



中國創意數碼娛樂有限公司
CHINA CREATIVE DIGITAL ENTERTAINMENT LIMITED

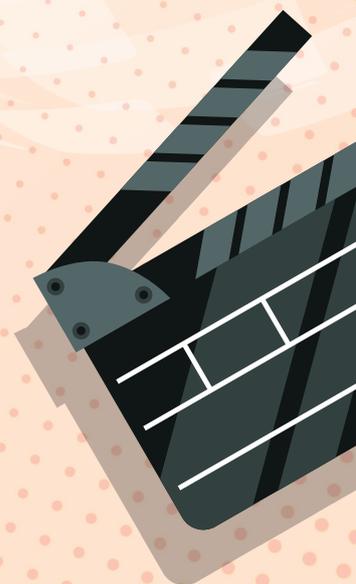
China Creative Digital Entertainment Limited 中國創意數碼娛樂有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8078)

2020-2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



SCOPE AND REPORTING PERIOD

China Creative Digital Entertainment Limited and its subsidiaries (the “Group”) is pleased to present this Environmental, Social and Governance (“ESG”) Report in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”), as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited. This report aims to provide our stakeholders with a comprehensive understanding of our major ESG policies, initiatives and performances of the Group in four dimensions, namely employment and labour practices, operating practices, environmental protection and community participation.

The scope of this report covers the Group’s artiste management services and music production, distribution and production of films and television programmes, money lending business and securities and bonds investment. The geographical locations of the Group’s businesses are situated in Hong Kong and PRC. The information stated in this report spans from 1 July 2020 to 30 June 2021 (the “Reporting Period”) which aligns with the financial year as the 2021 Annual Report of the Group.

The Group firmly believes in the need to prioritize environmental and social responsibilities and continues to seek ways to improve its environmental management system. In addition to achieving our business objectives, we recognize our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

MESSAGE FROM THE BOARD

In the midst of rising geopolitical tensions and the outbreak of COVID-19, it has posed unprecedented challenges to the economy and the society. Global warming, biodiversity loss and deforestations have also been critical issues for our eco-system that creates long-lasting impacts to our community. These factors in particular COVID-19 have transformed our business landscape resulting in a paradigm shift for our business.

Against this backdrop, effective corporate governance and sound risk management is one of the key elements that ensured the Group to remain resilient during these challenging times. We have endeavored to integrate the principle of sustainability with our business development strategy by building the sustainable measures within our key metrics across all business units. These measures encompass the environment and the social aspect.

One of core discussion of 2021 was employee diversity and gender inclusion and the Group will focus on diversity and inclusion within the workplace in order to achieve a broader and complete point of view from employees of all genders for diverse product or service ideas to better cater to all audience demographics. Gender diversity and inclusion are especially important for the Group as the entertainment industry and its audience is focusing on inclusion and diversity more than ever. With the intention to stay competitive within the market, the Group needs to be more diverse in ideas to offer the most appropriate products for the current market’s climate. The Group aims to embed the framework of diversity and inclusion in multiple business operations such as reorganize the corporate structure to further the initiative of driving gender equality across our business segments.

Another core discussion of 2021 was the pandemic and the maintenance of employees’ health and safety as it continues to affect both the daily lives of employees and business operation of the Group. The Group had sustained a healthy operating environment to monitor and suppress the effect of COVID-19. The Group continued to prioritize the safety of its employee and customers with the Group’s COVID-19 task force taking precautionary actions to ensure the safety of our staffs and to mitigate the economic impact on our business operations. The Group’s COVID-19 task force has been and will continue to closely assessing the development of COVID-19 by arranging periodic meetings with employees across the business operation lines to ensure there are sufficient safety measures in place to minimize business disruption.

MESSAGE FROM THE BOARD (CONTINUED)

The Group has taken the environmental impact of its business operation into honest consideration for the production and servicing of entertainment contents in order to better adapt to the low carbon economy environment that is very prominent for the pass year by implementing environmental friendly practices across business operations and the result is shown in the report below. The Group will continue to play a leading role in creating a sustainable and a brighter future for our community.

