

Environmental, Social and Governance Report 2016



gameone

Gameone Holdings Limited
智傲控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8282



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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPROACH

Gameone Holdings Limited (hereafter called “Gameone”) is committed to promoting transparency for its stakeholders on the Company’s impact on environment and social aspects. The mission and values of our Company are focused on our game development rights and we are striving to become the leading operator and developer in the mobile game industry in Hong Kong and Taiwan, and expand into overseas markets in respect of self/co-developed games. Gameone has excellent relationship with well-known game developers/operators and possesses strategically important game development rights.

When considering our approach to sustainability, we take into account a number of short and long term factors, including business related challenges, accountability to stakeholders, work ethics, global trend, laws and regulations and risk management practice. We are constantly seeking opportunities to grow our business that will also be beneficial to our suppliers, consumers and the environment.

Gameone’s daily business operations are influenced by our stakeholders and it is important for the Company to understand the society and expectation of the stakeholders, and more importantly, how we can meet the expectation of the stakeholders. Our main stakeholder groups are those with high level of influence on the Company’s daily operations, including, but not limited to, customers, investors and shareholders, employees, suppliers, non-governmental organizations (NGOs) and local community. Each stakeholder requires different engagement approach and at Gameone, we have performed analysis of each type of stakeholders and tailored a unique communication method to meet their expectation.

Within Gameone, sustainability is managed throughout the Group and the ESG report emphasizes the balance between business needs, social demand and environmental concerns. Our world changes rapidly, in order to meet expectation and demand of our stakeholders, we are continuously monitoring the risks and opportunities which exist in our daily operations. As mentioned, Gameone embraces transparent corporate culture to ensure that our sustainability strategies are well communicated to and understood by our employees, consumers and stakeholders.

Furthermore, in order to promote sustainability, Gameone develops a top-down and influence approaches. We believe that the top-down approach allows us to implement our sustainability strategies at all levels of the Company and our influence approach would take effect on the groups that are outside of the Company. We also believe that these two approaches can well inform all relevant parties in relation to the challenges of all of our ESG issues and the relevant solutions.

Our Company adopts the top-down and influence approaches for the following sustainability strategies:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage with stakeholders
4. To support our employees
5. To sustain local community

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ABOUT THIS REPORT

Gameone Holdings Limited (“Gameone”) and its subsidiaries are pleased to present its first Environmental, Social and Governance Report (“the Report”). The Report focuses on providing an overview of the environmental, social and governance performance of its major operations in Hong Kong and Taiwan from 1 January 2016 to 31 December 2016. It allows us to conduct thorough performance review and evaluation in the hope of achieving better results in the future. The reporting period is consistent with our financial year.

Scope of the Report

The environment, society and corporate governance policy forms part of our corporate strategies and has a long-lasting impact on our daily operations and future development. It will also influence our society, the environment and each stakeholder. Therefore, this report will provide explanation on how Gameone contributes to the sustainable development as an integrated game developer, operator and publisher in the financial year 2016.

Apart from focusing on its organizational values, strategy and core competency that contribute to its sustainable development, Gameone communicated with its stakeholders and considered the ESG challenges as reported by the other market players to decide and prioritize material topics within this Report. This allows the Company to identify potential sustainability issues that might be significant to the Company.

For this year, the material ESG issues are those which have or may have a significant impact on:

- Hong Kong’s mobile game industry;
- The current or future environment or society;
- Our financial performance or operations; and/or
- Our stakeholders’ assessments, decisions and actions.

The report is prepared and compiled in accordance with the Environment, Social and Governance Reporting Guide of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (HKEx ESG Reporting Guide). The data and information used in this report are referred to our archived documents, records, statistics and research. In this respect, financial data is extracted from or calculated by reference to Gameone’s audited annual accounts for the year ended 31 December 2016.

Feedback

For details in relation to our financial performance and corporate governance, please visit our website on www.gameone.com.hk and/or see our Annual Report for the year ended 31 December 2016. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquires to our Customer Service at goinfo@gameone.com.

On 6 June 2017, this Report was approved by the Board.

