

# Yuk Wing Group Holdings Limited

## 煜榮集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1536



# 2017/18

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPROACH

Yuk Wing Group Holdings Limited (Stock Code: 1536) and its subsidiaries (hereafter, called the “**Group**”, “**we/our**”, or “**us**”) are committed to promoting transparency of the Group’s operations, creating positive impacts on the environment and society in which it operates, and maintaining close relationships with our stakeholders.

The results of the Environmental, Social and Governance (“**ESG**”) review shown in this report demonstrate the importance which we place on environmental protection and explain how we seek to continually improve our ESG strategy in line with global standards.

With both integrity and determination, we look at issues that may have a reputational impact on, or that may pose a risk to, the Group in the short-, medium- or long-run. Issues that are important to our stakeholders, including but not limited to our customers and employees, as well as the community, are also crucial to us. We are positive in developing opportunities with a focus on work ethics to ensure that the Group’s success in business development is sustainable, and to pass on the benefits to our employees, customers and the environment.

The Group follows the principle of sustainable development. We endeavour to incorporate sustainability practices into our policies and procedures. By adopting green operational practices, we strive to reduce the environmental impacts caused by our operations.

Our sustainability strategy in the following aspects is applied to the work streams:

1. To promote environmental sustainability;
2. To attract, support and retain employees;
3. To engage with stakeholders;
4. To support local communities;
5. To strengthen community relations; and
6. To grow suppliers’ commitment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## ABOUT THIS REPORT

### Report Profile

We are pleased to present our second ESG Report (the “**Report**”). This Report mainly focuses on our operations in Hong Kong and the People’s Republic of China (the “**PRC**”). It describes the Group’s progress towards our goal of creating sustainable value for our shareholders and other stakeholders. During the process of preparing this Report, we have conducted thorough review and evaluation of the existing ESG practices with the aim of achieving better performance results in the future.

### Report Scope and Boundary

The Report contains information that is material, to allow readers to understand our operational practices in Hong Kong and the PRC.

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKEX**”) (the “**Listing Rules**”).

The Report focuses on providing an overview of the performance of our operations in Hong Kong and the PRC in respect of ESG for the financial year from 1 April 2017 to 31 March 2018 (the “**Reporting Period**”).

In order to comply with the disclosure requirements of the “comply or explain” provisions, the Report has outlined our overall performance in respect of environmental protection, human resources, operating practice and community involvement for the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OUR STAKEHOLDERS

We believe that our key stakeholders play a crucial role in sustaining the success of our business, and we seek for opportunities to understand and engage our stakeholders. The probable points of concern of the stakeholders and the means of our communication and responses are listed below:

Stakeholders	Probable Points of Concern	Communication and Responses
HKEX	Compliance with the Listing Rules, and timely and accurate announcements.	Meetings, training, workshops, programs, company website updates, and announcements.
Government	Compliance with laws and regulations and social welfare.	Interaction and visits, government inspections, and other information.
Investors	Corporate governance, business strategies and performance, and investment returns.	Shareholders' meetings, publication of financial reports or operational reports for investors and analysts.
Media & Public	Corporate governance, business strategies and performance, and environmental protection.	Company website updates, announcements and publication of financial reports or operational reports.
Customers	Service quality, service delivery schedule, reasonable prices, and service value.	After-sales services.
Employees	Rights and benefits of employees, compensation, training and development, working hours, and working environment.	Training, interviews with employees, internal memos, and employee suggestion boxes.
Community	Community environment, employment opportunities, community development, and social welfare.	Community activities, employee voluntary activities, and community welfare subsidies and donations.

## Stakeholders' Feedback

Your feedback and comments are important to us. We strive to enhance our communication with our stakeholders. Please send any of your enquiries and feedback in writing to our principal place of business in Hong Kong at Unit 2102, 21/F, West Tower, Shun Tak Centre, 168–200 Connaught Road Central, Sheung Wan, Hong Kong, for the attention of our Company Secretary.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A. ENVIRONMENTAL

### Overview

The Group is principally engaged in the manufacturing and trading of down-the-hole (“DTH”) rockdrilling tools, as well as trading of piling and drilling machineries and rockdrilling equipment.

