

# 2016

## Environmental, Social and Governance Report





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## About this Report

### REPORTING STANDARDS

This report was prepared in accordance with the “comply or explain” provision set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). To meet this standard, this report was prepared in adherence to the following reporting principles: Materiality, Quantitative, Balance and Consistency.

### REPORTING SCOPE AND BOUNDARY

This is the first annual standalone environmental, social and governance (“ESG”) report issued by Cosmopolitan International Holdings Limited (“Cosmopolitan” or “the Company”, and together with its subsidiaries, the “Group”). This report serves as a benchmark for improving our ESG performance. We aim at providing to our stakeholders in this report a holistic overview of our ESG impacts, and highlighting the initiatives that we have taken in those respects on our ongoing development projects.

### REPORTING PERIOD

Unless otherwise specified, this report covers our progress and performance on ESG issues for the period from 1 January 2016 to 31 December 2016.

### ACCESSIBILITY OF THE REPORT

An electronic version of the report is available on Cosmopolitan’s website: [www.cosmoholdings.com](http://www.cosmoholdings.com). If you have any questions about the report or opinions on Cosmopolitan’s ESG performance, please feel free to contact us through relevant contact details provided in our website.

### BOARD APPROVAL

This report was approved by the board of directors of the Company (the “Board”) on 27 July 2017.

## Message from Our Chairman

I am pleased to present the first ESG report of the Company.

Sustainability is one of our core values – our mission statement is “Building an outstanding, environmentally-friendly and sustainable community for society”. We are dedicated to making a positive contribution to the communities in which we operate. We believe by upholding integrity, creating brand value of the enterprise and empowering our people, we are able to create shared values for all of our stakeholders in the long term.

We see a dedicated staff team as an important asset of our Group and strive to create an inclusive environment for them to grow and thrive. While we provide them with a fair and competitive wage and working environment, we undertake our promise to fostering their health and safety. A wide range of training and development programmes is being offered and work-life balance is promoted through organising different recreational events.

As a corporate citizen, we want to grow responsibly by reducing our environmental impact, minimising energy consumption, emissions, water use, waste and noise. To achieve this, we have invested sufficient resources from the planning stage of projects to evaluate the applicability and feasibility of various green features, work methods, equipment and innovations. We also employ various technologies and management practices to reduce emissions and the use of natural resources. Through adopting green building design, environmental monitoring and mitigation measures, we successfully reduced our environmental impacts in the construction phase and we expect to have positive outcome in the operational phase.

We continuously strive to construct a superior living space and a warm and comfortable home for our customers. As part of our core business, we engage in large-scale integrated project development. Apart from the construction of the buildings, we aim to provide our customers with a wide range of amenities and facilities through comprehensive planning. Our development projects are characterised with high accessibility, good mix of land use, and distinctive lifestyle with exposure to the natural environment. We also strive to provide quality customer service to enhance customer loyalty in the operational phase, as we understand that continuous commitment is fundamental to long term customer satisfaction. A business environment of fair competition is maintained by proper tendering management since premium product and service quality cannot be achieved without the support of our suppliers and contractors.

Our business success also relies on community support and we keep on finding ways to contribute to society. In that respect, we launched during the past year a variety of community programs in the cities where our development projects are operating, both in areas of sports development and poverty alleviation.

We will continue to adhere to our sustainability mission and to create long-term rewarding value for all our stakeholders. I would also like to take this occasion to express my gratitude to all those who have rendered support to us in the past year and I sincerely hope that our stakeholders can continue to support us in our ongoing sustainability journey.

**LO YUK SUI**

Chairman

Hong Kong  
27 July 2017

## About Cosmopolitan International Holdings Limited

### OUR PROFILE

Founded in 1991, the Company's core business includes property development, property investment, financial investment and other investments, with a main focus on Mainland China. We engage in large-scale development projects, including up-market residential properties, top-grade offices, high-class hotels, serviced apartments and shopping centres.

We strive to create long-term values for our stakeholders. The Company is steadily moving forward with its two major real estate development projects, which are anticipated to generate economic benefits for and promote the long-term development of the communities in which they are situated.

