



INTERNATIONAL ELITE LTD.

精英國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1328)

2016 Environmental, Social and Governance Report

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1 ABOUT THIS REPORT

BASIS OF PREPARATION

This report is the 2016 Environmental, Social and Governance Report (the “ESG Report”) of International Elite Ltd. (the “Company”) and its subsidiaries (the “Group”) prepared in accordance with the general disclosure requirements set out in Appendix 27 “Environmental, Social and Governance Reporting Guide” to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), which gives a performance review of three major responsibilities, namely economic, environmental and social responsibilities, of the Company in 2016.

BUSINESS OF THE GROUP

The Group is a customer relationship management (“CRM”) outsourcing service provider with business focus in Hong Kong, Macau and the People’s Republic of China (“PRC”) markets. CRM is a process of providing services to customers with the use of communication and computer networks. During the year under review, the Group continued to provide services to established telecommunications service providers, including Hutchison Telecommunications, Hutchison Global, China Unicom Guangdong and PCCW Mobile. Besides, management continues to diversify the Group’s CRM customer base to non-telecommunications industries, the clients of which include, but not limited to, KFC, Guangzhou Watsons, Wuhan Watsons, Guangzhou Park’N Shop, Pizza Hut and Panasonic (Guangzhou). Upon acquisition of Sunward Telecom Limited and its subsidiaries, and completion of subscription of 1,000,000,000 shares of Global Link Communications Holdings Limited (“GLCH”), the Group is also engaged in the radio frequency-subscriber identity module (“RF-SIM”) and passenger information management system (“PIMS”) business.

During the reporting period, the principal business of the Group is classified into the following three segments: CRM service (“CRMS”) business, RF-SIM business and PIMS business.

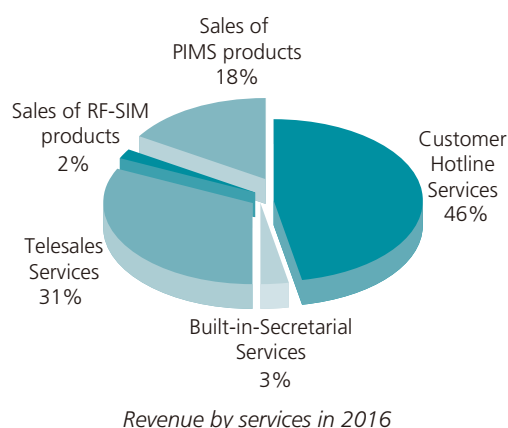
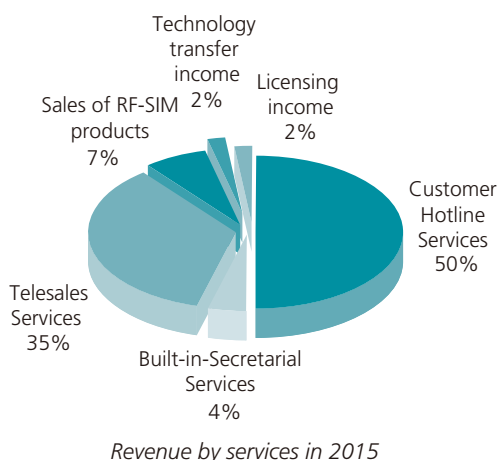
CRMS business includes the provision of inbound services and outbound services. Inbound services comprise a range of customer hotline services, including general enquiry, technical support, broadband connection arrangement, service installation, account activation, subscriber details update, account enquiry, account termination, order placement, member registration, built-in secretary (“BIS”) and super secretarial services (“Super BIS”). BIS service is a personalized message taking service, where its operators transmit messages left to the subscriber via SMS. The Super BIS service is a concierge service where the operators can provide advanced functions such as making restaurant reservation and purchasing flight tickets for high-end subscribers. Outbound services, on the other hand, include telesales services and market research services. The Group’s operators run on behalf of their customers promotions and ongoing telemarketing via unsolicited phone calls (cold calls). The operators can also conduct large scale surveys to efficiently collect feedback, opinions, and complaints for their customers.

