



LEADING HOLDINGS GROUP LIMITED

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6999

2020

**Environmental, Social and
Governance Report**



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1. ABOUT THE REPORT

The Environmental, Social and Governance (“**ESG**”) Report published by Leading Holdings Group Limited (the “**Group**”) highlights the achievements in promoting sustainability by the Group and its subsidiaries (collectively the “**Group**” or “**we**”). In keeping with the spirit of creating long-term value for our customers and stakeholders, the Group has placed considerable emphasis on sustainable development. The ESG Report elaborates on the various works of the Group in fully implementing the principle of sustainable development and its performance of social and governance.

1.1 Scope of the Report

The ESG Report focuses on the performance of environmental management and social responsibilities of the Group’s core business for the period between 1 January 2020 and 31 December 2020 (the “**Year**”). The key performance indicators as disclosed in the ESG Report are based on the performance of the Group’s headquarter in Chengdu and main subsidiaries in 10 regions, including Chengdu region, Southern Sichuan region, Northern Sichuan region, Panxi region, Chongqing region, Central China region, Beijing region, Hunan and Hubei region, Greater Bay Area region, and Xinjiang region, across various cities and provinces in the People’s Republic of China (the “**PRC**”)¹. For details on corporate governance, please refer to the Corporate Governance Report on pages 40 to 50 of Annual Report 2020.

1.2 Reporting Standard

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

1.3 Information and Feedback

The Group highly values your opinions on the ESG Report. If you have any opinion or suggestion about the ESG Report, or expect to know more about the Group in fulfilling its corporate social responsibility, please feel free to email us through the following address: ldkf@leading-group.cn.

1 The cities and provinces include the provinces of Sichuan, Henan, Jiangsu, Hunan, Hubei and Guangdong, cities of Beijing and Chongqing, and Xinjiang Uygur Autonomous Region.

2. ESG GOVERNANCE

The Group believes that good ESG governance strategies and practices share an inseparable relationship with corporate success. The Board of Directors takes full responsibility to supervise the Group's sustainable development strategies, ESG governance, and risk management. Also, the Board of Directors has delegated authority to the management in the execution of the ESG policy.

2.1 Stakeholder Engagement

The engagement of employees from different departments of the Group plays an important part in helping the Group recognise its sustainability performance. The discreetly collected and cautiously analysed data highlights the Group's sustainable initiatives for the Year and the Group's sustainability strategy in the long term. The Group will endeavor with unremitting efforts to step up the involvement of stakeholders via constructive conversation with a view to charting a course for long term prosperity.

The Group has commissioned an independent third-party consultant to assist in the collection of internal stakeholders' opinions relating to ESG issues during the preparation of the ESG Report. In the future, the Group will continue to extend the involvement of stakeholders in order to collect more constructive opinions to improve its governance.

Meanwhile, the Group strives to maintain supporting and trusting relationships with its stakeholders. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders.

Stakeholders	Requirements and Expectations	Means of Communication and Response
Governments and Regulators	<ul style="list-style-type: none">• Compliance with national policies, laws and regulations• Support for local economic growth• Contribution to local employment• Tax payment in full and on time• Production safety	<ul style="list-style-type: none">• Regular information reporting• Regular meetings with regulators• Dedicated reports• Examination and inspection
Shareholders	<ul style="list-style-type: none">• Returns• Compliant operations• Rise in company value• Transparency and effective communication	<ul style="list-style-type: none">• General meetings• Announcements• Email, telephone communication and company website• Dedicated reports

