



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

2017/18

環境、社會及管治報告

Environmental, Social and  
Governance Report



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## ABOUT THE GROUP

**Hong Kong Shanghai Alliance Holdings Limited** (the “Company”, together with its subsidiaries, the “Group” or “we”) is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) under stock code 1001.

The Group was founded in 1961 as a supplier of construction steel and materials in Hong Kong. Since the 1990’s, we have grown our presence in Mainland China and have continued to invest in Shanghai through investments and project management in property. In 2003, we established an operational headquarters in Shanghai and actively involved in the city’s development. We have built a good business network with property developers in Asia region.

Today, the Group has successfully transformed from a construction steel and materials supplier to a property-related service-based solutions provider. We provide downstream processing, inventory management, logistics and financing solutions for steel, steel recycling and engineering plastics.

We are a relevant player in bathroom and kitchen products and represent various well-known brands. Our bathroom and kitchen group provides a comprehensive value proposition that includes design, installation, inventory management, logistics as well as technical support to developers, architects, designers and distributor partners. The Group has a strong and expanding presence in Hong Kong and Eastern China.

We are a value-added real estate investor and a property enhancement specialist. The Group owns and operates properties in Shanghai. We also make investments in property via partnerships or investment funds where the Group takes equity stake, and our subsidiaries act as general partner and investment manager of said partnerships or investment funds. Our renovation and tenant upgrade model allows us to take underperforming properties in strategic locations to maximizing rental income and asset value and ultimately unlocking value for our shareholders.

# ABOUT THIS REPORT

This is an annual standalone environmental, social and governance (“ESG”) report published by the Company, 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 2017 to 31st March 2018 (the “Reporting Period”). The Group will publish the ESG report on annual basis and make this openly available to public to enhance transparency and accountability.

## REPORTING STANDARDS

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



## MESSAGE FROM THE CHAIRMAN

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

We, being a property-related service-based solutions provider, are committed to operating in a **responsible and environmentally conscious manner**. We believe by providing high-quality steel with value-added services via automation, we can promote efficient processing and a safety-first philosophy within the industry, gradually shifting the industry towards a greener and safer construction supply chain. By taking the lead in automation conversion, we aim to convert the Hong Kong construction materials supply chain into a safer, more efficient, and more transparent environment. Recycling is not only a part of our construction solutions business but is an example of an initiative in environmental protection. Our downstream processing and scrap collection strategy help to reduce waste, product handling and transportation costs and therefore contributes to Hong Kong's green initiative. We are dedicated to render bathroom and kitchen products that are designed to improve the cleanliness, comfort and convenience of residential and non-residential spaces. We are a distribution agent of the well-known Japanese sanitary ware brand TOTO which offers high-quality and water-efficient products that facilitate environmental sustainability. Our property team strictly follows the Leadership in Energy and Environmental Design ("LEED") standards in all phase of the project including design, renovating, operations and maintenance, with the aim to transform the properties into greener buildings of resource-efficient, high-performing, healthy and cost-effectiveness.

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

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

We care about the **communities** where we are active and continuously support social initiatives. The Group has sponsored and participated in a wide range of charitable activities. Our employees have also participated in various CSR initiatives. We have been awarded as the "Caring Company" from The Hong Kong Council of Social Service in 2007-12 and 2014-18, as "Heart to Heart Company" by the Hong Kong Federation of Youth Group in 2010-2013. We realize that youth is the future of the society. We care about the social, educational and cultural development of the young people in Hong Kong. We participate in the Shanghai-Hong Kong Future Leaders Internship Program by providing summer internship for the youth. They work in our Shanghai office to experience the Mainland workplace live and participate in multiple visits and cultural exchange activities.

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

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

**Yao Cho Fai Andrew**  
*Chairman*

15th October 2018

# COMMUNICATION WITH STAKEHOLDERS

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

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

## WAYS OF COMMUNICATIONS WITH STAKEHOLDERS DURING REPORTING PERIOD

### Internal Stakeholders:

- Board of Directors
- Management and Executives
- Employees

### External Stakeholders:

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

### Ways of Communications:

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

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

# ENVIRONMENTAL PROTECTION

The Group acknowledges its responsibility to the environment. Besides taking closely 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, as well as to implement 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

### Greenhouse Gas Emissions

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

During the Reporting Period, the Nitrogen Oxides, Particular Matter and Sulphur Oxides emitted by company cars accounted for 79,958 g, 7,809 g and 399 g respectively.

Air Emissions		
Types	Emission (in g)	Intensity (in g)
Nitrogen Oxides	79,958	408
Particular Matter	7,809	40
Sulphur Oxides	399	2

### Energy Consumption

We align closely to our environmental friendly value in our offices. We maintain a 25-degree Celsius air-conditioned office temperature; and adopt hardware with energy efficiency labels. In addition, we advise our employees to reduce the stand-by time of office equipment and turn off the air-conditioners and lights when idle.

During the Reporting Period, the Group directly consumed 779,326 kg Carbon Dioxide equivalent emissions.