The Company believes that sustainability is the cornerstone of our successful development and we incorporate sustainable practices into our operations. We are committed to work in a socially responsible way, including participation in various charitable events and social welfare programs to contribute to the community.

### OUR PRESENCE AND ACTIVITIES

Headquartered in Hong Kong, the core businesses of the Company principally comprise two composite property development projects being undertaken in Chengdu and Tianjin and a reforestation project in Xinjiang, Mainland China.

#### CHENGDU DEVELOPMENT PROJECT - REGAL COSMOPOLITAN CITY

The Chengdu development project (the "Chengdu Project") aims to equip the dynamic neighbourhoods with high quality properties and amenities. This extensive integrated project is located in Xindu District of Chengdu City and is highly accessible with a multi-directional transportation network. It is a mixed-use development project with an overall total gross floor area of approximately 497,000 square metres (5,350,000 square feet), encompassing a high-class hotel, a large-scale entertainment and shopping centre, top-grade offices, luxury serviced apartments, up-market residential units and car parking spaces. The hotel is scheduled to open in phases from 2018. The residential towers in both the first and second stages of the development are expected to be completed in the latter part of 2017. Other components within the development comprising commercial, office, serviced apartment and residential units will continue to be developed in stages.





Artist Impression of the Chengdu Project – Regal Cosmopolitan City

### TIANJIN DEVELOPMENT PROJECT - REGAL RENAISSANCE

Located in the Hedong District near the city business centre, the Tianjin development project - Regal Renaissance (the "Tianjin Project") entails a development site with a total area of about 31,700 square metres (341,000 square feet). Its favourable location endows it with high accessibility and a scenic view. The project is planned for a mixed-use development comprising four residential towers, a commercial complex with boutique shopping arcades and commercial streets as well as two SOHO office towers with a total gross floor area of about 145,000 square metres (1,561,000 square feet). Being one of the highest skyscrapers in the district, the project is expected to become the new landmark of the city. Extensive landscaped gardens with natural greeneries are provided for both the residents and public to enjoy. While the superstructure works of the four residential towers and the commercial complex have been completed, the superstructure works of the two office towers are in progress.



Artist impression of the Tianjin Project – Regal Renaissance



## XINJIANG PROJECT

Alongside the two core development projects, the Company also engages in a re-forestation and land grant project in Urumqi, Xinjiang (the “Xinjiang Project”).

The Xinjiang Project has a site area of about 7,600 mu. The Company has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.



## Our ESG Approach

The Company believes that sustainability is the cornerstone of our successful business. In support of the Company's goal of constructing sustainable communities in which we develop and operate, we incorporated sustainable approaches into our day-to-day operations. To maintain sustainable practices across our businesses, we maintain a sound corporate governance structure and established policies to ensure that our activities demonstrate a high level of ethics and integrity. We periodically review the procedures and practices to introduce and implement appropriate new measures. We conducted materiality assessment to better understand our stakeholders' expectations and manage our ESG risks. This report encapsulates the highlights of our performance, contributions, achievements and goals in 2016.



### Our Company Philosophy

- Building an environmentally-friendly and sustainable community for society
- Creating brand value for the enterprise, steady cash flow and long-term value addition for investors
- Constructing a superior living space and a warm and comfortable home for our customers
- Providing development platforms and professional training to nurture outstanding staff teams

### CORPORATE GOVERNANCE

Good corporate governance is an issue of concern to our stakeholders. Cosmopolitan has adopted the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The Board has established three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing different functions delegated by the Board. All existing policies and practices in relation to management and corporate matters are reviewed by the Board on a regular basis for compliance with new requirements. In addition, new measures are introduced and implemented where appropriate.

More information about our governance and the Board can be found in our Annual Report 2016.

## ETHIC AND INTEGRITY

We set high standards of the integrity for our business operations. With a strong commitment to preventing bribery and corruption, we established anti-corruption policies in our operations. All of our employees are expected to uphold high standards of honesty and integrity in the performance of their duties in accordance with the provisions set out in the Employee Handbook. We have zero tolerance on violations of code of conduct and any inappropriate behaviour. All subsidiaries, departments, business units and projects are subject to rigorous control mechanisms.