2. ESG GOVERNANCE

Stakeholders	Requirements and Expectations	Means of Communication and Response
Partners	<ul style="list-style-type: none"> • Operation with integrity • Equal rivalry • Performance of contracts • Mutual benefits 	<ul style="list-style-type: none"> • Review and appraisal meetings • Business communications • Discussion and exchange of opinions • Engagement and cooperation
Customers	<ul style="list-style-type: none"> • Outstanding products and services • Health and safety • Performance of contracts • Operation with integrity 	<ul style="list-style-type: none"> • Customer service centre and hotlines • Customer satisfaction survey • Meetings with customers • Social media • Collection of feedback
Environment	<ul style="list-style-type: none"> • Compliance with emission regulations • Energy saving and emission reduction • Ecological protection 	<ul style="list-style-type: none"> • Communication with local environmental department • Communication with the locals • Reporting
Industry	<ul style="list-style-type: none"> • Establishment of industry standards • Enhancement of industry development 	<ul style="list-style-type: none"> • Participation in industry forums • Field visits
Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares 	<ul style="list-style-type: none"> • Meetings with employees • House journal and intranet • Employee mailbox • Training and workshops • Employee activities
Community and the Public	<ul style="list-style-type: none"> • Enhancement of community environment • Participation in charity • Transparency 	<ul style="list-style-type: none"> • Company website • Announcements • Interview with media

3. PROTECTING OUR ENVIRONMENT

The Group is committed to progressively enhancing environmental performance by reducing emissions and conserving resources. The Group strictly complies with all relevant environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Regulations on the Administration of City Appearance and Environmental Sanitation, the Provisions on the Administration of Urban Construction Garbage, the Assessment Standard for Green Building (GB/T 50378-2014), the Management Code for Green and Protection Construction of Building (DB 65/T 4060-2017).

3.1 Environmental Protection as a Property Developer

As one of the leading property developers in the PRC, the Group places great importance on the protection of the environment. Although the Group is principally engaged in the development and sales of residential and commercial properties, it does not involve direct construction processes in business operations, of which is done by external contractors of the Group. However, besides strictly conforming to the laws and regulations regarding environmental protection, the Group also actively takes the initiative to minimise the environmental impact caused by the Group's business operations, as well as the constructions that the Group has built.

In order to ensure that the Group's constructions do not cause significant environmental impact which leads to non-compliance with laws and regulations regarding environmental protection, the Group has engaged licensed independent third-party environmental consultants to conduct environmental impact assessments for each of its construction projects, and such environmental impact assessments are submitted to relevant governmental authorities for approval before commencement of development. The environmental impact assessments not only provides information of the current state of the environment where the construction takes place, but it also provides analysis and recommendations on the protection of the environment during and after construction. Only when the assessment is approved by the authorities that the Group can launch its construction. Upon completion of construction work, acceptance checks of environmental protection facilities are made and an acceptance report is issued.

The Group puts in significant effort in building a portfolio of green building constructions. During the Year, we have ranked among the top 30 green real estate in the PRC in a report issued by The Investment Association of China and were nominated as "Healthy Housing Enterprise" and the model of "Green Building Innovation".

3. PROTECTING OUR ENVIRONMENT

Green Building Showcase — Leading Center

The Group's Leading Center in Chengdu of the PRC has obtained the gold level of LEED-CS 2009 system pre-certification as its overall planning, design and construction level have fulfilled the rating standards of LEED-CS 2009 under The U.S. Green Building Council in the assessment of seven aspects, including sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation in design and regional priority. To promote sustainable transportation, the Leading Center provides a garage for bicycles and charging stations for electric vehicles, as well as expands the area for plantings by reducing parking space as far as possible. For resource conservation, we aim at saving 30% of water consumption and around 15% of energy consumption by purchasing efficient sanitary wares and electrical appliances. The glass curtain walls have also been adopted to make full use of sunlight. We also select suppliers which are geographically near the constructions to reduce carbon footprints during transportation.



