# 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



#### I. PREAMBLE

Mobile Internet (China) Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") is an investment holding company, which is mainly engaged 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 focussed 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.

Packaging is ubiquitous in people's daily lives and the important enabler to minimise the food waste, to lower environmental pollution and to address the sustainability-related problems in this day and age should more bold commitments to improving the sustainability features of packaging materials and aggressive objectives to bring innovations to the packaging industry be accomplished. With China enacting increasingly tougher regulations and strategic plans banning the single-use plastics and strengthening the recycling, recovery and recirculation of used plastics in packaging materials, the Group has been making unremitting efforts in finding the solution for sustainable packaging and business operations. With a strong commitment to forging a resilient and socially and environmentally responsible enterprise in the industry, the Group has been pushing for increased awareness campaigns within the organisation and endeavouring to build and optimise its sustainability governance system in order to address the environmental, social and governance ("ESG")-related risks efficiently. In recent years, the Group has kept reviewing its business models, putting forward a series of constructive plans for business development and basing its decision-making process on its robust ESG management system in response to the growing customers' awareness and concerns in sustainability and stricter regulatory requirements, thereby making solid strides towards the balance of environmental, social and economic development.

#### 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 fourth Environmental, Social and Governance Report for the year ended 31 December 2019 ("FY2019"), which demonstrates the Group's approach and performance in terms of ESG management and corporate sustainable development for FY2019. For corporate governance section, please refer to the Group's 2019 Annual Report.

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.

#### **Boundary Setting**

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 control approach, including the mobile gaming business and packaging business.

#### **Reporting Principles**

As the reporting principles underpin the preparation of the ESG Report, the reporting process followed the principle of Materiality, Quantitative, Balance and Consistency as set out in the ESG Guide. Specifically, 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. 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 performance of the Group in FY2019 were displayed in a numeric format. 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. To produce a clear report that allows readers to benchmark the Group against its peers and its previous performance, a consistent reporting framework and calculation methodology for data collation were adopted in the preparation of the ESG report.

#### III. BOARD INCLUSIVENESS

The Group is deeply aware that the Board of Directors (the "Board") has a pivotal role to play in supervising and managing the business development of the Group in the long run. As such, an integrated 'Top-down' and 'Bottom-up' management approach has been adopted by the Group in the sustainability management, which is believed to be essential to the efficiency of conveying the message from the leaders and corporate visions from the top to the general staff and beneficial to the effectiveness of maintaining a barrier-free communication channel between the policymakers and frontline workers within the Group. Specifically, the Board that has the ultimate responsibility for the implementation of relevant ESG policies throughout the entire organisation, takes the lead and oversees the Group's daily operations and strategic development. The management, which has been delegated directly by the Board, is monitoring and leading the effective execution of the Group's policies and implementation of the Group's sustainability strategies. Under the overarching goals from the top, the general staff is responsible for completing the tasks assigned by the management and reporting on the problems during the operations. The Group also has built a professional team with a 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.

#### Top-down management approach



#### Board

- Formulate the plans on the strategies of the Group's sustainable development;
- Oversee the assessment of the Group's environmental and social impacts together with their long-term financial implications;
- Ensure that the corporate culture with ESG considerations and sustainability mindset are integrated in the decision-making process.



#### Management

- Steer, supervise and monitor the implementation of sustainability practices with well-defined metrics;
- Evaluate the risks and opportunities arising from the implementation of relevant policies;
- Develop and offer integrated solutions combining managerial expertise across core thematic areas;
- Organise board briefings in which the latest feedback of key stakeholders and the proposed improvement in business are provided.





#### **General employees**

- Learn and implement the sustainability principles set out from the top of the Group during operations;
- Execute the plans and ESG-related policies at different stages of operations;
- Discuss and sum up practical experience;
- Report the latest progress in sustainability building against the criteria built by the management.

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



Department

- Purchase the raw materials and auxiliary components according to order requirements;
- Communicate with the suppliers timely and efficiently;
- Coordinate the collaboration with other departments in the company, etc.



Storage and Transportation Department

- Manage the company's logistics staff and warehouses;
- Control the outsourcing costs and operational practice, etc.



Department

- Monitor the company's financial outcome, operating results and capital changes, and report to the general manager and the Board in a timely manner;
- Strengthen the financial cost control and reduce the cost under appropriate operating conditions;
- Responsible for use and coodination of the funds, and participate in the fundraising, etc.



Operation Department

- Assist the general manager to formulate the marketing strategies and set relevant goals:
- Deal with the customer inquiries and complaints;
- Responsible for the assessment and management of the personnel in the Marketing Department, etc.



General Manager

- Formulate company's business policies, directions for development and strategic plans:
- Ensure the appropriate allocation of sufficient resources in the management
- Review the management system and organise the performance appraisal, etc.



Administration Department

- Responsible for formulating the company's training plans of all human resources;
- Coordinate the operation of the company's materials, procurement and general affairs;
- Formulate and revise the system management documents of the company, etc.



Production Department

- Organise the application and promotion of new technologies, new processes and new equipment;
- Establish and continuously improve the quality management system;
- Guide, supervise and inspect the work of all subordinates and monitor the policies concerning environmental protection and labor protection, etc.



