**Acknowledgement**

This article “Building a Better Tomorrow” was first published in the June 2022 issue of *A Plus*, the official magazine of the Hong Kong Institute of CPAs.

**Information Sheet**

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| **Activity:** | Reading to learn |
| **Title, Brief & Source of the Reading Material:** | **Building a Better Tomorrow**  *Ricky Tsang FCPA, Deputy Chief Financial Officer of Chinachem Group, on how his CPA skills help him ensure growth for the property developer*  A Plus, Issue 6 Volume 18 June 2022, HKICPA <http://app1.hkicpa.org.hk/APLUS/2022/06/index.php> |
| **Learning Objective:** | 1. To consolidate and broaden students’ business knowledge base, as well as raise their interest in business learning; and 2. To enhance students’ reading skills on understanding business articles/stories and help them make reading a lifelong habit for knowledge enrichment. |
| **Level:** | S4-6 –   * Compulsory Part for both Accounting Strand and Business Management Strand; and/or * Elective Part of Business Management Strand |
| **Duration:** | Out-of-class – pre-study/home assignment by reading a media article, and answer questions after group discussion in class  In-class – Group sharing and discussion |
| **Prior Knowledge:** | * Module 1(a) Business Environment; * Module 1(b) Basics of Management; or * Module 3(a) Introduction to Management (with effect from S4 in 2022/23 school year) |

Ricky Tsang FCPA asks himself the same question everyday: “What can I enhance within the company to benefit the people, planet, all while ensuring group’s prosperity?” It is a difficult question to answer, Tsang notes, but it serves as the backbone for the crucial decisions he makes as Deputy Chief Financial Officer of Chinachem Group.

The group, a leading property developer in Hong Kong, is unique, Tsang says, as it is neither publicly listed nor family-owned. This means it has the flexibility to place its people and best sustainability practices on the same pedestal as profits. “At Chinachem, we follow the Three Ps – people, prosperity and planet. We call it a ‘triple bottom line,’” he says, adding that this is made possible through the group’s heritage and real estate assets.

Chinachem Group was founded in the 1960s as an industrial building developer for the city’s thriving manufacturing industry at the time. In the 1970s, the group invested in farmland

and traded it for sites in areas such as Sha Tin, Ma On Shan, Fan Ling and Sheung Shui, where it developed large scale community housing to cope with the rising population. The group is now focused on developing commercial and residential premises, and has completed around 200 residential developments, eight hotels, and many shopping centres around the city. “Our property portfolio has always helped to produce a strong, recurring cash flow. It has supported management in balancing the ‘people and planet’ aspect, rather than just focusing on commercial returns,” adds Tsang. “I find it very exciting to be part of the team managing the sustainable transformation of our business with this vision.”

Opportunity amid challenges

The past two years, Tsang says, have been a challenging time for Hong Kong’s property leasing market. He points out that COVID19-related travel restrictions and social distancing measures have particularly impacted on the group’s hotel revenue and retail footfall. “Our

hotels, which saw an abrupt drop in occupancy and cash flow, were hit hardest,” Tsang says. However, he notes that initiatives such as staycations, long-term stay packages, and then quarantine accommodation for travellers helped the group to sustain cash flow, avoid furloughing staff, or make employees redundant. “This helped to uphold the ‘people’ aspect of our Three Ps,” he adds. “We offered rental concessions to retail tenants based on their circumstances, as many retailers saw a prolonged period of business downturn, with operating restrictions or compulsory closures applied to selective trades.”

There is also reduced demand for high-end residential property resulting from border closures. “The ongoing border controls and quarantine requirements have affected Hong Kong’s competitiveness and ability to keep expats in international companies, of which many have plans to relocate their talent, especially those with regional duties,” Tsang says. “Border closures have also reduced the number of buyers coming in from the Mainland, and the increasing number of people relocating from Hong Kong to other cities has increased the supply of property in the second hand market. This has also led to buyers negotiating a lower price.”

