



DA MING INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code :1090



Environmental, Social and Governance Report 2016



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ABOUT THIS REPORT

Da Ming International Holdings Limited (the “Company” together with its subsidiaries as the “Group”) is pleased to present the first Environmental, Social and Governance Report 2016 (‘Report’) to provide an overview of our commitment in achieving environmental, social and governance goals through our sustainability pillars and provide information on the policies and practices implemented. This Report is prepared by the Group with the professional assistance by APAC Compliance Consultancy and Internal Control Services Limited.

Preparation Basis and Scope

This Report is prepared in accordance with Appendix 27 to the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) (the “Listing Rules”) – “Environmental, Social and Governance Reporting Guide”.

This Report summarizes the performance of the Group in respect of corporate social responsibility in 2016, covering the stainless steel processing business held by the Group. The Report includes all the operation performance of the subsidiaries within the Group in Mainland China (“PRC”) and Hong Kong.

In view of the first time of publish of the Report, only key performance indicators (“KPIs”) for PRC operation in 2016, which is considered as material by the Group, is disclosed. The Group will continue to optimize and improve the disclosure of KPIs.

This Report shall be published both in Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

Reporting Period

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2016 to 31 December 2016.

Contact Information

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to info@jsdmss.com.

STAKEHOLDER ENGAGEMENT

The Group gives due consideration to the environmental and social impacts brought about by the operations from steel processing to transportation. The Group opens up communication with its stakeholders, including employees, consumers, distributors, investors, suppliers and the community, through utilizing different channels as listed in the table below. Through the stakeholder engagement, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained through these channels allow the Group to further formulate the strategy of sustainable development.

Stakeholders	Expectations	Engagement channels
Government	<ul style="list-style-type: none"> • To comply with the laws • Proper tax payment • Promote regional economic development and employment 	<ul style="list-style-type: none"> • On-site inspections and checks • Research and discussion through work conferences, work reports preparation and submission for approval • Annual reports • Website
Shareholders and Investors	<ul style="list-style-type: none"> • Low risk • Return on the investment • Information disclosure and transparency • Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> • Annual general meetings and other shareholder meetings • Annual reports, announcements • Newsletters • Meeting with investors and analysts
Employees	<ul style="list-style-type: none"> • Safeguard the rights and interests of employees • Working environment • Career development opportunities • Self-actualization • Health and safety 	<ul style="list-style-type: none"> • Conference • Training, seminars, briefing sessions • Cultural and sport activities • Newsletters • Intranet and emails
Customers	<ul style="list-style-type: none"> • Safe and high-quality products • Stable relationship • Information transparency • Integrity • Business ethics 	<ul style="list-style-type: none"> • Website, brochures, annual reports • Email and customer service hotline • Feedback forms • Regular meetings

Stakeholders	Expectations	Engagement channels
Suppliers	<ul style="list-style-type: none"> • Long-term partnership • Honest cooperation • Fair, open • Information resources sharing • Risk reduction 	<ul style="list-style-type: none"> • Business meetings, supplier conferences, phone calls, interviews • Regular meetings • Review and assessment • Tendering process
Peer/Industry associations	<ul style="list-style-type: none"> • Experience sharing • Corporations • Fair competition 	<ul style="list-style-type: none"> • Industry conference • Site visits
Financial institution	<ul style="list-style-type: none"> • Compliance with the law and regulations • Disclosure information 	<ul style="list-style-type: none"> • Consulting • Information disclosure • Reports
Media	<ul style="list-style-type: none"> • Transparent information • Communication with media 	<ul style="list-style-type: none"> • Website • Interviews • Media conference • Media gathering
Public and communities	<ul style="list-style-type: none"> • Community involvement • Social responsibilities 	<ul style="list-style-type: none"> • Volunteering • Charity and social investment • Annual reports

Key engagement activities with stakeholders in 2016

1. Employees

On 26 August 2016, the Group convened an Employees' Representatives Conference, which was chaired by Mr. Xu Yi Qun, the Chairman of the Daming Employee Association. 119 employee representatives attended the conference.

In the conference, the decision on the amendment of the corporate annuity plan, emergency financial assistance and content of the employee handbook were confirmed and witnessed by the employee representatives. It enhanced the communication between employee and the Group. Therefore, the Group can improve the human resource policy and maintain the relationship between employee and the Group in order to create a positive corporate culture.

2. Peers/industry associations

In 2016, the Company actively attended various seminars in the steel processing industry to reinforce its communications with peers by sharing experience and giving insights to the industry as below.

Wuxi Surface Engineering Association Meeting

On 30 July, 2016, Wuxi Surface Engineering Association Meeting was called. More than 60 experts and leaders from the industry attended the meeting. The representatives also visited the production lines in Jiangsu Daming and Daming Metal Plate.

