



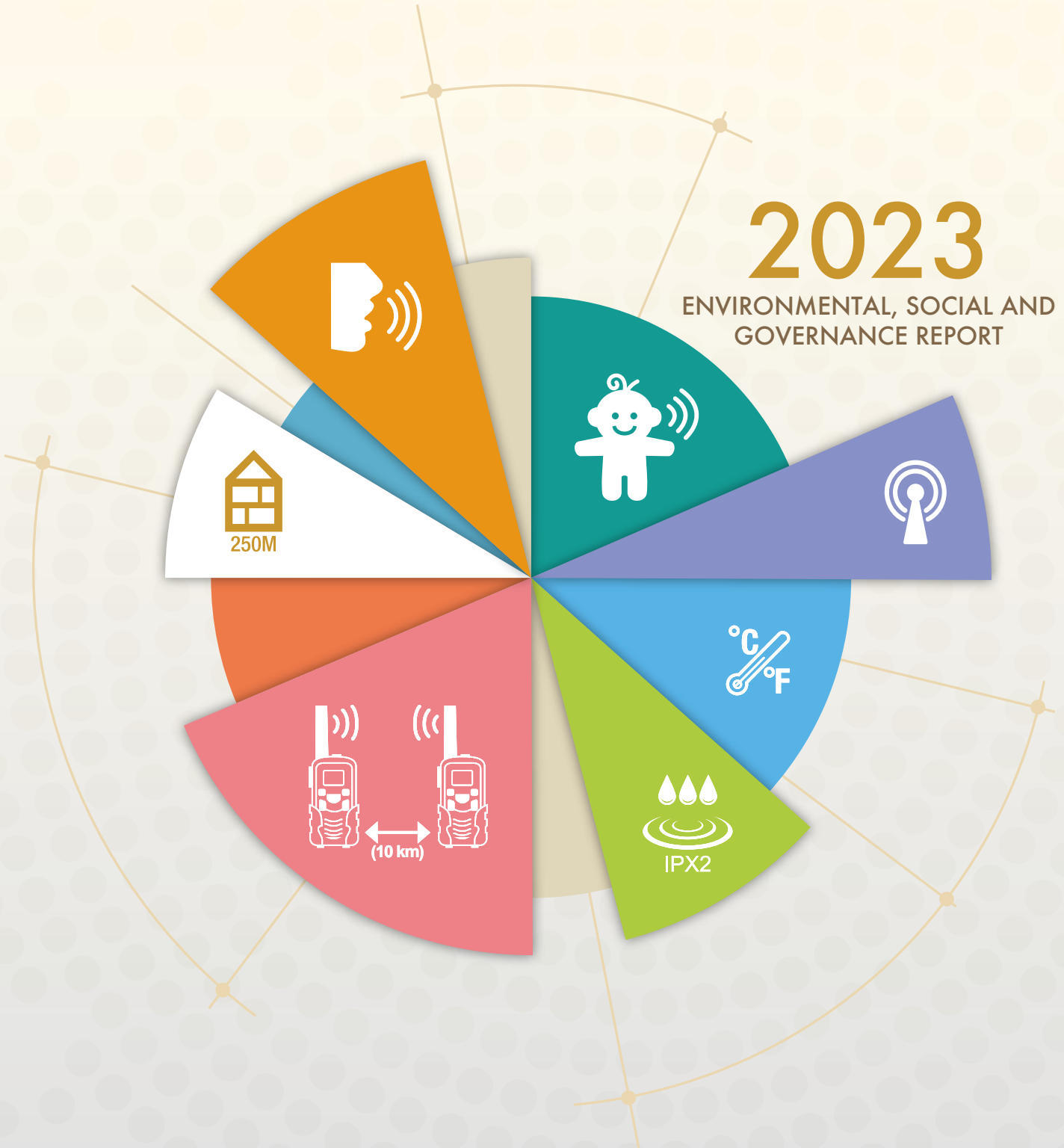
照現生態
ZHAOXIAN SHENGTAI

Zhao Xian Business Ecology International Holdings Limited
照現生態國際控股有限公司

(Formerly known as On Real International Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8245)

2023

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This Environmental, Social and Governance (“**ESG**”) Report published by Zhao Xian Business Ecology International Holdings Limited (formerly known as On Real International Holdings Limited) (the “**Company**”) highlights the sustainable development initiatives and ESG performance of the Company and its subsidiaries (collectively the “**Group**” or “**we**”) between 1 April 2022 and 31 March 2023 (the “**Year**”).