We understand that the foundation for economic progress and well-being of the society is a healthy environment. The Group has been persistent in conducting business in an environmentally responsible and sustainable manner through the efficient use of resources, including energy, water, and raw materials.

Moreover, we are committed to upholding high environmental standards. To fulfil the relevant requirements under applicable laws and regulations in Hong Kong and the PRC, a Safety Committee (安全生產領導小組) has been set up and internal guidelines and procedures, such as “Enterprise Environmental Protection Management System Policy” (企業環保管理制度), have been established. By complying with the relevant local environmental regulations and international general practices, we strive to further alleviate the impacts on the environment from our business operations.

### Emissions

We comply with the requirements as set out in the local environmental protection laws and regulations in the PRC, including but not limited to the “Law of Environmental Protection of the PRC” (中華人民共和國環境保護法), the “Law of the PRC on the Prevention and Control of Atmospheric Pollution” (中華人民共和國大氣污染防治法), “Standards of Guangdong Province on Emission Limits of Air Pollutants” (廣東省地方標準 — 大氣污染物排放限值 DB44/27-2001) issued by the Guangdong Environmental Protection Bureau and the Administration of Quality and Technology Supervision of the Guangdong Province in the PRC, and “Standard of Smoke and Dust Emission for Industrial Kiln and Furnace” (工業窯爐大氣污染物排放標準 GB9078-1996).

The major types of air emissions created during the course of production are metallic dust and weld fumes, which are produced during the shot passivation and repair welding process. During the Reporting Period, an estimate of 1.50 kg of metallic dust and 1.20 kg of weld fumes were emitted.

To minimise the emissions of metallic dust, cyclone dust collectors and bag-filtering dust precipitators, which are capable of collecting over 99.5% of metallic dust, are placed in our production facilities. Moreover, weld fumes are gathered using collection channels and are then released through an exhaust funnel that is approximately 15 metres in height.

Aside from the emissions generated from our production process as aforementioned, we have generated air emissions and greenhouse gas through our five types of activities, including the use of gas cooking stoves, heaters, backup electricity generators, motor vehicles and electricity.

During the Reporting Period, we produced approximately 335.364 kg of Nitrogen Oxides, 0.002 kg of Sulphur Dioxide, 0.004 kg of Smoke and Dust, 0.989 kg of Sulphur Oxides and 807,075.672 kg of carbon dioxide. Details of the emissions are shown in the following table (KPI A1.1 and KPI A1.2).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Emission Indicators	Source	Unit	Emission Type	Data
<b>KPI A1.1</b>				(in g)
<b>Air Emissions</b>				
<i>Emission Data from Gaseous Fuel Consumption</i>				
	Natural Gas	17,460 L	Nitrogen Oxides	11.000
			Sulphur Dioxide	1.746
			Smoke and Dust	4.190
<i>Emission Data from Vehicles</i>				
	Kilometres travelled	251,898 km	Nitrogen Oxides	335,353.433
			Particulate Matter	32,698.693
	Units of fuel consumed			
	Diesel	45,313.59 L	Sulphur Oxides	988.537
	Petrol	17,618.24 L		
<b>KPI A1.2</b>				(in kg)
<b>Total Greenhouse Gas (“GHG”) Emissions</b>				
<i>Scope 1: Direct Emissions or Removals from Sources</i>				
Scope 1a – GHG Emissions from Stationary Combustion Sources	Units of fuel consumed			
	Natural Gas	17,460 L		
	Diesel	487 L	Carbon Dioxide	1,307.187
Scope 1b – GHG Emissions from Mobile Combustion Sources	Units of fuel consumed			
	Diesel	45,314 L		
	Petrol	17,618 L	Carbon Dioxide	167,823.741
Scope 2 – Energy Indirect Emissions	Unit of Electricity Consumed	736,670 kWh	Carbon Dioxide	637,944.744
<i>Total Amount of Carbon Dioxide Produced during the Reporting Period:</i>				807,075.672

There were no cases of non-compliance with laws and regulations relating to air pollution and greenhouse gas emission during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Hazardous Waste & Non-Hazardous Waste

Our operations in Hong Kong do not generate material amount of hazardous and non-hazardous wastes. Hazardous and non-hazardous wastes are generated during the course of our production and daily operations in the PRC. Hazardous wastes are mainly cutting fluid, machinery oil and used oil rag. Non-hazardous wastes are mainly paper, paper box and iron scrap.

