



Yu Tak International Holdings Limited
御德國際控股有限公司

(Incorporated in Bermuda with limited liability 於百慕達註冊成立之有限公司)
Stock Code 股份代號 : 8048

Environmental, Social and Governance Report **2017**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

TABLE OF CONTENT

2	ABOUT THIS REPORT
3	ESG MANAGEMENT APPROACH
4	EMPLOYMENT AND LABOUR PRACTICES
7	OPERATING PRACTICES
8	ENVIRONMENTAL PROTECTION
11	PERFORMANCE DATA SUMMARY
12	CONTENT INDEX

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Yu Tak International Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) reaffirms its commitment towards sustainability with the publication of its first separate Environmental, Social and Governance (“ESG”) Report 2017, complementing the ESG information disclosed in the Annual Report. This report is prepared in compliance with the ESG Reporting Guide set out in Appendix 20 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Group has tried to make this report as clear, concise and accurate as possible. The board of directors of the Company (the “Board”) acknowledges its responsibility to ensure integrity of the ESG Report. To the best of its knowledge, this report addresses material issues and fairly presents ESG performance of the Company and its impacts. The Board confirms that it has reviewed and approved the report.

REPORTING SCOPE AND PERIOD

This ESG report covers jewellery operations of the Group and describes its environmental and social initiatives for the year from 1 January 2017 to 31 December 2017. Additional information pertaining to sustainability performance, including comprehensive financial information and data, can be found in the annual report. For the corporate governance section, please refer to our annual report p. 12-24.

The Report is published in Chinese and English. In case of any conflicts between the two versions, the Chinese version shall prevail.

FEEDBACK

We welcome your feedback and any suggestions you may have regarding what you would like to see incorporated in our future reports. Please contact us at:

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG MANAGEMENT APPROACH

The Group is principally engaged in development, sales and implementation of enterprise software products, systems integration services and design and sales of gold and jewellery products and investment holding. Determined to establish a sustainable business model, the Group aims to create positive impacts for key stakeholder groups including shareholders, employees, suppliers, customers and the community, etc., and strike a balance between profit, planet and people.

The major environmental and social aspects of concern in respect of the Group's business include packaging materials consumption, customer service and talent management, etc. Spearheaded by the CEO, these environmental and social aspects are measured and managed by various departments including but not limited to finance, administration and the CEO office.

Striving to be a responsible corporate citizen, we are committed to bearing our share of social responsibility. Internally, we are devoted to protecting employees' rights, providing them training for continuous development and creating a safe and healthy workplace. Externally, we are dedicated to helping the underprivileged of the community.

We believe ensuring stringent product quality control is the foundation for success. Besides complying with applicable rules and regulations, the Group also maintains effective supplier management by assessing suppliers' environmental and social performance.

While our operations do not have any significant impact on the environment and the society, we strive to minimize any potential negative impacts. Since the end of the year, we have taken a step further to implement a green office scheme, "Let's GO", aimed at ensuring that our office-based operations are conducted in an environmentally responsible manner.

Contribution to the Community

Embracing the philosophy of "Taken from the society, giving back to the society", the Group fulfills its responsibilities as a corporate citizen by contributing to the communities where its businesses are located. We offer job opportunities to local residents by recruiting local employees. The Group also encourages employees to get involved in community and charity activities, spreading compassion within the Group and in the community as well as supporting the society's well-being and development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

