

YOUNGO 粵港灣

粵港灣控股有限公司

GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 1396.HK

賦能城市未來 成就美好生活
EMPOWERING THE FUTURE OF
CITIES FOR CREATING A BETTER LIFE

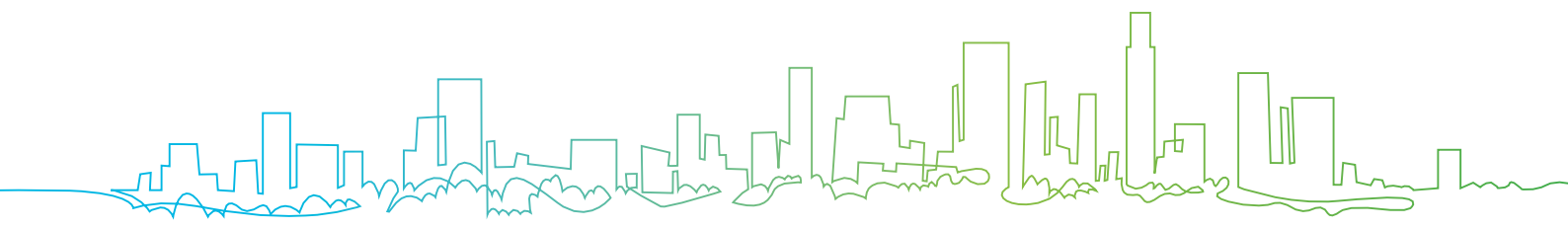


2021
ENVIRONMENTAL,
SOCIAL AND GOVERNANCE REPORT



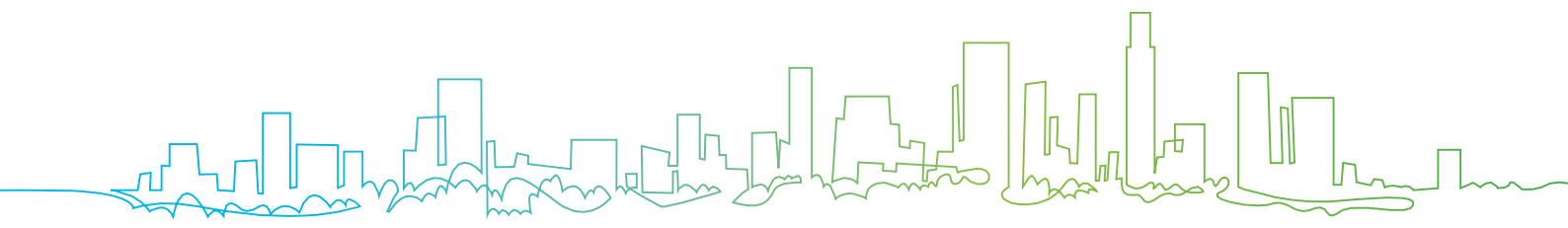
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This report is the Environmental, Social and Governance (“ESG”) Report (“ESG Report”) for the year 2021 issued by Guangdong – Hong Kong Greater Bay Area Holdings Limited (“GHKGBA Holdings”, the “Company”, “We” or “Our”), together with its subsidiaries (the “Group”). Adhering to the principles of materiality, quantitative, balance and consistency, the company will focus on the disclosure of its ESG philosophy, important progress, achievements and future plans from 1 January 2021 to 31 December 2021. If there is any inconsistency, it will be explained specifically.

Reporting Principle and Guideline This report is prepared mainly under the Environmental, Social and Governance Reporting Guide (ESG Guide) set out in Appendix 27 of the Listing Rules on the Hong Kong Stock Exchange, the Guide to the Preparation of Corporate Social Responsibility Report of China (CASS-CSR4.0) issued by the Chinese Academy of Social Sciences, the Guide for the Business Action on Sustainable Development Goals (SDGs), the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

Reporting Scope The Group sets its reporting boundary to cover the environmental and social performance within the major business segments of the Group in China. Demonstrating the principle of Materiality, the Group identifies business segments including property development and related services and trading business to be included in this ESG report since these segments represent the majority part of the Group’s annual operations and thus revenue.

Unless otherwise specified, RMB is the monetary unit in this report.

Data Source This report’s data and information are mainly derived from the statistics and related documents of GHKGBA Holdings.

Our Commitments GHKGBA Holdings commits that there are no misrepresentations, misleading statements or material omissions in this report, and the board of directors of the Company (the “Board”) takes responsibility for the truthfulness, accuracy and completeness of the report.

Report Sign-off This report was confirmed and approved for publication by the Board on 29 April 2022.

