



IMAGI INTERNATIONAL HOLDINGS LIMITED
意馬國際控股有限公司*

(incorporated in Bermuda with limited liability)
(Stock Code: 585)

Environmental, Social and Governance Report
For the year ended 31 December 2019

Imagi International Holdings Limited (the “Company”, “We”, or together with its subsidiaries as the “Group”) presents this Environmental, Social and Governance (“ESG”) Report for the year ended 31 December 2019 (the “Reporting Period”). The report covers the sustainable development direction, strategy and performance of the Group, outlining strategies implemented and summarizes the performance for the year, with a view to elaborate on the efforts we uphold and the long-term value we create for our stakeholders.

The report is prepared in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) of the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (“Listing Rules”).

Reporting Scope

This report covers the Group’s principal businesses in integrated financial services, investment holdings, computer graphics imaging and entertainment businesses. The integrated financial services were comprised of securities investments and proprietary trading, securities brokerage services, margin financing services, and money lending services. The report is prepared in accordance with the ESG Guide, and includes material ESG issues as identified by the Group’s ESG working group and stakeholders which are directly controlled by the Group.

Sustainable development mission

The Group understands and agrees with the growing importance of and demand for sustainability. We aim to stay committed to the development of the Group’s main business investments and operations, while setting the goal to create long-term positive value for our clients, employees, investors and society. We support the integration of sustainability with our businesses. We aim to change towards a positive future, which starts from integrating sustainability with all dimensions of our businesses, while delivering attractive returns, building shareholder value, and maintaining disciplined resource management.

As such, we have implemented a stringent management system to assist us in achieving the mission and improving the ESG governance.

* *For identification purpose only*

ESG Working Group

The board of directors (“the Board”) of the Company has the overall responsibility for the Group’s ESG strategy and reporting. The Board actively manages the Group’s ESG performance through the setup of an ESG management and monitoring framework, in which a selected working group is dedicated to managing ESG matters, including but not limited to sustainability, environmental protection, occupational safety and compliance. The working group is comprised of executive director, general manager, company secretary, head of finance team, and responsible officer from administrative team (collectively known as the “ESG working group”), and assumes responsibility as below:

- Managing resource consumption and overuse;
- Promoting green work and awareness;
- Providing employees with sufficient training and development;
- Providing a safe working environment; and
- Ensuring the compliance with labour laws and regulations to protect employees’ rights and interests.

The ESG working group monitors issues that are material to the Group’s operations, and schedules semi-annual meetings in confirming and/or updating new company policies and mechanisms in improving the management of the Group’s strategic goals in sustainable development. In addition, the ESG working group also comes together to evaluate the impact, efficiency and effectiveness of policies that are already in place, and take actions for remedies if the ESG policies are not properly implemented.

As part of the Group’s risk management and internal control systems, a professional consultant has been engaged for annual assessment of the Group’s internal controls so as to identify potential risk and control deficiencies and recommend on necessary improvements accordingly. Responsive measures are planned for identified risks. The Group also envisions our sustainability policy to align with our internal control and risk management systems, with an aim to achieve a fully aligned business strategy that integrates sustainable development. The Group’s Audit Committee will continuously review the Group’s internal control and risk management procedures, to ensure an effective internal control monitoring system is in place. The Board regularly monitors the ESG working group regarding the Group’s ESG performance and provides directions for ESG development.

Stakeholder Engagement

In order to achieve long-term success and sustainable development, it is crucial to understand the expectations, interests and information needs from our stakeholders and to maintain this engagement on an on-going basis.

Hence, the identification of such expectations and the related material ESG issues are conducted through our stakeholder engagement process. Our internal and external stakeholders include employees, clients, investors and shareholders, suppliers and business partners, government and supervising authorities, social groups and public, and media. We have been actively engaging and providing them with updates on our recent business developments through various engagement methods as follows:

Stakeholder Groups	Engagement Channels
Employees	<ul style="list-style-type: none">• Internal Emails and Publications• Meetings and briefings• Trainings• Employee Activities• Corporate Website
Clients	<ul style="list-style-type: none">• Corporate Website• Emails, Facsimile and Phone Contacts• Conferences
Investors and Shareholders	<ul style="list-style-type: none">• Corporate Website• Annual General Meeting• Annual and Interim Report• Press Release and Announcements• Emails, Facsimile and Phone Contacts
Suppliers and Business Partners	<ul style="list-style-type: none">• Corporate Website• Emails, Facsimile and Phone Contacts• Conference• Field Visitation
Government and Supervising Authorities	<ul style="list-style-type: none">• Corporate Website• Press Release and Announcement• Emails, Facsimile and Phone Contacts• Cooperate With Government and Regulatory Authorities on Compliance Inspections