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ABOUT GAMEONE

OUR BUSINESS

Established in 1999 and listed on the GEM Board of HKEx in January 2016, we are principally engaged in development, operation and publishing of mobile games, online games and PC games. In recent years, we shifted our strategic focus from online PC games and web games to mobile games. We have successfully secured rights to adopt popular literatures, comics and animations to maximize the market recognition and receptiveness, and attract readers of these popular literatures, comics and animations to try to play these games.

VISION

To become the leading mobile game operator and developer in the mobile game industry in Hong Kong and Taiwan.

MISSION

To continue to secure development rights for popular literatures, comics and animations and to self or co-develop new popular mobile games.

GOALS

To fully utilize existing games and development rights to broaden our revenue stream, enhance our game development capacity, and increase the investment in game technology so as to increase the number of self-developed games.

BOARD OF DIRECTORS

As of the date of this report, the Board consists of:

Executive Directors	Non-Executive Directors	Independent Non-Executive Directors
Mr. Sze Yan Ngai Mr. Lam Kin Fai	Mr. Wong Pui Yain	Mr. Yung Kai Tai Dr. Fung Ying Him Anthony Mr. Lu Tak Meng Teddy

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OUR STAKEHOLDERS

Gameone is actively searching for every opportunity to understand and engage its stakeholders to ensure that improvement can be implemented to its products and services. We strongly believe that our stakeholders play a crucial role for sustaining the success of our business.

Stakeholders	concern	Communication and responses
HKEx	Compliance with listing rules with timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements
Government	Compliance with laws and regulations for tax and social welfare.	Interaction and training, government inspections, submission of tax returns and other information
Suppliers	Payment schedule and stable demand.	Site visits
Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, and shareholders' meetings, with production of financial reports and operation reports for investors, media and analysts
Media & Public	Corporate governance practice, environmental protection, and human right issue.	Issue of newsletters on the Company's web site
Customers	Product quality, timing of delivery, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Conducting union activities, training, interviews with employees, issue of employee handbooks and internal memos, and set-up of employee suggestion boxes
Community	Community environment, employment and community development, and social welfare contribution.	Developing community activities, employees' voluntary activities and community welfare subsidies and donations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SECTION A: ENVIRONMENTAL

We are a Company that treats environmental protection as a social responsibility. While we strive to continuously improve and create value for our stakeholders, we don't lose sight of protecting and conserving the environment. Therefore, we do our best to ensure that the concept of environmental sustainability is integrated into every part of our daily business operations by complying with all environmental protection policies, practices and initiatives which contribute to a greener environment.

In this respect, our Company works towards operating a green office by improving energy efficiency, addressing waste management, supporting environmental education, in order to minimize the negative impact on the environment.

Our Company promotes and implements green office with the following measures:

Environmental Education

We believe that increasing environmental awareness among our employees is the most effective way to achieve and sustain environmental excellence. With the guidelines provided in our Staff Handbook, our employees will continue to maintain a high standard of knowledge in green developments and operations.



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Energy Efficiency

Our Company works towards a goal of reducing its energy consumption in our offices.

Energy saving reminder notices are posted near the light switches, copiers, and other conspicuous areas to encourage our employees to switch off unnecessary lightings, air conditioners, computers, personal electronic devices and common office equipment when they are not in use. Our employees are also encouraged to set the temperature of the air-conditioner within a reasonable range and close all the windows when the air-conditioners are turned on.

Energy saving mode is also auto-set for all computers and copiers.

