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GLORIOUS PROPERTY

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GLORIOUS PROPERTY HOLDINGS LIMITED

Stock Code: 00845

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2016



Environmental, Social and Governance Report

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Environmental, Social and Governance Report

1. COVERAGE

The reporting period for the Environmental, Social and Governance report (the “Report”) commences from 1 January 2016 to 31 December 2016 with the inclusion of the operation of the headquarter office of Glorious Property Holdings Limited (the “Company”), and its property development business (collectively, the “Group”). The report is prepared in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited, and is published annually.

2. COMMUNICATION WITH STAKEHOLDERS

The annual general meeting of the Group every year provides an effective platform for exchange of views between the board of directors (the “Board”) and shareholders. Save for the annual general meeting, in order to maintain a close relationship with stakeholders, the Company will communicate with stakeholders, including purchasers, residents, contractors and suppliers, from time to time, through visits, telephone conferences and e-mails, as well as follow-ups by customer service staff, to listen to their views and needs. The overall performance of the Group is also reported to the shareholders via the annual report and interim report of the Company every year.

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

3.1 Environmental

3.1.1 Emissions

Waste Reduction Policy

The Group requires contractors to reduce the production of wastes and conduct waste classification with clear categorization, such as poisonous, recyclable and non-recyclable, during construction. Of which different objectives are imposed on different types of wastes. For instance, construction wastes including gravel, earth and stone will be used for foundation refill and road paving to enhance reuse rate of these types of waste. In respect of residential construction, the construction wastes per 10,000 sq. m. are targeted to be not more than 400 tons.

Hazardous Waste Reduction Policy

Hazardous solid waste is required to be classified and placed in a confined area. The Group requires the contractors to comply with the same policy. When certain amounts are stockpiled, local certified collector is engaged to dispose of the waste and all receipts are kept for later review.

Waste Water Reduction Policy

The Group has continuously promoted the concept of waste water recycling. For instance, we suggest the contractors to recycle the water in the car washing tank during construction and collect the rain water for use in construction sites.

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.1 Environmental *(Continued)*

3.1.1 Emissions *(Continued)*

Atmospheric Emission Policy

The source of exhaust gas of the Group is mainly derived from construction dust produced in our construction sites. The Group has established the “Green Construction Initiatives” to implement a series of dust control. The non-operational areas at construction sites should achieve the requirement of visually dust-free. For on-site flying particles, effective measures, such as water sprinkling, hard-paving ground, fencing, netting and sealing, are adopted to prevent dust generation.

Indoor Air Quality Policy

The Group has placed flowers and plants along the building corridors and offices. As such, it not only provides greenery working environment, but also purify our indoor air condition, which create a harmonious and charming workplace for the staff.

By implementation of these measures, the Group is able to control its atmospheric emission to meet the national emission requirements.

Reduction in Greenhouse Gas Emission

Employees are encouraged to use video calls and telephone conferences with devices provided by the Group for business operation management to reduce the frequency of business travel and the greenhouse gas emissions caused by the relevant transportation. Moreover, the Group promotes the concept of using local materials from local suppliers. In respect of contractors, construction materials produced within 400 km of the construction site should account for more than 70% of the total weight of construction materials, while the supplies used in the offices of the Group and other fixed assets are purchased from local suppliers. Local suppliers will be given priority with the aim to reduce transportation distances and related emission of greenhouse gas.

The Group has strictly complied with the relevant environmental protection regulations, and there were no cases against us for violation of the relevant environmental protection regulations during the period.

3.1.2 Use of Resources

Water, energy and raw materials are of high importance to our Earth. As such, the Group has established measures appropriate for improving the efficiency of using resources, which include:

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.1 Environmental *(Continued)*

3.1.2 Use of Resources *(Continued)*

Energy Saving

The Group has promoted the use of energy-saving, highly-efficient and environmental-friendly construction equipment, machinery and office supplies recommended by the State and the industry. In light of energy saving, we have required contractors to adopt the following measures during construction:

1. To reasonably select on-site equipment and abandon the use of equipment, machinery and products not meeting the energy saving and environmental requirements, and carry out maintenance and repairs in a timely manner so as to maintain low consumption and high efficiency of machinery and equipment;
2. To select energy-saving and highly efficient machinery, such as energy-saving on-site equipment with frequency conversion technology;
3. To concurrent use different types of machinery in a reasonable manner to reduce idle frequency of machinery;
4. To install energy-saving lighting in construction sites, office areas and living quarters;
5. To use solar street lighting. Solar radiation absorbed in daytime will convert into electrical energy and store in batteries via the charge/discharge controllers. At night, the lamp will be charged via the batteries;
6. Reminder notice of "Save energy and switch off power supply after work" is posted in the right places;
7. To improve the thermal insulation performance of building enclosure structure by using highly-efficient insulation materials for composite walls and roofing and using efficient shading measures for high performance sealed, thermal insulated doors and windows to reduce the use of air-conditioning.

