



DIGITAL DOMAIN HOLDINGS LIMITED

數字王國集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code : 547)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019



ENTERTAIN

INFORM

INSPIRE

TABLE OF CONTENT

1.	ABOUT THE REPORT	2
2.	OUR RESPONSE TO COVID-19	4
2.1.	Employee Health and Safety	4
2.2.	Adapted Management	5
2.3.	Migrating to a Remote Workforce	5
3.	ESG MANAGEMENT AND STRATEGY	6
3.1.	A “Greener” Operation	6
3.2.	Our Recent Key Achievements	7
4.	ENVIRONMENTAL PROTECTION	8
4.1.	Corporate Environmental Policy and Compliance	8
4.2.	Energy Efficiency Management	9
4.3.	Exhaust Gas and GHG Emissions	10
4.4.	Waste Management	10
4.5.	Use of Resources	11
5.	EMPLOYMENT AND LABOUR PRACTICES	13
5.1.	Recruitment and Promotion	13
5.2.	Employment	13
5.3.	Occupational Safety and Health (“OSH”)	17
5.4.	Development and Training	18
5.5.	Harmonious Corporate Culture	19
5.6.	Labour Standards	19
6.	OPERATING PRACTICES	20
6.1.	Innovation-Driven Development	20
6.2.	Supply Chain Management	20
6.3.	Privacy Protection	21
6.4.	Product Responsibility	21
6.5.	Customer Feedback and Handling	22
6.6.	Anti-Corruption	22
6.7.	Intellectual Property Rights	23
6.8.	Whistle-Blowing	23
7.	COMMUNITY INVESTMENT	24
8.	HKEX ESG GUIDE CONTENT INDEX	25

ABOUT THE REPORT

Digital Domain Holdings Limited (the “**Company**”) is pleased to present its Environmental, Social and Governance Report (the “**ESG Report**”). The report concerns environmental and social impacts, policies and initiatives of the Company and its major subsidiaries (collectively the “**Group**” or “**we**”) to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable. Additional information in relation to the Group’s corporate governance and financial performance can be referred to the Company’s Annual Report for the year ended 31 December 2019.

1.1.SCOPE AND REPORTING BOUNDARY

The scope of the ESG Report covers the environmental and social performances of the Group’s principal operating activities in Beijing, Shanghai, Shenzhen, Taipei, Hong Kong and Hyderabad, which generally include visual effects production, post-production work on advertisements, feature films etc, and virtual human business, spanning over the period from 1 January 2019 to 31 December 2019. Part of the content may look back upon the performance of the Group in past years with a view to presenting the report in a more informative and comparable manner. The reporting boundary includes the operation entities in the cities mentioned above.

1.2.REPORTING GUIDELINES

The “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) which is set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEX**”) serves as the reporting guidelines of this report.

1.3.REPORTING PRINCIPLES

The reporting principles of this ESG Report are governed by “materiality” and “quantitative”. With respect to “materiality”, we ensure that ESG issues discussed in this report are sufficiently important and material to investors and stakeholders including customers, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations. With respect to “quantitative”, Key Performance Indicators (“**KPI**”) required by the ESG Reporting Guide are measurable such that the effectiveness of our ESG policies and management systems can be evaluated and validated continuously.

The Group is determined to be a responsible enterprise and is committed to perfecting its business and improving the local community. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most. We define our stakeholders as people who affect our business or who are affected by our business. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. In addition, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. The Group is working to create a sustainable growth for the benefit of all our stakeholders.

ABOUT THE REPORT

1.4.REPORTING FRAMEWORK

With reference to the ESG Reporting Guide and the Group's business operation, the presentation of our ESG Report divides the relevant aspects and KPI, which are considered to be relevant and material to the Group, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investment.

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for provisions that the Group considers are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, this report is compliant with all the "comply or explain" provisions set out in the ESG Reporting Guide.

1.5.DATA COLLECTION

Data in this report are extracted from the Group's internal management system and statistics, and part of the data collected in previous years. Unless otherwise stated, HKD is used in this report as its functional currency.

1.6.REPORT AVAILABILITY

This report is accessible in electronic version from the Company's website (<https://www.digitaldomain.com>).

1.7.CONTACT

We welcome comments and suggestions from our stakeholders. You may provide your comments on the ESG Report or towards our performance in respect of sustainability via email to enquiry@ddhl.com.

OUR RESPONSE TO COVID-19

In early 2020, the outbreak of the novel coronavirus epidemic (“**COVID-19**”) has brought exceptional challenges to Mainland of China, Hong Kong and subsequently many other cities where we operate. We were no exception and were strongly impacted by the pandemic.

Nevertheless, the health and well-being of all our customers and employees, as well as their families and friends, is our utmost priority in these challenging times. We have an important role to look after our employees, support our customers, and aid our communities. We are dedicating resources to help those in need and help us, as a society, emerge stronger on the other side.