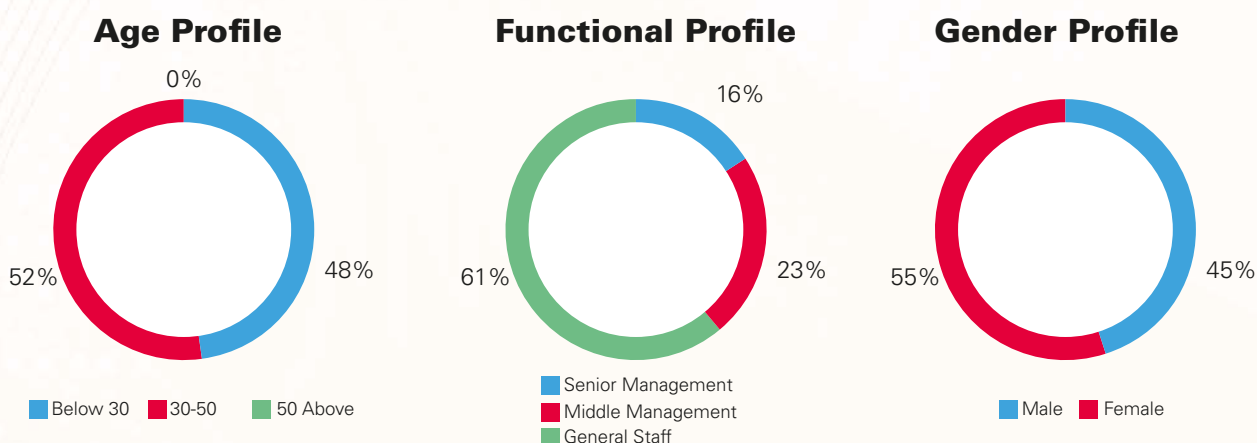
EMPLOYMENT AND LABOUR PRACTICES

Employees' Rights and Welfares

Our policies on recruitment, remuneration, welfare, assessment and promotion are established on the basis of relevant laws and regulations. Employee welfare including sick leave, annual leave, marriage leave, compassionate leave and parental leave are provided according to legal requirements and related guidelines. Computation of remuneration and compensation are clearly communicated to employees during their induction training. The Group has complied with all laws and regulations related to employment including the Employment Ordinance in Hong Kong; the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

During the year, the Group observed no incidents of violations of any relevant labour laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

As on 31 December 2017, all of the employees in our jewellery business segment are located in Mainland China. Workforce distributions are as follows:

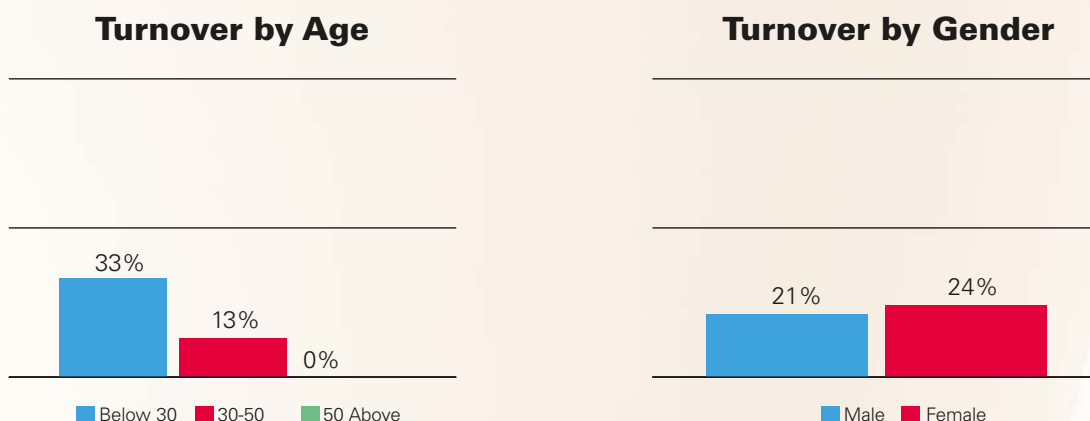


We place high importance on employees' workplace and motivation as they are pivotal to the Group's long-term growth. We provide equal opportunity for all employees and ensure that they are not discriminated on gender, age, race, religion and marital status etc. Procedures are established for annual evaluation of employees' performances based on merit and experience, which becomes a reference for remuneration review and promotion. Year-end bonus and appropriate promotion opportunities are offered to employees with outstanding performance. Responsible managers are required to conduct assessment in a fair manner. Employees may express their opinions or grievances regarding the assessment, position transfer and promotion directly to the management or the administrative department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group encourages active communication among employees for building a positive corporate culture. We organize annual dinner and various festive activities which build stronger employee relationships and enhance team cohesion within the Group.

The turnover rate in our jewellery business during the year was 23%, with the age and gender breakdown as shown below¹:



Occupational Health and Safety

The Group's operations do not involve significant safety risk. Nevertheless, we do not overlook the responsibility to safeguard employees' health and safety. In accordance with the Labor Law of the People's Republic of China, the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, we have established various management requirements relevant to occupational health and safety. Appropriate liability insurance has been maintained for all directors and employees to provide coverage to them for risks associated with business operations of the Company. The insurance coverage is reviewed annually to match job content of employees. In 2017, the Group did not record any cases of work-related fatalities or injuries, and was not aware of any non-compliance with laws and regulations having a significant impact relating to occupational health and safety.