Water Saving

The Group has imposed strict requirements regarding water consumption on contractors which are required to implement water usage measurement. Water meters are installed in construction sites and monitored separately in living quarters and construction sites. Water consumption data is collected regularly in construction sites and water consumption and conservation statistics platform is set up for conducting analyses and comparison to enhance water-saving efficiency. The Group has also made use of a water-saving system, water-saving tools and equipment, such as low-flush toilets, automatic faucets or slow closing flush valves, and efficient measures will be adopted to avoid plumbing leaks and water waste.

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.1 Environmental *(Continued)*

3.1.2 Use of Resources *(Continued)*

Material Saving

For the purpose of reducing use of materials during construction, contractors are required to implement the following measures under the Group's supervision:

1. To arrange the material procurement, schedule and batches in a reasonable manner according to construction progress and inventory in order to minimize inventory.
2. To adopt technical and management measures to enhance turnover of frameworks and scaffolding.
3. To promote the use of high-strength reinforced steels and highly-efficient concrete to reduce resource consumption.
4. To optimize the solutions of reinforced steel mixing and steel structure blanking. Double check of orders and samples of steel and steel structures before production, and bulk production is performed after verification.
5. To undergo layout planning for flooring and tiling accessories before construction to reduce the consumption of partial piece materials.
6. To use adhesive sheets to reduce the consumption of on-site liquid sealants.

3.1.3 Environmental and Natural Resources

The Group analyzed the material environmental issues and natural resources concerns in our society and of our customers. In this regard, the Group initiated the promotion of green procurement and green operation policy:

Green Procurement Policy

Contractors are required by the Group to use low volatile materials. Based on the Group's green construction strategy, the volatile organic compound ("VOC") content of binder, sealing materials and base glue, the paintings, coatings and base layer on wall and the ceiling inside the building, the anti-corrosion and anti-rust paintings used for interior metal materials as well as wood covered layers (such as floors and stairs) shall not exceed the defined amount under the "10 Compulsory National Standards Regarding the Limited Content of Hazardous Substance in Interior Decoration and Renovation Materials". The testing and accreditation requirements for materials shall be ascertained before tendering and construction. The selected products shall be certified by the Green Mark Certification Scheme, or pass the test of laboratories with relevant qualifications. Composite wood and fiber shall not contain excessive formaldehyde.

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.1 Environmental *(Continued)*

3.1.3 Environmental and Natural Resources *(Continued)*

Green Operation Policy

As construction projects under the Group are main origins for the environmental contaminants generated, after the Group identifies the major projects under control of that building, it has a set of green construction plans in place to regulate each emission by contractors and strictly supervise their implementation in compliance with relevant laws and regulations regarding environmental protection. On-the-spot noises shall not exceed the requirements under the national standard "Limited Noise Level for Building Construction Site" (GB12523-90), and shall be regulated and controlled instantly on the construction site. Building sites are also required to establish waste water treatment facilities, such as sedimentation tanks, grease traps as well as septic tanks. In respect of sewage discharging, qualified units shall be assigned to monitor waste water quality and issue corresponding sewage inspection reports, making sure that the sewage discharging complies with the requirements under the national standard "Comprehensive Sewage Discharging Standards" (GB8978-1996). In addition, the difference between the monthly average concentration of total suspended particles ("TSP") in the atmosphere measured at the level of partitions surrounding building sites and the background level shall not exceed 0.08mg/m³. The construction shall be suspended immediately once we identify cultural relics. We also shall protect the site and report to the cultural heritage department and offer our assistance. The construction site and the surrounding trees shall also be kept clear and protected.

3.2 Society

3.2.1 Employment

Equal Employee Recruitment and Promotion Policy

Each applicant has been entitled to relevant rights. No applicant shall be turned down by the Group due to their gender, age and race. When we consider employee promotion, we would make reference to his or her working performance, experience and personal ability as conditions for promotion.

Anti-Discrimination Policy

The Group will not discriminate any disabled persons.

Work-Life Balance Policy

The Group will not force employees to work overtime. We will hold team building activities on a regular basis for pressure reduction and relationship enhancement among employees.

Compensation Policy

Provided that occupational injury accidents occur, the Group will make reasonable compensations and handle such accidents properly according to relevant regulations.

Remuneration Policy

Employees' remuneration is determined by the Group with reference to the internal policies, the market conditions as well as job duties.

