

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

POWERLONG REAL ESTATE HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Stock code : 1238



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ABOUT THE REPORT

Powerlong Real Estate Holdings Limited (the “Company” or “Powerlong”) (stock code: 1238.HK) and its subsidiaries (collectively the “Group” or “we”) are pleased to issue its fourth *Environmental, Social and Governance Report* (the “Report”).

The Report provides a detailed update on the Group’s performance in the area of environmental and social responsibility in 2019, and its future plans and goals. The Report mainly covers the four main business streams of the Group, including property development, property investment, property management services and hotel development. The Company also endeavours to disclose all the available key performance indicators (KPIs) in the Report, supplemented by descriptions, in order to establish baselines and to facilitate comparison. For details of Powerlong’s businesses, please refer to Powerlong’s *Annual Report 2019*.

Reporting Period and Scope

Unless otherwise stated, the Report covers the period from 1 January 2019 to 31 December 2019 (the “Reporting Period”), with time period for relevant parts of the Report suitably extended. The reporting content in the Report is based on the principle of operational control, which covers all business segments under the Group.

Reporting Guideline

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the *Rules Governing the Listing of Securities* (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“SEHK”).

Reporting Declaration

The Company attaches great importance in the materiality, balance and consistency of the Report. The Report makes a comprehensive introduction on Powerlong’s philosophy and policy, as well as its environmental, social and governance (“ESG”) management process. The Company hereby ensures the reliability, authenticity, objectivity and timeliness of this Report. By publishing this Report, the Company looks forward to enhancing the communication and cooperation with its stakeholders, and further promotes the sustainable development of the Company in ESG. The disclosure content of the Report is mainly based on the materiality assessment and the participation of stakeholders. Please refer to the chapter - “Responsible Communication” for the details of the process.

Confirmation and Approval

The disclosure in this Report complies with the ESG disclosure requirements of the “comply or explain” set out in the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Listing Rules issued by the SEHK. This Report was reviewed, confirmed and approved by the board of directors of the Company (the “Board”) on 9 March 2020.

Report Availability and Feedback

The online version of this Report can be viewed and downloaded from the HKEXnews website.

Please provide comments and provide suggestions on the Report or the Group’s ESG work through email at boardteam@powerlong.com.

PREFACE



Chairman Mr. Hoi Kin Hong

Year 2019 was the tenth-year anniversary of the listing of Powerlong, as well as the first year of listing of Powerlong Commercial Management Holdings Limited ("Powerlong CM", stock code: 9909.HK), a subsidiary company of Powerlong. Throughout the 10 years of listing, the Group owns a total of 155 boutique projects, 42 opened commercial plazas and 17 international renowned and self-owned branded hotels. These figures are achieved because of the Group's perseverance in professional and quality excellence. From taking part in the urbanisation process to championing in the integration of the Yangtze River Delta, and from appreciating and promoting Chinese cultural heritage to constructing the Guangdong-Hong Kong-Macao Greater Bay Area, the Group has always closely followed national strategies and directions throughout different events to build a prosperous city and help people lead a better living with the Group's high-quality development projects.

During the Report Period, the Group realised a revenue of RMB26,042 million and profit attributable to owners of RMB4,041 million, representing year-on-year increases of approximately 32.9% and 42.4% respectively. Rental income from investment properties and income from Property Management Services amounted to approximately RMB2,813 million (2018: approximately RMB2,249 million), representing an increase of approximately 25.1% as compared with the corresponding period in 2018.

Basic earnings per share was RMB100.4 cents. The Board recommended the payment of a final dividend of HK\$27.0 cents per ordinary share for the year ended 31 December 2019, and a special dividend of HK\$4.0 cents per ordinary share to mark the tenth anniversary of the Company's listing and to reward the shareholders of the Company for their continued support. Together with the interim dividend of HK\$9.0 cents per ordinary share for the six months ended 30 June 2019, the total dividend for the year amounted to HK\$40.0 cents per ordinary share, representing an increase of approximately 33.3% as compared with the corresponding period in 2018.

In 2019, the Group continues to support green development. As a real estate development and urban complex operator in China, the Company not only abides by local and international environmental laws and regulations, but also proactively introduces the concept

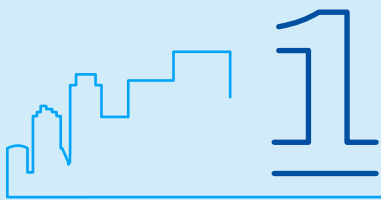
of green buildings into construction and development of projects. As of the end of the Reporting Period, the Group's certified green building gross floor area ("GFA") has cumulatively reached 5.258 million square metres.

In 2019, the Group continued to actively contribute to the development of the community and society. The Group not only took actions in the areas such as art, culture, sports and poverty alleviation, including holding art and culture exhibitions, granting assistance for targeted poverty alleviation and rural revitalisation, but the Group also assisted in the building and developing of nearby communities. In the future, the Group will continue to strive for creating a sustainable brand image that aligns with the values of stakeholders and achieve long-term business development while ensuring healthy business growth.

As a member of the Chinese nation, and as a corporate, the Group is dedicated in aligning its rate of corporate growth and quality requirement to the policy of China. The Group will continue to pursue excellency with firm determination. The Group will continue to seek for quality and efficient growths and promote a harmonious coexistence of the environment and society. As always, the Group will continue to provide its modest contribution in achieving sustainable development of the society and improving living standard of citizens through supporting social welfare and contributing in charity.

At the time of the Report's issuance, the COVID-19 pandemic was still spreading across the world. The Group actively supports the battle against the epidemic and cooperates with the Chinese government at all levels to strictly implement various work on preventing and controlling the epidemic and safeguarding the people's livelihood. The Group's internal development business take active role in ensuring the resuming of work and production and offer rental remission to tenants of some of its shopping malls. In this war against the epidemic, every employee of the Group has practiced social responsibility through their own actions to combat the epidemic together.

We are committed in allowing more people to enjoy a cheerful life, and we believe that our unity, shared vision and collaborative efforts will transcend the Group into a responsible and accountable enterprise.



GROUP OVERVIEW

Dust will settle as people go along. The Group has continuously expanded its business operations, and establishing coordinated development in industries such as real estate, commercial and residential property management services, hotel, culture and art, etc. Since 2003, the Company has focused on the development and operation of comprehensive commercial real estate projects and had successfully listed on the Main Board of the SEHK on 14 October 2009.

The success of the Group is attributable to the innovative vision of the chairman of the Board, Mr. Hoi Kin Hong. Mr. Hoi instilled his insights and visions from the beginning of the corporate development and drove the Group's evolvement. The Group will continue to uphold its belief in being "Honest, Modest, Innovative, Devoted" and will gather an efficient and excellent team to create new values for the society, its clients, shareholders and employees.





Prudent Operation

For the year ended 31 December 2019, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) property management services; and (iv) other property development related business. During the year under review, property development remained as the main revenue stream of the Group.

Property Development

As at 31 December 2019, the Group has 155 projects across China, including 113 projects in the Yangtze River Delta, accounted for 72.9% of the Group's portfolio nationwide, given the Group's precise planning in strategic key cities, value investment with reasonable costs, perseverance in diversified expansion, as well as extension in resource integration and strategic cooperation with leading enterprises in the industry. As of 31 December 2019, the Group had a land bank amounting to a GFA of approximately 29.7 million square metres, which is expected to be sufficient for the property development of the Group in the next three to five years. Having entered the commercial real estate industry for 16 years, the Group has been awarded "TOP 100 Real Estate Developers" for fourteen consecutive years and "TOP 10 Brands of China Commercial Real Estate Companies" for nine consecutive years.

the Group had a land bank
amounting to a GFA of
approximately

29.7 million square
metres

As at 31 December 2019,
the Group has

155 projects

across China,

including

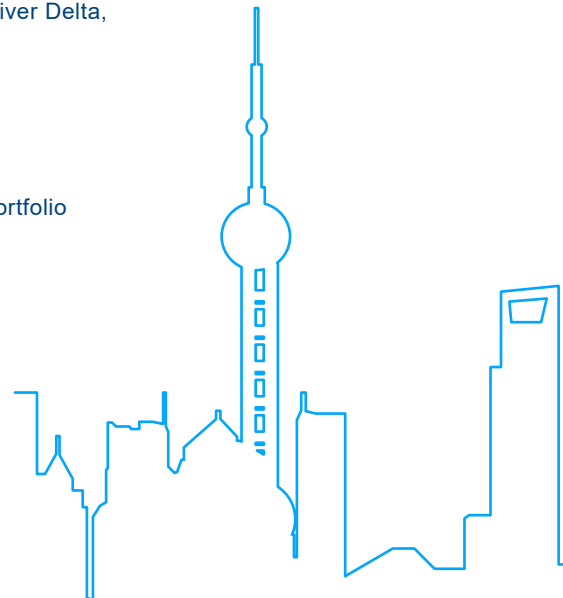
113 projects

in the Yangtze River Delta,

accounted for

72.9 %

of the Group's portfolio
nationwide



Property Investment and Property Management Services

As at 31 December 2019, the Group had an aggregate GFA of approximately 5,076,029 square meters (2018: approximately 4,817,380 square meters) held as investment properties (including properties completed and under construction), representing an increase of approximately 5.4% as compared with 2018, mainly shopping malls.

The Group provides commercial operation and residential property management services to the projects developed by the Group and other third parties. The spin-off and successful listing of the Powerlong CM, a subsidiary of the Company, on the Main Board of the SEHK on 30 December 2019 will foster the rapid development of the Group's commercial management services. With enhanced ability of regionalised operation and management, increasing sophistication in tenant sourcing, upgraded tenant mix and continuous development of the commercial operation and management, the number of shopping malls held and managed by the Group reached 42 as at 31 December 2019, while the Group also managed three asset-light projects, outperforming other industry players in terms of quantity and area of projects. Powerlong Plazas operated by the Group have been awarded "TOP 10 Brands of China Commercial Real Estate Companies" for ten consecutive years.

As at 31 December 2019, the Group had an aggregate GFA of approximately

5,076,029 square meters

held as investment properties, representing an increase of approximately

5.4 %

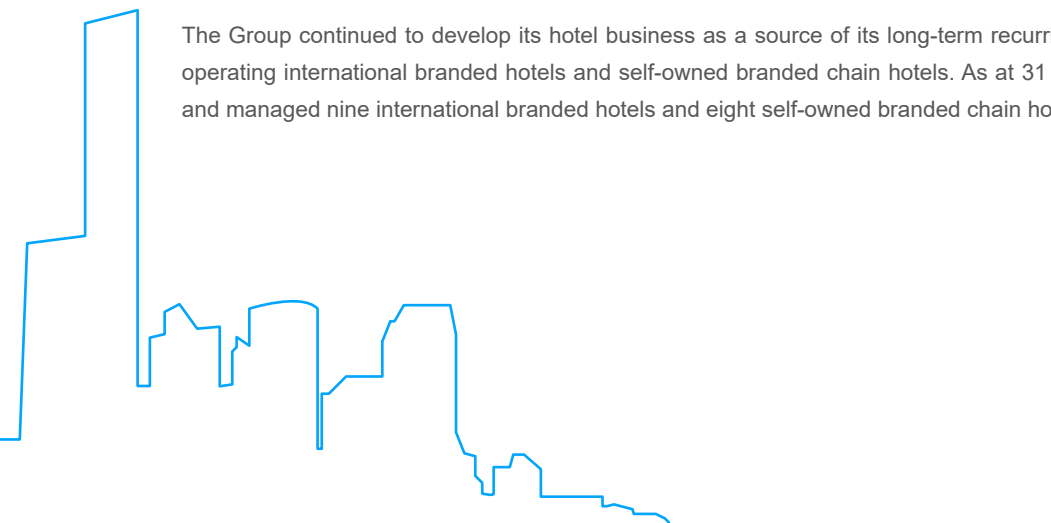
as compared with 2018

The number of shopping malls held and managed by the Group reached

42

Hotel Business

The Group continued to develop its hotel business as a source of its long-term recurring income with core businesses in operating international branded hotels and self-owned branded chain hotels. As at 31 December 2019, the Group owned and managed nine international branded hotels and eight self-owned branded chain hotels.

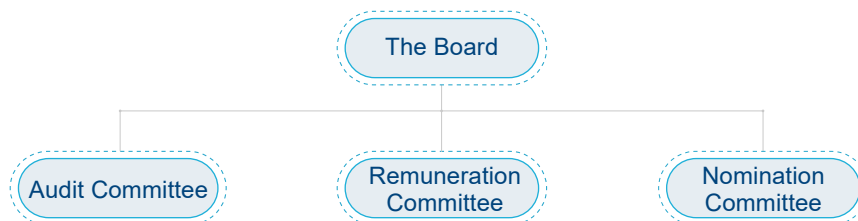


Governance Structure

The Company strives to uphold the highest standard of corporate governance to protect interests of its shareholders and strengthen its corporate values and the accountability system. Powerlong has complied with all applicable code provisions as set out in the “Corporate Governance Code” and “Corporate Governance Report” under Appendix 14 of the Listing Rules as its own corporate governance code.

As the supreme governing body of the Company, the Board is ultimately responsible for the Group’s business operation and sustainability initiatives. During the Reporting Period, the Company has three Board committees, namely the audit committee (“Audit Committee”), the remuneration committee and the nomination committee, for overseeing particular aspects of the Group’s affairs. Currently, the Board comprises a total of 9 members, leading and managing the Group to seize and handle the risks and opportunities brought by sustainable development. All Board committees are established with defined written terms of reference approved by the Board which set out the Board committees’ respective duties. Terms of reference of the Board committees are reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Group and are available on the SEHK’s website and the Company’s website. The Board is also responsible for ensuring the comprehensiveness and effectiveness of the Group’s risk management and internal control systems and monitoring the implementation of various risk management policies and measures, as to identify, evaluate and manage the risks arising from the Group’s business operation, including sustainability issues.

The Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of the Board members can be achieved through considerations of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates is based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board. As of 31 December 2019, the ratio of male to female Board members of the Company is 7:2.











While promoting continuous expansion of businesses, a well-established governance structure also allows the Company to combine the concept of sustainability into daily operation, and dedicate to creating values for the environment, society and stakeholders. The Group proactively understands the needs of clients to provide diversified and customised services for clients; adheres to scientific and technological innovation, develops a wide range of intelligent technology intelligent community, improves user experience; always be people-oriented, attaches great importance to the physical and mental health and career development of employees, so that every employee can get a sense of achievement; actively fulfils corporate social responsibility, organises and participates in various community and cultural and artistic activities, and coordinates the construction and development of surrounding projects; advocates environmental awareness, builds green and low-carbon communities and business circles; and enhances communication with suppliers and contractors to foster an open and transparent business environment for promoting the sound development of the industry.

The Group attaches great importance in sustainable development, and constantly reviews the impact arising from ESG issues to the Group’s business operation and sustainability work during the Group’s operation. The Board has appointed relevant personnel from the Company’s secretariat of the Board for the management of the Group’s ESG issues and has established the terms of reference of relevant ESG staff, including the authority, scope and resources available for work. Relevant ESG staffs are responsible for establishing and monitoring ESG issues-related policies and measures, and regularly reporting to the Board on their progress and performances.

