



**WLS Holdings Limited**

**WLS Holdings Limited**  
**Environmental, Social and Governance Report**  
**2016/2017**





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## ABOUT WLS HOLDINGS LIMITED

### OUR BUSINESS

WLS Holdings Limited (the “Company” or the “WLS”, together with its subsidiaries, the “Group”) are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Group are the provision of scaffolding and fitting out services, management contracting services and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business.

The Group provides the following construction and buildings work in Hong Kong:

- i) Construction works in respect of public housing;
- ii) Construction works in respect of private residential and commercial buildings; and
- iii) Repairs, maintenance and renovation works in respect of public housing, private residential properties and commercial buildings.

### VISION

To be an innovative and safety-oriented leading conglomerate whose trademark is a guarantee of excellence to satisfy customer’s need.

### MISSION

To satisfy customer’s need through motivated employees and to promote continuous improvement and after-sales services thereby obtaining attractive reward and reputation in the market.

### BOARD OF DIRECTORS

As of the date of this report, the board (the “Board”) of directors (the “Directors”) of the Company consists of:

#### Executive Directors

Dr. So Yu Shing  
Mr. Kong Kam Wang  
Ms. Lai Yuen Mei, Rebecca  
Mr. So Wang Chun, Edmond  
Mr. Yuen Chun Fai

#### Independent Non-Executive Directors

Mr. Law Man Sang  
Mr. Chan Ngai Sang, Kenny  
Ms. Lam Wai Yu

## ABOUT THIS REPORT

### INTRODUCTION

The Company is pleased to present its first report (the “ESG Report”) on environmental, social and governance (the “ESG”) aspects of the Group in accordance with the guidelines set out in Appendix 20 (the “ESG Guidelines”) to the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”).

This ESG Report covers the overall environmental, social and managerial performance, commitment and approaches in workplace quality, environmental protection, operating practices and community involvement of the Group in relation to its operations during the year ended 30 April 2017 (the “Financial Year 2016/17”).

### REPORTING SCOPE AND BOUNDARY

This report contains information that is material to understand the Group’s ESG practices and assesses the Group’s ESG performance in the daily operations of its head office in Hong Kong and the business activities conducted by its subsidiaries as well as at the two warehouses in Yuen Long.

In addition to interior factors such as organizational values, strategy and core competency that contribute to the Group’s sustainable development, WLS has communicated with various stakeholders of the Group and considered the ESG challenges reported by other competitors to decide and prioritize the material topics to be discussed in this report. The Group prioritizes environmental and social responsibilities in activities and issues which have or may have a significant impact on:

- Hong Kong’s construction industry;
- the global construction market;
- the environment or society now or in the future;
- the Group’s financial performance or operations; or
- the Group’s stakeholders’ assessments, decisions and actions.

In preparing this report, selected global, local and industry standards or best practices including the ESG Guidelines and applicable accounting and financial reporting standards in Hong Kong were used.

Financial data is extracted from or calculated based on the Group’s audited consolidated financial statements for the Financial Year 2016/17.

Although there were no specific programmes to engage stakeholders outside the Group when this report was being prepared, key issues which are of concern to different stakeholder groups were included based on the Group’s continual engagement with them. Comments and suggestions regarding the Group’s ESG performance are always welcome and can be sent to the Group at [enquiry@wls.com.hk](mailto:enquiry@wls.com.hk).

This report is prepared in two languages – Chinese and English, of which both versions have already been published at [www.wls.com.hk](http://www.wls.com.hk). In the event of any conflicts or inconsistency between the Chinese and English versions, the English version shall prevail.

On 25 October 2017, this report was reviewed and approved by the Board.



## APPROACH

With integrity and purpose, the Group delivers a unified voice on key legislative and regulatory issues. WLS provides a collaborative forum to promote best practices and innovation. The Directors and the senior management look at issues that may have a reputational impact or may pose a risk to the Group in the short, medium or long term. Issues that are important to the Group's stakeholders, such as consumers, non-governmental organizations (NGOs) and employees, are also crucial. The Group actively develops opportunities with a focus on comprehensive work ethic to ensure that the continued success and growth of the Group will benefit its suppliers, consumers and the environment.