R&D Department

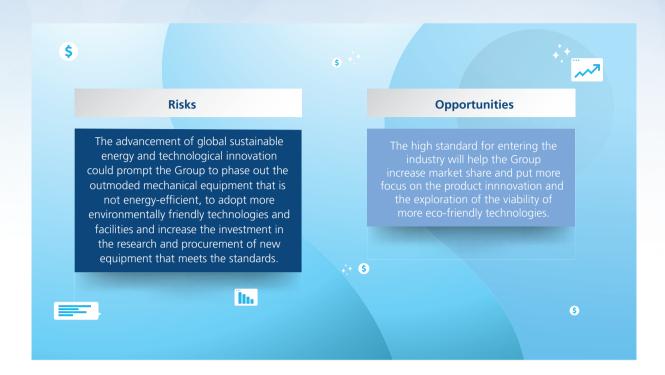
- Assist the Production Department in the improvement of processing technology;
- Responsible for product design, process management, quality assurance and equipment upgrade;
- Implement the rules and regulations to ensure that there are no safety accidents in the factory, etc.



- Track and handle the unqualified products and abnormal accidents:
- Responsible for the on site 5S management;
- Department
- Quality Control Monitor the operations and carry out tests on samples at different stages, etc.

The Board routinely takes into consideration the risks and opportunities brought by the imminent climate emergency and the implications of climate change on the business development and investment decisions from the perspectives of governance, strategy, risk management and the building of appropriate goals and metrics. Considering the climate-related risks, the Board, 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, is most concerned of the impacts of new environmental regulations, sensitivity to changes in the carbon market and changing customer behaviour on the Group's operations, which might directly or indirectly lead to the increased cost of raw materials that results in the adjustment of operating costs and revenues of the Group.

Facing these potential risks, the Board reviews the Group's ESG-related and climate-related risks on a regular basis and formulates the sustainability objectives and implementation procedures according to the annual budget and business plan. Specifically, the Group's countermeasures include a targeted culture for ESG management, a clear ESG value proposition, the integration of ESG into business under the supervision of the Board, the smooth communication with stakeholders and the capacity building programmes launched in various business areas.



# IV. STAKEHOLDER ENGAGEMENT

Maintaining a sound relationship with both internal and external stakeholders and allowing their voices to be heard is important to the Group. The smooth communication between the Group and its stakeholders can not only help deliver the Group's commitment to the long-term value creation to stakeholders who care about the level of the Group's sustainable development, but also keep the Group updated of the ESG topics that are material and relevant to different groups of stakeholders in the everchanging macro-environment context.

With the goal to strengthen corporate sustainability approach and performance while to enhance stakeholders' awareness of ESG and sustainability issues, the Group has paid attention to its internal and external stakeholders' inclusiveness. The Group highly values the feedback from its stakeholders and takes initiative to build a trustful and supporting relationship with them in ways that are highlighted below.

**Table 1 Stakeholders Expectations and Communication Channels** 

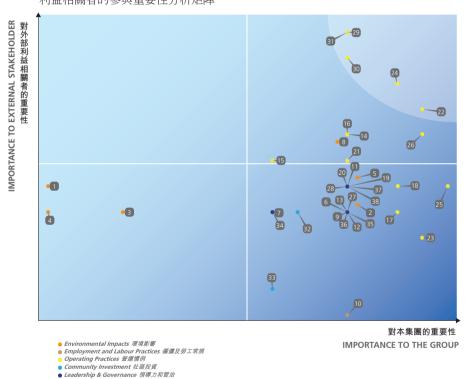
Stakeholders	Expectations and concerns	Communication channels
Government and regulatory authorities	<ul> <li>Compliance with laws and regulations</li> <li>Business sustainability</li> <li>Proper tax payment</li> </ul>	<ul> <li>Supervision on complying with local laws and regulations</li> <li>Routine reports and tax paid</li> </ul>
Shareholders	<ul><li>Return on investments</li><li>Corporate governance</li><li>Business compliance</li></ul>	<ul> <li>Regular reports and announcements</li> <li>Regular general meetings</li> <li>Official company website</li> </ul>
Employees	<ul> <li>Employees' compensation and benefits</li> <li>Career development</li> <li>Healthy and safe workplace</li> </ul>	<ul> <li>Performance reviews</li> <li>Regular meetings and training</li> <li>Emails, notice boards, hotline, caring activities with the management</li> </ul>
Customers	<ul> <li>High-quality products and services</li> <li>Protect customers' rights</li> <li>Set up strict standards for internal management</li> <li>Contribute to the well-being of local communities, customers, suppliers and employees</li> </ul>	<ul> <li>Face-to-face meetings and on-site visits</li> <li>Customer service hotline and emails</li> </ul>
Suppliers	<ul><li>Fair and open procurement</li><li>Win-win cooperation</li></ul>	<ul> <li>Suppliers' satisfactory assessment</li> <li>Face-to-face meetings and on-site visits</li> </ul>
General public	<ul> <li>Involvement in communities</li> <li>Business compliance</li> <li>Environmental protection awareness</li> </ul>	<ul> <li>Media conferences and responses to enquiries</li> <li>Public welfare activities</li> <li>Regular reports and announcements</li> <li>Face-to-face interviews</li> </ul>

#### **Materiality Assessment**

Since ESG risks and opportunities for companies vary across industries and depend on the business model, the Group undertakes an annual review of identifying and understanding its stakeholders' main concerns and material interests for the ESG report. In FY2019, the Group engaged its stakeholders to carry out a materiality assessment survey, in which the key internal and external stakeholders of the Group including customers, suppliers, business partners, the Board and its employees 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 number of ESG-related topics. With the science-based materiality assessment, the Group objectively prioritised the topics that were material and relevant to both the Group's business and its stakeholders' interests and generated a materiality assessment matrix below that outlined the survey results while further prompting the Group to put more focus on the management in the important areas.