On the contrary, first hand luxury residential sale prices are holding up, with interest in the group’s luxury property market stemming from local buyers and Mainland residents. “The location and quality of our properties attract buyers, especially after renovation,” he says. Tsang believes this momentum will remain steady in light of eased restrictions. “As COVID-19 measures continue to relax in Hong Kong, we see more people coming out to view properties.”

“This makes us the second real estate developer in Hong Kong to have completed a science-based targets validation with a 1.5 degree celsius target aligned with the Paris Agreement goals.”

There is one particular project that Tsang looks forward to growing now that dining restrictions have eased and with more people out and about – Central Market. Managed by Chinachem Group and restored by the Urban Renewal Authority (URA), the HK$500 million project saw Hong Kong’s 82-year-old Central Market building revitalized after being closed for 18 years. It opened to the public in August 2021, housing restaurants, cafes, bars, shops and small businesses. Tsang is proud to see the building restored and brimming with life, all while maintaining a rustic 1940s charm. “We’ve always promoted Central Market as a kind of ‘playground’ for all,” he says. “We are, on one hand, preserving the heritage of the building, and on the other hand, turning it into a hot spot for entertainment, food and beverage, retail, and co-working.”

Tsang, who played a role in monitoring the group’s investment towards the revamp, hopes Central Market will be a hotbed for small businesses to grow. “We provide a ‘plug-to-operate’ opportunity to help local start-ups and small and medium-sized enterprises operate with a minimum amount of capital expenditure and operating expenses,” says Tsang. The group, which has been approved by the URA to be the main operator of the Central Market for a period of 10 years, is looking forward to the second phase of its opening plan, which will begin in the second half of the year. “We have diversified marketing programmes to attract different groups of visitors and a good mix of tenants,” he says. “We look forward to incorporating a virtual reality zone, a STEM or science, technology, engineering and mathematics shop, as well as unique retail, and food and beverage offerings.”

Sustainability first

Chinachem Group, Tsang says, places sustainability at the forefront of its operations and developments. In January, science-based targets set by the group were officially approved by the Science Based Targets initiative (SBTi). SBTi is a collaboration between the CDP (formerly the Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature, and provides companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

“We took action in 2021 to set our science-based targets and adopt recommendations by the Task Force on Climate-Related Financial Disclosures. We also set long-term targets in according to our science-based targets to reduce our greenhouse gas emissions,” says Tsang.

To ensure best sustainability practices, the group is using property technology, or PropTech, which refers to advanced technologies and software solutions that are used to solve the needs and challenges of real estate companies. PropTech allows developers and companies to integrate sustainable solutions to the development of properties and its facilities to reduce electricity and water consumption, waste, and in doing so, their overall carbon footprint. For example, by teaming up with a PropTech start-up in 2020, Tsang notes that the group is among the first developers in the world to replace diesel with clean energy at construction sites. Diesel generators are generally used to provide temporary power at sites. “We’ve introduced a portable battery storage system to a construction site at one of our residential property projects. By replacing traditional diesel generators, we can lower carbon emissions by 85 percent,” he says.

In 2019, the group signed an agreement to partner with energy company CLP Power Hong Kong Limited in rolling out smart technologies at their flagship office tower in Tsuen Wan. “We collaborated with CLP Power significantly in search of solutions for our flagship building to conserve energy, and identify targets that would save a total of 14 gigawatts of electricity for the next five years,” Tsang explains. One gigawatt of power is equivalent to a billion watts of energy, and is enough to power over 100 million light emitting diode lightbulbs. “This requires deploying technology such as metering, energy efficient heat pumps, variable speed drives and controls, electric kitchens, smart lighting hardware and solar films to manage the energy consumption at Nina Tower.” The group tests new technologies in their office building and has recently implemented systems to enhance cleanliness such as touch-free lift buttons, self-disinfecting door handles and robotic solutions to help keep the premises clean around the clock. “Nina Tower and our existing portfolio provide excellent pilot opportunities for these new technologies,” he adds.