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.2 Society *(Continued)*

3.2.1 Employment *(Continued)*

Dismissal and Retirement Policy

The Group has specified the age of retirement. The Group will handle retirement procedures for those employees who reach the statutory retirement age in compliance with national regulations, and will handle any dismissal procedures according to the State Labor Law.

Employee Welfare

In accordance with standards by Ministry of Human Resources and Social Security of the People's Republic of China as well as the Labor Law, the Group has formulated relevant employee welfare, for example, the purchase of social security insurance for employees.

The Group has strictly complied with relevant employment regulations, and there were no cases against us for violation of the relevant employment regulations during the period.

3.2.2 Health and Safety

Occupational Health and Safety Policies

Based on the occupational health and safety policies at which the projects are located, the Group has stipulated a set of safety management solutions, whereby its employees' security has been safeguarded and contractors are required to comply.

Safety Management of the Workplace

Irrespective of direct employees under the Group or contractors, they shall all abide by the Group's "Workplace Safety Rules and Policies". For instance, they shall perform respective responsibilities stipulated at workplace. Besides, there is a set of safety reward and punishment system at workplace. For example, employees shall be rewarded for handling safety issues properly, and shall be punished if they fail to do so, by which promotes safety system. Monthly safety meetings, promotional education and significant safety examination at workplaces shall be carried out on a regular basis to cultivate workplace safety culture.

Safety Management Policy for Workplace Equipment

The Group has formulated relevant management and control methods in light of all the potential danger in the office. The involved aspects include electricity safety, fire alarm safety, tripping, slipping, tumbling, air quality safety, eye-discomfort resulted from insufficient lighting, physical discomfort resulted from computer and display screen equipment, office chemicals safety, back injury and pain and office facilities safety.

Construction Supervision Policy for Contractors

To strengthen the safety supervision management for outsourced construction projects, the Group has developed rules of construction management for contractors. Subject to the review of contractors' safety management ability, the Group enters into safety agreement with contractors, whereby clearly sets out each safety rule to preclude the occurrence of outsourced construction accidents.

The Group has strictly complied with relevant safety regulations, and there were no cases against us for violation of the relevant occupational safety regulations during the period.

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.2 Society *(Continued)*

3.2.3 Development and Training

Career Development Policy

The Group will arrange training personnel from human resource department to illustrate relevant systems of the Company for new employees. Departments' employees will guide and help each other during the working process.

Employee Development Policy

The Group will organize employees with outstanding performance for external trainings based on its internal needs, and will provide subsidies for those who have passed professional examinations.

3.2.4 Labor Standards

The Group absolutely prohibits the employment of child labor in any form. We will only recruit employees of 18 years old or above. The Group recruits staff according to the Labor Law of the PRC, and prohibits any form of forced labor. We promise that no employee will be forced to work overtime and their freedom will be respected, including the freedom of employment, resignation, overtime work and movement etc.

During the period, the Group did not have any child labor or force any labors to work.

3.2.5 Supply Chain Management

Supplier Code

With regards to performance assessment of suppliers, the Group will regularly conduct performance assessments for each supplier. Suppliers will continue to be hired only if they reach passing scores by different assessment standards during contract performance period, so as to supervise suppliers' performance in each aspect and their compliance with relevant requirements of laws and regulations.

Supplier Selection Criteria

The Group has set up a series of evaluation indicators for suppliers selection, including quality, environmental protection, social reputation, market performance, owners' evaluation, technology research and development, processing technology, business level of after-sales service system, emergency handling, decision-making, professional ethics, to ensure that suppliers can only be the Group's suppliers when they satisfy relevant standards of above aspects.

Supplier Selection Procedures

The Group conducts an accreditation towards all supplier candidates by establishing an assessment system on the basis of their assessment indicators. Suppliers with total score of 70 or above are certified and listed in the "Qualified Suppliers List". Qualified suppliers are required for another review after shortlisted if and when necessary. Suppliers with total score below 70 are excluded from the "Qualified Suppliers List" and their information is filed.

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.2 Society *(Continued)*

3.2.6 Product Responsibilities

Product Quality Assurance Policy

Quality Assurance Certificates are provided for our units for sale to ensure the quality assurance and pledge in respect of its structure, components, facility, ancillary and maintenance. All construction projects of the Group are in compliance with the requirements of residential building and design standards, and passed the completion inspection as required by the State and obtained the "Construction Work Completion Recording Certificate" issued by the competent construction authority. Moreover, all building blocks were granted the "Newly-developed Residential Unit Delivery Permit".

Product Safety Policy

All buildings of the Group are subjected to inspections by relevant authorities before putting for sales in the market, with which the structural safety are guaranteed. The Group will also provide a user guide after the property is sold. The guide sets out the areas that are not allowed to dismantle and modify during renovation, including all types of illegal building structures in order to avoid any impact on the structure and safety of the buildings. To ensure fire safety, fire protection facilities have been installed according to regulations.

