# SSICONTAL, SOCIAL AND GOVERNANCE REPORT

# SS100

# **Sunshine 100 China Holdings Ltd**

(Incorporated in the Cayman Islands with limited liability) Stock Code: 2608

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# ABOUT THIS REPORT

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### 1. ABOUT THE REPORT

The Environmental, Social and Governance ("**ESG**") Report published by Sunshine 100 China Holdings Ltd (the "**Company**") presents the performance and achievement made in terms of the environment and society by the Company and its subsidiaries (collectively the "**Group**" or "**we**"). The ESG Report details the principles, commitments and efforts of the Group, supplemented by specific cases, in carrying out the environmental and social policies, as well as fulfilling the principle of sustainable development. We report our performance in good faith and with due diligence and we promise to continuously make improvements in data disclosure and report writing.

The Board of Directors shall assume sole responsibility for the environmental, social and governance strategies and reporting of the Company and is liable to assess and determine the Company's environmental, social and governance risks and ensure the establishment of appropriate and effective system for the management and internal control of environmental, social and governance risks. The Board of Directors and the Directors hereby warrant that there are no false records, misleading statements or material omissions contained in this report and they will bear joint and several liabilities for the authenticity, accuracy and completeness of the contents herein.

#### 1.1 Scope of the Report

The ESG Report covers the environmental and social performance of the Group for the period between 1 January 2019 and 31 December 2019 (the "**Reporting Period**"). The environmental KPIs as disclosed in the ESG Report are based on the performance of the Group's headquarter and the offices used in major projects during the Reporting Period, which include two offices in Wenzhou and one in Wuxi, Shenyang, Qingyuan and Jinan respectively (collectively the "**Offices**"). Due to the Chongqing project being sold within 2019, the Group has selected Jinan office as a replacement for Chongqing office, according to our materiality considerations. The Group will extend its disclosure to other offices in a gradual manner. For details of corporate governance, please refer to the corporate governance report on pages 78 to 92 of the Company's annual report.

#### **1.2 Reporting Standard**

The ESG Report was prepared in accordance with the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited. The Company has reported on all the "comply or explain" provisions of the "Environmental, Social and Governance Reporting Guide".

# 1. ABOUT THE REPORT (Continued)

#### 1.3 Stakeholder Engagement

Understanding stakeholders' opinions are essential in formulating and implementing the Group's long-term and short-term sustainability strategies. Our stakeholder engagement process is ongoing and includes a diverse set of groups providing a wide range of views, opinions, and expectations. The Group has established appropriate communication channels and through our engagement, stakeholders provide essential input to help us identify possible emerging risks to our business operations as well as ESG issues that concern our stakeholders most.

Stakeholder	Expectations	Management Responses/ Communication Channels
Government and Regulators	<ul> <li>Compliance with national policies, laws and regulation</li> <li>Tax payment in full and on time</li> <li>Safe Production</li> </ul>	<ul><li>Regular Information reporting</li><li>Examination and Inspection</li></ul>
Shareholders	<ul> <li>Returns</li> <li>Compliance operations</li> <li>Rise in company value</li> <li>Transparency and effective communication</li> </ul>	<ul> <li>General meetings</li> <li>Announcements</li> <li>Email, telephone conversations and company website</li> <li>Site inspection</li> </ul>
Partners	<ul><li>Operation with integrity</li><li>Performance of contracts</li><li>Mutual benefits</li></ul>	<ul> <li>Review and appraisal meetings</li> <li>Business communication</li> <li>Discussion and exchange of opinions</li> <li>Engagement and cooperation</li> </ul>

# 1. ABOUT THE REPORT (Continued)

#### **1.3 Stakeholder Engagement (Continued)**

Stakeholder	Expectations	Management Responses/ Communication Channels
Customers	<ul><li>Outstanding products and services</li><li>Performance of contracts</li></ul>	<ul> <li>Customer service center and hotlines</li> <li>Customer opinion surveys</li> <li>Social media platforms</li> <li>Client reviews</li> </ul>
Environment	<ul> <li>Compliance with emission regulations</li> <li>Energy saving and emission reduction</li> </ul>	<ul> <li>Communication with local environmental departments</li> <li>Reporting</li> <li>Investigation and inspection</li> </ul>
Industry	Enhancement of industrial development	<ul><li>Participation in industry forums</li><li>Field visits</li></ul>
Employees	<ul> <li>Protection of rights</li> <li>Remunerations and benefits</li> <li>Career development</li> </ul>	<ul> <li>House journal and intranet</li> <li>Employee mailbox</li> <li>Training and workshop</li> <li>Employee activities</li> <li>Departmental satisfaction surveys</li> </ul>
Community and the public	<ul> <li>Enhancement of community environment</li> <li>Transparency</li> </ul>	<ul> <li>Company website</li> <li>Announcements</li> <li>Interview with media</li> <li>Social media platforms</li> </ul>

# 1. ABOUT THE REPORT (Continued)

#### 1.4 Materiality Assessment

In order to ensure that the ESG Report presents the actual circumstances of the Group's environmental and social performance and addresses ESG topics that substantively influence the assessments and decisions of stakeholders, the Group has commissioned an independent third-party consultant to perform a materiality assessment in a fair and equitable manner. We have conducted stakeholder engagement as part of the materiality assessment process which helps us identify material issues that reflect the shared concerns of the Group and all our stakeholder groups. Our materiality assessment methodology involves three main phases:

- Based on the relevant national and local standards and policies, industry characteristics and development of the Group, identify 35 potential material ESG issues that may pose a high risk to the Group's operation and influence stakeholders' decisions;
- Invite internal and external stakeholders (including staff, management, directors, customers, suppliers and communities) to complete a set of questionnaire to collect opinions on each of the potential issues;
- iii) Prioritize the potential material issues based on the results of 868 valid questionnaires with the materiality matrix.

