82.2% of the Group's staff received a total of 4,010 hours of training. More detailed information can be found in Table S5 and S6 in the Appendix.

B.4. Labour Standards

To ensure that the human and labour rights are respected across its value chain, the Group abided by the relevant laws and regulations in Hong Kong and the PRC such as the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) and Labour Law of the People's Republic of China (中華人民共和國勞動法). To combat illegal employment on child labour, underage workers and forced labour, the Group has formulated and implemented its internal policies including the "Prohibit the Child Labour Procedures" (禁止僱傭童工程序) and "Prevent the Forced Labour Management Procedures" (防止強迫性勞工管理程序), which regulate the duties of responsible departments of the Group in recruitment and procedures in the labour management.

The Human Resources Department of the Group requires all job applicants to provide valid identity documents and relevant materials for verification before the confirmation of any employment according to the requirements in the "Employee Manual". The Human Resources Department carries out an inspection tour in the workshops of the Group from time to time, in order to prevent any cases of child or forced labour. The Human Resources Department is also responsible for monitoring and keeping the compliance of corporate policies and practice with relevant laws that prohibit child labour and forced labour. The Group has specified internal procedures that should be taken once any child or forced labour is identified within the Group in its policies.

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CHILD LABOUR

STEPS TAKEN TO ELIMINATE SUCH PRACTICES WHEN DISCOVERED

- Immediately terminate the contract of the employees involved and settle all the wages;
- Assign designated staff to escort the employee involved back to his/her hometown and get a certificate from the local police station to prove that the employee involved has arrived home safely, while all expenses arising from the process will be borne by the Group;
- For every half year, the Group will call the employee involved to learn about his/her current situation, and promise to provide him/her with preferential conditions work offer when he/she turns the age of 18 years old;
- To ensure similar incidents will not happen again, internal records will be summarised, while rectification opinions will be put forward to instruct the Human Resources Department to strengthen their inspection and verification work.

FORCED LABOUR

STEPS TAKEN TO ELIMINATE SUCH PRACTICES WHEN DISCOVERED

- The recruitment staff of the Human Resources Department who is illegally involved in requesting charges or introduction fee, detention, violence or compulsion during the employment process will be disciplined accordingly;
- Once any workplace violence is found which causes certain employees' physical or mental health to deteriorate, the corresponding Management Department and workers involved will be asked to apologise to the victim while disciplinary actions will be taken according to the rules and regulations of the factory;
- If the nature of the case is serious, the management of the Group will hand it over to the relevant government departments and authorities for further actions when considering necessary.

The Group has established a grievance mechanism with which employees can file a complaint concerning actual or potential child or forced labour cases effectively. Specifically, the employees can apply in writing to the management of the factory via the suggestion box, report directly to the labour union, or communicate with the highest leader of the factory to seek a solution. The workers can report to the local labour office if the measures above cannot receive correct and satisfactory feedback.

In FY2020, the Group was not in violation of any relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5. Supply Chain Management

The Group believes that a significant proportion of an organisations' social and environmental impacts are related to the management of business value chain. Although it may be challenging to influence other market participants, the Group is committed to leveraging its capability and experience to standardise the procedures and practices of its upstream suppliers towards sustainability. As such, the Group is dedicated to building effective partnerships and maintaining sound communication with its suppliers.

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Supplier selection

The suppliers of the packaging business segment of the Group are mainly paper traders and paper producers that supply raw paper, while the suppliers of the mobile gaming business of the Group are split into service providers that provide long-term system maintenance and software development services and equipment suppliers that provide

networks, servers, computers and other hardware. In compliance with its internal policies such as the Supplier Management Operations (供應商管理作業), the Group has set up detailed procedures of selecting qualified suppliers so as to ensure the quality and stableness of its products, services and operations, while minimising any social and environmental risks along the supply chain.

Packaging business segment

The Procurement Department (採購部) is responsible for the preliminary research of suppliers' background information including their reputation in the market, business transaction history and qualifications through online research, industry surveys and onsite visits.

The shortlisted suppliers are required to fill out the "Supplier Basic Information Form" (供應商基本資料表), while the Procurement Department is responsible for reviewing and verifying the submitted documents.