Scope of the Report

The Group’s production plant (the “**Yunfu Factory**”) located in Xincheng Industrial Park of Yunfu, the People’s Republic of China (the “**PRC**”). The ESG Report focuses on performance in environmental and social aspects, and discloses the key performance indicators of the Yunfu Factory and the office operation of the Group during the Year. For details of our corporate governance, please refer to the Corporate Governance Report on pages 12 to 22 of the Company’s annual report.

Reporting Framework

This ESG report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 20 to the Listing Rules and is divided into two parts, namely environmental and social. The basis of reporting principles — materiality, quantitative, balance and consistency:

- “Materiality” Principle: Materiality assessment was conducted and reviewed annually to assess the relative importance of the ESG topics identified. Topics that are relevant and important to the operation of the Group and stakeholders must be covered in this Report.
- “Quantitative” Principle: If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions.
- “Balance” Principle: The ESG Report should provide an unbiased picture of the issuer’s performance. The Report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.
- “Consistency” Principle: ESG data presented in This Report are prepared using consistent methodologies over time unless otherwise specified either in text or footnote.

The management and staff of the Group’s respective major functions have participated in the preparation of this ESG Report to assist the Group in identifying relevant and material ESG issues.

This report is designed to enable the shareholders, investors (including potential investors) and the public to have a more comprehensive understanding of the Company’s corporate governance and culture. The Company is willing to take up more social responsibilities in order to maintain the balance between the interest of shareholders and social benefits. Data contained in this report is derived from various Company’s documents and reports, as well as summary and statistical data provided by the Company’s subsidiaries.

Information and Feedback

For more information on the Company’s environmental, social and corporate governance, please refer to its official website (<http://www.zhaoxian.com.hk>) and the annual report of Zhao Xian Business Ecology International Holdings Limited. Should you have any opinions or suggestions about this ESG report, please feel free to contact us via email at enquiry@zhaoxian-int.com.

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MANAGEMENT OF ESG RESPONSIBILITIES

To implement sustainable development strategies in an effective manner and offer long-term returns to the stakeholders, the board of directors of the Group (the “**Board**”) is responsible for ESG management. It is the responsibility of the Board to oversee the Group’s formulation of ESG strategies and ESG reporting matters, as well as to evaluate and determine the Group’s ESG risks so as to establish suitable and effective ESG risk management measures and internal control systems. Assisted by internal auditing procedures, the Board arranges regular independent evaluation and analyses of the effectiveness and adequacy of the aforementioned systems in order to perfect the Group’s ESG governance.

BOARD STATEMENT ON ESG GOVERNANCE

The Board takes the overall responsibility for the Group’s sustainability strategy and reporting, evaluation and determines the Group’s ESG-related risks and ensures that appropriate and effective ESG risk management and internal control systems are in place.

STAKEHOLDER ENGAGEMENT

The compilation of the ESG report represents the joint effort of the employees from various departments and gives us a better understanding of the Group’s current level of development in environmental and social aspects. The information we have collected not only summarizes the Group’s environmental and social efforts during the Year, but also lays the groundwork for the formulation of short-term and long-term sustainable development strategies.

To enhance the relevancy of the ESG report, the Group engaged an independent third-party consultant to help us gather ESG opinions from internal stakeholders for the preparation of the ESG report for the Year. All opinions received by us can help us improve our internal management while enhancing the quality of the ESG report. Therefore, the Group attaches great importance to stakeholders’ opinions. To communicate with the stakeholders effectively, we listen and respond to the expectations and requirements of different stakeholders through a wide range of channels.

The Group will continue to strive for higher stakeholder engagement and collect valuable opinions about the Group’s business and ESG performance from different stakeholders in a more comprehensive manner.

