



中國首控集團有限公司
China First Capital Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1269

2019 Environmental, Social and Governance Report





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About the Report



The Report provides an update on the Group's work on ESG in the 2019 Financial Year, which mainly covers environmental and social issues that its stakeholders are concerned about and are related to the Group's sustainable development, to allow all stakeholders to better understand the Group's philosophy, relevant measures and performance, etc., in relation to sustainable development. The Group looks forward to providing objective and reliable non-financial information to stakeholders in the form of annual reporting, to promote stakeholders' understanding and participation to the Group's sustainable development. In order to gain a comprehensive understanding of the Group's relevant performance, the Report shall be read in conjunction with the Company's annual report for the 2019 Financial Year (in particular the Corporate Governance Report contained therein).

REPORTING BOUNDARY

The Report covers the Group's education operation business in China, financial services business in China and Hong Kong, and automotive parts business in China. Since the financial services business in Singapore has relatively insignificant environmental and social impact on the Group, it is therefore not covered in the Report. Unless otherwise specified, the disclosure period for information and data covered in the Report is the 2019 Financial Year, which is from 1 January 2019 to 31 December 2019.

BASIS OF REPORT PREPARATION

The Report was prepared in accordance with the ESG Reporting Guide. The Group discloses its management policies, strategies and targets on various environmental and social aspects in different sections of the Report. The Report was also prepared in accordance with the "comply or explain" provisions and reporting principles as set out in the ESG Reporting Guide, which include:

Materiality: The Group identified sustainability issues that were of paramount importance to stakeholders by conducting materiality assessment through an online survey in the 2018 Financial Year. Since there were no significant changes on the Group's business nature between the 2019 Financial Year and the 2018 Financial Year, the ESG Working Group re-examined the applicability of the existing sustainability issues pool for the 2019 Financial Year and updated the Group's sustainability issues pool with consideration given to the Group's business development direction and the materiality assessment results of 2018 Financial Year, while taking reference to the focus areas of companies in the same industry as well as international reporting guidelines. Subsequent to the Board's confirmation of the sustainability issues for the 2019 Financial Year, the disclosure focus of the Report was then formed for the Group to respond to stakeholders' concerns in a detailed manner.

About the Report *(Continued)*

Quantitative: Subsidiaries of each business segment have in place a customised data collection tool, continuously recording and monitoring environmental and social performance indicators that are relevant to their business natures. The Report provides the performance of various environmental performance indicators for the 2019 Financial Year and prior financial years to present annual performance changes and lay a foundation for the Group to set environmental performance targets in the near future.

Balance: The Report discloses the challenges faced and efforts put forth by the Group in its sustainable development management, reflecting the Group's state of operation objectively.

Consistency: Unless otherwise specified, data calculation methods and disclosure formats that are consistent with the past were used in the Report to ensure comparability.

SOURCE OF INFORMATION

The Group regularly collects information from subsidiaries of all business segments through its internal mechanism. Information cited in the Report is mainly sourced from the Group's statistics and official documents. The Board has undertaken to monitor the content of the Report, to ensure that it does not contain any false representations, misleading statements or material omissions.

APPROVAL AND ENDORSEMENT

The Report was confirmed by the ESG Working Group and was approved by the Board.

ACCESS TO THE REPORT

You can download the electronic version of the Report from the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.cfcg.com.hk.

STAKEHOLDERS' FEEDBACK

The Group strives for excellence. If you have any comments or suggestions on the work reported or ESG performance of the Group, you are welcome to share your valuable comments with us via email at ir@cfcg.com.hk.

Chairman's Statement



A portrait of the Chairman by Gong Taoyu (aged 15), a child of a Nanyang Cijan's employee

Dear stakeholders,

Over the past year, all levels of CFCG has responded positively to all kinds of challenges and tests in a united way, and have made encouraging progress in all of our businesses. We understand that today stakeholders are not only concerned about corporates' business performance, but also their sustainability performance. Therefore, we have formulated the sustainable development philosophy, which has become the purpose of our day-to-day operations. While we strive to generate greater investment returns for Shareholders, we endeavour to create values from sustainable development for all stakeholders. We strive to reduce the environmental and social impact of our operations through strong corporate governance practices and our commitment to the environment and society, putting efforts into turning ESG risks into opportunities, and moving towards the goal of sustainable development.

It is our dream and duty to enable every child to have the privilege to receive quality education. In 2019, we made unrelenting efforts to integrate high-quality educational resources of domestic and overseas, promoted cooperation and resources sharing amongst educational projects, deepened education and classroom reform, empowered the invested educational projects, and organised different kinds of educational activities for charity, aiming to become "a globally influential financial services group focusing on education", and spared no effort in realising our mission of "Finance Empowers Education, Education Lights Up Future".

Chairman's Statement (*Continued*)

The Group also continues to consummate its financial services system, bringing forth new financial products and services, and successfully obtained a sponsor licence in 2019. With our diversified financial services licences, we provided help to listing applicants and listed companies, and played an important role during their initial public offering, mergers and acquisitions and restructuring projects, enhancing our capabilities in delivering boutique investment banking services.

Only with the contributions of our talents can we gradually strengthen our business development. We are hence driven by our aim of being “people-oriented” to put in resources for the rights and benefits of our employees, offering them competitive promotion plans, remuneration and benefits to attract and retain talents. In the meantime, we organise professional trainings and educational charitable talks to provide our employees with a platform to grow, which also brings employees together, and allows them to give full play to their capabilities, working together to achieve the Group's operational targets. We are also very concerned about operational safety, providing our employees with a healthy and safe working environment to prevent, control and eliminate any occupational hazards, with an aim to achieve zero accident in our production process.

We are constantly looking for opportunities to put green operations and green office into practice, to combat climate change and to minimise our negative impact on the environment. It is the responsibility of each and every one of us to protect the environment and we focus on developing children's awareness and habits in this regard, actively promoting green education in schools, while raising employees' awareness on environmental protection alongside the implementation of a series of green office measures. Besides, the automotive parts business also put green manufacturing into practice, reducing the emissions of pollutants, as well as improving resource efficiency.

In 2020, we will continue to uphold the sustainable development philosophy, maintain close communication and work together with our stakeholders. We aspire to promote sustainable development in the industry while aiming to become the leader of the industry, bringing positive impacts to the society. We welcome your comments and we look forward to sharing with you our sustainability performance again.

Dr. Wilson SEA

Chairman and Executive Director



1. About CFCG

1.1 CFCG BUSINESSES

The Company is an investment holding company. Before 2014, the Group mainly engaged in the automotive parts business. Since the end of 2014, the Group has started to set foot in the financial services business, which provides services such as listing sponsorship, underwriting and placement, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing and migration finance. Since 2016, the Group has continued to diversify its business, with a mission of “Finance Empowers Education, Education Lights Up Future” and to establish a trinitarians interactive business model, which capitalised educational investment as base and both educational management service and educational financial service as cradles. The Group aspires to become “a globally influential financial services group focusing on education”.

Educational and financial resources worldwide

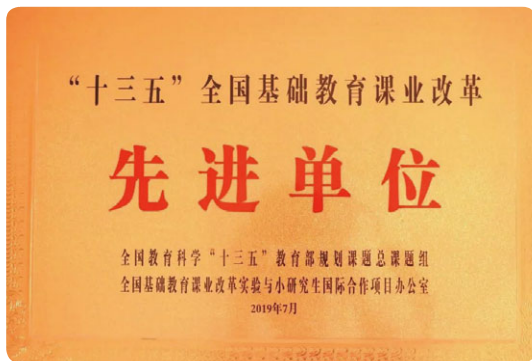


1. About CFCG (Continued)

1.2 AWARDS AND HONOURS



The Company was awarded the “Best Brand Value Award” and the “Best Sustainable Development Report” in the “2019 China Financial Market Awards” organised by China Financial Market



Jiangxi Xishan was conferred with the title of “National Advanced Unit for Elementary Education Schoolwork Reform under the 13th Five-Year Plan” in the 8th National Elementary Education Quality Forum and the Conference of Certification and Promotion of Experimental Results of Schoolwork Reform



The football team of Fuqing Xishan won the championship of the 2019 “JINGYINGBEI” Fujian-Guangdong-Jiangxi Youth Football Invitational Tournament, and was also awarded the “Best Coach” award, the “Best Player” award and the “Best Goalkeeper” award

1.About CFCG (Continued)



Students from Jiangxi Xishan won two gold, three silver and one bronze medals in 2019 Jiangxi Youth Martial Arts Championships



Edukeys Group was conferred the “2019 ACT GAC Outstanding Partner” award for the PGA high school international programme under its operation



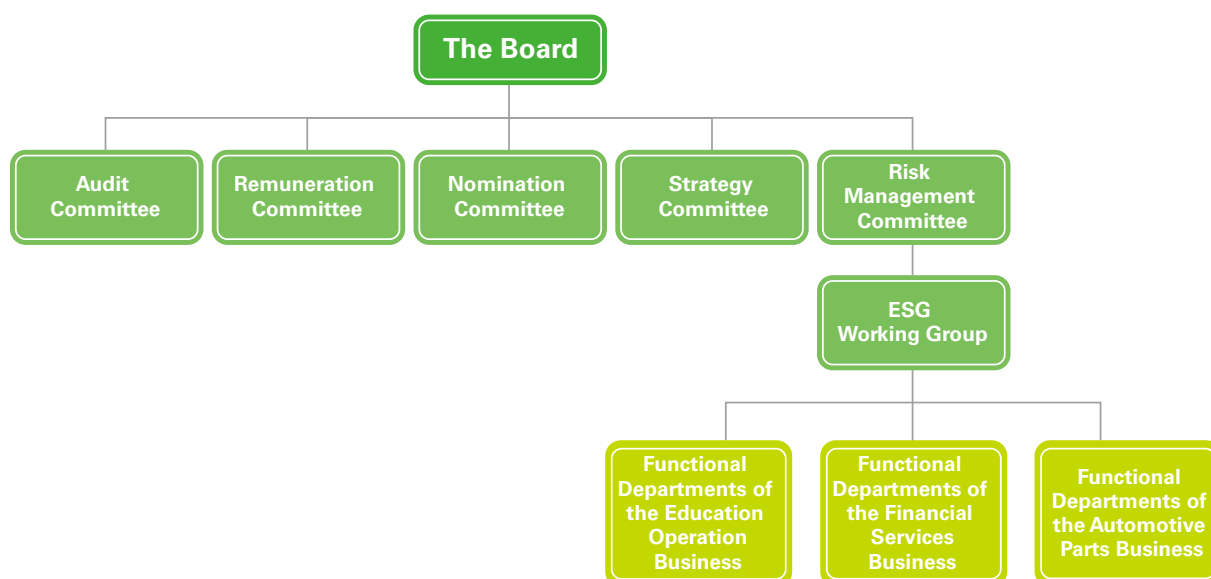
Nanyang Cijan was conferred with the honourable titles of the “Top 100 Private Enterprises in Henan Province” and the “Top 100 Private Manufacturing Enterprises in Henan Province”

2. Corporate Governance

2.1 ESG GOVERNANCE STRUCTURE

The Board is the top decision-making body of the Group for ESG management, and is ultimately accountable for the Group's ESG management policies, strategies and reporting. The Board has established five Board committees, among which the Risk Management Committee is responsible for deciding the risk level and risk tolerance of the Group, reviewing the Group's risk management and internal control systems, ESG policies and guidelines, to ensure the effective implementation of the risk management, internal control systems and ESG works. The Risk Management Committee also regularly reports to the Board on material ESG matters.

The Group has formulated an ESG Working Group to manage issues related to sustainable development. Functional departments of each of the business segment of the Group regularly collect ESG data and submit to the ESG Working Group. The ESG Working Group is led by the investor relations department of the Company. It works with responsible personnel of each business segment of the Group and assists business segments to implement ESG-related policies. It also conducts materiality assessment, prepares ESG reports, and from time to time reports to the Board and the Risk Management Committee on potential ESG risks and opportunities that the Group may come across. The ESG Working Group also regularly reviews and adjusts the Group's sustainable development strategy to meet the ever-changing expectations and demands of the Group's stakeholders.



2. Corporate Governance (Continued)

2.2 SUSTAINABLE DEVELOPMENT PHILOSOPHY

The Group actively performs its environmental and social responsibilities and develops sustainable development strategies to continuously reduce the environmental and social impacts of its business operations and further create sustainable development values for its stakeholders. The Group integrates the concept of sustainable development into all of its business segments and continues to promote sustainable development in its education operation, financial services and automotive parts business segments. Through a top-down and inside-out approach, the Group aims to have its management, employees and other stakeholders to adhering to the Group's sustainable development philosophy thoroughly, and to incorporate environmental and social responsibilities into their work and daily lives. The Board is fully aware of the importance of sustainable development to the long-term development of the Group, and treats creating long-term value for stakeholders as an imperative goal.



To implement the Group's sustainable development philosophy and to create long-term value for its stakeholders, we are committed to:

- Operating the Group's businesses with good ethical practices and in full compliance with relevant laws and regulations;
- Gradually integrating environmental education into the Group and encouraging stakeholders to contribute to environmental protection to reduce environmental impact;
- Protecting the safety and health of the Group's employees, customers and students;
- With regard to the education operation business, introducing domestic and international quality educational resources into general education, targeting to achieve quality education for the general public in order to offer elite education to every family and child;
- With regard to the financial services business, continuing to provide diversified financial services for all types of enterprises to support their development; and
- With regard to the automotive parts business, continuing to aim for "Top Quality and Customer Satisfaction", strengthening the implementation of its quality system and improving product quality and customer satisfaction.

2. Corporate Governance (Continued)

2.3 COMPLIANT OPERATION

The Group adheres to compliant operation, and all of our business segments have strictly complied with laws, regulations and industry regulatory requirements that have a significant impact on the Group's operations. To ensure that relevant internal control systems of the Group are in accordance with pertinent requirements at all times, relevant departments regularly review updates on current laws and regulations, make corresponding changes to the Group's policies, and at the same time provide compliance trainings to employees. Laws and regulations that the Group complies with are listed out in section 11 and descriptions on the compliance trainings provided by the Group are in section 6.4 of the Report.

The Group attaches great importance to employees' integrity and is committed to maintaining high ethical standards in its business operations and taking a zero-tolerance approach to any forms of corruption and bribery. The Group strictly complies with laws and regulations that have a material impact on the Group's operations in China and Hong Kong in relation to anti-corruption, and formulated relevant systems according to the industry norms of each business, implementing the concept of business integrity into practice in order to build a clean and honest working atmosphere. Anti-corruption measures carried out by each business are elaborated in sections 4.3, 5.1 and 5.2 in the Report. In the 2019 Financial Year, the Group was not aware of any confirmed cases or public legal proceedings relating to corruption that involved the Group or its employees.