Access to the Report You can access to the electronic version of the report from the following websites: www.hkexnews.com.hk and www.youngogroup.com.

Your Feedbacks Scan QR code to give your feedback.



MESSAGE FROM THE CHAIRMAN

2021 marks the first year of China's 14th Five-Year Plan and the first year for China to embark on a new journey of building a socialist modern country in an all-round way. The competition among players in the industry is increasingly multidimensional. The era of single product planning has come to an end, and the era of comprehensive strength competition has arrived. The Group has designated 2021 as the "Quality Improvement Year", aiming to improve our products and services and comprehensive competitiveness through the new quality improvement strategy.

Upholding the philosophy of sustainable development, GHKGBA Holdings has integrated ESG management into its quality improvement strategy and worked to increase high-quality communication and cooperation with all stakeholders. In 2021, we further refined the ESG management system and enhanced the quality of ESG management. We strengthened the leading role of the Board in ESG related work, and set up a ESG working group. We released the *ESG Management System*, developed the *Sustainable Development Policy* based on our actual conditions, established and improved the mechanism for identifying and analyzing material issues, and optimized critical work policies and systems, so as to realize normalized and strategy-based ESG management across the Company.

For customers, we upgraded our product and service quality in multiple dimensions including product planning, design, engineering technology, safe and civilized construction, property management and commercial management, in a bid to provide our customers with comfortable and healthy houses as well as thoughtful and efficient services.

For employees, we worked to create a platform for their growth and ensure their physical and mental health. We customized training programs, such as the "Morning Sun Program" and "Midday Sun Program", for different types of employees, so as to synchronize the growth of the Company with that of employees.

For the environment, we made all-out efforts to contribute to lucid waters and lush mountains. In 2021, guided by China's carbon peaking and neutrality strategy, we actively planned for low-carbon operation. We released the *Climate Change Policy* and *Environment Policy*, identified the risks and opportunities brought by climate changes to enterprise development, and pursued green development. Meanwhile, by introducing measures like green construction and green buildings, we endeavored to create life-cycle green products and explore more possibilities for the low-carbon development of the industry.

For partners, we persevere in win-win cooperation. In 2021, we raised the bar for the corporate social responsibilities management of suppliers, and, built on standardized management, coordinated partner development through a variety of measures, so as to build a sustainable and healthy industrial ecology together with our partners and contribute greater to social development.

For the society, we are ready to share the outcomes of our development. We actively fulfilled our corporate social responsibility and obligations, remained committed to all undertakings in areas of public welfare, new rural construction, education and charity.

Going forward, we will adhere to the philosophy about sustainable development, and make it further integrated with the Group's strategic development and daily operation. Aligned with our customers, employees, the environment, our partners and all stakeholders across the society, we will create and embrace a brighter future.

Wong Choi Hing
Chairman

29 April 2022

To all stakeholders:

The Board of Directors hereby presents the Company 2021 ESG report. It's also the 6th ESG report we have released since 2017.

The Group is principally engaged in the development of residential and urban renewal projects in Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”), creating values for all stakeholders, and building an industrial ecosystem featuring win-win results for customers, employees, the Company, partners, the environment and communities. Achieving sustainable development has long been our goal and aspiration.

In 2021, the Board has taken the responsibility of leading ESG management, developed the ESG guidelines and objectives of the Group based on external social and economic macro-environment, the Company's development strategy and the results of communication with stakeholders, strengthened our material analysis and reporting processes, identified the risks and opportunities the ESG matters bring to the Group's business model, and included ESG considerations into the business decision-making process. An ESG working group was set up, with members consisting of the leaders in charge and heads of all the functional centers of the Group. Under the authorization of the Board of Directors, the working group implemented ESG guidelines, formulated action plans, practiced ESG affairs, collected ESG related key indicators, and regularly reported ESG performance and ESG objective fulfillment to the Board of Directors.

The Board is determined to drive the sustainable development of the Group forward. Together with our stakeholders, we are working for a better future.

Board of Directors

29 April 2022

Chapter I

GHKGBA Holdings in 2021





CHAPTER I GHKGBA HOLDINGS IN 2021



ABOUT US

Guangdong – Hong Kong Greater Bay Area Holdings Limited (formerly known as Hydoo International Holding Limited before 14 July 2020, the “Company”, or “GHKGBA Holdings”) is listed on the main board of the Hong Kong Stock Exchange (stock code: 01396.HK) on 31 October 2013. The Company’s corporate vision is to “empowering the future of cities for creating a better life”. The Company positions itself as a “new ecological industrial city service provider”, with the aim of building a harmonious industrial ecosystem that comprises mutually beneficial related parties, such as customers, companies, governments, employees and the natural environment, to deliver services to cities. The Company focuses on the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”), with the Greater Bay Area as its headquarters and a highland with a strategic value to develop residential and urban renewal projects.