During the reporting period, there were no concluded legal cases relating to bribery, extortion, fraud or money laundering in our operations which are of material importance.

## STAKEHOLDER ENGAGEMENT

We believe that transparent and regular communications with stakeholders can drive Cosmopolitan's growth and improvement. We have developed communication channels for each of our key stakeholder groups, which are reviewed on a regular basis to ensure that all our stakeholders' views can be collected effectively. The common communication channels for each of the stakeholder groups are tabulated as below:

Stakeholder Groups		Communication Channels
Internal Stakeholders	Management	Regular meetings
	General Staff	Questionnaires, regular meetings, orientation, notice board, annual appraisal meeting, employee engagement activities
External Stakeholders	Customers	Questionnaires, guest satisfaction surveys, website, day-to-day communication with frontline staff, customer feedback mechanism, hotlines
	Investors/Shareholders	Analyst briefing, investor meetings, general meetings, annual and interim reports, press releases/announcements
	Media	Press releases, website
	Industrial Associations	Questionnaires, industry forums
	Suppliers/Contractors/ Business Partners	Questionnaires, regular meetings, progress meetings

## MATERIALITY ASSESSMENT

During the preparation stage of our first ESG report, we commissioned an independent consultant to conduct a special survey for our stakeholders to help identify stakeholders' key areas of concerns and develop the framework of this ESG report. The independent consultant successfully collected over 30 questionnaires from our internal and external stakeholders.

Based on the findings of the survey and stakeholder interviews, observations during the site visits, together with documentation review, media review, and peer analysis, the consultant has identified 16 issues which are material to Cosmopolitan. The following 16 material issues will be discussed throughout this report.



### ENVIRONMENTAL

- Environmental Impact
- Waste Management
- Energy Conservation
- Greenhouse Gas Emissions
- Emissions Reduction



### OPERATING PRACTICES

- Anti-corruption
- Product and Service Quality Management
- Customer Privacy Data Protection
- Supply Chain Management
- Customer Safety and Responsibility
- Customer Feedback Mechanism



### EMPLOYEES

- Employment Relations
- Employee Retention
- Employee Training and Development
- Occupational Health and Safety
- Labour Standard Compliance

## Our Environment

The Company recognises the impact of our operation on the environment. Our business activities inevitably add to energy consumption, emissions, water use, waste and noise pollution. Serving as the basic requirements to safeguard the local environmental quality, we adhere to all relevant laws and regulations. Adhering to our environmental policy, we implemented a number of measures to mitigate our environmental impacts. Having considered our industry and operations, we believe that through applying the environmental impact assessment methodology, we can effectively identify the potential impacts of our projects starting from the design phase and to adopt suitable measures during construction and operation to alleviate adverse effects.

During the reporting period, we were in compliance with all relevant laws and regulations.

### ENERGY AND EMISSIONS

Optimising the energy performance of our business operations and products is our priority. Whether it is the construction or operational phase, we strive to apply energy-saving technologies in our projects to curb consumption and emissions.

The Tianjin Project adopted a wide range of measures to lower energy consumptions and emissions. During construction, we use solar-powered and LED lighting in our construction sites. The construction materials and component parts used are certified with Construction Energy Efficiency Performance Labelling Certificates. A variety of measures, including the adoption of low-e windows, LED lighting, building automation system and equipment with energy-saving features, are incorporated to reduce the consumption of energy during the operational phase. Our projects fulfil the Design Standard for Energy Efficiency of Public Buildings and Design Standard for Energy Efficiency of Residential Buildings.

We have also put in effort to minimise our emissions. Dust is a major type of air pollutant generated during construction. We have real-time dust monitoring which allows us to arrange our construction activities accordingly. We use construction materials which generate less dust. In addition, we apply shade cloth to cover waste to prevent dust from spreading. These arrangements minimise air-suspended dust, reducing air pollution. Landscaping is also employed to absorb pollutants. For our office operation, we have appointed certified personnel to remove volatile organic compounds (VOC) and formaldehyde.

