



# CHINA REAL ESTATE GRP LTD.

## SUSTAINABILITY REPORT 2018

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This sustainability report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor had not independently verified the contents of this sustainability report.

This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report including the correctness of any statements or opinions made or reports contained in this sustainability report.

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# BOARD STATEMENT

We are pleased to present to you the sustainability report (the “Report”) of China Real Estate Grp Ltd. (formerly known as Asia-Pacific Strategic Investments Limited) (“CREG”) for the financial year ended 30 June 2018 (“FY2018”).

This is our first Report and we feel that being sustainable in today’s world is an extremely important facet to ensure continuous growth for our business. We consider sustainability in various aspects as part of our strategy formulation. As illustrated in our previous annual reports, we have identified the real estate sector as our future focus for growth where we intend to channel our efforts and resources to establish a vibrant and thriving sustainable business in Asia.

While we have already incorporated sustainability practices within our business, we recognise the importance of articulating these practices and evaluating them. Therefore, this Report serves as a platform to communicate and engage with our stakeholders and to demonstrate how we incorporate various values into our operations.

We strive to integrate our sustainability efforts with our business strategies. Our approach to sustainability is guided by a few factors which include establishing a sustainability framework, listening to our valued internal and external stakeholders, identifying the key economic, environmental, social and governance aspects of our business, and ensuring we evaluate and track our progress along the journey.

We hope you enjoy reading this Report. We welcome any feedback, suggestions and comments on this Report which can be forwarded to us through our official website.

Sincerely,  
Board of Directors  
China Real Estate Grp Ltd.

# ABOUT THIS REPORT



This is an inaugural standalone Report by CREG. This Report is prepared in alignment with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules – Sustainability Reporting Guide (the “Sustainability Reporting Guide”) and with reference to the Global Reporting Initiative (“GRI”) Standards 2016: Core Option, which is a well-known and globally-recognised sustainability reporting framework referred to in the Sustainability Reporting Guide, and its reporting principles. Unless otherwise stated, this Report focuses on our performance from 1 July 2017 to 30 June 2018, which covers our operations across Singapore and the Asia regions where our principal activities are carried out.

This Report will focus on three main areas. Firstly, an evaluation of CERG’s performance during the last year in terms of the economic, environmental, social and governance aspects of our business. Secondly, a discussion on the challenges and material issues which will affect the stakeholders in their decision making. Thirdly, an update to our stakeholders on how we plan to manage such challenges and issues, as well as our management strategy.

# CREG'S BUSINESS

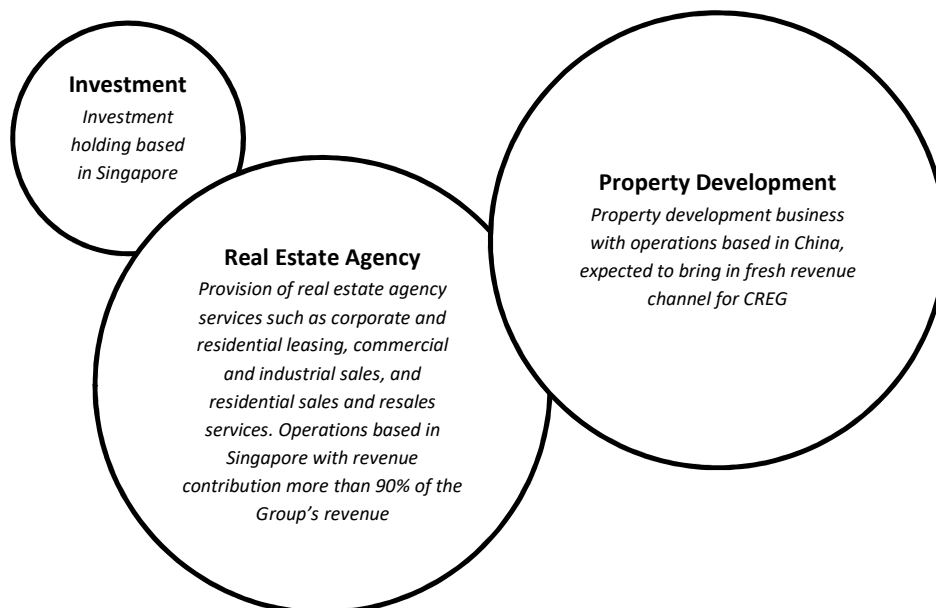
## Our Vision and Values

CREG's vision is to become a regional real estate development and agency group. We have made progress in the past year, laying key pillars that will form a solid foundation for our future development. There is still much to do but we are gaining ground in our mission to build a diversified global platform that will open up fresh horizons and opportunities for growth.

