



精英國際有限公司  
INTERNATIONAL ELITE LTD.

(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 1328)



# 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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# 1. About the Report

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## Introduction of the Report

This report is the 2017 Environmental, Social and Governance ("ESG") report (the "Report") of International Elite Ltd. (the "Company") and its subsidiaries (collectively, the "Group") which summarizes the economic, environmental and social responsibilities of the Group during the financial year of 2017. It demonstrates our long-term commitment in ensuring that our businesses are economical, socially and environmentally sustainable.

In preparing the Report, the Group has complied with the "Comply or Explain" provisions in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and in accordance with the practical circumstances of the Company. A complete list of index in compliance with the Guide is also available at the end of this report for reference.

The board (the "Board") of directors ("Directors") of the Company acknowledges its responsibility for ensuring the integrity of the ESG report and to the best of its knowledge, the Report addresses all material issues in respect of the Group's ESG obligations and fairly presents the ESG performance and commitment of the Company. The Board confirms that it has reviewed and approved the Report.

## Business of the Group

The Group is one of the leading customer relationship management (CRM) outsourcing service provider with business focus in Hong Kong, Macau and the People Republic of China ("PRC") markets. The Group has established four CRM service centres and the current production capacity is at an impressive level of over 4,500 seats. The Group's CRM services assist customers to connect with their client using communication and computer network and empowering customers to transform their business for the digital age.

The Group is also engaged in the radio frequency-subscriber identity module ("RF-SIM") and passenger information management system ("PIMS") businesses.

For the RF-SIM business, the Group involves in the research and development, production and sales of RF-SIM and certificate authority-SIM ("CA-SIM") application right to customers. The Group's CA-SIM cards can be used by Mobile Network Operators ("MNOs") to authenticate a device accessing their network and services. In addition to this function, SIM cards can support additional security capabilities that can be used by Internet of Things ("IoT") service providers, in coordination with their MNO partners, to enhance the security of IoT services.

For the PIMS business, it includes the supply, development and integration of passenger information management system.

China Elite Info. Co., Ltd. ("China Elite"), one of the subsidiaries of the Group, engages in CRM business and was awarded the Top 100 China's Growing Service Provider of 2017 by the China Council for International Investment Promotion.

The Group is listed on the Main Board of the Stock Exchange (stock code: 1328) since 25 May 2009 and its headquarter is in Hong Kong. The Group is proud to serve customers, representing all segments from small-medium enterprises to global corporations and extending to a wide range of industries, stretching across telecommunication, finance, postal, travel, healthcare, logistics, information technology, online business, media, public utilities and retail services.

## Reporting Scope

The reporting period of the Report covers the financial year from 1 January 2017 to 31 December 2017, which is the same as the reporting period of the Group's 2017 annual report.

The scope of the Report includes the environmental and social performance of the Group's CRM and RF-SIM businesses, and covers the main operations of these 2 businesses in the PRC, Hong Kong and Macau. The Group's ESG obligation in respect of the PIMS business is covered in the annual report of our subsidiary, Global Link Communication Holdings Limited ("GLCH"), a company listed on GEM of the Stock Exchange (stock code: 8060).

## Sources of Information

The information disclosed in this report is mainly sourced from internal files of the Company and public information in the market. All information contents have been reviewed and confirmed by the Group's management and the departments in charge, and filed formally. Should you have queries or comments of this report, please do not hesitate to contact the Compliance Officer of the Group, Mr. Wong Kin Wa via email: [info@iel.hk](mailto:info@iel.hk) or phone: 2859 9320.

## 2. ESG Approach of the Group

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The Group continues to refine management approach to adapt to the changing ESG landscape and align with international best practices. The Group has in place a comprehensive system comprising principles, policies, and guidelines to ensure that we address key issues pertinent to our business and perform credibly to stakeholders' expectations. The Group is committed to maintaining good corporate governance and business integrity in all business activities.

### Governance

The Group is committed to managing affair consistent with the highest principles of business ethics and corporate governance requirements of applicable laws, as well as the regulation of the Stock Exchange. We have a clear code of business conduct to which all employees, officers, and director must adhere.

### Business Integrity

Trust and the success of our customers are the highest priorities for the Group. The Group understands that confidentiality, integrity and availability of our clients' information are vital to their success. We partner with our customers to provide recommendations on the best approaches to handle client's customer data and the securities issues. We are committed to running the most trusted, reliable and secure CRM services. We are committed to complying with relevant laws and regulations in respect of our business operation. Our "Code of Conduct" , "Business Conduct Principles" and other internal policies describe the way we deal with employees and other key stakeholders addressing, in particular, the following issues:

- **Labour;**
- **Wages and benefits;**
- **Health and safety;**
- **Anti-corruption; and**
- **Data security.**

### 3. Stakeholder Engagement

Fostering a dialogue with key stakeholders is an important part of our reporting process. It helps the Group to understand and identify topics that are the most important to its stakeholders.

The Group has engaged and discussed with its key stakeholders, including but not limited to customers, employees, suppliers, regulators, shareholders and communities through different channels such as conferences, electronic platforms and public events. In formulating operational strategies and environmental, social and governance measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, with a view to driving long-term prosperity and creating greater value for the community.