The wastes produced during the Reporting Period are detailed in the following table (KPI A1.3 and KPI A1.4).

Waste Indicators	Source	Unit
<b>KPI A1.3</b>		(in tonnes)
<b>Total hazardous waste produced</b>	cutting fluid	3.07686
	machinery oil	2.94360
	used oil rag	2.79000
<b>Hazardous waste produced per tonne of unit produced</b>		(in tonnes/unit produced)
	cutting fluid	0.00050
	machinery oil	0.00048
	used oil rag	0.00046
<b>KPI A1.4</b>		(in tonnes)
<b>Total Non-Hazardous waste produced</b>	paper/paper box	0.28330
	iron scrap	112.19000
<b>Non-Hazardous waste produced per tonne of unit produced</b>		(in tonnes/unit produced)
	paper/paper box	0.00005
	iron scrap	0.01832

We comply with the requirements as set out in the local environmental protection laws and regulations in the PRC, including but not limited to the “Law of Environmental Protection of the PRC” (中華人民共和國環境保護法), the “Law of the PRC on Prevention and Control of Water Pollution” (中華人民共和國水污染防治法), the “Law of the PRC on the Prevention and Control of Atmospheric Pollution” (中華人民共和國大氣污染防治法), and the “Regulations of Guangdong Province on Prevention and Control of Environmental Pollution by Solid Waste” (廣東省固體廢物污染環境防治條例).

To minimise the adverse impact on the environment caused by the disposal of hazardous wastes, we have engaged qualified third-party recycling companies for waste disposal. All hazardous wastes produced are recycled by recycling companies with respective licenses, such as the “Hazardous Waste Collection, Storage, Disposal Business License” (危險廢物收集、儲存、處置經營許可證) and “Dangerous Goods Road Transport Business License” (道路危險貨物運輸經營許可證). For the non-hazardous wastes produced i.e. paper, paper boxes and iron scraps, they are sold to the respective recyclers.

There were no cases of non-compliance with laws and regulations relating to generation of hazardous and non-hazardous waste during the Reporting Period.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Use of Resources

Our Group strictly complies with the requirements as set out in the local environmental protection laws and regulations in the PRC, including but not limited to the “Law of Environmental Protection of the PRC” (中華人民共和國環境保護法) regarding the efficient use of resources.

We believe that, efficient use of resources means more than consuming less, but consuming at an optimal level. Our use of resources is mainly confined to electricity, water, raw materials and packaging materials.

## Electricity, Water and Raw Materials

During the Reporting Period, 736,670.00 kWh of electricity and 5,870.25 cubic metres of water were consumed. The electricity and water consumption intensities are detailed in the following table (KPI A2.1 and A2.2).

Use of Resources Indicators	Source	Unit
<b>KPI A2.1&amp;2.2</b>		
<b>Consumption per capita</b>		
	Electricity	7,754.42 kWh per capita
	Water	61.79 cubic metres per capita

We have implemented a number of measures to reduce our usage of electricity and raw materials, which include the following:

1. Control raw material usage and reduce raw material wastage by procuring raw materials, especially tungsten carbide rings, in a size similar to the finished products, and monitor the quality of our work-in-progress and products closely;
2. Switch off electrical appliances and lights during lunch hours and non-working hours;
3. Keep indoor temperature at 24 degrees Celsius or above;
4. Keep the doors closed while the air-conditioners are in use;
5. Control paper usage and promote the concept of double-side printing; and
6. Recycle raw materials, such as cutting fluid.