This report emphasizes the balance among business needs, social demand and environmental concerns. The integration of sustainability into business strategy as well as daily operations is a must. To deal with issues effectively, the understanding and interaction with employees, consumers and stakeholders are of the highest priority. WLS believes that the thoughtful management of ESG issues is an essential part of long-term success in this rapidly changing world. With careful and better understanding of ESG risks and opportunity, WLS will be better positioned in diminishing waste, allocating resources and changing consumer demands, even though more stringent regulation is expected to pose greater challenges. In addition, WLS believes that its expertise, capital, capabilities, and ownership model can be part of the solution to some of the challenges that communities around the world are already facing, such as the need for waste management and the development of an effective workforce. WLS believes the key to success is to make informed decisions by thoroughly and carefully considering ESG issues.

The following sustainability strategies applied to all the work streams of the Group:

1. To achieve environmental sustainability
2. To respect human rights and social culture
3. To engage stakeholders
4. To support employees
5. To sustain local communities

## OUR STAKEHOLDERS

WLS actively seeks every opportunity to understand and engage its stakeholders ranging from customers, employees, community groups and government bodies, etc. to improve its products and services.

WLS strongly believes that its stakeholders play a crucial role for sustaining the success.

The Group develops designated framework in relation to its environmental and social responsibilities and sets long term objectives for its sustainable development.

Stakeholders	Possible concerned issues	Communication and responses
<b>HKEx</b>	Compliance with the GEM Listing Rules, publication of timely and accurate announcements	Meetings, training, roadshows, workshops, programs, website updates and announcements
<b>Government</b>	Compliance with laws and regulations, prevention of tax evasion, provision of social welfare	Interaction and visits, government inspections, tax returns and other publications
<b>Subcontractors/Suppliers</b>	Repayment ability, demand stability	Site visits, suppliers' assessment
<b>Investors</b>	Corporate governance system, business strategies and performance, investment returns	Organizing and participating in seminars, interviews, shareholders' meetings, preparing financial reports or operation reports for investors, media and analysts
<b>Media &amp; Public</b>	Corporate governance, environmental protection, human rights	Issue of newsletters on the Company's website
<b>Customers</b>	Product quality, delivery times, pricing, service value, labour protection and work safety	Site visits, after-sales services
<b>Employees</b>	Rights and benefits, employees' compensation, training and development, working hours, working environment	Conducting union activities, trainings, interviews for employees, placing internal memos, setting employee suggestion boxes
<b>Community</b>	Community involvement, employment level, community development, social welfare	Organizing community activities, employees' voluntary works, community welfare subsidies and donations



## SECTION A: ENVIRONMENTAL



WLS understands that a healthy environment is the foundation for economic progress and well-being for the society. As a forerunner in the specialist construction industry, the Group takes the leading role in environmental protection. Hence, one of the essential goals of the Group is to organize construction operations in the most environmental-friendly manner while keeping energy consumption at minimum. Therefore, the Group adheres to the principal of avoidance, reduction and reuse to protect the environment over most of its value creation process.

### EMISSION

#### Waste reduction



WLS started as a bamboo scaffolding subcontractor in the early 50s. Although used bamboo is classified as non-hazardous waste, WLS seeks to continuously improve its construction processes and integrate new scaffolding systems to reduce wastage. WLS has introduced the Metal-Bamboo Matrix System Scaffold (MBMSS) since 1999. This MBMSS has many advantages in both bamboo and metal scaffolding. As the mixed steel and bamboo pipes are much more stable, durable and not easily damaged by construction-site workers, it can produce less construction waste to protect the environment. Furthermore, steel pipes can be reused thereby achieving waste reduction.

During the Financial Year 2016/17, there was no significant hazardous waste disposed of by the Group. The Group will closely monitor its operations in relation to the possible generation of hazardous waste.

## SECTION A: ENVIRONMENTAL (Con't)

### Waste management

Under the Construction Waste Disposal Charging Scheme, construction waste producers are required to open a billing account with the Environmental Protection Department of Hong Kong (the “EPD”) before they can use the waste disposal facilities and shall pay the appropriate charges for the disposal of their construction waste.

The Group is cautious about its waste management. After collecting, transferring, treating and disposing of a variety of waste by the EPD, the EPD will perform detailed site-specific analyses about the amount of non-hazardous waste disposed of. The Group keeps track of the data to make sure that it is making improvement in waste reduction.



