

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introduction

This environmental, social and governance (“ESG”) report (the “ESG Report”) demonstrates the Group’s concept and practice for sustainable development and social responsibility to its stakeholders from both environmental and social aspects.

Reporting Scope

The scope of this report is consistent with that of the annual report, with a focus on disclosing the performance of the Group with respect to ESG concepts and practice during FY2023. There were no significant changes to the scope of reporting for FY2023.

Reporting Guidelines and Principles

This ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 to the Listing Rules and with the application of the following reporting principles.

Materiality: Assessment was conducted to diagnose materiality of the ESG issues during FY2023, thereby adopting the material issues as the focus of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board. Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” of this ESG Report for further details;

Balance: Information is disclosed as objectively as possible to provide stakeholders with an unbiased picture of the Group’s ESG performance;

Quantitative: The ESG Report is prepared in accordance with the ESG Reporting Guide and discloses key environmental performance indicators (“KPIs”) in a quantitative manner. Information regarding the methodologies, assumptions and/or calculation references, and sources of key conversion factors used for KPIs is stated wherever appropriate; and

Consistency: The statistical methodologies applied to the ESG Report were substantially consistent with the previous year for meaningful comparison. If there are any changes that may affect the comparison with previous reports, the Group will make explanatory notes to the corresponding section hereof.

The ESG Governance Structure

The Group combines a top-down strategy with bottom-up processes of operations departments for the ESG issues. The Board wishes to state that it considers sustainability issues as part of its strategic formulation. The Board, in close interaction with the senior management, believes that those important ESG issues are relevant to organisational and management needs and oversees those important ESG issues. Apart from determining the important ESG issues set out in this ESG Report, the Board also determines the Group’s response to the attendant risks and opportunities. The Board is responsible for overseeing the ESG policy of the Group while the senior management of the Group is responsible for the implementation of related policies and measures, to ensure the efficacy of risk management and corresponding internal control mechanisms is in place in respect of ESG, with an aim to promoting the sustainable development of the Group.

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Managing Organisation	Responsibilities	Organisational Tasks
The Board	The highest decision-maker of ESG issues, which takes full responsibility for the ESG strategies and reporting	<ul style="list-style-type: none"> Developing ESG management approaches, strategies and goals; Regularly reviewing the performance on ESG targets of the Group; Evaluating, prioritising, and managing important ESG issues and their risks to the Group's business; and Reviewing and approving the annual ESG Report.
Senior management	Arrange specific work for the ESG working group based on the ESG strategies established by the Board	<ul style="list-style-type: none"> Implementing ESG risk management and internal control systems, and reporting the main ESG trends, ESG-related risks and opportunities to the Board; Regularly reporting the ESG work progress and performance and the achievement of ESG targets to the Board; and Reporting the annual ESG Report to the Board.
ESG working group	The senior management takes the lead and works together with the operations departments to carry out specific ESG work.	<ul style="list-style-type: none"> Carrying out specific ESG work according to the arrangements of the senior management; Collecting information and data to complete the annual ESG Report; and Reporting to the senior management on the progress of ESG work and annual ESG Report.

Stakeholder Engagement

We believe that building trusted relationships with stakeholders of the Group is a key to sustainable business growth. We have been building a strong rapport with our stakeholders, including customers, investors, employees, business partners, shareholders, regulators, and government agencies. We believe that we should maintain consistent engagement with stakeholders who have an interest in our business and who can influence the Group's operations, business approaches and strategies. Through these approaches, we gain invaluable insights on their expectations and concerns, effectively supporting the development of the Group's management decisions, policies, and strategies, which in turn drive greater value for our stakeholders.

We communicate with internal and external stakeholders through a variety of communication channels to understand their opinions and suggestions on the Group's sustainability and strategies and take the expectations and concerns of stakeholders as an important reference for the Group's ESG work.

