



HONGKONG CHINESE LIMITED

香 港 華 人 有 限 公 司

(Incorporated in Bermuda with limited liability)
(Stock Code: 655)

**2016/2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE
REPORT**

October 2017

CONTENTS

OVERVIEW	2
About This Report	2
Scope	2
Reporting Period	2
About Us	2
Reporting Principles	3
Feedback	3
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT.....	4
PROTECTING THE ENVIRONMENT	5
EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES.....	6
Engaging Workplace	6
Responsible Supply Chain.....	8
Harmonious Communities	8
HKEX ESG REPORTING GUIDE INDEX.....	9

OVERVIEW

About This Report

Hongkong Chinese Limited (the “Company”) and its subsidiaries (collectively the “Group”) realise that the Group has great responsibilities and, at the same time, opportunities to create values for the stakeholders and communities. By taking up the corporate social responsibility (“CSR”), the Group integrates sustainability throughout its diversified business operations and brings benefits to its precious environment, employees, supply chain and communities.

Scope

We are very pleased to present this first environmental, social and governance (“ESG”) report detailing our efforts of fulfilling our CSR role as a responsible corporate and our performance of making sustainable business operations throughout the year ended 31 March 2017 (the “Year”). This report was prepared in accordance with the requirements of the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (“HKEx”), focusing on the business segments of property development and investment in the People’s Republic of China and the securities broking in Hong Kong which are regarded as material to the performance of the ESG of the Group.

Reporting Period

All the information contained herein demonstrates the performance of the Group during the Year. We will publish an ESG report annually.

About Us

Our principal activity is investment holding. Our subsidiaries, associates and joint ventures are principally engaged in investment holding, property investment, property development, hotel operation, healthcare services, project management, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

Reporting Principles

With reference to Appendix 27 of the Listing Rules, we conducted the reporting based on the four reporting principles as proposed by HKEx.

Reporting principles	Meaning	Response from the Group
Materiality	ESG issues become sufficiently important to the stakeholders.	This report has paid special emphasis on the most concerned topics by stakeholders.
Quantitative	This report should disclose content which is measurable.	We strived to present quantitative information with explanation.
Balance	This report should provide an unbiased picture to present the performance.	This report identified and presented the efforts on CSR made by the Group.
Consistency	This report should use consistent methodologies to allow for meaningful comparisons over time.	No comparison could be made as this is the first report presented by the Group. We will continue to use the same methodologies in upcoming reports so that comparisons could be made year to year.

Feedback

We would like you to read this report and communicate with us by post to the principal place of business of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong for the attention of the Company Secretary. Your valuable feedback would greatly help us continuously improve our sustainable performance, and make a positive difference to the planet as well as people.

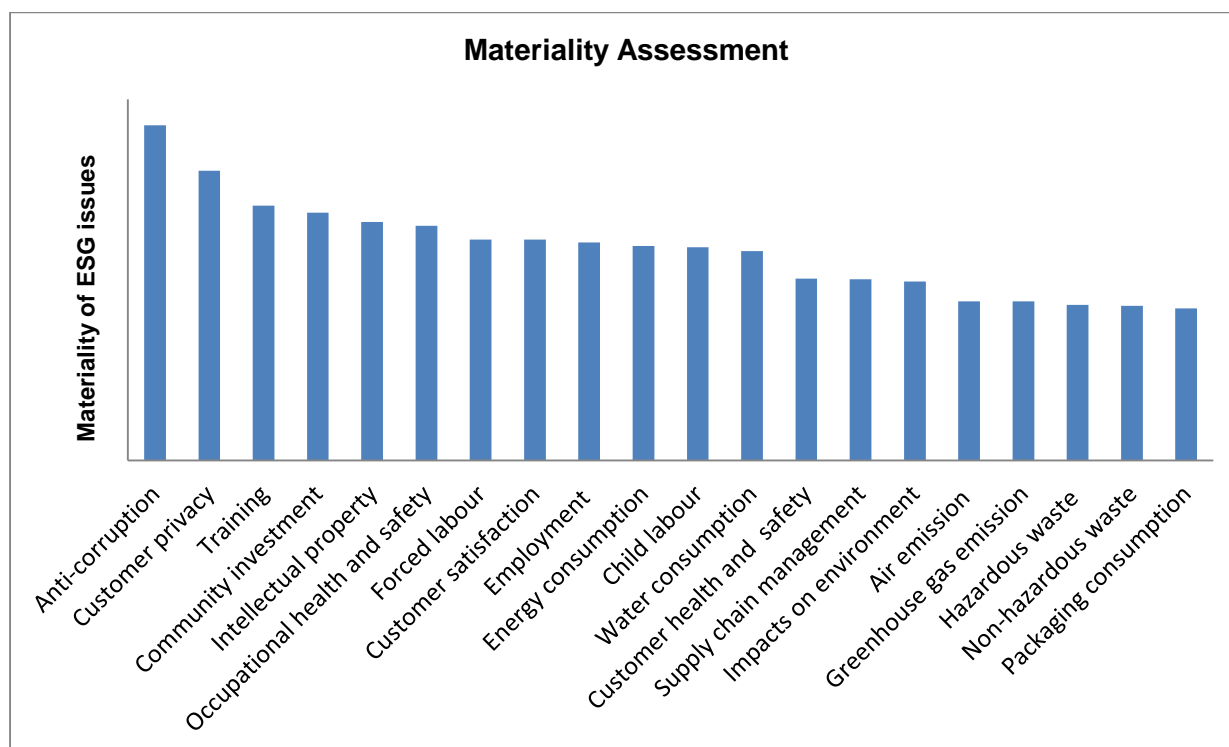
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

We would like to listen to our stakeholders. Throughout the Year, we communicated with our stakeholders through different channels.

