

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2020

寶龍地產控股有限公司

POWERLONG REAL ESTATE HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Stock code: 1238

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因爱而立 同心致远
30th ANNIVERSARY

About this Report

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

This Report details the latest performances of the Group in terms of environmental and social responsibilities in 2020, and its future planning and goals. This Report mainly covers the major business segments of the Group, including property development, property investment, commercial operation and residential property management, and other property development related businesses. The Group also endeavours to disclose all available key performance indicators (“**KPI**”) in this Report with supplementation of descriptions, thereby establishing baselines, and facilitating comparisons. For details of Powerlong’s businesses, please refer to Powerlong’s Annual Report 2020.

Reporting Period and Scope

Unless otherwise stated, this Report covers the period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”), with the time period for relevant parts of this Report suitably extended. The reporting content in this Report is based on the principle of operational control, which covers all business segments under the Group.

Reporting Guideline

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and based on the reporting principles of materiality, quantitative, balance, and consistency.



In the course of preparing this Report, the Group applied the reporting principles in the aforementioned Environmental, Social and Governance Reporting Guide as the following:

Materiality: Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of this Report;

Quantitative: The standard and methodologies used in the calculation of relevant data in this Report, as well as the applicable assumptions were disclosed;

Consistency: The preparation approach of this Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

Reporting Declaration

The Group attaches great importance in the materiality, balance, and consistency of this Report. This Report comprehensively introduces the philosophy and policy, as well as the environmental, social and governance (“**ESG**”) management process of Powerlong. The Group ensures the reliability, authenticity, objectivity, and timeliness of this Report. By publishing this Report, the Group looks forward to enhancing the communication and collaboration with its stakeholders, and further promoting the sustainable development of the Group in terms of environment, social and economy. The disclosure content of this Report is mainly based on the materiality assessment and stakeholder engagement. Please refer to the chapter “Responsible Communication” for details of the process.

Confirmation and Approval

The disclosure in this Report complies with the ESG disclosure requirements of “comply or explain” set out in the ESG Reporting Guide under Appendix 27 of the Listing Rules issued by the Stock Exchange. This Report was reviewed, confirmed, and approved by the board (the “**Board**”) of directors (the “**Directors**”) of the Company on 2 March 2021.

Report Availability and Feedback

The electronic version of this Report can be accessed and downloaded at the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Group’s website (www.powerlong.com).

You are welcome to provide comments and suggestions on this Report or the Group’s ESG work through email at boardteam@powerlong.com.



Preface



The Group released the new five-year strategic plan this year and highlighted the “1+1+N” strategic goals, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities. As at 31 December 2020, the Group had developed, owned and operated 193 real estate projects, owned and managed 48 commercial plazas, managed 6 asset-light projects, owned and managed 8 international brand hotels and 11 self-owned brand chain hotels. Its commercial projects cover the series of “Powerlong One Mall”, “Powerlong City”, “Powerlong Plaza” and “Powerlong Land” products, while its residential projects cover various formats including middle and high class commodity housings and villas, complemented by high-standard office buildings and hotel projects with comprehensive service support. With its multidimensional and diversified business scope, Powerlong has been improving the retail supporting facilities in and thereby enhancing the quality of local cities. From supporting the urbanization of the People’s Republic of China (“**China**” or the “**PRC**”) to its integration into the Yangtze River Delta, Powerlong has always followed closely the strategic direction at the PRC’s national level and focused on city clusters, which enjoy policy back-up under the PRC’s macro strategy and which are highly vivid in their economic development. While fulfilling the growing demand for complex real estate in the PRC, Powerlong has provided various job opportunities to the society and realized people’s demands and dreams for their lives.

During the year ended 31 December 2020, the Group recognised a revenue of approximately Renminbi (“**RMB**”) 35,495 million and profit attributable to owners of approximately RMB 6,093 million, representing year-on-year increases of approximately 36.3% and 50.8%, respectively. Rental income from investment properties and income from provision of

commercial operational services and residential property management services totalled to approximately RMB 3,236 million (2019: approximately RMB 2,813 million), representing an increase of approximately 15.0% as compared with the corresponding period in 2019. Basic earnings per share was RMB147.1 cents. Final dividend for the year ended 31 December 2020 was HK\$33.0 cents per ordinary share, which, together with the interim dividend of HK\$12.0 cents per ordinary share for the six months ended 30 June 2020, amounted to a total dividend of HK\$45.0 cents per ordinary share for the year ended 31 December 2020, representing an increase of approximately 25.0% as compared with the total annual dividend (exclusive of special dividend) for the corresponding period in 2019.

In 2020, the Group continued to support green development. As a real estate development and urban complex operator in China, the Group not only abided by local and national environmental laws and regulations, but also proactively introduced the concept of green building into project construction and development. As of the end of the Reporting Period, the Group's certified green building gross floor area ("GFA") has cumulatively reached 8.66 million square metres.

In 2020, the Group continued to actively contribute to the development of the community and society. The Group not only took part 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 also assisted in the building and development of nearby communities. In 2020, the 2019 Novel Coronavirus ("COVID-19" or the "pandemic") was still spreading globally. The Group will continue to actively cooperate with governments at all levels across the country to strictly implement the pandemic prevention and control measures, and various work to support people's livelihood, contributing great effort in the prevention and control of COVID-19. With the aim to ensure the resumption of work and production, the Group actively developed businesses and allowed rent remission for some of the tenants of its malls. In this battle to eliminate the pandemic, every employee of the Group was practising social responsibilities with their practical actions, contributing to the combat against the pandemic. In the future, the Group will continue to strive for the creation of a sustainable brand experience that is consistent with the values of its stakeholders, ensuring the healthy development of the overall business, thereby achieving everlasting business development.

As an enterprise and a member of the Chinese nation, the Group will practice the collaborative development between corporate growth and quality improvement and national policies, promote harmonious coexistence between the environment and society, and continue to support social welfare and charitable causes to contribute to the sustainable development of society and improve people's quality of life.

The Group believes in "concerted efforts, love and care" and will uphold our corporate mission of "Create space full of love" and will link up living space with the well-being of everything, and create the best experience of living space and services. The Group will firmly gather the wisdom and power of all fellow folks of Powerlong to build a responsible enterprise.

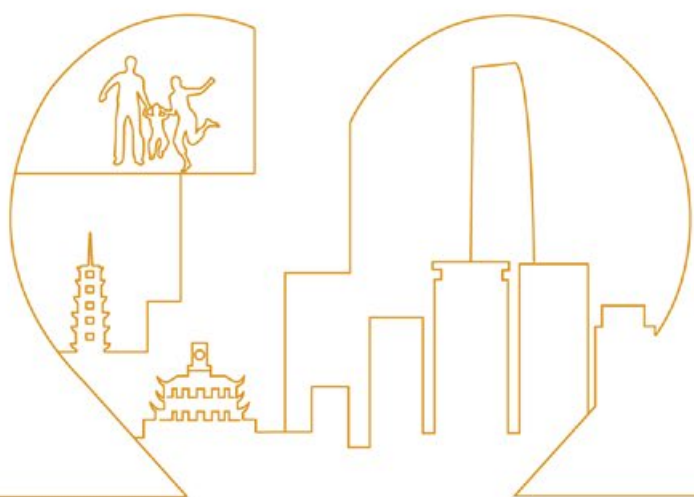
Chairman
Mr. Hoi Kin Hong

GROUP OVERVIEW

The Group's industrial operations have continued to expand, forming a collaborative development pattern of property, commercial and property management services, hotels, culture and arts and other diversified industries. On 14 October 2009, the Company was listed on the Main Board of the Stock Exchange. On 30 December 2019, Powerlong Commercial Management Holdings Limited (9909.HK) ("**Powerlong CM**"), a subsidiary of the Company, was listed on the Main Board of the Stock Exchange, as the first service provider in commercial management and operation on the Stock Exchange that operated based on an asset-light model.

The successful development of the Group is attributable to the innovative vision of the Chairman of the Board, Mr. Hoi Kin Hong, who has instilled his insights and visions since the beginning of the Group's corporate development and driven its evolvement along the way. Adhering to the corporate mission of "Create space full of love", and upholding the corporate values of "simple, true, mutual benefit and endless progression", the Group will continue to uphold the belief of "Honest, Modest, Innovative, Devoted", to build the Group into a well-respected, century-lasting and world-leading operator of city space, and create values for its customers, staff, shareholders and society.





01



Prudent Operation

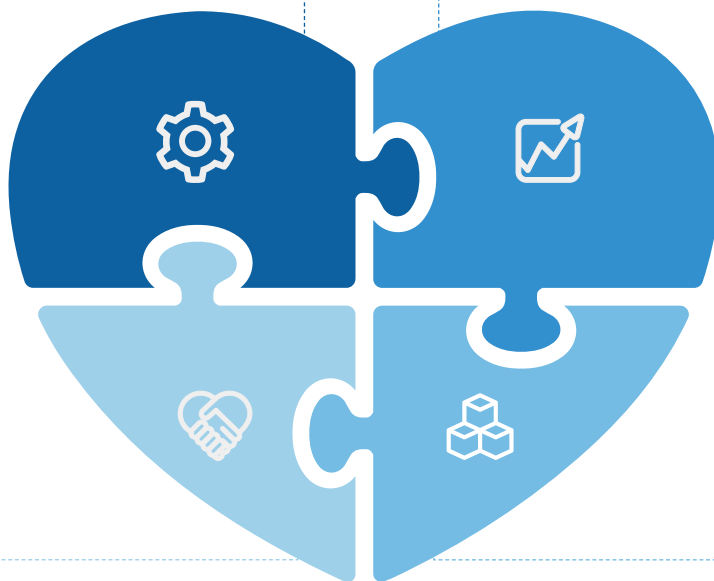
For the year ended 31 December 2020, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operation and residential property management; and (iv) other property development related businesses. During the Reporting Period, property development remained as the main revenue stream of the Group.

Property Development

As at 31 December 2020, the Group had 193 projects across China, including 141 projects in the Yangtze River Delta, accounting for 73% of the Group's portfolio nationwide, with 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 at 31 December 2020, the Group had a land bank amounting to a total GFA of approximately 36.5 million square meters.

Property Investment

As at 31 December 2020, the Group held investment properties, mainly shopping malls, with a total GFA of approximately 5,642,485 square meters.



Commercial Operational Services and Residential Property Management Services

The Group provides commercial operation and residential property management services to the projects developed by the Group and other third parties. For commercial operation service, it includes market positioning and business tenant sourcing services, commercial operation and management services and other value-added services. For residential property management service, it includes pre-sale management service, property management service and community value-added services.

Hotel Business

The Group continued to develop its hotel business as a source of long-term recurring income, including the core businesses of international branded hotels and self-owned branded chain hotels. As at 31 December 2020, the Group owned and managed 8 international branded hotels and 11 self-owned branded chain hotels.

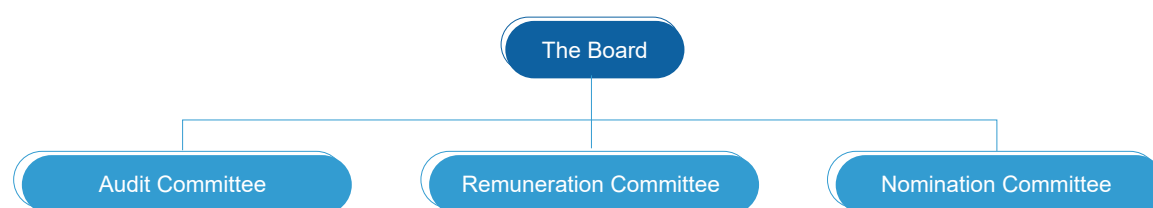
Governance Structure

The Group 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 of the Stock Exchange as its own corporate governance code.

As the supreme governing body of the Group, the Board is ultimately responsible for the Group's business operation and sustainability initiatives. During the Reporting Period, the Group had three Board committees, namely the audit committee (the **"Audit Committee"**), the remuneration committee (the **"Remuneration Committee"**), and the Nomination Committee, for overseeing particular aspects of the Group's affairs. The Board currently consists of nine members, with five executive Directors, one non-executive Director and three independent non-executive Directors, leading and managing the Group to seize and handle the risks or 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. The 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 websites of the Stock Exchange and the Group for the review of shareholders. 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 Company has in place a nomination policy which sets out the selection criteria and procedures to be adopted when considering candidates to be appointed or re-elected as Directors. This nomination policy aims to nominate suitable candidates to the Board. The Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after assessing a number of factors of a candidate, including but not limited to, character for integrity, accomplishment, experience and reputation in the real estate and other related industries, commitment in respect of available time and attention to the Group's business, independence of proposed independent non-executive Directors and diversity in all aspects. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting. The Nomination Committee will review the nomination policy and recommend revision, as appropriate, to the Board for consideration and approval.

The Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board and any measurable objectives that the Company has set for implementing the policy. The Company considered diversity of board members can be achieved through consideration of a number of aspects and measurable objectives, including but not limited to gender, age, ethnicity, language, 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, the ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board. As at 31 December 2020, the ratio of male to female Board members of the Group is 7:2.



While promoting continuous expansion of businesses, a well-established governance structure also allows the Group to combine the concept of sustainability into daily operation, so as to create values for the environment, society, and stakeholders. The Group proactively understands the needs of clients to provide diversified and customised services for clients; insists on technological innovation to develop smart communities with wide application of intelligent technology and improve user experience; remains people-oriented at all times and 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 development of surrounding areas of 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.

In terms of ESG governance, the Group attaches great importance to sustainable development and examines the impact of ESG on the Group's business operation and sustainability initiatives in the course of the Group's operation and management. In order to effectively manage and implement the Group's ESG initiatives, the Group has established a multi-level ESG management system with clear responsibilities, which is composed of the Group's management, various functional departments and subsidiaries. The Board has appointed relevant personnel from the Group's secretariat of the Board for the management of the Group's ESG issues and has established the terms of reference of ESG-related personnel, including the authority, scope, and resources available for work. ESG-related personnel are responsible for establishing and supervising policies and measures related to ESG issues, and regularly reporting their progress and performance to the Board. The Group will continue to improve its ESG management and continuously enhance its level of ESG governance in accordance with the requirements of the Stock Exchange on ESG matters and the actual situation of the Group, and invite external consulting agencies to provide opinions for the further improvement of the ESG management system.








Risk Management and Internal Control

The Board is responsible for supervising and maintaining the Group'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. The Group also actively responds to ESG risks, incorporating ESG matters into the consideration of its corporate development strategies. The Board is responsible for the formulation, update and reporting of the Group's ESG strategies, as well as for the assessment and determination of ESG risks to ensure the effectiveness of the ESG risk management and internal control system.





Senior management is responsible for managing the Group's risk management plan to ensure Powerlong's business operation aligns with the Group's risk management policy based on the changes in the environment and the Group's risk tolerance. Senior management is responsible for the risks arising from the Group's operation, including the alignment of the business strategies with the Group's risk management concept and culture and relevant policies and procedural 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 of 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. Members of the internal audit department meet with senior management regularly to review and evaluate risks and discuss the way forward in resolving major defects of the internal control system, including making relevant changes and finalising the results for the re-evaluation of various risks and the formulation of corresponding response plans.

Risk control objectives:

 Risk on the regulation and control of the real estate market	<ul style="list-style-type: none"> • Keep abreast of the changes of the real estate-related policy control; • Effectively analyse the potential impact and changes to corporate development arising from the regulation and control of policies; • Develop targeted and effective countermeasures to distribute operational risks and help the corporate to adapt to changes in the market environment.
 Risk on the positioning of real estate projects	<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 investment project positioning, so as to meet the market needs, and ensure effective implementation of project positioning through comprehensive collaboration and effective control.
 Risk on the reporting of approval and construction of real estates	<ul style="list-style-type: none"> • Improve the functions of the reporting of approval and construction, strengthen system management, and provide strong support to project development; • Strengthen the capacity building for approval and construction reporting, improve the efficiency of approval and construction reporting, and meet the needs of the project.