LEED-CS 2009 Certification for Leading Center

3.2 Emissions Management

3.2.1 Air Emissions

The Group is committed to controlling the air emission generated from its operation. Since the Group's business operations do not involve direct construction processes, the Group does not generate amounts of air pollutants that raises environmental issues. Our main source of air pollutants is therefore from the usage of vehicles, and we target to reduce air pollutants generated from vehicle use through providing low-carbon driving training sessions, keeping our company fleet properly tuned, maintaining correct tire pressure by regular inspections and inflation, and ensuring no idling vehicles with running engines. During the Year, the Group's air pollutant emission is as follows:

Air Pollutants (Note 1)

2020

Nitrogen oxides (NO _x) (kg)	62
Sulphur oxides (SO _x) (kg)	1
Particulate matter (PM) (kg)	5

Notes:

1. The calculation of air pollutant emission is based on the emission factors provided in "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

The Group acknowledges that the generation of dust at construction sites during operations is inevitable, and may cause severe impacts of the environment and the community nearby, as well as the health of construction workers. Therefore, the Group and its contractors have formulated construction dust control policies to implement different measures for regulating dust in construction sites. Besides putting in place dust control measures like spraying water over the floor to prevent dust on the floor from raising and using waste transportation vehicles that are equipped with automatic covers to cover the dust, different measures specific to the different stages of construction are adopted.

1. Perimeter setting stage

Fences set around the construction perimeter are required to be at least 1.8m tall, while water is sprayed on machinery that may produce dust to minimise dust raised.

2. Foundation construction stage

Throughout digging processes for setting the foundation of the construction, dirt and dust dug up from the ground are immediately transported away from the construction site, while the exposed ground are properly sealed off, to prevent dust and dirt from raising.

3. Structural construction stage

Commercial or readily-mixed concrete and mortar are strictly used during the construction process to reduce unnecessary dust, while water is sprayed on each floor during cleansing so that dust and dirt are not raised.

3. PROTECTING OUR ENVIRONMENT

4. *Decoration construction stage*

Due to the use of multiple different material at this construction stage, any material in powder form must be kept in bags, while the use of finished wooden and stone products are prioritised to avoid dust emission from cutting wood and stone. Waste are categorised properly, especially for dust and dirt related waste, while the incineration of waste is strictly prohibited.

5. *General construction stage*

During the installation of pipelines, digging and installation processes are sectioned where the holes are filled up immediately after the installation. Dug up dirt are compressed and covered using green nets to prevent dust emissions. Fences are not allowed to be removed before all construction work are done.

Furthermore, during daily operation, different types of activities other than the use of vehicles will also directly or indirectly emit greenhouse gases (“GHGs”) such as carbon dioxide, methane and nitrous oxide, aggravating environmental problems like global warming. GHG emissions of the Group are classified into three different scopes: Scope 1 — direct emissions comprises emissions from use of vehicles and refrigerant and removals from planted trees; Scope 2 — energy indirect emissions includes emissions from purchased electricity; and Scope 3 — other indirect emissions includes emissions from landfill disposal of paper waste, electricity used for fresh water and sewage processing by local government and overseas business travel. We also encourage employees to commute with economical and eco-friendly transportations, including public buses and bicycles. During the Year, the Group’s GHG emissions are as follows:

GHG Emissions (Note 1)

2020

Total GHG emission (tonnes CO ₂ e)	6,941
Scope 1 — direct emission (tonnes CO ₂ e) (Note 2)	332
Scope 2 — energy indirect emission (tonnes CO ₂ e) (Note 3)	5,995
Scope 3 — other indirect emission (tonnes CO ₂ e) (Note 4)	614
Intensity of GHG emissions (tonnes CO ₂ e/million RMB of revenue)	0.53

Notes:

1. The Group’s GHG inventory includes carbon dioxide, methane and nitrous oxide. For the ease of reading and understanding, GHG emissions data is presented in carbon dioxide equivalent (CO₂e).
2. The calculation of Scope 1 — direct emission takes reference from the emission factors in “Reporting Guidance on Environmental KPIs” issued by the Stock Exchange and emission factors by the National Development and Reform Commission of the PRC.
3. The calculation of Scope 2 — energy indirect emission is based on the emission factors provided by the National Development and Reform Commission of the PRC.
4. The calculation of Scope 3 — other indirect emission takes reference from emission factors in “Reporting Guidance on Environmental KPIs” issued by the Stock Exchange and the International Civil Aviation Organization Carbon Emissions Calculator.