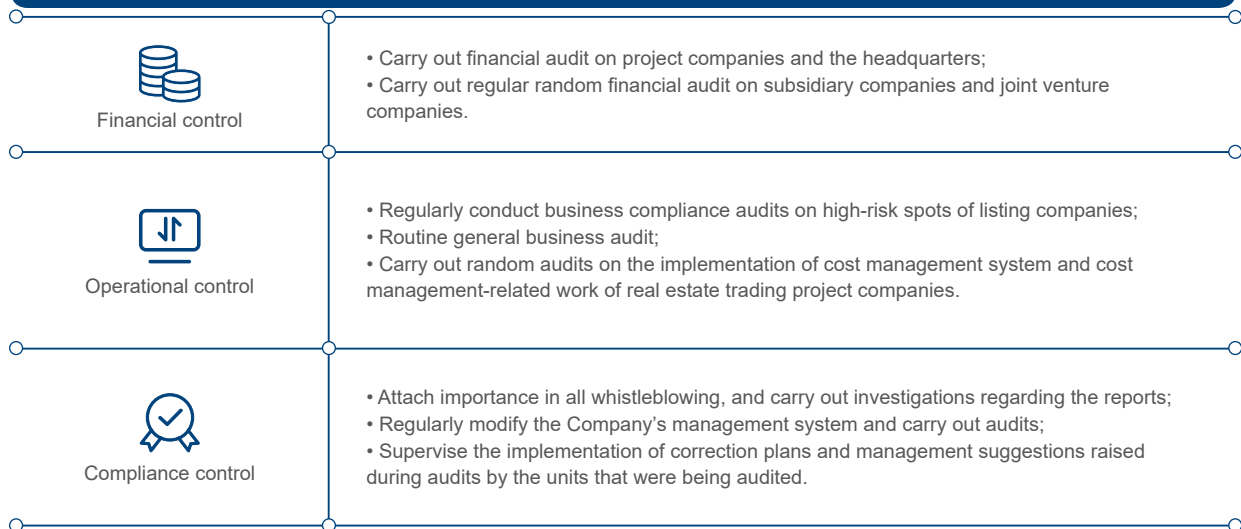
Risk Management and Internal Control

The Board is responsible for supervising and maintaining the Company's sound and effective risk management and internal control system and review the efficiency of the risk management and internal control system through the Audit Committee. Senior management is responsible for managing the Group's risk management plan to ensure Powerlong's business operation fulfils the changes in the environment and the Group's risk management policy developed based on the Group's risk withstanding capacity. Senior management is liable to the risks arising from the Group's operation, including ensuring the alignment between the business strategy and the Group's risk management concept and culture, as well as abiding by the risk management policy and process requirements. The Audit Committee is responsible for the annual risk reporting through the Group's internal audit department. The Group attaches great importance to the construction and maintenance of the integrity in the Group's internal environment, and has established a supervisory department, which is specifically responsible for supervising and auditing risks in corporate operation. The supervisory department is led directly by Mr. Hoi Kin Hong, the chairman of the Board. Through regular meetings with various senior management, members of the internal audit department review and evaluate risks, and discuss the way forward in resolving major shortcomings of the internal control, including marking relevant changes and finalise the results to re-evaluate various risks and draw up corresponding plans.

Risk management and control objectives:

 <p>Risk on the regulation and control of the real estate market</p>	<ul style="list-style-type: none"> • Closely track and understand the changes in real estate-related policy control; • Effectively analyse and study the potential impact and changes to corporate development arising from regulation and control of policies; • Develop targeted and effective countermeasures to diverse operation risks and help the corporate to adapt to changes in the market environment.
 <p>Risk on the positioning of real estate projects</p>	<ul style="list-style-type: none"> • Strengthen the process and management and continuously improve to ensure reasonable and scientific process of investment positioning; • Carry out in-depth communication, detailed research and accuracy estimation to ensure the accuracy of project investment positioning, as to meet the market needs, and ensure effective implementation of project positioning through comprehensive collaboration and effective control.
 <p>Risk on the contract and procurement of real estate project construction</p>	<ul style="list-style-type: none"> • Effectively enhance the management quality and efficiency of engineering supplier; • Effectively regulate and avoid procurement risks to protect interests of the Company and projects.
 <p>Risk on the control of real estate cost targets</p>	<ul style="list-style-type: none"> • Continuously strengthen cost control and improve the supervision mechanism; • Achieve effective dynamic cost control to improve the accuracy and timeliness of the clearing of project construction; • Continuously optimise cost control.
 <p>Risk on the management of real estate construction safety</p>	<ul style="list-style-type: none"> • Improve safety awareness of all personnel and actively eliminate hidden safety risks; • Strengthen safety management to reduce the possibility of incidents.
 <p>Risk on the sales of real estate projects</p>	<ul style="list-style-type: none"> • Improve the understanding and resilience on market risks; • Improve the understanding on clients' needs and problem-solving skills; • Improve the accuracy of the market positioning of products and marketing strategies.
 <p>Risk on receiving complaints from real estate clients</p>	<ul style="list-style-type: none"> • Maintain good client relationships to reduce the possibility of receiving complaints from clients; • Timely and effectively handle risks arising from complaints and protect the Company's reputation.
 <p>Risk on capital safety</p>	<ul style="list-style-type: none"> • Enrich the financing model to enhance financing ability; • Strengthen operational management and improve internal control system to prevent inappropriate use of capital; • Enhance the prediction and management ability of cash flows to use the capital effectively.

Internal control management work:



Upholding Integrity

The Group expects every employee to be able to remain true to their original aspirations and embody integrity and self-discipline during daily operation. The Group has formulated the *Employee Integrity Self-discipline Rules* according to relevant laws and regulations and the Group's actual situation, and resolutely resists any forms of bribery, extortion, fraud on taxation, money laundry and other malpractices. The Group strictly complies with laws and regulations in its operation locations related to extortion, fraud and money laundry. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in Chapter 10 of the Report.

New employees are required to undergo trainings related to integrity and self-cultivation upon joining the Group. All personnel above the department manager level, and the employees of the procuring and the tendering department, are required to sign the *Employee Self-discipline Commitment*. Meanwhile, all relevant suppliers and contractors of the Group are required to sign the *Integrity and Law-Abiding Commitment* before bidding and undertaking any business.

In addition, the Group also provides clear internal complaint reporting and whistleblowing channels including an internal complaint hotline and mailbox, a special complaint reporting system, and ensures the independence and confidentiality of the complaint reporting and whistleblowing process while protecting the safety and efficiency for employees to complain and report. Employees can submit internal complaints or opinions to strengthen mutual supervision within the Group. The Group has established a protection policy in accordance with relevant laws to protect employees who report crimes and ensure that the whistle-blower will not be subjected to unlawful retaliation or discrimination due to his or her lawful reporting behaviour or participation relevant investigations. If an employee believes that he or she has been subjected to any of the aforesaid unlawful retaliation or discrimination, he or she may file a complaint through the aforesaid reporting procedure and the Group will deal seriously with any person who retaliates or discriminates against the employee. During the Reporting Period, the Group did not receive any cases of irregularities or corruption proceedings against the Group and its employees.



Financial and Operational Highlights¹



Revenue (RMB million)

26,042

(representing an increase of 32.9% as compared with 2018)



Contracted sales (RMB)

60,350 million

(representing an increase of 47.1% as compared with 2018)



Profit for the year (RMB million)

6,018

(representing an increase of 65.0% as compared with 2018)



Contracted sales area²

3,767,519 m²

(representing an increase of 33.5% as compared with 2018)



Total dividend per ordinary share (HK\$)

40.0 cents

(representing an increase of 33.3% as compared with 2018)



Number of shopping malls operated and managed

42

(representing an increase of 16.7% as compared with 2018)

The Report presents the financial and operating status of Powerlong during the Reporting Period at a basic level. For details, please refer to Powerlong's *Annual Report 2019*.

¹ The relevant data of the Company during the Reporting Period are listed here.

² The contracted sales area of the Group together with its associates and joint ventures.

Year Review, Awards and Honours³

JUN. 2019

- 2019 China Financial Market Awards “Best Brand Value Award”
- Mr. Hoi Kin Hong, chairman of the Board of Powerlong, received the title of the “Outstanding Constructor of the Economy within Non-public Sector in Fujian Province”
- “2019 POWER ON – Creating Business and Building Future with Technology” annual conference was commenced in the Shanghai Powerlong Art Museum

MAY. 2019

- 2019 China Mainland TOP 10 Real Estate Company Listed in Hong Kong by EVA (Economic Value Added)

JAN. 2019

- Mr. Hoi Kin Hong, chairman of the Board of Powerlong, received the title of the “Tribute to the 40th Anniversary of Reform and Opening Up in China – 40 Figures of China Real Estate throughout the 40 Years”
- Mr. Hoi Wa Fong, Chief Executive Officer of Powerlong, received the title of “CIHAF 2018 China Commercial Property Industry Leader”

MAR. 2019

- 2019 Top 10 of Real Estate Companies in China
- 2019 Top 10 of Commercial Real Estate Companies in China
- 2018-2019 China Real Estate Developers with High Social Responsibility
- Powerlong held the 2018 Results Announcement Conference, where the sales increased by 97% in 2018 with almost 70% of the land bank located at the Yangtze River Delta

APR. 2019

- Best Hotel Management Group in China
- The 2018-2019 Outstanding Enterprise Award in Commercial Property “Golden Awards”
- Xiamen Powerlong One Mall received “China Commercial Real Estate Award for Operations and Management Innovation”

³ Here is a list of some major business achievements and honors won by the Group during the Reporting Period.

OCT. 2019

- 2019 Reverse Roadshow was successfully held to comprehensively illustrate Powerlong's planning at the Yangtze River Delta and recent business development to investors and analysts

NOV. 2019

- 2019 Chinese Listed Company Outstanding Commercial Real Estate Practice



JUL. 2019

- 2019 Leading Commercial Property Developer

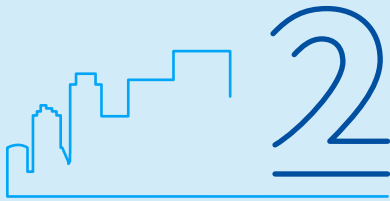


SEP. 2019

- 2019 TOP 10 Brands of China Commercial Real Estate Companies
- 2019 Best Hotel Owners of China
- Top 20 Developers in Huadong District and 2019 China City Construction Contribution Award "Guoding Award"
- 2019 Top 10 Chinese Green Property Award
- 2019 Top 10 Chinese Green Property (Commercial) Award
- Shanghai Qingpu Powerlong Plaza was elected as "2019 Top 10 Chinese Green Property"

DEC. 2019

- 2019 Outstanding Enterprise Award in Commercial Property
- 2019 China Real Estate Green Procurement "Golden Partner" Award
- Powerlong CM successfully listed on 30 December, and became the first listed asset-light commercial operation service provider
- Formed strategic alliance with the Zhuhai Municipal Government with the foundation stone laying of the first project in the Greater Bay Area – Powerlong City in the Hi-tech Industrial Development Zone of Zhuhai
- Foster the rapid development at the Yangtze River Delta with the opening of Shanghai Baoyang Powerlong Plaza, Ningbo Powerlong Plaza and Nanjing Gaochun Powerlong Plaza at the same day
- First city complex at the Tianjin Eco-city – Tianjin Binhai Powerlong Plaza opened



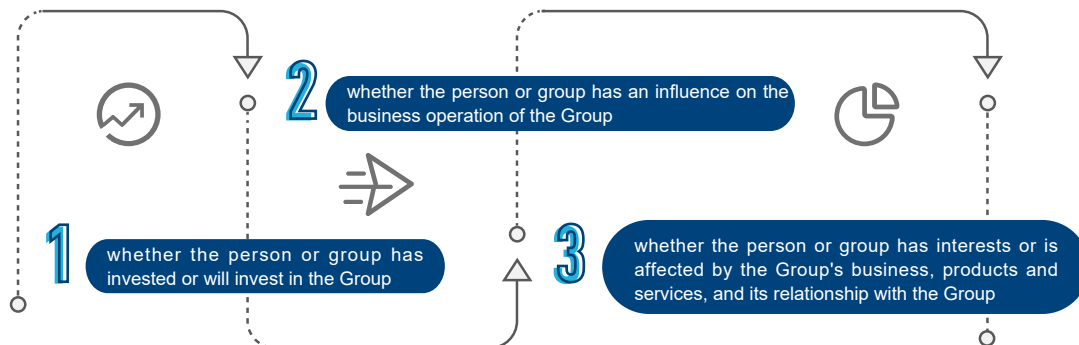
RESPONSIBLE COMMUNICATION

The Group attaches great importance to communication with its major stakeholders. It actively listens and responds to the requests of different stakeholders through various channels. By doing so, it is able to further achieve the sustainable development of the Group while improving its internal management.








The Group mainly determines its key stakeholders through the following three aspects:



Stakeholder Engagement

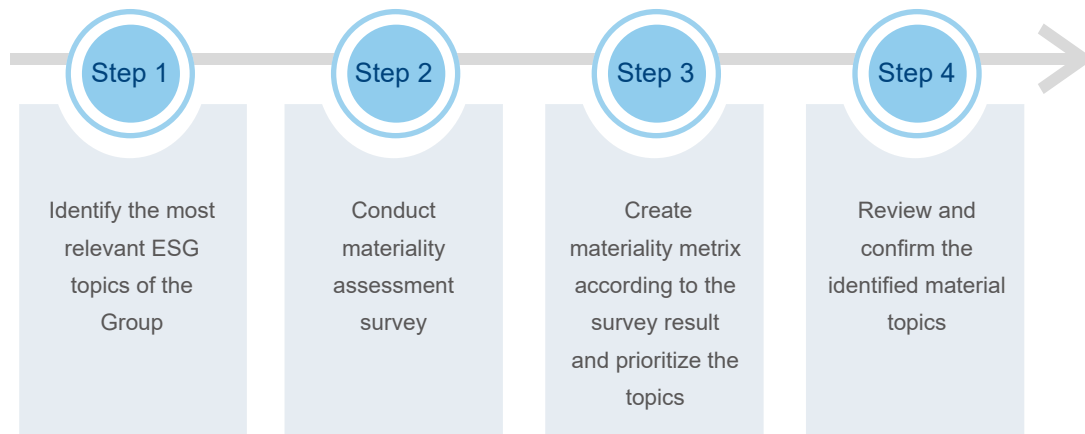
Key Stakeholders	Expectations	Responses	Actions in 2019
 Governmental Department	<ul style="list-style-type: none"> • Policy implementation • Tax contribution • Environmental protection • Information disclosure 	<ul style="list-style-type: none"> • Accepting governmental supervision and inspection • Voluntary tax payment • Construction of green building • Disclosure of information on a regular basis 	<ul style="list-style-type: none"> • Actively participated in and promoted China's urbanisation process, continued to support public welfare programmes, and continued to contribute to the arts, culture, sports and poverty alleviation • The income tax paid in 2019 was about RMB3,838 million • For the developed projects, certified green building GFA cumulatively reached approximately 5.258 million square meters
 Investors (Shareholder)	<ul style="list-style-type: none"> • Return on investment • Risk control • Operational regulation • Sustainable development 	<ul style="list-style-type: none"> • General Meeting • Annual report and periodic reports • Announcements and newsletters • Anti-corruption policy 	<ul style="list-style-type: none"> • Published annual report and interim report regularly • Published notices promptly in compliance with the requirements of SEHK • Held annual general meeting once in 2019 • The Company was invited to 23 investor relations events, meeting with over 600 investors
 Employees	<ul style="list-style-type: none"> • Remuneration and benefits • Occupational health • Career development • Equal opportunities 	<ul style="list-style-type: none"> • Annual dinner • Employee trainings • Employee physical examinations • Employee activities 	<ul style="list-style-type: none"> • Established employee specific training scheme • Organised annual physical examinations for employees • Organised various recreational activities for employees

Key Stakeholders	Expectations	Responses	Actions in 2019
 Clients (Shopping mall and hotel customers, residents in residential property and commercial building tenants)	<ul style="list-style-type: none"> • Quality of product and services • Information security • Safety and environmental protection 	<ul style="list-style-type: none"> • Client satisfaction surveys • Client privacy protection policy • Interactive activities with clients • Emergency drill • Waste separation and recycling 	<ul style="list-style-type: none"> • Implemented a "Client-oriented Plan" • Engage third party organisation to carry out client survey in commercial mall based on actual situation • Refined client privacy protection • Conducted a variety of activities for diverse types of clients • Actively organised fire and disaster relief drills in shopping malls, hotels, residential properties, and office buildings • Conducted garbage recycling in shopping malls, hotels, residential properties, and office buildings
 Suppliers/Contractors/ Partners	<ul style="list-style-type: none"> • Mutual benefit and win-win • Transparency and equality • Business integrity 	<ul style="list-style-type: none"> • Bidding policy • Supplier selection system • Conduct supplier reviews from the environmental perspective 	<ul style="list-style-type: none"> • Deepened and refined the "New Commerce" plan with Tencent, accelerate the concept of "new commerce" • Formulated and refined supplier recommendation and procurement standards for supplier • Signed the <i>Clean and Law-abiding Guarantee</i> with suppliers and contractors
 Communities and the Public	<ul style="list-style-type: none"> • Community environment • Maintaining stability • Harmonious development • Poverty alleviation 	<ul style="list-style-type: none"> • Public donation • Community building • Community activities • Targeted poverty alleviation 	<ul style="list-style-type: none"> • Mr. Hoi Kin Hong, chairman of the Board of Powerlong, ranked 18th in the <i>China Philanthropy List 2019</i> • We donated RMB500,000 to four villages (communities) in Fenghua, Ningbo to help build village communities and help the poor and vulnerable
 Media	<ul style="list-style-type: none"> • Timely communication 	<ul style="list-style-type: none"> • Organising media events on a regular basis 	<ul style="list-style-type: none"> • During the annual "Powerlong Headquarters Media Tour", more than 30 mainstream media from all over the country went to the west coast of Haikou to take a site visit on Powerlong's latest cultural project, Haikou Global 100 Powerlong City
 Commercial Tenant	<ul style="list-style-type: none"> • Mutual benefit and win-win • Transparency and equality • Timely communication 	<ul style="list-style-type: none"> • Examining and verifying of commercial tenants before settlement • Screening of commercial tenants • Commercial tenant activities 	<ul style="list-style-type: none"> • Continued to introduce the Fortune 500 enterprises and many domestic high-quality brands • Reached long-term strategic cooperative relationship with excellent commercial tenants

Materiality Assessment

In order to enable the Report to mostly accurately reflect the Group's influences on aspects regarding environmental, social and governance, and taking into account the stakeholders' informational needs in relation to the above areas, the Group had determined the material issues to be disclosed in the 2019 ESG report based on the following materiality assessment process.