 Risk on the contract and procurement of real estate project construction	<ul style="list-style-type: none"> • Standardise projects to accelerate the construction speed; • Formulate supporting policies, reshape the supply ecology, create a win-win environment, and increase the completion rate of plans.
 Risk on the control of real estate cost targets	<ul style="list-style-type: none"> • Manage the progress of cost throughout the life cycle; • Establish a market monitoring system.
 Risk on the safety management of real estate projects	<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 and reduce company loss.
 Risk on the sales of real estate projects	<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.
 Risk on complaints from real estate clients	<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.
 Risk on capital safety	<ul style="list-style-type: none"> • Enrich the financing models and 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.
 Risk on pandemic prevention and control	<ul style="list-style-type: none"> • Exploit resources from all parties and ensure that anti-pandemic materials are in place to relieve employees' worries; • Actively strengthen pandemic prevention and control to ensure all potential means of spreading the pandemic have been blocked; • Strengthen system construction and develop online business to reduce the negative impact of the pandemic on business operations; • Proactively assume social responsibilities and provide practical support for the fight against the pandemic.

Internal control management work:

 Financial control and monitoring	<ul style="list-style-type: none"> • Carry out special financial audits on project companies and the headquarters; • Carry out regular random financial audit on subsidiary companies and joint venture companies.
 Operational control and monitoring	<ul style="list-style-type: none"> • Regularly conduct designated audits on business compliance on high-risk spots of listing companies; • Routine general business audit; • Carry out random audits on the implementation of cost management system and cost management-related work of real estate trading project companies.
 Compliance control and monitoring	<ul style="list-style-type: none"> • Attach importance in all whistleblowing, and carry out investigations based on the reports.
 Risk management	<ul style="list-style-type: none"> • Regularly revise the Company's management system and perform audits; • Supervise the audited unit to implement the rectification plan and management suggestions put forward in the audit.

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 and tax evasion, 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 the chapter "Laws and Regulations That the Group Has Complied With During the Reporting Period" of this Report.

New employees are required to undergo trainings related to integrity and self-discipline 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 subject 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.

"Sunshine Powerlong" was officially released to strengthen internal management

Case

In July 2020, the Group officially released the six major sub-brands, of which the "Sunshine Powerlong" is an integrity construction platform established by the Group. Targeting at cost reduction, efficiency enhancement and the improvement of management, "Sunshine Powerlong" is value and risk-oriented, aiming at creating a fair and just environment, promoting integrity, and strengthening supervision and management.

Back in February 2020, the Group officially launched the "Sunshine Hotline of Powerlong Group", covering its real estate, commerce, hotels, culture, and other major industries, promoting the culture of integrity and self-discipline, improving the quality of products and services, and building a brand image.

After the official release of "Sunshine Powerlong" in July 2020, relevant information of the whistleblowing channels, such as reporting instructions, reporting scope, and reporting rewards are set out publicly in the "Sunshine Powerlong Integrity Brochure" published by the Group. Whistle-blowers can report any malpractices such as violations of regulations and fraud in the course of business cooperation with the Group through WeChat, phone calls, emails or letters. The "Sunshine Powerlong Integrity Brochure" also explains the behaviours that can be reported and the rights of the whistle-blowers. The Group keeps the information of the whistle-blowers strictly confidential. To encourage active whistleblowing, rewards will also be given to whistle-blowers who report significant violations of laws and disciplines or provide essential clues after verification by the Group.



2020 "Sunshine Powerlong Day" was successfully held

Case



9 December is the International Anti-corruption Day established by the United Nations, with 140 countries worldwide having signed the United Nations Convention against Corruption, and the Standing Committee of the National People's Congress of China reviewing and approving the Convention on 27 October 2005. Intending to guide the employees to strengthen their integrity awareness and strictly abide by corporate regulations and systems, Powerlong has set 9 December as the annual "Sunshine Powerlong Day", maintaining a fair and just working and cooperation environment of the Group.

In the morning of 9 December 2020, the Chief Executive Officer of the Group, Mr. Hoi Wa Fong, heads of each department of the headquarter, heads of each business unit, and heads of each business sector, attended the meeting at the main venue of "Sunshine Powerlong Day". The municipal and regional companies from all industries and project companies joined the meeting simultaneously through online meetings.

At the meeting, the supervisory department of the Group introduced the concept and mission of Sunshine Powerlong, various reporting channels, and the significance of the establishment of "Sunshine Powerlong Day". The supervisory department also introduced legal knowledge related to clean governance to the participants, explained the legal provisions that the real estate industry may have a higher chance of violation, business areas of higher risks, and actual cases within the Company, serving as a warning for the participants to uphold the bottom line at heart and speak up to challenge fraud, corruption, and other behaviours that violated discipline and law.



Joining hands to fight against fraud and establish a sunshine system together – Fujian-based Shanghai Real Estate Enterprise Audit and Supervision Alliance was established

Case

On 21 July 2020, the Group and 13 Fujian-based real estate companies stationed in Shanghai jointly initiated the establishment of the "Fujian-based Shanghai Real Estate Enterprise Audit and Supervision Alliance", aiming to create a clean and efficient business environment, to promote member units to better carry out audit and supervision work, to enhance corporate internal control and governance capabilities, and to prevent operational risks. The members of the alliance will achieve joint development and win-win cooperation through information sharing and complementary advantages.

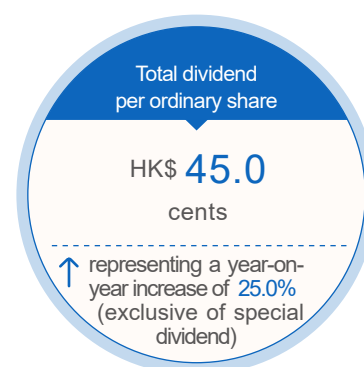
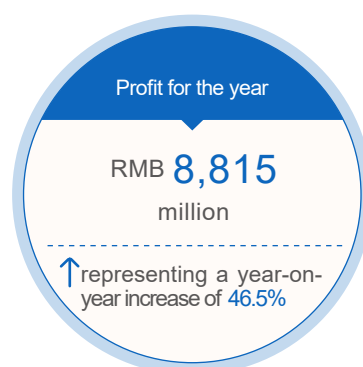


The real estate enterprises jointly signed the Fujian-based Shanghai Real Estate Enterprise Audit and Supervision Alliance Charter and will cooperate in many aspects to establish an information-sharing mechanism for "distrustful personnel and untrustworthy units" between member units. On the basis of abiding by laws and regulations, member units will give priority to recruiting honest personnel, refusing to recruit untrustworthy personnel, and refusing to conduct business cooperation with untrustworthy units. Through sharing of resources and experiences, member units will exchange working experiences and discuss challenging cases regularly. In accordance with relevant policies and needs of the industry, member units will jointly carry out audit and supervision of cooperation projects.

During the Reporting Period, the Group officially released six sub-brands, and "Sunshine Powerlong" is an essential part of the construction of sub-brands, aiming at creating a fair and just environment for the Company to fight against corruption and uphold integrity. The Group's participation in the launch of the "Fujian-based Shanghai Real Estate Enterprise Audit and Supervision Alliance" has allowed the Group to improve the "Sunshine Powerlong" system. Looking forward, the Group will strengthen collaborative exchanges with all alliance members, actively promote the cooperation of the alliance, uphold the values of "simple and real, win-win cooperation, and endless progress", earnestly fulfilling the common obligations stipulated in the alliance charter. The Group will move forward shoulder to shoulder with other member corporates, making unremitting efforts to establish a fair and healthy business environment.



Financial and Operational Highlights¹



This Report presents a summary of the financial and operating results of Powerlong during the Reporting Period. For details, please refer to Powerlong's Annual Report 2020.



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

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

Year Review, Awards and Honours³

January

- Received the “2019 Competent Brand Enterprise”
- Received the title of “Most Valued Real Estate Stock”
- Received the “Most Influential Real Estate Enterprise in 2019” and “Most Valuable Real Estate Listed Companies in 2019”
- Donated HK\$20 million for the battle against COVID-19
- Powerlong CM granted a half-concession of rent to tenants of the Group’s shopping malls

February

- Mr. Hoi Kin Hong, chairman of the Board, donated RMB 500 thousand to support the “Fudan University Medical Fund for Fighting COVID-19”
- Donated RMB 5 million to Fujian Province to support the pandemic prevention and control at Fujian Province



December

- Mr. Hoi Wa Fong, Chief Executive Officer of Powerlong, received the title of “2020 Top 10 Chinese CEO of the Year”
- Received the “Top 50 Real Estate Enterprises in Market Competitiveness 2020”
- Received “2020 (the 16th) Top 100 Advanced Education Units of Chinese Enterprise”



November

- Rated “AA in the Green Index”
- Received the “China Commercial Real Estate Award for Operations and Management Innovation”
- Mr. Hoi Wa Fong, Chief Executive Officer of Powerlong, received the award of “Leading Commercial Property Individuals in China”
- Received the “2020 China Excellent Talent Management Award”
- Jinhua Lanxi Powerlong Plaza (金華蘭溪寶龍廣場), Shaoxing Zhuji Powerlong Plaza (紹興諸暨寶龍廣場), Meide Powerlong Mansion (美的·寶龍世家), Ningbo Powerlong Plaza (寧波寶龍廣場), JUNTELS Penglai Yantai (山東蓬萊寶龍藝瑤酒店) and other projects received the “11th Yuanye Cup Real Estate Garden Award”
- Ningbo Powerlong Square (寧波寶龍廣場) received the “2020 Honorable Mentions of Architecture MasterPrize – Landscape Architecture (Commercial)”
- 2020 Reverse Roadshow was successfully held to comprehensively illustrate Powerlong’s ingenuity and professional strength in the field of commercial real estate development and management to investors and analysts

³ Part of the major business achievements and honours won by the Group during the Reporting Period are listed in this section.

March

- Received the honorary titles of “2020 Best 50 of China Real Estate Enterprises”, “2019-2020 China Real Estate Developers with High Social Responsibility” and “2019-2020 China Benchmarking Real Estate Developers for Poverty Alleviation”



April

- Received the “2020 City Operator”
- Received the honours of “Blue Chips Enterprises”
- The Powerlong Art Museum operated by the Group received the “National Fine Arts Golden Star Award | Top Ten Institutions of the Year”

September

- Officially launched the “Hoi Kin Hong Foundation”
- Received the “2020 TOP 10 Brands of China Commercial Real Estate Companies”



July

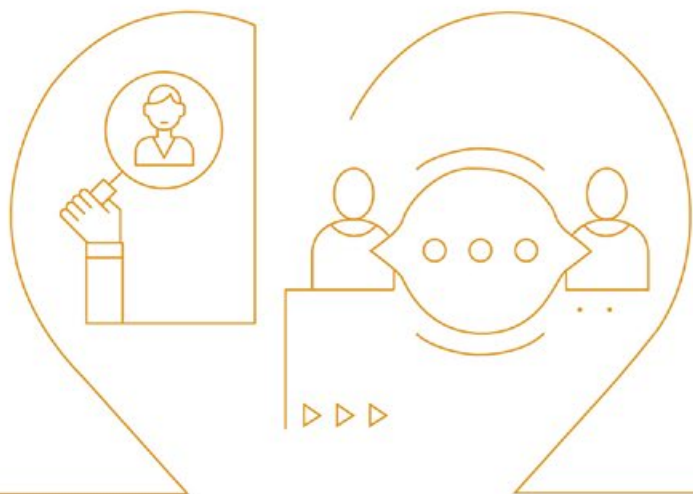
- Received the “2020 Top 10 Chinese Green Property Award”
- Hangzhou Taoyuan Powerlong Plaza received the “2020 Top 10 Chinese Green Public Constructions”
- Ranked No. 4 in the “2020 Top 50 Value of Chinese Commercial Real Estate Brand”



RESPONSIBLE COMMUNICATION

The Group attaches great importance to the communication with its major stakeholders, actively listening and responding to the requests of different stakeholders through various channels, thereby further achieving the sustainable development of the Group while improving its internal management.





02






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

whether the person or group has invested or will invest in the Group

whether the person or group has an influence on the business operation of the Group

whether the person or group has interests or is affected by the Group's business, products and services, and its relationship with the Group

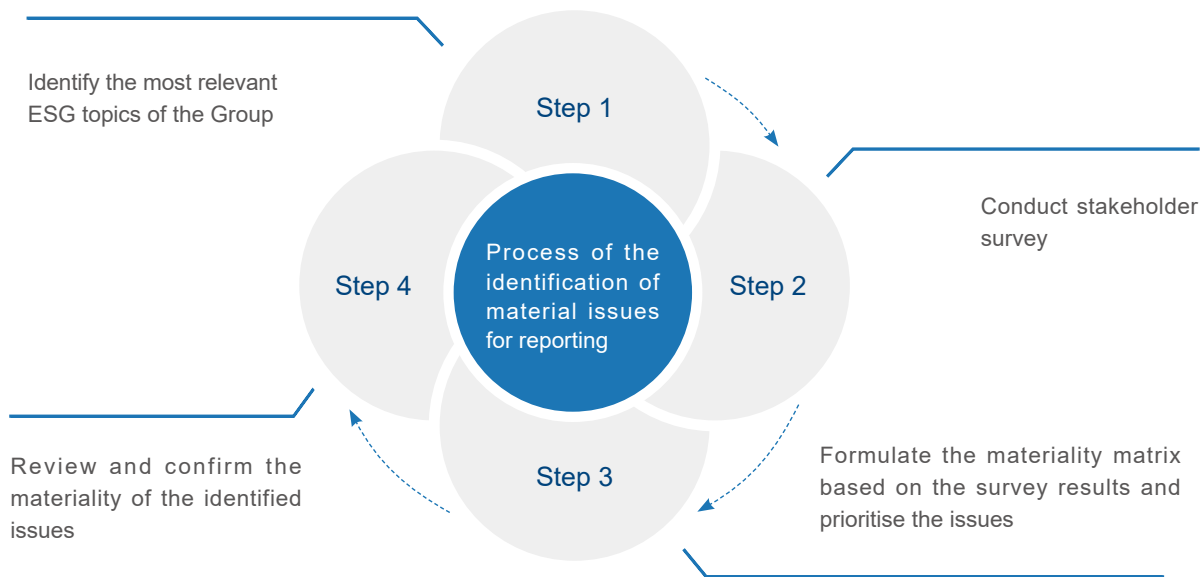
Stakeholder Engagement

Key Stakeholders	Expectations	Responses	Actions in 2020
 Governmental Departments	<ul style="list-style-type: none"> • Policy implementation • Tax contribution • Environmental protection • Information disclosure 	<ul style="list-style-type: none"> • Accept governmental supervision and inspection • Proactive 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 • Income tax expenses in 2020 amounted to RMB 4,468 million, representing a year-to-year increase of 16.4% • The certified green building GFA for developed projects cumulatively reached approximately 8.66 million square meters
 Investors (Shareholders)	<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 • Company website • Corporate communication • Delegations • One-on-one conference • Investment banking forum • International roadshow 	<ul style="list-style-type: none"> • Regularly published annual report and interim report • Published announcements and notices promptly in accordance with requirements of the Stock Exchange • Convened and held the annual general meeting in 2020 • The Group was invited to participate in 24 investor relations events, meeting with over 600 investors • Held a reverse roadshow
 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 2020
 <p>Clients (shopping mall and hotel customers, residents in residential property and commercial building tenants)</p>	<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 and disaster relief drills • Waste separation and recycling 	<ul style="list-style-type: none"> • Implemented a "Client-oriented Plan" • Engaged third party organisations to carry out client survey in commercial mall based on actual situation • Refined client privacy protection work • 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 separation and recycling in shopping malls, hotels, residential properties, and office buildings
 <p>Suppliers, Contractors, and Partners</p>	<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 • Consider environmental and social factors in supplier reviews 	<ul style="list-style-type: none"> • Refined supplier recommendation and procurement standards for supplier • Signed the Clean and Law-abiding Guarantee with suppliers and contractors
 <p>Communities and the Public</p>	<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"> • Actively participated in the anti-pandemic work and resource donation • Launched the "Hoi Kin Hong Foundation"
 <p>Media</p>	<ul style="list-style-type: none"> • Timely communication 	<ul style="list-style-type: none"> • Organise media events on a regular basis 	<ul style="list-style-type: none"> • Held a press conference for the 30th anniversary of the establishment of the Group, inviting nearly a hundred of media from all over the country to attend
 <p>Commercial Tenants</p>	<ul style="list-style-type: none"> • Mutual benefit and win-win • Transparency and equality • Timely communication 	<ul style="list-style-type: none"> • Examine and verify 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 numerous domestic high-quality brands • Reached long-term strategic cooperative relationship with excellent commercial tenants

Materiality Assessment

In order to enable this Report to mostly reflect the Group's influences on the three aspects (environmental, social and governance), and taking into account the key stakeholders' informational needs of the Group in relation to the above areas, the Group determined the material issues to be disclosed in the 2020 ESG Report through the following materiality assessment process.

