

Environmental, Social and Governance Report 2016 - 2017



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1. Message from Management

For 70 years, Lee Kee Group (“Lee Kee” or “the Group”) has been committed to delivering quality, professional and reliable value-added metal solutions. To address customers’ core business needs with a rising demand for sustainability from our customers and the industry, we work on expanding our range of ‘green’ products and services. We are also exploring opportunities arising from our journey to become an industry leader in sustainability. This is Lee Kee Group’s first Environmental, Social and Governance (“ESG”) Report which marks the initial milestone in our sustainability journey, and demonstrates and communicates our ongoing commitments and sustainability performance to our stakeholders.

Our employees are key to the Group’s wider business success and our sustainability achievements. Lee Kee is committed to maintaining a positive, caring, healthy and safe work environment. We provide competitive benefits package, equitable remuneration, and continuous training and development opportunities. Furthermore, we emphasise the importance of occupational health and safety guided by a well-established Occupational Health and Safety Policy and governed by our Safety Committee. We also conduct regular occupational health and safety assessments to gather information and feedback from employees. We are proud to announce that all our efforts in health and safety have translated into zero work-related fatalities during the reporting period.

We are committed to operating the Group sustainably, keeping track of environmental performance, and mitigating negative impacts arising from our operations. To achieve this, we are certified with ISO 14001 Environmental Management System¹, which provides us a framework to manage and guide our Group-wide metal processing operations in an environmentally sound manner. This year, we have taken steps to reduce our energy consumption and carbon footprint with the replacement of incandescent lighting in office areas with T5 light tubes and reducing the number of light tubes in meeting rooms. In addition to energy consumption, we are also actively involved in reducing the amount of greenhouse gas emissions (GHG) which come from fuel consumption throughout operations. Our involvement in the Environment Protection Department’s Carbon Footprint Repository and Carbon Audit Green Partner programme further drives our emission reduction efforts as we continue to minimise our wider environmental impact.

Achieving sustainability leadership is a long journey and gaining support from different stakeholders is crucial. This year, our commitment to sustainability was well recognised and awarded by several professional and reputable organisations. Riding on the global sustainability trend, Lee Kee will continue to explore opportunities and innovative ways in operating our business in a more sustainable manner.

CHAN Yuen Shan Clara

Vice-Chairman and Chief Executive Officer

On behalf of the board of directors of

LEE KEE HOLDINGS LIMITE

21 July 2017

¹ The scope and number of companies certified with ISO14001 standard are in accordance with the SGS certificates, which can be found on Lee Kee’s website.

2. About the Report

Reporting Scope and Standard

Lee Kee Group's Environmental, Social and Governance (ESG) Report aims to demonstrate the ways in which we have incorporated sustainable practices and initiatives into our operations. The Report has been prepared in accordance with the ESG Reporting Guide issued by Hong Kong Exchanges and Clearing Limited ("HKEx"). The scope of the report covers Lee Kee's operations in Hong Kong during the reporting period of April 1, 2016 to March 31, 2017.

This Report's purpose is to disclose Lee Kee Group's ESG performance. Our corporate governance and financial performance can be found in our 2016/17 Annual Report.

Stakeholder Engagement

Involving our stakeholders in sustainability efforts is a valuable process that helps us achieve our initiatives more successfully. A third-party consultant was commissioned to aid Lee Kee with the process of assessing our stakeholder's stance on different ESG issues through online surveys. Our stakeholders had the opportunity to rank the level of materiality of ESG issues and provide suggestions regarding sustainability for the Group. We welcome your feedback. Please feel free to contact us with any suggestions at: ir@leekeegroup.com

Materiality Assessment

Materiality is one of the Reporting Principles listed in the HKEx ESG Guide. A thorough Materiality Assessment was conducted to identify material sustainability issues for Lee Kee. This process is outlined below:

Step 1: Identification

- Peer benchmarking: In order to identify relevant HKEx Aspects to disclose, Lee Kee's disclosure was benchmarked against the disclosures of peer companies that also conduct business in metals, mining, and mineral trading.
- Stakeholder engagement: Actively involving our stakeholders through online surveys and other channels of communication enabled us to better identify and rank relevant and important ESG issues.

