



**E-COMMODITIES HOLDINGS LIMITED**

**易大宗控股有限公司**

(formerly known as Winsway Enterprises Holdings Limited 永暉實業控股股份有限公司)

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 1733



*Environmental, Social and  
Governance Report **2016***



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## 1. CORPORATE PROFILE

E-Commodities Holdings Limited (the “**Company**” or “**E-Commodities**”, together with its subsidiaries, the “**Group**”) was established in September 2007. It has established branches and offices in Hong Kong, Singapore, Japan, Beijing, Brisbane of Australia, respectively. It was listed on the Hong Kong Stock Exchange on 11 October 2010.

With its business expansion and diversified development since its establishment, E-Commodities has not only become one of the major coking coal importers, but also engaged in the thermal coal, iron ores, petrochemical products and nonferrous metals businesses, and successfully established a comprehensive closed loop system of integrated industrial chain with a combination of various sectors including purchasing, processing, logistics, sales and finance. By virtue of the wide range of suppliers and end users network, and optimized logistics facilities and extensive management experience in bulk commodities, the platform of E-Commodities provides all round services for each segment of bulk commodities value chain. The service targets cover mine owners, highway and railway transportation operators, warehousing service providers, clearance declaration, custom clearance agents, shipping agents, financing providers, end users and others.

