



LION ROCK GROUP LIMITED

獅子山集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1127)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

** For identification purpose only*

INTRODUCTION

Lion Rock Group Limited (together with its subsidiaries the “Group”) is a global printing services company that principally engaged in the provision of printing services to international book publishers, trade, professional and educational conglomerates and print media companies. The Group’s printed products comprises mainly of illustrated leisure and lifestyle books, educational text books, learning materials and children’s books. The principal printing facilities are located in the People’s Republic of China (the “PRC”), Australia and Singapore.

While promoting a sound business growth and maintaining high quality standards in the service and operations, the Group is also committed to building an environmentally-friendly corporation. The Group considers social and environmental responsibilities as one of the core values in business operations, the Group strives for greater sustainability and transparency, as well as to deliver service that foster a sustainable environment for future generation.

This report summarizes several subjects of the Group’s business practices for the Environment, Social and Governance (referred to as the “ESG”) report (the “Report”) and its relevant implemented policies and strategies in relation to the Group’s operational practices and environmental protection.

The Report covers the period from 1 January 2018 to 31 December 2018 (the “Reporting Period”).

REPORTING FRAMEWORK

The Report has been prepared with based on the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “SEHK”).

REPORTING SCOPE

The General Disclosure of the environmental and social policies and measures in this Report and the compliance issues cover the entire Group, and the disclosure scope of the environmental key performance indicators section of the Report covers the Group's sales offices and its manufacturing plants in the PRC, Australia and Singapore.

The report content is focused largely on the Group's sales offices and its manufacturing sites in the PRC, Australia and Singapore, unless stated otherwise. Thus, the operations in the PRC, Australia and Singapore represent the majority of the Group's social, environmental and economic impacts, while the minorities are the operations in the UK, the USA and Hong Kong.

COMMENTS AND FEEDBACK

The development of the Group depends in part on stakeholders' valuable comments. For any doubts about or advice as regards to this Report, please send your comments and suggestions to investor@lionrockgrouphk.com.

STAKEHOLDER ENGAGEMENT

The Group believes that understanding the views of its stakeholders lays a solid foundation to the long-term growth and success of the Group. The Group has a wide network of stakeholders, including employees, customers, suppliers, business partners, investors, government and regulatory authorities and the community.



The Group uses multiple channels as summarized in the following table to engage with its stakeholders and provide them with opportunities to express their views on the Group's sustainability performance and future strategies. To reinforce mutual trust and respect, the Group is committed to maintaining enduring communication channels, both formally and informally, with its stakeholders to enable the Group to better shape its business strategies in response to their needs and expectations, anticipate risks and strengthen key relationships. The information collected through different communication processes serves as an underlying basis for the preparation of this Report.

Stakeholder groups	Engagement channels	Possible concerned issues
Investors	<ul style="list-style-type: none"> • General meetings • Regular corporate publications including financial reports • Circulars and announcements • Corporate website • Direct communication • Meetings and responses to phone and written enquiries 	<ul style="list-style-type: none"> • Business strategies and sustainability • Financial performance • Corporate governance
Customers	<ul style="list-style-type: none"> • Direct communication • Emails • Business meetings • Corporate website 	<ul style="list-style-type: none"> • Service quality and reliability • Client information security • Business ethics
Employees	<ul style="list-style-type: none"> • Appraisals • On-the-job coaching • Trainings • Internal memorandum • Human resources manual • Exit interview 	<ul style="list-style-type: none"> • Training and development • Employee remuneration • Rights and benefits • Working hours • Occupational health and safety • Equal opportunities • Sexual harassment
Suppliers and business partners	<ul style="list-style-type: none"> • Direct communication • Emails • Business meetings • Tendering for procurement of products or services 	<ul style="list-style-type: none"> • Fair competition • Fulfillment of promises • Payment schedule
Government and other regulatory authorities	<ul style="list-style-type: none"> • Statutory filings and notification • Regulatory or voluntary disclosures 	<ul style="list-style-type: none"> • Compliance with law and regulations • Treatment of inside information • Co-operation with enquiries
Local community	<ul style="list-style-type: none"> • Community activities • Donations 	<ul style="list-style-type: none"> • Fair employment opportunities • Environmental protection

MATERIALITY ASSESSMENT

The Group has maintained close communications with its stakeholders. Through ongoing discussions and direct communications with its stakeholders, the Group understands the main concerns and material issues that matter most to its stakeholders, which are listed below:

ESG aspects as set out in ESG Reporting Guide		Material ESG issues for the Group
A. Environmental	<i>A1 Emissions</i>	1. Air Emission 2. Greenhouse Gas Emission 3. Waste Management
	<i>A2 Use of Resources</i>	4. Energy Consumption 5. Water Consumption 6. Paper Consumption
	<i>A3 The Environment and Natural Resources</i>	7. Environmental Risk Management
B. Social	<i>B1 Employment</i>	8. Human Resources Practices 9. Remuneration Policies 10. Equal Opportunity
	<i>B2 Health and Safety</i>	11. Employees' Health and Workplace Safety
	<i>B3 Development and Training</i>	12. Employee Development
	<i>B4 Labour Standards</i>	13. Anti-child and Forced Labour
	<i>B5 Supply Chain Management</i>	14. Supplier Practices
	<i>B6 Product Responsibility</i>	15. Product Quality and Customer Satisfaction
		16. Customer Data Protection
	<i>B7 Anti-corruption</i>	17. Anti-corruption and Anti-money Laundering
<i>B8 Community Investment</i>	18. Community Support	

The recognition of sustainable development and environmental reform are the most fundamental elements to the operation of the Group; while the relationships with stakeholders have become the leading priorities in the Group's operation.

