



S.A.S. Dragon Holdings Limited

(Stock Code: 1184)

Environmental, Social
and Governance Report

2017



Environmental, Social and Governance Report

REPORTING PERIOD AND SCOPE

The board (the "Board") of directors (the "Director(s)") of S.A.S Dragon Holdings Limited (the "Company"), together with its subsidiaries, the "Group" or "we" or "our" or "us") is pleased to present this report setting out matters relating to the environmental, social and governance ("ESG") of the Group for the period from 1 January 2017 to 31 December 2017 (the "Reporting Period") with reference to the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the mainboard of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Board believes that a sound ESG is vital for continued sustainability and development of the Group's operation. The Board has taken overall responsibility for the Group's ESG strategy and reporting and has a strong commitment to environmental protection with the mission to promote the environmental culture among our staff to maintain a sustainable development for the Group.

Unless otherwise specified, the environmental data covers the Group's operation in Hong Kong and the PRC (Shenzhen and Shanghai) as they contributed 85% of the Group's revenue.

A. ENVIRONMENT

A1. Emissions

The Group is a leading electronic supply chain services provider in the greater China region. The Group specialises in design, development, sourcing, quality assurance and logistics management of global proprietary electronic components and semiconductor products including chipset solutions, display panels, memory chips, power supply system solutions, multimedia system solutions, PEMCO, IoT home automation solutions, light-emitting diode ("LED") lighting solutions and other premier solutions for a wide range of applications for mobile, consumer electronic, computer and networking, telecommunication and LED lighting products.

Air emissions

The air emissions were mainly from vehicles (Approx.)

Nitrogen oxides	Sulphur oxides	Particulate Matter
11,521 g	348,352 g	17,145 g

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Greenhouse gas emissions

Scope 1 emissions were mainly from vehicles (Approx.)

	Carbon dioxide	Methane	Nitrous oxide
CO ₂ equivalent emissions	90,643 kg	122 kg	3,495 kg

For Scope 2 energy indirect emission, the CO₂ equivalent emissions mainly from purchased electricity were approximately 243,849 kg. The total greenhouse gas emissions (Scope 1 and Scope 2) were approximately 338.1 tonnes. We do not report Scope 3 emissions because of lacking complete and accurate data.

Non-hazardous solid wastes were generated in our offices and warehouses, service centres and investment properties during our operation. The total non-hazardous wastes were amounted to about 44.4 tonnes. For hazardous electronic wastes, the Group works with licensed recycling companies and hand the waste for their recycling and handling.

During the Reporting Period, the Group took necessary steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the energy consumption and carbon emissions and seeks less harmful ways to the environment in the operations. Our internal policies are to comply all the relevant laws and regulations applicable to our operations in different jurisdictions.

A2. Use of Resources

The Group has always placed great emphasis on energy and resources conservation. To achieve this, the Group continually applies efficient consumption strategy to improve energy saving and reduce energy consumption.

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimizing wastage in daily operations. For energy saving and greenhouse emission reduction, LED lamps for offices and warehouses are installed, air conditioners filters are cleaned and maintained regularly, environmental-friendly paper for printing financial reports and ecofriendly stationeries are used. In addition, recycling bins are provided at our workplace with waste paper and used toner cartridges collected for recycling. We continue to request our employees to turn off lights and air conditioners when no staff is at the workplace, to unplug the appliances, computers, printers and equipment which are not in use, to maintain room temperature at 25 Celsius degree when using air conditioners during summer. In respect of the water usage, we always remind our staff members to check whether the water taps are completely shut off after use even though the water may be provided by the property management offices.

The Group encourages its employees to handle documents electronically. When the use of paper is required, documents are required to use double-sided printing. In addition, we arranged conference calls or video conference instead of face-to-face meetings where possible.

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Electricity consumption and water consumption

Use of resources	Unit	2017 (approximately)
Electricity	kWh	453,889
Electricity intensity	kWh per million dollars of revenue	27.44
Water	Cubic meter	18
Water intensity	Cubic meter per million dollars of revenue	0.001

Total packaging material used

We do not use any packaging materials for our design process because we re-use the original packaging materials provided by the suppliers after addition of design.

A3. The Environment and Natural Resources

Although the core business of our Group has remote impact on the environment and natural resources, we recognize the responsibility in minimizing the negative environmental impact of our business operations and our investment portfolio.