Guided by the development strategies of the Greater Bay Area, the Company carried out strategic restructuring in 2019 by bringing in strategic shareholders, coordinating the sharing of the strong financial resources of these new strategic shareholders, providing a diverse range of industrial resources as well as for their operating experience to assist the Company with its innovative development and industrial upgrade. In 2020, the Company strategically upgraded into a “new ecological industrial city service provider” based on the corporate gene of “driving urban prosperity with industrial development”. In order to better serve the national strategy of the Greater Bay Area, the Company developed the new “YOUNGO” brand based on the original brand of Hydoo for trade centre business, implemented dual-brand operation and also change name to Guangdong – Hong Kong Greater Bay Area Holdings Limited. The Company continues to develop the trade centre business under the brand of “HYDOO”, while expanding various business sectors under the brand of “YOUNGO”, such as high-end housing, urban renewal, etc.



STATISTICS 2021

Operating results in 2021	Unit	Data
Operating income	RMB’000	5,570,884
Net profits	RMB’000	(445,110)
Contracted sales	RMB’000	4,582,500
Total assets	RMB’000	23,872,965
Net assets	RMB’000	5,657,127
Land bank	million sq.m.	9.4
Environmental results in 2021	Unit	Data
Total greenhouse gas emission	Tonnes of carbon dioxide equivalent	12,110.71
Energy consumption	Kilowatt-hour	20,529,652.79
Total water consumption	Tonnes	799,098.67
Social results in 2021	Unit	Data
Total number of workers	Person	1,275
Male workers	Person	810
Female workers	Person	465
Percentage of total employees who took part in training ¹	%	42.70
Accumulative public welfare donation	RMB’000	1,274

Honors



Awarded as "2021 China mainland TOP 10 Real Estate Company Listed in Hong Kong by Investment Value";



Awarded as "2021 China TOP 10 Corporations of the Industrial New Town in Comprehensive Strength";



Awarded as "2021 China Star Real Estate Developers";



Awarded as "2021 China Excellent Industrial Park Operators";



Awarded as "2021 TOP 10 Brand of GBA Urban Agglomeration China Real Estate Companies";



Awarded as "2021 Excellent Brand for China Featured Town Operator";



Ranked 19th among the 2021 Top 50 Real Estate Enterprises in Greater Bay Area;



Awarded as "2021 Influential Industry and City Service Provider (Top 20)";



Awarded as "2021 Leading Enterprise in Brand Reputation";



Awarded as "2021 China Real Estate Benchmark Developer for Open and Transparent Procurement"



Chapter II

ESG Management and Governance



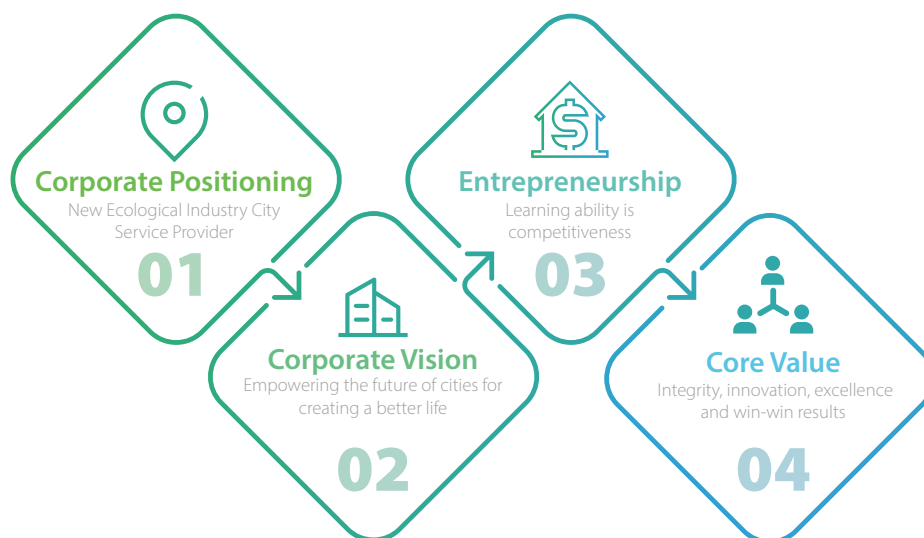


CHAPTER II ESG MANAGEMENT AND GOVERNANCE



CORPORATE CULTURE

GHKGBA Holdings focuses on integrating the sustainability philosophy about into corporate culture, aiming to create an industrial ecosystem featuring win-win results for customers, employees, the Company, partners, the environment and communities, enhance business sustainability and drive business growth.



