



恒盛地產  
GLORIOUS PROPERTY



The  
築. Ultimacy  
極致人生 *of* Life

GLORIOUS PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 00845

2021 ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

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# Overview

Glorious Property Holdings Limited (the “Group” or “we”) is principally engaged in property investment, development and management businesses in the People’s Republic of China (the “PRC”). While continuously developing its businesses, the Group also highly concerns global and the PRC sustainable development and strives for balanced development in social, economic and environmental. We are pleased to publish this 2021 Environmental, Social and Governance (“ESG”) Report (the “Report”), which demonstrates the Group’s policies and performance in sustainability.

## About this Report

This Report has been prepared in strict compliance with the requirements under Appendix 27 – “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) of Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. This Report covers the Group’s office in Shanghai, and two major residential and affiliated commercial property projects in Shanghai and Nanjing, with an aggregate gross floor area of 260,000 square meters. The reporting period for this Report is from 1 January 2021 to 31 December 2021 (the “Reporting Period”). The key performance indicators (“KPIs”) that are required to be disclosed in accordance with the ESG Guide have been fully disclosed under the sections headed “Environmental Sustainability” and “Social Sustainability” in this Report. In addition to comply with the ESG Guide, this Report also discloses the relevant laws and regulations that have been complied. This Report have been uploaded to the Group’s website [www.gloriousphl.com.cn](http://www.gloriousphl.com.cn) and the HKEx news website [www.hkexnews.hk](http://www.hkexnews.hk).

# Stakeholders Engagement

Stakeholders refer to the groups and individuals materially influencing or being influenced by the Group’s businesses. Our stakeholders include government, regulatory authorities, shareholders, investors, directors, employees, customers, suppliers and the general public. We firmly believe that establishing effective communication channels with stakeholders is essential for the Group’s business development and create long-term value. It also helps us to understand the sustainability topics which stakeholders particularly concern, and allow us to respond appropriately and effectively. The Group prepared this Report based on those ESG topics that are material to stakeholders. Followings were our communication activities with stakeholders during the Reporting Period:

**Table 1: The Group’s Communication Channels with Stakeholders**

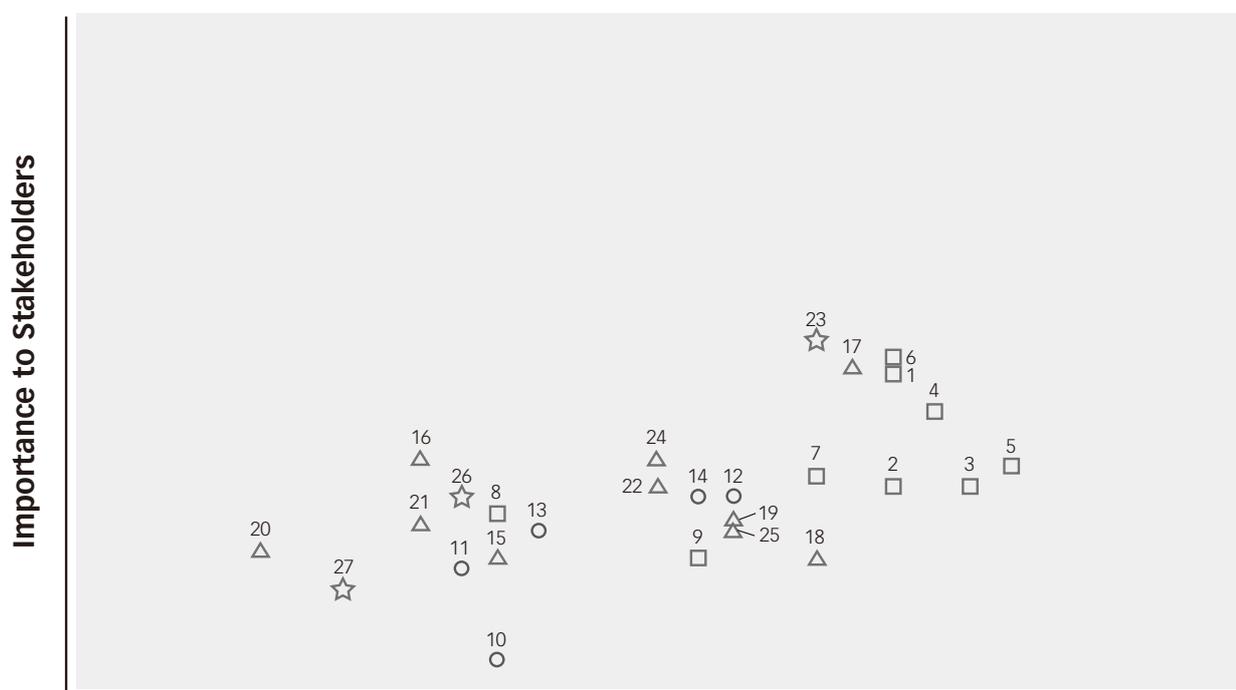
Stakeholders	Communication Activities
Government/Regulatory Authorities	Face-to-Face Interviews
Shareholders/Investors	Annual General Meeting
	Investor Meetings
	Corporate Website
Directors	Board Meetings
Employees	Staff Trainings
	Opinion Exchange Meetings
Customers	On-site Visits
	Customer Services Interviews
	Complain/Enquiry Hotlines and E-Mails
Suppliers	Supplier Meetings
	On-site Visits
General Public	Management Media Interviews
	Corporate Website