The Group endeavors to comply with the applicable environmental laws and regulations and has adopted effective measures to reduce wastage. Our employees are fully aware that it is important for the operation of the Group to minimize the impact on the environment and natural resources. Our management also closely monitors the utilities consumption in different offices and encourages employees to work together to reduce utilities consumption.

B. SOCIAL

B1. Employment

Employees are our valuable assets. We have developed a written staff manual to govern the discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations.

To attract, motivate and retain experienced staff members, we reviewed their pay packages annually with prevailing market conditions. Our full-time employees are entitled to maternity, paternity, compassionate leaves, medical insurance, performance related bonus and mandatory provident fund. Our PRC full-time employees are also entitled to nursing leave. The Group has adopted a share option scheme as an incentive to eligible employees. Social and recreational activities are arranged for the employees in achieving work-life balance. We apply equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices.

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During the Year, in order to enable employees to get a balance between work and life, the following activities were held:

Leisure Trip to Heyuan



2017 Annual Dinner



Yacht party



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There were no non-compliance cases noted in relation to health and safety laws and regulations during the Reporting Period.

As at 31 December 2017, the total number and distribution of employees within the Group are as follows:

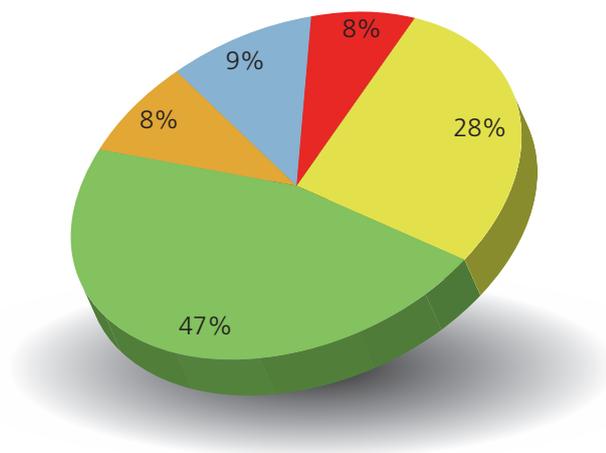
Number of employee	2017	2016
By Gender		
Male	426	448
Female	279	290
By Age Group		
Below 30	127	142
30 to 50	501	541
Over 50	77	55
By Region		
PRC	330	356
Hong Kong	337	346
Taiwan	38	36

Number of resigned employees and rate (%) of employee turnover	2017	2016
By Gender		
Male	108 (25%)	90 (20%)
Female	61 (22%)	59 (20%)
By Age Group		
Below 30	37 (29%)	46 (32%)
30 to 50	127 (25%)	97 (18%)
Over 50	5 (6%)	6 (11%)
By Region		
PRC	94 (28%)	92 (26%)
Hong Kong	70 (21%)	54 (16%)
Taiwan	5 (13%)	3 (8%)

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Workforce by function:

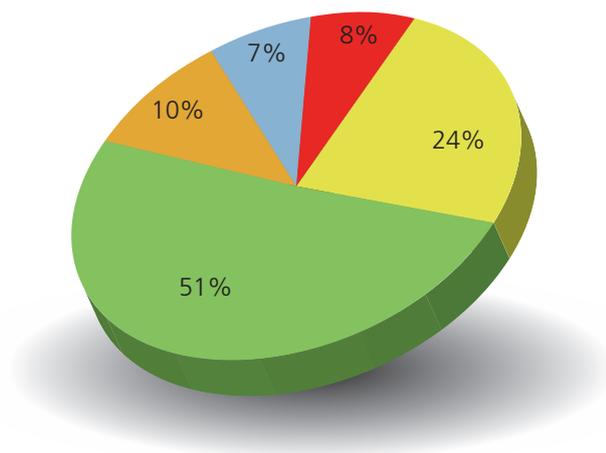
2017



Workforce by function

- Management
- Administration
- Sales & Marketing
- Warehouse
- Technical & IT

2016



Workforce by function

- Management
- Administration
- Sales & Marketing
- Warehouse
- Technical & IT

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B2. Health and Safety

We are committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees. The Group did not encounter any lost days caused by injury. Air purifiers were placed in workplace to improve air circulation.