In order to combat the spread of COVID-19 together with the community, the Group has been strictly following the latest health advice and regulations issued by the Hong Kong government and has undertaken prompt actions and adopted various preventive and hygiene measures for employees since early January 2020.

2.1.EMPLOYEE HEALTH AND SAFETY

The Group remains obligated to provide our employees with a safe and healthy working environment during the COVID-19 pandemic, maintaining a firm grasp of all applicable obligations (whether mandated or voluntary). The Group has taken the following precautionary measures at our workplaces to minimise the risk of transmission of COVID-19.

- We establish a designated working team to enhance implementation of hygienic measures in all offices and provide guidance to strengthen employees care for the employees;
- We provide adequate amount of surgical mask in all offices, while advising all staff members to maintain good personal hygiene and to avoid touching eyes, mouth and nose before cleaning hands;
- We provide 70-80% alcohol-based handrub in all offices for hand sanitization;
- Employees are recommended to rub hands with liquid soap for at least 20 seconds when washing;
- Any person who accesses to the workplace must wear a face mask and would be invited for a temperature screening procedure;
- Any person who has symptoms of fever, or other respiratory symptoms would be advised to seek medical advice and would be refrained from entering the workplace;
- Commonly touched areas e.g. lift buttons and handrails of office’s entrance are disinfected regularly during day time;
- Friendly message of upkeeping personal and environmental hygiene, health and safety as individual’s own responsibility are posted in the workplace;
- We implement shift duty to reduce workplace density so as to minimise the risk of spreading COVID-19;
- We provide special leave arrangement to those employees who are required for compulsory quarantine ordered by the governments during the COVID-19 pandemics; and
- Maintain a register of staff-members who are on duty and their mandatory travel and health declaration, for possible public health action in case the employee is confirmed to be infected with COVID-19.

OUR RESPONSE TO COVID-19

2.2.ADAPTED MANAGEMENT

- We review, update and modify crisis management plans, as needed, and ensure that employees follow these plans during the pandemic;
- We ensure that we comply with operational and monitoring requirements imposed by law, permit conditions and consent orders;
- We communicate regularly and frequently (e.g., through daily, weekly or biweekly check-ins) with key compliance personnel;
- We ensure that key employees have access to and/or knowledge about critical records and recordkeeping requirements; and
- We ensure that emergency and security protocols remain in place for shuttered facilities or those operating with reduced staff to ensure the health and safety of employees remaining on site and the nearby community.

2.3.MIGRATING TO A REMOTE WORKFORCE

Through active management and resources planning, the Group encouraged its administration and supporting personnel to work-from-home to form the remote workforce, whenever feasible and appropriate, in order to minimise workplace density and reduce employees' exposure to travelling and crowded public transport.

We continue to monitor and assess the situation, keeping all employees and customers posted. The resolve, dedication, commitment and hard work of the Group and its all employees to fight this unprecedented threat to mankind is strong and undeterred. We will remain resilient and responsive during these exceptionally challenging times, ensuring our ability to maintain our operations as smoothly and efficiently as possible.

ESG MANAGEMENT AND STRATEGY

3.1.A “GREENER” OPERATION

While the impact of global sustainability issues like climate change, plastic pollution, ecological and ethical footprints is increasingly prominent, the Group is aware that consumers are gradually becoming more sensitive to those issues which start to influence the purchasing decisions of average consumers. Where once customer would rarely question how a product was made or what it was made of, corporates are now expected to clearly state where products come from and how the ESG policies inform their choice of processes, materials and deployment of human resources. The change of consumer mentality is progressively transforming the purchasing decisions.

As such, it has never been more important for the Group to implement good ESG practices into our business model. We are committed to instilling the consciousness of resources conservation, deeply indoctrinated the low-carbon concept and environmental protection into the work and life of every employee. We continue to seek business partners who share our philosophy, commitment to environment conservation and compliance with the applicable environmental laws and regulations. We firmly believe that our commitment to environmental protection will become a part of our competitiveness, leading the Group to a greater success in the future and fulfil our responsibilities as a member of the community we all live in.

ESG MANAGEMENT AND STRATEGY

3.2.OUR RECENT KEY ACHIEVEMENTS

The Group contemplates that ESG is an integral part of our principal business and also our ability to succeed in a relentlessly competitive market. As such, the Group continuously spends remarkable efforts to address various aspects of ESG, including greenhouse gas reduction, development and training opportunities for employees, environmental compliance, health and safe work environment for employees.



ENVIRONMENTAL PROTECTION

4.1. CORPORATE ENVIRONMENTAL POLICY AND COMPLIANCE

Tremendous efforts in recent years has been made by numerous governments and corporates across the globe to promote the construction of a green and low carbon environment and ecological civilisation for the community. The Group, as a member of this global community, is committed to upholding high environmental standards and to disseminating the concept of sustainable and green development via reducing waste discharge, carbon footprint and resource consumption, devoting human and financial resources for environmental conservation and promoting a harmonious and sustainable development among people, society and the environment.

