

沪港联合

Hong Kong Shanghai Alliance Holdings Limited

滬 港 聯 合 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股票代號：1001





CONTENTS

2	ABOUT THIS REPORT
3	MESSAGE FROM THE CHAIRMAN
4	COMMUNICATIONS WITH STAKEHOLDERS
5	ENVIRONMENTAL PROTECTION
8	EMPLOYEE CARE
12	OPERATIONS MANAGEMENT
14	COMMUNITY INVESTMENT
15	ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX



ABOUT THIS REPORT

This is an annual standalone environmental, social and governance (“ESG”) report published by Hong Kong Shanghai Alliance Holdings Limited (the “Company”, together with its subsidiaries, the “Group” or “we”), which discloses the Group’s activities and performance on issues of sustainable development in a transparent and open manner, with a view to enhancing the confidence and understanding of the stakeholders toward the Group.

REPORTING PERIOD

All information herein reflects the performance of the Group in environmental management and social responsibility from 1st April 2018 to 31st March 2019 (the “Reporting Period”). The Group will publish the ESG report on annual basis and make this openly available to public to enhance transparency and accountability.

REPORTING STANDARDS

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It mainly outlines the ESG performance of the Group in a concise manner. The information contained herein is sourced from the documents and data of the Group, and is aggregated from the measures taken, policies adopted and the relevant information provided by the management and key personnel of the Group. The Group complied with the “comply or explain” provisions set out in the ESG Guide during the Reporting Period. This report is prepared in both English and Chinese versions and is available on the Company’s website at www.hkshalliance.com. Should there be any discrepancy between the English and the Chinese versions, the English version shall prevail.

YOUR FEEDBACK

Your valuable comments on our performance and reporting format are essential for our continuous progress. You are welcome to email any question or suggestion on this report to enquiry@hkshalliance.com, which will enable us to continuously improve our ESG practices.



MESSAGE FROM THE CHAIRMAN

It is my pleasure to present the Group's annual environmental, social and governance report.

We, being a property-related service-based solutions provider, are committed to operating in a **responsible and environmentally conscious manner**. We believe by providing high-quality steel with value-added services via automation, we can promote efficient processing and a safety-first philosophy within the industry, gradually shifting the industry towards a greener and safer construction supply chain. By taking the lead in automation conversion, we aim to convert the Hong Kong construction materials supply chain into a safer, more efficient, and more transparent environment. Our downstream processing and scrap controlling strategy help to reduce waste, product handling and transportation costs and therefore contributes to Hong Kong's green initiative. We are dedicated to render bathroom and kitchen products that are designed to improve the cleanliness, comfort and convenience of residential and non-residential spaces. We are a distribution agent of the well-known Japanese sanitary ware brand TOTO which offers high-quality and water-efficient products that facilitate environmental sustainability. Our property team strictly follows the Leadership in Energy and Environmental Design ("LEED") standards in all phase of the project including design, renovating, operations and maintenance, with the aim to transform the properties into greener buildings of resource-efficient, high-performing, healthy and cost-effectiveness.

Our vision is to hire for attitude and invest in development of our **employees** to create loyalty and love of company. We continue to lead in promoting the benefits of automated off-site cut-and-bend services over on-site processing. We advocate for improving working conditions as well as enhancing safety and environmental standards in our plant. We follow occupational health and safety management systems for our staff working in the plant. We always place great importance to employee workplace quality by providing clear guidelines with constant learning and growth opportunities. We encourage our business partners to emphasize the importance of staff's health and safety.

We strive for **operational excellence** and are determined to establish the most efficient supply chain in terms of movement and cost as well as product traceability. Suppliers' performances are evaluated periodically. We employ standardized inspection and testing procedures to ensure customers' requirements are fulfilled. We follow the standard of the International Organization for Standardization ("ISO") on environmental management system and quality management system in operations.

