

# YORKSHINE HOLDINGS LIMITED

## 焯新控股有限公司\*

(Incorporated in Singapore with limited liability)

(Company Registration No. 198902648H)

Hong Kong Stock Code: 1048

Singapore Stock Code: MR8



\* For identification purpose only

# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

## **(“This report” or the “ESG Report”)**

This report is issued in accordance with the Environmental, Social and Governance Guide (Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“the Listing Rules”) released by the Stock Exchange of Hong Kong Limited (collectively, the “ESG Guide”). The ESG Report is designed to allow shareholders, investors (including potential investors) and the public to have a more comprehensive and profound understanding of the work done on environmental, social and governance area of YORKSHINE HOLDINGS LIMITED (“the Company”) and its subsidiaries (the Company and its subsidiaries collectively referred to as the “Group”). The Group primarily adopts the principles and basis of the ESG Guide as its standards, with an aim to establish a sound environmental, social and governance structure. The board of the Company (the “Board”) believes that a sound environmental, social and governance structure is vital for continued sustainability and development of the Group’s activities. The Group is willing to take more responsibilities for the society but with a view to balancing the shareholders’ interests and the society’s benefits.

### **SCOPE OF THE REPORT**

The Group’s principal business activities is engaged in (i) trading and distribution of iron ore, coal and steel products, and (ii) manufacturing, sales and distribution of tinplate products in the People’s Republic of China. This report mainly covers the operations of the Group’s major subsidiaries in Tianjin and Jiangsu, which are engaged in operation of tinplate and tin free steel processing, including coil cutting, slitting, printing and packing.

### **REPORTING PERIOD**

This report presents details regarding the major environmental and social aspects of the Group for the period from 1 May 2016 to 30 April 2017.

### **SCOPE OF THE CONTENT**

This report focuses on the major aspects in environmental and social issues of the Group. For governance section, please refer to Corporate Governance Report of the Group’s 2017 Annual Report.

### **REPORTING GUIDELINE**

This report is prepared in accordance with the ESG Guide.

The board of Directors has the overall responsibility for the Company's ESG strategy and reporting, monitoring and managing the ESG-related risks. The management is responsible for evaluating effectiveness of the ESG risk management and internal control systems and the management confirms that these systems are effective to mitigate our ESG-related risks. Assessment of ESG status and progress are conducted on an ongoing basis. To understand the

concerns of various stakeholders, the Company has engaged and discussed with various business functions and management personnel, and identified the materiality of the ESG issues to be included in this Report.

## ENVIRONMENT

The Group has strictly complied with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Law of the PRC on Prevention and Control of Pollution From Environmental Noise (《中華人民共和國環境噪聲污染防治法》), and other relevant environmental protection laws and regulations. In addition, the Group has been dedicated to fulfill its commitments in environmental protection in accordance with relevant policies and requirements. The Group has developed a “Compilation of safety environment system” (《安全環境制度彙編》) as a manual for the Group to comply with.

### Emissions

No direct emission of greenhouse gas is generated from the Group’s business activities due to the suspension of tinsplate manufacturing project in the PRC. Notwithstanding this, the Group has complied with all the national standards such as the Integrated Emission Standard of Air Pollutants (《大氣污染物綜合排放標準》), the Integrated Wastewater Discharge Standard (《污水綜合排放標準》) and the Emission Standard for Industrial Enterprises Noise at Boundary (《工廠企業廠界環境噪聲排放標準》) and did not exert material impacts on the environment. The current emission of the Group is mainly automobile exhaust generated by its self-owned vehicles.

The Group’s environmental management system was established to oversee the pollution control facilities, especially in the tinsplate manufacturing segment located in Jiangsu which has received recognition from Xinghua City Environmental Protection Bureau (《興化市環保局》).

### Use of Resources

The Group has constructed three anti-solid waste yard to ensure the effective disposal of hazardous solid wastes and to realise zero discharge of solid waste. During the reporting period, there was no hazardous waste being generated; however, non-hazardous waste including paper waste, water and electrical waste were generated.

#### (1) Electricity

The total electricity consumption by the Group was 29960 Kilowatt-hour (kWh), from non-production facilities.

## (2) Water

A series of water treatment equipment were employed by the Group for discharge of water quality to the national “level A” emission standards, for example, use of vertical washing spray shower.

The total water consumption was 26 m<sup>3</sup> in the reporting period as mainly derived from the Hong Kong office.

## (3) Paper waste

The total consumption was approximately 425 kg of paper were used in the reporting period as mainly derived from the Hong Kong office.

