



Yongmao Holdings Limited



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BOARD STATEMENT

The Board is pleased to present the Sustainability Report of Yongmao Holdings Limited (“Yongmao” or the “Company”, together with its subsidiaries, the “Group”) for the financial year ended 31 March 2018, in accordance to SGX-Listing Rule 711A and the primary components of Sustainability Reporting as set out in Listing Rule 711B.

The Board wishes to affirm our commitment to sustainability and aims to strike a balance between our profit-oriented objective and the development and well-being of our community to secure a long-term sustainable future for the Group. Going forward, we will incorporate key aspects of sustainability into our strategic business decisions and operations. As an integral part of our phase-in approach, we work closely with the management to:

- Integrate and drive sustainability within the Group;
- Determine and validate the Group’s material sustainability matters, risks and opportunities;
- Oversee the management of the Group’s sustainability strategies, commitments and targets;
- Monitor the Group’s sustainability performance and progress.

The Group’s approach to sustainability is driven by our utmost commitment to our key stakeholders, founded on our core belief that focuses on value creation to our key stakeholders. We are in the midst of propagating a sound business sustainability plan that incorporates the key principles of environment, social and governance. At the same time, we will continue to uphold our high standards of corporate governance and transparency to safeguard the shareholders’ interests.



CHAIRMAN'S MESSAGE

Dear Stakeholders,

We are pleased to present the Group's inaugural Sustainability Report, featuring our sustainable approach and practices to achieving sustainable value for our shareholders. This report is in accordance with the internationally recognised Global Reporting Initiative ("GRI") standards: Core option. This being our first report, we would like to dictate a suitable pace for our future sustainability activities. In this report, you will see sustainability factors that are closely aligned with our mission, vision and guided by our core values.

GEARING TOWARDS GREATER SUSTAINABLE VALUE CREATION

Over the years, the Group's strategy has evolved to a sustainability-oriented approach that aims to deliver sustainable value to our stakeholders while addressing needs from social, economic and environmental perspectives. The Group acknowledges the importance of gearing towards a sustainable value chain, to maintain its competitive advantage through sustainable and profitable avenues.

In line with the aforementioned plan, we are prudent in selecting suppliers who align with our vision of sustainability. One of our key objectives is to create sustainable positive impact for communities around us, as with our core value of balancing the organisation's success with our contribution back to the society.

ENGAGING OUR STAKEHOLDERS

Through our sustainability journey, we have come to realise the importance of partnership and collaboration in achieving positive outcomes. Hence, we believe that stakeholder participation plays a key role in our Group's journey towards creating sustainable value. On that note, we would like to extend our deepest appreciation to all stakeholders, for the strong support and guidance all these years.

As we gear towards a sustainable future together, we look forward to partnering with you to achieve greater sustainable growth. With your support, we are confident that we will ride out the challenges and opportunities and be solidly positioned for future growth.

With utmost gratitude,

Mr Sun Zhao Lin

Executive Chairman

Yongmao Holdings Limited



ABOUT THIS REPORT

REPORTING SCOPE AND PERIOD

This Sustainability Report primarily covers Yongmao's business segment in Singapore and People's Republic of China ("PRC") from 1 April 2017 to 31 March 2018 ("FY2018"), which contributes approximately 82% of the Group's total revenue for the reporting period. Our report aims to provide an overview of the Group's sustainability performance as well as its strategies and practices, while highlighting the economic, environmental, and social impacts of the Group's activities and developments.

In line with our sustainability policy, our standalone report will be published no later than 31 August on an annual basis from the financial year ending 31 March 2019 ("FY2019") onwards.

REPORTING PROCESS

Our reporting is developed by the SR Committee, which is led by Ms Tian Ruo Nan, the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and senior management of our business functions, with consultation with the Board of Directors. The SR Committee undergoes an in-depth review on the contents of the report to determine its relevance to our business and also, to ensure that the current and emerging significance material issues pertaining the interests of our stakeholders are addressed.

REPORTING FRAMEWORK

This report has been prepared in accordance with the GRI Standards: Core option. They are the most widely adopted global standards for sustainability reporting, provide businesses and organisations worldwide the framework to measure, understand and communicate their critical sustainability issues on environmental, economic, social performance ability issues to stakeholders. The GRI content index and the relevant references are provided on pages 16-17.

FEEDBACK

As we are fully committed to hear from our stakeholders, we welcome feedback on any aspect of our sustainability policies, processes and performance. Kindly address all feedback to investor@yongmaoholdings.com. Your feedback is vital to us in achieving our goals to build a sustainable and thriving business.