3.2.2 Water Pollution

Since the Group's business operations do not involve direct construction processes, the Group does not emit significant water pollutants that causes severe detrimental effects to the environment. However, the Group still takes various precaution measures to ensure proper treatment to the wastewater that construction sites induce. The installation of sedimentation tanks are required at construction sites to allow the separation of mud and sludge from water before discharging to municipal sewage pipelines. The sediments are contained in bags and sent for disposal. Furthermore, the Group places great focus on the management of industrial oil and chemicals in order to minimise the risk of leakage, in turn preventing water pollution.

3.2.3 Waste

The dumping of waste generated from daily operation of offices is a source of emission from the Group. During the Year, we were in compliance with relevant laws and regulations that have a significant influence on the Group, including the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. To avoid detrimental impacts on the environment, non-hazardous wastes, which consisted of mainly daily office garbage produced by employees, were collected and processed collectively by the local environmental hygiene department and the designated parties, while hazardous wastes, such as waste batteries, cartridges and light tubes, were handled by qualified companies. The wastes generated by the Group during the Year are as follows:

Wastes	2020
Total non-hazardous waste generated (kg) (Note 1)	311
Intensity of non-hazardous waste generated (kg/million RMB of revenue)	0.02
Total hazardous waste generated (kg)	427
Intensity of hazardous waste generated (kg/million RMB of revenue)	0.03

Notes:

1. Our office waste was estimated based on the situation of daily operation.

Further to the abovementioned waste disposal and management measures, the Group also implements strict waste management procedures at construction sites to properly manage construction waste. Designated storage sites for waste disposal are stringently assigned, where the disposal of waste in any other area is prohibited. Any waste that may cause secondary pollution should be stored separately and marked with labels as a precaution for workers. Construction waste are regularly sent to government-specified facilities for further treatment, while recyclable waste are sent to be recycled.

3. PROTECTING OUR ENVIRONMENT

In a bid to effectively reduce the amount of waste, we always stick to the priorities in waste management, which are in the order of replace, reduce, reuse, recycle and disposal. We have also implemented a series of measures to encourage the efficient use of resources by staff and avoid wastage. We not only separate wastes properly to recycle paper, metal and plastics, but also encourage employees to reuse stationery such as envelopes and files, and replace disposable products with reusable products such as chargeable batteries. We also select recyclable cartridges and evaluate the usage of material to avoid overstock. To conserve paper, the Group sets the printers to default duplex and economical modes, reviews paper consumption regularly to ensure appropriate use of paper and encourages employees to reuse paper or use both sides of the paper. We also tend to disseminate internal information by electronic communication channels, and to adopt an electronic system for the office administrative system instead of documenting in paper. Moreover, we have cooperated with an electronics company to recycle outdated computers and other electronic waste so as to recycle reusable materials and turn waste into useful resources.

3.3 Resources Conservation

The Group endeavours to promote sustainable development by adopting numerous measures on reducing resources consumption, as well as raising the environmental awareness of employees and encouraging them to take part in environmental protection. To reduce electricity consumption, we put up energy-saving reminder labels beside each light switch and encourage employees to switch off idle lighting system and other electronics, such as printers and computers, and take full advantage of sunlight whenever possible. Energy-efficient lighting and air conditioners are adopted, and lighting appliances and filters for air conditioners are cleansed regularly to maintain the highest efficiency. We also advocate to set the minimum temperature at 25.5 degrees Celsius. By means of regular checking and maintenance, the possibility of leakage of refrigerant has been reduced. Non-frontline employees are also allowed to wear light so that energy for air conditioning can be saved. The energy consumption of the Group during the Year is as follows:

Energy Consumption

2020

Total energy consumption (MWh)	11,931
Direct energy consumption (MWh) (Note 1)	657
Indirect energy consumption (MWh) (Note 2)	11,274
Intensity of energy consumption (MWh/million RMB of revenue)	0.91

Notes:

1. Direct energy consumption includes the use of fuel of vehicles and is calculated based on the conversion factors in "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
2. Indirect energy consumption includes the amount of purchased electricity.