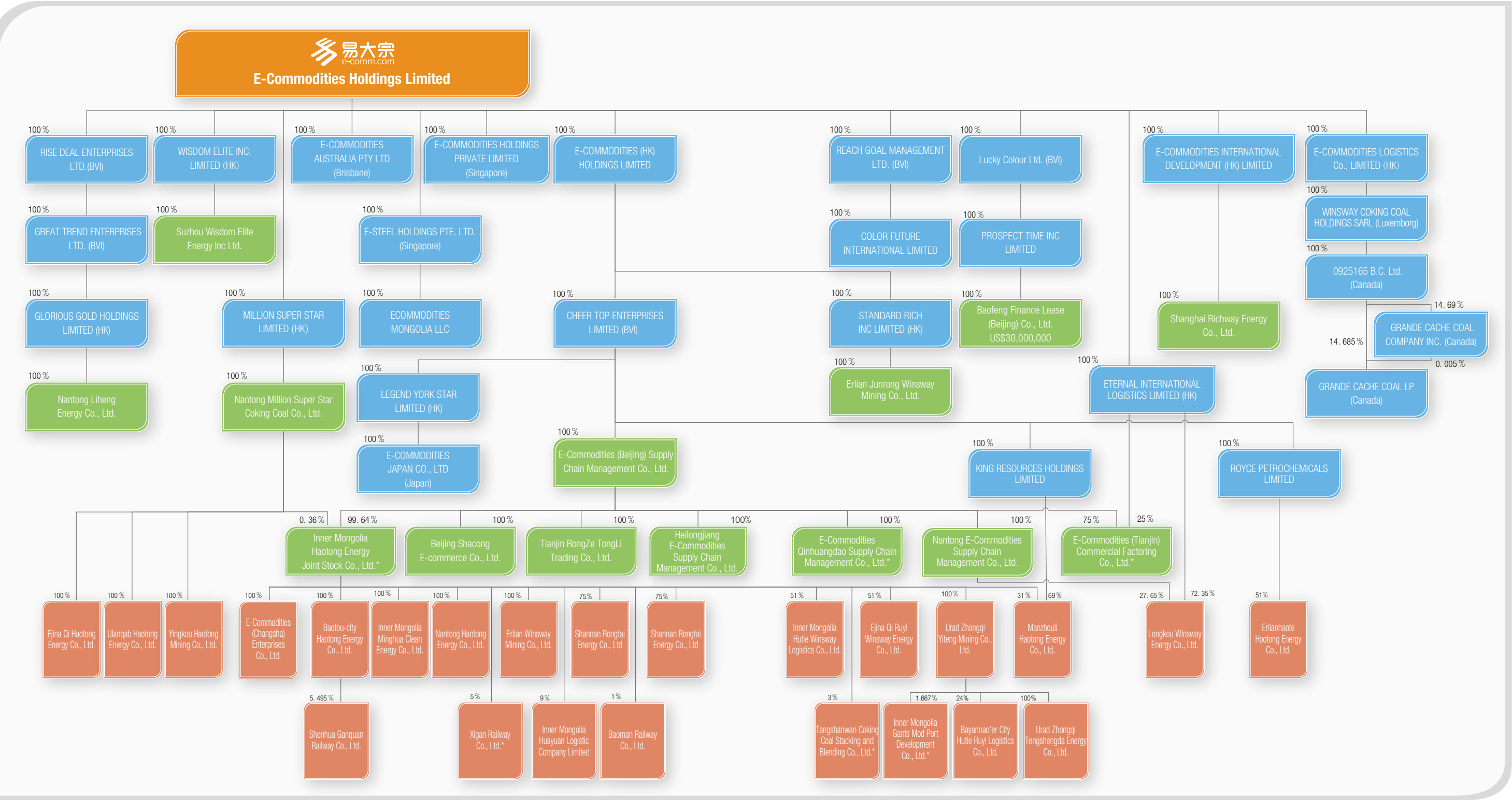
## 2. DEVELOPMENT VISION

- to achieve asset-light operation through asset-backed securitization;
- to obtain sufficient capital with low cost by developing diversified trade with low risk and expanding trading volumes, thus achieving market value increase;
- aiming to develop in the direction of being a financial holding platform starting from the import, processing, transportation and distribution platform of coking coal;
- to achieve the joint development and best interests of the shareholders and the staff of the Company with the guidance of core values, of “Simplicity”, “High-efficiency” and “Contribution”.