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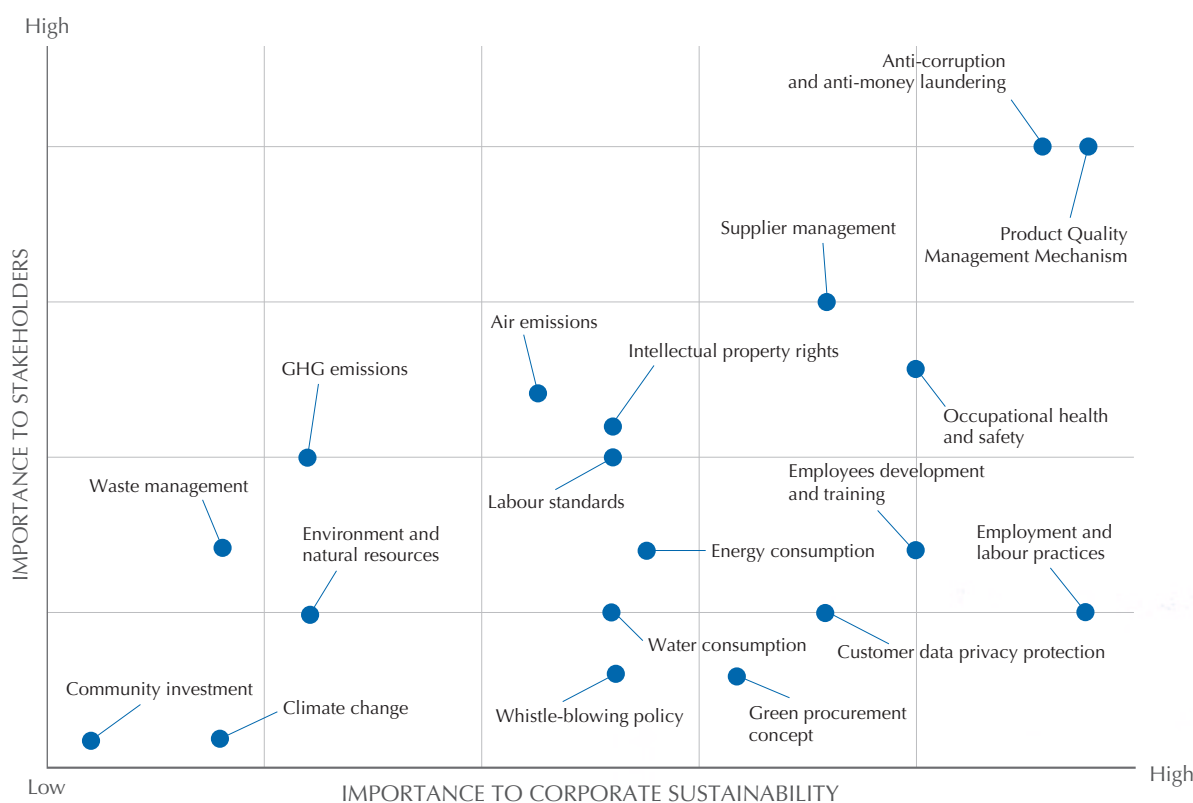
Stakeholders	Communication Channels	Expectations	Management Response
Government and other regulatory authorities	<ul style="list-style-type: none"> Public consultation Letter/email correspondences Visits and inspections 	<ul style="list-style-type: none"> Ensure operational compliance Fulfil tax obligation Stability in business operations 	<ul style="list-style-type: none"> Uphold integrity and comply with local laws and regulations Ensure on-time tax payment
Employees	<ul style="list-style-type: none"> Formal and informal team meetings Performance evaluation Training activities, seminars and briefing 	<ul style="list-style-type: none"> Welfare package Career development and promotion Health and safety Equal opportunities 	<ul style="list-style-type: none"> Provide competitive remuneration package Diversified training pathways Protection of labour rights Open recruitment
Customers/tenants	<ul style="list-style-type: none"> Customer satisfaction surveys Face-to-face meeting Email 	<ul style="list-style-type: none"> Integrity in performance of contracts High quality of products and after-sales services Protection of consumer privacy 	<ul style="list-style-type: none"> Regulate and standardise products and services Ensure an effective complaint handling mechanism Ensure protection of customer's privacy
Suppliers	<ul style="list-style-type: none"> Site visit Business meetings and discussion Screening and assessments 	<ul style="list-style-type: none"> Integrity in performance of contracts Open and transparent procurement procedures On-time payment 	<ul style="list-style-type: none"> Sincere cooperation Comply with contractual provisions Conduct routine communication
Shareholders and investors	<ul style="list-style-type: none"> Shareholders' meetings Financial reports, announcements and circulars Company website Emails 	<ul style="list-style-type: none"> Investment returns Corporate governance Transparency of the Company's information 	<ul style="list-style-type: none"> Ensure transparency and efficient communications through different communication channels

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Materiality Assessment

The Group regularly understands stakeholders' views and expectations on the Company's ESG issues through stakeholders' survey questionnaires and ensures that the information disclosed in the ESG Report fully covers the key issues or concern of the Company and its stakeholders. In light of two dimensions, namely "importance to stakeholders" and "importance to corporate sustainability", the Group has identified major ESG issues, formulated a matrix of key topics, and guided future sustainability management based on data analysis results from the questionnaires combining various channels such as the macro background of corporate development, domestic and international social responsibility standards, corporate development strategies and operation priorities, and industry benchmarks. To better respond to the recommendations and expectations of stakeholders, we will, in this ESG Report, disclose management methods and results for the following topics.

Materiality Matrix



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The following sets forth the ESG issues that were important to the Group during FY2023 based on the materiality assessment conducted by the Board.

A. Environmental

A1 Emissions

The Group has proactively enhanced its establishment of environmental protection and organised all its employees to learn the laws and regulations regarding environmental protection, with an aim to promoting employees' awareness of environment protection and emission reduction issues. To set up a harmonious and healthy working environment and protect the health of its employees, smoking is prohibited in all office area of the Group.

Moreover, the Group has actively responded to the global development of a low-carbon economy and fulfilled its corporate social responsibilities that it has formulated the "Environmental Management Work Plan". While improving operational efficiency, the Group also strives to reduce the impact of its business operations on the environment and actively promotes the sustainable development.

The Group adopts the principles of "Prevention First and Combination of Prevention and Control" and "Enhancement in Process Control" throughout its environmental protection practices. To strengthen the awareness of environmental protection among all employees, the Group also promptly organised relevant learning and training sessions regarding the laws and regulations of the "Environment Protection Law", "Water Pollution Prevention and Control Law", "Air Pollution Prevention and Control Law" and "Solid Waste Pollution Prevention and Control Law", thereby further increasing all employees' awareness on issues concerning environmental protection and carbon reduction.