Stakeholder	Engagement Method	Expectation and Concern
<b>Customers</b>	<ul style="list-style-type: none"> <li>- Business relationship</li> <li>- Account management</li> <li>- Satisfaction surveys</li> <li>- Conference and events</li> </ul>	<ul style="list-style-type: none"> <li>- Services / products quality</li> <li>- Services / product reliability</li> <li>- Customer support</li> <li>- Operation in compliance with applicable laws and regulations</li> <li>- Environmental impact</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>- Internal communication channels such as emails, notice boards and hotline</li> <li>- Performance reviews</li> <li>- Team meetings</li> <li>- Job training</li> <li>- Occupational health and safety training</li> </ul>	<ul style="list-style-type: none"> <li>- Employees' compensation and benefits</li> <li>- Employees' health and safety</li> <li>- Working condition</li> <li>- Career development and training</li> <li>- Business performance</li> <li>- Operation in compliance with applicable laws and regulations.</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Business review meeting</li> <li>- Suppliers' satisfactory assessment</li> </ul>	<ul style="list-style-type: none"> <li>- Product quality and safety</li> <li>- New innovation</li> <li>- Operation in compliance with applicable laws and regulations.</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>- Government Communication</li> <li>- Mail</li> <li>- Notice</li> </ul>	<ul style="list-style-type: none"> <li>- Industry support program</li> <li>- The PRC and Hong Kong's telecommunications sector arrangements</li> <li>- Tax</li> <li>- Labour laws</li> <li>- Copyright, trademark and patent</li> <li>- Environmental impact</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>- Annual and interim reports</li> <li>- Annual general meeting</li> <li>- Official website</li> <li>- Feedback to media inquiries through conference and correspondence</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Strategy plans</li> <li>- Operation in compliance with applicable laws and regulations</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>- Informal communication through email and phone calls</li> <li>- Participation in local community activities and volunteering work</li> </ul>	<ul style="list-style-type: none"> <li>- Local community activities involvement</li> <li>- Support local schools and civil society organisations</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>- Association</li> <li>- Forum</li> </ul>	<ul style="list-style-type: none"> <li>- CRM training</li> <li>- Industry standard</li> </ul>

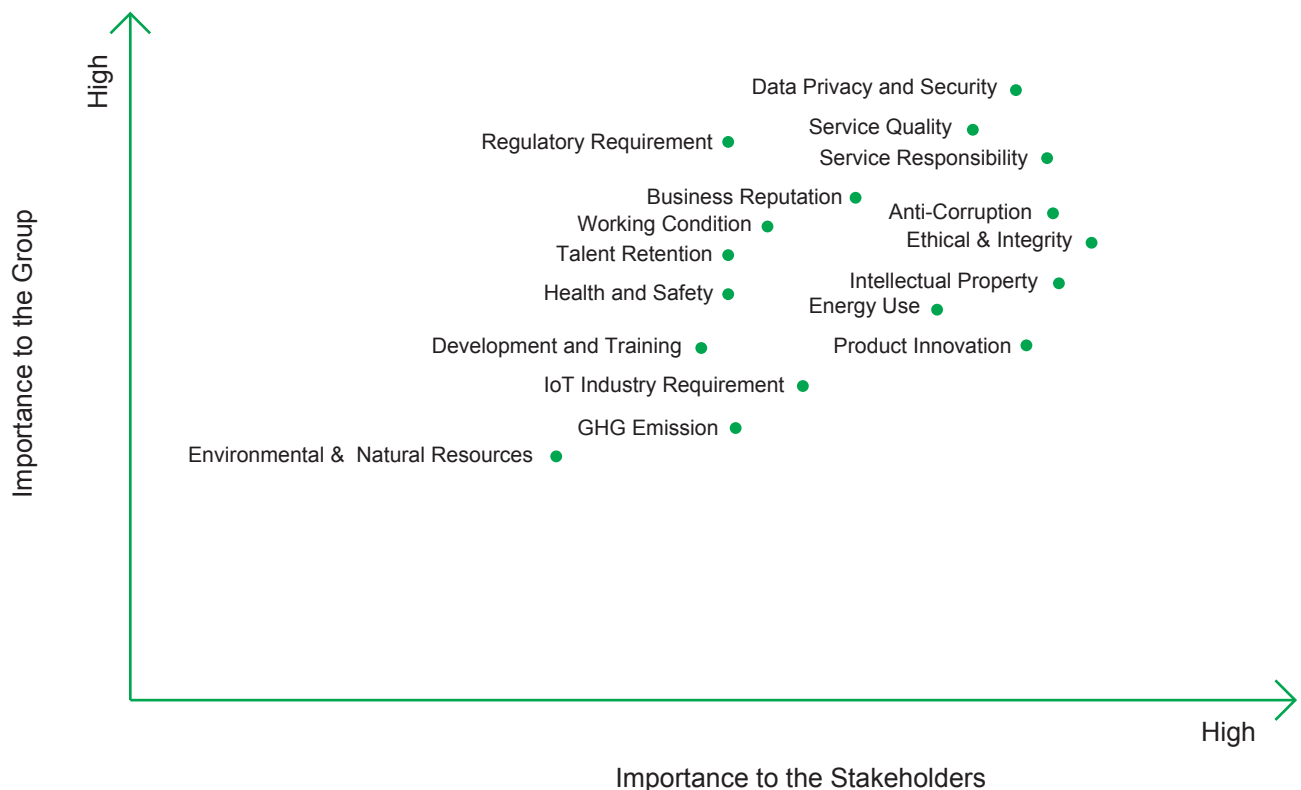
## 4. Materiality Assessment

According to the Guide, material issues are relevant because they illustrate the environmental and social impact of an organisation and can influence significantly in the stakeholder's decisions. By knowing the materiality of the different issues of the Group helps to identify new opportunities and risks.

In the early stage of preparation of ESG report, the Group has commissioned a third party consultant to conduct the ESG materiality assessment and identified and determined 17 relevant ESG issues pursuant to the Group's actual business situations and industry characteristics. The Group invites stakeholders to score the materiality of these 17 issues and then comprehensively consider the scores given by stakeholders against the Group's sustainable development goals, afterward conclude and determine the ranking of materiality for the reported issues and prepare the materiality matrix.

