



MING LAM HOLDINGS LIMITED

銘霖控股有限公司

(formerly known as Sino Haijing Holdings Limited 中國海景控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01106)



2018
Environmental,
Social and
Governance
Report

2018 Environmental, Social and Governance Report

TABLE OF CONTENTS

- About this Report P.1
- Environmental and Social Subject Areas of the Group P.1
- Stakeholder Engagement and Materiality P.4
- A. Environmental.** P.5
 - Aspect A1: Emissions. P.5
 - Aspect A2: Use of Resources P.7
 - Aspect A3: The Environment and Natural Resources P.8
- B. Social.** P.9
 - Aspect B1: Employment P.9
 - Aspect B2: Health and Safety. P.10
 - Aspect B3: Development and Training. P.11
 - Aspect B4: Labour Standards P.12
 - Operating Practices.** P.12
 - Aspect B5: Supply Chain Management P.12
 - Aspect B6: Product Responsibility P.13
 - Aspect B7: Anti-corruption P.14
 - Community** P.14
 - Aspect B8: Community Investment. P.14

2018 Environmental, Social and Governance Report

ABOUT THIS REPORT

Overview

This Environmental, Social and Governance (ESG) Report (the "Report") of Sino Haijing Holdings Limited and its subsidiaries ("the Group") for the year ended 31 December 2018 covers environmental and social subject areas in accordance with the requirements of Environmental, Social and Governance Reporting Guide stated in Appendix 27 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Corporate governance is addressed separately in the Corporate Governance Report.

Scope of the Report

The Report endeavours to present a balanced representation of the Group's environmental and social performance and covers the entire operations of all entities in the Group.

The content of the Report is defined through a process to determine ESG management approach, strategy, priorities and objectives relating to the Group's operations, to describe our management, measurement and monitoring system employed to implement ESG strategy, and to disclose our key policies, compliance with relevant laws and regulations, our performance, and key performance indicators ("KPIs").

Approved by the board of directors

The board has overall responsibility for the Group's ESG strategy and reporting. The board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Report was approved by the board on 31 July 2019.

ENVIRONMENTAL AND SOCIAL SUBJECT AREAS OF THE GROUP

About the Group

The Group is principally engaged in production and sale of expanded polystyrene ("EPS") packaging products for household electrical appliances in the P.R.C. ("Packaging Business"), scenic spot, sales of air tickets, travel agency business, money lending, securities trading and other investment business. The Group mainly operates in Hefei, Qingdao, Dalian, Dongxing, and Hong Kong. Particulars of the Group's principal entities are set out in note 47(a) to the consolidated financial statements for the year ended 31 December 2018.

Strategy

Although the Group does not operate in an environmentally sensitive business, we recognise that our operations still have an impact on the environment and acknowledge that addressing environmental issues is a collective responsibility shared by every member of the community. We believe that sustainability in business is not just window dressing, but is essential to the development of the Group. We firmly believe that to act responsibly towards the environment, the community and our stakeholders will drive the long term success of our business.

2018 Environmental, Social and Governance Report

We are committed to minimising the adverse impact that our operations may have on the environment. We are continually improving our environmental management practices and measures to reduce energy and other resource use, minimise waste, increase recycling, and promote environmental protection in our marketplace.

We value our staff as our greatest asset. To attract and retain the best people for the Group, we endeavour to provide a comfortable, healthy and safe working environment for our employees and ensure that all their rights and interests are protected.

We believe that each employee should be treated equally and ensure that employees in the workplace or job applicants during the recruitment process will not be subject to any form of discrimination. All employees and job applicants are assessed based on their skills, qualifications and performance irrespective of their age, marital status, race, religion, nationality, gender, disability, sexual orientation or political background.

We value credibility and integrity and prohibit any form of corruption or malpractice such as bribery, money laundering, extortion and fraud. The Group adopts a zero-tolerance policy on bribery, extortion, fraud and money laundering, any matters of genuine concern are to be thoroughly investigated and actions will be taken accordingly. We believe that strong ethical conduct is essential in building a sustainable business and gaining the trust from our employees, customers, suppliers and business allies.

We pursue the sustainable development of our community by assessing and managing the social impact of our operations on the marketplace in Hong Kong and the Mainland. We support long-term community investment by encouraging our employees to participate in volunteer work.

Our strategy is to fulfil the Group's environmental and social responsibilities through achieving environmental and social objectives during daily operations.