Air Emissions

All the Group's real estate development projects are outsourced to third-party contractors. Therefore, the Group did not directly produce air, water and construction waste caused by construction projects. Air emissions were mostly generated from using the Company's vehicles. Summary of exhaust gas emissions performances are as follows:

Indicator	2023	2022	Unit
Diesel sulfur oxides	-	-	ton
Gasoline sulfur oxides	0.22	0.35	ton
Total sulfur oxides	0.22	0.35	ton

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Greenhouse Gases (“GHG”) Emissions

The Group advocated energy saving and energy consumption reduction. Committed to reducing the Group’s GHG emissions, the Group has set a target to reduce 10% of its GHG emissions intensity by the financial year ending 31 March 2025 (“FY2025”), using FY2021 as the baseline year 1. To achieve this target, the Group reduced the use of air-conditioners as far as possible, by monitoring and maintaining the indoor temperature at 26°C or above. Also, as much as possible energy-saving light bulbs have been adopted and the making use of natural lighting has been optimised in the office area. Due to COVID-19, electricity consumption levels and the frequency of the Company’s vehicle use were reduced. Subsequently, as employees began to return to work under the staggered work schedule, we were able to maintain optimal levels of electricity consumption and the frequency of the Company’s vehicle use. Summary of GHG emissions performances are as follows:

Indicator	2023	2022	Unit
Direct GHG emissions (scope 1)	4.23	7.35	tCO ₂ e
Indirect GHG emissions (scope 2)	22.80	32.02	tCO ₂ e
Total GHG emissions	27.03	39.37	tCO ₂ e
Total GHG emissions intensity	0.004	0.015	tCO ₂ e/sq.m.

Sewage Discharges into Water and Land

Owing to the Group’s business nature, discharges into land and water were insignificant.

Waste Management

To minimise the environmental impacts of wastes generated from the Group’s business operations, the Group has set a target to reduce 10% of its non-hazardous waste intensity by FY2025, using FY2021 as the baseline year 1. To achieve this target, the Group continues to place great effort in raising the awareness of its employees on the importance of managing the disposals of consumables and used papers. The Group has promoted a centralised management of recycle and reuse of used papers, and the separation of disposal of office waste and rubbish. Summary of major hazardous and non-hazardous wastes disposal performances are as follows:

Indicator	2023	2022	Unit
Fluorescent light tube	0.02	0.02	ton
Waste battery	0.02	0.02	ton
Waste liquid after facilities maintenance	0.01	0.01	ton
Total hazardous waste	0.05	0.05	ton
Total hazardous waste density	0.00003	0.00003	ton/sq.m.

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Indicator	2023	2022	Unit
Waste paper	0.01	0.01	ton
Waste metal	0.02	0.03	ton
Waste plastic	0.01	0.01	ton
Waste glass	0.01	0.01	ton
Total non-hazardous waste	0.05	0.06	ton
Total non-hazardous waste density	0.00001	0.00002	ton/sq.m

A2 Use of Resources

The Group has formulated an array of relevant systems regarding optimisation of resources allocation and sustainable development strategies. Adhering to the principles of “Prevention First and Combination of Prevention and Control” and “Enhancement in Process Control” throughout its environmental protection practices, the Group thoroughly implemented Environmental Protection Law of the PRC. To strengthen the awareness of environmental protection among all employees, the Group also promptly organised relevant learning and training sessions regarding the laws and regulations of the “Environment Protection Law”, “Water Pollution Prevention and Control Law”, “Air Pollution Prevention and Control Law” and “Solid Waste Pollution Prevention and Control Law”, thereby further increasing all employees’ awareness on issues concerning environmental protection and carbon reduction.

Energy Consumption

The Group has committed to promoting the reduction mechanism of electricity consumption by setting an energy target to reduce 10% of its energy consumption intensity by FY2025, using FY2021 as the baseline year 1. To achieve this target and raise employees’ awareness in respect of energy conservation, the Group has advocated the use of public transport and subway and adopted a strict policy on the use of the Company’s vehicle that the Company’s vehicle would under normal circumstances only be arranged for the Directors and senior management of the Group. Summary of energy consumption performances are as follows:

Indicator	2023	2022	Unit
Diesel consumption	–	–	’000 kwh
Gasoline consumption	495.33	788.04	’000 kwh
Electricity consumption	4.67	5.81	’000 kwh
Total energy consumption	500.00	793.85	’000 kwh
Total energy consumption density	0.22	0.35	’000 kwh/sq.m

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Water Consumption

The Group advocated economic use of water and strives to further reduce water consumption by setting an energy target to reduce 10% of its water consumption intensity by FY2025, using FY2021 as the baseline year 1. The Group has been vigorously advocating for water conservation, encouraging all employees to develop a habit of saving water, and guiding employees to use water reasonably. Apart from that, the Group has taken water saving measures by conducting systematic spot checks of use of water on a daily basis. Summary of water consumption performances is as follows:

Indicator	2023	2022	Unit
Total water consumption	513	582	ton
Total water consumption density	0.14	0.15	ton/sq.m.

Owing to the Group's business nature, the Group did not encounter any problem in sourcing water that was fit for purpose.

Use of Packaging Materials

Owing to the Group's business nature, the use of packaging material was not considered to be an important ESG issue to the Group.

A3 Environment and Natural Resources

Office supplies and equipment have been preferably restricted to purchasing from suppliers complying with environmental policy. The Group has adopted the policy of procuring requisite products made of natural resources as far as possible. The Group has assigned dedicated personnel to carry out regular checks on total energy consumption and conducted assessment of the consumption efficiency on an irregular basis with a view to improving energy consumption efficiency.