Step 2: Prioritisation

- The material aspects that were identified through peer benchmarking and stakeholder engagement were consolidated, creating a list of relevant material ESG issues to be brought forward for Step 3.

Step 3: Validation

- Our independent consultant helped to prioritise the findings from the first two steps and our Senior Management then confirmed a list of material ESG issues and the relevant HKEx Aspects and KPIs for disclosure in this report.

3. Awards, Certificates, and Membership

The contribution of Lee Kee Group has been recognised with the following awards and certificates.

Award and Certificate	Issuing Organization	Issue Year
BOCHK Corporate Environmental Leadership Awards 2016 - EcoChallenger	Federation of Hong Kong Industries	2016
BOCHK Outward Bound Corporate Challenge 2016 - Cup Category 3rd Runner-Up	Outward Bound	2016
Caring Company 10+	The Hong Kong Council of Social Service	2016
FHKI HK Q-Mark Product Scheme Product: Tin Copper Solder Wire (SDW001 & SDW002)	Federation of Hong Kong Industries	2016
Happiness at Work (Happy Company) 2016	Promoting Happiness Index Foundation	2016
HK Awards for Industries Productivity and Quality Certificate of Merit 2016	Hong Kong Productivity Council	2016
Industry Cares Caring Certificate 2016	Federation of Hong Kong Industries	2016
ISO/IEC 17025:2005 HOKLAS Accredited Laboratory (HOKLAS 192) Category: Construction Materials	Hong Kong Accreditation Service	2016
The London Metal Exchange Samplers and Assayers Listing Certificate	The London Metal Exchange	2017
The Q-Mark Elite Brand Award 2016 (Q-Mark New Elite Brand)	Federation of Hong Kong Industries	2016

Professional Membership	Organization
General Member	Business Environment Council
Member	Hong Kong Association for Testing, Inspection and Certification
Member	Hong Kong Auto Parts Industry Association
Member	Hong Kong Aviation Industry Association
Member	Hong Kong Electrical Appliance Industries Association (formerly the Hong Kong Electrical Appliances Manufacturers Association)
Member	Hong Kong Electro-Plating Merchants Association
Member	Hong Kong Foundry Association (formerly the Hong Kong Diecasting and Foundry Association)
Member	Hong Kong General Building Contractors Association

Member	Hong Kong Medical and Healthcare Device Industries Association
Member	Hong Kong Metal Merchants Association
Member	Hong Kong O2O Ecommerce Federation
Member	Hong Kong Plumbing & Sanitary Ware Trade Association
Member	Hong Kong Surface Finishing Society (formerly the Hong Kong Metal Finishing Society)
Member	Hong Kong Watch Manufacturers Association
Member	The Chamber of Hong Kong Listed Companies
Member	The Chinese General Chamber of Commerce
Member	The Chinese Manufacturers' Association of Hong Kong
Member	The Federation of Hong Kong Industries (Group 2, 7, 18, 20, 26, 27)
Member	The Hong Kong Exporters' Association
Member	The Hong Kong General Chamber of Commerce
Member	The Hong Kong Metals Manufacturers Association
Member	The N.T. North District Manufacturers Association of Hong Kong Limited
Member	The Toys Manufacturers' Association of Hong Kong



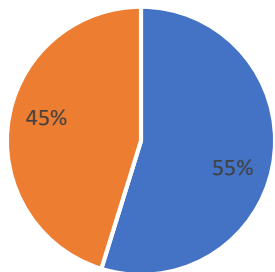
4. Our People

Employees are the foundation of our prosperous enterprise. Without them, our operations, products, and services would not be nearly as successful. Lee Kee is committed to maintaining a high-quality and caring work environment through consistent training and development opportunities, competitive benefits package, and maintaining a healthy and safe workplace for all employees.