For the business of jewellery products, we emphasize fire prevention and anti-theft measures in offices and retail shops. Safety personnel are assigned to our retail shops, with the 'Security Personnel Management System' established to guard personal safety of employees and customers, as well as their properties and belongings. At the same time, we highly value safety training of employees. We have a 'Safety System for Sales Assistants' that guides them how to better the implementation of safety protection work. Meanwhile, the Group organizes regular fire drills for all employees annually to ensure they are familiar with appropriate ways of handling fire accidents, protecting personal safety of customers and employees themselves under emergency situations. During the year, total safety training time reached 30 hours approximately.

¹ Data presented only includes the Group's jewellery retailing business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Training and Development

Talents are the key to corporate sustainable development and the Group spares no effort in training its employees. We arrange appropriate training for employees of all categories in order to improve their knowledge and skills corresponding to their respective duties, thereby improving the Group's service quality.

All new employees are required to receive induction training upon joining the Group, which helps them fully understand the Group's corporate culture and management standards and their job duties. Senior employees are required to provide on-the-spot instructions with reasonable arrangements to allow mutual matching between new and senior employees, enabling better adaptation of new employees to job requirements and duties. In addition, department heads such as shop managers coordinate with the human resources department to formulate suitable training programs as required, based on employees' development needs.

For training of the seniors, the Group strictly abides by the Corporate Governance Code to provide orientation training to any newly appointed directors. Training programs in relation to continuous professional development are arranged to ensure they are aware of their overall responsibilities, thereby leading the Company on the path to development. During the year, the Group provided occupational training to all employees in the business of jewellery products and an average training hours of approximately 6 hours was recorded.

The Group is committed to providing employees with a practical development platform. By establishing the 'Promotion and Assessment Methodology of Employees', various promotion ladders are provided, depending on the nature of the job. Based on employees' work performance, promotion assessment is conducted by their supervisors annually, after employees have worked for a full year. Then it is reviewed by the administrative department and finally decided by the Chairman of the Board. Employees promoted have to be on probation until formally promoted after approval. For talented employees with outstanding work performance, supervisors can apply provisional assessment and recommend frog-leaping promotion.

Labour Standards

In compliance with the Employment Ordinance in Hong Kong and the Provisions on the Prohibition of Using Child Labor in the People's Republic of China, the Group strictly prohibits the use of child and forced labour. The recruitment process consists of verification of applicants' identity certification documents to ensure they are not underage. Any cases of false identity information are reported to law enforcement authorities for further action. There was no reported case of violation of the relevant laws and regulations that have a significant impact on the Group relating to preventing child or forced labour.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

Product Responsibility

Products of the Group include jewellery as well as software products and services for corporates. Health and safety risks involved in these products and services are relatively insignificant. We strictly abide by the laws and regulations related to product quality, advertising, product labelling and customer privacy, including the Product Quality Law of the People's Republic of China, the Advertising Law of the People's Republic of China and the Law of the People's Republic of China on Protection of Consumer Rights and Interests. During the year, there was no occurrence of any monetary or non-monetary sanctions due to non-compliance with relevant laws and regulations.

Regarding the business of jewellery products, the Group has set up 'Regulation on Goods Management' for strict control of quality and quantity of products available for sale. Every product is checked and accepted by shop managers after checking quality and quantity of products, appropriate matching of product labels and the relevant certificates. Meanwhile, as a responsible business operator, we have formulated the 'Standard of After-sale Service' to provide a series of after-sale services including product repairing. Follow-up work is well-managed when repairing of products is under processing to ensure repair is completed in-time and the damage or defect is addressed satisfactorily.

We highly value quality of customer services to satisfy customers' needs to the best of our ability by introducing the 'Reception System' to regulate employees' hospitality etiquette. In addition, we patiently listen to customers' complaints. The 'Compliant Management Mechanism' is established to handle complaints and product recalls. Upon receipt of any complaint, we conduct inspection on the product and solve any discovered problems in accordance with relevant regulations of the Company. If customers show dissatisfaction towards results of the investigation, shop managers are required to report the incident to their supervisors for further measures in order to satisfy customers.