The Company was one of the first Hong Kong enterprises tapping into the PRC real estate market, and it has pioneered an innovative "healthy residence" concept which has been developed and fine-tuned to adapt with the changing environment. In 2004, the Group was a prime mover in the establishment of the first nationwide strategic alliance on "healthy residence" with the China National Engineering Research Center for Human Settlements. In 2013, the Group developed a detailed 10-year plan of green living concepts for its developments, in respect of which the Group published a manual of "Coastal Healthy Residence Evaluation Standards".

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The “Coastal Healthy Residence Evaluation Standards” comprises ten categories of indicators. These are (1) community planning and spatial organisation, (2) green facilities and environmental protection, (3) outdoor ecological protection and landscape, (4) living quality and comfort, (5) architectural energy efficiency and low carbon, (6) water resources protection and energy conservation, (7) materials conservation and environmental protection, (8) green construction and management, (9) green interior design and health, and (10) property management and community culture.

The “Coastal Healthy Residence Evaluation Standards” are used to determine the standards required for the Group’s various products. To ensure these standards are met, the Group has also developed four core “Coastal Healthy Residence Technology Systems” designed to cover all its operations. The four core systems are the Healthy Community Products System, the Healthy Living Technologies System, the Healthy Community Activities System, and the Exquisite Amenities Application System. These four core systems are composed of 20 sub-systems, 10 core technologies and 60 application technologies. Supporting tools include “Coastal Healthy Residence Technology Database”, and “Green Calculator for the Healthy Residences of Coastal Greenland Group”.

The core elements of this ambitious set of “Coastal Healthy Residence Technology Systems”, which are being built into the Group’s current and future developments where viable, are set out in the table below.

Structure of Coastal Healthy Residence Technology Systems

Four core systems	Healthy Community Products System	Healthy Community Activities System	Healthy Living Technologies System	Exquisite Amenities Application System
20 sub-systems and 10 core technologies	<ol style="list-style-type: none"> Basement lighting control and intelligent management Sewage treatment and water reuse technology Environmental pollution prevention, control and warning technology, etc. 	<ol style="list-style-type: none"> Community healthcare service Fitness environment control, etc. 	<ol style="list-style-type: none"> Fresh air system Water supply technology Floor and wall acoustic technology, etc. 	<ol style="list-style-type: none"> Non-return valve Intelligent home, etc.
60 application technologies	Technology for the prevention and treatment of rats, bedbugs, flies and mosquitoes; three dimensional wall and roof greening, ecological water treatment, plant air purification technology, etc.	Residential health insurance, environmental health control, nurture environment building, community environmental art, communication space and community cultural activities, etc.	Solar hot water, same-floor drainage, external shading, household centralized air-conditioning (constant temperature, humidity and oxygen), etc.	Environmental friendly construction materials, centralised dust absorption, water conservation instruments, indoor pest prevention and treatment, air-quality monitoring, energy efficient lighting, overall kitchen, overall bathroom, etc.

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“Healthy residence” is a self-developed concept of the Group. The Group is also committed to integrating its self-developed healthy residence standards with the national and international green standards, including the national green building system. Highlights of our efforts and accomplishments in this regard are as follows. In 2005, the Group was one of the first Chinese real estate enterprises to join the U.S. Green Building Council, while the Group’s Beijing Silo City project was the first project in China to apply the Leadership in Energy and Environmental Design for Neighbourhood Development Certification. In 2013, the Group’s Chongqing Silo City was awarded the “Chongqing Golden Green Building Design Label Certificate”, and achieved the “National Two-star Green Building Design Label Certificate” issued by the Ministry of Housing and Urban-Rural Development, thus becoming Chongqing’s first golden green healthy residence project and national two-star building label project. The Group has gained much positive media coverage for its efforts in healthy and environmental friendly housing development. External certification and recognition is not the only indication of the Group’s commitment to green living concept. According to the surveys conducted on the potential buyers of the Group, the Group’s green and healthy residence concept is one of the prime factors in purchasers’ decisions to purchase. The Group will constantly uphold its commitment in green and healthy residence concept.

A4 Climate Change

Climate change has gradually become an important threat to the global economy and society. Deteriorating climate conditions, such as floods, rainstorms and droughts triggered by climate change has brought many challenges to the ecological environment and business operations. The Chinese government has always been attaching great importance to and actively participating in the climate change governance and promoting the construction of ecological civilization in compliance with the commitments of the Paris Agreement. In 2020, the PRC announced to strengthen its climate target, the Intended Nationally Determined Contributions, striving to reach the carbon peak by 2030, and aim to achieve carbon neutrality by 2060. In addition, regulatory authorities and capital markets are also gradually imposing stricter requirements for information disclosure related to climate.

In this context, the Group is actively studying the strategies and policies of the government in response to climate change, and actively pays attention to and prevents the effect of environmental and climate changes on the Company’s operational risks, such as extreme weather may damage and destroy the Company’s operational equipment, thus increasing the Company’s operating costs. At the same time, the Group also strives to promote fine business and implement quality control measures, and is committed to enhancing its competitiveness in the industry. The Company studies and determines the risks of climate change in advance to enhance its risk resistance to resist force majeure. In the face of the risks and opportunities brought about by climate change, the Group has been adhering to a proactive attitude and actively taking response measures to promote sustainable ecological development by implementing energy-saving and emission reduction measures, improving green operation capabilities and exploring and setting goals emission reduction.

