



GOLD-FINANCE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1462

2016/17

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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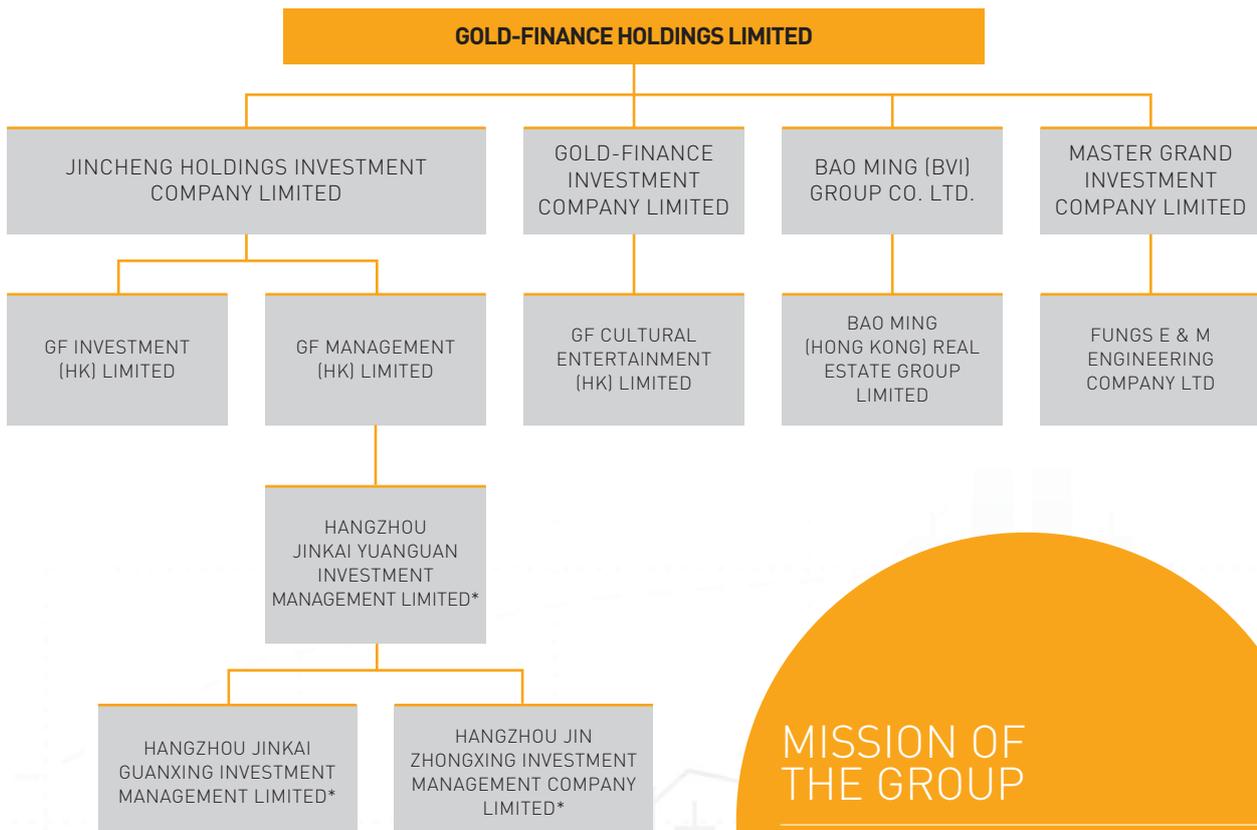


ABOUT THE GROUP

Gold-Finance Holdings Limited (hereinafter referred to as “Gold-Finance Holdings” “the Group”) is principally (i) providing building services in Hong Kong as a subcontractor, including electronic, air conditioning and fire equipment installation works, covering public and private building projects, as well as the development of new buildings and renovation of existing buildings, we also (ii) provide investment and asset management services in Mainland China.

In line with the Chinese government’s favourable policies on infrastructure projects and the expectation that the Chinese government will launch more infrastructure projects, the Group has established and managed a series of private equity funds in Mainland China through our domestic subsidiaries, including private equity funds raised by means of limited partnership and contractual public-private partnership (“PPP”), in order to provide financial solutions for government-related unique towns and infrastructure projects.