Working Conditions

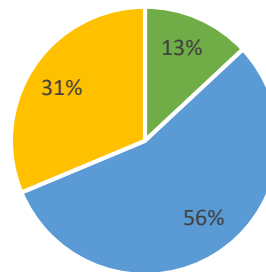
The Group supports diversity and provides all our employees with equal opportunities. We invite new talent to join our team based on merit and qualifications, regardless of race, religion, gender, or age. Our “Non-discrimination and Equal Employment Opportunity” Code of Conduct helps to maintain the integrity and effectiveness of our company. Lee Kee aims to provide employment which offers equitable remuneration in relation to responsibility and performance, and our benefits and compensation follow three guiding principles: Fairness and Consistency, Pay for Performance, and Market Competitiveness.

Total Workforce by Gender



■ Male ■ Female

Total Workforce by Age Group



■ Below 30 ■ 30-50 ■ Above 50

Training and Development

Lee Kee encourages and makes available employee training and development opportunities in order to improve current job performance and enhance career advancement within the Group. These training opportunities are both internal and external, while encouraging learning and sharing among Lee Kee employees. With 28 training courses in this reporting year, we aimed to develop staff skills and abilities to enable them to be as successful as possible within the Group, as well as ensure that those selected for promotion are appropriately prepared for their new responsibilities. An example of this is our Forklift Safety Training.

Case Study: Forklift Safety Training

Every year in Hong Kong, there are a number of forklift related accidents which lead to serious bodily injuries. To prevent accidents, we held a Forklift Safety Training session to ensure all Lee Kee forklift operators and supervisors were well versed in the proper usage of the machine and how to effectively avoid injury. The objectives of this training course were to reduce the risks of forklift accidents, provide practical guidance on how forklifts can be used safely, and assist the duty holders of workplace in preventing accidents. This training was a huge success as all forklift operators and their supervisors were present and engaged in becoming more aware of the safety procedures surrounding forklift operation. At Lee Kee, we hold our employees to the highest standards and are proud that they take training and development very seriously to prevent injury and be as successful in the workplace as possible.

The table below shows some of the common accidents involving forklifts and the preventive measures we adopted. With these robust safety measures, we had no reported cases of injuries related to forklift operation during the reporting period.

Common Forklift Accidents	Our Preventive Measures
Tipping over of forklifts due to excessive speed and imbalanced load	<ul style="list-style-type: none">- Do not perform high-speed maneuvers- Do not travel or turn with raised load- Do not overload your forklift
Unsecure loads falling and crushing pedestrians and drivers	<ul style="list-style-type: none">- Do not stand or walk under a raised load- Keep your body parts inside the cab
Hitting pedestrians while traveling	<ul style="list-style-type: none">- Drive at a maximum speed of 5km/h- Always look at the direction you are travelling- Travel in reverse if the load blocks your view- Slow down and use the horn at intersections, entrances and exits

Occupational Health and Safety

To ensure that Lee Kee is a safe and healthy work environment for all employees, we strictly abide by several safety policies and procedures. An Occupational Health and Safety Policy was developed in accordance with the requirements set out by the Labour Department, as well as an individual safety plan created by our own Safety Committee and Safety Management Team. These groups have regular meetings, reviews, and inspections to ensure that OHS measures are being followed closely and that all employees are protected from injury. During this reporting year, our Safety Committee met once a month and discussed different topics such as heat stroke, mosquitoes, grinding wheel safety, ladder safety, and forklift safety. We require all appropriate workers to wear proper protective gear such as helmets, safety shoes, gloves, reflective vests, and ear plugs, in addition to providing training regarding operating machinery

and fire safety. Because of these policies, Lee Kee had no work-related fatalities in this reporting period.

Case study: Extreme Hot Weather and Heat Stroke Precautions

As the world faces the extreme weather brought about by climate change, Hong Kong is no exception. In fact, the Hong Kong Observatory reported 38 very hot days (i.e. days with daily temperature exceeding 33°C) in 2016. Our staff working in the warehouse are now more prone to heat stroke and our operations have to adapt to the rising frequency of extreme weather with the following heat stroke preventive measures:

- Provide adequate amounts of drinking water in the workplace
- Provide cover for outdoor work to minimise direct exposure to the sun
- Use ventilation equipment to keep the workplace cool
- Provide a resting area for staff
- Adjust the duration and time of work according to the temperature
- Have at least 1 qualified first aid officer per operation