The Group is dedicated to fair and equal treatment in all areas of human resources, including recruitment and promotion, compensation and dismissal, working hours, benefits and welfare.

Pursuant to environmental and social issues based on the ESG Reporting Guide within the scope of sustainability, the Group built a two-dimensional materiality matrix and identified issues that are of high priority to its stakeholders and the Group. The priorities are set based on the management's view as well as stakeholders' feedback.

APPROACH TO SUSTAINABILITY DEVELOPMENT

As a responsible company, the Group continues to step up its sustainability measures as a corporate responsibility as well as meeting its customers' standards. To keep the Group's investors and stakeholders properly informed for assessment, the Group has set out below its efforts to minimize the negative influence to the environment to promote the Group's employees' well-being and to contribute to the community during the Reporting Period.

ENVIRONMENTAL RESPONSIBILITY

The Group is aware of the environmental impact arisen from the operation of the working offices and manufacturing sites, thus the Group encourages the staff not to just think green, but also to act green. The Group is committed to providing quality printing services to the clients and has implemented policies and taken measures to ensure the operation and activities minimize the potential adverse impact on the environment and preserve natural resources. The Group strives to comply with all relevant environmental laws and regulations of environmental protection department in relevant countries. During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to environmental aspect.

Owing to the Nature of the Business, The Group’s commitment to the environment focuses on the conservation of energy, investments on efficient green technologies, and reduction of waste.

Aspect A.1: Emissions

The operation and activities of the Group do not generate any material amounts of greenhouse gas. The Group’s emission includes volatile organic compounds (VOCs), ink contaminated water and waste. The Group has implemented effective energy conservation measures to minimize emissions and environmental hazard. Below shows the emissions performance of the Group in 2018. Certain comparative figures for 2017 have been restated to conform to current year’s presentation.

Air Emission

The Group’s air emissions are mainly generated by the use of vehicles. In consideration of the potential threats of climates to the communities, the Group strives to avoid idling vehicles with running engines and keep company fleet properly tuned to improve the air quality at the roadside since inefficient vehicles will use more fuel and emit more pollutants. The Group also conducts regular inspection to maintain proper tyre pressure of vehicles.

During the Reporting Period under review, the Group’s key exhausted gases generated from the combustion process are Sulphur Oxides (SO_x), Nitrogen Oxide (NO_x), and Particulate Matter (PM). As illustrated from the table below, the Group produced 1,029.29g, 261,675.61g and 22,964.38g of SO_x, NO_x and PM in 2018.

Air Emissions	2018 (in g)	2017 (in g)
Sulphur Oxides (SO_x)	1,029.29	1,298.72
Nitrogen Oxide (NO_x)	261,675.61	258,354.95
Particulate Matter (PM)	22,964.38	22,125.35

Greenhouse Gas Emission

The carbon footprint arising from the Group's daily operations is primarily from the use of electricity and paper consumption in the manufacturing sites. The amount of each greenhouse gas emission for the Reporting Period is summarized in the table below.

Emission Sources	CO₂e Emission(2018) (in tonnes)	CO₂e Emission(2017) (in tonnes)
Scope 1 Direct Emission	447.06	484.29
Scope 2 Indirect Emission	15,505.88	15,438.34
Scope 3 Other Indirect Emission	111,912.74	97,867.48
Total	127,865.68	113,790.12

Scope 1 Direct Emission	CO₂e Emission (2018) (in tonnes)	CO₂e Emission(2017) (in tonnes)
Company Vehicles	152.96	154.31
Fuel Consumption	295.41	331.29
Tree Planting	(1.31)	(1.31)
Sub-total	447.06	484.29

Scope 2 Indirect Emission	CO₂e Emission(2018) (in tonnes)	CO₂e Emission(2017) (in tonnes)
Purchased Electricity	15,505.88	15,438.34
Sub-total	15,505.88	15,438.34

Scope 3 Other Indirect Emission	CO₂e Emission(2018) (in tonnes)	CO₂e Emission(2017) (in tonnes)
Production Material	104,842.50	92,254.48
Emission from Paper Waste	5,213.82	3,528.98
Emission from Other Waste	1,580.89	1,838.51
Business Travel	198.91	156.77
Emission from Fresh Water Processing	52.03	60.26
Emission from Sewage Processing	24.59	28.48
Sub-total	111,912.74	97,867.48

During the Reporting Period, the Group generated a total of 127,865.68 tonnes of carbon dioxide equivalent (tCO₂e) greenhouse gases (mainly carbon dioxide, methane and nitrous oxide), increased 12.4% compared to 2017 due to production expansion.