Stakeholder Groups

Engagement Channels

Social Groups and Public

- Corporate Website
- Press Release and Announcement
- Emails, Facsimile and Phone Contacts

Media

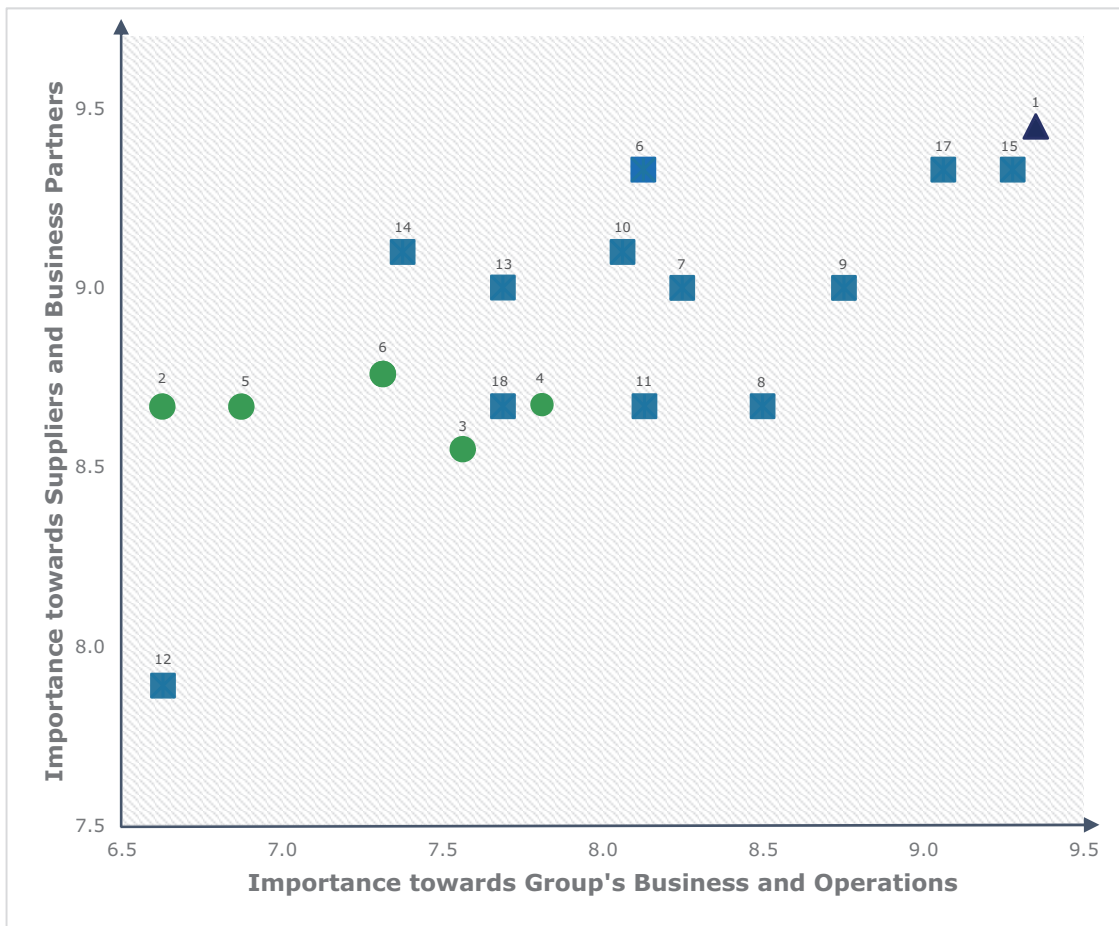
- Corporate Website
- Press Release and Announcements
- Emails, Facsimile and Phone Contacts

Materiality Assessment

In addition to our established engagement channels with each of our stakeholder groups, we have completed a materiality assessment through a stakeholder engagement process including surveys and discussions among stakeholder and the ESG working group. The materiality assessment was conducted through the following procedures:

- (1) Identification of potential issues: Screening of initial reference issues with reference to the ESG Guide, and peer benchmarking ideas against suitable peer companies to pinpoint material ESG issues are performed.
- (2) Stakeholder evaluation: Internal and external stakeholders, who have significant influence and/or dependency on the Group, are invited to rank the importance of each ESG issue via questionnaires and interviews.
- (3) Prioritization: The results from issues identification and stakeholder evaluation are combined to generate ESG materiality ranking.
- (4) Validation: ESG working group of the Group validates and confirms the key material ESG issues, and how they link to the respective aspects and KPIs of the ESG Guide.

In accordance with the results from this stakeholder engagement exercise, we have structured the following list of material ESG issues identified by each stakeholder group:



▲ Compliance

● Environmental Responsibility

■ Social Responsibility

Item	Aspect in the ESG Guide	ESG Material Issue
1	General	Compliance
2	A1: Emissions	Waste Management and Disposal
3	A1: Emissions	Greenhouse Gas Emissions
4	A2: Use of Resources	Energy Usage
5	A2: Use of Resources	Water Usage and Other Matters
6	A3: The Environment and Natural Resources	Environmental Management and Green Operations

Item	Aspect in the ESG Guide	ESG Material Issue
7	B1: Employment	Recruitment, Remuneration, Promotion, Dismissal and Employee Benefits
8	B1: Employment	Diversity and Equal Opportunity
9	B2: Health and Safety	Workplace Health and Safety
10	B3: Development and Training	Staff Development and Training
11	B4: Labour Standards	Anti-child and Forced Labour
12	B5: Supply Chain Management	Supply Chain Management
13	B5: Evaluation of Suppliers' Performance	Evaluation of Suppliers' Performance
14	B6: Product Responsibility	Product Responsibility
15	B6: Product Responsibility	Data Privacy and Protection
16	B6: Product Responsibility	Service Quality
17	B7: Anti-corruption	Anti-corruption and Money Laundering
18	B8: Community Investment	Social Responsibility

ENVIRONMENT

Although we are principally engaged in financial services businesses which have insignificant direct impact on the environment, we take the responsibility of environmental protection by executing various measures to minimize other indirect environmental impact arising from our business activities. These measures strictly follow the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) (“Waste Disposal Ordinance”), as well as in parallel with other relevant environmental laws and regulations that require the company to minimize their impact through prevention and control of emissions and waste disposals.

A1: Emissions

Waste Management and Disposal

With respect to our business nature, no substantial air emissions and hazardous waste are produced from our operations. General wastes such as paper and office consumables are disposed from our office administrative work. We have incorporated the principles of the “3R” (Reduce, Reuse, and Recycle) into our business activities, and developed a waste classification mechanism in sorting out different materials to ease the recycling process. Such a classification mechanism is effective in reducing the amount of waste generated as our employees have reacted proactively in office recycling efforts. We also encourage our employees to reduce waste by avoiding excessive procurement of office stationery and controlling paper consumption, so as to drive behavioural changes. All of the papers sourced for business operations come from FSC-certified suppliers.

During the Reporting Period, the major waste produced was paper, of which 1,260 kg were purchased (2018: 1,060 kg), and 117 kg of paper being recycled. Consumption of paper has slightly increased from the previous year owing to higher business activities from (i) the very substantial acquisition project that was initiated in May 2019, and (ii) the issuance of HK\$1 billion 10% 3-year guarantee notes by the Group on 13 November 2019. Used ink cartridges and toners were returned to and recycled by our service provider and the quantity was minimal. All of our waste management practices comply with relevant law and regulations, namely the Waste Disposal Ordinance.

Greenhouse Gas Emissions

The Group emits greenhouse gas (“GHG”) mainly from the consumption of electricity and petrol. During the Reporting Period, the Group emitted 35,754 kg CO₂ equivalent of GHG¹ (2018: 31,679 kg). Regarding the initiatives of reduction of GHG, please refer to the section “Energy Usage” below under A2: Use of Resources.

There were no non-compliance cases noted in relation to environmental laws and regulations for the Reporting Period.

¹ Data of greenhouse gas emissions was calculated with reference to the “Reporting Guidance on Environmental KPIs” published by The Stock Exchange of Hong Kong Limited.