REPORTING PRINCIPLES

In order to present a more balanced picture of our ESG performance and practices, the ESG Report is presented based on the “Comply or Explain” approach which also incorporates four other core principles:

1. **Materiality:** The ESG Report shall disclose any quantitative or qualitative ESG data that have the potential to influence the judgment of the reader.
2. **Quantitative:** The ESG Report shall disclose numerical ESG data to ensure comparability between different industry standards, companies and Report Periods.
3. **Consistency:** If there are any changes in the assumptions and methodologies used for the KPI calculation between the current and the previous Reporting Period, it shall be disclosed to ensure comparability.
4. **Balance:** The ESG Report shall provide an unbiased picture of the Group’s ESG performance. There should not be any selection, omission or misleading presentation format that may inappropriately influence the reader’s judgment.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS

The Group’s business operation is built upon a sustainable business model. One key aspect of the model is to create positive values and to integrate the stakeholder’s interest within our business operations. By recognizing stakeholders’ expectations and perspectives, it enables us to further develop our current and future sustainability strategies, and to further enhance our relationship with our shareholders, employees, suppliers, customers, government authorities and the society as a whole.

The Group proactively engaged with the key stakeholder groups in array of ways to ensure effective communication of our objective and progress in relation to the following areas of concern:

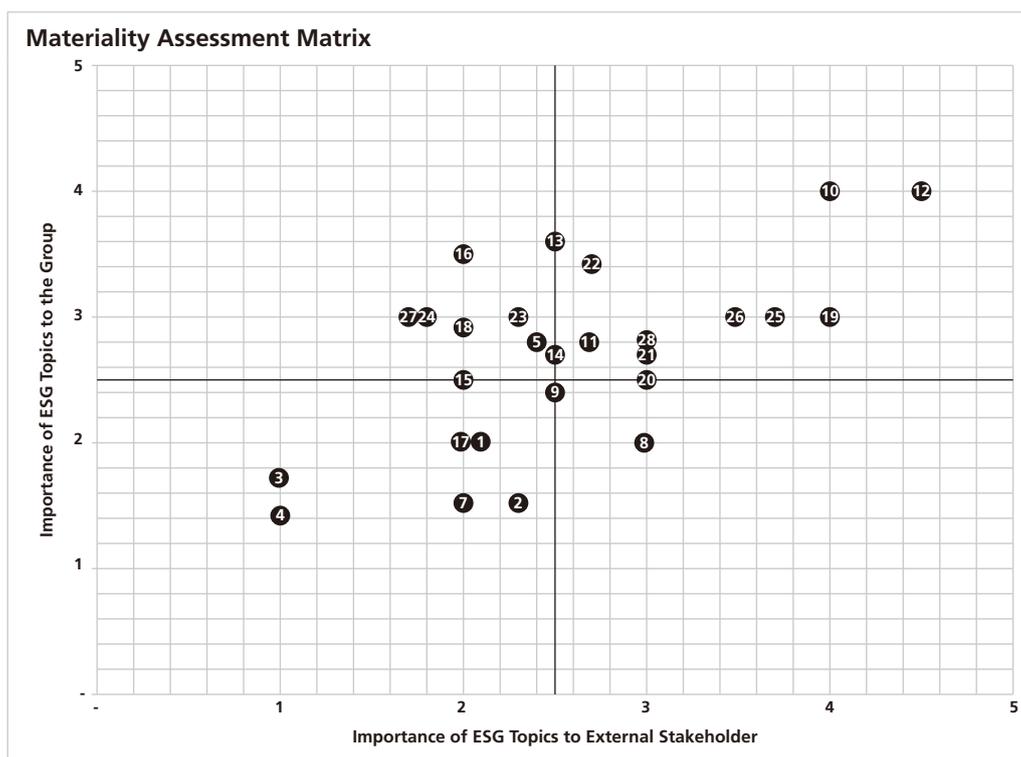
Major Stakeholder		Major Communication Channels	Major Concerns
Internal Stakeholder	Employees	<ul style="list-style-type: none">• Staff trainings• Team Building Activities• Business Meetings and Briefings• Performance Appraisals	<ul style="list-style-type: none">• Compensation & Benefits• Career Development and Training Opportunities• Health & Safety Work Environment• Diversity and equal opportunity of employees• The uphold of labor law

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS (CONTINUED)