3. PROTECTING OUR ENVIRONMENT

In terms of water saving, the Group has posted water saving notices in every lavatory and employees are reminded to turn off the faucet tight after use. The Group also conducts tests to put a stop to hidden leaking pipes and monitors water meters regularly to prevent leaking and wasting water. In addition, grey water is reused for cleaning and irrigation wherever possible. During the Year, the Group did not face any issue in sourcing water. The water consumption of the Group during the Year is as follows:

Water Consumption

2020

Total water consumption (m³)

447,665

Intensity of water consumption (m³/million RMB of revenue)

34.02

4. CARING FOR OUR EMPLOYEES

The dedication and contributions of employees are essential to the long-term and sustainable development of the Group. We understand that well-established employment policies enable us to attract and retain talents. Apart from complying with the laws and regulations concerning employment, occupational safety and labour standards, including but not limited to the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and Work Safety Law of the People's Republic of China, we strive to provide employees with a positive working environment and safeguard their well-being and health.

4.1 Employee Recruitment and Dismissal

The Group has established a defined human resources procedure to regulate and manage recruitment procedures, aiming to recruit the most appropriate talents for different positions in a fair manner with integrity. The Group makes use of different channels of recruitment, including recruitment websites, headhunting services, internal recommendations and school campus recruitment, as a bid to recruit the best-fitting personnel for each position. During the recruitment process, each job applicant is entitled to an equal opportunity to receive a job offer, regardless of his/her age, gender, ethnicity, religious belief, marital status and disability, as long as his/her working experience, technical expertise and qualification are fulfilling the job requirements.

Prior to hiring, the job applicant's identification documents are also required to be shown for age verification, so as to prevent misemploying child labour. In the case of such incidents being discovered, the Group shall investigate the cases thoroughly and immediately dismiss any related employees. With a view to safeguarding employees' rights and interests, as well as avoiding forced labour, we enter into employment contracts with employees before they report duties, which clearly define the job duties and working location and period.

Upon receipt of resignation from any employee, we will conduct an exit interview to understand his/her reason for resignation, and to look for methods of improvement to keep employees and stabilise turnover.

4.2 Health and Safety

The health and safety of employees during business operation and construction work is always the top priority for the Group. During the Year, we strictly conformed to the relevant laws and regulations, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. We have continuously implemented different safety guidelines in various aspects of construction sites, including fire safety, sanitation management, safety during working from heights, and facility usage safety. The Group has set its bottom line for occupational safety precautions, and punishments and penalties will be made in case of violation.

In order to maintain a safe environment at construction sites, the Group requires each site to regularly conduct different degrees of safety checks and inspections to ensure that construction workers are properly protected from any hazards present at the sites. Such inspections are conducted by different levels of the Group, from daily routine safety meetings by project companies to monthly safety inspections conducted by regional companies or third party inspection organisations. Photographs and videos are taken as record in case of any safety issue discovered, while corrective measures are expected to be made promptly to avoid unnecessary safety accidents. Unresolved safety issues will yield punishments and penalties on the construction site.

The Group has formulated an emergency management policy, which sets out the necessary measures to be taken in case of any emergencies regarding occupational health and safety. The policy classifies safety emergencies into three levels, each with varying degrees of severity, and has put in place different procedures corresponding to each level. After promptly dealing with the emergencies, the Group thoroughly investigates the reasons that led to the emergency and will take corrective measures accordingly to prevent it from repeating.

In addition, the Group has organised safety trainings which comprise of training about safety techniques and education on safety knowledge and awareness for employees. Occupational health and safety-related training are generally classified into two types:

1) **Pre-construction training for contractors**

Prior to the start of construction, the Group provides training to all construction contractors and managers regarding the environment, health and safety requirements by the Government, as well as regulations at construction sites. New construction workers are required to attend a safety exam to ensure that they understand the safety requirements and are aware of the importance of occupational health and safety.

2) **Regular safety training for construction workers**

Monthly safety education meetings are conducted at construction sites to provide updates on the safety status of the construction site, as well as reminding construction workers of the safety requirements. Daily pre-work safety training sessions are also arranged, explaining to workers the safety hazards present at the construction site, safety procedures, as well as emergency handling procedures.