A2: Use of Resources

Energy Usage

The Group seeks to ensure all of its business activities are conducted in an energy-conservative manner. We have put much effort in enhancing our management system to achieve green operations. We keep abreast of new technologies, such as energy efficient computer systems and electrical appliances, which can help reduce electricity consumption. Employees are required to switch off lights, air conditioners and electrical equipment when not in use. The Group has also replaced all of the office lighting equipment with LED lights and energy efficient Grade 1 appliances to further minimize unnecessary energy consumption. Regular monitoring of energy consumption is assigned to responsible administrative personnel, and required to report to management if any anomaly is identified.

During the Reporting Period, the Group mainly consumed two sources of energy, which were electricity and petrol. Electricity was consumed in our offices to provide lighting, air-conditioning and operation of office equipments. Petrol was consumed on a company-owned vehicle for transportation purpose. The amount of consumption was:

Energy Type	Unit	2019		2018	
		Consumption Quantity	Intensity	Consumption Quantity	Intensity
Electricity	kWh	40,461	4.55	37,992 ²	4.21
Petrol	Litre	1250	N/A ³	615	N/A ³

Total electricity consumption across the Group during the Reporting Period was 40,461 kWh, which has shown an increase in energy usage and its resulting intensity. This increase in electricity and petrol consumption was mainly due to very substantial acquisition and notes issuance projects in order to sustain the Group's continual operation and development. It implies greater usage and exposure of the car fleet used for management transportation purposes, as well as greater office utilisation for frequent overtime meetings, and as such, leading to a greater than usual consumption of electricity and petrol.

² To align with comparable calculation methods, the consumption quantity of electricity for 2018 has been restated to the current figure.

³ Intensity of petrol consumption is considered non-applicable for reporting owing to its irrelevance to the Group's principal business activities

To mitigate on this, the Group continues to implement various energy-saving initiatives for cost saving purposes, while at the same time promoting environmentally friendly practices within the workplace. Other than paper consumption and energy usage from administrative work, the Group's business activities have no other significant impacts on the environment and natural resources.

Water Usage and Other Matters

Owing to our business nature, the Group does not consume significant amount of water. As the Group operates in office premises where the water supply and discharge are solely controlled by the property management agent, the Group has limited access to water consumption data. Hence, water usage is considered as immaterial for such reporting purposes. However, the Group also recognizes the importance of water conservation by adopting water saving practices within the work place, such as encouraging employees to limit water usage, or reusing water for non-edible purposes such as plant watering and floor cleaning. The Group has no difficulty in sourcing water.

Furthermore, no packaging material was used during the Reporting period.

A3: The Environment and Natural Resources

Environmental Management and Green Operations

As a responsible corporation, the Group monitors potential environmental risks on an on-going basis. Control measures are in place to detect and mitigate environmental issues throughout our business operations.

The idea of green operations is incorporated into our daily business activities which can help further protect the environment. Following the popularity of integrating technology in our daily lives, paperless initiatives have been extended to all phases of the business. This includes minimization of common office consumables, such as opting a "dual-purpose paper" policy, where waste paper should be reused, reduced, and recycled. We will continue to enhance our digital strategies with aim to further minimize unnecessary use of office consumables. We have also developed energy-saving principles in our workplace, which includes switching off office equipment, lighting and air-conditioning when not in use.

Furthermore, we proactively refresh employees' understanding of the latest environmental requirements, and update our internal policies regularly to ensure our compliance with relevant laws and regulations and enhance our environmental performance.

SOCIAL

B1: Employment

The Group truly believes that our employees are our most valuable assets in driving the continuous success of our business. We endeavour to provide a compassionate and inclusive environment that empowers our employees in pursuing high performance and continuous improvement.

Recruitment, Remuneration, Promotion, Dismissal and Employee Benefits

Having a stable and effective workforce sets the core foundation to the success of the Group. The Group treasures its loyal and industrious staff members. We aim to attract and retain talents through the establishment and implementation of appropriate remuneration policy, which is to awards its employees with reference to their qualifications, experience and work performance, and are frequently compared to market benchmarks. In addition to their basic salaries, incentives in the form of bonus and share options may be offered to eligible employees on the basis of individual performance and the Group's business results.