Apart from the above, with reasonable planning and layout, the selection of low-noise equipment by the Group has taken effective measures to prevent the boundary noise in accordance with the nation’s “industrial enterprise boundary noise standards” (《工業企業廠界噪聲標準》).

## Office Resources Utilization

In view of the scarcity of resources, the Group advocates policies and procedures on efficient use of resources. The management of the Group seeks ways to improve energy efficiency and lower electricity usage in facilities. The Group also motivates all its employees to participate in resources conservation activities and encourages them to save water, power and paper.

In office, the following measures have been implemented:

### Reduce waste guidelines

#### (A) Reduce waste generation

- (1) reduce paper usage
  - encourage double-sided printing or photocopying
  - use electronic system to archive and document, and send text by email
  - consolidate and shrink the form, record and notice
  - use electronic means for newsletters, announcements, reports
  - use digital camera or cell phone to take pictures and print out when necessary
- (2) Recycle used paper (except for paper containing confidential documents)
  - placed on the copier’s multi-purpose tray for printing or photocopying purpose
  - made into draft paper, notebook, paper, etc
  - used to paste a small receipt or document for reimbursement purpose
- (3) recycle used envelopes, hardcover folders, paper bags and carton boxes
- (4) reduce the use of disposable cups, stir bars or glue tubes
- (5) reduce the frequency of replacement of junk bags
- (6) use rechargeable batteries instead of disposable batteries

- (7) repair damaged objects and try to avoid disposal
- (8) reuse festive decorations (e.g. Christmas, New Year, Lunar New Year, etc)

(B) Collection and recovery of waste

- (1) separate waste paper, aluminum cans and plastic waste into a dedicated recycling bin in the lobby with a glass window for recycling
- (2) the used bulbs, batteries and toner cartridges/ink cartridges are delivered for reunification
- (3) reuse or donate old computer, electrical and office equipment to charities

(C) Use of recycled products

- (1) purchase paper with recycled ingredients
- (2) use recycled toner cartridges

Energy saving guidelines

- (1) adjust the room temperature to 25.5<sup>0</sup>C (recommended by the HKSAR Government) and set the fan coil to “low speed”
- (2) consider whether or not one or two fluorescent tubes of the lamp group can be removed to reduce energy consumption
- (3) turn off some lights and air conditioning systems during lunch and after office hours
- (4) colleagues who leave the office at the end must turn off the lights and the air-conditioning system
- (5) turn off the printer when it is not needed
- (6) turn on the PC’s standby or hibernation mode; turn off the computer before going off
- (7) conserve water

## EMPLOYMENT AND LABOUR PRACTICES

Staff is a cornerstone for sustainable development of enterprises, the management of the Group believes talent is one of its most valuable assets. Upholding such philosophy, the Group continues to improve the human resources management system and talent development mechanism, through which, staff can enjoy diversified career paths and their potentials can be further explored, thereby helping them realise work values and personal achievement values.

### Employment

Recruitments are carried out strictly according to the Group’s policies and systems. Opportunities are given to those with different backgrounds and characteristics so as to build a diversified work force. The “Staff Handbook” (《僱員手冊》) formulated by the Group also sets out requirements in relation to employment and dismissal of staff, salaries and appraisals, holidays, sickness allowance and insurance, mandatory provident fund. Through optimization of manpower deployment, a platform with a wide variety of opportunities is created for staff members to fully explore their talents and also for the Group to create a harmonious and stable

development environment. As of 30 April 2017, the total number of staff of the Group was 147.

The Group strictly complies with the nation's relevant employment laws and regulations, such as the Labour Law (《勞動合同法》), the "Employment Promotion Law" (《就業促進法》), the "Labour Dispute Mediation and Arbitration Law" (《勞動爭議調解仲裁法》), and other labour laws and regulations of the local governments of the PRC, and the Employment Ordinance, Cap 57 of the Laws of Hong Kong. The Group does not allow any form of discrimination, and provides equal and fair employment opportunities and working environment to all job applicants and staff members. During the Reporting Period, the Group has not received complaints of any forms of discrimination.

The Group offers competitive pay and employee benefits to attract talented staff and use a performance-based remuneration system to motivate and reward them in line with their contributions to growing its business. An employee's remuneration is determined with reference to performance and market benchmarks. Salary levels are not differentiated by gender. Salaries and benefits are in accordance with local minimum wages or above. All employees are treated fairly and equally, and their rights and interests are protected.