3. Stakeholder Engagement

3.1 REGULAR COMMUNICATION

Stakeholder engagement is an indispensable process to the Group's promotion of sustainable development. The Group maintains good communication with stakeholders through effective communication channels to fully understand their views and expectations, allowing the Group to take into full account of stakeholders' major concerns when operational decisions are made. This is also conducive for the Group's formulation of the appropriate sustainable development policy as well as its realisation of corporate social responsibilities. The key stakeholders of the Group are organisations and individuals who are affected by the Group's operation or that may affect the operations of the Group, including the Shareholders, government and regulatory bodies, employees, students and parents, customers, suppliers, professional organisations and local communities. We communicate regularly with our stakeholders to foster reciprocity and mutual trust, to fully comprehend the focus of their concerns and to respond through different channels correspondingly. Our primary channels of communication with stakeholders, frequencies and focuses of their concerns are as follows:

Types of Stakeholders	Primary Communication Channels	Frequencies	Focuses of Stakeholders' Concerns
Shareholders	<ul style="list-style-type: none"> Annual/interim report Announcement/circular Annual/extraordinary general meeting Official website, email and hotline 	<ul style="list-style-type: none"> Half-yearly Occasionally Annually/occasionally Occasionally 	<ul style="list-style-type: none"> Investment return Corporate governance Operational compliance
Government and Regulatory Bodies	<ul style="list-style-type: none"> Annual/interim report Announcement/circular 	<ul style="list-style-type: none"> Half-yearly Occasionally 	<ul style="list-style-type: none"> Compliance with laws and regulations
Employees	<ul style="list-style-type: none"> Employee performance appraisal Meeting and training Email, WeChat, notice board, team building and festival activity 	<ul style="list-style-type: none"> Quarterly Regularly Occasionally 	<ul style="list-style-type: none"> Employee remuneration and benefits Occupational health and safety Employee development and training
Students and Parents	<ul style="list-style-type: none"> Daily interaction Parent-teacher conference Survey to understand teachers' moral behaviour Family visit Student satisfaction survey 	<ul style="list-style-type: none"> Occasionally Every semester Every two months Every summer vacation Every semester 	<ul style="list-style-type: none"> Teaching quality Student's health and safety Teachers' moral conduct

3. Stakeholder Engagement *(Continued)*

Types of Stakeholders	Primary Communication Channels	Frequencies	Focuses of Stakeholders' Concerns
Customers	<ul style="list-style-type: none"> Customer satisfaction survey Interview and site visit Customer service hotline and email 	<ul style="list-style-type: none"> Occasionally Occasionally Occasionally 	<ul style="list-style-type: none"> Excellent products and services Protection of customers' interests
Suppliers	<ul style="list-style-type: none"> Public tender Satisfaction assessment of suppliers Interview and site visit Meeting with suppliers 	<ul style="list-style-type: none"> Occasionally Occasionally Occasionally Annually 	<ul style="list-style-type: none"> Fairness and openness of procurement Win-win cooperation
Professional Organisations	<ul style="list-style-type: none"> Satisfaction assessment of professional organisations Email, hotline and interview 	<ul style="list-style-type: none"> Occasionally Occasionally 	<ul style="list-style-type: none"> Win-win cooperation
Local Communities	<ul style="list-style-type: none"> Media conference Charitable activity Donation Face to face interview Forum and seminar 	<ul style="list-style-type: none"> Occasionally Occasionally Occasionally Occasionally Occasionally 	<ul style="list-style-type: none"> Community engagement Awareness on environmental protection Supporting community development

3. Stakeholder Engagement *(Continued)*

3.2 MATERIALITY ASSESSMENT

The management of sustainable development is a dynamic process. We must continuously comprehend the ever-changing concerns and expectations of our stakeholders, and combine them with the Group's operational focus and our understanding of the external business environment. We regularly assess sustainability issues that are of paramount importance to our stakeholders and to provide them response in a timely manner. In the meantime, the assessment is also conducive for the Group to understand its possible sustainable risks and opportunities.

The Group conducted a materiality assessment in the 2018 Financial Year, which stakeholders such as the Shareholders, government and regulatory bodies, employees, students and parents, customers, suppliers, professional organisations and local communities were invited to participate in an online survey to rank the 12 environmental issues and 17 social issues of the Group according to their level of concern. Subsequent to analysis and validation by the Group's management, a total of seven environmental issues and eight social issues were considered to be of high importance, and were particularly elaborated in the 2018 ESG Report of the Company¹.

Since there were no material changes in the Group's business nature between the 2019 Financial Year and the 2018 Financial Year, materiality assessment through online survey had not been carried out again this year. The Group's materiality assessment process for the 2019 Financial Year is as follows:

The First Step – Analysis

The ESG Working Group re-examined the applicability of the existing sustainability issues pool for the 2019 Financial Year and updated the Group's sustainability issues pool with consideration given to the Group's business development direction and the materiality assessment results of the 2018 Financial Year, while making reference to the focus areas of companies of the same industry as well as international reporting guidelines. As the "recyclable and renewable materials in vehicles", "development of technology to reduce environmental pollution", "democratic management" and "green finance" issues received a lower level of concern from stakeholders in the materiality assessment of the 2018 Financial Year, and the fact that these issues are of lower consistency with the Group's business development direction, we decided to remove these four sustainability issues from the pool. On the other hand, to keep up with industry trends across all our business segments and to respond to them, the Group made reference to international reporting guidelines and the focus areas of companies of the same industry, and decided to include "customer privacy protection", "environmental education and publicity/practice", "development of innovative curriculum and diversified education", "sensitive and personal information protection for students, teachers and parents" and "new product development and technological innovation" into the sustainability issues pool of the 2019 Financial Year. After review and update, the sustainability issues pool of the 2019 Financial Year comprises of 11 environmental issues and 19 social issues.

¹ For more information on the materiality assessment of 2018 Financial Year, please refer to the 2018 ESG Report of the Company.

3. Stakeholder Engagement *(Continued)*

The following table outlines the sustainability issues pool of the Group for the 2019 Financial Year:

Environmental Issues	Social Issues
1. Air emissions and management	1. Occupational health and safety
2. Wastewater discharge and management	2. Employee remuneration and benefits
3. Solid waste handling and management	3. Employee development and training
4. Water usage and efficiency	4. Employment policy
5. Energy usage and efficiency	5. Labour standard
6. GHG emissions and efficiency	6. Customer complaint handling mechanism
7. Use of new, renewable or clean energy	7. Supply chain management
8. Environmental education and publicity/practice [#]	8. Product responsibility
9. Green office	9. Skills and qualities of teachers
10. Management of environment and natural resources	10. Development of innovative curriculum and diversified education [#]
11. Use of packaging materials	11. Customer privacy protection [#]
	12. Community engagement and contribution
	13. Product recall procedures and rate
	14. Prohibition of misleading advertising and labelling
	15. Sensitive and personal information protection for students, teachers and parents [#]
	16. Customer service
	17. Students and parents satisfaction rate
	18. New product development and technological innovation [#]
	19. Anti-corruption and whistleblowing procedures

[#] Issues that are newly added into the pool of sustainability issues in the 2019 Financial Year

The Second Step – Assessment

Following the update of the sustainability issues pool, the ESG Working Group led a discussion with the Group's management and the responsible personnel of all business segments to examine and adjust the level of importance of each sustainability issue in the pool. A total of 8 environmental issues and 12 social issues were considered to be of high importance for the 2019 Financial Year.

The Third Step – Confirmation

The ESG Working Group presented the materiality assessment results to the Board for review and confirmation of the issues of high importance for the 2019 Financial Year.

3. Stakeholder Engagement (Continued)

The Fourth Step – Evaluation

The Group regularly communicates with stakeholders as a mean to evaluate the issues of high importance and the impact they bring forth to ensure that the Group's sustainable development direction is in line with stakeholders' expectations.

The Report elaborates in the subsequent sections the work and progress made by the Group in the 2019 Financial Year regarding the 8 environmental issues and the 12 social issues that were considered highly important. We will strengthen our emphasis on managing the issues of high importance in our operations by formulating appropriate strategic policies, making policy improvements, and by setting long-term goals, as a continual process to respond to stakeholders' expectations, and in the meantime, reporting on the efforts we put forth on ESG.

The following table lists out the issues of high importance of the Group for the 2019 Financial Year:

Issues of high importance	Aspect	Corresponding sections in the Report
1. Air emissions and management	Environment	7.1 Environmental Impact
2. Wastewater discharge and management	Environment	7.1 Environmental Impact
3. Solid waste handling and management	Environment	7.1 Environmental Impact
4. Water usage and efficiency	Environment	7.2 Use of Resources
5. Energy usage and efficiency	Environment	7.2 Use of Resources
6. GHG emissions and efficiency	Environment	7.1 Environmental Impact
7. Use of new, renewable or clean energy	Environment	7.2 Use of Resources
8. Environmental education and publicity/practice [#]	Environment	7.3 Environmental Education
9. Occupational health and safety	Social	6.3 Health and Safety
10. Employee remuneration and benefits	Social	6.1 Nurturing Talents
11. Employee development and training	Social	6.4 Growing with CFCG
12. Employment policy	Social	6.1 Nurturing Talents
13. Labour standard	Social	6.1 Nurturing Talents
14. Customer complaint handling mechanism	Social	5. Excellent Products and Services
15. Supply chain management	Social	4.4 Comprehensive Backend Support 5. Excellent Products and Services
16. Product responsibility	Social	4. Excellence in Education 5. Excellent Products and Services
17. Skills and qualities of teachers [#]	Social	4.3 Quality Educational Resources 6.4 Growing with CFCG
18. Development of innovative curriculum and diversified education [#]	Social	4.2 Diversified Education Model 4.3 Quality Educational Resources
19. Customer privacy protection [#]	Social	5. Excellent Products and Services
20. Community engagement and contribution	Social	8. Community Investment

[#] Issues that were newly added in 2019 Financial Year and were considered as high importance, or issues that were adjusted from low importance to high importance

4. Excellence in Education



4.1 EDUCATIONAL PHILOSOPHY

Allowing every child to enjoy quality education is not merely a dream of every educator, but also a huge responsibility for them to bear. The Group is committed to the original thoughts of “Whoever you are, you have a right to learn” and “Everyone can become a successful man”, with the mission of “Finance Empower Education, Education Lights Up Future”. The Group incorporates advanced educational concepts and methods with its international insight, allocates quality eastern and western educational resources, and supports holistic education and quality education for the general public in order to offer quality education to every family and child, and light up the journey of success for every child.

The Group explores potential educational projects through our strategic composition of the education industry, and achieve industry empowerment and value creation of educational projects through diversified financial, management and operational services, aspiring to bring benefits to children in every family and to drive the society as a whole to move towards quality education for the general public.

4.2 DIVERSIFIED EDUCATION MODEL

The Group regards diversified education as its educational aim, and aspires to stimulate students’ potentiality in both brainy and brawny activities with unique style through bringing them education models with distinctive features.

4. Excellence in Education *(Continued)*

Cultivating Every Students' Unique Personality

The distinctive features of each school bestow them an expression of uniqueness. For this reason, the Group advocates diversified education models and runs “refined, distinctive and internationalised” schools of excellent quality and emphasises on developing every student’s global vision and unique personality.



Yinghua School

Yinghua School adopts a modern quality education model and makes every effort to enable students to learn to be a decent man, to live, work and aestheticise from every education opportunity. In addition to the fundamental courses required by the state, the school also provides diversified courses such as software programming, calligraphy and martial arts, and organises “Moral Education Lecture” as means to construct a learning system that combines the school with moral education, promoting all-round development of students and ensuring that every child is provided with the best development opportunities in all aspects.



Xishan Schools

“All are for the development of children” has always been the educational aim of Xishan Schools. The school teaches students according to their aptitude, and “Consider classroom learning as principal, with sports and arts as distinctive features”. The school strives to develop students’ characters through a solid foundation of martial arts and football education, providing students with expertise a good growing environment and opportunities for development.



Singapore Raffles Music College

Singapore Raffles Music College is a tertiary music institution that aims at nurturing future musicians, music production and music management talents. The institution has a team of competent teachers that comprises of certain well-known professional music educators as teachers and visiting professors.

4. Excellence in Education (Continued)

Developing Every Student a Global Vision

To bring about students to achieve their dreams in pursuing education in prestigious schools overseas and to pave the way for their future, the Group has been dedicated to the integration of international courses, placing emphasis on the personalised development and the development of integrated capabilities of students. We also provide students with study exchange opportunities to enrich their horizons and knowledge throughout their learning journey, leading them a step forward to their dreams.



PGA 

海外名校直通车
高中国际留学课程 您的最佳选择

Easy Access to Elite Overseas Universities
PGA – Your Top Educational Choice

13年高中国际教育专注力度
13 years' devotion to international high school education

16年海外教育交流实践经验
16 years' experience in international educational exchange

20余所全球顶尖高中合作校
Cooperation with over 20 key Chinese high schools

近260名全球顶级中外师资团队
An excellent team with nearly 260 top-class Chinese and foreign teachers

超4000余名高中生实现海外名校梦
Success in helping over 4000 high school students realize their dreams of studying at leading foreign universities

Edukeys Group

Edukeys Group is the operator of the PGA (Project of Global Access) high school international programme. The programme is customised according to the features of the high school education in China in order to make it more suitable for Chinese students, and has become an influential and professional brand in the sphere of running basic education business internationally. Currently, over 95% of PGA graduates were admitted to the top 100 prestigious universities in the United States, which gained the company the reputation as a “direct train to prestigious schools”.



Kingsley School

Established in 1884, Kingsley School is a long-established private co-educational boarding school located in the coastal region of South West England, admitting students from nursery to high school.

In 2019, Kingsley School has become sister schools with Yinghua School and Xishan Schools, such that they could share their respective strengths and exchange and cooperate in various areas. In the summer holiday of 2019, the students of Kingsley School and Xishan Schools jointly launched the “Limits Breaker Xishan-Kingsley International Summer Camp”, while students from Yinghua School went for a 14-day study tour at Kingsley School.

4. Excellence in Education (*Continued*)

4.3 QUALITY EDUCATIONAL RESOURCES

Teaching Management and Outstanding Teachers

The Group believes that the teaching quality of teachers is one of the important factors in determining the quality of a school. The Group ensures the quality of every stage of the teaching process through an excellent team of teachers, together with organised teaching management. In the meantime, the Group works together with renowned educators to promote education and classroom reform, and commits to taking teaching quality to a higher level.