Objectives

We integrate environmental and social considerations into the Group's business objectives to achieve:

Environmental objectives:

- Achieve the balance between business growth and environmental protection by improving the operations and practices as well as encouraging the employees to adopt environmentally responsible behaviour in workplace;
- Minimise use and maximise reuse of resources and energy;
- Continuously improve waste management; and
- Consider environmental protection in our purchasing decisions

2018 Environmental, Social and Governance Report

Social objectives:

- Attract and retain the best people by creating a supportive and quality workplace where employees are motivated to perform to their potential; providing fair, competitive and transparent rewards and recognitions; and maintaining a healthy and safe workplace;
- Care about employees' welfare and satisfaction by encouraging work-life balance and monitoring and improving employees' satisfaction;
- Strengthen team collaboration by encouraging open and transparent communication within the Group; and
- Promote community participation by encouraging and supporting employees to volunteer for the benefit of the communities

Approach

Monitored by the board of directors, the Group is executing its environmental and social strategy and achieving its related objectives through a series of actions and commitments:

- Embed environmental and social objectives into business processes including decision making process;
- Formulate and document environmental and social policies for management and employees to follow;
- Comply with environmental and social laws and regulations;
- Report our performance on a balanced picture;
- Disclose KPIs as measurement of actual results;
- Ensure appropriate and effective ESG risk management and internal control systems are in place; and
- Practise corporate citizenship in things we do

Environmental and social management system comprises:

- The direction from the board to fulfil the ESG responsibilities;
- Day-to-day execution of environmental and social strategy and achieving its objectives by management;

2018 Environmental, Social and Governance Report

- Performance and achievements done by staff members in accordance with the Group's environmental and social policies;
- Compliance with environmental and social laws and regulations;
- Monitoring and review of ESG risk management and internal control systems by the board; and
- Reporting and disclosure of our performance and KPIs

Measures for the achievement of environmental and social objectives are:

- Environmental policies;
- Social policies;
- Checklists for the compliance with applicable environmental and social laws and regulations;
- Requiring documentation for the achievements or performance of environmental and social related activities or matters; and
- Data collection, calculation, and disclosure of KPIs

The implementation of environmental and social strategies, management of environmental activities, and measurement of achieving environmental and social objectives are monitored by dedicated managerial staff members and finally by the board for its overall ESG responsibility.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers, business allies, employees, management and shareholders. We have conducted a survey, discussed or communicated with stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve our performance, and finally strived to provide value to our stakeholders, community and the public as a whole.

Based on the stakeholder engagement, we identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and made us focused on the material aspects for actions, performance, achievements and reporting. We present below the relevant and required disclosure.

2018 Environmental, Social and Governance Report

Environmental

The Group recognises the importance of continuous improvement in protecting the natural environment for the benefit of all beings. We are committed to minimise the adverse impact on the environment.

Aspect A1: Emissions

Emissions refer to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions disclosed as KPIs are calculated based on the consumption data collected and applicable emission factors. Since certain emission factors of mainland China are not accessible or updated from official sources, we have applied relevant emission factors which are available from recognized or reputable sources. If certain emission factors of mainland China are not available, available consumption data collected, waste produced, or emission measured is disclosed.

- *Air Emissions*

We take the responsibility of safe guarding the natural environmental during the course of production. To reduce emissions of air pollutants and greenhouse gases, we are willing to adopt emission controlling techniques and set up policies to better manage our resource consumption.

The factories installed natural gas boiler to generate steam for production which produces less air and greenhouse gas than the coal-fired boiler. The factories which use coal-fired boilers in production has applied de-sulphurization and dust removal technology to the coal-fired boiler to reduce SO₂, pollutants, and other air and greenhouse gas emissions. An online monitoring system is installed to monitor excess emissions of the boiler. The Group would continuously reduce and monitor the air and greenhouse gas emissions.

The Group also believes that green logistics brings benefits, which include reduction of transportation costs and reduction of energy consumption and pollution. As such, the Group requires that trucks used for long distance transportation are loaded to the optimal capacity. In particular, the Group encourages optimising transportation routes, high loading rate and proper tire pressure to achieve efficiency.

The Group encourages employees to consider environmental impact in their commuting decisions to reduce air and greenhouse gas emissions. Employees are suggested to take public transportation as often as possible and select fuel-efficient vehicles. When employees are driving, they are advised to avoid unnecessary acceleration or deceleration and only use air-conditioning when it is necessary.