Staff members can enjoy statutory social insurances and various legal benefits as well as statutory holidays such as annual leave, casual leave, sick leave, marriage leave and maternity leave, etc. For Hong Kong office, the Group provides statutory holidays, paid annual leave, bonus leave, marriage leave, sick leave, maternity leave, paternity leave, birthday leave, leave for juror service for Hong Kong staff members. The Group also provides retirement protection for Hong Kong staff members under the "Mandatory Provident Fund Schemes". In addition, according to the "Staff Handbook" of the Group, staff members can also entitle to employment insurance, medical insurance and other insurance covered and offered by the Group.

## Health and Safety

The Group has established work safety policies and procedures to ensure that its operations are in compliance with the applicable work safety laws and regulations. The Group has adopted various occupational health and safety trainings and measures; specific instructions and guidelines on employees' health and safety procedure are developed to maintain a healthy and safety working environment for employees.

In order to ensure the safety of the production and the employees as well, the production plant in the PRC has established and formulated the following regulations and plans for employees:

- Anti-freeze plan (防凍預案)
- Large-scale power failure plan (大範圍停電故障的預案)
- Energy medium supply disruption and limits quantity contingency plan (能源介質供應中斷和限量應急預案)
- Boiler room emergency plan (鍋爐房應急預案)
- Fire emergency plan (火災應急預案)
- Anti-typhoon and anti-flood control contingency plans (防颱防汛應急預案)
- Ammonia system leakage contingency plans (氨系統洩漏應急預案)
- Lightning protection plan (防雷預案)

- Earthquake emergency plan (地震應急預案)
- Industrial hazards gas asphyxiation, poisoning, fire, explosion emergency plans (工業危害氣體窒息、中毒、火災、爆炸應急預案)
- Environmental accident handling contingency plans (環保事故處理應急預案)

On top of the above internal regulations and plans, the Group also complied with the nations' "Dangerous Chemicals Safety Management Regulations" (《危險化學品安全管理條例》) and "Major Accident Emergency Response Plan" (《重大事故應急處置綜合預案》).



The Group has complied with the laws and regulation related to employees' health and safety during the reporting period, such as the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance in Hong Kong, and the Production Safety Law of the PRC (《中華人民共和國生產安全法》) and the Regulation of Insurance for Labour Injury (《工商保險條例》) in the PRC.

#### **Occupational Health and Safety Data**

Work related Fatality	0
Work injury cases with leave of absence > 3 days	0
Work injury cases with leave of absence < 3 days	0
Lost days due to work injury	0
Work injury rate	0

During the reporting period, there was no incidence of work stoppages, labour disputes, litigation, claims, administrative action or arbitration relating to labour disputes against the Group.

#### **Development and Training**

A well-developed training system not only can help the staff members to improve their overall ability and enhance their professional skills, but also an essential way for enterprises to strengthen their core competitiveness. The staff development and training programme set up by the Group mainly includes the following two categories:

- **Induction Training**

In order to help new staff members to more quickly adapt to their new positions, induction training will be provided to them when they join the Group, it will enable them to understand the culture, principles, discipline and rules, and regulations of the Group. Within one week after joining the Group, new employees in production plants will be provided with training on topics of company profile, plant regulations, and fire safety on production. In addition, professional knowledge and skills training will also be provided to the new employees.

- **On-the-job Training**

The Group organises internal and external training programmes from time to time for staff to gain a better understanding of the Group's business and to keep them abreast of the latest knowledge and skills thereby increasing their job performance.

## **Labour Standards**

The Group prohibits the employment of child labour and forced labour and has established stringent punitive measures in this aspect. Recruitment and employment of the Group are carried out in strict compliance with relevant national and local regulations, such as the Labor Law (《勞動法》), the Protection of Minors (《未成年人保護法》) and the Prohibition of Using Child Labor (《禁止使用童工規定》) of the PRC and the "Employment Ordinance", Cap 57 of the Laws of Hong Kong.

The recruitment process is strictly abided by the guidelines of the Group's human resources department, a recruitment questionnaire is used to collect personal, educational, and employment information of job applicants, and as such all necessary data related to employment is verified and the proper and right candidate would be hired in accordance with the job requirement and candidates' expectation for a healthy and sustainable workforce.

## **Equal Opportunity**

The Group provides equal opportunity for employees with respect to recruitment, training and development, job advancement, and remuneration and benefits. The employees of the Group would not be discriminated or deprived of such opportunities on the basis of gender, ethnicity, religion, age, colour, religion, marital status, family status, or any other discrimination prohibited by applicable laws.



## OPERATIONAL PRACTICES

### Supply Chain Management

The Group has been continuously improving its supply chain management, not only ensuring the stable supply of materials and services, but also managing the suppliers to be in line with the Group's core values to uphold the environmental and social standards.