ABOUT YONGMAO

CORPORATE PROFILE

Since 1992, Yongmao has been involved in the design, development and manufacture of tower cranes, components and accessories. The Group's key business segment comes from the sale of manufactured tower cranes to equipment distributors and rental companies in both local and overseas markets.

Today, Yongmao is one of the leaders in the international construction machinery and exports tower cranes to over 80 countries worldwide. We are also the first Chinese manufacturer to enter the European, Australian and American markets. This was achieved via certification by independent experts from renowned third-party inspection agencies (e.g. TUV SUD Industries Service GmbH, TUV Rheinland, Bureau Veritas, SGS), whereby the agencies had conducted extensive check on our design reviews, product safety and prototyping testing in full compliance with the required standards and regulations.

Our products are used mainly in construction sites, infrastructure projects and in the shipbuilding industry. The group offers a variety of tower cranes with lifting capacities in the range of 80 to 3,300 tonne-metres which are broadly classified into 4 series, namely Topless STT series, ST series, Luffing STL series and Derrick Q series.

Our production facilities are located in 2 cities in PRC, which are Fushun City, Liaoning Province and Beijing City. The latest state-of-the-art manufacturing facility in Fushun City incorporates modern manufacturing process flow, robotic welding arms and other high-tech machineries.

VISION

We strive to be the leading provider for tower crane and construction machinery and build global presence through high-quality and innovative products and solutions.

MISSION



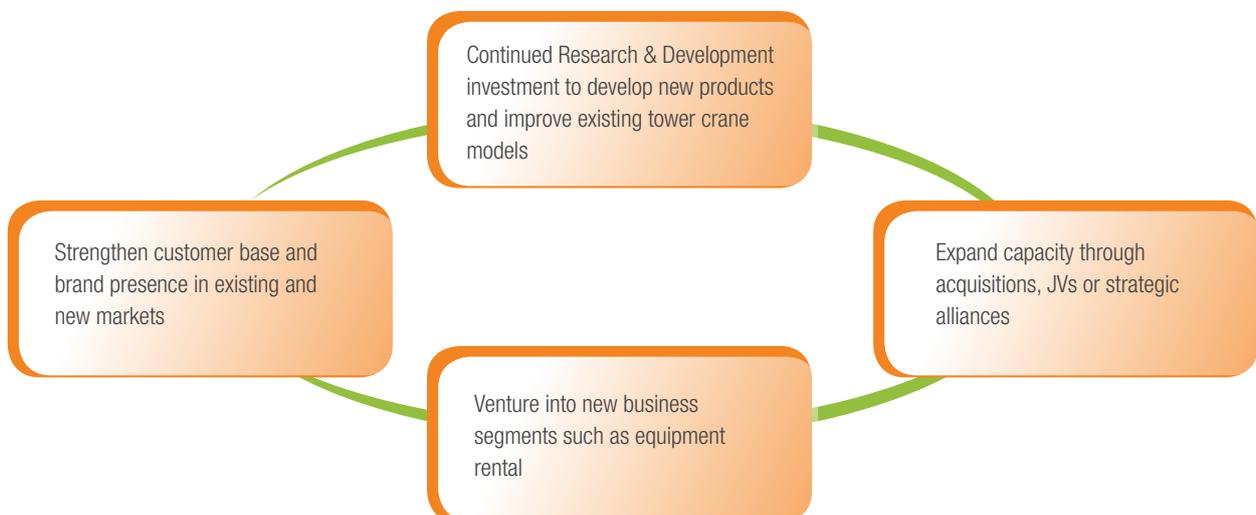
ABOUT THIS REPORT

STRATEGIC GOALS AND VALUE DRIVERS

Based on the Group's vision and mission, the Group has identified the strategic goals and value drivers.



CORPORATE STRATEGY



ABOUT THIS REPORT

CERTIFICATIONS AND AWARDS

Our business emphasizes on adhering to the international quality standards by putting in place a stringent quality assurance system. Back in 2007, the Group obtained the ISO 9001:2000 Quality Management System Certification for design, manufacture, installation and service of tower cranes, crawler cranes and fittings as well as the manufacture and service of crane steel structure parts. The Group has also achieved various safety standards pertaining to cranes in different countries as well as the required certifications and approvals for export and deployment in these jurisdictions.