We care about the **communities** where we are active and continuously support social initiatives. The Group has sponsored and participated in a wide range of charitable activities. Our employees have also participated in various CSR initiatives. We have been awarded as the "Caring Company" from The Hong Kong Council of Social Service in 2007-12 and 2014-19, as "Heart to Heart Company" by the Hong Kong Federation of Youth Group in 2010-2013. We realize that youth is the future of the society. We care about the social, educational and cultural development of the young people in Hong Kong. We participate in the Shanghai—Hong Kong Future Leaders Internship Program by providing summer internship for the youth. They work in our Shanghai office to experience the Mainland workplace live and participate in multiple visits and cultural exchange activities.

We aim to promote social responsibility through caring for the environment, employees and communities. We shall take sustainable actions and contribute our effort towards building a greener and better society.

Going forward, the Group will continue to advocate measures and implementation on environmental protection and participation in socially caring initiatives. We are committed to doing our part to make the world a better place by being a responsible stakeholder and actively contributing through progressive improvements in our sustainability journey.

Yao Cho Fai Andrew

Chairman

26th August 2019

COMMUNICATION WITH STAKEHOLDERS

The Stock Exchange has set forth four principles for reporting in the ESG Guide, namely materiality, quantitative, balance and consistency, which form the basis for preparing this report. As mentioned by the Stock Exchange, the participation of stakeholders is an evaluation method of materiality. By means of communicating with stakeholders, companies could understand wide-ranging views and identify material environmental and social issues.

For the Group, stakeholders refer to groups and individuals materially influencing or affected by the Group's business. The Group's stakeholders include not only employees, but also, shareholders, investors, customers, suppliers, business partners, regulators and various community groups. Over the years, the Group has been communicating with the key stakeholders through different channels. In preparing this report, the Group has engaged a professional consultancy firm to conduct a materiality analysis through workshop, discussions and interviews with the management and key personnel. With expertise advice, the Group has identified the material aspects for this report and these in turn have guided the formulation of the Group's sustainable development roadmap.

WAYS OF COMMUNICATIONS WITH STAKEHOLDERS DURING REPORTING PERIOD

Internal Stakeholders:

- Board of Directors
- Management and Executives
- Employees

External Stakeholders:

- Shareholders and Investors
- Customers
- Suppliers
- Business Partners
- Regulators
- Community Groups

Ways of Communications:

Board Meetings, Annual/Extraordinary General Meetings, Management Meetings,
Interviews, Post, Email, Phone, Fax, Personal Visit,
Announcements, Circular, Annual/Interim Reports, Press Release

The business of the Group is influencing different stakeholders, while the stakeholders also have different expectations towards the Group. In the future, the Group will continue and enhance communication with its stakeholders and collect opinions of a wider range of stakeholders through various means to improve the materiality analysis. The Group will also upgrade the principles of quantitative, balance and consistency in an effort to define content of this report and presentation of information in a way better meeting expectation of stakeholders.

ENVIRONMENTAL PROTECTION

The Group acknowledges its responsibility to the environment. Besides keeping close pace with latest updated relevant environmental protection laws and regulations, we have established relevant waste management policy to encourage and promote the use of environmental friendly products. Further, we implemented waste handling management such as selling and/or recycling the solid waste, in order to meet both the short-term compliance requirement and long-term expectation from the society.

EMISSIONS

To foster and promote the environmental protection and the energy reservation awareness, we emphasise on reduction of air emissions, greenhouse gas emissions and any hazardous waste discharges generated from our daily operations, with an aim to minimize the environmental impact to our society. We encourage all levels of employees to reduce the extent and frequency of vehicles utilization and switch off the engine when the vehicle remained idle in order to reduce fuel consumption and emissions.

Air Emissions

The Group concerns about the use of fuel could have an adverse effect on the environment. Motor vehicles that mainly provide transportation for our employees owned all driven by diesel. The Group gives priority to the most fuel-efficient vehicles available in the market when making purchase decision. During the Reporting Period, the Nitrogen Oxides, particular matter and Sulphur Oxides emitted by company cars accounted for 7,057 g, 5,206 g and 273 g respectively.