During the reporting period, the Group considered that the areas of data privacy & security, service responsibility and service quality are most relevant to its business operation.

The result from the materiality assessment survey has been mapped and presented as below:



## 5. Environment

The responsibility of the Group towards sustainable development is trying to improve the Group's environmental performance for its businesses, specifically with the use of technologies that reduce the use of resources and achieve maximum efficiency in rendering its services.

CRM and RF-SIM sectors of the Group do not have a high impact on the environment. However, it is necessary to acknowledge that, in our daily activities, the Group's main environmental impacts are:

- Resource consumption like paper, energy, and water;
- Generation of waste; and
- Direct emissions of greenhouse gases, mainly from electricity consumption.

Therefore, we want to develop sustainable environmental policies and reduce impacts to the environment in our existing facilities. Our subsidiaries have implemented several initiatives to minimize the environmental impact. Campaigns to save electricity, power, water and paper are initiatives that the Group undertook during the reporting period.

The Group has implemented measures such as Environmental Policy and Target Indicator Management Program Control Procedures (環境方針、目標指標管理方案控制程序) and Environmental Control Procedure (環境運行控制程序) for all the subsidiaries. Such policies established a fundamental basis which governs the environmental activities of the Group that all employees should take part in.

China Elite has further obtained ISO 14001 Environmental Management System certificate for its call centres and offices. The ISO 14001 standard provides framework that a company can follow to set up an effective environmental management system. It gives assurance management and employees of the company as well as external stakeholders that environmental impact is being measured and improved.

The Board is committed to reducing environmental impact. The Group strives to improve the energy efficiency during the operation and reduce the emission of greenhouse, aiming to realize a low carbon society.

By establishing a sound environmental management system, the Group constantly monitors and reviews the energy usage, e-waste and non-hazardous waste during the operation, through strictly controls the emissions.

In establishing internal policies, the Group had strictly complied with the relevant laws and regulations on environmental protection. During the reporting period, the Group is not aware of any material non-compliance or any violation with relevant environmental laws and regulations.


### 5.1 Emissions

The working environment of the Group's CRM and RF-SIM businesses are generally indoor offices located in Hong Kong, Macau and the PRC without any industrial plants and therefore, the type of emissions of the Group were limited to greenhouse gas ("GHG") emissions, waste, air emissions and wastewater discharge.



### 5.1.1 Greenhouse Gas Emissions

The consumption of electricity in the offices and call centres is the primary source of our GHG emission. The second primary source of GHG emission is the consumption of petrol by the Company's vehicles. During the reporting period, the Group's greenhouse gas inventory was compiled and organised according to ISO14064 standards and includes Scopes 1 and 2 emissions calculation. The Group's GHG emissions equated to a total of approximately 2,079.797287 tonnes of CO<sub>2</sub> equivalent ("tCO<sub>2</sub>e") and the detailed summary of the GHG emission is shown as below:

	GHG	Amount	Intensity (Consumption / Headcount)
	<b>Scope 1 Direct GHG emission</b> Petrol consumption	27.0066642 tCO <sub>2</sub> e	0.00764 tCO <sub>2</sub> e
	<b>Scope 2 Indirect GHG emission</b> Electricity consumption	2,052.790623 tCO <sub>2</sub> e	0.58136 tCO <sub>2</sub> e
	<b>Total GHG Emission</b>	2,079.797287 tCO <sub>2</sub> e	0.58901 tCO <sub>2</sub> e

The Group devotes efforts to reduce the GHG emission from call centres and the RF-SIM production site by reducing energy usage. LED lights have been installed at call centres and the RF-SIM production site and low energy usage air conditioners are used. Please refer to the "5.2 Use of Resources" section below for detailed measures implemented.

### 5.1.2 Waste

The waste generated by the Group's call centres and the RF-SIM production site are strictly segregated and disposed of in accordance with the relevant regulatory requirements. Our wastes are generally categorized as non-hazardous waste and e-waste. For the purpose of resource conservation and environmental protection, waste is further classified as re-usable and recyclable. Waste that cannot be reused or recycled is disposed of through landfill or incineration. The e-waste generated by the Group's operation mainly consists of old computers, electronic components, servers, headset and motherboard. The non-hazardous wastes generated by the Group's operations mainly consist of paper, printing supplies of our offices and domestic wastes.

For e-waste, all our computer hardware are disposed of by methods of avoiding landfill, primarily through supplier reclamation and responsible disposal vendors.

For printing waste, we regularly monitor the consumption volume of paper and have implemented a number of reduction measures, including:

- Encourage double side printing; and
- Encourage using electronic channels for internal correspondence and communication.

The quantitative data on the total volume of hazardous and non-hazardous waste produced and the intensity was not disclosed due to the data collection mechanism still being developed.

### 5.1.3 Air Emission

The Group's air emissions mainly comprise emissions from office facilities, the exhaust from vehicles and the dust from floor sweeping. Hence, the administrative department ensures that such exhaust meets relevant standards and encourage our employees to maintain indoor ventilation as much as they can.

### 5.1.4 Waste water

The main categories of waste water the Group discharges are domestic sewage from toilets and waste water generated during the cleaning of vehicles and the floor. Call centres at Guangzhou are equipped with septic tanks of which cleaning work is being carried out regularly. In addition, we encourage our employees to save water and adopt waterless cleaning or wiping to clean vehicles and the floor.

## 5.2 Use of Resources

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As a leading CRM and RF-SIM services provider, the environmental footprint of the Group consists primarily of the carbon emissions that we generate through travel and electricity consumption. We continue to explore new ways to make our operations more environmentally efficient, in particular through the use of new technology tools.