We do not have any issue in sourcing water, and the existing supply of water meets our daily operational needs. Water consumption by the Group is minimal, which mainly serves the purpose of basic cleaning and sanitation. In order to reduce water wastage, we regularly inspect the water supply facilities and actively promote water conservation awareness among our employees. We also ensure that our waste water discharge level complies with “Discharge Limits of Water Pollutants” (水污染物排放限值DB44/26-2001) in the PRC.

In addition, staff canteen located in our factory in the PRC produces non-hazardous waste water and sewage, with the waste water being treated by the three-stage sludge to separate oil and slag, and the sewage being processed by the three-stage septic-tank, with the aim of minimising the environmental impacts caused by our wastes discharged.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Packaging Materials

Packaging materials consumed by the Group mainly include splint, laminated timber and strap. During the Reporting Period, 29.94 tonnes of splint, 15.72 tonnes of laminated timber and 0.78 tonnes of strap were consumed. The intensities of the packaging materials used are as follows:

Packaging Material Indicators	Source	Data
<b>KPI A2.5</b>		
<b><i>Packaging material per unit produced</i></b>		(in Tonnes/unit produced)
	Splint	0.0049
	Laminated Timber	0.0026
	Strap	0.0001

## Environmental Impact

Noise is unavoidably created when we operate our machines. We strive to minimise the nuisance caused to the nearby community. Noise control measures are adopted in our productions including sound insulation, vibration reduction, noise elimination and sound absorption.

The production facilities in the PRC comply with the "Emission Standard for Industrial Enterprises' Noise at Boundary" (工業企業廠界環境噪聲排放標準GB12348-2008).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIAL

### Employment and Labour Practices

As a responsible employer, we comply with all relevant employment laws and regulations that have a significant impact on us, including but not limited to “Employment Ordinance”, “Minimum Wage Ordinance”, “Employees’ Compensation Ordinance”, and “Mandatory Provident Fund Schemes Ordinance” in Hong Kong, and “Labour Law” (中華人民共和國勞動法), “Labour Contract Law” (中華人民共和國勞動合同法), and “Law of the PRC on Work Safety” (中華人民共和國安全生產法) in the PRC.

We have established our internal policies in accordance with the 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, employment development and training, child and forced labour.

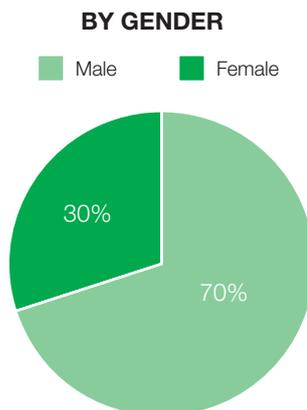
To ensure that key policies are clearly and consistently communicated to our employees, the Group has established a “Staff Handbook”, which details the rights of our employees, such as working hours, leave entitlements and other benefits and welfare. Every employee is provided with a copy of the “Staff Handbook” when they join the Group.

### Compliance and Grievance

During the Reporting Period, there was no incident of non-compliance in relation to relevant labour laws and regulations, and the Group had not been subject to any claim, lawsuit, penalty or disciplinary action.

### Our Team

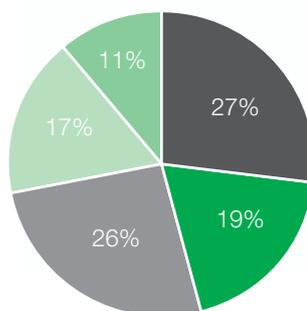
We believe that a diversified and equitable workforce is vital to our business development. We strive to ensure our recruitment process is fair and without any discrimination. As of 31 March 2018, the Group had a total of 96 employees. The breakdowns of our workforce by gender, age group and region are as follows.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

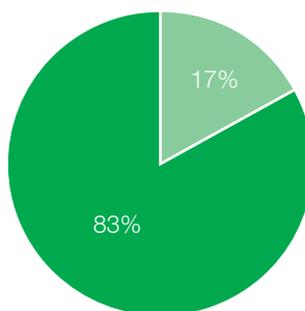
## BY AGE GROUP

Below 25
  25-29
  30-39
  40-49
  Above 50



## BY REGION

Hong Kong
  PRC



During the Reporting Period, 58 employees left the Group with turnover rates as follows.