To achieve environmental sustainability, the Group formulated relevant rules and regulations for an effective management of energy consumption, greenhouse gas (“**GHG**”) emission, as well as discharge of domestic waste and sewage and other pollutants, highlighted as below:

- Promote a culture of environmental sustainability among customers, workforce, and supplier, encouraging their participation in green initiatives;
- Comply with applicable environmental protection laws and regulations; and
- Define appropriate goals, objectives and targets for our management approach.

During the Reporting Period, the Group complied with environmental protection laws and regulations in relation to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

ENVIRONMENTAL PROTECTION

4.2.ENERGY EFFICIENCY MANAGEMENT

Given the Group's business, by nature, we do not generate a significant amount of exhaust gas and greenhouse gas directly throughout its operation. However, our daily operation and office administration inevitably involve consumption of fossil fuel directly or indirectly, which releases Nitrogen Oxides (NO_x), Sulphur Oxides (SO_x), and Carbon Dioxide (CO₂) into the air. The Group is highly aware that such GHG emission is one of the major sources of global warming. Therefore, we strive to reduce our carbon and ecological footprint and adopt practices that are sustainable to the environment. The Group incorporated sustainable energy measures in its daily operations to properly manage our GHG emissions and address various environmental issues, including:

- Maintaining indoor temperature at an optimal level for comfort;
- Providing on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- Encouraging employees to switch off machines and devices, such as computers and monitors when not in use;
- Procuring energy efficient electrical appliances (such as those with Grade 1 energy labels, fridge with door and LED lighting systems whenever practical);
- Placing "Green Message" reminders on office equipment and workplace to further enhance employees' environmental awareness;
- Retrofitting lights to more energy efficient lights, such as LED lamp in our offices;
- Installing telephone and/or video conferencing systems;
- Encouraging employees to make the best use of modern telecommunication system to avoid unnecessary travel arrangement; and
- E-communication system was adopted to enable the Group's shareholders and non-registered shareholders to have an easy and quick access to the corporate information published while reducing paper consumption.

The Group believes that the adoption of the above mitigation measures will help change the behaviour of the use of energy in the workplace and finally achieve the goal of reducing the GHG emission and protecting our environment.

ENVIRONMENTAL PROTECTION

4.3. EXHAUST GAS AND GHG EMISSIONS

Our Group's business inevitably involves consumption of fossil fuel, which directly or indirectly, releases Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Carbon Dioxide (CO₂) into the air. The Group is highly aware that such GHG emission is one of the major sources of global warming. In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of "Emissions" during the Reporting Period is tabulated below.

Table 1 – Emissions

	Unit	FY2018	FY2018 Intensity (per employee)	FY2019	FY2019 Intensity (per employee)
GHG Emissions	CO ₂ e (kg)	1,358,863	3,702.60	1,032,277	2,028.05
Nitrogen Oxides	g	68,870	187.70	36,240	71.20
Sulphur Oxides	g	124	0.30	77	0.15
Particulate Matter	g	6,599	18.00	3,473	6.82

4.4. WASTE MANAGEMENT

Waste Management Policy

Waste reduction is the focus of our emission control efforts. The Group's principal waste management policy endeavours to achieve a green and paperless operation and a minimal generation of waste during our operation wherever possible and practical. The Group, through the following measures and objectives, strives to achieve the target of reducing the amount of waste generated and aims at waste management from the source:

- We encourage all employees to reduce paper usage through duplex printing, paper recycle and frequent use of electronic information systems for material sharing or internal administrative documents;
- We encourage increased use of reusable product, such as envelopes, and better separation of waste streams for recycling;
- We maintain 100% recycling of used toner cartridges by collecting and returning all used cartridge to recycling agents;
- We encourage minimal consumption of paper towels;
- We strengthen our employee's awareness in environmental management, waste reduction and waste recycle, encourage them to be equipped with appropriate skills and knowledge with respect to the practice of sustainable development; and
- We closely keep up with the latest government's initiatives and policies in relation to waste management, waste reduction and recycle campaigns in order to allocate resources and formulate strategy in a timely manner.

ENVIRONMENTAL PROTECTION

4.4.WASTE MANAGEMENT (CONTINUED)

Hazardous Waste

Given our business nature, the Group does not directly produce hazardous waste throughout the operation. The Group endeavors to recycle electronic waste throughout our operation wherever practical, ultimately reducing both the monetary and environmental costs incurred by the disposal of these electrical parts that would otherwise be scrapped and treated as hazardous waste.

Non-hazardous Waste

The non-hazardous wastes generated by the Group are mainly domestic waste including stationery, packaging materials, paper from our operations, product sample and food wastes, among which, recyclable wastes will be recycled for reuse.

Wastewater Discharge

The Group's operations do not consume a significant amount of water. Our main use of water is for sanitary purposes. Similarly, most of the wastewater discharged from our facilities is sanitary wastewater. The Group ensures all domestic sewage is properly discharged into the urban sewage pipe network for subsequent sewage treatment.