Greenhouse gas emissions represent another area of concern but can be lowered through aforementioned energy reduction and other additional measures. To build low-carbon communities, our properties in Tianjin will be equipped with electric vehicle charging systems and bicycle parking areas, which allow residents to commute via low-carbon options.

Some of the aforementioned measures together with other additional measures are adopted in Chengdu development project. When disposing of the materials in our Chengdu Project site, construction waste is centralised on-site to reduce the number of control points for effective management. The area is regularly sprayed and vehicles are required to drive through a washing bay before exiting the construction sites.

### WATER MANAGEMENT

We identified water efficiency enhancement opportunities in our operation as a means of water resources management. Similar to our approach to saving energy, our water efficiency enhancement measures begin with our construction activities. The wastewater generated from construction activities is collected, treated and reused on-site where possible.

On the other hand, we foresee part of the water use will arise from domestic use by residents such as toilet-flushing and car-washing. In Tianjin development project, unconventional water from water recycling will therefore be applied to reduce our fresh water use. In terms of landscaping our properties, we will choose drought-resistant plants and adopt



drip irrigation for watering. Ongoing monitoring is essential to assess our environmental performance. As such, we have installed water meters which will allow us to review the water consumption on each floor in the buildings and the entire project. To prevent water leakage, we use corrosion-resistant and durable water pipes. Regular water seepage tests are also conducted.

Another focus of our water management is on the protection of our water resources at source. Understanding that extracting water from the ground may cause severe problems for the nearby environment, we undertake groundwater replenishment (i.e., recharging the groundwater supplies with treated wastewater) in the Tianjin Project. We will also expand the use of reclaimed water in the future to reduce our dependence on freshwater.

We also take care of used water to ensure that disposal will not have negative impacts on the environment. Before discharging effluent to the municipal sewage system, wastewater is collected and handled in the on-site water treatment tank to ensure the effluent quality is up to standard.

## WASTE MANAGEMENT

As a responsible property developer, we are aware of the waste generated on-site from construction activities, operational activities and by various types of users. Thus, relevant policies and guidelines have been implemented by relevant functions to achieve waste reduction in our operations. For example, the engineering functions of the Tianjin Project are responsible for the collection, separation and transportation of waste. To assess our environmental performance, we keep track of the amount of waste recycled and disposed. In addition, we safeguard the environmental quality by using furniture and building materials that are environmentally-friendly.

We prioritise waste avoidance over other waste management methods. Measures for each project or part of our operations are assessed on an individual basis. For example, we make use of light-duty walls as room dividers to reduce waste in case of renovation in the Tianjin development project. We strive to use recyclable resources and durable construction materials, including steel, glass and aluminium alloy. During refurbishment of our office, the office furniture was sent to the construction sites for reuse to reduce wastage. We also apply remaining filling materials for eco-friendly landscaping in the Chengdu Project.

For waste that cannot be recycled or reused, it is disposed of in a responsible manner. We generate domestic waste, construction waste and sludge in our everyday operations. Procedures have been established to effectively handle different types of waste. General waste or municipal waste is gathered and transported from the garbage chamber in every building to designated collection points on a daily basis. Building debris and waste engine oil generated in construction sites are handled by qualified vendors regularly. Sludge is cleared and sent to landfills regularly.

## NOISE CONTROL

We are dedicated to reducing the impact of noise from our operations through implementing noise mitigation measures. Powered mechanical equipments, machines, and vehicles are the major sources of noise pollution in our operations.

Beyond complying with the local environmental protection laws and regulations, we have put in place a number of noise reduction practices. For example, during the construction phase, we erected noise barriers and reduced the noise level. We placed the noise-generating equipment away from nearby residences. Honking and night-time construction works are prohibited. As a best practice, we have reserved a 20-meter-wide green buffer zone around construction sites to reduce the environmental impact, particularly to block noise transmission to the surroundings in the Tianjin development project. For the operational phase, water pumps, air-conditioning systems and other fixed noise-generating units are placed underground.

