



# Sunshine 100 China Holdings Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2608



# 2020

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



SS100

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## ABOUT THE REPORT

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### 1. ABOUT THE REPORT

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

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

#### 1.1 Scope of the Report

The ESG Report covers the environmental and social performance of the Group for the period between 1 January 2020 and 31 December 2020 (the “**Reporting Period**” or “**Year**”). The environmental KPIs as disclosed in the ESG Report are based on the performance of the Group’s headquarter and major project offices during the Reporting Period, which include two offices in Wenzhou and one in Wuxi, Shenyang, Qingyuan and Jinan respectively (collectively the “**Offices**”). The Group will extend its disclosure to other offices in a gradual manner. For details of corporate governance, please refer to the corporate governance report on pages 71 to 85 of the Company’s annual report.

#### 1.2 Reporting Standard

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

## ABOUT THE REPORT (Continued)

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### 1. ABOUT THE REPORT (Continued)

#### 1.3 Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered all key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group's ESG performance. Information of the standards, methodologies, references and source of key emission of these KPIs are stated wherever appropriate. To enhance the comparability of the ESG Report, the Group adopts consistent reporting format and methodologies for calculating KPIs as far as practicable. In case of any changes, explanation will be provided in the ESG Report to facilitate information interpretation.

#### 1.4 Board Statement

The Group believes that sound ESG governance would enhance the Group's ESG performance and contribution to the environment and society, thus increasing its investment value and bringing long-term returns to stakeholders. In order to formulate an appropriate and effective ESG management and control system, the Board is responsible for monitoring the implementation of ESG-related matters of the Group. The Board has formulated the overall ESG plans of the Group, and has established communication channels between various departments and key stakeholders. Besides, the Board will concern the latest development of ESG-related matters that may cause potential impacts on the Group's business operations, and will monitor and review the Group's compliance with ESG-related laws and regulation established by regulatory agencies. The Board also monitors the formulation of the ESG report to ensure its content and quality comply with regulations and meet the requirements of the Board.

In addition, the Board has engaged an independent consultant to assist in the management of the Group's ESG affairs, to perform data and information collection and analysis. The consultant also assists the Board to conduct a materiality assessment, and some directors have participated in it to provide valuable opinions on the importance of ESG issues, in order to identify material ESG issues. The Board would ultimately make reference to the assessment result to determine the ESG issues that the Group needs to focus on, hence formulating the future ESG development direction of the Group.

## ABOUT THE REPORT (Continued)

### 1. ABOUT THE REPORT (Continued)

#### 1.5 Stakeholder Engagement

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

Stakeholder	Expectations	Management Responses/ Communication Channels
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>• Compliance with national policies, laws and regulation</li> <li>• Tax payment in full and on time</li> <li>• Safe production</li> </ul>	<ul style="list-style-type: none"> <li>• Regular information reporting</li> <li>• Examination and inspection</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Returns</li> <li>• Compliance operations</li> <li>• Rise in company value</li> <li>• Transparency and effective communication</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Announcements</li> <li>• Email, telephone conversations and company website</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Operation with integrity</li> <li>• Fair competition</li> <li>• Performance of contracts</li> <li>• Mutual benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Review and appraisal meetings</li> <li>• Business communication</li> <li>• Discussion and exchange of opinions</li> <li>• Engagement and cooperation</li> </ul>

## ABOUT THE REPORT (Continued)

### 1. ABOUT THE REPORT (Continued)

#### 1.5 Stakeholder Engagement (Continued)

Stakeholder	Expectations	Management Responses/ Communication Channels
<b>Customers</b>	<ul style="list-style-type: none"> <li>Outstanding products and services</li> <li>Health and safety</li> <li>Performance of contracts</li> <li>Operation with integrity</li> </ul>	<ul style="list-style-type: none"> <li>Customer service center and hotlines</li> <li>Customer opinion surveys</li> <li>Social media platforms</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Compliance with emission regulations</li> <li>Energy saving and emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>Communication with local environmental departments</li> <li>Reporting</li> <li>Investigation and inspection</li> </ul>
<b>Industry</b>	<ul style="list-style-type: none"> <li>Enhancement of industrial development</li> </ul>	<ul style="list-style-type: none"> <li>Participation in industry forums</li> <li>Field visits</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Protection of rights</li> <li>Occupational health and safety</li> <li>Remunerations and benefits</li> <li>Career development</li> <li>Humanity care</li> </ul>	<ul style="list-style-type: none"> <li>Employee meetings</li> <li>House journal and intranet</li> <li>Training and workshop</li> <li>Employee activities</li> <li>Departmental satisfaction surveys</li> </ul>
<b>Community and the public</b>	<ul style="list-style-type: none"> <li>Enhancement of community environment</li> <li>Participation in charity</li> <li>Transparency</li> </ul>	<ul style="list-style-type: none"> <li>Company website</li> <li>Announcements</li> <li>Social media platforms</li> </ul>

## ABOUT THE REPORT (Continued)

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### 1. ABOUT THE REPORT (Continued)

#### 1.6 Materiality Assessment

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

- i) Based on the relevant national and local standards and policies, industry characteristics and development of the Group, identify 36 potential material ESG issues that may pose a high risk to the Group's operation and influence stakeholders' decisions;
- ii) Invite internal and external stakeholders (including staff, management, directors, customers, suppliers and communities) to complete a set of questionnaire to collect opinions on each of the potential issues;
- iii) Prioritize the potential material issues based on the results of 983 valid questionnaires with the materiality matrix.

