



2017

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT



First Shanghai Investments Limited
Stock Code: 227





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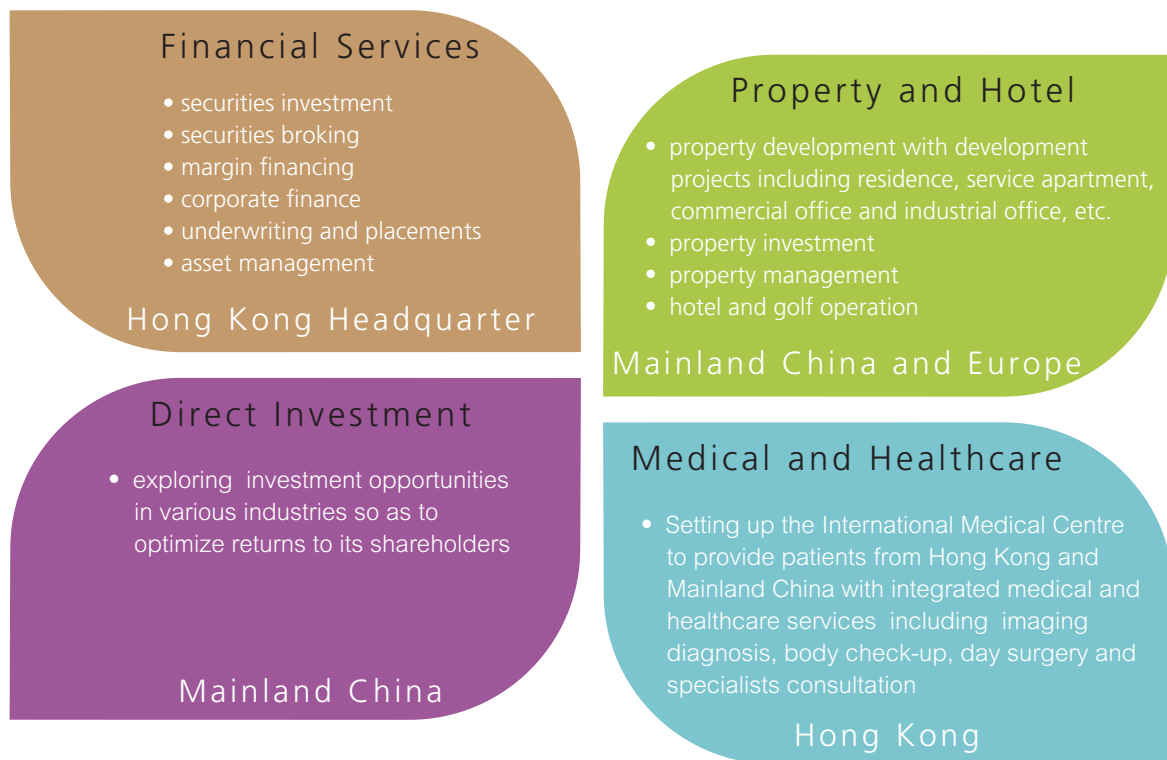


Environmental, Social and Governance Report

ABOUT THE GROUP

First Shanghai Investments Limited (the “Company”) was listed in Hong Kong in 1972 (stock code: 227). The Company together with its subsidiaries (collectively “First Shanghai” or the “Group”), are engaged in integrated businesses, which mainly include financial services, property development, property investment and hotel, and direct investment. We have also expanded into the medical and healthcare business. The Company wholly owns a number of financial services, hotel and property development companies in Hong Kong, Mainland China and overseas.

In 2017, the Group set up a medical center in Central, Hong Kong to provide integrated medical services. The medical center started its business by the end of the year, rendering certain medical services, and will commence full range of medical and healthcare business in 2018.



In 2017, the Group confronted a series of challenges and opportunities in its businesses, from the new listing regime in Hong Kong, the “supply-side structural reform” in Mainland China, to the strong recovery of global economy and real estate market in Mainland China with continuous driving force of domestic macro-economic growth. By strengthening its corporate governance and business capabilities, the Group achieved continuous growth in both scale and profit. Revenue in 2017 was over HK\$446 million, increasing by 14% as compared to 2016. Profit for the year was approximately HK\$64 million. As major operating segments, financial services and property investment and hotel recorded a total revenue of over HK\$430 million. Apart from facilitating its profit growth, First Shanghai attached great importance to corporate social responsibility and actively implemented measures for environmental protection, community engagement and caring for employees.



ABOUT THIS REPORT

This report is the third Environmental, Social and Governance Report (the “ESG Report”) published by the Company (“This Report”). By reporting on the environmental, social and governance policies, measures and performance of the Group, it allows stakeholders to better understand the progress and development direction of the Group in sustainable development issues. This Report has been prepared in both Chinese and English and is available on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company’s website (www.firstshanghai.com.hk) under “Corporate Social Responsibility — ESG Report”.

Scope of This Report

This Report focuses on the financial services¹, property investment² and hotel sectors of First Shanghai, covering a period from 1 January 2017 to 31 December 2017 (the “Year”). It incorporates operations of the Group’s headquarter office in Hong Kong, the property investment office in Wuxi, Jiangsu Province, China, and the DoubleTree by Hilton Hotel Wuxi in the First Shanghai Plaza³ in Wuxi, Jiangsu Province, China. The ESG Reports published by the Company in previous years outlined the sustainable development performance of the Group. The ESG Report for the Year focuses on core businesses of the Group. The report structure has been adjusted according to specific reporting scopes, enabling readers to understand the performance of the Group in selected areas. This Report does not cover all businesses of the Group, among which business sectors such as property development, direct investment, and medical and healthcare are not included. The Group is continuously improving its internal data collection procedures and expects to gradually expand the coverage of the report in the future.

Reporting Standards

This Report is prepared in accordance with the “comply or explain” requirements set out in the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by the Stock Exchange with its four reporting principles, i.e. materiality, quantitative, balance and consistency, as the basis of preparation. To ensure the accuracy of environment-related key performance indicators (KPIs), the Group has entrusted the consulting firm, Carbon Care Asia (CCA), to conduct a carbon assessment and calculate the Greenhouse Gas (GHG) emissions based on the data provided by each department of the Group. The Group reports KPIs specified in “recommended disclosures” of the Guide to make This Report more complete. A complete index is appended in the last chapter hereof for reading This Report in accordance with the Guide.