### Employee Turnover Rate

#### By Gender

Male	67%
Female	45%

#### By Age

25-29	11%
30-39	28%
40-49	25%
> 50	0%

#### By Region

PRC	73%
HK	0%

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **Welfare and Benefits**

The Group has established a fair and reasonable remuneration regime, adhering to the principles of fairness, incentive and legality. The remuneration of employees consists of basic monthly salaries and full attendance bonuses. For effective personnel management, we offer rewards (e.g. promotion) and inflict punishments (e.g. warning and dismissal) based on employees' attendance and performance.

Employees who have completed their probation are entitled to all statutory holidays, leave and welfare as stipulated in the national and local laws and regulations, including but not limited to paid maternity leave, paternity leave, compassionate leave and annual leave.

In order to comply with the "Labour Law" (中華人民共和國勞動法) in the PRC, we manage the work schedules for our employees in the PRC production facility with no more than 8 working hours per day and 44 hours per week on average.

We believe that maintaining a good work-life balance is essential to employees' physical and mental health. Thus, our employees are never forced to work overtime.

## **Child Labour and Forced Labour**

The Group does not tolerate the recruitment of child labour and the use of forced labour. Our recruitment process is subject to a stringent internal review process that includes verifying personal information of applicants. For example, the Human Resources Department carefully verifies the identity of applicants to ensure that child labour is not recruited. Any individuals under the legal working age are not recruited.

## **Equal Opportunity, Diversity and Anti-discrimination**

The Group is committed to providing a friendly working environment where employees are treated fairly and equally. All employees are assessed based on their ability, job performance and contribution irrespective of their nationality, race, religion, disability, sexual orientation, political opinion, gender, age or family status. We strive to create a workplace free of bullying, belittling and sexual harassment through the enforcement of the policy on prohibiting discrimination and harassment.

## **Health and Safety**

The Group is dedicated to providing a safe working environment for all of our employees. Occupational health and safety of our employees are always our top-priority. We make every effort to minimise and avoid potential occupational hazards.

During the Reporting Period, the Group complied with the relevant laws and regulations in regard to health and safety, including but not limited to the "Law of the PRC on Work Safety" (中華人民共和國安全生產法) and the "Regulations on Work Safety Permits" (安全生產許可證條例). The Human Resources Manager is responsible for monitoring the compliance status of the laws and regulations as aforementioned.

To ensure occupational health and safety, we have established a comprehensive set of policies in regard to occupational health and safety management system. Moreover, the Group has established a "Fire Safety Management Guideline" that stipulates the fire safety inspection procedures to make sure that fire safety equipment is in good condition. Regular fire drills are also conducted to ensure that employees are well aware of evacuation routes and fire extinction measures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Furthermore, the Group has developed emergency plans in regard to production disruption, fire accidents and industrial injuries. The emergency plans outline different scenarios and steps that the Group should take in any particular scenario to minimise the impacts caused by the incident and return to normal operations in an efficient manner. When there is any operational disruption, actions are taken immediately in accordance with the emergency plans.

We ensure that our workers are technically and professionally certified before assigning them to operate special equipment, such as forklift, bridge crane and lifting equipment, etc. The Human Resources Department closely monitors the validity of these certificates. The certificates are properly retained during the service period of the respective employees. Operational manuals for different equipment are also available to curb workplace accidents.

In order to keep in line with the safety requirements of our production facilities, the Human Resources Department performs daily inspections on hygiene, workplace and machinery safety. Inspections of protective measures, such as protective clothing and face masks used by staff operating machines, are also conducted on a regular basis.

In addition, the Group provides regular safety and first aid training to different levels of employees in order to arouse employees' awareness of workplace health and safety. In case of an employee encounters any work-related injuries, the Group will take all necessary measures to make sure that proper medical care and treatment is offered to the respective employee.