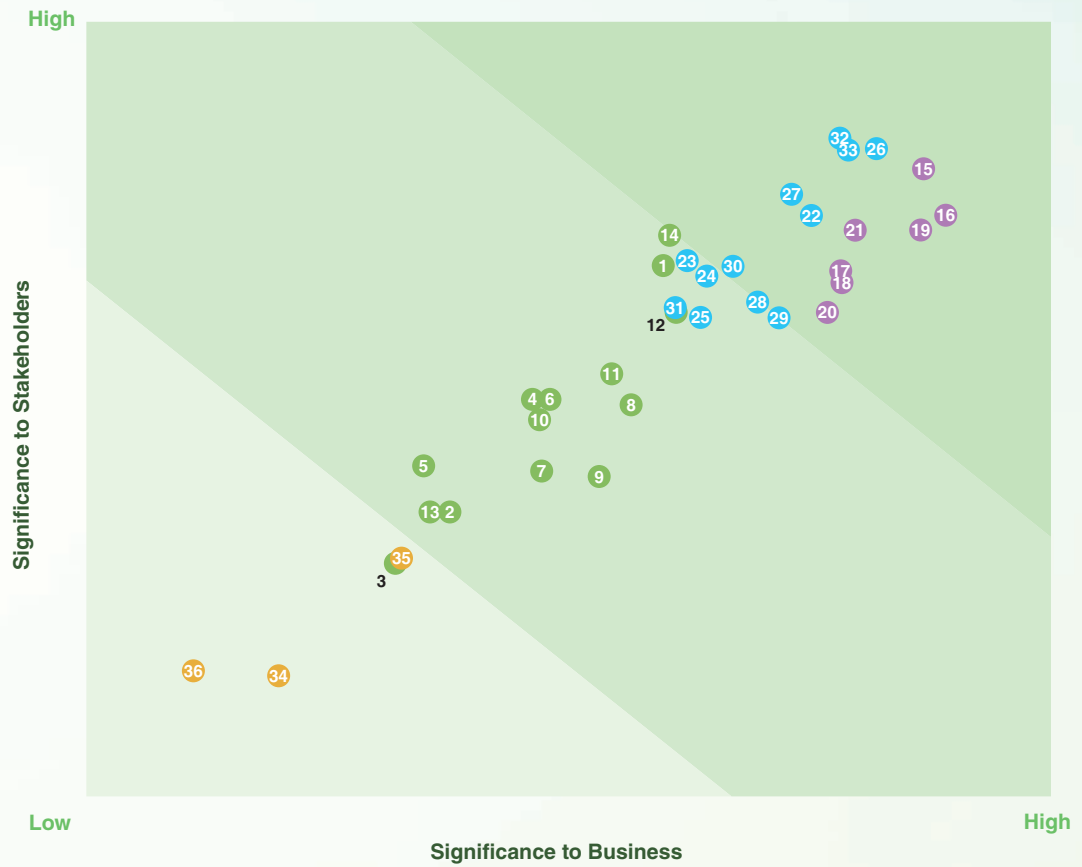


ABOUT THE REPORT (Continued)

1. ABOUT THE REPORT (Continued)

1.6 Materiality Assessment (Continued)

Materiality Matrix



## ABOUT THE REPORT (Continued)

### 1. ABOUT THE REPORT (Continued)

#### 1.6 Materiality Assessment (Continued)

##### *Materiality Matrix (Continued)*

Environment	Labor Practices	Operation Practices	Community Investment
1. Environmental Compliance	15. Employment Compliance	22. Operational Compliance	34. Charity
2. Air Pollution Management	16. Employees' Remuneration and Benefits	23. Managing Environmental Risks of Supply Chain	35. Promotion of Community Development
3. Fleet Emissions Management	17. Employees' Working Hours and Rest Period	24. Managing Social Risks of Supply Chain	36. Poverty Alleviation
4. Wastewater Management	18. Diversity and Equality	25. Procurement Practices	
5. Greenhouse Gas Emission	19. Occupational Health and Safety	26. Quality Management	
6. Waste Management	20. Training and Education	27. Customer Health and Safety	
7. Energy Consumption	21. Prevention of Child Labor and Forced Labor	28. Responsible Sales and Marketing	
8. Use of Water Resources		29. Customer Service Management	
9. Green Office		30. Intellectual Property Protection	
10. Green Energy Project		31. Information Security	
11. Green Building		32. Customer Privacy Protection	
12. Ecological Protection		33. Anti-corruption	
13. Responding to Climate Change			
14. Prevention and Handling of Environmental Incidents			

## ABOUT THE REPORT (Continued)

### 1. ABOUT THE REPORT (Continued)

#### 1.6 Materiality Assessment (Continued)

##### *Materiality Matrix (Continued)*

From the materiality matrix, we have identified 13 material issues which are discussed in details in the ESG Report.

Aspects	Material issues	Reference sections
<b>Labor Practices</b>	15. Employment Compliance	Our Staff
	16. Employees' Remuneration and Benefits	Occupational Health and Safety Training and Development
	17. Employees' Working Hours and Rest Period	
	18. Diversity and Equality	
	19. Occupational Health and Safety	
	20. Training and Education	
	21. Prevention of Child Labor and Forced Labor	
<b>Operation Practices</b>	22. Operational Compliance	Our Operation
	26. Quality Management	Product Quality
	27. Customer Health and Safety	Customer Service Privacy and Information
	30. Intellectual Property Protection	Protection
	32. Customer Privacy Protection	
	33. Anti-corruption	

## ABOUT THE REPORT (Continued)

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### 1. ABOUT THE REPORT (Continued)

#### 1.7 Opinions and Feedback

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

- [ir@ss100.com.cn](mailto:ir@ss100.com.cn)
- Sunshine 100 China Holdings Ltd  
39th Floor, The Landmark Gloucester Tower, No. 15 Queen's Road Central, Hong Kong

## OUR VISION OF SUSTAINABLE DEVELOPMENT

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### 2. OUR VISION OF SUSTAINABLE DEVELOPMENT

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

- **Abide by industrial standards to prosper with the industry**

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

- **Respect the value of talents to grow with our employees**

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

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

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

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

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

## OUR OPERATION

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### 3. OUR OPERATION

#### 3.1 Product Quality

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

##### *Top-tier Architects*

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

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

##### *Quality Management*

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

## OUR OPERATION (Continued)

### 3. OUR OPERATION (Continued)

#### 3.1 Product Quality (Continued)

##### *Quality Management (Continued)*

The Group believes that high-quality service and management is the key to corporate success. During the Reporting Period, with hard work and stable operation, the Group has awarded with numerous real estate and brand value awards, including:

Award	Awarding Organization
2020 China Mainland Top 10 Real Estate Company Listed in Hong Kong by Investment Value 2020 TOP30 Brand Value of China Real Estate Companies 2020 Real Estate Company Worth Focusing by Capital Market	China Real Estate TOP10 Research
2020 Best 100 China Real Estate Listed Companies with Strongest Comprehensive Strengths 2020 Best 5 China Real Estate Listed Companies with Strongest Innovation Capability 2020 Best 100 of China Real Estate Developers 2020 Best 10 of Cultural Tourism of China Real Estate Developers 2020 Best 100 of China Real Estate Developers Brand Value 2020 Best 10 Northern China Real Estate Developers Brand Value	China Real Estate Association China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute

## OUR OPERATION (Continued)

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### 3. OUR OPERATION (Continued)