- ¹ The place of business for Financial Services Sector of the Group is the headquarter office in Hong Kong (“Hong Kong Headquarter”).
- ² The property investment of the Group was operated by Wuxi Sunshine Real Estate Limited (“Wuxi Sunshine”), whose place of business is the “Property Investment Office”.
- ³ The “First Shanghai Plaza” project is invested and developed by Wuxi Sunshine Real Estate Limited of the Group, which has two buildings where DoubleTree by Hilton Hotel Wuxi (“Hotel”) located, and its operation has been entrusted to the manager of the Hotel (“Manager”) by the Group.



Confirmation and Approval

All information contained herein is collected from First Shanghai's official documents, statistics, and management and operation data provided based on the Group's policy. This Report was approved by the Board on July 2018.

Opinion Feedback

First Shanghai's continuous improvement relies on your valuable opinions on our Group's performance and reporting method. If you are in doubt or have any recommendations concerning This Report, you are welcome to send us your advice via the following methods for the continuous improvement of our performance on environmental, social and governance:

Address: Room 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong

E-mail address: enquiry@firstshanghai.com.hk

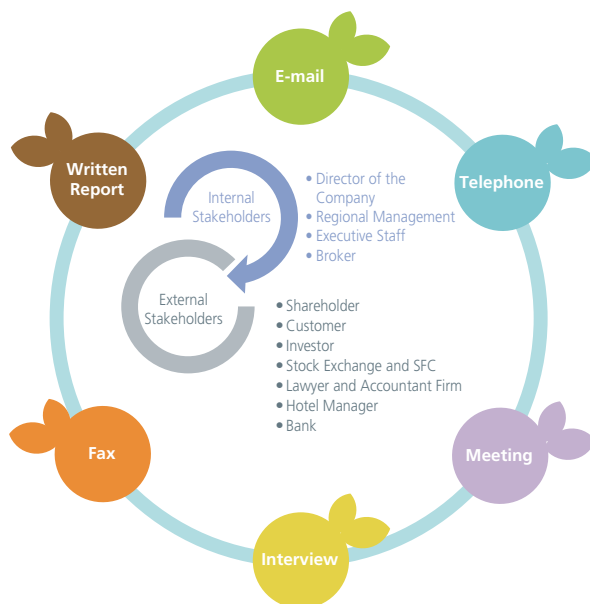
Telephone: +852 2522 2101

Fax: +852 2810 6789

COMMUNICATION WITH STAKEHOLDERS

Channels for communications with major stakeholders

Stakeholders⁴ have played an important role in the management of the operations of First Shanghai and have been helpful for assessing and identifying potential risks and business opportunities of the Group. Through communicating with stakeholders and understanding their views, the Group's operation practices can be conducted in a manner more in line with their needs and expectations, and consequently, the opinions and advices of various stakeholders could be handled properly. The Group has been constantly communicating with both internal and external key stakeholders through various channels, which ensures that they could have the opportunity to understand the development and operation strategy of the Group and enables the Group to listen to their views so as to determine the materiality of different issues and develop corresponding policies.



⁴ "Stakeholder", also named as "beneficial party" or "beneficiary", represents entity and individual who can exercise significant influence on or would be influenced by the operations of the Group, including internal ones such as Directors, regional management, executive staff and brokers of the Company; and external ones such as shareholders, customers, investors, the Stock Exchange, the SFC, lawyers, accountant firms, hotel managers and banks.



Material sustainable development issues

During the Year, the Group has engaged an independent consulting firm to conduct interviews with the management of the Group, through which issues of most significance for the Group and stakeholders have been identified and the strategy and direction for the Group’s sustainable development have been established. Environmental protection issues have always been a focus of the Group’s concerns. In addition, the management of the Group has selected three social issues from the Guide as the focus of discussion in This Report.



For the purpose of ensuring the effectiveness of the communication with stakeholders, the Group is committed to building a communication mechanism of transparency, integrity and accuracy which can provide responses and feedbacks in a timely manner. The Group will enhance its interaction with the stakeholders and develop more communication channels so as to increase the opportunity to get in touch with stakeholders and create a win-win relationship.



MESSAGE FROM THE CHAIRMAN

First Shanghai upholds the belief in creating value with responsibility and diversifies its business into different aspects, including finance, property and hotel development, medical and healthcare. Confronting the risks and opportunities brought by climate changes, the Group actively communicated with the stakeholders this year, in order to clarify the key issues and adjust the Group's environmental and social policies. Carbon assessment was conducted to understand the impact of operations on the environment and to assist the Group in formulating corresponding control measures.

The Group is committed to protecting the interests of employees and establishing a transparent and clear employment policy so that every employee can receive fair treatment and opportunity. In order to accommodate and care for employees, the Group will provide high temperature allowances in accordance with the local climate conditions. The Group's policy clarifies our position on equal opportunities and anti-discrimination issues so as to enable employees to receive due respect. The Group respects the family responsibilities of employees and provides special arrangements for breastfeeding staff so that they can take care of their families and work.

First Shanghai attaches great importance to providing continuous training for employees, and has established a comprehensive training policy in the financial and hotel business to systematically manage and improve the process of employee acquisition of skills and knowledge. Effective training will not only enhance the skills and knowledge of the staff, but also cultivate their sense of belonging, so that they can be satisfied with their work and help the Group to establish a united culture.

As a responsible company, First Shanghai devotes resources every year to promote the development of local communities where our operations located and pays special attention to educational and environmental issues. This year, the Group organized its staff to arrange volunteer activities for the grass-roots students. In terms of environmental protection, we participated in WWF's activities and donations to protect coastal ecosystems.





TAKEN ROOT IN HONG
KONG FOR 50 YEARS

SINCERITY BRINGS US
TO SUCCESS

First Shanghai will continue to adhere to the concept of “Sincerity brings us to success”, strive to enhance the performance in each social and environmental aspect, and achieve sustainable development goals with industry and community. Although First Shanghai is just starting in this area, the Group will expand the concept of sustainable development to different aspects of its business, strengthen communication with stakeholders and adjust policies accordingly to contribute to the society and environment.

LO Yuen Yat

Chairman

First Shanghai Investments Limited



ENVIRONMENTAL PROTECTION

First Shanghai attaches great importance to the impact of its own business operations on the environment. It is committed to innovation to reduce emissions in the process of operations, and to make good use of resources to achieve a win-win situation between the enterprise and the society. The Group understands that its diversified business has different impacts on the environment and therefore needs to formulate relevant environmental policies and measures in response to the nature of business. In view of the operations of Hong Kong Headquarter, Property Investment Office and Hotel, the Group has formulated and adopted a number of environmental management policies and measures.