Vehicles Exhaust System Material Application and Processing Technology Seminar

On 19 August, 2016, “Vehicles Exhaust System Material Application and Processing Technology Seminar” was hosted by Taiyuan Iron and Steel (Group) Co., Ltd, organized by the Group and co-organized by Voestalpine profilform (China) Co., Ltd in Crowne Plaza Wuxi Taihu. Representatives from Dongfeng Motor Corporation, China National Heavy Duty Truck Group Co., Ltd, Bosch, Faurecia and Eberspaecher etc. also attended the seminar.

In the seminar, over 200 representatives discussed issues about improvement and specification of the vehicle exhaust pipe, innovation related to the model of processing supply and industry trend etc.

Korean Stainless Steel Conference

On 24 August, 2016, Mr. Zheng Zhen Rong, the General Manager of Daming Import and Export Company was invited to attend the Stainless-Steel Conference, which was organized by S&S, a Korean information institution. There were over 100 representatives from different institutions, including Pohang Iron and Steel Co. Ltd, Korea Top Eight Processing Centers and other downstream enterprises, attending the conference.

In the conference, the Group introduced the background information and position of the Group in the market and commented on the development trend of the industry.

ENVIRONMENTAL ASPECTS

Manufacturing enterprises in the PRC are subject to various environmental protection laws and regulations. However, as the Group only processes (as opposed to manufacturing of) stainless steel, the Group is not categorised by the Ministry of Environmental Protection of the PRC as a polluting enterprise in the PRC. The design of existing facilities does not cause serious environmental pollution, and almost all of the solid wastes produced therefrom, for example, scrap iron, are recycled, collected and sold to third parties. The Group has established policies and implemented various measures under the requirement by ISO 14001 Environmental Management System in order to prevent pollution and to maintain a satisfactory ecological environment. A working group within the quality assurance department is responsible for overseeing the environmental protection policy of the Group in order to ensure compliance with applicable environmental laws, regulations and standards.

According to the Environmental Protection Law of the PRC, where the construction of a project may cause any pollution to the environment, an environmental impact evaluation must be performed to determine the prevention and remedial measures to be adopted and the relevant environmental protection administration approval shall be obtained. In the production and operation process, the Group also complies with the laws and regulations related to environmental protection such as the “Law of the PRC on the Prevention and Control of Atmospheric Pollution” and the “Law of the PRC on the Prevention and Control of Water Pollution”.

In accordance with the requirements of relevant laws and regulations on environmental protection, the Group has adopted advanced techniques and equipment to prevent and reduce pollution. All the construction and extension projects comply with the relevant environmental impact assessment procedures for construction projects, undergo inspection and have been approved by the relevant environmental protection authorities. The discharge of each form of pollutant has complied with the relevant national standards.

In 2016, the Group is not aware of any material non-compliance with relevant environmental laws and regulations that have a significant impact on the Group in 2016.

Emissions

Air Pollutant Emissions

Emission control is essential to mitigate the impact to the environment and to protect the health of employees. The Group has adopted a policy of Waste Management Regulation to control the emission from welding and solvent storage, vehicles and canteen in order to comply the relevant laws and regulations. The Group is determined to reduce the emission by controlling and monitoring the source of emission.

For control of emission source, only facilities that meet the emission standard and raw and auxiliary materials with low emission are chosen to use. Besides, the operator checks and records the condition of the machineries regularly. If there are any abnormal emission, maintenance is carried out immediately. The Group conducts annual assessment on the air pollutants in the production plants in order to ensure the emission meets the level III standard as stated in the “Integrated Emission Standard Of Air Pollutants (GB 16297-1996)”.

Major air pollutants emission from the gaseous fuel consumption and vehicles in 2016 as follows:

Air Pollutant Emission

Type of Air Pollutants	Air Pollutant Emission (kg)
Sulphur Dioxide	221.10
Nitrogen Oxides	3,704.79
Particulate Matter	215.82
Carbon Monoxide	7,077.81
Hydrocarbon	768.29

Greenhouse Gas (“GHG”) Emission

Climate change has become a major challenge to the world. Production and manufacturing enterprises, being players in the industries characterized by high energy consumption and high pollution, should shoulder more responsibility in combating climate change. As a steel processing enterprise, the Group has set energy saving and emission reduction as one of its key target for years. The strategies and measures, which implemented based on our internal procedure to reduce greenhouse gas emission from electricity consumption, are mentioned in the section of “Energy Consumption”.

Indirect energy emission from purchased energy (electricity and town gas) are the main sources of greenhouse gas emitted by the Group. In 2016, the GHG emission from the operation is set out below:

GHG Emission

Type of GHG emissions	Equivalent CO2 emission (kg)
Scope 1 Direct emissions	2,962,086.47
Scope 2 Indirect emission	46,721,862.22
Total	49,683,948.69
GHG Intensity (kg/tonnes of production)	14.22

Note:

The calculation of the greenhouse gas is based on the “Corporate Accounting and Reporting Standard” from greenhouse gas protocol.