The Group is committed to reducing the emission. The Group has established the procedures regarding emissions management. An officer, manager or department is appointed on each manufacturing site was appointed to monitor the emissions generation. The air emission intensity decreased during the Reporting Period. The Group has also taken the following measures to mitigate the emissions:

- Use and store the production chemicals properly pursuant to the Material Safety Data Sheet (MSDS) and company policies so as to avoid any unnecessary emissions generation;
- Replace the raw materials, equipments and production techniques that are highly hazardous to the environment with alternatives that are less hazardous to the environment;
- Inspect and maintain plants, machines and electric generators periodically;
- Use soy ink and digital printing to alleviate the emission of VOCs; and
- Use the exhaust air treatment system since 2013 to reduce the emission of VOCs effectively. VOC treatment system has been further upgraded in 2018 and being approved by local environmental protection department.

Waste Management

The wastes in respect to the Group's operation mainly consist of paper, plastic, glass, and kitchen waste. The Group appoints either administrative staff or employs external parties to transport or collect the wastes and recyclables for both garbage and recycled waste. The Group has also taken the following waste management measures:

- Organize and maintain the garbage and recycled waste holding areas;
- Set up waste separation systems and recycling bins or other suitable facilities for collecting materials such as waste paper, metal and plastic;
- Place posters on walls and labeling the type of waste or recyclable on the bin;
- Collect and recycle all used ink-jet cartridges;
- Schedule recyclers to collect recyclables regularly;
- Sort recycled waste into appropriate receptacles; and
- Educate the employees on sorting methods.

The Group continues to make efforts on recycling waste. The following table illustrates the wastes that had been recycled during the Reporting Period:

Recycled Waste	Unit	Total volume 2018	Total volume 2017
Plastic Wrap	Each	1,437.00	NA
Zinc	tonnes	272.95	264.76
Paper	tonnes	10,090.54	11,068.64
Aluminium	tonnes	67.93	22.78

Hazardous and Non-Hazardous Waste Management

The Group has established clear and concrete guidelines on waste management. Wastes are separated into recyclable, hazardous and non-hazardous waste, and are stored separately. The Group has appointed different recyclers in different sites to collect recyclable wastes, such as scrap paper and used printing plates, regularly.

The Group’s site operation managers’ responsibilities including, but not limited, to the following:

- Establish mechanisms to verify the integrity of segregated waste streams;
- Highlight locations and/or activities about which nature of and what quantity of waste disposal can be reduced – by avoidance, reduction, re-use, re-cycling technique, reduction in impact techniques;
- Highlight avenues where material life can be extended;
- Planned audits and reviews of contracted disposal services; and
- Communicate the importance of the actions of employees in the control process.

All hazardous waste, mainly chemical water, rags, ink residue and other photographic wastes, are collected and treated by authorized agents who have the qualification to handle hazardous waste.

In addition, employees are reminded regularly to protect the environment through various channels, including emails, notices and promotion slogan. The Group’s non-hazardous wastes, which are mainly paper, zinc and pallet, will be recycled or transported to landfills or are collected by government departments or nominated environmental agencies in compliance with the local regulations.

The waste intensity decreased during the Reporting Period. With the effort to reduce wastes as much as possible, the following table illustrates the amounts of hazardous and non-hazardous wastes during the Reporting Period.

	Total volume in 2018 (in tonnes)	Total volume in 2017 (in tonnes)
Hazardous waste	216.09	173.23
Non-hazardous waste	13,140.14	13,770.54

Aspect A.2: Use of Resources

The Group is committed to monitoring and improving environmental performance as an integral and fundamental part of its business strategy and operating methods, as well as complying with relevant government policies and environmental legislations.

Energy

The Group's energy consumption mainly comes from electricity and natural gas during its operations. The following table illustrates the energy consumption by types and volumes during the Reporting Period:

Energy	Unit	Total volume consumed (2018)	Total volume consumed (2017)
Electricity	kWh	25,514,620	25,393,754
Natural Gas	MJ	5,162,664	4,918,055
Liquefied Petroleum Gas (LPG)	MJ	372,375	460,567

Efficient Electricity Use

The Group's operations generated greenhouse gases indirectly due to electricity consumed to power the facilities. The Group has committed to minimizing energy usage. The commitments are driven by energy saving intuition. The electricity consumption intensity decreased during the Reporting Period. The following measures are implemented by the Group:

- Turn off all lights and air conditioners when the staffs leave the company;
- Turn off all electronics or switch them to energy saving mode when they are not in use;
- Install energy efficient lightings and cooling system in all the offices;
- Deploy natural light as much as possible;
- Clean the air filter of the air-conditioners regularly to improve the cool air flow efficiency;

- Carry out regular leakage checks and replacement of pressure gauges, pressure hose and connectors of air compressors to reduce possible leakage of refrigerants;
- Replace all the computer equipments, servers, and monitors with energy efficient models; and
- Maintain room temperature on an average between 24 and 26 degrees.