Greenhouse Gas Emissions		
Types	Carbon Dioxide Equivalent (in kg)	Intensity (in kg)
Scope 1 – Direct Emissions (Vehicles)	64,103	327
Scope 2 – Indirect Emissions (Acquired electricity)	687,491	3,508
Scope 3 – Other Emissions (Business trips and water usage)	27,732	141
Total	779,326	3,976

During the Reporting Period, no hazardous waste was generated from the daily operations of the Group. The majority of non-hazardous wastes produced are general wastes and recyclable wastes.

# ENVIRONMENTAL PROTECTION

## USE OF RESOURCES

Water Consumption in the Plant		
	Consumption M <sup>3</sup>	Intensity M <sup>3</sup>
Total Water Consumption	923	5

During the Reporting Period, the Group directly consumed 923 M<sup>3</sup> water in our Tsing Yi plant.

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, 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.

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

## THE ENVIRONMENT AND NATURAL RESOURCES

Understanding the environmental challenge which we are facing nowadays, we try our best to minimize the impact on environment and develop our business into a more sustainable manner for now and in future. Far beyond to comply with all the relevant environmental regulations, we are taking a proactive attitude to continuously improve our operation effectiveness and prudently utilize the natural resources, and use the energy efficiently. With regard to our core value, we apply the standard of ISO 14001 environmental management system to our supply of reinforcement steel bars to ensure the satisfaction of environmental requirements at an advanced international level. We also encourage our employees to possibly reduce the use of all different kind of resources in the way of electricity, water and paper in their daily work and life. Besides, we have started to improve our working environment to become more environmental friendly. During the Reporting Period, we have planted 4 trees outside our automated rebar processing and assembly plant located in Tsing Yi and certain plants inside there.

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

We were not aware of any non-compliance with relevant laws and regulations during the Reporting Period.



# 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 a giving-back concept to support our employees and show compassion to the society.

## EMPLOYMENT

### Recruitment, promotion and compensation

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

### Equal Opportunities, diversity and anti-discrimination

We are committed to provide an equal and harmonious working relationship at our working place. Any forms of discrimination, harassment and unethical code of conducts are not acceptable, and therefore, will not be tolerated at any place, at any time or in any form. Human Resources Department is responsible for on-going monitoring the changes of government regulations and Group's policies to ensure applicable labour laws and regulations are complied. 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 2018, the Group had 235 (2017: 270) employees, in which 116 of them are located in Hong Kong and 119 of them are located in the PRC.

Geographical Region	Gender		Age				Type	
	Male	Female	Under 30	31-40	41-50	Above 51	Permanent	Contract
Hong Kong	62	54	13	40	30	33	113	3
Shanghai, PRC	66	53	13	60	27	19	7	112

### Working hours, rest periods, other benefits and welfare

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, sick leave and paternity leave. In addition, Group's healthcare insurance plans, including a self-insured preferred provider organization plan and other health plan, retirement programs, medical benefits, group insurance, provident fund scheme are available to all full-time employees. We adopt an open door policy and welcome any suggestions or voices from employees so as to continuously optimize our welfares and remuneration system in order to retain talents. To treasure the long service relationship between the Group and its employees, service awards are presented at the Group's annual event as tribute to employees who have contributed for 5, 10, 20 and 30 years' services.

# EMPLOYEE CARE

## Termination

Upon resignation and dismissal, we will understand the reasons behind the departure so as to make endeavour to improve the working environment or remuneration packages through exit interview. We will also inform the reasons of dismissal to relevant employees, and pay 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 the compliance with local government regulations and Group's policies.

## HEALTH AND SAFETY

Safety is the priority in our working environment. We provide sufficient instructions, trainings 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 class before on-boarding while recurring employees are required to take the training class annually.

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

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

As at 31 March 2018, there was a drop in work-related fatalities incidents, from 5 incidents in the previous year to 3. 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 fatalities incidents.

## DEVELOPMENT AND TRAINING

The Group is committed to provide as much 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 trainings 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.

## EMPLOYEE CARE

During the Reporting Period, the majority of our employees in Hong Kong have attended trainings provided or sponsored by the Group. For the employees having training, the distribution in gender and level as well as the average training hours per employee are set out below.

### Training record

Region/Group	Gender		Level		
	Male	Female	Senior executives	Middle executives	General employees
The percentage	48%	52%	11%	9%	80%
Average training hour per employee	2.2	3.1	4.5	4.0	2.3

The Group will continuously review to include all kinds of business and regulation updates and improve the training courses to meet the needs of our employees and to help them achieve the job-related qualification training 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 eliminating the use of child and force labour. In addition, human rights is one of the most fundamental elements to provide our employees 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 child and forced labour.

# OPERATIONS MANAGEMENT

## SUPPLY CHAIN MANAGEMENT

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

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

## PRODUCT RESPONSIBILITY

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

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

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

## 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. Whistleblowing policy is also established to provide guideline 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 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, effectiveness of the systems of internal controls were assessed through internal audit function and by external professional parties.

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



## COMMUNITY INVESTMENT

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

During the Reporting Period, the Group had made contributions to the charitable events including but not limited to BOCHK Outward Bound® Corporate Challenge 2017.

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