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B. Social

B1 Employment

The Group built its solid human resources base with an effective talent building management system comprising comprehensive human resources policies, covering employment, promotion, skills and knowledge development, remuneration, leaves, equal opportunities and welfare of employees, which balance the needs of the dynamic development between the Group and the employees. The employees are encouraged to incorporate their individual personal goals into the Group's long term development. The management will review such policy and system regularly to keep abreast of the market situation.

Recruitment, Dismissal and Compensation

The Group seeks to employ and develop high-calibre talents, and has established a team of elite and talent reserve preparing for the corporate development. According to the overall requirements of the Group's "Talent Development Mechanism", the Group will select and employ outstanding graduates from domestic and overseas colleges to form project management teams to carry out the business operations. As at 31 March 2023, the Group had a total of 41 (2022: 70) full-time employees. The breakdown of employees according to gender, age distribution, employee category and geographical region were as follows:

Indicator	2023	2022	Unit
By gender			
Male	23	35	person
Female	18	35	person
By age distribution			
Under 30	2	5	person
30 to 50	24	43	person
Above 50	15	22	person
By employee category			
Senior management	8	9	person
Middle management	22	38	person
General staff	11	23	person
By geographical region			
Southern China region	26	40	person
Northeastern China region	5	13	person
Northern China region	1	4	person
Eastern China region	0	3	person
Southwestern China region	2	2	person
Hong Kong	7	8	person

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The Group upholds the principle of equality and dedication and fully understands the needs of the employees and supports their career development. The Group will look after the benefits of the employees such as proper transfer of personnel files and social insurance accounts for employees who terminated their labour contract on voluntary basis. The Group will employ good measures to comply with legal procedures such as dismissal and termination of labour contracts for employees who failed to fulfill obligation of their labour contracts or have not passed the assessment for renewal of their employment upon the expiry of their labour contracts. During FY2023, there were 29 (2022: 18) employees leaving the Group, with the overall turnover of approximately 41.43% (2022: 21.17%). The breakdown of employee turnover according to gender, age distribution and geographical region were as follows:

Indicator	2023	2022	Unit
By gender			
Male	17.13	16.47	%
Female	24.30	4.70	%
By age distribution			
Under 30	2.90	1.18	%
30 to 50	21.43	14.11	%
Above 50	17.10	5.88	%
By geographical region			
Southern China region	21.43	10.59	%
Northern China region	8.60	10.58	%
Northeastern China region	11.40	–	%

Promotion and Performance Appraisal

The Group has developed a comprehensive performance assessment mechanism, whereby annual plans and goals for staff's annual performance assessments are set, which provide guidance to each of its operation bodies in organising its work details and basis for its performance assessment. Such assessment mechanism will identify the under performance of the organisation and the staff whereby remedial actions can be taken as appropriate in due course. On the other hand, the performance assessment mechanism has played an important role in identifying well-performed organisation and talents, which form a basis for implementing motivating and reward measures. As such, the Group has further strengthened its talent assessment mechanism. Through various tools such as "Core Quality and Ability Model", "Position Characteristics and Quality Model", the Group has a comprehensive mechanism for examining and selecting its staff to fit into different positions and levels, creating and forming a equal and fair competition environment.

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Working hours and Leaves

To ensure the reasonable working periods and hours of employees, the Group has established “Ordinary Management System for Staff” according to the related laws and regulations whereby a five-day work system and 8-hour standard working hour system are implemented in the office. Any overtime work of employees are provided with overtime pay or compensatory leave according to the system. In addition, permanent staff of the Group are entitled to paid holidays such as statutory holidays, annual leave, marital leave and maternity leave, family planning leave, breastfeeding leave and bereavement leave, etc.

Other Benefits

By complying with the legal requirements and general welfare systems of different cities, the Group has made contributions to basic social welfare insurances such as basic endowment, basic medical, unemployment, work injury, childbirth and others, housing fund and other benefits, with an aim to improving the endowment and medical insurance for its staff.

Health and other benefits offered to employees as incentives include traffic accident insurance, annual medical check-ups, meal allowances and holiday benefits. The Group has been accoladed with the “China’s Best Employer 2007-08” award as a recognition in this respect.

The Group values and cares for its staff. Through providing various recreational activities such as organising irregular leisure tours and birthday parties for the staff and offering sports equipment and facilities (e.g. treadmill, cycle machines, etc.) to enhance the loyalty and sense of faithfulness, and foster the sense of belonging and team spirit of the staff. Although the frequency of staff activities was lower than in previous years due to the COVID-19, the Company strived to strengthen the connection between the management and the staff through the distribution of hygiene bags and online conferencing etc.

Diversity, Equal Opportunities and Anti-Discrimination

The Group has offered fair and reasonable job opportunities and strictly complied with the relevant legal procedures. With the principles of equality, openness and fairness, the Group has based on the calibre of the candidates and the requirements of the positions, disregarding the conditions of race, social status, nationality, religion, physical disabilities, sexual orientation, membership of labour unions and relationship with government departments, when making decisions of labour issues such as employment, remuneration, training opportunities, promotion, demotion or retirement. No discrimination is allowed in the daily operation.