Process for identifying material topics in the Report



In the process to identify the most relevant ESG topics related to the Group, the Group considered its strategy and business characteristics, the current industry context and trends, and relevant standards or guidelines for sustainable development.

The Group will conduct a comprehensive materiality assessment once a year to determine the topics of the Report that are of most concern to the Group's key stakeholders and to identify the information to be highlighted in the report. During the preparation period of the Report, the Group had conducted a survey on material topics with the assistance of a professional consultancy firm.

The Company widely collected and solicited opinions from part of the key stakeholders through anonymous online questionnaires. A total of 1,743 valid questionnaires was collected from the Group's management, governmental department, investors, employees, suppliers, contractors, partners, community and public, media and clients. The material topics of the 2019 ESG report were finalised based on the feedback from stakeholders.

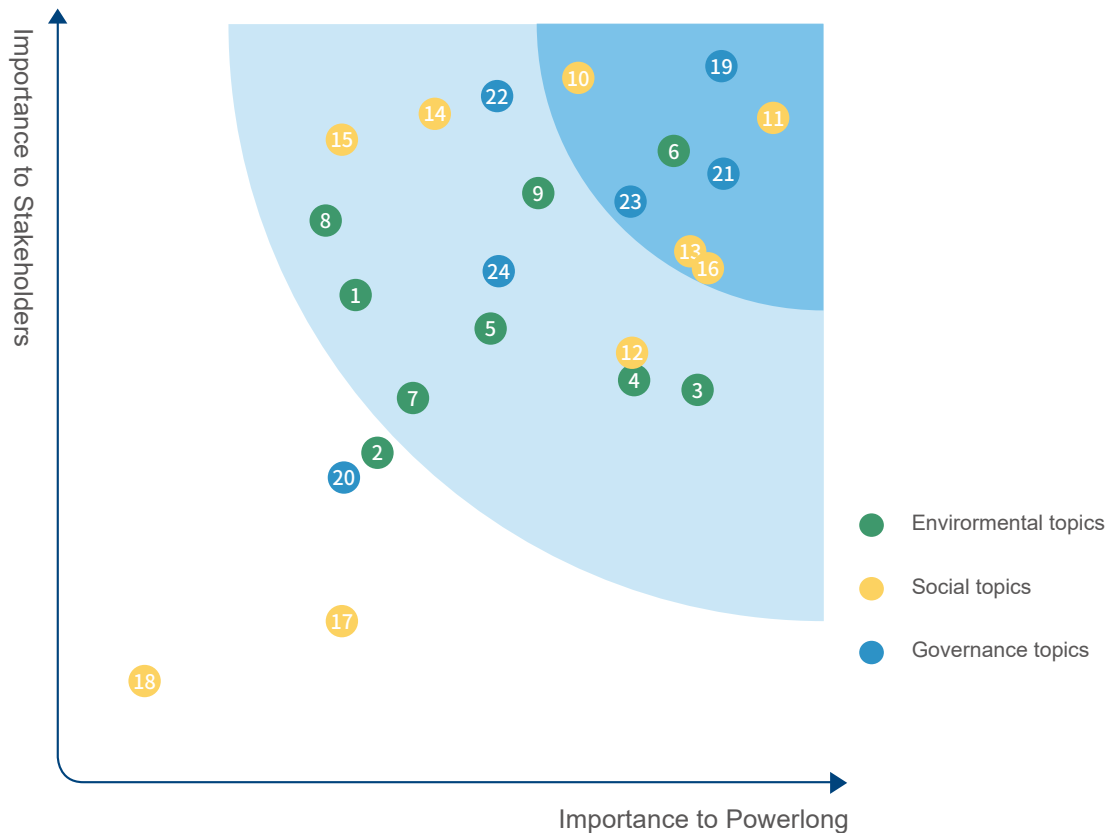
A total of

1,743

valid questionnaires
was collected from the
Group's management



Matrix of Powerlong 2019 Materiality Assessment

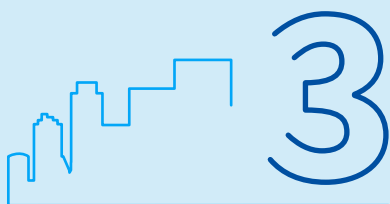


- 1 Project surrounding environmental assessment and relevant relief measures
- 2 Use of material and conservation
- 3 Use of energy and conservation
- 4 Use of water resources and conservation
- 5 Air emission and management
- 6 **Wastewater discharge and management**
- 7 Solid waste discharge and management
- 8 Greenhouse gas emission and management
- 9 Greening projects' surroundings

- 10 **Employment and employee welfare**
- 11 **Occupational health and safety**
- 12 Career development and training for employees
- 13 **Labour standard**
- 14 Client health and safety
- 15 Product and service quality
- 16 **Protecting legitimate rights and interests of employees**
- 17 Supply chain management
- 18 Project surrounding community investment and involvement

- 19 **Anti-corruption internally**
- 20 Financial performance and investor interests
- 21 **Resist from unethical commercial competition**
- 22 Disclosure of compliance information
- 23 **Social and economic compliance**
- 24 Operational risk and crisis handling

Based on the comprehensive analysis of the data and information collected in the survey, the Group obtained the survey results of material topics illustrated in the above matrix and identified eight material topics that were of the most concern to the stakeholders involved in the survey. In response to the relevant stakeholders' information requests on the Group's environmental and social aspects, the Report mainly focused on these material topics from the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Listing Rules issued by the SEHK and disclosed the relevant information accordingly.



SINCERE SERVICES

Powerlong is dedicated to providing quality services to clients through satisfying clients' needs in all segments from the development of properties to the operation management of properties.

The Group strictly complies with laws and regulations in its operation locations related to health and safety of products and services, advertising, labelling and privacy matters, and relevant remedial actions. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in Chapter 10 of the Report.

The Group has established a brand management system based on the *Brand Management System Compilation* to ensure the clear and consistent recognition and communication of the Group's brand image. During the Reporting Period, the Group did not experience any violation of laws and regulations related to advertising, labelling and customer privacy of products, and there were no non-compliance events which had significant impact on the Group.





High-quality Property Development

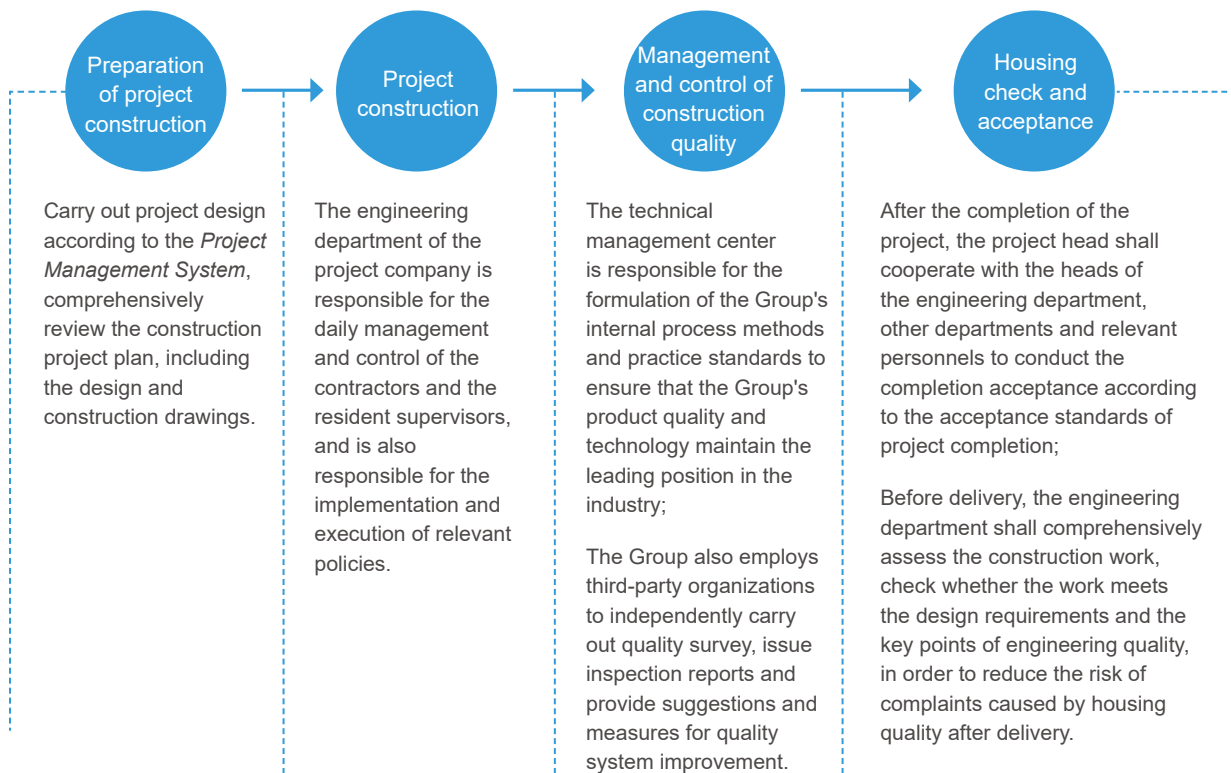
The Group Clearly understands the importance of product quality and safety to clients, society and corporate reputation. The Group considers “Quality Products” as its working direction. The Group is committed to setting up a quality system, instilling the notion of quality into the Group’s gene, and to continuously improve its brand image.

The Group strictly implements laws, regulations, and standards on building design, raw materials, engineering construction, completion acceptance and maintenance within the statutory warranty period. The Group ensures to offer the best quality products to clients and assume its social responsibility.

The Group also established the *Project Management Policy* to specify the requirements for projects from their inception to construction, including specific quality control and final delivery inspection. During the construction process, the Group implements a system of regular working meetings with contractors and material suppliers. Through regular meetings, the project status, progress, and problems can be negotiated and solved in time to avoid irreparable damage to the project caused by quality problems.

The Group has established a set of quality assurance system and completion acceptance system, such as the *Operating Guidance of Quality Management Requirements*, the *Quality Acceptance Management in Construction Process* and the *Operating Guidance of Completion Management Requirements*. The Group carries out comprehensive acceptance for each stage and item of the project to ensure that the products meet the national standards and can be completed and delivered with good quality. In addition, the Group applies strict monitoring standards to regularly check the quality of projects under construction, such as commercial and residential projects. No non-compliance incidents to the laws and regulations concerning the health and safety of the products aspects which has a significant impact on the Company occurred during the Reporting Period.

Quality control measures of the Group’s property development projects:



The Group is not only focused on the quality of the property, but also focuses on the health and comfort of clients. The Group proactively obtained the relevant green building certifications to enhance the confidence of the clients in its products.

Case sharing

Updating the stock to meet the needs of consumption upgrading

With the slowdown of China's urbanisation process and the disappearance of growth dividend, commercial real estate is transitioning from incremental market to stock market. The Group is aware of the market development trend, understanding the changing consumer demand, and actively exploring new ways of business model iteration. Through the cooperation with world-renowned architectural design firms, the Group has carried out stock renewal, revitalising the commercial vitality of various old properties and undervalued stock assets in the core areas of the first and second tier cities.

The Ningbo Powerlong Plaza is planned and designed by world leading architecture firm, JERDE, and has been delivered in 2019. It is Powerlong's first commercial complex in Ningbo and an attempt of transformation of stock business.



Project design scheme



Project transformation process

The project is in Yinzhou's commercial district. The building area is 134,000 square meters, of which the commercial area is 100,000 square meters. It implements JERDE's design concept of "Experience Makes the Difference", aiming to create a lifestyle place that "Interacts" and "Resonates" with consumers, and deeply explores the connection between art space and business.



Project atrium square after renovation



Corridor between project buildings after renovation

Considerate Client Services

As a complex operator focused on commercial real estate, the Group is constantly following the needs of clients. The provision of intimate services to clients is in the constant pursuit of the Group. Adhering to the concept of healthy living, the Group is committed to improving the indoor environment quality of its projects and strictly controlling the indoor noise, lighting and air quality. The Group actively cooperates with internationally renowned architectural design firms to create a green and liveable urban public space to create a healthy and comfortable environment experience for every client of the Group's shopping malls, hotels, residential properties and office buildings.

Intending to further analyse and understand the needs of clients from different business sectors and improve the quality of the Group's products and services, the Group has conducted a series of client satisfaction surveys during the Reporting Period by various means including but not limited to the following:

- Annual client satisfaction survey
- Mysterious client evaluations
- Environment maintenance inspection at the residential properties
- Visit clients in person or by telephone
- On-site survey during events

2019

Average customer satisfaction of the commercial sector was

94.4%

Average resident satisfaction of the residential property management centre was

79.8%

Average customer satisfaction of the hotel operation was

94.1%

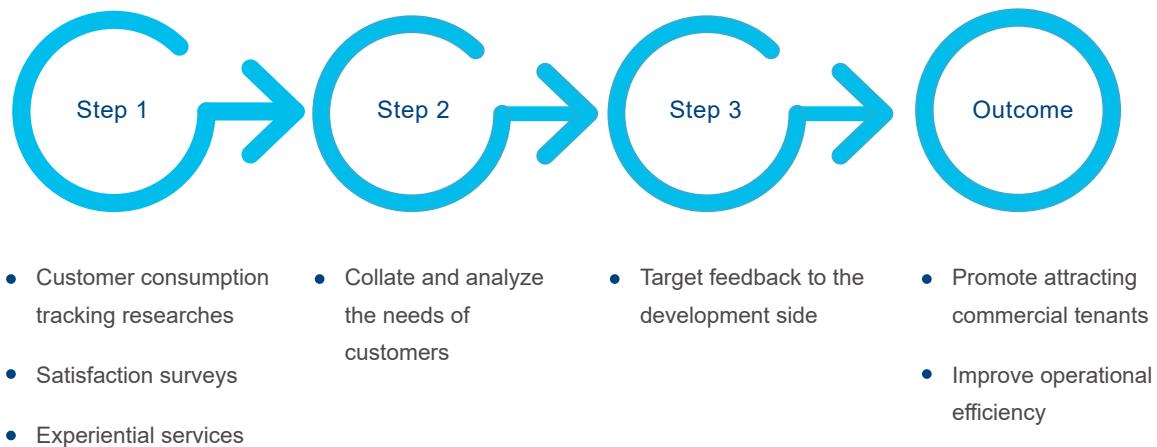
All client service personnel in commercial operation and residential property management is required to record in detail on the complaints, suggestions and comments related to services from clients. The documented cases shall be forwarded to appropriate departments for timely follow-up and handling to satisfy reasonable demands of clients.