In June 2019, the Central Committee of the Communist Party of China and the State Council issued the *Opinions on Deepening the Reform of Education and Teaching and Comprehensively Improving the Quality of Compulsory Education*, which called for the development of quality education, improvement of classroom teaching quality, and building of high calibre and professional teaching teams. Meanwhile, increased financial support will be devoted to the establishment of teaching teams, the reform of education and teaching, and better education quality, which brings the compulsory education reform into a new era. To further improve teaching quality, Xishan Schools have been upholding the teaching philosophy of “Building a happy classroom, shaping a beautiful mind”. Xishan Schools formulated various measures to implement classroom reform systematically and in stages in order to improve students’ academic results and their wellbeing at school, as well as to provide professional development for teachers, enhancing Xishan Schools’ way in running schools ultimately.

Xishan Schools encourage teachers to focus on the research of classroom and education reform and collect excellent lesson plan designs, video recordings of teaching, case studies and discussion papers, etc., for the purpose of enhancing their achievements in classroom reform. Apart from the basic induction trainings for new teachers, Xishan Schools also adopted a one-year mentoring programme between “the Experienced and the New”, allowing experienced teachers to lead new teachers on class preparation, classroom teaching, lesson planning, classroom management and other areas, enabling new teachers to quickly adapt to Xishan Schools’ teaching culture, and at the same time infusing fresh elements into Xishan Schools. In addition, Xishan Schools developed an innovative teaching competition system, aiming to improve teachers’ teaching management through organising activities such as the “Class teacher work experience exchange speech contest” and the “Teaching skills competition”.



Case study 1

Fuqing Xishan organised the “Class teacher working experience exchange speech contest”

Fuqing Xishan organises the class teacher working experience exchange speech contest twice a year, to allow outstanding class teachers of different departments to share their management experience, so that other teachers can seek for a teaching management approach that suits the best for themselves and their students.

4. Excellence in Education (*Continued*)

The Group's recruitment process gatekeeps teachers' quality. Teachers employed by the Group are mostly full-time teachers who graduated from teaching schools and fit the employment conditions of teachers as stipulated in the *Teachers Law of the PRC* and the *Regulations on the Qualifications of Teachers*.

In order to put China's President Xi Jinping's important remarks on nurturing virtues of teaching teams, the Group actively strengthens training in this regard, and continuously improves the long-term mechanism for maintaining teachers' virtue.

Fuqing Xishan set 2019 as "the year of nurturing virtues of teachers", and accordingly established a leadership team and office for the publicity and implementation of all activities on the development of teachers' Virtue. All teaching staff of Fuqing Xishan signed the *Letter of Undertaking of Maintaining Teachers' Virtue*, and students' opinions on teachers' moral behaviour are collected through survey. In addition, Fuqing Xishan formulated *The Fuqing Xishan Implementation Plan for Handling Gift, Gratuity and Red Packet*, prohibiting all teaching staff from accepting any forms of benefit or gift, for the purpose of setting a good example for students in their everyday lives.

In order to prevent and manage fraud risk systematically, Yinghua School established a Disciplinary Inspection Committee and formulated the *Jinan Shijiyinghua Experiment School Anti-Fraud and Whistleblowing System*. In the meantime, the school set up reporting message box and hotline to encourage employees to report on any suspicious fraud cases directly to the school's audit department, which the department will carefully handle the reportings and conduct proper investigations in accordance with the whistleblowing procedures to ensure that whistleblowers are protected during their assistance to investigations.

Innovative Classroom Features

The Group's success in running schools not only relies on its teachers quality and teaching management, but also on its perseverance in exploring curriculum innovation. In order to enable students to fully unleash their potential, the Group shifted from conventional education into life-wide learning to inspire students to unleash their potential and creativity in every way and to cultivate their uniqueness through diverse forms of classes and education programmes with distinctive features.

Launched the School-based STEAM Curriculum System

The Group keeps pace with the mainstream educational development, and shifted from the "Science, Technology, Engineering and Mathematics (STEM)" education to the "Science, Technology, Engineering, Arts and Mathematics (STEAM)" education, actively engaging in quality literacy education focusing on STEAM education.

4. Excellence in Education (*Continued*)

What is STEAM education?

- STEAM curriculum is a curriculum designed to integrate different subjects, and is scientific exploration-oriented that combines with the applications of scientific and engineering methods. STEAM education encourages students to have hands-on learning experience. As compared to the conventional unidirectional teaching model, STEAM education allows students to develop their hands-on skills, collaboration skills, etc., making it easier for students to remember what they have learnt.

Jiangxi Xishan was the first batch of schools that launched the STEAM education in Jiangxi Province, and conducted rigorous R&D on the school-based STEAM curriculum system with the efforts of respective subject teachers. From organising teacher exchange programmes, to setting up a designated STEAM classroom, Jiangxi Xishan has incorporated the teaching elements of STEAM into its overall curriculum planning.



4. Excellence in Education (Continued)

Building Schools with Sports and Arts Features

In the traditional exam-oriented education model, little attention was paid to arts and sports as many parents worried that children's participation in arts and sports activities would affect their academic results. However, the Group believes that arts and physical education is an indispensable part of the development of quality education, and has been upholding the teaching model that "considers classroom learning as principal, with sports and arts as distinctive features" throughout the years. Meanwhile, Chinese President Xi Jinping emphasised at The National Education Conference 2018 the importance to "cultivate socialist builders and successors with all-around moral, intellectual, physical and aesthetic grounding", which strengthened the Group's determination to continue to improve our arts and physical education system, and to bring the conventional exam-oriented education back to life.

The Group organises a wide range of sports and arts interest classes according to students' preferences, providing an all-around platform for students to practice arts and sports. Moreover, Fuqing Xishan and Jiangxi Xishan have been identified as "National Specialist Youth Football Schools", showcasing the Group's remarkable achievements in its arts and physical education.



4. Excellence in Education (Continued)

Becoming an International Montessori Teaching and Research Base

The kindergarten of Fuqing Xishan became an International Montessori teaching and research base, where children are taught to live, learn, work and socialise in a free, relaxed and happy environment, laying a good foundation for children's all-round development.



Case study 1

The kindergarten of Fuqing Xishan started mixed-age classroom teaching

The kindergarten of Fuqing Xishan started mixed-age classroom teaching, permitting younger children to learn from older children through observation, imitation and participation, while older children can gain self-confidence, sense of responsibility and leadership by working independently or by assisting younger children to grow.



Case study 2

Experiencing traditional Chinese culture through the practice of tea culture

Integrating Chinese ancient civilisation with tea ceremony, the kindergarten of Fuqing Xishan aimed to teach children manners and etiquettes through the practice of tea culture, allowing them to experience traditional Chinese culture and at the same time to practice hand-eye coordination.

4. Excellence in Education (*Continued*)

Empowering Learning Through Technology

The rapid development of science and technology has led to an increasingly extensive application of multimedia technology in learning platforms, which not only allows teachers to teach with modern techniques, but also improves classroom interaction and students' engagement.



Case study 1

Fuqing Xishan applies multimedia tools in teaching

Fuqing Xishan introduced smart and interactive electronic whiteboards into classrooms, enabling teachers to bring rich teaching elements to classrooms through easy-to-use tools. Ideas are then vividly presented through writing and drawing on whiteboards, mind maps drawing and classroom games setting, stimulating our students to get excited about learning.

4.4 COMPREHENSIVE BACKEND SUPPORT

Students are substantial stakeholders of the Group, and protection of students' safety is the responsibility of the school as well as the responsibility of every teaching staff. The Group is committed to enabling students to enjoy the pleasure of learning in a safe environment, while strictly complies with China's laws and regulations in relation to students' safety that have a significant impact on the Group's operations. The Group formulated the *School Safety Management Manual* for schools under its management, which enable employees of different job positions to effectively manage and implement measures related to the daily safety of schools, ensuring the personal safety and mental health of students so that their parents could have full confidence in our schools.

4. Excellence in Education (*Continued*)

Campus Safety

Each year, schools of the Group set annual safety targets to effectively prevent all kinds of accidents through strengthening safety education and safety management, with safety measures being put into practice. At the beginning of each semester, Xishan Schools arranged teaching staff to sign the *Letter of Safety Responsibility*, which the responsibilities of each teaching staff for the implementation of safety programmes were clearly defined. In the 2019 Financial Year, there were no campus safety incidents at our schools that had a significant impact on our school operations.

As schools operated by the Group are all boarding schools, where students spend most of their time at, teaching staff are therefore arranged to provide care to students during classes, rest periods at dormitories and meal breaks, looking after students in every possible detail. Meanwhile, schools strengthen gatekeeping management to ensure that each school gate is equipped with security guards and a complete set of security equipment, strictly controlling the entry and exit of personnel and vehicles.



Case study 1

Safety equipment at the student dormitories of Fuqing Xishan

Fuqing Xishan is concerned about the safety of students at every corner of the campus, and has installed safety barriers at the corridors of the student dormitories.

Football and martial arts are the distinctive features of Xishan Schools, many students spend time practising them after class. Yet, students are prone to injury during training. Xishan Schools always put safety at first priority, they formulated the *Football Training Safety Precautions and Emergency Response Measures for Injury* and the *Martial Arts Training Safety Measures*, stipulating areas for students to pay attention to during practices, for example, requirements stipulated for training venue, student's sports equipment, warmups, post-training recovery, etc. Furthermore, the guidelines also outline the appropriate treatment in the event of an injury of a student, so as to ensure that all injuries are promptly handled.

4. Excellence in Education (Continued)

In addition to day-to-day campus safety work, the Group also formulated emergency response plans for all kinds of campus emergencies such as typhoons and rainstorms, fire accidents and public health accidents, to ensure that teaching staff and relevant departments are able to act immediately and take appropriate measures as stipulated in the plans in any event of accidents.



Case study 1

Yinghua School conducted fire emergency drills

Yinghua School conducts fire emergency drills regularly to inspect teachers and students' emergency response capacities under simulation exercises.

Food Safety of School Canteens

The Group attaches great importance to food safety at school canteens, to prevent students suffering from food poisoning or other foodborne illness. Schools of the Group formulated the *Regulations on the Hygiene Management of School Canteens and Students Eating Together* and the *Health Management System for Employees of the Catering Department*, stipulating hygiene requirements and monitoring methods for canteen equipment and catering staff. Meanwhile, all catering staff are required to receive the *Health Certificate* and have regular health check-ups. In the 2019 Financial Year, there were no incidents related to food safety at our schools that had a significant impact on their operations.

To further ensure food safety, schools operated by the Group formulated the *Food Procurement System of School's Catering Department*, which stipulates that canteen food buyers must purchase food from business units with health permits and that could provide a stable supply, and refrain from purchasing substandard goods that do not have a date of production, quality certification and name of manufacturer shown on goods, or from purchasing food that have past their expiration dates or have gone bad. Schools set "Quality, Cost, Delivery and Service" as the basic principles for procurement, with "Quality" being the most important factor to ensure that food purchased are fresh and in good hygiene condition.

4. Excellence in Education *(Continued)*

“A Code for Each Product” food safety information traceability management platform

- Fuqing Xishan made use of the “A Code for Each Product” platform to understand information related to the production chain of each piece of food “from farm to table”, which also enabled the school to have a comprehensive understanding of the food safety information of each supplier, strengthening the school’s identification and control of food safety risks, and allowing the school to monitor and have an early warning system for food safety risks.

Schools of the Group carry procedures for reviewing and grading suppliers, which are being reviewed annually. Suppliers who are graded as unqualified will be blacklisted by the schools according to the *Supplier Supervision and Management Approach*, and the cooperation will be terminated immediately.

Students’ Mental and Physical Wellbeing

The Group places high emphasis on students’ physical wellness, arranges annual health check-ups for its students, and communicated health knowledge to students through health talks. Furthermore, the health service department of schools regularly provides teaching staff with trainings in relation to hygiene, medication and health, on topics such as common infectious disease in schools and first aid knowledge, enabling teaching staff to take appropriate measures promptly whenever they are aware of a suspected outbreak of an infectious disease.

The Group also pays considerable attention to students’ mental wellbeing, promoting mental health knowledge to students through measures such as, setting up psychological counselling rooms, developing school-based psychology courses, organising mental health talks, designing classroom bulletin boards and establishing online mental health education columns, supporting students to grow up healthily.

Privacy Protection for Students and Parents

In addition to campus safety, the Group is also very concerned about the privacy protection for the personal information of students and parents, which are kept in strict confidence by schools with responsible personnel assigned for information management. Students’ information was submitted by their class teachers directly to the school’s information management office to reduce the possibility of information leakage. In the 2019 Financial Year, schools operated by the Group did not receive any complaints regarding privacy matters.

4.5 SUGGESTIONS CHANNELS

While the Group continues to improve its teaching quality, it has always maintained a two-way communication with students, parents and the community to understand their ideas and suggestions for the schools. Schools communicate with stakeholders to explore improvement areas in teaching and daily management through setting up opinion collection boxes in schools and on their official websites, launching official WeChat groups, arranging regular parent-teacher conferences, etc.

4. Excellence in Education (*Continued*)

Mechanism for Continuous Communication with Students and Parents

Schools operated by the Group formulated the *Complaint Handling Mechanism for Employees, Students and Parents*, which the complaints are being classified weekly by responsible personnel and are summarised and passed on to relevant teachers or departments to respond to one-by-one, ensuring that students and parents receive satisfactory responses to their inquiries.

Types of complaints	Schools' responses to complaints
Room for improvement regarding class teachers' communication with parents	<ul style="list-style-type: none"> Involved class teachers received criticisms and were requested to foster communication with parents Involved class teachers were requested to promptly communicate with parents and show tender loving care to students
The value of students' monthly meal card was not adjusted based on the price increase of canteen food	<ul style="list-style-type: none"> The catering department immediately reported to the principal and jointly decided to increase the value of students' monthly meal card starting from the month the complaint was received

4.6 SCHOOL ADVERTISING MANAGEMENT

Schools operated by the Group conduct in-depth analysis according to market demand and the advertising characteristics of competitors so as to determine advertisement objectives and themes. Advertising content must be approved by the principal to ensure that all advertising claims made were true to avoid any forms of misinformation to parents and students.

Apart from traditional marketing channels, schools operated by the Group often share the daily lives of students with parents and other stakeholders through social media. Xishan Schools were aware of the risks of intellectual property infringement, and formulated the *Measures for the Risk Prevention of Intellectual Property Infringement of the Marketing Department* and the *Xishan Schools Specifications for Issuing Press Releases on Websites*, regulating the use of images, articles and music in any publications of Xishan Schools while encouraging the use of originals. Proper referencing is made when others' work is used. To avoid copyright infringement, all externally published materials are required to be reviewed by the head of marketing and the principal, to ensure that all materials are being carefully checked at all levels. In the 2019 Financial Year, schools operated by the Group were not aware of any violations of laws and regulations relating to advertising or intellectual property rights that have a significant impact on their operations.