In FY2018, we are heartened to have been recognized with these rankings, awards and certifications:

- 5th consecutive year in the top 10 global tower crane manufacturers by China Engineering Machinery Magazine (中国工程机械杂志)
- Top 100 global construction machinery manufacturers by China Construction Machinery Industry Association (中国工程机械工业协会)
- Top 5 tower crane manufacturers in the PRC by China Engineering Machinery Magazine (中国工程机械杂志)
- Fushun City Mayor's Quality Award (for Quality Management Standards) by Fushun City People's Government (抚顺市人民政府)
- STT3330 topless tower crane – China Construction and Machinery Association Product of the Year 2017 Award by China Construction Machinery Industry Association (中国工程机械工业协会)
- Mr Sun Zhao Lin, Executive Chairman awarded one of the top 100 influencers in the PRC's construction machinery industry by China Construction Machinery Industry Association (中国工程机械工业协会)

EXTERNAL INITIATIVES AND MEMBERSHIPS

The Group takes active participations in industry associations. The key activities of these organizations include formulating industry standards and sharing challenges and opportunities in business. Some of the key associations that the Group is an active participating member of are listed as follows.

- China Construction Machinery Industry Association (中国工程机械工业协会)
- China Construction Machinery Industry Association User Working Committee (中国工程机械工业协会用户工作委员会)
- China Construction Machinery Association Construction Crane Branch (中国工程机械工业协会建筑起重机械分会)
- China Construction Machinery Association Construction Mechanization Branch (中国工程机械工业协会施工机械化分会)
- China Electric Power Construction Association of large machinery and equipment (中国电力建设企业协会大型机械装备协作网)
- National Crane Standardization Technical Committee Tower Crane Sub-Technical Committee (全国起重机械标准化技术委员会塔式起重机械分技术委员会)
- Shanghai Building Construction magazine committee (上海建筑施工杂志委员会)
- Fushun City Federation of Industry and Commerce (抚顺市工商联)

EMPLOYEE INFORMATION

As of 31 March 2018, our Group has a total of 1,243 employees. We unbiasedly hire from all age groups and gender category. Our demographic is diversified as we believe that it is essential to building and sustaining our competitive advantage. In today's world, having an assortment of perspectives from different demographic brackets will help to tackle various business challenges.

STAKEHOLDER ENGAGEMENT

Yongmao works with a diverse range of stakeholders across our value chain. We aim to align our business interests with those of our stakeholders through open and transparent channels of communications, considering their interest and response in a timely manner.

STAKEHOLDERS	IMPACT AND SIGNIFICANCE	TOPICS OF INTEREST	ENGAGEMENT PLATFORMS
EMPLOYEES	We recognize our employees as the Group's most important asset. Hence, we view their competencies and well-being are fundamental to the Group's operational effectiveness.	<ul style="list-style-type: none"> • Talent retention and attraction • Employee safety and well-being • Training and development opportunities • Efforts to promote work-life balance • Remuneration and benefits • Employee welfare and well-being • Employee volunteerism 	<ul style="list-style-type: none"> • Regular staff dialogue sessions • Staff appraisal • Training and development program • Annual appreciation events and festival celebrations • Volunteering and charity events • Annual appreciation events and festival celebrations
CUSTOMERS	We promise to continually strive in innovating and developing new solutions to meet the ever-changing needs of our customers. We aim to build cranes with good investment value and build on our brand equity to enhance our competitive edge by providing the best design, innovation and quality.	<ul style="list-style-type: none"> • Design and workmanship • Customer satisfaction and experience • Quality products and services • After sales services and support • Communication 	<ul style="list-style-type: none"> • Take part in industry associations • Take part in industry seminars, exhibitions and events • Yongmao's company website • Yongmao's social media platforms, e.g. WeChat • Dedicated customer support team contactable through email and phone calls
SHAREHOLDERS AND INVESTORS	We strive to maximize shareholder returns, maintain good corporate governance, and improve levels of transparency through financial and sustainability reporting and timely communication.	<ul style="list-style-type: none"> • Financial stability • Long-term growth plans • Market diversification • Geographical expansion • Risk management • Corporate governance • Sustainability efforts 	<ul style="list-style-type: none"> • Annual report ("AR") and sustainability report • Quarterly results announcement • Announcement and circulars • Annual General Meeting ("AGM") • Extraordinary General Meeting ("EGM") where necessary • Yongmao's company website • Investor relationship channel
BUSINESS PARTNER	We work closely with suppliers and partners in our value chain to ensure that all our operations are carried out in line with industry leading practices and sustainability efforts.	<ul style="list-style-type: none"> • Quality assurance • Certifications • Supply chain management • Communication 	<ul style="list-style-type: none"> • Regular supplier visits / meetings • Events, trade shows, procurement fairs • Evaluation and monitoring
COMMUNITY	We strive to be a responsible corporate citizen to the society, environment and the people around us.	<ul style="list-style-type: none"> • Social contribution to communities • Business decisions' impact on our environment 	<ul style="list-style-type: none"> • Volunteering and charity events • Sponsorship and philanthropy
GOVERNMENT AND REGULATORS	We seek to be fully compliant with all applicable environment and social economic laws and regulations.	<ul style="list-style-type: none"> • Compliance to applicable laws and regulations • Contributions to economic and social development • Environmental impact of operations 	<ul style="list-style-type: none"> • Industry sector participation channels • Participation in conferences, meetings and discussions • Site visits and checks
FINANCIERS	We seek to cultivate and sustain relationships with our lenders to ascertain the financial flexibility for our growth opportunities.	<ul style="list-style-type: none"> • Financial and operational performance of the Group • Adhere to good corporate governance • Timely repayment of loan principal and interest 	<ul style="list-style-type: none"> • Direct communications, meetings and discussion • Announcement and circulars