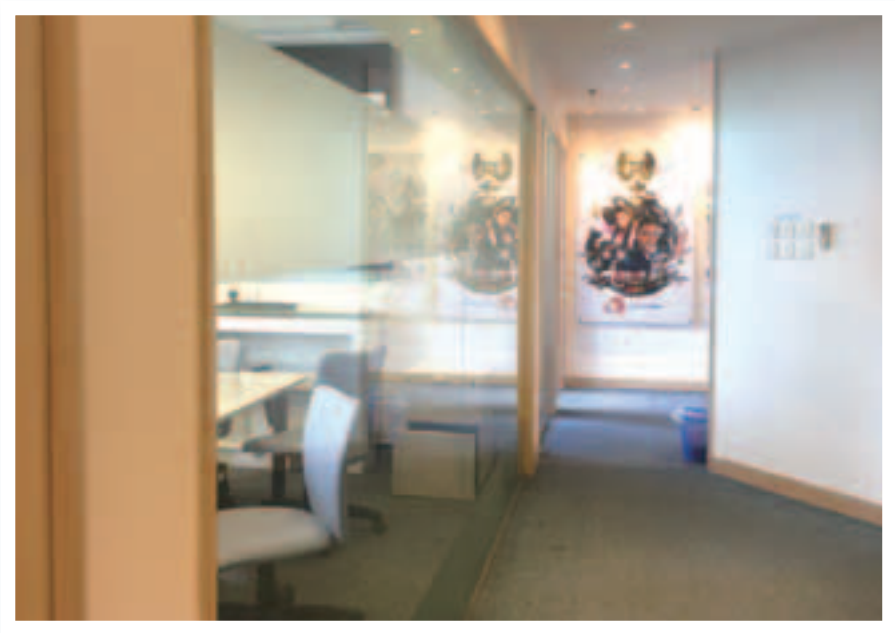


Fully depreciated light bulbs and other electrical appliances will be progressively replaced with energy-efficient electrical appliances. All electrical appliances are well maintained to keep energy-efficiency in the most efficient manner within our offices.



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Our Company is making good use of daylight by using glass partitioned room design in order to achieve both improved energy savings and visual comfort.



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Water Saving

Manual taps are installed for using water at restrooms and pantry in our offices. Water saving reminder notices are also posted near the taps to encourage our employees to minimize water usage.



Economization of paper usage

Our Company educates and encourages our employees to work more efficiently in a paperless environment. To avoid unnecessary wastage and promote effective usage of paper, our employees are encouraged to use emails instead of hardcopies. If printing is still necessary, we encourage the use of double-sided printing and/or copying, as well as collection and reuse of single-sided printed paper for printing and copying of documents for internal use. Other default settings such as the adoption of economic mode, black and white output colour, selection of bypass for reuse of recycled paper are also encouraged. Besides, containers of ink cartridges and toner of printers and copiers are recycled by the suppliers. Envelopes and files are also reused by our employees to minimize usage of paper.



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Waste Management

Waste management plays a crucial role in converting the waste into valuable resources and avoiding the adverse effect upon human health and environment through reduction of the waste. In this regard, we continue to engage all our employees in an effort to monitor, reduce and recycle waste generated as a result of our operations.



Our employees are encouraged to bring reusable containers and utensils for their own use for drinking or eating. Reusable cups are used when there are visitors. Dented furniture were repaired or restored to good conditions to avoid unnecessary disposal. Office decoration materials for Christmas and Chinese New Year as well as decoration materials used in game fairs or festivals are reused over the years to avoid wastage. Our design for the packaging of souvenirs given to the visitors in the game fairs is made as simple as possible to reduce materials usage.



Due to the rapid development and introduction of high-quality games, there is a constant need to upgrade our hardware to accommodate increasing technical demand for developing these games. In this respect, before considering to acquire new hardware or hardware components, our IT department is encouraged to collect and reuse the hardware components so as to extend the lifespan of those components in order to reduce wastage.

Reliance on pre-paid game cards is lowered as a result of a number of digital distribution platforms offered by our Company that allow players to purchase credits, in-game currency or in-game virtual items online. Packaging materials for pre-paid cards are therefore reduced to avoid wastage.