Major Stakeholder		Major Communication Channels	Major Concerns
External Stakeholder	Shareholders and Investors	<ul style="list-style-type: none"> • Press release • Corporate Announcements and Circulars • Annual and Interim Reports • Annual General Meetings 	<ul style="list-style-type: none"> • Information Disclosure and Transparency • Economic Performance • Financial Stability • Risk management • Investment opportunities and benefits
	Government and Regulatory Authorities	<ul style="list-style-type: none"> • ESG Report • Major Meeting and Policy Consultation • Information Disclosures • Examinations and inspections 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Future developments • Corporate Governance • Environmental Protection
	Suppliers	<ul style="list-style-type: none"> • Phone Calls, Conferences, Emails 	<ul style="list-style-type: none"> • Long-term partnership • Collaboration on Fair Terms • Management of sustainable supply chain and business development
	Customers	<ul style="list-style-type: none"> • Customer Complaint Hotlines • Meetings and Correspondences • Annual and Interim Reports 	<ul style="list-style-type: none"> • Quality of Products and Services • Understanding of the Products and Services • Privacy Protection • Why they should choose the Group over others
	Public Community	<ul style="list-style-type: none"> • Charitable and Volunteering Activities • Community Interactions 	<ul style="list-style-type: none"> • Corporate Social Responsibilities • Community Investment and Charitable Activities • Diversity and inclusiveness

In this Reporting Period, we found that ESG compliance and environmental emissions are the main focuses of our stakeholders. In order to lower our carbon footprints and to contribute to the society, we are dedicated to leading a business driven primarily by sustainability through tides of change. We emphasize the significance of sustainable development in our operational strategies as we believe to act responsibly and plan sustainably.

MATERIALITY MATRIX



1	Air emissions	15	Selection and monitoring of suppliers
2	Greenhouse gas emissions	16	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
3	Hazardous waste production	17	Environmentally preferable products and services
4	Non-hazardous waste production	18	Product health and safety
5	Energy use (e.g. electricity, gas, fuel)	19	Customer satisfaction
6	Water use	20	Marketing communications (e.g. advertisement)
7	Use of materials (e.g. paper, packaging, raw materials)	21	Observing and protecting intellectual property rights
8	Mitigation measures to protect environment and natural resources	22	Customer information and privacy
9	Climate change	23	Product and service labelling
10	Diversity and equal opportunity of employees	24	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering
11	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	25	Anti-corruption policies and whistle-blowing procedure
12	Occupational health and safety	26	Anti-corruption training provided to directors and staff
13	Employee development and training	27	Community support (e.g. donation, volunteering)
14	Preventing child and forced labour	28	Cultivation of local employment

From the materiality matrix, the issues positioned in the top right quadrant are relatively more important ESG topics. These material issues are "Occupational health and safety", "Diversity and equal opportunity of employees", "Customer satisfaction", "Anti-corruption policies and whistle-blowing procedure", "Anti-corruption training provided to directors and staff". The above issues are classified as the main driver for the Group's sustainable business and are further elaborated in the sections below.

STAKEHOLDER'S FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. Please give your suggestions or share your views with the Group through any channel below:

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A. ENVIRONMENTAL ASPECTS

A1 Emissions & A2 Use of Resources

In order to seek long-term environmental sustainability, the Group is increasingly prudent in controlling the consumption of resources as well as its emissions, and has strictly adhered with the applicable environmental laws and regulations during its daily operations.

Overall, the Group's business operations consume relatively low amount of resources. The Group's primary business is the provision of artiste management, music production and distribution and production of films and television programs, money lending business and securities and bonds investment which have minimal direct impact to the environment. As such, the Group's main contribution to the carbon footprint comes from indirect greenhouse gas (GHG) emissions. The source of these emissions are from the usage of office equipment in the workplace, including but not limited to the lighting systems, air-conditionings and office machineries. On the other hand, hazardous wastes and non-hazardous wastes are considered minimal to the Group's operation and therefore are not disclosed in this report.

Aspects	Emission (in tCO ₂ e)		Percentage Comparison
	2019/20	2020/21	
Scope 1 – Direct GHG Emissions	7	6	(14.29%)
Scope 2 – Indirect GHG Emissions	82	63	(23.40%)
Scope 3 – Other Indirect GHG Emissions	5	5	(4.19%)
Total GHG Emissions	94	74	(21.28%)
Total GHG Emissions per employee	2.75	2.18	(20.73%)

Notes:

- Reference was made to Appendix 20 of the Listing Rules governing the Gem Board and the relevant guidance of the Stock Exchange of Hong Kong Limited for the emission factors, unless stated otherwise.
- tCO₂e represents tonnes of carbon dioxide equivalent.
- Direct emissions of the Group were from fuel consumption in vehicle.
- Energy indirect emissions of the Group were from electricity consumption.
- Other indirect emissions of the Group included paper purchased and used, electricity used for fresh water and sewage processing by government department.

During the year, the total GHG emissions were approximately 74 tonnes, representing a decrease of 20 tonnes, or 21%, compared with the figure in the last fiscal year due to the decrease in emission factor of CLP within the calculation. The Group will continue to monitor and document its greenhouse gas emissions and/or other environmental data annually and compare it with last year's data to aid the Group in further developing emission reduction targets in the future.

