



沪港联合

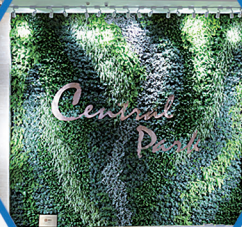
Hong Kong Shanghai Alliance Holdings Limited

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



2016/17

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. We provide downstream processing, inventory management, logistics and financing solutions for steel, steel recycling and engineering plastics. Since the 1990’s, we have grown our presence in Mainland China and have continued to invest in Shanghai through investments 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 started operating Hong Kong’s first, automated rebar processing and assembly plant located in Tsing Yi in early 2016. By expanding its one-stop solutions covering processing, logistics and new products needs of our customers, our plant has been able to add value to customers by providing ready-to-use, tested and processed rebar at a consistent quality, traceable delivery services to safeguard project timeline, as well as automated processing facility to ensure safety, efficiency, and wastage reduction. Scrap is one of the recyclable resources which consists of renewable materials from used and scrapped equipment, or components of steel materials that can be reused for steel production. Our steel recycling business provides scrap processing and quality control management to increase the value of scrap products.

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 the first 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 2016 to 31st March 2017 (the “Reporting Period”). In the future, 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. Should there be any discrepancy between the English and the Chinese versions, the English version shall prevail.

YOUR FEEDBACK

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



MESSAGE FROM THE CHAIRMAN

It is my pleasure to present the Group's first 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 2014-17, 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

16th October 2017

COMMUNICATION WITH STAKEHOLDERS

The Stock Exchange has set forth four principles for reporting in the ESG Reporting 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 workshops, 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,
Interview, Post, Email, Phone, Fax, Personal Visit,
Announcements, Circulars, Annual/Interim Reports, Press Releases

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 operates in a responsible and environmentally conscious manner, and we are well aware of the potential environmental impacts caused by our operations. Policy on waste management has been established and we encourage where possible, use of environmentally friendly products, selling and/or recycling the solid waste.

EMISSIONS

To promote environmental protection awareness, we recommend our employees to dispose used papers, computer hardware and broken electronic appliances to professional recycling companies. We exert efforts in minimizing the use of vehicles in order to reduce fuel consumption through delivery pathing plan, switching off the engine during idle, etc.

During the Reporting Period, no substantial direct emission, discharges and hazardous wastes were generated from the daily operations of the Group. We have not aware of any non-compliance with relevant laws and regulations during the Reporting Period.

USE OF RESOURCES

We advocate the “reduce or avoid wastage” principle. We provide guidance on preserving good environmental practices in factory and offices, including, but not limited to, proper usage of machines, consumption of water and electricity, proper waste management and prevention of fire. For example, we prohibit the use of refrigerants and fire fighting chemicals which may cause damage to ozone layer. Also, we conduct regular inspection on the fire extinguishers and air-conditioning equipment to prevent the leakage of chemicals.

For our reinforcing bar processing and trading business, appropriate inspections and testing are carried out in order to minimize the use of materials and energy in processing. For property investment projects, we strictly follow the LEED standards in all phase of the project including design, renovating, operations and maintenance. The current property investment project, Central Park in Pudong, Shanghai is in progress of attaining the Gold level in the LEED Green Building Rating System.

THE ENVIRONMENT AND NATURAL RESOURCES

We develop our businesses in a sustainable manner. We focus on minimizing carbon footprint, diminishing the risk of pollution incidents, providing operational improvements and ensuring compliance with relevant environmental legislations. Meanwhile, we encourage our employees to reduce the use of resources, such as paper, electricity and water in daily work to support of the “Green Office” concept. Regarding the supply of reinforcing bars, we follow the standard of ISO 14001 environmental management system.

EMPLOYEE CARE

It is recognized that building a loyal and competent workforce is the key to long-term success of the Group.

EMPLOYMENT

- **Recruitment**

During the recruitment process, employment decisions are based on job-related factors such as education, experience, and knowledge. Ethnic group, gender, religious affiliation, or other protected status or classification shall not be the basis for a hiring decision. Employment contracts must be signed to confirm the terms of salaries and benefits prior to the commencement of employment.

- **Promotion, compensation, and dismissal**

Promotion and remuneration increments are evaluated based on the "SMART Goal" scheme and a semi-annual appraisal of performance. Dismissal of staff was arranged in accordance with the Employment Ordinance and the requirements, which was also stipulated in the employment contracts.