## Our People

Our business success depends on our ability to attract and retain a dedicated staff team. To achieve this, we established a fair employment and promotion policy. We ensure our employees' living quality by a solid welfare policy. Occupational health and safety is another safety net to protect our employees. Employees' career and personal development, as well as their well-being are as important as the aforementioned aspects.

The Company complies with all relevant laws and regulations with regard to employment and labour issues, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and provision of benefits and welfare.

### EMPLOYMENT

Strictly complying with the recruitment and employment policy, we employ people only with reference to their ability, expertise and experience. An employee's background, age and gender is not a consideration in our employment or promotion. In order to retain our talents, we provide competitive remuneration.

In Mainland China, we also established appropriate welfare policy to motivate our employees. Apart from welfare and benefits that are required by law, we provide monetary rewards on major holidays like the Mid-Autumn Festival and birthdays. We provide job security insurance for each employee as well as occasional leaves including parental leave and wedding leave, where appropriate.

### WORKPLACE SAFETY AND HEALTH

The Company is committed to provide a safe and comfortable working environment for our employees. We have established a comprehensive Safety Construction Management Policy and provide various safety training for our employees. To ensure the effectiveness of our health and safety policy, we engage with our suppliers through regular communication to discuss issues or risks related to safety.

The Company understands the importance of occupational health and safety in establishing a comfortable and safe working environment. We have zero tolerance towards workplace hazards and strive to eliminate health and safety risks and incidents. We provide training for our workers where possible. Only qualified workers who have passed our safety training courses are allowed to work on-site. Safety leaflets are also distributed to workers to remind them to operate vehicles and machines mindfully.

Apart from providing training to our workers, we understand suppliers play an important role in maintaining workplace health and safety. In view of this, we engage with our suppliers through meetings, workshops, and trainings. We require our suppliers to provide safety training and experience for every new worker, and our work has been recognised by the Ministry of Housing and Urban-Rural Development of the People's Republic of China and the Tianjin Municipal People's Government.

A comprehensive Safety Construction Management Policy has been implemented at construction sites in the Chengdu Project and is managed by the project manager. We undertake efforts to promote a safe working environment including, for example, placing signs to remind workers to prevent accidents and actively taking preventive measures to avoid fire and other major hazards. Our fire-prevention system complies with relevant laws in Mainland China and is regularly maintained by qualified professionals. We also employ active on-site monitoring and implement mitigation measures once deficiencies are discovered to ensure our safety policies are properly followed.



Safety training



Safety education



Safety measure

### TRAINING AND DEVELOPMENT

We understand employees are an important asset on which our business success depends. Improving their skills and abilities is mutually beneficial for their future development and our business performance. We provide internal trainings for employees. They may also take external courses or apply for professional qualifications that are relevant to their profession. The relevant details including the approval, types of training applicable, and yearly plan are readily accessible by our employees.

In Tianjin, we hired an external agency to provide tailor-made training for employees in the coming year. Our training policy also provided guidelines on the procedures, budget and the types of learning and development programmes for all employees. Annual staff training and development plan is developed for the Tianjin Project to improve training effectiveness.

## EMPLOYEE WELL-BEING AND WORK-LIFE BALANCE

We believe that our employees' well-being and physical health are as important as their work performance. Apart from providing the necessary medical check-ups to our employees, we have organised a variety of activities that cater to different employees' needs and interests throughout the year.

We have organised sports activities including badminton and basketball games. Moreover, we have also organised birthday parties to celebrate the birthdays of our employees. We believe that these activities are vital to creating bonding among the staff.

Apart from the above, we provided voluntary service opportunities and, in the case of our Chengdu office, a company trip for our employees to enhance their sense of belonging.



### CASE STUDY: TRIP TO RUOERGAI GRASSLANDS IN SICHUAN

We organised a company trip to the Ruoergai Grassland in Sichuan from 23 to 25 July 2016. The trip was aimed at providing a relaxing time for employees and to increase their sense of belonging. During the trip, our employees visited magnificent scenic sites, including Ruoergai Huahu and learned about the life of the local nomadic people. Our employees recognise the importance of taking time to rest and re-energise so that they can better devote themselves to their career and profession.