### Greenhouse gas emission

During the Financial Year 2016/17, there was no significant air emissions arise from the operations of the Group except greenhouse gases generated from the use of electricity and consumption of fuels in transportation.

WLS has two warehouses which are located in Yuen Long. The Group has its own transportation team responsible for delivering materials from the warehouses to work sites. To reduce emission of greenhouse gases, the Group supports the use of more environmental-friendly fuels and has been closely monitoring the fuel consumption.





## SECTION A: ENVIRONMENTAL (Con't)

Apart from fuels management, WLS also promotes electricity conservation and emission reduction in all operation processes and has performed the followings:

- Use of electronic equipment, such as computers and photocopiers, which is equipped with power saving mode;
- Limit air-conditioning hours and maintain suitable indoor temperature;
- Unplug all equipment chargers and adapters when they are not in use so as to reduce power consumption;
- Clean the air conditioning and ventilation system on a regular basis; and
- Install tele-conference systems to reduce business travel

Further details of the measures on energy efficiency are set out in the paragraphs headed “Energy reduction” and “Energy efficiency” below.

During the Financial Year 2016/2017, there were no confirmed non-compliance incidents in relation to environmental protection that would have a significant impact on the Group.

### USE OF RESOURCES

In daily office operation, the Group encourages its staff to save energy and resources by reducing electricity and paper consumption.

#### Paper reduction

Printing is one of the major environmental impacts associated with daily office operations. The Group encourages its employees to utilize electronic copies instead of hardcopies. If printing is necessary, the Group encourages double-sided printing so as to reduce paper usage.

The Group defaults its printers output color as black and white, only senior staff can access to color printing. Paper collection box is placed next to photocopiers to encourage staff to recycle or reuse the paper where possible.



## SECTION A: ENVIRONMENTAL (Con't)

### Energy reduction



The Group fully supports the importance of conserving energy to reduce greenhouse gas emission and encourages its staff to save energy and resources in daily operations by placing friendly energy saving reminders in the office. During lunch hour, light will be switched off to prevent unnecessary usage.

Electrical device that has an external power supply connected to it will still consume electricity while powered off. To reduce such “standby” electricity loss, employees are encouraged to unplug the computers and photocopiers at the end of each working day.

### Energy efficiency

In recognition of the need to improve energy efficiency, the Group has purchased equipments with energy labels. In future, other electronic appliances and light bulbs will be progressively replaced with energy-efficient model. Energy saving mode is also auto set for all computers and photocopiers to reduce energy wastage.



## SECTION A: ENVIRONMENTAL (Con't)

### Reuse of material

Waste generation can also be reduced by reusing useful materials. For the unused gondola, its motor will be sold for its residual value in order to reduce wastage and its frame will also be renewed for future use after passing safety check.



## SECTION B: SOCIAL

### EMPLOYMENT

The Group strictly complies with the Employment Ordinance (Chapter 57, Laws of Hong Kong) and other labour legislations in Hong Kong and adopts the respective standards as its minimum standards for labor protection and welfare. Base on such rules and regulations, the issues relating to employees' personal information, compensation and dismissal, recruitment, working hours, rest periods and other benefits are all stated in the Company Staff Handbook.

WLS believes that continued business success relies on the full contribution and support of its employees. The Group is dedicated to promoting equal opportunities. All employees are hired on the basis of experience, training, and potential for growth. There shall be no discrimination based on religion, age, gender, race or national origin. It is the express intent of WLS to ensure that equal treatment is provided to its employees in all promotions and determination of wages, benefits, terms and conditions of employment.

WLS considers its employees as the key to a sustainable business growth and hence the Company offers competitive remuneration package, including mandatory retirement funds, insurance, annual leaves etc. Moreover, discretionary bonus may be granted to eligible employees based on the Group's and individual performance.

In the Financial Year 2016/17, WLS devoted efforts and resources on expanding the scope and enhancing the quality of learning and development opportunities, facilitating the team to develop rewarding careers across its business.

The Group notes well the certain level of physical needs required of its employees at works, hence, every employee of the Group is offered out-patient clinical services after probation.