Furthermore, the Group actively organises occupational health and safety-related activities to promote workplace safety, raising the safety awareness of construction workers. Depending on the stage of construction, as well as season and weather, promotional themes and materials may differ, ranging from safety booklets, banners and comic strips, to “safety production month” activities and emergency drills.

During the Year, there were no work-related injuries and fatalities, thanks to the effort put by the Group in creating an injury-free business environment.

Response to Coronavirus Disease 2019

In light of the outbreak of Coronavirus Disease 2019 (“**COVID-19**”) worldwide, the Group strives to swiftly and effectively contain the epidemic from spreading within the Group. Therefore, the Group has established a management team for leading the epidemic prevention and control work, and has formulated the COVID-19 Epidemic Prevention and Control Handbook for providing guidelines to prevent and control the disease within the Group. The management team is responsible for formulating and implementing a series of preventive measures and control policies listed in the Handbook to ensure the health and well-being of employees.

4. CARING FOR OUR EMPLOYEES

Throughout its epidemic control and prevention work, the Group upholds the four principles of disease prevention and control, as stated in the COVID-19 Epidemic Prevention and Control Handbook:

1. Strictly execute on the government's requirements on disease prevention and control;
2. Persistently conduct daily disease prevention measures;
3. Consistently promote personal hygiene and disease awareness amongst employees; and
4. Swiftly react to any emergencies.

In view of such, the Group has put in place multiple measures regarding disease prevention and control within the Group's workplace premises. For example, we strengthened sanitisation and cleaning throughout the office, as well as kept the office ventilated and maintained employees' social distance. Employees and visitors at Leading premises were required to wear face masks as well as to take body temperature measurement before entering the premises. In addition, a handbook of the control and prevention of COVID-19 was released to raise employees' awareness. Besides, the management has strived its best to cooperate and support local government's pandemic prevention and control work, and prepared adequate pandemic prevention supplies for employees.

4.3 Training and Development

Building suitable career paths with a bright future is crucial to every employee. The Group sees employees' career development as a component of our business success. Hence, we have established a comprehensive training system, which offers both external and internal trainings, and the management department is responsible for devising and improving monthly and annual training plans as well as developing courses and workshops for employees of different levels.

During the Year, the Group has carried out thirteen training programmes to build up employees' working skills and knowledge on marketing, product development, customer relationship and management. For new employees, we have upgraded the orientation and offered a series of induction training with regard to the group's policies, system operation and daily work flow of different departments in order to familiarise themselves with the group's daily operation. To encourage employees to pursue independent learning and take part in external training, we also provide tuition reimbursement for external training courses. Employees are incentivised to further enhance their professionalism and industry knowledge to support our business.

Furthermore, the Group has founded "Leading College" to provide professional training sessions to its employees, nurturing their core skill sets such as operation management skills, customised for employees with different professional experience. Experts in the industry from the PRC and abroad are often invited to provide classes in Leading College.

As a well-rounded development pathway, we also offer promotion opportunities to employees adding to the provision of training. We adopt the performance evaluation and management policy in an attempt to assess the employees' working performance and attitude regularly, from which the results are considered as a reference for employees' promotion, salary adjustment, discretionary bonus and training. Competent employees will be considered for internal promotion in recognition of their efforts and contributions. The Group believes that such can effectively attract and retain talents and enhance the performance of employees.

4.4 Employee Welfare

Employees are valuable assets of the Group, therefore it provides employees with attractive benefits. We strive to ensure the working hours and remuneration of employees are compliant with the requirements of relevant laws and regulations, in which our employees are entitled to compensation upon required overtime working, as well as the rights of taking vacation leaves, such as birthday leave, maternity leave, marriage leave and funeral leave. We also provide gifts for newlyweds and newborns as well as solatium for the sick and funerals. Meanwhile, according to the requirements of the local government, we also make contributions to the Social Insurances and Housing Provident Fund for our employees. Based on internal and external reference standards, our remuneration structure is annually reviewed so as to maintain competitive remuneration offered to employees.