RF-SIM is a technology of proprietary intellectual property right that embeds a special-made radio frequency module into a mobile SIM card that complies with GSM specifications. The RF-SIM card is a combination of ordinary mobile phone subscriber identity module card and contactless smartcard. RF-SIM business includes (i) research and development, production and sales of RF-SIM products; (ii) licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau; and (iii) research and development and technology transfer of certificate authority-SIM (“CA-SIM”) application rights to customers.

PIMS business includes sales of passenger information management system (“PIMS”) products provided by the Group’s subsidiary, GLCH. For GLCH’s environmental, social and governance Report, please refer to its annual report.

1 ABOUT THIS REPORT (continued)

The revenue of the Group from different sectors in 2015 and 2016 are as follows:



REPORTING PERIOD AND SCOPE

The reporting period of this report covers the financial year of 2016 (from 1 January 2016 to 31 December 2016), which is the same as the reporting period of the Group's annual report. The main scope of this ESG report covers the customer hotline services and telesales services (including BIS service) of the Group, which contribute to the majority of the Group's total revenue, namely 80%. The principal places of business of the Group are Hong Kong, PRC and Macau.

SOURCES OF INFORMATION

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

2 COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with the requirements of relevant laws and regulations, and any failure to comply with such requirements may result in interruptions in, or termination of the operation. The Group has allocated and assigned systems and human resources to ensure continuous compliance with relevant laws and regulations and sound cooperative relationships with regulators through effective communications. During the reporting period, to the best of our knowledge, the Group has complied with the Listing Rules, the Securities and Futures Ordinance (Chapter 571), the Companies Ordinance (Chapter 622), the Trade Descriptions Ordinance (Chapter 362), the Personal Data (Privacy) Ordinance (Chapter 486), the Unsolicited Electronic Messages Ordinance (Chapter 593), the Company Law of the PRC (中華人民共和國公司法), the PRC Foreign Investment Law (中華人民共和國外資企業法), the PRC Administration of Tax Collection (中華人民共和國稅收徵收管理法), Regulations on Telecommunications in the PRC (中華人民共和國電信條例), the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Law of the PRC on Work Safety (中華人民共和國安全生產法), the Labor Law of the PRC (中華人民共和國勞動法), the Labor Contract Law of the PRC (中華人民共和國勞動合同法), the Computer Software Protection Regulations Rules (計算機軟件保護條例), the Code of Computer Software Copyright Registration (計算機軟件著作權登記辦法) and other relevant rules and regulations.

3 STAKEHOLDER ENGAGEMENT

Materiality assessment is essential in deciding the relevant environmental and social policies, which provide guidance for the operation and development of the Group in future. Therefore, during the year, the Group invited a third-party independent consulting team to facilitate and conduct interviews with important internal stakeholders, in order to understand the important topics related to environmental and social responsibilities of the Group. An assessment of the stakeholder engagement results was used to determine our ESG materiality.

Since it was the first Environmental, Social and Governance Report of the Group, during the year, the third-party consulting team mainly interviewed our management staff with rich experience and profound knowledge of the business of the Group. In future, we plan to expand the scope of the stakeholders to obtain more comprehensive opinions and further improve the ESG performance of the Company.

The Group maintains regular communication with many stakeholders (namely groups and individuals with a significant influence on or under the influence of the business of the Group), in which we may identify the latest expectations of the stakeholders, and actively respond to them in a timely manner, in order to promote the Group to fulfill the environmental and social responsibilities and realize the objective the sustainable development of the Group. The Group's success relies on the support of major stakeholders including customers, employees, suppliers, regulators and shareholders.

Stakeholders	Relationships with the Group
Customers	The Group is committed to providing its customers with quality products and services so as to strive for sustained growth in respect of revenue and profitability. The Group has adopted various means to strengthen communication with its customers to provide excellent and quality products and services so as to increase market penetration and expand its various businesses.
Employees	Employees are considered to be the most important and valuable assets of the Group.
Suppliers	Maintaining good relationships with the suppliers is essential to the Group in respect of the supply chain and when facing business challenges and regulatory requirements. It can achieve cost efficiency and promote long term commercial benefits.
Regulators	As a company listed in Hong Kong, the Company is subject to the regulation of the Securities and Futures Commission of Hong Kong, the Hong Kong Stock Exchange and other relevant regulators. With operations in the PRC, the Group is also subject to the regulation of the Ministry of Commerce (商務部), the State Administration for Industry and Commerce (工商行政管理總局), the State Administration of Taxation (稅務總局), the Ministry of Human Resources and Social Security Bureau (人力資源和社會保障部), the National Copyright Administration (國家版權局) of the PRC and other relevant regulators. The Group expects to constantly update and ensure compliance with new rules and regulations.
Shareholders	One of the corporate objectives of the Group is to enhance the corporate value for its shareholders.