The Group welcomes opinions and feedback from stakeholders, especially on our sustainability approach and performance. Readers are welcomed to share their valuable views with the Group at [info@gloriousphl.com.cn](mailto:info@gloriousphl.com.cn).

# Sustainability Materiality Assessment

Different companies pay attention to different sustainability topics due to their unique business models. During the Reporting Period, the Group appointed an independent sustainability consultant to conduct a sustainability materiality assessment to identify the sustainability topics that are most concerned by our stakeholders. We invited stakeholders to participate in a survey prepared by the independent sustainability consultant. Invited stakeholders were required to rank the most important concerns on a list of sustainability issues related to the Group’s businesses, which formulated the materiality assessment matrix below. This materiality assessment helps the Group to identify the ESG topics that are required to prioritize and report, and formulate more effective ESG strategies and actions.

## MATERIALITY ASSESSMENT MATRIX



### Importance to the Group's Development

- |   |  |
|---|--|
| 1. Greenhouse gas emissions   | 15. Responsible procurement                                      |
| 2. Climate changes  | 16. Management of suppliers' sustainability works                |
| 3. Use of energies  | 17. Product quality management                                   |
| 4. Green construction   | 18. Impact on the environment of products                        |
| 5. Water consumption and sewage treatment                           | 19. Customers satisfaction about products                        |
| 6. Land use, pollution and restoration                              | 20. Marketing and promotional strategies of products             |
| 7. Construction waste treatment                                     | 21. Protection of intellectual property rights                   |
| 8. Use of raw/packaging materials                                   | 22. Protection of customers information and privacy              |
| 9. Mitigation measures to protect environment and natural resources | 23. Prevention of bribery, extortion, fraud and money laundering |
| 10. Personnel recruitment   | 24. Anti-corruption policies and whistle-blowing procedures      |
| 11. Employee remuneration and benefits                              | 25. Corporate governance   |
| 12. Employee occupational health and safety                         | 26. Support for local community                                  |
| 13. Employee development and training                               | 27. Public welfare and charity                                   |
| 14. Prevention of child labor and forced labor                      |  |

## Sustainability Materiality Assessment

Followings are the five sustainability topics that are the most concerned by stakeholders:

1. Greenhouse gas emissions
4. Green construction
6. Land use, pollution and restoration
17. Product quality management
23. Prevention of bribery, extortion, fraud and money laundering

## Board Participation

The Board of Directors (the “Board”) of the Group is the highest governing body responsible for the formulation of our sustainability strategies. The Board regularly sets the sustainability goals for the Group and integrates them into businesses. The Board is also responsible for identifying and managing the Group’s sustainability risks and provides improvement recommendations for related departments to follow up. The Group engaged an independent sustainability consultant to facilitate our sustainability data collection and analysis, as well as to provide advice on our future sustainability policies.

## Board Statement

The Board of the Group takes overall responsibility for our ESG matters and their integration into our strategies. The Board also guides the management and monitoring of sustainability topics that have been identified as relevant to the Group. To ensure effective implementation of our sustainability initiatives, the Board requires the Group’s related departments to report their sustainability performance regularly. The Board reviews the Group’s material sustainability issues and risks on regular basis and ensures appropriate risk mitigation measures are in place. All sustainability disclosures, policies, targets and performance of the Group are reviewed and endorsed by the Board.

# A. Environmental Sustainability

This section primarily discloses the Group's policies and KPIs on emissions, use of resources and the environmental and natural resources during the Reporting Period.