5. Excellent Products and Services

The Group endeavours to provide excellent products and services to our customers, while strictly complies with laws and regulations that have a significant impact on the Group's operations in China and Hong Kong in relation to the health and safety, advertising, labelling and privacy matters of its products and services. In the 2019 Financial Year, the Group was not aware of any violations of the laws and regulations that had a significant impact on the Group relating to the health and safety, advertising, labelling and privacy matters of the products and services provided by the Group.

5.1 DIVERSIFIED FINANCIAL SERVICES

The Group has established a sound financial services business system with diversified financial service licenses, providing services such as listing sponsorship, underwriting and placement, dealing in securities, financing consultancy, merger and acquisition agency, financial advisory, asset management, private equity fund management, credit financing, and migration finance. The Group strictly complies with the *Code of Conduct for Persons Licensed by or Registered with the SFC* and the codes and guidelines related to the *SFO*.

The Group firmly believes that honesty, integrity and equity are the fundamental values of doing business, and is committed to operating through best practices and with ethical standards upheld. In order to bolster the Group's anti-corruption management, we formulated the *Compliance Manual* and provided employees with trainings of integrity and conduct. To ensure that all employees of the Group are financially sound, competent, honest, reputable and reliable in order to allow customers to use the Group's financial services with confidence, employees of the Group are required to make a self-declaration on their performance in areas such as honesty, capability and financial soundness. We formulated the *Conflicts of Interest Policy* for the identification and management of conflicts of interest, requiring employees to avoid any forms of conflicts of interest and proactively report personal conflicts that have occurred, demanding employees to uphold integrity at all times.

The Group formulated the *Anti-Money Laundering and Counter-Financing of Terrorism Policy and Procedures*. Prior to providing services to customers, we conduct the Know Your Customer (KYC) due diligence and complete the Risk Profiling Questionnaire. This allows us to understand customers' knowledge and experience on investment products, current financial position and investment objectives and expectations. This could help us to have a clear understanding of the actual risk acceptance of customers. Meanwhile, it also provides our customers with a full picture of the products and their associated risks and expected results. Meanwhile, this policy is also conducive to preventing and discerning any forms of bribery, extortion, fraud and money laundering led by customers or employees, to avoid any illicit financial flows used for financing terrorism activities through the Group. We will report to relevant authorities for any suspicious transaction.

The Group attaches great importance to the protection of customers' privacy, formulated the *Measures for the Management of Customer Privacy Protection* and entered into a confidentiality agreement with each customer. The Group employs an encrypted user management system to regulate the access of the personal data collected which only authorised employees are granted with access. In addition, the Group is also highly concerned about the collection and handling of customers' personal data and established the *Personal Information Collection Statement*, to ensure that customers' information is used in a proper manner.

5. Excellent Products and Services *(Continued)*

The Group also has a *Business Contingency Plan*, where contingency measures were established for our securities trading business. Due to the instability of the electronic trading platform, responsible personnel of relevant department will initiate a direct connection to the temporary trading platform of the Stock Exchange in the event of any interruption of the online trading platform, and at the same time the information technology department will be notified to follow-up and carry out emergency remedial works. Concurrently, all customers will be informed of the disruption of the trading system by text message or email. The information technology department will subsequently verify the cause of the system disruption with the software vendor and develop a programme to avoid the recurrence of the same type of incident.

The financial services business of the Group collects customer complaints mainly by issuing opinion forms occasionally and setting up customer service hotlines and emails. Responsible personnel investigates written or verbal complaints from customers of the Group by grading the complaints into different levels and responding to them within three days.

The Group developed the *Guidelines for Production of Marketing Materials*, stipulating that all marketing materials shall meet regulatory requirements, and in addition, materials that contain information that may be subject to copyright or licensing restrictions could only be reproduced, distributed or used when necessary permissions or licences are obtained and the fees are paid.

Major suppliers of the financial services business of the Group are financial institutions. Legality, safety and quality are fundamental considerations in the selection of financial service providers. Financial service providers must be licensed institutions or enterprises that are socially responsible, financially sound and compliant to local laws. The Group regularly reviews whether suppliers have been condemned or penalised by local regulatory bodies.

5.2 QUALITY AUTOMOTIVE PARTS

The Group places high emphasis on the quality of products and sets “Top Quality and Customer Satisfaction” as the core value of the Group’s automotive parts business, targeting to become a world-renowned automotive parts company to achieve “Where there is a car, there is Cijan”. As a national high-tech enterprise, Nanyang Cijan was conferred the title of the “Top 100 Outstanding Suppliers of Automotive Parts in China” for consecutive years, and its material laboratory was also successfully recognised by the SAIC Volkswagen Automotive Co., Ltd.



What are automobile shock absorbers?

Automobile shock absorbers are used to suppress the vibrations and impacts from road surface when the suspension system is impacted, so as to improve automobile stability and passenger comfort when driving, and are usually mounted above the wheels of the car.

The automotive parts business of the Group has a comprehensive quality management system, which has successfully obtained the ISO9001 Quality Management System certificate, the IATF16949:2016 Automotive Quality Management System certificate, the QS9000 and VDA6.1 quality system certificates and other qualifications.

5. Excellent Products and Services *(Continued)*

Quality Control

The Group implements full monitoring of product safety and quality and executes a triple-inspection system in its production process, i.e. the “First Inspection, Patrol Inspection and Final Inspection”. The Group also keeps abreast of the latest production situation and quality performance through performing real-time data collection by the Manufacturing Execution System, providing timely feedback to responsible personnel on the implementation of the production plan allowing them to respond quickly to any emergency at the production site. Since shock absorber is not a hazardous product, it poses no health risk to consumers. We customise product labels according to the requirements of our customers with instruction manuals formulated for each product accordingly. Specialised personnel are then arranged to perform checking on the product labels to ensure that all information is correct. Furthermore, the Group provides “three guarantees” service to automobile manufacturers, which we will repair, replace or return all products with safety issues. As the Group mainly works with automobile manufacturers, end-consumers can contact automobile manufacturers directly for any problems found in the product. In the 2019 Financial Year, the automotive parts business of the Group did not recall any products sold due to safety and health reasons.

The automotive parts business of the Group performs quality control strictly at all stages of the production of shock absorbers through a wide range of measures, for instance, putting up “reminder signs for critical quality control procedures” next to factory production lines, reminding employees the common reasons of non-conforming products. The Group also puts up quality control slogans in the factory to promote its core value of “Top Quality” to its employees. Each shock absorber produced by the Group is subject to rigorous quality testing to ensure that the products we produced are of excellent quality and meet customers’ requirements.



Case study 1

Test lane for automobile shock absorbers

High-quality automobile shock absorbers keep vehicles stable and comfortable when driving on different road conditions. Therefore, Nanyang Cijan set up test lane inside the factory to test the performance of different types of shock absorbers on different road conditions, such as smooth cemented road and gravel roads, to ensure that the shock absorbers are up to standards.

5. Excellent Products and Services (Continued)

Supplier Management

To ensure product quality and safety, the automotive parts business of the Group established a sound *Suppliers Management System* to regulate raw materials procurement. Nanyang Cijan performs on-site reviews with all potential suppliers, and suppliers should meet the requirements on quality, product development capabilities, product compliance, production capacity and cost control capabilities. They are also required to be certified with the ISO/TS16949 or the ISO9001 Quality Management System. In addition to strict quality control requirements, Nanyang Cijan also gives priority to the procurement of products with less negative environmental impact, actively promoting green procurement.

Nanyang Cijan reviews all suppliers annually according to their incoming product quality inspection passing rate, rectification rate of service quality, number of after-sales complaint, timeliness of delivery and price trend, and suppliers are graded into three categories, A, B and C, where unqualified suppliers are categorised as C-grade. Suppliers who are graded as unqualified are required to carry out prompt rectification. If no improvement is made within a specific period of time, the supplier shall fall into the *Unqualified Supplier Register* and shall not be invited to participate in any tender. In the 2019 Financial Year, a total of three suppliers were categorised as C-grade by Nanyang Cijan due to quality, timeliness of delivery and degree of cooperation issues, and were eliminated from our supplier register.

Customer Satisfaction

The automotive parts business of the Group has always maintained a two-way communication with our customers, which they are welcome to give advice to the Group through channels such as our official WeChat platform, 24-hour service hotlines and site visits. Nanyang Cijan conducts monthly customer satisfaction survey, aspects such as the proportion of malfunctioning shock absorbers that were recalled before the vehicle was sold, number of customer complaints and feedback and downtime in manufacturing are being rated.

Customer satisfaction	Achievements for the 2019 Financial Year
Score out of 10	9.4

The automotive parts business of the Group introduced the Quality Management System in 2019 Financial Year to manage customers’ demands in a centralised manner, to resolve problems in a quicker and standardised way, and to ensure customers could receive timely responses. Relevant departments perform proactive analysis on customers’ feedback and ensure that all issues shall be resolved within 30 days.

5. Excellent Products and Services (*Continued*)

Continuous Innovation

The Group attaches great importance to R&D and technological innovation, and has formulated the *Incentive Scheme for Science and Technological Innovation* to encourage employees to innovate proactively. Employees who are awarded with certificates of scientific and technological achievements, file patents of shock absorbers or other automotive parts inventions, participate in the development or revision of international, national or industry standards, publish papers or obtain professional qualifications, are eligible for incentives and recognition.

Nanyang Cijan's investment in R&D and technological innovation accounts for more than 5% of its annual expenditure each year. In 2019 Financial Year, Nanyang Cijan invested a total of about RMB50 million in the area and has been granted 18 new patents.

科学技术成果证书

登记号 941201910884

经审查核实“汽车减振器压缩阀自动拧紧旋铆装置及其控制方法”被确认为科学技术成果，特发此证。

完成单位：南阳浙减汽车减振器有限公司

发证机关：河南省科学技术厅

发证日期：2019年6月23日

Nanyang Cijan's technique of "automatically tightening the riveting device for the automobile shock absorber compression valve and its control method" has been recognised as a scientific and technological achievement by the Science and Technology Department of Henan Province

In order to protect intellectual property rights and prevent infringement, and at the same time to ensure the confidentiality of business information, the automotive parts business of the Group formulated the *Information Security Management System*, which departments related to trade secrets such as the R&D centre and archive room are identified as confidential areas and no unrelated personnel are allowed to enter casually. Meanwhile, the Group enters into confidentiality contracts or terms of confidentiality with employees and customers in employment contracts and commercial contracts, respectively.

Anti-corruption

In order to strengthen employees' integrity and self-discipline and have orderly production and operating activities, the automotive parts business of the Group established the Supervisory Audit Committee to audit all expenses, and requires employees to sign the *Letter of Undertaking of Integrity*, strictly prohibiting employees from soliciting bribes from any supplier or using their positions to seek private gain in the course of business. The Group attaches great importance to the promotion and education of anti-corruption policies and regularly organises relevant activities.

6. People-oriented

The Group firmly believes that employees are one of the Group's most important assets, and its business success was inseparable from the dedicated efforts of its employees. The Group has formulated a sound human resources policy, with the purpose of being a "people-oriented" business, in order to attract and retain outstanding talents, bringing employees together and increasing their sense of belonging to the Group. The Group encourages diversified employee portfolio which brings a variety of skills, experiences and innovative ideas to the Group.

The Group strictly complies with laws and regulations that have a significant impact on the Group's operation in China and Hong Kong in relation to compensation and dismissal, recruitment and promotion, equal opportunities, diversity, anti-discrimination, other benefits and welfare and other employment-related matters, to ensure that employees are provided with legal and reasonable remuneration and benefits and are treated fairly. The Group also enters into employment contract with employees and formulated the *Employee Manual*, outlining the rights and obligations of employees.

6.1 NURTURING TALENTS

The Group has a sound *Measures for Recruitment and Dismissal Management*, which systematically advances the building and growing of teams of talents, allowing human resources allocation to better align with the business development needs of the Group. The Group's human resources department ensures that the recruitment and dismissal processes are standardised and transparent, and regularly reviews and updates relevant human resources policies in accordance with the latest laws and regulations. During the recruitment process, the Group considers factors such as candidates' working experience, expected work capacity and internal budget of the Group, and observes candidates' personality, enthusiasm, development potential and other personal qualities. Meanwhile, the Group strictly prohibits any unfair or unreasonable dismissal, all termination of the employment contract must be lawful and reasonable.

The Group established the robust *Remuneration Management System* and *Performance Appraisal Management Plan*, and carries out work performance appraisals at least once a year to assess employees' work ability and performance while taking into account the market remuneration level for the position and the internal budget of the Group. The results of the appraisals serve as references for the Group to make decisions on promotion and remuneration adjustments for outstanding employees. When there is a job vacancy, the Group gives priority to internal promotion or deployment.

To elevate talent development, the Group provides employees with a smooth and clear career path. Nanyang Cijan clearly outlines the career progression for technical employees and management, providing them with a dual-track approach of career development to enable them to select a suitable path and to plan for their own career development.

The Group respects all employees and formulated the *Equal Employment Policy*, under which no employee should be discriminated because of race, religion, gender, nationality, sexual orientation, marital status and disability during employment, training, performance management, selection, promotion and remuneration adjustment, to ensure a fair and just practice and to create an inclusive and diverse workplace. Meanwhile, the Group has zero tolerance for any discrimination or harassment at the workplace. In the event of any violation of the *Equal Employment Policy*, corresponding actions will be carried out by the Group. In the 2019 Financial Year, the Group did not receive any complaints regarding the infringement of the rights and interests of employees and was not aware of any violations of employment laws and regulations that have a significant impact on the Group's operations.

6. People-oriented (Continued)

The Group prohibits any recruitment and employment of child labour. The human resources department of the Group requires employees to provide valid identification documents before taking up their duties to prove that legal age requirement for employment was met, to ensure that the Group fully complies with laws and regulations that prevent child labour. If any child labour is found, the Group would immediately terminate the employment relationship with the person concerned. The Group also prohibits any form of forced labour. Nanyang Cijan established the *Regulations on the Management of Employees Working Overtime*, which stipulates that employees can only work overtime with the prior approval of their head of department. Employees will be granted compensation leave and overtime pay afterwards to ensure that no employee is being forced to work overtime. The human resources department of the Group regularly reviews the implementation of the Group's human resources policies with a view to completely eradicate the risks of child and forced labour. In the 2019 Financial Year, the Group was not aware of any violation of the laws and regulations relating to the prevention of child or forced labour that have a significant impact on the Group's operations.

6.2 CARING FOR EMPLOYEES

The Group's *Employee Manual* and the *Employee Working Hours System and Policy* outline the working hours and rest periods of employees, which are both in compliance with relevant local employment laws and regulations. In addition to providing statutory paid leave, medical insurance, Mandatory Provident Fund or social insurance and housing fund, business travel accident insurance and a competitive remuneration system, the Group also ensures that its employees are entitled to marriage leave, maternity leave, paternity leave and compassionate leave etc. In addition, Nanyang Cijan provides employees with high-temperature vacation in July, one of the hottest months of the year, reducing employees' exposure to health risks posed by working in high temperatures.