Packaging

The Group regularly communicates with its customers to minimize the packaging material as the Group aims to protect the environment. Owing to the nature of the Group's business, the packaging materials used are mainly carton and carton corrugated paper. During the Reporting Period, the total amounts of packaging material consumed for finished products are as follows:

Types of material	Unit	Total quantity Consumed (2018)
Bag	Each	387,988
Carton	Each	3,377,610
Expandable Polyethylene	Each	24,692
Edge Board Protector	Roll	218,759
One-sided Bubble Wrap	Sheet	2,200
Pallet	Each	95,473
Paper	Ream	260
Carton Corrugated Paper	Sheet	1,251,427
Lamination Films	Roll	727
Shrink Wrapping Film	Roll	48
Tape	m ²	65,907
Label	sheet	7,568
Strapping	m	534,700
Wrap	m ²	690,834
Wooden Pallets	Each	21,971
Jiffy Utility Bag	Each	141,782
Brown Kraft Paper	kg	1,720
Ribbon	m	24,140

Aspect A.3 The Environment and Natural Resources

Energy Efficiency Initiative

In the PRC manufacturing site, the Group has installed a sun shade net to reduce the temperature of the production plants by 5 degrees, allowing the Group to reduce the use of air conditioners by keeping the room temperature from rising through transpiration.



Paper Reduction

Consumption of paper significantly draws negative impacts to the world. Voluminous paper consumption leads to deforestation. Serious efforts are needed to ensure that the environment is protected. With the aim of minimizing the impact of the Group's business operation on the environment, the Group implements measures for environmental protection that minimizes paper usage in the office and strives to use paper in the most efficient ways and make it convenient for staffs and customers to so implement as well. During the Reporting Period, the total paper consumption of the Group for the use of production and office amounted to 68,751.97 tonnes.

The followings are the practical guidelines which help the Group to implement a cost-saving, paper reduction program:

- Promote reduction strategies, such as reusing paper that has been printed on one side for draft or internal printing, and sharing printed copies of information in the office rather than printing multiple copies;
- Provide paperless billing options for clients and impose smart printing modes for staff;
- Receive incoming faxes electronically through an e-fax system and make sure hard copies only when necessary using used paper;
- Adopt an electronic system for filing and documentation;
- Send information electronically. Use emails instead of fax or letters when possible
- Replace all disposable cups and wooden stirrers with items, such as ceramic cups and reusable spoons;
- Encourage the staffs to use electronic communications for directories forms, reports and storage when possible; and
- Recycle paper, carton box and envelope that have non-confidential information from the Group.

Water Utilization

Waste water is the next pollution the Group tries hard to reduce. Plate-making and other printing process requires a lot of water for rinsing aluminum plates and hence generates waste water contaminated with ink. Sewage will be collected and processed by qualified sewage treatment companies. In the PRC, the factory recycles the industrial wastewater and reuses it after treatment. For domestic wastewater, the Group examines the water quality before drainage to ensure they meet the national and local environmental requirements. During the Reporting Period, the Group consumed 129,438.33 m³ of water. The water consumption intensity decreased during the Reporting Period. The Group did not notice any major issue in sourcing water that is not fit for purpose during the Reporting Period.

In addition, the Group has adopted the following measures to save water:

- Always turn taps off tightly so they do not drip;
- Collect rainwater in one of the Australia factories;
- Make use of dual-flush toilet to save water;
- Adopt effective water-saving production methods and instruments;
- Use a number of digital printing machines which has eliminated the chemically tainted wastewater during the offset printing process;
- Check the hoses and pipes for leaks, cracks, and other damage regularly and repair it in a timely manner; and
- Give priority to effective water-saving products in purchase decision.



Sewage treatment system

Green Technologies

Cleaner Water Heater

The Group has continually upgraded its operation equipments to more energy efficient models. In 2017, the Group replaced wooden pallets for boiling water with a highly energy efficient environmentally-friendly water heater, air compressor hot water system, for the PRC staffs in dormitory.

Air Compressor Water Heating System

The water heater is a technology that harvests thermal energy from the air, which is different from the traditional water heaters that directly heat the water. This system is driven by an air compressor, taking up outdoor thermal energy and transferring it into water through a heat exchanger. The whole process has exceptional low electricity consumption.

Eco-Friendly Silk Screen Printing and Offset Printing

During the production process, hazardous solvents commonly found in inks include ethanol, isopropanol, ethylene glycol, xylene, toluene, cyclo-hexanone and petroleum distillates. These solvents also contain VOCs. VOCs are chemicals that can cause indoor health problems such as lung irritation and outdoor problems such as smog. In December 2018, the Group has integrated a new treatment system for silk screen and printing process in order to eliminate the VOC gas emissions and decrease the possibility of the staffs being exposed to hazardous gas in the PRC site. The new equipment has the most advanced technology to eliminate VOC gas with higher safety standard. It uses high temperatures (600 degree) to eliminate the gas.



Upgrade VOCs equipment

Environmental Filtering System

Plate Developer Filter System for Plate Processors

Plate washing is one of the processes that involve heavy water usage. A plate developer filter system has been installed in the PRC factory to filter the used water for re-use.

In addition, with the distillation function of the new system, the developer distilled solution can supply purified water and the concentrated solid powder produced can be recycled.

Fountain Solution Filtering System

The PRC factory uses fountain solution filter system which allows the factory to extend the fountain solution life, as it maintains the solution for two to three months instead of two weeks. It reduces the use of water, alcohol and the machine downtime when replacing a new solution.