I. ABOUT E-COMMODITIES

I. ABOUT E-COMMODITIES

3. GROUP STRUCTURE (As of 31 August 2017)

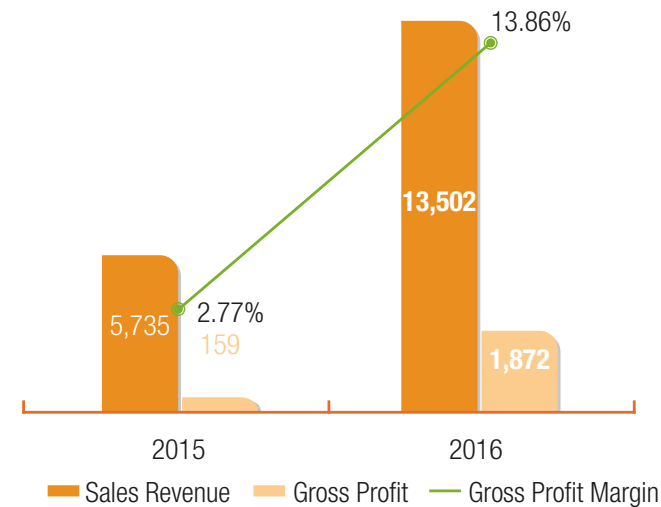




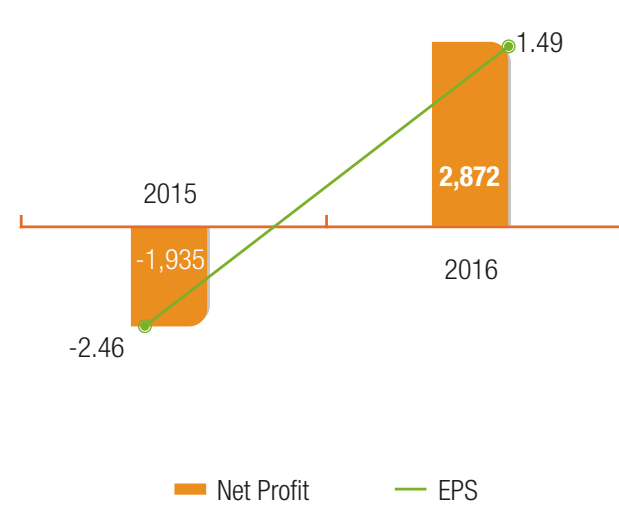
# I. ABOUT E-COMMODITIES

## 4. KEY FINANCIALS

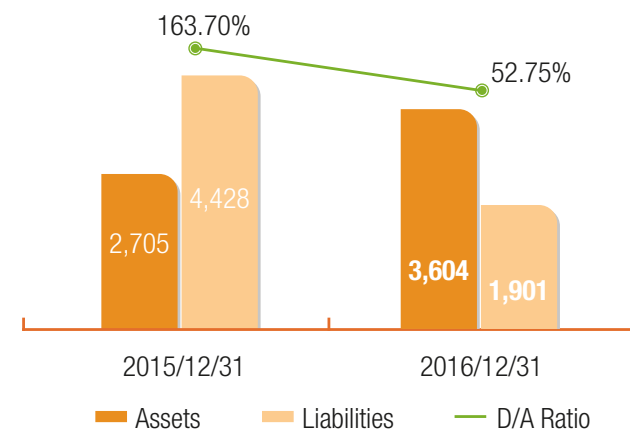
### Sales Revenue / Gross Profit / Gross Profit Margin



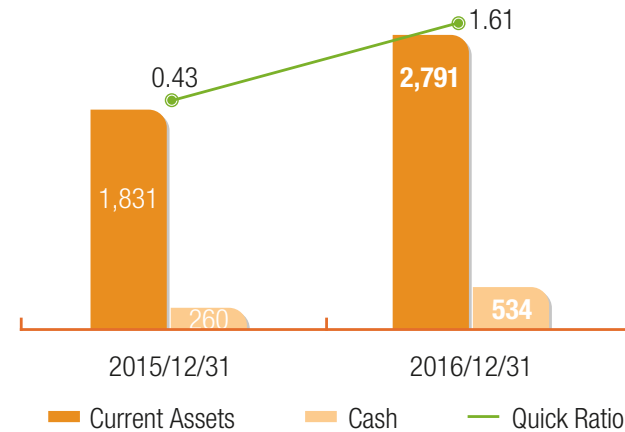
### Net Profit / EPS (continuing operations, HK\$ million/HK\$)



### Assets / Liabilities (HK\$ million)



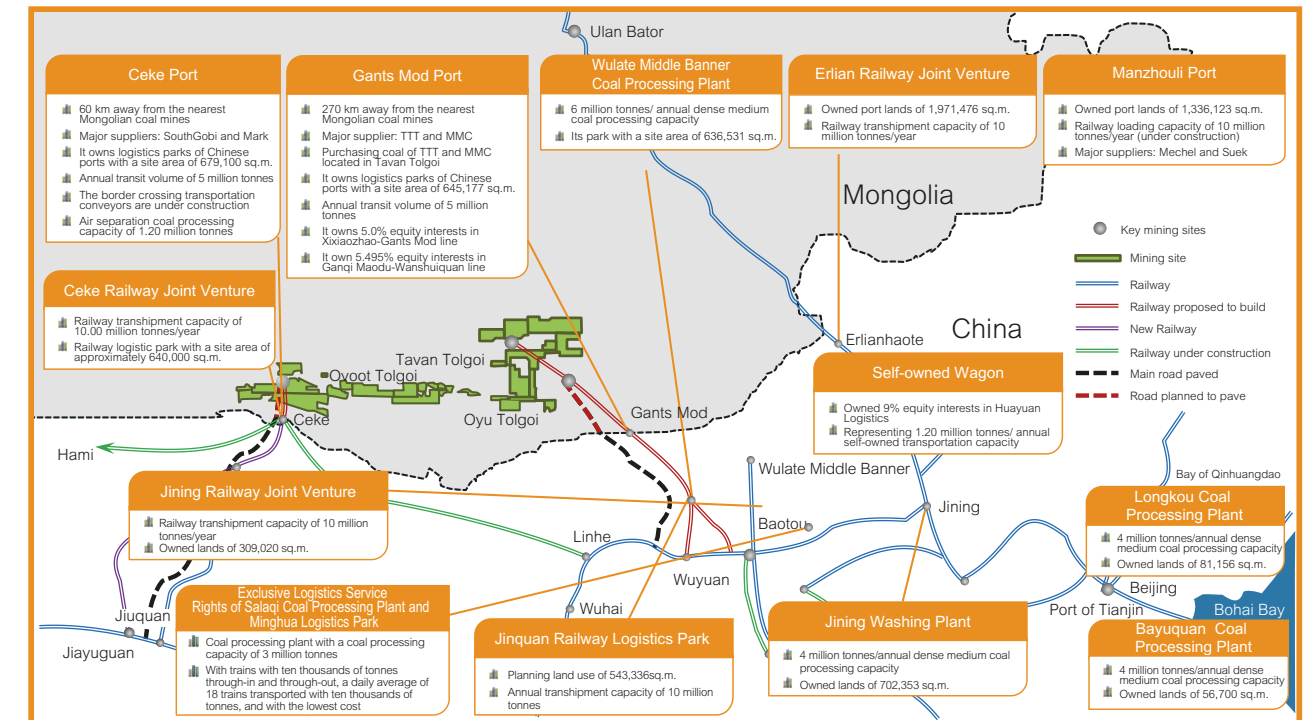
### Current Assets and Cash (HK\$ million)