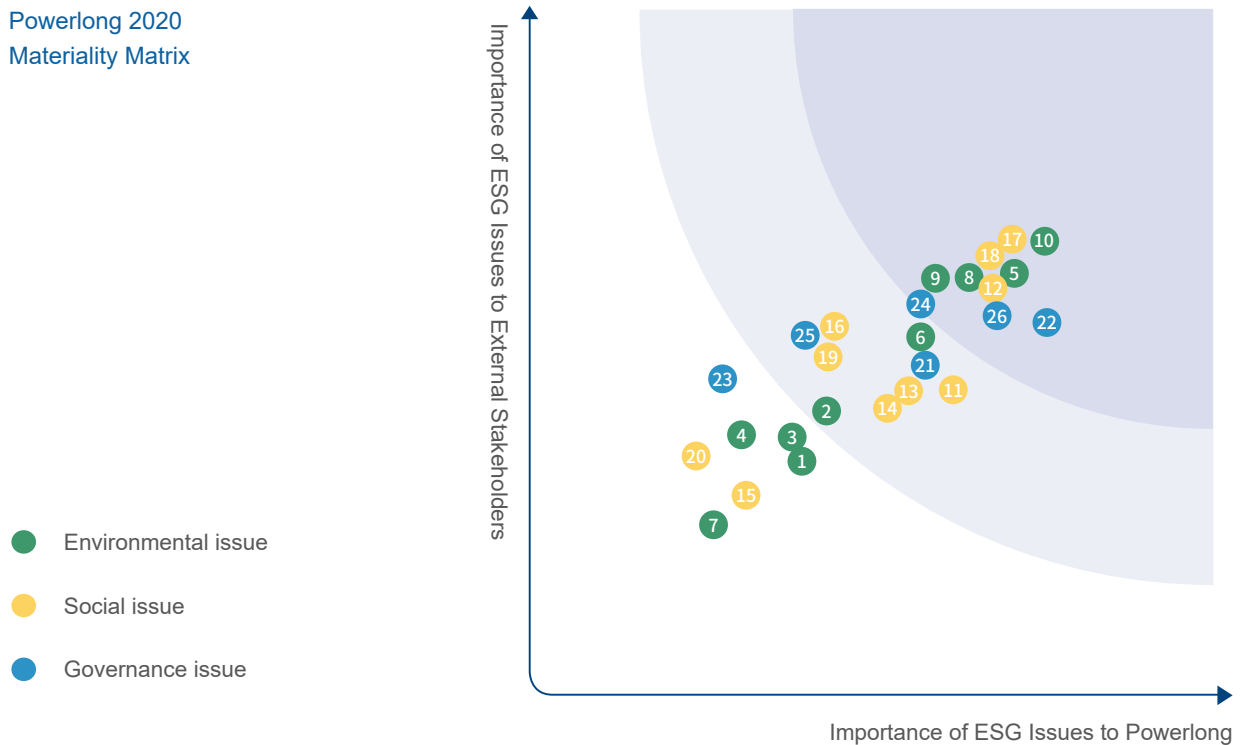


In the process of identifying the most relevant ESG issues related to the Group, the Group considered its strategy and business characteristics, made reference to sustainability-related standards or guidelines, and took into consideration of the current industry context and trends.

In order of identifying ESG issues that are of most concern to the Group's key stakeholders, the Group conducts a comprehensive materiality assessment once a year, thereby confirming information to be highlighted in this Report. During the preparation period of this Report, the Group conducted a survey on material issues with the assistance of a professional consultancy firm.

During the Reporting Period, the Group collected and solicited opinions from key stakeholders in the form of anonymous online questionnaires. A total of 1,556 valid questionnaires were collected from the Group's management, governmental departments, investors, employees, clients, suppliers, contractors, partners, community and the public, media, and commercial tenants. The material issues of the Report were finalised based on the feedback from stakeholders and the Group's confirmation of the survey results.

Powerlong 2020
Materiality Matrix



Environmental Issues	Social Issues	Governance Issues
<ul style="list-style-type: none"> 1 Air emission and management 2 Wastewater discharge and management 3 Solid waste disposal and management 4 Greenhouse gas ("GHG") emission and management 5 Use of energy and conservation 6 Use of water resources and conservation 7 Respond to climate change 8 Protection of ecological environment and natural resources 9 Greening of surrounding areas of projects 10 Development and operation of green projects 	<ul style="list-style-type: none"> 11 Employment and employee welfare 12 Occupational health and safety 13 Vocational development and training of employees 14 Abide by statutory labour standards 15 Supply chain management 16 Protection of legitimate rights and interests of employees 17 Product and service quality 18 Health and safety of clients 19 Client information protection 20 Community investment and involvement in surrounding areas of projects 	<ul style="list-style-type: none"> 21 Internal corporate anti-corruption 22 Financial performance and investor interests 23 Resist from unethical commercial competition 24 Disclosure of compliance information 25 Social and economic compliance 26 Corporate operational risk and crisis handling

Based on the comprehensive analysis of the data and information collected in the survey, the Group obtained the materiality survey results as shown in the matrix above and identified 18 material issues⁴ that are of most importance to the stakeholders who participated in the survey. In complying with the ESG disclosure requirement of "comply or explain" set out in the ESG Reporting Guide under Appendix 27 of the Listing Rules issued by the Stock Exchange, this Report focuses on the material issues to report relevant management measures and performances, thus responding to relevant stakeholders' demand on the Group's environmental and social information.

⁴ As shown in the bolded text.

SINCERE SERVICES

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

The Group strictly complies with laws and regulations in the locations where it operates 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 the chapter "Laws and Regulations That the Group Has Complied With During the Reporting Period" of this 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 that had a significant impact on the Group.





03



High-quality Property Development

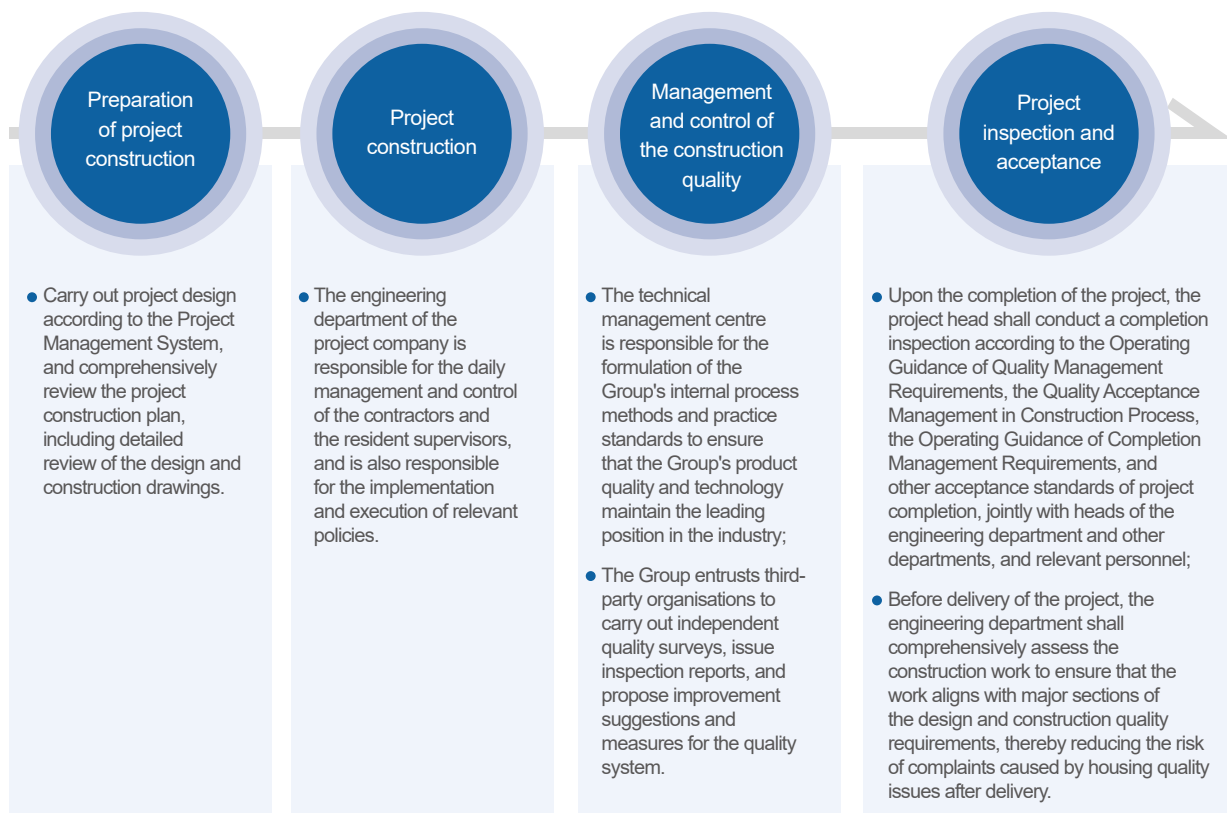
The Group clearly understands the importance of product quality and safety to clients, society, and corporate reputation. The Group considers “Quality Products” as its working direction, and is committed to setting up a quality system, instilling the notion of quality into the Group’s gene, thus continuously improving 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, thereby ensuring the products with the best quality are offered to clients and assuming its social responsibility.

The Group has established the internal Project Management Policy to specify the requirements for projects from their planning to construction, as well as detailed quality control and final delivery inspection. The Group has set up a system for regular working meetings with contractors and material suppliers during the construction process. Through regular meetings, the project status, progress, and issues can be negotiated and solved in time to avoid damages to the project caused by quality problems.

The Group has established a set of sound quality assurance systems and completion acceptance systems, such as the Operating Guidance of Quality Management Requirements, the Quality Acceptance Management in Construction Process, and the Operating Guidance of Completion Management Requirements. Comprehensive inspections before acceptance are carried out for each stage and item of the project to ensure that the products meet the national standards and can be delivered with outstanding quality. In addition, the Group has adopted stringent monitoring standards for regular inspections on the quality of projects under construction. During the Reporting Period, the Group did not experience any violation of laws and regulations related to health and safety of products that has a significant impact on the Group.

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



The Group not only focuses on the quality of the property but also considers the health and comfort of clients, proactively obtaining relevant green building certifications to enhance the confidence of the clients in its products. During the Reporting Period, leveraging on the Group's pursuit of project development quality, design, and planning, many of the Group's commercial complexes, office buildings, hotels, and residential projects won a number of design, technology, and quality awards, including Xiamen Powerlong One Mall (廈門寶龍一城), Ningbo Powerlong One Mall (寧波寶龍一城), Shaoxing Zhuji Powerlong Plaza (紹興諸暨寶龍廣場) and JUNTELS Penglai Yantai (山東蓬萊寶龍藝珺酒店).




Xiamen Powerlong One Mall (廈門寶龍一城)

Case

Xiamen Powerlong One Mall is located at the lakeside reservoir area in eastern Xiamen, with a total GFA of 0.4 million square metres. It integrates boutique shopping, business office, dining and entertainment, and other functions into a large-scale high-end urban complex at the West Coast Economic Zone, with the features of aggregating high-end brands, rich business combinations, classic architectural style, and interpretations of diverse international business trend. The project was awarded the First-Class Prize of the Shanghai City Excellent Geotechnical Investigations and Design Award during the Reporting Period.



Considerate Client Services



As a complex operator focused on commercial real estate, the Group continuously keeps pace with the needs of clients, pursuing in providing attentive services to clients. 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.



Also, with the aim 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 through various means including but not limited to the following:



Annual client satisfaction survey



Visit clients in person or make client calls



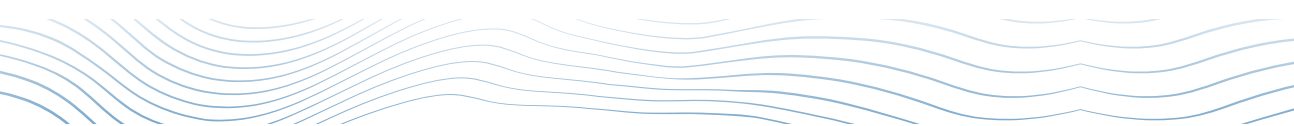
"Mysterious client" evaluations



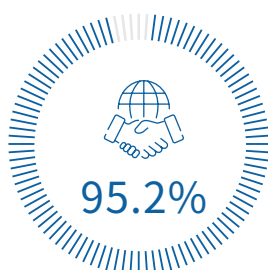
On-site survey during client events



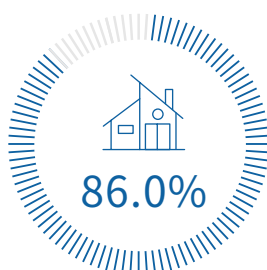
Environment maintenance inspection at the residential properties



2020



Average client satisfaction of the commercial sector



Average resident satisfaction of the residential property management centre



Average client satisfaction of the hotel operation

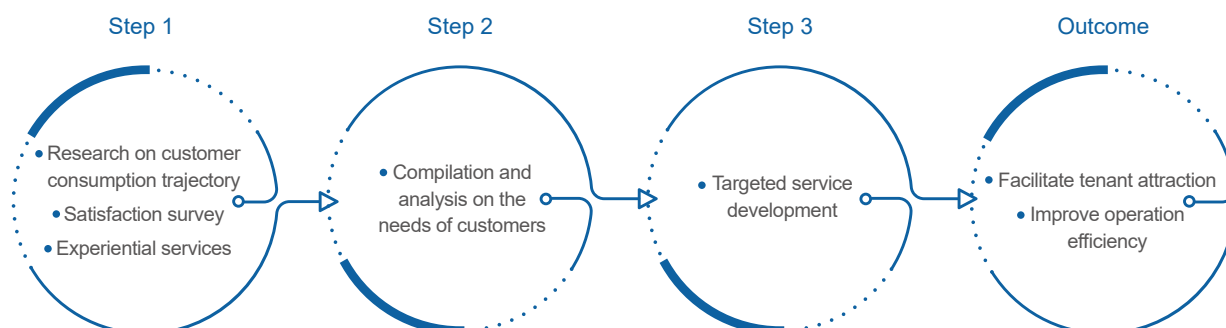
All client service personnel of commercial operation, residential property management, and hotel operation are required to record in detail on the complaints, suggestions, and comments related to services from clients. The documented cases shall be forwarded to appropriate departments for timely follow-up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

Commercial and Property Management Business Operation

Commercial Operation

During the operation of commercial properties, the Group always places clients' satisfaction with the Group's services as the first priority. The Group has continued to implement the "Customer-oriented Programme", listening and responding to clients in a timely manner, so as to constantly strengthen its relationship with clients. The business operation centre of the Group also entrusts third-party institutions to conduct investigations on plazas according to the actual situations. Corrective and preventive measures are taken with reference to comments and suggestions put forward by clients regarding the management and services, thereby improving the content and quality of services.