The shortlisted suppliers are also required to provide product samples and only if the quality of samples meets the requirement of the Group can the name of the supplier be put in the Qualified Supplier List (合格供應商名錄).

The Group selects its suppliers from its Qualified Supplier List and places the procurement order accordingly.

The Quality Control Department (品管部) carries out inspections on the supplies and requires suppliers to provide quality certificates and testing reports. The qualified materials will be sent to the Storage and Transportation Department (儲運部) along with the inspection report, whereas an Unqualified Material Notice (不合格物料通知單) will be issued by the Quality Control Department for the unqualified ones which will be returned.

Mobile game business segment

The Information Management Department, which is responsible for establishing and managing the database of all its suppliers' information, is also responsible for the preliminary assessment of suppliers' registered capital, company size, operation status, financial indicators, business strategy, relevant business qualifications.

The shortlisted suppliers are required to provide supporting materials such as corporate qualification certificates and fill out the "Supplier Qualification Application Form" (供應商資格申請表), which will be reviewed by the Information Management Department.

The suppliers who have been invited to participate in the system-building projects and have no bad records can be directly archived in the database.

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Supply chain risk management

The Group pays attention to the assessment and regulation of its supplier's environmental and social performance during their operations. To minimise any risk along the supply chain, the Group requires its suppliers to possess relevant certifications and qualifications, including but not limited to:

Packaging Business

ISO 9001 (Quality Management Systems)

ISO 14001 (Environmental Management Systems)

To ensure that its suppliers are up to the Group's standards, a regular assessment of suppliers is performed on a continuous basis. The regular assessment is generally performed by the Group's Procurement Department and Information Management Department on a quarterly basis. The assessment results will be used as feedback to the suppliers for work improvement and as a basis for unqualified supplier elimination. If there is any supplier who has partnered with the Group for a long time yet fails to meet the Group's requirement during the assessment for three times or more, it will be removed from the Qualified Supplier List (合格供應商名錄).

In FY2020, the Group was in stable cooperation with 36 suppliers, among which 17 were from Jiangxi, 13 from Xiamen and 6 from other districts, and more than 90% of its suppliers were under regulation and management by the aforementioned policies of the Group. Given the solid and steady relationships it has built with its suppliers, the Group did not experience any material delays, conflict or other significant issues with its suppliers in the past.

Mobile game business

Computer System Integration Qualification (計算機系統集成資質)

Certification of High-Tech Enterprises (高新技術企業認證證書)

Aiming to promote the local economy and lower its environmental impacts caused by distanced travelling of goods, the Group gives priority to local suppliers when choosing its business partners. To further its efforts on striving for "green procurement" practices, the Group has also been working on a more eco-friendly shipping approach with its suppliers in recent years by applying feasible technological innovations to the optimisation of collaboration models.

B.6. Product Responsibility

As part of its strategic objective for sustainable development, the Group keeps improving its management of products and services, starting from the strict compliance with relevant rules, regulations and standards in the PRC and Hong Kong that have a significant impact on the Group, including:

- Product Quality Law of the People's Republic of China (中華人民共和國產品質量法);
- Law of the People's Republic of China on Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法);
- Production Safety Law of the People's Republic of China (中華人民共和國安全生產法);

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- Patent Law of the People's Republic of China (中華人民共和國專利法);
- Copyright Law of the People's Republic of China (中華人民共和國版權法);
- Interim Measures for Online Games (網絡遊戲管理暫行辦法); and
- Administrative Measures of the Internet Information Services of the People's Republic of China (中華人民共和國互聯網資訊服務管理辦法).

The Group also strives to take a step further in running its business in a responsible way in order to achieve its missions:

- Meet its customers' requirements with the delivery of top-notch products and services
- Comply with national laws and international standards in relation to product quality
- Establish quality assurance policies and procedures, set quality-related objectives and review the management performance to promote continuous improvement of the quality management system
- Allocate professional human resources, advanced equipment and sound working environment to enhance customer satisfaction
- Strengthen the training of staff with regard to relevant quality policies and corporate objectives

Product quality assurance

Packaging Business

To ensure that the high-quality products can be delivered to its clients, the Group's Product Management Department is responsible for conducting inspections on the quality of the finished products according to the requirements of ISO 9001 and to issue the Finished Product Inspection Report (成品檢驗報告書) that indicates if the product is qualified and does not cause any harm to people's health and safety. The packaging business segment has professional teams responsible for the monitoring and inspection of the information completeness and compliance of the labels on the product with relevant standards.