The Group regularly presents employees with outstanding employee performance awards, including the Award for Teaching Management, the Best Attendance Award and the Model Employee, the Outstanding Employees, etc., rewarding outstanding employees through a formal letter of appreciation or bonuses.



Case study 1

Nanyang Cijan motivates outstanding employees

In recognition of the hard work and contributions made by employees over the year, Nanyang Cijan selects a model employee from each department every year, which also serves as a reference for employee promotion and remuneration adjustment.

6. People-oriented (Continued)

In order to promote friendship among employees, build team harmony at work and foster employees' sense of belonging to the Group, the Group organises different types of employee activities each year, such as birthday parties, welcome lunches with new employees, Christmas party, outdoor activities and ball games.



The Group's Shenzhen office celebrated the birthday of its employees every month, which they were gifted with an inspirational book to grow together with the group.



Jiangxi Xishan organised birthday parties for its teaching staff every month, where they could ease their tension at work and share the birthday joy, feeling the warmth of the Xishan big family.



The Group's Hong Kong office celebrated Christmas together, summarising the hard work of the year, and preparing for another year to come.



Fuqing Xishan organised outdoor team building activities over weekends for teachers to strengthen team cohesion.



The Fuqing Xishan labour union carried out activities to show tender care for employees that had financial difficulties through financial aid.



Nanyang Cijan organised ball games regularly to improve the physical fitness of employees and cultivate their team spirit.

6. People-oriented (Continued)

The Group firmly believes that good interactive communication with employees not only benefits the Group's operation and management, but also helps the Group in promoting its sustainable development. To ensure continuous communication and an effective two-way dialogue between employees and management, the Group encourages employees to express their opinions and suggestions on the working environment, remuneration and benefits and other aspects through e-mail, bulletin boards, WeChat, Employee Manual and meetings.



Case study 1

Promoting internal communication through the *People of Cijan*

To promote corporate culture, Nanyang Cijan published the *People of Cijan*, an internal newsletter of the company, which employees from various departments were invited to write articles. This is beneficial for enhancing employees' understanding of the company, as well as for promoting employees' recognition to the company's corporate values.

6.3 HEALTH AND SAFETY

The Group strives to provide employees with a healthy and safe working environment, while strictly complies with laws and regulations that have a significant impact on the Group's operations in China and Hong Kong in relation to employees' health and safety. To ensure employees at all levels across our business segments conduct safety management work meticulously, the Group established the *Occupational Health and Hygiene Management System* to prevent, control and eradicate any occupational hazards, and to minimise employees' risks in their working environment as far as practicable.

Occupational Health and Production Safety

In order to effectively prevent the occurrence of significant accidents and occupational diseases and to ensure the personal safety and health of our employees, the automotive parts business of the Group has been conscientiously implementing the policy direction of "Safety is of utmost priority with prevention as the primary focus". It put into practice the liability system for production safety and set up the Production Safety Management Committee and the Occupational Health Leading Group, with the responsibilities of each unit under the production safety management system clearly specified. Nanyang Cijan formulated and implemented relevant measures according to the *GB/T 28001-2011/OHSAS 18001:2007 Occupational Health and Safety Management Systems – Requirements* and has been certified to be in conformity with the standard.

Production safety target

Zero occurrence of major safety incident

Achievements of the target for the 2019 Financial Year



6. People-oriented (Continued)

The automotive parts business of the Group formulated the *Safety Inspection System*, which a comprehensive factory-level safety inspection is organised no less than twice a year, along with weekly workshop safety inspection and occasional safety inspection on new risk factors such as new equipment and new technology. The safety inspection team will issue criticisms against any department or employee that violates the rules, and appropriate punishment will be given according to the level of violation.



Case study 1

Active promotion of production safety and occupational health

The primary task of production safety management is to bolster employees' safety awareness. To effectively eliminate safety hazards, Nanyang Cijan standardises employees' safe operation behaviour by communicating occupational health information through safety warning signs and workplace health publicity boards. In addition, Nanyang Cijan regularly organises on-the-job safety production trainings for employees, only employees who had passed their training examinations are allowed to perform their duties.

In the 2019 Financial Year, there were eight accidents related to the use of machinery and equipment in the Group. Upon the happening of the accident, the safety responsible personnel reported to relevant safety department within 30 minutes to start a comprehensive investigation. Subsequent to the confirmation of the cause of the accident, a corresponding rectification plan was developed. The Group has already notified relevant governmental department of the work accidents happened, and has given injured employees with necessary financial assistance according to the *Regulation on Work-Related Injury Insurances*.

Office Health and Safety

The Group is immensely concerned about employees' health and safety in office and established relevant policies and measures. The Group illustrated in the *Employee Manual* the health and safety precautions of the office working environment and formulated the *Smoke Free Workplace Policy* to prohibit smoking in offices. The Group provides employees with annual health check-ups, organises health talks, places green plants in offices, cleans the air conditioning system and disinfects carpets regularly in the office. With regard to the education operation business, to avoid damage to teachers' vocal cords due to their long lectures with students, schools provide a microphone in each classroom for teachers to use during classes. Other than that, employees of the Group regularly participate in fire drills organised by property management companies, fostering their emergency response capacity.

6. People-oriented (Continued)

The Group is also very concerned about employees' mental wellbeing, and communicates with employees regularly to keep track of their mental health, providing counselling to them whenever necessary. The Group is well aware of the pressure undertaken by teachers, hence set up a counselling room for teachers with psychological counselling provided by principals and supervisors.



Case study 1

Nanyang Cijan takes care of employee wellbeing

Nanyang Cijan set up a fitness area next to the employee canteen so that employees can use the fitness equipment and table tennis facilities during lunch breaks or after work for free, building employees' physical wellness as well as promoting friendship among employees.



Case study 2

Providing employees with a comfortable area to rest

The Group's Shenzhen office sets up a comfortable area for employees to rest, offers snacks and places green plants, allowing employees to take a short break and relax when they feel tired at work, as a way to relieve stress at work.

In the 2019 Financial Year, the Group was not aware of any violation of laws and regulations in relation to health and safety that have a significant impact on the Group's operations.

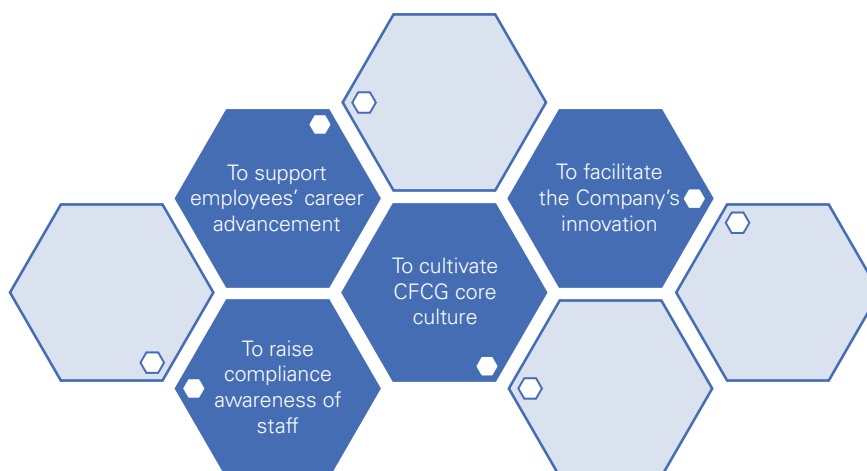
6.4 GROWING WITH CFCG

The Group regards every employee as its valuable asset and strives to connect employees' personal growth with the Group's future development. The Group established the *Training Management System* and the *Annual Training Plan* to facilitate further development of the Group's business by enhancing the professional standards and work capacities of our employees through trainings.

Take Yinghua School as an example, the school allocates about 2% of the total wages of employees as training budget each year, and at the same time requires teaching staff to participate in no less than 20 hours of training per year. The school also encourages employees to take part in trainings outside normal working hours, and provides employees with study leaves and subsidy as appropriate.

6. People-oriented (Continued)

4 Key Training Objectives



To Support Employees' Career Advancement

The Group organises an induction training for each employee on their first day of work to provide them with onboard guidance and an introduction of the company, in order to ensure employees' professional competencies and capabilities for performing day-to-day work. In the meantime, the Group provides a wide range of job skills trainings for existing employees.



Case study 1

Fuqing Xishan's training on the practical implementation of STEAM curriculum

Fuqing Xishan invited experts in STEAM curriculum to hold specialised training on the implementation of STEAM curriculum, providing all primary school teachers with an in-depth explanation of the scientific principles and key teaching points, which drives the rapid development of STEAM education in Xishan Schools.



Case study 2

Nanyang Cijan Technical Skill Contest

Nanyang Cijan organised a technical skill contest in May 2019, aiming to stimulate a good learning environment that encourages employees "to compare with others, to learn from others, to catch up with others, to help others and in turn to surpass each other", meanwhile, to improve employees' personal literacy comprehensively as well as their operational skills.

6. People-oriented (*Continued*)

To Raise Compliance Awareness of Staff

The Group provides employees with trainings on compliance and risk management, relevant laws and regulations, and occupational health and safety, to boost employees' awareness of compliance and to ensure the business operation of the Group are in compliance with relevant rules and regulations. Employees holding a financial license of the Group's financial services business must continuously participate in a certain number of continuing professional trainings each year to meet regulatory requirements.

Case study 1

Participation in the talk on anti-money laundering

The Group arranged its employees to participate in an anti-money laundering talk organised by the Companies Registry for licensed money lenders, to understand the international standards, methods and trends of money laundering, as well as the regulatory framework of Hong Kong.

With regard to the education operation business, the Group incorporated trainings on relevant laws and regulations of education into teachers' training plan, enabling teachers to have a clear and better understanding of education policies and industry development trends, thereby facilitating the identification of potential opportunities or risks for the schools.

With regard to the automotive parts business, Nanyang Cijan organises occupational health and safety training at least twice a year to guide employees and to implement production safety and compliance measures in order to build a safe working environment together.

To Cultivate CFCG Core Culture

During the transforming and upgrading of the Group's business, the Group also pays attention to reshaping and upgrading its corporate culture. The Group conducts activities such as new employee induction trainings, systems trainings, the internal publication of the *CFCG Horizon* and team building activities, to allow employees to better comprehend the overview, culture, development strategy and systems of the Group, thereby facilitating their understanding of the Group's core values and promoting their recognition to our corporate culture, enhancing their sense of belonging to the Group.

6. People-oriented (Continued)



Case study 1

Internal publication of the CFCE Horizon

The operations management centre of the Group issued the internal publication of the *CFCE Horizon*. By placing printed copies at office and sharing the electronic version through online platforms, sharing with our employees, customers and other stakeholders the operation situation of all business segments of the Group, as well as information on the Group's corporate culture and the branding and charitable activities we organised.

To Facilitate the Company's Innovation

The Group has been committed to innovative development. It encourages employees to actively explore innovative ways and inspiring employees' creative thinking through expert sharing, exchange opinions and the Group's innovative incentive programs, we hope to bring more development opportunities to the Group.



Case study 1

Nanyang Cijan actively promotes innovation

Nanyang Cijan attaches immense importance to innovative development, and formulated the *Implementation Plan for the Management of Innovative Activities* and the *Implementation Plan for Technological Innovative Activities*, to encourage employees to reduce energy consumption, enhance productivity and increase economic benefit by continuously optimising operations through corporate management and technological R&D, researching and developing new products and implementing new technologies to the company.

7. Environmental Protection

The Group incorporates green concepts across its every business segments and assesses the environmental impacts of every business segment. The Group is fully aware of the environmental impacts of the production process and the day-to-day operations of its automotive parts business and education operation business, hence it actively implements measures to reduce the negative environmental impact of factories and schools, putting green operations into practice. Meanwhile, the Group also understands that it is an integral part of environmental protection to raise the environmental awareness of employees and students, therefore we proactively advocate for environmental protection in offices and schools to encourage employees and students to adopt environmentally friendly habits.

The Group strictly complies with laws and regulations that have a significant impact on the Group's operations in China and Hong Kong in relation to air emissions, GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste and noise pollution. In the 2019 Financial Year, the Group did not receive any confirmed violations or complaints relating to air emissions, GHG emissions, discharges into water and land, generation of hazardous and non-hazardous waste and noise pollution that have a significant impact on the Group's operations. In the meantime, the Report reports in section 10 the performance of various environmental performance indicators for the 2019 Financial Year and prior financial years to present annual performance changes and lay a foundation for the Group to set environmental performance targets in the near future.

The automotive parts business of the Group formulated policies to manage emissions and use of resources according to the *GB/T 24001-2016/ISO 14001:2015 Environmental Management Systems – Requirements with Guidance for Use*, and has been certified to be in conformity with the standard. The Group also regularly entrusts third party organisation to conduct monitoring of the emissions of pollutants, in accordance with relevant standards and specifications, during the operation of the automotive parts business to ensure compliance.

Environmental management target for production

Zero environmental pollution incident

Achievements of the target for the 2019 Financial Year



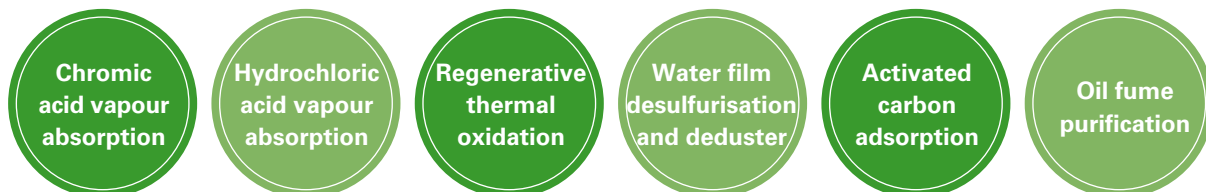
7.1 ENVIRONMENTAL IMPACT

Air Pollutants

The Group's emissions of air pollutants mainly come from the production equipment of the automotive parts business, as well as the cooking and heating equipment of the education operation business. On top of implementing emission reduction measures for various pollution sources, the Group further strengthens the maintenance and management of pollution prevention and control facilities, so that the facilities are always in good conditions to ensure a stable discharge of pollutants while meeting the emission standards. Nanyang Cijan's production equipment is equipped with the end-of-pipe treatment technology to ensure that all kinds of air pollutants are effectively treated.

7. Environmental Protection (Continued)

End-of-pipe Treatment Technologies of Air Pollutants



To reduce the emissions of air pollutants, Nanyang Cijan has replaced some of the diesel forklifts with electric forklifts for transporting goods, with a total of 12 electric forklifts introduced. In order to be in line with China's vigorous promotion of the "coal-to-gas" initiative, the Group actively reduces its dependence on coal and switched to clean energy instead, for the purpose of reducing air pollution, improving air quality and combatted smog. Yinghua School uses natural gas instead of coal for heating and cooking at school canteens, reducing its coal consumption.