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To maintain amicable working relationship and to ensure that efficient and effective resolutions being applied to employee related issues that may arise, the Group has developed and adopted a set of “Employee Relations Management Measures” which provides an effective two-way communication guideline between the management and the staff and lays out clear procedures for handling staff grievances. In addition, a special mailbox has been set up for employees to express their opinions or concerns about the Group’s operations directly to the management, with issues covering immediate reports, complaints, reasonable advice etc., as a part of bridging the communication between the staff and the management.

B2 Health and Safety

Occupational Health and Safety

The Group attaches great importance to the health and safety of its employees. It strictly manages the occupational health of its employees in accordance with the Labour Law of the PRC, the Regulation on Work Injury Insurance and other national laws and regulations. The Group provides comprehensive protection plans for its employees, including free annual medical examinations and accidental injury insurance. It also offers reasonable attendance and leave measures to its employees, to ensure that employees could focus on health rehabilitation.

To reduce occupational hazard, prevent occupational diseases and protect the health and relevant rights and interests of employees, the Group strictly abides by the Law of Occupational Disease Prevention and Treatment of the PRC, and provides its employees with a working environment and condition that meets the requirements of occupational health. The principle of safety first and people-oriented has been rooted in the entire operation and management activities of the Group’s entire business in line with the strict requirements of the “Safety Culture Management Practice Guidelines”. Safety education training policies and operation manual were established to clearly define the posts, staff and content in respect of safety education. Staff engaged in special operations are required to operate according to the standard operating procedures, to wear and use safety protective equipment correctly and carry out maintenance and pre-job checks on work tools and equipment. During the Year, no work-related fatalities regarding occupational health and safety were reported and there were no lost days due to injury.

Response to COVID-19 Pandemic

During the COVID-19, the Group strictly implemented the epidemic prevention policies of various local governments and adopted appropriate office epidemic prevention measures to ensure that employees were protected from the epidemic and to maintain normal office operations. The Group has issued reminders to its employees to remind them the importance of practicing and maintaining good personal hygiene. During the epidemic, the Group took the initiative to implementing flexible work arrangements to protect its employees from exposing to the social crowd contact and infection risk. The Group also reduces face-to-face meetings by using video conferencing to reinforce social distancing practice. In addition, the Group carried out office disinfection once a day and required employees to check their temperature before entering the Group’s premises and to always wear a facial mask.

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B3 Development and Training

Employee Development and Training

As the Group attaches great importance to talents, it integrates the concept of employee cultivation into talent development, which offers training opportunities to employees, actively creates favorable circumstance for the growth and development of employees, and thus liberalise talents' potential to an optimal extent. The Group implements the "Training Management System of the Group" continuously aiming to strengthening the development for all its employees on an ongoing basis. Each business unit regularly conducts training activities according to a pre-scheduled training program and the human resources department will do the assessment based on the training activities conducted such as frequency of the training classes scheduled, training attendances, results of tests and employee training duration etc.

During FY2023, the Group's employees had received an average of approximately 39.23 (2022: 42.92) hours of training and development. The breakdown of the percentage of employees trained by gender and employee category were shown as follows:

Indicator	2023	2022	Unit
By gender			
Male	100.00	100.00	%
Female	100.00	100.00	%
By employee category			
Senior management	100.00	100.00	%
Middle management	100.00	100.00	%
General staff	100.00	100.00	%

The breakdown of average training hours completed by employee according to gender and employee category were shown as follows:

Indicator	2023	2022	Unit
By gender			
Male	40.12	43.52	hours
Female	38.10	42.32	hours
By employee category			
Senior management	15.60	17.80	hours
Middle management	44.50	44.10	hours
General staff	45.88	50.80	hours

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To comply with the development characteristics of the internet era, the Group's human resources department builds an online learning system through the WeChat public platform, providing various audio-visual information and learning courses to help employees understand cutting-edge information such as business development and management innovation, enabling employees to make full use of the spare time to choose their own learning content to the further improvement of capabilities.

B4 Labour Standards

Prevention of Child and Forced Labour

All employment of the Group abides by the national laws and regulations related to employment and labour, such as the Labour Law of the PRC and the Labour Contract Law of the PRC. The Group has also formulated the internal regulations and relevant implementation rules of the "Employee Change Management System". During the recruiting process, the Group shall avoid child and forced labour, safeguard the legitimate rights of employees, and ensure that the recruitment process to be fair, just, and open. At the same time, all job applicants are required to submit their credentials, like academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. Any case of child labour or forced labour, when discovered, shall be investigated and acted upon and reported to the government authorities promptly in accordance with applicable laws. Further, the Group shall immediately terminate the employment contract and impose due punishment on the erring employee. During the Year, the Group was not aware of any child labour employment, forced labour or other occurrences violating human rights of employees.

B5 Supply Chain Management

Supplier Management

In order to ensure the group companies' operation of construction projects and services are carried out in an environmental friendly manner, other than the above environmental protection measures, the Group also formulates policies to encourage outsourced supplier to promote fulfilment of environmental responsibility in construction and services.