4 MATERIALITY ASSESSMENT

For shareholder engagement, participants were invited to evaluate on various aspects related to environmental and social responsibilities according to the degree of importance. With further analyses on the collected view, a series of topics with significant influence to the Group were accordingly selected and are summarized as follows:

Environment

Aspect	Corresponding aspect of Hong Kong Stock Exchange	Relevance to the Company
Use of Electricity	A2 Use of resources	Electricity is the main energy consumption of the Company, such as the call center and the cooling and lighting system in the office.
Emission of non-hazardous waste	A1 Emissions	Main emissions generated by the Company are waste paper, cartons and general office waste.
Emission of greenhouse gas	A1 Emissions	The greenhouse gas emission of the Company is mainly produced through the power consumption of the air-conditioning and lighting systems. Different measures were implemented in energy conservation and emission reduction in our operations.

Social

Aspect	Corresponding aspect of Hong Kong Stock Exchange	Relevance to the Company
Employees' welfare	B1 Employment	As an outsourcer of the customer service management, we deeply believe that employees are the most important assets of the Group. Therefore, we try to ensure the welfare, health and safety of employees.
Health and safety	B2 Health and Safety	
Product Responsibility	B6 Product Responsibility	We are devoted to providing the most professional and excellent service for customers fulfilling our highest service ethics and commitments.

5 ENVIRONMENT

5.1 ENVIRONMENTAL POLICY

As one of the largest third-party CRMS outsourcing enterprise in the PRC, the Group acknowledges well the importance of the performance of responsibilities as a corporate citizen. Therefore, the Group has always been devoted to realizing environmental protection and energy conservation and lessening impact on the environment by saving electricity, reducing waste and recycling resources.

The working environment of the Group is an indoor call center (“Call Center”) and office without any industrial plants. Therefore, the Company does not generate significant amount of hazardous waste, air emissions and waste water directly from its daily operations. The Group incorporates initiatives of green office in its daily business operations by improving the efficiency of resources consumption, reducing waste generation, paper recycling, etc.

Since November 2016, the Group has established the environmental management system named “Environmental Control Procedures” in the call center of Guangzhou. Environmental assessment is conducted once at the beginning of each year. Annual environmental objectives are determined with reference to the results of each department.

5.2 USE OF RESOURCES

The Group strives to use resources effectively and minimize the discharge of wastes. In the ordinary course of business, we have gradually implemented various energy-saving, emission and waste reduction measures as follows:

Energy-saving

- 1) Keep indoor air-conditioning temperature at 25°C;
- 2) Encourage staff to shut down computers after work and switch off lights if the employees are expected to be away from the room for more than one hour;
- 3) Encourage staff to switch office equipment, such as printers and computers, to energy saving mode (the equipment will enter the sleep mode under the standby condition);
- 4) Replace the lighting system in the office by LED (“LED”) gradually.

5 ENVIRONMENT (continued)

Reduce use of paper

- 1) Encourage double-side printing and reuse of waste paper;
- 2) Encourage the correspondence and communication in the electronic form as far as possible.

5.3 EMISSIONS

As an enterprise dedicated to providing CRM outsourcing service, we do not have significant and direct generation on air emission, waste or waste water discharge in our business. Yet, the Group has set up relevant policies and measures in managing our wastes.

Hazardous wastes in office

Potential hazardous wastes generated from the Group's offices or call centers includes used light tubes, batteries, ink cartridges, computers, photocopiers, circuit boards and electronic components. Based on our Environmental Control Procedures, the Group categorizes its wastes and maximizes their recycling and reuse, where practicable. Any generated hazardous wastes listed in the Directory of National Hazardous Wastes (《國家危險廢物名錄》) of the PRC, such as used light tubes and batteries, shall be handled by qualified hazardous waste processing contractors.