Moreover, the Group advocates help and care among employees and propagates the building of a corporate of happiness and harmony. During the Year, we have organised a wide variety of cultural and sports entertainment activities, such as speech contest and poetry competition, as well as festival activities, celebrating festivals like Mid-autumn Festival.

5. OPERATING OUR BUSINESS

An enterprise's level of sustainable development highly hinges on the quality and efficiency of its business operations. The Group spares no effort in optimising its operations and maintaining its reputation by properly managing its supply chain, earnestly serving its customers and behaving ethically in the market.

5.1 Supply Chain Management

To thoroughly fulfill the environmental and social responsibility, management of our business operation including the supply chain cannot be neglected. As a way to ensure that qualified products and services are provided, we target and cooperate with suppliers with high credibility such as long-established suppliers and those from eminent enterprises. We have set up comprehensive procurement and supplier management policies and systems which act as a guide to opt for and manage our suppliers. During the selection process, suppliers are evaluated mainly based on their project quality, project progress, on-site management and cooperation, cost control and safety. For example, suppliers with the certification of ISO 14001 or ISO 9001 Quality Management System Certification or other accreditation will be prioritised. Suppliers who fail to meet the requirements may ultimately be disqualified.

Environmental and social risks along the supply chain are always considered by the Group. We give priority to suppliers that comply with national, regional and industrial environmental standards, follow internationally recognised standards and own certifications concerning energy management systems, environmental management systems and social risk management. We also value the employment and incorruptibility of suppliers. Therefore, we ensure that suppliers are committed to upholding the human rights of employees by implementing internal regulations in accordance with internationally accepted norms. Whether they have adopted sufficient occupational health and safety policies and obtained relevant certifications is also an important consideration. The cooperation with suppliers who are found to be incompliant with relevant laws and regulations regarding anti-bribery, anti-corruption and any other unethical business practices will be terminated at once.

Furthermore, we endeavour to select environmentally friendly products and services during procurement. For example, we prefer eco-friendly products which are energy-efficient or made of recyclable materials such as refillable pens and recycled paper. We also encourage the staff to pay attention to the expiry date of products and use products purchased earlier to avoid unnecessary wastage. Besides, to reduce carbon footprint, we tend to select local suppliers or suppliers geographically closer to the company.

5.2 Building and Service Quality

The Group is devoted to constructing buildings of quality and providing clients with the best customer services. We strictly comply with laws and regulations such as the Product Quality Law of the People's Republic of China, the Construction Law of the People's Republic of China and the Law of the People's Republic of China on Protection of Consumer Rights and Interests.

Through internal processes, we continuously improve buildings and services' quality as a way to achieve the optimisation of buildings and services. The Group has implemented a construction inspection management policy, which sets out the personnel and measures for construction inspections, in order to ensure that buildings constructed and developed are of satisfactory quality. The policy requires project companies to regularly monitor the construction progress of contractors, as well as making sure that contractors are in compliance with regulations related to health and safety, in turn enhancing the Group's management over construction projects.

Furthermore, the Group has integrated building quality with employee performance, putting inspection personnel directly accountable for any quality issues during construction and for the building, acting as a means to urge inspection personnel to firmly uphold the necessary standards to improve the quality of constructions.

Catering for the needs of customers, the Group exerted efforts in improving customer service and bringing customers a feeling of happiness. Customer complaints are referred to different departments for handling according to the severity, and customer service team would promptly investigate the root cause of complaints and take quick remedial and preventive action in response to the complaints from our customers. Moreover, we offer comprehensive maintenance services to our customers within the warranty period as part of our aftersales service, and responsible departments would respond to customer inquiries and service requests in a timely manner through various channels. We also appreciate that customers' comments are beneficial to our improvements, for which we frequently collect customers' feedback regarding the quality of our service, satisfaction of the building, and the overall performance.