### Stakeholder Engagement Materiality Matrix 利益相關者的參與重要性分析矩陣



Through the materiality analysis matrix, the Group identified 'Customers satisfaction (Welfare)', 'Observing and protecting intellectual property rights', 'Number of legal cases filed against the company about bribery, extortion, fraud and money laundering', 'Anti-corruption policies and whistle-blowing procedure' and 'Anti-corruption training provided to directors and staff' as the ESG issues that were significant to its business operations and strategic development. Meanwhile, the Group

has been committed to aligning its ESG management with the United Nations Sustainability Development Goals ("SDGs") and further identified Goal 3 (Good health and wellbeing) and Goal 11 (Sustainable cities and communities) among all 17 SDGs as the subjects of which its stakeholders were most concerned in FY2019. The Group will keep focussing its efforts on the sub-goals under these SDGs and embedding the global sustainability concepts into its business development.

# V. ENVIRONMENTAL SUSTAINABILITY

Sticking to the mission of providing eco-friendly service and packaging solutions that meet all customers' aesthetic requirements, experiential demands and environmental principles, the Group has invariably been committed to the long-term sustainability of the environment and community in which it operates. In FY2019, the Group brought in draconian measures in controlling its emissions and consumption of energy resources, and strictly complied with all relevant environmental laws and regulations in Hong Kong and the People's Republic of China ("PRC") in its daily operations.

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, and the environment and natural resources in FY2019.

#### A.1. Emissions

Following the momentous strategy that 'Clear waters and lush mountains are the real treasure troves', the Group has expedited its transformation to make the business operations more inclusive and sustainable in recent years. In FY2019, the Group persevered with low-emission development and implemented stringent policies to reduce its environmental impact and was in compliance with the material laws and regulations in relation to air and GHG emissions, discharges into water and land, generation of hazardous and nonhazardous wastes, and noise that have a significant impact on the Group. During the year under review, the Group complied with all relevant environmental laws in the operating regions, including but not limited to:

- Waste Disposal Ordinance (Chapter. 354 of the Hong Kong Law);
- Environmental Protection Law of the People's Republic of China;

- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes;
- Law of the People's Republic of China on the Prevention and Control of Water Pollution; and
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution.

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 FY2019, the air emissions of sulphur oxides ("SO<sub>y</sub>"), nitrogen oxides ("NO<sub>y</sub>") and particulate matter ("PM"), which amounted to 1.1, 342.8 and 3.5 kg, respectively. GHG, which is believed as the culprit of the observed climate change that not only influences the way people live, but has a profound impact on the sustainability of businesses nowadays. In FY2019, the GHG emissions from the Group were primarily due to the combustion of fossil fuels for transportation and the purchase and consumption of electricity in the manufacturing operations. Specifically, the Group's total GHG emissions were 5,334.3 tonnes CO<sub>2</sub>e, with an intensity of 9.1 tonnes CO<sub>3</sub>e/Employee. The Group also generated a total of 40,308 m<sup>3</sup> of nonhazardous sewage from its administration offices and factories during the year under review. In FY2019, the Group did not generate hazardous waste to the environment. The Group's total emissions in FY2019 are summarised in Table 2 below, in which the figures in FY2018 (from January to December of 2018) are provided for comparison as well.

Table 2 Group's Total Emissions by Category in FY2019<sup>[8]</sup>

Emission category	Key Performance Indicator	Unit	Amount in FY2019	Intensity <sup>[1]</sup> (Unit per employee) in FY2019	Intensity <sup>[2]</sup> (Unit per employee) in FY2018
Air emissions <sup>[3]</sup>	$SO_{v}$	Kg	1.1		_
	NO <sub>x</sub>	Kg	342.8	_	_
	PM	Kg	3.5	_	
GHG emissions	Scope 1 (Direct Emissions) <sup>[4]</sup>	tonnes CO <sub>2</sub> e	187.3	0.3	1.0
	Scope 2 (Energy Indirect Emissions) <sup>[5]</sup>	tonnes CO <sub>2</sub> e	5,144.9	8.8	9.2
	Scope 3 (Other Indirect Emissions) <sup>[6]</sup>	tonnes CO <sub>2</sub> e	2.1	_	_
	Total (Scope 1, 2 & 3)	tonnes CO <sub>2</sub> e	5,334.3	9.1	10.2
Non-hazardous waste	Wastewater <sup>[7]</sup>	m³	40,308	69.0	89.4

- [1] The intensity for FY2019 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's number of the workforce as at 31 December 2019 of 584;
- [2] The intensity for FY2018 was extracted from the data in the ESG Report 2018 of the Group;
- [3] Air emissions included the air pollutants from vehicles for transportation;
- [4] The Group's Scope 1 (Direct Emissions) included only the consumption of fossil fuels for vehicles;
- [5] The Group's Scope 2 (Energy Indirect Emissions) included only indirect emissions from electricity consumption;
- [6] The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from paper waste disposed at landfills by relevant government departments;
- [7] The total amount of non-hazardous wastewater was based on the assumption that 100% of the freshwater that was consumed by the Group in FY2019 entered the drainage system; 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 and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories.