IDENTIFYING MATERIAL ASPECTS

Engagement with our stakeholders is essential for understanding their expectations, needs and concerns. The Group had identified and addressed the most critical and impactful issues through the aforementioned engagement platforms. Subsequently, to establish the relevance of these key Environment, Social and Governance (“ESG”) factors, the Group will conduct a materiality assessment on an annual basis.

With the guidance of an external consultant, the materiality assessment was performed where each ESG factor in the GRI ESG universe was identified and prioritized by the SR Committee members according to the influence on stakeholder decisions and significance of environmental and social impacts. Identified ESG factors were validated by the Board, its related risk recognition, evaluation and mitigation continues to be part of the assessment for the Group’s overall strategy and risk management approaches

The SR Committee has identified the following material ESG factors for FY2018. As we strive to improve our level of transparency and timely communication to all our stakeholders, we will review and report other applicable ESG factors in the following years, if any.

FOCUS	IMPACT TO STAKEHOLDERS	FY2018 KEY HIGHLIGHTS	COMMITMENTS & TARGETS
GOVERNANCE			
ANTI-CORRUPTION	<p>As a listed entity in Singapore, we are in full compliance with the government regulations relating to anti-corruption.</p> <p>With regards to combating corruption, we strive to ensure utmost integrity throughout all business activities.</p>	<ul style="list-style-type: none"> • There were no confirmed incidents of corruption in FY2018 	<ul style="list-style-type: none"> • The Group to continue our strict adherence to the Group’s zero tolerance policy towards fraud, corruption and unethical actions.
ECONOMIC			
ECONOMIC PERFORMANCE	<p>During the reporting period, the Group remained resilient to deliver satisfactory financial performance to our internal and external stakeholders.</p>	<ul style="list-style-type: none"> • Group revenue – RMB 626.5 million • Profit attributable to owners of the Company – RMB 20.6 million • Earnings per share – RMB 23.2 cents • Final dividend of SGD 1 cents per share • Final dividend totaling approximately RMB 4.4 million 	<ul style="list-style-type: none"> • Revenue and profit growth • Sustainable dividend payout • Proliferate the use of our large and mega-sized tower cranes for mega scale projects • Prioritize the development of tower crane models to match up to the industry’s needs for prefabrication work • Prudent capital management

IDENTIFYING MATERIAL ASPECTS

FOCUS	IMPACT TO STAKEHOLDERS	FY2018 KEY HIGHLIGHTS	COMMITMENTS & TARGETS
ENVIRONMENTAL			
MATERIALS	Choosing the right materials when manufacturing a product is vital for its success. We look for a combination of 5 characteristics, namely function, durability, aesthetics, consistency of performance and cost, when we choose the right material for production.	<ul style="list-style-type: none"> • Design process optimization to maximize material usage • Rolled steel used as raw materials whenever possible, to reduce soldering needs 	<ul style="list-style-type: none"> • Continuous design optimization to maximize the material utilization and reduce wastage
SOCIAL			
EMPLOYEE HEALTH AND SAFETY	Fair and merit-based employment practices are important to our employees, investors, regulators, and community as they affect our ability to attract, retain, and develop talents. As a small-medium enterprise, business continuity and workplace safety are amongst the highest concerns to our stakeholders.	<ul style="list-style-type: none"> • Zero safety incident resulting in fatality or occupational injuries and diseases • Enforcement of wearing Personal Protection Equipment (“PPE”) • Annual medical check-up • Emergency drills and fire drills • Regular briefings and training courses on health and safety for employees 	<ul style="list-style-type: none"> • Zero fatalities and workplace safety incidents resulting in serious injuries across all business operations • Enforcement of wearing PPE • Annual medical check-up • Emergency drills and fire drills • Regular briefings and training courses on health and safety for employees
PROCUREMENT PRACTICES	We are committed to sourcing our materials and subcontractors in a socially responsible manner.	<ul style="list-style-type: none"> • Strict adherence to the Group's procurement policies and guidelines and code of conducts • Zero whistle blowing cases • One-third of materials used in our operations are purchased from local suppliers • One-quarter of total amount outsourced is from local subcontractors to its operations 	<ul style="list-style-type: none"> • Continuous review and improvement on the Group's procurement policies and guidelines and Code of Conducts • Enhance business relationship with suppliers and subcontractors • Maintain and increase spending on local suppliers and subcontractors