# ABOUT THIS REPORT (Continued)

#### **ABOUT THE REPORT (Continued)** 1.

#### Materiality Assessment (Continued) 1.4

Materiality Matrix



Significance to Business

High

# 1. ABOUT THE REPORT (Continued)

#### 1.4 Materiality Assessment (Continued)

#### Materiality Matrix (Continued)

Environment		Lab	or Practices	Оре	eration Practices		nmunity estment
1.	Environmental	14.		21.	Operational	33.	Charity
2.	Compliance Air Pollution	15.	Compliance Employees'	22.	Compliance Managing	34.	Promotion of Community
	Management		Remuneration		Environmental		Development
З.	Fleet Emissions		and Benefits		Risks of Supply	35.	Poverty
	Management	16.	Employees'		Chain		Alleviation
4.	Wastewater		Working Hours	23.	Managing		
	Management		and Rest Period		Social Risks of		
5.	Greenhouse	17.	<b>,</b>	~ (	Supply Chain		
0	Gas Emission	10	Equality	24.	Procurement		
6.	Waste Management	18.	Occupational Health and	25.	Practices Quality		
7.	Energy		Safety	20.	Management		
1.	Consumption	19.	Training and	26.	Customer		
8.	Use of Water		Education		Health and		
	Resources	20.	Prevention of		Safety		
9.	Green Office		Child Labor and	27.	Responsible		
10.	Green Building		Forced Labor		Sales and		
11.	Ecological				Marketing		
	Protection			28.	Customer		
12.	Responding to				Service		
13.	Climate Change Prevention and			29.	Management Intellectual		
13.	Handling of			29.	Property		
	Environmental				Protection		
	Incidents			30.	Information		
					Security		
				31.	Customer		
					Privacy		
					Protection		
				32.	Anti-corruption		

# ABOUT THIS REPORT (Continued)

# 1. ABOUT THE REPORT (Continued)

#### 1.4 Materiality Assessment (Continued)

#### Materiality Matrix (Continued)

From the materiality matrix, we have identified 12 material issues which are discussed in details in the ESG Report.

Aspects		erial issues	Reference sections	
Environment	1. 11.	Environmental Compliance	Our Environment	
Labor Practices	11. 14. 15. 18.	Ecological Protection Employment Compliance Employees' Remuneration and Benefits Occupational Health and Safety	Our Staff Occupational Health and Safety Training and Development	
	19. 20.	Training and Education Prevention of Child Labor and Forced Labor		
Operation Practices	<ol> <li>21.</li> <li>25.</li> <li>26.</li> <li>31.</li> <li>32.</li> </ol>	Operational Compliance Quality Management Customer Health and Safety Customer Privacy Protection Anti-corruption	Our Operation Product Quality Customer Service Privacy and Information Protection	

# ABOUT THIS REPORT (Continued)

# 1. ABOUT THE REPORT (Continued)

#### 1.5 **Opinions and Feedback**

Any opinions and suggestions on the ESG Report or on our ESG performance in general are highly valued and welcome. Should you have any opinions, please contact us via the following channels:

- ir@ss100.com.cn
- Sunshine100 China Holdings Ltd 39th Floor, The Landmark Gloucester Tower No.15 Queen's Road Central, Hong Kong

# OUR VISION OF SUSTAINABLE DEVELOPMENT

# 2. OUR VISION OF SUSTAINABLE DEVELOPMENT

Fulfilling ESG responsibilities is one of the many genes of the Group. By adopting top-down approaches, we endeavor to reach or even outperform the requirements of applicable laws and regulations. To be specific, we have introduced the following four management objectives of sustainable development which penetrate all levels and aspects of our operation in order to bring benefits to the society:

#### Abide by industrial standards to prosper with the industry

We uphold the philosophy of operation in good faith, comply with the business principles in the industry and strictly implement the rules and regulations on corporate social responsibilities.

#### Respect the value of talents to grow with our employees

We are devoted to bringing in and providing trainings to talents who are fit for the Group's corporate culture and share the same values with us. We strive to introduce long-term and stable talent development strategies.

#### Adopt safety and environmental protection measures to grow in harmony with the nature

We actively guide all parties of the Group to practice the principle of green development and harmonious coexistence of human and the nature, accomplish real-time monitoring and improvement, as well as fulfill the responsibility of environmental protection.

#### Provide value-added services to grow with our customers

We ratchet up the level of quality management and customer services, step up cultural activities in community, and further gain reputation among target customers.

# OUR OPERATION

# 3. OUR OPERATION

#### 3.1 Product Quality

Young talents and the middle-class are the target customer segments of the Group. We recognize that such customer segments, who commonly have a higher living standard, have a strong desire for high quality of life and are hence looking for a better living place and environment. In view of this, we never spare ourselves in the pursuit of excellence in product quality. It is our goal to continuously provide the highest class of projects and properties which and even exceed all our customers' expectation.

#### **Top-tier Architects**

Building affordable residential buildings in our country with designs created by eminent international architects is one of our missions. Although merging top-tier design around the world into buildings in second-tier cities is a difficult task, the Group still upholds the principle of "International Mindset and Innovative Buildings" and persists in making our dream comes true.

The Group was among the leading developers in the industry trying to invite tenders internationally for architectural design. Over the years, we have developed long-term cooperation and partnerships with many top-tier architectural designing firms, such as Denton Corker Marshall (DCM), John Portman and Associates, Tadao Ando Architects and Associates, from countries including the UK, France, Australia, Italy, Germany, Japan and Denmark etc. We hope to produce remarkable products which can satisfy our customer's desires for high-quality buildings.

#### **Quality Management**

The Group has stringent requirements on product quality and thus we have formed a quality management team which specializes in implementing quality assurance and control at every stage of project development from product design, construction, completion, sales to maintenance. Through such high-standard quality management, we ensure that all our projects are always using high-quality materials, adopting top-class design, satisfying diverse requirements of customers and producing products with high cost-performance ratio.

# 3. OUR OPERATION (Continued)

#### 3.1 **Product Quality (Continued)**

#### **Product Health and Safety**

It is one of the Group's missions to take advantage of the architectures to improve everyone's lifestyle. We pursue a healthy living environment and lifestyle therefore we are dedicated to producing safe and healthy products through property design and management.

To keep our properties under surveillance, we have set up a 24-hour monitoring system with security guards to carry out frequent security patrols in most of our estates. Besides, the Group outsources the cleaning service to high-quality and professional cleaning companies which makes use of machines to provide the best cleaning services to clients. We have also started the "Sunshine Housekeeper" service, where we pay monthly visits to households to ensure that both public and private spaces are clean and comfortable. Furthermore, as a way to ensure the safety of facilities within the estates, specialized workers are assigned to keep track of the operation of the facilities and to provide round-the-clock maintenance and repair services.