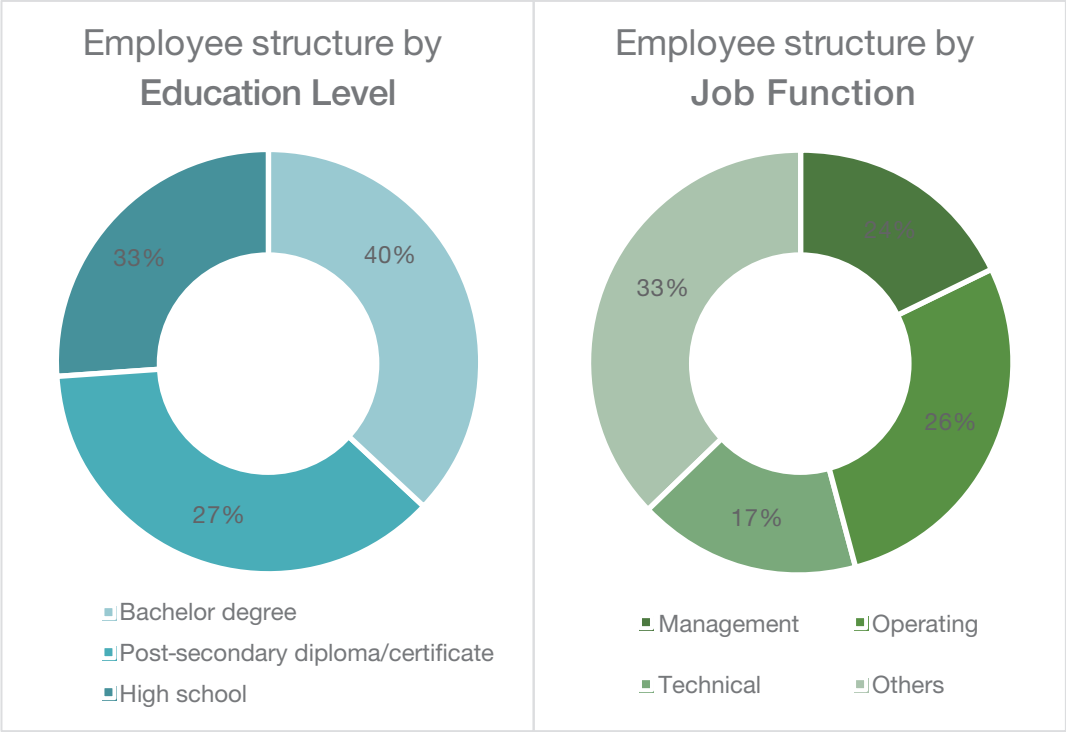
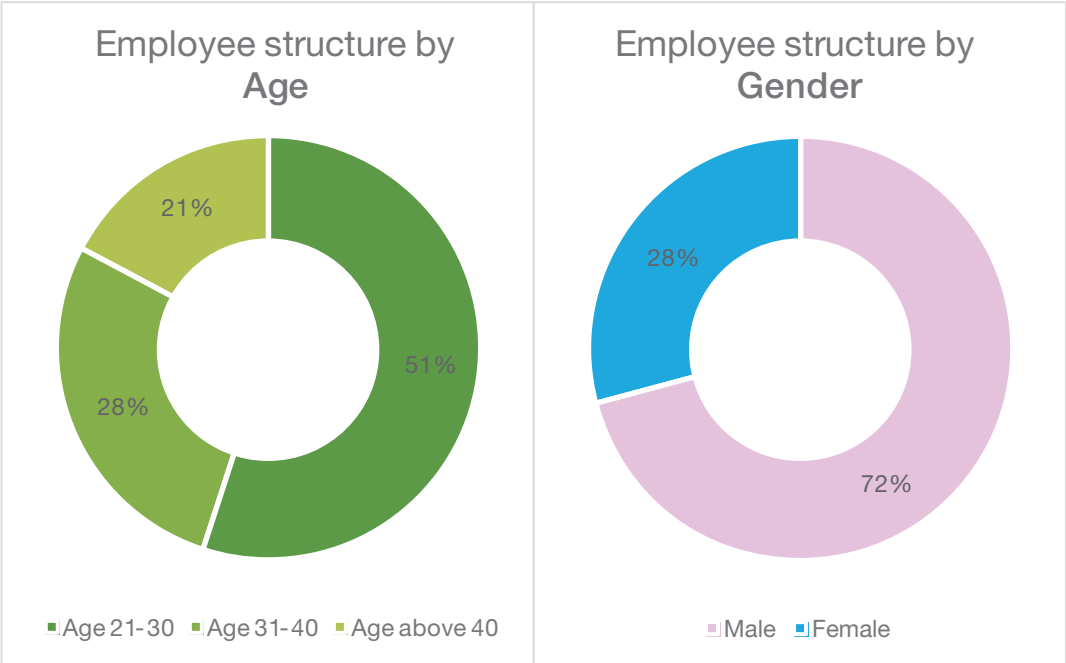
SECTION B: SOCIAL

Our People

Our Group regards our staff as the most valuable assets as they help to develop the Group's core values and cultures. Without their continued commitment and contribution, we will not be able to operate our business activities and serve our customers in an effective manner. It is therefore our top priority to make sure that our employees work in a fair, safe, healthy and happy working environment that facilitates their personal growth and career development. As at 31 December 2016, we employed a total of 82 staff, of which around 60 were employed in Hong Kong, around 12 were employed in Taiwan, and around 10 were employed in the Mainland China.