Air and GHG Emissions

Air and GHG emissions generated by the Group mainly came from the purchase and use of electricity during its manufacturing and office operations, and the combustion of gasoline and diesel for transportation. In recognition of the detrimental impacts of emissions on the environment, the Group has aligned its operations with internationally acceptable and recognised standards and benchmarked the best practice in the industry, including upgrading the equipment and optimising the operational process, in order to lessen its emissions. In particular, the Group has strengthened its online monitoring system on the consumption of energy and natural resources and supported the integrated application of energy-saving technologies during operations.

The Group has made full use of technical innovations to control the quality of the exhaust gases from the factory of the Group, thereby alleviating its negative environmental impacts. Meanwhile, the Group has made full use of steam instead of coal as the fuel of boilers for manufacturing operations, which has drastically lowered the generation of air pollutants. More measures in relation to energy conservation that have been taken by the Group to reduce its air and GHG emissions are detailed in A.2. Use of Resources of this report.

In FY2019, with the concerted efforts of all employees of the Group, the GHG emissions dwindled substantially by around 28.4% as compared with that in FY2018 and the intensity was reduced to 9.1 tonnes/employee.

Wastewater and Solid Waste

In FY2019, both the wastewater and solid waste generated from the Group were non-hazardous. Specifically, the industrial wastewater was treated internally and must meet the requirements in the 'Integrated waste discharge standard (GB 8978-1996) (污水綜合排放標準) or local regulations before being discharged to the municipal sewage treatment plant, while the domestic wastewater was discharged directly to the drainage system. The patent of 'An Improved Device for Soft Water Discharge' (軟水排放改良裝置) was held by the Group, which helped the Group dramatically improve the quality of discharged sewage. The solid waste from the Group included the domestic waste generated in the offices and dormitories and other general waste in the factories. The Group has fully implemented its sustainable waste management policies during operations. The solid waste generated from the mobile gaming business, which was mainly the commercial waste from the offices, was well managed by the property management unit of the office buildings, while the solid waste from the packaging business was classified according to the property of waste. For instance, the recyclable solid waste was collected internally for reuse while other unrecyclable domestic and commercial waste was handled by the certified environmental sanitation company on a regular basis. To increase the recycling efficiency, the Group has continued its research and obtained a patent of an onsite paper recycling equipment.

In FY2019, the Group furthered its reduction of wastewater from business operations through the strict implementation of internal policies and its total amount of wastewater stood at 40,308 m³, which was 38% lower than the amount in FY2018.

#### Noise

In compliance with the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise, the Group has set up relevant policies in noise control and carried out noise detection tests in partnership with external agencies within the 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).

#### A.2. Use of Resources

The efficient use of natural and energy resources has always been a key issue for the Group's sustainable development. In FY2019, the Group complied with the laws and regulations in relation to energy conservation, including but not limited to the Law of the People's Republic of China on Conserving Energy and Regulations of the Management of Economical Use of Urban Water. During the year under review, the primary resources consumed by the Group were electricity, water, gasoline, steam, paper and plastic packaging materials. Table 3 illustrates the amount of different resources used by the Group in FY2019.

Table 3 The Group's Total Use of Resources by Category in FY2019

Use of Resources	Key Performand Indicator (KPI)	ce Unit	Amount in FY2019	Intensity <sup>[1]</sup> (Unit per employee) in FY2019	Intensity <sup>[2]</sup> (Unit per employee) in FY2018
Energy	Electricity Gasoline Diesel Steam	kWh L L m³	9,783,285 40,000 33,949 7,514	16,752.2 68.5 58.1 12.9	17,516.5 66.0 302.4 12.1
Water	Water	m³	40,308	69.0	97.4
Paper	Paper	Kg	430	0.7	0.8
Packaging materials	Plastic	Tonnes	9	_	

<sup>[1]</sup> The intensity for FY2019 was calculated by dividing the amount of various types of resources that were consumed by the Group by the number of the workforce as at 31 December 2019 of 584; and

<sup>[2]</sup> The intensity for FY2018 was extracted from the data in the ESG Report 2018 of the Group.

#### Water

In FY2019, the total water consumption of the Group was 40,308 m³, which mainly came from the manufacturing factories of the packaging business. During the year under review, the Group did not face any problems in sourcing water. To improve the water efficiency, the Group has set up relevant policies and implemented the internal water resources management system to promote the sustainable use of water during both the production process and employees' daily lives. In addition to the accurate measurement and disclosure of both the total volume and intensity of water consumption of each business segment, the Group has particularly emphasised the importance of all employees to work collectively to protect and save water. The effective actions that were taken by the Group and its employees in FY2019 were highlighted below.

- Adopted low-flow faucets or showers in the office and dormitories;
- Purchased water-efficient equipment to replace the water-intensive one;
- Installed rain harvesting systems to collect the rainwater for landscape irrigation and planting;
- Recycled the wastewater for cooling and cleaning;
- Carried out regular leakage tests on water taps, washers and tanks in the water supply system;
- Fixed dripping taps immediately;
- Turned off the water supply system at night and on holidays; and
- Educated the staff to pay attention to the dripping taps and leaking faucets.