#### 3.2 Customer Service

The existence and development of the Group depends largely on market trends and demands. As a market-oriented enterprise, it is essential to being observant and responsive towards customers' needs. In order to attain an unassailable lead in the market, the Group upholds the philosophy of "Customer-First" and always puts the benefits of customers before its own.



# 3. OUR OPERATION (Continued)

#### 3.2 Customer Service (Continued)

#### **Property Sales**

Our commitment on improving customer satisfaction is manifested in every business segment of the Group, especially in the course of property sales. To understand customers' demands, we conduct ex ante market survey regularly. With the use of the property sales system, we can precisely understand customers' preferences and special needs by gathering customers' information and arranging face-to-face discussion between salesperson and customers about the products in details. As a mean to maintain a good relationship with our customers, follow-up services will be provided such as inviting them to join on-site visits based on their preferences.

In response to the upward trend of customer service demands, we have developed an online sales system to integrate online sales resources and establish a channel which connects property owners, agents, the industry and the market. Through the application of the system, our salesperson are able to provide more timely follow-up services, hence improving working efficiency and achieving more convenient communication with customers. In addition, more information can be collected from customers by the system so that product services can be more comprehensive and the service quality can be further improved.

To avoid excessive commitment during property sales, we on one hand require all salespersons to remind customers that all rights and interests shall be subject to the sales contracts. On the other hand, we strictly regulate salespersons with internal rules and make efforts to establish a professional and upright sales team so that fairness and impartialness of the sales system can be guaranteed and legal risks can be eliminated.

#### Complaint-handling

The Group has formulated a comprehensive customer complaint handling system for dealing with possible problems in sales and operations including law violations, fake sales commitment, bad sales attitude, improper product design and quality, as well as other demands for supporting services. Customers may complain via a unified customer service line or to related departments such as sales department of the Group or project companies, quality management department or internal audit department of the Group about any issues in products and services. Customer service staff will record, identify and analyze all the information after receiving the complaints, then refer the cases to dedicated department or staff so that responses can be provided for customers promptly.

# 3. OUR OPERATION (Continued)

#### **3.2 Customer Service (Continued)**

#### Complaint-handling (Continued)

During the Reporting Period, there were no return of sold houses or complaints resulted from any quality issues or incompliance with regulations. There were also no serious violation of relevant laws and regulations applicable to the company regarding product responsibility.

#### 3.3 **Privacy and Information Protection**

The protection of trade secrets of the Group is a major concern of our stakeholders, among which personal information of customers are extremely confidential and have drawn lots of attention of the Group in setting up corresponding protection policies. By strictly following the Anti-Unfair Competition Law of the People's Republic of China ("**PRC**"), the Group has put considerable efforts in protecting trade secrets and personal privacy.

Salespersons who are at the frontline deal with customers most of the time and hence have frequent access to customer information. The Group clearly understands the risk of divulging customer information during property sales, thereby we sign a non-disclosure agreement with all salespersons, regulating their sales behavior and preventing the divulgence of confidential information. In addition to customer information, the agreement also fully covers different types of trade secrets of the group such as operational, management, trading and technical information.

For all types of employees, terms regarding the protection of trade secrets and intellectual property rights are included in the labor contracts. Relevant limits of authority are also set for the access to the customer information database according to the positions of staff to safeguard customers' personal privacy. In addition, we arrange regular trainings in respect of work discipline and professional ethics for salespersons. Employees revealing confidential information of the Group are regarded as violation of the code of conduct and will be meted out to financial or administrative disciplinary actions depending on the seriousness of the case.

#### 3.4 Operation with Integrity

The authenticity of work, effectiveness of communication and soundness of an enterprise's operation can be ensured by the truthfulness and transparency of operation. Hence, the Group advocates transparent administrative rules and has established rules regarding anticorruption and anti-bribery in compliance with the Regulations of the People's Republic of China for Suppression of Corruption, in an effort to ensure the integrity of our operation.

The Group has set up the Code of Conduct for Staff, the Ethics in Procurement and the Anti-Fraud Work Ordinance, clearly stating that all employees must abide by laws and regulations and the general code of business ethics. The Group strictly prohibits employees from asking for or accepting interests in anyone's name or in any form, as well as harming the legitimate interests of the country, the Company, its shareholders, other organizations or individuals for their own benefit through illegal means such as fraud. Additionally, standardized contracts for pricing, procurement and property design which are attached with a guarantee letter of integrity have to be signed between the Group and the corresponding parties. Both parties are reminded to bear the ethical obligations under the contract.

Through years of operation, the Group has learnt from the leading peers in the industry and established a series of preventive measures and a whistle-blowing mechanism. Such measures and mechanism can help to avoid any possible unlawful practices and maintain a good image of the Group, which include:

- 1. Established an internal audit department, which bears the primary responsibility for handling whistle-blowing, complaints and responses, and acts as the permanent department for anti-corruption and anti-fraud. It is subject to the supervision of the Board of Directors and the Audit Committee.
- 2. Standardized the process of complaint-handling and whistle-blowing; set up specialized telephone hotlines, emails and public address and stipulated the detailed process for whistle-blowing and complaints; set up safety protection mechanism for whistle-blowers; established an award system for whistle-blowing.
- 3. The management of the Group is responsible for building, improving and implementing anti-corruption process and mechanism; each department assumes its responsibility to carry out anti-corruption work.

# 3. OUR OPERATION (Continued)

#### 3.4 Operation with Integrity (Continued)

- 4. Advocated enterprise culture of honesty and integrity; created anti-corruption enterprise ambience; organized anti-corruption training and moral education for new staff.
- 5. Required all procurement officers' business cards to be printed with the telephone number and email address for our business partners' supervision and complaints in case of bribery and corruption.
- 6. In case of corruption, employees will be meted out to financial or administrative disciplinary actions depending on the seriousness of the case. If criminal law is breached, the case will be transferred to the judicial authority and handled in accordance with law.

During the Year, there was no lawsuit regarding corruption filed against the Group or our staff.

#### 3.5 Supply Chain Management

Material suppliers, contractors, subcontractors and design institutes each play a significant role in the Group's supply chain. By maintaining a stable and long-term strategic partnership with them, the Group strives to stabilize and strengthen our supply chain operation and therefore improve product quality.