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





Simultaneous advancement of multiple digital channels to build sustainable business capabilities

Case

The Group has been actively practising the development strategy of technological empowerment and promoting the development of digital shopping malls. On 28 February 2020, the Group connected the WeChat Livestream and the "Powerlong Yoyo" (寶龍悠悠) membership mini programme, incorporating online marketing channels for tenants on top of the original functions of the mini programme. Also, the Group utilised its membership mini programme at shopping malls to achieve the closed loop of online and offline member interactions and merchandise sales. The livestreaming platform "Powerlong Yoxiu" was launched at the Powerlong WeChat mini programme to allow tailor-made livestream for tenants of different business nature and product types and provide tenants with scenario platforms from the supply side.

Also, a number of the Group's shopping mall distributed shopping vouchers "Yopai Shopping Voucher". Clients can use the "Yopai" lucky draw terminal at the mini programme "Powerlong Yoyo" to receive shopping vouchers and pay through WeChat Pay, thus achieving offline and online interactions of clients.



The realisation of the new functions of "Powerlong Yoxiu" and "Yopai" will help to promote the Group's digital and intelligent transformation. In the future, the Group will continue to collaborate with information technology companies, jointly researching and co-creating the cutting-edge trends and best practices of digital transformation. Striving to combine technology, applications and resources, the Group will continue to advance with technological empowerment, thus promoting the digitalisation of business and the Group's continuous development.



Joining hands with Zhejiang Xinghui to explore new grounds for commercial development

Case

On 10 July 2020, the Group and Zhejiang Xinghui Commercial Management Company Ltd. (“Zhejiang Xinghui”) held a joint venture press conference with the theme of “Dragons to Sparkle under the Stars, Sharing the Future” at Hangzhou Binjiang Powerlong Art Centre. During the conference, witnessed by the teams of both parties, guests from the industry and mainstream media, the Group and Zhejiang Xinghui entered formal cooperation and jointly funded the establishment of “Zhejiang Powerlong Xinghui Commercial Management Company Limited” to explore new grounds for commercial development.

Combining the characteristics of the Group’s “technological empowerment” and Zhejiang Xinghui’s “featured customisation”, the new joint venture company will pioneer the commercial positioning of “smart + customisation”. Driven by “featured business” and “themed blocks”, the new joint venture company will reshape existing blocks with location-specific approaches centring on the development level of urban economy, local culture, heritage, and targeted client groups, and will enter the commercial market segment through personalised and refined operation management. This cooperation will allow the Group and Zhejiang Xinghui to derive new product and service content based on the existing product line, adjust and improve new development ideas, drive the constant business upgrade, and continuously deepen and expand diversified services. Through more professional management and more qualified products, the Group and Zhejiang Xinghui will expand their management scale and improve the service efficiency, continuously focusing and consolidating the leading position in the Yangtze River Delta region.



Property Management

In terms of 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 properties and tenants in office buildings. Up-to-date property information, such as weather forecast, travel guide, and water supply and power supply facilities maintenance conditions, are also sent to residents through the Group's official account on WeChat and other platforms. The Group strives to optimise the infrastructure and community environment from the perspective of the health and comfort of residents in residential properties and tenants in office buildings.

In addition, the Group regularly arranges fire drills for properties in the view of enhancing the emergency response capacity of the residents in residential properties and tenants in office buildings and preventing fire hazards. The Group also organises a wide range of activities for residents in residential properties and tenants in office buildings, thereby providing a communication platform for residents and tenants to create a harmonious atmosphere. In addition, the Group implemented 24-hour inspections in the community during the pandemic to ensure the safety of residents in residential properties and tenants in office buildings. At the same time, the Group purchases daily necessities for the residents, and removes and transports domestic waste in a timely manner, sending care to residents and tenants with a meticulous attitude.



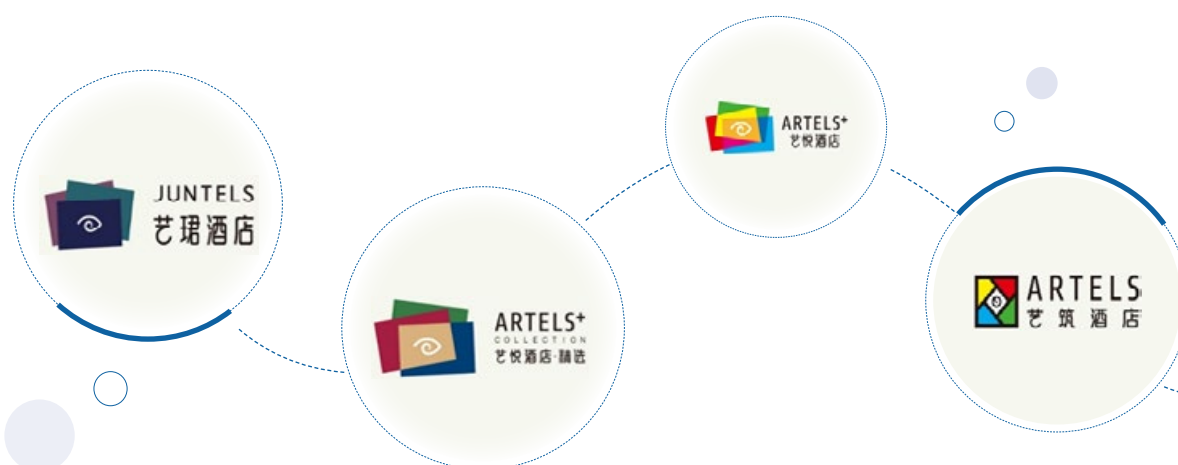
Hotel Operation

Providing every hotel guest with comfortable experiences and high-quality services are always the Group's pursuit. The Group's hotel business revolves around international branded hotels and self-owned branded chain hotels as the core for the continuous promotion of the "dual channels" compound development. In recent years, the hotel group under the Group has 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 numerous well-known international hotel brands to create a series of high-end hotels to satisfy clients' needs. Such hotel brands include Le Meridien, Radisson, Radisson Blu, Four Points by Sheraton, Aloft, and Wyndham.



Taking "JUNTELS", "ARTELS+ Collection", "ARTELS+", and "ARTELS" as the product brand line of the Group's self-owned branded chain hotels, the Group intricately constructed every detail from the design and planning of hotels, construction and decoration to hotel facilities. The Group is committed to reflecting the city's distinct charm where the hotel is located and incorporating the local culture, style, and history, allowing 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 11 self-owned branded chain hotels, which constitute a complete product line of the Group's self-owned branded chain hotels.

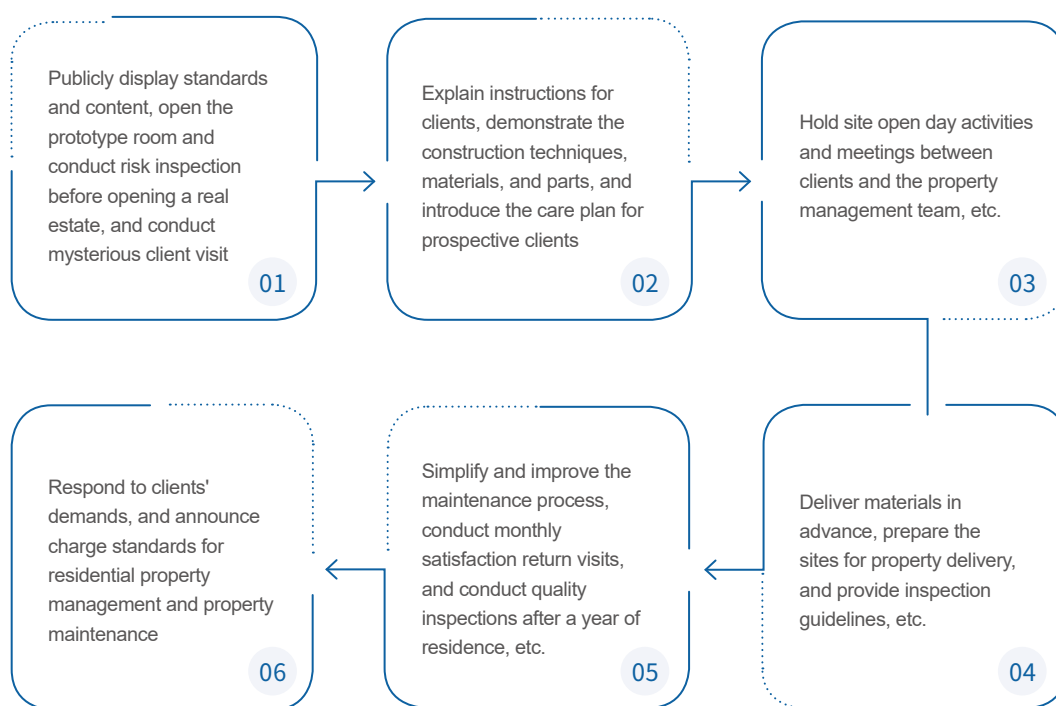


The Group continuously explores ways to improve guests' experiences by upgrading and renovating hotel facilities whenever necessary and seizing every opportunity to bring guests an enjoyable stay and meet their needs. Intending to continue the Group's commitment to providing a healthy environment for guests, non-smoking guest rooms, as well as non-smoking areas in restaurants, public space, and ancillary facilities have been set up in all hotels of the Group during the Reporting Period. 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 Rights and Interests Protection

In terms of after-sales service and warranty period maintenance, the Group has established the property management department for the work related to property management and repair and maintenance after the completion of projects. The Guidelines on Property Opening, Handover, and Handover after the expiration of Warranty Period formulated by the Group ensures the quality of the property maintenance after the handover of properties. Indicators such as property design, property quality, and property repair are evaluated through client satisfaction surveys, thus allowing us to understand clients' comments on the property and to follow up and solve any quality issues of the property.

Continuous care 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, handling 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 rights and interests of clients through improving the current policies and following up the rectification of services.

The Group attaches great importance to 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 systems 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 viewing, copying and destroying at will are prohibited;
- Client data stored in the system are 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 the leakage of any information from the document is strictly prohibited.

During the course of property operation and hotel operation, we stringently protect the safety of clients and require all employees to perform and uphold their duty of ensuring public safety. The Group provides clients with safe and secure living and staying experiences at residential properties and hotels through strict management and control of outsiders, detailed interrogation of strangers, registration, and check-in for temporary entry into residential properties, 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. Intellectual property management is inseparable from the corporate brand strategy and requires the participation of all employees. 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

Fully acknowledging its environmental responsibilities as a corporate citizen, the Group actively responds to the national call to “be committed to harmony between human and nature, dedicated in the prioritisation of ecological conservation and green development, and resolutely fight the battle for prevention and control of pollution”, continues to improve its environmental management system, jointly tackling climate change and other environmental issues through utilisation of expertise in green construction and other areas.

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 the chapter “Laws and Regulations That the Group Has Complied With During the Reporting Period” of this Report.

In terms of environmental management, the Group takes reference from standards in China and locations where it operates, integrates the ISO14001 Environmental Management System, and adopts the “PDCA⁵” model, thus formulating environmental policies based on the Group’s actual operating conditions. The Group aims to reduce air emissions and waste generation and enhance energy and water efficiency. Through implementing and executing relevant policies and continuously evaluating the results achieved by the implementation of policies, the Group further optimises relevant policies and determines future working plans, thereby ensuring continuous improvement of the Group’s environmental performances. For detailed information on the environmental performance, please refer to the chapter “Performance Summary” of this Report.

During the Reporting Period, the Group did not receive any confirmed violation or complaint about violation of relevant environmental laws and regulations that have a significant impact on the Group.

⁵ Refers to the “Plan, Do, Check, Act” continuous improvement cycle.





04



Green Property Development

The city is a crucial component of the development of human society, and buildings are the infrastructure of a city. With the continuous acceleration of urbanisation in China, people's life has been gradually integrated with all kinds of buildings, where shopping malls, office buildings, and residential properties have constituted the daily life of urban residents, and hotels and cultural venues have provided a spiritual world for busy urbanites. The Group adheres to the concept of green development, with the spirit of "ingenuity" and innovative technology, promoting the harmonious coexistence between buildings and the environment.

The 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 designs and concepts in the project planning and construction, not only the overall energy consumption of the project building has been reduced, but clients are also allowed to experience the environmental-friendly and comfortable natural indoor space to the greatest extent, further guiding the green living and working styles of clients.



> Energy saving and energy utilisation of buildings

In order to reduce energy consumption and improve the energy efficiency of buildings during daily use as far as possible, the Group has developed a comprehensive and detailed construction environmental standard:

- Municipal heat sources are used for central heating, where all heating is metered by households. 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;
- Thick reinforced concrete and thick extruded polystyrene foam plastic board are used in building roofs, while the exterior walls are made of thick Grade-A EPS modified polystyrene board, allowing more robust thermal insulation;
- Energy-saving lightings are used 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.



> Greening public area

The Group actively introduces gardening to each project through reasonable landscaping, thereby alleviating the urban heat island effect around the project:

- Local plant species are selected for plantation, including tree species such as Cherry Plum, Chinese Scholartree, Maidenhair Tree, Mono Maple, Lacebark Pine, Chinese Pine, and Purous Privet; shrub species such as Common Crepe Myrtle, Shrub Althaea, Flowering Almond, and Japanese Photinia; and ground cover species such as Evergreen Euonymus, Hybrida Vicary Privet, China Rose, Winter Jasmine, Green Bamboo, and Common Nandina; and
- The design principle of people-oriented has been adopted in the gardening of residential properties, thereby striving to create a liveable environment.

As of the end of the Reporting Period,

the Group owned **8,182** trees

with a height of 5 metres and above.



> Energy saving and energy utilisation of buildings

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

- Water-saving irrigation is implemented, and water metres are set according to their purposes; and
- Large-scale green area and permeable brick are designed and used in outdoor areas to increase rainwater infiltration. Low-terrain green space is set up on both sides of the roads in residential properties to facilitate local rainwater absorption.

> Optimising the use of materials and resources

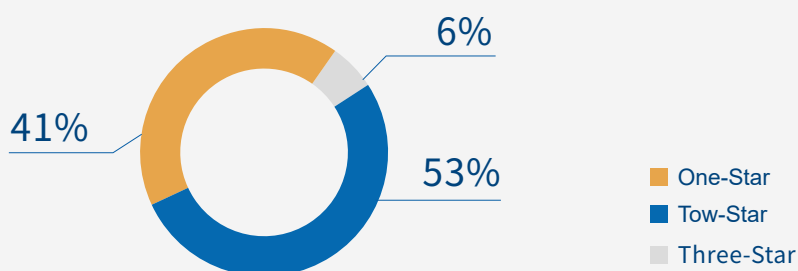
The Group also considers the reasonable use of various building materials and resources in the project construction process in hopes to further improve the environmental friendliness of buildings:

- Local procurement is implemented for purchasing construction materials to reduce energy consumption due to long-distance transportation; and
- Shear wall structure is adopted, while aerated block materials with lighter weight are used for filling wall, and premixed concrete is used.