#### **Electricity**

The electricity consumed by the Group mainly came from the operations of electrical equipment and device in the offices and factories. All employees of the Group have been adhering to the local regulations and the Group's internal policies of electricity conservation. To mitigate the consumption of electricity so as to diminish its GHG emissions, the Group has intensified its efforts and embedded the concept of 'Saving Electricity' into its business operations in both offices and factories. The General Management Department and Engineering Department of the Group were responsible for the daily use of electricity of the Group, and the repair and maintenance of the power supply and any power emergency respectively, while all other departments were required to manage their use of lighting fixtures, air conditioners and other electrical appliance. In particular, the Group implemented the following practices in FY2019:

- Switched off all lights, electronic device and other equipment at the end of the day;
- Developed the habit of turning off all idle lights and air conditioners among employees;
- Place 'Save electricity and turn off the light when you leave please' posters to encourage workers and employees to conserve energy;
- Clean and maintain the electrical equipment in the offices and factories (such as air conditioner and paper shredder) regularly to keep their high efficiency;

- Regulated that employees were not allowed to use the electrical appliances such as stoves, heaters, kettles and other devices which consumed large amounts of electricity without permission, and anyone who violated the rule would be disciplined and criticised with the device being confiscated;
- Advocated the importance of energy conservation among employees;
- Set the time period for using the electric water boiler between 6:30– 9:30 in the morning every day and required all departments to strictly follow the time schedule;
- Maintained average room temperature at above 26°C in summer and below 20°C in winter, and regulated that only under the forecast temperature of above 30°C or below 5°C can the air conditioners be activated; and
- Substituted more efficient LED bulbs for office lighting instead of energyintensive lamps in both offices and operating sites.

#### Other energy resources

In FY2019, the Group consumed diesel, gasoline 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 energyefficient ones, to make strides towards sustainable development.

In FY2019, the total energy (electricity, gasoline and diesel) consumed by the Group equalled to 10,472,522 kWh, which diminished by approximately 32% when compared with the consumption in FY2018 (15,390,335 kWh). Specifically, the electricity, gasoline and diesel usage all dropped in varying degrees by 23%, 17% and 85% respectively, which were partly attributed to the great efforts of the Group in the optimisation of its operational process and the effective implementation of energy-saving policies.

### A.3. The Environment and Natural Resources

The Group is conscious of the complexities in seeking the balance between economic growth and environmental benefits and believes that only if it keeps making in-depth and continuous evaluations of the environmental impacts of its value chain and the physical and transitional risks posed by the critical climate change can a systematic solution for sustainable business development be brought forward and effectively applied into practice. To find the suitable route to growing and preserving its environmental value, the Group has identified its major environmental impacts, that is the consumption of energy resources including electricity and fossil fuels, which may indirectly cause the generation of various types of air pollutants and GHG emissions. As such, the Group has brought in stringent policies and effective measures on a strategic level by working on the appropriate industrial layout, planting, management of pollution source in the residential area and optimisation of operational process, in order to mitigate or even curb its environmental impacts.

In the meantime, the Group has highly promoted the concept of 'paperless office' and 'office automation' in its office operations and encouraged its employees to focus on the details such as the reuse of office supplies and recycling of paper, in order to create an eco-friendly working environment where all members are environmentally conscientious. For example, one of the main natural resources purchased and consumed by the Group included paper and paper-made materials for production. In FY2019, the total amount of paper for the administration of the Group was 430 kg. Due to its relentless efforts in the efficient paper use for administrative purposes, the total amount diminished by 21.7% as compared with the figure in FY2018. The policies formulated by the Group in the use of paper resources are highlighted below:

- Chose suppliers with more environmentally friendly paper sources;
- Set up and implemented a strict management and monitoring policy of the procurement of paper-made raw materials for production;
- Encouraged the dissemination of information by electronic means (i.e. via email or e-bulletin boards);
- Set duplex printing as the default mode for most network printers when printouts are needed;
- Spread the idea of "Think before print" of using posters and stickers among employees and educated all staff to avoid unnecessary printings;
- Put boxes and trays beside printers and copiers to collect single-sided paper for reuse; and
- Use the back of old single-sided documents for printing or as draft paper.

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 climateresilient 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 practice with the global sustainability best practice and sticks to the five steps, which are understanding the specific sub-targets of SDGs, prioritising its missions, setting relevant sustainability objectives, integrating the concept into business decision making and enhancing the disclosure level of the Group's ESG performance, in maximising its contributions to sustainable development.

#### VI. SOCIAL SUSTAINABILITY

#### **EMPLOYMENT AND LABOUR PRACTICES**

#### B.1. Employment

The Group views talents as its most valuable assets and the key driving factor in ensuring its long-term competitiveness and business success. Upholding its employment principle of 'paying respect to the dedicated employee, utilising the competent employee, fostering the aspirational employee and incentivising the innovative employee', the Group strives to provide all its employees with a safe and sound working environment in which they can develop their professional career and realise their dreams in life. As at the end of FY2019, the Group had a total of 584 full-time employees and the distribution of employees in terms of gender, age group and geographical location was shown in the tables below.

Table 4 Total Workforce of the Group by gender, age group and Geographical location in FY2018/2019

Unit: Number of employees  Gender	Aged 30 or below	Aged between 31 and 40	Age group Aged between 41 and 50	Aged 51 or above	Total
Male	84	117	78	68	347
Female	66	81	72	18	237
Total	150	198	150	86	584

#### Geographical location

Jiangxi, the PRC	Xiamen, the PRC	
468	116	

#### 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 FY2019, the Group complied with the relevant laws and regulations in Hong Kong and the PRC, including the following:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 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.