Caring Workplace

Lee Kee aims to provide a caring workplace for all employees and staff to ensure they feel valued and comfortable. We believe that a healthy work-life balance is crucial in order for employees to reach their full potential. We hold a variety of staff activities to encourage staff bonding such as yoga classes, company outings, and staff barbeques. These programmes enhance the overall wellbeing of employees and give them the opportunity to engage with one another outside traditional office setting. In addition to these activities, we aim to have open channels of communication between employees and management so that we can listen to our employees and respond to their needs accordingly. For instance, we welcome our employees to communicate directly with our CEO through the CEO mailbox on our intranet.



Yoga Lessons

Programme/Initiative
Yoga Lessons for Employees
Badminton Lessons for Employees
Taekwondo Lessons for Employees
Company Barbeque

Case Study: Outward Bound Corporate Challenge 2016

During this reporting year, employees from Lee Kee had the opportunity to participate in an annual outdoor team event filled with games, activities, and fun. This was a perfect time for employees to build teamwork and team spirit, as well as enhance communication and problem solving skills through entertaining and engaging activities. Through friendly competition against other teams, our employees worked together towards a common goal and did their very best. At the end, Lee Kee took home fourth place! This was a great event to boost employees' morale and demonstrate the importance of teamwork.



Future Plans

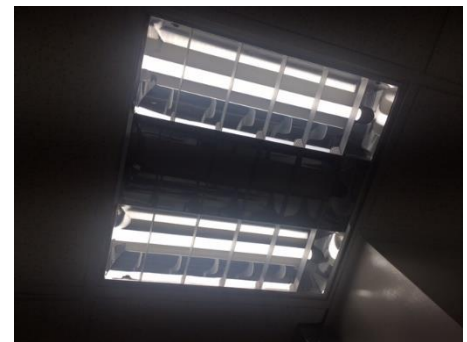
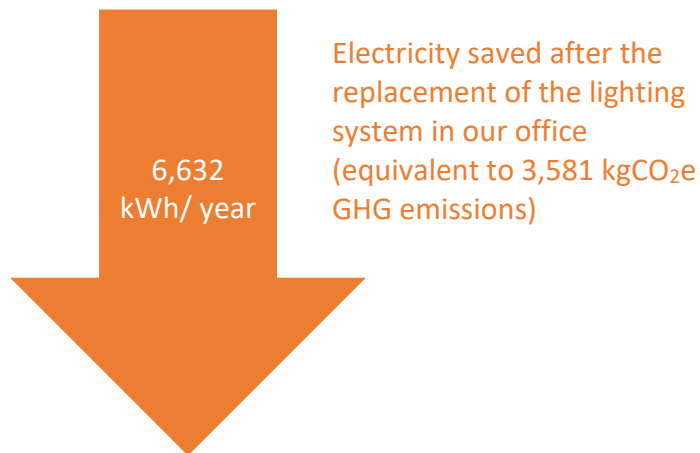
Lee Kee will continue to improve our work environment, expand on training and development opportunities, and watch our employees grow professionally and personally. We hope to create more channels of communication between staff and management to ensure all voices are heard, expand on our health and safety measures, and introduce new caring activities and staff development programmes. Through this, we will continue to raise job satisfaction and improve employees' performance.

5. Our Environment

It is our responsibility to be environmentally friendly, operate in a sustainable way, and contribute to a greener future. Lee Kee is committed to environmental protection, minimising the negative environmental impacts arising from our daily operations. We aim to conserve energy and natural resources, reduce pollution, and inspire consciousness and participation in order to achieve the benefits of environmental protection. In our business operations, we incorporate principles, requirements, and objectives of environmental protection to optimise resource consumption. We have made progress on this front with the implementation of the ISO 14001 Environmental Management System², and plan on continuing to increase awareness and action throughout the Group.