Scope 1: Direct emission from sources that are owned or controlled by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3: is not disclosed as it is an optional disclosure and the corresponding emission is not controlled by the Group

Hazardous and Non-Hazardous Wastes

Wastes generated by the Group are handled with comprehensive procedures to mitigate the impact to the environment. According to the policy of “Waste Handling Regulation”, the Group has a strict classification system for different types of wastes. Each type of waste has specific storage location and collection procedures. There is a precaution for the leakage of waste to prevent pollution. Oil, water, hydrocarbon and water mixture or emulsion are the hazardous wastes generated from the operation of the Group. In 2016, the hazardous wastes and non-hazardous waste intensity is 1.27 tonnes/production facilities and 281.19 tonnes/production facilities respectively.

Hazardous wastes are handled in accordance with the relevant laws and regulations. These wastes are separately stored and handled with ledger for record. The Group engages qualified recycling companies to perform waste disposal and treatment so as to minimize the impact on the nature. In office, paper is the major wastes from daily operations. Therefore, the Group implements measures to reduce the use of paper as follows:

- Share detailed paper consumption data to raise awareness and encourage our staff to reduce the quantity of paper consumed for printing and copying
- Assess printer and photocopier suppliers based on their ability to recycle devices and used toner cartridges

Wastewater

The Group aims to control the discharge of wastewater by adopting the policy of “Wastewater Management Regulation”. All industrial and domestic sewage are required to meet the national and regional standard: “Integrated Wastewater Discharge Standard (GB8878-1996)” and “Wastewater Quality Standards for Discharge to Municipal Sewers (CJ343-2010)”. All domestic sewage is delivered to the designated sewage treatment plant. For other types of wastewater, appropriate procedures are applied to prevent pollution to the water bodies in the surrounding as follows:

- Cleaning of oil tanks and chemical containers are not allowed at the freshwater tap
- Any lubricating oil and fuel oil spillage must be cleaned immediately to avoid flowing to the rainwater drainage
- Reduction of the use of pesticides in the greenspace; Discharge of the residual pesticides to the sewer is forbidden

Use of Resources

There is great demand for raw materials and energy supply for steel processing. Hot/cold rolled sheet and stainless steel are the essential raw materials for the production. Paper boxes are the major packaging materials for the products while printer paper is widely used for office operations. For energy usage, purchased electricity and fuel are high in demand for the operation of the machineries. The policy of “Energy/Resource Management Procedure” is implemented to control the use of energy, water and other material as the Group has recognized that reservation of natural resource is beneficial for both environmental protection and cost-saving.

Energy Consumption

Major sources of energy consumption are the fuel and electricity needed for production plants, office operation and domestic uses. Energy consumption by the Group during the year is set out below:

Energy Consumption	
Type of energy	Energy consumed (kWh)
Petrol	8,484,294.92
Diesel	2,538,786.27
LPG	963,829.59
Purchased electricity	55,730,333.64
Purchased gas	287.46
Total	67,717,531.88
Energy consumption intensity (kWh/tonnes of production)	19.38

The Group aims to strengthen the energy and resource management by implementing the following measures:

In production plants:

- Prevent starting the production facilitates frequently, especially air compressor set, cooling water system and central air conditioning in order to avoid idling operation
- Install electricity meter to monitor the energy consumption and to facilitate the preparation of statistic and auditing

In office:

- Use energy-saving light bulbs, such as compact fluorescent lamps, T5 fluorescent lamps and LED, etc.
- Set the computer in energy- saving mode
- Do not leave the computer on standby mode for too long time. They should be completely shut off to save electricity
- Choose electrical appliances with “Grade 1” energy label (such as refrigerator, air conditioner, etc.)

Water Consumption

Water is also another important resource used for the daily operation. In 2016, the total consumption of the water is 303,116.51 m³. The water consumption intensity is 25,259.71 m³/production facilities. For saving the water, water usage is monitored regularly and “Saving water” labels are attached on all the water tap to remind the users. Regular maintenance and examination are also conducted to ensure the water supply facilities are in good condition.

Packaging Material and Other Resources

The major packaging material used in our business are paper, plastic, metal and wood. The consumption of those material is summarized below.

Packaging Material Consumption

Packaging material	Amount (tonnes)
Plastic	131.97
Paper	1,035.74
Metal	1,427.52
Wood	4,049.89

The Environment and Natural Resources

The Group has adopted a policy of “Environmental Factors Identification and Evaluation Management Procedure” for identification of all the possible impacts to the environment in the supply chain from the production to the aftersales service. Therefore, it provides basis for managing the environmental risks in daily operation. It assesses the environmental impact through the following aspects:

1. The scale of the environmental impact
2. The severity of the environmental impact
3. The probability of the occurrence
4. The duration of the impact
5. Relevant environment laws and regulations

Based on the result of the above assessment, the Group will set the environmental target, indicator and management plan in order to control and minimize the impacts to the environment.