#### Recruitment and promotion

As talent acquisition is crucial to the sustainable development of the Group's business, the Group has formulated and strictly implemented its internal policies for recruitment, such as the 'Employee Manual'. Specifically, the relevant department needs to submit an application for employment and fills out the 'Human Resources Demand Application Form', 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 necessitated for the recruitment for vacancies above the middle level. According to requirements, the Administration Department conducts the recruitment through the internal platform, external networks, campus recruitment, labour markets and job fairs. The 'Position Change Sheet' 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' 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' 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' after the probation period and the Administration Department needs to timely update the basic information of the 'Employee List'.

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 employee's salary level based on an objective evaluation of his/her 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 has set up 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 smart 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.

#### Equal-opportunity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting antidiscrimination 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's equal opportunities policy allows zero tolerance to any workplace discrimination, harassment or victimization in accordance with the relevant government legislation, ordinances and regulations, such as the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong) and the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong). Disciplinary actions would be taken against the relevant employee who has breached the rules related to the Group's equalopportunity policies.

Other benefits and welfare

As the well-being of all employees is the top priority of the Group in its employment management, the Group provides numerous benefits such as the social insurance and provident fund to its employees, which includes the endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance according to relevant national laws and regulations. In addition, 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. To ensure a barrier-free communication between the management of the Group and its general staff, the Group has built a variety of channels facilitating the dialogue, such as the bulletin board, training programmes and meetings.

In FY2019, 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

To provide and maintain good working conditions and a secure and healthy workplace for its employees, the Group has complied with the laws and regulations concerning the occupational health and safety in Hong Kong and the PRC, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Regulation on Work-Related Injury Insurance.

The Group strictly adheres to the principle of no smoking, no drinking and no drug, and has been dedicated to creating a clean, tidy and safe working environment. As such, the Group has built fully equipped offices and posted safety warning signs and notices in the operating sites. To minimise onsite risks, the Group has strengthened the petrol 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 and arranges drills for its employees regularly to enhance their safety awareness and preparedness to deal with the emergency. The Group has also laid emphasis on the management of archive rooms to avoid any safety accidents.

To enhance the safety awareness of its employees, the Group has stepped up its efforts in the promotion of occupational health and safety knowledge in the organisation via training and provided free physical examinations to its employees annually. The Group has also stressed the supervisory responsibility of relevant departments and the Administration Department is responsible for overseeing, guiding and managing the Group's health and safety-related affairs.

In FY2019, no work-related fatalities were found during the Group's operations. During the year under review, the Group was in compliance of relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

#### B.3. Development and Training

The Group believes that the investment in employee's training and development reflects the endeavours and resolution of the company to keep advancing. Thus, the Group has actively developed and provided a wide range of training courses for its employees. The internal training of the Group is normally held in the meeting room and sticking to the corporate training principle — 'people-oriented management', the Group believes that sound training management is important to the acquisition, post transfer and incentivisation of employees. Meanwhile, the Group considers the provision of appropriate training programmes to its employees as an effective way to increase

the value of human asset. In FY2019, the Group held a range of internal occupational training courses and development programmes for its staff to improve their work-related skills and knowledge. In accordance with the training principles as set out in the 'Employee Manual', which is 'systematism, institutionalism, proactiveness, diversification and effectiveness', 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.

Table 5 Highlight of training courses organised by the Group for its employees in FY2019

Training topic	Training participant	Training objective
Occupational health and safety	All staff	Enabling all employees to be aware of the importance of safety training and be able to identify safety labels and follow the EHS (Environment, Health and Safety) procedures
Production skills	Production department	Standardising the operations, improving the safety awareness of employees, preventing fatalities and mitigating occupational hazards
Professional quality improvement	All staff	Training all employees to possess the characteristics of activity, creativity, and self-dependence, and developing a person with ability
Marketing, promotion and sales techniques	All staff	Boosting the morale of marketing teams and learning and completing the corporate sales targets
Management and interpersonal skills	Management	Instilling management concept, developing management techniques and enhancing working efficiency
Corporate daily appraisal and remuneration management	All staff	Improving employees' activeness and facilitating the collaboration among departments though appropriate appraisal and compensation

Training topic	Training participant	Training objective
Cost and quality control	Production department	Ensuring the high quality of products with a lower cost to increase economic benefits
Research and development skills	R&D department	Improving the professional skills and quality of research staff and heightening the corporate research capability and levels
Financial management regulation	All staff	Regulating the internal practice of applying for reimbursement and budget control
Operational skills	All staff	Discussing the professional questions arising from practical operations and sharing the operational experience

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.

Table 6 Number of training participants and training hours of the Group by Gender and Position Type in FY2019

Unit: Number of employees	Position type Senior			
Gender	General employee	employee, manager and senior manager	Director and the management	Total
Male	317	17	13	347
Female	228	8	1	237
Total training participants	545	25	14	584
Unit: Hours		Posit Senior	ion type	
		employee,		

Gender	General employee	Senior employee, manager and senior manager	Director and the management	Total
Male	4,500	180	180	4,860
Female	3,492	72	0	3,564
Total training hours	7,992	252	180	8,424
Training hours per employee on				
average	14.7	10.1	12.9	14.4

#### B.4. Labour Standards

In FY2019, the Group abided by the Employment Ordinance (Cap. 57 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) and other laws and regulations in relation to the protection of labour rights in Hong Kong and the PRC to prohibit any child and forced labour employment. 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 'Staff Handbook'. 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 the actions that should be taken once any child or forced labour is identified within the Group in its policies.

