



ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT  
環境、社會及管治報告

2019/20



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  | STAKEHOLDERS ENGAGEMENT                                    |
| 6  | ENVIRONMENTAL PROTECTION                                   |
| 10 | EMPLOYEE CARE  |
| 14 | OPERATIONS MANAGEMENT                                      |
| 16 | COMMUNITY INVESTMENT                                       |
| 17 | ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX |

## 2 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 2019 to 31st March 2020 (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”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on 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 Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.hkshalliance.com](http://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](mailto:enquiry@hkshalliance.com), which will enable us to continuously improve our ESG practices.

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 also 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 resource-efficient, high-performing and cost-effectiveness green building.

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 emphasise 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 standardised inspection and testing procedures to ensure customers' requirements are fulfilled. We follow the standard of the International Organisation for Standardisation ("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 corporate social responsibility initiatives. We have been awarded as the "Caring Company" from The Hong Kong Council of Social Service in 2007-12 and 2014-20. We realise that youth is the future of the society. We care about the social, educational and cultural development of the young people in Mainland China and 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*

21st August 2020

## 4 STAKEHOLDERS ENGAGEMENT

The Group believes that engagement and opinions of stakeholders are important parts of sustainability. We stress on maintaining close contact with stakeholders. By establishing different channels for communication, we understanding and respond to the expectations and requirements of stakeholders, and thus formulating the implementing strategies for improvement, in a way that the Group's business practices can meet the expectations of stakeholders. The expectations and requirements of our various stakeholders and our corresponding communication and response methods are set out below:

| Stakeholder                | Expectations and requirements  | Communications and response methods   |
|----------------------------|--|---|
| Government and regulator   | <ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Support for local economic growth</li> <li>• Contribution in local employment</li> <li>• Tax payment in full and on time</li> </ul> | <ul style="list-style-type: none"> <li>• Regular information reporting</li> <li>• Regular meetings with regulators</li> <li>• Dedicated reports</li> <li>• Pay tax on initiative</li> </ul>   |
| Board of Directors         | <ul style="list-style-type: none"> <li>• Compliant operation</li> </ul>  | <ul style="list-style-type: none"> <li>• Board meetings</li> <li>• Routine communication and reporting</li> </ul>   |
| Shareholders and investors | <ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Information disclosure and transparency</li> <li>• Protection of interests and fair treatment of shareholders</li> </ul>                            | <ul style="list-style-type: none"> <li>• Annual general meeting and other shareholder meetings</li> <li>• Public information disclosed on a timely manner such as interim report, annual report, announcements, circulars and press release</li> <li>• Meeting with investors</li> <li>• Company website</li> </ul> |
| Suppliers                  | <ul style="list-style-type: none"> <li>• Product quality</li> <li>• Fair competition</li> <li>• Performance of contracts</li> </ul>  | <ul style="list-style-type: none"> <li>• Regular assessment</li> <li>• On-site inspection</li> <li>• Exchange of views and visits</li> </ul>  |
| Customers                  | <ul style="list-style-type: none"> <li>• Quality products and services</li> <li>• Performance of contracts</li> <li>• Business ethics</li> </ul>   | <ul style="list-style-type: none"> <li>• Email and customer service hotline</li> <li>• Feedback and reports</li> <li>• Regular meeting</li> <li>• Company website and brochures</li> </ul>  |



| Stakeholder                | Expectations and requirements  | Communications and response methods   |
|----------------------------|--|---|
| Employees                  | <ul style="list-style-type: none"> <li>• Safeguard rights and interests of employees</li> <li>• Working environment</li> <li>• Career development opportunities</li> <li>• Remuneration and benefits</li> <li>• Health and safety</li> </ul> | <ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Training, seminars and briefing sessions</li> <li>• Intranet and emails</li> <li>• Annual performance appraisal</li> </ul> |
| The industry               | <ul style="list-style-type: none"> <li>• Formulating standards for the industry</li> <li>• Promoting the development of the industry</li> <li>• Experience sharing</li> <li>• Fair competition</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Participating in the forums of the industry</li> <li>• Inspection and reciprocal visits</li> </ul>   |
| Environment                | <ul style="list-style-type: none"> <li>• Emissions in line with standards</li> <li>• Energy saving and emission reduction</li> </ul>   | <ul style="list-style-type: none"> <li>• Green teaching</li> </ul>  |
| Communities and the public | <ul style="list-style-type: none"> <li>• Community involvement</li> <li>• Social responsibilities</li> <li>• Transparent information</li> </ul>  | <ul style="list-style-type: none"> <li>• Voluntary work</li> <li>• Charity and social investment</li> <li>• Company website</li> </ul>  |
| Market regulators          | <ul style="list-style-type: none"> <li>• Compliance with the law and regulations</li> <li>• Information disclosure</li> </ul>  | <ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Reports</li> <li>• Consulting</li> </ul>   |