SOCIAL ASPECTS

Employment and Labour Practices

The Group has established and implemented a set of human resources management policies and procedures with the aim to provide good and safe working environment to its staff. The staff handbook also sets out the Group’s standards for staff recruitment, promotion guidelines, remuneration scale, holiday and statutory paid leaves and working hour. All employees of the Group are treated equally in the sense that their employment, remuneration and promotion opportunities will not be affected by their nationality, race, age, religion and marital status. The Group has been in compliance with “The Labour Law” and “The Labour Contract Law of the PRC” during the year of 2016.

Employee benefits and welfare

The Group understands the intrinsic value in work-life balance, supports the wellness of its employees and promotes a work-life balance. The Group aims to create a healthy workplace where staff can improve their physical fitness by doing exercise as a habit, as well as their mental health through diverse choices of leisure activities.

The following are the activities for employee welfare and their expenses during 2016.

Employee Welfare Items and Expenses		
Time	Welfare/Event	Expense per person (RMB)
February	Chinese New Year Gift	500
	Annual Dinner and Lucky Draw	200
March	International Women's Day Gift	100
June	Dragon Boat Festival Gift	200
August	Personal care products	100
September	Mid-Autumn Festival Gift	300
	Travel voucher	900-1,200
October	Employee Medical Check	400

Case 1 Work-Life Balance

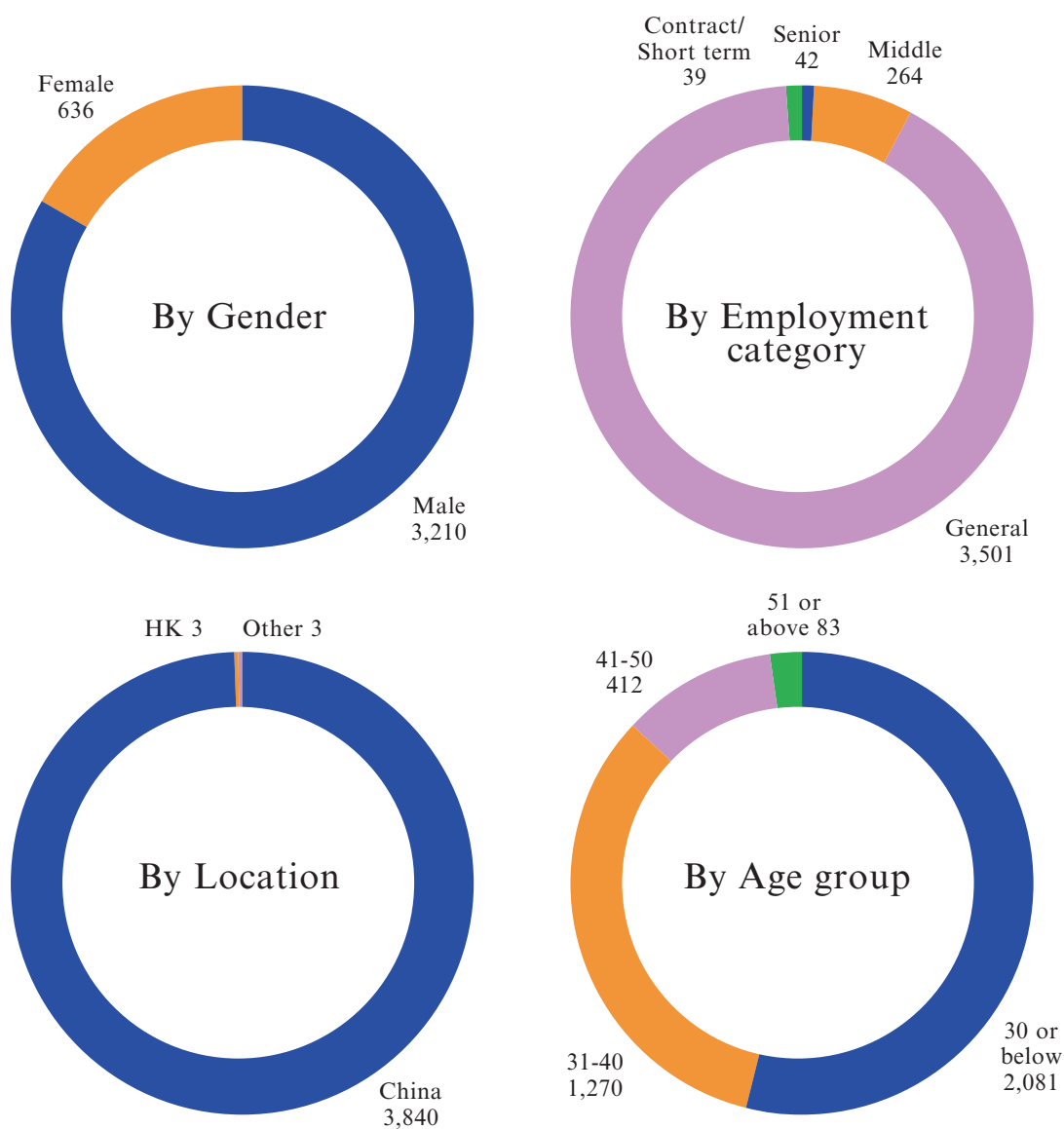
On the occasion of 2016 Olympic Games, the first "Tianjin Daming Cup" Football match was started in the Tianjin Economic-Technological Development Area Stadium. It was joined by four teams from Sales, Management and Production Department and was started on every Friday after work during the summer. Through the match, it has enhanced the communication among different departments and offered staff with a precious opportunity to relax.