Corporate Structure



MISSION OF THE GROUP

Reforming Cities
Enriching Lives

* For identification purpose only

ABOUT THE REPORT

This Report is the first “Environmental, Social and Governance Report” published by the Group, which discloses the Group’s measures and performance on sustainable development topics in a transparent and open manner, in order to increase stakeholders’ confidence and understanding on the Group.

Reporting Year

All the information in the Report reflects the performance of the Group in environmental management and social responsibility from 1 April 2016 to 31 March 2017 (the “Reporting Period”). In the future, the Group will release an Environment, Social and Governance Report annually for public review, in order to improve the transparency and responsibility of information disclosure.

Reporting Scope

Gold-Finance Holdings is an investment holding company, and the Report focuses on the operation of asset management and investment of its main operation site – the Hong Kong headquarter office¹. After the comprehensive completion of data collection system and the Group’s deepening in its environmental, social and governance work, the Group will expand the scope of disclosure, and the disclosure will eventually be able to fully cover each operation site of the Group. The Report does not include the disclosure of environmental key performance indicators. Yet, the Group will conduct carbon assessments next year so as to further refine and standardize the reported indicators.

Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange” or “SEHK”). The Report provides a simplified overview on the environmental, social and governance performance of the Group. The information in the Report is derived from the Group’s official documents and statistics, as well as the integration and summary of monitoring, management and operational information provided by subsidiaries of the Group. The last chapter of the Report has a complete content index for quick reference. The Report is prepared in both Chinese and English languages, and it is also available on the Group’s website www.gold-finance-gp.com.hk. For any contradictions or inconsistencies between the Chinese and English versions, the Chinese version shall prevail.

Feedback

The Group’s continued progress depends on your valuable comments. For any questions or suggestions, please email to gph-enquiry@jcgroup.com.cn, which will help us continue to improve our environmental, social and governance performance.

¹ the subsidiaries of the Group, Hangzhou Jinkai Guanxing Investment Management Limited and Hangzhou Jinzhongxing Investment Management Company Limited, are responsible for operation.

COMMUNICATION WITH STAKEHOLDERS

SEHK has proposed four reporting principles in the Guide, including Materiality, Quantity, Balance and Consistency, which consist of the basis for preparation of Environment, Social and Governance Report. As SEHK has stated, the participation of stakeholders is the method used to assess the Materiality. Through continuous communication with stakeholders, the Group has been able to broadly understand the views of stakeholders and thus identify important environmental and social issues.

From the aspect of the Group, any individuals or entities that have significant impact on the Group's business or affected thereby can be deemed as stakeholders. Stakeholders of the Group include not only internal staff, management and directors, but also external clients, business partners, investors, regulators, and community groups of all types. During the past year, the Group has communicated with key stakeholders through different channels. During the preparation of the Report, the Group specially entrusted a professional consulting company to conduct materiality assessment in the form of management interview, and combined with advice from expert consultants, in order to clarify the important topics in the Report, and thus used them as a basis for the Group to prepare sustainable development strategy.

Stakeholders' Communication Modes During the Reporting Period

Internal stakeholders	External stakeholders
<ul style="list-style-type: none"> • Board of Directors • Management • Administrative staff • Employees 	<ul style="list-style-type: none"> • Shareholders • Investors • Partners • Suppliers • Regulatory authorities • Media
<p><i>Communication modes:</i></p> <p>Email, mail, telephone, direct communication, interviews, meetings, annual general meetings, annual meetings, weekly meetings, training sessions and performance reviews, group websites, annual report, financial statements, announcements, notices and circulars</p>	

The business of the Group affects different stakeholders, and stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders continuously, collect opinions of stakeholders through different forms and more extensively, and make substantive analysis more comprehensively. At the same time, the Group will enhance the reporting principles of quantification, balance and consistency, in order to define content of the Report and presentation of the information that is more in line with the expectations of stakeholders.

CHAIRMAN'S MESSAGE



“ THE GROUP IS COMMITTED TO BALANCING ECONOMIC, ENVIRONMENTAL AND SOCIAL NEEDS WHILE MAXIMIZING THE INTERESTS OF OUR SHAREHOLDERS. ”

With decades of experience in building services, we have a clear vision for the development of the Group, which is continuously developing our building services in Hong Kong, and through our fund business, realizing the idea of “Gold-Finance unique towns are the cities of the future”.