There were no non-compliance cases noted in relation to health and safety laws and regulations during the Reporting Period.

B3. Development and Training

We acknowledge the importance of training for the development of our employees as well as our Group. We encourage and support our employees in personal and professional training, through sponsoring training programmes, seminars, workshops and conferences, peer learning and on-the-job coaching, as well as reimbursement for external training courses to enhance their competencies in performing their jobs effectively and efficiently. Total training hours offered in 2017 was 16,265 hours, average 50 hours per trained employee (2016: 21,714 hours, average 155 hours per trained employee). We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

As at 31 December 2017, the total training hours received by employees within the Group are as follows:

	2017	2016
Total no. of hours of training received by employees	16,265	21,714
Average hours of training per employee and percentage (%) of employees who received training		
By Gender		
Male	59 (43%)	142 (19%)
Female	38 (50%)	175 (19%)
By Employee Category		
Senior management	8 (14%)	41 (7%)
Middle management	19 (17%)	87 (28%)
Junior employees	53 (51%)	177 (19%)

B4. Labour Standards

The Group considers child and forced labour unacceptable and ought to be prevented. The Group has instituted a comprehensive screening and recruiting process to prohibit the use of child labour.

Employee work schedules are set up fairly to keep within standard working hours. All employees are provided with appropriate leave entitlements including annual leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave etc.

There were no non-compliance cases noted in relation to labour standards laws and regulations during the Reporting Period.

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B5. Supply Chain Management

Relationship is the fundamentals of business. Sound supply chain management ensures the Group to sustain its business operations and development. We have maintained strong relationships with our suppliers to meet our customer's needs in an effective and efficient manner. When selecting suppliers, the Group takes various factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

Currently we procured over 100 (2016: over 100) internationally renowned brands from our suppliers. Over 99% goods (2016: over 99%) were supplied from USA, South Korea, Japan, Taiwan and the PRC.

B6. Product Responsibility

The Group recognizes good customer service and after-sale-service are key to the success and sustainability of a corporation. Suppliers provide warranty on the products they supply to the Group for distribution of electronic components and finished products. Suppliers are responsible for providing or procuring the provision of in-warranty service to the end customers.

The Group also adopts the following quality control policies on the products to be sold:

- a series of inspections upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and
- If any defects are identified, the relevant product will be returned to the supplier for replacement.

During the Reporting Period, we have not received any cases of infringement of intellectual property rights. We are also not aware of any suspected cases of infringement of intellectual property rights of the products that we distributed in the Reporting Period.

The Group is also committed to complying with the Personal Data (Privacy) Ordinance. Personal data shall be highly protected. Employees are committed not to disclosing confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known.

B7. Anti-Corruption

Both the Group and its business partners are expected to upholding the highest standard of ethics. All parties involved in business interaction shall be prohibited from every form of corruption, extortion, bribery, fraud, money laundering and embezzlement. The Group advocates the standards of fair transaction, advertising and competition and puts in place a confidentiality mechanism to protect the identity of suppliers and whistleblowers. No suspected enquiries or cases involving fraud were reported during the Reporting Period.

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B8. Community Investment

We encourage our employees to participate in social and community events, as well as to volunteer for good causes. The Group has the honor of being awarded the 5th Years+ Caring Company Award, the 5th Caring Certificate of the Industry Cares Scheme, the 6th Outstanding Corporate Social Responsibility Award in succession and Listed Company Award of Excellence 2017 during the Year. We will continue to shoulder the social responsibility by caring the community, employees and the environment in order to build a cohesive society.

The 5th Caring Certificate of the Industry Cares Scheme



The 6th outstanding Corporate Social Responsibility Award in succession



Listed Company Award of Excellence 2017



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In the Reporting Period, a total donation of HK\$1,044,400 was made to a charitable organization in Hong Kong.

The Group takes its social responsibilities and proactively takes part in various charity events of the society as below:

International Dragon Boat Race cum Carnival in Celebration of the 20th Anniversary of the Establishment of the HKSAR



Donation of 100 new refrigerators to Tai O victims



Yan Chai Charity Walk 2017



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Chinese national diving team Yan Chai Contest



Replacement of housing village LED lights activities



Albert Au Thanks! 40th Anniversary Concert 2017