## 6 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 value on reduction of air emissions, greenhouse gas emissions and any hazardous waste discharges generated from our daily operations, with an aim to minimise the environmental impact to our society. We encourage all levels of employees to reduce the extent and frequency of vehicles utilisation and switch off the engine when the vehicle remained idle in order to reduce fuel consumption and emissions.

During the Reporting Period, there was no incident of non-compliance with relevant environmental laws and regulations relating to air and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group. The Group also confirmed that during the Reporting Period, our business operation had not encountered any punishment by respective governmental authorities due to violation of the above laws and regulations.

### 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.




| Type               | Unit | Emissions | Emissions intensity<br>(per million<br>of revenue) |
|--------------------|------|-----------|--|
| Nitrogen Oxides    | g    | 18,573    | 8  |
| Particular matters | g    | 1,541     | 0.7  |
| Sulphur Oxides     | g    | 572       | 0.2  |

### Greenhouse Gas Emissions

The major source of Greenhouse Gas 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 minimise the Greenhouse Gas footprint for using papers, such as encouraging employees to use duplex printing to minimise 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"). The Group would implement various environmental protection measures to lower the emissions of Greenhouse Gas.



| Type    | Unit | Emissions | Emissions intensity<br>(per million<br>of revenue) |
|---------|------|-----------|--|
| Scope 1 | kg   | 105,299   | 45   |
| Scope 2 | kg   | 724,928   | 312  |
| Scope 3 | kg   | 48,820    | 21   |
| Total   | kg   | 879,047   | 378  |

## Waste Management

During the Reporting Period, our non-hazardous wastes are mainly derived from office waste and domestic waste. We conduct strict garbage classification during our daily work in order to recycle paper, metal and plastic, and encourage employees to reuse stationery and reduce the use of disposable and non-recyclable products. About 50% of used papers are collected to the recycler.

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. Hazardous wastes in our Tsing Yi plant were mainly non-halogenated solvent and lube oil which stored separately and collected by qualified collector.



| Type                 | Unit | Quantity<br>collected | Intensity<br>(Per million<br>of revenue) |
|----------------------|------|-----------------------|--|
| Non-hazardous wastes | Kg   | 692                   | 0.3                                      |
| Hazardous wastes     | L    | 401                   | 0.2                                      |

## USE OF RESOURCES

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.



## 8 ENVIRONMENTAL PROTECTION

### 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.

### Water Conservation

Water was supplied by the municipal water supply company and there were no issues in sourcing water that is fit for purpose. 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 duplex sided printings and reuse single-sided printed papers, and to communicate with internal and external through electronic media in order to reduce the use of paper.

### Packaging Materials

The operational process of the Group, which are mainly engaged in property investment and project management, building and design solutions, and steel 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.



| Resources Utilisation |       |             |                               |
|-----------------------|-------|-------------|-------------------------------|
| Type                  | Unit  | Utilisation | Intensity<br>(unit per staff) |
| Electricity           |       |             |                               |
| Hong Kong             | kWh   | 1,086,220   | 4,115                         |
| Shanghai              | kWh   | 62,118      | 235                           |
| Water                 | Tonne | 933         | 4                             |
| Paper                 | kg    | 3,253       | 12                            |
| Petrol                | L     | 38,884      | 147                           |

## THE ENVIRONMENT AND NATURAL RESOURCES

The Group understands the environmental challenge which we are facing nowadays. We try our best to minimise 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 utilise 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. Our current property investment project, Central Park • Pudong, Shanghai, has obtained the Gold level in the LEED Green Building Rating System.