# I. ABOUT E-COMMODITIES

## 5. ASSETS FOOTPRINT

The Company deployed boundary crossing facilities, strategic land reserve and efficient infrastructure, including logistics parks, railway parks, transshipment lines, railway equity, railway stations, self-owned wagons and coal processing plants, at and along the Sino-Mongolian border crossing to client-side.



II. SAFETY AND ENVIRONMENT PROTECTION

E-Commodities is committed to safe production and environment protection, treasures precious lives of people and natural environmental resources, and implements the safe and green sustainable development concept into each process of production and operation.

1. ESTABLISHMENT AND OPERATION OF HSE SYSTEM

The Company places great importance on the production safety of staff. It has been advocating and adhering to the concept of safe and healthy development, and the safety management department and environmental protection department were established when the Company was founded. As the Company develops, the Health, Safety and Environmental Committee ("HSE Committee") was officially established by the Board of Directors of the Company in 2012 to officially commerce implementation of the HSE management model. HSE Committee meetings are convened at least once a year to guide, regulate and improve the HSE management of the Company, so as to further increase the safety management standards, staff working environment and environmental protection standards. The HSE system has improved increasingly since its adoption and has significantly enhanced the safety and environmental protection awareness of staff at each level. Since the operation of the HSE system, no material safety accident, material environmental protection accident or occupational health accident has occurred in the Company.



1.1 Safety production policy:

safety first, prevention-focused, human-oriented and integration of prevention and treatment

1.2 Safety control model:

The Company has adopted various safety indicators as key performance indicators with the annual HSE objectives and requirements as the carriers and guided each subordinate unit in conducting a breakdown of responsibilities for different levels. Responsibility pledges were signed level by level to implement the indicators to the person in charge. Also, according to the principles of "person-in-charge is the one with responsibility" and "business management and production management must encompass safety management", the department heads at each level take the primary responsibility for safety production, which will strengthen the requirements to leaders at all levels on full responsibility for safety, operation, fire-fighting, occupational health, transportation, public security and environmental protection affairs of each unit at the Company's level.



II. SAFETY AND ENVIRONMENT PROTECTION

1.3 Daily management:

The Company has proactively carried out staff trainings and emergency rescue drills, and strengthened inspection of the Company and self-inspection in each unit. The Company has also conducted rectification of latent dangers detected from daily inspections and other key works by adopting the closed-loop management model of PDCA.

In 2016, with the increasing duties in production capacity recovery and coal washing, the Company has done a lot for safety, health and stable development which made a positive impact, and those include emphasizing on re-amending and improving various systems, strengthening staff skills training, conducting safety production inspections on a regular basis and making efforts to control hazardous operations.



1.4 Safety production target and completeness:

There were no material safety accidents or occupational health accidents during 2015 and 2016. Details are set out in the following table:

No.	Type of Indicator	Indicator	Unit	2015	2016	Expectation Value
1	Production (inclusive of occupational health and safety)	Fatality in the course of production	person	0	0	0
2		Serious injury in the course of production	person	0	0	2
3		Slight injury in the course of production	person	0	2	≤10
4		Accident related to large equipment	person	0	0	0
5		Explosion of pressure vessel (inclusive of boiler)	person	0	0	0
6		Identified occupational disease (inclusive of occupational poisoning)	person	0	0	0
7	Fire safety management	Accident of explosion of inflammable materials (fire and accident of explosion in production)	case	0	0	0
8	Public health safety	General and food poisoning	case	0	0	0
9		Outbreak of infectious diseases of Class I and Class II	time	0	0	0
10	Transportation safety management	General and traffic accident	case	0	1	0
11	Safety education and training	Rate of three-tier safety education	100%	100%	100%	100%
12	Safety inspection and rectifications of hidden danger	Monthly safety inspection at Company's level and completion rate of rectification	100%	100%	100%	100%