General wastes

Based on the Group's Environmental Control Procedures, we advise our staff to reduce the consumption of disposable materials, use more alternative products and be aware of saving resources. Each department places their wastes in different categories and at prescribed locations, with the administrative department responsible for centralized processing. The Group would recycle its wastes, such as used paper boxes, scrap metals, electric wires and cables and telephones.

Greenhouse gases

The Group generates greenhouse gases mainly from the electricity consumption by its air-conditioning and lighting systems. To cut carbon emission, we have adopted various measures on energy conservation. For details, please refer to "5.2 Use of Resources". In the future, we will plan to monitor and assess the Group's carbon emission so as to adopt more efficient measures for reducing such emission.

Air emissions

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

Waste water discharge

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

5 ENVIRONMENT (continued)

5.4 ENVIRONMENT AND NATURAL RESOURCES

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

5.5 COMPLIANCE

The Group is not aware of any significant non-compliance or any violation of environment-related regulations during the year.

6 SOCIAL

6.1 EMPLOYMENT AND LABOR PRACTICES

6.1.1 Staff and remuneration benefits

The Group cares about labor rights and interests, as employees are the most important assets for a provider of professional CRM outsourcing services. We attract and retain talents with competitive remuneration and benefits, comprehensive appraisal and training programs. We support diversity in our staff members, and ensure that they are not discriminated on race, age, gender, marital status, religion or belief. Our staff handbook clearly sets forth recruitment and dismissal procedures, remuneration and benefits, the systems of attendance and promotion, the regulations on leaves and holidays, and the system of staff suggestion and complaint.

The staff handbook also specifies the rights and obligations of both the Company and its staff. Every new staff member should carefully read the handbook and provide his signature to prove no disagreement on the content of the handbook and his commitment to its strict compliance. For any doubts about the terms and conditions of the handbook, the staff may consult the departmental head or the human resources department at any time.

The Group has provided its staff with a fair, just and open mechanism for remuneration review and promotion. Superiors conduct work performance review on a quarterly basis. In respect of performance appraisal, items and standards are selected for review according to the business of each department and the nature of position. Apart from basic remuneration, qualified staff members are also entitled to a performance bonus, with year-end bonus or salary increase being awarded to excellent staff. Given any job vacancies regular and occasional, the Group sticks to its principle of mainly internal promotion, supported by external recruitment. Promotion and development opportunities would be offered to diligent, outstanding and high-caliber individuals.

Staff remuneration comprises of basic salary, fringe benefit and performance bonus. The Group determines whether a staff member can enjoy traffic and housing allowances and other benefits according to the nature of his position, whereas basic salary and bonus are determined by position and performance. In respect of paid leaves, all staff members are entitled to the paid leaves prescribed by local laws, such as statutory holidays and the leaves for work injury, marriage, maternity and illness. Furthermore, a staff member is entitled to an increase in the days of paid annual leaves as his years of service with the Group increases.

The Group also obtains staff opinion on its business and management through written enquiries or interviews regularly or when necessary, during which staff members can freely air their views with no need of apprehension. On top of that, the staff can take the initiative to convey their thoughts through different channels. The Group highly values staff feedback and take it into account during management decision-making. Although we may not be able to address every needs raised, the Group would still respond to the comments accordingly through various channels of communication.

The Group is not aware of any significant non-compliance or any violation of labor-related regulations during the reporting year.

6.1.2 Health and safety

The Group “executes a robust safety management system to prevent accidents and targets zero accident”. We strive to provide a safe and comfortable working environment for our staff. We have also formulated the procedures for occupational safety management and supervision, according to the local regulations on sanitation and work safety. Mainly engaged in hotline and sales services, the Group has indoor call centers as its working environment, and the manufacturing and processing of RF-SIM products also take place in the office. As such, our work is of low safety risks and we did not have any record of occupational diseases or hazards for the reporting period. Nevertheless, we do not take things lightly. The Group’s call centers are certified with OHSAS 18001 on Occupation Health and Safety Management.