Mobile game business

This business segment of the Group primarily focuses on promoting its self-developed mobile games, development and agency operation of web games and mobile games. Aligning with its corporate culture of "Dream, Innovation, Growth and Happiness" (夢想、創造、成長、快樂), the Group is committed to bringing its customers excitement and enjoyable experience in the game. To guarantee the products show great performance and do not contain any illegal or unhealthy content, the Group conducts stimulation test and perfection process before officially launching the games. Meanwhile, the Group also provides continuous technical support and improves the quality and content of its products according to customers' feedback and data analysis. The Group keeps monitoring the server status and optimising the game on the operational, technical and experiential level.

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With increasing legal restrictions on online and mobile gaming, the Group ensures its products and operations are without any incompliance. Abiding by the relevant laws and regulations, the Group submits its game record to the Ministry of Culture one month before the game is officially launched and makes records and e-tags on the approval of the Ministry of Culture. Meanwhile, the Group also encourages players to do the real-name registration for better management. The Group unswervingly pursues the excellence of service quality and proactively engages in the interaction with its customers, whose feedback is believed to help the Group to improve its service and design more products with better gaming experience.

Customer communication

The Group values its customers' opinions and strives to maintain smooth communication and interaction with its customers by building mutual trust. To respond to customers' enquires timely, the Group's Customer Service Department has set up communication channels such as email and 24-Hour hotline for receiving enquiries. The "Customer Complaints Processing Form" (顧客抱怨投訴處理登記表) is required to be filled out so as to carefully mark down all the details about the complaint and the contact information of the complainant, which will be reviewed by the manager of the Sales Department and sent to the Product Management Department. When the complaints are substantiated, categorised and analysed, the Product Management Department will coordinate relevant departments to deal with the problems raised by customers and organise workshops to discuss the issue and to summarise the experience from the incident, thereby further improving the product quality in the future. In FY2020, the Group did not receive any substantiated complaints.

Intellectual property rights

The Group has engaged in the research and development of advanced technologies and achieved solid progress in developing products with proprietary technologies. The Group is aware of the importance to protect its intellectual property rights and has applied for the copyright and the registration of its trademarks. The legal counsels of the Group provide professional advice on the protection of the intellectual property rights and take legal actions against any party or individual that infringes upon the Group's rights.

Advertising

The Group has implemented its internal policies to ensure that all the marketing materials and practices are in compliance with laws and regulations such as the Advertising Law of the People's Republic of China (中華人民共和國廣告法). Meanwhile, the Group prohibits any fraudulent or exaggerated advertisement and checks the authenticity and legality of the advertising materials before publication. The Group endeavours to ensure that its customers' rights are strictly protected and therefore, has signed contracts with its clients which are based on the principle of fairness and mutual trust. Once any misinformation or inappropriate advertising practice is identified by the Group, the corrective actions will be taken immediately according to the procedures set out in the internal guidelines.

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Privacy matters

All collected personal data is treated confidentially and stored safely. To enhance the awareness of information security among its employees, the Group has organised relevant training courses regarding customers' privacy for its employees and entered agreements with them who are obliged to follow the policy of the Group in the protection of customers' interest. The IT Department has also encrypted the confidential files to further protect customers' information from an inadvertent leak. During the year under review, the Group did not receive any substantiated complaint regarding data leakage or privacy matters.

In FY2020, the Group was not in violation of material relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group. Due to its business nature, labelling matters are not considered material to the Group so the labelling-related policies and management measures are not mentioned in this ESG Report.