## A.1 EMISSIONS

The Group's core businesses of property investment, development and management consume certain amount of various natural resources. Thus greenhouse gas ("GHG") is directly and indirectly generated. We therefore strictly adhere to the principles of green production to enhance energy usage efficiency in production and reduce GHG emissions. The Group strictly complies with relevant environmental laws in relation to property industry in the PRC. Pollutants are discharged in strict accordance with the statutory requirements and standards to ensure that the emissions of GHG, sewages and wastes are in compliance with regulations. We have stipulated several environmental management policies and measures, including "Carbon Emission Management Policy", "Energy Consumption Management Policy", "Water Consumption Management Policy", "Waste Management Policy" and "Green Procurement Policy". We have also strictly obliged the requirements of the ISO14001 environmental management system. The Group adopts the latest PRC standard "Assessment Standard for Green Building (GB/T 50378-2014)" for its developed properties, and integrates environmental protection elements into the design, construction, operation and maintenance cycle of its buildings. It reduces the carbon emissions of buildings in their life cycle.

During the Reporting Period, the Group generated 2,124.7 tonnes of Nitrogen Oxides, 10.6 tonnes of Sulphur Oxides and 23.0 kg of Particulate Matter. The GHG emissions from the Group amounted to 1,374.0 tonnes of carbon dioxide equivalent for the same period.

**Table 2: Air Emissions in 2021**

Gases	Unit	Amount
Nitrogen oxides (NO <sub>x</sub> )	tonnes	2,124.7
Sulphur oxides (SO <sub>x</sub> )	tonnes	10.6
Particulate matter	kg	23.0

## A. Environmental Sustainability

**Table 3: GHG Emissions in 2021**

KPIs	Unit	Amount	Intensity* (Per '000 square meter)
Scope 1 (Direct Emissions)	tonnes of CO <sub>2</sub> equivalent	34.9	0.13
Scope 2 (Indirect Emissions)	tonnes of CO <sub>2</sub> equivalent	1,106.6	4.26
Scope 3 (Other Indirect Emissions)	tonnes of CO <sub>2</sub> equivalent	232.5	0.89
Total	tonnes of CO <sub>2</sub> equivalent	1,374.0	5.28

Note: \* Intensity was calculated by dividing the 260,000 square meter gross floor area under the coverage of this Report.

The Group requires contractors to use low volatile building materials to mitigate the impacts on construction workers, customers and the environment. Contractors are required to use building materials which contain volatile organic compounds at a level no higher than that prescribed in the "10 Mandatory National Standards for the Limits of Hazardous Substances in Interior Decoration Building Materials". In addition, building materials are required to be tested whether fulfilling certification requirements before tendering and constructions. Selected materials must be granted the green label scheme certifications or passed the tests conducted by laboratories with relevant qualifications. Composite wood and fiber products shall not contain excess formaldehyde.

The Group also requires contractors to dispose wastes at the construction sites by themselves. We contractually require contractors to reduce the generation of solid wastes in constructions and to place the wastes by category with clear labels (such as toxic, hazardous, recyclable and non-recyclable). Different targets are set for different wastes. For construction wastes such as gravels, earth and stones, the reuse rates can be increased through foundation backfilling and paving. The Group sets the target of construction wastes not over 400 tonnes per 10,000 square meters of residential gross floor area.

We also require our office staff to adhere to the "3R Principles" of Reducing, Reusing and Recycling to reduce daily solid commercial wastes.

## A. Environmental Sustainability

**Table 4: Hazardous and Non-Hazardous Wastes in 2021**

Wastes	Types	Unit	Amount	Intensity* (Per '000 square meter)
Hazardous Wastes	Batteries, Glasses	kg	75	0.29
Non-Hazardous Wastes	Solid Commercial Waste	kg	375	1.44

Note: \* Intensity was calculated by dividing the 260,000 square meter gross floor area under the coverage of this Report.

### A.2 USE OF RESOURCES

The Group always pays attention to the using of various resources in operations. We closely keep track on their usages and launched a series of internal monitoring systems for the procurement and use of natural resources. During the Reporting Period, the resources consumed by the Group were mainly electricity, water, gasoline and paper. The products of the Group do not consume any packaging materials.

**Table 5: Usage of Various Resources in 2021**

Resources	Unit	Amount	Intensity* (Per '000 square meter)
Electricity	kWh	1,135,351	4,366.73
Water	m <sup>3</sup>	49,780	191.46
Gasoline	liter	14,780	56.85
Paper	kg	47,780	183.77

Note: \* Intensity was calculated by dividing the 260,000 square meter gross floor area under the coverage of this Report.

## A. Environmental Sustainability

- **Electricity**

The Group's electricity consumption arises from construction sites and office daily operations. We remind our staff to reduce electricity consumption and adopt the usage of more energy-saving, efficient and environmentally friendly construction equipment, machineries and office supplies in operations.