A. ENVIRONMENTAL ASPECTS (CONTINUED)

Emission Sources and Use of Resources

Direct Emissions

During the Reporting Period, the air pollutants of SOx was at a similar level compared to last year, additionally the air pollutants of NOx and RSP have dropped by over 40%. The changes were mainly due to the decrease in the vehicle travelled distance as there were less business activities caused by the pandemic. The Group is aware of the air pollutants generated from vehicles usage and will consider to use a more environment-friendly fuel type, such as electricity or other biomass sources in the upcoming Reporting Period, to reduce carbon footprint.

We believe through continuous effort of the Group in reducing resources usage and generation of non-hazardous waste, it would bring greater operational efficiency, eco-friendly and paperless workplace, leading to continuous reduction of paper usage, and further environmental impact protection.

Emissions from Vehicles	Unit	2019/20	2020/21	Percentage Comparison
Sulphur oxides (SOx)	Kilograms	0.04	0.04	0%
Nitrogen oxides (NOx)		3.31	1.80	(45.62%)
Respiratory suspended particles (RSP)		0.24	0.13	(45.83%)

Electricity and Water Consumption

In order to achieve energy conservation and reduce GHG emissions, the Group has adopted various energy conservation measures to ensure the most efficient usage of electricity, reduce emission of GHG and demonstrate our determination to protect our environment, including but not limited to the below:

- 1) Procure energy-efficient appliances, e.g. replace the traditional bulbs by LED energy-saving bulbs in the office;
- 2) Arrange periodic electronic equipment inspection to ensure optimal energy efficiency performance;
- 3) Turn on the power saving mode for office equipment if not in use;
- 4) Adopt more energy-saving and electricity-saving mechanical equipment;
- 5) Switch off air conditioning and lighting systems after office hours;
- 6) Advise employees to put their computers in hibernation mode and turn off all other office equipment when not in use;
- 7) Keep all the doors and windows closed when the air conditioners are in operation;
- 8) Teleconferences and internet-meeting are encouraged to avoid unnecessary business travel; and
- 9) Set the air conditioning to between 22°C and 24°C in the summer.

A. ENVIRONMENTAL ASPECTS (CONTINUED)

Emission Sources and Use of Resources (Continued)

Direct Emissions (Continued)

Resource Consumption	Unit	2019/20	2020/21 (Petrol)	Percentage Comparison
Electricity Consumption	kWh	163,014	169,750	4.13%
Electricity Consumption per employee	kWh/employee	4,795	4,993	4.13%
Water Consumption	m ³	246	287	16.67%
Water Consumption per employee	m ³ /employee	7.23	8.44	16.74%
Total energy consumption	MWh	191.28	200.01	4.56%
Total energy consumption per employee	MWh/employee	5.63	5.88	4.44%

The electricity consumption for 2019/20 is converted to kWh for comparison purpose.

The increase of the Group's electricity and water consumption are relatively low and are mainly used for daily activities of employee. The total water consumption included only the Group's head office as consumption of other offices were managed by the office's building management office, hence water usage data are not available. The Group will continue to improve the efficiency of resource utilization and gradually establish a quantitative target for future electricity use based on resource utilization in the current year.

Paper Usage

In order to uphold our core value of environment protection, the Group has also implemented a number of resources saving and efficiency measures to promote paperless office, including but not limited to the below:

- 1) Encourage employees to reduce the use of paper by assessing the necessity of printing before use;
- 2) Encourage double sides printing and the use of scrap papers in printing;
- 3) Collect single-sided paper for reuse purpose by placing a box next to the printer to;
- 4) Use recycled paper for internal documents and draft papers;
- 5) Send electronic greetings over email or other forms of electronic applications, such as WhatsApp or WeChat, rather than faxing or writing; and
- 6) Shred and recycle documents that are no longer needed.

A. ENVIRONMENTAL ASPECTS (CONTINUED)

Emission Sources and Use of Resources (Continued)

Paper Usage (Continued)

Paper Usage	Units	2019/20	2020/21	Percentage Comparison
Total paper consumption	Kilograms	943	998	5.83%
Total paper consumption per employee	Kilograms/employee	27.74	29.35	5.80%

The Group's paper usage remains relatively low as it is mainly used for daily activities of employee such as printing for paperwork or for note taking. The paper used are recycled to maintain a lower level of paper consumption.