During the Reporting Period, there was no work-related fatality without any lost days due to work injury.

## **Development and Training**

Employees are our most valuable assets. Thus, we place emphasis on personal development of our employees. A wide range of training programmes are provided to our employees to enhance their knowledge and capabilities.

Orientation training sessions are provided to newly recruited staff by their respective department supervisors. The training covers introduction of our Group, their own department structure, responsibilities, required skills and working instructions.

We also require all our newly recruited staff to attend safety training before commencement of their duties. Upon the completion of the training, our staff would have a good understanding of the relevant laws and regulations, the Group's internal policies relating to safety and available safety measures. The aim of providing such training is to minimise the chance of having any work-related injuries.

During the Reporting Period, we organised four sessions of fire safety training to all staff in the PRC office, aiming to reinforce fire safety awareness of our staff. Upon the completion of the fire safety training, our staff are equipped with basic fire safety knowledge and skills, including method of fire escape and proper way of using fire extinguishers.

In addition, during the Reporting Period, we arranged a training session on machinery operation for all our production staff, covering safety measures in operations, maintenance and inspection of various machineries.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we provided staff training in a total of 1,448 hours. Statistics related to development and training is detailed as follows:

**For the Year ended  
31 March 2018**

## **Average hours of training per employee**

### ***By gender***

Male	20.14
Female	17.85

### ***By employment category***

Entry level	21.86
Middle level	16.08
Management level	16.94

## **Percentage of employees trained**

### ***By gender***

Male	84%
Female	16%

### ***By employee category***

Entry level	78%
Middle level	19%
Management level	3%

## **Supply Chain Management**

The Group places emphasis on supply chain management. We have established the “Purchasing Policy” (採購管理制度) that stipulates the selection criteria for suppliers and procurement procedures.

We work closely with our existing suppliers to ensure the quality of the products and to reduce the environmental impact caused by the products being manufactured from our production facilities. In order to ensure the effectiveness and sustainability of our supply chain, we continue to cautiously select new suppliers based on our defined criteria, such as their size, products, services, quality, delivery time, cost effectiveness, etc. We also set clear expectations of our suppliers in areas such as environmental impact and child labour. In addition, suppliers with more advanced and greener production technologies are preferred, to minimize the unnecessary wastes produced during the production process.

Approved suppliers are evaluated annually to ensure that suppliers meet the requirements on quality, delivery time and engineering techniques. Suppliers who are not up to the standard for a prolonged period are to be disqualified.

## **Product Responsibility**

The Group strictly complies with the relevant laws and regulations relating to product responsibility that have a significant impact on us, including but not limited to the “PRC Product Quality Law” (中華人民共和國產品質量法), “Customer Protection Law” (中華人民共和國消費者權益保護法) and “China’s Law of Tort” (中華人民共和國侵權責任法) in the PRC, the “Trade Descriptions Ordinance” and the “Sale of Goods Ordinance” in Hong Kong.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations related to health and safety, advertising, labelling and privacy matters relating to the products and services provided.

## Quality Assurance

In order to minimise our product liability risk and ensure customer satisfaction, the Group has established “Quality Management System and Process Policy” (品質管理制度及流程). The Quality Control Department carries out inspections on raw materials, work-in progress and finished goods, and then issues inspection reports prior to the delivery of products to our customers to ensure product quality.

During the Reporting Period, “Quality Management Training” was held for our production staff. During the training, methodology and statistical methods of quality management were introduced, with the aim of advocating the implementation of quality assurance practices within the Group.

## Customer Service

Sound customer service is essential in maintaining a long-term relationship with our customers. To ensure that our customers possess adequate knowledge of operating our products, the Group has set up an experienced aftersales team providing onsite technical support in Hong Kong and Macau upon request. The Group requires overseas distributors in Scandinavia, Japan and India to provide the end users with aftersales technical support. The Group makes every effort to promptly investigate and resolve all disputes and complaints lodged by customers. All complaints received are diverted to and handled by the Quality Control Department. Upon the receipt of a complaint, responsible personnel will investigate and appropriate action will be taken in a timely manner.