CREG strives to extend its pursuit of excellence along the value chain through responsible sourcing practices and policies. CREG continues to review and implement initiatives that are in accordance with the tenets of sustainability within our business. We have always been mindful of the way we engage with external parties and strive to contribute positively to the lives of people in communities where our business operates in.

## Our Business Presence

CREG is a public company limited by shares and is listed on the Catalist Board of SGX-ST since 31 August 2007. It is mainly engaged in the business of investment holding, real estate agency and property development, with its principal place of operation located at 1 Scotts Road, #20-07 Shaw Centre, Singapore 228208. As at 30 June 2018, CREG's staff strength totals more than 50 individuals. Please see below for our three main business segments and respective geographic location of operations.



# CREG'S BUSINESS

Our Singapore real estate agency business has been gaining ground in Singapore's property scene. Beyond our shores, we continue to grow as one of the most active Singapore companies marketing Thai and Malaysian residential real estate to the region. We intend to replicate our success at marketing overseas projects in Hong Kong and Taiwan in the near to medium term. At the same time, CREG will be strengthening its local network of real estate agents and creating platforms to drive more cross-border transactions.

In our attempt to capture a larger market share in the China's property sector, we have already commenced work on the project in Huzhou, China to transform the area into a lifestyle hub where there is a mixed development of prime residential and commercial properties with numerous innovative leisure and wellness-related choices (the "Huzhou Project"). Through this, we aim to diversify our existing businesses in order to secure long-term growth and profitability.

## Our Supply Chain

We uphold strict requirements for quality and this is applied to all levels of our supply chain. For instance, contractors, consultants and suppliers of our property development business are vetted through stringent pre-selection criteria covering the areas of quality, health & safety and environmental management. These contractors, consultants and suppliers are assessed progressively and their performance is closely monitored to ensure that the quality of our products and services are maintained and upheld across all development projects. We strive to give preference to local contractors and suppliers as we believe in contributing towards the local economy and thus local contractors and suppliers are provided with the support and opportunities available in the management of our supply chain. We also source construction materials locally as much as possible to reduce greenhouse gas emission from transportation.



# CREG'S SUSTAINABILITY APPROACH

## Sustainability Governance and Principles

At CREG, the sustainability governance structure is paramount to managing sustainability throughout the organization, particularly in relation to the sustainability fundamentals relating to the economic, environmental, social and governance areas. At the top of this structure is CREG's Board of Directors, who are responsible for reviewing and approving CREG's sustainability matters. In implementation and execution, the structure empowers the Chief Executive Officer to cascade responsibilities to the relevant head of function.

We embrace sustainability not only as a guiding principle, but even more on the strategic and operational levels. With more new developments coming up for the company, it is even more crucial to communicate our sustainability efforts to our stakeholders in all areas of our business.

CREG takes a strategic approach to sustainability by aligning its sustainability focus areas with its corporate strategies and values. CREG believes it is able to better serve the interests of its wider group of stakeholders by integrating its sustainability approach with its operations and values. CREG focuses on two key areas in which we believe that an adoption of the principles of sustainability throughout our value chain will provide an impetus towards enhancing the value of CREG in a dynamic way.

### **People – Attracting and retaining the right talent**

Right people with the right skill sets form the cornerstone of every growing company. In our real estate agency business, "Agents are our clients". We strive to streamline backend operations and retain top talent whilst recruiting new talent at the same time.

### **Projects – Ramping up our pipeline**

Our focus is to build up our top line revenue and establish a sustainable earnings stream over time. CREG envisages that each business unit will be profitable, generating cashflows to fund its activities.