Property Operation

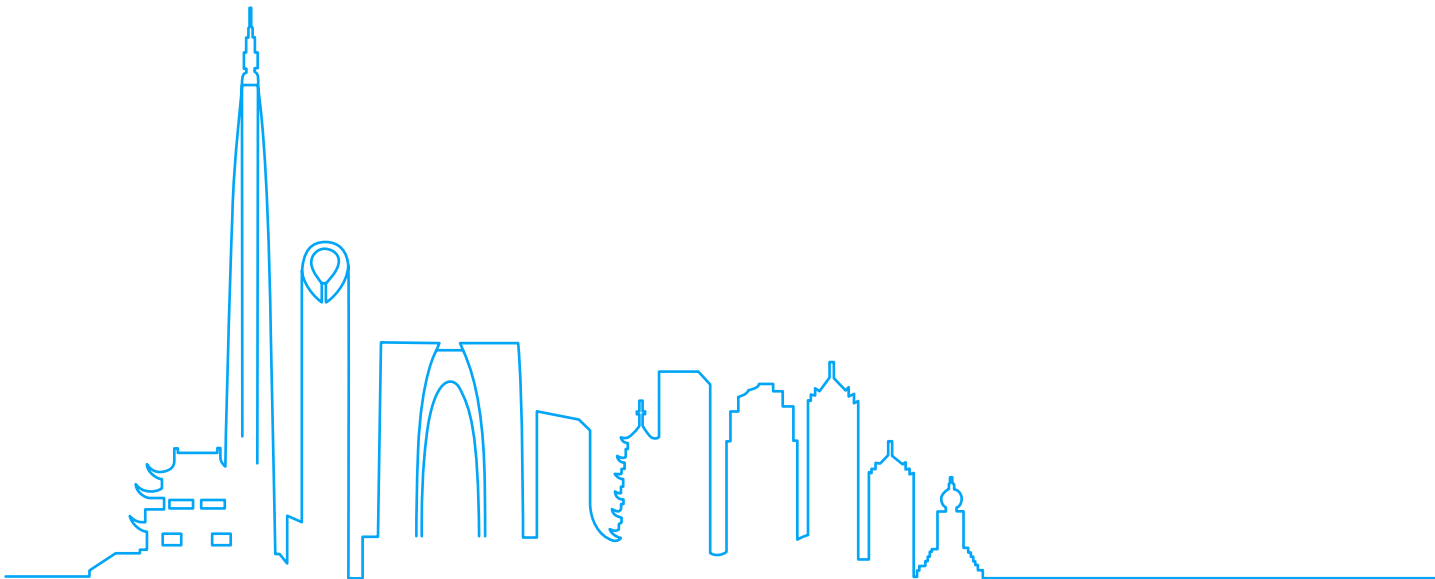
🕒 Commercial operation

During the operation of commercial properties, the Group always treats customers as its priority. The Group has continued to implement the "Customer-oriented Programme", listens and responds to customers in a timely manner in order to constantly strengthen its relationship with the customers. The business operation centre of the Group also hires third-party institutions to conduct investigations on plazas according to the actual situations. After the investigations, the Group takes corrective and preventive measures to improve the quality of services according to the comments and advices from consumers.

The Group's procedures to improve the operation efficiency of commercial property:



Also, the Group carried out a series of interesting activities at its various commercial properties according to their own operation characteristics during the Reporting Period, with the aim of increasing interactions and communications between property management, commercial tenants and customers.



Case
sharing

Technology Innovation – Dedicated in developing “New Commerce”

Since 2018, the Group has entered into a strategic partnership with Tencent to set up a joint-venture company, namely Shanghai Baoshen Digital Technology Co., Ltd. (“Baoshen Digital”), and has jointly issued the “New Commerce Plan”, as to facilitate commercial digitalisation and the implementation of the concept of “New Commerce” by adopting Tencent’s cloud computing, WeChat Pay, applets, artificial intelligence (AI), location-based services, Internet of Things (IoT) and other technical capabilities. Through the joint in-depth research and development with Tencent, Baoshen Digital organised a joint commercial product announcement with a theme of “Make Effective Use of Technology Innovation” in October 2019. Four products were announced in the conference, including the multi-functional precision consumer traffic monitoring system, the WeChat mini programmes matrix, the intangible points accumulation and the LBS location data. The Group has fully adopted the four brand-new product lines to develop mini programme such as the member-end of “Powerlong Yoyo” and the user-end of “Mall Plus@Powerlong” to connect consumers and tenants through smart devices. In addition, the Group also adopts techniques and systems such as the multi-functional precision consumer traffic monitoring system and the LBS location data to conduct more precise identification and analysis on consumers. Through continuous collaboration with Tencent, an industry-leading commercial real estate digital operation and management platform was established to allow continuous improvement on service quality and optimisation of customer experiences, which thus confers competitiveness for the Group’s future business development.

Case
sharing

Smart Upgrade – Building the “Digital Retail Complex” with Tencent

Since 2018, the Group has closely collaborated with Tencent in various areas such as information technology, commercial operation, artificial intelligence and big data. Following the release of the four brand-new product lines of the “New Commerce Plan” in October, the Group once again organised a press conference with Tencent in November 2019. As a continuation of the “New Commerce Plan”, Tencent Location Based Services has utilised its advantages in terms of location-based big data to provide comprehensive support to the Group in this cooperative project. Acting as a digital assistant, Tencent assists in the smart upgrade of the Group by providing big data support on a wide variety of aspects such as site selection, construction preparation, attracting tenants, management and operations, attracting customers.



With the digital cube developed by Tencent Location Based Services, the Group is able to have a more accurate understanding on the market trend, as to improve the efficiency in attracting tenants and facilitate input and output of businesses. Through building the “Digital Retail Complex” with Tencent, the Group has achieved data-driven operations, cost reduction and efficiency enhancement.

◎ Residential property management

In terms of residential property management, the Group carries out various property management services in the residential properties and office buildings of the Group and regularly collects opinions and suggestions from the residents in residential property and tenants in office buildings. The Group also sent timely property information such as weather forecast, travel guide, water supply, and power supply facilities maintenance to the residents through WeChat official account and other platforms. The Group strives to optimise the infrastructure and community environment from the perspective of residents' health and comfort.

In addition, the Group regularly arranges fire drills in the view of enhancing the emergency response capacity of the residents in residential property and tenants in office buildings and preventing fire hazards. The Group also organises a wide range of activities for residents in residential property and tenants in office buildings, which act as a communication platform for residents and tenants to create harmonious atmosphere.



Fire drills are arranged for residential property management team and residents



Personnel from residential property management centre are arranged for emergency rescue and drainage in face of strong typhoon



Activities celebrating traditional festivals such as Dragon Boat Festival and Mid-autumn Festival are arranged in residential properties

Hotel Operation

The Group constantly strives to provide every hotel guest with comfortable experiences and high-quality services. The Group's hotel business continues to promote the "dual channels" compound development with international branded hotels and self-owned branded chain hotels as core. In recent years, the hotel group of the Group integrated the concepts of culture and art with traditional hotel operation, putting forward its vision of "sighting arts at the hotel, immersing arts in life" in hopes that each of the Group's hotel guests can be immersed in an elegant and artistic atmosphere within the comforts of the hotel's environment.

The Group has cooperated with a number of well-known international hotel brands to create a series of high-end hotels for satisfying customers' needs. Related hotel brands include brands such as Le Meridien, Radisson Blu, Radisson, Four Points by Sheraton, Aloft, and Wyndham.

Le MERIDIEN

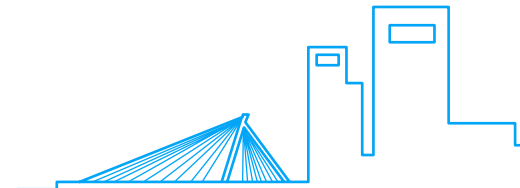
Radisson®

Radisson BLU

FOUR POINTS
BY SHERATON

aloft®
HOTELS

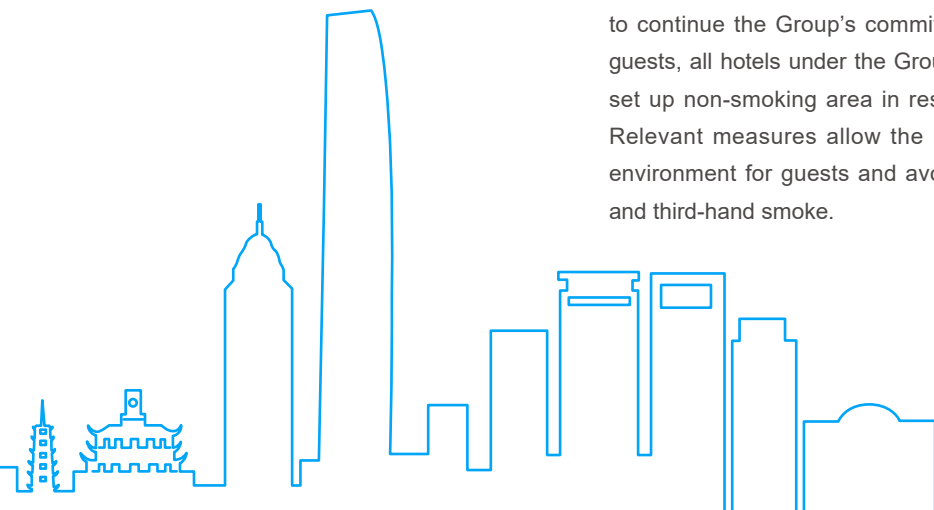
WYNDHAM
HOTELS & RESORTS



The self-owned branded chain hotels of the Group include product brand lines such as JUNTELS, ARTELS+ Collection, ARTELS+, and ARTELS. Dedicated in reflecting the city's distinct charm where the hotel is located and incorporating local culture, style and history, the Group's self-owned branded chain hotels are carefully constructed throughout the course of hotel design, planning, construction and decorations of hotel supporting facilities, as to allow the guests to enjoy and relax in a sensational artistic atmosphere. As of the end of the Reporting Period, the Group has opened a total of 8 art hotels, which constitute a complete product line of the Group's self-owned branded chain hotels.



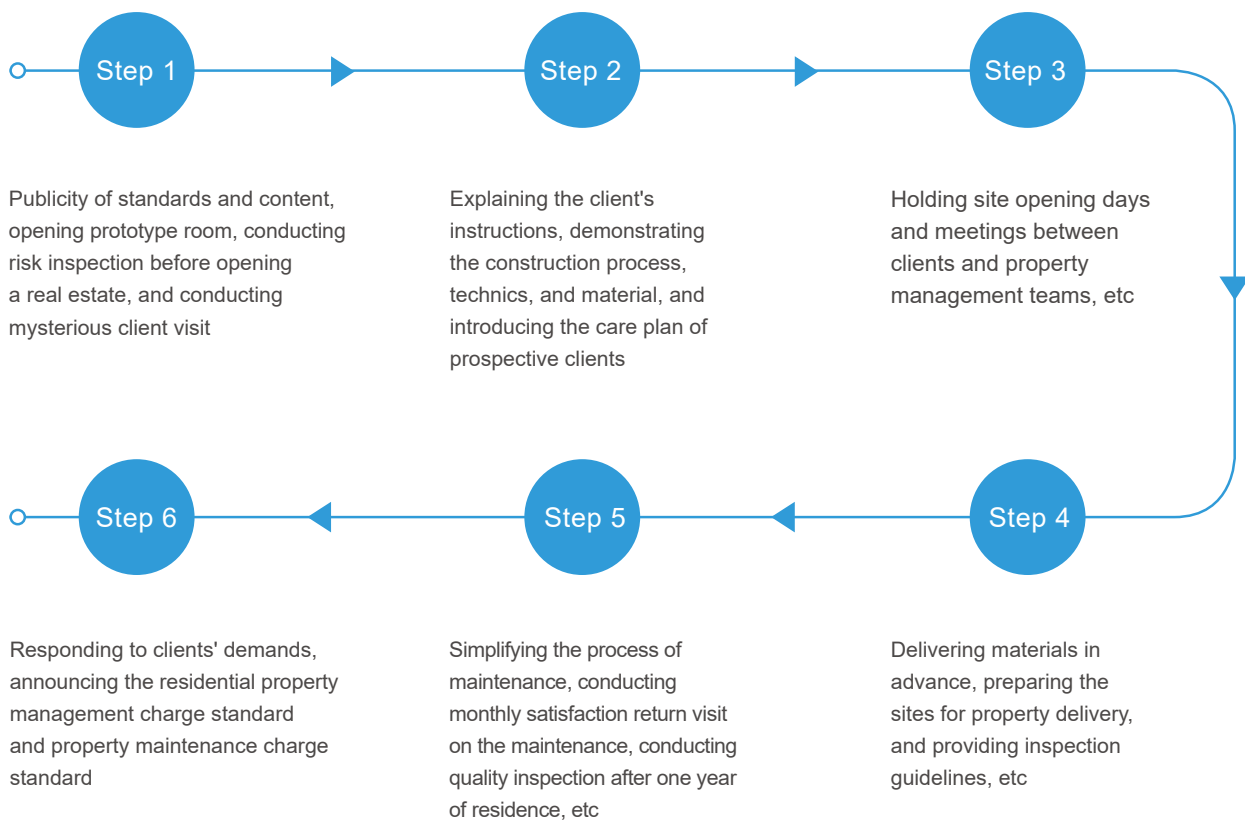
The Group continuously explores ways to improve customers' experiences by upgrading and renovating hotel facilities whenever necessary and seizing every opportunity to bring guests an enjoyable stay and meet their needs. Intending to continue the Group's commitment in providing a healthy environment for guests, all hotels under the Group provide non-smoking guest rooms and has set up non-smoking area in restaurants, public area and ancillary facilities. Relevant measures allow the hotels to provide a healthy and smoke-free environment for guests and avoid being adversely affected by second-hand and third-hand smoke.



Sincere Right Protection

In terms of after-sales service and warranty period maintenance, the Group has set up the residential property management department, which is responsible for work related to residential property management and repair and maintenance after the completion of projects. The *Guidelines on Property Opening, Handover, and Handover after the Warranty Period Expires* formulated by the Group ensures the effectiveness of the property maintenance work after the property handover. Through client satisfaction survey, we understand clients' evaluation on the property, as well as follow up and repair any quality issues of the property by assessing indicators such as property design, property quality, property repair, and client complaints.

Continual care throughout the course from looking for the house to living in the house:



In terms of property operation and hotel operation, the Group has developed a diversified client feedback system based on different business formats, and handle complaints instantly through channels such as service counter, service hotline and WeChat. In response to issues with intensified complaints from clients, we will convene meetings to study and analyse the issues, and respond to clients' needs in a timely manner and protect legitimate interests of clients through improving the current policies and following up the rectification of services.

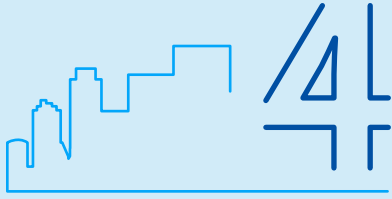
The Group attaches great importance in protecting data and information related to clients. The client data and information obtained during the course of business operation will only be used in providing services for clients, and it will not be disclosed to third-party organisations or be used for other purposes without clients' consent. The Group has established internal management system such as the *Client Information Management Working Instruction* to standardise the collection, protection and management of client-related data. By establishing normal channels for information publishing between business sectors and clients, the Group assures the credibility, authenticity and validity of information, as well as the standardisation and uniformity when publishing information.

- Electronic versions of client data are set to be saved with password protection, and no copying is allowed;
- Paper versions of client data are managed by designated data administrator, and are prohibited from viewing, copying and destroying at will;
- Client data stored in the system is managed by designated data administrator with different level of permissions assigned;
- Documents are managed by designated personnel, where approval must be obtained from administrator for viewing and borrowing documents, and leakage of any information from the document.



During the course of property operation and hotel operation, we stringently protect the safety of clients and requires all employees to perform and uphold their duty of ensuring public safety. The Group provides clients with safe and secure home and staying experiences in hotels through strict management and control of outsiders, detailed interrogation of strangers, registration and check-in for temporary entry into communities, real-time monitoring centre for screening visitors and other approaches.