MATERIALITY ASSESSMENT

The management and employees, who are responsible for the key functions of the Group have participated in preparing this report, as well as assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders.

The table underneath showed aspects on the ESG Guide to be assessed and ESG issues which were determined to be material to the Group.

The ESG Reporting Guide	Material ESG aspects of the Group
A. Environmental	
A1 Emissions	Exhaust Gas and Greenhouse Gas (“GHG”) Emissions Waste Management
A2 Use of Resources	Energy Consumption Water Consumption
A3 Environment and Natural Resources	External Lighting
A4 Climate Change	Climate Change Mitigation & Adaption
B. Social	
B1 Employment	Recruitment and Remuneration Work-life Balance Promotion and Career Development Equal Opportunity and Anti-Discrimination
B2 Health and Safety	Occupational Health and Safety
B3 Development and Training	Staff Development and Training
B4 Labor Standards	Prevention of Child Labor and Forced Labor
B5 Supply Chain Management	Environmental and Social Responsibility of Suppliers Fair and Open Procurement
B6 Product Responsibility	Quality Assurance Customer Service
B7 Anti-Corruption	Anti-Corruption
B8 Community Investment	Community Participation

During the Year, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and confirmed the information disclosed in the ESG Report meets the ESG Reporting Guide.

A. ENVIRONMENTAL

A1 Emissions

Environmental Protection

The Group continues to strictly abide by the relevant laws and regulations, such as the Law of the PRC on the Prevention and Control of Water Pollution, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste and the Environmental Protection Law of the PRC. For better management and control of the environment and compliance with national emission standards, the Group has formulated relevant procedures to involve all departments and units in environmental protection. The Yunfu Factory has obtained GB/T 24001-2016/ISO14001:2015 environmental management system certification.

Although the Group is not a highly-polluting enterprise, we still work with the environmental monitoring authorities to regularly monitor the exhaust gas, wastewater and other pollutants generated from the Factory. If any problems are found during the monitoring process, we will take timely corrective actions to ensure that the emissions meet the relevant emission standards. We have also formulated greening plan for the production and living areas, to make good use of the open space and roadside space in the production and living areas to plant flowers, lawn and trees for the greening of environment. In order to enhance the staff's environmental awareness, the Yunfu Factory continued to conduct environmental protection training for our staff during the Year.

Emissions Data from Gaseous Fuel Consumption

As the Group principally engages in the production of walkie-talkies, it would not incur fuel consumption as an assembler. The Company did not have town gas or liquefied petroleum gas ("LPG") consumption during this Year, hence no emissions data is applied.

Emissions Data from Vehicles

The emissions data from vehicle applied are set out below:

	2023	2022	Unit
Nitrogen oxides (NOx)	0.49	4	kg
Sulphur oxides (SOx)	0.01	0	kg
Particulate Matter (PM)	0.04	0	kg

Greenhouse Gas Emissions

	2023	2022	Unit
Scope 1 Direct emission	2.0	15	tCO ₂ e
Scope 2 Indirect emission	85.6	547	tCO ₂ e
Scope 3 Other indirect emission	2.3	5	tCO ₂ e
Total	89.8	567	tCO ₂ e
Emission per production line	22.5	189	tCO ₂ e/production line

During this year, there was 89.8 KgCO₂e (2022: 567 KgCO₂e) of greenhouse gases emissions (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation. Since the Company has outsourced its production line, the total carbon emission of the Company has decreased.

Objectives

The Group hopes to achieve Net Carbon Zero by 2060, aligning with the goal of China. To gradually approaching the goal, the Group aims a 5% reduction of carbon emission equivalent by 2024, with 2023 as the base year.

To achieve the objective, following energy saving measures are discussed/to be adopted within the next years:

- Replacing from the use of florescent Tungsten T5 tubes to florescent LED T5 tubes to both save cost and energy;
- Maintaining air conditioners at an energy-efficient level, with a temperature of around 25 degrees Celsius;
- Replacing diesel vehicles within the Company to electric counterparts.