#### 3.1 Product Quality (Continued)

##### *Product Health and Safety*

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

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

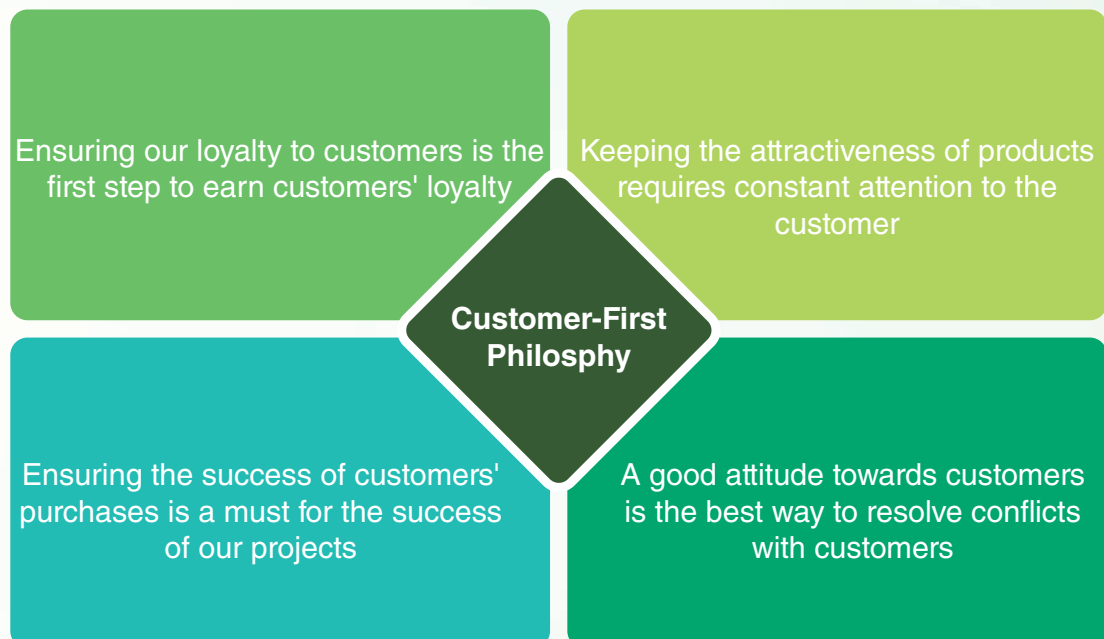


## OUR OPERATION (Continued)

### 3. OUR OPERATION (Continued)

#### 3.2 Customer Service

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



#### *Property Sales*

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

## OUR OPERATION (Continued)

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### 3. OUR OPERATION (Continued)

#### 3.2 Customer Service (Continued)

##### *Property Sales (Continued)*

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

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

##### *Complaint-handling*

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

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

## OUR OPERATION (Continued)

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### 3. OUR OPERATION (Continued)

#### 3.3 Privacy and Information Protection

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

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

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

#### 3.4 Operation with Integrity

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

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

## OUR OPERATION (Continued)

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### 3. OUR OPERATION (Continued)

#### 3.4 Operation with Integrity (Continued)

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

1. Established an internal audit department, which bears the primary responsibility for handling whistle-blowing, complaints and responses, and acts as the permanent department for anti-corruption and anti-fraud. It is subject to the supervision of the Board and the audit committee.
2. Standardized the process of complaint-handling and whistle-blowing; set up specialized telephone hotlines, emails and public address and stipulated the detailed process for whistle-blowing and complaints; set up safety protection mechanism for whistle-blowers; established an award system for whistle-blowing.
3. The management of the Group is responsible for building, improving and implementing anti-corruption process and mechanism; each department assumes its responsibility to carry out anti-corruption work.
4. Advocated enterprise culture of honesty and integrity; created anti-corruption enterprise ambience; organized anti-corruption training and moral education for new staff.
5. Required all procurement officers' business cards to be printed with the telephone number and email address for our business partners' supervision and complaints in case of bribery and corruption.
6. In case of corruption, employees will be meted out to financial or administrative disciplinary actions depending on the seriousness of the case. If criminal law is breached, the case will be transferred to the judicial authority and handled in accordance with law.

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

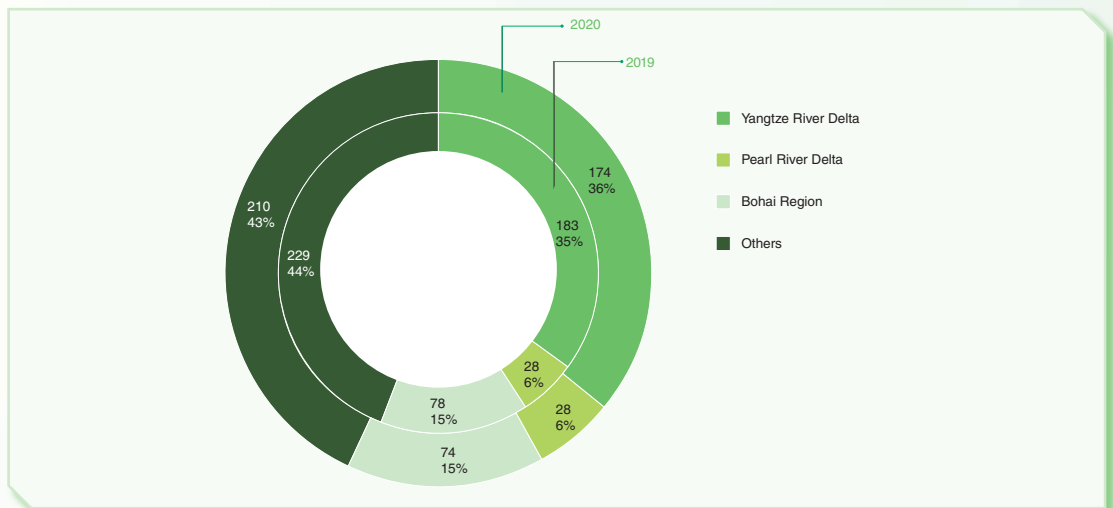
## OUR OPERATION (Continued)