The Group's properties are with high energy efficiency as the property designs are in accordance with the "Design Standard for Energy Efficiency of Public Buildings (GB50189-2015)", the "Design Standard for Energy Efficiency of Residential Buildings in Hot Summer and Cold Winter Zones (JGJ134-2010)" and the "Design Standard for Energy Efficiency of Residential Buildings in Severe Cold and Cold Zones (JGJ126-2010)". We require contractors to take the following measures to reduce electricity consumption in construction sites:

- ✓ Installing energy-saving LED lights in construction areas, office areas and living areas of construction sites;
- ✓ Using solar street lights;
- ✓ Displaying reminding labels "Save electricity and turn off the power after work" in prominent positions;
- ✓ Adopting energy-saving and efficient mechanical equipment and technologies;
- ✓ Prohibitively the use of equipment, machineries and products that do not meet the requirements for energy conservation and environmental protection;
- ✓ Carrying out regular repair and maintenance to keep the low energy consumption and high efficiency of machineries and equipment.

Besides, we initiate following reducing electricity consumption measures in offices:

- ✓ Installing energy-saving LED tube lights;
- ✓ Displaying labels to remind electricity-saving in office prominent positions;
- ✓ Maintaining ventilation mainly by keeping the windows open to reduce the use of air conditioners and heaters;
- ✓ Setting the air conditioning systems in the offices at 25 degree Celsius.

## A. Environmental Sustainability

- **Water**

The Group's water consumption is mainly attributable to construction sites and office daily operations. We regularly emphasize the importance of water conservation to our staff and require them to save water. Not merely we cut off unnecessary water consumption from the sources, but also actively formulate measures to reuse water. We encourage contractors to give priority to use non-traditional water sources and try not to use municipal tap water. For instance, sewage pools are set up at construction sites for wastewater treatment. The treated wastewater are used for washing on-site machineries, equipment and vehicles, spraying the road, watering plants etc. The Group targets to use more than 30% of the non-traditional water sources and circulating water in constructions.

The Group strictly requires contractors to manage water consumption through installing water meters in construction sites, and measure water usage in construction areas and living areas separately. Water consumption information are required to collect regularly at construction sites, for analyses and comparisons to improve the efficiency of water conservation. In order to protect the groundwater environment, we have adopted slope protection technology with good waterproof performance to prevent groundwater from being polluted due to property constructions.

The Group's offices also adopt water-saving systems, appliances and equipment such as low-water-consumption flushing toilets, sensor faucets and time-delay self-closing flushing valves. Effective measures have also been taken to avoid leakage of water pipes.

- **Gasoline**

The Group's gasoline consumption is mainly attributable to our vehicles used in daily operations. We use high-efficiency and low-emission gasoline, and tempt to purchase fuel-efficient vehicles. We require our staff to travel by public transport as far as possible. We have also implemented the following measures to reduce gasoline usage:

- ✓ Providing and promoting our employees the use of video and audio conferencing facilities to reduce business travels and the use of related transportations;
- ✓ Advocating the idea of using local materials and giving priority to local suppliers. Contractors are advised to use building materials produced within 400 kilometers from construction sites. The amount of such building materials used should be more than 70% of the total weight of the building materials used. All office supplies and other fixed assets in offices are acquired from local suppliers.

- **Paper**

The Group's paper consumption is mainly attributable to sales and marketing materials, and office daily operations. Our priority is procure environmental-friendly paper and we have implemented following measures to reduce paper usage:

- ✓ Establishing an electronic office administration system to reduce reliance on papers in operations;
- ✓ Reducing printing paper copies;
- ✓ Encouraging double-side printing and re-using papers;
- ✓ Using electronic means to promote various products to clients and reducing paper promotional materials.

### A.3 ENVIRONMENT AND NATURAL RESOURCES

The use of building materials and environmental management of construction sites are considered as activities resulted from the Group's operations that have a direct and significant impact on environment and natural resources. We believe that sound management of building materials serves not only to reduce operating expenses, but also the impact on the environment. We supervise contractors to implement the following measures to ensure the effective use of construction materials in constructions:

- ✓ Arranging reasonable procurement of materials (including arrival time and batches) according to construction progress and inventory level to reduce inventories;
- ✓ Adopting technical and management measures to increase turnover of frameworks and scaffolding;
- ✓ Promoting the use of high-strength reinforced steel and high-performance concrete;
- ✓ Optimizing the formulas for reinforced steel and steel components. Double checking the orders and samples before bulk production of reinforced steel and steel components;
- ✓ Performing overall layout planning before veneering construction to reduce the quantity of fragmented veneer bits;
- ✓ Using self-adhesive sheets to reduce the amount of liquid adhesive used on site.