## 10 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.

### 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 annual performance appraisal with appropriate salary adjustment followed to motivate and raise the morale of employees. Apart from basic remuneration, share options may be granted to eligible employees by reference to the performance of the Group and the individual 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 ongoing 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 2020, the Group had 267 (2019: 272) employees, in which 179 of them are located in Hong Kong and 88 of them are located in Mainland China.



| Employee Distribution  |            | Hong Kong  | Mainland China |
|------------------------|------------|------------|----------------|
| Gender                 | Male       | 118        | 40             |
|                        | Female     | 61         | 48             |
| Position               | Managerial | 19         | 6              |
|                        | General    | 160        | 82             |
| Age                    | 18-30      | 37         | 10             |
|                        | 31-40      | 56         | 48             |
|                        | 41-50      | 49         | 19             |
|                        | Above 51   | 37         | 11             |
| Type                   | Permanent  | 179        | 88             |
|                        | Contract   | 0          | 0              |
| <b>Total workforce</b> |            | <b>179</b> | <b>88</b>      |

Management aims to maintain the employee turnover rate at an acceptable level and help the Group to accumulate professional expertise and experience in a more effective manner. During the Reporting Period, the Group's employee turnover rate of Hong Kong and Mainland China is approximately 17% and 45% respectively. In addition, the Group closed the operation of one of its subsidiary in Mainland China during the Reporting Period, resulting in a high turnover rate of Mainland China.

## 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, examination leave, maternity leave and paternity leave. In addition, Group’s healthcare insurance plans, including a self-insured preferred provider organisation plan and other health plans, retirement programs, medical benefits, group insurance, mandatory provident fund retirement benefit scheme and 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 optimise 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.

## 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.



Distribute anti-epidemic items to employees

## 12 EMPLOYEE CARE

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.



### Occupational health and safety statistics

|  |       |
|--|-------|
| Number of lost days due to work injury     | 1,120 |
| Number of work-related fatalities incident | Nil   |
| Number of work injuries incident           | 5     |

### 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, 161 employees have attended training provided or sponsored by the Group. The distribution in gender and level of employee training are set out below.



|             |            | Percentage of employees trained | Average training hours completed per trained employee |
|-------------|------------|---------------------------------|---|
| By gender   | Male       | 60%                             | 37  |
|             | Female     | 61%                             | 38  |
| By category | Managerial | 40%                             | 2   |
|             | General    | 62%                             | 28  |

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.

# 14 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 solutions 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 138 suppliers, which are mainly from Hong Kong and Mainland China.

## PRODUCT RESPONSIBILITY

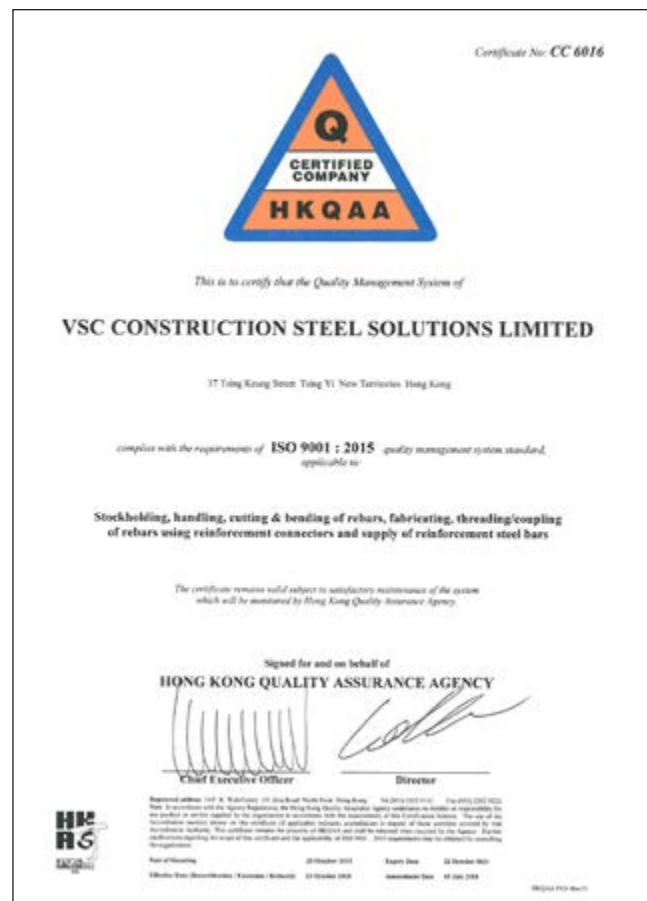
### Quality Assurance

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 and no product sold are recalled for safety and healthy reasons. 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 standardised 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 endeavor to comply with local government regulations and Group's policies.