> Green building certification

As of the end of the Reporting Period, the total certified green building area⁶ of the Group amounted to 8.66 million square metres, representing a year-on-year increase of 64.7%.

Accumulated Area Passed the Green Building Certification in 2020



⁶ According to Green Building Evaluation Standard (GB-T 50378-2019), a national standard of the PRC.

Shaoxing Zhuji Powerlong Plaza (紹興諸暨寶龍廣場)

Case

As one of the three cores of Zhuji's urban development, Zhuji Powerlong Plaza has become the core of Zhuji's western area due to the convenient railway and highway transportation. The design of the project draws on Zhuji's representative landscape and cultural features to create a natural green landscape in the city. The overall design and planning of Zhuji Powerlong Plaza was inspired by landscapes, creating a comfortable and pleasant commercial shopping atmosphere through the dense trees and water features of the central park. In 2020, Zhuji Powerlong Plaza won the Silver Award of Yuanye Cup Real Estate Garden Award (Project Category) and was selected as the "2020 China Green Creativity Benchmark".



Hangzhou Taoyuan Powerlong Plaza (杭州桃源寶龍廣場)

Case

Located in Gongshu District, Hangzhou, Hangzhou Taoyuan Powerlong Plaza is a comprehensive building complex integrating commerce and office and has obtained Three-star of the Green Building Standard. As one of the key projects of Powerlong in green building, Hangzhou Taoyuan Powerlong Plaza incorporates the design of a sponge city and adopts a rainwater recovery system, which the clean rainwater after treatment will be reused for green irrigation, and road and garage washing. The green design of the project allows water-saving and eases the pressure on the local water supply. In 2020, Hangzhou Taoyuan Powerlong Plaza won the title of "Top 10 Green Public Buildings in China".



Green Construction Management

In the course of property development, the Group strictly abides by relevant environmental laws in the locations where it operates and adopts control measures to reduce crucial environmental impact arising from constructions through formulating and implementing green construction requirements, thereby minimising the adverse impact of project construction on the surrounding environment.



Green Operation

The Group attaches great importance to reducing the environmental impact of its operation and contributes to energy saving, reducing the use of resources, and reducing air emissions through implementing various internal policies and systems on energy saving and emission reduction. In addition, the Group pays attention to the prevention and mitigation of the potential pollution caused by human negligence during operation. 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. In terms of 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 at the most economical operation condition.

Making active responses to climate change and accelerating green and low-carbon development is an internal requirement of realising sustainable development and promoting ecological civilisation construction. Hence, it is expected that national strategies will be proactively implemented by the PRC government with an aim to tackle climate change and to meet the target of reducing GHG emissions. The Group acknowledges the significant risks and opportunities brought by climate change to its businesses, including but not limited to possible changes in climate-related policies, laws and regulations which may increase compliance and operating costs, and natural disasters such as floods, severe typhoons, abnormal heat waves, etc. that may seriously affect the Group's business operations. Thus, the Group is committed to mitigating the impact of climate change and fully optimising the resource efficiency of its business operations. The Group will actively introduce internal policies and procedures in order to identify climate-related risks, assess the actual and potential impacts of climate-related risks and opportunities, and to formulate strategies to adapt to the potential implications of climate change. As a property developer, the Group's impact on climate change mainly includes energy consumption, air emissions and GHG emissions. The Group is dedicated to reducing the intensity of GHG emission through investing in green buildings, enhancing system efficiencies, optimising the use of energy and other green measures, thus further alleviating the environmental impact of the Group's business operation while enhancing the Group's capability to cope with climate change and minimising its impact on climate change.

The Group's shopping malls, hotels, residential properties, and office buildings have implemented green procurement principles, including:

- Assess the necessity of 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 selecting products with higher durability and energy efficiency;
- Consider relevant emissions, pollutants, energy and water use at all stages of the product lifecycle;
- Reduce the purchase of products with hazardous substances;
- Consider more on the disposal approach after the end of the product lifecycle, including reuse, maintenance, recycling, and disposal.

By formulating the Guidelines for Energy Management and other internal management policies, each shopping mall, hotel, residential property, and office building carry out classified comprehensive energy management from the aspects of lighting, heating, cooling, use of domestic water, and power distribution. The Group's shopping malls, hotels, residential properties, and office buildings implement refined management during daily operations, to which the engineering director is entrusted for the overall energy management to achieve the targets of energy-saving and emission reduction. In order to reduce the use of non-renewable energy, the Group prioritises the use of solar water heating system, and uses natural gas as an auxiliary heat source.

Additionally, the Group also strengthens the daily maintenance and management of water appliances, conducting non-scheduled inspections on the water usage of each district to prevent overflowing and long-flowing of water taps. Due to the Group's business nature, municipal water and circulating water are used in all operating properties owned by the Group, and thus does not face any issues in sourcing water that is fit for purpose.

Although the Group has adopted diversified green measures in the course of its operations, some of the environmental data increased accordingly during the Reporting Period in response to business needs. 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 0.15 MWh, representing a slight increase as compared to the last reporting period. The Group will continue to implement more green measures in the future, further promoting the sustainable development of the business.

Green Management

The Group pays close attention to the materials used in construction projects and applies environmental-friendly principles in the project design process. The Group strives to reduce the environmental impacts at the locations where it operates and requires contractors to use precast materials that are poured integrally and with a modular design. The Group's hotel and commercial operation segments have established long-term cooperation with qualified waste recycling companies to ensure that domestic waste and hazardous waste are properly disposed of.

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

The Group establishes specific 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 13.26 kg, representing an increase as compared to the last reporting period. The Group will continue to implement more waste reduction measures in the future, minimising the environmental impact of business operations as much as possible.





Green Supply Chain

The Group believes its green development is inseparable from the support of its partners. In order to improve the overall environmental management ability of corporate operations, identify and avoid environmental risks, and promote sustainable development, the Group voluntarily joined the “Green Supply Chain in Real Estate Industry in China” (“**Green Supply Chain**”), focusing on the monitoring of 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. When selecting wood products, priorities will be given to member companies of the Global Forest & Trade Network to support responsible and sustainable enterprises in the forest product industry. The Group has included relevant terms on environmental protection in its contracts with suppliers, as well as a series of clauses requiring payment to migrant workers and protection of their rights and interests.

As a participant of the Green Supply Chain, the Group follows the procurement principles for operation materials from the 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:



Balance economic and environmental benefits and consider the development stage of the industry to establish practical green procurement standards for real estate. Prioritise the procurement of raw materials, products and services that are environmental-friendly, energy-efficient, and easy to recycle and reuse.



Create a green supply chain and establish a transparent and fair green assessment system and standards. Continuously optimise the procurement standards and systems and comprehensively consider energy-saving and environmental-friendly factors in the aspects of product design, procurement, production, packaging, logistics, sales, service, recycling, and reuse, so as to undertake the social responsibility of environmental protection, energy-saving, and emission reduction, with the upstream and downstream corporates and jointly creating a green supply chain.



The Group takes the interests of clients as the priority and considers the indoor living environment quality of each commercial project and property. The Group adopts standards that are higher than the national level when selecting some of the decoration materials, 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, specifically formulating the shortlist criteria for suppliers on engineering, strategic planning, and operation to set out the requirements regarding professional qualification, corporate scale, and other additional conditions of suppliers. The Group will further expand the green procurement list.

The Group insists that suppliers' environmental and social performances should be taken as the procurement selection criteria, so as to effectively manage the environmental and social risks of the supply chain. The Group cooperates with its peers to share supplier information for forming and publishing the "white list" of green procurement regularly. Advocating the procurement principle of fair, impartial and openness, as well as a highly transparent procurement, the Group upholds the concept of win-win cooperation with its suppliers and maintains long-term cooperative relations with outstanding 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, including a credit check, where the supplier will only be shortlisted if there is no illegal record. The Group will also investigate the historical performance of suppliers and review 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 the 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 has set out straightforward integrity and law-abiding terms, as well as complaint reporting channels in the contracts and its official website.

In addition, the Group will evaluate the quality and safety of project delivery, study clients' opinions and feedback on the project, and promptly rectify the problem. Cooperation opportunities will not be given to project suppliers with low evaluation scores. If the construction quality of the supplier does not meet the standards listed in contracts, or the supplier's service is being complained about by clients, the Group will negotiate with the responsible supplier and charge a fine according to the contract.

CARING FOR EMPLOYEES

The Group is committed to creating a supportive, safe and healthy working environment for employees with the principle of fairness and justice. The Group fully respects and protects the fundamental rights and interests of every employee, implements a diversified talent development strategy, pays attention to the growth of employee, and builds a career platform for employees to show their talents and ideas. At the same time, the Group 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, diversity, anti-discrimination, and other benefits and welfare, and laws and regulations related to the 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 the chapter "Laws and Regulations That the Group Has Complied With During the Reporting Period" of this Report.

The Group has summarised, formulated, and implemented the Human Resources Management System Compilation in accordance with relevant laws and regulations and based on its own circumstances. The Group and its subsidiaries are required to strictly enforce the aforementioned laws and systems have set out detailed requirements relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, training and development, other benefits and welfare, and the prevention of child labour and forced labour. Additionally, the Group advocates an equal and diversified human resource management policy and will not discriminate against employees due to their race, nationality, ethnicity, gender and other factors. During the Reporting Period, the Group did not receive any cases about infringement of employee rights and benefits.





05



Optimising Employment Management

Attaching Importance to Talent Recruitment

Attaching great importance to the promotion of corporate culture, the Group fully considers the capability of talents, as well as their compatibility with the corporate culture in employment. The Group believes the goal of a joint development between employees and the Group can only be achieved if employees 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 recruitment. At the same time, the Group strictly examines the information of all applicants during the recruitment process, thus ensuring the applicants have reached the legal age for employment, and resolutely refraining from employing child labour. During the Reporting Period, the Group did not receive any cases of child labour.

During the probation period, employees of the Group can propose to terminate the labour contract, however a written report must be submitted at least three days in advance. If, during the probation, any employee is found to be unqualified for the employment requirement, in violation of laws and regulations, or in violation of the Group's rules and regulations and labour discipline, the Group may unilaterally terminate the labour contract.

Competitive Remuneration and Benefits

Adhering to the organisational management principle of high performance and high growth, and the performance culture, the Group has established a comprehensive compensation and welfare system. The Group has specified in the internal management system, the Guidelines for Salary Management, that the Group adheres to the principle of "salary is consistent with one's contribution" to objectively offer different salary levels according to employees' actual capabilities and responsibilities.

In terms of the formulation of remuneration, the Group regularly organises annual salary reviews. In addition to the general salary adjustment plan, the individual remuneration adjustment range is determined by each department based on the ability, performance, and incentives of employees.

In addition, the Group conducts annual performance appraisals and assessments for all employees and arranges salary adjustments and promotions according to the work capacity, performance, and other factors of each employee. For employees



with poor performance in the assessment consecutively, the Group may demote the employees or change their postings. If the assessment of the employees still fails to meet the standard, the Group may negotiate with relevant employees to terminate the labour contract and pay them reasonable severance in accordance with applicable laws.

In terms of employee benefits and welfare, we provide employees with catering at canteens, purchase traffic accident insurance for employees engaged in special works, and provide special benefits such as birthday gifts, wedding gifts, childbirth gifts, condolences subsidy, and flight tickets and accommodation subsidies for visiting relatives. The Group ensures that employees to enjoy paid leaves and other statutory holidays in accordance with the law, and regularly reviews the working hours of employees, implementing strict management of overtime work, in which overtime work must be approved by relevant management. All employees who worked overtime may apply for a subsequent compensation leave. The Group encourages employees to maintain work-life balance and ensure employees adequate rest and maintain their well-being and health. Also, we attach importance to democratic communication, and listen to employees' opinions through staff seminars, helping them solve problems that they may encounter during work. During the Reporting Period, the Group did not receive any cases in relation to employing forced labour.

The Group advocates the concept of “staff family”, maintains the tradition of holding birthday celebration parties for employees, and encourages employees to participate in various family activities. The Group hopes that its' blessing and support are one of the pillars behind every happy family of employees. The Group pays attention to coordinating the work-life balance of employees, creating a blissful and festive atmosphere during major festival and holidays to allow employees to feel relaxed, and organising a number of entertainment activities to provide employees with a platform for mutual communication.



Heart-warming staff canteens



Comfortable leisure space

Ensuring Occupational Health and Safety

Attaching great importance to the safety and health of employees in the workplace, the Group strictly abides by the laws and regulations relevant to a safe working environment and protection of employees from occupational hazards at the locations where it operates. 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 the chapter "Laws and Regulations That the Group Has Complied With During the Reporting Period" of this Report.

With the safety and health of employees in mind, the Group has formulated a series of systems on the basis of relevant laws and regulations, ensuring the safety of employees from numerous perspectives. The systems include the requirements on providing a safe workplace for employees, protecting employees from occupational hazards, as well as more stringent and detailed requirements for the safety prevention and management of employees engaging in engineering and other high-risk industries.

During the Reporting Period, the number of work-related fatalities in the Group was 0, and the number of employees that were unable to go to work due to work-related injuries was 0, with no lost days due to work-related injuries.

> Provision of safe workplace and protecting employees from occupational hazards

In order to prevent, control and eliminate occupational hazards, prevent and treat occupational disease, protect the safety of workers, and promote economic development, the Group has formulated occupational hazards programmes for the implementation of classified management and integrated control.

> Occupational health management system

The Group organises annual unified body check for employees and arranges health screenings for new joiners to allow proper job allocation for employees with occupational contraindications and allergies. Protective equipment and regular health checks are provided and arranged for registered employees who are exposed to toxic and hazardous substances. Treatments for patients with diagnosed occupational diseases are actively arranged by the Group.

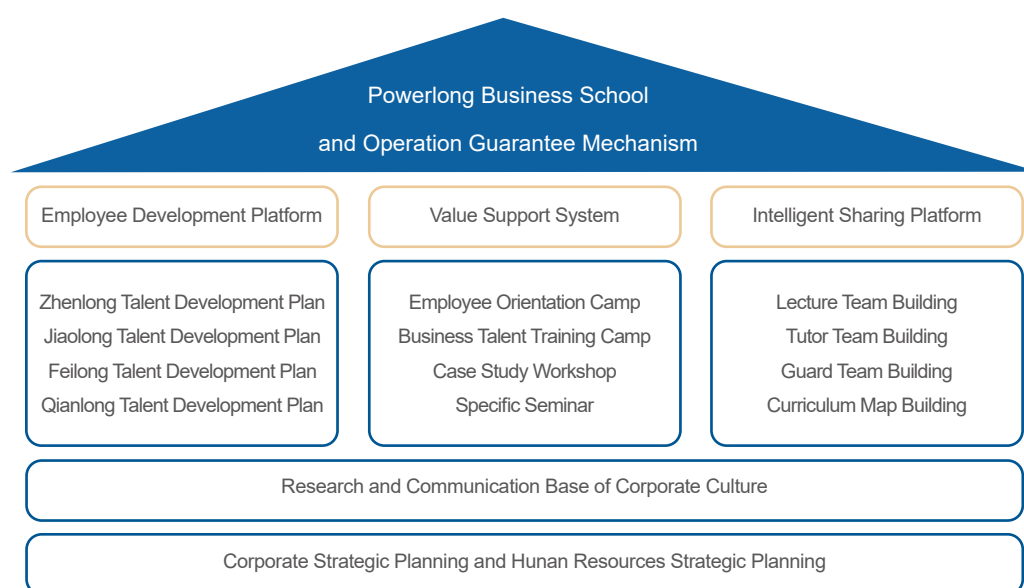
> Engineering management system

The Group requires the main contractor to formulate a safety construction plan in accordance with the laws and regulations in China and locations where the project locates, as well as the contract requirements, which the safety construction plan can only be implemented after obtaining approval of the supervision unit and the project company. The section of "Regulations on Safety Supervision" in the plan ensures the safety of employees through strengthening the emphasis on safety by both the main contractor and the supervision unit.