# CREG'S SUSTAINABILITY APPROACH

## Identifying Material Sustainability Topics

In our sustainability journey, it is important for us to take into account the feedback arising from the key stakeholders we identified and these will be factored in when formulating corporate strategies. Engagements with the different stakeholders are conducted on an ongoing basis to understand their different points of view in relation to economic, environmental, social and governance aspects and to address their respective concerns. All these views and concerns will aid in a more informed decision making process, which will in turn improve CREG's businesses.

The table below illustrates key stakeholder groups, their engagement activities, expectations and frequency of interactions with them.

Stakeholder Group	Engagement Activities	Stakeholder Expectations
Customers	Marketing brochures, online platform, enquiry and feedback channel, customer service hotlines, periodic business networking	Good quality of services, competitive agent rate, after sales support
Employees	Staff communication channel, periodic internal newsletter, annual meeting	Staff welfare, competitive remuneration package, efficient software program and platform
Investors	Annual meetings, periodic media release and circulars to shareholders, periodic SGX announcements	Profitability, transparency, timely reporting, business sustainability
Business Partners	Frequent discussions and meetings	Partnership for opportunities and growth
Government and Regulators	Discussions with government agencies and departments	Compliance with regulations, timely reporting and resolution of issues



# CREG'S SUSTAINABILITY APPROACH

We take the interest of different stakeholder groups into consideration, as well as an evaluation of our business model and corporate strategies, when determining which topics should be considered material and their level of priority. Please see below for topics which we believe are material and should be prioritised. These topics and their corresponding performance, commitments and targets will continue to be reviewed periodically to ascertain its relevance to our business.

Topic	Relevance and Impacts	Reference	Commitments & Targets
Environmental Protection	Applies to CREG's business in property development in China where the business has direct impact on the environment. Issues include environmental management, efficient use of energy and water to initiative to protect environment are key issues to all our stakeholders	Sustainability Report 2018 – Page 10	<ul style="list-style-type: none"> <li>• Establish guidelines on environmental protection measures</li> <li>• Set up data collection system on energy and water usage of business operation in China</li> </ul>
Human Capital	Fair employment practices in aspects of hiring, remuneration, benefits, welfare and career development are important to attract, retain and develop good candidates for all our business segments, in particular real estate agency business. These are issues of interest to our stakeholders.	Sustainability Report 2018 – Page 12	<ul style="list-style-type: none"> <li>• Clear employee' rights and benefits set out in employee handbook disseminated to all employees</li> <li>• Consistent hiring practice and welfare</li> </ul>
Compliance with Laws and Regulations	Measures in place to comply with anti-corruption, socioeconomic, environmental and industry related laws and regulations, are important as we recognise the significant of its legal impact. These issues are areas with heightened attention of various stakeholders.	Sustainability Report 2018 – Page 13	<ul style="list-style-type: none"> <li>• Continue to comply with laws and regulations</li> </ul>
Economic Performance	All external and internal stakeholders look to our economic performance, value generated and distributed to communities where our business operates.	Annual Report 2018 – Operations Review, Consolidated Statement of Comprehensive Income	<ul style="list-style-type: none"> <li>• Revenue and profit growth in short to medium term</li> <li>• Sustainable dividend payout</li> </ul>
Corporate Governance	Applies to all business segments in Singapore and overseas as policies and practice in place to uphold good corporate governance, including sound risk management framework. These are issues of interest to all our stakeholders	Corporate Governance Report 2018	<ul style="list-style-type: none"> <li>• Stay abreast of development on code of corporate governance</li> <li>• Continue to uphold good corporate practice</li> </ul>

# MATERIAL TOPICS

## ENVIRONMENTAL PROTECTION

CREG is committed to reducing the environmental impact of its business operations and to conserve the natural environment in acknowledgement of the impact of climate change. This is particular relevant in our new property development business in China. We strive to incorporate environmentally sensible and sustainable practices and technologies as a property developer. Monitoring environmental impact is integral to our business operations. The efficient use of environmental resources such as energy and water contributes to the operational efficiency and long term sustainability of CREG.