- **Working hours, rest periods, other benefits and welfare**

The five-day work week is adopted by the majority of our workforce, with an aim to provide adequate rest periods for our employees. Employee benefits programs with high standards are provided to put our Group in a competitive position. Employees enjoy group health plans, including a self-insured preferred provider organization plan and other health plan, retirement programs, medical benefits, group insurance, holidays, provident fund scheme and other benefits subject to the Group's policies.

- **Equal opportunities, diversity, and anti-discrimination**

The Group is committed to develop, maintain and support the initiative of equal employment opportunities. We are a fair opportunity employer and we provide equal opportunity to all staff regardless of ethnic groups, religion, gender, national origin, disability, age or veteran status in career development, training and promotion.

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

As at 31st March 2017, the Group had 270 employees, in which 126 of them are located in Mainland China and 144 of them are located in Hong Kong.

HEALTH AND SAFETY

Providing employees with a safe working environment is one of our fundamental considerations. We provide or make available sufficient information, instruction, training, and supervision to staff on the safety aspects of their work. As far as reasonably practicable, staff are protected from exposure to occupational diseases or injuries, no matter severe or minor. We continuously consult and involve our employees in the implementation of our occupational health and safety policy so as to secure their commitment to such policy.

For staff working in factory or site, additional control measures and safe working procedures have been implemented in daily operational activities. In addition, we have introduced the Occupational Health and Safety Assessment Series ("OHSAS") 18001 for the processing and trading business of the reinforcing bar, structural steel and accessories.



EMPLOYEE CARE

All accidents and/or injuries were properly recorded and investigated to reduce the chance of re-happening. Apart from that, a safety committee was established in handling safety issues, weekly meetings were held with the involvement of senior management.

In the meantime, we encourage our contractors and business partners in placing strong emphasis on health and safety issues, in terms of occupational hazards. We devote adequate and appropriate resources in order to maintain a safe environment with high level of work sensitivity in compliance with legal requirements as the minimum.

DEVELOPMENT AND TRAINING

The Group provides different forms of internal and external training for employees at various levels such as basic working skills, business knowledge, product training, management skills and leadership improvements, orientation and other specific training. We will also continuously review to include all kinds of business and regulation updates and improve the training courses to meet the needs of our employees.

LABOUR STANDARDS

Child or forced labor is strictly prohibited within the Group. During our recruitment process, background checks and reference checks of potential employees are conducted to avoid child or forced labor. Besides, we will give a gentle reminder to our contractors on the prevention of child and forced labour.

The Group has been strictly complying with the national laws and regulations, and neither engagement of child labor nor forced labor were involved in any business of the Group. During the Reporting Period, the Group was not aware of any non-compliance with rules and regulations in respect of child or forced labour.

OPERATIONS MANAGEMENT

SUPPLY CHAIN MANAGEMENT

The Group encourages our vendors to align their values with ours, the mechanism of our supplier selection criteria has been established to include the concerns of environmental and social risks. Besides, annual appraisals of suppliers' performance were conducted to ensure all suppliers meet our requirements and concerns.

For our building, design and solution business, our main supplier was engaged in manufacturing of building products with environmental-friendly designs. In respect of the processing business of reinforcing bars, we have performed annual field observation of the supplier's plant to assess if they are under significant environmental and social risks.

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 standard of ISO 9001 quality management system for the reinforcing bar, structural steel and accessories business unit. Our suppliers are also required to attained relevant certificates for their products.

As a responsible products and service provider, we take customers' satisfaction as our priority. We strived to provide products in high quality and maintain a standardized inspection and testing process flow to ensure the products up to customers' requirements. It is required that all products would only be released after passing the required inspection and testing procedures.

ANTI-CORRUPTION

The Group has established an "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.

We have always maintained an ethical working environment, such as requiring all levels of employees to adhere to the Group's Code of Business Ethics. Periodic and systematic fraud risk assessments were conducted. The Group has also established a whistleblowing policy that provides guidance to employees for reporting improprieties, misconduct or malpractice with different channels. The Group's control activities were designed and adopted to mitigate fraud risks, effectiveness of the systems of internal controls were assessed by both internal assessment and external professional parties. Periodical reviews were also conducted to ensure that all employees maintain sufficient due diligence procedures in their daily operations.

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

The Group is committed to philanthropic activities across different sectors. We also encourage our employees to actively participate in charitable activities. The Group has made contributions to the charitable event including but not limited to BOCHK Outward Bound® Corporate Challenge 2016 and recruited volunteers to attend the Family Magical Journey organized by Hong Kong Family Welfare Society. During the Reporting Period, the Group has made contribution amounting to HK\$488,000 and 364 hours in total for community investment.

The Group realizes 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 have participated 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.

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Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	6
B. Social		
Employment and Labour Practices		
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Community		
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