## **Product Responsibility**

Ensuring customer satisfaction with our products and services is a priority for the Group. We place importance on the quality standard of our products and services to achieve sustainable growth of our business. We are committed to ensure compliance with the laws and regulations relating to product health and safety, labelling and privacy matters. Policies about product quality and safety as well as compliance with laws and regulations have been clearly stated to the employees and suppliers. During the Reporting Period, we had no violation record on relevant laws and regulations that have a significant impact on the Group relating to product responsibility issues.

## **Privacy Protection**

The Group takes privacy issues of our customers, employees, data, and external partners and suppliers very seriously. We have established confidentiality guidelines in order to demonstrate our firm commitment to privacy issues. The customers' information should not be revealed to anyone other than staff who are in the normal course of conducting duties and responsibilities. Disclosure of customers' confidential information to unauthorised personnel is prohibited and could result in disciplinary action.

## **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 has 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 was charged against our employees and the Group.



## 16 COMMUNITY INVESTMENT

The Group proactively fulfils its corporate social responsibilities, while promoting economic development and caring a lot about the needs of special groups and communities in the society, so as to grow hand in hand with the community. The Group encourages employees to participate in various charitable activities and contribute to social development.

During the Reporting Period, the Group had made contributions about HK\$3,220,000 to various educational organisations in both Hong Kong and Mainland China.

Our volunteer team participated in the volunteering activity organised by the Hong Kong Family Welfare Society to celebrate the Mid-Autumn Festival with elderlies and their carer.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE 17 REPORTING GUIDE INDEX



| Subject Areas, Aspects, General Disclosures and KPIs |  | Section                        | Page    |
|--|--|--------------------------------|---------|
| <b>A. Environmental</b>                              |  |                                |         |
| <b>Aspect A1: Emissions</b>                          |  |                                |         |
| General Disclosure                                   | Information on:<br>(a) the policies; and<br>(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. | Emissions                      | 6,7     |
| KPI A1.1   | The types of emissions and respective emissions data.  | Emissions                      | 6       |
| KPI A1.2   | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  | Emissions                      | 6, 7    |
| KPI A1.3   | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Emissions                      | 7       |
| KPI A1.4   | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).   | Emissions                      | 7       |
| KPI A1.5   | Description of measures to mitigate emissions and results achieved.  | Emissions and Use of Resources | 6, 7, 8 |
| KPI A1.6   | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.   | Emissions                      | 7       |
| <b>Aspect A2: Use of Resources</b>                   |  |                                |         |
| General Disclosure                                   | Policies on the efficient use of resources, including energy, water and other raw materials.   | Use of Resources               | 7, 8    |
| KPI A2.1   | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).   | Use of Resources               | 8       |
| KPI A2.2   | Water consumption in total and intensity (e.g. per unit of production volume, per facility).   | Use of Resources               | 8       |
| KPI A2.3   | Description of energy use efficiency initiatives and results achieved.   | Use of Resources               | 7,8     |
| KPI A2.4   | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.  | Use of Resources               | 8       |
| KPI A2.5   | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.   | Use of Resources               | 8       |