CORPORATE GOVERNANCE

The Group is committed to uphold the highest standards of corporate governance and we believe a high standard of corporate governance is integral in ensuring our business' sustainability as well as safeguarding shareholders' interests and maximizing long-term shareholder value. This commitment is aligned with the Principles of the Code of Corporate Governance 2012.

The promotion of effective and fair communication with the stakeholders is under the purview of our CEO and CFO. We fulfil our obligation to furnish timely information to shareholders and ensure full disclosure of material information to comply with statutory requirements and the Listing Manual of the SGX-ST. The Group firmly believes in high standards of transparent corporate disclosure, in line with the continuous obligations of the Company.

The Board and Management strongly believes that our quest for good governance lies in putting in place an effective framework of risk management and internal controls that is in line with market standards and best practices. Having this in place will lead to increased levels of internal discipline, accountability and transparency.

There were no non-compliance incidents with relevant laws and regulations that resulted in significant fines and non-monetary sanctions. We will continue our commitment in achieving zero incidents of non-compliance with relevant laws and regulations. In addition, we will closely monitor the Internal Audit issues and ensure that internal controls for all processes are in place.

For detailed disclosure on the application of its corporate governance practices with reference to the Code, please refer to the Corporate Governance Report on page 21-41 of the Yongmao AR 2018. For cases of any deviation from the Code's guidelines, an explanation has been provided within the AR.

ANTI-CORRUPTION

The Group, with our significant workforce size operating across different geographies around the world and multiple partnerships across the value chain, has multiple areas that can render us vulnerable to corruption. Our stakeholders have recognized this during our materiality assessment, thus highlighted anti-corruption as a critical factor to the Group. We would like to reaffirm our strong stance against these issues and highlight that we have zero tolerance towards unethical acts in totality.

A whistle-blowing policy and other procedures have been put in place to provide the Group's employees and external parties who have dealings with the Group, accessible and trusted channels to report suspected fraud, corruption, dishonest acts or other improprieties in the workplace. We made these policies and procedures readily available for both internal and external parties, as it allows for an independent investigation of any reported incidents and appropriate actions for follow up. As at the end of FY2018, there has been no report received through any whistle-blowing channels.

Moving forward, the Group will continue its zero tolerance for misconducts and will strive to maintain the current status of zero confirmed cases through our various preventive methods.

FINANCIAL HIGHLIGHTS

FY2018 was another profitable year for the Group. Key financial highlights have been presented on page 13 of the Yongmao AR 2018. For detailed statements of financial position and consolidated statement of profit or loss and other comprehensive income, please refer to pages 49-50 of the Yongmao AR 2018.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

The financial health of the Group directly impacts our key stakeholders – employees, customers, investors and shareholders and business partners. It is of utmost importance to increase economic value for our stakeholders, to the best of our abilities. Hence, we strive to drive operational and financial improvements simultaneously.

The Group has been monitoring the economic value distributed based on GRI's disclosure categories and will choose to disclose when appropriate in the future.

OPPORTUNITIES AHEAD

Led by the powerhouse Beijing-Tianjin-Hebei integration, Yangtze River Economic Belt, Xiongan economic zone and "One Belt One Road" masterplans and coupled with a 6.6% national GDP for 2018, the PRC domestic construction sector is likely to continue to enjoy robust growth. However, domestic economic growth may also cool in the coming months due to rising borrowing costs for businesses, brought about by Chinese government crackdowns on financial risk.

Global construction, on the other hand, is likely to grow at a more moderate rate of about 3.7% across the next five years. Demand for tower cranes in other overseas markets is mixed with demand in Singapore, Taiwan and the Middle East expected to pick up in the replacement market, while other markets such as Macau may be more muted. The key development underscoring the path ahead is Prefabricated Prefinished Volumetric Construction ("PPVC"), a practice where materials and components are assembled at a production facility before being delivered to the construction site. Prefabrication is gaining traction, especially in the Singapore market – our second-largest sales market in Asia after the PRC. Singapore regulators have already established the framework for increasing adoption of the PPVC method. The Building Construction Authority has already mandated the PPVC method for selected non-landed Government Land Sale sites, and 80% of the Build-to-Order flats launched in Singapore last year were also built with the PPVC method.