#### CHILD LABOUR

STEPS TAKEN TO ELIMINATE SUCH PRACTICES WHEN DISCOVERED



- Immediately notify relevant employee to stop working;
- · Settle all the wages of relevant employee;
- Assign staff to escort him/her back to his parents and issue a certificate to the local police station
  that proves that the employee has arrived home safely and all expenses will be borne by the
  Group;
- Make records internally and put forward suggestions for rectification, which instruct the Human Resources Department to strengthen the inspection of workers before entering the factory and avoid the similar incident from occurring again in the future.

# FORCED LABOUR

STEPS TAKEN TO ELIMINATE SUCH PRACTICES WHEN DISCOVERED



- The practice of charging any kind of deposit/introduction fee or withholding any documents for the recruitment of staff by the Human Resources Department will be disciplined according to the strict regulations in the factory;
- Once any violent means such as deliberately putting obstacles in employees' way, threat, corporal
  punishment to force employees to work or illegal demand for employees in work and life is found,
  the corresponding management department will be notified and disciplined according to the rules
  and regulations in the factory. If employees are mentally hurt, the management department and
  corresponding individuals are required to make an appology to the victim. If serious consequences
  are caused, the relevant individuals will be sent to the public security authorities.

The Group has also established a grievance mechanism with which employees who are subjected to the child or forced labour can file a complaint 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 FY2019, 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

Packaging business

As a socially responsible enterprise, it is of paramount importance for the Group to maintain and manage a sustainable and reliable supply chain that minimises both social and environmental risks. The Group resolutely complies with the relevant laws and regulations in the procurement process and the partnership with its suppliers and requires its business partners to strictly conform to business ethics and the Group's internal standards, such as the Supplier Management Operations (供應商 管理作業). The suppliers of the packaging business segment of the Group are mainly paper traders and paper producers that supply raw paper. The Group selects its suppliers from its Qualified Supplier List (合格供應商名錄) and places the procurement order accordingly. The supplier is required to deliver the products to the designated warehouse of the Group.

The Procurement Department collects the supplier's information according to the needs of production operations and investigates the supplier's reputation in the market, business transaction history and qualifications through online research, industry surveys and onsite visits. The Procurement Department requires the potential supplier to fill out the 'Supplier Basic Information Form' (供應商基本資料 表) and negotiates further with the supplier. The documents submitted by the supplier are reviewed and verified by the Procurement Department and the assessments and audits of the supplier's qualification need to be conducted regularly. The potential 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 written in the Qualified Supplier List (合格供應商名錄). In addition to the requirement of possessing the ISO 16949, ISO 9001, ISO 14001 and a series of industry certificates, the qualified suppliers of the Group are also required to have good performance in the area of registered capital, technical capability and delivery time.

The Quality Control Department carries out inspections on the supplies and requires suppliers to provide quality certificates and testing reports. The qualified materials are sent to the Storage and Transportation Department along with the inspection report, whereas an Unqualified Material Notice (不合格物料通 知單) is issued by the Quality Control Department for the unqualified ones. The Storage and Transportation Department then informs the Procurement Department to return the unqualified materials. Given the solid and steady relationships it has with its suppliers, the Group did not experience any material delays, conflict or other significant issues with its suppliers in the past.

The Group has given prioritisation to local suppliers in choosing its business partners, aiming to lower the environmental impacts during the transportation of goods. The Group has also worked on a more ecofriendly shipping approach with its suppliers in recent years by applying feasible technological innovations to the optimisation of collaboration models.

#### Mobile gaming business

The suppliers of the mobile gaming business of the Group are divided into service providers that provide long-term system maintenance and software development services and equipment suppliers that provide networks, servers, computers and other hardware. The Group regulates that the products or services provided by its suppliers should meet the industry requirements and the Group's standards. All suppliers are subject to the supervision of the Group and must be legal entities. In the selection of suppliers, the Group focusses on the assessment of their registered capital, company size, operation status, financial indicators, business strategy, relevant business qualifications such as 'Computer System Integration Qualification' (計算機系統集成 資質) and 'Certification of High-Tech Enterprises'(高新技術企業認證證書), relevant product qualifications, product introduction and the list of clients. The Information Management Department is responsible for establishing and managing the database of all its suppliers' information. Suppliers should provide supporting materials such as corporate qualification certificates and fill out the 'Supplier Qualification Application Form' (供應商資格申請表). The Information Management Department conducts a preliminary review of the authenticity of the content in the 'Supplier Qualification Application Form' and other relevant materials submitted by the supplier. The assistance of external experts is required when necessary in the verification of the information provided by the supplier. The suppliers who have been invited to participate in the system-building projects and have no bad records can directly be archived in the database.

In FY2019, the Group partnered with 49 suppliers for business and the implementation rate of the supplier management policies of the Group mentioned above reached around 98% of its suppliers.