As shown in the above table, there were two accidents in the course of production during the whole of 2016. The staff members involved were all injured during maintenance operation resulting in slight injuries, one of which has completely recovered and has returned to work and the other one is still in therapy; there was one fatal traffic accident due to drunk driving outside the plant and outside of work hours. After the accident, the Company immediately handled the accident according to the principle of "Four Prohibitions" (Unclear Analysis of Accident Cause Prohibited, No Punishing the Person Liable for Accident Prohibited, No Implementation of Rectification Measures Prohibited and No Educating the Person Liable for Accident and Related People Prohibited) and confirmed that the incident was purely a personal offence for which the Company had no liability. However, as a humanitarian act, the Company compensated the bereaved family.



## II. SAFETY AND ENVIRONMENT PROTECTION

### 2. ENVIRONMENT PROTECTION

The Company has always adhered to the concept of environmentally friendly and harmonious development in operations to constantly enhance the environmental protection management standard. It commenced the conduct of environmental impact assessments pursuant to the requirements of the state on environmental protection and ancillary construction of environmental protection equipment and facilities, as well as the environmental protection projects from the construction period of each washing base. In recent years, with the increasingly strict requirements for environmental protection, the Company also upgraded the environmental protection projects by improving the coal warehousing and transportation methods.

#### 2.1 Construction of environmentally-friendly coal shed:

In order to prevent environmental pollution, achieve better dust removal and reduce natural losses from stacking of coal, the Company has constructed an environment-friendly coal shed, implemented full closure management on part of in coal storage yards, while promoting green practices at surrounding roads, accelerated the standard emission and control on dust, sewage, solid waste and production noise in the course of transportation and production of raw coal, so as to improve the protection of the local environment.

- The coal shed located in Gants Mod port was constructed in 2011 with a gross floor area of 31,250 square meters.
- The coal shed located in Jining, Ulanqab was constructed in 2010 with a gross floor area of 24,285.96 square meters.



## II. SAFETY AND ENVIRONMENT PROTECTION

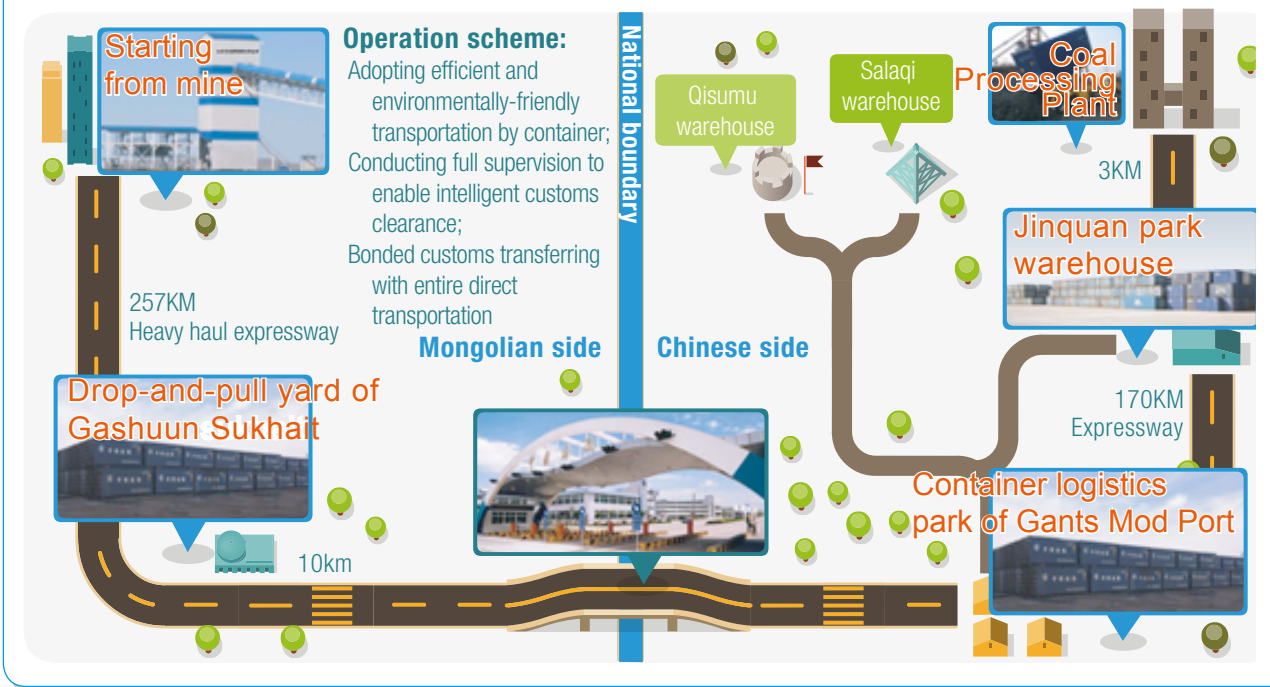
#### 2.2 Transportation of raw coal by container:

In order to address pollution issues caused from coal transportation, loading and unloading, and warehousing process at Sino-Mongolian ports, to improve the efficiency of transit, increase the transportation volume of cross-border transit, and promote the transformation at transit transportation at Sino-Mongolian ports to efficient and environment-friendly logistics, the Company commenced container drop-and-pull cross-border transportation business for Sino-Mongolian bulk commodities in July 2016. It has successively rented 2,070 top-open containers of 32 tonnes of China Railway Tielong Container Logistics Co., Ltd.



- As of December 2016, the transportation volume of containers was 263 trains, with an aggregate of 911,424 tonnes.
- The transportation routes are from Qisumu to Shaheyi, Gants Mod port to Qisumu and Gants Mod to Jinquan, respectively.

#### Sketch map



II. SAFETY AND ENVIRONMENT PROTECTION

2.3 Improvement of working environment:

The Company has always been committed to improving the working environment of staff. In recent years, it has continuously cleaned and beautified the exterior appearances of the wash plants, and developed an environmentally friendly enterprise with landscaped view, which has changed the impression of people towards traditional energy production enterprises. The continuous beautification of the working environment enables the staff to enjoy work both physically and mentally with commensurate benefit in work quality.



2.4 Zero-emission of pollution:

Water, dust, noise and solid waste are possible pollutants in the course of coal washing. Currently, the Company has achieved the target of zero-emission of industrial pollution. Details are set out in the following table:

Item	Treatment Method
Industrial sewage	<ul style="list-style-type: none"><li>Underground water and rainwater are recycled without use of domestic water: adopting dense medium coal processing technology while using recycled water-saving model for production water. In 2016, the fresh water consumption was 68.8×104m3t/a and the recycled water consumption was 710.9×104m3t/a, and water recycling rate was 91.1%; the remaining water was consumed through evaporation after passing into clean coal and no waste water was discharged.</li><li>The domestic sewage was 21t/d. After treatment in septic tanks and precipitation, the water flows into the soakaway pit outside the plant; the precipitate will be cleared regularly by neighbouring farmers and used as fertilizer; ash sluicing water from heating boilers is recycled after precipitation rather than being discharged.</li></ul>
Noise pollution	<ul style="list-style-type: none"><li>The equivalent noise level in day and night is in the range of 36.1~58.3LeqdB(A), which complies with the Emission Standard for Industrial Enterprises Noise at Boundary, and hence there was no noise pollution.</li></ul>
Dust	<ul style="list-style-type: none"><li>The raw coal shed was constructed for the incoming of raw coal and closed dedusting system is adopted in the process of belt conveying and crushing of raw coal. There is only need to conduct a periodical cleaning and recycling the coal dust. There is no discharge outlet; there was a wind-proof and dust-controlling wall with a height of 15 meters built at the stock yard, and sprinklers have been installed. The maximum concentration value of unauthorised emissions at boundary was 0.821mg/m3, which complied with the Integrated Emission Standard of Air Pollutants.</li><li>In 2016, the Company further improved the belt conveyors, dust-removing equipment, by adopting the closed transportation by container for the whole process of transportation of raw coal, which completely addresses any dust dissipation problems during the process of transportation of coal.</li></ul>
Solid waste	<ul style="list-style-type: none"><li>Industrial solid waste mainly includes gangue, coal sludge, boiler slag and domestic waste. In 2016, the outputs of gangue and coal sludge were 11.7×104t/a and 35.1×104t/a, all of which were sold; the boiler slag of 464t/a was used to fill ditches or for road fill; the output of domestic waste was approximately 20.4t/a, which was centrally collected by the plants and delivered to the waste treatment stations designated by the government.</li></ul>