The group plans to implement the same solutions in its future developments. Doing so, Tsang says, will decrease carbon emissions across their projects and also set a good example for other developers to follow. “Building related activities account for some 90 percent of Hong Kong’s total electricity consumption – and generating this kind of electricity accounts for more than 60 percent of the city’s greenhouse gas emissions,” he says. “So from that basis, I consider improving the sustainability of the real estate industry to be critical. We recognize that the way we live consumes far too much of the planet’s resources, which are limited and scarce. It’s important that discipline starts from this generation forward.”

Green finance within the property development sector has also risen in importance in recent years Tsang adds. “Measures on green objectives, such as higher energy efficiency and less carbon emissions, can now be written in as part of the financing contract,” he says. Chinachem Group signed two bilateral sustainability-linked loans facilities, one with HSBC in December 2021, and one with Hang Seng Bank this month, worth HK$1 billion each. It also has secured a green loan worth HK$12.95 billion – the largest of its kind in Hong Kong – in partnership with Hysan Development Company Limited. “The pursuit of green finance reflects our group’s commitment to creating a green future, and to help fostering sustainable development in Hong Kong’s real estate sector.”

Transforming finance

As Deputy CFO, Tsang leads the transformation of the group’s finance function, and has helped to migrate and implement accounting and payment solutions to systems and processes. “I’m responsible for budgeting, reporting and finance operations, managing our capital structure and liquidity under the treasury, and the investment of our capital reserves. I also provide advice to other divisions on financial and funding matters,” he says. His background in financial markets, Tsang adds, helps him to navigate the investment of the group’s surplus capital and share ideas during meetings with the investment subcommittee.

Helping with change management, Tsang notes, is one of the more challenging aspects of his role. He recalls being caught in the midst of the company’s transformation from day one, and the pressing need to ensure a smooth transition. “When I joined Chinachem two years ago, it had already begun embarking on a transformation journey, with the objective of rebranding the group, and building an image associated with quality buildings and services,” he says. “This involved a major system overhaul and overturning most processes.”

With the new mechanisms in place, Tsang needed to ensure that the company’s financial performance would be properly reported. “My first task was to enhance our financial management, so I led a corporate-wide budget exercise to set targets and plan resources, and also revamp management reporting to enable more effective monitoring of the company’s performance. Our reports also had to be produced within a much shorter timeframe,” he says.

The finance team, Tsang notes, had to transition to a new accounting system, which presented another challenge. He saw that the finance and IT teams needed to communicate better to keep up with the changes. “This was another form of change management for finance staff, as well as for accounting processes,” he says. “So we hired an external consultant with accounting qualifications and knowledge in accounting systems to act as a bridge between our finance and IT teams. We also formed a lot of working groups between IT, users and finance staff.”

A foundation to build upon

Tsang’s 30-year career saw him hone his skills and knowledge in the areas of audit, corporate finance, and property development. He began his career as an auditor at Touche Ross (now Deloitte) in the United Kingdom. “My four years working in audit provided me with a solid foundation in terms of the techniques to extract information out of data,” he says. “I learned how to perform analytical reviews, assess and compare the performance of companies across different industries, and how to make use of comparative analyses on industry peers.” His expertise in audit continues to help him in his current role. “My skills in financial review lead me to ask the right questions, ensure that records are complete, and assess key estimations and valuations,” he adds.

The experience, Tsang says, also helped him to quickly sharpen his people skills at a young age. “The training gave me the confidence to meet, influence and convince the directors and senior staff of the companies we were auditing. I also learned how to manage my time, meet tight deadlines and always deliver at a high standard.”

Tsang then stepped into the banking and finance arena, working for banks such as The Bank of Tokyo, Ltd. in London, before returning to Hong Kong to work at NatWest Markets, Morgan Stanley, and the Bank of Bermuda Limited. “I had the opportunity to work on corporate finance projects and was trained in understanding business models and valuations,” he says. “I understood the importance of time value of money and cash flow, as companies can become insolvent – even if they are making profits.”