Internal stakeholders	External stakeholders
<ul style="list-style-type: none"> • Board of directors • Management • General staff 	<ul style="list-style-type: none"> • Shareholders • Investors • Suppliers • Non-government organisations • Customers • Regulatory bodies
Communication methods	
Company website, reports, emails, memos, meetings, telephone, intranet, letters, mobile communication software, sponsorship and donations.	

During the preparation of this report, in order to have a better understanding on the materiality topics of our stakeholders' concerns, we reached board of directors, employees, suppliers, non-government organisations and shareholders through an online questionnaire where they were invited to share their views on the ESG issues of the Group. We analysed the feedback collected from the stakeholder engagement activity and ranking of the topics, and then identified the most relevant and important issues to the Group. These have provided us with direction of the sustainability strategy for the coming year so that we can place strong emphasis on the relevant ESG aspects to meet the stakeholders' expectation.

The result of the materiality assessment is presented as below:



We have identified topics which are the most material to the Group based on the above bar chart. It shows that the majority of stakeholders pay high attention to implementing integrity operating practices, delivering quality products and services, nurturing employees and community investment. As our business operations are mainly confined to office setting, the environmental issues are of less concern. The Group will continue to improve its ESG performance and work on the direction to sustainability based on the expectations of our stakeholders.

PROTECTING THE ENVIRONMENT

Although the majority of our business operations are in the office setting, which does not have significant impact on the environment, we recognise our responsibility to protect the environment by integrating green practices into our everyday work.

To reduce the environmental footprint, we made efforts to promote efficient use of resources, particularly for paper and electricity, among employees during the Year. We applied the concept of energy conservation through adjustments to our office ventilation system. We tried to use daylight wherever possible, and chose energy efficient equipment during procurement. We encourage green practices at the workplace such as opting for recycled paper, using electronic communication channels over paper, double-sided printing instead of single-sided printing, and switching off idle office equipment. Recycling of printer cartridges and toners was implemented.

More importantly, environmental awareness of our staff was cultivated through the regularly monitoring on usage of resources. Our environmental performance for the Year is shown as follows:

	Unit	Total	Intensity (unit/employee) (Note 4)
<i>Greenhouse gas (“GHG”) emissions</i> (Note 1)	tCO ₂ e	237.5	-
<i>Scope 1 (Vehicle fuel) (Note 2)</i>	tCO ₂ e	93.8	-
<i>Scope 2 (Purchased electricity)</i>	tCO ₂ e	143.7	2.05
<i>Electricity consumption</i>	MWh	230.0	3.29
<i>Vehicle fuel consumption (Note 2)</i>	kL	35.5	-
<i>Water consumption (Note 3)</i>	m ³	83.0	-

Notes:

1. The GHG emissions do not include emissions arising from outsourced operations and fugitive emissions as we consider them not having any significant impact on the overall emission performance. Scope 3 (other indirect emissions) is considered not significant to the Group and thus is not included in this report.
2. The vehicle fuel consumption only includes that of the following relevant members of the Group: the Company, Beijing Lippo Century Realty Co., Ltd. and Fairseas 1 Pte. Ltd.
3. The total water consumption represents that of Fairseas 1 Pte. Ltd. only.
4. Only intensity values (based on a total of 70 employees as at the end of the Year) of those items with individually available data records are shown.

We respected and abided laws and regulations relating to environmental protection. We did not note any material non-compliance of environmental laws and regulations during the Year.

EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES

Sustainability is at the heart of everything we do. To achieve a sustainable business, we strive to bring long-term values and create better lives for the people whom we care about including our employees at the workplace, suppliers and contractors across the supply chain, as well as the community where we serve.

Engaging Workplace

Every employee of the Group is an essential part to our business and our most important asset. Hence, we are committed to offering an engaging working atmosphere and conditions for them to work comfortably and safely.

Building a workplace of respect and fairness

To treat people fairly, we provide equal opportunities to the people, and have set out policies on rest periods, working hours, dismissal, diversity and anti-discrimination in compliance with relevant laws and regulations. We recruit and promote employees based on individual working performance and merits. To retain and motivate our employees, we offer attractive remuneration package along with various benefits higher than the statutory requirements such as paid marriage leave, maternity leave, healthcare insurance and retirement benefits. The Group regularly reviews the remuneration package of employees and make necessary adjustments with reference to the market trend.