Fair Marketing Policy

The Group has established a set of marketing and advertising promotion management methods to regulate our advertising promotion work, in order to enhance the promotion effect and evade the related legal risks in the course and reasonably control the marketing expenses. Advertising contents shall be confirmed by the legal officer and general manager of the project company before publishing and shall be filed with the sales and marketing department before releasing. The Group ensures that all product information published in websites and other advertising platforms are true and accurate. In addition, the Group requires that when salespersons promote products, the information about the product advantages they provide must be confirmed by the Group and must not involve negative statements related to competitors or their products to prevent customers from being misled at the time of purchase.

After-sales Service Policy

The Group enters into sales contracts for respective transactions and requires that the warranty period for different categories of respective units shall be set forth in accordance with the laws, including foundation works and main structure building, roof waterproofing works, heating and air-conditioning system and electrical pipelines, drainage pipes, device installation and renovation works. In the event that the main structure of the property is found substandard after delivery, the Group will implement the procedures as stated in the Article 32 of the "Administrative Ordinance on Development and Management of Urban Real Estate" promulgated by the State Council: "Upon the delivery of the property, if the purchaser considered that the main structure was substandard, he/she could apply for re-verification with the project quality supervision unit. The purchaser has the right to return the property if the main structure is certified as substandard. Real estate developers shall bear the compensation responsibility and indemnify the losses suffered by the purchaser in accordance with the law."

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.2 Society *(Continued)*

3.2.6 Product Responsibilities *(Continued)*

Customer Data Protection Policy

In order to protect customer data and its confidentiality, all confidential documents including personal data of our customers must be strictly managed and stored by a designated department. Without permission, employees must not copy or privately save or take the information out of the company.

The Group has strictly complied with relevant laws and regulations relating to product responsibility, and has no violation of the relevant laws relating to product responsibility or privacy during the period.

3.2.7 Anti-Corruption

Corporate Governance Policy

The Group has established a supervision and auditing department, which is responsible for reporting to the Audit Committee under the Board of the Company. The department also serves the operation management of the Group and is aimed to assist in developing an accountability system to prevent, detect and remedy all errors and frauds, in order to reduce operational risks.

Anti-Bribery Policy

Integrity commitment is included in our internal tendering management regulation, of which stipulates that the Group and successful bidders are obliged to establish an accountability system in accordance with the national laws and integrity development during the course of services or construction contracts.

Whistleblowing Policy

Through the setting up of the "President Mailbox" in the Group's office automation system, all the employees of the Group could put forward any opinions, suggestions, complaints and reports related to the Group's operation and management to the mailbox. In May 2017, the Group opened up the "Monitor and Suggestion Dedicated Mailbox" to broadly collect reasonable suggestions, comments as well as complaints and reports of non-compliance behaviors from employees.

Third Party Audit Policy

The Group has engaged an internationally recognized and sizable auditing firm to conduct the year-end audit of the Group's financial reports. For the review of the half-year interim report, we also engage the same auditing firm to perform checking on the interim financial information and the findings are submitted to the Audit Committee.

Environmental, Social and Governance Report

3. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE *(Continued)*

3.2 Society *(Continued)*

3.2.7 Anti-Corruption *(Continued)*

Prevention of Extortion and Fraud Policy

The Group requires that the employees must not perform any extortion and fraudulent behaviors. According to Clause 9 of Section 4.3.1 of the Employee Handbook, if an employee conducts corruption, bribery or fraudulent behavior, the Company could unconditionally terminate the employment contract with he/she, irrespective of whether the behavior has caused any losses to the Company. In addition, the Employee Handbook also sets out the use of resources, the confidentiality obligations, the prevention of conflict of interests, etc. It requires the employees to fulfill their responsibilities with honesty, transparency and integrity. In addition, corresponding rules have been set on staff indiscipline and the investigation and handling thereof in accordance with the Group's internal "Disciplinary Action Policy" and "Supervision and Management System".

The Group has strictly complied with the relevant anti-corruption and bribery prevention legislations, and there were no cases against us for violation of the relevant legislations during the period.

3.2.8 Community Investment

The Group has actively participated in community activities and acknowledged the community's needs. All the party members of Hefei Company of the Group have formed an anti-flooding vanguard with the residents of Mingguang Street to join force in the anti-flooding rescue activity of "Protect Hefei and Safeguard the South Feihe River". In 2016, the Group was awarded the Humanitarian Relief Donation Certificate by the Red Cross Society of Nanjing Gulou (南京鼓楼紅十字會).