In addition, the Group respects and protects the patent of suppliers and contractors and deliver its best in keeping the information obtained during business activities confidential and protecting intellectual property rights of suppliers and contractors. Intending to effectively protect intangible assets, the Group has developed and implemented a management system for intellectual property rights, with the Group's legal affairs department responsible for following up and managing intellectual property rights-related issues. Agencies are entrusted as external experts according to the Group's actual situation to assist the commencement of related work. The Group actively carries out relevant training and promotion to raise the awareness of intellectual property protection among employees. The Group's performance in fulfilling intellectual property rights and its management approach will be introduced to employees during induction trainings for new joiners by the Group's relevant department.



GREEN DEVELOPMENT

The Group is fully aware of its environmental responsibilities as a corporate citizen. It actively responds to the national call to "comprehensively carry out the battle of keeping sky blue, water clear, and land pollution-free", continuously improves its environmental management system, and makes full use of its expertise in green construction to jointly tackle climate change and other environmental issues.

The Group strictly complies with laws and regulations in its operation locations related to air emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise control. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in Chapter 10 of the Report.

In terms of environmental management, the Group places priority to refer to the standards of the People's Republic of China and business operation locations and integrates the concept of ISO14001 Environmental Management System to formulate environmental protection policies according to the actual operation situation of the Group. Through the implementation and execution of relevant policies, the Group continuously evaluates the results achieved by the implementation of policies, and further optimises relevant policies and determines future objectives. Through the PDCA⁴ model, the Group ensures its environmental performance is under sustainable progress. For more information on the Group's environmental performance, please refer to "Comprehensive Performance" of the Report.

During the Reporting Period, the Company did not receive any confirmed violation or complaint that violates relevant environmental laws and regulations which has a significant impact on the Company.

⁴ PDCA refers to "Plan, Do, Check, Act" continuous improvement cycle.





GREEN DEVELOPMENT

City is an important subject of the development of human society, and buildings are the infrastructure of the city. With the acceleration of urbanisation in China, people's life has been gradually integrated with all kinds of buildings. Shopping malls, office buildings, and residential properties constitute the daily life of urban residents. Hotels and cultural places provide a spiritual world for busy urbanites. The Group adheres to the concept of green development, with the spirit of "ingenuity" and innovative technology, makes the buildings and the environment coexist harmoniously.

Concept of Green Building

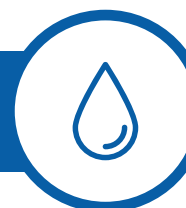
During the Reporting Period, the Group continued to introduce additional elements of sustainable development into its development projects. By incorporating more daylighting, natural ventilation and other architectural design concepts in the project planning and construction, it not only reduces the overall energy consumption of the project building, but also enables clients to experience the environmentally friendly and comfortable natural indoor space to the greatest extent, and further guides clients to green living and working styles.



④ Energy saving and energy use of building

In order to reduce energy consumption and improve energy efficiency in daily use, the Group has established a comprehensive and detailed environmental protection standard for construction projects:

- Set central heating, with a municipal heat source supplied. Heating are measured by households, with each household equipped with a heat meter. The heat consumption and heat transfer ratio of the hot water circulating pump in the heating system and the air volume and power consumption of the ventilation system are both lower than the limits required by the current national standards;
- The roofs of buildings are made of thick reinforced concrete and thick extruded polystyrene foam plastic board, and the exterior walls are made of thick Grade-A EPS modified polystyrene board to achieve better thermal insulation effect;
- Energy-saving light sources are applied for street lighting in residential properties, and hierarchical control is adopted and implemented by divisions. All systems are automatically controlled to set specific lighting time periods; and
- Efficient sound-light controlled energy-saving LED lights are used for internal public lighting.



④ Improving water efficiency of building

In order to improve the water efficiency of each project, the Group has formulated a series of water management policies:

- Implement water-saving irrigation, and set water meters according to purposes; and
- Design of large areas of outdoor green space and adopting use of permeable brick to increase rainwater infiltration. Low-terrain green space is set on both sides of the roads in residential properties to facilitate local rainwater absorption.



● Greening public area

The Group actively introduces gardening to each project through reasonable landscaping, which helps to alleviate the urban heat island effect around the project:

- Selecting local plant species for plantation. Trees include species such as Cherry Plum, Chinese Scholartree, Maidenhair Tree, Mono Maple, Lacebark Pine, Chinese Pine, and Purous Privet. Shrubs include species such as Common Crepe Myrtle, Shrub Althaea, Flowering Almond, and Japanese Photinia. Ground cover includes species such as Evergreen Euonymus, Hybrida Vicary Privet, China Rose, Winter Jasmine, Green Bamboo, and Common Nandina; and
- The gardening of residential properties follows the principle of people-oriented design and strives to create a suitable living environment.

As of the end of the Reporting Period, the Group has owned 20,651 trees with a height of 5 meters and above, representing an increase of 150.9% as compared with 2018.



● Optimising material and resource use

The Group also considers the reasonable use of various building materials and resources in the project construction process, in hopes to further improve the environmental friendliness of the building:

- The purchase of construction materials shall be localised, which helps reduce the energy consumption of long-distance transportation; and
- The shear wall structure is adopted, with the filling wall made of aerated block material with lighter weight, and the concrete being premixed concrete.

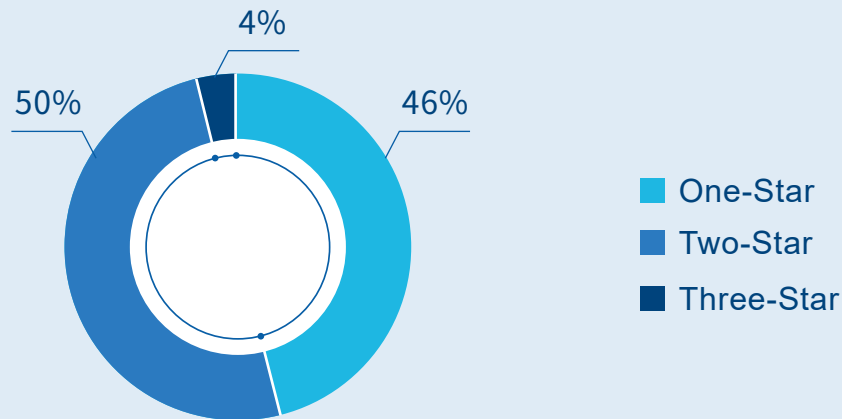


● Green building certification

At the end of the Reporting Period, the total certified green building area⁵ of the Group reached 5.258 million square meters, representing an increase of 134.3% as compared with 2018.

⁵ According to the national standard of the People's Republic of China, *Green Building Evaluation Standard (GB-T 50378-2019)*.

Accumulated Area Passed the Green Building Certification in 2019



Shanghai Qingpu Powerlong Plaza

Winning the title of "China Green Real Estate" for a second time is a recognition of Powerlong's achievements in promoting green real estate construction, and Shanghai Qingpu Powerlong Plaza, which has been selected as "2019 Top 10 Chinese Green Property", is a representative achievement of the Group in green building.



Shanghai Qingpu Powerlong Plaza is divided into two phases for design, development, and construction. The first phase of the project is mainly for shopping mall and office building, covering an area of 27,816.80 square meters and a building area of 159,293.20 square meters. The second phase is mainly for shopping mall, hotel, and office building, covering an area of 35,733.20 square meters and a building area of 202,125.70 square meters. Shanghai Qingpu Powerlong Plaza has outstanding performance in the rational use of space, recycling of rainwater, and energy saving.



The first phase project of Shanghai Qingpu Powerlong Plaza has realised the recovery, treatment, and utilisation of rainwater through the rational use of sunken green space, permeable pavement, roof greening and rainwater collection technology, the control of the total amount of rainwater discharge in the site, the use of first-grade water-saving efficiency sanitary appliances and water-saving automatic irrigation. At the same time, all air conditioners in the project are equipped with first-class energy efficiency equipment, and building energy consumption monitoring system is also set up to facilitate timely adjustment of equipment operation mode and maximise energy consumption. Based on the first phase of the project, the second phase project further realises the goal of energy and water saving, to achieve the required control 55% of the total annual runoff control of rainwater can all be internally utilised in Shanghai Qingpu Powerlong Plaza. The second phase project reasonably develops and utilises underground space. The underground is utilised in terms of equipment room, underground garage, shopping centre, etc., which improves the land utilisation.

Green Construction Management

During property development, the Group strictly abides by the relevant environmental laws in the operating regions of its business and endeavours to mitigate the negative impact of project construction on the surrounding environment by adopting to control measures for mitigating the major environmental impacts of construction projects and formulating and implementing the green construction requirements.



◎ Dust and air pollutant control

- Nebulising spraying equipment is set up in and around the construction site, water spraying vehicles spray water daily, high-pressure spraying equipment is installed across the floor in order to mitigate the impact of dust in the atmosphere and the surroundings;
- Site hardening and greenery coverage are used for reducing dust pollution;
- Commodity concrete, sealed cover for transport vehicles, closed storage of cement, cover sand, stone, and other materials, in order to control the environmental pollution created during the transport and storage of materials;
- A closed mixer shed is set in the work field to prevent the diffusion of atmospheric pollutants during operation;
- Vehicle washing bay is in place near the entrance to reduce areas impacted by dust; and
- Vehicle emissions must meet the national annual inspection requirements in order to reduce the emission of air pollutants during the transport process.



◎ Water use and wastewater discharge

- Setting water-saving indicators and water consumption quota to achieve refined use of water;
- Utilising water-saving facilities, such as implement energy-saving measures for nebulising sprinklers in order to improve water efficiency; and
- Setting up drainage ditches in construction sites to separate the discharge of rainwater and sewage on sites, so as to reduce the pressure of sewage treatment plants and to facilitate rainwater collection and utilisation.



◎ Energy conservation and management

- Placing materials properly on site to minimise energy consumption caused by secondary handling; and
- A total heat outlet is installed with metering device. Each household contains a separate heat meter, so as to enable micromanagement of energy consumption.



◎ Construction material management and reuse

- Aerated concrete blocks are crushed and reused to reduce disposal of solid waste;
- Centralising the storage and collection of waste formworks and squared timbers and setting storage area and garbage pool for small material in order to standardise the storage of materials; and
- The remaining concrete and surplus materials are used to process beams and precast materials to reasonably recycle and reuse the residual materials.



◎ Noise control

- Conduct regular noise monitoring to reduce ambient noise pollution.



◎ Light pollution prevention

- Directional lampshades are installed on the lamps of tower cranes to reduce the impact of lights on the surroundings; and
- Using a lightshade for welding operations to reduce light pollution at night.

Green Operation

The Group focuses on reducing the impact of its operations on the environment. The Group actively contributes to the reduction of energy and resource consumption and greenhouse gas emissions by implementing various internal policies and systems on energy conservation and emissions reduction. In addition, the Group attaches importance to the prevention and control of environmental pollution caused by human factors during the operation process. The pollution prevention and control work of the Group mainly focuses on construction management and waste management in accordance with the characteristics of the Group's business segments. With respect to commercial operation, residential property management, and hotel operation, the Group reduces energy consumption and achieves energy conservation through reinforcing equipment management and maintenance to keep the equipment in the most economical operation condition.

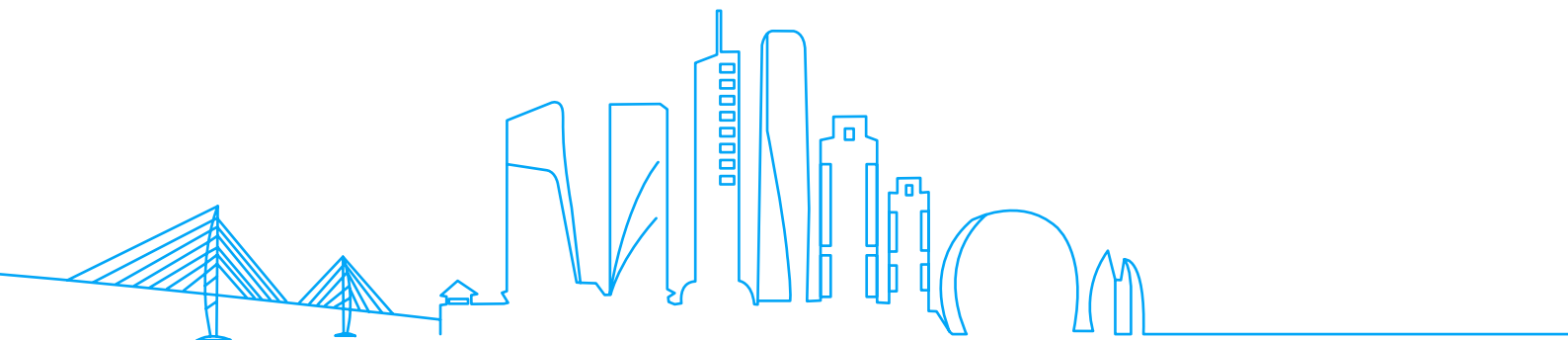
Due to the characteristics of the Group's business, all operating properties held by the Group utilise municipal water and circulating water; therefore, the Group does not face any problem in sourcing water that is fit for purpose.

The Group's shopping malls, hotels, residential properties, and office buildings implement green procurement principles, the principles include:

- Assess the need for the product or service to avoid unnecessary consumption and management requirements;
- Consider alternatives when purchasing products that require replacement, such as reuse, recycle, reduce, and purchasing durable and more energy-efficient products;
- Consider relevant emissions, pollutants, use of energy and water at all stages of the product life cycle;
- Reduce the purchase of products containing hazardous substances; and
- Focus on post-lifecycle disposal options, including reuse, maintenance, recycling, and disposal



Through formulating the *Guidelines for Energy Management*, each shopping mall, hotel, residential property, and office building manages its energy consumption for the aspects such as lighting, heating, cooling, freezing, domestic water and power distribution. Each shopping mall, hotel, residential property, and office building implements refined management in daily operations, and an engineering director is deployed to be responsible for the overall energy management, so as to achieve energy conservation and emission reduction. The Group prefers solar hot water system and uses natural gas as an auxiliary heat source to reduce the usage of non-renewable energy. In addition, the Group also strengthens its daily maintenance and management of water equipment. The water usage of each area of the hotel is inspected occasionally to prevent overflowing and long-flowing water taps.