Hazardous Waste

There is no hazardous waste disposal during the Year. Non-reusable materials and hazardous waste (such as electronic waste) are transferred to qualified companies for recycling to reduce the pollution caused by waste disposal.

Non-hazardous Waste

Non-hazardous waste produced from the operations of the Group is mainly comprised of general office consumables which have no significant impact on the environment.

During this year, the Company generated 1 ton of non-hazardous waste in aggregate on its operation, which most of them are paper products.

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The Group's objective is to reduce 5% of non-hazardous waste by 2024 from the base year of 2023. Accordingly, the following measures are adopted:

- Setting up recycling bins within the office area to recycle recyclables;
- Applying duplex printing to reduce paper use.

In the Year, the Yunfu Factory also engaged in a third-party service provider to conduct tests on domestic sewerage. The results have shown compliance with current standards under the Standards of Sewage Treatment and Inlet Water Technology for Xincheng Industrial Park in Xining County. Below shows the detailed data, comparisons from last year, and local discharge limits:

Name of item	Discharge value		Discharge limit from standards
	2023	2022	
pH	7.8	8.1	6–9
Total suspended solids (TSS)	12 mg/L	14 mg/L	90 mg/L
Chemical Oxygen Demand (COD)	222 mg/L	192 mg/L	250 mg/L
Biochemical Oxygen Demand (BOD)	82.3 mg/L	63.8 mg/L	110 mg/L
Ammonia nitrogen (NH ₃ -N)	23.5 mg/L	16.6 mg/L	25 mg/L

Regarding the exhaust gas and dust generated during the production process, the Group reduces dust emitted from the filling of vessel to the utmost in order to mitigate the adverse environmental impact. All production departments have the responsibilities to ensure that their ventilation systems operate normally and provide a safe working environment for the employees. The Group continues to strictly abide by the national provisions on vehicle tailpipe emissions and performs regular maintenance on the vehicles to ensure that their tailpipe emissions meet required standards.

A2 Use of Resources

Water

The Group's wastewater includes wastewater discharged from cooling towers and domestic sewage. Cooling water from cooling towers will be recycled for use. Therefore, the amount of effluent from cooling towers is minimal. During the recycling process, the cooling water comes into contact with air and some of the water evaporates. In order to maintain the quality of circulating water, wastewater in the cooling tower is regularly discharged into septic tanks and the water is replenished. Domestic sewage generated by employees and greasy sewage from kitchens constitute the major part of our sewage. Domestic sewage from employees' activities must pass through the septic tanks for basic treatment before being discharged. Regular cleaning of septic tanks is also arranged to ensure the normal operation of the tanks. Greasy sewage from kitchens, on the other hand, must pass through grease traps and filters for basic treatment. After such basic treatments, the domestic sewage from employees' activities and greasy sewage from kitchen are transferred to the sewage plant of the industrial park through sewage pipe for subsequent treatment.

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The total water consumed is set out below:

	2023	2022	Unit
Water consumed	619	6,866	m ³
Water consumed per production line	155	2,285	m ³ /production line

As shown as the data above, the water consumption of the Group is limited due to the business nature. However, the Group is still committed to reduce water consumption and aim to reduce 5% water use by 2024 based on 2023 figures. To achieve this objective, the Company has committed to adopt following measures:

- Installation of water saving devices;
- Use recycled water in production;
- Educate staff on the importance on saving water;
- Notice on saving water and initiatives to do so.

The Group has not encountered any significant issue in sourcing water that is fit for purpose for the Yunfu Factory in 2023.

Energy

The total energy consumed is set out below:

	2023	2022	Unit
Energy consumption from the use of diesel oil	N/A	62	MWh
Energy consumption from the use of petrol	7	N/A	MWh
Energy consumption from the use of electricity	140	898	MWh
Energy consumed in total	147	960	MWh
Energy consumed per production line	37	320	MWh/production line

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The Group's objective is to reduce 5% of energy consumed by 2024 from the base year of 2023. Accordingly, the following measures are adopted: For efficient use of electricity, we use T5 fluorescent lamps, light-emitting diodes and other energy-efficient lighting fixtures as well as sectional lighting system, and install motion sensors in areas not frequently in use. We also put up notices for energy conservation in offices, encourage employees to turn off unused electronic equipment, air conditioners and lights, and set indoor temperature at 25 degrees Celsius to reduce power consumption. Furthermore, the Yunfu Factory minimises the use of, and avoids frequently turning on, production equipment with larger power consumption as far as possible with the aim of reducing wastage of electricity.