Emissions

Greenhouse Gas Emissions

As greenhouse gas emissions are closely linked to climate change and global warming, enterprises around the world have set carbon reduction measures and targets. During the Year, the Group has implemented a number of carbon reduction policies and plans. For the office operation of Hong Kong Headquarter, First Shanghai formulated the “Greenhouse Gas Emission Policy” during the Year, advocating to reduce greenhouse gas emissions through purchasing energy-saving products. Such policy restricts Hong Kong Headquarter to choose electric appliances with high energy efficiency and give preference to local suppliers when purchasing office facilities and equipment, in order to reduce the gas emissions during the transportation process. During the Year, Hong Kong Headquarter office mainly procured LED lighting equipment with high energy efficiency.

First Shanghai engaged Carbon Care Asia, a professional consulting company, for carbon assessment to quantify its greenhouse gas emissions (or “carbon emissions”) generated from its operation. The quantification was made with reference to the guidelines prepared by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong⁵, guides issued by National Development and Reform Commission of the People’s Republic of China⁶, ISO14064–1, Greenhouse Gas Protocol and other international standards to ensure the accuracy of information on environmental key performance indicators.

Emissions by sources (tonnes of CO₂e)

Scope 1: Direct greenhouse gas emissions (subtotal)	110.92 (1.3%)
Scope 2: Energy indirect greenhouse gas emissions	8,075.37 (98.0%)
Scope 3: Other indirect greenhouse gas emissions	60.73 (0.7%)
Total greenhouse gas emissions	8,247.02
Carbon intensity (per sqm)	0.10

Through this carbon assessment, the Group has a more direct understanding of the use of internal resources and will review the effectiveness of existing emission reduction measures. According to the result of carbon assessment, the main carbon emission source for the Group’s business are outsourcing thermal energy and outsourcing electricity, representing 56.6% and 41.3% of the total emissions, respectively.

⁵ Guidelines to Account for, and Report on, Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong

⁶ Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Operators of Public Buildings (Trial Implementation)



To compensate for the carbon emissions from hotel operations, Wuxi Sunshine has entered into a partnership agreement with Australia's Climate Friendly organization to participate in the Clean Air program. Hotel will purchase the "Carbon Credits" based on its required volume to offset its negative impact on environment resulted from convening meetings and other events conducted by the customers. The Carbon Credits purchased by Hotel will be used to finance environmental projects to reduce greenhouse gas emissions within Asia-Pacific region. During the Year, Hotel has purchased Carbon Credits of HK\$3,620 to offset the carbon emissions from the Hotel's activities.

In response to the national goal of tackling climate change and achieving low-carbon transition, First Shanghai will formulate long-term carbon reduction targets and specific measures. In the coming year, the Group will implement measures to save the electricity consumption of offices and properties, or to replace heating and office equipment with high energy efficiency for outsourcing thermal energy and electricity.

Air Emissions

First Shanghai engaged Carbon Care Asia, a professional consulting company, for carbon assessment to quantify its air emissions generated from its operations.

Type of air pollutants	Emissions (kg)
Nitrogen oxides (NO _x)	1.98
Sulphur dioxide (SO ₂)	0.05
Particulate matter (PM)	1.50

For financial services, Hong Kong Headquarter has adopted the "Corporate Policy on Air Emission" during the Year to manage the business travel of staff and the petrol use of the Company's vehicles. In order to reduce the air emissions generated from business travel by employees, the Group has set up video conference equipment to allow employees to interview in long distance with customers at any time. In order to reduce the emissions of polluting gases, Hong Kong Headquarter stipulates that all official vehicles can only use unleaded gasoline. As for property investment and hotel business, the Group has also implemented the "Air Emissions Management Policy" and carried out measures on waste gas control, monitoring and management.

Wastewater discharge

"Wastewater Discharge Management Policy" has been in place in Hong Kong Headquarter during the Year and each of subsidiaries is required to develop relevant policies in accordance with local laws and regulations. Accordingly, Hotel formulates the "Wastewater Discharge Management Policy", which stipulates that, the Manager shall be responsible for engaging environmental monitoring agencies to monitoring resorts wastewater and regularly inspect the wastewater discharge in the resorts. Meanwhile, a series of measures shall be implemented in Hotel to manage the wastewater discharge in the daily operation, such as to strictly separate sewage pipes from rainwater pipes, forbid to pour waste residue, waste oil or waste chemicals into the sewage and clean and inspect sewage and rainwater pipes on regular basis.

For property investment and hotel business, Wuxi Sunshine has formulated "Environmental Protection Policy" and strictly regulated the wastewater discharge. The "First Shanghai Plaza" project has applied to the relevant departments for approval of wastewater management and gained Approval for Takeover Application to Sewage and Rainwater of Wuxi New District Planning and Construction Environmental Protection Bureau and a 5-year (2016–2021) Drainage Licence, in which the application amount of sewage discharged for the hotel project is 280 tonnes per day.



For emissions from hotel operations, the Group plans to invest approximately HK\$500,000 to optimize its emissions treatment facilities. The Group also implemented “Hazardous Waste Environmental Emergency Plan” in the hotel property to prevent accidents that will be harmful to the environment, by taking various measures such as covering, isolation, washing, dilution, neutralizing and disinfection, so as to eliminate damages from accidents as soon as possible once the event occurs.

Waste Management

For waste management, Hong Kong Headquarter has adopted the “Hazardous and Non-hazardous Waste Treatment Policy” during the Year, which requires us to subscribe the electronic newspapers to reduce wastepaper from its origin as well as establish waste sorting and recycling policies to regularly sort and recycle paper, plastic bottles and other items, such as: the moon cake tin box after Mid-Autumn Festival and red packets after the Lunar New Year. The Group will reduce the supply of plastic bottled water to customers to reduce the disposal of plastic waste in the future.

The “Environment Protection Policy” of Wuxi Sunshine sets measures for the recovery of waste and obsolete materials and waste paper; for the property investment and hotel business, it shall implement the waste management procedures and implement the “Hazardous and Non-hazardous Waste Management Policy”, and the Hotel Manager also sets hazardous waste environmental emergency plan. These policy measures require the classification of waste from property investment and hotel business and on-site management of non-hazardous waste: the recyclable non-hazardous waste will be sold to qualified recycling companies, and the non-recyclable non-hazardous waste will be entrusted to contractor for transportation and treatment. Meanwhile, Wuxi Sunshine conducts centralized management in respect of hazardous waste and entrusts the approved companies to dispose the waste. For the large number of kitchen waste from daily operation of Hotel, according to the latest treatment procedures, harmless treatment is adopted for the waste disposal by the way of crushing the kitchen waste and landfill, for which we will try to apply resource utilization technology in the future⁷.