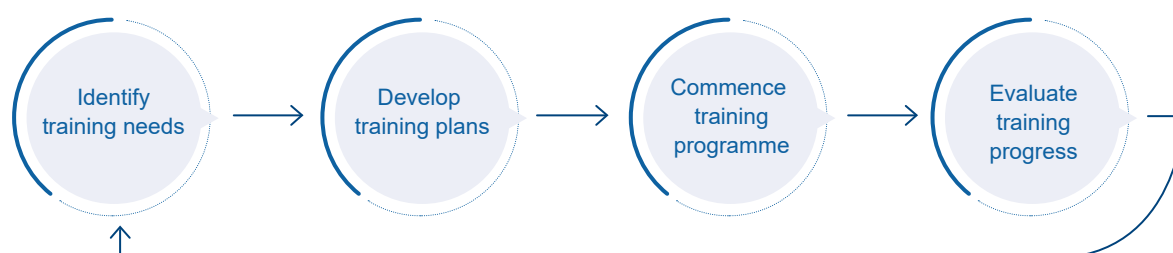
In daily operations, the headquarters of the Group and its subsidiaries regularly inspect fire-fighting facilities and safety signs and arrange for employees to complete fire drills, thus enhancing their self-protection awareness. The employees of the engineering department regularly hold sharing seminars with the theme of safety management by combining their own experiences and external cases, so as to strengthen the approach and awareness of safety management.

Improving Vocational Training

The Group attaches importance to the nurturing of employees and has established the Powerlong Business School to cultivate entrepreneurial talent. The talent training includes various themed training for employees of different professions and positions from top-down. The Group has established a special training system. Currently, the training system is mainly composed of Qianlong Training, Feilong Training Camp, Zhenlong Training Camp, Jiaolong Professional Training Meeting, and General Management Training, etc.



The Group's training system is operated according to the ISO10015 International Standard Project Management Process, and has realised the closed-loop operation.



- **Identify training needs:** Annual research and analysis on training needs are carried out by Powerlong Business School and units responsible for training at the end of each year. The survey is carried out by face-to-face interview, telephone interview, questionnaires, analysis of critical incidents and other approaches to formulate the Training Demand Analysis Report as the reference for medium to long-term planning;
- **Develop training plans:** Based on the medium and long-term planning of Powerlong Business School and the Training Demand Analysis Report, Powerlong Business School and units responsible for training formulate the annual training and budget plan and submit to Powerlong Business School for approval;
- **Commence training programme:** Units responsible for training implement the training programme or project in accordance with the annual training plan.

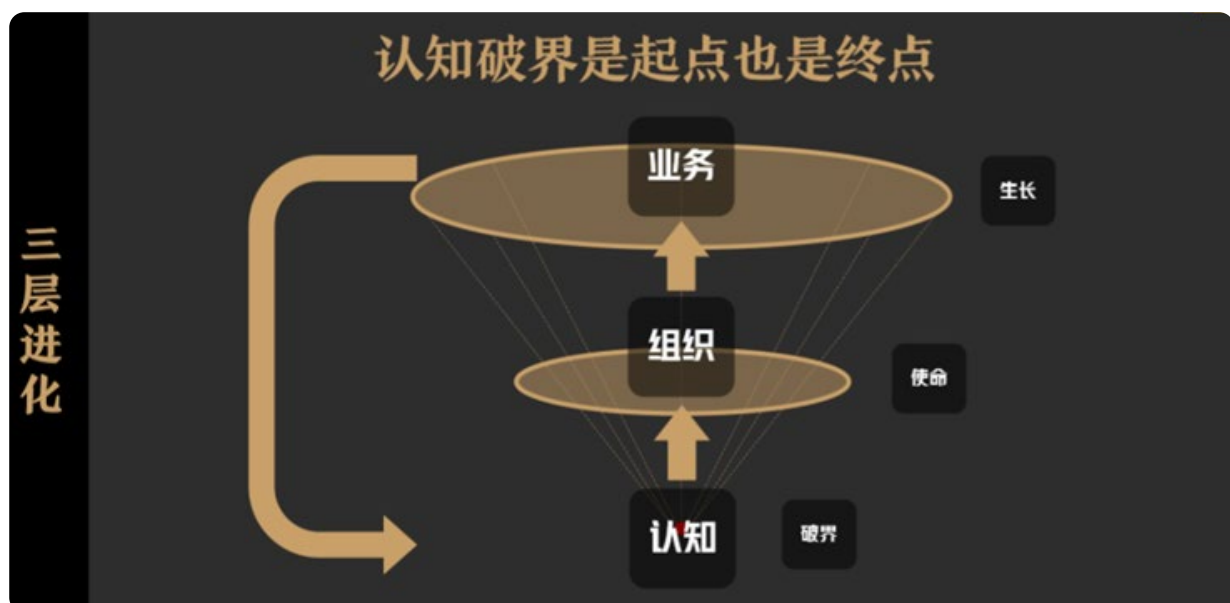
Feilong Training Camp

Professionals with management potentials, outstanding performances, and high recognition are selected for the training and cultivation, allowing trainees to realise the transition of “from professional to management” and “from managing oneself to achieving others” through the training, so as to cultivate talents for department heads.



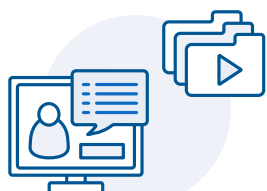
Zhenlong Training Camp

The training allows trainees above general manager grade to open their minds and reach consensus through the three lectures on Cognitive Breakthrough, Powerlong Work Method, and Systematic Thinking, thus forming a unified working approach and promoting organisational evolution.



Qianlong Training Camp

The training is an empowerment training for management trainees, covering professional competence, corporate culture, general quality, etc.



Financial Training Camp

The training is divided into three modules, namely Improvement of Professional Financial Capability, Career Driving Force, and Cultivation of All-round Financial Experts, allowing trainees to open their minds, to enhance their professional financial capability, to expand their business perspectives, and to strengthen their career driving force.



Project Training

Through systematic cultivation, the training aims to systematically help trainees to improve their business expertise, abilities to coordinate and breakthrough, and professional skills from three aspects of height, breadth, and depth, thus delivering high-quality talents for the development of the Group.



Orientation Camp for New Joiners

The training content of the Orientation Camp for New Joiners covers corporate culture, system and procedures, etc., aiming at helping new joiners to integrate into the working environment and culture of the Group through a combination of online and offline approaches.



Enhancing Team Culture Building

Powerlong Business School organically combines the overall corporate culture building with the individual training and development of employees and guides the training and development of employees with the corporate culture. The Group hopes that the growth of employees can bring new ideas for the development of corporate culture, so as to gradually foster the common development and growth between the Group and the employees. In 2020, the Group further strengthened the building and publicity of its corporate culture and carried out a number of corporate culture publicity and training activities, aiming to enhance the sense of employees' corporate identity.

“Concerted efforts, love and care” and “go beyond” – The Work Conference of the First Half of 2020 of the Group was successfully held

Case

On 13 July 2020, the Work Conference of the First Half of 2020 of the Group was successfully held at Shanghai Powerlong Le Méridien Hotel. The conference adopted the 30th anniversary theme of “concerted efforts, love and care”, as well as the theme of “go beyond” to highlight the courage and determination of the Group to embrace the new journey after 30 years of continuous transformation.

The Chief Executive Officer of the Company, Mr. Hoi Wa Fong, released the New Five-Year Strategic Plan (2021-2025), as well as the six sub-brands of “Powerlong Charity”, “Powerlong Channel”, “Powerlong Business School”, “Powerlong Fellows”, “Powerlong Work Method” and “Sunshine Powerlong” at the conference. The Group will centre on the corporate mission of “create space full of love” and the vision of “become a well-respected, century-lasting enterprise, and a world-leading operation company of city space”, gradually implementing the new five-year strategic plan.



In addition, the Company's Chief Executive Officer, Mr. Hoi Wa Fong, presented the 2020 Semi-Annual Working Report to summarise the Group's performance in the first half of 2020 and the anti-epidemic achievements, and pointed out that organisational empowerment, cultural cohesion, business transformation, investment development, product upgrade, operational quality improvement, marketing breakthroughs, and financial stability should be the focus of the second half of the year, so as to achieve the target of “guarantee performance and prepare for RMB 100 billion”.

As of the first half of 2020, the Group has successfully achieved the goals of the previous five-year plan and realised a quality and high growth, delivering the best gift for the 30th anniversary of the Group. Looking ahead, in the face of new opportunities and challenges, the Group will promote the corporate scale to a new level through the aid of the second five-year plan, continuously building a century-old outstanding enterprise that can withstand the trials of history.

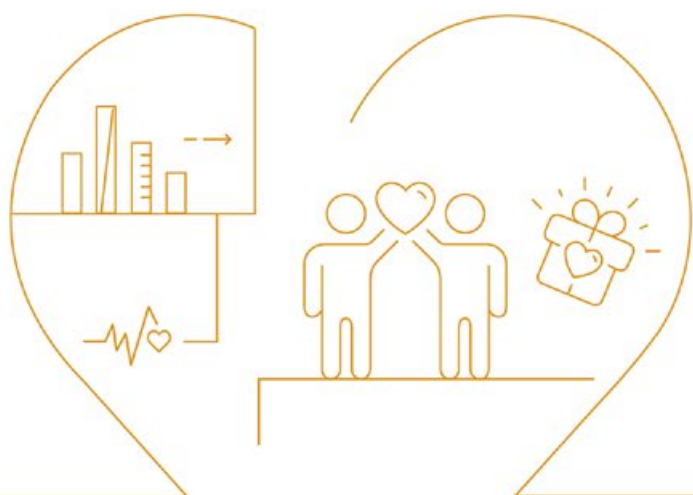
GIVING BACK TO THE SOCIETY

As a socially responsible corporate citizen, the Group has always put "social responsibility" as an essential part of the strategic corporate development, striving to create shared resources and value related to business operations for the community, and contributing to the society with love and warmth. In addition to the ongoing corporate welfare and charity work, the Group also supports the long-term community investment through the operation of projects to strengthen its linkage with the communities where projects are located. In addition, benefitted from the national reform and opening policy, the Group continues to prosper in the development of various businesses. The Group also hopes to improve the public's perception of ideas, culture, aesthetics, and art through perfectly integrating various businesses with culture and art.

The Group has long been committed to supporting the development of social welfare undertakings. As a social citizen, the Group has always adhered to the belief that "Powerlong's success is only a small success, and that more people can benefit from our success is the big success", and contributes to speeding up the overall construction of a moderately prosperous society. The Group hereby appeals to the whole society to jointly carry the banner of social responsibility and hope and build a world full of care and mutual assistance.

The Group has formulated and strictly implemented various internal management policies relating to operation-related community communication. Currently, the Group's community investments are mainly focused on poverty alleviation, social care, cultural education, medical and health care, environmental protection, and artistic development. The Group seeks to assist the social development and construction at relevant areas where the projects locate through its operation and charitable donations at the project locations. At the same time, the Group also hopes to bring hope to the future for the local next generation and fuel the momentum of sustainable development in the regions.





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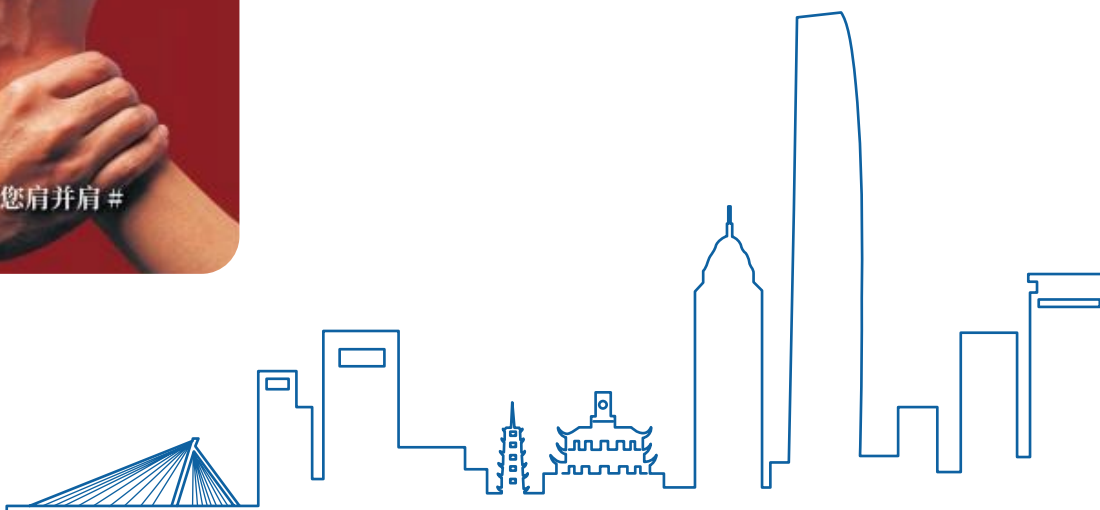
Working Together to Overcome the Difficulties

During the fight against COVID-19 in 2020, the Group responded quickly and set up a special team for handling the pandemic. The hotels of the Group quickly launched relevant emergency plans and made every effort to prevent and control the pandemic, so as to protect the health of every employee and guest. Many of the Group's hotels delivered warm meals to the frontline medical staff in the fight against the pandemic, and promptly launched the "clean room" service to ensure their safety to work. Additionally, adhering to the corporate principle of mutual complementarity of "client first, collaborative connection and mutual achievement", the Group took the pandemic prevention requirements and the resulting reduction in visitor flow at shopping malls into consideration, and made the decision to offer its tenants at the operating shopping malls with the grant of half-concession of rent during the period between the first day and the ninth day of the Chinese New Year.



Under the guidance and call of the government, the Group arranged the resumption of work and production in an orderly manner, contributing to the normal operation of the social economy and stable development of the society on the basis of ensuring the health and safety of its employees. Upholding its historical sense of responsibility and social mission, the Group actively fulfilled its obligation, maintained its faith to win the battle against the pandemic, and created value for the national economic and social development.

The Group also acted at the earliest possible time to donate money for fighting the pandemic. After the outbreak of the pandemic, the Group donated HK\$20 million to support Hubei's battle against the pandemic on 27 January 2020. On 7 February 2020, the Group donated a total amount of RMB 2 million to the Shanghai Minhang District Government and the Qibao Town Government, supporting the local government of the company to strengthen the prevention and control of the pandemic.





On 26 February 2020, Mr. Hoi Kin Hong, the chairman of the Board, donated RMB 5 million to Fujian Province to support the pandemic prevention and control at Fujian Province. The Group originated in Macau and developed in Fujian. As a well-known patriotic businessman in Fujian, Mr. Hoi Kin Hong attached great attention to the development of the pandemic, and at the same time, cared about his hometown, hoping to contribute to the prevention and control of the pandemic in Fujian Province.