Case 2 Cool drinks for colleagues in hot days

During 2016 summer, the leaders from the Group have delivered cool drinks to frontline workers of Jiangsu Daming production team 1 and 3, the refining team, warehousing team, quality assurance team, sheet metal team and security team etc. and also expressed their sincere sympathy to those frontline workers. Also, they reminded the frontline workers to put health in the first place for safety work. Colleagues felt thankful and mentioned that they will work with more care in order to achieve high productivity.

Employment

Below is the detailed breakdown of our employee by gender, employment category, location and age group:



Below is the detailed breakdown of our employee turnover rate by gender, age group:

Employee Turnover Rate

By gender	Turnover rate
Male	18%
Female	9%
By age group	
30 or below	21%
31-40	13%
41-50	7%
51 or above	6%
Overall	16%

Health and Safety

The Group strives for offering and maintaining a safe and healthy working environment for employees to protect them from work-related accidents or injuries and thus the Group are in strict compliance with “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”. The Group has adopted a policy of “Occupational Health Management System” and setup a Safety Production Committee to manage all the work-related health and occupational safety issues.

The Group has established such safety standards in connection with the usage of safety helmets, the operation of vehicles and the mechanism of reporting the industrial accidents with view to enhance the occupational safety and to minimize the possibility of work-related accidents and injuries as well as occupational illness. Moreover, regular medical check is provided for employees, especially for frontline employees in production plants.

The Group provides safety education to employees such as training, assessment and safety management certification are provided to those major personnel in charge and safety management personnel. The Group carried out monthly comprehensive inspections with the participation of all production units and the respective department heads. An overhaul was conducted to fix individual equipment and areas in our plants with safety hazards to further reinforce production safety. The Group also introduced initiatives such as the Safe Production Month and production safety contests to continuously enhance the safety awareness of employees and allow them to gain experience in safe operation.

In 2016, the Group was not subject to any punishment by the government and was not involved in any lawsuit. However, it is with deep regret that there were 1 fatality case and 1,070 lost days due to work injuries.

Case 1 Safety training and seminars

In September, 2016, Zibo Daming held a conference call seminar related to promotion of production safety in order to raise the employees' awareness about occupational safety. Cases about accidents were used to educate the employees. Apart from conference call seminar, Zibo Daming also organized several safety production procedure trainings. For instance, theory and practical training for machinery operation safety, operation procedure safety on-site.

Case 2 Safety knowledge competition

In order to support the "2016 100 Days of Production Safety" campaign, Jiangsu Daming first production team organized the second safety knowledge competition. Mr. Wang Xiao Jian, the Vice-General Manager and Mr. Wang Yong, the Safety Officer were invited to attend the event.

The competition was divided into two parts. Firstly, colleagues from four production lines had a written test. Then, four participants were selected from each of the four production lines to enter the final. The competition enriched the safety knowledge of the employees and promoted the safety management system of the company. Besides, it also raised the awareness of the employee about occupational safety.

Development and Training

The Group provides diversified on-the-job training based on the needs of respective positions, talents and interests of employees according to the internal policy. New employees will receive orientation trainings related to corporate culture and product knowledge etc. For existing employees, they will also receive on-the-job training based on the needs of each departments. The Group also encourages employee to participate in examinations or courses that are related to the job duty in their leisure time.

In 2016, the detailed breakdown of the percentage of employees trained by gender and employee categories are as follows:

Percentage of training participants to the number of workforce

By gender

Male	99%
Female	89%

By employment category

Senior	93%
Middle	106%
General	97%
Contract or short term	95%

The average training hours for employee by gender and employment type are as follows:

Average Training Hours for Employee

By gender	(Hours per employee)
Male	3.78
Female	4.75
By employment	
Senior	11.14
Middle	11.20
General	3.31
Contract or short term	3.49

Case 1 Development activities- competition

In order to motivate the employees, Daming Technology organized competition for the production lines and evaluated the performance in production and safety management in order to encourage the production team to maintain high productivity.