GRANTS AWARDED BY GOVERNMENT

The Group was able to meet the requirement and utilize government grants and funds in support of the Group's business activities in FY2018.

- Exhibition and Product Development grants

The Group invested substantially in our R&D team to design a wide range of tower crane products in helping us to remain competitive and respond to market needs. Our team of engineers and technicians constantly seek to push the limits in design and functionality, as well as find better ways to improve the production and optimize the cost whenever possible. We believe that we will continue to be at the forefront, developing a range of tower cranes with advanced mechanisms to meet the evolving needs of the industry. Meanwhile, the Group also actively took part in trade fairs and trade shows to promote our products and identify potential business opportunities.

- Export incentives

The PRC's government encourages local enterprises to establish renowned brands for export by giving incentives as support for branding development.

DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

The Group makes monthly contributions to the employee's compulsory saving/retirement plans, as mandated by the local government in different jurisdiction. The fund is a social security system that tackles our employees' financial concerns regarding healthcare, home ownership, family protection and asset enhancement. We view this scheme as a good opportunity to reward our employees and relieve them from the burden of personal finances. Contribution rates for employers vary depending on the jurisdiction in different cities and is subject to change on a yearly basis.

ENVIRONMENTAL

With regards to conserving the environment, we are committed to understanding, managing and minimizing our environmental footprint across our value chain, including our business operations, suppliers and customers. Our environment efforts are largely focused on maximizing material utilization and optimizing energy consumption. We will continue to strengthen our expertise in the areas of environmental programs and be selective about the strategic initiatives we believe will yield a greater positive impact over the long term.

The PRC's government has also stepped up a multitude of environmental regulation measures which has significantly affected our operations in the PRC. Although the disruption posed by regulatory shifts did impact our production yield initially, we underestimated the time required, to adjust and realign our processes with the new market conditions and regulations. The most significant example would be the move to upgrade our paint spraying facility due to the new government initiatives.

USAGE OF MATERIALS

We look for a combination of five characteristics, namely function, durability, aesthetics, consistency of performance and cost, when we choose the right material for production. Rolled steel is used whenever possible to reduce soldering needs. This approach not only reduce the production cycle time and efforts but also reduce the negative impact that soldering has on the environment. Furthermore, we emphasize on the design optimisation to maximize the material utilisation and reduce wastage.

In FY2018, we have achieved a material utilisation rate of more than 85% in the production of tower cranes. We strive to improve our design continuously and eventually contribute to the Group's success.

ENERGY SAVING

The Group continuously reviews the production processes and explores for new solutions for energy conservation. Amongst the many initiatives, Fushun Yongmao Construction Machinery Co., Ltd. ("Yongmao Fushun") made an investment to replace argon gas cylinders with centralised argon gas supply back in 2016. Since then, the cost of argon gas used for welding has reduced by approximately 34% as compared with argon gas cylinders. The use of centralised argon gas supply improved production safety.

Ensuring safety and the well-being of our people is of utmost importance to the Yongmao and we will continue to strive to be an employer that our employees are proud to work for. Keeping our core value of achievement close at heart, we take pride in building a safe, conducive and healthy workplace as our commitment to developing our people. We recognize our duty of care to account for the safety and health of every employee. By continuously reviewing our safety rules and regulations and conducting risk assessments to strengthen our control measures, we aim to minimize the likelihood any possible hazardous occurrence.

SAFETY COMMITTEE

With our on-going focus on the health and safety of our employees, we have established a Safety Committee in each of our subsidiaries to supervise and ensure that workplace health and safety regulations are strictly complied with. The Safety Committee also oversees the subsidiaries' operations to ensure that safety standards are upheld at all times and also up to industry best practices. In addition, the role of the Safety Committee includes regular reviewing, effectively implementing and reinforcing safety standards to ensure all areas of safety are adequately covered.

All near-miss incidents and accidents are promptly reported to the Safety Committee, who will further provide timely incident analysis briefings to the employees. These safety briefings aim to strengthen the safety awareness of employees, and remind them of established safety measures and precautions, as well as safety protocols in prevention of similar incidents.

Site inspections and safety exercises are conducted every year. The Safety Committee facilitates the safety education programs, which aim to educate and equip employees with knowledge and skills in handling emergency situations. Emergency drills are also conducted several times a year to ensure that employees and workers are prepared in times of emergency.



TOTAL WORKPLACE SAFETY AND HEALTH (“WSH”) AT OUR FACILITIES

With our commitment to the safety and security of our people, we continuously strive to reduce injury rates to zero.