#### B.6. Product Responsibility

With regard to the Group's health and safety, advertising, labelling and privacy matters of its products and services, the Group was in compliance with the relevant rules, regulations and standards in the PRC and Hong Kong in FY2019, including but not limited to the:

• Product Quality Law of the People's Republic of China (中華人民共和國產品質量法);

- Law on Protection of Consumer Rights and Interests of the People's Republic of China (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); and
- Patent Law of the People's Republic of China (中華人民共和國專利法)

The Group has been sticking to its principles in the management of product and service responsibility and aiming to accomplish the following missions:



#### Packaging business

To ensure that the high-quality products can be delivered to its clients, the Group has built the Product Management Department to conduct inspections on the quality of the finished goods according to the requirements of ISO 9001 and to generate the Finished Product Inspection Report (成品檢驗報告) that indicates if the product is qualified and non-hazardous to people's health and safety. The packaging business segment has professional teams that are responsible for the monitoring and inspection of the information completeness and compliance of the labels on the product with relevant standards.

The Group values its customers' feedback and has set up email and 24-Hour hotline for receiving the inquiries from its customers. The 'Customer Complaints Processing Form'(顧客抱怨投訴處理登記 表) needs to be filled out for reference. After the review by the manager of the Sales Department, the 'Customer Complaints Processing Form' is sent to the Product Management Department, where the complaints are substantiated, categorised and analysed. The Product Management Department is also responsible for coordinating relevant departments to deal with the problems raised by customers and organising workshops to discuss the thorny issues and to summarise the experience from the incident, thereby further improving the product quality in the future.

The Group has implemented its internal policies to ensure that all the marketing materials and practices are in full compliance with laws and regulations. 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.

The Group has actively engaged in the research and development of advanced technologies and achieved solid progress in developing products with proprietary technologies. As such, the protection of intellectual property rights is critical to the Group, which has followed the requirements of national laws and regulations in applying for different types of patents to protect its intellectual property rights.

#### Mobile gaming business

The main operation of the mobile gaming business segment is the promotion of selfdeveloped mobile games. The mobile gaming business focusses on the development and agency operation of web games and mobile games. To lower the marketing risk and enhance the marketing capability, the Group has authorised Apple Store, Google Play and other operators in the designed area to provide mobile game download service to its customers. Adhering to the corporate culture of 'Dream, Innovation, Growth and Happiness' (夢想、創新、成長、快樂), the Group has been committed to bringing its customers excitement and enjoyable experience in the game. To ensure that the products show great performance and do not contain any illegal or unhealthy content, a stimulation test and perfection is a must-do before publication. The Group provides continuous technical support and makes an improvement on 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.

The Group has strictly complied with the laws and regulations in the mobile game industry, including but not limited to the Copyright Law of the People's Republic of China (《中華人民共和國版權法》), Administrative Measures of the Internet Information Service 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》) and Interim Measures for Online Games (《網絡遊戲管 理暫行辦法》). According to the regulatory requirements set out by the government, the Group submits its game record to the Ministry of Culture one month before the game goes up online and makes records and e-tags on the approval of the Ministry of Culture. According to relevant laws and regulations, the Group encourages the game 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.

The Group ensures that its marketing and advertising materials are in compliance with the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》) and other regulations about the advertisement. Once any misinformation or inappropriate advertising practice is noticed by the Group, the corrective actions are taken immediately according to the procedures set out in the internal guidelines.

The Group regards its customers as the invaluable treasure of the Group and maintains smooth communication and interaction with its customers legally based on mutual trust. In FY2019, the Group abided by the relevant laws and regulations to ensure that its customers' rights are strictly protected. The Customer Service Department is responsible for collecting its customers' information and handling a variety of issues concerning customers' inquiries. 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.

The Group is fully aware of the importance to protect its intellectual property rights and has actively 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.

In FY2019, 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.

#### B.7. Anti-corruption

To maintain a fair, ethical and efficient working environment, 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 the Anti-corruption law of the people's Republic of China (中華人民共和 國反腐敗法), the Law of the People's Republic of China on Anti-money Laundering (中華人民共和國反洗錢法), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong) and the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group has formulated and strictly enforced its anti-corruption policies within the organisation and regulated that all employees discharge their duties with integrity and self-discipline, and abstain from being involved in any activities related to bribery, extortion, fraud and money-laundering. The Group regularly carries out internal and external audits and in FY2019, no concluded legal cases regarding corrupt practices were brought against the Group or its employees.

The Group has built its grievance mechanism that allows the company to engage continuously with stakeholders and take into consideration their concerns seriously. Whistle-blowers can report verbally, in writing or through the grievance mechanism to the management of the Group for any suspected misconduct with full details and supporting evidence. The management conducts investigations against any suspected or illegal behaviour to protect the Group's interests. The Group has been committed to protecting the whistleblowers from unfair dismissal or victimisation. Where criminality is suspected and substantiated, a report is sent to the law enforcement authorities when the management considers it necessary.

In FY2019, 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

Philanthropy and community engagement have invariably been one of the most important tasks of the Group in fulfilling its corporate social responsibilities. The Group believes that the healthy development and prosperity of its communities and the well-being of all community members cannot be separated from the Group's sustainable development roadmap. As such, spearheaded by the corporate vision to bring positive impacts to the communities, the Group has focussed its efforts mainly on maintaining long-term partnerships with local charitable organisations and supporting local communities through voluntary participation and donations. The Group will keep bearing in mind its social responsibilities and concentrating more on the contribution to the communities where it operates in the future.

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