6 SOCIAL (continued)

We intend to positively respond to all types of potential safety accidents at our customer relationship centers, by offering quick and effective aid, preventing the spread of accidents, enhancing staff's capability of self-protection and rescue, and protecting the personal and asset safety of the Company and its staff. Given such intention, we have prepared on-site emergency response solutions in the following respects: blackout and equipment-related accidents, fire hazards, and the prevention of communicable diseases, thefts, robberies and floods.

According to the Group's Management System of Safe Production for Customer Services Centers, the administrative department coordinates the supervision and management of occupational health and safety for the whole Company, with regular inspection and appraisal on behalf of the Group to ensure that the occupational safety targets are implemented consistently. In addition, the administrative department would regularly inspect the Group on its compliance with national and local laws and regulations on occupational safety.

In respect of fire prevention, the Group has a robust management system for fire prevention and safety, with regular fire drills, subsequent assessment on drill efficiency and smoothness and improvement work being carried out. Upholding the principle of "Safety and Prevention First", the Group provides regular training on fire prevention and safety, in an effort to boost the staff's ability in self-prevention and rescue. We review the Group's safety system on a regular basis with follow-up actions, to create a safer and healthier working environment for our staff.

The Group is not aware of any significant non-compliance or any violation of occupational health and safety related regulations during the year.

6 SOCIAL (continued)

6.1.3 Development and training

The Group considers its staff members as important assets and enhances their capabilities and skills through trainings to satisfy corporate development needs. The Group prepares training programs that cater for different positions, functions and titles, and offers opportunities and platforms to help staff members to develop their career and receive promotion.

As the Chinese government endorses the development and training in CRM-related industries, the Group offers various training courses to its staff, including “Diverse Skills and Management”. The course is designed for experienced and skilled telephone operators, to enable them to work in multiple projects, improve the overall ability of project teams and achieve effective allocation of the Group’s resources. Therefore, idle telephone operators can now serve the customers of different projects. The course has greatly boosted the Group’s efficiency, particularly in small projects with short telephone communication time. The directors believe that multi-skilled telephone operators can allow the CRM team to become an elite team capable of meeting the demands of high-end customers.

Besides, considering the swift development under the national “Internet Plus” strategy, the Group encourages its staff to participate in both internal trainings and external trainings such as online education, to improve their skills and education qualifications. To give its staff on-the-job learning opportunities that are more economical and convenient, the Group introduced online-education enrollment schemes with University of Science and Technology Beijing, Jilin University and Southwest University of Science and Technology. For staff members who have enrolled in the schemes, the Group not only adjusts their work arrangement to the greatest extent, but also offers financial assistance such as a RMB1,000 tuition subsidy at the time of enrollment and a RMB500 bonus for those who are still entitled in to the last semester.

6.1.4 Labor standards

Labor exploitation and child labour is strongly prohibited by the Group. The staff handbook has formulated clear policies to prevent forced labor and employment of child labor, with frequent monitoring of the recruitment process and overtime work to prevent illegal conduct.

Upon receiving a notice to commence work, each applicant is required to report to the human resources department to go through various procedures. Each applicant should submit the photocopies of his or her resident ID, residence booklet and health declaration. Before signing a labor contract or confidentiality agreement, the applicant should produce the original of his ID for identity verification, to ensure the correctness of his identity and his age is in compliance with the local regulation on child labor. The Group has the right to immediately terminate its labor relations with individuals who are found with false content or concealed conditions in the information provided, which constitutes serious violation of the Company’s regulations.

The Group strictly complies with all the local laws and provisions on labor, such as the Labor Law of the People’s Republic of China (《中華人民共和國勞動法》) and the Provisions on the Prohibition of Using Child Labor (《禁止使用童工之規定》).

6 SOCIAL (continued)

The Group does not force any staff members to work overtime, with all overtime work taking place on a voluntary basis. Staff members may choose to apply for overtime work or leaving work on time. Compensation provisions for overtime are specified under the attendance system of the staff handbook: all departments should inform their staff of overtime arrangement in advance, with overtime work to take place upon the consent by the department manager concerned and the approval by the human resources department. After their overtime work, staff members should provide their signature on the attendance record for confirmation and as a proof for their overtime work. The department concerned would arrange compensatory leave for such staff members within one month. Regarding any failure to arrange for such leave due to work demands or the staff's personal reasons, overtime allowance should be provided upon the application by the department manager and the approval by the human resources department.