In monitoring our incident rates, the Group have categorized our incidents according to the severity of the accident, ranging from minor injury to permanent disability and death. All incidents are reported to the Safety Committee with a detail report. We recorded zero fatality at our workplace across the Group in FY2018.

We provide a safe work environment for our people and actively promote awareness on workplace occupational health and safety. We aim to elevate the safety standards of our stakeholders including our contractors through our WSH workplan.

There were occasional instances of failure to adhere to safety procedures despite control measures in place. In FY2018, two male employees suffered injuries in the workshop. All cases reported are properly documented and investigated with appropriate preventive measures and follow up actions are being taken. This also formed part of the Group's continuous learning programs to ensure such incidents are prevented in future.

Common occupational hazard in our industry includes respiratory hazard due to the exposure to paint and hearing hazard from shot blasting and shearing processes. The Group's effective occupational health and safety management prevented health and safety-related incidents, protected our workforce and reduced disruptions to our operations. There was no reported occupational injuries and diseases in FY2018.

SOCIAL

ENHANCING SAFETY PRECAUTIONS AND PROCEDURES

The Group has engaged an external consultant firm to conduct an in-depth assessment on the risk of occupational injury and diseases at our factory facilities. Additional safety measures have been put in place for those areas identified as high risk for occupational injury.

The Group ensures that all our employees undergoes compulsory medical check-up at the qualified hospitals, which is in compliance with the “Law of the People’s Republic of China on Prevention and Treatment of Occupational Diseases” and “Occupational Health Monitoring and Management Approach”.

With the aim to provide a safe working environment, we constantly enhance our safety precautions and procedures. During the year, we installed workplace safety dashboards to further advocate to all our employees on the importance on workplace and health safety.

REGIONAL CSR EFFORTS

Yongmao recognizes the importance of active support to our communities and continuous contribution to the society. We have been supporting schools as well as our employees’ families through scholarships, cash donations and welfare products during festive seasons. We firmly believe in sponsoring initiatives for promoting education, sports, environment and conservation.

Since 2006, Yongmao has been giving out scholarship to our employees’ children in fulfilling their education dreams. This initiative drives a sense of belongings amongst our employees as part of Yongmao family. This also motivates our employees to be more dedicated while playing an integral part of their children’s development.

In addition, the Group also showed support by making donations to the “Spring Buds” event (“春蕾助学，永茂圆梦”资助贫困大学生活动) to help college students. We remain committed to continuously giving back to our employees and community, growing as a sustainable organisation and looking forward to the future.



LABOUR UNION’S WORK

One of the function of the labour union is to provide financial reliefs to our employees in the Group, organize activities such as commendation ceremony and conduct medical check-ups. While the majority funding comes from the Group, our employees is encouraged to contribute a small portion of their salary on a voluntary basis. During the reporting year, the Group gave out concessionary cash relief to 56 of our employees and visited two employee’s family members who is bedridden.



During festive seasons, the Group also distribute clothing items and welfare products for our employees especially during the summers and the winters to cope with the changes in weather. In addition, the Group was actively involved in supplying food to under-privileged employees.

CULTURAL ACTIVITIES

The Group organized a series of events, including a long line-up of fitness-related activities and orientation games for our employees to promote team building and facilitate the on-boarding process for the new hirers. It helped to cultivate friendships among employees and create a sense of synergy within the Group.



PROCUREMENT PRACTICES

The Group firmly believes that its suppliers and subcontractors are key business partners capable of creating a positive economic impact, thus enhancing stakeholder's return. In this respect, the Group maintains a stringent selection process in vendors selection, which are based on criteria including good past track records and adherence to occupational health and safety standards.

We have also developed procurement policies and guidelines to guide our process, such as:

- Guidelines and procedures in selecting and evaluating vendors
- Code of conduct when dealing with vendors

As we consider sustainability as one of the key factors in selecting a supplier, for that reason, we evaluate the potential candidates based on their sustainability performance and practices. Often, there would be a collaboration with partners and supplier to improve our product design to reduce any negative impact to the environment.

The Group purchases a range of raw materials from its suppliers, with steel being the main raw material for manufacturing tower cranes. Purchases from local material suppliers accounted for approximately one-third of the total purchases in FY2018. During the reporting period, the Group engage local subcontractors and the total local outsourced amount was approximately one-quarter of the total outsourced amount in FY2018.

The Group remains fully committed to continue procuring responsibly while generating positive economic and social benefits for the local community we operate in.