Table 2 – Waste Discharge

	Unit	FY2019
Non-hazardous Waste	kg	119,106

In the aspect of waste management, the Group constantly strives to maintain a high standard of requirement of waste reduction, actively encouraging our employees to appreciate the significance of sustainable development through continuous development in skills and knowledge.

4.5.USE OF RESOURCES

In light of finite earth's resources, the Group considers the conservation of natural resources as an indispensable component of our sustainable business. Through actively promoting various environmental friendly measures, we encourage an efficient use of resources, including energy, paper and water. As such, the Group has initiated policies to raise the awareness of electricity conservation and taken energy saving measures throughout our daily operation as elaborated in the section of "Exhaust Gas and GHG Emissions".

Water Consumption

The Group takes a cautious approach to water stewardship, seeking to maximize efficiency and reduce water consumption. We strive to engage all employees to develop a habit of conserving water consciously. Pantry and washrooms are posted with environmental messages to remind employee the importance and urgency of water conservation. The utility facilities are maintained regularly for service to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis. The Group also seeks to reduce water usage, reuse water and improve the quality of wastewater discharged from our working stations wherever possible.

ENVIRONMENTAL PROTECTION

4.5.USE OF RESOURCES (CONTINUED)

Packaging Material

Given our business nature, the Group does not have manufacturing facilities and does not consume significant amount of packaging materials by our operation. However, we encourage our suppliers to use less packaging material.

Environmental Performance

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of “Energy and Resources Use” during the Reporting Period are tabulated below.

Table 3 – Energy and Resources Use

	Unit	FY2018	FY2018 Intensity (per employee)	FY2019	FY2019 Intensity (per employee)
Electricity	kWh	1,496,930	4,078.79	1,073,760	2,110.55
Purchased Gas	Unit	n/a	n/a	n/a	n/a
Unleaded Petrol	L	8,420	22.89	5,235	10.28
Diesel	L	n/a	n/a	n/a	n/a
Paper	kg	1,457	4.00	1,113	2.19
Water	m ³	6,501	17.70	5,368	10.55

EMPLOYMENT AND LABOUR PRACTICES

5.1. RECRUITMENT AND PROMOTION

The experienced and competent workforce are constantly the key drivers to the Group's business development and long-term growth. As such, it is of paramount importance for us to proactively manage our talent pipeline and career development for the employees. The Group is determined to set itself in a good position to maintain a robust business performance and growth together with our employees.

We encourage differences and individuality in employees, with the philosophy that diversity can bring new ideas, dynamics and challenges to our operations. We discourage all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. Our employment policy encourages hiring of talented people with physical or mental disabilities. We are committed to supporting our employees to maintain a family-friendly work environment because we respect their roles and responsibilities in their families. We strive to make sure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. We bring in new recruits and equip them with necessary skill sets to develop a long-term rewarding career with us.

During the Reporting Period, we strictly observed the applicable laws and regulations and follow our policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, so as to recruit and retain experienced employees.

5.2. EMPLOYMENT

In order to attract and retain our employees, which are our most valuable assets, the Group offers competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees. The Group decides the remunerations payable to its staff based on their duties, work experience and the prevailing market practices. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and individual employees.

Hong Kong Region

In Hong Kong, the Group complied with the Labour Law of Hong Kong and relevant employment laws and regulations during the Reporting Period, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) by offering competitive wages, medical insurance, maternity leave and other compensation to our employees.

The People's Republic of China ("PRC") Region

In the PRC, we participated, during the Reporting Period, in welfare schemes concerning Housing Provident Fund and local social insurance which includes pension insurance, unemployment insurance, maternity insurance, employment injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC.

EMPLOYMENT AND LABOUR PRACTICES

5.2.EMPLOYMENT (CONTINUED)

Taiwan Region

In Taiwan, the Group, on a monthly basis during the Reporting Period, contributed labour pension to individual accounts of labour pension at the Bureau of Labour Insurance, Ministry of Labour for employees pursuant to the Labour Standard Act and Labour Pension Act.

India Region

In India, we participated, during the Reporting Period, in welfare schemes concerning provident fund and pension, life insurance, accident insurance and medical insurance in accordance with the local regulations including Employee Provident Fund and Miscellaneous Provision Act 1952 and Factories Act 1948.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources. We strictly prohibit discrimination, harassment and bullying at all workplaces. In accordance with the ESG Reporting Guide set out by HKEX, details of the Group's workforce during the Reporting Period are tabulated as well as presented in charts below.