Number of contractors and subcontractors by geographical region of headquarters:

#### 3.5 Supply Chain Management (Continued)

Number of suppliers by geographical region of headquarters:



The Group cooperates with a large number of suppliers and contractors and thus proper selection of such business partners is of ultimate importance. The Group follows the principle of openness, fairness and impartiality and we strictly comply with the internal rules and policies with regard to procurement and bid solicitation for project during selection.

In regard to material suppliers, the Group has set out the requirements in the contract for accreditations of environmental protection such as "ISO Quality Management System Certification" and "Environmental Management System Certification". Besides, we require woodwork suppliers to provide documents as a proof of legality of origin for the materials they supply. For high energy-consuming products, the Group always prefers multinational and eminent enterprises which are more mindful of environmental protection and social responsibility.

# 3. OUR OPERATION (Continued)

#### 3.5 Supply Chain Management (Continued)

With respect to contractors and subcontractors for construction projects, the Group lays emphasis on the evaluation to determine whether they have met the requirements of local regulations on environmental protection, occupational health and construction safety. We also set forth environmental, social and ethical criteria in the bid solicitation documents and recruit renowned construction contractors in the industry to ensure their performance in health, safety and environmental protection.



Apart from the selection process, the Group also regularly records and evaluates the performance of our business partners in the supply chain regarding their prices, and quality of goods and services. Suppliers with remarkable performance will be shortlisted for qualified suppliers and will be given priority in supplier selection, whereas those who have violated relevant laws and regulation or have exposed to quality incidents will be blacklisted.

# OUR STAFF

# 4. OUR STAFF

Employees are the most valuable assets of the Group and they are the reason for the success of the Group over the years since establishment. It is of paramount importance to continue our people-oriented management style that we not only provide employees with an ideal working environment and welfares, but also protecting their work safety, physical and mental health, as well as offering training and development opportunities to them.

#### 4.1. Staff Overview

The greatest wealth of the Group is the pool of our outstanding staff with their high working ability and loyalty particularly. As at 31 December 2019, we had a total of 4,090 employees, among which 4,084 were employed in the Mainland and 6 in Hong Kong.



#### 4.2. Occupational Health and Safety

The Group always put priority on the physical and mental health of employees and promotes work-life balance. We strictly abide by relevant laws such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and provide employees with labor safety and sanitary conditions which are in line with national rules and standards. The Group also arranges regular health examination for employees who are engaged in dangerous work. During the Reporting Period, there were only 4 work-related injuries and 169 lost days due to the injury were recorded.

In office areas, we always keep it clean, spacious and with sufficient amount of light in a bid to provide the most comfortable working environment to our staff. Our offices are also equipped with water dispensers, refrigerators and coffee machines. We also endeavor to create a green and healthy office environment by placing green plants in offices and providing our staff with nutritious meals in our "Healthy Canteen".

#### Staff Activities

Every year, the Group organizes a number of employee activities such as daily activities, regular team building activities, family activities and festival activities as a way to maintain the wok-life balance of our employees. We make adjustments to the activities according to our employees' feedback timely so that the greatest effectiveness can be attained in providing employees with the time to relax and improving the cohesion of the Group.

For example, sports activities such as basketball and badminton friendly competitions were organized during the Reporting Period so that employees from different departments had more chances to know each other and teamwork was built and strengthened within different teams.



Basketball Friendly Competition



Badminton Friendly Competition

#### 4.2. Occupational Health and Safety (Continued)

#### **Construction Safety**

Although the Group's construction work is outsourced, we place additional emphasis on the work safety performance of our contractors and subcontractors. Pursuant to the Law of the People's Republic of China on Work Safety and Regulation on Work Safety regarding Construction Projects, we require contractors to formulate work safety execution plan, follow the onsite rules on work safety, pay the expenses relating to work safety and provide safety gears to workers.

Moreover, we signed contract with contractors so as to ensure that they are following work safety guidelines. We also require them to appoint experienced experts to carry out safety inspection and supervision in order to ensure that the special-type construction workers have obtained relevant qualifications. During the Reporting Period, we have trained 7 batches of workers, in total 153 participants, for the "Standards of Safe and Civilized Construction" to enhance their awareness on work safety.

#### 4.3. Training and Development

Recognizing that putting more efforts into training and raising the proportion of trained employees are of benefit to both career development of the staff and the long-term development of the Group, we continue to enhance our training system that accommodates employees at all positions and levels and covers as much knowledge and skills as possible.

During the Reporting Period, we have finished our training both online and offline, which can be classified into 4 major types: New Employees Training, Sales Training, Corporate Comprehensive Training and Development Training.

#### 4.3. Training and Development (Continued)

#### New Employees Training



As a mean to help new employees to adapt to their positions and working environment, the Group offers them a series of training such as group trainings, seminars, project visits, team building activities and job rotations, where they can experience the enterprise culture, understand the work of various departments, improve work skills, and finally choose the appropriate position through bidirectional selection. At the same time, new employees are required to take assessments to make sure that they have received and understood the knowledge and information provided by the company. Besides, a mentor is also arranged for each new employee and thus work skills and experience can be acquired from the mentor which helps improve their business capabilities. Encouragement and advices for career development can also be given by the mentor so that new employees can better decide on their working position and even plan their career path.

#### 4.3. Training and Development (Continued)

#### Sales Training



In order to constantly maintain the level of skills and techniques of salespersons of the Group, the Group regularly holds market trend analysis sessions, sales technique talks, company product information seminars and other trainings that are closely related to the sales of properties. This type of training lets salespersons to step up their sales skills, while helping them to understand the latest market trends, so as to raise our employees' competitiveness, and compete for more clients for the Group more effectively.

#### 4.3. Training and Development (Continued)

#### Corporate Comprehensive Training



The Group provides corporate culture trainings to employees which aims to help them better adapt to the working environment and regular operational practices of the Group. For example, the Group has organized regular sharing sessions on the Group's projects and products, as well as on introducing the company during the reporting period. At the same time, to foster the all-round development of employees, the company has also organized a series of career development training, including personality trait assessments and analysis sessions and property tax calculation talks. Furthermore, the finance department and the design department worked together to provide training to product design and project financing professionals.