Anti-corruption

The Group upholds the highest standards of integrity in its operations. Adhering to the Prevention of Bribery Ordinance in Hong Kong and the Criminal Law of the People's Republic of China, any corruption behavior is prohibited. Whistleblowing mechanisms are established to encourage employees to report any suspected case of bribery or illegal behavior to the management. Follow-up investigations are promptly conducted. Cases of corruption, if any, are immediately handed over to the authorities. Personnel involved may face disciplinary actions, including dismissal. Requirements on employees' conduct have been articulated through the employee handbook.

During the year, there were no reported cases of violation of relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supply Chain Management

Suppliers of the Group are predominantly firms supplying jewellery and heavy metals, suppliers for processing and software suppliers. To our knowledge, the Group's suppliers' operations have little adverse impact on the environment and the society. In addition to the focus on products, prices and services of suppliers during the selection process, suppliers are also required to comply with laws and regulations related to issues such as the environment, labour practices and safety, etc. For existing suppliers, internal assessment is conducted on a regular basis to review performance and to determine future cooperation with them. In 2017, there were 23 suppliers for the Group's business of jewellery products and all of them are located in Mainland China.

ENVIRONMENTAL PROTECTION

The Group's operations do not involve production activities that have significant impacts on the environment. Nevertheless, we are aware of the environmental impacts it may generate when we conduct business. Through participating in "Let's GO" green office scheme, the Group aims to manage and mitigate its environmental impacts.

Emissions

Our major part of air emissions is generated from the vehicles owned and operated by the Group. As computed based on the traveling miles and the fuel consumption of company vehicles, the Group generated 0.02 kg of sulphur oxides (SOx), 1.19 kg of nitrogen oxides (NOx) and 0.09 kg of particulate matters (PM) during the year. Fuel consumption of our vehicles contributed to direct greenhouse gas emissions of 3.70 tonnes of carbon dioxide equivalent (tCO₂e). In addition to fuel used by vehicles, the Group also consumes electricity which contributed to indirect greenhouse gas emissions, however, the data of electricity consumption are not available as the electricity fee of the entire building is handled by the property management office. Going forward, we will aim to make reasonable estimate for our share of consumption.

Air Emissions	Unit	2017
Sulphur oxides (SOx)	kg	0.02
Nitrogen oxides (NOx)	kg	1.19
Particulate matters (PM)	kg	0.09

Greenhouse Gas Emissions	Unit	2017
Direct Emission (Scope I)	tCO ₂ e	3.70

Regarding waste management, the Group has designed and implemented a Waste Management Procedure. We properly collect, store and dispose the general wastes generated in our office in accordance with relevant laws and regulations. We do not generate hazardous waste during the ordinary course of business.

The Group strictly complies with relevant environmental laws and regulations in China such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Air Pollution and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution of Solid Waste. During the year, the Group was not aware of any non-compliance of laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have significant impacts on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Resources Consumption

The main resources consumption of the Group consists of fuel used by vehicles, electricity, water usage and packaging materials. Company vehicles consumed 1,392 litres of petrol in total, amounting to 12,324 kWh of energy (equivalent) consumption. As computed based on the revenue of the Group's jewellery products segment, energy intensity was 0.61 kWh per thousand HKD. The Group's electricity and water consumption are handled by the property management office under a centralized approach, so relevant consumption data are not available. The Group did not have any issue in sourcing water that is fit for the purpose. Regarding packaging materials used for jewellery products, the Group consumed a total of 1,937 kg of packaging materials, which consist of 1,443 kg of packaging boxes and 494 kg of packaging bags.

Green Office Initiative – Let's GO

While the Group's operations are primarily office-based, we strive to ensure an environmentally friendly workplace by participating in "Let's GO", a green office scheme. The scheme aims to promote the concept of energy-saving, resources conservation and pollution mitigation in office.