### Green Development

The growth and development of our communities have a large impact on the natural environment. The design, construction and operation of the buildings in which we live and work consume many of the world's natural resources. Green development concepts extend beyond the walls of buildings to include site planning, community and land-use planning issues. At different stages of our project development, we strive to enhance and protect biodiversity and ecosystems of the environment, conserve and restore natural resources, improves overall quality of social life, as well as enhance asset value and profits.

We have kicked off our Huzhou Project in FY2018 - a premier integrated development that will embody and display the region's rich and unique cultural heritage through a myriad of leisure, resort, commercial, healthcare and ecological amenities. Our planning principle focused on the innovation of ecological civilisation to drive the inheritance of local culture; unique advantages of Jiangsu and Zhejiang river system and water resources; development and revitalisation of inland river yachts and water leisure, to fully excavate and protect the inheritance of local cultural tourism resources. On the basis of respecting the current water system, we guarantee the integrity and connectivity of the water system, emphasise the communication and networking of the water system to ensure realisation of flood control, drainage and ecological functions of the water system. We also respect the natural form of river landscape by maintaining the ecological landscape along the river.



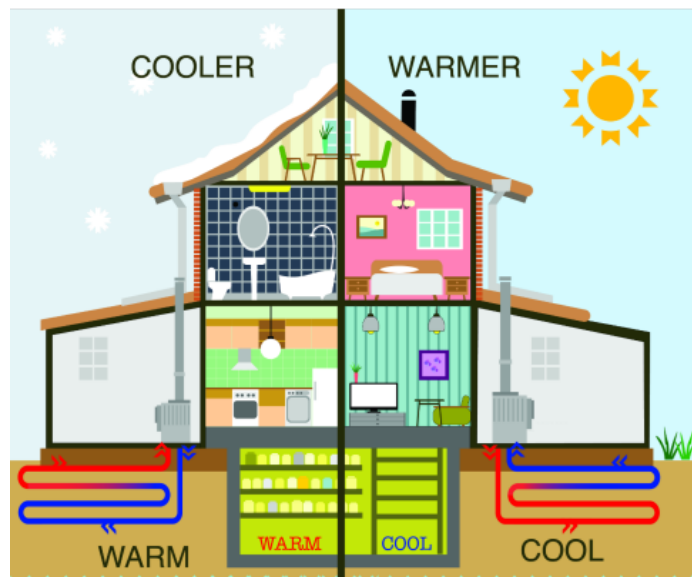
# MATERIAL TOPICS

## Energy Management

We are committed to identifying and implementing energy conservation measures to reduce energy use. The management adopts energy-efficient practices when procuring raw materials, plant and equipment to help deliver energy-efficient improvements and reduce the impact from operations.

Effective energy management is one of the initiatives undertaken by our Huzhou Project in minimising energy consumption in buildings. This will reduce not only our operational cost but also greenhouse gas emission as well as contributing towards climate change mitigation. For instance, the Huzhou Project has adopted a Ground Source Heat Pump, a central heating and/or cooling system that transfers heat to or from the ground. It uses earth at all time as a heat source (in the winter) or a heat sink (in the summer). This design takes advantage of the moderate temperatures in the ground to boost efficiency and reduce the operational costs of heating and cooling systems. Upon initial implementation and commencement of operations, we will continue checking and verifying through performance monitoring and analysis.

Recognising the need to optimize electricity and water consumption, we target to establish guidelines on efficient usage of electricity and water, and build up a system to track the performance of electrical and water consumption across our buildings developed.



## Water Management

Water security is one of the main concerns for today's world population. Irregular rainfall patterns and rising sea levels are greatly impacting the availability of potable water. A strategic approach to water management and quality improves the efficiency, resilience and long-term value of our projects. The effective management of both the consumption and quality of water leaving our project sites is extremely important. Contractors are required to monitor the wastewater discharged into the watercourse or sewerage system.

# MATERIAL TOPICS

## HUMAN CAPITAL

CREG provides full-time employment to more than 50 individuals in Singapore and overseas. Our people are the core of our business, and the key to achieving long-term success for CREG. Without our employees and agents, we are unable to provide top-notch services to our customers. Hence, having in place adequate training programs, competitive remuneration packages and good working conditions will help to keep our people motivated at work.