Packaging Material

The total packaging material used is set out below:

	2023	2022	Unit
Plastic	1	20	tonnes
Paper	2	35	tonnes
Metal	3	50	tonnes

As shown in the data above, there were significant decreases in all kinds of packaging materials.

To reduce waste generated by packaging, the Company has planned to adopt the following measures in sourcing packaging materials that is fit for purpose while reducing the accumulation of waste at the same time:

- Using recycled materials to pack goods where possible;
- At cases where it is not possible to source recycled material, the Company is committed to adopt bio-degradable designs/packaging;
- Reducing unnecessary packaging;
- Using FSC-certified paper that protect the environment.

A3 Environmental and Natural Resources

Air and Production Quality

Pursuant to regulations as laid out by the Chinese authorities with regards to emission quality, our Yunfu Factory conducts annual audit of effluent and emission quality.

The Group strictly adheres to the standards as outlined under the Emission Limits of Air Pollutants (DB44/27–2001) of the Guangdong Province (where the standard is applied). The Group mainly focus on monitoring the emissions of non-methane and hydrocarbons, tin, tin compounds, and heavy metals; and the Group has not exceeded the discharge limits from standards.

However, due to the suspension of production activities in the Yunfu Factory, the Group has not imposed significant impacts on the environment and natural resources.

A4 Climate Change

Climate change and Global warming are two of the major environmental concerns in the world. Despite not directly related to our Company's operation, the Group still strives for environmental conservationism and raise environmental awareness of employees.

Since the major business nature of the Group is for the provision of radios, climate change does not directly affect our business. Moreover, due to an increased possibility of extreme weather conditions, the sales of our main product — walkie-talkies, may increase as a result as the public may need to rely on our products to recover from extreme weather events.

Although the Group identified possible growth due to possible forecast of extreme weather conditions, the Group may still be affected by such extreme weather conditions, as such conditions may affect the ability of our staff to report duty, the stability of our supply chain, and the structural conditions of our infrastructure.

In order to deal with these risks, the Group will review existing infrastructures at the Yunfu Factory, carry out an audit on staffing at adverse weather conditions to ensure employee safety, and re-evaluate the stability of the supply chain to reduce risk brought by climate change.

B. SOCIAL

B1 Employment

Through our persistent and strict conformity to employment-related laws and regulations, such as the Labour Law of the PRC and the Labour Contract Law of the PRC, and adamant adherence to the “People-oriented” business philosophy, our employees are entitled to equal treatment at workplace and fair chance of promotion, a transparent remuneration and benefit system, as well as adequate rest time.

Employees’ Rights

Annual human resources plans are in place to align manpower with the development need of our business. Following the principles of openness, equal opportunities and fair competition, the Group assigns the Personnel Administration Department to carry out recruitment based on the position requirements of various departments. Candidates who meet the job requirements have equal interview opportunities and are not discriminated on the basis of gender, race, religious belief, age, disability or any other factors. Every staff has the right to work in a working environment free from any harassment. When complaints in relation to harassment and discrimination are received, we will keep the information confidential for the relevant staff and conduct thorough investigation and handling procedures. To prevent the accidental use of child labour, newly recruited employees are required to provide us with the copy of their identity cards to ensure that they have reached the legal age of employment. As part of our commitment against forced labour, we and our employees enter into labour contracts, in which the relevant information of the posts is clearly specified. Acting in accordance with national laws and regulations, the Group provides the employees with social insurance, including retirement insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance, and ensures that the working hours of the employees complies with local laws and regulations. In principle, the Group does not encourage overtime work. If any employee voluntarily works overtime due to our production and business needs, the Yunfu Factory will offer overtime payment or time off in lieu of payment in accordance with the law. In addition to statutory leaves, employees are also entitled to marriage leave, compassionate leave, maternity leave, paternity leave and annual leave. We regularly assess the employees’ performance as a basis for remuneration adjustment, promotion, and year-end bonuses. For resigned employees, payments of outstanding salaries are made on time in accordance with national laws and regulations after the handover of their duties. We also value the opinions and requests of our staff. Therefore, the Yunfu Factory has placed a mailbox for complaint letters at the office. After receiving any complaints, we will conduct investigation and adopt relevant improvement measures.