SOCIAL RESPONSIBILITY

The Group believes that building a strong and lasting relationship with employees and suppliers is essential to achieve its on-going commitment to act in a socially responsible manner. Besides, maintaining an honest and authentic dialogue is indispensable as a responsible organization and partner to its stakeholders.

Aspect B1: Employment

The Group is dedicated to fair and equal treatment in all areas of human resources, including recruitment and promotion, compensation and dismissal, working hours, benefits and welfare.

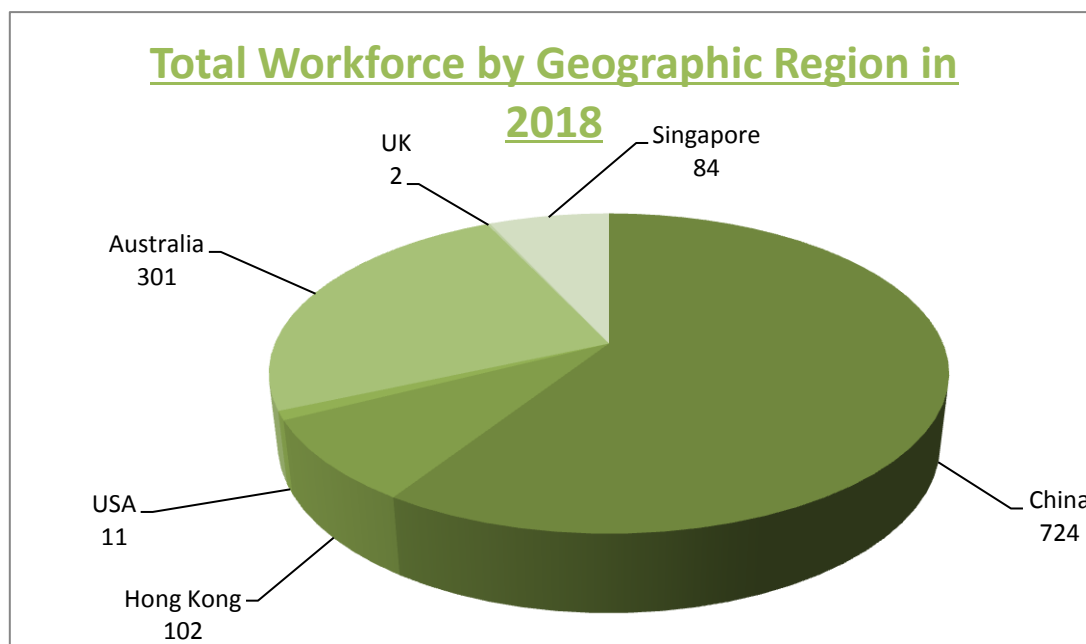
Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. The promotion and remuneration of the Group's employees are subject to regular review. Employees are entitled to Retirement Fund, Share Options and Share Award Schemes, transportation allowance, discretionary bonus and various types of paid leave (marriage, study and examination, compensation, paternity, maternity and funeral) in addition to annual leave and sick leave. Details of the staff benefits are set out in the Staff Handbook to ensure transparency of information on the employees' responsibilities and rights.

The Group's essential policies and procedures are also included in the Staff Handbook which will be reviewed and updated regularly. The Group discourages and disallows any behavior that violates the regulations under the Staff Handbook. Offenders will receive warning, and the Group has the right to terminate employment contract with offenders for serious violations. During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment aspect.

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. The Group has the Staff Handbook outlining the terms and conditions of employment, expectation for employees' conducts and behaviors, and employees' rights and benefits. There are policies established and implemented that promote a harmonious and respectful workplace. With the aim to ensure fair and equal protection for all employees, the Group has zero tolerance on sexual harassment or abuse in the workplace in any form, which is a violation of the labor laws in all countries.

During the Reporting Period, the Group has 1,224 full-time employees. In 2018, the employees in the Group are mainly located in the PRC, which consists of 724 employees 59.1 percent of the total workforce; while Australia consists of 301 employees which represents 24.6 percent of the total workforce. In contrast, Singapore and Hong Kong accounted for 6.9% and 8.3% of the total employees, which make up of 84 and 102 employees respectively, while operations in the USA and the UK represents the least percentage, 1.1% which consist of 13 employees.

The following diagram sets out a breakdown in the number of the Group's total employees by geographical region:



In addition, human resources department conducts a comprehensive recruitment review process to ensure that the data provided by the candidates are accurate. The Group's recruitment and promotion process are carried out in a fair and open manner for all employees; employees are recognized and rewarded by their contribution, work performance and skills, and outcomes will not be affected by any discrimination on the grounds of age, sex, physical or mental health status, marital status, family status, race, skin color, nationality, religion, political affiliation, sexual orientation and other factors.

Whenever an employee resigned, human resources department would interview him or her to find out the reason of quitting. The Group will monitor staff turnover with a view to identifying and managing issues.

The Group strictly prohibits the employment of children or forced labor and sets out the policies in the labor code to eradicate child labor, juvenile workers and forced labor.