Building Art Hotels and Practicing the Mission of “Create Space Full of Love”



The hotels of the Group also actively fulfil their social responsibilities, regarding love as the guide and basis for their action. The hotel group of Powerlong uses "art" as its element to actively carry out various social welfare activities, demonstrating its care for the human environment and the public, and proactively fulfilling its corporate social responsibility.

In the early stage of the pandemic, the Group cooperated with 21 artists to hold an online art exhibition of "fighting the pandemic together with art" with the theme of "art, hope and love", praising the anti-pandemic heroes, using art to convey hope, and spreading warmth of the brand. In the gradually stabilising post-pandemic period, the Group also collaborated with an art company at Le Meridien Shanghai Minhang to send the exclusive warm memories in 2020 to the nurses of the Fifth People's Hospital of Shanghai Fudan University's medical team who assisted Hubei. Limited art sculptures "your beauty" were specially created for every brave and committed medical staff during the pandemic, paying tribute to the medical staff who assisted Hubei through arts, and conveying the brand's love and warmth.

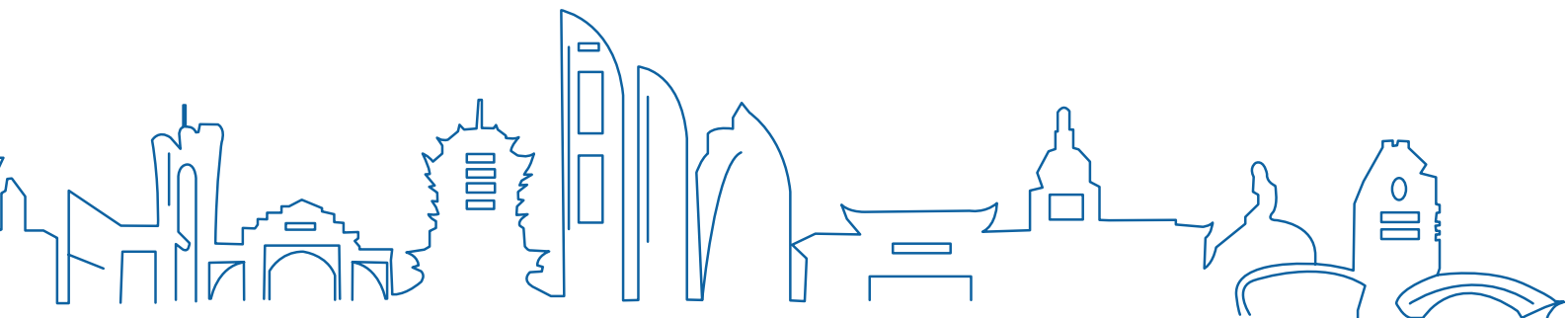


Officially Launching the Hoi Kin Hong Foundation

On 19 September 2020, the Group held a ceremony for the 30th anniversary of its establishment and the donation of the charity fund at the Powerlong Art Museum in Shanghai. The Group has gone through 30 years of steady development and practising responsibility.

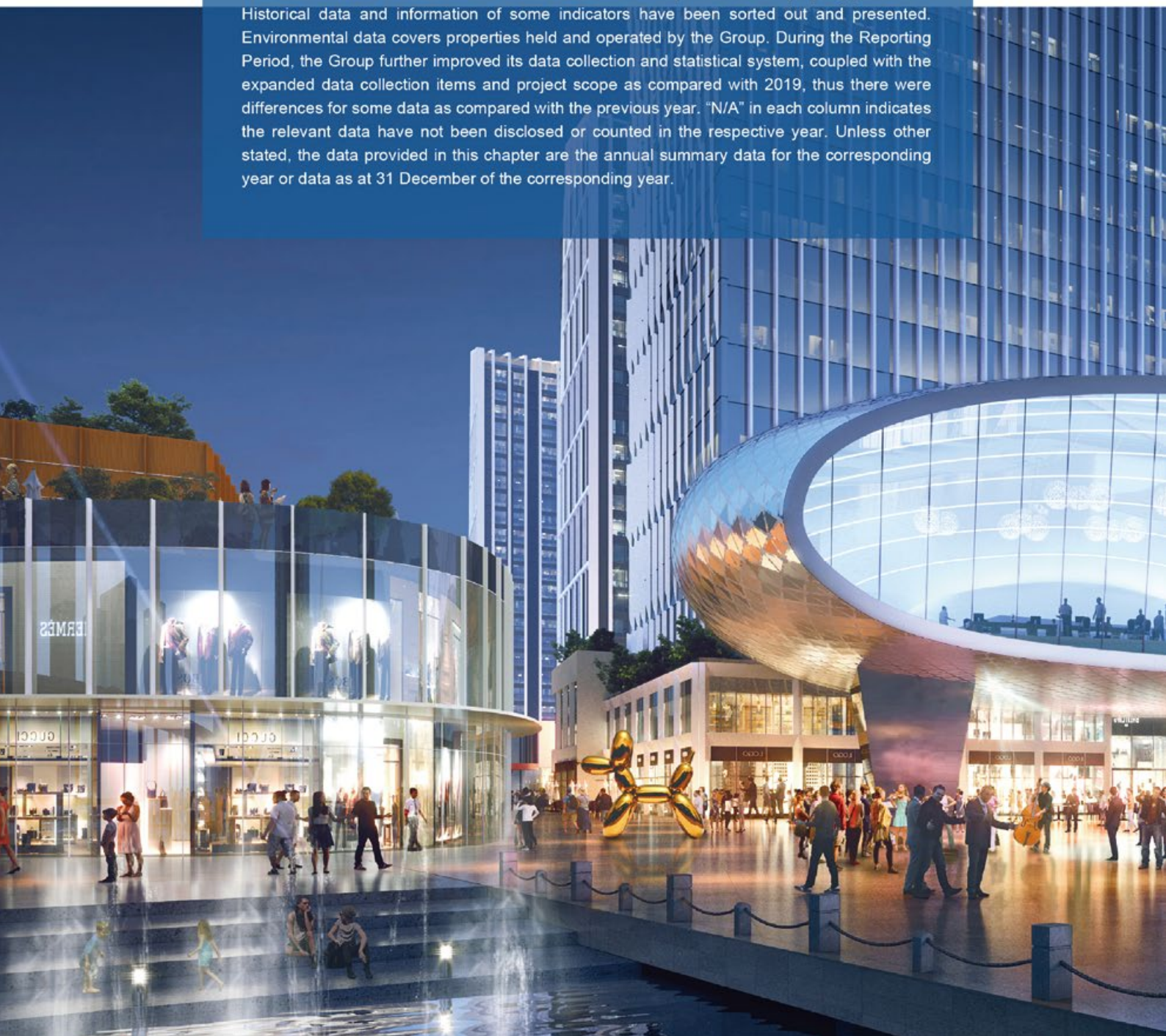
Since the beginning of its establishment, the Group has been fully aware of the responsibility, and has turned the achievements of corporate development into public welfare and charity. Actively participating in charity such as poverty alleviation, medical education, cultural heritage, and social development, the Group donated more than RMB 800 million at early stages. In order to bring its charity business to a new level, the Group launched the “Powerlong Charity Foundation” in 2016, and the “Hoi Kin Hong Foundation” was also officially launched in 2020.

Taking “inheriting charity culture and promoting social development” as its purpose, “Hoi Kin Hong Foundation” is dedicated to poverty alleviation, and promoting the development of education, science, culture, health, sports, and other undertakings. The funds all come from Mr. Hoi Kin Hong, the chairman of the Board of Powerlong, and his family. At the event, Mr. Hoi Kin Hong donated RMB 500 million to Fudan University on behalf of the foundation for cooperating in the construction of the Fudan University International Clinical Medical Centre. This donation will provide more substantial support for the education and training of Shanghai Medical College of Fudan University, delivering more talents for China’s medical and health industry.



PERFORMANCE SUMMARY

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. During the Reporting Period, the Group further improved its data collection and statistical system, coupled with the expanded data collection items and project scope as compared with 2019, thus there were differences for some data as compared with the previous year. "N/A" in each column indicates the relevant data have not been disclosed or counted in the respective year. Unless other stated, the data provided in this chapter are the annual summary data for the corresponding year or data as at 31 December of the corresponding year.





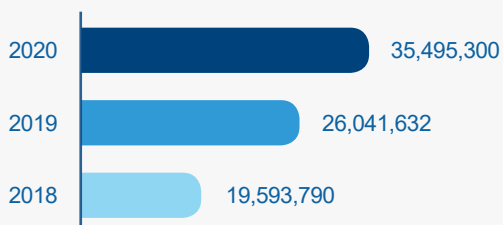
07



Steady Operation

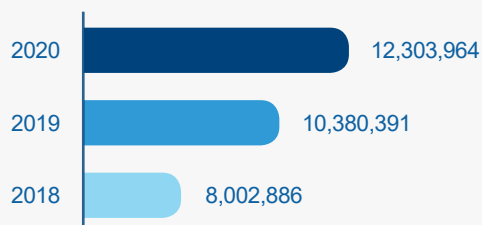
Economic performance:

Revenue



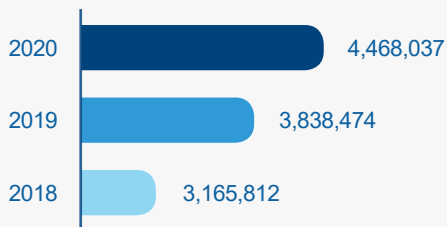
Unit:RMB'000

Operating profit



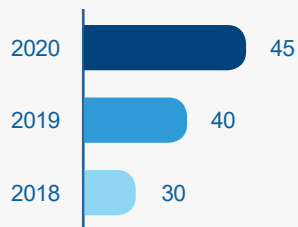
Unit:RMB'000

Tax expense



Unit:RMB'000

Total dividend per ordinary share



Unit:HK\$ cents

Prevention of bribery and corruption:

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

2020 0 Case
2019 0 Case
2018 0 Case

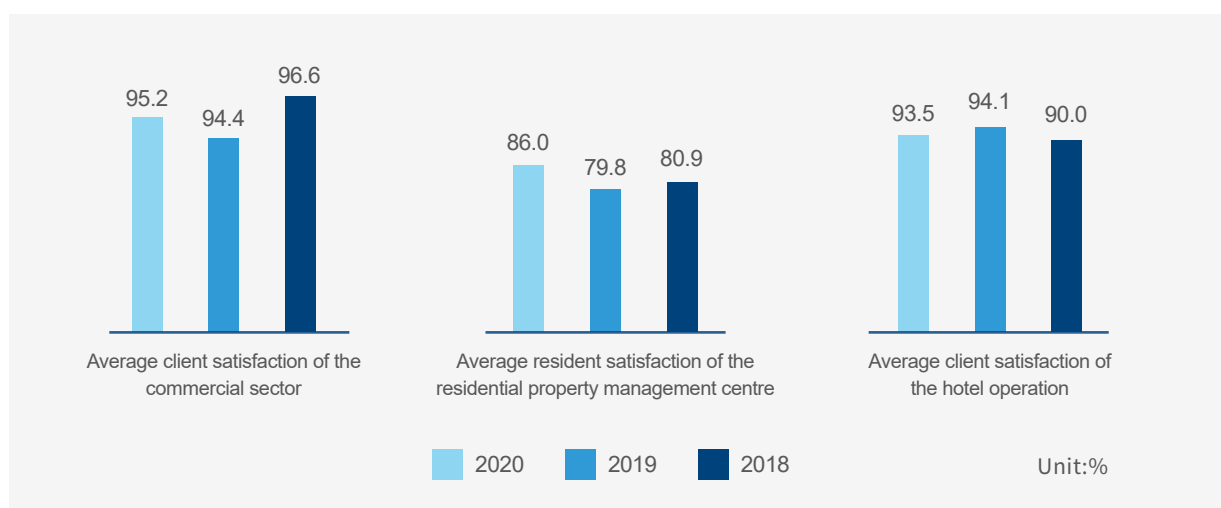


Sincere Services

Operational performance:

Indicators	2020	2019	2018	Unit
Number of operation litigation cases related to safety and health	0	0	0	Case
Number of operation litigation cases related to intellectual property infringement	0	0	0	Case
Number of complaints due to leakage of client information	0	0	0	Case

Client satisfaction:



Green Development

Emissions

Atmospheric pollutants⁷:

Indicators	2020	2019	2018	Unit
Nitrogen oxides (NO _x)	8.99	695.03	508.96	Tonne
Sulfur oxides (SO _x)	1.08	4.27	3.17	Tonne
Carbon monoxides (CO)	7.71	583.38	427.42	Tonne
TPM	1.82	52.69	38.98	Tonne
PM _{2.5}	0.017	0.017	0.002	Tonne
PM ₁₀	0.017	0.019	0.002	Tonne

GHG emissions:

Indicators	2020	2019	2018	Unit
Collective GHG emissions	396,531.95	369,004.78	294,002.81	Tonne CO _{2eq}
Direct emission (Scope 1) ⁸	13,844.79	21,968.60	19,163.66	Tonne CO _{2eq}
Indirect emission (Scope 2) ⁹	382,498.75	347,511.15	275,028.43	Tonne CO ₂
Reduced GHG emissions by owned trees ¹⁰	188.42	474.97	189.29	Tonne CO ₂
Collective GHG emissions (Scope 1 and 2) per income in thousand RMB from property rental, development and management services ¹¹	0.10	0.10	0.10	Tonne CO _{2eq}

⁷ The air pollutant emission data were calculated according to 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. The air pollutant emissions data from stationary sources for this Reporting Period only includes air emissions caused by boilers directly used by the projects, and do not include other equipment such as cooking stoves.

⁸ The direct GHG emission data were calculated according to stationary sources, road mobile sources, non-road mobile sources, and refrigerant use, as well as relevant conversion factors in the Guidelines for Accounting and Reporting GHG Emissions by China Public Building Operation Units (Enterprises) (Trial) and the Guidelines for Accounting and Reporting GHG Emissions by China Land Transportation Enterprises (Trial) in Mainland China.

⁹ The indirect GHG emission data were calculated according to the consumption of purchased electricity, as well as the relevant conversion factors in the 2011-2012 Average Carbon Dioxide Emission Factors of China Regional Power Grid issued by the National Development and Reform Commission of China.

¹⁰ Refers to the total amount of GHG reduced by trees with height of 5 metres or more held by the Group. The GHG emission reduction data were calculated basing on the relevant conversion factors in the Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Public Use) in Hong Kong.

¹¹ Refers to the total income of the Group's annual income from rental income from investment properties, the income from provision of commercial operational services and residential property management services, as well as the income from other property development related businesses.

Produced non-hazardous waste:

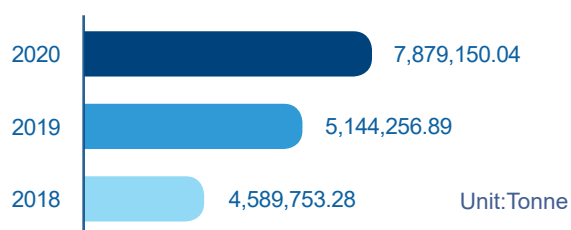
Indicators	2020	2019	2018	Unit
Total amount of produced non-hazardous waste ¹²	53,150,613.03	21,561,084.18	53,482,999.86	kg
Domestic waste	50,698,066.85	18,294,878.00	47,970,366.26	kg
Food waste	2,452,546.18	3,266,206.18	5,512,633.60	kg
Amount of produced non-hazardous waste per income in thousand RMB from property rental, development, and management services	13.26	6.05	18.28	kg

Produced hazardous waste:

Indicators	2020	2019	2018	Unit
Total produced amount of hazardous waste	24,949.45	42,636.37	3,830.58	kg
Electronic waste	10,708.50	26,205.36	1,126.47	kg
Waste battery	1,828.28	6,759.48	294.22	kg
Waste lamp containing mercury	10,321.97	7,734.88	1,427.09	kg
Used cartridge	809.10	750.15	982.80	kg
Chemical container	1,281.60	1,186.50	N/A	kg
Amount of produced hazardous waste per income in thousand RMB from property rental, development, and management services	0.01	0.01	0.0013	kg

Wastewater discharge:

Total amount of discharged wastewater



Emissions and discharges compliance:

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



¹² In order to better clarify the amount of waste 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 domestic waste have excluded wastes generated by commercial tenants in shopping malls, tenants in office buildings, and residents in the residential properties, but have included wastes generated in hotel guestrooms; the statistics and calculation scope of food wastes have excluded wastes generated by restaurants in the shopping malls, tenants in office buildings, and residents in residential properties, but have included wastes generated by hotel kitchens.