Case 2 Training for foreign currency policy and documents and certificate

In order to facilitate the import and export business development and allow all the import/export business units to be familiar with the foreign currency policy, international clearing products, international regulations, business risk prevention and business enhancement, the Group invited experts from the State Administration of Foreign Exchange – Wuxi Branch and China Construction Bank- Wuxi Branch to deliver speech on the foreign currency policy and training for documents and certificate. More than 40 staff from Daming import/export, Daming Heavy Industry, Daming Tianjin etc. participated the training.

Labour Standards

The Group has implemented a policy of “Social Responsibility Management System” in order to comply with “Law of The People’s Republic of China on Employment Contracts”. For promoting sustainability values along value chain, the Group requires suppliers and contractors to comply with all the applicable laws and regulations, to assure that they have no instances of child labor, forced labor, discrimination, corruption or other unethical practices and safeguard workers’ health and safety and to mitigate environmental pollution by measures as below.

- Respect the freedom of employee and all forms of forced labour is forbidden
- Encourage the cooperation between labour and company, respect the freedom of association and right of collective agreements

- Provide an equal and fair working environment; All forms of insulting behavior are forbidden.
- Offers workers reasonable working hours and holidays

If there are any reported cases, management will investigate and handle the case according to law and regulations in order to ensure the child labour is treated properly.

Once child labour case is noticed, his/her work must be stopped and delivered to the hospital for medical check. His/her employment will not be terminated immediately to secure his/her safety.

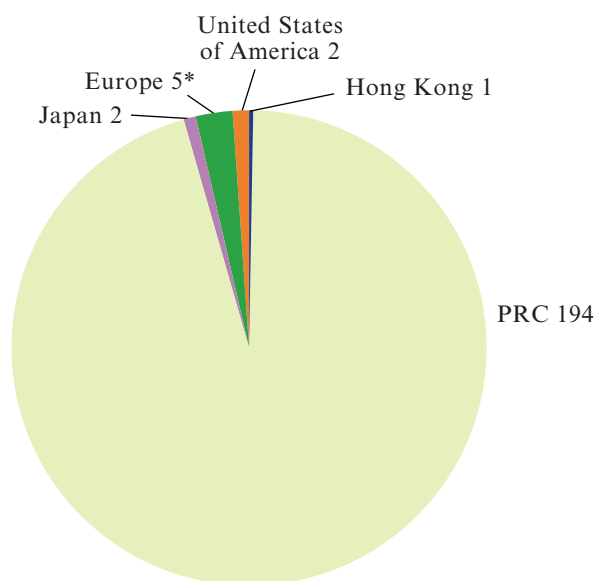
In 2016, the Group did not discover any significant risk exposure in relation to the employment of child labour for works of hazardous nature, forced or compulsory labour in any operation.

OPERATING PRACTICES

Supply Chain Management

The Group has developed long-standing and good relationships with the Group's suppliers and taken effort to ensure that they agree with our commitment to product quality. According to the policy of "Supplier, distributor and subcontractor Management Procedure", the Group carefully selects the suppliers and requires them to satisfy certain assessment criteria including social responsibility performance, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness. The geographical distribution of supplier is as follows:

Number of supplier by geographical region



The Group has adopted the following measures to manage the social risks of the supplier and distributors:

- Establish a social responsibility profile for every supplier/distributor so as to maintain a track record
- Before signing any contracts with supplier/distributor, they are required to sign a Social Responsibility Agreement to promise to comply the local labor laws and regulations and the SA8000 Social Compliance Standard. Also, they are required to have site inspection by the Group
- Site inspection for distributors/suppliers at least once a year to evaluate their social responsibility performance and keep track on the improvements

Product Responsibility

The Group is in strict compliance with “Trademark Law of the People’s Republic of China”, “Law of The Peoples Republic Of China On Product Quality” and “Law Of The People’s Republic Of China On The Protection Of Consumer Rights And Interests” in order to safeguard the interests of customers.

Quality Control

The Group has established and implemented policies and procedures with a strict quality control system over the processing procedures in order to comply with the product specifications requested by customers and to ensure the quality of products under the requirement by ISO9001:2008 (Quality management system in respect of slitting, cutting, contour machining and polishing for stainless steel coil and plate).

The quality control system is divided into two stages: (i) quality control of raw materials and (ii) quality control of the processing procedures.

(i) Quality control of raw materials

Upon the arrival of the raw materials, the Group takes samples for laboratory testing on the chemical contents in order to ensure their quality meets their respective specifications.

(ii) Quality control on processing procedures

The Group continuously monitors the processing procedures and carry out regular inspections to ensure consistency in the quality of services. The quality control personnel conduct tests and inspections at various stages of the processing procedures before the stainless-steel products are packed for delivery.