III. EMPLOYEE CARE

1. STAFF OVERVIEW

As of the end of 2016, the Group had 202 regular staff (including all domestic and overseas enterprises). Currently, the Company has formed a multiple talents team consisting of management personnel, professional technicians and operation skilled talents.

- The Company has continuously adhered to a human-oriented policy, strictly following the PRC Labour Law, Labour Contract Law and analogous laws and regulations of host countries and respecting and protecting the various lawful rights and interests of our staff. The Company forbids all forms of workplace discrimination, and there is no child labour or forced labour.
- The rate of entering into written labour contract of staff is 100%.

Details of the overview of staff are set out in the following table:

Category	Number of staff	Percentage	Category	Number of staff	Percentage
Age category			Educational Background		
Below 35 (exclusive of 35)	119	58.91%	Diploma and below	85	42.08%
35 to 45 (exclusive of 45)	41	20.30%	Undergraduate	70	34.65%
45 and above	42	20.79%	Master and above	47	23.27%
Gender			Length of Service		
Male	102	50.50%	Less than 5 years	82	40.59%
Female	100	49.50%	5 (inclusive of 5) to 10 (exclusive of 10) years	104	51.49%
Total	202		10 (inclusive of 10) to 15 (exclusive of 15) years	8	3.96%
			15 (inclusive of 15) to 20 (exclusive of 20) years	3	1.48%
			20 years and above	5	2.48%

2. EMPLOYEES' RIGHTS, INTERESTS AND DEVELOPMENT

We have always offered equal employment opportunities and reasonable remuneration and welfare benefits, as well as protecting and preserving the lawful rights and interests of our staff.

- We have been innovative in personnel recruitment, improved training systems, expanded the development potential of our staff and sought to inspire initiative and creativity in our staff to facilitate for their individual growth.
- We respect the political, economic, social and cultural rights of our staff and their basic rights in work and have developed a healthy and safe working environment so as to achieve work and life balance for the staff to the maximum extent and strive to improve the development of both the Company and the staff.





III. EMPLOYEE CARE

- We have fully paid the “Five Insurances and Housing Provident Fund”\* for all regular staff in a timely manner, handled the supplementary medical insurance, paid commercial accident insurance for all staff, so as to eliminate the staff’s fears and worries on accessibility of medical consultation, retirement and fertility, and effectively ensure the vital interests of all staff.

\*only applicable to Mainland China; overseas enterprises pay insurance for staff in accordance with the local regulations.

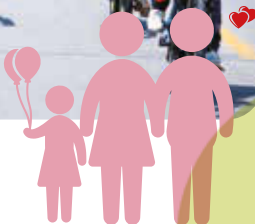
- We provide various welfare benefits for our staff, such as providing staff welfare on Mid-Autumn Day, National Day and Spring Festival, awarding female staff on Women’s Day, holding monthly birthday parties and long-term incentive scheme.
- As of the end of 2016, the Group had held various training programs totaling 741 hours with 153 participants during the year.

Financial Year of 2016		
Training Courses	No. of hours	No. of participants
Safety Training	197	41
Management & Leadership Training	470	97
Professional Skills Training	74	15
Total	741	153

3. CULTURAL LIFE

We advocate positive and healthy working and living styles and have created a harmonious, progressive and vibrant corporate culture through holding a wide range of cultural and sports activities for our staff.

- Ritan Walk was organized in January 2016 to relieve the working pressures of our staff and relax. It was uplifting and brought in positive energy at the beginning of the new year.
- The annual family day activity held by the Company was designed to bring people closer together. As for To the Fore Riding activity in Guihe river organized in May 2016, a total of 83 staff and their families participated. The activities included adult mountain biking, children’s mountain biking and child-parentage riding which enhanced the teamwork and improved bonding.