### 3. OUR OPERATION (Continued)

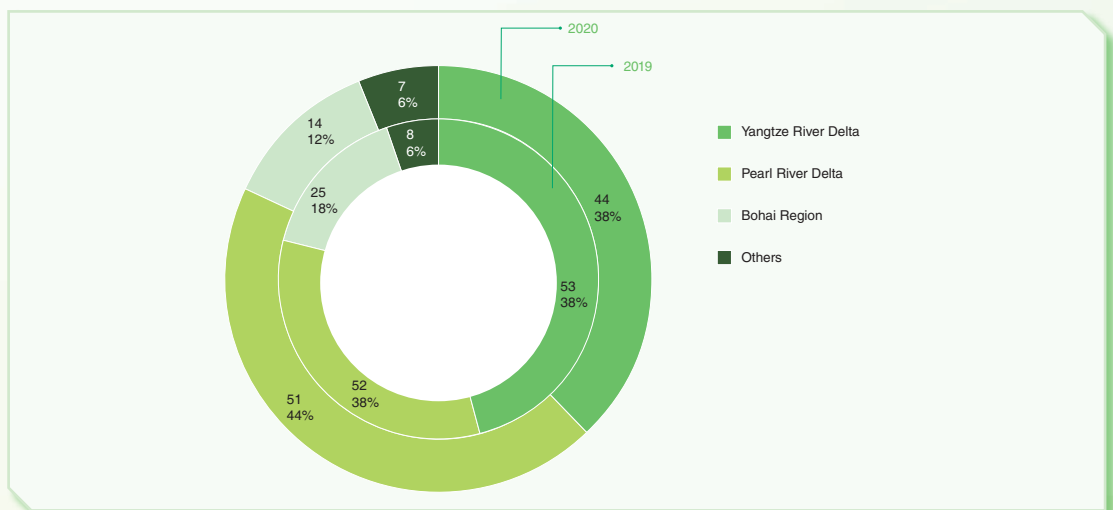
#### 3.5 Supply Chain Management

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

Number of contractors and subcontractors by geographical region of headquarters:



Number of suppliers by geographical region of headquarters:



## OUR OPERATION (Continued)

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### 3. OUR OPERATION (Continued)

#### 3.5 Supply Chain Management (Continued)

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

In regard to material suppliers, the Group has set out the requirements in the contract for accreditations of environmental protection such as “ISO Quality Management System Certification” and “Environmental Management System Certification”. Besides, we require woodwork suppliers to provide documents as a proof of legality of origin for the materials they supply. For high energy-consuming products, the Group always prefers multinational and eminent enterprises which are more mindful of environmental protection and social responsibility. Meanwhile, the Group gives priority to local suppliers or suppliers with closer distance to reduce carbon footprint from transportation.

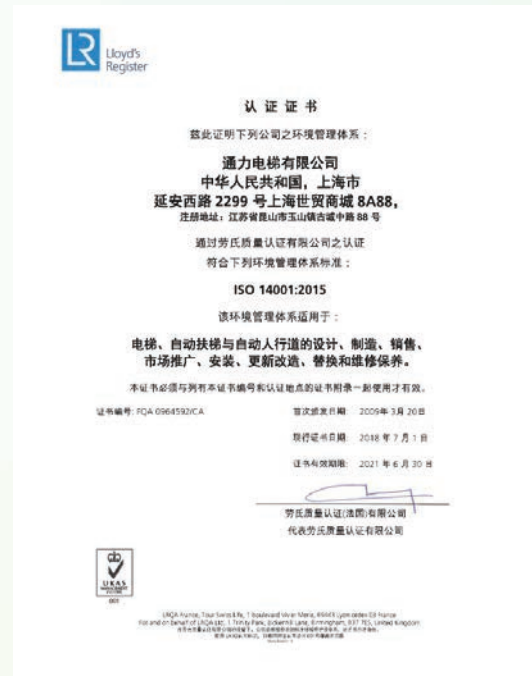
With respect to contractors and subcontractors for construction projects, the Group lays emphasis on the evaluation to determine whether they have met the requirements of local regulations on environmental protection, occupational health and construction safety. We give priority to suppliers with safety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

## OUR OPERATION (Continued)

## 3. OUR OPERATION (Continued)

## 3.5 Supply Chain Management (Continued)

In addition, the Group would evaluate suppliers' quality in materials and projects, delivery, compliance and other factors during the supplier selection process. Only suppliers that meet the criteria could be added to the list of qualified suppliers. We conduct supplier evaluation annually and eliminate suppliers that do not meet the standards for cooperation, have violated relevant laws and regulations or have experienced quality accidents from the list of qualified suppliers. If any supplier, contractor and subcontractor is found to be inconsistent with the Group's policy, we will stop the cooperation with relevant party until the situation improves. During the Reporting Period, all suppliers, contractors and subcontractors of the Group are governed by the aforesaid supplier management procedures.



## OUR STAFF

### 4. OUR STAFF

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

#### 4.1. Staff Overview

The greatest wealth of the Group is the pool of our outstanding staff with their high working ability and loyalty particularly. As at 31 December 2020, we had a total of 3,949 employees, among which 3,941 were employed in the Mainland and 8 in Hong Kong.





## OUR STAFF (Continued)

### 4. OUR STAFF (Continued)

#### 4.1. Staff Overview (Continued)

During the Reporting Period, the employee turnover rate of the Group is as follows:

Indicators		Turnover rate <sup>1</sup> (%)
By gender	Male	41
	Female	37
By age	<30	66
	31–50	34
	>50	19
By geographical region	Mainland China	39
	Hong Kong	0

*Notes:*

1. The Group began to disclose the employee turnover rate during the Reporting Period.

#### 4.2. Occupational Health and Safety

The Group always put priority on the physical and mental health of employees and promotes work-life balance. We strictly abide by relevant laws such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and provide employees with labor safety and sanitary conditions which are in line with national rules and standards. The Group also arranges regular health examination for employees who are engaged in dangerous work. During the Reporting Period, there was only 1 work-related injury and 0 lost days due to the injury were recorded.

## OUR STAFF (Continued)

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### 4. OUR STAFF (Continued)

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

The number and rate of work-related fatalities of the Group in the past three years were as follows:

Health and Safety <sup>1</sup>	2020	2019	2018
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (%)	0	0	0

*Notes:*

1. The Group began to disclose the number and rate of work-related fatalities of the past three years during the Reporting Period.

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

#### **Construction Safety**

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

Moreover, we signed contract with contractors so as to ensure that they are following work safety guidelines. We also require them to appoint experienced experts to carry out safety inspection and supervision in order to ensure that the special-type construction workers have obtained relevant qualifications.