In 2016, there are 1,737 complaints related to the products and services. However, none of products sold or shipped subject to recalls due to safety and health reasons. The data and the corresponding counter measures are summarized as follows:

Number of Complaints and Corresponding Counter Measures

Counter measures	Number of cases
Refund	224
Compensation	13
Exchange	351
Reprocessing	117
Rework	5
Explanation	525
Repurchase	16
Claims	393
Discounted	3
Others	90
Total	1,737

Case 1 Quality Service Group Information Exchange

On 23 August, 2016, Beihai Chengde Quality Service Group visited the Group's office. Representatives from Daming Quality and Safety and Management Department, Daming Customers Service Center, Daming Xie Hao, Jiang Su Quality Management Department carried out an in-depth discussion with Chengde about feedback from the stainless-steel market.

Beihai Chengde Quality Service Group were composed of personnel from hot-rolling quality management and dispute settlement. Chengde had come to an agreement with the Group on the issue about product quality and customer satisfaction improvement.

Intellectual Property Protection

Protecting intellectual property rights is a priority to the Group which has in place dedicated management systems related to the handling of patents and intellectual property. Systems are in place to specify requirements on submission, application, indexing and rewarding of patents. Strict confidentiality agreements are also signed with technical specialists.

Customer Data Protection Privacy

The Group places a strong emphasis on the protection of consumers' interests. The Group persists in the provision of customized services and roll out pre-sales, in-process and after-sales customer service on all fronts. Confidentiality agreements with customers are signed and customer data is strictly protected.

Anti-Corruption

The Group conveys its firm stance against corruption and fraud to its employees, and also includes applicable provisions in the contracts with third party suppliers to explain to them its requirements. According to the policy of "Anti-corruption Control Procedure", the Group's management department monitor the operation of the company and oversee any cases related to corruption or fraud. Seminars are held regularly within the Group to communicate professional knowledge, skills and experience.

During 2016, the Group has been in strict compliance with "Criminal Law of the People's Republic of China" and no concluded cases regarding corrupt practices brought against the issuer or its employees were noted.

COMMUNITY**Community Investment**

The Group has established and implemented the "Business Ethics Control Procedure" that aims to meet the social expectation and show our commitment to the society. Besides, the Group also actively involved in the community contribution.

Contribution to environmental field

Recently, the environmental industry receives more support and investment from the government, which leads to an escalation demand for stainless steel products. Therefore, the Group has enhanced the processing ability and other supporting services in order to provide one-stop service for environmental field, including exhaust gas management, wastes water management etc. This initiative has been appreciated by the peers. The Group provides support to clients in environmental field during 2016 as below.

Date	Description
August 2016	Client: an integrated supplier of energy-saving electricity generation equipment, offering solution for residual heat utilization
	Service: Processing of a large-scale boiler body, which required high precision Italy PAMA boring-milling machine

Date	Description
August 2016	<p>Client: a well-known environmental equipment manufacturer</p> <p>Service: Supplying carbon steel</p> <p>It has been the largest sale in 2016 since the launch of the carbon steel business in Wubei Daming which marked a great start for Wubei Daming to serve in the environmental field.</p>
July 2016	<p>Client: a heat exchanger manufacturer</p> <p>Service: Processing of a batch of tube sheet for environmental -friendly heat exchangers</p> <p>Heat exchanger equipment has application in various fields, including electricity generation, construction, motor vehicles etc. The market of environmental-friendly heat exchanger equipment is promising due to the support from the government. The products produced are used to increase the energy efficiency for various equipment.</p>

Cooperation with education institution

On 18 August, 2016, the leaders from China University of Mining and Technology (“CUMT”) visited the Daming Jingjiang Processing Centre.

Accompanied by staff from the Group, the leaders from CUMT visited the production lines of Daming Heavy Industry and Daming Technology, followed by a seminar. During the seminar, the leaders appreciated the “Green Apple Project”, which was initiated by the Group, targeting the fresh graduates. They were grateful for the contribution in talent development by the Group. In the meantime, Mr. Szeto, the General Manager from the Group also expressed his gratitude to CUMT for talent cultivation over the past years. He hoped that there would be continued support from CUMT. The development plan of the Group impressed CUMT, especially the focus on material applications and the establishment of a technology research center for metal precision machining field.

CUMT and the Group agreed to strengthen the relationship and cooperation and connected the demands from corporations and university education together in order to cultivate more high-caliber personnel.