During the Year, the Group was not aware of any material non-compliance of laws and regulations in respect of human resources.

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The following table shows the number and breakdown of the Group's employees as at 31 March 2023:

Employee Structure		Number of employees as at 31.3.2023	Percentage of employees as at 31.3.2023
Total number of employees		2	100%
By gender	Male	2	100%
	Female	0	0%
By age	Aged <30	0	0%
	Aged 31–50	0	0%
	Aged >50	2	100%
By employment type	Senior level	2	100%
	Middle level	0	0%
	Junior level	0	0%
By geographical region	Hong Kong	1	50%
	China	1	50%

Turnover rate

The following table shows the turnover rates of the Group's employees for the Year.

Summary of Employee Data		Number of employees resigned in Year 2023	Turnover percentage
Overall		529	99.6%
By gender	Male	126	98.4%
	Female	403	100.0%
By age	Aged <30	167	100.0%
	Aged 31–50	328	100.0%
	Aged >50	34	94.4%
By geographical region	Hong Kong	0	0.0%
	China	529	99.8%

* Turnover rate is calculated as follows:

(Total number of resigned employees/Number of employees at the beginning of the year) *100%

The Group has outsourced major part of its production and manufacturing lines in January 2023 and has cut off significant number of the Factory workers, resulting in huge differences in the total number of employees in the beginning and the end of the Year and thus lead to high turnover rates in this Year.

B2 Health and Safety

The Group has given much care to the physical and mental health of the employees, insists on the “safety first, prevention-oriented and comprehensive management” safety production approach, and continues to strictly abide by the laws and regulations concerning occupational safety and health, such as the Safe Production Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases and the Regulations on the Safety Management of Hazardous Chemicals. Keeping the working environment tidy and clean at all times, the Yunfu Factory has completely executed the “7S” management to provide its employees with a safe and comfortable working environment.

According to the safety production management system, we regularly develop safety production targets, identify, assess and control the safety risks in the production process, and ensure the personal safety of our employees. Production safety meetings are held regularly to deal with any major problems in the production safety aspect and monitor the implementation of the production safety targets. In addition, our employees are provided with pre-employment and pre-departure health checks, as well as protective gears, such as protective gloves, earplugs and anti-virus masks to reduce their susceptibility to occupational diseases. We have also established relevant systems for the management of hazardous chemicals in accordance with the requirements of laws and regulations. Designated employees are also assigned to take charge of the management of hazardous chemicals and to inspect the storage and safety conditions of the chemicals to avoid leakage.

For a better understanding of the Group’s occupational safety policy and higher occupational health and safety awareness, safety skills and self-protection ability among our employees, we provide safety training for them, launch regular “three-tier” production safety education and promote production safety among them. The contents of safety training include laws and regulations related to safety production, safety management policies, rules and regulations of the Group, safety knowledge for machinery operation and how to use personal protective gears.

No substantial incidents resulted in any work-related deaths or injuries among the employees were recorded by the Yunfu Factory during the Year.

Work-related injuries

In the past three years, there are no work-related injuries nor related deaths within the company. Below is a table that summarizes the number of work-related injuries:

Work-related injuries	2023	2022	2021
Work-related injuries (sick leave ≤ 3 days)	0	0	0
Work-related injuries (sick leave > 3 days)	0	0	0
Work-related fatalities	0	0	0

B3 Development and Training

To build a competent team that can accomplish the business development objectives of the Group, a staff training plan is implemented and subject to annual adjustment to improve the quality and efficiency of our employees. To facilitate a quick adaptation to the working environment, all new employees must attend induction courses organised by the Personnel Administration Department to understand and get acquainted with the rules and regulations, history and overview of the Group. New employees must pass an on-board examination upon completion of the induction courses before they can be formally employed. It is also compulsory for them to participate in the training provided by the relevant departments, which covers the work and responsibilities of their posts. We also provide on-the-job training for our employees. Each department organises relevant training activities in accordance with the annual training plan. For example, the Engineering Department organises annual training on the production technologies, products and technology updates of the Group’s products. In addition, the Group also provides relevant professional training for employees according to its business needs. Professional training and seminars conducted by experts and scholars are also available to outstanding employees for the sake of skill enhancement.