## Our Suppliers

We are committed to adhering to high ethical standards and we also encourage our suppliers and contractors to share a common goal. The Company believes that through monitoring and engaging with our supply chain, we can better support and promote the adoption of fair and effective operating practices.

### TENDERING AND PURCHASING PROCEDURES

As a company pursuing a fair and competent environment, we have adopted a holistic approach in which tendering management and decision-making power are decentralised. The internal legal functions of the Chengdu Project are responsible for the efficient and collaborative operation of our purchasing and service delivery. To better manage the interfaces between different levels and groups involved in sustaining the supply chain, duties are clearly segregated and assigned. The cost control functions at different levels serve as a good communicator within the management system. All the departments work together to oversee the financial policies and maintain a fair, standardised and transparent tendering process.

Throughout the reporting period, we adhered to the core principles of ESG responsibility in our procurement management strategy. All purchasing items are required to be subject to tender invitations in compliance with our policies and procedures. The Company upholds its responsibility in the performance of its contractual obligations and strives to promote a fair and competitive business environment.

### SUPPLIER SELECTION CRITERIA

We uphold a high standard in product quality and aim to ensure that the needs of our customers are satisfied efficiently by carrying out responsible screening practices in our supply chain. The Company reassures stakeholders that we use qualified suppliers that are licensed by the government and relevant certification bodies. During contractor screening, the Tianjin Project gave preference to ISO-certified suppliers and those who undertake green initiatives and environmental standards where possible.

The performance of contractors and suppliers on sustainability is reviewed periodically and records are kept for future supplier selections in the tendering process. Assessments are conducted by Engineering Departments to ensure their compliance with the legislation and guarantee the ongoing projects are of high safety standards and quality. Moreover, we give priority to local enterprises where possible to create local employment opportunities and shorten the transportation distance, and thus minimise the environmental footprint.

#### **SUPPLY CHAIN MONITORING PROCEDURE**

The quality and integrity of our properties are monitored at all stages of construction to ensure that the raw materials meet the standards on which we have earned our reputation. We maintained effective communication with suppliers and contractors by setting up long-term engagement and supervision systems. Quantitative scoring mechanisms are adopted for suppliers of the Tianjin Project for ongoing projects where information is available.

The Company adopts a strong stance against corruption and misconduct. Either the total transaction value or the unit value is set before tendering process to avoid misconduct. A feedback mechanism and a telephone hotline is in place to receive suggestions and complaints regarding our procurement management. During the reporting period, there were no incidents of corruption related to our supply chain reported which are of material importance.

Alongside our suppliers, customers, investors and employees, we aim to promote a positive influence in our supply chain with our stakeholders' support. We seek to engage and build long-term stable cooperative relationships with our suppliers, and create positive environmental and social impacts with respect to ESG performance.

## Our Customers

Our Group is dedicated to building a superior living space and a warm and comfortable home for our customers. We formulated policies regarding operating practices to ensure the quality of our products and services. We understand only a healthy and safe living environment can satisfy our customer and we are most committed to achieve this.

### PRODUCTS AND SERVICE QUALITY

To evidence our commitment, we strive to assure the building quality and prioritise customer needs. Quality assurance and monitoring systems targeted at development projects are in place. In addition to product quality, we attach great importance to customers' needs by collecting their feedback regularly. Customer opinions are well addressed and serve as the basis for future improvement.

We have adopted a three-pronged quality management approach to assure the building quality. Quality management work is divided into stages, including the pre-construction phase, construction phase and post-construction phase. In the pre-construction phase, we have stringent control over the building plans and construction materials. The building plans are reviewed by architectural and construction experts. Projects can only be carried out when all issues are addressed. We select construction materials carefully. Steel bars, concrete and cement are crucial to the building strength. We require certificates of compliance and assessment reports for these materials to ensure the quality of the building, and thus protect the safety of the end-users. In the construction phase, we focus our monitoring on the structural work and information management with close monitoring throughout the whole construction process, to ensure that our buildings can be completed with optimum quality. The post-construction phase serves as a critical procedure in our quality management approach. A set of criteria is required to be fulfilled in this phase to achieve a high level of safety and quality standards.