We understand that the Group’s strategies and models of business operation will deeply affect different stakeholders. The Group is committed to balancing economic, environmental and social needs while maximizing the interests of our shareholders. On the road of building new-style urbanization, we devote our efforts to become the driver of local economy while helping everyone in the community to live an equally happy life, which is exactly our expectation of Gold-Finance unique towns.

Environment should not be sacrificed on the altar of business success. To fulfil our Group’s commitment to environmental protection, we are committed to reducing the environmental impact from our business operation, including improving resource efficiency and reducing greenhouse gas emissions. In order to complete our commitment to social responsibility, the Group, through the development of asset management business, preserves and re-plans local community, and strengthens traditional cultural industry. We listen to the voice from the community, and promote the upgrade of industrial resources and urban activation by supporting construction in tourism and commerce.

The Group aims to build green cities via optimizing the allocation of resources and exploring business model of sustainable development. Relying on the Group’s resource advantages, we integrate PPP and financial resources, and invest, develop and operate unique towns. We expect Gold-Finance unique towns to be a well-planned new community that can meet different stakeholders’ expectation, and as a result, it can lead a brand-new model of sustainable urban planning in China.

Gold-Finance Holdings Limited
Chairman
Wei Jie

ENVIRONMENTAL PROTECTION

Environment and Natural Resources

The Group's office operation has no significant direct impact on environment and natural resources. Nevertheless, the Group is aware of the fact that our investment decisions will affect our environment and society.

Financial Stability Board, an international regulatory authority, issued a report on climate-related financial information in December 2016, which declared a range of risks that investors would face if they ignore climatic issues. These risks include: transition risks associated with expected policy changes, legal risks arising from unanticipated transitions, and technical risks caused by slow development of emerging green technologies. These will lead to reputational risks in operation, and clients and the public will see these companies as polluters or laggards. Other risks are direct risks due to the impact of heat wave, drought, flood, severe typhoon and sea-level rise on operation and supply chains.

The Group understands that if the Group invests in a project with environmental and social disputes, it may result in a reputation risk. In fact, more and more examples show that if investment institutions ignore environmental and social risks of a participant project or overlook the supervisory control on compliance of a project during the construction, once the project's operation is suspended due to environmental irregularities or public resistance, it will lead to serious financial risk. The Group plans to conduct a study in the future, refers to the internationally agreed Equator Principles, in order to explore the feasibility of incorporating environmental and social risks into the operational risk assessment, so as to have a positive impact on every infrastructure project that the Group involves in.

Emissions and Use of Resource

Climate change has brought unprecedented challenges to global economic development. The extreme weather brought about by climate change directly or indirectly affects the capacity of different organizations to access resources and maintain operation. In the 2015 United Nations Climate Change Conference, 195 countries, including China, agreed to implement the greenhouse gas emission reduction plan to control global temperature increase within two degrees Celsius.

At the Sustainable Development Summit held in 2015, all member states of the United Nations formally adopted 17 sustainable development goals, and "taking urgent action to address climate change and its impact" is one of them.



The business of the Group's headquarter office does not involve in construction and production or discharging significant pollutants. However, considering the global trend of emission reduction, the Group is committed to reducing our energy consumption by encouraging our employees to reduce energy consumption in day-to-day operation, thereby reducing greenhouse gas emissions. For example, the Group encourages our employees to use public transport as much as possible. It also arranges shuttle buses between the office and subway stations through the management company of our building. The management company also installed electric car charging stations in the parking lot in the building, so as to reduce carbon emissions and air pollutants. The Group will actively participate in the public activities organized by environmental organizations to enhance the environmental awareness of our employees and the community, and we will implement the following measures:

Minimize the business trips of our employees
Prioritize local suppliers
Use energy-efficient products
Turn off idle electrical appliances
Adopt LED light pipe

Reducing greenhouse gas emissions is the most important mitigation measure for tackling climate change, and carbon footprint assessment provides the underlying indicators for reducing greenhouse gas emissions. Although the Group has not yet evaluate its carbon footprint, the Group has incorporated this into the 2017 Work Plan. The Group will check the discharge amount of greenhouse gas annually as a first step towards carbon reduction, and based on it, the Group will set up carbon reduction targets and priorities to make carbon reduction more efficient.