During the Year, Hong Kong Headquarter produced 4.8 tonnes of non-hazardous waste for the whole year, which were all transported to the landfill for disposal; while the total amount of battery waste from Property Investment Office and Hotel was 0.01 tonne for the whole year, and the total amount of waste cartons and kitchen waste were 10 tonnes for the whole year, all of which were collected and disposed by qualified contractors.

Use of Resources

Energy Management

For energy management, the Group has formulated and adopted “Energy Management Policy” at its Hong Kong Headquarter during the Year to encourage employees to use electrical equipment reasonably, replace machines with high energy efficiency timely, and monitor electricity consumption on a monthly basis. During the Year, Hong Kong Headquarter replaced the office equipment, including LED lights (229 LED bulbs purchased with utilization rate of nearly 90%), to enhance the energy efficiency.

Wuxi Sunshine formulates the “Energy Management Policy” to disseminate information on environmental protection and energy conservation to its staff. The property investment and hotel business has implemented energy management and control measures, carried out technical transformation and conduct statistics and analysis on energy use and equipment energy consumption, and the energy management committee has been established by Hotel. The committee regularly convenes regular meetings on energy management of Hotel, reviews the daily maintenance of facilities and equipment, manages and evaluates the energy conservation technical reform projects, and formulates the energy reward and punishment measures and mechanism of Hotel.

⁷ The resource utilization technology of kitchen waste includes compost treatment and methane fermentation technology. The latter refers to the methane gas produced during the fermentation of methane, which can be used as automobile fuel, heat provision and electricity generation.



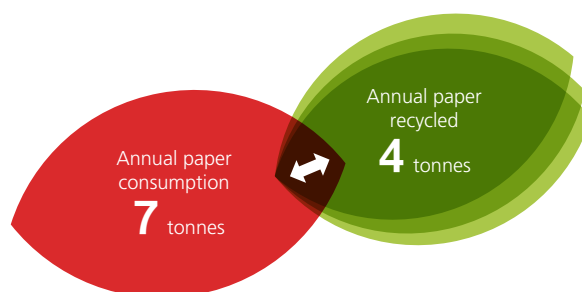
Energy type	Energy category	Energy consumption
Direct energy	Petrol	226.8 GJ
	Gas	1,715.8 GJ
Indirect energy	Electricity	4,323.6 MWh
	Heat	42,435.4 GJ
Energy intensity		0.75 GJ/sq.m.

During the Year, the Group conducted statistics on the use of energy and recorded energy intensity of 0.75 GJ/sq.m. The Group will continue to implement energy saving initiatives to continuously improve the energy saving efficiency of the Group.

Paper management

Financial services industry needs large amounts of paper. During the Year, the paper consumption of Hong Kong Headquarter was 4 tonnes and that of the Property Investment Office and Hotel is 3 tonnes, while the annual total amount of paper recycled by Hong Kong Headquarter, the Property Investment Office and Hotel was up to 4 tonnes.

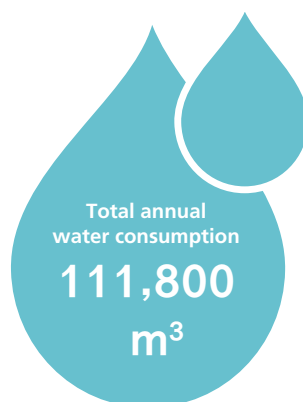
Hong Kong Headquarter has adopted the “Efficient Use of Resources (Paper) Management Policy” during the Year, establishing several requirements in relation to the paper saving. Currently, Hotel does not set any policy on the use of paper internally.



Water management

In response to environmental protection and to improve the Group’s efficient use of water, the Group has always focused on the municipal water consumption and implemented water saving initiatives among the employees.

Total water consumption of Hong Kong Headquarter for the Year was approximately 193m³, mainly for domestic water use. Total water consumption of Hotel and Property Investment Office was approximately 111,607m³, mainly for the catering services of the restaurants in Hotel. None of Hong Kong Headquarter, Property Investment Office and Hotel has faced with any difficulty in sourcing water.





To promote water saving among its staff, Hong Kong Headquarter has set up the “Energy (Water) Management Policy” for the Year by adopting a series of measures on water management such as, *inter alia*, strengthening leakage control, conducting routine repairs on water pipes and faucets, reducing waste resulted from long-term leakage, posting slogans to remind and encourage employees to save water; and installing water saving devices on faucets, etc. In respect of the property investment and hotel operation, Wuxi Sunshine has set up the “Policy on Water Management”, which requires the staff to save water. The management department of Hotel shall strictly monitor the water supply system to ensure the cleanliness and efficiency of water storage devices. Hotel shall also manage and maintain the quality of drinking water, inspect whether there is any damage and leakage of faucets, as well as cultivate the habit of water saving among the staff.

In addition, the operations of Hong Kong Headquarter, Property Investment Office and Hotel do not involve packaging material used for finished products.

Environment and Natural Resources

As a responsible corporate, the Group concerns about the impact of daily business on the environment and introduces the concepts of environmental protection into the process of business. During the Year, the Group has set up the “Relevant Policies for Minimising the Significant Impact of the Operation on the Environment and Natural Resources”, which introduce environmental protection procedures into the ordinary course of business and required all subsidiaries to formulate its own specific policy according to the local laws and regulations. Besides, the “Environmental Protection Policy” applicable to the property investment and hotel operation also stipulates that all the business shall not have significant impact on the environment and natural resources.

Hong Kong Headquarter is principally engaged in the financial services, which only generates normal office consumption during the operation without hazardous emissions which have significant impact on the environment. Having considered that the staff of Hong Kong Headquarter are often required to receive customers or entertain visitors, the “Policy on Community Welfare” of the Group with effect during the Year stipulates that the staff of the Group are prohibited from consuming shark fins and non-sustainable species during the official meal so as to contribute in ocean conservation.

The initial stage of construction of the hotel has obtained the Environmental Assessment Report on the Construction Project of First Shanghai (HILTON), which assessed that the project site met the requirement of land planning for city districts and the functional areas planning for ecological environment in Jiashan County, and that upon the implementation of the project, the pollutants shall have little significant impact on the surrounding environment which can be maintained as the current status. Therefore, from the perspective of the planning and environment, the hotel site is reasonable. Construction project of the hotel has little significant impact on the surrounding environment and the environmental investment of such project amounts to approximately RMB1.68 million.

During the Year, no non-compliance of the relevant laws and regulations regarding emissions or environmental issues has been identified in Hong Kong Headquarter, Property Investment Office and Hotel nor have they been subject to any administrative sanctions in respect of such non-compliance.