The Group adopts the "Green Construction Measures" to control various environmental emissions of contractors, and strictly ensures them to adhere relevant environmental laws and regulations, so as to minimize the environmental impact of the project constructions on the surrounding environment:

- ✓ Taking effective anti-dust measures on site, such as watering, hardening of ground, fencing, dense mesh covering and closure to ensure dust control at construction sites to meet the National Level 2 Emission Standard;
- ✓ Performing real-time monitoring and control of noise at the construction sites to ensure noise shall not exceed the limits under the national "Noise Limits for Construction Sites (GB12523-90)";
- ✓ Applying sewage discharge permits in accordance with the discharge requirements;
- ✓ Engaging qualified agencies to carry out wastewater quality testing to ensure the sewage discharged to meet the national "Comprehensive Sewage Discharge Standard";
- ✓ Setting up temporary waste storage sites and placing wastes by category with clear labels;
- ✓ Requiring hazardous solid wastes to be collected by category and stored in a closed confinement. The wastes shall be handed over to qualified collectors for centralized disposal.

## A. Environmental Sustainability

### A.4 CLIMATE CHANGE

Climate change is one of the most severe challenges facing the world. Rising temperatures and extreme weather are threatening our community and the Group's business operations. We regularly review the impact of our daily operations on the climate change, and is committed to adopting environmental friendly operating measures to reduce GHG emission. Meanwhile, we proactively assess and manage the climate-related risks on our operations while increasing our resilience to climate change. During the Reporting Period, the Group identified the following climate-related risks which may induce operational and financial disruptions, and included them in the monitoring list and arranged the corresponding mitigation actions.

Climate Risks		Mitigation Actions	
Physical Risk	Extreme weather caused by climate change may lead to serious natural disasters such as hurricane, flooding and wild-fire, which will affect daily operations.	✓	Develop emergency response measures to maintain the normal daily business operations.
		✓	Commit to adopting environmentally friendly and low-carbon operating measures to reduce GHG emission and pressure on global climate change.
Transition Risk	More stringent policies and reporting requirements for corporate sustainability by the PRC government and regulatory authorities.	✓	Conduct regular reviews and analyses of the PRC and international sustainability reporting requirements.
		✓	Appoint independent sustainability consultant to enhance ESG reporting and data collection.

Looking forward, the Group will continue to closely monitor the environmental protection policies and regulatory trends in the PRC and worldwide. We will invest in the corresponding environmental protection constructions when appropriate to enhance the overall sustainability performance.

### A.5 EMISSION TARGET

After communicating with stakeholders and considering the potential business development in coming years, the Group has set sustainability targets of the GHG emission intensity, hazardous/non-hazardous waste produced intensity and the intensity of the use of various resources will be maintained at the level of the Reporting Period for the next 3-5 years. We will continue to adopt the measures in this Report to achieve the targets.

## B. Social Sustainability

This section primarily discloses the Group's policies and KPIs with respect to employment, occupational health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption and community investment during the Reporting Period.

### B.1 EMPLOYMENT

The Group's continuous business development depends on the enthusiastic endeavor of all staff and hence we are committed to providing a fair, open, safe and healthy work platform. The Group's human resources personnel strictly implements recruitment, dismissal and welfare policies in accordance with the "Labor Law of the PRC", and conducts regular reviews to meet with the changes of the employment policies and laws of the PRC. We are keen on acquiring, retaining and nurturing of talents. Based on our business developmental needs, we prepare the annual recruitment scheme at the commencement of each year. The Group is abided by the principles of "anti-discrimination" and "diversity" and is committed to creating a caring and non-discriminatory working environment. While all our employees are recruited in conformity with the principles of openness and fairness, they are treated non-discriminatively with respect to recruitment, training, promotion, dismissal and retirement, irrespective of their gender, race, age, disability, family status, marital status, sexual orientation, religion beliefs, nationality or any other factors unrelated to work. When the Group considers employee for promotion, we would make reference to his/her working performance, experience and personal capacity as conditions for promotion. We carry out employee work performance appraisal every year to determine the salary adjustment with reference of internal the remuneration system and overall market situation. We aim to promote the well-performing and high-potential employees, by providing them with attractive salary packages. We set up a clearly defined dismissal and retirement system. Pursuant to the provisions of the labor contract, we strictly prohibit any unfair or unreasonable dismissal. In accordance with the "Labour Law of the PRC", we will process retirement procedures for those employees who have reached the statutory retirement age. Where an employee commits any gross negligence or damages the interests of the Group, we will go through dismissal procedures in accordance with the "Labour Law of the PRC".

As of 31 December 2021, the number of the Group's employees under the coverage of this Report was 75. All of them were employed in the PRC. During the Reporting Period, 3 employees left which represents an annual turnover rate of 4%.