He later ventured into the property development sector, joining Hysan Development Company Limited as CFO, then general manager – financial control at MTR Corporation Limited, and director – head of corporate audit at Hang Lung Group and Hang Lung Properties Limited. This established and refined his knowledge in the industry and, ultimately, prepared him for his role today. “At Hysan, the management team would always look at growth strategies, either by changing the mix of tenants at a property or repositioning itself through renovation, refurbishment or redevelopment,” he says.

Tsang also learned the importance of a company’s longterm vision. “At MTR Corporation, we looked at railway planning, maintenance and capital expenditure cycles that spanned over decades. This offered very interesting insight into a well-organized and well-controlled company with an established risk management and internal control framework, and one that is designed to provide a high quality of service over a long period of time.”

A solid grounding

Tsang says his CPA skills have been instrumental throughout his career, and continue to help him add value in his job. “My CPA training reminds me to be professional and disciplined, open-minded, innovative and able to adapt to change,” he says. “It has helped me to analyse a company’s value and risk, and determine how macroeconomic, microeconomic or political factors are affecting them.”

Understanding risk, and knowing how to navigate those potential risks in one’s industry, Tsang adds, is also key to being an effective finance leader. “Understanding the strengths, weaknesses, opportunities and threats within the company and the industry you operate in is very important,” he says. “This will help to foster a closer relationship with your business partners and understand their pain points.”

It is also critical for individuals to stay up-to-date and avoid complacency, Tsang says, noting the merits of continuing professional development (CPD). “CPD is very important. The world is changing very quickly, and with my CPD training, I’m able to stay up to date on the latest trends affecting society, such as technology,” he says.

Staying future-focused

When Tsang has time, he enjoys reading and being with his family, and says despite the impact of the fifth wave of COVID-19 earlier this year, he was able to spend more quality time with them while working from home. “We had a lot of fun baking, doing home exercises and watching a lot of movies together. We also made better use of our Netflix and Disney+ subscriptions,” he laughs. An avid traveller, Tsang looks forward to travelling again to cities he used to frequent, and to new locations. “I do miss travelling a lot with my family and friends to tranquil places; ones that truly help me relax,” he says. “I also love exploring new cities by driving around in places like Japan and Europe. I enjoy having a good time with good food, and understanding the local culture.”

Tsang’s sights for the next decade are set on helping with Chinachem Group’s developments, including one project which will see the group collaborate with Hysan for a commercial project in Causeway Bay, slated for completion in 2026, and another development which will see the group develop a plot of land in Tung Chung East into a town. “The project, which is in line with the government’s Tung Chung New Town Extension plans, will see us constructing a non-industrial site near the Tung Chung East Station,” says Tsang, referring to a new MTR station that will extend the current Tung Chung line, due for completion in 2029. “We hope to develop shopping centres, offices and data centres there, too.”

Above all, he looks forward to championing the sustainable development of property in Hong Kong, with the hope of creating a better tomorrow for society through his role. “I look forward to operating our business with the focus on and consideration for the Three Ps,” he says. “It’s important that we lead by example to push sustainability to be at the forefront and that we reduce our consumption of scarce resources, while balancing the needs of the future generation.

**Student Worksheet**

**Elementary Level - Pre-study / Home Assignment (p.1-5)**

You are required to **pair up** and read a media article titled “Building a Better Tomorrow”, **discuss and complete** the questions before class.