Aspect B2: Health and Safety

The Group strives to provide a safe and healthy workplace for the employees as the Group complies with all applicable rules and regulations regarding to Occupational Safety and Health (OSH) such as The Work Safety Law of the PRC and Work Health and Safety Act 2011 in Australia. The Group adopts the policies and measures to promote occupational health and safety, including, but not limited, to the following:

- OHSAS 18001 for Occupational Health and Safety is received and applied in our PRC plant;
- OSH guidelines and practices are established for ensuring healthy and safe working conditions for the employees;
- A safety orientation is provided to the new employees so as to ensure a thorough understanding of health and safety, and their roles and responsibilities;
- Necessary protective equipment, such as safety shoes and ear protection, are provided to the factory workers;
- A clear system is established for reporting hazards, injuries, illnesses and close calls;
- Safety procedures are established for the recognized dangerous work;
- Policies are reviewed from time to time and improved accordingly by way of performance measurement and/or health and safety audit or review;
- Emergency measures are established such as fire or explosion emergency plan;
- Regular inspections would be carried out and any unsafe condition would be reported and investigated; and
- OSH seminars and workshops are held regularly in order to raise awareness of occupational safety.

The table set out below shows the work-related fatalities and injury statistic for the Reporting Period:

Description	Number in 2018	Number in 2017
Number of work-related fatalities	0	0
Number of work-related injuries	29	24
Lost days due to work-related accidents and disease (occupational)	523 days	361 days

During the Reporting Period, the Group is not aware of any material non-compliance with the above-mentioned relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

In addition, the Group has assigned a responsible personnel to identify any actual and potential hazards and risks to each individual and works towards providing a safe and hygienic work environment, and to ensure that office and work environment is in line with or higher than requirements of relevant laws. The appointed operation site managers have also arranged rescue, fire and evacuation drills to improve staff safety awareness and employees are expected to comply with the policies and procedures, and cooperate in all safety trainings.

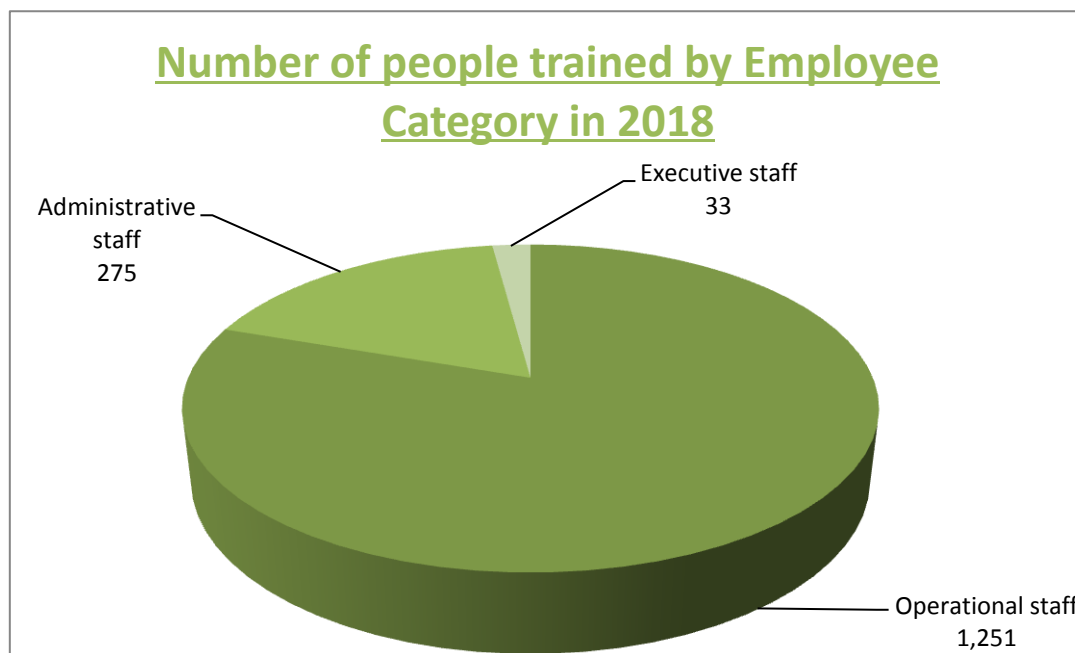


Fire drill

Aspect B3: Development and Training

The Group regards its staff as the most valuable assets. The Group dedicates significant resources to attract and retain talented employees, and to ensure that people will grow along with the business.

The diagram sets out below illustrates the number of employees trained by employee category during the Reporting Period.