The Group offers equality amongst male and female workers as discrimination against female workers is a common and challenging topic in most companies. As at 30 April 2017, 28% of employees of the Group is female, while 72% is male. A diversified workforce is also encouraged within the Group. As at 30 April 2017, 27% of the Group's employees came from South-East Asia, while 73% was Hong Kong employees.

## SECTION B: SOCIAL (Con't)

### Work-life Balance

WLS treats its staff as one of the most valuable assets and wishes its staff to build relationship not only at work, but also at leisure time. Every year, a year-end trip is organized by the Company in order as a token of appreciation of the contribution of the staff. In February 2017, the Group organized a 6 days 5 nights Korea staff trip. During the trip, staff can communicate with each other more to build up good relationship.



During the Financial Year 2016/2017, there were no confirmed non-compliance incidents or complaints in relation to human rights and labour practices that would have a significant impact on the Group.

### HEALTH AND SAFETY

The Group strives to provide a healthy and safe working environment for its employees. As such, WLS pledges full compliance with all applicable occupational health and safety legislations and has implemented an effective and safe working environment for its employees. At the work sites, safety warnings, banners and slogans are put up. First-aid boxes are placed in all offices, warehouses and work sites.

All employees are required to comply with the Company Safety Manual. Furthermore, during the Financial Year 2016/17, the Group invited outside speaker to deliver safety education seminar to its employees. Driving safety and fire precaution courses were also delivered to its employees. Meanwhile, fire drill was also conducted on regular time basis to ensure that all employees were familiar with the procedures when fire alarm is on.

In the Financial Year 2016/2017, the Group recorded zero work-related fatality or permanent disablement and the Group did not receive any prosecutions in relation to occupational health and safety.



## SECTION B: SOCIAL (Con't)

### DEVELOPMENT AND TRAINING

In the competitive environment, continuing staff development and training are crucial to enhance employees' capability. The Group has committed to providing on-the-job education and training to its employees, such as safety courses and education seminar, in order to enhance their skills and knowledge. Furthermore, the Group continues to encourage its staff to pursue continuing education to enhance and maintain their proficiency.

The Group encourages its staff to demonstrate their proficiency by obtaining appropriate certification for their professional skills or qualifications.

For the Financial Year 2016/17, the Group conducted 421 hours of external and internal trainings with over 45% attendance rate, of which 12 hours were provided to the senior management; 286 hours were provided to the middle management and 123 hours were provided to general staff.



### LABOUR STANDARDS

The Group strives to fight against illegal employment including both forced labour and child labour. It formulates employment procedures to ensure that the employment process can screen out any illegal employees. All works should be voluntary and not performed under threat of penalty or coercion. Forced labour is prohibited.

All employees of the Group are entitled to have sick leave, injury leave and maternity leave with medical proof in accordance with the Employment Ordinance and other applicable labour legislations in Hong Kong.

During the Financial Year 2016/17, no child labour or forced labour was employed or recruited.

## SECTION B: SOCIAL (Con't)

### SUPPLY CHAIN MANAGEMENT

The Group builds good relationships and shares the same vision with its suppliers and sub-contractors. The Group has developed longstanding relationships with a number of sub-contractors and suppliers for more than 10 years and has taken great care to ensure that they share the same commitment on quality and ethics with the Group. The Group has a transparent and independent procurement process. The objectives of this process are to serve the interests of WLS's shareholders and other stakeholders.

To reduce operation risk, the Group has avoided excessive reliance on a small number of suppliers and sub-contractors. The Group has maintained its own Suppliers and Sub-contractors List and updates the list regularly in order to maintain sufficient suppliers and sub-contractors for selection. For example, for the Group's the construction and buildings work, a list of suppliers is maintained for some of the key raw materials including steel bars, Pik Lik steel bar conjunction (霹靂金屬管接駁器), scaffolding bamboo, gondolas and the corresponding parts.

A fair and consistent approach is achieved by the adoption of a standard set of assessment criteria for suppliers and sub-contractors to participate in a tender. The Group requires fair tendering as a basic requirement in order to maintain the integrity of its supply chain. While selecting suppliers and subcontractors, except the pricing factors, environmental practices, labour and safety performance criteria are also considered.