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| **Q1** | In paragraph 2, |
|  | 1. as one of the leading property developers in Hong Kong, what is the form of business ownership of Chinachem Group? |
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|  | 1. line 10, what does the “Three Ps – people, prosperity and planet” mean to Chinachem Group? *[Hints: company’s vision/believe to direct company’s development]* |
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| **Q2** | In paragraph 3, what are the key factors affecting the development of Chinachem Group since it was founded? *[Hints: factors affecting business decisions]* |
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| **Q3** | In paragraph 4, |
|  | 1. what are the challenges and opportunities Chinachem Group faced since the outbreak of COVID-19? *[Hints: factors affecting business decisions]* |
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|  | 1. “Profit should be the top goal of every business.” Is this statement applicable to Chinachem Group? Why or why not? *[Hints: company goal setting in planning process]* |
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| **Q4** | In paragraph 5, |
|  | 1. what is the market positioning of Chinachem Group in real estate industry/sector? *[Hints: selling luxury housing / middle-income housing / low-income housing]* |
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|  | 1. how was the demand of the properties as mentioned above being affected during the pandemic? *[Hints: demand increased / remained steady / decreased]* |
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| **Q5** | In paragraph 7-8, what is the “Central Market” project about? |
| |  | | --- | | 1. Nature of the project *[Hints: commercial property development / redevelopment project / revitalisation project ]* | | 1. Target market *[Hints: e.g. people living in the district, SMEs, new start-ups … ]* | | 1. Market positioning *[Hints: e.g. creating an entertainment hub, a hotbed for small businesses, distinctive community environment, … ]* | | 1. Benefit(s) brought to new start-ups / small businesses *[Hints: any support measures provided]* | | 1. Who to operate the Central Market *[Hints: sole owner / project operator for a certain period of time]* and how to sustain its attractiveness *[Hints: e.g. marketing strategy/plan…]* | | |

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| **Q6** | In paragraph 9-14, what actions have Chinachem Group taken to achieve its sustainability practices? |
| |  |  | | --- | --- | | 1. Goal setting in planning process   *[para.9]* |  | | 1. Electricity consumption   *[para.11]* |  | | 1. Clean & healthy environment   *[para.12]* |  | | 1. Be pioneer of the property industry/sector   *[para.13]* |  | | 1. Green finance***\*learn more***   *[para.14]* |  |   ***\*learn more*** In September 2018, the Securities and Futures Commission (SFC) published its Strategic Framework for Green Finance, which covers three major areas: (i) enhancing listed company, asset manager and investment product disclosures and their consideration of environmental, social and governance (ESG) factors, especially environmental and climate risks; (ii) facilitating the development of green or ESG-related investment products, and supporting investor awareness and capacity building, and;  (iii) promoting Hong Kong as an international green finance centre ( Source: <https://www.sfc.hk/en/Green-and-sustainable-finance> ) | |

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| **Q7** | In paragraph 18, what business functions were mentioned? How did they interrelate to foster the future development of Chinachem Group? |
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| **Q8** | In paragraph 23, what business function was mentioned? Why is it important to long-term development of Chinachem Group? |
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| **Q9** | In paragraph 26 and 29, what do you learn from Ricky Tsang’s sharing in terms of your personal growth and the future development trend for businesses? |
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**Student Worksheet**

**Standard Level - Pre-study / Home Assignment (p.6-10)**

You are required to read a media article titled “Building a Better Tomorrow” and complete the questions before class.

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| **Q1** | In paragraph 2, |
|  | 1. as one of the leading property developers in Hong Kong, what is the form of business ownership of Chinachem Group? |
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|  | 1. line 10, what does the “Three Ps – people, prosperity and planet” mean to Chinachem Group? *[Hints: company’s vision/believe to direct company’s development]* |
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| **Q2** | In paragraph 3, what are the key factors affecting the development of Chinachem Group since it was founded? *[Hints: factors affecting business decisions]* |
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| **Q3** | In paragraph 4, |
|  | 1. what are the challenges and opportunities Chinachem Group faced since the outbreak of COVID-19? *[Hints: factors affecting business decisions]* |
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|  | 1. “Profit should be the top goal of every business.” Is this statement applicable to Chinachem Group? Why or why not? |
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| **Q4** | In paragraph 5, |
|  | 1. what is the market positioning of Chinachem Group in real estate industry/sector? *[Hints: selling luxury housing / middle-income housing / low-income housing]* |
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|  | 1. how was the demand of the properties as mentioned above being affected during the pandemic? |
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| **Q5** | In paragraph 7-8, what is the “Central Market” project about? |
| |  | | --- | | 1. Nature of the project *[Hints: commercial property development / redevelopment project / revitalisation project ]* | | 1. Target market *[Hints: e.g. people living in the district, SMEs, new start-ups … ]* | | 1. Market positioning *[Hints: e.g. creating an entertainment hub, a hotbed for small businesses, distinctive community environment, … ]* | | 1. Benefit(s) brought to new start-ups / small businesses | | 1. Who to operate the Central Market and how to sustain its attractiveness *[Hints: e.g. marketing strategy/plan…]* | | |