In the event of product failure not caused by improper use, the Group would recall the products and provide customers up to 100% refund. Moreover, we offer customers with other value-added services, including repair and maintenance services for machineries and equipment.

During the Reporting Period, no products sold or shipped were subject to recalls for safety or health reasons, neither were written complaints received in connection with product and service quality.

## Intellectual Property Rights

During the Reporting Period, we complied with laws and regulations regarding product responsibility in Hong Kong and PRC that have a significant impact on us, including but not limited to Copyright Ordinance (Chapter 528) in Hong Kong, “Trademark Law of the PRC” (中華人民共和國商標法) and the “Copyright Law of the PRC” (中華人民共和國著作權法) in the PRC.

We actively seek patent and design protection for important innovations and designs. The Research and Development Department (the “**R&D Department**”) actively monitors the status and usage of the Group’s intellectual property (“**IP**”). When potential IP infringement is identified, the case will be reported to the R&D Department. If the report of infringement is confirmed, the case would be passed onto management for further action.

Moreover, we act proactively to enforce IP rights against third-party infringers. When cooperating with third parties on research and development, a technical cooperation agreement specifying the relevant rights of patent application, entitlement of patent, and confidentiality of proprietary information, is signed with the relevant parties to protect the Group’s IP rights.

In addition, for parties with access to the IP of the Group, agreements with confidentiality clause are signed. We also require our staff to sign the confidentiality agreement and anti-competitive agreement.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Data Protection

The majority of our products are custom-made to suit the needs of the individual customers. Construction drawings are passed to the Production Department for the production of customised products. To avoid information leakage, copying and/or scanning of the construction drawings are strictly prohibited. Computers with access to the construction drawings are not connected to internet and external storage devices.

Moreover, non-disclosure agreements are signed by all employees of the Group to ensure that they are aware of their legally binding obligation of protecting confidential information of the Group.

## Anti-Corruption and Money Laundering

During the Reporting Period, we complied with all relevant laws and regulations relating to prevention of bribery, extortion, fraud and money laundering, including but not limited to the "Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)", "Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405)" and "Organised and Serious Crimes Ordinance (Cap. 455)" in Hong Kong, the "Criminal Law" (中華人民共和國刑法) and "Anti-Money Laundering Law" (中華人民共和國反洗錢法) in the PRC.

The Group prohibits acts of corruption and bribery committed by our employees. Our "Employee Feedback and Anti-corruption Policy" (僱員回饋和反舞弊管控規範) clearly sets out the procedures and channels for reporting corruption and fraudulent cases. As stipulated in the policy, every employee should immediately report any suspected fraud cases.

After detecting a potential fraudulent case, investigation is to be conducted with due care and the investigation process is kept confidential. For any proven fraud case, management will take appropriate action immediately.

In the case of conflict of interest, the employees must declare their personal interests and report the matters to the Group's management. Employees are strictly prohibited to abuse their power and/or take advantage of their position for personal gain.

During the Reporting Period, no corruption and money laundering cases were noted or reported.

## Community Investment

Community engagement is an integral part of our corporate culture. We are attached to our social responsibilities and committed to building a better society.

The Group aspires to provide support to the elderly and strengthen community relations. During the Reporting Period, we had taken initiatives to support the community through making donations to a number of non-governmental and charitable organisations, including but not limited to Friends of Aged People, The HK Elderly Association Ltd and Hong Kong & Kowloon Joint Kai-fong Research Council Ltd.

We believe that education is the most effective means of propagating and sustaining community developments. During the Reporting Period, the Group made donations to Shunde Polytechnic Educational Development Fund Association (廣東省順德職業技術學院教育發展基金會) to fund the scholarship awarding students with outstanding academic performance and providing financial aid to students with financial difficulties.

We will continue to devote our time, resources and capital for the betterment of the society. By sharing our knowledge and best practices, we aim to contribute to the long-term development of the communities that we operate in.

**Yuk Wing Group Holdings Limited**  
**煜榮集團控股有限公司**