The "Let's GO" scheme helps embed environmental sustainability in our daily operations by recommending simple yet feasible initiatives regarding energy and resources conservation. Environmental performance of our office is evaluated on the basis of the scheme. After evaluation, stickers and posters were provided to educate our staff to cultivate greener habits.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Conservation



Lighting



Air Conditioning



Office Equipment

Reducing energy consumption not only contributes to a better environment but also cuts operational costs. Our staff are encouraged to change their behaviors for saving energy, such as switching off all lights, air-conditioners and office equipment in offices and retail stores when not in use. We also adjust indoor temperature to around 25 °C and maximise the use of natural light to reduce electricity consumption.

Resources Conservation



Paper Use Conservation



Plastic Waste Reduction



Waste Electrical and Electronic Equipment (WEEE) Recycling



Water Conservation

Regarding resources conservation, the Group has gradually integrated waste recycling and management into organizational culture and daily practices. We encourage employees to use double-sided printing, use email instead of fax, reuse envelopes for internal mailing, recycle papers and plastics, conserve water resources and use web-conferencing to avoid travel. In case of water leakage caused by damaged pipes, we repair such damaged pipes immediately to reduce waste of water resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PERFORMANCE DATA SUMMARY

		Unit	2017
Workforce	Total Workforce (Mainland China)	No. of people	31
	Age Profile		
	Below 30		15
	30 – 50		16
	Gender Profile		
	Male		14
	Female		17
	Functional Profile		
	Senior Management		5
	Middle Management		7
	General Staff		19
	Employee Turnover Rate	Percentage (%)	23
	By Age		
	Below 30		33
	30 – 50		13
	By Gender		
	Male		21
	Female		24
	Employee New Hire Rate	Percentage (%)	19
	By Age		
	Below 30		40
	30 – 50		0
	50 Above		0
	By Gender		
	Male		21
	Female		18
Development and Training	Average Training Hours	Hours	6
Occupational Health and Safety	Total Safety Training Hours	Hours	30
	Work-related fatalities		0
	Lost-day due to work injury		0
Supply Chain Management	No of suppliers (Mainland China)		23
Environment	Air Emissions		
	Sulphur oxides (SOx)	Kg	0.02
	Nitrogen oxides (NOx)		1.19
	Particulate matters (PM)		0.09
	Greenhouse Gas Emissions		
	Direct emissions (Scope I)	tCO ₂ e	3.70
	Total Energy Consumption	kWh	12,324
	Energy Intensity	kWh/HKD ('000)	0.61
	Revenue		
	Petrol	Litres	1,392
	Total Packaging Materials Consumption	Kg	1,937
	Packaging boxes	Kg	1,443
	Packaging bags		494

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the 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.		Environmental Protection-Emissions
	KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection-Emissions
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection-Emissions
	KPI A1.3	Total hazardous waste generated (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection-Emissions
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection-Emissions
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection-Green Office Initiative – Let’s GO
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection-Green Office Initiative – Let’s GO

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.		Environmental Protection-Resources Consumption
	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).	Environmental Protection-Resources Consumption
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection-Resources Consumption
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection-Green Office Initiative – Let’s GO
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water use efficiency initiatives and results achieved.	Environmental Protection-Green Office Initiative – Let’s GO
	KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection-Resources Consumption
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuers’ significant impact on the environment and natural resources.		Environmental Protection
	KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the 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.		Employment and Labour Practices- Employees' Rights and welfares
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and Labour Practices- Employees' Rights and welfares
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices- Employees' Rights and welfares
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the 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.		Employment and Labour Practices- Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities.	Employment and Labour Practices- Occupational Health and Safety
	KPI B2.2	Lost days due to work injury.	Employment and Labour Practices- Occupational Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employment and Labour Practices- Occupational Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.		Employment and Labour Practices- Development and Training
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.		Employment and Labour Practices- Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices- Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	During the reporting period, there was no non-compliance report.
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.		Operating practices- Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Operating practices- Supply Chain Management
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the 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.		Operating practices- Product Responsibility
	KPI B6.2	Number of products and services related complaints received and how they are dealt with.	Operating practices- Product Responsibility
	KPI B6.4	Description of quality assurance process and recall procedures.	Operating practices- Product Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs	HKEX ESG Reporting Guide Requirements		Section/Remarks
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the 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.		Operating practices- Anti-corruption
	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.	During the reporting period, no report of corruption litigation was received.
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating practices- Anti-corruption
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.		Contribution to the Community