Our Approach

The Group evaluates the companies' circulars and announcements, financial statements, circulars and prospectus by taking into account several criteria:

1. Companies' management and board composition: The Group takes into consideration of the background as well as experience of the company's directors and senior management. This influences on their company's behavior and initiatives with respect to the environment, social and workers' rights. It is also one of the main factors that shape the company's corporate governance.
2. Environmental Management: The Group held itself to a high standard over its effort to reduce unnecessary energy and water usage and to maintain a relatively low level of pollution by setting guideline on how to conserve resources such as minimize paper communication and to switch off electricity and water when not in use. All these practices lower the chance of Group's environmental related risk.
3. Working with socially responsible companies: The Group looks to work with socially responsible companies. Socially responsible companies should be working with high-quality suppliers of high ethics standards; have high customers' satisfaction, interact the government and regulators with integrity; make decisions with a perspective to maximize positive effects and minimize negative impact on the community; and make charitable contributions and provide support to the community. When working with socially responsible companies, the Group may increase customer satisfaction and hence reduce customer related risk.
4. Workers' rights, health and safety: The Group would like to work with companies that respect workers' and human rights that ensure health and safety in working conditions and the surrounding community, provide equal opportunities among the workers of both genders and provide fair and equitable wages and benefit to all workers regardless of the gender or ethnicity. This could reduce staff related risks such as injuries or mistreatment of staff.
5. Effective corporate governance: The Group primarily focuses on six key elements of corporate governance, namely transparency and accountability, financial reporting and other disclosures, investor relationship, executive compensation, conflict of interest and regulatory compliance.

The Group shares the set of principles and best practices with our major customers and encourages them to apply the same principles when selecting a company to invest.

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A3 The Environment and Natural Resources

Since our business is mainly office-based, the impact on the environment is minimal. The main environmental impact of the business is the indirect impact of GHG emissions generated by electricity and paper usage in the daily activities of the business.

The Group has taken steps to reduce its impact on the environment by adopting energy saving measures as mentioned in A1 Emissions and A2 Use of Resources. Not only does the Group encourage employees to take part in environmental related activities, the Group also strives to shape the stakeholders' mindset on environmental protection. This can be seen in the aforementioned section of our Investment Practices.

In this Reporting Period, the Group has complied with relevant laws and regulations and did not find any cases of breach of regulations relating to emissions and the environment. Going forward, the Group will continue to assess environmental risks in our business operations to formulate responsive measures as well as regularly review and update our environmental protection policies.

A4 Climate Change

Climate change is one of the most crucial issue of the past decade. Companies around the globe are taking actions to combat climate change and attempt to reverse its effect by reducing greenhouse gas emission and the effective of the effort is recognized as the ozone layer is slowly repairing itself. In order to do its part in combating climate change the Group is reducing its carbon footprint with activities mentioned above as the economy is transitioning into a low carbon economy and climate adaption is one of the key elements in the efforts to lower climate risk. Therefore, the Group is doing its part to adapt into the low carbon economy.

Physical Risk

Acute risk: Acute risks are weather events and related natural disaster caused by said weather events, such as flooding caused by typhoon. These weather events and the ensuing disasters may put the Group's business on halt and potentially cause damage to clients' relationship. In order to avoid such risks, the Group has developed a set of policies and contingency plans to counteract the weather events and related disasters.

Chronic risk: Chronic risks are referring to long term effects of climate change on the Group's business operations. Long term effects such as the change of temperature may have critical impact on the Group since its reliance on water, electricity, internet service and transportation are all very susceptible to weather condition. In order to reduce these chronic risk as much as possible, the Group has contingency policies to communicate the appropriate measure to the staffs on how to handle if any of the essential work equipment or services becomes unavailable due to weather condition.

A. ENVIRONMENTAL ASPECTS (CONTINUED)

A4 Climate Change (Continued)

Transition Risk

Policy Risk: The international treaty on climate change, Paris Agreement, was effective in Hong Kong since 2016. The objective of the Paris Agreement is to reduce carbon intensity by 65% to 70% by 2030 comparative to 2005 data. The Group has been closely monitoring the potential development of any government rules and regulations related to climate change. Government blueprints that are relevant to the Group's effort to reduce carbon footprint may include "Roadmap on popularization of Electric Vehicles", which encourage the use of electric vehicles in order to guide Hong Kong to zero vehicular emission. Another relevant government blueprint is "Waste reduction, Resources Circulation, Zero landfill", it is built on the 2013 blueprint of "Sustainable use of resources 2013-2022", there are two main goals of this blueprint, first is to reduce the per capita Municipal Solid Waste (MSW) and to raise the recovery rate by implementing MSW charge. The second goal is the long term goal of reducing and diminishing the dependence of landfill.