EMPLOYEE CARE

First Shanghai attaches importance to creating good working environment and offering career development for its employees. During the Year, the Group has adopted a series of policy measures relating to employment system, training development, occupational safety and health as well as labour standards, with a view to achieve win-win development between employees and employer.

Employment System

First Shanghai places great importance on treating employees fairly and conducts employee management on system basis. It commits to create a working environment that promotes spirits of diversity, inclusion and respect, and believes that such environment could improve the Group’s competitiveness and productivity. Its employment terms that regulating remuneration and dismissal, recruitment and promotion, working hours, vacation, other welfare and benefits and its related human resources management issues are prescribed in the Staff Handbook.

Total number of employees	Male to female staff ratio	Number of resigned staff	Turnover rate	Number of new staff	Percentage of new staff
396	0.98:1	155	39%	133	34%

In order to attract and retain outstanding talent, the Group provides its staffs with benefits besides statutory requirement, which includes an exclusive medical insurance program with worldwide coverage for our staffs and their families, life insurance, personal accident insurance, overtime meal allowance, annual bonus, paid wedding leave, birthday leave, long service award and etc.. We also present Service Staff Award to staffs who achieved outstanding performance in annual assessment as incentives.

The Group advocates family-friendly policies and measures. Apart from birthday leave, the Group also provides support to the female staffs who return to work in breast feeding period after their maternity leave. It is set out in our Staff Handbook that the Group would provide our staff in breast feeding period with favorable environment and flexibility to arrange lactation in working hours. The "Policy for Caring the Physical and Psychological Wellness of Employees" of Hong Kong Headquarter also provides employees with various paid leaves to relief their pressure.

In order to provide equal and diversified opportunities to our staffs and job applicants, during the Year, the Group was adopted "Equal Opportunities Policy", which stipulates that opportunities regarding training and promotion shall be equally provided to all of our staffs on the basis of their performance.

The Group also makes efforts to prevent discrimination. The implementation and formulation of the Group's human resource policy shall not be influenced by races, colours, genders, ages, sexual orientation, family role, disability or national origins. To intensify concrete measures, during the Year, the Group has formulated "(Anti-) Sexual Harassment Policy" according to the principal as stipulated in Staff Handbook. According to this policy, employee who has been harassed are encouraged to report relevant case to us via letter or e-mail, and our human resource department will conduct inspection with the information provided after receiving the report of suspected case and give respond to relevant staff. The Group is committed to deal with relevant complaints for sexual harassment in a fair and effective manner.

First Shanghai is committed to create a workplace with diversity and inclusion. The Group has established Nomination Committee under the Board to ensure the diversity of its Board's composition. Our "Equal Opportunities Policy" also stipulates that staff with different sexual orientation will be offered equal opportunities and treatment. In the future, the Group will continue to review the existing policies to further refine our employment guidance and measures related to diversity.

During the Year, no illegal or non-compliance case or administrative penalty related to employment has been identified in the Group's Hong Kong Headquarter, Property Investment Office and Hotel.

Development and training

First Shanghai pays much attention to the development and training of employees, and provides them with a series of on-the-job training opportunities and incentives. The Staff Handbook specifically provides study leave and offers reimbursements for membership qualification fees of professional bodies in respect of the work for its staffs. Staff is encouraged to enroll in work-related professional examinations and paid leaves are provided for the examinations. The Group will reimburse annual professional membership fees and professional examinations expenses after passing relevant professional examinations.

During the Year, Hong Kong Headquarter has adopted "Staff Training Policy" by providing its staffs with opportunities to learn and grow, and ensuring that they have required professional skills. In-house training for staffs of Financial Services Sector is provided and external training for staffs is encouraged to meet the updated requirement of regulations issued by the SFC. After the application of approval for external training, staffs may enroll on their own initiatives and may claim for reimbursements in respect of training expenses with the Company after the completion of training.



During the Year, 68 employees of Financial Services Sector of the Group have been trained, with each of the employees having received an average of 3 hours of training. The main contents of training include investment products, compliance of licensed corporation, corporate governance and risk, accounting and taxation, company secretary, environmental, social and governance and the common reporting standard. Employees of each sector are also updated by the Group with business and technical know-how, such as customer service, language training, updated rules and professional ordinance.

In property and hotel sector, Wuxi Sunshine also establishes "Staff Training and Development Policy". The policy requires newly recruited employees shall receive induction training, and the other employees shall attend departmental trainer meetings monthly to formulate training programs for respective department and conduct monthly review on their training. During the Year, 145 employees of the property investment and hotel business have been trained, while each of the employees received an average of 12 hours of training. The main contents of training are team building and training on management.

The Group performs regular assessments on staffs with respect to their performances so as to review and adjust remuneration. The Group also establishes annual staff performance appraisals and ensures that our employees receive fair promotion opportunities.

Safety and Health

First Shanghai is dedicated to providing a safe and healthy working environment for employees. "Occupational Safety and Health Policy" has been adopted by the Group during the Year, which specifies safety standards of work environment, such as inspection and evaluation conducted in the workplace, ensuring that fire escapes are not blocked, providing adequate indoor ventilation equipment, fitting lighting accord with instructions from environmental protection organization, laying anti-slip carpets, providing quality water for staffs, keeping the bathroom clean and ensuring that the power supply system is stable and normal.

The financial services and property investment business of the Group are mainly conducted in office, thus we should ensure work environment safety of the office and strengthen the awareness of occupational disease precaution. In the design of workplace, the Group ensures that staffs have sufficient area to accommodate their belongings and stretch their body, and provides instruments, such as footrest, wrist rest or computer screen filter, to avoid staffs' muscle strain, shoulder and back pain, or the occurrence of other occupational diseases. The Group also reminds its staffs of using office machines suitably, for example, using photocopier gobo, adjusting the ventilation of photocopier and using paper shredder safely. The Group has also adopted procurement policy for computer department during the Year, which prescribes to purchase larger computer monitors to improve staffs' health level at work.

Apart from providing a safe and healthy environment, the Group encourages employees to take part in relevant trainings and raise awareness of precaution. The "Occupational Safety and Health Policy" stipulates standards for training on occupation safety and health by developing working safety codes, distributing occupation safety pamphlets and encouraging employees to take part in the training activities and seminars held by Occupational Safety & Health Council of Hong Kong in order to enhance the employees' awareness of occupation safety.

For the financial services of Hong Kong Headquarter, property investment and hotel businesses, none of the related employees are engaged in high-risk positions. No death related to the above businesses occurred during the Year, but three work-related injuries occurred, resulting in a loss of 11 working days.