The Group selects suppliers in strict standard accordance with system requirements and sign contracts with suppliers to clarify the responsibilities and interests of both sides, ensure that the materials procured are in line with the Group's operation needs and provide safety assurance of quality.

In regard to selection criteria of suppliers, the Group sets out the following criteria:

- Competitive pricing
- Ability to meet specifications and standards
- Product and service quality
- Reliable delivery methods
- Quality control methods and practices
- Compatibility with existing products

List of main suppliers of the Company in Hong Kong office:

<b>Name</b>	<b>Category</b>
Sincere Company	Paper and stationery
New Idea Office Supplies	Stationery
Evertrust (Telecom) Engineering Co.	Telephone system
Vitasoy International Holdings Ltd.	Distilled water
Canon	Printer
Topic Garden	Plants
Greens and Flowers	floral

Apart from the above, the Group has also set out the following criteria for selection of suppliers for trading and distribution division:

- Quality performance
- Cost
- Profitability
- Reliability and responsiveness
- Collaboration
- Delivery commitments
- Capacity

At the end of a financial year, the procurement personnel of the Group will arrange for tests to evaluate suppliers. If the services and products provided by a supplier do not meet the requirement of the Group or may cause environmental impact and potential hazards, the procurement personnel will take measures to request for rectification within a certain time frame or remove such supplier directly from the list of qualified suppliers.

### **Anti-corruption and Anti-Fraud – Whistle Blowing Policy**

In order to prevent conflict of interest, the Group has set out internal guidelines and code of conduct for staff members to declare their interest and to report on gifts received. Specific documentation in relation to the declaration of conflict of interest and report on gifts received are well prepared for adoption.

To promote the highest standards of good corporate practices and to support the value of integrity and accountability, and to conduct business in a transparent and honest manner, the Group has established confidential channels for the reporting of the following activities:

- corruption, bribery or blackmail;
- fraud;
- criminal offences;
- failure to comply with legal and/or regulatory obligations;
- miscarriages of justice;
- actions which endanger the health or safety of staff or the public;
- actions which cause damage to the environment; and
- actions which are intended to conceal any of the above.

The whistle blower can file reports without fear of reprisals or victimization as they will be treated with strict confidentiality. All reported cases should be addressed to the Chairman of the Audit Committee. The cases will be investigated either through internally investigation (by management, internal audit, personnel) or referred to the appropriate external person (for example the external auditors).

The Group warrants that any employee who makes a genuine report will be treated fairly but mischievous or malicious allegations will be resulted in disciplinary action. During the reporting period, the Group has not violated any laws or regulations regarding corruption.

### **Community Investment**

Community benefit is one of the important considerations of the Group in regard to business operation. The Group plays an active role in various kinds of community activities, demonstrating its core value of serving, assimilating into, and taking part in, the community, and its dedication to make contributions to the community.

During the reporting period, the Group encouraged its staff members to participate in various community activities, details are as follows:

<i>Period</i>	<i>Name of Activity</i>	<i>Details</i>
18 May 2016 to 20 June 2016	Donation of Old Watch	Packed old watches in a bag or a box for donation and delivered to the Customer Service Centre of Tsim Sha Tsui Centre. Collected watches were donated to Christian Action for sales and the revenue became funding for their charity work in Hong Kong and Mainland China.
4 July 2016 to 18 July 2016	Used Book Recycling Campaign 2016	Delivered used books to the Customer Services Centre of Tsim Sha Tsui Centre. Donation to this year's Campaign will be used to support Tianjin Wuqing Children Rehabilitation Centre in providing early intervention rehabilitation and educational services to children with disabilities.
14 September 2016 to 30 September 2016	Moon Cake Metal Box Recycling	Delivered used moon cake metal boxes to the Customer Services Centre of Tsim Sha Tsui Centre. Collected metal boxes were sent to recycling initiated by Christian Action.
6 February 2017 to 22 February 2017	Red Packet Recycling Programme	Delivered used red packets which were still in good condition to the Customer Services Centre of Tsim Sha Tsui Centre for recycling and reusing initiated by Greeners Action.

## **Future Sustainable Development**

The Group's development is contributed by the long-term cooperating relationship between its employees, suppliers, customers, shareholders and investors, and the support from the community members. Continuous process improvement in the policies and procedures to manage, measure and monitor environmental, social and governance related practices and strategies will be implemented. The Group will also research for ways to produce products in a more energy efficient and environmental friendly way to support the sustainable development preservation of the community and the earth.



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