Since the Group's carbon footprint is minimal, the impact of the potential government policy risk is relatively low.

Legal Risk: The Group is not made aware of any legal litigations related to climate change. Due to the business nature of the Group, it is unlikely that the Group would receive any climate change related legal litigations.

Technology Risk: The Group is relying on more on online communication such as email service between staff, or online streaming service for customers etc. to support paper waste reduction practices. The Group is looking to integrate technology into its daily business operation so it is monitoring on any technological advance that will enhance efficiency to help reduce the amount of GHG emissions produced.

Market Risk: As customers are becoming more aware of climate change effects, they are beginning to choose companies and products with more environmental friendly. In the media industry, online streaming services have become more popular, in which the Group has taken consideration of and is actively adapting to attract new customers.

Reputational Risk: Since the Group does not have major risk regarding climate change as discussed in above sections, the Group believes that reputational risk regarding with climate change is minimal.

B. SOCIAL

Employment and Labor Practices

B1 Employment and Labor Practices

The Group strongly believes that employees are the most valuable asset for its sustainable development.

The Group is committed to providing a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. As prescribed in our procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account.

Any form of discrimination against our potential or current employees on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strongly prohibited.

The Group provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis.

All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and miscellaneous types of leaves, including but not limited to annual leave, sick leave, maternity leave, marriage leave and compassionate leave, all according to the law and regulatory requirement. In addition, various leisure activities are organized which includes but not limited to annual dinner and Christmas party to enhance the staff bonding and the sense of belonging.

The Group has established an "Employee Handbook" that includes the terms and conditions of the office rules and policies, employment and the staff benefits.

During the year under review, the Group was not aware of any litigation cases regarding labor and employment practices brought against the Group or its employees were noted.

Total workforce

The total workforce by age group, employment type, gender and geographical region are as follows:

All employees are from Hong Kong and all employees are employed full-time.

Number of Employee of the Group	Year		Percentage Comparison
	2019/20	2020/21	
By Gender			
Male	19	22	16%
Female	15	12	(20%)
By Age Group			
Below 30 years old	4	2	(50%)
Between 31 to 40 years old	9	7	(22%)
Between 41 to 50 years old	10	13	30%
Over 50 years old	11	12	9%
Total number of employee	34	34	0%

B. SOCIAL (CONTINUED)

Employment and Labor Practices (Continued)

B1 Employment and Labor Practices (Continued)

Employee Turnover Rate

Since its establishment, the Group implemented different measures to reduce employee turnover rate, such as strengthening recruitment controls, so that applicants can fully understand the working environment and control of the Group strengthen the staff trainings system to meet the career development requirement of employees at all levels; focus on the work pressure of employees, expand the development prospects of the Group so that competitive career platform can be provided to the employees.

The employee turnover rates by gender, age group and geographical region are shown as follows:

All turnover employees are from Hong Kong and all turnover employees are full-time employees.

Employee Turnover Rate	Year 2019/20	Year 2020/21	Percentage Comparison
By Gender			
Male	42%	32%	(23.81%)
Female	80%	117%	46.25%
By Age Group			
Below 30 years old	167%	400%	139.52%
Between 31 to 40 years old	33%	167%	406.06%
Between 41 to 50 years old	80%	27%	(66.25%)
Over 50 years old	33%	25%	(24.24%)
By Geographical Region			
Mainland China	–	–	–
Hong Kong	59%	62%	5.08%
Total number of turnover employee	20	21	5%

Note:

- The employee turnover rate is calculated in accordance with the Appendix 3 – Reporting Guidance on Social KPIs of “How to prepare an ESG Report” issued by the Hong Kong Exchanges and Clearing Limited.

B. SOCIAL (CONTINUED)

Employment and Labor Practices (Continued)

B2 Health and Safety

The Group concerns about the health and safety of its employees and is committed to provide a safe, healthy and productive environment for all. During the Reporting Period, there is no work related injuries and occupational diseases reported and hence no lost-days caused by work injuries.

The Group has established policies and procedures for primary prevention of hazards and to deal with all aspects of health and safety in the workplace. The main focus of our practices has three different objectives: (1) to maintain and promote workers' health and capacity at work; (2) to improve the working environment so to be conducive to safety and health; and (3) to develop a work culture in a direction which supports health and safety at the workplace. Other policies and procedures regarding fire safety, suspicious mail alerts, rainstorm warnings, typhoon arrangement and office tidy policies are required to be followed by all employees to protect employees from risks resulting from factors averse to health.