Resource Use

Energy consumption ¹³:

Indicators	2020	2019	2018	Unit
Total energy consumption	597,050.76	483,058.77	458,866.43	MWh
Natural gas	53,115.42	38,545.23	66,454.75	MWh
Gasoline	960.75	709.16	398.80	MWh
Diesel	103.51	160.15	31.67	MWh
Purchased electricity	542,871.08	443,644.23	391,981.22	MWh
Energy consumption amount per income in thousand RMB from property rental, development, and management services	0.15	0.14	0.16	MWh

Water consumption:

Indicators	2020	2019	2018	Unit
Total water withdrawal	9,887,153.09	7,670,966.01	5,099,725.87	m ³
Consumption of municipal water	9,578,146.90	7,418,382.56	5,099,725.87	m ³
Consumption of circulating water (reclaimed water and cooling water)	309,006.19	252,583.45	0	m ³
Amount of water discharged into the natural environment after self-pretreatment and meeting discharge standard	1,053,035.94	1,955,125.03	N/A	m ³
Total water consumption	8,754,611.15	5,715,840.98	N/A	m ³
Water consumption amount per income in thousand RMB from property rental, development, and management services	2.18	1.60	N/A	m ³

¹³ The energy consumption data were calculated according to the amount of purchased electricity and fuel consumption and relevant conversion factors provided by the International Energy Agency.

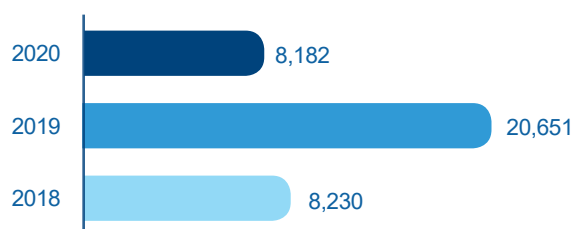
Mitigating Natural and Environmental Impact

Amount of recycled waste materials during operation:

Indicators	2020	2019	2018	Unit
Recycled plastic bottle	51,649.76	34,572.03	23,127.13	kg
Recycled soap	551.00	422.00	205.00	kg
Recycled toothbrush	831.00	773.00	770.00	kg
Recycled toothpaste	333.00	334.00	343.50	kg
Recycled metal	21,211.50	27,858.85	25,120.50	kg
Recycled paper	51,649.76	N/A	N/A	kg
Recycled glass bottle	47,557.20	N/A	N/A	kg

Environmental greening:

Number of trees owned by the Group with a height of 5 metres or above



Unit: Tree

Environmental compliance:

Number of cases involving damage to the natural environment



Caring for Employees

Employment

Employee welfare and costs ¹⁴ :

Indicators	2020	2019	2018	Unit
Wages and salaries	1,696,547	1,481,721	1,151,527	RMB'000
Statutory pension	171,320	264,008	202,131	RMB'000
Other staff welfare and benefits	56,014	51,689	51,255	RMB'000

Employee composition:

Total number of employees



By gender:

Indicators	2020	2019	2018	Unit
Male	6,797	7,094	6,752	Person
Female	4,720	4,537	4,290	Person

¹⁴ For more details, please refer to the Group's Annual Report 2020 published on the HKEXnews website of the Hong Kong Exchanges and Clearing Limited.

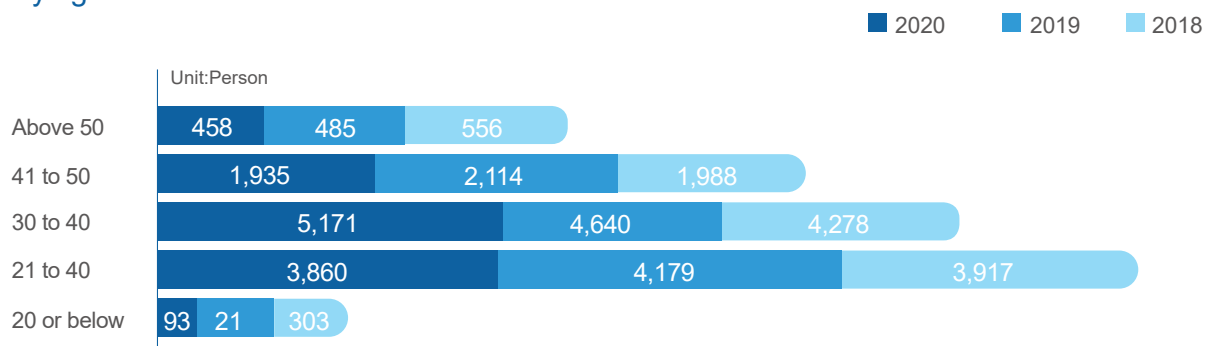
By employment category:

Indicators	2020	2019	2018	Unit
Full-time	11,517	11,631	11,042	Person
Part-time	0	0	0	Person

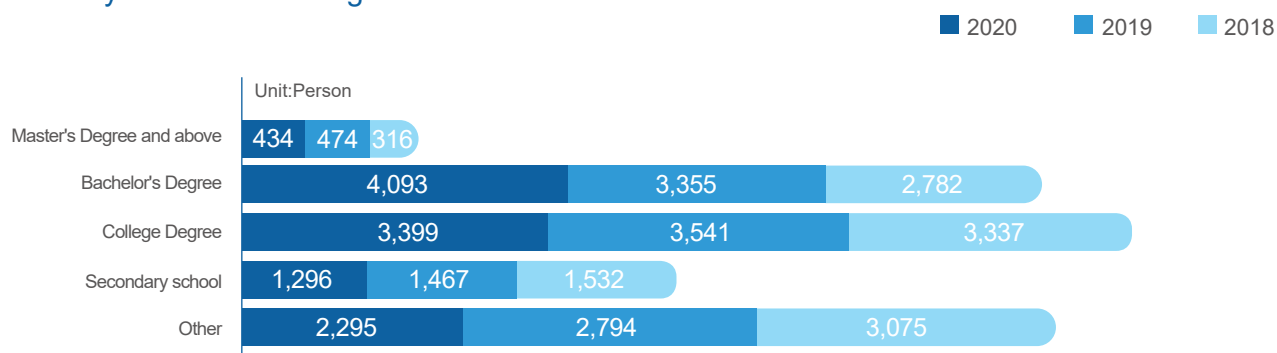
By region:

Indicators	2020	2019	2018	Unit
Mainland China	11,511	11,628	11,040	Person
Hong Kong China	4	3	2	Person
Other regions	2	N/A	N/A	Person

By age:



By educational background:



Employee turnover rate ¹⁵:

Indicators	2020	2019	2018	Unit
By gender				
Male	32.9	12.0	N/A	%
Female	31.0	11.2	N/A	%
By region				
Mainland China	32.1	11.7	N/A	%
Hong Kong China	20.0	25.0	N/A	%
Other regions	0	N/A	N/A	%
By age group				
Above 50	22.4	6.2	N/A	%
41 to 50	22.5	7.3	N/A	%
30 to 40	29.7	12.6	N/A	%
21 to 40	38.9	13.7	N/A	%
20 or below	54.9	3.2	N/A	%

Salary:

Indicators	2020	2019	2018	Unit
Ratio of salary between female and male employees				
Management level	1.0	1.0	1.0	RMB'000
General employees	1.0	1.0	1.0	RMB'000

Occupational health and safety

Employee health and safety:

Indicators	2020	2019	2018	Unit
Number of work-related fatalities	0	0	N/A	Person
Number of employees that were unable to go to work due to work-related injuries	0	0	N/A	Person
Number of lost days due to work-related injuries	0	N/A	N/A	Day

¹⁵ The employee turnover rates were calculated according to "the number of turnovers of the category/ (the total number of employees of the category + the number of turnovers of the category)".

Development and Training

Employee training:

Indicators	2020	2019	2018	Unit
Person-times of employees receiving training related to career development				
Male	8,836	8,256	5,507	Person
Female	7,085	6,469	3,117	Person
Senior level	807	781	191	Person
Middle level	2,609	2,401	589	Person
General employees	12,505	11,564	7,844	Person
Average training hours per employees of the Group receiving training related to career development				
Male	23.8	20.3	33.3	Hour
Female	25.8	23.9	31.6	Hour
Senior level	13.7	47.5	34.1	Hour
Middle level	17.1	13.4	28.8	Hour
General employees	27.0	22.2	33.0	Hour

Social Contribution

Community Investment

Public charity:

Indicators	2020	2019	2018	Unit
Amount of money invested for community ¹⁶	68,892	154,385	239,567	RMB'000

¹⁶ Including charitable and other donations made by the Group.

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

Corresponding laws and regulations ¹⁷ to the ESG Reporting Guide		The Group's compliance status
A. Environmental		
Aspect A1: Emissions		
Mainland China	Environmental Protection Law of the PRC	During the Reporting Period, the Group did not violate any laws and regulations relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, and noise control that have significant impact on the Group.
	Prevention and Control of Atmospheric Pollution of the PRC	
	Environmental Protection Tax Law of the PRC	
	Regulations on the Implementation of the Environmental Protection Tax Law of the PRC	
	Water Pollution Prevention Law of the PRC	
	Prevention and Control of Environmental Pollution by Solid Wastes Law of the PRC	
	Environmental Impact Assessment Law of the PRC	
	Prevention and Control of Environmental Noise Pollution Law of the PRC	
	Regulations on Environmental Protection Management of Construction Projects	
	Urban Drainage and Sewage Treatment Regulations	
Hong Kong, China	Water Pollution Control Ordinance	
	Waste Disposal Ordinance	
B. Social		
Aspect B1: Employment		
Mainland China	Company Law of the PRC ¹⁸	During the Reporting Period, the Group did not violate any laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits that have significant impact on the Group.
	Labour Law of the PRC ¹⁹	
	Labour Contract Law of the PRC	
	Regulations on the Implementation of the Labour Contract Law of the PRC	
	Social Insurance Law of the PRC	
	Employee Paid Annual Leave Regulations	
	Protection of Women's Rights and Interests Law of the PRC ²⁰	
	Protection of Minors law of the PRC ²¹	
	Labour Dispute Mediation and Arbitration Law of the PRC	
	Protection of Disabled Persons Law of the PRC	
Employment Regulations for Disabled Persons		
Hong Kong, China	Employment Ordinance ²²	
	Employee Compensation Ordinance	
	Minimum Wage Ordinance	

¹⁷ The Group's operation complies with laws and regulations, which the laws and regulations the Group has complied with include but not limited to the content listed in this chapter.

¹⁸ To avoid repetitive statement, the law and regulation also apply to "Aspect B7" in this chapter.

¹⁹ To avoid repetitive statement, the law and regulation also apply to "Aspect B2" and "Aspect B4" in this chapter.

²⁰ To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

²¹ To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

²² To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

Corresponding laws and regulations ¹⁷ to the ESG Reporting Guide		The Group's compliance status
Aspect B2: Health and Safety		
Mainland China	Work Safety Law of the PRC Provisions on Workplace Occupational Health Supervision and Administration Fire Protection Law of the PRC Occupational Disease Prevention Law of the PRC Work Injury Insurance Regulations Labour Insurance Regulations of the PRC Safety Production License Regulations	During the Reporting Period, the Group did not violate any laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have significant impact on the Group.
Hong Kong, China	Occupational Safety and Health Ordinance	
Aspect B4: Labour Standard		
Mainland China	Prohibition of Child Labour	During the Reporting Period, the Group did not violate any laws and regulations relating to preventing child and forced labour that have significant impact on the Group.
Aspect B6: Product Responsibility		
Mainland China	Trademark Law of the PRC Protection of Consumer Rights and Benefits Law of the PRC Advertising Law of the PRC Patent Law of the PRC Land Administration Law of the PRC Construction Law of the PRC Urban Real Estate Management Law of the PRC Interim Measures for the Administration of Store Advertising Urban Real Estate Development and Management Regulations	During the Reporting Period, the Group did not violate any laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that have significant impact on the Group.
Aspect B7: Anti-corruption		
Mainland China	Criminal Law of the PRC Against Unfair Competition Law of the PRC Bidding and Tendering Law of the PRC Anti-Money Laundering Law of the PRC Interim Provisions on Prohibiting Commercial Bribery	During the Reporting Period, the Group did not violate any laws and regulations relating to bribery, extortion, fraud and money laundering that have significant impact on the Group.
Hong Kong, China	Prevention of Bribery Ordinance	

CONTENT INDEX OF THE ESG REPORTING GUIDE OF THE STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
A. Environmental		
Aspect A1: Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Development Laws and Regulations That the Group Has Complied With During the Reporting Period
KPI A1.1	The types of emissions and respective emissions data.	Performance Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green Development
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Development
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development Due to the Group's business nature, matters related to 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).	Performance Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Development
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the Group's business nature, matters related to packaging materials are not applicable to the Group.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Development
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Development
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Development
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.	Caring for Employees Laws and Regulations That the Group Has Complied With During the Reporting Period
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Summary
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.	Caring for Employees Laws and Regulations That the Group Has Complied With During the Reporting Period
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Summary As the Group did not have relevant complete statistical data in 2018, thus only relevant data for the past two years (including the Reporting Period) will be disclosed for the time being.
KPI B2.2	Lost days due to work injury.	Performance Summary
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Employees
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Summary The Group currently only counts the person-time of employees receiving training, thus only the person-time of employees receiving training during the Reporting Period will be disclosed. The Group will consider disclosing relevant data in the future.
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Summary

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
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.	Caring for Employees Laws and Regulations That the Group Has Complied With During the Reporting Period
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Employees
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Green Development
KPI B5.1	Number of suppliers by geographical region.	As the Group did not have complete statistics on relevant data, this KPI will not be disclosed for the time being. 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, and how they are implemented and monitored.	Green Development As the Group did not have complete statistics on relevant data, the number of suppliers where the practices are being implemented will not be disclosed for the time being. Relevant data will be disclosed in the future.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Green Development
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Green Development
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.	Sincere Services Laws and Regulations That the Group Has Complied With During the Reporting Period
KPI 6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the Group's business nature, this KPI is not applicable for the Group.
KPI 6.2	Number of products and service related complaints received and how they are dealt with.	As the Group did not have complete statistics on relevant data, this KPI will not be disclosed for the time being. Relevant data will be disclosed in the future,
KPI 6.3	Description of practices relating to observing and protecting intellectual property rights.	Sincere Services
KPI 6.4	Description of quality assurance process and recall procedures.	Sincere Services
KPI 6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Sincere Services

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
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.	Group Overview Laws and Regulations That the Group Has Complied With During the Reporting Period
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.	Group Overview
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Group Overview
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Group Overview
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.	Giving Back to the Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to the Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving Back to the Society



ESG REPORT

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