# 18 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX



| Subject Areas, Aspects, General Disclosures and KPIs    |  | Section                                | Page  |
|---|--|--|-------|
| <b>A. Environmental</b>                                 |  |  |       |
| <b>Aspect A3: The Environment and Natural Resources</b> |  |  |       |
| General Disclosure                                      | Policies on minimising the issuer's significant impact on the environment and natural resources.   | The Environment and Nature Resources   | 9     |
| KPI A3.1  | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.  | The Environment and Nature Resources   | 9     |
| <b>B. Social</b>  |  |  |       |
| <i>Employment and Labour Practices</i>                  |  |  |       |
| <b>Aspect B1: Employment</b>                            |  |  |       |
| General Disclosure                                      | Information on:<br>(a) the policies; and<br>(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. | Employment                             | 10,11 |
| KPI B1.1  | Total workforce by gender, employment type, age group and geographical region.   | Employment                             | 10    |
| KPI B1.2  | Employee turnover rate by gender, age group and geographical region.   | No disclosure for the Reporting Period | —     |
| <b>Aspect B2: Health and Safety</b>                     |  |  |       |
| General Disclosure                                      | Information on:<br>(a) the policies; and<br>(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.   | Health and Safety                      | 11,12 |
| KPI B2.1  | Number and rate of work-related fatalities.  | Health and Safety                      | 12    |
| KPI B2.2  | Lost days due to work injury.  | Health and Safety                      | 12    |
| KPI B2.3  | Description of occupational health and safety measures adopted, how they are implemented and monitored.  | Health and Safety                      | 12    |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE 19 REPORTING GUIDE INDEX



| Subject Areas, Aspects, General Disclosures and KPIs |   | Section                                | Page   |
|--|---|--|--------|
| <b>B. Social</b>                                     |   |  |        |
| <i>Employment and Labour Practices</i>               |   |  |        |
| <b>Aspect B3: Development and Training</b>           |   |  |        |
| General Disclosure                                   | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | Development and Training               | 12, 13 |
| KPI B3.1   | The percentage of employees trained by gender and employee category (e.g. senior management, middle management).  | Development and Training               | 13     |
| KPI B3.2   | The average training hours completed per employee by gender and employee category.  | Development and Training               | 13     |
| <b>Aspect B4: Labour Standards</b>                   |   |  |        |
| General Disclosure                                   | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labour. | Labour Standards                       | 13     |
| KPI B4.1   | Description of measures to review employment practices to avoid child and forced labour.  | Labour Standards                       | 13     |
| KPI B4.2   | Description of steps taken to eliminate such practices when discovered.   | No disclosure for the Reporting Period | —      |
| <i>Operating Practices</i>                           |   |  |        |
| <b>Aspect B5: Supply Chain Management</b>            |   |  |        |
| General Disclosure                                   | Policies on managing environmental and social risks of the supply chain.  | Supply Chain Management                | 14     |
| KPI B5.1   | Number of suppliers by geographical region.   | Supply Chain Management                | 14     |
| KPI B5.2   | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.                         | Supply Chain Management                | 14     |

## 20 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX



| Subject Areas, Aspects, General Disclosures and KPIs |   | Section                                | Page |
|--|---|--|------|
| <b>B. Social</b>                                     |   |  |      |
| <i>Operating Practices</i>                           |   |  |      |
| <b>Aspect B6: Product Responsibility</b>             |   |  |      |
| General Disclosure                                   | Information on<br>(a) the policies; and<br>(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. | Product Responsibility                 | 14   |
| KPI B6.1   | Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | Product Responsibility                 | 14   |
| KPI B6.2   | Number of products and service related complaints received and how they are dealt with.   | Product Responsibility                 | 14   |
| KPI B6.3   | Description of practices relating to observing and protecting intellectual property rights.   | No disclosure for the Reporting Period | —    |
| KPI B6.4   | Description of quality assurance process and recall procedures.   | Product Responsibility                 | 14   |
| KPI B6.5   | Description of consumer data protection and privacy policies, how they are implemented and monitored.   | Product Responsibility                 | 15   |
| <b>Aspect B7: Anti-corruption</b>                    |   |  |      |
| General Disclosure                                   | Information on:<br>(a) the policies;<br>(b) and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.   | Anti-corruption                        | 15   |
| KPI B7.1   | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.  | Anti-corruption                        | 15   |
| KPI B7.2   | Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.   | Anti-corruption                        | 15   |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE 21 REPORTING GUIDE INDEX



| Subject Areas, Aspects, General Disclosures and KPIs |  | Section              | Page |
|--|--|----------------------|------|
| <b>B. Social</b>                                     |  |                      |      |
| <i>Community</i>                                     |  |                      |      |
| <b>Aspect B8: Community Investment</b>               |  |                      |      |
| 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. | Community Investment | 16   |
| KPI B8.1   | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).  | Community Investment | 16   |
| KPI B8.2   | Resources contributed (e.g. money or time) to the focus area.  | Community Investment | 16   |