2018 Environmental, Social and Governance Report

Greenhouse gas ("GHG") emissions

The Group has implemented various energy and resources saving measures to reduce the electricity consumption:

- Air conditioning is set at 26 degrees
- Installing and replacing energy-efficient lighting;
- Electrical appliances are switch off when they are not in use;
- reuse single sided used paper and promote duplex printing;
- communicating through emails to avoid unnecessary use of papers;
- communicating through tele-conferencing instead of air travel.

In addition to electricity, two subsidiaries of the Group purchase steam for production usage. The Group encourages workers to reduce the consumption of steam for production usage.

- *Discharges into Water and Land*

The Group requires that discharges, if any, into water and land must comply with relevant laws and regulations. We monitor water and land discharges regularly and design reduction targets. The Group engages external professional service providers to detect and monitor discharges when it is necessary.

- *Generation of Hazardous Waste and Non-hazardous Waste*

Our internal guidance encourages employees to handle industrial and office waste generated in a proper and environmentally-friendly manner.

- Hazardous and non-hazardous wastes

The operating business of the Group does not produce significant hazardous waste

We adopt responsible waste management practices including avoidance of waste, source reduction, reuse, recycling and responsible disposal. Employees are encouraged to purchase supplies or equipment with an option to be upgraded and longer life-span, to prefer manufacturers recovering the packaging materials, to separate non-hazardous waste from hazardous waste, to install recycling bins to collect recyclables, and to have recyclers to collect recyclables.

2018 Environmental, Social and Governance Report

Non-hazardous wastes are recycled wherever possible. In accordance with policies stated above for the reduction of non-hazardous wastes, the Group adopts a number of measures. This included control the commercial wastes generated by employees; control the waste of papers; control the volume of non-hazardous waste going direct to landfill or incineration without recycling. We consider such measures had been achieved for the year ended 31 December 2018.

In accordance with policies stated above for the reduction of air and greenhouse gas emissions from production and vehicles, the Group adopts a number of measures. This included emission controlling techniques; replaces a coal-fired boiler by a natural gas boiler; control the numbers of vehicles owned by the Group; control the frequency of employees not to take public transportation for local business commuting; and control the volume of business travel by employees. We consider such measures had been achieved for the year ended 31 December 2018.

Non-hazardous wastes are preferred to be recycled, otherwise, they are sent for landfill or incineration. In accordance with policies stated above for the reduction of non-hazardous wastes, the Group adopts the following measures: control the commercial wastes generated by employees; control the waste of papers; control the volume of non-hazardous waste going direct to landfill or incineration without recycling. We consider such measures had been achieved for the year ended 31 December 2018.

For the year ended 31 December 2018, there were no confirmed non-compliance incidents in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials, in production, storage, transportation, buildings, electronic equipment, etc. is one of the important aspects to protect the environment.

- *Efficient Use of Energy*

The Group had also established policies and procedures to reduce energy consumption in the facilities. The Group designated personnel of the administrative department to be responsible for monitoring consumption of energy. The Group continuously assess the energy efficiency and utilization of machineries as well as facilities, to increase the use of clean energy. The Group also set targets to monitor energy consumption, to ensure power is turned off when electrical appliances are not in use, and to admit natural daylight into workplace during the day.

2018 Environmental, Social and Governance Report

- *Water Consumption*

The Group operates its business in offices and factories. We also encourage employee to report water leakage to the administration department. Qingdao Haijing recycles water used for cooling processes, and reuse sewage from de-sulphurisation and dust removal process of a coal-fired boiler.

- *Efficient Use of Raw Material and Packaging Material*

The Group endeavours to adopt the lifecycle assessment approach to consider the environmental impact of our EPS products throughout their lifecycle. This include raw material selection, acquisition, production, usage, disposal, and recycling. The Group encourages employees to reduce material for packaging, and to design the packaging to be environmentally friendly.

Aspect A3: The Environment and Natural Resources

According to the Group's environmental philosophy, all the group companies are committed to a positive impact to the environment while providing services to customers. There is no doubt that energy efficiency and environmental protections are great concerns and difficult long-term tasks for the Group and the society. The Group encourages all staff to participate in different kinds of recycling activities and minimize the use of natural resources.

The Group strictly monitors and reviews the data from time to time, minimizing the negative effect to the environment and maximizing its business development and operation at the same time.