During the year, the Group was not aware of any violation of labor-related regulations which might have a material impact on the Group.

6.2 OPERATION

6.2.1 Product responsibility

The Group mainly targets at corporate clients and provides them with offshore customer relationship management and other outsourcing services, including hotline or back office customer service over telephone, telemarketing, market research, Chinese and English secretarial services and other corporate customer outsourcing projects, etc. The Group is committed to rendering high-quality services to its customers and has introduced relevant policies to protect its customers' privacy and its intellectual property rights.

Service Quality

The staff handbook of the Group clearly sets out the Code of Conduct and commitment of service. We strongly prohibit any misleading, aggressive and bait sales. During the provision of services, we only provide customers with product information based on facts, so that consumers can make the most rational choice. The Group's service quality is widely recognized, and we are accredited with the ISO9001 quality management system certification.

The Group strictly complies with the Trade Descriptions (Unfair Trade Practices) Ordinance ("TDO") passed in 2012 in Hong Kong. The TDO prohibits traders' unfair trade practices towards consumers, including false trade description of services, misleading omission, aggressive commercial practices, bait advertising, bait and switch and wrongly accepting payment. To ensure compliance with related regulations and enhance the awareness of employees, the Group also provides regular trainings for relevant employees and supervises their work.

6 SOCIAL (continued)

Service quality is an important indicator for evaluating the performance of the call center. As a result, the Group has set up detailed evaluation indicators and management system with an aim to identify problems in its service processes, make improvements and continuously improve its overall service quality. As an independent organization, the quality control group monitors the operators daily on sample basis to ensure that the service quality are inspected at any time. Problems encountered in the quality inspection processes will be recorded in the “Quality Inspection Mark Sheet” which is available for examination by employees on their own. There are mainly four standards for quality assessment: service attitude, service wording or expression, speed and volume of voice and operational ability. The department analyzes the data collected weekly and monthly to propose improvement plans and measures based on experience obtained.

The operation system used in the CRM Service Center of the Group is vulnerable to events such as fire, flood and power outage, etc. Any network interruption that leads to disruption of the Group’s system or failure to connect to network and the server can seriously affect customer experience. So we attach great importance to the emergency backup power supply (“UPS”) in our call center. We have designated staff to maintain and manage such facilities to ensure that business operation of the Group can last for at least 30 minutes or more without interruption upon power outage, so that our business operation is uninterrupted and completely avoids any vacancy period during power outage and resumption.

Customers’ privacy

As a CRM outsourcing service provider, the Group can get access to a large number of customers’ personal information, such as name, sex, photocopy of identity card or passport, occupation, address, telephone number and email address, etc. Pursuant to contracts entered into between the Group and its customers and in compliance with the Personal Data (Privacy) Ordinance (Chapter 486), the Group is obliged to keep all such data confidential. In the event that there is a breach of confidentiality by the Group and data is leaked to third parties, the subscribers may take legal action against the Group’s customers for losses. In addition, the Group’s customers may exercise their rights under the contract to terminate the contract and proceed to institute legal proceedings to claim damages for any loss sustained as a result of the Group’s breach. Therefore, contracts with customers set out general terms on compensation over such circumstances to protect the interests of the Group. The Group’s information security management system is well received and is accredited with ISO27001 quality management system certification.

The Group has implemented internal control procedures to safeguard confidential data and they are elaborated on in the staff handbook including:

- 1) designating staff to collect, store, examine, amend and delete customers’ personal data;
- 2) prohibiting employees to get access to company information by information storage devices;
- 3) entering into non-disclosure and confidentiality agreements with the Group’s employees.

6 SOCIAL (continued)

Protecting Intellectual Property Right

In our daily operations, the Group's CRM business heavily relies on the operating systems which are developed by the Group's research and development department. The Group obtained registration certificate issued by the National Copyright Administration of the PRC(中國國家版權局) in respect of our online customer service systems in 2011. The Group remains as one of the few operation systems owners who applied for protection for these intellectual property rights. The Group also relies on non-disclosure of confidential information agreements provided by the Group's research and development personnel to protect the Group's intellectual property rights on the operating systems currently in use.