Statistics in respect of development and training for the Report Period is set out below:

Occupational Training Data		2023
Percentage of Employees Trained by Gender	Male	100%
	Female	100%
Percentage of Employees Trained by Category	Senior Level	100%
	Middle Level	100%
	Junior Level	100%
Average Training Hours of Employees by Gender	Male	8.0
	Female	8.0
Average Training Hours of Employees by Category	Senior Level	8.0
	Middle Level	8.0
	Junior Level	8.0

B4 Labor Standards

The Group has complied with the “Convention on the Abolition of Forced Labour” in respect of employment of labor, the “Labor Law of the People’s Republic of China” in respect of employing child labor under 16 and their legal rights, and the “Provisions on Prohibition of Child Labor”, which has been enacted and implemented since 1 December 2002.

The Group strictly prohibits the employment of any child labour and forced labor for the business in the PRC. The Group explicitly states the age requirement in the post of recruitment. New employees are required to provide true and accurate personal data when they are onboard. Recruiters should strictly review the entry documents including medical examination certificates, academic certificates, identity cards, and household registration information. The Group has established comprehensive recruitment procedures to check the background of candidates and reporting procedures to handle any exceptional situations, as well as the regular checking and audit procedures in order to prevent any child labor or forced labor in operation.

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Once the Group has identified any case which fails to comply with the relevant labour laws, regulations or standards, the relevant employment contract will be immediately terminated and the relevant employees responsible for the management of human resources will be disciplined accordingly. A report will also be made to the supervisory authority when the senior management considers it necessary.

During the Year, the Group was not aware of any material non-compliance of the laws and regulations related to the prevention of child labour or forced labor have been found.

B5 Supply Chain Management

To make sure that all raw materials procured complies with the Group's requirements, we have developed a supplier management system for a more effective management of our suppliers at source. Lists of qualified suppliers for different major raw materials, components and parts needed in our production process are compiled and regularly reviewed. The supplier selection process involves the consideration of the scale of production, manufacturing capabilities, industry reputation, product quality and possession of any licenses and certificates, such as the Restriction of Hazardous Substances Directive (the "RoHS") certification, of the suppliers. Before entering into cooperation with any new supplier, the new supplier has to provide samples of their raw materials, components and parts for our Product Research and Development Department and Production Department to jointly decide whether the samples provided meet our manufacturing and production requirements. Upon confirmation of cooperation, the new suppliers will be added to the lists of qualified suppliers.

In the Year, there are 117 suppliers supplying for the production of goods and services for the Group, in which one is located in Hong Kong, and the remaining are located in China.

B6 Product Responsibility

In this year, we produced and sold a total value of RMB35,420,000 products and had no product recall due to safety and/or health reasons. This shows that our Company continues to monitor product quality after such products were delivered.

The Group is committed to be responsible for products that we provide. The Company is and will continue to be committed to act responsibly in accordance with all applicable rules and regulations. Below is a list of acts that strive for responsibility:

- The Company will provide disposal and/or recycling instructions on goods provided by us; and
- Operation procedures will be provided to customers to ensure smooth operation that would not compromise safety of customer nor damage the environment during operation.

Tests will be thoroughly conducted per batch as to spot defects before products are delivered. At the same time, this reduces the risk of product recalls.