## B. Social Sustainability

**Table 5: Employees by Category as of 31 December 2021**

Male		Female	
44		31	
Full-time		Part-time	
50		25	
30 years old or below	31–40 years old	41–50 years old	51 years old or above
10	29	21	15
Senior Management	Middle Management	General Staff	
6	18	51	

**Table 6: Employees Turnover by Category in 2021**

Male		Female	
2		1	
30 years old or below	31–40 years old	41–50 years old	51 years old or above
1	1	1	0

During the Reporting Period, the Group was in full compliance with relevant laws and regulations regarding remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, welfare etc. We did not receive any complaints or disputes concerning employment.

### B.2 OCCUPATIONAL HEALTH AND SAFETY

During the Reporting Period, the COVID-19 pandemic continued to pose worldwide impact and affect the Group's daily operations. While we are obligated to maintain normal business operations, we are committed to keeping our stakeholders and employees healthy and safe during the pandemic. We have been strictly following all the pandemic prevention measures advised by related authorities and implementing following anti-pandemic measures:

- ✓ Strictly implement sanitation and cleaning procedures;
- ✓ All employees must wear masks and the used disposable masks must be placed in the mask collection buckets for centralized processing;
- ✓ Keep appropriate distances between employees in the workplaces;
- ✓ Check the body temperature of employees twice a day;
- ✓ Implementation of crowd control. Visitors must wear masks to enter the premises, and perform disinfection, registration and body temperature measurement;
- ✓ Vehicles must be disinfected before entering the premises;
- ✓ Canteen requires one person for one table and the tables must be separated by more than one meter. Mask can only be taken off when eating;
- ✓ Encourage online meetings to reduce contact.

The businesses of the Group involves a handful of processes with potential occupational health and safety risks. Thus we pay special attention to create a safe working environment for the staff. We continuously improve the production processes, and reduce the use and emission of hazardous substances. A set of occupational safety management measure with sound mechanism to manage occupational health and safety-related matters has been stipulated for employees and contractors to strictly comply. To strengthen the safety supervision for outsourced construction projects, we formulated the "Rules of Construction Management for Contractors" to strictly assess contractors' safety management capacity. Safety agreements have been arranged with contractors, whereby clearly states the safety rules to preclude the occurrence of outsourced construction accidents.

## B. Social Sustainability

Both the direct employees of the Group and contractors' workers shall comply the PRC laws related to occupational health and safety. The Group's "Workplace Safety Rules and Policies" specifies respective responsibilities borne by each specific position in workplaces. Besides, there is a set of safety reward and penalty system to encourage frontline staff to handle safety issues properly. Safety examinations at workplaces have been implemented on a regular basis. The Group implements the following safety management measures to ensure the safety of all personnel in construction sites:

- ✓ Identifying high-risk work procedures;
- ✓ Carrying out on-the-job trainings for employees, and submitting construction plans and operation procedures prior to commencement of constructions;
- ✓ Setting up warning boards at high-risk construction areas to alert the personnel entering the areas that they must abide by the relevant safety instructions;
- ✓ Providing employees with necessary protective equipment, facilities and tools, such as safety helmets and safety shoes;
- ✓ Ensuring sufficient sanitation facilities at the construction sites;
- ✓ Providing first aid equipment at the workplaces such as first aid kit and stretchers.

To guard against all the potential hazards in offices, the Group formulated relevant management measures which cover electricity safety, fire safety, tripping, slipping, falling, air quality, lighting systems, computers, display screens, office chemicals and equipment safety. Beside, flowers and plants are lined along the building corridors and offices. It does not only provides green working environment, but also helps to purify indoor air condition, leading to the building of a harmonious and pleasing workplace.

The Group purchases social insurance for its employees and provides pre-employment body checks and annual body checks for employees in accordance with the "Labour Law of the PRC". If any abnormal situation is found, appropriate work arrangements and medical follow-ups will be made. We conduct quarterly occupational health and safety trainings for our employees to enhance their health and safety awareness. Human Resources Department arranges regular meetings with employees to mitigate their work pressure and take care of their mental health. In the event of fatal accidents, the Group will provide immediate relief to the injured employees and will investigate each accident to prevent reoccurrence of similar incident.

During the past three years, the Group has not recorded any work-related fatalities and loss of working days due to work injury. During the Reporting Period, the Group did not violate any relevant laws and regulations regarding occupational health and safety.

## B. Social Sustainability

### B.3 DEVELOPMENT AND TRAINING

Acquisition of new knowledge and skills by our staff will enhance the Group's overall competitiveness. Based on the business developmental requirements, Human Resources Department coordinates those well-performed staff for trainings. Subsidies will be granted to those staff who have passed the relevant work-related examinations to facilitate their career advancement. Customized training content are prepared to our staff in accordance with the human resources needs of various departments. Newly recruited staff are required to attend pre-employment trainings to quickly acquaint with internal policies, job responsibilities, work duties, and corporate culture, values and developmental strategies. They have to pass the assessment tests to become official employees. Mentorship system is adopted in daily operations to provide new staff dedicated guidance and nourish. It helps them to complete their duties with self-dependency as soon as possible. We are also concerned about the physical and mental health of our employees. After-work activities and trainings are arranged to balance their work and life, and improve team cohesion.