The Group is not aware of any significant non-compliance or any violation of product liability related regulations during the year.

6.2.2 Supply chain management

The Group mainly relies on the following products provided by the suppliers:

- 1) systems and equipment such as computers and computer components, monitoring devices and components, electrical materials;
- 2) software and network devices;
- 3) office supply and equipment;
- 4) headsets, furniture, medicines, and other printing products, etc.

The Group has well-established guidelines for management material procurement which stipulates the approval procedures for procurement of various work related equipment and office supply. Factors considered by the Group in the supplier selection include relevant qualifications (e.g. ISO9001), financial position, price and quality, supply capacity, technical quality and after-sales services, etc.

The Group plans to further improve its supply chain management policies by taking into consideration the supplier's social responsibility and environmental policies in the future, and requiring them to agree with the environmental protection and social responsibility requirements of the Group. We also intend to conduct on-site inspections from time to time to examine the suppliers's environmental and social responsibility performance.

6 SOCIAL (continued)

6.3 ANTI-CORRUPTION

Anti-corruption is a major commercial ethics principle among enterprises and the Group firmly prohibits any action that may damage competition environment in society. The Group has established formal management policies to prevent bribery, fraud and leakage of information, which are stated in the staff handbook. All employees must comply with the requirements as specified in the staff handbook, including:

Keep the Company's Information Confidential and Comply with the Company's Confidentiality Rules

- 1) Employees are obliged to keep confidential any data, technology and trade secrets of the customers of the relevant parties they obtained and such information must not be used privately or leaked, transferred, sold, granted, exchanged, made a gift of to or used commonly with a third party by any means;
- 2) Upon leaving the Company, employees should return all confidential materials they hold or in their custody, and should keep relevant information or materials confidential or destroy the same;
- 3) Strictly keep company information confidential in all business of the Company that requires confidentiality. In other occasions, employees should consciously keep company information confidential and must not seek benefit without permission by taking advantage of their positions or bring any unauthorized person to visit the workplace of the Company.

Comply with Information Security Rules of the Company

- 1) Seeking personal benefit by taking advantage of one's position or with internal information is prohibited;
- 2) Attacking or using the vulnerability of the information security system in collusion with external parties is prohibited;
- 3) Accessing to, altering or deleting customers' data without their permission or in violation of regulations is prohibited.

Comply with the Rule of Integrity in Code of Professional Ethics

- 1) During the provision services, employees must not provide any false or misleading product information for customers. If it is unable to ascertain the correctness of the product information, such product information should be verified instead of providing such information for customers hastily;
- 2) During the provision of services, employees should provide customers with adequate product information to allow customers to make informed transaction decisions to avoid the risk of making misleading omission;
- 3) During the provision of services, no aggressive service behaviour is allowed and employees must not deploy harassing, threatening or taking any action that have adverse effects;
- 4) During the provision of services, bait advertising in product advertisement is prohibited;
- 5) Employees should render customers service and sales service to customers in strict accordance with the Company's code on service and marketing.

6 SOCIAL (continued)

In the event that an employee believes that his personal interests is unduly violated or has different opinions on the Company's operation measures, or discovers any violation of the rules of the Company, he/she can complain either by means of interview or in writing. The responsible person at each level will investigate relevant person involved in the complaint after receiving the employee's complaint and make a decision as soon as possible based on investigation results. If the employee is dissatisfied with the decision, he may make further complaints to superior departments.

During the year, the Group has not discovered any violation of anti-corruption related regulations that have material impact on the Group.

6.4 COMMUNITY INVESTMENT

The Group believes that participating in community activities will help to promote harmony in social development, fulfill our responsibilities as a corporate citizen and also demonstrate the Group's promise to society. Hence, we plan to encourage employees to participate in social and charitable activities in the coming years, such as youth education or caring for the elderly, etc. To encourage participation of employees in community services and meaningful charitable work, we are also planning on allowing compensation leaves for employees who attended volunteering works on behalf of the Company during off-work hours.

HONG KONG STOCK EXCHANGE “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” INDEX TABLE

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B5. Supply chain management	6.2.2
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B7. Anti-corruption	6.3
Community	
B8. Community investment	6.4