As far as physical working environment is concerned, the Board of Directors has set up an office in the prime business district in Hong Kong to provide a safe, clean and healthy working environment to protect employees from occupational hazards. Smoking policy is in place to prohibit smoking in any area of our premises at all times to provide employees with a healthy and safe working environment. In addition, the Group provides full time employees with an employees' compensation insurance.

With the outbreak of novel coronavirus ("COVID-19"), the safety and well-being of our employees remains our utmost priority. The Group has continued to minimize the transmission risk of COVID-19 through implementing various precautionary measures including but limited to the:

- Establishment of social distancing measures within the workplace
- Requirement for all employees or visitors within the Group's premises to wear a mask
- Temperature measurements before entering the Group's premise
- Constant and frequent cleaning and sterilizing

During the year under review, the Group was not aware of any violations of Hong Kong health and safety laws and regulations.

B. SOCIAL (CONTINUED)

Employment and Labor Practices (Continued)

B3 Development and Training

The Group emphasizes the importance of employee training and development. It strives to assist employees not only in acquiring professional knowledge to fulfil their duties, but also in developing their lifelong career. Training includes internal, external, induction, on-the-job, capability and corporate culture training.

All directors of the Group receive comprehensive, formal and tailored induction training, to ensure that they understand business operations of the Group, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements. They are also trained regularly on the newest relevant statutory requirements and market changes, to ensure their high level of awareness on the industrial trends.

Our Company Secretary is responsible for collecting all relevant regulatory changes and determining if professional training is required for relevant employees and directors to ensure they have the knowledge and skills they need to perform their duties.

Training and Development	Year 2019/20	Year 2020/21	Percentage Comparison
Percentage of Employees Trained by Gender			
Male	56%	65%	16.07%
Female	44%	35%	(20.45%)
Percentage of Employees Trained by Employment Category			
Senior Management	24%	24%	–
Middle Management	26%	26%	–
Frontline and Other Employees	50%	50%	–
Total percentage of employees who took part in training	100%	100%	–
Average Training Hours Completed Per Employee by Gender			
Male	2.21	1.95	(11.76%)
Female	2.00	2.58	29.00%
Average Training Hours Completed Per Employee by Employment Category			
Senior Management	1.88	1.75	(6.91%)
Middle Management	2.10	2.50	19.05%
Frontline and Other Employees	2.00	1.84	(8%)
Average Training Hours Completed Per Employee	2.12	2.18	2.83%

Note:

- The percentage of employees trained and average training hours completed for FY2020/21 are calculated in accordance with the Appendix 3 – Reporting Guidance on Social KPIs of “How to prepare an ESG Report” issued by the Hong Kong Exchanges and Clearing Limited.

B. SOCIAL (CONTINUED)

Employment and Labor Practices (Continued)

B4 Labor Standards

The Group strictly complies with the Hong Kong Employment Ordinances and other legal employment requirements, avoiding any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfill our responsibilities to employees, respect their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees, in order to realize the common development of the Group and its employees. If applicants are found in providing any counterfeiting or forgery information, the Group has the right to dismiss the employee immediately.

As prescribed in our policies and procedures, the Group emphasizes a transparent recruitment and employment mechanism. In all employment decisions, including recruitment, promotion and termination, the Group only takes the qualification, experience and performance of candidates or employees relevant to the job function into account.

The employment term and conditions are set out in the "Employee Handbook" which is required to be signed by all new employees to confirm acceptance.

During the Reporting Period, the Group did not find any non-compliance with laws and regulations which have a significant impact on employment and labor practices.

Operating Practices

B5 Supply Chain Management

The Group mainly engages in the provision of artiste management, music production and distribution and production of films and television programs, money lending business and securities and bonds investment business. The Group pays attention to minimizing the environmental and social impacts of our business along with our suppliers and service vendors. We prefer selecting those who have environmental commitments and we look for indicators such as quality of products and services, cost, delivery time and stability, safety management, and relevant qualifications. We also consider factors such as compliance with environmental legal requirements in our supplier and service vendor assessment, selection and evaluation process.

During the Reporting Period, there are 26 suppliers for administrative purposes, for example, the supplies of stationaries and office equipment.

Location	Number of suppliers
Hong Kong	18
China	5
Others	3

The Group has established procedures to select and evaluate suppliers in accordance with certain requirements and standards set by the Group to ensure that the purchased goods comply with relevant standards and guidelines. When selecting and evaluating suppliers, the Group also considers their environmental compliance records and commitment to social responsibility. In the selection process, priority will be given to environmentally and socially responsible suppliers.