To meet our goal of reducing carbon emissions, we have set priorities by leveraging technology for direct energy savings and shaping a culture of digital collaboration that lowers the need for business travel.

The Group has made an effort in maximizing the use of new digital technologies in our day-to-day operations. For example, during the reporting period, energy saving lighting system were used at call centres and offices. IT department purchases energy saving rating electric appliances to replace old electric appliances. All call centres service desktops have set to hibernate mode when the desktop machines are unused for more than 30 minutes.

We have upgraded the cooling system for call centres by using environmentally friendly refrigerant. The temperature for our call centres have set to 25°C during summer. We always set the thermostat to the highest acceptable temperature to save electricity. There is evidence that even a small change in temperature can save significant cost.


For RF-SIM business production site and office, we encourage employees to shut down computers after work and switch off the lights if they are expected to be away from the room for more than one hour.

### 5.2.1 Energy Consumption

As the Group has more than 3,000 service desktops for the CRM business, it used extensive amount of energy, especially for the servers, computer desktops and air conditioners. Electricity is the major energy resource in our operation. Therefore, the majority of our energy saving projects focus on reducing electricity consumption.


The Group has formulated policies and guidelines relating to the environmental management, including energy management. Since the implementation of such initiative, we have managed to lower our electricity consumption accordingly.

The electricity consumption is the largest source of GHG emissions. During the reporting period, the Group's electricity consumption was as below:

	Energy	Amount	Intensity (Consumption / Headcount)
	Electricity Consumed	2,291,316.69 kWh	648.91 kWh


The Group has 5 small vehicles and 1 medium vehicle in the PRC that are used in our daily operation. The vehicles are the second largest contributor to our emissions profile. During the reporting period, the vehicles consumed approximately 12,168 litres of petrol. The Group's vehicles conform to the PRC vehicle emission standards.

As the petrol price was high and continued volatility is predicted, the Group has implemented the fuel-efficient action plan to trim petrol use. The plan encourages drivers to plan the journey before driving, adopt a gentle style of acceleration, and conduct regular servicing of vehicles including monthly tyres check. Tyres with bad condition will raise fuel consumption by up to 10%. Since the implementation of this plan, the Group had managed to lower the Group's petrol consumption accordingly.

	Energy	Amount	Intensity (Consumption / Headcount)
	Petrol Consumed	12,168 litres	3.44 Litres

### 5.2.2 Water Consumption

Clean water is a valuable resource which the Group is committed to conserving. Water are mainly consumed by the use of employee dormitories and offices. There is no issue in sourcing water that is fit for our purpose. In order to increase the awareness of conserving water resources, we have been carrying out various water saving campaigns in dormitories and offices such as encourage our employees to contribute to water saving ideas and talked to our employees about our water saving initiatives. We also had installed water efficient taps with flow restrictor to use less water, and regularly check for leaks and fix immediately. With the extensive effort in our water saving program, we have managed to reduce total water consumption. During the reporting period, the Group's water consumption was as below:

	Resources	Amount	Intensity (Consumption / Headcount)
	Water Consumed	38,184 litres	10.81 litres

### 5.2.3 Packaging Materials

The Group main product packaging comes from the RF-SIM business. During the reporting period, the Group has worked to reduce the packaging associated with the SIM kits and has halved the size of the plastic card used to hold the SIM card. The Group is progressively introducing this change across the SIM kit range. The reduction has resulted in less plastic and packaging required to manufacture the SIM kits as well as lower energy use through optimising distribution. While for the CRM business, due to the nature of the business, it does not use any packaging.

## 5.3 The Environment and Natural Resources

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The Group relies on large volume of electronic equipment to operate the business. The rapid evolution of technology requires us to continuously upgrade our technology capability and has also increased customer demand for the latest devices. The electronic equipment used were made from finite materials. The manufacture and distribution of electronic equipment also require significant energy and resources associated with packaging and transport. However, leveraging on the technology evolution, the new electronic equipment nowadays becomes more energy saving, and it can help us and the customers to have better communication and reduce traveling.

The Group's handling of the e-waste presents an opportunity to keep resources in use for as long as possible, extracting the maximum value from them while in use, then pass it to responsible third-party vendor for recycling or disposal.

Committed to mitigating the impact of its business on the environmental and other natural resources, the Group did not cause any serious pollution or damage to its surrounding environment during the reporting period, including air, land, water and ecological system. Policies and measures on the use of resources and emissions are already set out in details in the above sections.

During the reporting period, the Group is not aware of any material non-compliance and the Group had complied with all relevant environmental rules and regulations in Hong Kong, Macau and the PRC.

## 6. Social

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### 6.1 Employment and Labour Practices

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The Group considers human resources ("HR") as one of the Group's valuable assets. The realisation and enhancement of employee value will contribute to the overall development and performance growth of the Group in the long term. Therefore, the Group attaches great importance to its HR, providing support for employees' career development, as well as retention measures for executives and employees with high potential.

The Group has defined the job qualification and job description for each position as a criterion for employing new employees. Recruitment channels include campus recruitment, open recruitment and internal referral. Each applicant's academic qualifications and working experience are subject to verification and face-to-face interviews will be conducted before employment.

The Group aims to be a fair and attractive employer. The Group's objective is, therefore, to become an employer of choice so that it can attract, develop and retain talent. The Group adheres to the principles of fairness in the provision of employment opportunities, compensation, education, performance evaluation and promotion without any forms of discrimination such as gender, age, ethnicity, religion and culture. The Group is committed to creating a fair and harmonious working environment.