Table 4 – Our Workforce

	FY2019
Total Number of Full-Time Employees	510*
Turnover Rate by Gender	
Male	41.7%
Female	32.2%
Turnover Rate by Age	
Under 30 Years Old	56.8%
Between 30 and 50 Years Old	27.3%
Over 50 Years Old	13.3%

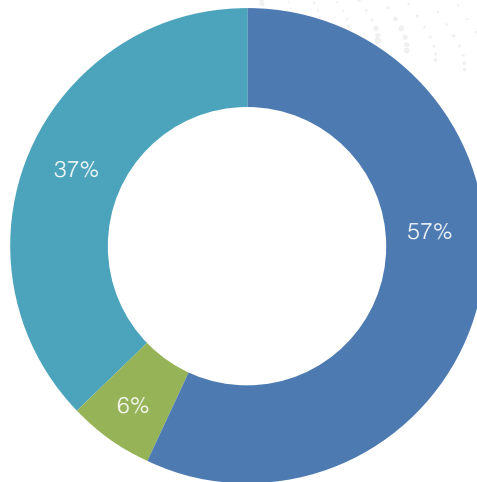
* The figure only covers employees hired by the headquarters in Hong Kong and by the subsidiaries in Beijing, Shanghai, Shenzhen, Taipei and Hyderabad.

EMPLOYMENT AND LABOUR PRACTICES

5.2.EMPLOYMENT (CONTINUED)

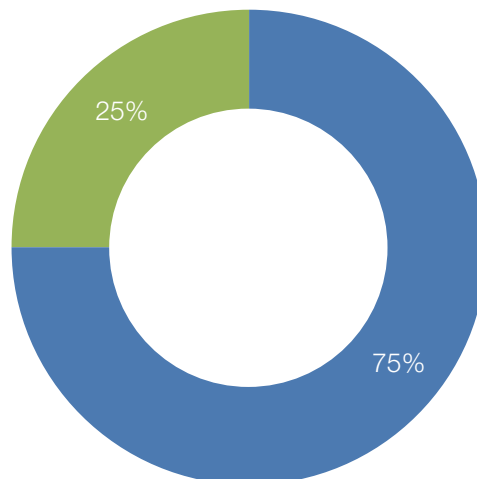
TOTAL WORKFORCE BY GEOGRAPHICAL REGION AS OF 31 DECEMBER 2019

■ Hong Kong & PRC ■ Taiwan ■ India



TOTAL WORKFORCE BY GENDER AS OF 31 DECEMBER 2019

■ Male ■ Female

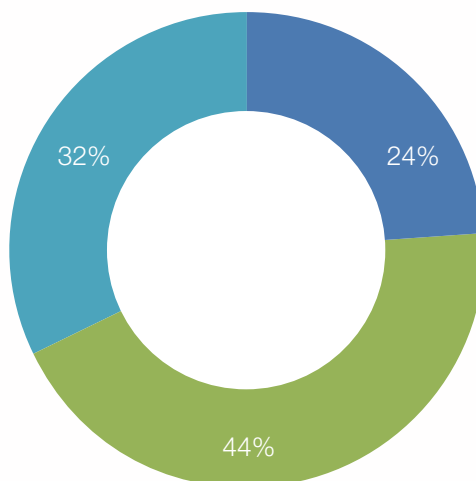


EMPLOYMENT AND LABOUR PRACTICES

5.2.EMPLOYMENT (CONTINUED)

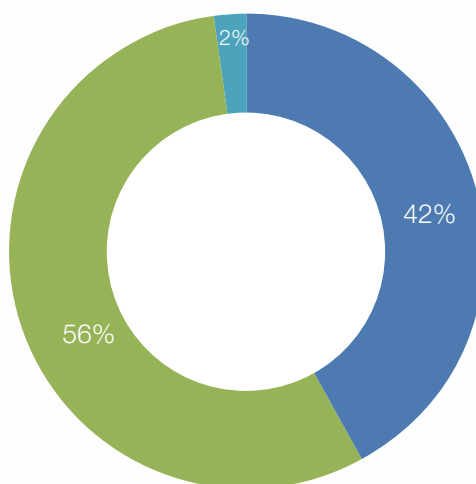
TOTAL WORKFORCE BY EMPLOYMENT LEVEL AS OF 31 DECEMBER 2019

■ Senior ■ Middle ■ Junior



TOTAL WORKFORCE BY AGE GROUP AS OF 31 DECEMBER 2019

■ Under 30 Years Old ■ Between 30 and 50 Years Old ■ Over 50 Years Old



EMPLOYMENT AND LABOUR PRACTICES

5.3.OCCUPATIONAL SAFETY AND HEALTH ("OSH")

The Group is highly aware that employees' health and safety is of paramount importance to our operation and therefore, the Group is determined to attaching great importance to a healthy, comfortable and safe working environment for our employees. The goals of our OSH policy are highlighted as below:

- The OSH management system aims at identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries;
- Zero tolerance of accidents and injuries;
- Promotion of a positive safety culture among employees;
- Commitment to the provision of a safe and healthy working environment for the employees;
- Commitment to human and financial resources for the OSH management system; and
- Compliance with applicable laws and regulations in relation to occupational safety and health.