As of the end of the Reporting Period, the energy consumption amount per income in thousand RMB from property rental, development and management services was

0.1355 MWh



representing a decrease of

13.6 %

as compared with 2018



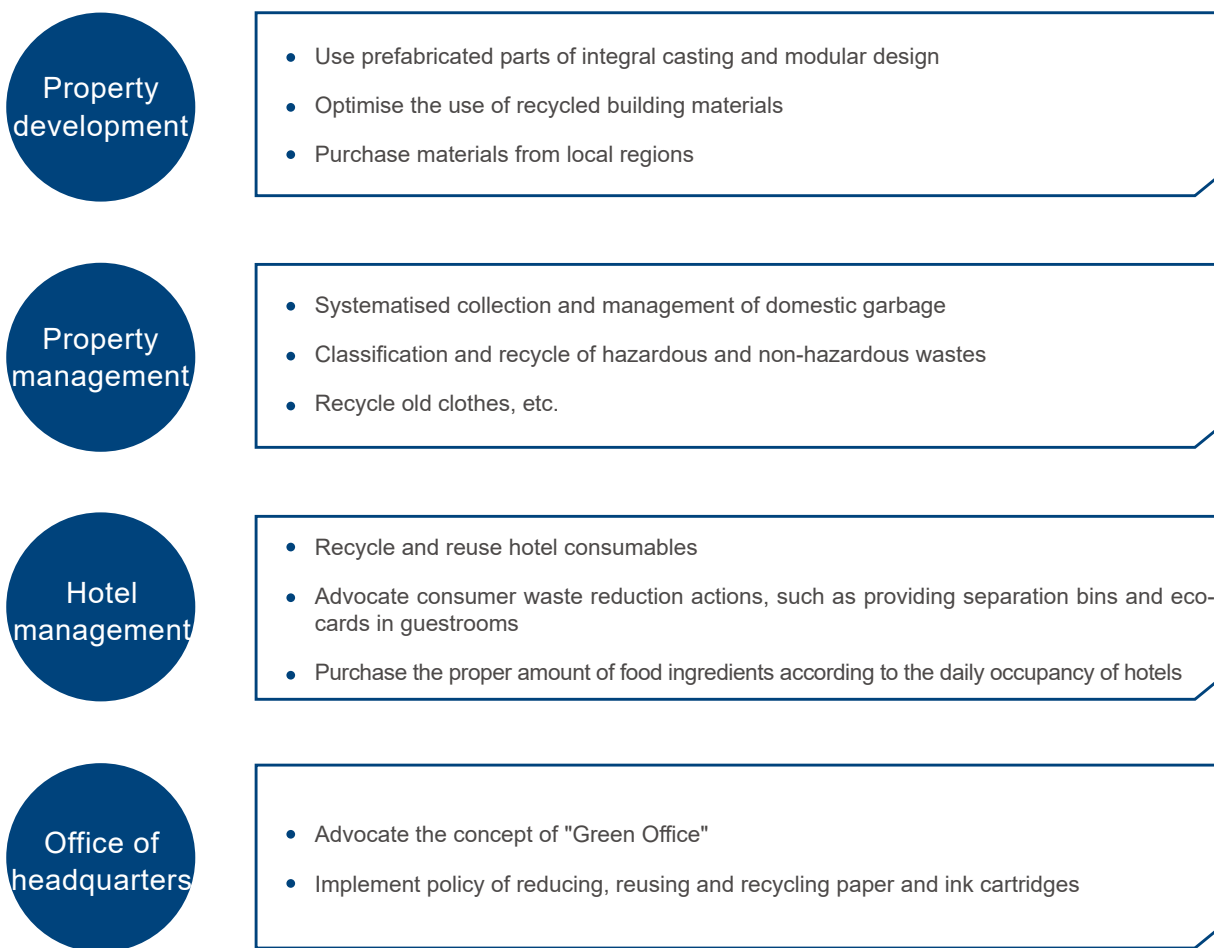
Le MERIDIEN

Green Management

The Group pays close attention to the materials used in construction projects and applies environmentally friendly principles in the project design process. It requires contractors to use pre-cast which are integrally cast with modular-design and strives to reduce the environmental impacts within its operating regions. The Group's hotel and commercial operation segments have long-term cooperation with the qualified waste recycling companies to ensure that domestic waste and hazardous waste are properly disposed.

In terms of administrative management, the headquarters of the Group and offices of each business sectors continuously advocate the concept of "Green Office" and adopt policies for reduction, reuse, and recycling of office waste such as paper and ink cartridges.

The Group establishes its own waste management policies and strategies according to the characteristics of different business segments:



As of the end of the Reporting Period, the amount of produced non-hazardous waste per income in thousand RMB from property rental, development and management services was

6.05 ^{kg}

representing a decrease of

66.7 %

as compared with 2018

Green Supply Chain

In order to improve the Group's corporation environmental management abilities, identify and avoid environmental risks, and promote sustainable development, the Group has voluntarily participated in the "Green Supply Chain in Real Estate Industry in China" ("Green Supply Chain"), focuses on monitoring the environmental impact and control from manufacturers of cement, steel, aluminium alloy, glass, and coating, as well as the control of formaldehyde in interior decoration materials and finished products. In selecting wood products, the Group will give priority to members of The Global Forest & Trade Network to support responsible and sustainable forest industry enterprises. In the contracts with the suppliers, the Group has added relevant terms on environmental protection, as well as a series of clauses that need to pay migrant workers' wages and protect their rights and interests.

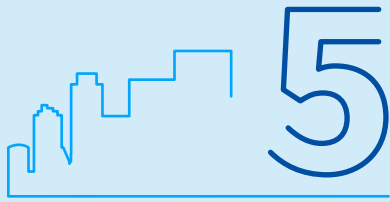
As a participant of the Green Supply Chain, the Group follows the procurement principles from *White Papers of Purchasing Standards for Green Supply Chain in Real Estate Industry in China*, and earnestly complies with the following principles in the process of major business operations:



The Group takes the interests of clients as the priority and considers the living environment of the residents. When selecting some decoration materials, the Group adopts the standards higher than the national level and strictly monitors the key building materials such as wood products and wallpaper, to ensure the safety of incoming materials. The Group has been developing and refining the supplier recommendation policy and storage standard since 2014, which specifically provided for suppliers on engineering, strategic planning and operation. The rules mainly focus on professional qualification, company scale and other additional conditions of suppliers and others. The Group will further expand the green procurement list.

The Group considers the supplier's environmental and social management and cooperates with the industry to share the recommended suppliers' information for building and issuing a green purchase "white list" regularly. The Group advocates the principle of fair, impartial and open procurement and the process of highly transparent procurement, upholds the concept of win-win cooperation with its suppliers, and maintains long-term cooperative relations with excellent suppliers. In order to ensure the effective implementation of the above principles, the Group has issued and strictly implemented the *Operation Guide of Supplier Resource Management*, the *Operation Guide of Bidding and Purchasing* and the *Operation Guide of Whole-process Management for Strategic Procurement*. When selecting a partner, the Group will conduct a background check of suppliers, including a credit check. The Group will also investigate the suppliers' historical performance and examine their performance in terms of labour protection and human rights. The Group will conduct on-site visits to potential partners, and take quality, safety and environmental protection as inspection criteria. All partners are subject to the same criteria to ensure fairness and justice. At present, the Group uses a transparent and open online platform for bidding, and there are clear integrity and law-abiding terms and complaint reporting channels in the contracts and official website.

In addition, the Group will evaluate the quality and safety of project delivery, study clients' opinions and feedback on the project, and timely rectify problems. Project suppliers with low evaluation scores will not be provided with follow-up cooperation opportunities. If the construction quality of the supplier is lower than the standards listed in contracts, or the supplier's service is subject to client complaints, the Group will make an appointment with the responsible supplier and collect a penalty according to the contracts.



CARING FOR EMPLOYEES

The Group is committed to creating a supporting, safe and healthy working environment for employees with the principle of fairness and justice. The Group fully respects and protects the basic rights and interests of every employee, implements a diversified talent development strategy, pays attention to employee growth and builds a career platform for employees to show their talents and ideas. At the same time, the Group also improves employee care, and incubates the senses of belonging on the ethos of “Shared Devotion, Pathway and Passion”, to create a happy and harmonious atmosphere in the workplace.

The Group strictly complies with laws and regulations in its operation locations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, training and other benefits and welfare, and laws and regulations related to prevention of child labour and forced labour. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in Chapter 10 of the Report.

Based on relevant laws and regulations and its own circumstance, the Group has summarised, formulated and implemented the *Human Resources Management System Compilation*. These laws and systems provide detailed requirements relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, training and other benefits and welfare. The Group requires both the headquarters and all subsidiaries to strictly comply with these requirements. During the Reporting Period, the Group did not receive any complaints about infringement of employee rights.





Optimising Employment Management

Attaching Importance to Talent Recruitment

The Group attaches great importance to the promotion of corporate culture and fully considers the talents' own abilities and the compatibility between the talents and its corporate culture during the recruitment process. The Group believes that employees can only truly realise the goal of joint development between employees and the Group if they understand, identify with and integrate into the corporate culture.

The Group adheres to the principle of "Open Recruitment, Position Competition, Selected Hiring, Optimised Allocation" and has established an evaluation system in combination with the situation to objectively assess candidates for hiring. Moreover, the Group strictly reviews the identification documents of all the candidates to prohibit any forms of child labour. During the Reporting Period, the Company was not involved in any case related to employment of child labour.

Employees can propose to terminate the labour contract but must submit a written report at least three days in advance during probation periods. The Group may unilaterally terminate the labour contract if any employee is found to be unqualified for the employment requirement, or if any employee is in violation of laws and regulations, Group rules and regulations or labour disciplines during probation periods.

Competitive Remuneration and Benefits

The Group has been adhering to the principle of high performance, high growth of organisational management and performance culture, and has established a comprehensive compensation and welfare system. The *Guidelines for Salary Management* specifies the principle of "salary is consistent with one's contribution". This way, employees can receive different levels of salary in accordance with their actual capabilities and responsibilities.

In terms of compensation, the Group regularly organises annual salary reviews. In addition to the general salary adjustment plan, the centres and departments of the Group determine individual compensation adjustments based on factors such as employees' abilities, performances and incentives.

In addition, the Group conducts annual performance appraisals and assessments for all employees and arranges salary adjustments and promotions according to the working ability, performance and other factors of each employee. The Group shall demote or replace employees who have failed in continuous assessment. If the assessment is still not up to standard, the Group shall negotiate with relevant employees to terminate the labour contract and pay them reasonable severance in accordance with relevant laws.



2019 Mid-Autumn Festival Bo Bing Gala



The 9th Employee Family Day

In terms of employee benefits and welfare, we provides employees with catering in canteens, buying traffic accident insurance for employees engaged in special works, providing birthday gifts, wedding gifts, birthday gifts, condolences subsidy, flight tickets and accommodation subsidies for visiting relatives and other special benefits. The Group regularly reviews the working hours of its employees, and strictly controls overtime work. Overtime work must be approved by the heads of the relevant departments or projects. Employees can apply for a subsequent holiday shift for all overtime work. The Group encourages employees to maintain work-life balance in order to ensure that employees can get adequate rest, so as to maintain their well-being at work. In addition, the Group attaches great importance on democratic communication, and holds staff seminars to listen to employees' opinions and to help solve the problems which they may encounter during work. During the Reporting Period, the Company was not involved in any case in relation to employing forced labour.

The Group advocates the concept of “Staff Family” and maintains the tradition of celebrating birthdays for employees and encourages employees to participate in various family activities. The Group hopes that behind every employee's small family, there is the blessing and support from the Group's large family. The Group also focuses on coordinating the work-life balance of the employees. During the major festivals and holidays, the Group creates a blissful and festive atmosphere so that the employees would feel relaxed. The Group also organises various entertainment activities to provide employees with a platform for mutual communication.



Gymnasium for employees

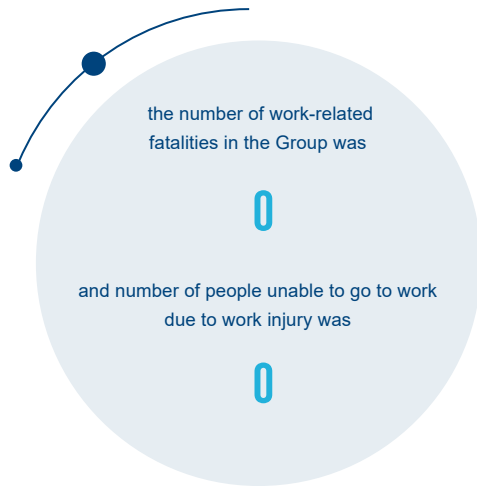


Comfortable leisure space



A heart-warming employees' canteen

Ensuring Occupational Health and Safety



The Group attaches great importance to safety and health of its employees in workplace. We strictly comply with laws and regulations in its operation locations related to safe working environment and protection of employees from occupational hazards during operation management. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in Chapter 10 of the Report.

In the interests of the safety and health of employees, the Group guaranteed employees' safety in different aspects and formulated a series of policies including offering a safe working environment and preventing occupational diseases, as well as implementing stricter and more detailed requirements for safety precautions and management for high risk industries like engineering and construction.

During the Reporting Period, the number of work-related fatalities in the Group was 0, and number of people unable to go to work due to work injury was 0.

Policy for safe working environment and preventing employees from occupational diseases

In order to prevent, control and eliminate occupational diseases, prevent and treat occupational diseases, protect employees' health and promote economic development, the Group formulates occupational hazards programmes and implements classified management and comprehensive treatment.

Policy for occupational health management

The Group organises annually unified body check for employees; carries out body checks for the new recruits and properly allocate jobs for employees who have occupational contraindications and allergies; carries out regular health checks for the registered employees who are exposed to toxic and hazardous substances; and conducts active treatment for confirmed cases of occupational diseases.

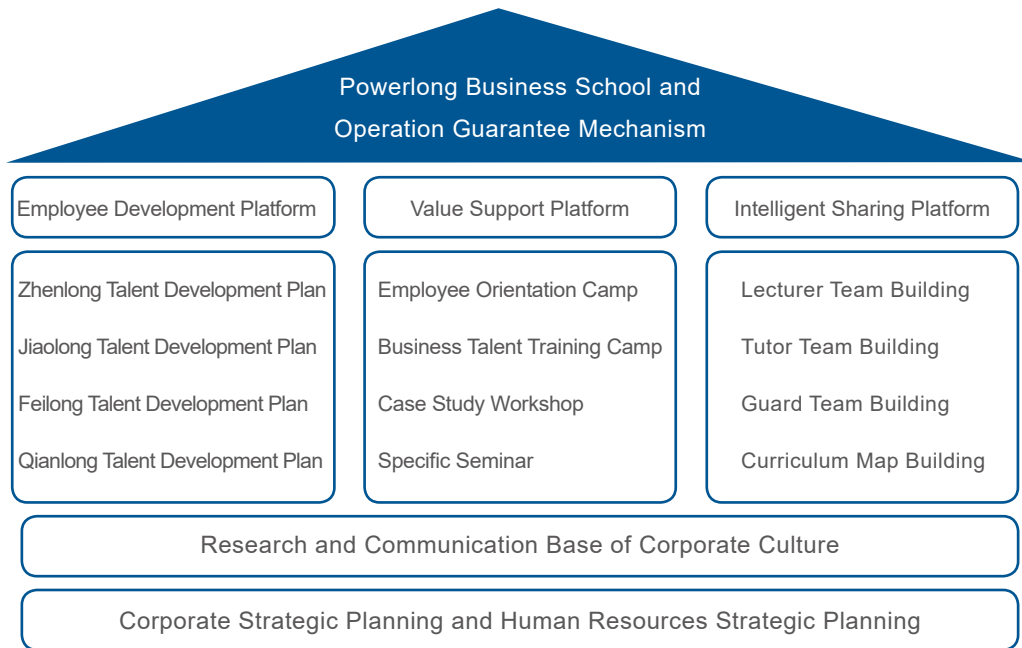
Policy for engineering management

The Group requires the general contractors to prepare a safety construction plan under the safety disciplines of both the country and the project location, and the contract requirements. All projects shall be implemented under supervision and after obtaining real estate company's approval. The section of "Regulations on Safety Supervision" outlines the double safety assurance conducted by both contractor and supervision body to ensure the safety of the employees.

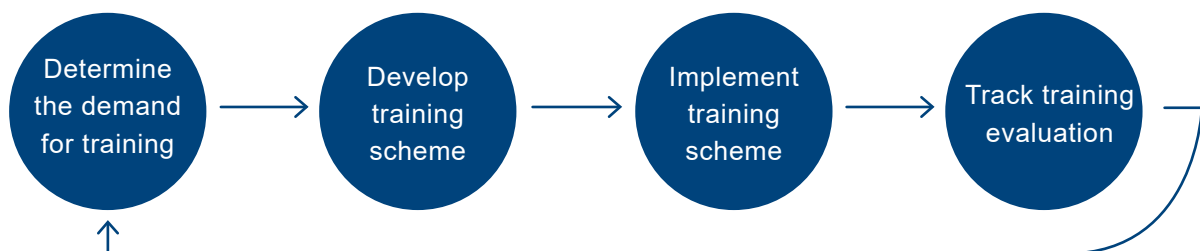
In daily operations, the Group's head office and its subsidiaries regularly inspect fire facilities and safety signs, carry out fire drills with the staff to enhance their self-protection awareness. The employees of the engineering department regularly hold safety management seminars by combining their own experiences with external case studies to strengthen the safety management methods and awareness.

Improving Vocational Training

The Group attaches great importance to employee civilisation and has established the Powerlong Business School to cultivate enterprise talents. Talent trainings include all types of training on diverse topics which are tailored for different professional fields and job positions, from the top to bottom levels and the Group has established a special training system. The series of training included Qianlong Training, Feilong Training Camp, Zhenlong Training Camp, Jiaolong Professional Training Meeting, and General Management Training, etc.



The Group's training system operates according to the ISO10015 International Standard Project Management process and has realised the closed-loop operation.