The environmental data of the Group for the year 2018 is listed as below:

	Unit	Production
Air pollutant emissions		
NO _x	kg	15,393
SO ₂	kg	947
Particular matters	kg	1,133
Greenhouse Gas Emission		
Scope 1	Tonnes	15,589
Scope 2	Tonnes	14,273
Scope 3	Tonnes	115
Total GHG Emissions	Tonnes	29,977
Use of natural resources		Consumption
Electricity	kWh	16,616,177
Water	ton	243,988
Natural gas	Liter	63,846,421
Diesel	Liter	5,846,102
Petrol	Liter	36,979

2018 Environmental, Social and Governance Report

B. Social

The Group endeavours to fulfil its social responsibilities as a corporate citizen of communities. We strive to establish a harmonious relationship with our employees, customers, suppliers, business allies and the communities. We mind the well-being and development of employees, ensure high standard of product responsibility, enhance the transparent relationship with external parties including customers, suppliers, and business allies, and contribute to our community development.

Aspect B1: Employment and Labour Practices

The Group established employment policies, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

- *Compensation and Dismissal*

The Group offers competitive remuneration to attract and retain talented staff. Remuneration packages are reviewed periodically to ensure consistency with the employment market. The Group is in strict compliance with the laws and regulations in relation to minimum wage, statutory social benefits and employment. Preventive measures of dismissal due to discrimination, such as, age, marital status, race, religion, nationality, disability, sexual orientation or political background, have been implemented.

In order to provide fair, competitive and transparent reward and recognition, employees' remuneration packages include basic salaries and performance-based bonuses which are determined by qualifications, experience and prevailing market rates. Salaries are normally reviewed annually based on individual performance appraisals. Apart from the basic remuneration package, in addition to statutory holidays our Group also offers a wide range of benefits including medical insurance coverage, Chinese New Year red packets and paid leaves for sick, marriage and bereavement.

- *Recruitment and Promotion*

The Group attracts talented job applicants through flexible, fair and transparent recruitment strategy. Recruitment process includes application for recruitment, description of the position, interview, selection, approval, and job offers whereas promotion is based on performance and suitability.

- *Working Hours, Rest Periods, Benefits and Welfare*

The principles of the Group on workforce management is to care about employees' welfare and satisfaction and strengthening team collaboration. Hence, we aim to promote team solidarity and ensure open and transparent communication.

2018 Environmental, Social and Governance Report

Employees’ working hours, rest periods, benefits and welfare, including social security benefits and retirement pension plans, are required to be in compliance with employment or labour laws and regulations. We provide staff quarters and canteen services for our staff in the business segment of packaging to avoid commuting.

We inform our employees of any operational changes or development of the Group as soon as we consider appropriate in terms of the nature and importance of the information. Hence, we do not set any minimum period of notice for different kinds of notifications. Important information about the Group included but not limited to the latest strategic directions, business and operational developments, and financial performance, is communicated through various channels, such as bulletin board and electronic communication methods.

- *Equal Opportunity and Anti-discrimination*

The Group strives to provide an equal opportunity and a discrimination-free working environment for employees. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment.

For the year ended 31 December 2018, there were no records of non-compliance incidents in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

As at the end of the year 2018, the Group has 764 employees. The male/female composition ratio of the Group is approximately 1:0.35. The table below shows the diversity of the staff:

Age group				Service Period			
20-30	31-40	41-50	51 or above	Less than 5 years	5 to 10 years	10 to 15 years	15 years or above
94	249	220	201	490	140	87	48

Aspect B2: Health and Safety

The Group strives to promote and maintain a healthy and safe workplace for employees, and to prevent workplace injuries and illnesses.

The Group is committed to achieving a high standard of occupational safety and health as set out in its occupational safety and health policies. We also take the approaches of training, drill, safety inspection and incident management to ensure the interest of our employees. Besides, we include safety concerns into the supply chain management.

2018 Environmental, Social and Governance Report

- *Providing a Safe Working Environment*

Each industrial entity has established and implemented a set of safety procedures for employees, review the safety performance against the targets periodically and revise the safety procedures if necessary, and report any safety incidents to management.

- *Protecting Employees from Occupational Hazards*

The Group recognises that one of the success factors for protecting employees from occupational hazards is to train employees to protect themselves from psychological and physical hazards. The Group requires such training, including training on the use of personal protective equipment and clothing. Supplies such as first aid and life support equipments were made available to employees, especially for those who operate equipment and tools.

Qingdao Haijing performs weekly safety inspection, conducts fire drill to improve fire awareness of employees, provides training about rescue techniques and use of fire extinguishers and hydrants.

The Group has taken up responsibilities to improve the working environment and created a safe and comfortable workplace for employees. For the year ended 31 December 2018, the Group reported zero work related fatalities.

- *Work-life Balance*

The Group organizes several social activities such as sports games, to enhance work-life balance, personal development and sense of belonging among employees.