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| **Q6** | In paragraph 9-14, what actions have Chinachem Group taken to achieve its sustainability practices? |
| |  |  | | --- | --- | | 1. Goal setting in planning process   *[para.9]* |  | | 1. Electricity consumption   *[para.11]* |  | | 1. Clean & healthy environment   *[para.12]* |  | | 1. Be pioneer of the property industry/sector   *[para.13]* |  | | 1. Green finance***\*learn more***   *[para.14]* |  |   ***\*learn more*** In September 2018, the Securities and Futures Commission (SFC) published its Strategic Framework for Green Finance, which covers three major areas: (i) enhancing listed company, asset manager and investment product disclosures and their consideration of environmental, social and governance (ESG) factors, especially environmental and climate risks; (ii) facilitating the development of green or ESG-related investment products, and supporting investor awareness and capacity building, and;  (iii) promoting Hong Kong as an international green finance centre ( Source: <https://www.sfc.hk/en/Green-and-sustainable-finance> ) | |

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| **Q7** | In paragraph 18, what business functions were mentioned? How did they interrelate to foster the future development of Chinachem Group? |
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| **Q8** | In paragraph 23, what business function was mentioned? Why is it important to long-term development of Chinachem Group? |
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| **Q9** | In paragraph 26 and 29, what do you learn from Ricky Tsang’s sharing in terms of your personal growth and the future development trend for businesses? |
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**Student Worksheet**

**Advanced Level - Pre-study / Home Assignment (p.11-15)**

You are required to read a media article titled “Building a Better Tomorrow” and complete the questions before class.

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| **Q1** | In paragraph 2, |
|  | 1. as one of the leading property developers in Hong Kong, what is the form of business ownership of Chinachem Group? |
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|  | 1. line 10, what does the “Three Ps – people, prosperity and planet” mean to Chinachem Group? *[Hints: company’s vision/believe to direct company’s development]* |
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| **Q2** | In paragraph 3, what are the key factors affecting the development of Chinachem Group since it was founded? |
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| **Q3** | In paragraph 4, |
|  | 1. what are the challenges and opportunities Chinachem Group faced since the outbreak of COVID-19? |
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|  | 1. “Profit should be the top goal of every business.” Is this statement applicable to Chinachem Group? Why or why not? |
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| **Q5** | In paragraph 5, |
|  | 1. what is the market positioning of Chinachem Group in real estate industry/sector? |
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|  | 1. how was the demand of the properties as mentioned above being affected during the pandemic? |
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| **Q5** | In paragraph 7-8, what is the “Central Market” project about? |
| |  |  | | --- | --- | | 1. Nature of the project |  | | 1. Target market |  | | 1. Market positioning |  | | 1. Benefit(s) brought to new start-ups / small businesses |  | | 1. Who to operate the Central Market and how to sustain its attractiveness |  | | |

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| **Q6** | In paragraph 9-14, what actions have Chinachem Group taken to achieve its sustainability practices? |
| |  |  | | --- | --- | | 1. *Goal setting in planning process* |  | | 1. *Electricity consumption* |  | | 1. *Clean & healthy environment* |  | | 1. *Be pioneer of the property industry/sector* |  | | 1. *Green finance****\*learn more*** |  |   *\*learn more*In September 2018, the Securities and Futures Commission (SFC) published its Strategic Framework for Green Finance, which covers three major areas: (i) enhancing listed company, asset manager and investment product disclosures and their consideration of environmental, social and governance (ESG) factors, especially environmental and climate risks; (ii) facilitating the development of green or ESG-related investment products, and supporting investor awareness and capacity building, and;  (iii) promoting Hong Kong as an international green finance centre ( Source: <https://www.sfc.hk/en/Green-and-sustainable-finance> ) | |