Air Emissions		
Types	Emissions (in g)	Emissions intensity (g per staff)
Nitrogen Oxides	7,057	25.9
Particular matter	5,206	19.1
Sulphur Oxides	273	1.0

Carbon Dioxide Emissions

The major source of carbon dioxide emissions comes from the use of energy in the office areas and the plant. In the office areas, the Group adopts paper saving practices to minimize the carbon dioxide footprint for using papers, such as encouraging employees to use duplex printing to minimize paper consumption. Trays are placed near to the photocopiers for collecting single-sided papers for reusing and recycling purposes. Envelopes are also reused for internal mails.

The main source of the Group's greenhouse gas emissions is derived from direct emission from the mobile combustion sources ("Scope 1"), indirect emission from acquired electricity emissions ("Scope 2") and other indirect emissions ("Scope 3"). During the Reporting Period, the emissions of the carbon dioxide decrease from 779,326 kg to 778,589 kg. The Group would implement various environmental protection measures to lower the emissions of carbon dioxide.

ENVIRONMENTAL PROTECTION

Greenhouse Gas Emissions		
Types	Carbon Dioxide Equivalent (in kg)	Emissions intensity (kg per staff)
Scope 1	49,959	183.7
Scope 2	667,343	2,453.5
Scope 3	61,287	225.3
Total	778,589	2,862.5

Waste Management

During the Reporting Period, no hazardous waste was generated from the daily operations of the Group and the majority of used papers are collected to the recycler. The majority of non-hazardous wastes produced are general wastes and recyclable wastes, such as papers, cans and plastics bottle.

During the Reporting Period, the Group did not experience any emission-related non-compliance issue that could have had a significant impact on the environment.

USE OF RESOURCES

Energy Consumption

We align closely to our environmental friendly value in our offices. We maintain the policy of keeping a 25-degree Celsius air-conditioned office; and adopt hardware with energy efficiency labels. In addition, we advise our employees to reduce the standby time of office equipment by turning them off when not in use and turn off the air-conditioners and lights when the vicinity is vacant. During the Reporting Period, the Group consumed 982,298 kWh of electricity in our Tsing Yi plant and offices in Hong Kong and Shanghai.

Water Conservation

Water was supplied by the municipal water supply company and there were no issues in sourcing water that is fit for purpose. During the Reporting Period, the Group directly consumed 860 m³ of water in our Tsing Yi plant with the consumption intensity of 0.29 m³ of water per square meter of the plant. The water consumptions for our offices in Shanghai and Hong Kong are solely for domestic use and do not involve in any production process of the Group.

Paper usage

The Group encourages staff to have double sided printings and reuse single-sided printed papers, and to communicate with internal and external through electronic media. During the Reporting Period, 4,372 kg of papers have been consumed.

Packing materials

The operational process of the Group, which are mainly engaged in property investment and project management, building and design solutions, and coil processing and distribution, do not involve consumption of packaging materials or packaging material-related businesses. Therefore, no packing materials have been consumed during the Reporting Period.

ENVIRONMENTAL PROTECTION

We advocate the “reduce or avoid wastage” principle. We provide guidance on preserving good environmental practices in plant and offices, including, but not limited to, proper usage of machines, efficient consumption of water and electricity, proper waste management and prevention of fire. We discourage any usage of machines and equipment that discharge the harmful chemicals which may cause damage to ozone layer. We also actively conduct the inspection on the fire extinguishers and air-conditioner to prevent leakage of hazardous chemicals.

The water resource is one of the most precious resources in the environment. To reduce unnecessary water consumptions, our employees are encouraged and reminded to cherish water usage by turning off the water tap when not in use in both washroom and pantry. We also launched the recycling plan to assist our employees in recycling the used paper, I.T. hardware and decommissioned electronic appliances to professional recycling companies to lessen the carbon footprint of the Group and waste discharges.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group understands the environmental challenge which we are facing nowadays. We try our best to minimize the impact on the environment and develop our business into a more sustainable manner now and in future. In addition, to comply with all the relevant environmental regulations, we are taking a proactive approach to continuously improve our operational effectiveness and prudently utilize the natural resources, and use the energy efficiently. With regard to our core value, we apply the standard of ISO 14001 environmental management system to our supply of reinforcement steel bars to ensure the satisfaction of environmental requirements at an advanced international level. We also encourage our employees to possibly reduce the use of all different kind of resources in the way of electricity, water and papers in their daily work and life. Besides, we have started to improve our working environment to become more environmental friendly.