For the year ended 31 December 2018, there were no records of non-compliance incidents in relation to providing a safe working environment and protecting employees from occupational hazards.

Aspect B3: Development and Training

The Group is committed to provide training for employees to improve their knowledge and skills for discharging duties at work and for their career development.

The Group provides internal and external training courses in accordance with departmental or business unit training plan, including new employee orientation and employee continuing education to improve employees' knowledge and skills for their job positions.

2018 Environmental, Social and Governance Report

The Group assesses each employee at the end of every year, on working performance, attitudes and other key performance indicators. The appraisal results are used as one of the considerations in the promotion, job title and remunerations. Through this reviewing process, they can make corresponding improvements

Aspect B4: Labour Standards

The Group is committed to preventing child and forced labour in the workplace. Human resource department performs identification check during the recruitment process and before official employment. The Group follows the laws and regulations prohibiting child labour and forced labour, which mainly includes:

- Employment Ordinance of HKSAR
- Labour Law of the PRC
- Labour Contract Law of the PRC
- Protection of Minors
- Regulations on Prohibiting Use of Child Labour (State Council Order No. 364)

Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately and the discovered issue will be reviewed and discussed with the Board to prevent it from happening again. The Group also has policies to protect staff's labour rights with a complaint system for staffs to report their concerns and any violations of labour rights. For the year ended 2018, the Group was not aware of any material violation of the relevant laws and regulations prohibiting the employment of child labour or forced labour.

Operating Practices

Aspect B5: Supply Chain Management

The Group is aware of the importance of supply chain management to the packaging business. Suppliers are required to provide up-to-standard quality services, materials and. The procurement decisions of products and services are based solely upon specification, quality, service, delivery, price, tendering, and applicable environmental and social considerations.

The Group established supply chain management policies and procedures, including assessment, selection, approval, procurement, and performance evaluation. Performance evaluation is based on quality, service, cost, delivery, environmental protection, and social responsibilities.

2018 Environmental, Social and Governance Report

During the selection of suppliers and service providers, a range of factors has been considered, including factors such as pricing, contract terms, compliance with laws and regulations, prevention and detection of bribery or fraud in the tendering and procurement process. All these contributes to the achievement of efficiency and cost-saving in procurement.

Aspect B6: Product Responsibility

Product responsibility refers to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

- *Health and Safety*

The Group is fully responsible for our products and services, including health and safety relating to our products. We require health and safety relating to our products from the following areas: product design to ensure health and safety, selection of raw materials with health and safety consideration, quality control during the manufacturing processes, health and safety check for finished products, proper delivery and after-sale services.

- *Labelling*

The Group requires that labelling is accurate, legitimate, clear, and not misleading, and intellectual property rights are protected.

- *Privacy Matters*

The Group is committed to protecting personal information of our borrowers and privacy information and keeping business information confidential. Training to staff members in this regard and proper information system security are required.

- *Product returns and recall*

Although we ensure the quality of our products and services, at the same time, the Group requires that products or services with quality, safety, or health issues should be returned, recalled, or compensated in accordance with terms of sales or service contracts. Return, recall, or compensation of products and services is required to be offered to all customers who are affected with consistent treatment and procedures.

For the year ended 31 December 2018, no significant complaints about the services and products and no products have been recalled due to health and safety issue.

2018 Environmental, Social and Governance Report

Aspect B7: Anti-corruption

The Group policies prohibit employees from receiving any advantages offered by customers, suppliers, colleagues, business allies, or other parties, while they are performing employee duties. Activities involving conflicts of interest, bribery, extortion, fraud, and money laundering. Staff handbook lays out the Group's expectations and guiding principles on bribery prevention is provided to each employee. Meanwhile, the Group also encourage employees to report any suspicious malpractice and misconduct directly to the human resource department or the senior management. All reports are required to be treated with confidentiality at all times. The Group encourages not only employees, but also other parties to report to the management incidents relating to any conflicts of interest, bribery, extortion, fraud and money laundering.

For our money lending operation, it's part of the Group's policy and practice to obtain background information of borrowers, and to maintain proper records of due diligence concerning the assessment of borrowers.

For the year ended 31 December 2018, there were no records of non-compliance incidents in relation to bribery, extortion, fraud and money laundering.

Community

Aspect B8: Community Investment

The Group is committed to supporting the communities, including understand the needs of communities, concern about communities' interest. The Group keeps abreast of the demands and views of the communities in which it operates, provides appropriate feedback and builds a positive image for the Group. We encourage our employees to participate in various local community projects and environmental protection activities to raise the environmental awareness.