The qualified suppliers in the Group's supplier management information database are mainly located in the cities where business has been deployed. The number of qualified suppliers of the Group by geographical region are as follows:

Indicator	2023	2022	Unit
Southern China region	23	25	suppliers
Eastern China region	8	8	suppliers
Northern China region	11	13	suppliers
Northeastern China region	23	36	suppliers
Southwestern China region	5	5	suppliers
Total	70	87	suppliers

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When formulating policies in relation to outsourced supplier selection, the Group adopts an evaluation mechanism which takes into account social responsibilities and their contribution in environmental protection in addition to common commercial factors such as product and service quality. As such, the Group has established the “Measures for Management of Suppliers and Procurement of the Group” and a strict management process on bidding evaluation process of outsourced supplier. Before selecting suppliers, the Group will conduct on-site inspections on suppliers and make a detailed assessment of the performance regarding their raw material inspection, three wastes treatment and quality control mechanism on the Form of Supplier Appraisal Report, the rating scale of which includes A, B, C, D and Blacklist. Pursuant to which, suppliers being rated as Blacklist will be eliminated and suppliers being rated as Class D will be suspended and undergo a reassessment after one year. At present, all of the Group’s outsourcing contractors under project construction and services are managed in the above manner.

Besides, after the construction materials are delivered to the project site by suppliers, the Group will check the specifications of the materials, verify the relevant licenses and certificates according to the Guidance on Operation of Project Site Materials Inspection of the Group to ensure that the material compositions meet the quality and environmental protection standards. The Group conducts review and assessment on suppliers semi-annually such that any suppliers who fail to meet environmental and safety standards, such as excessive emission of formaldehyde, suppliers who for several times do not pass the quality control assessments as well as suppliers who causes significant quality issues in the Group’s projects will get their cooperation with the Group terminated.

Green Procurement Concept

The Group has always adhered to the concept of green procurement and is committed to creating a green and environmental-friendly business environment with supply chain partners. It clearly proposes sustainable development standards and requirements in the selection of materials. At the same time, it also fully considers related issues such as material waste and environmental pollution in construction activities and waste recycling.

In the process of cooperating with various suppliers, the Group actively promotes a green and low-carbon work model, and requires the use of “paperless office” and “online operation” methods for communication with suppliers as much as possible, which not only can improve work efficiency, but also can reduce the energy consumption of communication and operation. The green procurement concept and maximising paperless operation model of the Group have been widely recognised by suppliers. The Group is willing to work with all partners to contribute to the construction of energy conservation and emission reduction, and the construction of a green and sustainable social and economic environment.

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B6 Product Responsibility

To ensure a close awareness of customers' needs and an effective and efficient management system of customer service, the Group has established a set of strict management and controlling standards for improving the experiences of customers of real estate industry, covering product planning, design management, construction management as well as sales and after sales services. These standards are established, adhering to the core philosophy of "creating excellence together with customers", to provide customers with quality products and services. For customer service management, the Group integrates customer requests with information reception, task assignment, task tracking and monitoring, customer satisfaction analysis and other customer service management by virtue of professional service system. After years of operation, the system has achieved an ideal combination of online and offline services. During the Year, the Group was not aware of any non-compliance with laws and regulations relating to products and services provided by the Group that would have a significant impact on the Group.

Advertising and Labelling

During FY2023, the Group did not have business dealings that had significant advertising and labelling issues.

Intellectual Property Rights

The Group strictly complies with laws and regulations such as the Advertising Law of the PRC, the Interim Measures for the Administration of Internet Advertising, the Trademark Law of the PRC and the Copyright Law of the PRC and has established internal regulations and implementation requirements on the use of brand logos to regulate the advertising of the Group's head office and its subsidiaries.

The Group cooperates with external professional trademark agents in trademark registration to prepare for the renewal of and handle renewal procedures in advance for trademarks which are due for renewal.

To avoid infringement of the Group's intellectual property rights, contracts signed between the Company and third parties will provide for detailed agreements on intellectual property issues such as copyright of development and solution design of software. For material contracts, the Company will add confidentiality clauses, and require suppliers to complete the signing of confidentiality agreements at the early stage of project commencement. In respect of counterfeiting of trademarks, the Company will have its legal department conduct proactive investigations, and set up relevant channels to obtain reports from others in order to prevent counterfeiting as much as possible. During FY2023, there were no cases of infringement of trademarks or intellectual property rights by the Group.

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Product Quality Management Mechanism

The Group strictly complies with relevant laws and regulations, including but not limited to the Law of the PRC on Protection of the Rights and Interests of Consumers, the Law of the PRC on Urban Real Estate Administration, the Regulations on Urban Real Estate Development and Management Control, the Regulation on the Quality Management of Construction Projects, the Standard for Construction Safety Inspection, the Technical Code for Fire Safety of Construction Site, etc., and formulated a series of policy systems and operating guidelines to standardise project construction management and ensure the quality and safety of all projects.

During the construction process, each project company regularly reports the construction status in accordance with the project management system of the Group. The Group strictly monitored project progress and clarified the implementation of various guidelines and management measures, so as to ensure construction quality of the projects. Items were graded in accordance with the inspection list and requirements prescribed by the Group, and counted toward a final inspection score. The supervision unit issued suspension notices to sites whose scores were unsatisfactory. Their construction could not resume until rectification by the construction unit was completed and checked.

Upon project completion, a completion acceptance team comprising the design unit, the general contractor, subcontractors and the supervision unit reported to government authorities for completion acceptance after finishing the pre-acceptance. We set stringent acceptance standards for completion inspection. In addition to following completion acceptance regulations issued by local governmental construction authorities, we have also established a complete set of customer acceptance and inspection procedures, covering public space, entrance space, decoration, doors and windows, kitchen space, living room parts, sanitation, and meter readings. A pre-delivery inspection and acceptance team comprising a project company, marketing department and engineering department examined houses prior to project delivery in accordance with local administration requirements and the agreement with the property management company. During the FY2023, the Group has not received any reported recalls nor any form of complaints from its customers in respect of the Group's products provided.