## OUR STAFF (Continued)

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### 4. OUR STAFF (Continued)

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

##### *Responding to the COVID-19 epidemic*

In response to the ongoing COVID-19 epidemic, the Group is committed to protecting the health and safety of employees. To strengthen the epidemic prevention and control work as well as to standardize and enhance the Group's emergency response capabilities and handling procedures, the Group has formulated the "Emergency Plan for Epidemic Prevention and Control of Commercial Building Companies" and established an emergency group to lead the epidemic prevention and control work, so as to protect employees' health in the most effective way. The emergency plan establishes numerous epidemic protection measures for the office area and employees' personal hygiene, such as strictly enforce electronic temperature check, only people with normal temperature can enter the premises, as well as provide parcel collection service and delivery services to ensure the health and safety of employees. In the meanwhile, the Group has arranged some employees to work from home so as to reduce the number of people in the workplace and allow appropriate distance to be kept between employees. During the period of working from home, the Group has utilised various online communication tools to safeguard the health condition of employees and ensure that work is carried out in a timely and smooth manner.

#### 4.3. Training and Development

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

During the Reporting Period, we have finished our training both online and offline, which can be classified into 5 major types: New Employees Training, Sales Training, Corporate Comprehensive Training, Development Training and Executive Management Training.

## OUR STAFF (Continued)

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### 4. OUR STAFF (Continued)

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

##### New Employees Training

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

##### Sales Training



## OUR STAFF (Continued)

### 4. OUR STAFF (Continued)

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

##### Sales Training (Continued)



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

## OUR STAFF (Continued)

### 4. OUR STAFF (Continued)

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

##### Corporate Comprehensive Training

The Group provides corporate culture trainings to employees, organize regular sharing sessions on the Group's projects and products, as well as on introducing the company, which aims to help employees better adapt to the working environment. At the same time, to foster the all-round development of employees, the Group has also organized a series of career development training and held various types of talks.

##### Development Training



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

During the Reporting Period, the Group has organized a team building outward bound training camp for more than 50 middle and high-level management staff. During the development training, the participants not only overcame difficulties and helped each other, but finally achieved the goals together, greatly enhancing the cohesion, communication efficiency and work motivation of employees.

## OUR STAFF (Continued)

### 4. OUR STAFF (Continued)

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

##### Executive Management Training



In response to the policy change in the real estate market and the needs of the company to transform and upgrade, especially to maintain the steady operational development of the Group under the severe epidemic situation in 2020, the Group has strengthened various types of executive management training. During the Reporting Period, the Group held more than 10 executive management training for all the executive management of the Group, which aims at enhancing their capability in management, control over the real estate market as well as ability to execute business development strategies of the Group.

## OUR STAFF (Continued)

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### 4. OUR STAFF (Continued)

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

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

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

During the Reporting Period, the Group's training and development data are as below:

Indicator		Percentage of employee trained <sup>1</sup> (%)	Average training hours <sup>1</sup>
By gender	Male	52	136
	Female	56	124
By employment level	Senior	48	41
	Middle	45	131
	Junior	55	134

Notes:

1. The Group began to disclose the percentage of employees trained and average training hours during the Reporting Period.



## OUR STAFF (Continued)

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### 4. OUR STAFF (Continued)

#### 4.4. Employment and Welfare Policies

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

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

## OUR STAFF (Continued)

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### 4. OUR STAFF (Continued)

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

The Group stringently prohibits the use of child labor and forced labor in accordance with relevant laws and regulations such as the Provisions on the Prohibition of Using Child Labor. We never employ persons who are below 18 years old by verifying their identity cards during the recruitment process. An employment contract which clearly defines the job duties is also signed by every employee to prevent forced labor. Once a case of employment of child labor or forced labor is discovered, the Group shall immediately stop his/her work. We will also look into the reasons and review the current procedures and practices to prevent similar cases from happening again. During the Reporting Period, we have standardized and intensified our human resources management. We strictly complied with the existing regulations on labor and employment applicable to the Group, and there were no circumstances involving material labor disputes.

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

## OUR STAFF (Continued)

### 4. OUR STAFF (Continued)

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

In order to allow employees to balance work and life, the Group actively organizes a number of employee activities every year, including daily activities, regular team building activities, family activities and festival activities as a way to maintain the work-life balance of our employees. We make adjustments to the activities according to our employees' feedback timely so that the greatest effectiveness can be attained in providing employees with the time to relax and improving the cohesion of the Group. For example, a cooking activity was organized during the Reporting Period, with the aim of strengthening teamwork and cohesion through cooperation. Besides, the Group holds birthday parties for employees on a regular basis to share the happy moments with them, thus allowing employees to build a closer relationship with each other.

#### Employee Birthday Party



## OUR STAFF (Continued)

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### 4. OUR STAFF (Continued)

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

##### Cooking Activity



## OUR ENVIRONMENT

### 5. OUR ENVIRONMENT

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

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

- Comply with relevant requirements of environmental protection laws
- Reduce construction waste
- Save energy
- Reduce negative impacts on the environment and natural resources
- Study and design green buildings

#### 5.1. Emissions

As a responsible property developer, the Group is dedicated to controlling and minimizing our emission in a bid to alleviate environmental problems such as global warming. While there is no water discharge from our Offices, our daily operation does generate air pollutants due to the use of vehicles and the combustion of fuels at stationary sources such as gas stove and water heater.

Air pollutant emissions of the Offices:

Indicators <sup>1</sup>	2020	2019
Nitrogen oxides (NO <sub>x</sub> ) (g)	72,488	96,594
Sulphur oxides (SO <sub>x</sub> ) (g)	805	1,037
Particulate matter (PM) (g)	6,028	7,945

Notes:

1. Air pollutant emissions of the offices are calculated based on the "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Hong Kong Stock Exchange.

## OUR ENVIRONMENT (Continued)

### 5. OUR ENVIRONMENT (Continued)

#### 5.1. Emissions (Continued)

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

Greenhouse gas emissions of the Offices:

Indicators	2020	2019
Total greenhouse gas emissions <sup>1</sup> (tonnes)	<b>1,835</b>	1,704
Direct greenhouse gas emissions (scope 1) <sup>2</sup> (tonnes)	<b>831</b>	472
Indirect greenhouse gas emissions (scope 2) <sup>3</sup> (tonnes)	<b>941</b>	996
Indirect greenhouse gas emissions (scope 3) <sup>4</sup> (tonnes)	<b>63</b>	236
Total greenhouse gas emissions per employee <sup>5</sup> (tonnes)	<b>3.82</b>	3.19

Notes:

- Greenhouse gas emissions of the Group include carbon dioxide, methane, nitrous oxide and greenhouse gas released from refrigerants. The greenhouse gas emissions are presented in CO<sub>2</sub> equivalent emissions.
- Data includes greenhouse gas emissions from the combustion fuels at stationary equipment, use of vehicles and use of refrigeration and air conditioner refrigerants of the Group, and is calculated based on the "Land Transport Enterprises – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)" issued by the National Development and Reform Commission of the PRC and "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Hong Kong Stock Exchange.
- Data includes greenhouse gas emissions from the use of externally purchased electricity and heating, and is calculated based on the "2011 and 2012 Average Carbon Dioxide Emission Factors for Regional Power Grids in China" and "Public Building Operation Units – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)" issued by the National Development and Reform Commission of the PRC.
- Data includes greenhouse gas emissions from business trips by staff, water and sewage treatment and disposal of paper to landfills, and is calculated based on the Carbon Emissions Calculator of the International Civil Aviation Organization (ICAO), data provided by Shenzhen Water (Group) Co. Ltd. and the "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Hong Kong Stock Exchange.
- The intensity is calculated based on the total number of employees of the Office, not the Group.

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

## OUR ENVIRONMENT (Continued)

### 5. OUR ENVIRONMENT (Continued)

#### 5.1. Emissions (Continued)

Waste generated by the Offices:

Indicators	2020	2019
Total hazardous waste <sup>1</sup> (kg)	371	991
Hazardous waste discarded per employee <sup>2</sup> (kg)	0.77	1.85
Total non-hazardous waste <sup>3</sup> (kg)	16,491	21,655
Non-hazardous waste discarded per employee <sup>2</sup> (kg)	34.36	40.48

Notes :

1. Data is calculated based on the actual weight of hazardous waste.
2. The intensity is calculated based on the total number of employees of the Office, not the Group.
3. Data is calculated based on the actual weight of non-hazardous waste and the "Research on Solutions to Domestic Solid Waste in Cities of China" issued by the Beijing Environmental Sanitation Administration.

## OUR ENVIRONMENT (Continued)

### 5. OUR ENVIRONMENT (Continued)

#### 5.2. Energy and Resources

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

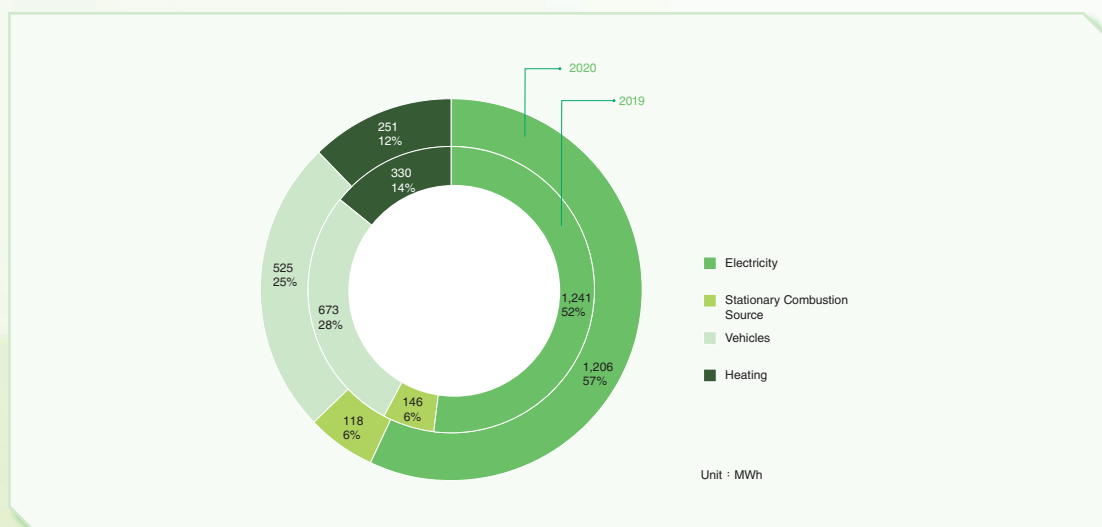
Energy and water consumption of the offices:

Indicators	2020	2019
Total energy consumption <sup>1</sup> (MWh)	<b>2,101</b>	2,389
Total energy consumption per employee <sup>2</sup> (MWh)	<b>4.38</b>	4.46
Total water consumption <sup>3</sup> (m <sup>3</sup> )	<b>9,427</b>	15,799
Total water consumption per employee <sup>2</sup> (m <sup>3</sup> )	<b>19.64</b>	29.53

Notes:

1. Data is calculated based on the "Land Transport Enterprises – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)" issued by the National Development and Reform Commission of the PRC and "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Hong Kong Stock Exchange.
2. The intensity is calculated based on the total number of employees of the Office, not the Group.
3. Data is calculated based on the record of actual water consumption of the Group.

#### Energy Consumption by Type:





## OUR ENVIRONMENT (Continued)

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### 5. OUR ENVIRONMENT (Continued)

#### 5.3. Green Office Operation

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

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

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

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

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

Due to the fact that water is a precious resource, the Group places exceptional importance onto the conservation of water resources. The Group places reminder notices within washrooms to remind employees to conserve water, raising their awareness towards water conservation. During the Reporting Period, the Group did not encounter any issues related to sourcing water. Other than that, the Group advocates reducing food waste, therefore canteens adjust their food material order quantity according to number of employees, minimizing food waste.

## OUR ENVIRONMENT (Continued)

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### 5. OUR ENVIRONMENT (Continued)

#### 5.4. Project Management

##### *Planning and Designing Stage*

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

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

##### *Supplier Bid Solicitation Stage*

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

## OUR ENVIRONMENT (Continued)

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### 5. OUR ENVIRONMENT (Continued)

#### 5.4. Project Management (Continued)

##### *Construction and Acceptance Stage*

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

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

## OUR ENVIRONMENT (Continued)

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### 5. OUR ENVIRONMENT (Continued)

#### 5.4. Project Management (Continued)

##### *Construction and Acceptance Stage (Continued)*

5. To increase material usage efficiency and reduce material wastage, construction material planning before construction are improved to be more comprehensive; materials that are able to fulfill usage needs are encouraged to be recycled and reused.
6. To reduce the impact on neighboring residencies by light emitted from construction sites, appropriate lighting adjustments in terms of direction and equipment are made during night-time constructions; while wielding work are appropriately covered and blocked out at all times.
7. To reduce water and soil pollution, oily materials and chemical solvents are appropriately treated and stored with designated personnel assigned to monitor; concrete pumps are strictly managed according to the construction site plan.