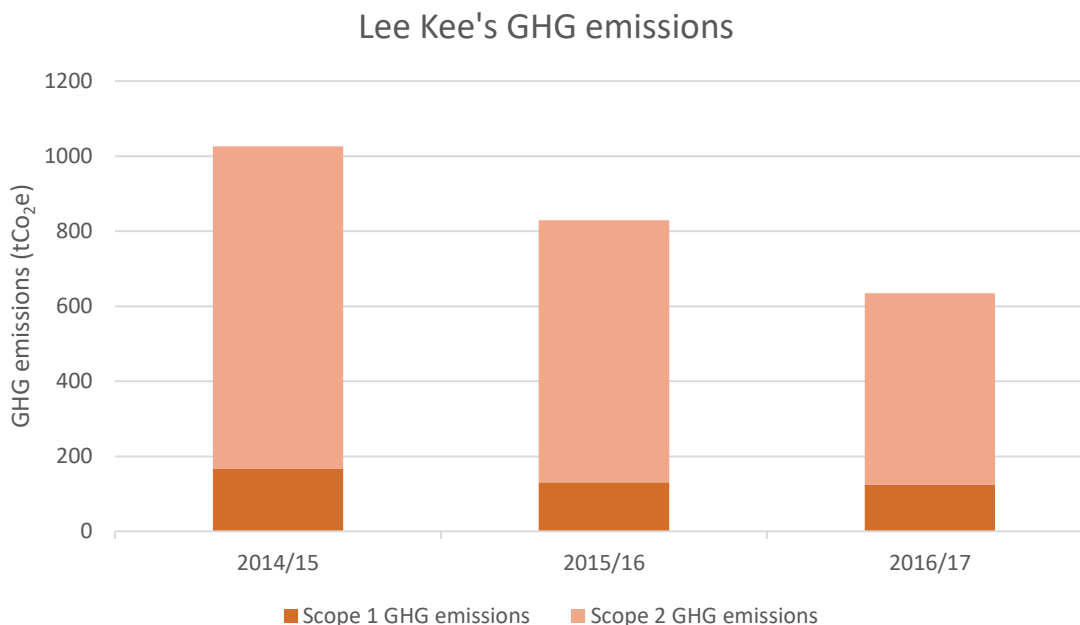
Energy Consumption and Emissions

At Lee Kee, one of our major environmental impacts comes from energy consumption in our operations and day to day activities. Therefore, we have taken several steps to reduce our energy consumption and carbon footprint. For instance, we have replaced incandescent lighting in office areas with T5 light tubes and reduced the overall number of light tubes in meeting rooms. We also replaced all obsolete plastic protection cushions of water cooling pipes. The outcome was a significant reduction of energy consumption.



² The scope and number of companies certified with ISO14001 standard are in accordance with the SGS certificates, which can be found on Lee Kee's website.

Apart from energy consumption, Lee Kee made efforts to reduce the amount of greenhouse gas emissions (GHG) resulting from fuel consumption throughout our operations. Lee Kee Group participates in the Environment Protection Department’s Carbon Footprint Repository and Carbon Audit Green Partner programme which help drive our efforts to reduce emissions and our environmental impact.



Waste Management

Lee Kee has implemented a variety of measures regarding waste management and reduction in order to create more sustainable operations. In our offices, we recycle our waste by type, with separate bins for metal, paper, and plastic. We encourage our employees to conduct day to day business electronically to reduce the amount of paper printed in our office. In addition, we sell our metal scraps and zinc dross to recyclers to avoid disposal without reuse and all chemical waste is disposed of by certified waste disposal companies. Through these mitigation efforts, Lee Kee hopes to inspire consciousness and participation in green efforts to promote a more sustainable business and operating practice.

Mitigating Environmental Impacts

It is of the utmost importance to Lee Kee that our employees receive appropriate training on environmental protection and are aware of the Group’s environmental statement, policy, and objectives. We hope to raise awareness and promote an environmentally friendly business. We are committed to consuming natural resources responsibly and recycling such resources whenever possible. We conduct Environmental Aspects Identification and Assessment regularly and establish the respective control and measurement activities in order to improve the Group’s performance in environmental protection. Lee Kee also seeks to inspire our suppliers

and subcontractors to observe and comply with our environmental policies and to raise awareness of all stakeholders both internally and externally about environmental protection. At Lee Kee, we are committed to continual promotion of the best practices in environmental protection and hope to inspire other companies in Hong Kong to adopt such practices.