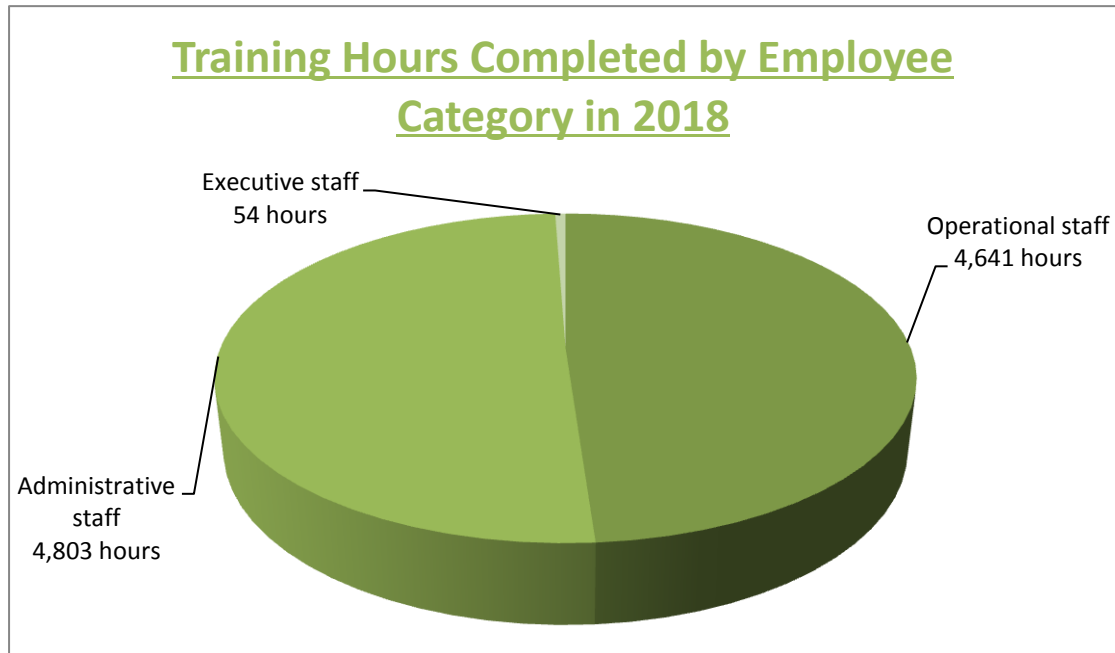


During the Reporting Period, 1,559 participants* attended the training courses provided by the Group, while 1,251, 275 and 33 of them were operational, administrative and executive staffs respectively, in which 970 of them were male and 589 were female.

* One staff may attend more than one training courses.

In addition, on-the-job trainings and off-the-job seminars facilitated by the management of the Group will be held from time to time. Such sessions will usually provide a detailed explanation and discussion of technical knowledge encountered by the staff in the recent projects. The Group highly encourages the staff to attend internal training courses to develop personal skills and expand the knowledge.

The diagram sets out below illustrates the training hours by employee category in the Reporting Period.



During the Reporting Period, the Group has provided 9,497 training hours for all the staff, which consists of 4,803, 4,641 and 54 hours for the administrative, operational and executive staffs respectively, with an average of 17.46, 3.71 and 1.62 training hours per person.

The Group has provided different kinds of internal and external training for the senior management and staff to enhance their level of communication and team building skills, including, but not limited, to the followings:

- PUR Hot Melt Technology Training;
- Introduction to Post-Press Finishing Technology;
- Briefing Sessions on Safety and Health Legislation;
- Train how to install & set roller;
- WSQ Operate Scissor Lift;
- Train how to use Barrel Pump;
- First Aid Training;



PUR Hot Melt Technology Training



Introduction to Post-Press Finishing Technology

Furthermore, directors are given guidance and preparation meetings about the Group's business and his/her duties responsibilities under the Listing Rules and the relevant statutory and regulatory requirements when newly appointed. The directors are briefed regularly on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices.

Aspect B4: Labour Standards

The Group established and implemented the Staff Handbook which contains policies relating to relevant labor laws, regulations and industry practices, covering areas such as compensation, dismissal, promotion, working hours, recruitment, rest periods, diversity and other benefits and welfare.

In addition, the Group strives to ensure an equal and fair working environment. The Group does not tolerate any form of sexual harassment, harassment and abuse in the workplace, which is a violation of the employment law in Hong Kong, the PRC, Australia and Singapore.

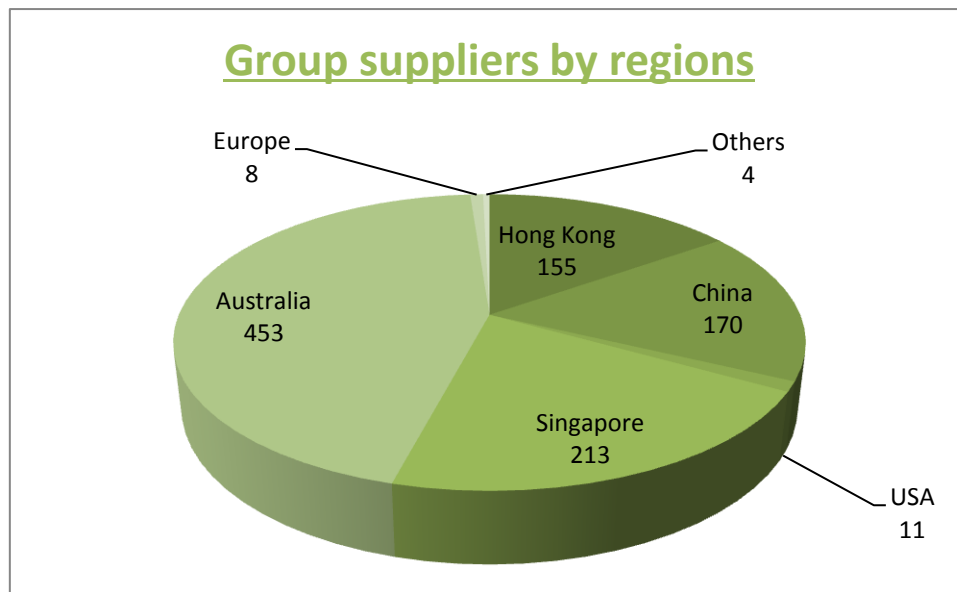
The prohibition of child labor and forced labor practices are also set in accordance with all relevant laws and regulations that applied to the Group. Before hiring any job applicant, the human resources department will verify their age by checking their identification documents that prove the age of applicant and ensure that the applicant's look is consistent with the identification documents. In 2018, no violations regarding the age of employment and labor dispute has occurred between the Group and the employees.