First Shanghai cares for the well-being of employees and provides employees with diverse activities. During the Year, the Group formulated the "Policy for the Physical and Mental Health of Employees", which includes: regularly organizing employee activities, organizing fruit day and providing psychological counseling.

During the Year, no cases of any health or safety-related violations in Hong Kong Headquarter, Property Investment Office and Hotel occurred. As a result, there was no implementation of related or incurred administrative penalties.

Labour Standards

First Shanghai understands and recognizes the importance of preventing child labour or forced labour. Therefore, Hong Kong Headquarter and Wuxi Sunshine has respectively formulated the “Preventing Child Labour or Forced Labour and Employee Rights and Interests Policy” during the Year, requiring the human resources department to strictly observe the labour laws when recruiting, review the age of job applicants and prevent recruiting or appointing staff who fails to meet age requirements.

In addition, the Group’s recruitment process is transparent and ensures that there is no forced labour. The Staff Handbook also stipulates policy for overtime work that overtime compensation of salary or vacation is provided to employees who work overtime. It also reimburses meals and transportation expenses during overtime hours and ensures that employees do not work overtime under the compulsive requirement.

During the Year, the Group’s Hong Kong Headquarter, Property Investment Office and Hotel did not have any cases of violations related to labour standards, nor did they have to deal with any related administrative sanctions.

PARTNERSHIP

First Shanghai attaches importance to the cooperation with business partners and holds certain expectations for its operation model. The Group focuses on customer relationships and customer-oriented services. The Group takes full responsibility for the supply of products and services to prevent quality problems and corruption.

Supply Chain Management

First Shanghai strictly supervises the selection of product service providers. During the Year, the Group has formulated an “Investment Screening Policy” to establish an assessment mechanism to screen environmental and social risk for various investment projects and ensure that the preparation of investment agreement meets the local environmental, social and governance compliance requirements of each subsidiary. The “Supply Chain Management Policy” of Hong Kong Headquarter establishes central procurement policies and procedures. When selecting suppliers, local procurement is preferred and suppliers that provide environmentally-friendly products are selected with priority.

As financial services rely on stable operation and support of considerable quantity of data by the servers, the Group has formulated the “Supply Chain Environmental and Social Risk Management Policy” specifically for the computer sector to standardize procurement standards and ensure that computer product suppliers meet financial, business ethics, information security and environmental regulations. Suppliers must sign non-disclosure agreements with the Group to protect information privacy and security. The Group also strives to raise the awareness of environmental protection throughout the supply chain and actively seeks and purchases products and services in the market with less effect or positive impact to the environment and human health. The computer products provided by suppliers need to bear high-efficiency energy labels and minimize packaging materials, while photocopier suppliers need to provide toner cartridge recycling services.



In terms of property investment and hotel business, the Group ensures that the selected hotel manager meets environmental and social requirements. The “Environmental Protection Policy” of Wuxi Sunshine stipulates that when the Hotel Manager operates a hotel, the Group needs to assess whether the manager’s environmental policy complies with national laws and regulations and supervises its implementation. The “Employee Training and Development Policy” also stipulates that the Group must urge the Hotel Manager to do well in the training for various projects and departments and create a good development space for its employees. In addition, the “Anti-Corruption Policy and Bribery, Extortion, Fraud and Money Laundering Prevention Policy” stipulates that when selecting a hotel manager, the Group must take into account its past operational records and consider the environmental and social commitments of its operating policies. When the Hotel Manager operates a hotel, the Group will supervise their implementation and assess their compliance.

Product Responsibility

Based on the principle of client-oriented and service-first, First Shanghai aims to provide clients with high quality products and services. During the Year, the Group has formulated the “Product Safety, Product Risk Disclosure, Advertisement and Client Data Privacy Policy” and the “Sustainable Development, Environmental Social and Client Management Policy” to provide regulations on the safety of products and services, advertising and privacy protection of clients and establish client communication mechanism.

In terms of product service safety, the Group understands to disclose product risks, ensures that investors and clients are aware of the investment risks of various financial products and provides services for clients in the principles of fairness, equality, honesty and good faith. The Group establishes an “Operational Manual” on financial services that set out the due diligence process for various types of financial products and procedures for assessing client suitability.

In terms of property investment and hotel business, Wuxi Sunshine formulates the “Product Supervision and Management Policy” to conduct regular inspections of properties to ensure the safe operation of products. The policy also requires the Hotel Manager to strictly implement food safety audits. The Hotel Manager sets guidelines on the hygiene of drinking water storage to regulate the duty of all parties to supervise the safety of drinking water; and regularly provides food safety training for the Hotel’s internal staff and banquet-related personnel.

In terms of advertising, the Group ensures that the advertisements it published would not contain information that was false, defamatory, misleading or deceptive and that it complies with the regulatory requirements on the advertisement of the Hong Kong Securities Regulatory Commission Code and Securities and Futures Ordinance. The Group guarantees that all clients could obtain comprehensive information before selecting the services of the Group, including descriptions of product features, terms and conditions, and any related risks and charges. In terms of the hotel business, the Hotel Manager reviews all advertising activities according to its established advertising review guidelines to ensure that the advertising campaign process and publishes information conformed to laws and regulations and delivers the correct information. In terms of property investment, the advertising business activities will be further regulated.

In terms of client privacy protection, the Group keeps client information confidential and protects client information security based on the disclosure requirements of relevant laws and regulations. In the process of collecting, using and holding client information, the Group complies with all relevant codes of conduct issued by the Hong Kong Personal Information (Privacy) Ordinance and the Privacy Commissioner for Personal Data at all times. The client account agreements entered into between the client and the Group clearly set out the scope and purpose of personal data collection and the various parties who need to handle this information. The employment contract signed between Hong Kong Headquarter and the employees also included provisions for safeguarding the client transactions, finance and other confidential information. The Hotel Manager also sets countermeasures for the potential attack on computer, improves the information security defense measures and strives to protect the privacy of hotel guests. The property investment business also fully participated in the protection of client privacy policy.

In terms of client communication mechanism, the Group sets some formal and informal communication channels to maintain contact and builds trust with the clients. The Group specifically sets up a client service department to deal with client issues and related issues. It promises to follow up all client calls on timely basis. The Group conducts surveys from time to time to collect opinions and improve client satisfaction. In addition, it conducted regular internal review to meet client requirements. During the Year, the Group's financial services business has not received any complaints regarding products or services. For Hotel, individual client complaints have been received. The subsidiaries of the Group will supervise the Hotel Manager to well process in handling the complaints.