Safeguarding their health and wellbeing

No high-risk occupational health and safety issues are involved in our operations. Despite this, we keep a focus on eliminating the risks and dangers through regular risks assessments to identify if there are any new potential hazards. No-smoking policy is enforced in the office premises to protect the health of employees. First aid box with emergency contact is in place. We have set up procedures for our employees to follow in case of typhoons and severe rainstorms to ensure their safety during the journey to and from workplace. Preventive maintenance and upgrade schedules are carried out for equipment and tools. Monitoring mechanism is established on the contractors' work safety. To provide a hygienic office environment, cleaning of carpets and air conditioning system are conducted at regular intervals as planned.

In the event of any incident, we will follow procedures to handle it appropriately and investigate the causes of the incident. We will also formulate corresponding actions or improvement.

Supporting them in terms of personal and professional development

To foster employees' professional competencies and technical skills, we provide various training programmes tailored to different job positions and levels as well as covering a range of topics from general business etiquettes to specialised training. New employees are given orientation and training regarding the background and basic operations of the Group, personnel policies, customer relations and practices. For Directors and senior management staff, seminars and workshops are provided to enhance and update their knowledge and skills on regulatory requirements and corporate governance practices. In addition, we encourage continuous learning and further career development by providing financial support to employees to study and attend training and development courses. Performance appraisal is conducted annually to review the employees' performance and at the same time to identify any training needs.

Maintaining high ethical standards with integrity

Anti-corruption is the foundation of business continuity as well as corporate sustainability, which at the same time the most material topic rated by our stakeholders. We have developed procedures to prevent our employees from corruption and bribery and ensure that they understand our expectations across the operations. Any forms of fraud, bribery, extortion and money laundering are prohibited. Internal control is in place to monitor the conduct of management staff and to prevent such wrong-doings among the Board, senior management and staff members. Any confirmed case will lead to disciplinary actions and/or dismissal. We did not have any concluded legal cases regarding corrupt practices during the Year.

Protecting data security

We also emphasise on protecting the confidential information including customer privacy and personal data from any leakage or loss. We use industry-standard efforts to safeguard the confidentiality of personal information, such as firewalls and Secure Socket Layers where appropriate. Employees are required to handle confidential documents with care and not to leave them unattended. After-office-hour access to office areas is restricted and controlled.

Rules governing disclosure of information and insider trading leading to termination of employment are specified in the employment documents. Employees are encouraged to report unethical behaviour through our whistle-blowing system.

Responsible Supply Chain

To build mutual trust with customers, we realise the importance of working closely with the supply chain, which is critical to ensure the great quality of our products and services while at the same time managing the environmental and social risks. Growing with the suppliers and maintaining good partnership is our philosophy towards sustainability. Regular monitoring is conducted for existing suppliers and subcontractors to make sure their compliance level in various aspects ranging from environmental management, worker's health and safety to the product quality. New suppliers and subcontractors have to undergo assessment and evaluation before being adopted.

In addition, while we strive to deliver quality products and services to our customers, we are well-prepared for handling customer's complaint. For instance, our Beijing operation has set up a customer service hotline for such purpose.

Harmonious Communities

Our sustainability efforts are not only limited to our business operations but also extended to the communities where our operations are located. We have a donation policy to meet the social needs and foster the social development of the territories where we serve. Seeking to generate positive impacts and inspire more people for community investment, we have set up a donation foundation to support community projects in different fields such as education and cultures and make donations from time to time.

HKEX ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures		Policy / Procedure	Reference Section
A. Environmental			
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the Company relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green office practices were implemented	PROTECTING THE ENVIRONMENT
A2 Use of Resources	Policies on the efficient use of resources including energy, water and other raw materials.	Green office practices were implemented	PROTECTING THE ENVIRONMENT
A3 The Environment and Natural Resources	Policies on minimising the Company's significant impact on the environment and natural resources.	Not applicable – the Group's operations did not have significant impacts on the environment and natural resources	Nil
B. Social			
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the Company relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Staff handbook/guidelines	EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES – Engaging Workplace
B2 Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the Company relating to providing a safe working environment and protecting employees from occupational hazards.	We complied with relevant laws and regulations	EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES – Engaging Workplace

B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Staff handbook/guidelines	EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES – Engaging Workplace
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the Company relating to preventing child or forced labour.	We complied with relevant laws and regulations	Nil
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	We have established practices and requirements to bind suppliers/providers to comply with relevant laws and regulations	EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES – Responsible Supply Chain
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the Company relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	We have established practices and requirements to bind suppliers/providers to comply with relevant laws and regulations	EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES – Responsible Supply Chain
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the Company relating to bribery, extortion, fraud and money laundering.	Procedural Manual – Administration/Personnel: Section of Business Conducts	EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES – Engaging Workplace
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the Company operates and to ensure its activities take into consideration the communities' interests.	Donation Policy	EMBEDDING SUSTAINABILITY INTO PEOPLE AND COMMUNITIES – Harmonious Communities