The Group's human resources policies strictly abide to the requirements as stipulated in relevant employment laws and regulations such as the Employment Ordinance (Chapter 57 of the laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong). Working hours, leaves, remuneration, dismissals, terminations and other employment practices are reviewed regularly to ensure the compliance with latest labour laws and regulations and the norms of the market where the Group operates.

The Group also recognizes the importance of promoting work-life balance in enhancing the well-being of employees. Hence, the Group encourages social bonding between employees through holding numerous social activities throughout the year, such as annual dinner and Chinese New Year gatherings.

Diversity and Equal Opportunity

The Group promotes a culture that embraces inclusion and diversity across the firm. We believe that teams with greater diversity in aspects such as gender, age, marital status, pregnancy, ethnicity, education, family status and disability could help us better understand and relate ourselves among our diverse client needs and the dynamic business environment. The Group adopts non-discriminatory hiring and employment practices, and strictly prohibits discrimination of any kind. Career development opportunities offered by the Group are also provided on merits.

The Group's policies in diversity and equal opportunity were established with reference to the following laws and regulations: Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), and Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong).

During the Reporting Period, we have not identified any material non-compliance of labour laws and regulations.

B2: Health and Safety

Workplace Health and Safety

The Group maintains a high standard of occupational safety and health, devotes to providing a safe and healthy workplace for all staff members, and ensures compliance with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

Although the Group's operations do not involve high risk activities, we keep abreast of the latest occupational safety and health practices at office, including indoor air quality, lighting, office equipment and fire safety. We have strict protocols in place to make sure employees are well-trained in terms of fire safety and to maintain a smoke-free and healthy workplace. In the event of any health and safety incidents, it would be reported to management and be promptly dealt with.

At our office premises, we take steps to monitor indoor air quality through encouraging the placement of leafy plants, which at the same time meets purification and beautification purposes in offices. We also encourage all staffs to take note of their personal hygiene. Our office premises are well equipped with hygiene supplies and personal protective equipment, which are supplied to our office staffs for their needs. Furthermore, we offer medical insurance benefits to all staffs to ensure they have insurance coverage in case of health issues. All these measures can assist the Group in retaining valuable human resources.

During the Reporting Period, we have not identified any material non-compliance of occupational safety and health-related laws and regulations.

B3: Development and Training

Staff Development and Training

Recognizing the vitality of employees to the success of our business, the Group emphasizes on staff's capabilities and competitiveness for the mutual development of both the organization and themselves. As such, we emphasize the importance of sufficient and adequate training to our staffs in furthering their personal holistic development and fulfilment of their job duties.

During the Reporting Period, our staffs have actively participated in numerous training courses conducted by The Association of Hong Kong Accountants. These include "Pitfalls in the Company Ordinances (Cap. 622)", and "The Latest Development of ESG", which equipped our staffs with the latest updates on the Company Ordinance and revised disclosure requirements for building a stronger sustainable environment. Also, our staffs have attended several trainings offered by the Institute of Chartered Secretaries & Administrators. The training topics include "New Definition of Permanent Establishment", "Connected Transactions: Practice and Application" and "HKICS Guidelines on Practices of Inside Information Disclosure of A+H Companies".

We continue to encourage our staffs to pursue external training at accredited professional institutions to enhance personal knowledge on updated market information and techniques. Subsidies are offered to our staffs for such pursuit, if necessary. In addition, regular internal training is provided to our staffs to maintain and improve their work quality.

B4: Labour Standards

Anti-Child and Forced Labour

The Group does not engage in or tolerate any use of child or forced labour in our operations. All employees are recruited in strict compliance with local labour laws and regulations and their positions are bounded by legal contracts with detailed terms and conditions of employment to protect both the interests of the employees and the Group. In addition, control measures on human resources process are in place to prevent the employment of child or forced labour.

During the Reporting Period, we have not identified any material non-compliance of child and forced labour-related laws and regulations.

B5: Supply Chain Management

Supply Chain Management

The Group encourages its suppliers, service providers and business partners to maintain a high standard of business ethics and conduct and manage the environmental and social issues arising from their business operations. In view of our business nature, we do not have any major suppliers that have significant influences on our operations. However, we strive to maintain a fair and cooperative relationship with our suppliers. During the supplier selection process, we assess the suppliers' performance in handling environmental and social matters and priority is given to those with satisfactory performance.