GHG Emissions

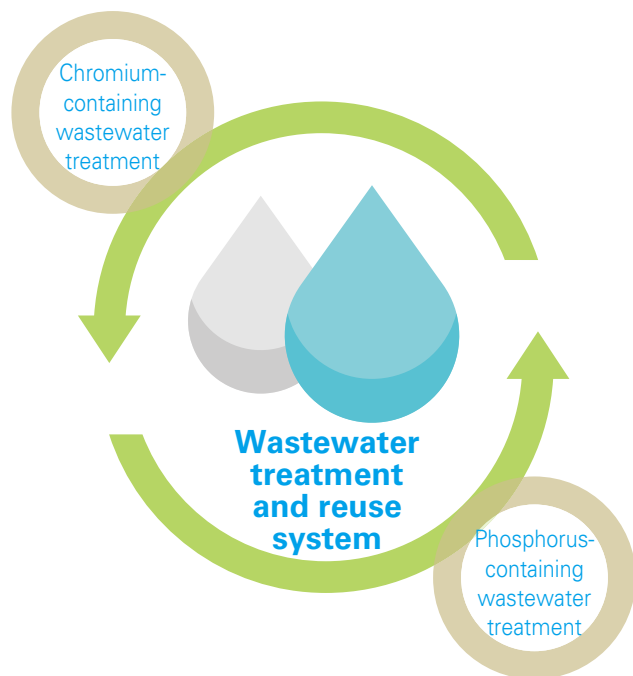
The use of boilers and electricity consumption are the Group's main sources of GHG emissions, hence we actively implement energy conservation measures during our operations to reduce GHG emissions. Detailed measures are elaborated in section 7.2.

The Group planted 8,668 trees in factories and schools in total, reducing GHG emissions and offsetting the Group's GHG emissions of approximately 199.36 tonnes of carbon dioxide equivalents. In the 2019 Financial Year, Yinghua School planted 70 new trees.

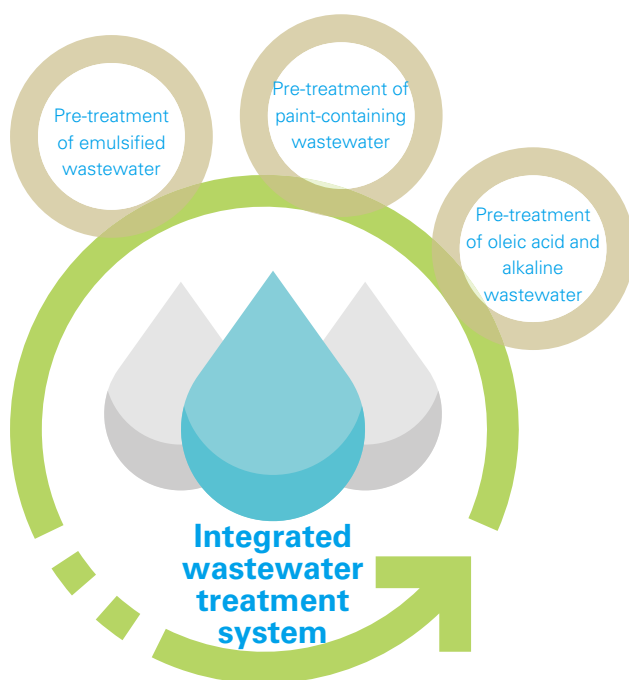
7. Environmental Protection (Continued)

Wastewater

The automotive parts business of the Group has in place different types of wastewater treatment facilities for the collection and treatment of wastewater generated during the production process. Maintenance is performed on the wastewater treatment facilities regularly to ensure normal operation of the system.



7. Environmental Protection (Continued)



The automotive parts business of the Group installed chemical oxygen demand (COD) analysers and flowmeters at the discharge points of the wastewater treatment facilities to monitor the wastewater quality and to ensure that the discharge is up to standards. In the 2019 Financial Year, the quality of wastewater discharged from the automotive parts business of the Group was in accordance with the limits as required by the Emission Permit. The Group was not penalised by relevant environmental protection departments for exceeding any discharge limits.

Domestic sewage is generated from the Group's education operation business with each school having in place facilities for sewage treatment. Furthermore, Yinghua School treated and reused domestic sewage. Sewage from offices of the financial services business of the Group is domestic sewage, which is discharged into municipal pipelines through the drainage systems of the building.

7. Environmental Protection (*Continued*)

Wastes

The Group strictly manages the handling of wastes and formulated specific handling methods.

The non-hazardous wastes generated from the Group's operations comprised of domestic waste and office waste, which are collected and disposed of by the responsible personnel from the property management companies or the refuse handling stations. Meanwhile, schools and factories also generate non-hazardous wastes such as food waste from canteens and sludge from domestic sewage treatment facilities.

The automotive parts business is the main source of the Group's hazardous wastes, which generates hazardous waste oil, waste oil containers, paint waste from paint-spraying process and chromium-containing sludge from electroplating wastewater treatment. Schools and offices generate a smaller amount of hazardous wastes, which include mercury-containing lamps, e-waste, waste batteries and ink cartridges. In addition, the chemistry laboratories of schools also generate trace amount of non-hazardous wastes during classroom activities. The Group manages hazardous wastes in accordance with the *Directory of National Hazardous Wastes* and the *Standard for Storage and Pollution Control on Hazardous Wastes*, and set up waste separation facilities to collect and transfer hazardous wastes. Following the *Measures for the Management of Duplicate Forms for Transfer of Hazardous Wastes*, the Group transfers its wastes to an eligible organisation for disposal. The Group also adopted measures to prevent the leakage of hazardous wastes in order to avoid contamination.

The automotive parts business of the Group formulated the *Chromium Residue Management System* and the *Hazardous Wastes Management System*, which strictly stipulated the procedures for the generation, collection, storage, transfer and disposal of hazardous wastes. Nanyang Cijan transfers chromium-containing waste, paint waste and hazardous waste oil to eligible organisations for handling, while waste oil containers are recycled and reused by manufacturers.

Besides, schools classify and recycle all heavy metal-containing waste, strictly prohibit the mixing of incompatible wastes, and will only reuse or dispose of them upon proper handling.

The Group minimises waste generation in its business operations by reusing reusable items and sorting recyclables. Nanyang Cijan reused all non-hazardous waste oil in the rolling mill during the pipe manufacturing process, with about 600 kg of waste oil reused in the 2019 Financial Year.

7. Environmental Protection (Continued)



Case study 1

Yinghua School endeavoured to reduce waste on campus

Yinghua School implemented various measures for environmental protection and waste reduction, and formulated the *Implementation Plan for the Classification of School Wastes*, which targets on the recycling of paper, plastic and glass. To reduce the consumption and disposal of paper, the school applied a paperless teaching system and encouraged the reuse of textbooks. The school also reduced the use of disposable plastic products in canteens by providing students with reusable cutlery. Dairy containers were also changed into reusable glass containers and were recycled by dairy factories. In addition, the school reused the components of broken desks and chairs for repairing purpose, minimising the amount of wastes sent to landfills.

The Group implemented waste reduction measures in its offices, while the Hong Kong office was successfully awarded the “Wastewi\$e Certificate (Basic Level)”, acknowledging our efforts in reducing wastes. Such adopted waste reduction measures include:

- Recycling and reusing courier packaging
- Emptying rubbish bins regularly to reduce the frequency of replacement of plastic rubbish bin bags
- Reducing the use of disposable cups when meeting guests
- Providing reusable utensils for employees to reduce the use of disposable tableware
- Setting up reusable paper collection box next to printer
- Setting up paper recycling box for waste newspapers and paper



Noise Pollution

The Group’s noise pollution is emanated from the production equipment of the automotive parts business. In order to reduce noise pollution, the Group established the *Noise Protection Management System* for noise-generating areas, which different noise abatement measures are employed according to the characteristics of the equipment, proactively conducting noise controls at source and on the noise propagation.

The Group also monitors the noise levels at the boundary of the manufacturing plant regularly to ensure that the noise level generating from the operation of the equipment meets the requirements of the *Emission Standard for Industrial Enterprises Noise at Boundary* and would not cause noise nuisance to residential houses.

7. Environmental Protection (Continued)

7.2 USE OF RESOURCES

In line with the concept of “scientific management, punctual supply, rational usage, and wastage elimination”, the Group manages the use of resources in each business segment to enhance the efficiency of resource utilisation.

Energy Use

The Group strictly regulates the use of energy and encourages employees to actively propose energy-saving and consumption reduction measures, seeking opportunities to reduce the use of energy together with employees.

The automotive parts business of the Group formulated the *Energy Management Measures*, which strictly regulates the use of various electrical equipment, allowing responsible units to carry out timely maintenance of equipment in the event of anomalies to reduce electricity wastage. All of the low-voltage distribution rooms locating in the manufacturing plant of Nanyang Cijan are equipped with reactive power compensation system, which improves the power factor, reduces the wearing of transformers and transmission lines, and hence improves the efficiency of power supply.

Schools operated by the Group formulated the *Regulations on the Management of Use of Electricity* and the *Regulations on the Management of Air-Conditioning Usage at School*, regulating electricity consumption behaviour to create a campus which promotes resource conservation and achieves low-carbon operations.



Case study 1

Yinghua School introduced solar power equipment

Yinghua School introduced solar power equipment, which solar water heaters were installed on the roofs of teaching buildings to reduce the consumption of purchased electricity. The school also installed solar-powered street lighting systems in open areas, roads and playgrounds of the school, covering the entire campus. In the 2019 Financial Year, the solar power equipments of Yinghua School generated about 60,000 kWh of electricity.



Case study 2

Fuqing Xishan used energy-efficient LED lights

Fuqing Xishan gradually replaced the energy-consuming lights with energy-efficient LED lights. A total of 47 LED lights were installed in the 2019 Financial Year.

7. Environmental Protection *(Continued)*

To raise the environmental awareness of employees and to encourage and cultivate their environmental protection habits, the Group implemented a series of green office measures focusing on energy conservation and the reduction of material consumption. The Hong Kong office was successfully awarded the “Energywise Certificate (Basic Level)”, acknowledging our efforts in reducing energy consumption. Such energy consumption reduction measures adopted include:

- Transformed into a paperless office with files saved in shared drive for circulation or distributed through email
- Switching off lights when no one is using the office area
- Setting computers to enter sleep mode or shut down when being idled for 15 minutes
- Promoting the use of public transport or cycling for commuting to and from work



Use of Water Resources

The Group’s education operation business and financial services business use municipal water, while its automotive parts business uses groundwater. The Group have not come across with any difficulties in water sourcing.

The Group has been implementing a variety of water-saving measures, including:

- Strengthening the daily maintenance and management of water appliances and closely checking if there is any water leakage problem to conduct timely rectification
- Regularly consulting repair technicians to conduct inspection on the water valves and water pipelines
- Developing employees’ water-saving habits to consciously control the water flow manually when using water, and turning off the faucet after use in order to save water
- Systematically upgrading sanitary equipment and gradually installing water-saving devices
- Strengthening the management of water-saving equipment to improve water efficiency
- Strict enforcement of water supply time provisions with no overtime or non-timely water supply

7. Environmental Protection (Continued)



Case study 1

Yinghua School actively promoted water-saving measures

Yinghua School formulated the *Regulation on the Water-saving Management for School*, which strengthened the management of water conservation. To facilitate responsible personnel to carry out quarterly and annual water consumption analysis, independent water meters were installed at offices and dormitories. Besides, Yinghua School also has sewage treatment facilities in place and reuses some of the treated water. In the 2019 Financial Year, Yinghua School reused about 4,950 tonnes of treated water.



Case study 2

Fuqing Xishan adopted water-saving equipment

To save water and lower water bills, Fuqing Xishan installed 116 sets of water-saving flush systems and 87 water-saving taps in the 2019 Financial Year.



Case study 3

Nanyang Cijan reused water after treatment

Both chromium-containing and phosphorous-containing wastewater generated from the production process of Nanyang Cijan were fully reused after proper treatment, with a total of approximately 8,911 tonnes of treated water reused in the 2019 Financial Year.

7. Environmental Protection *(Continued)*

Use of Paper and Packaging Materials

The Company's annual reports are printed on paper made from responsible forest resources certified by the Forest Stewardship Council. In addition, the Company's annual reports are available in Chinese and English versions and are delivered according to Shareholder's preference. The Company also recommends shareholders to receive digital copy of the reports to save paper by reducing the printed copies.

Packaging materials are mainly used for the finished products of the automotive parts business of the Group, which can be categorised into paper, metal, plastic and wood. Nanyang Cijan has introduced the use of shared logistics boxes since 2017, aiming to reduce consumption of packaging materials and costs of packaging through the new cycle packaging. Within of Nanyang Cijan's major customer base, three automobile manufacturers have already adopted the shared logistics boxes. Besides, Nanyang Cijan has also been planning to promote the use of shared logistics boxes to all of its customers and raw material suppliers to further reduce the consumption of packaging materials.



7.3 ENVIRONMENTAL EDUCATION

It is the responsibility of each and every one of us to conserve resources and protect the environment. Schools operated by the Group focus on developing students' personal attributes, encouraging students to protect the environment in action and developing good habits by raising their environmental awareness through education.



Case study 1

The kindergarten of Fuqing Xishan launched the "Waste Classification Class"

Fuqing Xishan believes that early childhood is a critical period for developing children's behaviour, habit and personality. Hence, the kindergarten of Fuqing Xishan launched the "Waste Classification Class" in order to integrate environmental protection concepts into the daily habits of children, cultivating their environmental awareness from an early age.

8. Community Investment

The Group is well aware of the importance of making positive contributions to the community it thrives in and treats the community interests as one of its social responsibilities. In addition to focusing on the Group's business development, we have also been actively involved in charitable activities to spread warmth and care to the community.

The Group has for many years cared for groups with different needs in the community, strengthened the cooperation and exchange within the education industry, and supported the development of cultural undertakings. In recent years, the Group has paid further attention to the development of youths by offering exchange and internship opportunities, and by conducting lectures on a wide range of topics in multiple higher education institutions, striving to provide youths with multiple development opportunities and to path their way to success.



8. Community Investment *(Continued)*

CARING FOR THE COMMUNITY



Case study 1

Nanyang Cijan practicing targeted poverty alleviation

Since 2015, Nanyang Cijan has been responding proactively to the government's call to "100 private enterprises helping 100 villages", and has donated more than RMB1 million to help multiple impoverished villages. In addition, Nanyang Cijan also provided villagers with jobs within their capabilities, funded and arranged trainings for youths and employed qualified youths as employees after the trainings.