- **Determine the demand for training:** At the end of each year, Powerlong Business School will cooperate with the training department of each unit to carry out annual training demand survey and analysis. Research methods include face-to-face interviews, telephone interviews, questionnaires, and key event analysis, etc., to form the *Training Demand Analysis Report*, as a reference for the development of medium and long-term training plan;
- **Develop training scheme:** On the basis of the medium and long-term training plan of Powerlong Business School, Powerlong Business School and the training department of each unit shall, in combination with the *Training Demand Analysis Report*, respectively formulate the annual training scheme and budget plan, and submit them to Powerlong Business School for review;
- **Implement training scheme:** The implementation of various training schemes by the training department of each unit is in accordance with the annual training scheme.

Qianlong Training Camp

In order to promote the fresh graduates, who treasure the Group's culture and have excellent academic performance, to have a more comprehensive and in-depth understanding of the Group, to enable them to get into the work position and perform as soon as possible, and strengthen the interactivity and timeliness of training, all business departments and projects support and cooperate with mentors and key task arrangement of Qianlong talent project, so as to improve the business ability and self-management ability of the trainees.



Feilong Training Camp

This scheme aims to help high potential talents to promote core competence, expand their horizons, embrace and adapt to changing environment. The Group conducts talent selection annually and effectively integrates the internal and external resources of the Group. Through two intensive trainings, outward training, action learning and mentor coaching, talents assessment and analysis, outstanding performance training and other mixed learnings to promote the Feilong talent's profession and management ability, so as to improve their work performance and support the development of the Group.



General Management Training

This scheme is designed for all employees and aims to improve their abilities and skills in daily work and communication. In 2019, Powerlong Business School carried out training activities such as "Special Training for Coaches" and "Marketing Management Trainee Programme" for this scheme.



Jiaolong Professional Training Meeting

The training aims to strengthen the employees' coherence of different business segments, to continuously improve the professional skills of the staff in the business departments and facilitate them to build knowledge.



Zhenlong Training Camp

This scheme facilitates middle and senior managers to foster clearer visions and enhance entrepreneurship sprits, strengthen cross-department communication and collaboration, and enhance understanding on the mode of cooperation of relevant departments through the explanation of major work systems, so as to promote cross-department communication and improvement in work efficiency; to help individuals systematically in learning theoretical knowledge of management and leadership; to help individuals to broaden their horizons, enlighten their thinking, improve management and leadership skills, and promote relationships and network development.



Enhancing Team Culture Building

The Powerlong Business School of the Group combines the overall corporate culture building with the individual employee training development organically, guides the employee training development with the corporate culture. The Group hopes that employees' growth can bring new ideas for the development of corporate culture, so as to gradually foster the common development and common growth between the Group and the employees. In 2019, the Group further strengthened the building and publicity of its corporate culture, carried out a number of corporate culture publicity and training activities, aiming to strengthen the sense of employees' corporate identity.



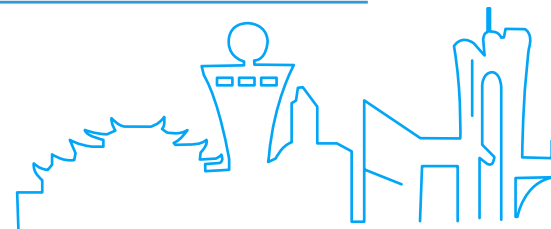
Enabling Team Development – The Administrative Personnel System Work Meeting in 2019 was successfully held

On 29 March 2019, the annual Administrative and Personnel System Work Conference of Powerlong Real Estate was successfully held in Radisson Exhibition Centre Shanghai with the theme of "Enhancing the Development of an Empowered Team". More than 300 people from the administrative, personnel, legal and brand departments of Powerlong Real Estate headquarters, business divisions, commercial groups, hotel groups and cultural groups attended the meeting.



Each department and section in the administrative personnel system continued to focus on conference spirit and discussed on how to improve work efficiency and management level. Participants have expressed that the spirit of the conference will be carried out into actual work, in which knowledge is sublimated in practice and potential is grown at work.

2019 is an important year in the development process of Powerlong. The meeting on administrative personnel system further clarified the system function positioning, unified the goal thought and boosted the morale of the colleagues who attended the meeting. Next, all the staff in the administrative personnel system will closely follow the company's annual working guideline of "Organisation Launching, System Implementation, Business Growth, and Marketing Breakthrough", continue to concentrate on, move forward firmly, and contribute more to the company development.



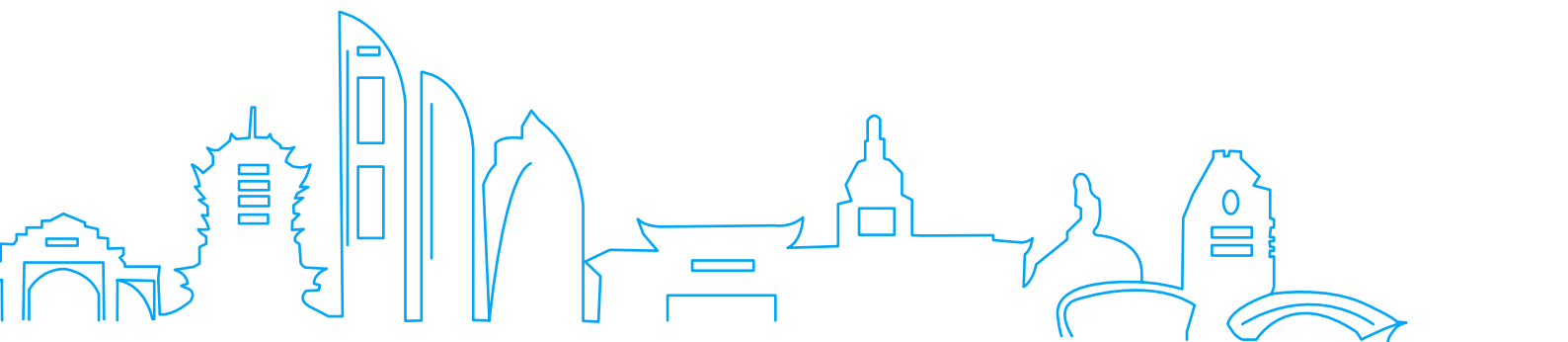
Case sharing

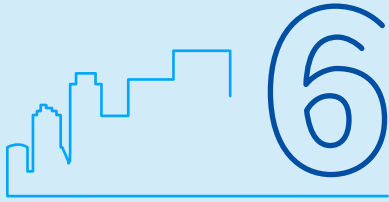
The Group expressed its condolence to employees working during summertime

During the hot summertime, general managers of various city companies from Powerlong Residential Property Management Centre visited the front-line employees and sent them cooling supplies with thanks for their sincere contributions and services. General managers of various city companies led colleagues from functional departments of the platform to visit various projects in the jurisdiction as planned. Wherever they went, they visited the grassroots positions with project leaders in the first time and gave credit to employees in the front line for their work and sent a variety of cooling supplies. Driven by such an organisational atmosphere, the cohesion and satisfaction of employees are further improved, and a positive working atmosphere is created.

The general manager of each city company voluntarily carried out the summer condolence activity with the theme of "Employee Relationship Management", which reflected the platform's emphasis on employee care, and also reflected manager's "Management by Wandering Around" at all levels.

Through in-depth visits to grassroots positions, all functional departments of the platform fully understood the actual needs of front-line employees. By means of management and communication, the mutual contact and influence between platform and projects, departments and employees, and among employees were adjusted. The dynamic organisational atmosphere management was effectively implemented. Such communication won the praise of employees, which also lays a good foundation for the strengthening of the team to improve the fighting capacity.





CONTRIBUTION TO SOCIETY

As a socially responsible corporate citizen, the Group has always put “social responsibility” as part of the strategic corporate development to contribute to the community with heart and warmth and is committed to creating shared resources and value with the community related to the Group's business operations. In addition to the ongoing corporate philanthropy work, the Group also supports long-term community investment through the operation of projects to strengthen its links with the communities where projects are located. Also, relying on the national reform and opening policy, the Group continues to prosper in business development. The Group also hopes to improve the public's understanding of ideas, culture, aesthetics, and art by the perfect integration of business, culture, and art.

At present, the Group's community investment focuses on aspects such as poverty alleviation, social care, culture and education, health care, environmental protection and art development. The Group hopes to contribute to the social development and construction of the regions where its projects are located through its operation and charitable donation in the regions. At the same time, the Group wishes to bring future hope to the next generation of the local regions and to provide motivations for such regions' sustainable development. The Group has formulated and strictly implemented various internal management policies on community communication related to the operation.





Caring for Hometown Development

Hope the Hometown Stable and Everyone Well-off

Since 2006, the chairman of the Board, Mr. Hoi Kin Hong take the lead to continually donate funds to the construction of new rural areas in China. Through a joint development with the United Front Work Department and Peking University, a new socialist countryside model project is built, and also explored the model of new rural construction. The model has achieved success in the four rural areas of Sichuan, Henan, Hebei and Fujian.

In 2016, the chairman of the Board, Mr. Hoi Kin Hong responded to the major goal call for China to build a moderately prosperous society in 2020 to serve the motherland, gratitude to the society, and have donated RMB100 million to his hometown. The donation is used to support the construction of a new countryside in Xibian Village, Anhai Town, Jinjiang City, Fujian Province, and is regarded as a model for actively implementing poverty alleviation. As of the end of the Reporting Period, the reconstruction of those old villages in Xibian and the ecological parks and villages development have achieved initial results.

Mr. Hoi Kin Hong has always concerned about the development of his hometown. In October 2019, the "Fujian Businessmen Return" project contract signing event was held in Macau, Mr. Hoi Kin Hong's family community project, "Village Revitalisation Project" was signed there. On the basis of RMB100 million donation in 2016, the Group is planning to donate another RMB25 million in the future for the construction of a beautiful rural public welfare project in Xibian, Anhai Town, Jinjiang City. This additional donation is expected to use for the construction of the Xibian Nengqin Park project, the Book Collection Building (Cultural Art Centre) and other projects, and will also be used for the establishment of the Xibian Jingzhu Education Charity Fund in Batou Village, Anhai Town.

The chairman of the Board, Mr. Hoi Kin Hong has always been the leading example to lead the Group to support public welfare. In 2012, the Group won the title of Most Caring Donation Enterprise from the "Seventh China Charity Award" of the Ministry of Civil Affairs. Mr. Xu Jianjian won the titles of "Top Ten Merchants in Fujian Business" in 2016 and "Forbes Asian Charity Heroes" in 2017.



Aesthetic Pursuit

Mixed Art with Environmental Protection

During the Christmas season in 2019, 18 hotels of the Group adhered to the concept of "environmental protection, innovation and art" and used "White Snowflake" as the theme to decorate. The hotel staff used their art creation to turn the original bland hotel wastes (such as waste plastic bottles, towels, plastic bags and wastepaper, etc.) into a variety of environmentally friendly crafts. Each hotel put in actions to deliver a beautiful concept that combines perfectly with environmental protection. Environmental protection is implemented and promoted in this unique way to showcase every guest who visits the hotel with practical actions in art that explains the beauty of environmental protection.



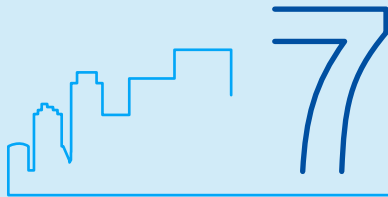
Showcase Our Generosity

Gathering the love from Shanghai

On 9 September 2019, the "City Caring in Action-Shanghai Power 99 Charity Day Conference" was held in Shanghai Qibao Powerlong Plaza. It was hosted by Tencent Charity and Tencent-Dashen.com and co-organised by Shanghai Charity Foundation and Powerlong CM. This conference shared the public welfare projects held in 2019 during the "99 Charity Day" and called for the society to participate together in the public welfare.

The Group is always committed to support the social welfare development. The Group, as a member of the corporate citizen, always adheres to the believe of "Powerlong's success is only minimal; the big success is when more people are benefitted". To accelerate the overall well-off of the society, the Group calls for the society to jointly to take on the social responsibility and hopes to create a world full of care and mutual benefit.





COMPREHENSIVE PERFORMANCE

The statistical data and calculation methods used in this report have been properly presented. Historical data and information of some indicators have been sorted out and presented. Environmental data covers properties held and operated by the Group. The Group conducted systematic statistics and collation of relevant data of its business segments in 2019. The data collection items, and project coverage have been expanded compared to 2017 and 2018, so some data have changed from the previous year. "N/A" in each column means that the relevant data was not disclosed or not available in the year, and "-" means that the data is zero. Unless otherwise stated, the data provided in this chapter are the annual summary data for the corresponding year or data as of 31 December of the corresponding year.

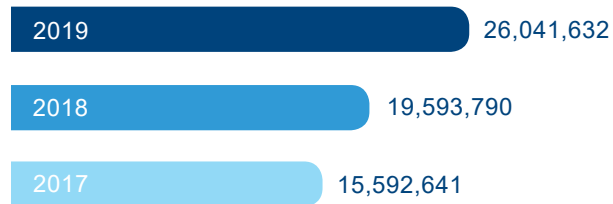




Steady Operation

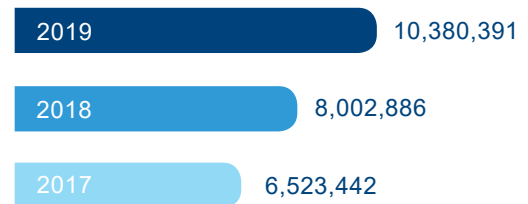
Economic performance:

Revenue



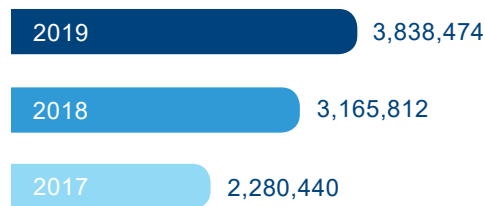
Unit: RMB'000

Operating profit



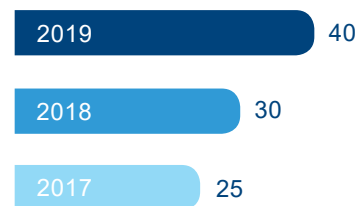
Unit: RMB'000

Tax expense



Unit: RMB'000

Total dividend per ordinary share



Unit: HK\$ cents

Number of cases involving bribery, extortion, fraud and money laundering



Sincere Services

Operational performance:

Number of operation
litigation cases related
to safety and health



Number of operation
litigation cases related
to intellectual property
infringement



Number of complaints
due to leakage of client
information



Client Satisfaction:

Indicator	2019	2018	2017	Unit
Average customer satisfaction of the commercial sector	94.4	96.6	N/A	%
Average resident satisfaction of the residential property management centre	79.8	80.9	N/A	%
Average customer satisfaction of the hotel operation	94.1	90.0	N/A	%

Green Development

Emissions

Atmospheric pollutants⁶:

	Indicator	2019	2018	2017	Unit
	Nitrogen oxides (NO _x)	695.03	508.96	3.40	Tonne
	Sulfur oxides (SO _x)	4.27	3.17	0.02	Tonne
	Carbon oxide (CO)	583.38	427.42	N/A	Tonne
	TPM	52.69	38.98	N/A	Tonne
	PM _{2.5}	0.017	0.002	N/A	Tonne
	PM ₁₀	0.019	0.002	N/A	Tonne

GHG emissions:

(Unit: Tonne CO_{2eq})




	Collective GHG emissions	Direct emission (Scope 1)	Indirect emission (Scope 2)	Reduced GHG emissions by owned trees ⁷	Collective GHG emissions (Scope 1 and 2) per income in thousand RMB from property rental, development and management services ⁸
2019	369,004.78	21,968.60	347,511.15	474.97	0.10
2018	294,002.81	19,163.66	275,028.43	189.29	0.10
2017	264,103.05	4,613.28	259,516.93	27.16	0.12

⁶ The air pollutant emission data are calculated on the basis of the emission sources and fuel consumption, the *Technical Guidelines for the Preparation of Air Pollution Emission Inventory from Road Motor Vehicles (Trial)* and the *Technical Guidelines for the Preparation of Emission Inventory from Non-road Mobile Source (Trial)* in Mainland China, as well as the relevant conversion factors of the U.S. Environmental Protection Agency.