To achieve the goals of our OSH policy, the following measures are adopted:

- Formulation of emergency response plans, risk assessment and accident investigation mechanism so as to ensure legal compliance with OSH;
- Organization of fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency;
- Organization of induction programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can;
- Promotion of safety culture among employees;
- Provision of job-related training to existing staff-members to strengthen their professional knowledge and skills in daily operations and safety matters;
- Provision of first aid kits and fire extinguishers in workplace;
- Prohibition of smoking and abuse of alcohol and drugs in the workplace;
- Provision of clean and tidy rest area; and
- Provision of adjustable chairs and monitors for eye protection.

EMPLOYMENT AND LABOUR PRACTICES

5.3.OCCUPATIONAL SAFETY AND HEALTH ("OSH") (CONTINUED)

During the Reporting Period, the Group complied with the laws and regulations in relation to occupational safety and health in multiple regions, such as the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), Labour Law, Regulations on Period of Medical Treatment of Diseases or Non-work-related Injuries of Employees and Regulation on Work-Related Injury Insurance of the PRC. During the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury and did not identify any material non-compliance with laws and regulations relevant to health and safety of employees. The summary of work-related fatalities and injuries during the Reporting Period are shown in the table below.

Table 5 – Health and Safety

	FY2019
No. of Work-Related Fatalities	nil
Rate of Work-Related Fatalities	nil
No. of Injuries at Work	nil
Lost Days due to Injury at Work	nil

5.4.DEVELOPMENT AND TRAINING

The Group envisions that empowering its people through development and training is the cornerstone of our success in the long-run. The Group listens and responds to our people. Our training programmes are designed not only to meet our business vision and to provide skillset required for the operation, but also for the benefit of society as a whole wherever possible.

Considering that each of the position is of unique professional and technical needs, the Group ensures that every new joiner receives proper orientation training and mentoring in order to help them adapt to the new working environment affirmatively and quickly. Continuous training is committed by the Group in different ways including comprehensive training for specific skill development, courses for continuous professional development for relevant employees and providing training materials so as to ensure that they possess the appropriate qualities and skill-sets.

Our employees, during the Reporting Period, were provided with resources of multiple training course, including induction training and technical skills training. These training programs not only facilitate the career prospect of individual employee, but also further enhance the sustainable development of the Group. The board of directors and senior management were provided with training materials in relation to the relevant rules and regulations, corporate governance, business development and strategy in order for them so as to develop and refresh their knowledge and skills.

EMPLOYMENT AND LABOUR PRACTICES

5.5 HARMONIOUS CORPORATE CULTURE

The Group is strongly convinced that a harmonious corporate culture among the employees and management are always the key drivers to the Group's healthy and prosperous growth. To achieve this, we utilize a variety of channels, including:

- All-staff meetings or gatherings to update on business performance and the development of key projects;
- Employee engagement such as annual employee survey which provides a confidential route for employee feedback. Follow up actions ensure that employees' voices are heard and responded to at both corporate and team levels; and
- Festive foods, such as moon cakes and fruit, were delivered to employees during certain traditional festivals (such as Lunar New Year and Mid-Autumn Festival) in recognition of their contributions and dedicated work to the Group. Regular and festival gatherings were organised during the Reporting Period to enhance the harmonious spirit of different levels of staff members throughout the Group.

The Group believes that such a corporate culture and harmonic working environment will naturally achieve a synergistic result to facilitate employee retention and to improve productivity.

5.6 LABOUR STANDARDS

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labour and forced labour. New employees are required to provide true and accurate personal data when they are on board. Recruiters should strictly review the entry documents including academic certificates and identification documents.

During the Reporting Period, the Group strictly complied with the laws and regulations in relation to prevention of child and forced labour, including the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong) and Labour Law, Prohibition of Child Labour Provisions, Underage Workers Special Protection Provisions, Prohibition of Forced Labour and Prisoners Labour Policy and Procedures of the PRC as well as relevant legislations in the countries where we operate. No material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

OPERATING PRACTICES

In order to achieve our goal to be a responsible corporate in the Asia-Pacific region, we realize that we must operate in a sustainable fashion with a comprehensive ESG management approach. Furthermore, it is essential for us to encourage all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

6.1 INNOVATION-DRIVEN DEVELOPMENT

The Group anticipates that innovation and technology strategies shall play a crucial role in our long-term business development. As such, we are determined to set ourselves in a good position to continuously and proactively introduce products, services and processes derived from high-tech oriented research and development, into our operation and business model wherever commercially feasible and appropriate.