5.3 Advertisements Management

The Group takes a very serious approach in managing its advertisements and messages to the public. The Group strictly abides to relevant laws and regulations, including the Advertising Law of the People's Republic of China. The Group's news management and transmission policy has designated the Group's brand management department to ensure that the advertisement material, including introduction presentations for the Group and brand story, are aligned between the Group and its subsidiaries, so as to provide the most accurate information to the public.

5.4 Intellectual Property Rights and Privacy Protection

To prevent infringement of intellectual property rights of the Group, customers, suppliers and any other business partners, a sound trademark management procedure has been established to ensure the originality of our trademark. During the Year, our trademark was registered for the invention patent in a timely manner and strictly conformed to the Trademark Law of the People's Republic of China. Besides, we ensure that all of the software we use is legitimate and complies with the license agreement.

Meanwhile, the Group places high value on information security and privacy. In order to prevent the reveal of the Group's confidential information as well as personal data of employees and customers, all employees are required to sign a confidentiality agreement to promise not to divulge any business information and secrets of the Group to any third parties. In addition, customer information is collected and used in a legal and responsible manner, and the IT department makes efforts to keep computer data bases secure and to safeguard information we collected.

5. OPERATING OUR BUSINESS

5.5 Anti-corruption

With integrity being a central part of the Group's business ethics, we strictly comply with the relevant laws and regulations, including but not limited to the Criminal Law of the People's Republic of China. The Group has set up a comprehensive inspection management system to monitor and prevent bribery. All management and staff are highly encouraged to report cases of suspected corruption, either to their supervisors or other managers. Suspected corruption cases will be properly investigated and associated actions, such as disciplinary action, reporting to relevant authorities and prosecution, will be taken. Any breach of the anti-corruption policy is deemed to have committed a major misconduct and is meted out to a disciplinary action.

In addition, our employees shall sign up an agreement to avert bribery and corruption in any kinds and to regulate the behaviours of the parties, aiming to uphold the integrity and be self-disciplined. To raise employees' awareness, the Group has organised 15 training sessions on anti-corruption by means of videos and face-to-face meetings. They are also encouraged to report suspected misconduct and violations of rules.

6. CONTRIBUTING TO COMMUNITY

As we strive for a common growth and prosperity with society as well as our pursuit of business development, we are pleased to contribute in support of the healthy development of the community by actively encouraging its employees to participate in volunteering works and charitable activities. As an enterprise with a strong social conscience, the Group has established “Leading Heart Programme” (領地•心計劃), focusing on providing educational aid and helping the elderly, actively organising charitable activities such as providing education sponsorships, donating towards those in financial distress, etc. During the Year, the Group has amounted a total of RMB2,751,800 in donations, which included RMB2,000,000 for epidemic prevention and over RMB200,000 for education and poverty alleviation.

APPENDIX: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
Environmental			
A1 Emissions	General disclosure	3.2 Emissions Management	7-10
A1.1	The types of emissions and respective emissions data.	3.2 Emissions Management	7-10
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	3.2 Emissions Management	7-10
A1.3	Total hazardous waste produced and, where appropriate, intensity.	3.2 Emissions Management	7-10
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	3.2 Emissions Management	7-10
A1.5	Description of measures to mitigate emissions and results achieved.	3.2 Emissions Management	7-10
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.2 Emissions Management	7-10
A2 Use of Resources	General disclosure	3.3 Resources Conservation	10-11
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	3.3 Resources Conservation	10-11
A2.2	Water consumption in total and intensity.	3.3 Resources Conservation	10-11
A2.3	Description of energy use efficiency initiatives and results achieved.	3.3 Resources Conservation	10-11
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.3 Resources Conservation	10-11
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	N/A	Due to the business nature, the Group does not involve the use of packaging material.

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ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
Environmental			
A3 Environmental and Natural Resources	General disclosure	3.1 Environmental Protection as a Property Developer; 3.2 Emissions Management; 3.3 Resources Conservation	5-11
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Environmental Protection as a Property Developer; 3.2 Emissions Management; 3.3 Resources Conservation	5-11
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B1 Employment	General disclosure	4.1 Employee Recruitment and Dismissal	12
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