OPERATING POLICIES

Aspect B5: Supply Chain Management

The Group is committed to developing and maintaining effective and mutually beneficial working relationships with the business partners (suppliers, subcontractors, transporter, etc.). The Group requires each business partner to comply with the code of conduct of social responsibility and business ethics the Group sets out. The Group will assess whether the business partners fulfill the code requirement annually. Violation of the code will lead to instant termination of the business partnership.

The Group strives to focus on ethical supply chain management while producing a global supply chain. The diagram sets below illustrates the number of suppliers by region category during the Reporting Period.



Furthermore, the Group gradually takes environmental consideration into account during the procurement process. To integrate the environmental vision into the procurement of product supplies, the Group avoids disposable products and chooses suppliers who provide durable products with less packaging materials. Priority will be given to environmentally friendly materials and office goods, so as to raise the suppliers' awareness of sustainable development.

Aspect B6: Product Responsibility

The Group is committed to supplying quality books and printed products and providing quality services that consistently meet or even exceed its customers' expectations. Quality management system is used to ensure the product quality; the Group has received a number of certifications, including ISO9001, ISO14001, ICTI Code of Business Practices and G7 Master Qualification. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that have a significant impact to the Group relating to the aspect of product responsibility.

Under the quality management system, quality assurance is performed to examine the product's quality against the acceptance quality level standard at every stage of the production process. Incoming raw materials, such as paper and ink, are periodically tested against customers' technical specifications. Colors are matched against the customer's approved blue print. Finished goods undergo a number of tests and visual inspections, before packaging and delivery to ensure the exact specifications of customers are met. The Group has also maintained a professional customer service team with high service standard to ensure responsiveness to clients' needs. By implementing the highest level of standard on quality management, the Group provides not only excellent products, but also safe and secured products to customers. The Group ensures quality management systems in place, which allows the Group to deliver the expected level of quality and service.

Due to the brand new machinery and high quality of craftsmanship, the Group has consistently earned recognition and awards in relation to the excellent printing capabilities. During the Reporting Period, the Group won 9 Awards of Recognition and 10 Certificates of Merit in Premier Print Awards.

Public Interest and Accountability

For the management of personal data privacy, the Group is committed to protecting the confidentiality of customer data. The employees are instructed to handle customer information with due care. Only designated employees can access customer data for business use. Confidentiality clauses are included in the employment agreement, which prohibits the utilization and divulgence of any secret or confidential document, knowledge and information.

The Group ensures the goods and services are conducted in a manner consistent with the highest ethical standards. This helps to ensure high product quality at all times to gain the confidences of customers and the public.

Fair and Open Competition

The Group promotes fair and open competition that aims to develop long term relationships based on mutual trust. The Group ensures that all parties involved in the procurement process participate fairly, honestly and in good faith. The Group recognizes that adherence to the principles of competition is essential to maintain the integrity of the procurement process.

Aspect B7: Anti-corruption

The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. It is the responsibility of every employee and the company to ensure that any inappropriate behavior or organizational malpractice that compromises the interest of the shareholders, investors, customers and the wider public would not occur.

The Group has adopted Code of Conduct in the Group's compliance policy that includes provisions for conflicts of interest, privacy and confidentiality of information, use of computer software control, bribery and anti-corruption.

Whistle-blowing policy is also implemented to encourage employees and others who have serious concerns about any aspects of the work to come forward and voice those suspected misconduct, illegal acts or failure to act. Employees who breach anti-corruption policy will face disciplinary action, which could result in dismissal for serious misconduct.

During the Reporting Period, no litigations regarding bribery have been instituted against the Group and the staff. The Group has been in strict compliance with laws and regulations related to bribery, extortion, fraud and money laundering. During the Reporting Period, there were no legal cases regarding corrupt practices brought against the Group or its employees.

Aspect B8: Community Investment

The Group is committed to operating as a responsible corporate and to continually supporting the economic and social vitality of local communities through corporate sponsorships, charitable donations and supporting youth development.

SUSTAINABILITY

The Group understands the importance of achieving economic, environmental and social sustainability for the long term success of the business. The sustainability guidelines lay out the principles and actions for managing and performing ethically and sustainably, throughout the operational flow. The Group will continue to deliver safe and quality services served by the enthusiastic team members, without endangering the environment. The Group will also continue to provide hearty service to its customers and contribute back to the community.

CORPORATE GOVERNANCE

All management level has the responsibilities to maintain a good corporate governance practices. Meetings are held regularly and once the management or the staffs notice any improvement on the corporate practices, the relevant operating practices will be reviewed.