Evaluation of Suppliers' Performance

We also periodically monitor the environment and labour performance of our selected suppliers through periodically evaluating their performance and informing them to take remedial measures if sub-standard performance is noted.

B6: Product Responsibility

Product Responsibility

The Group is currently developing the integrated financial services as its principal businesses, including money lending, security brokerage, placing and underwriting, corporate finance advisory, investment advisory and management and margin financing, with the securities investment and proprietary trading business currently in operation. The Group strictly complies with Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Procedures and tools for the identification, assessment and monitoring of various risks such as environmental and social risks, anti-money laundering and anti-corruption are applied and integrated into standard risk, compliance and operations processes because for example, in the client onboarding processes, potential clients may be at risk of illegal intentions for engagement in business relationships. The potential clients are assessed for various risks associated with their business activities as part of the Group's know-your-client compliance processes.

The Group upholds the principle of maximizing shareholders value and therefore its investment and trading strategies are set to achieve this purpose. We strive to obtain satisfactory returns for our investors and run our businesses ethically, meanwhile maintaining openness and integrity in our dealings. Adoption of investment products and services are reviewed and monitored in order to assess their compatibility and consistency with the Group's standards.

Data Privacy and Protection

The Group respects data privacy of its employees, suppliers, business partners and customers. We are trusted to keep the information being shared to us in a safe and secure manner. We strictly adhere to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (“PDPO”), and builds our data privacy policy on such basis to the handling of personal privacy and of clients’ personal data and confidential information alike, on the highest standards of information security. Actions in safeguarding the privacy of such personal data include:

- collection of personal information for said purposes only under explicit and implicit consent of clients;
- regular review of data accuracy, and removal of data no longer required for the purpose for which the data is used;
- prohibition of use of personal information of clients for direct marketing purposes unless otherwise permitted;
- storage of data files in locations with restricted access to solely authorized users;
- conduct of regular reviews on authorized users;
- communication of personal data policies and practices to relevant staff; and
- shredding of confidential documents before disposal.

During the Reporting Period, we have not identified any material non-compliance of service responsibility as required by the PDPO.

Service Quality

The Group believes in the importance of providing customers with quality services in achieving customers’ satisfaction and high reputation in the market. The management personnel through daily management of the operations of the Group monitors the quality of services provided to customers. Any quality issues identified will be escalated to the senior management and discussed in management meetings.

B7: Anti-corruption

Anti-corruption and Money Laundering

Business ethics and integrity are the core values of the Group in conducting its business. The Group does not tolerate any corruption, bribery, extortion, money-laundering and other fraudulent activities.. Whistleblowing mechanism as a control measure has been established and is used as a private and confidential communication channel for employees and external parties shall they suspect any actual or potential fraudulent activities or irregularities in our business operations. The Group will never punish or reprimand anyone for reporting breaches or violations in good faith. Any reported cases would be notified to senior management and investigated. The Group's anti-corruption policies are in compliance with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) enforced by the Hong Kong Independent Commission Against Corruption. Such policies are stipulated in our employee handbook, and all of our employees are required to comply with these policies under any circumstances.

During the Reporting Period, we have not identified any material non-compliance of anti-corruption-related laws and regulations.

B8: Community Investment

Social Responsibility

We recognize that the success of our business is attributable to the prosperity of society. As a responsible company, we care for the development of the community in which we operate and aim to promote a harmonious relationship between the Group and the society.

We encourage our employees to participate in charitable activities and to make contributions by both financial and non-financial means such as volunteering, donating money or used items. We will support the employees to organise and participate in charitable initiatives as long as they are in alignment of our core values.

During the Reporting Period, our staffs have participated in various charitable activities in Hong Kong. For example, we took part in the PB Runners charity run, with the purpose of raising funds to support the Banyan Services Association and Life Commitment Charity Club for its elderly service programmes. Likewise, we have also participated in the "Run for Every Child" organized by the United Nations Children's Fund. This is in support of its global AIDS campaign, with the core aim of eliminating mother-to-child transmission of HIV in developing countries. Furthermore, we have made donation to the Suicide Prevention Services as an Emerald Patron in support of its "SPS Charity Walk & Carnival 2019", where funds are used to sustain and expand the beneficiary's suicide prevention services.

Regarding our upcoming agenda, we will continue to collaborate with non-profit organisations and take part in charitable activities.