The Group focuses on reducing natural resource consumption. The Group promotes paperless office, encourages employees to capitalize on electronic communications and electronic documents, avoid unnecessary printing and copying, reduce paper consumption, and recycle office waste papers and other office supplies. In order to further reduce the impact of our business activities on the environment, the Group has developed the following measures to make good use of resources and reduce waste in the coming year:

Make good use of recycle bins in the office building, and properly lay aside the recycled glass, aluminium cans and other stuff
Encourage employees to bring their own recyclable cups, lunch boxes and other containers to replace disposable cups and plates
Adopt double-sided printing
Use projector to project meeting materials, so as to reduce paper printing
Advocate the use of environmentally friendly paper
Install automatic sensor faucets on wash basins and other places

The Group strictly complies with relevant environmental laws and regulations in our daily operation. During the Reporting Period, we haven't found any irregularities cases related to emissions in the headquarter office.

OPERATION MANAGEMENT

Product Responsibility

In the context of fierce market competition, customers' demands on products and services continue to increase. The Group is convinced that maximizing value for customers is the only way to gain long-term trust and support. The Group follows the principle of prudent investment and adopts a relatively conservative investment strategy, in order to ensure the sustainable and healthy development of our investment business.

The Group has set up an investment committee for every fund we issued. The committee is responsible for making investment decisions on behalf of the fund, and also examining the investments of the fund in accordance with the investment objectives and strategies and under the premise of compliance with relevant investment agreements. On the other hand, before carrying out an investment, the Group will conduct risk return assessment, which is a comprehensive assessment of the expected benefits and possible risks, to ensure that the risks can be effectively controlled. The Group arranges specialized staff to carry out daily monitoring of investment projects, conduct regular inspection and adjustment of the investment-related rules and regulations, authorization and implementation, so as to ensure the effectiveness and applicability of relevant rules, regulations and authorization.

The Group attaches great importance to maintaining smooth communication with our customers and will provide a wide range of channels such as telephone, e-mail and mail, as well as face-to-face meeting, to help customers express opinions and enhance the Group's quality of services. To ensure the security of customer information, the Group will follow the guidelines for handling customer information, including dividing the data into different levels and setting different administrative permissions. In addition, the Group safeguards intellectual property and will ensure the software that we use were provided by designated qualified suppliers and avoid using unauthorized images or articles in our operation.

During the Reporting Period, we haven't found any irregularities cases related to product responsibility in the headquarter office.

Supply Chain Management

In the supply chain of the Group, the main stakeholders are partners of the fund investment. In order to seize opportunities of industrial upgrade and integration, the Group makes good use of our financial and industrial partners' expertise and advantages in their respective fields, cooperates with domestic and foreign enterprises, and creates additional value for fund investors and invested projects.

To continuously strengthen the management of our supply chain, the Group has developed guidelines for selecting suppliers for the coming year. In addition to the price, the Group will also assess suppliers according to the following conditions:

Background
Quality of services or products
Time limit of offering such services or products
Business reputation
Past cooperative experience
Annual review results

After being assessed and affirmed, a new supplier shall be approved by project director before it enters the approved suppliers list. The management will also conduct annual reviews to ensure the quality of our suppliers.

Anti-corruption

Transparency International, an international organization, defines “corruption” as the abuse of entrusted power for private gain. Anti-corruption is already one of the basic elements in the international community’s definition of corporate social responsibility. The United Nations Convention against Corruption (UNCAC), which came into effect in 2005, is the first global convention against corruption in a comprehensive manner. Many countries have enacted laws in accordance with the Convention and have taken measures to implement such laws. Chinese government has also actively carried out anti-corruption efforts in recent years. UNCAC has entered into force in China (including Hong Kong).

The Group believes that business integrity is the foundation of corporate social responsibility and the root of corporate competitive advantages and sustainable operation. In order to strengthen the Group’s integrity, the Group has set up a supervising committee as a integrity management department, and developed the “Integrity Management System” to clarify the standards of conduct that employees and partners must abide by, and also specified the standardized rules and guidelines in handling different situations such as gifts, entertainment, transactions and financial management.

All employees are required to fill in the “Integrity Undertaking”, undertaking that they will uphold the corporate culture of honesty and integrity. When different aspects of interest involved, the Group requires employees to report situations that may cause conflict of interest in a timely manner, so as to prevent malpractice, abusing power for personal gains, jobbing for selfish ends and other matters. In addition to internal staff, the Group also requires suppliers to make commitment to integrity and self-discipline. The Group has also set up a reporting mechanism, so employees and suppliers can report any violation of integrity and self-discipline, thus maintaining fair competition in the market. During the Reporting Period, we haven’t found any corruption litigations related to the Group and our employees.