Case study 2

Dedicated support to charitable activities

CFCG supports the educational concept put forth by the "Principal Chan Free Tutorial World" and join hands to achieve quality education for the general public. CFCG platinum-sponsored and made charitable donation to the "FCFTW Green Gala Dinner" organised by "Principal Chan Free Tutorial World", and received the Certification of Appreciation under the name of "CFCG Scholarship".

8. Community Investment (Continued)

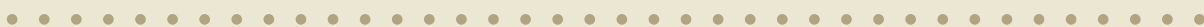
STRENGTHENING THE COOPERATION AND EXCHANGE WITHIN THE EDUCATION INDUSTRY



Case study 1

Promoting educational development with Beifang International Education Group hand in hand

In March 2019, CFCG entered into the strategic cooperation framework agreement with Beifang International Education Group, the largest private higher education alliance in China, integrating both parties' high-quality educational resources in domestic and overseas, and taking both parties' advantages over investment in education industry and operational management, to better promote the development of quality higher education in China.



Case study 2

Participated in the GET2019 Technology Education Conference



FC Fund was invited to participate in the "GET2019 Technology Education Conference cum the First Educational Product Expo" held in Beijing, and participated in the roundtable discussion. With the theme of "Teaching benefits teachers as well as students, practice what you learned", the GET2019 Technology Education Conference attracted thousands of industry practitioners in education industry from more than 40 countries and regions around the world to share their views on the innovative development of the education industry.

8. Community Investment (Continued)

SUPPORTING CULTURAL DEVELOPMENT



Case study 1

In partnership with the Wellbeing Research Centre of the University of Oxford to research on matters furthering human wellbeing

The Group invested in KSI Education Ltd which is the exclusive founding partner of the Wellbeing Research Centre of the University of Oxford established in 2019, aiming to facilitate interdisciplinary wellbeing research to advance the understanding of human wellbeing. It also serves as a major platform for helping communities around the world to put wellbeing at the heart of their decision-making, continue to play a proactive and positive role as a high-end think tank.



Case study 2

The book donation and sharing activity of Xishan Schools

In order to cultivate students' good reading habits, CFCG and Xishan Schools jointly launched the book donation and sharing activity, with nearly ten thousand of donated books and donations of about RMB167,000 for the procurement of books received. Donated books received were distributed to different classes and student dormitories. Book-sharing sessions and speech contests were then organised to encourage students to share their reading experiences, enriching students' after-school lives and building a scholarly school.

8. Community Investment (Continued)

SUPPORTING THE FUTURE DEVELOPMENT OF YOUTHS



Case study 1

Nanyang Cijan co-organised with an institute to train professional and technical personnel

Nanyang Cijan co-organised a course with Nanyang Institute of Technicians in the 2019 Financial Year to train professional and technical personnel. Students first learned theoretical knowledge at school, and went for internship at Nanyang Cijan at the final year of the course. In order to bring theoretical knowledge closer to the production needs of Nanyang Cijan, Nanyang Cijan would send skilled technicians to the school regularly to conduct relevant course training.



Case study 2

Organised charitable talk for secondary school students in the Guangdong-Hong Kong-Macao Greater Bay Area

In November 2019, CFCG co-organised with the Tencent charitable platform – “Youth Travel at the Greater Bay Area”, a charitable talk for secondary school students in the Guangdong-Hong Kong-Macao Greater Bay Area with the theme of “Uncovering time management and efficient learning”. We received enthusiastic responses for the talk and all seats are occupied. “Youth Travel at the Greater Bay Area” is a charitable platform of Tencent that connects famous enterprises and well-known social institutions in the Guangdong-Hong Kong-Macao Greater Bay Area, providing opportunities for youths from the area to participate in different fields of social service and learning.



Case study 3

Putting education for charity into practice and conducted “CFCG Lectures”

The Group adheres to its original thoughts of education, offered a series of charitable “CFCG Lectures” in the 2019 Financial Year, where students from PBC School of Finance of Tsinghua University, Henan University of Economics and Law, Jiangxi University of Finance and Economics and Jiangxi University of Science and Technology were coached on the understanding and application of professional knowledge in the perspective of enterprise practice, helping students to develop good work habits and methods, as well as to equip them with competencies that prepare them to be finance professionals.

9. Future Prospect

Looking forward, we will continue to invest time and resources to realise the Group's sustainable development philosophy with a top-down approach and to continuously understand the expectations and needs of our stakeholders. We look forward to further creating values from sustainable development for our stakeholders by improving policies and measures regarding the provision of quality education for the general public, and also by our continual support to employees as a people-oriented enterprise, making effort to operate safely and protect the environment.

With regard to quality education for the general public, we will join hands with the team of education experts and focus on classroom reform, continuously optimising and integrating quality educational resources so that every student can enjoy quality education.



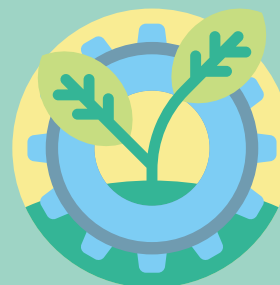
With regard to our aim to be a people-oriented enterprise, we will advance the construction and development of teams of talents through the implementation of a series of human resources policy, connecting employees' personal growth with the Group's future development and ensuring that employees can give full play to their capabilities while working with the Group.



With regard to safe operation, we will continue to perfect relevant policies and measures to provide a healthy and safe work and study environment, striving to protect the safety and health of our employees, customers and students.



With regard to environmental protection, we will integrate environmental values and education into the Group's operations, encouraging stakeholders of the Group to contribute to environmental protection to mitigate environmental impact.



We will shoulder our corporate social responsibilities and adhere to our sustainable development strategy. We will try our best to reduce the environmental and social impact of our business operations and turn ESG risks into opportunities. In the meantime, we will work closely with our stakeholders, and continue to contribute to the society through joint efforts.

10. Performance Data

10.1 ENVIRONMENTAL PERFORMANCE DATA²

				2019	2018	2017	
Emissions of pollutants							
Air pollutants³							
Types	Units	Total emissions	Intensity of emissions (units/no. of employees)	Total emissions	Intensity of emissions (units/no. of employees)	Total emissions	Intensity of emissions (units/no. of employees)
Sulfur oxide (SO _x)	Kg	13,453.46	3.69	7,627.64	1.98	4,435.00	–
Nitrogen oxide (NO _x)	Kg	10,100.07	2.77	6,275.50	1.63	511.00	–
Particulate matter (PM)	Kg	85,156.14	23.35	38,426.44	9.99	383.00	–
Carbon monoxide (CO)	Kg	4,516.98	1.24	2,653.75	0.69	–	–
GHG Emissions							
Types	Units	Total emissions	Intensity of emissions (units/ no. of employees)	Total emissions	Intensity of emissions (units/ no. of employees)	Total emissions	Intensity of emissions (units/ no. of employees)
Total GHG emissions ⁴	Tonnes CO ₂ e	29,615.49	8.12	31,724.86	8.25	42,867.00	10.70
Direct GHG emissions (Scope 1) ⁵	Tonnes CO ₂ e	10,037.05	2.75	9,159.34	2.38	17,891.00	–

² The Group adjusted the scope of environmental performance data disclosure for the 2019 Financial Year. As the financial services business in Singapore had less environmental and social impact on the Group, it was therefore not included in the scope of data disclosure. Regarding the Group's financial services business in China, only Shenzhen office was included into the scope of data disclosure. The Group's emissions sources for the 2019 Financial Year included the use of boilers, cooking, vehicles, generators and machineries. The Group has updated the data for the 2018 Financial Year to ensure meaningful comparisons, and the data for the 2018 Financial Year of this Report shall prevail. Unless otherwise specified, the scope of all data is consistent with that of the Report. The number of employees used for calculating the intensities of environmental performance indicators for the 2019 Financial Year and the 2018 Financial Year is the average of the number of employees at the beginning and at the end of the year.

³ The calculation methods and related emission factors of the emissions of stationary sources, non-road mobile sources and mobile sources were referenced to the *Discharge Coefficients of Industrial Pollutants in the First National General Survey of Pollution Sources* and the *Discharge Coefficients of Urban Life Pollutants in the First National Survey of Pollution Sources* issued by the Institute of Standards of the Ministry of Ecology and Environment of the PRC, the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* issued by the Ministry of Ecology and Environment of the PRC, and the *EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016* issued by the European Environment Agency. The air pollutants of the use of boilers from the automotive parts business were recorded by a monitoring system.

⁴ The total GHG emissions were calculated to include the Group's direct GHG emissions (Scope 1) and indirect GHG emissions from electricity (Scope 2) in the 2019 Financial Year, with the deduction of emissions due to planted trees.

⁵ Scope 1 GHG emissions were calculated using the calculation methods and relevant emission factors from the *Guidelines for Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)* and the *Guidelines for Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC, and the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong* issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

10. Performance Data (Continued)

		2019		2018		2017	
Emissions of pollutants (Continued)							
GHG Emissions (Continued)							
Types	Units	Total emissions	Intensity of emissions (units/ no. of employees)	Total emissions	Intensity of emissions (units/ no. of employees)	Total emissions	Intensity of emissions (units/ no. of employees)
Indirect GHG emissions from energy use (Scope 2) ⁶	Tonnes CO ₂ e	20,176.54	5.53	22,586.50	5.87	24,221.00	–
Reduction of GHG emissions from planted trees (Scope 1) ⁷	Tonnes CO ₂ e	199.36	0.05	20.98	0.01	–	–
Hazardous wastes ⁸							
Types	Units	Total generated	Intensity of wastes generated (units/no. of employees)	Total generated	Intensity of wastes generated (units/no. of employees)	Total generated	Intensity of wastes generated (units/no. of employees)
Waste oil containers and waste mineral oil	Tonnes	12.90	3.54 x 10 ⁻³	12.85	3.34 x 10 ⁻³	10.00	2.00 x 10 ⁻³
Hazardous sludge generated from the wastewater treatment facilities	Tonnes	12.00	3.29 x 10 ⁻³	–	–	–	–
Paint waste	Tonnes	3.60	9.87 x 10 ⁻⁴	–	–	–	–
Laboratory waste from schools	Tonnes	0.33	8.97 x 10 ⁻⁵	0.16	4.03 x 10 ⁻⁵	–	–
Clinical waste	Tonnes	2.70	7.40 x 10 ⁻⁴	–	–	–	–
Waste mercury-containing lamp	Pieces	1,319.00	0.36	2,095.00	0.54	–	–
Ink or toner cartridge	Pieces	143.00	0.04	882.00	0.23	–	–
Waste battery	Pieces	988.00	0.27	60.00	0.02	–	–

⁶ Scope 2 GHG emissions were calculated using calculation methods and relevant emission factors from the *2011- 2012 Average CO₂ Emission Factors of China's Sub-national Grids* issued by the National Development and Reform Commission of the PRC and the *Sustainability Report 2018* issued by HK Electric Investments Limited.

⁷ The GHG emissions reduced from the planted trees were calculated using the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong* issued by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong.

⁸ The data scope of waste oil containers and waste mineral oil, hazardous sludge generated from the wastewater treatment facilities and paint waste only includes the automotive parts business. The data scope of laboratory waste from schools and clinical waste only includes the education operation business. The data scope of waste mercury-containing lamp, ink or toner cartridge and waste battery includes the education operation business and the financial services business.

10. Performance Data (Continued)

		2019		2018		2017	
Emissions of pollutants <i>(Continued)</i>							
Non-hazardous wastes ⁹							
Types	Units	Total generated	Intensity of wastes generated (units/no. of employees)	Total generated	Intensity of wastes generated (units/no. of employees)	Total generated	Intensity of wastes generated (units/no. of employees)
Total non-hazardous wastes	Tonnes	8,854.73	2.43	8,394.99	2.18	4,941.00	1.20
Domestic waste	Tonnes	4,413.88	1.21	5,682.78	1.48	–	–
Food waste	Tonnes	1,226.04	0.34	2,700.00	0.70	–	–
Paper	Tonnes	157.03	0.04	6.21	1.61 x 10 ⁻³	–	–
Non-hazardous sludge generated from the wastewater treatment facilities	Tonnes	97.20	0.03	6.00	1.56 x 10 ⁻³	–	–
Waste oil	Tonnes	0.60	1.64 x 10 ⁻⁴	–	–	–	–
Plastic	Tonnes	26.71	0.01	–	–	–	–
Metal	Tonnes	73.27	0.02	–	–	–	–
Glass	Tonnes	3.28	8.98 x 10 ⁻⁴	–	–	–	–
Iron	Tonnes	2,849.17	0.78	–	–	–	–
Wood	Tonnes	7.56	2.07 x 10 ⁻³	–	–	–	–
Recyclables							
Types	Units	Total recycled	Intensity of wastes recycled (units/no. of employees)	Total recycled	Intensity of wastes recycled (units/no. of employees)	Total recycled	Intensity of wastes recycled (units/no. of employees)
Recyclables (including non-hazardous wastes such as food waste, paper, waste oil, plastic and metal)	Tonnes	4,866.35	1.33	3,590.08	0.93	–	–
Percentage of non-hazardous waste recycled	Percentage	54.96%		42.76%		–	

⁹ The data scope of food waste and glass only includes the education operation business. The data scope of non-hazardous sludge generated from the wastewater treatment facilities has expanded from only including the automotive parts business in the 2018 Financial Year to including also the education operation business. The data scope of metal includes the education operation business and the automotive parts business. The data scope of waste oil, iron and wood only includes the automotive parts business.

10. Performance Data (Continued)

		2019		2018		2017	
Emissions of pollutants <i>(Continued)</i>							
Wastewater ¹⁰							
Types	Units	Total discharged	Intensity of wastewater discharged (units/no. of employees)	Total discharged	Intensity of wastewater discharged (units/no. of employees)	Total discharged	Intensity of wastewater discharged (units/no. of employees)
Total wastewater	Tonnes	1,169,081.00	320.52	1,275,025.00	331.39	1,624,718.00	404.96
Industrial wastewater	Tonnes	42,651.00	11.69	55,985.00	14.55	–	–
Domestic Sewage	Tonnes	1,126,430.00	308.82	1,219,040.00	316.84	–	–

		2019		2018		2017	
Use of Resources							
Energy ¹¹							
Types	Units	Usage	Intensity of usage (units/no. of employees)	Usage	Intensity of usage (units/no. of employees)	Usage	Intensity of usage (units/no. of employees)
Electricity	MWh	36,398.06	9.98	41,090.03	10.68	44,267.00	11.00
Gasoline	Litres	145,395.02	39.86	126,864.82	32.97	485,531.00	121.00
Diesel	Litres	139,254.34	38.18	79,105.77	20.56	326,424.00	81.30
Natural gas	m³	736,065.95	201.80	618,314.00	160.71	–	–
Coal	Tonnes	2,520.79	0.69	3,518.16	0.91	5,662.00	1.40
Wood	Tonnes	1,321.86	0.36	–	–	–	–
Hot water	Tonnes	1,670.00	0.46	7,900.00	2.05	–	–

¹⁰ The data scope includes the education operation business and automotive parts business. Since the domestic sewage generated by offices of the financial services business was discharged into municipal pipelines and was controlled by third-party property management companies, relevant data was not included into the data scope.