B.7. Anti-corruption

Ethical business conduct and compliance with local and national legislation are fundamental to the Group's way of doing business. As a licence to operate, the Group abides by the local laws and regulations relating to anti-corruption, bribery, extortion, fraud and money laundering irrespective of the region where the Group operates, including but not limited to:

- Anti-corruption Law of the People's Republic of China (中華人民共和國反腐敗法);
- Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group has formulated and enforced its anti-corruption policies within the organisation and regulated that all employees discharge their duties with integrity and abstain from being involved in any activities related to bribery, extortion, fraud and money-laundering. The Group's legal team is responsible for monitoring ethics and compliance, and providing associated annual training to the Group's employees with regard to business ethics.

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All employees, at all levels of the organisation, are responsible for adhering to the code of ethics in daily decisions and operations. With an effective grievance mechanism, anyone in the company can anonymously report suspected breaches of the Group's anti-corruption policies to the management of the Group, with no fear of being penalised. The case of violation of the Group's code of conduct will be handled individually and investigated appropriately. Where criminality is suspected and substantiated, a report will be sent to the law enforcement authorities when the management considers it necessary. In FY2020, no concluded legal cases regarding corrupt practices were brought against the Group or its employees, due to the Group's unwavering efforts on internal and external audits.

In FY2020, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B.8. Community Investment

In recent years, the fulfilment of corporate social responsibility has not only been an obligation of enterprises to give back to the society, but a demonstration of a company's building of sustainability that advances the philosophy of doing well by doing good. Over the years, the Group keeps bearing in mind its social responsibility to help create a thriving, healthy and clean neighbourhood, by focusing on the improvement of local employment rate, infrastructure network and community services.

In FY2020, the difficult times under the pandemic reshaped people's perception of how businesses can step up to support the local community. From financial support and material donations, to job security and flexible production arrangement, the crisis ushered in a new era of tasks in fulfilling corporate social responsibilities. During the year under review, the Group donated epidemic prevention materials including the masks and sanitisers to the communities and committed to helping them tide over the difficulties together.

Looking forward, the Group will take initiatives to involve more of its operating sites and employees in more community programmes.

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VII. APPENDIX

Table E1. The Group's Total Emissions by Category in FY2020 and FY2019^[8]

Emission Category	Key Performance Indicator (KPI)	Unit	FY2020		FY2019	
			Amount	Intensity ^[1] (Unit/ employee)	Amount ^[2]	Intensity ^[2] (Unit/ employee)
Air Emissions ^[3]	SOx	Kg	0.9	0.002	1.1	—
	NOx	Kg	50.5	0.6	342.8	—
	PM	Kg	3.7	0.006	3.5	—
GHG Emissions	Scope 1 (Direct Emissions) ^[4]	Tonnes of CO ₂ e	149.5	0.3	187.3	0.3
	Scope 2 (Energy Indirect Emissions) ^[5]	Tonnes of CO ₂ e	3,459.1	8.8	5,144.9	8.8
	Scope 3 (Other Indirect Emissions) ^[6]	Tonnes of CO ₂ e	31.3	0.004	2.1	—
	Total (Scope 1, 2 & 3)	Tonnes of CO ₂ e	3,640.0	9.1	5,334.3	9.1
Non-hazardous Waste	Wastewater ^[7]	m ³	23,549	48.3	40,308	69.0

- [1] Intensity for FY2020 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's total number of employees of 488 in FY2020;
- [2] The amount and intensity in FY2019 were extracted from the data in the ESG Report FY2019 of the Group;
- [3] The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles;
- [4] The Group's Scope 1 (Direct Emissions) included only the consumption of diesel and gasoline in motor vehicles;
- [5] The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;
- [6] The Group's Scope 3 (Other Indirect Emissions) in FY2020 included other indirect emissions from electricity used for processing fresh water and sewage by government departments, and business air travels;
- [7] The total amount of wastewater generated by the Group was primarily based on the direct measurement together with appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain; and
- [8] The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories.