ESG GUIDELINES AND OBJECTIVES

Under the framework of corporate culture, GHKGBA Holdings defined the following guidelines and objectives.

	Guidelines	Objectives
For customers	Provide high-quality products and services	<ul style="list-style-type: none"> Define 2021 as the first year of quality improvement, with the contents including the improvements in planning quality, design, engineering, safe and civilized construction, property services, marketing, commercial management and brand promotion.
For employees	Keep learning, be enterprising, positive and passionate, work happily and live healthily	<ul style="list-style-type: none"> Care about the physical and mental health of employees, arrange annual health checkups for employees, and organize beneficial outdoor activities for employees on a yearly basis. Provide employees with a diverse range of professional and moral training under multiple subjects.
For environment	Reduce the negative impact on the environment	<ul style="list-style-type: none"> Waste: By 2030, the intensity of waste transported to landfill sites will decrease by 5% (with 2021 as the base year). Energy consumption: By 2030, the intensity of energy consumption will drop by 10% (with 2021 as the base year). Greenhouse gas emissions: By 2030, the intensity of greenhouse gas emissions will fall by 10% (with 2021 as the base year). Water consumption: By 2030, the intensity of water consumption will decrease by 10% (with 2021 as the base year).
For partners	Sunshine purchase, responsible purchase and green purchase	<ul style="list-style-type: none"> Continue promoting supply chain ecology, and achieve the goal of consolidating and improving the supply chain ecology through the optimization of purchase plans, trainings and multiple-level communication, etc.
For communities	Engage in public welfare, charity and volunteer services, promote social harmony	<ul style="list-style-type: none"> Continue efforts in targeted poverty alleviation, community building, and public welfare and charity, deepen the meanings of activities, promote the coordinated development between community economy and the society.



ESG MANAGEMENT

To ensure the implementation and development of ESG management and make ESG management part of our daily operation, we released the *ESG management System* in 2021. We set up a top-to-bottom ESG management structure, and strengthened engagement by the Board, who guided and supervised the ESG management of the Group. An ESG working group was set up under the Board to implement ESG related work.

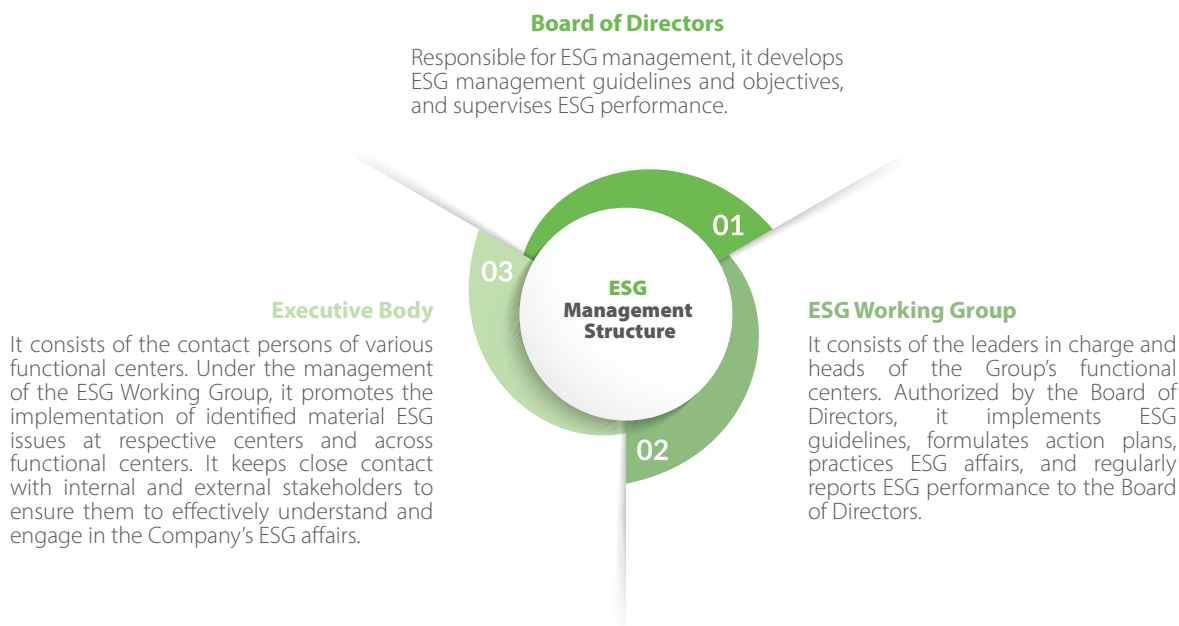
The Board's Leadership and Supervision over ESG Affairs

The Board is committed to promoting the Group's sustainable development, and is responsible for leading the Group's ESG management. The Board leads the formulation of the Group's ESG guidelines and objectives, strengthens the identification and evaluation of material issues, and supervises the Group's ESG performance to ensure the guidelines to be implemented accurately and continuously. The Group regularly organizes ESG related training and shares ESG related information to help the members of the Board raise their awareness of ESG.