The working hours of employees of the Group are in compliance with the relevant requirement of the Labour Law of the PRC, the Employment Ordinance of Hong Kong and the Labour Relations Law of Macau. Most of the employees work 5 days per week. In the event of overtime work, employees will be rewarded with corresponding compensation from the Group in accordance with the laws and regulations.

During the reporting period, the Group has not discovered any material non-compliance or any violation of employment and labour related regulations.

#### 6.1.1 Employee Profile

The Group understands and recognises the benefits of having a diversified staff structure and regards it as one of the important elements in sustaining a long-term competitive advantage of the Group. A multicultural company should be comprised of employees with different gender, age, skills, ethnic, educational background and experience, in order to achieve the most appropriate structure and balance. As at 31 December 2017, the Group had 3,531 employees. Among them, 3,318 employees worked for CRM business, RF-SIM business and the Company.

The male and female ratio was about 42:58 and the Group has a relatively young workforce.

The distribution of gender, age, employment mode, job level and location of the employees for CRM business and RF-SIM business of the Group are as follows:



**3,318**

Total Employees



**1,390**

Total Male Employees



**1,928**

Total Female Employees

#### By Age Level

**1,440**

25 - 34 years old

**471**

35 - 44 years old

**84**

45 - 54 years old

**1,313**

Below 25 years old

**10**

Above 55 years old



#### By Employment Mode



**2,716**

Full time



**427**

Part-time



**175**

Trainee

#### By Level



**13**

Management



**3,305**

Non-management

#### By Location



**3,302**

The PRC



**14**

Hong Kong



**2**

Macau

### 6.1.2 Employee Turnover Rate

The employee turnover rate refers to the percentage of employees who leave an organisation during a certain period of time. It usually includes voluntary resignation, dismissals, and retirements in the calculation. Employee turnover rates can vary widely across industries. During the reporting period, the Group's employee turnover rate of 7.6% continued to remain low. Most of the employees who left the Group worked in Guangzhou and Xiamen.

In the event of employee resignation, a minimum notice period ranging from one to three months is required, depending on the employee's job grade. Due to operational requirements, middle and senior management are required to provide a notice period of two and three months, respectively.

### 6.1.3 Remuneration and Benefits

The Group determines staff remunerations on the basis of market salary trend, the competence, qualification and experience of the employee. The Group also offers discretionary rewards, including bonus based on the performance of individual employee during the year with a view to encourage employee to attain continuous improvement. The Group makes contributions to pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance, maternity insurance and housing fund for its employees in the PRC according to the provisions of the Social Insurance Laws of the PRC (中華人民共和國社會保險法) and the Regulations on the Administration of Housing Fund (住房公積金條例) and makes contributions to the social insurance fund for all full time employees in the PRC in accordance with the relevant provisions and local social insurance contribution policies in the PRC. While for Hong Kong employees, the Group makes contributions to the Mandatory Provident Fund pursuant to the laws of Hong Kong. The Group constantly reviews the compensation policy to ensure that employees' remuneration is in line with the commensurate market level and are fairly and equally paid.

The Group also actively protects and maintains employees' rights and interests, with a strong emphasis placed on enhancing their sense of belonging and improving their benefits on an ongoing basis. The Group provides its employees with effective communication channels. Management will attend regular cross-department operation meetings to understand opinions from different parties. Update on employee activities will also be announced through the office bulletin board. The Group adopts an open attitude and encourages its employees to voice out and make suggestions with a view to offering a better working environment for the employees.

Leave arrangement, allowance and benefits of employees are offered according to the relevant laws and regulations, and relevant policies of the Group. The Group is committed to fostering the work-life balance of its employees and enhancing their sense of belonging. The Group has organised various activities from time to time, including tours, excursion and outdoor team training to help employees to enhance interaction and develop team spirit.

## 6.2 Health and Safety

Every employee is of vital importance to the Group's operation. Therefore, the Group has implemented Occupational Health and Safety Management Standard Operating Protocol (職業健康安全管理運行控制程序) to safeguard the wellbeing of the employees, striving to provide them with a safe, healthy and protected working environment.

The Group has obtained BS OHSAS 18001 Occupational Health and Safety Management System certificate. It is a framework that helps to position policies, procedures and controls necessary to offer the best working conditions possible, aligned with the international practices.

The Group also offers safety education and training to all employees to enhance their awareness of safety and self-protection. In addition, the Group regularly monitors and evaluates the risks of occupational hazards at the operation sites. The air quality of workplace and other occupational hazards are also inspected by the administrative department in order to prevent, control and eliminate occupational hazards and improve the working environment of the employees.

As our operation is labour intensive, to protect the employees from fire hazards, the Group has implemented Fire Safety Management System (消防安全管理制度) and The Use and Maintenance of Fire Equipment (消防器材的使用和維護) policies. Both the policies have outline framework and the procedure to manage and mitigate the fire hazards.

In addition, the Group has organised mandatory fire safety training. Steps taken include fire drill and evacuation training with the local fire department. The fire drills let employees know:

- The fire risk of working in a call centre and electronic manufacturing facility;
- The places where the fire alarm system is installed;
- The equipment available in the facility to combat the fire;
- How to use the equipment in case of fire; and
- How to evacuate in an organised manner.

The Group is committed to providing all employees with a warm and comfortable working and living environment. The Group has provided employees' dormitory in Xiamen production site with a view to provide a resting place for its employees.

During the reporting period, there were no work-related fatalities involving employees of the Group. The Group did not discover any material non-compliance or any violation of occupational health and safety related laws and regulations.

## 6.3 Development and Training

The Group cares about the development of its employees and expects to promote its business growth by unleashing the high potential talents. The internal training policies of the Group have been formulated with an aim to improve employees' personal skills and bring out their best value for the development of the Group.