For property investment projects, we strictly follow the LEED standards in all phases of the projects including design, renovation, operations and maintenance. The current property investment project, Central Park Pudong, Shanghai, has obtained the Gold level in the LEED Green Building Rating System.



EMPLOYEE CARE

In order to maintain the competitiveness in the industry in the long run, it is essential for us to build a loyal and competent work environment and commit to a giving-back concept to support our employees and show compassion to the society.



Company Event: Cooking class



Company Event: Body check and physical activity workshop

EMPLOYEE CARE

EMPLOYMENT

Recruitment, promotion and compensation

Employees are the most valuable assets of the Group. We aim to provide a pleasant and relaxing working environment to our employees. By the same token, we continuously review the remuneration packages for our employees in order to stay competitive among other employers. The Group promotes equal opportunity for employment to all individuals, regardless of their ethnic group, gender, religious affiliation, or other protected status or classification; while promotions for our talents are based on a fair semi-annual performance appraisal with appropriate salary adjustment followed to motivate and raise the morale of employees. Furthermore, "SMART Goal" scheme is in place to provide support for their career development.

Equal Opportunities, diversity and anti-discrimination

We are committed to providing an equal and harmonious working relationship at our working place. Any forms of discrimination, harassment and unethical conducts are not acceptable, and therefore, will not be tolerated at any place, at any time or in any form. Human Resources Department is responsible for on-going monitoring the changes of government regulations, and to ensure Group's policies compliance with applicable labour laws and regulations. During the Reporting Period, we were not aware of any violations of the Hong Kong Bill of Rights Ordinance, Sex Discrimination Ordinances, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance.

Workforce

As at 31st March 2019, the Group had 272 (2018: 235) employees, in which 177 of them are located in Hong Kong and 95 of them are located in the PRC. During the Reporting Period, the staff turnover rate of the Group is approximately at 3%.

Gender		Age group				Position		Type	
Male	Female	18-30	31-40	41-50	Above 51	Managerial	General	Permanent	Contract
166	106	45	105	65	57	21	251	206	66

Working hours, rest periods, other benefits and welfare

We believe that maintaining proper work-life balance is vital to both physical and psychological aspect of our employees and therefore, they are entitled to statutory and discretionary holiday, such as annual leave, birthday leave, sick leave and paternity leave. In addition, Group's healthcare insurance plans, including a self-insured preferred provider organization plan and other health plans, retirement programs, medical benefits, group insurance, provident fund scheme are available to all full-time employees. We adopt an open door policy and welcome any suggestions or feedback from employees so as to continuously optimize our welfares and remuneration system in order to retain talents. To treasure the long service relationship between the Group and its employees, service awards are presented at the Group's annual event as a tribute to employees who have contributed for 5, 10, 20 and 30 years' services.

EMPLOYEE CARE

Termination

Upon resignation, we will seek to understand the reasons behind the departure of the employee so as to make improvement in the working environment or remuneration packages through exit interviews. In case of dismissals, we formally inform the reasons for dismissal to relevant employee in question, and fulfil the severance payment along with the last payment in accordance with the Employment Ordinance. The Group also notifies Inland Revenue Department and Mandatory Provident Fund trustee about the termination of employment in accordance with the Inland Revenue Ordinance and Mandatory Provident Fund Schemes Ordinance respectively.

During the Reporting Period, we strictly complied with the applicable Labour Ordinance and local relevant government laws. Our Human Resources Department ensures compliance with local government regulations and Group's policies.

HEALTH AND SAFETY

Safety is a priority in our working environment. We provide sufficient instructions, training and supervision to our employees to raise their safety awareness and in the hope to reduce any unnecessary injuries. All new employees are required to take the safety training course before on-boarding while recurring employees are required to take the training course annually.