COMMUNITY INVESTMENT

With the market being focusing on corporate behaviour and the “Social Licence to Operate”, the pursuit of short-term financial performance to repay shareholders is not the only goal of business management. The Group deeply understands the importance of meeting the expectations of different stakeholders and the communities where the Group operates. Therefore, from the perspective of long-term development, the Group emphasizes balancing the interests of shareholders, so that the Group can grow in a sustainable, stable and healthy manner.

In Mainland China, demands on infrastructures like electricity, roads, bridges and water supply are huge. Yet the problem is the lack of fund. The Group provides financial solutions for infrastructure projects through the PPP model. The Group cooperates with local governments to invest in infrastructures, including urban integrated development, urban rail transit, affordable housing and other projects, which would benefit local residents.

The Group believes that employees are the main force to promote social well-being and create value for the society. Although the Group has not yet established specific policies on charitable donations and volunteer activities, the Group will plan appropriate community participation projects in accordance with our employees’ abilities and interests, and the needs of communities where the Group operates, so that we can make greater contributions to the sustainable development of the community.



EMPLOYEE CARE

Employment System

Employees are the most valuable assets of the Group, and the Group's growth depends on the unremitting efforts and dedicated service of all staff. The Group respects human rights and believes that every employee should be treated with respect. Starting from the employment system, the Group is committed to creating an equal and ideal working environment for our employees. From recruitment to promotion, the Group follows open, fair and ability-first management principles. We only consider the qualifications, experience and skills of applicants and employees, instead of gender, race, ethnicity, age or religion.

During the Reporting Period, the proportion of new employees in the headquarter office was 57%, and zero employee turnover. The Group reviews staff salaries from time to time and usually makes annual salary adjustments based on employees' performance, working experience and reference to the prevailing market conditions.

In order to attract and retain talents, the Group follows below three principles and provides employees with competitive compensation and benefits in the industry.

1. Competitive to external principle: pay employees higher salaries than the average market level
 2. Impartial to internal principle: pay employees remunerations that match their work value
 3. Employee incentive principle: reasonably adjust remuneration according to the nature of employees' post, improve the incentive effect of salary system
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The Group has planned to strengthen the appeal mechanism of employment and labour issues in the coming year. Employees will be able to express their views on relevant issues to the Human Resources Department, and the management will take corresponding actions as well.

Health and Safety

The Group believes that the operational efficiency of the Group is closely related to the health and safety of all employees. The Group is committed to providing employees with a healthy and safe working environment. The operation of the Group's headquarter office is primarily referred to clerical work and there is no high-risk post.

The Group attaches importance to providing a healthy and comfortable working environment for our employees and we have formulated relevant measures for the coming year, including regular cleaning of air conditioners to improve air quality and the installation of air purifiers to purify indoor air.

The Group complies with laws and regulations relating to health and safety. During the Reporting Period, we have not found any irregularities cases related to health and safety in the headquarter office, and there were no work-related injuries.

Labour Standards

The Group fully recognizes that child labour and forced labour violate fundamental human rights and international labour conventions, and pose a threat to sustainable social and economic development. So the Group prohibits child labour and carries out examination of applicants' actual age during recruitment process, including checking the original ID card. The Group only implements the requirements of standard labour contract and will not limit the employment relationship between employees and the Group in any illegal or unfair ways. Also the Group will not change the terms of labour contract without permission of and communication with employees. The Group complies with relevant laws and regulations. During the Reporting Period, the headquarter office did not find any cases of child labour or forced labour.