The Group has adopted a board diversity policy to achieve board diversity by considering several factors, including gender, age, cultural and educational background, ethnic group, professional experience, skills, expertise and industrial experience. The diversification of members of the Board will bring a variety of views to the Group's decision-making process and help improve the Group's ESG management.

ESG Management Structure

Our ESG management is based on a three-level structure led by the Board of Directors.



CHAPTER II ESG MANAGEMENT AND GOVERNANCE

Improving Building of the ESG Policy System

In 2021, we released the *ESG Management System*. After defining the ESG management structure, we analyzed the current system in all aspects, established a full set of ESG policies as the guidelines for our ESG related decision-making and actions, and conveyed our sustainability strategy to internal and external stakeholders. In 2021, we upgraded and released the *Sustainable Development Policy* at the overall level, the *Code of Conduct in Customer Service* at the customer level, the *Policy about Equal Opportunities and Diversification*, the *Policy about the Use of Child Labor and Forced Labor* and the *Policy about Employees' Occupational Health and Safety* at the employee level, the *Environmental Protection Policy* and *Climate Change Policy* at the environment level, the *Supplier Management Specifications* (adding sustainable purchase) at the partner level, and the *Charity Policy* at the community level.

The *ESG Policy System* is aligned with the *ESG Management System*, making ESG performance assessment part of the assessment of the Group's daily operation performance, which will help employees improve their ability in responsibility fulfillment and promote the realization of the ESG objectives.

Communication with and Engagement by Stakeholders

Type of stakeholders	Representatives of stakeholders	Concerns of stakeholders	Communication and response
Governments and regulators	<ul style="list-style-type: none"> Governments and competent authorities at all levels The Stock Exchange of Hong Kong Securities & Futures Commission of Hong Kong 	<ul style="list-style-type: none"> Compliance operation Protect the rights and interests of stakeholders including customers and employees Stable operation of products Drive economic growth 	<ul style="list-style-type: none"> Continue to strengthen corporate compliance management Participate in relevant government meetings and cooperation Response to relevant national policies
Shareholders and investors	<ul style="list-style-type: none"> Equity investors Bond investors Other investors 	<ul style="list-style-type: none"> Company business and fundamentals Long-term development plans and financial performance Corporate governance and risk control Investor communication and interactions Strengthen information disclosure 	<ul style="list-style-type: none"> Continue to create results of operations Improve corporate governance and risk management Timely information disclosure and regular publication of reports Shareholders' meeting Investor roadshow Communication telephone and email
Customers	<ul style="list-style-type: none"> Owners Consumers 	<ul style="list-style-type: none"> Product quality and cost effectiveness Information security and privacy protection Quality of customer services Protection of customer rights and interests 	<ul style="list-style-type: none"> Pre-sales communication Implementation of customer satisfaction surveys Customer service hotline Group website