Customer Data Privacy Protection

The information of customers accumulated over the years is stored in the Group's marketing management system. For the management of the marketing system, the Group has established a set of secure and enforceable management systems, which include daily data security checks, monitoring and prevention of internal and external network attacks, approval of data access and dynamic update of system passwords and other security management systems to ensure that customer information is stored securely and that there is no information leakage. During FY2023, the Group did not experience any leakage of customer information.

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B7 Anti-corruption

Anti-corruption and Anti-money Laundering

The Group unswervingly complies with the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC and other national regulations in relation to anti-corruption and anti-money laundering, and formulates a series of management policies, such as the Disciplinary Management System of the Group and the “Punishment Rules for Typical Acts of Omission of Leaders of the Group”, with an aim to prohibiting soliciting or accepting inappropriate commercial interests, improper use and appropriation of corporate properties as well as disregard of conflict of interests. The Group also opened public email for the purpose of reporting such potential violations. It also welcomes all sectors of the community to report any irregularities. All employees of the Group’s headquarters and subordinate companies shall comply with the conflict of interest handling principles formulated by the management and report to the company and solve potential conflict of interests in the process of work.

On the other hand, the Group advocates the maintenance and compliance of business ethics and regularly carries out training and communication in order to promote the awareness of staff at all levels on anti-corruption and anti-money laundering. During FY2023, the Group conducted one (2022: one) staff training on anti-corruption and anti-money laundering, with a total of 21 (2022: 38) participants, covering the topics including contractual anti-bribery, internet security, critical compliance obligations, insider information control, and other common issues.

During the FY2023, the Group was not aware of any material non-compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and anti-money-laundering that would have a significant impact on the Group.

Whistle-blowing Policy

Whistle-blowing system was introduced for reporting violations of the Company’s code of conduct manual and/or making complaints on business partners. A special mailbox has been set up for employees to enable such complaints to reach the management. Such written communications are supplemented by quarterly internal round-table management/staff conferences, in which the concerns and recommendations of the staff are carefully listened and considered by the management. The Group endeavours to protect the whistle-blower from common concerns such as victimisation and potential retaliation. The employee reporting in good faith under this procedure shall be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

B8 Community Investment

One of the Group’s core initiatives is to create a harmonious, sustainable and healthy community. Therefore, the primary focus of the Group is on the health and welfare of the local communities. The Group believes that a healthy and supportive local community is of vital importance for maintaining a stable and prosperous society.

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By fully utilising the capabilities of the Group's customer services provided to each development project, the Group has established a smooth and efficient communication mechanism to communicate with residents in communities, through which the Group is able to gain a thorough understanding of their daily needs and expectations. On that basis, the Group proactively devises community public services and maintains a good community partnership with them.

The Group responds positively to the national strategy on addressing the housing needs of low-income group and contributes to the development of harmonious society. Over the past years, the Group has participated in the establishment of local housing security system in cities such as Beijing and Anshan. For example, to resolve the housing problems faced by the families in Haidian District, Beijing, the Group undertook the construction of Beijing Bay Project, a commodity housing project with price preset ceiling which is in Changping District, Beijing. The Group has proactively responded to the government's call for protecting livelihoods and supported the government in shared housing, aiding the public with rigid demand in housing.

The Group has built-in social responsibility into the core value of its operations since its inception. Over the past 30 years, the Group has contributed funds to many social welfare programmes, and donated tens of million dollars to charity organisations. Furthermore, the Group has made significant donations and sponsorships to different bodies and programme organisers such as the China Youth Development Foundation, Beijing's Peace and Development Foundation, the teachers' training programme of the Coastal Mental Health Seed Fund for Schools in Western China, the "Tsinghua University Scholarship" project, and the "Water Cellar for Mothers" project of China Women's Development Foundation.

In September 2014, the Group donated certain audio-visual equipments, children's books, household products, sports equipments and other materials to the Qiliping Town Center School in Hongan County in Hubei Province. In May 2014, the Group made a sponsorship donation of HK\$3 million to the 2014 Hong Kong Youth Music Festival, aimed at promoting cross-strait Asian youth cultural exchanges. In 2013, through the "Emergency Student Relief Action of Hope Project" of the China Youth Development Foundation, the Group donated RMB500,000 to 500 needy students in the Ya'an disaster area to help them resume their studies. In 2010, the Group sponsored Beijing's Peace and Development Foundation in its initiatives for peace and development in China, which included teachers' trainings in Sichuan and Xinjiang, and contributions to local work on children's mental health. In 2009, the Group set up the "Coastal Mental Health Seed Fund for Schools in Western China" to assist the associated teachers' training programme. In 2008, the Group donated RMB2.5 million to the "Tsinghua University Scholarship" project to establish the "Coastal-Tsinghua University Scholarship Fund", for poor students. For the May 12 Earthquake in 2008, the Group donated RMB1.5 million to the Dujiangyan Red Cross for the repairing of the Dujiangyan Center for Disease Control, marking a start of the Group's participation in the post-disaster reconstruction work. In 2007, the Group donated RMB3 million to the "Water Cellar for Mothers" project of the China Women's Development Foundation, under which water cellars were built in regions suffering from water shortages. The donations were made on the basis of "a home sold; a cellar donated".