



U-RIGHT INTERNATIONAL HOLDINGS LIMITED

佑威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 627)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OBJECTIVE OF THE REPORT

U-RIGHT International Holdings Limited (the “**Company**”) and its major subsidiaries (the “**Group**”) is pleased to present its first Environmental, Social and Governance Report this year, with an aim to illustrate the Group’s performance in promoting a sustainable development to both the internal and external stakeholders.

This report, which was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, highlights the environmental and social measures and activities of the Group during the year from 1 April 2016 to 31 March 2017 (the “**Year 2017**”). For the information on the corporate governance of the Group, please refer to the Annual Report 2017 of the Company.

The Group’s revenues are generated from two major subsidiaries, named (i) Cheng Run (Fujian) Business Management Co., Ltd (“**Cheng Run**”), which is engaged in property investment for rental of commercial properties and garment business for retailing of fashion garments; and (ii) Zhuo Hong (Fujian) Building Materials Trading Co., Ltd (“**Zhuo Hong**”), which is engaged in trading of construction materials. The Group maintains a close tie with its stakeholders, including shareholders, clients, staff, suppliers, creditors, regulatory authorities and the public, and strives to listen to their opinions and balance their interests through constructive communications in order to determine the direction of its long-term development. The board of directors is responsible for assessing and determining its environmental, social and governance risks, and ensuring that the relevant risk management and internal control system are operating properly and effectively.

The Group has maintained a head office in Hong Kong (the “**HK Office**”), a PRC office in Fuzhou (the “**Fuzhou Office**”) and a retail shop of fashion garments in Fuzhou (the “**Retail Shop**”), which are considered as the major business locations of the Group. Therefore, this report focuses on the disclosure of the policies and performance of these locations during the Year 2017 in relation to three environmental aspects and eight social aspects.



* for identification purposes only

EMISSIONS

As mentioned above, the Group is principally engaged in property investment for rental of commercial properties, garment business for retailing of fashion garments and trading of construction materials. Hence, the emission relating to air and greenhouse gas emissions, discharges into the water and land, as well as generation of hazardous and non-hazardous wastes are minimal as during the Year 2017.

During the Year 2017, the major emissions of the HK Office, Fuzhou Office and Retail Shop were: (i) greenhouse gases generated from the electricity consumed; and (ii) greenhouse gases generated from the paper waste disposed at landfills.

In order to minimise energy consumption and paper wastage by employees, various sustainable development measures have been enforced to address environmental responsibilities are under normal operating procedures, including but not limited to (i) staff were encouraged to switch off the light and air-conditioning after the use of a room (ii) staff were encouraged to print only when necessary and prior use recycle papers for printing; and (iii) use of electronic form of documents to reduce paper print out.

There is no hazardous waste produced from the operations of HK Office, Fuzhou Office and Retail Shop. Non-hazardous wastes produced from the operations of HK Office and Fuzhou Office are mainly comprised of office consumables. Furthermore, the operation of Retail Shop produces shop consumables and packaging materials. The Group has a series of policies and procedures in order to minimise the relevant non-hazardous wastes.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste of the Group during the Year 2017.

No significant fines or non-monetary sanctions for non-compliance are incurred during the Year 2017.

USE OF RESOURCES

The Group is committed to minimising the impact of business activities on the environment, and supporting environmental protection programmes. In particular, a number of initiative measures designed to conserve resources were introduced to promote employee awareness of the need in order to achieve efficient utilisation of resources.

As mentioned in the above “Emission” section, the Group has a series of policies and procedures to minimise the electricity consumed by the employees in the HK Office, Fuzhou Office and Retail Shop. In addition, multi-function devices with printing, scanning and photo copies were extensively adopted. Employees were encouraged to switch on the computers only when use and switch off after office hours. For policies on the efficient use of water resources in the offices, staff were encouraged to save water at pantry. The drinking water containers were well maintained to prevent leakage.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group encourages all employees to participate in different kinds of recycling activities and minimising the use of nature resources. During the Year 2017, there is no significant impact on the environment and natural business from the operations of the Group, in particular, the HK Office, Fuzhou Office and Retail Shop.

EMPLOYMENT

The Group seriously emphasise on developing human resources and provides competitive remuneration and welfare packages. Promotion opportunities and salary increments are benchmarked against individual performance. Employees are entitled to benefits such as annual leave, sick leave, maternity leave, marriage leave and home leave in accordance with local laws and regulations.

The Group emphasises on equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment. The Group committed to providing a work environment that is free from any form of discrimination on the basis of ethnicity, gender, religion, age, disability or sexual orientation.

The Group has diversified cultures including the employees with different genders, ages, skills, educational backgrounds, industry experiences and other qualifications in order to achieve the most suitable composition and balance.

The remuneration of the employees of the Group will be adjusted based on the levels of business prospect, the annual operating results, annual performance appraisal, market trend and inflation.