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

## OUR ENVIRONMENT (Continued)

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### 5. OUR ENVIRONMENT (Continued)

#### 5.5. Community Operation

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

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

## OUR ENVIRONMENT (Continued)

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### 5. OUR ENVIRONMENT (Continued)

#### 5.5. Community Operation (Continued)

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

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

#### 5.6. Responding to Climate Change

In recent years, issues related to climate change and greenhouse gas emissions have attracted international attention. In response to this, the Group has also strengthened the climate-related risk management in order to prepare the potential impacts on business operation brought by climate change. Due to the continuous impact of climate change, the Group may encounter more severe extreme weather events, such as strong typhoons and heavy rain, potentially disrupting the supply chain and making transportation difficult. Meanwhile, in response to the global concern about the environment and climate, numerous products and services may face more stringent regulations on aspects such as energy efficiency and greenhouse gas emission intensity, potentially increasing the Group's environmental compliance responsibility and risks of litigation, resulting in increase in operating costs and decrease in productivity. The capital costs may also increase due to the implementation of corresponding new practices and purchase of energy-saving and emission-reducing equipment. On the other hand, as public awareness of climate-related issues are growing, which may change stakeholders' expectations for and perceptions of the Group's products, and there may be higher requirements for the Group's performance in environmental and emission related aspects. Therefore, the Group's products and services have to adjusted according to meet the expectations of consumers.

## OUR ENVIRONMENT (Continued)

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### 5. OUR ENVIRONMENT (Continued)

#### 5.6. Responding to Climate Change (Continued)

In order to cope with related risks and respond to the expectations and issues concerned by stakeholders, the Group has formulated and adopted an array of measures during the Reporting Period, including reviews on related policy and regulation updates, so as to identify potential climate-related risks and opportunities that may have financial impacts on the Group's business. Besides, the Group also monitor and evaluate the business that may be affected by climate-related risks to identify potential hazards and take corresponding preventive measures and actions. For instance, in light of the extreme weather arisen from climate change, the Group has implemented an emergency management plan, and regularly conducted evacuation drills, in order to review and improve the current evacuation exercise. We have also established relevant work guidelines and issued safety warnings under special weather events to notify employees of relevant special work and safety arrangement to protect their health and safety. The Group has also set up a legal team to identify and monitor climate-related litigation and relevant legal risks encountered by the Group. At the same time, the Group attaches great importance to the supply chain management. We not only assess the parts which may be affected by extreme weather in the supply chain and identify other alternative supply sources, but also require suppliers to adopt relevant preventive measures, so as to mitigate the impact of climate change on the Group's supply chain.

## OUR COMMUNITY

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### 6. OUR COMMUNITY

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

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

The Group has always focused on the creation of social platform and business prospects during the development of product lines and projects. In view of the rising demands for a higher living standard and quality from the public in the new era, the Group focused its attention on the idea of shared living lifestyle, establishing the “Phoenix Community” (a social-oriented apartment) and Club Himalaya. These projects aim to create a dynamic social platform, so as to cater the social life demands from people in this modern era. Shenyang Phoenix Community held multiple Start-up Salon events to gather the content creators and MCN institutions. Social activities held by Club Himalaya were also highly praised.



## OUR COMMUNITY (Continued)

## 6. OUR COMMUNITY (Continued)

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

 Case – Club Himalaya

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



During the Reporting Period, Club Himalaya has continued to build a tasteful cultural space and commercial social platform, and actively provided customers and owners with social activities and entrepreneurial learning opportunities. Through organizing physical activities such as Fandeng Book Club and entrepreneurial sharing sessions in Wuzhou and Liuzhou, Club Himalaya allows teenagers with dream to conduct face-to-face communication and sharing. In Shenyang, Club Himalaya has organized the Entrepreneurship Salon and FIND Conference, focusing on the four themes of “Future”, “Innovation”, “Network” and “Digital”, which gathered young entrepreneurs and allowed the young elites to find new directions. Besides, Club Himalaya has organized numerous community events, such as sharing sessions and exchange activities like “Dialogue with Masters” and “Weekend Afternoon Tea” to build an interactive communication and exchange platform for both local and foreign club members, allowing a stronger connection between members and the society. Club Himalaya has also coordinated local entrepreneurial resources to organize an innovative entrepreneurship competition, which continuously attracts high-level talents join the club, maintaining the high operation standard of the Himalaya product line.



## OUR COMMUNITY (Continued)

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### 6. OUR COMMUNITY (Continued)

#### 6.2. Stimulating Youth Culture

Every community consists of people from different age groups. Throughout the project development process, the Group considers the unique needs of each age group, and place them into the project design and motivation consideration. Besides children and the elderly who are usually the age groups that receives the most social focus, the Group has never neglected the youth generation's needs and puts great emphasis on them. Therefore, the Group advocates the young lifestyle, combining the spiritual and cultural needs of youngsters, and utilizing multiple resources to organize various events like music festivals, university talent shows, social media influencer live shows and talk shows in places like Yixing, Weifang, and Wuzhou. The multitude of events blend together top fashion trends, entertainment and culture, in turn promoting youth culture by creating more channels for the younger generation to blend into the community, as well as forming a spectacular lifestyle all around the Country.

#### Case – Yixing Youth Trend and Culture Festival

During the Reporting Period, the Group held one of its largest trend and culture events in Yixing, the Yixing Youth Trend and Culture Festival. We have held the Culture Festival for eight consecutive days, and set up various themes that cater the young people for the event, including music, animation, specialty snacks and so on. Different trends and cultures are gathered in the Festival, and the Festival was successful to have received active participation and positive feedback from the youth generation. Yixing Youth Trend and Culture Festival has provided the youth with a platform to have fun and has become a large-scale cultural event in the city. It plays an especially important role in promoting youth culture.



## OUR COMMUNITY (Continued)

### 6. OUR COMMUNITY (Continued)

#### 6.3. Supporting Local Education

The Group has continuously promoted the development of local education by adding educational elements into different projects, letting customers receive different learning opportunities according to their specific educational needs outside regular learning at school. During the Reporting Period, the Group and the Danish Cultural Institute co-organised a series of “Anderson the God of Dreams” (「夢神安徒生」) activities, including Children Art Festival, Children Music Festival, Children Drama Summer Camp and so on, creating a good education atmosphere. Qingyuan Arles and Yantai Himalaya organised the Children Talent Festival and the Children Art Activity “Dance Dreamers” (「舞蹈夢想家」) respectively, showing unique education methods. At the same time, the Group integrated resources of the Friends of Neighborhood and Himalayas to organize various national projects, such as Reading Day, Poetry Aesthetics Salon (「詩歌美學沙龍」) and Chinese Characters Adventure (「智慧漢字歷險記」). Through education experience and children enlightenment courses, the Group strives to provide children with a platform to achieve all-round development.