#### 4.3. Training and Development (Continued)

#### **Development Training**

Besides work, the Group organizes a wide variety of team building and activities for employees. This is aimed to provide a medium for employees to relax from work, build healthy team relationships among each other, and also strengthen the employees' sense of belonging towards the Group. Activities in this category does not have a direct relationship with daily work, including book club sessions, joint birthday parties, film viewing events and public speaking competitions, but the activities are particularly effective in helping employees develop dynamic interests and achieve work-life balance.



Apart from the training provided internally by the Group, we also highly encourage our staff to pursue higher education and professional levels. We maximize the career development opportunities of employees by providing not only allowances for professional examinations such as those for architects, designers, engineers, accountants, property managers and economists, but also paid study leaves for their better preparation for the examinations.

#### 4.3. Training and Development (Continued)

As a means in paving the way for our employees' career development, the Group also offers promotion opportunities through an open and fair promotion system. Each employee is evaluated and scored according to their performance and based on the scores, employees are allowed to apply for promotion. It is our ultimate goal that all employees are able to shape their own path in career development within the Group.

#### 4.4. Employment and Welfare Policies

The Group has established and continued to make use of the comprehensive human resources management system to select and absorb talents from different places through rigorous recruitment processes. We provide all candidates with equal employment opportunities without taking into consideration their gender, race, age, nationality, marital status, pregnancy, disability and religion etc. The Group advocates a diversified and antidiscrimination culture as we truly believe that employees with different backgrounds can act as the driving force for the Group's thriving development. We are also devoted to recruiting fresh graduates with different professional backgrounds. To attract talent, the Group offers a competitive remuneration package where the salary would not be less than the local minimum wage. For employees who request to resign, we will handle the cases promptly to understand the employees' opinion and remuneration will be provided on time.

For recruitment, we mainly adopt two channels including external recruitment and internal referral. To ensure that the recruitment process is open, fair and transparent, including the job postings information, resume screening, background check, interviews, physical examinations and entry approval, human resources department and department heads are responsible for supervising the recruitment application process. All relevant laws and regulations such as the Labor Law of the People's Republic of China and Labor Contract Law of the People's Republic of China, as well as rules and systems established by the Group, were strictly followed during the recruitment process.

#### 4.4. Employment and Welfare Policies (Continued)

The Group stringently prohibits the use of child labor and forced labor in accordance with relevant laws and regulations such as the Provisions on the Prohibition of Using Child Labor. We never employ persons who are below 18 years old by verifying their identity cards during the recruitment process. An employment contract which clearly defines the job duties is also signed by every employee to prevent forced labor. During the Reporting Period, we have standardized and intensified our human resources management. We strictly complied with the existing regulations on labor and employment applicable to the Group, and there were no circumstances involving material labor disputes.

Apart from that, the Group also provides our employees with a wide range of welfare, including communication allowance, travel subsidies, holiday benefits, marriage benefits, death subsidies, physical examinations, commercial insurance, meal allowance, birthday gifts and subsidies for length of service. Employees are also assured of sufficient rest time and holidays as stated in the Labor Law of the People's Republic of China. For employees who are assigned to work overseas, we provide them with family household allowances, daily living subsidies and family-visit benefits where appropriate with the consideration of the local situation so that employees can be free of worries and concentrate on work. Employees who are sent overseas will be given priority during promotion.

# OUR ENVIRONMENT

# 5. OUR ENVIRONMENT

The Group is devoted to creating the most livable communities with a comfortable environment for our target customers. Therefore, we place much emphasis on environmental protection at both the construction and operation stage. In fact, the environmental footprint of the Group is very limited as all our construction work is outsourced to reliable contractors. Nonetheless, there is no room for complacency and the Group manages to factor the environment into our decisionmaking process, business management and corporate culture. We also integrate the concept of environmental protection, from energy saving to green development, into our products and services.

The Group strictly complies with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. We uphold the following commitments to environmental protection and fulfill our environmental responsibility in both property development and daily operations of the Group.



#### 5.1. Emissions

As a responsible property developer, the Group is dedicated to controlling and minimizing our emission in a bid to alleviate environmental problems such as global warming. Since we have outsourced the construction work of property development, operation of back offices is the only source of emission of the Group.

While there is no water discharge from our Offices, our daily operation does generate air pollutants due to the use of vehicles and the combustion of fuels at stationary sources such as gas stove and water heater.

# OUR ENVIRONMENT (Continued)

# 5. OUR ENVIRONMENT (Continued)

#### 5.1. Emissions (Continued)

Air pollutant emissions of the Offices:

Indicators	2019	2018
Nitrogen oxides (NO <sub>x</sub> ) (g)	96,594	72,540
Sulphur oxides (SO <sub>x</sub> ) (g)	1,037	1,195
Particulate matter (PM) (g)	7,945	5,507

On the other hand, greenhouse gases are also emitted not only from the use of vehicles, but also the use of electricity, heating, water and sewage treatment, disposal of paper to landfill, use of refrigerant as well as business trips by staff.

Greenhouse gas emissions of the Offices:

Indicators	2019	2018
Total greenhouse gas emissions (tones)	1,704	2,999
Direct greenhouse gas emissions (scope 1)		
(tones) <sup>1</sup>	472	712
Indirect greenhouse gas emissions (scope 2)		
(tonnes) <sup>2</sup>	996	2,111
Indirect greenhouse gas emissions (scope 3)		
(tonnes) <sup>3</sup>	236	176
Total greenhouse gas emissions per employee		
(tonnes) <sup>4</sup>	3.19	5.03

Waste is also a major emission from the daily operation of the Group which includes both hazardous and non-hazardous waste. During the Reporting Period, the Offices have generated non-hazardous waste consisting of daily office garbage and food waste from canteens. Besides, hazardous waste including ink cartridges and batteries were also generated. All hazardous and non-hazardous wastes were collected and handled in a proper and legal manner by qualified parties so as to avoid detrimental impacts to the environment.