Treatment of employee's misconduct is to be fair and reasonable in all of the circumstances. Misconduct may lead to a warning, and more serious misconduct may lead to a dismissal. Any acts of misconduct are to be reported to the administration department. In addition, the audit committee of the Company (the "**Audit Committee**") has established a whistleblowing policy. Written complaints can be lodged directly to the chairman of the Audit Committee.

HK Office has established a series of policies to ensure compliance with the Employment Ordinance of Hong Kong. For Fuzhou Office and Retail Shop, the employees are required to sign employment contracts with relevant subsidiaries and comply with a series of administrative policies. Such employment contracts and a series of policies aim to ensure compliance with Labour Law of the PRC, Labour Contract Law of the PRC and other local laws and regulations. In addition, the employees' wages, overtime pay and related benefits are in accordance with the local minimum wage. The working hours for general employees are normally not more than 8 hours a day and 40 hours a week. Integrated computation of working hours is implemented with reference to the requirements of the Labour Law of the PRC.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Year 2017.

No non-compliance with law that resulted in significant fines or sanctions had been reported during the Year 2017.

HEALTH AND SAFETY

The Group adopts non-discriminatory employment practices and provides a healthy and safe workplace. All employees are required to keep the office premises in good and cleaning condition. Occupational hazards at workplace are reported to the local regulatory authorities annually.

Smoking is prohibited in office areas. Fire extinguishers, fire alarms and evacuation route are available for the employees located at HK Office, Fuzhou Office and Retail Shop.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards during the Year 2017.

No non-compliance with law that resulted in significant fines or sanctions had been reported during the Year 2017.

DEVELOPMENT AND TRAINING

The Group has committed to provide on-the-job training of its employees in order to enhance their knowledge and skills. All employees are encouraged to enhance their skills and knowledge in order to perform their duties more efficiently and effectively. During the Year 2017, certain external training expenses of employees were borne by the Group such as the topics about financial reporting and compliance updates on local laws and regulations.

The Group encourages employees to strike a balance between work and life. All employees are encouraged to participate in the recreation activities in order to enhance the team spirit, employee's sense of belonging and morale. For knowledge management and enhancement of using electronic devices purpose, the HK Office, Fuzhou Office and Retail Shop provide free internet connection facilities to all employees.

LABOUR STANDARDS

The Group fully understands that the exploitation of child and forced labour are universally condemned, and therefore take the responsibility against child and forced labour very seriously. The Group strictly complies with all laws and regulations against child labour and forced labour, in particular, for the HK Office, Fuzhou Office and Retail Shop. Employment by the Group is based on the principle of fairness, openness and willingness. The Group requires candidates to provide identity card and/or relevant academic qualifications to ensure candidates are not underage, candidates with suspected academic qualification or working experience will not be considered. All individuals enter into employment contracts without acts of forced labour.

Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations relating to preventing child or forced labour during the Year 2017.

No non-compliance with law that resulted in significant fines or sanctions had been reported during the Year 2017.

SUPPLY CHAIN MANAGEMENT

The Group has the greatest respect for the laws and regulations that govern its business. The Group always adheres to international best practices and conducts fair and unbiased procurement processes when dealing with suppliers.

The Group adheres to the principle of transparency and implement the values of honesty, integrity and fairness in the supply chain management. The Group's procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure business is conducted legally, financially and technically-sound. In addition, approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate level of management.

PRODUCT RESPONSIBILITY

A high priority for the Group is to ensure customer satisfaction in terms of its products and services. Strenuous efforts are made to ensure compliance with the laws and regulations relating to product health and safety, advertising, labelling and privacy matters of the jurisdictions in which the Group operates. The Group requires its employees to comply with applicable governmental and regulatory laws, rules, codes and regulations.



Compliance with relevant laws and regulations

The Group is not aware of any material non-compliance with the relevant laws and regulations that has a significant impact relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress on the Group during the Year 2017.

No significant fines had been reported during the Year 2017.

ANTI-CORRUPTION

Corruption, bribery or fraud in any forms is strictly prohibited. The Group's Fraud Prevention of Internal Control Manual in practice set out standards of conduct to which all employees are required to adhere to promote the integrity environment in the workplace. All employees are prohibited to offer and accept of advantages by using the excuse of work or the authority granted from the Group. The advantages include but not limited to money, gifts, loans, rewards, contracts, services and benefits-in-kind.

The Group encourages the reporting of dishonest acts among the employees. HK Office prohibits all employees to accept bribes, valuables and the embezzlement of funds. Fuzhou Office and Retail Shop may terminate the employment with the employee who carries out dishonest acts as stated in the employment contracts.

The Group has established complaint and allegation mechanism in order to enable the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, internal control and auditing matters.

Compliance with relevant laws and regulations

No non-compliance with law that resulted in significant fines or sanctions identified during the Year 2017.

COMMUNITY INVESTMENT

The Group always seeks to be a positive force in the communities in which it operates and maintain close communications and interactions with the communities in order to contribute to local development from time to time.

As global responsible citizen, Group strives to improve the society image and social responsibility through community investment. All employees of the Group are encouraged to participate in their own initiatives on helping and supporting the local communities and neighbours.