Future Plans

We will continue to support environmental protection and commit to sustainability efforts. We will organise more “green” activities for our employees and stakeholders to increase environmental awareness, in addition to continuing to improve and expand our environmental policies. We also plan on introducing more environmentally friendly technologies to our business and daily operations as well as finding more sustainable means of transportation and distribution.

6. Our Community

The Group is proud of our extensive community involvement as we see true value in improving the quality of life of our community. We strongly encourage our staff to participate in voluntary work and charity activities to serve the underprivileged in the community. With a special focus on education and sports, Lee Kee has contributed funds, manpower, and time to support the community in the hopes of making a positive difference.

Programme/Initiative
Outstanding Industrial Attachment Scholarships (2016/17) - Jade
Wofoo - Rogaine24 (2016)
Wofoo Social Enterprise Soccer (2016)
Homeless World Cup Glasgow 2016 – Team Sponsor
Outward Bound HK — Gold Sponsor
VTC Design Education Fund 2015/16
BGCA i100 iNurturing Programme
Seagull Scholarship
Wofoo—Sponsor Enterprises Soccer Project (2017)
Sponsorship to AYP 2017 - Rogaine24
Centum Caritas beHERO Run
2016 Job Shadowing Programme
HK.WeCare Volunteer Day
Salvation Army Summer Mentorship
Outward Bound Corporate Challenge 2016
Yan Oi Tong Tin Ka Ping Secondary School – School Visit and Mock Interview



HK.WeCare Volunteer Day

Case Study: Nurturing the Younger Generation

One of the ways Lee Kee gave back to the community during this reporting year was through fostering young people's interests in the business sector of Hong Kong and preparing the younger generation for the lives ahead of them. Collaborated with other local Hong Kong businesses, schools, and NGOs, Lee Kee was able to give secondary school students the opportunity to attend different training sessions geared towards career readiness, such as interviewing skills, public speaking, and more. Through this programme, the students had opportunities to familiarise themselves with the Group's operations and our mission. This programme was particularly meaningful to the community as today's teenagers are the future pillars of our society. The Group was able to aid students in career exploration, providing a variety of summer internship opportunities which gave participants insight into their interests and capabilities when they enter the workforce.



7. Our Value Chain

Supply Chain Management

Sustainability is one of the factors that Lee Kee considers when choosing our suppliers. Suppliers must demonstrate an environmental awareness and commitment to sustainability. In addition, the Group requests that suppliers provide an ISO14001 certification as a proof or sign an environmental statement to ensure that their values are aligned with ours. It is important to the Group that we are sourcing from sustainable, environmentally conscious suppliers.

Product Responsibility

In addition to complying with both national and international standards, we have a certified quality management team to ensure our products and services remain top of the line. The Group has an extensive quality assurance process which includes the monitoring of supplier performance, quality control, employee training and development, customer feedback analysis, and corrective and preventative actions.

When we receive complaints, our Quality Team acts immediately to quickly resolve the issue with effective corrective actions. In addition, the Quality Team also ensures that preventative actions are implemented to avoid similar issues arising in the future. We comply with international standards and are certified with ISO9001 and ISO/TS16949 quality management system³.

Anti-Corruption

Lee Kee abides by strict anti-corruption policies as set out in the Employee Handbook. Upon joining the Group, each employee is required to attend an orientation training where Lee Kee's Code of Conduct is introduced and anti-corruption and bribery policies are described. We have a firm policy regarding gifts and the solicitation of money. Every employee is expected to closely follow the Code of Conduct to maintain an honest and functional workplace.

Lee Kee has whistle-blowing procedures in place to ensure that management is made aware of the situation where employees have concerns in regard to corruption or bribery, and can work to resolve any issues and prevent further misconduct.

During the reporting year, we were not aware of any non-compliance with laws and regulations regarding bribery, extortion, fraud, and money laundering.

³ The scope and number of companies certified with ISO9001 and ISO/TS16949 standards are in accordance with the SGS certificates, which can be found on Lee Kee's website.

We Create Value Solutions for Metals
引領金屬發展 共創增值方案

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