# 5. OUR ENVIRONMENT (Continued)

#### 5.1. Emissions (Continued)

Waste generated by the Offices:

Indicators	2019	2018
Total hazardous waste (kg)	991	348
Hazardous waste discarded per employee (kg) <sup>4</sup>	1.85	0.58
Total non-hazardous waste (kg)	21,655	32,028
Non-hazardous waste discarded per employee <sup>4</sup>	40.48	53.74

#### 5.2. Energy and Resources

Energy and resources such as water are precious resources to everyone and are crucial for maintaining the Group's business operation. Thereby, we set energy and water conservation as one of our major environmental commitments and implement proper and effective management on the use of energy and resources. During the Reporting Period, energy was consumed in the form of electricity usage, stationary combustion and heating in the Offices, as well as fuel consumption for our vehicles. Since the Group's principal business is property development, no packaging materials were consumed during the Reporting Period.

Energy and water consumption of the Offices:

Indicators	2019	2018
Total energy consumption (MWh)	2,389	4,649
Total energy consumption per employee (MWh) <sup>4</sup>	4.46	7.80
Total water consumption (m <sup>3</sup> )	15,799	51,415
Total water consumption per employee (m <sup>3</sup> ) <sup>4</sup>	29.53	86.27

Data includes greenhouse gas emissions from the combustion of fuels at stationary equipments, use of vehicles and use of refrigeration and air conditioner refrigerants of the Group.

<sup>2</sup> Data includes greenhouse gas emissions from the use of externally purchased electricity and heating.

The intensity is calculated based on the total number of employees of the Office, not the Group.

<sup>&</sup>lt;sup>3</sup> Data includes greenhouse gas emissions from business trips by staff, water and sewage treatment and disposal of paper to landfills.

# OUR ENVIRONMENT (Continued)

# 5. OUR ENVIRONMENT (Continued)

#### 5.2. Energy and Resources (Continued)



#### Energy Consumption by Type:

#### 5.3. Green Office Operation

In order to reasonably manage emissions and conserve energy, the Group has adopted multiple measures to reduce our resource consumption and greenhouse gas emissions.

Electricity saving is the major part of our environmentally-friendly actions. Most of the offices of the Group were designed and installed with electricity-saving facilities. For example, large sunshade curtains were installed at windows to avoid heat loss, hence lowering electricity wastage on air-conditioning. We also use light-emitting diode ("**LED**") lamps which have much longer lifespan and higher energy efficiency, thereby helping to save electricity up to 70%. Besides, we have installed timers on power switches which can control the power supply for the entire company according to working hours, while employees are also able to manually control the power supply for their work if necessary.

Other than the above mentioned facilities, actions are also carried out by employees to reduce electricity consumption. The Group encourages employees to turn off air conditioning 15 minutes before getting off from work so that energy can be saved without affecting their work. Brightness of computer monitors is also appropriately adjusted so as to save energy and at the same time protect the eyes of employees.

#### OUR ENVIRONMENT (Continued)

# 5. OUR ENVIRONMENT (Continued)

#### 5.3. Green Office Operation (Continued)

With regard to air pollutants, we not only use environmental-friendly materials to effectively control the amount of total volatile organic compounds and formaldehyde, but also install advanced air-conditioning system to reduce the amount of PM2.5 indoors. In order to cut down on the emission of air pollutants from the use of vehicles, we have installed charging piles in our parking lot to promote the use of electric vehicles.

Adding to energy conservation are the measures implemented for paper saving. The Group advocates waste paper recycling, the use of recycled paper and using both sides of the paper as far as practicable. We strongly promote paperless office and capitalize on electronic means in handling documents. Pencils made of recycled paper are also produced and used through the cooperation with pencil manufacturers. It is our conviction that saving paper in every aspect is the best way to protect the forest and our environment.

Due to the fact that water is a precious resource, the Group places exceptional importance onto the conservation of water resources. The Group places reminder notices within washrooms to remind employees to conserve water, raising their awareness towards water conservation. Other than that, the Group advocates reducing food waste, therefore canteens adjust their food material order quantity according to number of employees, minimising food waste.

# 5. OUR ENVIRONMENT (Continued)

#### 5.4. Project Management

#### Planning and Designing Stage

Grasping the possible impacts of a project on the environment and society in advance could help us to identify potential obstacles at the initial stages of development so that solutions can be made as early as at the stage of designing. Therefore, in the planning stage, we conduct analysis and feasibility study on a project from its financial and technical prospects, whereas the environmental benefits are also considered. Before construction of an approved project, we submit environmental report, environmental impact statement and environmental impact registration form of the project to the local environmental protection authority for approval. Besides, throughout the construction period, we strictly conform to the applicable standards on air pollution, noise as well as sewage and waste discharge as approved by the government, and take such standards into consideration in the overall design, construction and operation of the project plan. Integration between human living environment and the natural environment has long been our planning and designing focus, aiming to minimize the damage to or transformation of the original landscape and vegetation.

In addition, we have increased the proportion of time spent on planning fine decorations in each project at the designing stage, so as to reduce material waste, noise pollution and other pollution caused by owners' decoration after the delivery of roughcast houses. For example, we have launched an array of fine decoration standards in the projects in Chongqing, Wuxi and Qingyuan as options for customers, while certain soft decoration such as wooden flooring, sanitary ware and kitchen appliances were purchased in a centralized manner.

#### Supplier Bid Solicitation Stage

Our property project development involves a large number of contractors and suppliers. In order to foster their improvement in sustainable development, we take into account the performance regarding environmental protection when selecting partners. Moreover, we also encourage our partners to employ eco-friendly equipment and facilities and adopt or develop new technologies in this aspect. For details, please refer to "Our operation – supply chain management".

#### OUR ENVIRONMENT (Continued)

# 5. OUR ENVIRONMENT (Continued)

#### 5.4. Project Management (Continued)

#### Construction and Acceptance Stage

As a way to avoid environmental pollution arising from construction, the Group requires our contractors to take effective measures including but not limited to the actions as follows:

- 1. To reduce blowing dust throughout construction procedures, main roads at construction sites are hardened; car washing stations are set up at entrances and exits of construction sites while sealed cover trucks are used to transport earthwork, waste soil and construction waste; sealed barriers are added to material storage areas and processing areas; areas are promptly cleared and cleaned after use.
- 2. To reduce the noise and impact caused by the construction, noise detectors are set up at construction sites; the time period of which construction is performed is strictly limited; noise prevention and reduction measures are implemented in every construction process.
- 3. To increase the utilization of water resources and reduce water pollution and waste water emissions, temporary water usage plans are modified; water usage is strictly controlled throughout the construction stage; rain water on rooftops and the ground is collected and reused; wall and pillar cement is moisturized and protected with misting equipment.
- 4. To increase operation efficiency whilst conserving energy, construction equipment, machinery and office equipment that are recommended by the government and industrial standards as energy-saving, efficient and environmentally friendly are prioritized; electricity meters are installed at construction and office sites while temperature and humidity standards are set along with usage time limits.
- 5. To increase material usage efficiency and reduce material wastage, construction material planning before construction are improved to be more comprehensive; materials that are able to fulfill usage needs are encouraged to be recycled and reused.
# 5. OUR ENVIRONMENT (Continued)