Gameone strives to provide a work environment with equal opportunities. As at 31 December 2016, our male-to-female employee ratio was nearly 7:3. We had also recruited employees from a diverse age group. As at 31 December 2016, our staff aged from 21 to 30 years old, 31 to 40 years old and above 40 years old represented approximately 51%, 28% and 21%, respectively, of our total workforce. Categorized by job function, employees at the management level accounted for approximately 24% of the total number of employees; operating staff accounted for approximately 26%; technical staff accounted for 17%; and others accounted for approximately 33%. Categorized by education level, employees who have a bachelor degree accounted for approximately 40% of the total number of employees; employees with post-secondary diploma/certificate accounted for approximately 33%; and employees at the high school level accounted for approximately 27%.

2016 Employee Structure



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Employee Remuneration and Benefits

We respect and value individuality and diversity that every employee brings to the Group and seek to create a positive and open office culture.

Our employees' remuneration is benchmarked against market rates. Performance assessment is carried out on an annual basis to measure employees' performance and their overall achievement of corporate goals. We believe that with a comprehensive performance appraisal system, performance-oriented corporate culture will be developed, and employees' performance and productivity will be improved, with employees' personal capabilities progressively nurtured and developed.

During the year under review, there was approximately 67% of the employees' who had their salaries increased. Categorized by job functions, the percentage of employees at management level who received salary increment accounted for 55% of the total number of employees at management level; operational and technical employees as well as others accounted for 67%, 71% and 74% of the total number of employees of their respective job function.

Job Function	Percentage of employees received salary increment in 2016
Management	55%
Operating	67%
Technical	71%
Others	74%

Permanent employees enjoy fringe benefits such as medical insurance that includes dental services, Chinese medicine doctor consultation services and clinical consultation benefits. We also offer a wide variety of paid leaves including maternity, paternity, compassionate and study leave. Moreover, as a token of appreciation, products with cartoon pictures such as cushions, cups and key rings are given to staff as gifts. We also provide free comic books for staff to read during their leisure time.

We have a healthy employee turnover rate and treasure long term loyalty service of our employees. During 2016, our employee turnover rate was 28.05%. As of 31 December 2016, 32 out of 82 employees had been working with us for more than 5 years.

Employee turnover rate

As at 31 December 2016 28.05%*

Remark: Employee turnover rate = No. of leaving employees/Total no. of employees at the start of the year of 2016.

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Training and Development

We encourage staff to be responsible for their personal developments and motivate them to take work-related CPD courses.

Total hours of CPD sponsored by the Group

As at 31 December 2015	13.5 hours
As at 31 December 2016	26.5 hours

Youth Employment Support

As an employer, Gameone plays a key role in helping young people reach their full potential while contributing to our Group and our society. Gameone believes that success in the workplace does not necessarily require high level of education or university degree. Our management puts less focus on a candidate's academic qualifications than on their passion and talents in developing and improving games. We aim to reduce youth unemployment rate by providing work opportunities, on-the-job training and guidance to young people. As of 31 December 2016, 42 out of 82 employees were aged from 21 to 30 years old. Out of 82 employees, 27 employees were with high school education background and 22 employees were with post-secondary diploma/certificate.

Equal Employment Opportunities

We are dedicated to promote equal opportunities for all our employees in different areas, such as recruitment, compensation and fringe benefits, staff training and promotion. We firmly believe that each individual has his/her unique strengths that can add value to the Group and the society at large. We therefore have comprehensive equal employment opportunity policy in place that protects potential and existing employees from being discriminated because of their backgrounds, gender, age, family status, sexual orientation, disability, race and/or religion. All employees are assessed based on their ability, performance and contribution to the Group. All employment contracts are made in compliance with the relevant laws and regulations. During the reporting period, neither a discriminatory act was reported nor a complaint was received in relation to equal opportunity in the following domains, including staff transfer, staff promotion, staff recruitment, staff termination, severance of employment, holidays, fringe benefits and staff training.