6.2 SUPPLY CHAIN MANAGEMENT

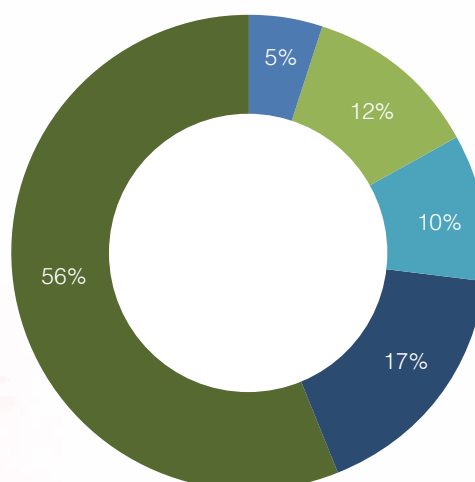
The Group understands that the supply chain management has always been one of the key aspects of the Group's operation. Not only does our management team consider economic and commercial benefits during the tendering processes, but it also evaluates the suppliers' and contractors' track record with respect to legal and regulatory compliance which include environmental, social and governance aspects.

We developed a selection framework in relation to the applicable laws and regulations for the safety, environmental and other social aspects. We may perform on-site inspection and assessments if deemed necessary. Every supplier is required to comply with our code of practice, which prohibits offering of gifts, loans, hospitality, services or favor in an improper manner.

We believe that, through the above review process, we can minimize the potential environmental and social risks associated with the supply chain management. During the Reporting Period, the Group had in total 178 suppliers which were located in the region where we operated. The geographical regions of our suppliers are summarized as below:

SUPPLIERS BY GEOGRAPHICAL REGION AS OF 31 DECEMBER 2019

■ Shenzhen ■ Beijing ■ Shanghai ■ Taiwan ■ India



OPERATING PRACTICES

6.3 PRIVACY PROTECTION

The Group undertakes to strictly comply with relevant laws and regulations in relation to privacy that have an impact on the Group, to ensure that all data are securely kept in our internal system with access control. The Group sets out data privacy requirements in our corporate policies, under which customer data would be used exclusively for matters relating to the Group's operation only. We strive to ensure all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

Being involved in the innovative business, confidentiality agreement must be signed before business engagement with contractors. We require our employees to strictly observe the procedure on handling the Group's confidential information set out in the policy.

6.4 PRODUCT RESPONSIBILITY

To be a successful business, we are committed to the highest standards of service or product we deliver, maintaining continuous communication with our customers to ensure that we understand and fulfil their needs and expectations. While maintaining strict product quality, we keep track of emerging trends and continue to develop and optimize products that offer the best solutions to our customers.

The Group undertakes the defined quality assurance protocol to ensure products constantly meet customer requirements and legal and safety standards for its intended use and for circumstances of reasonably foreseeable misuse. We carry out regular assessment for each product type with respect to the aspects of environmental impact, health impact, safety and hazards. We perform continuous and regular assessments of the product quality and review of opportunities for improvements and changes. With respect to advertising, the Group respects our customers' rights and is committed to providing accurate product and service information for customer in connection with their purchase or consumption decision. The Group carefully reviewed advertising material to protect customers' interest. With respect to labelling, the Group also requires that labelling is accurate, clear, legitimate without misleading messages.

PRC Region

Our operation in the PRC, during the Reporting Period, complied with relevant laws and regulations in relation to advertising, labelling and consumer protection, such as "Law of the People's Republic of China on the Protection of Consumer Rights and Interests", the "Advertising Law of the People's Republic of China", and "Product Quality Law of the People's Republic of China", by ensuring that there are no false and misleading messages in our advertisements and promotion activities.

Hong Kong Region

In Hong Kong, the Group, during the Reporting Period, complied with relevant laws and regulations, for instances, the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong).

Other Regions

In other regions, the Group, during the Reporting Period, complied with relevant laws and regulations wherever appropriate and applicable. We also carried out continuous assessment of the service quality and product quality and review of opportunities for improvements and changes.

OPERATING PRACTICES

6.5 CUSTOMER FEEDBACK AND HANDLING

Realizing that our customer needs and expectations should be well addressed, the Group pays attention to the level of satisfaction of customers and their feedback. Regular communication channels and feedback systems, such as telephone hotlines, emails, social media and website, are in place to gather information on satisfaction and suggestions for improvement from our diverse portfolio of customers.

The Group consolidated and comprehensively analysed the customers' feedback in order to identify the issues. Follow-up actions, including internal evaluation and modification of training programs for employees, will be taken to address the issues identified and to continuously improve our service delivered. Feedback will additionally be provided to the customers in a timely manner.

During the Reporting Period, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services. There were no cases of product recall nor complaints received against our products due to health and safety issues during the Reporting Period.

6.6 ANTI-CORRUPTION

The Group makes every effort to uphold a high standard of business ethics and prohibition of any forms of bribery and corrupt practices. To prevent misconduct and corruption as part of the exercise of Corporate Governance, the Group has a Group-wide Code of Conduct in place. The Code of Conduct elaborates in detail on the prevention of bribery, fraud, corruption, conflicts of interest and gambling. We also require our employees to declare any conflict of interest, to avoid any possible such conflict with sub-contractors or suppliers.