¹¹ The data scope of natural gas includes the education operation business and automotive parts business, whereas the data scope of coal, wood and hot water includes the education operation business only.

10. Performance Data (Continued)

		2019		2018		2017	
Use of Resources (Continued)							
Water ¹²							
Types	Units	Usage	Intensity of usage (units/no. of employees)	Usage	Intensity of usage (units/no. of employees)	Usage	Intensity of usage (units/no. of employees)
Municipal water	Tonnes	1,527,805.00	418.86	1,753,503.00	455.75	1,594,175.00	397.30
Groundwater	Tonnes	53,882.00	14.77	51,265.00	13.32	–	–
Wastewater reused	Tonnes	13,861.00	3.80	12,000.00	3.12	–	–
Paper ¹³							
Types	Units	Usage	Intensity of usage (units/no. of employees)	Usage	Intensity of usage (units/no. of employees)	Usage	Intensity of usage (units/no. of employees)
Paper	Tonnes	39.00	0.01	83.83	0.02	157.30	0.04
Packaging materials ¹⁴							
Types	Units	Usage	Intensity of usage (units/no. of manufactured products)	Usage	Intensity of usage (units/no. of manufactured products)	Usage	Intensity of usage (units/no. of manufactured products)
Paper	Tonnes	2,179.00	3.07 x 10 ⁻⁴	4,758.53	4.88 x 10 ⁻⁴	134.00	1.04 x 10 ⁻⁵
Metal	Tonnes	4,900.00	6.90 x 10 ⁻⁴	9,137.15	9.36 x 10 ⁻⁴	223.00	1.73 x 10 ⁻⁵
Plastic	Tonnes	337.00	4.75 x 10 ⁻⁵	483.54	4.95 x 10 ⁻⁵	1,000.00	7.77 x 10 ⁻⁵
Wood	Tonnes	1,281.00	1.80 x 10 ⁻⁴	2,584.13	2.65 x 10 ⁻⁴	–	–
Shared logistics boxes	Tonnes	1,413.37	1.99 x 10 ⁻⁴	–	–	–	–

¹² The data scope includes the education operation business and automotive parts business.

¹³ Yinghua School significantly reduced the printing on school campus in the 2019 Financial Year, which was the main reason for the decrease in paper use.

¹⁴ The data scope includes the packaging materials used by the automotive parts business.

10. Performance Data (Continued)

10.2 SOCIAL PERFORMANCE DATA¹⁵

Total Workforce ¹⁶					
Types			Units	No.	Rate
No. and rate of employees	Total		Numbers	3,582	100.00%
	By gender	Male	Numbers	2,053	57.31%
		Female	Numbers	1,529	42.69%
	By employment type	Senior management	Numbers	61	1.70%
		Middle management	Numbers	246	6.87%
		General	Numbers	3,275	91.43%
	By age group	Below 30	Numbers	1,031	28.78%
		30-40	Numbers	1,183	33.03%
		41-50	Numbers	941	26.27%
		Above 50	Numbers	427	11.92%
	By geographical region	China	Numbers	3,529	98.80%
		Hong Kong	Numbers	43	1.20%
Employee Turnover					
Types			Units	No.	Rate
No. and rate of employee turnover	Total		Numbers	732	20.07%
	By gender	Male	Numbers	478	22.31%
		Female	Numbers	254	16.88%
	By employment type	Senior management	Numbers	6	9.52%
		Middle management	Numbers	15	6.24%
		General	Numbers	711	21.26%
	By age group	Below 30	Numbers	316	29.00%
		30-40	Numbers	238	19.44%
		41-50	Numbers	114	12.45%
		Above 50	Numbers	64	15.31%
	By geographical region	China	Numbers	717	19.89%
		Hong Kong	Numbers	15	34.48%

¹⁵ The Group began to disclose social performance data in the 2019 Financial Year. In the future, we will continue to adopt consistent approach for the collection of social performance data to ensure meaningful comparisons. The number of employees used for calculating the social performance indicators (including employee turnover rate, rate of employees trained, rate of work-related fatalities and injuries) is the average of the number of employees at the beginning and at the end of the year.

¹⁶ The number of employees within the reporting scope of the Report as of 31 December 2019.

10. Performance Data (Continued)

Development and Training					
Types			Units	No.	Percentage
No. and percentage of employees trained	Total		Numbers	3,810	104.46%
	By gender	Male	Numbers	2,301	107.37%
		Female	Numbers	1,509	100.30%
	By employee category	Senior management	Numbers	57	90.48%
		Middle management	Numbers	246	102.29%
		General	Numbers	3,507	104.87%
Average no. of training hours per employee	Average		Hours	55.25	
	By gender	Male	Hours	48.08	
		Female	Hours	65.45	
	By employee category	Senior management	Hours	138.98	
		Middle management	Hours	82.18	
		General	Hours	51.73	
Occupational Health and Safety					
Types			Units	No.	Rate
No. and rate of work-related fatalities			Numbers	0	0.00%
No. and rate of work injury			Numbers	8	0.22%
No. of lost days due to work injury			Days	459	
Supply Chain Management					
Types			Units	No.	Percentage
No. and percentage of suppliers	Total		Numbers	191	100.00%
	By geographical region	China	Numbers	177	92.67%
		Hong Kong	Numbers	14	7.33%

10. Performance Data (Continued)

Product Responsibility				
	Types	Units	No.	Rate
Complaints received concerning products or services	No. of complaints received	Cases	41	
	No. and rate of complaints resolved	Cases	41	100.00%
Products sold or shipped subject to recalls for safety and health reasons ¹⁷	Total products sold or shipped	Pieces	7,078,480	
	No. and rate of total products subject to recalls for safety and health reasons	Pieces	0	0.00%
Anti-corruption				
	Types	Units	No.	
No. of concluded legal cases regarding corrupt practices brought against the Company or our employees		Cases		0
Community Investment				
	Types	Units	No.	
Donation amount		RMB		141,000
Employees' volunteering hours		Hours		4,298

¹⁷ The data scope includes the Group's automotive parts business.

11. Lists of Laws and Regulations

Laws and regulations that have a significant impact on the Group's operations in China and Hong Kong are as follows:

ESG Aspects	China	Hong Kong
Environmental	<i>Environmental Protection Law of the PRC</i> <i>Law of the PRC on Environmental Impact Assessment</i> <i>Environmental Protection Tax Law of the PRC</i> <i>Regulation on the Implementation of the Environmental Protection Tax Law of the PRC</i> <i>Atmospheric Pollution Prevention and Control Law of the PRC</i> <i>Water Pollution Prevention and Control Law of the PRC</i> <i>Law of the PRC on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i> <i>Law of the PRC on Prevention and Control of Pollution from Environmental Noise</i>	<i>Air Pollution Control Ordinance</i> (Chapter 311 of the Laws of Hong Kong) <i>Waste Disposal Ordinance</i> (Chapter 354 of the Laws of Hong Kong)
Employment and labour standards	<i>Labor Law of the PRC</i> <i>Labor Contract Laws of the PRC</i> <i>Social Insurance Law of the PRC</i> <i>Law of the PRC on the Protection of Minors</i> <i>Provisions on the Prohibition of Using Child Labor</i>	<i>Employment Ordinance</i> (Chapter 57 of the Laws of Hong Kong) <i>Sex Discrimination Ordinance</i> (Chapter 480 of the Laws of Hong Kong) <i>Disability Discrimination Ordinance</i> (Chapter 487 of the Laws of Hong Kong) <i>Race Discrimination Ordinance</i> (Chapter 602 of the Laws of Hong Kong)
Workplace health and safety	<i>Law of the PRC on the Prevention and Control of Occupational Diseases</i> <i>Fire Protection Regulation of the PRC</i> <i>Production Safety Law of the PRC</i> <i>Regulation on the Safety Management of Hazardous Chemicals</i> <i>Regulations on Safety Supervision over Special Equipment</i>	<i>Occupational Safety and Health Ordinance</i> (Chapter 509 of the Laws of Hong Kong) <i>Employees' Compensation Ordinance</i> (Chapter 282 of the Laws of Hong Kong)

11. Lists of Laws and Regulations *(Continued)*

ESG Aspects	China	Hong Kong
Product responsibility	<i>Patent Law of the PRC</i> <i>Trademark Law of the PRC</i> <i>Intellectual Property Law of the PRC</i> <i>Product Quality Law of the PRC</i> <i>Teachers Law of the PRC</i> <i>Law of the PRC on the Protection of Minors</i> <i>Education Law of the PRC</i> <i>Non-state Education Promotion Law of the PRC</i> <i>Food Safety Law of the PRC</i> <i>Measures for the School Hygiene Work</i> <i>Regulations on the Qualifications of Teachers</i>	<i>Trade Descriptions Ordinance</i> (Chapter 362 of the Laws of Hong Kong) <i>Personal Data (Privacy) Ordinance</i> (Chapter 486 of the Laws of Hong Kong) <i>Trade Marks Ordinance</i> (Chapter 559 of the Laws of Hong Kong) <i>Securities and Futures Ordinance</i> (Chapter 571 of the Laws of Hong Kong)
Anti-corruption	<i>Anti-money Laundering Law of the PRC</i> <i>Interim Provisions on Banning Commercial Bribery</i>	<i>Prevention of Bribery Ordinance</i> (Chapter 201 of the Laws of Hong Kong) <i>Independent Commission Against Corruption Ordinance</i> (Chapter 204 of the Laws of Hong Kong) <i>Securities and Futures Ordinance</i> (Chapter 571 of the Laws of Hong Kong) <i>Anti-Money Laundering and Counter-Terrorist Financing Ordinance</i> (Chapter 615 of the Laws of Hong Kong) <i>Companies Ordinance</i> (Chapter 622 of the Laws of Hong Kong)

12. ESG Reporting Guide Content Index

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section
Environmental		
Aspect A1: Emissions		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	7
KPI A1.1	The types of emissions and respective emissions data.	10.1
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	10.1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	10.1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	10.1
KPI A1.5	Description of measures to mitigate emissions and results achieved.	7.1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	7.1

12. ESG Reporting Guide Content Index (Continued)

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7.1 and 7.2
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	10.1
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	10.1
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	7.2 and 10.1
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	7.2 and 10.1
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	10.1
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	7.1 and 7.2
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.1 and 7.2

12. ESG Reporting Guide Content Index (Continued)

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section
Social		
Aspect B1: Employment		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.1 and 6.2
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	10.2
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	10.2
Aspect B2: Health and Safety		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.3
KPI B2.1	Number and rate of work-related fatalities.	10.2
KPI B2.2	Lost days due to work injury.	10.2
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.3
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	6.4
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	10.2
KPI B3.2	The average training hours completed per employee by gender and employee category.	10.2

12. ESG Reporting Guide Content Index (Continued)

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section
Aspect B4: Labour Standards		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	6.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.1
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.4, 5.1 and 5.2
KPI B5.1	Number of suppliers by geographical region.	10.2
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	4.4, 5.1 and 5.2
Aspect B6: Product Responsibility		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.4, 4.6, 5.1 and 5.2
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	5.2
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.5, 5.1 and 5.2
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.6, 5.1 and 5.2
KPI B6.4	Description of quality assurance process and recall procedures.	5.2
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.4, 5.1 and 5.2

12. ESG Reporting Guide Content Index (Continued)

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section
Aspect B7: Anti-Corruption		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	2.3, 4.3, 5.1 and 5.2
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	2.3
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4.3, 5.1 and 5.2
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	8

13. Glossary

In this Report, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“2018 Financial Year”	the financial year ended 31 December 2018
“2019 Financial Year”	the financial year ended 31 December 2019
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China, which for the purpose of this Report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	China First Capital Group Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on the Main Board of the Stock Exchange with stock code of 1269
“Director(s)”	the director(s) of the Company
“Edukeys Group”	the Xinjiang Edukeys International Education Services Co., Ltd.* (新疆中際育才教育諮詢有限公司) together with its subsidiaries
“ESG”	Environmental, social and governance
“ESG Reporting Guide”	the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange
“ESG Working Group”	the ESG working group of the Group
“FC Fund”	First Capital Fund Management Company Limited* (首控基金管理有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Fuqing Xishan”	the Fuqing Xishan School* (福清西山學校)
“GHG”	greenhouse gas
“Group” or “CFCG”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

13. Glossary (Continued)

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Jiangxi Xishan"	the Jiangxi Xishan School* (江西省西山學校)
"Nanyang Cijan"	Nanyang Cijan Automobile Absorber Company Limited* (南陽漸減汽車減振器有限公司), a company incorporated in the PRC with limited liability and an indirect subsidiary of the Company
"Nomination Committee"	the nomination committee of the Company
"R&D"	Research and development
"Remuneration Committee"	the remuneration committee of the Company
"Report"	the 2019 Environmental, Social and Governance Report of the Company
"Risk Management Committee"	the risk management committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	the holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of HK\$0.02 each in the share capital of the Company
"Singapore"	the Republic of Singapore
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Company
"Xishan Schools"	collectively, Fuqing Xishan, Fuqing Xishan Vocational and Technical School* (福清西山職業技術學校), Jiangxi Xishan and Xishan Education Group* (西山教育集團)
"Yinghua School"	Jinan Shijiyinghua Experiment School* (濟南世紀英華實驗學校)
"%"	per cent

* For identification purpose only

Feedback Form

Thank you for reading the “2019 Environmental, Social and Governance Report” of the Company. In order to provide you and other stakeholders with more valuable information and improve the Group’s ability to implement the overall environmental, social and governance work, we sincerely welcome any opinions and suggestions you may offer on the report via:

Address: Units 4501-02 & 12-13, 45/F., The Center, 99 Queen’s Road Central, Hong Kong

Email: ir@cfcg.com.hk

1. Which of the following stakeholder types applies to you?

A Government

B Regulatory Authority

C Shareholder

D Customer

E Employee

F Supplier and Partner

G Community

H Public and Media

I Others: _____

2. Do you think this report has fully satisfied your expectations for the Group?

A Yes

B No. Which of your expectations do you think have not been reflected in this report?

3. Do you think the Group has met your expectations well?

A Yes

B No. Which of your expectations do you think have not been met well?

4. Do you think the arrangement of content and layout design of this report provide easy reading?

A Excellent

B Good

C Fair

D Poor

5. What other opinions and suggestions do you have on our environmental, social and governance efforts and this report?

Thanks again for your participation!



中國首控集團有限公司

China First Capital Group Limited