III. EMPLOYEE CARE

4. STAFF FEEDBACK

In recent years, the Company continued to implement the communication plan of “Face-to-Face with Senior Management”, pursuant to which the executive directors and vice president of the Company were open to listening on a one-to-one basis to the inner thought of our staff throughs participating in interviews and giving feedbacks, so as to continuously improve the internal management standards of the Company. Through this activity, many staff expressed their devotion and gratitude to the Company:



- “After experiencing the ups and downs with the Company, up to this day, I am still grateful to my work and life.”
- “It is my first job, which is my expertise, so I really appreciate it and hope to make joint progress and development with the Company.”
- “Due to the busy work everyday, I usually have dinner and live in the plant. I am very busy, but I still feel satisfied.”
- “I am deeply attached to the Company. I get along very well with my colleagues and leaders, and hope to continue doing a good job and making progress with the Company.”
- “I feel happy and satisfied at work, and satisfied with my remuneration.”
- “We have a highly engaged internal team with excellent atmosphere, and we help each other.”
- “It is the tenth year since I joined the Company. I have learnt a lot and feel the Company is very harmonious. We help each other like a family. I was offered a chance to move jobs, but out of gratitude, I was willing to stay.”

## IV. CHARITIES AND COMMUNITY

The sustainable development of the Company relies on the support and influence of the communities of the areas in which we operate. We have helped the community residents improve employability skills and reduce poverty through creating employment opportunities and carrying out skill trainings, with a view to making a contribution to the development of the local economy and society in remote areas.

### 1. CONTRIBUTION TO LOCAL ECONOMY

- We follow the related labour laws of the areas in which we operate, establish labour systems that comply with the local requirements, proactively provide employment opportunities where we operate, and insist on recruiting local staff so as to promote the local employment and tax contributions. As of the end of 2016, the Company directly or indirectly employed a total of 594 staff in Inner Mongolia region.
- Our investment in Inner Mongolia region directly promoted the development of the local economy. Each subsidiary of the Company paid tax in accordance with the law, which greatly increased the local revenue. Total tax paid to local tax bureaus was RMB152,713,200 in 2016.



### 2. CHARITY EVENTS

The Company also aided the staff in difficulties, empathised with staff in difficulties, did what the staff in difficulties felt urgent, provided what the staff in difficulties needed, helped the sick staff and their family members and actively carried out activities, such as expression of sympathy and solicitude by the Labour Union and donations to charities, to convey love and warmth as appropriate.

## V. INTEGRITY MANAGEMENT

The Company strictly complied with business ethical standards, upheld a high standard of corporate governance code and fully complied with relevant laws and regulatory provisions, which were the preconditions for maintaining and protecting the long-term benefits of the Company and shareholders. We firmly believe that a superior corporate governance system helps maintain the high transparency of the Company and establish a solid foundation for the business development of the Company. In order to better achieve the target of corporate governance, and ensure the optimization of various reporting contents and smooth operation of the internal monitoring mechanism, the Company has established organizations including the audit committee, the remuneration committee, the nomination and corporate governance committee and the health and safety and environmental committee.

### 1. COMPLIANCE WITH LAWS AND REGULATIONS

- a rate of 100% of material contracts reviewed by legal specialists
- a rate of 100% of internal regulations and systems reviewed by legal specialists
- a periodical audit on the internal controls of the Company carried out by KPMG

### 2. BUSINESS ETHICS

In order to strengthen the discipline of business ethics and avoid conflicts with stakeholders, the Company issued Conflicts of Interest Policies and Anti-fraud Policies to regulate the relationships between staff and stakeholders such as the Company, customers, business partners, competitors, supervisors and other staff and to ensure that the staff follow the principle of maximizing the interests of the Company and treating all stakeholders fairly. The Company is entitled to take corresponding disciplinary measures, including termination of labour relation if any act prohibited by such policies occurs.



## VI. FEEDBACK

Thank you for reading the report! Your comments and suggestions will help us make continuous improvement on the contents of the report and drive E-Commodities to make corresponding contribution to the progress and harmonious development of society in the process of growing together with stakeholders.

**Comments and suggestions are welcome and can be addressed to: [e-comm@e-comm.com](mailto:e-comm@e-comm.com)**



**E-COMMODITIES HOLDINGS LIMITED**  
**易大宗控股有限公司**