The Group's financial services, property investment and hotel business do not involve the labeling of products and services. Therefore, we did not establish related policies. During the Year, there were no cases of illegal or procedural violations related to product liability in Hong Kong Headquarter, Property Investment Office and Hotel and there were no administrative penalties arising from illegal or non-compliance cases.

Anti-corruption

First Shanghai strives to prevent any corruption in the business process. The Staff Handbook has provisions on staff's individual account transactions and conflicts of interest, which stipulates that employees must not claim or accept benefits including gifts, loans, fees, rewards, offices, contracts, services, personal assistance and etc.

The Hong Kong Headquarter strictly complies with Hong Kong Prevention of Bribery Ordinance, follows the relevant procedures of "Policy against Bribery and Anti-Money Laundering" and Compliance Manual of the Group to avoid employees participating in any bribery, including not accepting benefits or attracting customers with gifts of interest. For property investment and hotel, Wuxi Sunshine has formulated "Anti-Corruption Policy and Bribery, Extortion, Fraud and Money Laundering Prevention Policy" which establishes a reporting mechanism to strictly supervise the process control of the Hotel Manager. The Group will pursue legal disciplinary responsibilities for any betrayal of the Group's materials, corruption and bribery, extortion fraud and money laundering.

During the Year, there were no cases of non-compliance related to corruption nor related administrative penalties in the Group's Hong Kong Headquarter, the Property Investment Office and Hotel.

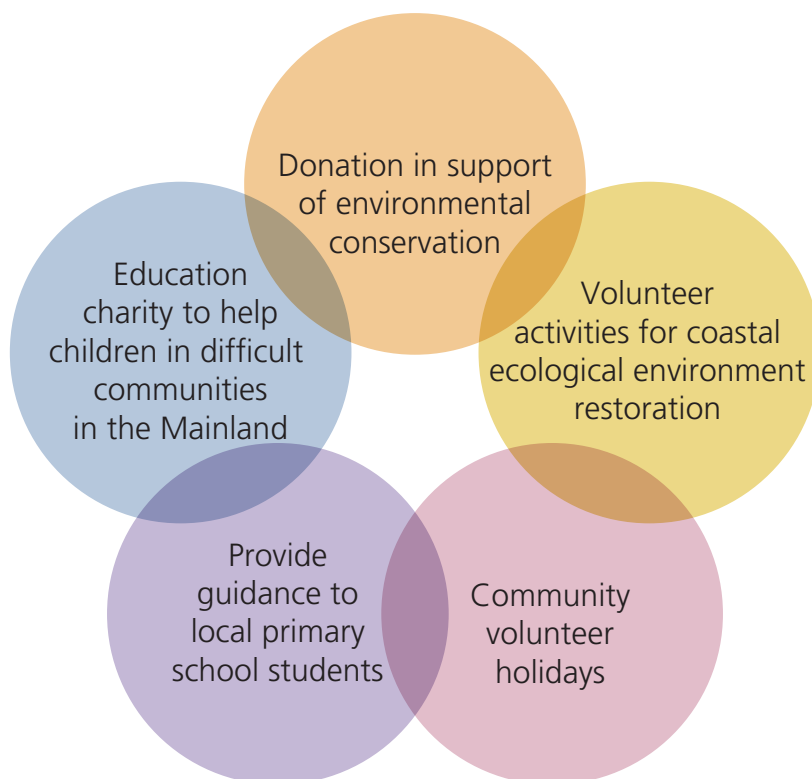
COMMUNITY PARTICIPATION

First Shanghai has always put emphasis on caring for communities and building social values. During the Year, the Group's focusing community issues were education and environment. The Group has formulated and adopted "Community Dedication Policy" to promote environmental protection welfare and community dedication during the Year.



In terms of environmental protection, the Group actively cooperates with all kinds of non-profit making organizations and directly supports environmental protection through donation and volunteer services. Every year, the Hong Kong Headquarter participates in the volunteer services of World Wide Fund for Nature (“WWF”) to protect the ecology and environment of community. During the Year, the Group has donated to support environmental conservation, participated in the restoration of coastal ecological environment of WWF and organized employees to participate in various volunteer activities in the name of the Group. The Group has also mobilized its staff to participate in the removal of marine litter and assisted in repairing roads in conservation areas and other environmental protection work. It is hoped that the awareness of caring for and cherishing the natural environment and the sense of environmental protection of colleagues can be enhanced through personal involvement.

In terms of community charity, the Group supports and participates in various community volunteer works. In order to show the Group’s commitment to social responsibility, the Group has set up special volunteer holiday for employees. Such that employees will have corresponding paid leave if they participate in voluntary work during the spare time, so as to promote employees’ participation in community activities.



In terms of education, Hong Kong Headquarter has participated in the “Wing of the Wind” growth navigation program hosted by Hong Kong Playground Association. The Group has organized volunteer activities in the name of the Group, in which volunteers work as “friends” of primary school students for three years in the program, providing them with growth guidance. By contacting with the students at least once a month, the volunteers would share life experiences, give advice and encouragement with them. Through accompanying the students and provide them guidance while they are growing, the program is aiming to broaden students’ horizons, enlighten their ambitions, and assist them in building self-confidence and positive attitudes. At the same time, the Group’s property and hotel business has also participated in certain education charity projects, donating in the name of organization to help children in difficult communities in the Mainland.



OVERVIEW OF KEY PERFORMANCE INDICATORS

Environmental Performance

	Category	Emissions (kg)
Air pollutant	NO _x	1.98
	SO ₂	0.05
	PM	1.50

	Scope	Emission sources	Emissions (tonnes of CO ₂ e)
Greenhouse gas (GHG)	Scope 1: Direct GHG Emissions	Fossil fuel combustion — fixed source	95.30
		Fossil fuel combustion — mobile source	15.62
		Subtotal	110.92
	Scope 2: Energy Indirect GHG Emissions	Purchased electricity ⁸	3,407.47
		Purchased thermal power	4,667.90
		Subtotal	8,075.37
	Scope 3: Other Indirect GHG Emissions	Disposal of waste paper ⁹	0.09
		Use of drinking water ⁹	0.08
		Sewage emission ⁹	0.04
		Business trips by plane	60.52
	Subtotal	60.73	
	Total GHG emissions	8,247.02	
	GHG density (tonnes of CO ₂ e/m ² area)	0.10	

	Category	Emissions (Kg)	Emissions density (Kg/m ²)
Wastes	Hazardous wastes	10	0.0001
	Non-hazardous wastes	14,800	0.1846