During the Reporting Period, the Group has provided 219 hours of training for 30 employees under the coverage of this Report, which represents an average of 7.3 hours of training per employee.

**Table 7: Training Hours of Employees by Category in 2021**

	Senior Management	Middle Management	General Staff	Total
Number of Training Hours	19	80	120	219
Number of Employees	6	10	14	30
Average Training Hours per Employee	3.2	8.0	8.6	7.3

	Male	Female
Number of Training Hours	120	99
Number of Employees	18	12
Average Training Hours per Employee	6.7	8.3

## B. Social Sustainability

### B.4 LABOUR STANDARDS

The Group is fully aware that child and forced labour violate basic human rights and pose a threat to social and economic sustainable development. The Group strictly complies with relevant laws and is abided by the “Labour Law of the PRC” for recruitment. During the recruitment process, we seriously verify the identity documents of applicants and never hire persons below legal working age. We also strictly prohibit any form of forced labour and undertake not to force employees to work overtime, and respect employees’ freedom of employment, resignation and work overtime. Employee working hours are required to meet the “Labour Law of the PRC”. Any overtime arrangements are subject to the consent of employees and compensations will be provided according to laws and regulations.

During the Reporting Period, the Group did not violate any laws and regulations in relation to the prevention of child and forced labour.

### B.5 SUPPLY CHAIN MANAGEMENT

In light of the Group’s strong support for sustainable development, we also expect our suppliers could support sustainable development as well. It is our responsibility to monitor the ESG performance of the entire supply chain. Thus we incorporate sustainability considerations into procurement and outsourcing processes and require all suppliers to meet the standard. Suppliers have to ensure their permanent and temporary employees, and sub-suppliers comply with the sustainability requirements.

The Group insists on establishing long-term and stable strategic partnerships with quality suppliers. We strive to realize mutual development with suppliers on the basis of equality and mutual benefits. The Group formulated the “Suppliers’ Code of Conduct” and requires suppliers to fully comply. Suppliers are required to pay attention to the environmental risks that may arise in their operations and manufacturing processes. We conduct regular assessments of the contractual performance of suppliers and only continue to engage those meeting the eligibility criteria in terms of different performance indicators during the contract period.

The Group sets up a series of evaluation criteria for supplier selection, including pricing, quality, environmental protection awareness, social reputation, previous performance, customers’ feedback, technical capability, after-sales service, occupational health and safety and loyalty. Only those suppliers passed in various evaluations can be included in the Group’s qualified supplier list. The selection of suppliers is conducted in an open manner. We provide suppliers with a fair and transparent competition. We stipulate that at least three potential suppliers have to be liaised. Moreover, suppliers have to declare their interests to avoid conflicts of interest or transfer of benefits.

During the Reporting Period, the Group had 33 suppliers and all of them were from the PRC.

### B.6 PRODUCT RESPONSIBILITY

The Group strongly believes that maintaining high product quality is the key to gain customers' trust and support in the highly competitive market. The Group is committed to providing customers with high-quality housings and property management services. During the property constructions, we strictly comply with the PRC laws and quality standards in the industry to enhance quality management capability, and provide customers with responsible products and services. We keep communicating with customers through product quality monitoring and customer service to ensure that we understand and satisfy customers' needs and expectations. It also allow us to improve our products and services continuously.

The Group will issue a quality assurance letter for each sales unit with quality assurances and commitments in relation to the structure, components, facilities, supporting facilities and maintenance. Our buildings conform to the design standards for residential housings and have passed the completion inspections in accordance with the PRC laws. It ensures that the buildings are constructed with safe structure and equipped with up-to-standard firefighting facilities.

The Group and contractors adopt following quality control measures to ensure the products meeting the quality standards stipulated by the laws:

- ✓ According to the PRC laws and industry requirements, all design drawings shall be reviewed by the design institute and the Group's professionals;
- ✓ Based on the construction blue-prints, the key nodes in constructions shall be on-site inspected to see whether the constructions are carried out according to the drawings;
- ✓ All materials provided not in conformity with the blue-prints shall be returned, and suppliers involved shall be penalized in accordance with the contractual requirements;
- ✓ In the case of constructions deviated from the blue-prints, rectification notices shall be issued and the non-conformities must be rectified within a prescribed time limit;
- ✓ Building materials shall meet the requirements of the PRC laws and the fire protection design is subject to review and acceptance inspection by the related government authorities.