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Table E2. Total Resource Consumption in FY2020 and FY2019

Use of Resources	Key Performance Indicator (KPI)	Unit	FY2020		FY2019	
			Amount	Intensity ^[1] (Unit/ employee)	Amount ^[2]	Intensity ^[2] (Unit/ employee)
Energy	Electricity	kWh	5,669,779	11,618.4	9,783,285	16,752.2
	Gasoline	L	35,000	71.7	40,000	68.5
	Diesel	L	24,576	50.4	33,949	58.1
	Steam	m ³	4,037	8.3	7,514	12.9
	TOTAL ^[3]	GJ	22,525.1	46.2	37,859.8	64.8
Water	Water	m ³	23,549	48.3	40,308	69.0
Paper	Paper	Kg	376	0.77	430	0.74
Packaging materials	Plastic	tonnes	6	0.01	9	0.02

[1] Intensity for FY2020 was calculated by dividing the amount of resources that the Group consumed in FY2020 by the Group's total number of employees of 488 in FY2020;

[2] The amount and intensity in FY2019 were extracted from the data in the ESG Report FY2019 of the Group; and

[3] The calculation of total energy resources excluded the steam purchased.

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographical Locations of The Group in FY2020^[1]

Unit: Number of employees

Gender	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Male	44	107	76	64	291
Female	38	74	64	21	197
Total	82	181	140	85	488

Employment type

Full time	Part time	Total
488	0	488

Position Level

General staff	Middle-level managers	Senior management and directors	Total
448	31	9	488

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Geographical location	
Locations	Number of employees
Jiangxi	356
Xiamen	87
Others	45
Total:	488

[1] The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2020^[1]

Gender	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Male	15	17	15	17	64
Employee turnover rate (%)	23.4	15.2	19.5	25.8	20.1
Female	10	17	12	3	42
Employee turnover rate (%)	19.2	21.9	17.6	15.4	19.4
Total	25	34	27	20	106
Total employee turnover rate (%)	21.6	17.9	18.6	23.4	19.8

Locations	Geographical locations	
	Employee turnover	Employee turnover rate
Jiangxi	69	16.7%
Xiamen	29	28.6%
Others	8	35.6%

[1] The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2020 by the average number of employees in FY2020. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

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Table S5. Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2020^[1]

Gender	Position Type			Total
	General staff	Middle-level managers	Senior management and directors	
Male	212	17	5	234
Percentage trained (%)	81.9	65.4	83.3	80.4
Female	163	2	2	167
Percentage trained (%)	86.2	40.0	66.7	84.8
Total	375	19	7	401
Percentage trained (%)	83.7	61.3	77.8	82.2

[1] The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2020. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S6. Training Hours Received by the Employees of the Group by Gender and Position Type in FY2020^[1]

Gender	Employee Category			Total
	General staff	Middle-level managers	Senior management and directors	
Male	2,120	170	50	2,340
Average training hours	8.19	6.54	8.33	8.04
Female	1,630	20	20	1,670
Average training hours	8.62	4.00	6.67	8.48
Total	3,750	190	70	4,010
Average training hours	8.37	6.13	7.78	8.22

[1] The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

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VIII. HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide Index

Aspects	ESG Indicators	Description	Page
A. Environmental			
A1: Emissions	General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations</p>	9
	KPI A1.1	The types of emissions and respective emissions data.	28
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	28
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	28
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	N/A
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	11

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Aspects	ESG Indicators	Description	Page
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	12
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	29
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	29
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	N/A
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	13
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	12
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	14
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	14
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	N/A
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	14

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Aspects	ESG Indicators	Description	Page	
B. Social				
Employment and Labour Practices				
B1: Employment	General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	15	
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	29	
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	30	
	B2: Health and Safety	General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	17
		KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	18
KPI B2.2		Lost days due to work injury.	18	
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	18	

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Aspects	ESG Indicators	Description	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	19
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	31
	KPI B3.2	The average training hours completed per employee by gender and employee category.	31
B4: Labour Standards	General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. 	20
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	20
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	21
	Operating Practices		
	B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.
	KPI B5.1	Number of suppliers by geographical region.	23
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	22
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	22
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	23

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Aspects	ESG Indicators	Description	Page
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	23
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	25
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	25
	KPI B6.4	Description of quality assurance process and recall procedures.	24
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	26
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	26
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	27
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	26
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	N/A

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Aspects	ESG Indicators	Description	Page
Community			
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	27
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	27
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	N/A

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