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| **Q7** | In paragraph 18, what business functions were mentioned? How did they interrelate to foster the devleopment of Chinachem Group? |
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| **Q8** | In paragraph 23, what business function was mentioned? Why is it important to long-term development of Chinachem Group? |
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| **Q9** | In paragraph 26 and 29, what do you learn from Ricky Tsang’s sharing in terms of your personal growth and the future development trend for businesses? |
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**Challenging question:**

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| **Q10** | You are required to give another example of business cases to show that the adoption of ESG helps the business growth. |
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**Suggested Answers**

**Elementary / Standard / Advanced Level - Pre-study / Home Assignment**

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| **Q1** | In paragraph 2, |
|  | 1. as one of the leading property developers in Hong Kong, what is the form of business ownership of Chinachem Group? |
| Chinachem Group is privately owned limited company. | |
|  | 1. line 10, what does the “Three Ps – people, prosperity and planet” mean to Chinachem Group? |
| It is the vision of the Chinachem Group to direct its development with values on the Three Ps through placing it on an equal footing to profit. | |

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| **Q2** | In paragraph 3, what are the key factors affecting the development of Chinachem Group since it was founded? |
| * Economic factors: * The blooming of manufacturing industry in 1960s drove Chinachem Group to invest the development of industrial buildings in Hong Kong. * Hong Kong as a financial and business hub in the globe, Chinachem Group now focuses on developing commercial and residential premises. * Social factors: Later in 1970s, Chinachem Group extended to trading farm lands for the development of large scale community housing to meet the housing needs and cope with the rising population in Hong Kong. | |

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| **Q3** | In paragraph 4, |
|  | 1. what are the challenges and opportunities Chinachem Group faced since the outbreak of COVID-19? |
| * Challenges: * Chinachem Group faced difficult time for property leasing market since Hong Kong and other countries/regions put forth safety restrictions, e.g. travel restrictions and social distancing measures, to fight against COVID. * The abrupt drop in sales caused cash flow problem that increased the operational risk for Chinachem Group. * Opportunities: Chinachem Group offers staycations, long-term stay packages, quarantine accommodation for local people and travellers which helped Chinachem Group to sustain cash flow, hence, saving it from furloughing and/or laying off staff. | |
|  | 1. “Profit should be the top goal of every business.” Is this statement applicable to Chinachem Group? Why or why not? |
| Based on the information given in the article, Chinachem Group launched new initiative to sustain its cash flow for operational needs and avoid making employees redundant. It also offered rental concessions to retail tenants, helping them go through the hard time during the pandemic. Though it is no exception for Chinachem Group to set and achieve profit goal/target, in order to uphold the “Three Ps”, Chinachem Group considered the needs of its staff and retail tenants collectively in hard times. In view of the above, the statement as mentioned in the question is not applicable to Chinachem Group. | |

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| **Q4** | In paragraph 5, |
|  | 1. what is the market positioning of Chinachem Group in real estate industry/sector? |
| Selling luxury housing / high-end residential property | |
|  | 1. how was the demand of the properties as mentioned above being affected during the pandemic? |
| Due to the adoption of safety restrictions in Hong Kong and around the world, many international companies relocated their talents and border closures also reduced the number of buyers coming in from the Mainland. Hence, the demand for luxury housing/high-end residential property was decreased. | |