### 5.4. Project Management (Continued)

### Construction and Acceptance Stage (Continued)

- 6. To reduce the impact on neighboring residencies by light emitted from construction sites, appropriate lighting adjustments in terms of directions and equipment are made during night-time constructions; while wielding work are appropriately covered and blocked out at all times.
- 7. To reduce water and soil pollution, oily materials and chemical solvents are appropriately treated and stored with designated personnel assigned to monitor; concrete pumps are strictly managed according to the construction site plan.

We carry out a series of measures in order to ensure that the contractors have complied with the aforementioned laws and regulations during construction, which include inspecting building materials on the sites and refusing those not fulfilling the requirements of environmental laws and regulations, conducting weekly field samplings, performing noise, electromagnetic radiation and concrete fills tests and requesting contractors to immediately perform remediation in case of any problems. During the Reporting Period, all the emission indicators of our contractors reached national or local emission standards, and there were no material violations against national or local laws and regulations on environmental protection and pollution control applicable to the Company. The Group did not receive any punishment imposed by any administrative authority or regulatory authority.

## OUR ENVIRONMENT (Continued)

# 5. OUR ENVIRONMENT (Continued)

### 5.5. Community Operation

The Group adopts the following energy and waste management schemes in property management:

- 1. We take the following water saving measures:
  - Record the readings of master and branch water meters regularly and conduct investigations once abnormal readings are found
  - Inspect the status of leakage proof of cooling towers and expansion tanks regularly
  - Check water supply pipelines to stringently prevent all sorts of leakages
  - Improve the irrigation method for green lands and save water used for green lands
- 2. We take the following electricity saving measures:
  - Reduce the wattage, quantity and lighting time of lamps provided where public lighting is not affected
  - Minimize the frequency to restart equipment to improve its utilization efficiency
- 3. We take the following waste disposal scheme:
  - Install waste collection and recycle facilities within the community appropriately to reduce littering
  - Advocate waste sorting through segmenting three separate areas within the waste collection site for different types of waste, including recyclable waste, kitchen and food waste, and other waste
  - Encourage residents in the community to recycle and reuse daily items to reduce the amount of waste produced

# 5. OUR ENVIRONMENT (Continued)

### 5.5. Community Operation (Continued)

- 4. Conduct energy efficiency assessments for the properties managed by the Group, in order to ensure that the energy conserving facilities used in the properties and their energy efficiency are able to achieve national standards.
- 5. Guided by relevant government documents, we publicize the significance and specific ways of energy saving and consumption reduction on bulletins so as to raise the awareness of energy saving among the property owners.

At the same time, the Group conducts indoor air quality inspections and monitoring for properties to be sold, as a gesture showing that we care for the health of the community. The Group entrusts authorized testing organizations to conduct indoor air quality assessments for properties, ensuring that the indoor air quality reaches national and regional standards, maintaining harmful air pollutants within indoor areas at a low level, providing clients with a quality living and working environment.

# **OUR COMMUNITY**

## 6. OUR COMMUNITY

The main business of the Group is property development and community operation, therefore the Group is in itself and inevitably linked to community contribution. Sticking to our vision in providing houses with the highest cost-performance ratio in the world, we spare no effort in cutting cost while at the same time providing houses and community with the best quality. Apart from making our properties physically comfortable, we lay emphasis on the mental and social health of our customers by promoting social interaction, stimulating youth culture and fostering parent-child relationship in families. In addition to our development and construction projects, our commitment to caring for the community can also be reflected by our efforts in supporting the development of start-ups and local education, as well as the efforts made on historical culture conservation. During the Reporting Period, the Group has contributed over 7.82M RMB to charity organizations.

#### 6.1. Promoting Social Interaction and Nurturing Start-up

The Group has always focused on the creation of social platform and business prospects during the development of product lines and projects. In view of the rising demands for a higher living standard and quality from the public in the new era, the Group focused its attention on the idea of shared living lifestyle, establishing the "Phoenix House" (a social-oriented apartment) and Club Himalaya. These projects aim to create a dynamic social platform, so as to cater the social life demands from people in this modern era. We also strive to a new generation of potential entrepreneurs, therefore we have created the Peninsula Smart Human Resources Services District, providing the perfect platform for entrepreneurs and new start-up companies to develop and expand their business.

# 6. OUR COMMUNITY (Continued)

### 6.1. Promoting Social Interaction and Nurturing Start-up (Continued)

### Case I – Club Himalaya

Under the influence of globalization, the Group has established Sunshine 100 Himalaya product line to provide global business travellers with a living experience of local life. The positioning of Himalaya is to provide not only elegant and modern living areas, but also shared space for interaction among urban business talents.

During the Reporting Period, Club Himalya has continued to build a tasteful cultural space and commercial social platform. In Tianjin, Club Himalya has organized the "Shared Space Design Salon", inviting world renowned celebrities to share and exchange different experiences. Furthermore, Club Himalaya's "Night of the Himalaya" has gathered over 200 Club Himalyan members from around the world to celebrate the upgrade of member benefits. In Wuxi, Club Himalaya has organized multiple events including DANDIYA EVE and Diwali Celebration, providing a social and interaction platform for members in and outside of the country.



## 6. OUR COMMUNITY (Continued)

#### 6.1. Promoting Social Interaction and Nurturing Start-up (Continued)

### Case II – Peninsula Smart Human Resources Services District

Through the Himalayan Business Social Platform, the Group is able to compile prolific business resources to provide entrepreneurs with a platform to start a business or get hired. With over 20,000 m2 of core area, the Group's Peninsula Smart Human Resources Services District in Weifang is the ultimate human resources services platform for high level talents. During the Reporting Period, Club Himalaya held the 2019 Job Recruitment Fair at Peninsula Smart Human Resources District, providing a total of 1,020 job opportunities while attracting thousands of applicants to join. At the same time, Club Himalaya held an interior design contest, which invites the best interior design companies and designers to participate, while building a deep interactive platform.