During the Reporting Period, the Group observed with laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and Criminal Law and the Regulations for Suppression of Corruption of the PRC. No cases of anti-corruption were concluded and the audit committee of the Company identified no complaint from employees during the Reporting Period.

OPERATING PRACTICES

6.7 INTELLECTUAL PROPERTY RIGHTS

The Group is committed to comply with relevant laws and regulations in relation to intellectual property right ("**IP rights**") by valuing and protecting its intellectual properties through patent fees and periodic trademark renewals.

In order to ensure that the customer's IP rights of products is properly protected during the outsourcing processes to suppliers, a confidentiality agreement regarding IP rights must be signed before engagement. Internally, we enter into standard employment contracts with our employees which contain provisions on intellectual property rights and confidentiality. Relevant employees of the Group have signed a written confirmation to (i) confirm that all intellectual property rights created or made during their employment with the Group shall belong to us; and (ii) agree not to use or disclose the confidential information relating to the product designs without authorisation of the Group.

6.8 WHISTLE-BLOWING

In order to encourage our employees to report illegality, irregularity, malpractice, unethical acts or behaviours, inappropriate conducts or actions, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties including accounting controls and audit matters via a confidential reporting channel to the extent that is made possible to all employees.

The Group is committed to addressing the "whistle-blowers" concerns in a fair and reasonable manner and to handling the reports with due care and conducting a comprehensive and independent investigation for each reasonably established report. The Group protects whistle-blowers by prohibiting any form of discrimination or retaliation or hindrance, interference or antagonism against employees participating in the investigation. All "whistle-blowers" who report in good faith are reasonably protected from retaliation or adverse consequence of their employment regardless of whether the allegation is substantiated.

The whistle-blowing policy and its procedures, which apply to all levels of the members of the Group, have been documented in the employee handbook and have been circulated among employees for their reference.

COMMUNITY INVESTMENT

The Group is dedicated to making a better society through our community involvement. We put the best effort and resources in helping the local communities and people in needs.

Our engagement with local and regional communities covers key considerations as below:

- Investment in community affairs and functions;
- Traditional and cultural heritages of communities where we operate; and
- Recognition of the values of indigenous people and ethnic minorities.

During the Reporting Period, we purchased moon cakes through the charity program of “Orbis Mid-Autumn Charity Sales” organized by Orbis in 2019, as part of our effort of community-care. The main goal of Orbis is to prevent blindness worldwide by raising funds for its operation and by increasing awareness of eye health issues.



The Group’s participation in the charity program of “Orbis Mid-Autumn Charity Sales” during the Reporting Period

Going forward, the Group will continue to foster the culture of active participation in community services, encouraging our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Sections in the ESG Report	Remarks
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental Protection	
KPI A1.1	Types of emissions and respective emissions data	Environmental Protection	
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Environmental Protection	
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	n/a	Defined to be irrelevant to the Group's operation
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Environmental Protection	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Environmental Protection	
KPI A1.6	Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved	Environmental Protection	

HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Sections in the ESG Report	Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on efficient use of resources, including energy, water and other raw materials	Environmental Protection	
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Environmental Protection	
KPI A2.2	Water consumption in total and intensity	Environmental Protection	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Environmental Protection	
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	n/a	Defined to be irrelevant to the Group's operation
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	n/a	Defined to be irrelevant to the Group's operation
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Environmental Protection	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Environmental Protection	

HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Sections in the ESG Report	Remarks
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment and Labour Practices	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment and Labour Practices	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment and Labour Practices	
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Employment and Labour Practices	
KPI B2.1	Number and rate of work-related fatalities	Employment and Labour Practices	
KPI B2.2	Lost days due to work injury	Employment and Labour Practices	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Employment and Labour Practices	

HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Sections in the ESG Report	Remarks
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employment and Labour Practices	
KPI B3.1	The percentage of employees trained by gender and employee category	n/a	
KPI B3.2	The average training hours completed per employee by gender and employee category	n/a	
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and Labour Practices	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment and Labour Practices	
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	n/a	No such incidents were reported during the Reporting Period
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	Operating Practices	
KPI B5.1	Number of suppliers by geographical region	n/a	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Operating Practices	

HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Sections in the ESG Report	Remarks
Aspect 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	Operating Practices	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	n/a	Defined to be irrelevant to the Group's operation
KPI B6.2	Number of products and service related complaints received and how they are dealt with	n/a	No products and service related complaints received during the Reporting Period
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Operating Practices	
KPI B6.4	Description of quality assurance process and recall procedures	Operating Practices	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Operating Practices	

HKEX ESG GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Sections in the ESG Report	Remarks
Aspect 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	Operating Practices	
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	Operating Practices	No concluded legal cases regarding corrupt practices during the Reporting Period
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Operating Practices	
Aspect 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 takes into consideration communities' interests	Community Investment	
KPI B8.1	Focus areas of contribution	Community Investment	
KPI B8.2	Resources contributed to the focus areas	Community Investment	