The Group is constantly monitoring the local laws, rules and regulations at where its businesses located. As such, the Group applied and was granted and renewed, one money lenders license in Hong Kong to carry on business as a money lender for a period of twelve (12) months from 31 January 2021.

B. SOCIAL (CONTINUED)

Operating Practices (Continued)

B6 Product Responsibility

The Group always treasures our clients' trust and satisfaction. With this in mind, the importance of confidentiality needs no further emphasis given the nature of the information we handle. We have always maintained a firm stance on protecting confidentiality by adhering to the strictest standards.

Product responsibility is one of the Group's priorities. The Group strives to ensure quality of its products and services through stringent internal control and customer satisfaction in terms of our products and services.

During the Reporting Period, the Group did not note any cases of material non-compliance regarding health and safety, advertising and labelling related to products and services provided as required by relevant laws and regulations. Also, there were no product recalls during Reporting Period.

Confidentiality

The Group owes a contractual obligation of confidentiality to the customers that all transaction details, contracts and other relevant information are considered as private and confidential. The Group strictly complies with relevant laws and regulations to maintain high awareness on protecting customers' information. Collected data is retained only when it is consistent with its purpose and will be destroyed when its purpose has expired. Unauthorized personnel are not able to obtain and review any confidential data. There has been no material non-compliance regarding data protection and privacy as required by related laws and regulations had been noted during the Reporting Period.

Handling of Complaints

The Group has established policies and procedures for the handling complaints. The Customer Service Department is responsible for reviewing all complaints, collecting evidence and providing advice and comments on general complaints.

Specific or complex complaints will be forwarded to the responsible person of the relevant department for special treatment. The Group provides an initial response upon the receipt of all complaints and the follow up accordingly.

During the Reporting Period, the Group has not been notified of any violation of law regarding product or services responsibility and has not received any complaints.

Customer Communication

In order to promote effective communication with customers, the Group has been implementing the following measures:

1. provide one or more communication channels to facilitate communication between customers and us;
2. promptly provide acknowledgement of receipt of communications, including the provision of a copy of the communication, the date and time it was registered, and reference code for the communication; and
3. promptly provide a response to the communication, in an appropriate and meaningful manner.

Protection of Intellectual Property

Within the Group's business operation, we have purchased proper license HMV IP rights in Taiwan and Macau.

B. SOCIAL (CONTINUED)

Operating Practices (Continued)

B7 Anti-Corruption

The Group stands against any form of bribery, extortion, fraud, and has a zero-tolerance policy towards misconduct and is committed to creating a culture of integrity and justice by accepting internal complaints and whistleblowing. To make this strong commitment within our business, the Group follows the “Anti-Money Laundering and Counter-Terrorist Financing Policies and Procedures” established by the authorized body in accordance with the relevant regulatory laws and standards to promote anti-fraud principles and consistent organizational behaviors by providing guidelines, assigning responsibility and facilitating early detection of potential fraud that are against the interest of the Group.

The whistle blowing channel has been in place for employees at all levels to raise any concerns without fear of any negative influence. The Group encourages reporting of suspicious business operations and provides transparent channels specifically for this purpose. All employees can contact the Chairman of the Board’s audit committee directly for filing a complaint or whistleblowing. The Group is committed to the highest standards of integrity as well as ethics. This is why the Group will be assigning anti-corruption and whistle blowing related training to the directors and staff to ensure they understand the strength and benefits of whistle blowing.

The Group is required to conduct customer due diligence and report suspicious transactions to relevant regulatory agencies. To achieve this objective, the Group has adopted policies and procedures for implementing customer due diligence process, identifying employees’ involvement in money laundering activities, detecting, monitoring and reporting of suspicious transactions. In addition, we also have policies and procedures in place to detect and prevent the use of our operations for money laundering activities and other illegal or improper activities may not preclude customers’ international fraud.

During the period under review, the Group has complied with all applicable anti-money laundering laws and regulations in Hong Kong and performed regular internal assessment in order to assess the different risk factors of the Group’s money laundering activities. The Group was not aware of any of non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the year.

B8 Community Investment

The Group recognizes our responsibility to the community and public, and is committed to providing available resources to support the community and encouraging employees to participate in various charitable and voluntary activities.

We actively advocate employees to seek opportunities to work with charitable organizations to participate in various charitable events, to arouse attention to the community and drive further participation in community services.

The Group will continue to uphold the principles of accountability to shareholders, investors, suppliers, customers and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.