Protection of Customers' Interests

The Group believes that the quality of its products and high satisfaction of the customers are essential for its business to grow sustainably. Therefore, the Group emphasises product quality and endeavours to provide the customers with high quality products. To this end, we have taken several testing procedures to ensure our product quality, and the Yunfu Factory has also obtained IATF16949:2016 international automotive industry quality management system certification. We continue to strictly abide by the relevant laws and regulations, such as the Product Quality Law of the PRC, to ensure that the products meet quality requirements. Also, we comply with laws and regulations in relation to intellectual properties, such as the Copyright Law of the PRC, the Patent Law of the PRC and the Trademark Law of the PRC.

To ensure that the raw materials procured meet the requirements of the Group and to prevent any adverse impact of the raw materials on the Group's products, our inspectors conduct random sampling tests before the receipt of raw materials. The raw materials that passed the sampling tests are then transferred to the warehouses; those unqualified raw materials identified in the sampling tests will be returned to the suppliers. During the production process, we also conduct several quality control checks. For example, injection molded plastic parts and welded circuit boards need to pass the quality control inspection before being put into use. Contractors who are in charge of certain casing assembly processes are also required to comply with the Group's quality requirements. The assembled products need to pass functional tests to ensure their normal operation. Customers can also send inspectors to inspect our products if necessary, according to their needs. Any unqualified products will be sent back to the production line for comprehensive screening or re-processing to ensure that the product specifications are in line with the customer's product requirements.

The Group also provides high quality after-sales service to maintain the quality and sustainability of the products. We are committed to maintaining close relationship with our customers, adjusting and developing products to meet market needs with reference to the customer's preferences and demands. After delivery of the finished products, the customers are responsible for the complaints and product returns from the final consumers. After receiving any complaints, we will consider remedial measures for individual cases in which the damage to the product is related to the product design or manufacturing. During the Year, the Group has not received any product or service-related complaints.

Data Confidentiality

The Group has always respected the privacy of its customers and spared no effort to protect customer information and internal confidential documents against leakage. Therefore, employees are required to sign confidentiality agreements and maintain the privacy and confidentiality of all the business information of the Group. Employees are provided with a code of conduct on the use of computers and are required to keep their computers and materials properly to avoid loss of data. Employees also must use copyrighted software to respect intellectual property. In addition, since some of the casing assembly processes are handled by contractors, the contractors need to comply with the outsourcing agreement and strictly refrain from disclosing any confidential information of the Group's or the customers' products to ensure information security.

Intellectual Property

While striving for excellent quality, the Group complies with the requirements of Patents Ordinance (Cap. 514) and Patent Law of the People's Republic of China focusing on protecting original designs and legally obtaining copyrights. To improve productivity and market competitiveness, the Group has obtained relevant patents for its products and has used them in its operations.

B7 Anti-Corruption

During the Year, there was no non-compliance in relation to corruption or money laundering related laws and regulations.

The Group believes that as a trusted education provider, ensuring the trust and integrity exist and building sound reputation are crucial in our business. All staff members are expected to fully adhere to the Group's value, which is in compliance with the laws and regulations of the jurisdictions where the Group operates, including, but not limited to the following:

- Law of the People's Republic of China on Anti Money-laundering (中華人民共和國反洗錢法);
- Anti-Corruption Law of the People's Republic of China (中華人民共和國反腐敗法);

The Group adopts a "zero tolerance" approach towards the abuse of power, corruption, embezzlement or misappropriation of the Group's assets, and involvement in malpractice or bribery are not tolerated. We also require our employees to sign a statement of conflict of interest and undertake to inform us should there be any potential conflicts of interest with the Group. The Yunfu Factory also stresses workplace integrity through organising anti-corruption and anti-bribery related training to its employees.

Anti-corruption training

The Group strictly abides by the relevant laws and regulations, such as the Criminal Law of the PRC, and prohibits all kinds of bribery, corruption and money-laundering. Committed to the highest standard of openness, integrity and accountability, we encourage employees to report any suspected misconduct or malpractice. Upon receipt of a report, we will conduct an investigation to take follow-up actions. The identity of the whistle-blower will be kept strictly confidential to avoid unfair treatment.

No cases of corruption were recorded and no internal reports were received by the Yunfu Factory during the Year.

B8 Community Investment

In the pursuit of business development, the Group also encourages its employees to actively participate in charitable activities to help the disadvantaged and make contribution to the community.