We are also committed to having good employment practices that are in line with the applicable employment laws and regulations. We value diversity because we believe each of our people play a part in contributing to our business presence, brand and authentic connections with our external stakeholders such as customers, suppliers and shareholders. We employ the best people for the job, recruiting people from a range of backgrounds and criteria such as various qualifications, nationality, and age group. We also ensure that there is a healthy mix of men and women in the workplace.

We uphold these values and beliefs so that we are well-positioned to acquire, retain and develop exceptional talents. We believe all candidates and employees should be respected and treated fairly.

Employee morale is also vital to our business. In order to nurture high employee morale and greater camaraderie within our family, we continue to invest in organising various recreational activities for all our employees throughout the year.





# MATERIAL TOPICS

## COMPLIANCE WITH LAWS AND REGULATION

In order to deliver exceptional service to our customers and interaction with our stakeholders, we believe that strong governance is imperative as the cornerstone to building trust and long-term sustainability. We advocate good corporate governance practice and strict compliance with laws and regulations, which is aimed at promoting better performance throughout different business segments of CREG.

Our employees and agents are expected to maintain the highest standards of integrity and trust in all business relationships and dealings. We place great emphasis on accountability, transparency, ethical business conduct and good corporate governance that is manifested throughout the company's strategies and operations.

We hold strong views on anti-corruption and we require our people to comply with the relevant anti-corruption legislation in all the markets where we operate.

CREG does not have any whistle-blowing policy. However, our staff have been informed about the various avenues, including the chairman of the Audit Committee, through which they may report on possible improprieties in matters of financial reporting or other matters.

During the year, there were no legal cases regarding corrupt practices and significant non-compliance with socioeconomic and environmental laws and regulations that were brought against CREG or our people.



# GRI Content Index

GRI Standard	Disclosure	Notes/ Page Reference
102-1	Name of the organisation	Sustainability Report - page 1
102-2	Activities, brands, products, and services	Sustainability Report - page 5
102-3	Location of headquarters	Sustainability Report - page 5
102-4	Location of operations	Sustainability Report - page 5
102-5	Ownership and legal form	Annual Report 2018 - Statistic of Shareholdings
102-6	Markets served	Sustainability Report - page 6
102-7	Scale of the organisation	Sustainability Report - page 5 and 12, Annual Report 2018 – Financial Highlights
102-8	Information on employees and other workers	Sustainability Report - page 12
102-9	Supply chain	Sustainability Report - page 6
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	Not applicable
102-12	External Initiatives	Not applicable
102-13	Membership of association	Not applicable
102-14	Statement from senior decision-maker	Sustainability Report - page 3
102-16	Values, principles, standards, and norms of behavior	Sustainability Report - page 5
102-18	Governance structure	Sustainability Report - page 7
102-40	List of stakeholder groups	Sustainability Report - page 8
102-41	Collective bargaining agreements	Not applicable
102-42	Identifying and selecting stakeholders	Sustainability Report - page 8
102-43	Approach to stakeholder engagement	Sustainability Report - page 8
102-44	Key topics and concerns raised	Sustainability Report - page 9
102-45	Entities included in the consolidated financial statements	Annual Report – Investment in Subsidiary Corporations
102-46	Defining report content and topic Boundaries	Sustainability Report - page 4
102-47	List of material topics	Sustainability Report - page 9
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	Sustainability Report - page 4
102-51	Date of most recent report	Not applicable
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Sustainability Report - page 3
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report - page 4
102-55	GRI content index	Sustainability Report - page 14
102-56	External assurance	We have not sought external assurance for our sustainability report FY2018 and may consider it in the future.

# GRI Content Index

GRI Standard	Disclosure	Notes/ Page Reference
103-1	Explanation of the material topic and its Boundary	Sustainability Report - page 9
103-2	The management approach and its components	Sustainability Report - page 10-13
103-3	Evaluation of the management approach	Sustainability Report - page 10-13
201-1	Direct economic value generated and distributed	Annual Report 2018 – Consolidated Statement of Comprehensive Income
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report - page 13
307-1	Non-compliance with environmental laws and regulations	Sustainability Report - page 13
419-1	Non-compliance with laws and regulations in the social and economic area	Sustainability Report - page 13