## B. Social Sustainability

The Group provides comprehensive after-sales services to customers. As stated in the sales contracts between us and customers, the warranty periods for each unit with regards to different aspects are specified therein according to the PRC laws, while the coverage includes foundation works, main structure works, roof waterproofing works, heating and cooling systems, electrical pipes, drainage pipelines, equipment installations and furnishing works. If the quality of the main structure of a sales unit is not up to standard after delivery, we will assume responsibility in accordance with Article 32 of the "Regulations on Urban Real Estate Development and Operation". Each project of the Group is assigned with customer service personnel, as well as property management company to coordinate and handle clients' complaints. Both our project companies and property management companies have set up policies and procedures to handle complaints from customers.

The Group is well aware that customers are particularly concerned with the accuracy of our advertising and sales pitches. Thus we established a set of management measures for advertising and marketing to regulate advertising and marketing activities. It ensures us not making false advertisement for our products and strictly complies with the PRC laws. The advertising content of all our sales projects are scrutinized by the marketing department to ensure that the product information as contained within the promotional web pages and other promotional materials are true and accurate. In addition, prior to attending customers, our salespersons and customer service personnel are required to participate in trainings on works procedures and product knowledge. Only those who have passed the assessments are qualified to be on board. It ensures that they are equipped with professional expertise to undertake sales duties and competent to provide customers with accurate product information during sales activities.

The Group emphasises the protection of intellectual property rights. We comply with the PRC laws with respect to applying for trademarks, labels and product design patents. In daily operations, the Group refuses to provide or use any products or services that violate copyright or intellectual property rights. We only procure genuine products. All of the software and information used are with legal licenses.

The Group is fully aware the importance of protecting the privacy of suppliers and customers. Statement of consent must be obtained prior to any data collected from suppliers and customers. The consent clearly specifies the purposes of data collection and the data collected will only be used in accordance with the originally designated purposes. The data of suppliers and customers is regarded as confidential and being strictly managed. The use of data is restricted to the relevant departments and employees which is kept by a dedicated department to prevent unauthorized use. Employees are not allowed to privately duplicate or archive the data without permission. We will from time to time remind our staff the requirements set out by the Group on data management and also stipulate their responsibilities on data protection.

During the Reporting Period, the Group did not violate any laws and regulations regarding the product responsibility, intellectual property right and data privacy. The Group has no products sold being recalled and received complaints.

## B. Social Sustainability

### B.7 ANTI-CORRUPTION

The Group adopts a zero tolerance approach towards any form of corruption and strictly complies with anti-corruption laws in the PRC. We formulated strict internal anti-corruption policy which stipulates that employees are not allowed to engage in bribery, extortion, fraud and money laundering. We lay out the limits on acceptance of gifts by employees. We also regularly organize anti-corruption trainings for directors and employees. During the Reporting Period, we arranged 100 hours of trainings to directors and employees in relation to anti-corruption. In case an employee is found to be involved in any act of corruption, we have the rights to unconditionally terminate his/her labor contract irrespective of whether such act has caused losses to the Group. We will hand over the employees who have violated the laws to the judicial authorities for handling if necessary.

The Group has an independent internal audit department to prevent, detect and remedy errors and frauds, and reduce operational risks. Internal auditors are responsible for monitoring internal audits and setting up internal control systems, and directly report to the Audit Committee under the Board. Based on the findings of internal audit, the Board will conduct thematic meetings with management on regular basis to implement relevant works. The Group appointed an internationally recognized independent third-party auditing firm to conduct financial audits twice annually. The audit results will be submitted to the Audit Committee.

The Group encourages employees to report any kinds of misconduct. All employees may send opinions, complaints and reports related to the Group's operations and management through the designated "President Mailbox". We also set up "Control Recommendation Dedicated Mailbox" that serves to collect rational opinions, complaints and reports with respect to non-compliance behaviors from our staff comprehensively. The Group will conduct investigations against any suspicious or illegal behaviors. All investigations will be handled confidentially and the identities of the whistle-blowers will be protected. Management will take corrective measures once fraud activities were found.

During the Reporting Period, the Group did not receive any corruption lawsuits against the Group or its employees. Meanwhile, the Group and its employees did not violate any relevant laws and regulations in relation to bribery, extortion, fraud and money laundering.

### B.8 COMMUNITY INVESTMENT

The Group believes that actively participating in social community services could support the community sustainability development. During the Reporting Period, the social distancing measures under the COVID-19 pandemic restricted us to organize physical community caring activities. However, we are still committed to promoting the harmonious and stable development of society, encouraging our staff to care about the society and to actively participate in various types of charitable events and voluntary services. It demonstrates the corporate spirit of repaying the society.

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