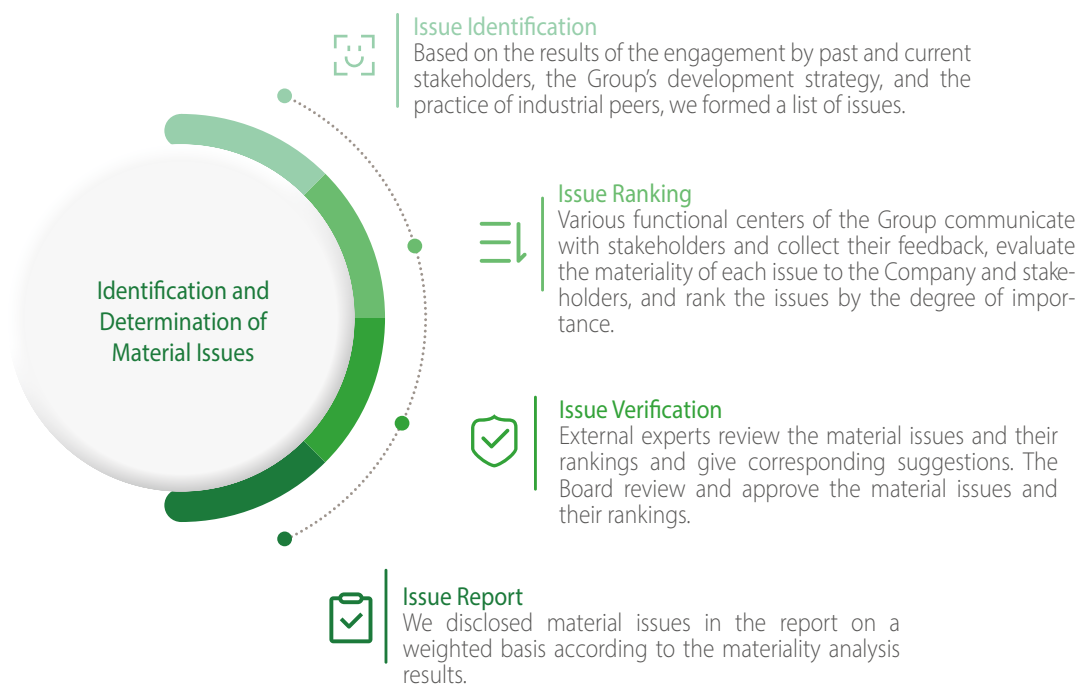
CHAPTER II ESG MANAGEMENT AND GOVERNANCE

Type of stakeholders	Representatives of stakeholders	Concerns of stakeholders	Communication and response
Employees	<ul style="list-style-type: none"> All employees 	<ul style="list-style-type: none"> Protection of employees' rights and interests Promote employees' development Employees' health and safety Participation in company management 	<ul style="list-style-type: none"> Employee training Improve the promotion mechanism Improve working conditions Build online communication platforms Trade Union Employee activities
Suppliers and partners	<ul style="list-style-type: none"> Suppliers of producer goods Suppliers of services 	<ul style="list-style-type: none"> Fair and transparent selection procedure Stable financial performance and payment policy Long-term steady cooperation relationship Equal, fair, open and transparent sourcing environment 	<ul style="list-style-type: none"> Sunshine purchase to create a responsible supply chain Partners meeting Onsite review and communication
Communities	<ul style="list-style-type: none"> The communities in the cities where the Group and projects operate 	<ul style="list-style-type: none"> Community ecology and humanity Support communities through public welfare actions Provide jobs 	<ul style="list-style-type: none"> Rural revitalization industrial assistance projects Community integration activities Campus recruitment and social recruitment
Environment	<ul style="list-style-type: none"> The environment of the cities where the Group and projects operate 	<ul style="list-style-type: none"> Protection of the natural environment Reasonable use of resources 	<ul style="list-style-type: none"> Create green buildings Improve energy use efficiency, save energy and reduce emissions

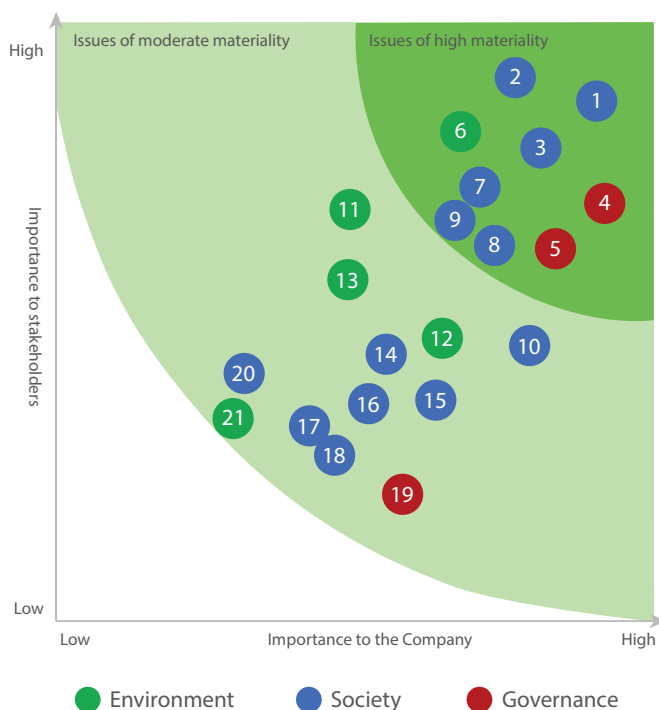
CHAPTER II ESG MANAGEMENT AND GOVERNANCE

Identification and Determination of Material Issues

ESG management is a dynamic process. We have established relevant processes to form a mechanism for the regular identification of material issues, to ensure timely and effective response to the concerns of stakeholders. The steps taken by the Company to determine the materiality issues are as follows:



Based on the above steps, we obtained the materiality analysis matrix and list of the Company as follows:



CHAPTER II ESG MANAGEMENT AND GOVERNANCE

Materiality of issue	Ranking	Issue	Scope	Disclosure location
Issues of high materiality	1	Product and service quality	Society	Chapter III Providing Quality Products and Services for Customers
	2	Customers' health and safety	Society	Chapter III Providing Quality Products and Services for Customers
	3	Employees' health and safety	Society	Chapter IV Building a Growth Platform for Employees
	4	Operating results	Management and governance	Chapter I Our 2021
	5	Risk management, prevention and control	Management and governance	Chapter II ESG Management and Governance
	6	Energy efficiency and greenhouse gas emission <ul style="list-style-type: none"> • Energy consumption and conservation • Greenhouse gas and emission 	Environment	Chapter V Seeking Lucid Waters and Lush Mountains
	7	Protection of customer privacy and information security	Society	Chapter III Providing Quality Products and Services for Customers
	8	Improvement of customer opinions and satisfaction surveys	Society	Chapter III Providing Quality Products and Services for Customers
	9	Responsible supply chain management <ul style="list-style-type: none"> • Environmental evaluation of suppliers • Social evaluation of suppliers • Purchase standards • Use of building materials 	Society	Chapter VI Pursuing Win-win Cooperation for Partners

CHAPTER II ESG MANAGEMENT AND GOVERNANCE

Materiality of issue	Ranking	Issue	Scope	Disclosure location
Issues of medium materiality	10	Employee development and training	Society	Chapter IV Building a Growth Platform for Employees
	11	Climate change and response capability <ul style="list-style-type: none"> Climate related risk management Alleviation and adaption strategy 	Environment	Chapter V Seeking Lucid Waters and Lush Mountains
	12	Green buildings <ul style="list-style-type: none"> Green building design Environmental compliance Biodiversity protection Nature friendly design Environmental impact on communities 	Environment	Chapter V Seeking Lucid Waters and Lush Mountains
	13	Waste management	Environment	Chapter V Seeking Lucid Waters and Lush Mountains
	14	Employee salary and welfare	Society	Chapter IV Building a Growth Platform for Employees
	15	Talent absorption and retention	Society	Chapter IV Building a Growth Platform for Employees
	16	Innovation	Society	Chapter III Providing Quality Products and Services for Customers
	17	Compliance employment <ul style="list-style-type: none"> Labor rules Labor relations Child labor Forced labor 	Society	Chapter IV Building a Growth Platform for Employees
	18	Employee diversification and equal opportunity	Society	Chapter IV Building a Growth Platform for Employees
	19	Bribery and corruption	Management and governance	Chapter II ESG Management and Governance
	20	Public welfare and charity	Society	Chapter VII Sharing the Fruits of Development for the Society
	21	Utilization of water sources	Environment	Chapter V Seeking Lucid Waters and Lush Mountains



RISK MANAGEMENT

Risk Management System

A complete risk management system is crucial to the steady growth and sustainable development of our business. We are committed to minimizing risks to the Group, managing and preventing risks to achieve our business objectives. Our risk management and internal monitoring system is as follows:

Board of Directors: Take charge of the Group's risk management and internal monitoring systems and review its results.

Audit Committee: Audit the Group's risk management and internal monitoring systems annually, and judge whether the effectiveness of relevant systems is enough.

Risk Control Center: It has the Legal Department and the Audit Department, with the Legal Department responding to external risk through legal examination and the Audit Department exercising internal supervision.

- The Legal Department provides legal opinions for the Group's decision-making about operation, and responds to external risks through legal examination.
- The Audit Department reviews and assesses compliance with the internal control system, organizational structure, rules and regulations, and internal policies.

The Group exercises active and systematic identification, evaluation and monitoring of project risks throughout the process to lower risks and reduce losses. As for financial risk, we take into account risk and debt affordability and make scientific decision on the size of financing to ensure a healthy and safe capital structure. In terms of investment, we will concentrate the business of investment expansion in the headquarters of the Group. The Group will prejudge project risk and make decision, control post-investment project risk, and establish a full set of criteria for judging project investment risks for all investment projects to cover the impact of the projects on the communities and environment where they operate and exercise precise and effective supervision based on specified project risks.

Business Ethics

The Group upholds the core value of integrity, innovation, excellence and win-win results. We are committed to promoting the Group's sustainable development through ethical and honest operation.