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Indicator	Description	Section Reference	Page
A. Environmental			
A1 – Emissions			
A1	General Disclosure	<ul style="list-style-type: none"> • “Environment” • “Emissions” • Not aware of any material non-compliance 	5-6
KPI A.1.1	The types of emissions and respective emissions data.	<ul style="list-style-type: none"> • “Emissions – air pollutant emission, GHG emission, hazardous and non-hazardous waste and wastewater” 	6-8
KPI A.1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	<ul style="list-style-type: none"> • “Emissions – GHG emission” 	7
KPI A.1.3	Total hazardous waste produced and, where appropriate, intensity.	<ul style="list-style-type: none"> • “Emissions – hazardous and non-hazardous waste” 	8
KPI A.1.4	Total non-hazardous waste produced and, where appropriate, intensity.	<ul style="list-style-type: none"> • “Emissions – hazardous and non-hazardous waste” 	8
KPI A.1.5	Description of measures to mitigate emissions and results achieved.	<ul style="list-style-type: none"> • “Environment” • “Emissions – air pollutant emission, GHG emission, hazardous and non-hazardous waste and wastewater” 	6-8
KPI A.1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	<ul style="list-style-type: none"> • “Emissions – hazardous and non-hazardous waste” 	8

Indicator	Description	Section Reference	Page
A2 – Use of Resources			
A2	General Disclosure	<ul style="list-style-type: none"> • “Environment” • “Use of resources – energy consumption, water consumption and packaging materials and other resources” 	9
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	<ul style="list-style-type: none"> • “Use of resources – energy consumption” 	9
KPI A2.2	Water consumption in total and intensity.	<ul style="list-style-type: none"> • “Use of resources – water consumption” 	10
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	<ul style="list-style-type: none"> • “Use of resources – energy consumption and water consumption” 	10
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	<ul style="list-style-type: none"> • “Use of resources – water consumption” 	10
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	<ul style="list-style-type: none"> • “Use of resources – packaging materials and other resources” 	10
A3 – The Environment and Natural Resources			
A3	General Disclosure	<ul style="list-style-type: none"> • “Environment” • “The environment and natural resources” 	11
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<ul style="list-style-type: none"> • “Environment” • “The environment and natural resources” 	11

Indicator	Description	Section Reference	Page
B. Social			
B1 – Employment and Labor Practices			
B1	General Disclosure	<ul style="list-style-type: none"> • “Employment and labour practices” • “Employment” • Not aware of any material non-compliance 	11-12
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	<ul style="list-style-type: none"> • “Employment” 	13
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<ul style="list-style-type: none"> • “Employment” 	14
B2 – Health and safety			
B2	General Disclosure	<ul style="list-style-type: none"> • “Health and safety” • Not aware of any material non-compliance 	14-15
KPI B2.1	Number and rate of work-related fatalities.	<ul style="list-style-type: none"> • “Health and safety” 	14
KPI B2.2	Lost days due to work injury.	<ul style="list-style-type: none"> • “Health and safety” 	14
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	<ul style="list-style-type: none"> • “Health and safety” 	14-15
B3 – Development and Training			
B3	General Disclosure	<ul style="list-style-type: none"> • “Development and training” 	15-16
KPI B3.1	The percentage of employee trained by gender and employee category.	<ul style="list-style-type: none"> • “Development and training” 	15
KPI B3.2	The average training hours completed per employee by gender and employee category.	<ul style="list-style-type: none"> • “Development and training” 	16

Indicator	Description	Section Reference	Page
B4 – Labour Standards			
B4	General Disclosure	<ul style="list-style-type: none"> • “Labour Standards” • Not aware of any material non-compliance 	16-17
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	<ul style="list-style-type: none"> • “Labour Standards” 	16-17
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	<ul style="list-style-type: none"> • “Labour Standards” 	16-17
B5 – Supply Chain Management			
B5	General Disclosure	<ul style="list-style-type: none"> • “Supply chain management” 	17-18
KPI B5.1	Number of suppliers by geographical region.	<ul style="list-style-type: none"> • “Supply chain management” 	17
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	<ul style="list-style-type: none"> • “Supply chain management” 	17-18
B6 – Product Responsibility			
B6	General Disclosure	<ul style="list-style-type: none"> • “Product responsibility” • Not aware of any material non-compliance 	18-20
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<ul style="list-style-type: none"> • “Product responsibility” 	19
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	<ul style="list-style-type: none"> • “Product responsibility” 	19
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights.	<ul style="list-style-type: none"> • “Product responsibility” 	19
KPI B6.4	Description of quality assurance process and recall procedures.	<ul style="list-style-type: none"> • “Product responsibility” 	18
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	<ul style="list-style-type: none"> • “Product responsibility” 	20

Indicator	Description	Section Reference	Page
B7 – Anti-corruption			
B7	General Disclosure	<ul style="list-style-type: none"> • “Anti-corruption” • Not aware of any material non-compliance 	20
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 case.	<ul style="list-style-type: none"> • “Anti-corruption” • No such cases 	20
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	<ul style="list-style-type: none"> • “Anti-corruption” 	20
B8 – Community Investment			
B8	General Disclosure	<ul style="list-style-type: none"> • “Community investment” 	20-21
KPI B8.1	Focus areas of contribution.	<ul style="list-style-type: none"> • “Community investment” 	20-21
KPI B8.2	Resources contributed to the focus area.	<ul style="list-style-type: none"> • “Community investment” 	20-21