Apart from the building quality, premium service quality can further enhance the customer satisfaction. This requires ongoing effort in the long run. Customer opinions can contribute to our continuous improvement in service quality enhancement. We gather feedback from our customers through customer satisfaction surveys where appropriate and possible. This covers a range of aspects including staff attitude, technical skills and professional quality. Key areas of improvement can be identified after analysis of the survey result. We are assessing the possibility to establish a complaint system in the near future to construct a more comprehensive communication channel with our customers.



Quality inspection



Inspection by government representatives

### ADVERTISEMENT

Our Group respects our customers' right to obtain complete and accurate information about the products they purchase. We strictly follow all relevant laws and regulations regarding advertisement. We prohibit our employees from selling in a dishonest and misleading way. Our customers can make informed purchasing decisions without concern only if they can obtain adequate and accurate information on our products. In response to this, our employees are well-trained to advise our potential customers in a professional manner. In addition to the sales practice, our marketing materials have been carefully prepared. Information on the marketing materials is stated with accuracy after detailed verification.

### PROTECTION OF PRIVACY

We place great significance to our customers' right to privacy. We fully comply with the laws and regulations regarding personal data privacy in Mainland China and Hong Kong. Under our policy, all personal data collected is handled with a high level of confidentiality. All of our employees are committed to take privacy issues seriously. Where appropriate, they are requested to sign a confidentiality agreement stating that they have the legal responsibility to keep information confidential including trade and customer information. Any unauthorised disclosures of such personal information are strictly prohibited.



## Our Community

The Group is engaged in the development of large-scale mixed use projects. We attach importance to the whole community where our business operates and actively seek opportunities to offer a helping hand to build a sustainable community for society. To achieve optimal outcome in an efficient manner, we have contributed to a few focus areas in the community. Over the past few years, we sponsored large-scale sports events and community activities, including the East Asian Games, with monetary and in-kind donations. In 2016, we organised a community programme in Chengdu to improve the living standards of some local residents.

### COMMUNITY SERVICE IN CHENGDU

In order to support the flourishing development of the local community, the Company fosters municipal development by developing high-end integrated projects and at the same time supports the underprivileged groups in the Xindu district of Chengdu. In the winter of 2016, we carried out a donation programme under which daily necessities including rice and cooking oil were distributed to people in need in the community. The objective was to ensure that the poor and the elderly had access to daily supplies and met their basic needs. We believe that people can live a healthy life and strive for success only if they are provided with adequate resources. Through these activities, our volunteers understood more about the groups in need in the society with higher awareness about charity, and gained better satisfaction in life about what they own.



The most valuable achievement of our community involvement programs is the recognition of our effort by our beneficiaries and the actual improvement in their livelihood. After the activity, representatives from the Banqiao village in Xindu District presented a flag to our volunteers to express their gratitude.

We will actively look for community involvement programs or activities in the foreseeable future. Our direction is to serve the society based on our focus areas, expand the scope and the scale of the programs, allocate our resources for long-term positive impacts, and reach out to the other underprivileged or targeted groups.

## Appendix - The Stock Exchange of Hong Kong Limited's ESG Reporting Guide Content Index

Subject Areas, Aspects, and General Disclosures		Chapter
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>	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.	Our Environment
<b>Aspect A2: Use of Resources</b>	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment
<b>Aspect A3: The Environment and Natural Resources</b>	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>	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.	Our People
<b>Aspect B2: Health and Safety</b>	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.	Our People

Subject Areas, Aspects, and General Disclosures		Chapter
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B3: Development and Training</b>	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Our People
<b>Aspect B4: Labour Standards</b>	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.	Our People
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>	General Disclosure Policies on managing environmental and social risks of the supply chain.	Our Suppliers
<b>Aspect B6: Product Responsibility</b>	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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Customers
<b>Aspect B7: Anti-corruption</b>	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 bribery, extortion, fraud and money laundering.	Our ESG Approach
<b>Community</b>		
<b>Aspect B8: Community Investment</b>	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Our Community



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