For employees working in plant or site, additional control measures and safe working procedures are enforced in their daily operational activities due to higher risks of exposure. Policies and procedures such as "Occupational Health and Safety Policy" and "OHSAS 18001 – Occupational Health and Safety Management Systems" have been established and adopted in order to provide a sound and effective safety management for the Group. All new employees are required to sign an acknowledgement to confirm their understanding to follow the instructions.

Any accidents or injuries must be properly recorded for investigation and future prevention. Safety Committee is set up to handle all kinds of safety issues. The Safety Committee reports to senior executives on a weekly basis.

The efforts in safety and health have been paid off and the Group aims to maintain the record of work-related injury, loss or fatalities at zero in upcoming years. We compensated the injured employees in accordance with the Employees Compensation Ordinance. We would continually monitor the working environment of our employees to reduce the work-related injury incidents and maintain no work-related fatalities incidents in upcoming years.



EMPLOYEE CARE

Occupational health and safety statistics	2019
Number of lost days due to work injury	82
Number of work-related fatalities due to work	Nil
Number of work injuries due to work	3

DEVELOPMENT AND TRAINING

The Group is committed to providing sufficient training to the employees such that they are professional and competent to provide the best services to our customers. The training is not only for providing the best services to customers, it also allows our employees to advance in their future career. During the Reporting Period, we offer different forms of internal and external training for our employees at various levels, including basic working skills, business knowledge, product training, management skills and leadership improvements, orientation, and other specific training, etc. We also provided examination leave and subsidy studying fee for encouraging the employees to study continuously.

During the Reporting Period, 115 and 64 employees in Hong Kong and Shanghai, PRC have attended training provided or sponsored by the Group respectively. The distribution in gender and level of employee training as well as the average training hours per employee are set out below.

Gender	No. of employees	No. of training hours attended
Male	84	1,298
Female	95	492

The Group will continuously review to include various kinds of business and regulation updates, improve the training courses to meet the needs of our employees and facilitate them to achieve the job-related qualification in the future.

LABOUR STANDARDS

We strictly prohibit the use of child or forced labour within the Group and we have established “Child and Force Labour Policy”, which clearly states the definition of the child and forced labour and thus eliminating the use of child and forced labour. In addition, human rights is one of the most fundamental elements to provide our employees with the fair job opportunity and a positive working environment. During our recruitment process, background checks and reference checks of potential employees are conducted to avoid child or forced labour. We also demand our contractors to free from using child and forced labour.

During the Reporting Period, we were not aware of any non-compliance with rules and regulations in respect of the child and forced labour.

OPERATIONS MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Group encourages our suppliers and business partners to follow high standards and expectations that align their values with ours in respect of environmental issues and labour practices. We will perform the suppliers' performance appraisals annually to ensure all the suppliers meet our requirements and concerns. Contractors and business partners' competence and awareness of health and safety issue are also taken into considerations during our selection screening processes.

For our building design and solution business, our main supplier is engaged in the manufacturing of building products with environmental-friendly designs. For our trading business of reinforcement steel bars, we have performed annual field observation on all suppliers' plant to assess if they meet our requirements and concerns. We have established guidelines and procedures for supplier management to guide the labour in material testing and discharging.