⁷ The total amount of GHG is reduced for trees with height of 5 meters or more held by the Group. The GHG emission reduction data are calculated basing on the relevant conversion factors in the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Public Use)* in Hong Kong.

⁸ The income comes from rental of investment properties, property management services and other property development related services.

Produced non-hazardous wastes:

	Indicator	2019	2018	2017	Unit
	Total amount of produced non-hazardous wastes ⁹	21,561,084.18	53,482,999.86	84,330,256.00	kg
	General waste	18,294,878.00	47,970,366.26	67,550,774.00	kg
	Kitchen waste	3,266,206.18	5,512,633.60	16,779,482.00	kg
	Amount of produced non-hazardous waste per income in thousand RMB from property rental, development and management services	6.05	18.28	36.81	kg

Produced hazardous wastes:

	Indicator	2019	2018	2017	Unit
	Total produced amount of hazardous wastes	42,636.37	3,830.58	2,282.44	kg
	Electronic waste	26,205.36	1,126.47	851.60	kg
	Waste battery	6,759.48	294.22	32.06	kg
	Waste lamp containing mercury	7,734.88	1,427.09	1,182.33	kg
	Used cartridge	750.15	982.80	216.45	kg
	Chemical container	1,186.50	N/A	N/A	kg
	Amount of produced hazardous waste per income in thousand RMB from property rental, development and management services	0.0120	0.0013	0.0010	kg

Wastewater discharge:

Total amount of discharged wastewater

2019	5,144,256.89
2018	4,589,753.28
2017	5,160,246.17

Unit: Tonne

Emissions and discharges compliance:






Number of cases involving the illegal discharge of pollutants into the environment








⁹ In order to better clarify the amount of wastes generated in the business operation of the Group, the Group reviewed the statistics and calculation methods of non-hazardous waste in 2019. Starting from 2019, the statistics and calculation scope of general waste exclude waste generated by commercial tenants in shopping malls, tenants in office buildings, and residents in the residential properties, but include waste generated in hotel rooms. The statistics and calculation scope of kitchen waste exclude the waste generated by restaurants in the shopping malls, tenants in office buildings, and residents in residential properties, but include the waste generated by hotel kitchens.

Resource Use

Energy consumption¹⁰:

	Indicator	2019	2018	2017	Unit
	Total energy consumption	483,058.77	458,866.43	360,118.47	MWh
	Natural gas	38,545.23	66,454.75	N/A	MWh
	Gasoline	709.16	398.80	N/A	MWh
	Diesel	160.15	31.67	N/A	MWh
	Purchased electricity	443,644.23	391,981.22	360,118.47	MWh
	Energy consumption amount per income in thousand RMB from property rental, development and management services	0.1355	0.1568	0.1572	MWh

Water consumption¹¹:






	Indicator	2019	2018	2017	Unit
	Total water withdrawal	7,670,966.01	5,099,725.87	5,733,606.85	m ³
	Proportion of municipal water	7,418,382.56	5,099,725.87	5,733,606.85	m ³
	Amount of circulating water (reclaimed water and cooling water)	252,583.45	-	-	m ³
	The amount of water discharged into the natural environment after self-pretreatment and meet discharge standard	1,955,125.03	N/A	N/A	m ³
	Total water consumption	5,715,840.98	N/A	N/A	m ³
	Water consumption amount per income in thousand RMB from property rental, development and management services	1.60	N/A	N/A	m ³

¹⁰ Energy consumption data were calculated on the basis of purchased electricity and fuel consumption and the conversion factors provided by the International Energy Agency.

¹¹ In order to better clarify the actual amount of water consumed in the business operation of the Group, the Group updated the calculation method of water consumption during the Reporting Period, so the relevant water consumption intensity is not applicable to the comparison of previous years.

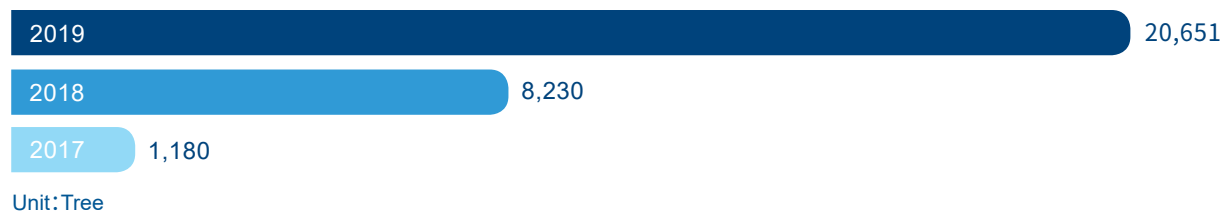
Mitigating Natural and Environmental Impact

Amount of recycled waste materials during operation:

	Indicator	2019	2018	2017	Unit
	Recycled plastic bottle	34,572.03	23,127.13	8,180.00	kg
	Recycled soap	422.00	205.00	N/A	kg
	Recycled toothbrush	773.00	770.00	922.60	kg
	Recycled toothpaste	334.00	343.50	25.00	kg
	Recycled metal	27,858.85	25,120.50	4,470.00	kg

Greening the environment:

Number of owned trees with a height of 5 meters and above



Environmental protection compliance:

Number of cases involving damage to the natural environment



Caring Employees

Employment

Employee welfare and costs¹²:

Indicator	2019	2018	2017	Unit
Wages and salaries	1,481,721	1,151,527	866,891	RMB'000
Statutory pension	264,008	202,131	146,638	RMB'000
Other staff welfare and benefits	51,689	51,255	41,154	RMB'000

Employee composition:

Total number of employees



Unit: Person

By gender



By employment category

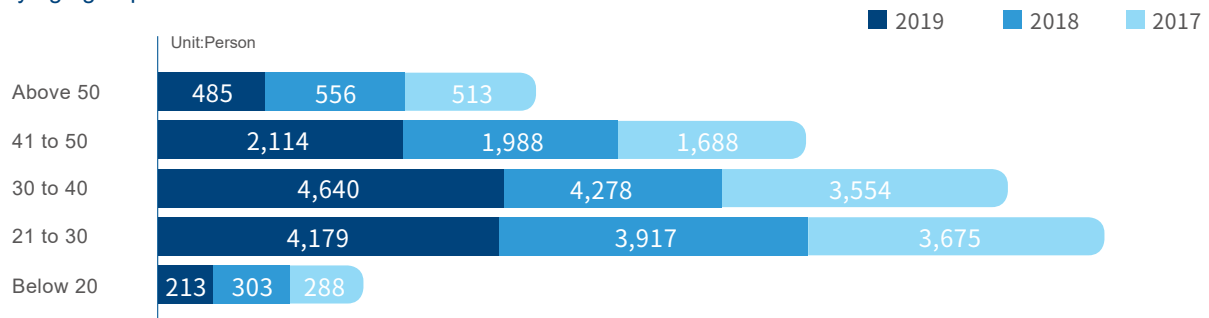
Indicator	2019	2018	2017	Unit
Full-time	11,631	11,042	9,718	Person
Part-time	-	-	-	Person

By region

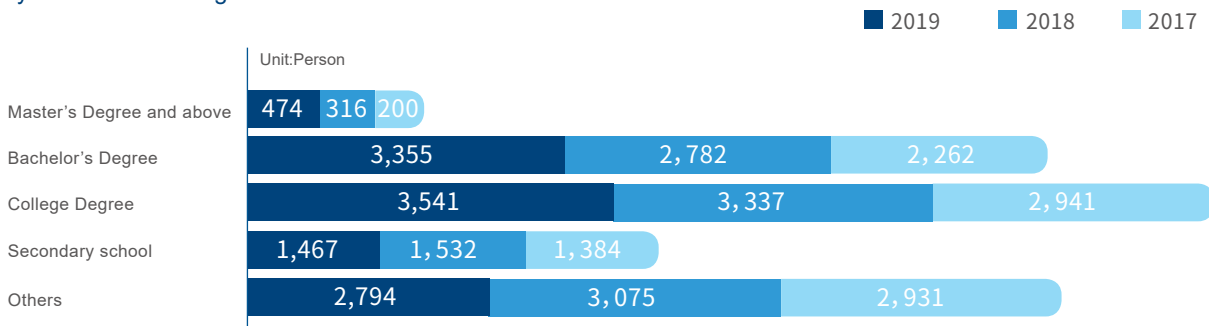
Indicator	2019	2018	2017	Unit
Mainland China	11,628	11,040	N/A	Person
Hong Kong China	3	2	N/A	Person

¹² For more information, please refer to the Company's Annual Report 2019 published on the HKEXnews website.

By age group



By educational background



Employee turnover:

Indicator	2019	2018	2017	Unit
By gender				
Male	12.0	N/A	N/A	%
Female	11.2	N/A	N/A	%
By region				
Mainland China	11.7	N/A	N/A	%
Hong Kong China	25.0	N/A	N/A	%
By age group				
50 or above	6.2	N/A	N/A	%
41-50	7.3	N/A	N/A	%
31-40	12.6	N/A	N/A	%
21-30	13.7	N/A	N/A	%
Below 20	3.2	N/A	N/A	%

Salary:

Indicator	2019	2018	2017
Ratio of salary between female and male employees			
Management level	1.0	1.0	1.0
General employees	1.0	1.0	1.0

Development and Training

Employee training:

Indicator	2019	2018	2017	Unit
Number of employees trained for career development				
Male	8,256	5,507	N/A	Person
Female	6,469	3,117	N/A	Person
Senior level	781	191	N/A	Person
Middle level	2,401	589	N/A	Person
General employees	11,564	7,844	N/A	Person
Number of hours per person trained for employee career development				
Male	20.3	33.33	N/A	Hour
Female	23.9	31.61	N/A	Hour
Senior level	47.5	34.09	N/A	Hour
Middle level	13.4	28.77	N/A	Hour
General employees	22.2	32.97	N/A	Hour

Social Contribution

Community Investment

Public charity:

Indicator	2019	2018	2017	Unit
Input amount for community or public charity ¹³	155,898	239,567	58,778	RMB'000

¹³ Including charitable and other donations made by the Group.

LAWS AND REGULATIONS THAT THE GROUP HAS COMPLIED WITH DURING THE REPORTING PERIOD

Laws and regulations ¹⁴ correspond to the content of the "Environmental, Social and Governance Reporting Guide"		Compliance Status
A. Environmental		
Aspect A1: Emissions		
Mainland China	Environmental Protection Law of the People's Republic of China	During the Reporting Period, the Group did not violate any laws and regulations listed in this section regarding air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, and noise control.
	Prevention and Control of Atmospheric Pollution of the People's Republic of China	
	Environmental Protection Tax Law of the People's Republic of China	
	Regulations on the Implementation of the Environmental Protection Tax Law of the People's Republic of China	
	Water Pollution Prevention Law of the People's Republic of China	
	Prevention and Control of Environmental Pollution by Solid Wastes Law of the People's Republic of China	
	Environmental Impact Assessment Law of the People's Republic of China	
	Prevention and Control of Environmental Noise Pollution Law of the People's Republic of China	
	Regulations on Environmental Protection Management of Construction Projects	
Hong Kong China	Urban Drainage and Sewage Treatment Regulations	
	Water Pollution Control Ordinance	
	Waste Disposal Ordinance	
B. Social		
Aspect B1: Employment		
Mainland China	Company Law of the People's Republic of China ¹⁵	During the Reporting Period, the Group did not violate any laws and regulations listed in this section regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits.
	Labour Law of the People's Republic of China ¹⁶	
	Labour Contract Law of the People's Republic of China	
	Regulations on the Implementation of the Labour Contract Law of the People's Republic of China	
	Social Insurance Law of the People's Republic of China	
	Employee Paid Annual Leave Regulations	
	Protection of Women's Rights and Interests Law of the People's Republic of China ¹⁷	
	Protection of Minors law of the People's Republic of China ¹⁸	
	Labour Dispute Mediation and Arbitration Law of the People's Republic of China	
	Protection of Disabled Persons Law of the People's Republic of China	
Hong Kong China	Disability Employment Regulations	
	Employment Ordinance ¹⁹	
	Employee Compensation Ordinance	
	Minimum Wage Ordinance	

¹⁴ The Group's operation complies with laws and regulations; the laws and regulations which the Group has complied with include but are not limited to the contents listed in this chapter.

¹⁵ To avoid repetitive statement, the law and regulation also apply to "Aspect B7" in this chapter.

¹⁶ To avoid repetitive statement, the law and regulation also apply to "Aspect B2" and "Aspect B4" in this chapter.

¹⁷ To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

¹⁸ To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

¹⁹ To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

Aspect B2: Health and Safety

Mainland China	<p>Work Safety Law of the People's Republic of China</p> <p>Provisions on Workplace Occupational Health Supervision and Administration</p> <p>Fire Protection Law of the People's Republic of China</p> <p>Occupational Disease Prevention Law of the People's Republic of China</p> <p>Work Injury Insurance Regulations</p> <p>Labour Insurance Regulations of the People's Republic of China</p> <p>Safety Production License Regulations</p>	During the Reporting Period, the Group did not violate any laws and regulations listed in this section regarding providing a safe working environment and protecting employees from occupational hazards.
Hong Kong China	Occupational Safety and Health Ordinance	

Aspect B4: Labour Standards

Mainland China	Prohibition of Child Labour	During the Reporting Period, the Group did not violate any laws and regulations listed in this section regarding preventing child and forced labour.
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Aspect B6: Product Responsibility

Mainland China	<p>Trademark Law of the People's Republic of China</p> <p>Protection of Consumer Rights Law of the People's Republic of China</p> <p>Advertising Law of the People's Republic of China</p> <p>Patent Law of the People's Republic of China</p> <p>Land Administration Law of the People's Republic of China</p> <p>Construction Law of the People's Republic of China</p> <p>Urban Real Estate Management Law of the People's Republic of China</p> <p>Interim Measures for the Administration of Store Advertising</p> <p>Urban Real Estate Development and Management Regulations</p>	During the Reporting Period, the Group did not violate any laws and regulations listed in this section regarding health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.
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B7: Anti-corruption

Mainland China	<p>Criminal Law of the People's Republic of China</p> <p>Against Unfair Competition Law of the People's Republic of China</p> <p>Bidding and Tendering Law of the People's Republic of China</p> <p>Anti-Money Laundering Law of the People's Republic of China</p> <p>Interim Provisions on Prohibiting Commercial Bribery</p>	During the Reporting Period, the Group did not violate any laws and regulations listed in this section regarding preventing bribery, extortion, fraud and money laundering.
Hong Kong China	Prevention of Bribery Ordinance	

CONTENT INDEX OF SEHK ESG REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and KPIs		Locations of Disclosure or Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P33
KPI A1.1	Types of emissions and respective emissions data.	P63
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P63
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P64
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P64
KPI A1.5	Description of measures to mitigate emissions and results achieved.	P39
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P35
Aspect A2: Use of Resources		
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	P38; Due to the nature of the business of the Group, matters concerning packaging materials are not applicable to the Group.
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P65
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P65
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	P39
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P39
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the nature of the Group's business, this is not applicable to the Group.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P38
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P35

Subject Areas, Aspects, General Disclosures and KPIs		Locations of Disclosure or Remarks
B.Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P45
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	P67
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P68
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P49
KPI B2.1	Number and rate of work-related fatalities.	Due to the fact that the Group has not completed relevant statistics, this item will not be disclosed for the time being, and the relevant data will be disclosed in the future.
KPI B2.2	Lost days due to work injury.	Due to the fact that the Group has not completed relevant statistics, this item will not be disclosed for the time being, and the relevant data will be disclosed in the future.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P49
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	P50
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P69
KPI B3.2	The average training hours completed per employee by gender and employee category.	P69
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P48
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	P47
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P47

Operating Practices

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	P43
KPI B5.1	Number of suppliers by geographical region.	Due to the fact that the Group has not completed relevant statistics, this item will not be disclosed for the time being, and the relevant data will be disclosed in the future.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P44

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P21
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the nature of the Group's business, this is not applicable to the Group.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Due to the incomplete statistics of the Group, this information is not disclosed for the time being and will be disclosed in the future.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P32
KPI B6.4	Description of quality assurance process and recall procedures.	P31
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P32

Aspect B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P11
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P11
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P11

Community

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P55
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P55
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P57



ESG REPORT

POWERLONG 2019

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