The HR Department of the Group provides the new recruits with a unified induction training covering the Group's corporate culture and development direction, while the relevant departments provide them with training required for their respective positions.

For the CRM business segment, the Group also provides various training programs for its employees, including a multi-skill training program. This training program is designed to enhance the skills of our experienced operators that will allow them to work on multiple projects and to provide both traditional voice and Internet CRM services. This makes the project teams more versatile and better allocates the Group's resources. Consequently, operators that would otherwise be idle can now serve customers of different projects. That has significantly enhanced the Group's efficiency, particularly in small projects with volatile call volume. An additional benefit of the training program is the further improvement in service quality. The multi-skill operators have attended at least two structured training programs, and have demonstrated superior performance in terms of customer satisfaction and telesales success rate. The Directors believe that the operators with multi-skills can form an elite CRM team that particularly suits high-end customers.



In addition to the Group internal training, the Group also encourage employees to take up the regular corporate online education provided by the prestigious local universities (企業大學網絡教育報考). The courses offered include computer science, information technology, telecommunications, accounting, business administration, etc. The Group will sponsor part of the course fee.

During the reporting period, 44.1% of our CRM business's employees and 100% of our RF-SIM business's employees had undertaken the training and the employees have an average of 60 training hours annually.



► The outdoor special training organised by the RF-SIM business in Xiamen

## 6.4 Labour Standard

The operation units of the Group are located in the PRC and Hong Kong, thus the Group's recruitment and utilisation standards are implemented in strict compliance with the relevant labour laws in the PRC and the Employment Ordinance in Hong Kong.

The Group strictly prohibits child labour and all kinds of forced labour. The hiring of staff is strictly adhered to the standards of the minimum legal age to work that are valid in each of the territories and the main criterion is people's capacity to perform their jobs, without considering their age, religion, ethnic, origins or marital status.

The Group has a set of policies in place to make sure that its employees enjoy their fundamental labour rights. Our Code of Conduct and employment contract set out our general approach regarding labour standards.

In addition to our Code of Conduct, our HR policy also covers the labour standard. The policy provides the framework of rules applicable to all HR activities within our operations.

During the reporting period, the Group did not discover any material non-compliance or any violation of labour related laws and regulations.

## 6.5 Supply Chain Management

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The Group's suppliers form a critical part of the Group's business operation. We work with suppliers who share our core values of transparency, trust, communication and ethical business practices. We have outlined our supply chain expectations in our Supplier Code of Conduct which serves as a guide to manage the ethical standard of the suppliers. The Supplier Code of Conduct applies to all third party suppliers of products or services.

During the reporting period, the Group engaged with approximately 19, 6 and 1 principal suppliers located in the PRC, Hong Kong and Taiwan, respectively. Our key areas of spending include electronics, network equipment and office supplies as well as the procurement of services.

Electronic and network equipment includes IT hardware (computers, servers, headset) and network components (chipset, cables). These items are used to supply our CRM services, or to the research and development department or used by our employees, or provided directly to the customers.

The office supply includes paper, ink cartridge, furniture and other office amenities.

Our procurement of services includes activities that related to installing and maintaining our service desks, developing software and hardware, connecting our customers to the network, as well as providing customer support.

We are in the process of embedding approach to consistently manage our risks in supply chain. Our Supplier Code of Conduct focuses on key categories such as operational, business continuity, privacy, information security, health and safety, anti-bribery and anti-corruption, fraud and environmental practices. To embed the approach, our procurement team has undertaken relevant training.

## 6.6 Product Responsibility

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Delivering quality customer experiences is to provide the best services and products. Being transparent, accountable and accessible is all aspects of these relationships which help to build trust and maintain a strong foundation for the future.

For the CRM business, the Group is proud to provide services to clients of which include established telecommunications service providers, leaders in the sectors of banking, and finances, healthcare, food and beverage. We care for our clients' needs in an efficient and effective way. It is our priority to address their needs in a personalised way and through several technological innovations, like carried out customer service, sales management, and technical support, through several voices and digital channels (SMS, email, chats, social media).

The Group's scalable and secure infrastructures including call centres, can offer supports and automated services for our clients. We have the software and tools that improve and optimize our offering of solutions.

China Elite has obtained ISO 9001, ISO/IEC 27001 and ISO 14001 certifications. It is a priority to offer quality services that meet the needs of the clients through highly innovative technology. During the reporting period, the satisfaction rate of our customers has exceeded our expectation and they were satisfied with our provision of CRM services.

For the RF-SIM business, all our products are subject to comprehensive testing to meet stringent customer requirements and relevant country's product standards and regulations. The Group tries to minimise the defects in product quality. We rely on product testing and monitoring process which enable us to manage our product quality proactively.

During the reporting period, the Group had complied with relevant laws and regulations relating to health and safety, advertising labeling and privacy matters relating to our products.

### 6.6.1 Transparency in Communication and Marketing

We continuously review and update customers with the latest product information. We are committed to keeping our customers informed about service and product use. To control the risk and to comply with the regulation of prohibiting specified unfair trade practices deployed by traders against consumers, including false trade descriptions of services, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment, the Group is using its best endeavours to train and manage the employees involved. All our front line sales employees are required to abide by our trade description requirement ( 商品條例說明 ) and they need to sign the agreement before commencing their works.

### 6.6.2 Customer Satisfaction

The Group values its relationship with customers and put a lot of efforts to meet their demands so as to develop genuine, valuable customer relationships.

Delivering sustainable strategic service starts with an empathetic frontline - one that consists of service representative who can sense customer's problems and needs by putting themselves in their customers' shoes. In customer service interactions, this means feeling and anticipating a customer's distress, excitement, frustration, or desires.