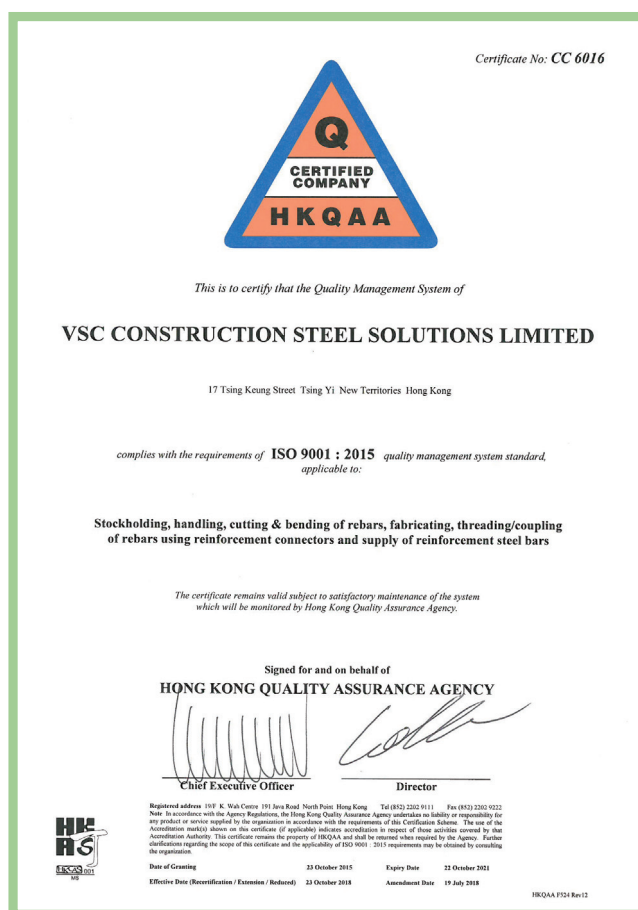
During the reporting period, the Group has 514 suppliers, which are mainly from Hong Kong and China.

PRODUCT RESPONSIBILITY

We have been supporting the construction industry for over 50 years. As a pioneer of automated processing and supply chain efficiency, complete traceability tagging and identification allows full transparency of product information. The Group has also introduced the ISO 9001 quality management system standard for the reinforcement steel bar, structural steel and accessories business unit. Our suppliers are also required to attain relevant certificates for their products.

During the Reporting Period, the customer complaints rate was 0.1% out of the total orders. As a responsible product and service provider, we take customers' satisfaction as our priority. The Group takes immediate and reasonable actions to tackle the complaints with customer's satisfaction. We strive to provide products in high quality and maintain a standardized inspection and testing process flow to ensure the products live up to customers' requirements. It is required that all products would only be released after passing the required inspection and testing procedures. We have established "Product Return Policy", which includes the return of goods and refund procedures if the products are either poor quality or the goods not fulfilling the specifications stated in the sales contract.

We endeavour to comply with local government regulations and Group's policies.





OPERATIONS MANAGEMENT

ANTI-CORRUPTION

It is important for us to maintain an ethical working environment. The Group has established “Anti-Fraud and Anti-Money Laundering Policies” as the guideline for preventing, detecting and reporting fraud, such as deception, bribery, extortion, corruption, embezzlement, misappropriation, false representation and collusion, and money laundering. All of our employees are aware of such guideline and strictly comply with relevant law and regulations.

In addition, the “Code of Business Ethics” is established which all levels of employees are required to adhere. The whistleblowing policy is also established to provide guidelines to employees for reporting improprieties, misconduct or malpractice with different channels.

A periodical and systematic fraud risk assessment have been conducted in their daily operations which aims to obtain a better evaluation for the fraud risk mechanism and maintain sufficient due diligence procedures. In addition, control measures have also been designed and adopted to mitigate fraud risks. The effectiveness of the systems of internal controls was assessed through internal audit function and by external professional parties.

During the Reporting Period, we have complied with relevant laws and regulations, including the Prevention of Bribery Ordinance. No legal case or dispute in respect of bribery, extortion, fraud or money laundering were charged against our employees and the Group.

COMMUNITY INVESTMENT

Our Group emphasizes the community involvement and philanthropic activities. We therefore actively organize various charitable activities and encourage our employees' participation.

During the Reporting Period, the Group had made contributions to the charitable events and participated the volunteer activities including but not limited to an activity held by Hong Kong Family Welfare Society and BOCHK Outward Bound® Corporate Challenge 2018.



Volunteer activity organized by Hong Kong Family Welfare Society



Corporate Challenge 2018 organized by BOCHK

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Subject Areas, Aspects and General Disclosures		Page
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	7
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	9
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	10
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	11
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	11

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Subject Areas, Aspects and General Disclosures		Page
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	12
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	12
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant on the issuer relating to bribery, extortion, fraud and money laundering.	13
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	14