GRI CONTENT INDEX

CATEGORY	DISCLOSURE	DESCRIPTION	PAGE REFERENCE AND REMARKS
GRI 102: GENERAL DISCLOSURES	102-1 *	Name of the organization	Cover page of AR FY2018
	102-2 *	Activities, brands, products, and services	Page 1 of AR FY2018
	102-3 *	Location of headquarters	Page 15 of AR FY2018
	102-4 *	Location of operations	Page 78 to 79 of AR FY2018
	102-5 *	Ownership and legal form	Page 14 of AR FY2018
	102-6 *	Markets served	Page 1 of AR FY2018
	102-7 *	Scale of the organization	Employee Information (Page 6) Page 78 to 79 of AR FY2018
	102-8 *	Information on employees and other workers	Employee Information (Page 6)
	102-9 *	Supply chain	Procurement Practices (Page 15)
	102-10 *	Significant changes to the organization and its supply chain	Not applicable as this is the first year of SR reporting
	102-11 *	Precautionary Principle or approach	Not applicable
	102-12 *	External initiatives	External Initiatives and Memberships (Page 6)
	102-13 *	Membership of associations	External Initiatives and Memberships (Page 6)
GRI 102: STRATEGY	102-14 *	Statement from senior decision-maker	Message from Executive Chairman (Page 2)
GRI 102: ETHICS AND INTEGRITY	102-16 *	Values, principles, standards, and norms of behaviour	Vision, Mission, Strategic Goals and Value Drivers (Page 4-5)
GRI 102: GOVERNANCE	102-18 *	Governance structure	Reporting process (Page 3)
GRI 102: STAKEHOLDER ENGAGEMENT	102-40 *	List of stakeholder groups	Stakeholder Engagement (Page 7)
	102-41 *	Collective bargaining agreements	None
	102-42 *	Identifying and selecting stakeholders	Stakeholder Engagement (Page 7)
	102-43 *	Approach to stakeholder engagement	Stakeholder Engagement (Page 7)
	102-44 *	Key topics and concerns raised	Stakeholder Engagement (Page 7)
GRI 102: REPORTING PRACTICE	102-45 *	Entities included in the consolidated financial statements	Page 14 of AR FY2018
	102-46 *	Defining report content and topic Boundaries	About this Report (Page 3)
	102-47 *	List of material topics	Identifying Material Aspects (Pages 8-9)
	102-48 *	Restatements of information	Not applicable as this is the first year of SR reporting
	102-49 *	Changes in reporting	Not applicable as this is the first year of SR reporting
	102-50 *	Reporting period	Reporting Scope and Period (Page 3)
	102-51 *	Date of most recent report	Not applicable as this is the first year of SR reporting
	102-52 *	Reporting cycle	Reporting Scope and Period (Page 3)
	102-53 *	Contact point for questions regarding the report	Feedback (Page 3)
	102-54 *	Claims of reporting in accordance with the GRI Standards	Core Options (33 items)
	102-55 *	GRI content index	GRI Content Index (Pages 16-17)
	102-56 *	External Assurance	None

GRI CONTENT INDEX

CATEGORY	DISCLOSURE	DESCRIPTION	PAGE REFERENCE AND REMARKS
GRI 201: ECONOMIC PERFORMANCE	DMA	Disclosure of Management Approach	Opportunities Ahead (Page 11)
	201-1	Direct economic value generated and distributed	Direct economic value generated and distributed (Page 11)
	201-2	Financial implications and other risks and opportunities due to climate change	None
	201-3	Defined benefit plan obligations and other retirement plans	Defined benefit plan obligations and other retirement plans (Page 11)
	201-4	Financial assistance received from government	Grants awarded by Government (Page 11)
GRI 204: PROCUREMENT PRACTICES	DMA	Disclosure of Management Approach	Procurement Practices (Page 15)
	204-1	Proportion of spending on local suppliers	Procurement Practices (Page 15)
GRI 205: ANTI-CORRUPTION	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption (Page 10)
GRI 301: MATERIALS	DMA	Disclosure of Management Approach	Usage of Materials (Page 12)
	301-1	Materials used by weight or volume	All materials used are non-renewable.
	301-2	Recycled input materials used	All input materials are not recyclable. The scraps are sold to qualified vendors for disposal.
	301-3	Reclaimed products and their packaging materials	Packaging materials are not recycled as the Group has performed an assessment that it is not economically viable.
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	DMA	Disclosure of Management Approach	Safety Committee (Page 13) Enhancing Safety Precautions and Procedures (Page 14)
	403-1	Workers representation in formal joint management-worker health and safety committees	Safety Committee is formed by professionals with proper knowledge and qualifications.
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Total Workplace Safety and Health ("WSH") at our Facilities (Page 13)
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Total Workplace Safety and Health ("WSH") at our Facilities (Page 13)
	403-4	Health and safety topics covered in formal agreements with trade unions	No Trade Union



Yongmao Holdings Limited

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