#### Case I – Danish Music Festival in Qingyuan Arles

The Group’s major project, the Arles Residential Community, strives to provide customers with a better and friendly environment. It not only be the first to create a children-friendly community to provide children with more learning, entertainment and sports facilities, but also irregularly launches various children art exchange and learning activities, in hopes of providing children with high-quality and comprehensive development platform. Qingyuan Arles held the first Danish Music Festival and formed the “Arles Children Choir”, in hopes of inspiring more children to develop their potential. The Music Festival included African drum experience classes, which allows children to be exposed to different musical instruments, so as to cultivate their interests in music. The activities, performance and interactive games in the Music Festival were so popular that have given greater motivation for the Group to support local education, in order to continue to create a high-quality education environment.



## OUR COMMUNITY (Continued)

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### 6. OUR COMMUNITY (Continued)

#### 6.3. Supporting Local Education (Continued)

##### Case II – Nature School in Wenzhou Arles

In a parent's mind, the ideal growth of children consists of the children growing swiftly by receiving education from schools with high reputation, while at the same time experiencing the fun and joy that nature provides. The Group's Wenzhou Arles project has attracted renowned schools like Wenzhou Guangchang Road Elementary School (「溫州廣場路小學」) to establish its branch school within its premise, as well as Wenzhou No. 2 Kindergarten (「溫州市第二幼兒園」), to assist in the growth of students by making use of the outstanding education resources provided. Through setting up a nature school which provides various fun and interesting courses, the Group has enabled a platform for children to enter and learn from nature. In one of the activities from the courses of the nature school, students have changed into scout outfits to complete numerous team-based tasks, and have created handicrafts and paintings for the course's theme of scarecrows. While teachers are able to enjoy their time teaching, students are able to put into practice their craftsmanship and develop the sense of discovery and adventure, absorbing knowledge and embracing nature throughout their growth.



## OUR COMMUNITY (Continued)

### 6. OUR COMMUNITY (Continued)

#### 6.4. Enhancing Parent-Child Relationship

The Group is committed to building a community that is uniquely friendly towards parent-child relationships. During the Reporting Period, with the central theme of “Family Season” across all properties, the Group has organised around a hundred parent-child activities, such as Qingyuan Arles Sunflower Festival, Wenzhou Sunshine 100 Family Season, Dongying Phoenix Club Parent-child Carnival, Liuzhou Parenting Lessons, Children’s Market (「小鬼當家市集」) in Changsha and Shenyang, etc. Such activities are able to provide a multi-dimensional communications platform to parents and children, creating multiple opportunities for them to communicate.

#### Case – Wuzhou Sunshine 100 Sankee City Summer Pool Party

In order to let children learn and develop through games while enhancing their relationships with parents, the Group has organised the Wuzhou Sunshine 100 Sankee City Summer Pool Party during the Year. The Party lets parents and children select their favourite fun activities like handicrafts workshops, Shared Marketplaces, ball throwing activities, etc., enhancing the bond between parents and children and creating sweet memories for them, while providing them with the opportunity to learn a new skill.



## OUR COMMUNITY (Continued)

### 6. OUR COMMUNITY (Continued)

#### 6.5. Blending History and Modern Culture

The Group advocates the co-existence of historical and modern culture in the same community and city, in hopes to help the public remove the idea to greed for the new and learn to admire the beauties of historical culture, while at the same time discover the freshness of blending history and modern culture. To achieve this, the Group has held numerous events with the theme of blending historical culture and modern culture in multiple properties across the country, closing the distance between history and the people. Meanwhile, the Group has organised Lunar New Year markets and Spring Festival couplets giveaway activities, in order to promote the inheritance of traditional festivals. Furthermore, the Group's projects in Wuxi and Dongying have held a diverse range of neighbourhood and community culture activities for the Dragon Boat Festival. The Group has also held intangible cultural heritage and paper cutting activities in Weifang and Yantai Himalaya, conveying the charm and charisma of folk art; and in Changsha, there is the Youth Drama Festival (「青年戲劇節」), which combines culture and tradition, increasing the city's cultural popularity.

#### Case – Weifang Himalaya Intangible Cultural Heritage Modern Lion Dance

In order to promote the co-existence of Weifang's local historical and modern culture, Weifang Himalaya has organised the Weifang Himalaya Intangible Cultural Heritage Modern Lion Dance flash-mob event, showing the community intangible cultural heritage assets like lion dancing, releasing historical culture from its heavy vicissitudes. Further to the lion dance, famous intangible cultural heritage artists have let locals and visitors experience Chinese culture and art through creating traditional handicrafts, promoting the idea of the co-existence of historical and modern culture.



## OUR COMMUNITY (Continued)

### 6. OUR COMMUNITY (Continued)

#### 6.6. Assisting in Community Epidemic Prevention

Since the outbreak of the COVID-19 epidemic, the Group has been proactively responding to it, building a contingent “Group to Property” communication mechanism, where the Group’s headquarters provide professional commands to property companies to actively strengthen its epidemic prevention and control measures, ensuring the warm and safe services for property owners and residents. In order to prevent COVID-19 from entering the premises of the Group’s properties, property companies have reinforced various disease prevention measures, such as setting up crowd control stations at property entrances, strictly conducting body temperature checking, managing and controlling the registration of outsiders, and providing courier collection and delivery services. Other than that, the Group has held a community event for supporting Wuhan in Liuzhou, sending the Group’s gratitude towards the medical staff working in the frontline of fighting against the epidemic. Meanwhile, the Group has held a drawing and painting activity in Qingyuan to promote information for epidemic prevention and control, creating a safety barrier for property owners. Street district properties have initiated rent reduction schemes, in hopes to help businesses manage through hard times with the Group.

#### Case – Qingyuan Arles Epidemic Arts Competition

Sunshine 100 Arles, Sunshine Elementary School and the Group have jointly organised an arts competition with epidemic prevention and control as its main theme. Children are encouraged to draw and paint at home, and the paintings are adjudicated by professional visual arts instructors, where prizes are decided. With the proactive participation from children and students, the competition has received around 1,000 pieces of art, presenting how children and students manage against the epidemic, providing their support towards fighting against the epidemic.



## CONCLUSION

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### 7. CONCLUSION

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