As at 30 April 2017, the Group has approximately 64 suppliers, including 56 in Hong Kong, and 8 in Mainland.

The Group continuously looks for potential good suppliers and sub-contractors and maintains long relationship with the exiting customers.

### PRODUCT AND SERVICE RESPONSIBILITY

The Group has set up internal procedures and manuals to ensure the high level of product and service quality. All material licences, certificates and approvals are obtained for carrying on its business activities.

Customers' thoughts and feedback are the keys to moving corporate sustainable development forward. The Group has been committed to building a good product recall system and customer feedback channel in order to protect the rights and interests of the customers and to ensure that customers' feedback is received properly by the relevant departments. The Group believes that customer loyalty comes from customer appreciation and recognition.

#### Customer Complaint

Customers can express their complaints to the site managers. Given the long standing relationships, customers may also make further complain to the senior management conveniently. The Chief Executive Officer of the Group would follow up on the complaint cases once the senior management receives them. A formal written letter will be sent to the customer after investigation.

## SECTION B: SOCIAL (Con't)

### Intellectual Property Rights

The Group has a few patents for its scaffolding service, which are registered in different countries including the United Kingdom, China and Hong Kong. The Group has outsourced the patents' management to external legal counsel to ensure that they are renewed on time.

During the Financial Year 2016/2017, the Group was not aware of any incidents of non-compliance with regulations concerning the Group's products and services, including but not limited to product and service safety, advertising and labelling.

### Customer Privacy Protection

The Group attaches great importance to protecting customer privacy. For the money lending business, all applications are handled by the responsible officer. All related documents are filed in the locker in the officer's room. No person can access the information without the acknowledgement of the officer. All softcopies of such documents in the computers are encrypted and saved in separate server.

During the Financial Year 2016/2017, there was no complaint concerning breaches of customer privacy or losses of customer data reported to the Group.

## ANTI-CORRUPTION

The Group prohibits bribery and corruption practices. All employees including the Directors must follow the Company's policy on acceptance of benefits. The Group is highly cautious about misconduct related to bribery and conflict of interest. It is clearly explained in the Staff Handbook that employees of the Group must not request any advantage from or offer any advantage to people who have a stake in the Group's business such as customers, suppliers, contractors, authorities, or any other stakeholders.

For the money-lending business, the Group adopts rigorous borrowing requirements in order to comply with the anti-money laundering regulations in Hong Kong. For each case, during the screening section, assets verification and legal search are performed. The responsible officer of the licensed corporation would handle all the loan application documents.

During the Financial Year 2016/2017, no case relating to bribery, extortion, fraud or money laundering was reported to the Group.

## SECTION B: SOCIAL (Con't)

### Communication channel and whistleblowing policy

The Group reaches out to its employees through a variety of staff communication channels and welcome all staff to share their opinions through face to face interview, telephone or email.

The Group sets up its own whistleblowing policy for employee to report concerns about any suspected misconduct, malpractice or irregularity within the Group. The policy is intended to encourage and assist the whistleblowers to disclose such information through a confidential reporting channel to the senior management, including the Chairman, the Chief Executive Officer and the Directors of WLS.

### COMMUNITY INVESTMENT

The Group continues to reach out to the community in which it operates as a corporate citizen and has been actively fulfilling social responsibility. WLS shows caring to the community in different aspects through different ways such as organising community activities and employees' voluntary works and making donations. Through these activities, the Group gets to understand more about the need of the society.

The Chairman of the Group, Dr. So Yu Shing, who is keen on participating in charity events to help those who are in needs, was the chairman of St. John Ambulance Brigade, H.K.I.C., Officers' Mess in 2016. St. John Ambulance Brigade provides first aid service, dental service for the persons with special needs and youth service.

#### Charity Donation

For the Financial Year 2016/17, The Group made an aggregate donations of HK\$121,000 to the charitable organizations. Such charity organizations aim at helping the vulnerable groups in the society which matches with the Group's vision in community engagement.

#### Minority Group employees

The Group strives to provide equal opportunity to all individuals in the society irrespective of their ethnic, color, gender and language. Job opportunities are provided to the minority groups. As at 30 April 2017, more than 27% of the staff of the Group belongs to ethnic minority groups in Hong Kong and most of them came from South East Asia.