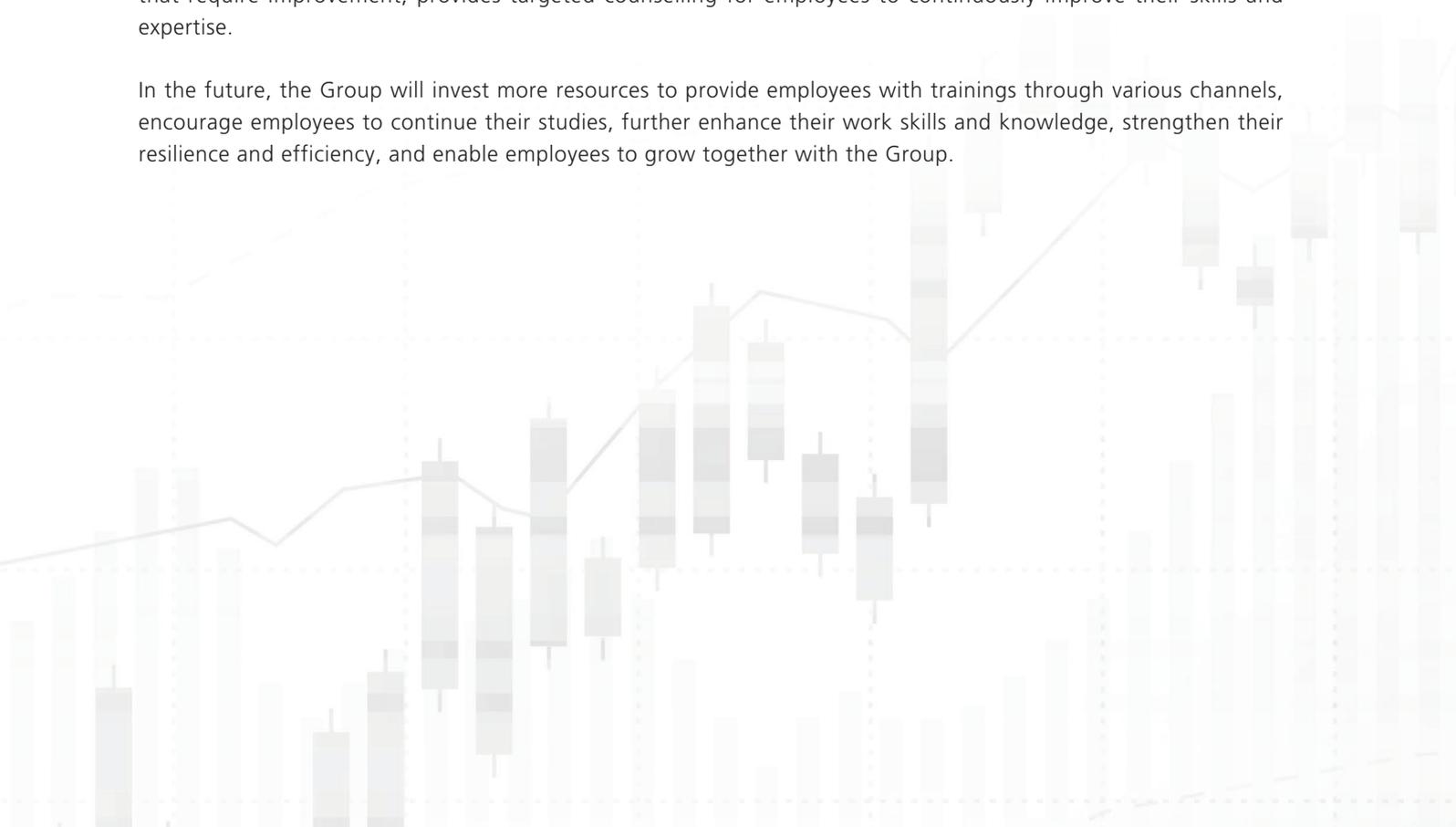
The International Labour Organization is a specialized agency of the United Nations, which enacts labour standards in the form of international labour conventions and recommendations, and thereby, improves the standard of work and living around the world. China is a founding member of the ILO and a permanent member of the organization also. In Hong Kong, there are currently 41 international labour conventions applicable to working conditions and employment policies, etc.

Development and Training

The Group believes that nurturing and retaining talents is the core of ensuring our business's development and strengthening our competitiveness. Upholding the principle of "objective and impartiality, rewarding the excellence and penalizing the inferior", the Group works with employees to develop individual performance objectives and action plans. We give feedback to our employees based on the implementation of their performance objectives.

The Group, in the light of the actual needs of different departments and functions, and based on the aspects that require improvement, provides targeted counselling for employees to continuously improve their skills and expertise.

In the future, the Group will invest more resources to provide employees with trainings through various channels, encourage employees to continue their studies, further enhance their work skills and knowledge, strengthen their resilience and efficiency, and enable employees to grow together with the Group.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

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