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| **Q5** | In paragraph 7-8, what is the “Central Market” project about? |
| |  | | --- | | 1. Nature of the project   Revitalisation project | | 1. Target market   The project development was for all, including people living in the district, local visitors, travellers, small businesses, new start-ups, etc. | | 1. Market positioning   The Central Market is positioned as a “playground” for all, not only to preserve historical building/site that keeps its history and culture alive, but also create as a hot spot for entertainment, food and beverage, retail and co-working. Its development will extend to include unique shops and virtual reality zone for introducing modern technology into our lives, such as STEM. | | 1. Benefit(s) brought to new start-ups / small businesses   The Central Market creates a business friendly environment where new start-ups and small businesses can minimise their starting capital expenditure and operating expenses. | | 1. Who to operate the Central Market and how to sustain its attractiveness  * Chinachem Group has been approved by the Urban Renewal Authority (URA) to be the main operator of the Central Market for a period of 10 years. * Chinachem Group has diversified marketing programmes to create/build a good/better tenant mix that can promote higher popularity and sales of the Central Market. [*(For advanced level)* , also help setting the atmosphere of the Central Market to achieve Chinachem Group’s vision/believe in the project.] | | |

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| **Q6** | In paragraph 9-14, what actions have Chinachem Group taken to achieve its sustainability practices? |
| |  |  | | --- | --- | | 1. Goal setting in planning process | Chinachem Group placed sustainability at the forefront of its operations and development by setting target to reduce greenhouse gas emissions. | | 1. Electricity consumption | Chinachem Group collaborated with a tech company in using property technology to work out sustainable solutions for its development of properties and facilities to reduce electricity, water consumption and waste, e.g. replacing diesel with clean energy at construction sites to lower carbon emissions by 85%. | | 1. Clean & healthy environment | Chinachem Group collaborated with CLP Power HK Ltd. to roll out smart technologies at its flagship office tower and expected to save a total of 14 gigawatts of electricity in five years, equivalent to power over 100 million light emitting diode (LED) lightbulbs. | | 1. Be pioneer of the property industry/sector | Chinachem Group would like to set a good example for other property developers about the sustainable practices to reduce carbon emission/total electricity consumption in real estate industry/sector. | | 1. Green finance***\*learn more*** | To achieve sustainable development, Chinachem Group gained a huge amount of loan secured by its commitment to pursue a higher energy efficiency and less carbon emissions across its business projects. |   ***\*learn more*** In September 2018, the Securities and Futures Commission (SFC) published its Strategic Framework for Green Finance, which covers three major areas: (i) enhancing listed company, asset manager and investment product disclosures and their consideration of environmental, social and governance (ESG) factors, especially environmental and climate risks; (ii) facilitating the development of green or ESG-related investment products, and supporting investor awareness and capacity building, and;  (iii) promoting Hong Kong as an international green finance centre ( Source: <https://www.sfc.hk/en/Green-and-sustainable-finance> ) | |

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| **Q7** | In paragraph 18, what business functions were mentioned? How did they interrelate to foster the future development of Chinachem Group? |
| * Financial management and information management were mentioned. * *(For elementary level)* An external consultant with accounting qualifications and knowledge in accounting systems to act as a bridge between the finance and IT teams in the process of transition to a new accounting system * *(For standard and advanced levels)* The finance team makes use of IT in managing accounting tasks and processes where the IT accounting system can help improve the efficiency and effectiveness of finance team. | |

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| **Q8** | In paragraph 23, what business function was mentioned? Why is it important to long-term development of Chinachem Group? |
| * Risk management was mentioned. * Chinachem Group can manage and/or minimise risk it anticipated in short- and long-run through adopting plans to better organise its resources and conduct organisational control to ensure the business develop in a desirable and healthy way. | |

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| **Q9** | In paragraph 26 and 29, what do you learn from Ricky Tsang’s sharing in terms of your personal growth and the future development trend for businesses? |
| Future development trend for businesses: (e.g.)   * Organisations should incorporate the concepts of sustainability in their business plans and practices to support their long-term growth and development. * It is the future of accounting to evolve with the rise of technology, e.g. AI. In other words, technology is shaping the future of accounting by impacting the types of job nature, roles and functions of the accounting profession. Hence, life-long learning is important to all of us to keep pace with the development of the world in the technology era. | |

**Challenging question:**

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| **Q10** | You are required to give another example of business cases to show that the adoption of ESG helps the business growth. |
| No definite answer. Student(s) can be invited to share their research work in class for knowledge enrichment. | |