For example, our CRM frontline employee who represents a telecommunication customer, need to put himself/herself in the shoes of his/her caller and understands what is the caller's issue, then he/she can offer or provide the right solution for the caller. The challenge for the frontline employees is that being in the client's shoes can be an exhausting mental task that must be repeated every few minutes. We need to reduce this stress by simplifying the job with scripts and controls to help representatives respond to customers consistently. We need to deploy a frontline that is consistently empathetic with its customer's needs. We use a program called "Service from the Heart" as a way of identifying, collecting and sharing stories about the importance of providing empathetic service. Colleagues can nominate each other and the best stories are shared each month via newsletter and team meetings.

### 6.6.3 Business Continuity

As an integral part of our CRM business, creating an IT disaster recovery plan is essential to keep businesses running as we increasingly rely on IT infrastructure to collect, process and communicate. A disaster recovery plan is designed to restore IT operation after a major system disruption with long-term effect. Our CRM business has equipped with 4 sets of uninterruptible power supply ("UPS") which are electrical apparatus that provide emergency power to a load when the input power source or main power fails. The UPS can restore and recover affected IT system and put them back in operation for more than 30 minutes. In addition to UPS, the Group also has diesel-electric generator. The diesel-electric generator will work as a backup generator when major power supply fail. The UPS and diesel-electric generator can reduce the risk of the Group from loss of revenue and customers in the event of internet connectivity or power loss. The Group can perform maintenance and repair without downtime and the system disruption will not affect services availability.

### 6.6.4 Services Complaint

In our industry, evaluating the post-market performance of our services is an indicator of how effective our service performance is managed. Both the quality system and the International Organization for Standardization (ISO) require procedures and processes to monitor and control customer complaints. Our complaint-handling mechanism not only collects feedback from unsatisfied customers but also provides means for failure investigations and subsequent corrective and preventive actions.

Therefore, we have been working on a number of initiatives on resolving customer concerns before they are escalated and we have a customer improvement plan in place which includes:

- Re-design the customer complaints process;
- Set the right service delivery agreement prior to customers taking up the services offered; and
- provide comprehensive training and accreditation for sales teams with a specific focus on complaint drivers coming from sales.

For customer complaints, it is dealt with promptly, courteously and in accordance with urgency. We classify issues of complaints and what kind of resolutions are seeking. If the complaint is not resolved, we will determine what further action is required. We set up processes to log and analyze all complaints and share with the operation team. All complaints will be resolved in a timely manner.

### 6.6.5 Intellectual Property

Th Group understands that intellectual property rights constitute a valuable company asset. We thus strive to both protect these rights and use them effectively.

The Group's intellectual property helps us outperform our competitors. Our intellectual property is a sales credential that differentiates our Group from the rest of the market and highlights to clients the significant investment we have to create a unique value to them. The Group protects, retain and leverage its ownership in intellectual property rights during negotiations and engagements with clients, suppliers and other parties. The Group does not allow any employee to use, distribute, copy or remove client materials from a client site, without a written agreement.

For the past 5 years, our RF-SIM business is among the top investors in the innovation in Xiamen city. Our RF-SIM and CA-SIM product are arguably the 2 most successful products. The issued patent on these two products has won the group with multiple prizes.

For CRM business, China Elite, has granted the copyright by the National Copyright Administration of the PRC (中國版權局) for CALLVU application software (盛華可視化客服軟件) and call centre EUC application software (盛華呼叫中心軟件).

The Group is not aware of any material non-compliance or any violation of product liability related regulations during the reporting period.

### 6.6.6 Customer Data Privacy

In an environment with new and continually changing security threats, technologies, and legislation, protecting privacy and the security of personal and business data for our clients is essential to maintain the trust of clients and our employees.

Protecting our clients, employees, and our own data and operations is a challenge that requires us to continuously monitor and improve. The Group has undertaken appropriate measures whenever we access clients' confidential corporate data and safeguard technology and data through threat identification, risk mitigation and controls validation.

The Group has a comprehensive Information Security Management policy (信息安全管理制度) in place, which all employees are required to abide. The policy provides guidance for employees on the data control validation in business process. The Group wants the data privacy deeply embedded in the operations.

The Group continues to strengthen the Client Data Protection program which dictates how the Group protects the client's requirements. The Group has received ISO/IEC 27001 certification which is valid for three years and demonstrates that the Group is managing data safely and securely. The scope of the certification covers our client work from CRM project inception to completion as well as the Group's own business, including data, people, client's customer data and internal process.

Pursuant to contracts entered into between the Group and its customers and in compliance with the Hong Kong's Personal Data (Privacy) Ordinance (Chapter 486) and the relevant laws and regulations of Macau and the PRC, the Group is obliged to keep all such data confidential. In the event that there is a breach of confidentiality by the Group and data is leaked to third parties, the subscribers may take legal action against the Group's customers for losses. In addition, the Group's customers may exercise their rights under the contract to terminate the contract and proceed to institute legal proceedings to claim damages for any loss sustained as a result of the Group's breach. Therefore, contracts with customers set out general terms on compensation over such circumstances to protect the interests of the Group.

During the reporting period, the Group did not discover any circumstance of consumers' personal data being stolen, altered, damaged or leaked.

### 6.6.7 Awards and Recognition

The Group is committed to providing quality services and products. Our RF-SIM team is carrying out new innovation that benefits the IoT industry. We have obtained several awards for the contribution.

These are some of the awards we received up to the year of 2017.