⁸ The emission factors of purchased electricity is referenced to the default value set out in Methods for Accounting and Reporting Greenhouse Gas Emissions of Shanghai Tourism Hotels, Shopping Malls, Real Estates and Financial Offices (Trial)

⁹ Only including the operation of offices in Hong Kong Headquarter



		Category	Resources consumption
Energy use	Direct energy	Gasoline (GJ)	226.8
		Natural gas (GJ)	1,715.8
	Indirect energy	Electricity (kWh)	4,323.6
		Heat (GJ)	42,435.4
	Energy consumption density (GJ/m ² area)		0.75
Water consumption	Total water consumption (m ³)		111,800
	Water consumption density (m ³ /m ² area)		1.39

Social Performances

		Location	The number of employees
The number of employees by region	Hong Kong Headquarter		122
	Property Investment Office and Hotel in Wuxi		274
	Total number of employees		396

The number of employees by gender, employment type and age group							
		Below 30	30-40	41-50	Above 50	Total number of employees by gender	Male to female rate
Hong Kong Headquarter							
Male	Senior management	0	2	7	8	65	1.14:1
	Middle management	5	22	7	4		
	General employees	7	1	0	2		
Female	Senior management	0	2	2	1	57	
	Middle management	6	13	12	4		
	General employees	5	4	4	4		

Property Investment Office and Hotel in Wuxi							
		Below 30	30-40	41-50	Above 50	Total number of employees by gender	Male to female rate
Male	Senior management	1	7	1	0	131	0.92:1
	Middle management	15	15	0	0		
	General employees	60	25	4	3		
Female	Senior management	0	8	0	0	143	
	Middle management	15	17	2	0		
	General employees	66	29	5	1		



Total number of employees by gender

Total number of male employees	196
Total number of female employees	200
Percentage of total male to female employees	0.98:1

Male to female average salary rate by region

Hong Kong Headquarter	2.49:1
Property Investment Office and Hotel in Wuxi	1.24:1

Employees Turnover

		Below 30	30-40	41-50	Above 50	Total number of employees turnover	Turnover rate
		Hong Kong Headquarter					
Male	Senior management	0	0	0	1	23	19%
	Middle management	0	1	0	1		
	General employees	5	4	1	0		
Female	Senior management	0	0	1	0		
	Middle management	0	2	1	3		
	General employees	2	1	0	0		

Property Investment Office and Hotel in Wuxi

Male	Senior management	0	2	0	2	132	48%
	Middle management	2	2	0	1		
	General employees	31	15	0	3		
Female	Senior management	0	0	0	0		
	Middle management	6	6	0	0		
	General employees	39	17	0	6		

Total

Total						155	39%
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New employees and Percentage of new employees to total staff

		Below 30	30-40	41-50	Above 50	Total number of new employees	Percentage of new employees to total staff
Hong Kong Headquarter							
Male	Senior management	0	0	1	0	32	26%
	Middle management	2	4	0	0		
	General employees	5	4	0	0		
Female	Senior management	0	0	1	0		
	Middle management	4	1	0	0		
	General employees	5	2	0	3		

Property Investment Office and Hotel in Wuxi

Male	Senior management	0	1	1	0	101	37%
	Middle management	8	3	3	0		
	General employees	25	7	5	6		
Female	Senior management	2	1	0	0		
	Middle management	1	2	0	0		
	General employees	24	4	6	2		

Total

Total						133	34%
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Health and Safety of Employees

		Number of work-related fatalities	Number of work-related injuries	Work-related injury rate (per thousand employees)	Lost days due to work-related injuries	Lost day rate due to work-related injuries	Absentee days	Absentee rate
Hong Kong Headquarter								
Male		0	0	0.0%	0	0.00%	116	1%
Female		0	0		0		240	


Property Investment Office and Hotel in Wuxi

Male	0	0	10.9%	0	0.08%	40	0.3%
Female	0	3		11		195	

Average hour of training completed per employee by gender and position

	Senior management	Middle management	General employees	Total
Hong Kong Headquarter				
Male	4.2	3.3	4.0	3.6
Female	8.0	2.3	0.9	2.4
Total	5.0	2.8	2.0	3.0

Property Investment Office and Hotel in Wuxi

Male	71.1	18.7	5.2	12.8
Female	70.0	16.5	4.8	11.2
Total	70.6	17.5	5.0	12.0

Percentage of employees trained by gender and position

	Senior management	Middle management	General employees	Total
Hong Kong Headquarter				
Male	65%	63%	80%	66%
Female	80%	51%	18%	44%
Total	68%	58%	41%	56%

Property Investment Office and Hotel in Wuxi

Male	89%	100%	33%	56%
Female	88%	100%	30%	50%
Total	88%	100%	31%	53%



INDEX TO 《ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE》

Subject Areas	Description	Page Index/ Notes
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.	8–10, 19
A1.1	The types of emissions and respective emissions data	
A1.2	Greenhouse gas emissions in total and intensity	
A1.3	Total hazardous waste produced and intensity	
A1.4	Total non-hazardous waste produced and intensity	
A1.5	Description of measures to mitigate emissions and results achieved	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved	
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	10–12, 20
A2.1	Direct and/or indirect energy consumption by type in total and intensity	
A2.2	Water consumption in total and intensity	
A2.3	Description of energy use efficiency initiatives and results achieved	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	11
A2.5	Total packaging material used for finished products and with reference to per unit produced	12
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources	12
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	



Subject Areas	Description	Page Index/ Notes
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.	12–13, 20–22
B1.1	Total workforce by gender, employment type, age group, and geographical region	
B1.2	Employee turnover rate by gender, age group and geographical region	
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.	14–15, 22–23
B2.1	Number and rate of work-related fatalities	
B2.2	Lost days due to work injury	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	13–14, 23
B3.1	The percentage of employees trained by gender and employee category	
B3.2	The average training hours completed per employee by gender and employee category	
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.	15
B4.1	Description of measures to review employment practices to avoid child and forced labour	



Subject Areas	Description	Page Index/ Notes
B5 Supply Chain Management		
General Disclosure B5.2 (Part)	Policies on managing environmental and social risks of the supply chain Description of practices relating to engaging suppliers, how they are implemented and monitored	15–16
B6 Product Responsibility		
General Disclosure B6.2 (Part) B6.4 (Part) B6.5	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. Products and service related complaints received and how they are dealt with. Description of quality assurance process Description of consumer data protection and privacy policies, how they are implemented and monitored	16–17
B7 Anti-corruption		
General Disclosure B7.1 B7.2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 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 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	17
B8 Community Investment		
General Disclosure B8.1	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. Focus areas of contribution	17–18