#### 6.2. Stimulating Youth Culture

Every community consists of people from different age groups. Throughout the project development process, the Group considers the unique needs of each age group, and place them into the project design and motivation consideration. Besides children and the elderly who are usually the age groups that receives the most social focus, the Group has never neglected the youth generation's needs and puts great emphasis on them. Having projects like Phoenix Street and Arles as the base, resources are fully utilized and the Group has held multiple events like music festivals, university talent shows, social media influencer live shows, triathlons, New Year celebrations and carnivals, etc. The multitude of events blend together top fashion trends, entertainment, sports and culture, in turn promoting youth culture by creating more channels for the younger generation to blend into the community, as well as forming a spectacular lifestyle all around the Country.

### Case – Liuzhou Yaobu Original Music Festival

During the Reporting Period, the Group held one of its largest music-related events in Liuzhou, the Liuzhou Yaobu Original Music Festival. The Music Festival invited numerous musical talents from around the world to perform and share their unique styles of music, which includes rock and roll, country music, rap music and more. Different trends and cultures are able to gather in the festival, and the festival was successful to have received active participation and positive feedback from the youth generation. Liuzhou Yaobu Original Music Festival has provided the youth with a platform to have fun and has become a large-scale cultural event in the city. It plays an especially important role in promoting youth culture.



## 6. OUR COMMUNITY (Continued)

#### 6.3. Supporting Local Education

The Group has continuously promoted the development of local education by adding educational elements into different projects, letting customers receive different learning opportunities according to their specific educational needs outside regular learning at school. The Group has held a variety of different cultural and educational events at properties across the country, including a children's art festival in Jinan, a children's art exhibition in Shenyang and SS100 Children Art Performance in Weifang, ultimately supporting local education development. At the same time, the Group holds an assortment of experience fairs, lessons, book clubs and cultural markets, making full use of resources available to provide children with a platform to achieve all-round development.

#### Case I – The 1st Thousand Children Art Exhibit in Shenyang

The Group's Phoenix Street has always focused on promoting children's art and culture learning activities, aiming to ultimately provide children with a quality and well-rounded development platform. The 1st Thousand Children Art Exhibit was held at the We Study Education Square in Shenyang's Phoenix Street, which aims to unleash children's potential to create more artwork. The art exhibit also includes art classes, which provides children to touch upon different art forms, in turn developing their interest in art. The art exhibit demonstrates a wide variety of children art pieces, including oil paintings and hand crafts, showing that the event is popular amongst the public, providing even more motivation to the Group in promoting local education and in building a quality family education environment.



# 6. OUR COMMUNITY (Continued)

### 6.3. Supporting Local Education (Continued)

### Case II – 3D Printing Class in Chongqing's Arles

Modern technology develops at a tremendous pace every day and printing has developed from only being capable of printing on flat surfaces to being able to print 3D items. During the Reporting Period, the Group has held 3D printing lessons at Chongqing Arles, providing children with the opportunity to experience cutting-edge technology that is 3D printing, developing their interest in technology from a young age. At the same time, children are able to unleash their potential and turning their imagination to real life through 3D printing.



# 6. OUR COMMUNITY (Continued)

#### 6.4. Enhancing Parent-Child Relationship

The Group is committed to building a community that is uniquely friendly towards parentchild relationships. During the Reporting Period, besides making adjustments to the living environment, the Group has built a community culture brand name and organized a series of parent-child activities in order to create a platform for children and parents to communicate and spend more time together. The activities include the Magical Party at Qingyuan Arles, Children's Festival Carnival at Weifang Himalya, Parent-Child Golf Training Camp at Wenzhou Arles, Parent-Child Equestrian Classes at Wenzhou Centre and Birthday Parties at Wuxi Arles.

#### Case – Qingyuan Arles Magical Party

The Group held the Magical Party at Qingyuan Arles in order to let kids learn and grow through having fun in games, while bonding with their parents at the same time. The Magical Party includes different family activities like baking classes, puzzle games and curling, letting parents and children choose their favorite activities together, increasing the bonding between parents and children, while at the same time leaving precious memories of children and parents spending time together.



#### 6.5. Blending History and Modern Culture

The Group advocates the co-existence of historical and modern culture in the same community and city, in hopes to help the public remove the idea to greed for the new and learn to admire the beauties of historical culture, while at the same time discover the freshness of blending history and modern culture. To achieve this, the Group has held numerous activities, events and carnivals regarding historical culture blending with modern culture. These events at local communities are highly popular, and are able to attract thousands to visit. Furthermore, Properties including Wuxi Himalaya, Jinan Sunshine 100 International City and Xi'an Arles have joined hands with resources from the art field to hold fashion exhibits, art exhibits, photography exhibits, etc., blending eastern and western culture, promoting local culture to international levels.

#### 🖕 Case – "Yao" Play Mid-Autumn Fantasy at Liuzhou Yaobu

In order to promote the co-existence of historical and modern culture, Liuzhou Yaobu held the "Yao" Play Mid-Autumn Fantasy event, blending together modern fashion designs with ancient cultural elements, creating an ancient market in the middle of a busy modern city, letting the public experience the wonderful life of living in ancient times. This event has attracted media coverage, therefore not only has the event raised the image of Yaobu Town's brand image, but has also promoted the idea of past-present co-existence, blending ancient and modern culture.



# CONCLUSION

## 7. CONCLUSION

Throughout the Reporting Period, the Group has exerted every effort in achieving our ESGrelated work and has left little to be desired. Responding to our stakeholder's expectations, particular attention has been paid to aspects including legal compliance, employees' health and safety, training and development, products and customer service quality, as well as information protection. We also continued with implementing environment-related measures as well as enriching our community projects and events. Looking forward into the future, the Group will remain vigilant about the potential environmental and social risks throughout our business operation and development. We will also continue to make strides towards improving our ESG policies, enhancing city functions, caring for our employees and customers, as well as capitalizing on natural and cultural resources in order to construct more sustainable communities of high values. It is hoped that our vision and philosophy will continue to spread through the industry, and even to the world, while bringing lasting benefits to society.