Awards and Recognition	Description	Business that received them
The Best Telecommunication Service Outsourcing Enterprise	The distinctive award is a recognition awarded by Guangzhou City Government for being the best service outsourcing enterprise.	CRM Business
Top 100 China's Growing Service Provider of 2017	The distinctive award is a recognition awarded by China Council for International Investment Promotion for being the top 100 service provider.	CRM Business
Key Enterprises for Tax Purposes in Xiamen City	The distinctive award is a recognition awarded by Xiamen City Tax Bureau for being a Good Tax Payer.	RF-SIM Business
Xiamen Technology Advancement Award	The award was granted by the Xiamen City Government for the innovation of RF-SIM card product.	RF-SIM Business
Xiamen Patent Award	The award was granted by the Xiamen City Government to recognise the company patents granted for the innovation and inventions.	RF-SIM Business
Xiamen Intellectual Property Role Model Award	The distinctive award is a recognition awarded by Xiamen City Government for being role model company in protecting intellectual property.	RF-SIM Business
National Innovation Product Award	The distinctive award is a recognition awarded by Government Ministry for product innovation.	RF-SIM Business
High Tech Enterprises	The distinctive award is a recognition awarded by Government Ministry for being a technology company.	RF-SIM Business

### 6.6.8 Certifications

Likewise, the Group has been awarded international certifications that support compliance for the most demanding standards in different operational aspects of the Company. These are some of the certifications we received up to the year of 2017.

Certification	Description	Business that received them
<b>ISO 9001</b>	ISO 9001 is the international standard that specifies requirements for a quality management system. Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.	CRM Business
<b>ISO/IEC 27001</b>	ISO/IEC 27001 is an international standard regarding the information security management of a company. It is the main standard at the international level regarding information security.	CRM Business
<b>ISO 14001</b>	ISO 14001 standard demands the company to create an environmental management that includes environmental objectives and goals, policies and procedures to reach these goals, defined responsibilities, staff training activities, documentation and a system to control any changes and progress.	CRM Business
<b>BS OHSAS 18001</b>	BS OHSAS 18001 is a framework for an occupational safety and health management system. It contributes by helping positioning policies, procedures, and controls necessary to offer the best working conditions possible, aligned with the best international practices.	CRM Business

## 6.7 Anti-Corruption

Anti-corruption is a main commercial ethics principle among enterprises and the Group firmly refuses damages to the fair competition environment in society. The Group has established formal management policies to prevent bribery, fraud and leakage of information, which are stated in the Staff Handbook. All employees must comply with the requirements as specified in the Staff Handbook. The following is a summary of the anti-corruption contents in the Handbook:

Main principles:

- Encourage honest and ethical conduct, including handling conflict of interest honestly;
- Encourage comprehensive, fair, accurate, timely and readily understandable disclosure of information;
- Comply with the relevant laws and government rules; and
- Prevent wrongful conduct.

Employees must not use its relationship with the Company to gain personal advantage:

- An employee must not accept reward, gift, entertainment or other return from any entity that works for or provides service to the Company or attempts to commence business with the Company. Any present or gift regarded as business customs or social etiquette may be accepted only when its category, frequency and value are reasonable;
- An employee must not make profit for himself or others by using confidential or “insider” information; and
- An employee must not steal any business chance or opportunity for the benefit of himself or others.

Employees must not work for competitors of the Company after resignation or departure, and must not carry out related transactions with competitors:

- Within a certain period after the resignation or departure of an employee, he shall not act as director, senior management officer, cooperative partner, advisor or agent in any company which competes with any entity or department of the Company, or have material ownership interest in the competing company, as these have violated the duty of loyalty to the Company and are prohibited by the Company.

The Group has in place whistle-blowing procedure where employees can raise concerns on possible improprieties relating to internal controls, bribery, corruption, as well as any breach of the Code of Business Conducts and Ethics. Under this procedure, arrangements are in place for investigation of such matters raised and for appropriate follow up action to be taken.

During the reporting period, the Group had complied with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

## 6.8 Community Investment

As a responsible corporate citizen, the Group uses its expertise and resources to support the communities in which it operated in various ways. During the reporting period, the Group continues to focus on the following areas for community investment:



- Provide helping hands for people in need;
- Foster a healthy and green living environment in the community;
- Support local charitable events;
- Provide technology expertise for community services; and
- Provide training opportunities for young people.

The Group have participated in various voluntary events, and created a network to assist and support the people in need. The Group also encourage employees and their families to participate in volunteered activities sponsored or organised by the Group in order to bring positive impact to the community and society.

Our Guangzhou and Xiamen employees frequently participate in various types of voluntary services including being a voluntary helper in street to provide guidance and crowd control at community events. The Group also sponsors employees to take part in different activities organised by the local community.

The Group recognises that attracting the talents is important for our sustainable growth. We regularly recruit interns from local universities and college. We understand that internship opportunity is valuable for young people, which helps them to gain working experience. The Group will continuously support local youth employment programme in the local community which we operate.



- The internship program organised by the Group's CRM business for the students to learn about communication and marketing skill. The program involved 350 students from Guangzhou area.





► Employees and local community took part in the "Guess Riddles Night" event



► The "Guess Riddles Night" sponsored by the Group for the employees and local community to take part during the Mid-Autumn Festival



► The activity sponsored by the Group for the employees to take part in the local community event in Xiamen City

# Stock Exchange ESG Reporting Guide Content Index

Aspect, General Disclosures and KPIs	Description	Page and Remarks
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KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	8
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KPI A1.5	Description of measures to mitigate emissions and results achieved.	7 - 9
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	8
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KPI A2.2	Water consumption in total and intensity.	10
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	9 - 11
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	10
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<b>Aspect A3 : The Environment and Natural Resources</b>		
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<b>B. Social</b>		
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KPI B2.2	Lost days due to work injury.	0 Day
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	14 - 15

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