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Human Rights

Respecting human rights has been an integral part of our approach to sustainability. We fully comply with labour laws and other relevant legislation that prohibit child labour and forced labour. We do not employ any person below the age of eighteen at our workplace. Our employees' rest time is flexible and well respected and our employees enjoy paid holidays in accordance with the labour laws. Overtime compensation hours and pays are in line with the local laws and regulations. No employee is engaged to work against his/her will or work as forced labour, or subject to corporal punishment or coercion of any type related to work. During 2016, we did not identify any breach of legislation related to these areas.

Occupational Health and Safety

We place the highest priority on the health and safety of our employees by cultivating a safe and healthy working environment for them. Our Occupational Safety Guidelines are well established and fully comply with the Occupational Safety and Health Ordinance. Our Guidelines cover areas such as accident prevention, fire precaution, workplace environment control, hygiene at workplace and first aid. Furthermore, in case of occurrence of an unlikely accident where our employees are injured during the process of performance of their work, we have put an injuries claim procedure in place to cover their medical costs. During 2016, there was no instance of injury reported within our Group.

Supply Chain Management

Gameone believes good management of supply chain can maximize customer value and achieve a sustainable competitive advantage. We aim at maintaining long-term strategic and co-operative relationship with those counterparties with good credit history, high reputation, high product and service quality and solid commitment to social responsibility. We also conduct periodic reviews on the performance of our suppliers with an objective of having a better control over and an assurance of its product and service quality.

Customer Services

We seek to provide efficient and excellent services across our business activities to improve customer satisfaction. Customers' opinions and feedback help to drive our continuous improvement program and are vital to our pursuit for excellence. We have in place an online customer service platform on our website for customers to share their opinions with us directly. Our customer service department is required to respond to enquiries in a timely manner and take appropriate follow-up actions. All complaints received are carefully addressed, recorded and presented to our management for review and solution.

Intellectual Property Rights

Gameone has been adopting a Copyright Policy which provides the fundamental guidelines for our employees to ensure that they do not infringe upon any third party copyrights, such as game software licences. Breach of the Policy by an employee will lead to disciplinary actions.

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Customer Privacy Protection

Our customers' rights are placed top priority, and our dedication to serving them involves protecting their data and ensuring that their legal right to privacy is preserved. To ensure that we comply with the requirements of the Personal Data (Privacy) Ordinance, a Data Privacy Policy has been set up. Our employees are required to follow the Data Privacy Policy in handling the sensitive customer information and the right of access to it.

Personal Information Collection Statement and Data Privacy Policy Statement are posted on our website to ensure that our customers understand the purpose of collecting their personal information and that we are committed to abide by the Personal Data (Privacy) Ordinance. It is our policy to destroy customer information associated with game accounts that are inactive for 12 months. We also comply with strict regulations of obtaining the personal data from our customers on a need to know basis. Our customers' personal information is maintained with care and can only be accessed by the authorised persons.

Anti-corruption

To promote a good and ethical business culture, we set an Anti-Corruption Policy providing clear guidelines to our staff on the prevention of corruption, fraud, bribery, extortion, money laundering and any malpractice or unethical practice. Our employees are encouraged to report any suspected cases of corruption to their respective Head of Department by filling in a form of which a copy is attached with the Anti-Corruption Policy.

We promise to keep the identity of whistle-blowers confidential. Any cases in relation to the above-said crimes would be handled in the strictest confidence by our Audit Committee Members who are independent non-executive directors. We are committed to thoroughly investigating each enquiry, and feedback will be provided as for the complaint to aim at resolving it on a fairly basis.



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Community Investment

As a responsible enterprise, our Group highly values charity work and community participation, hoping to make contributions to Hong Kong society. We believe that a sustainable business is dependent on the stability and wellbeing of our community.

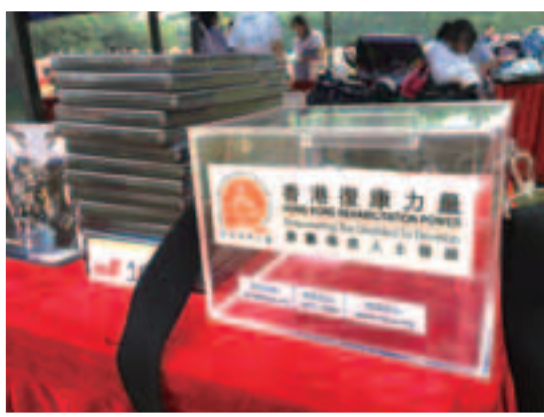
Donations

In 2015 and 2016, we actively made donations to various charitable bodies such as Sik Sik Yuen, Community CareAge Foundation, Heep Hong Society, Hong Kong Rehabilitation Power and The Community Chest in order to contribute to the well-being of the Hong Kong community. Gameone was presented an Award of Distinction from The Community Chest for the period from 1 April 2015 to 31 March 2016. Through our charitable donations, we show care to the elderly and the disabled, and encourage our employees to participate in charity programs to give back to the community.



Fund raising

We are committed to create awareness of community needs and encouraging more staff to participate in community events. On 29 September 2016, our Chairman actively participated in a radio programme broadcasted by Hong Kong Commercial Broadcasting Company Limited to raise funds for the Children's Catastrophic Disease Foundation. We also participated in the Rehab Power day held on 29-30 October 2016.



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KEY PERFORMANCE INDICATORS

PART A. ENVIRONMENTAL

Location of operations	Energy use and emissions	Unit	Year ended	Year ended
			31 December 2015	31 December 2016
Hong Kong	Electricity	kWh	101,345	99,074
		KG CO2	80,063	78,268
Taiwan	Electricity	kWh	29,872	31,176
		KG CO2	19,028	19,859
Location of operations	Resources use	Unit	Year ended	Year ended
			31 December 2015	31 December 2016
Hong Kong	Water	Cubic metre	80.65	65.05
Hong Kong	Paper	Ream	140.00	171.00
Taiwan	Water	Cubic metre	1,200.00	1,200.00
Taiwan	Paper	Gram	128,744.30	63,189.50
PRC	Water	Cubic metre	2.70	0.90
PRC	Paper	Gram	180,000.00	144,000.00

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PART B. SOCIAL

	Year ended 31 December 2015	Year ended 31 December 2016
Employment Indicators		
Employment		
Total number of employees	87	82
By gender		
Male	60	59
Female	27	23
By age group		
20 to 30	48	42
31 to 40	23	23
Over 40	16	17
By region		
Hong Kong	58	60
Taiwan	15	12
Mainland China	14	10
By employment type		
Permanent	83	79
Part-time	4	3
Employment Indicators		
Employee turnover		
Total number of employee turnover	10	23
By gender		
Male	8	17
Female	2	6
By age group		
20 to 30	6	11
31 to 40	3	9
Over 40	1	3
By region		
Hong Kong	5	9
Taiwan	5	9
Mainland China	0	5

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	Year ended 31 December 2015	Year ended 31 December 2016
Health and Safety Indicators		
Number of reported injuries	N/A	N/A
Injury rate	N/A	N/A
Number of lost days	N/A	N/A
Lost day rate	N/A	N/A
Development and Training Indicators		
Total number of hours of internal training received by employees	13.5	26.5
Average hours of training per employee	0.16	0.32
Average hours of training per employee by gender		
Male	0	0
Female	1	1
Average hours of training per employee by employment category		
Entry level	0	0
Middle level	0	0
Management level	1	1
Supply Chain Indicators		
Supplier management		
Total number of suppliers	37	39
By region		
Hong Kong	13	12
Mainland China	12	16
Taiwan	8	6
Others	4	5

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	Year ended 31 December 2015	Year ended 31 December 2016
Product Responsibility Indicators		
Product Responsibility		
Total number of games ordered	38	37
Total number of products subject to recalls for safety and health reason	N/A	N/A
Total number of complaints received	8	5
Community Indicators		
Community investment	HK\$	HK\$
Corporate charitable donation	675,500.00	15,000.00
Employee volunteering	Headcount	Headcount
Number of employee volunteer	8	6