CHAPTER II ESG MANAGEMENT AND GOVERNANCE

Anti-corruption

We take a zero-tolerance attitude towards corruption of any form, including bribery, blackmail, fraud and money laundering and strictly abide by the *Anti-Money Laundering Law of the PRC* and other laws and regulations on anti-corruption, bribery, extortion, fraud and money laundering. In 2021, we revived and improved the anti-corruption and anti-fraud policies and systems including the *Audit and supervision management system*, *Code of Integrity for Employees*, *Operating Instructions for Reporting Unlawful Acts* and *Operating Instructions for the Management of Employee Awards and Punishment*. In terms of early prevention of corruption, the Company has developed a normalized publicity and education system, which includes:

- Arrange normalized anti-corruption and anti-bribery education before a concrete business is conducted, and before employee induction or taking office;
- Regularly release audit and supervision reports to report and analyze corruption cases in the Group and the industry;
- Require employees to sign integrity and self-discipline commitment and specify red lines of integrity for employees of the Group.

»»» Case: Systematically Promoting Anti-corruption and Integrity Publicity in 2021

We organized six anti-corruption publicity and education training for new employees, covering nearly 120 employees.

During routine audit of project companies, based on the actual conditions of project companies, we carried out two anti-corruption publicity activities, covering 22 employees.

Based on the characteristics of business management and properties, we organized two special training on integrity and business laws and regulations for the Group's business management and property business lines, covering nearly 100 employees.



Whistle-blowing Mechanism

To supervise and prevent improper business behaviors, we have put in place multiple whistle-blowing reporting channels, including hotline, email and WeChat, and formed a complaint handling process consisting of four steps, including preliminary clue investigation, material consulting, investigation and regularly talk, and development of reports. We allow employees and business partners to report any suspicious or improper behaviors to the Company's management. Any information about whistleblowers and all the reporting materials will be treated confidential to protect whistleblowers from receiving any unfair treatment.



Figure: A poster about complaint reporting mechanism of the Company

Protection of Intellectual Property Rights

We attach great importance to the protection of intellectual property rights (the "IPRs"), and strictly abide by laws and regulations including the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, and *Anti-Unfair Competition Law of the People's Republic of China*. We are committed to improving the management of IPRs like patents, trademarks and copyrights. While protecting our own legitimate rights and interests according to law, we also fully respect the IPRs of others, encourage fair competition and oppose unfair competition. To better promote the protection of IPRs, the Group developed a set of systems including *Trademark Management System*, with multiple departments and centers advancing relevant work together.

Chapter III

Providing Quality Products and Services for Customers





CHAPTER III PROVIDING QUALITY PRODUCTS AND SERVICES FOR CUSTOMERS



TARGET SUBJECTS

Target Subjects in this Chapter

Product and service quality
Customer health and safety
Protection of customer privacy and information security
Improvement of customer feedback and satisfaction survey
Innovation

HKEX ESG Indicators in this Chapter

B6.1/B6.2/B6.3/B6.4/B6.5

SDGs Subjects in this Chapter



UNSDGs 9: Industry, innovation and infrastructure



UNSDGs 11: Sustainable cities and communities



REVIEW OF GOALS

Our Goals

- Starting from the year 2021 as the first year of quality improvement, we will make improvements in planning quality, design, engineering, safe and civilized construction, property management services, marketing, commercial management and brand promotion.

Our Actions

- Optimizing product design
- Improving product quality
- Perfecting customer service system



OPTIMIZING PRODUCT DESIGN

In 2021, GHKGBA Holdings continued to enhance the product power. We introduced the concept of future community to upgrade and optimize our product design. Based on people's yearning for a better life, we optimize product design in 9 different scenarios by humanization, ecology and digitization.



Fig. Future Community Mode

»»» Case: GHKGBA Holdings Launched the "Yue" Series

In November 2021, GHKGBA Holdings launched the "Yue" series. Based on the concept of future community, we hope to build lively, ecological, fashionable, international and futuristic "Yue" living scenarios by optimizing landscape design, adopting intelligent equipment, and building smart pool and various public areas around the five core values of nature, leisure, social networking, technology and craftsmanship.

📍 People-oriented Club Design



Ecological Landscape



Intelligent Equipment





IMPROVING PRODUCT QUALITY

Product Quality Control System

To ensure healthy, safe and quality products for our customers, we have established a product quality control system covering the entire product life cycle from design to construction to use.

Regarding design and contract signing, the Company make product design in accordance with the *Civil Code of the People's Republic of China*, the *Construction Law of the People's Republic of China* and other administrative rules and regulations. 2021 was the year of quality improvement in GHKGBA Holdings. The company actively carried out the compilation and revision of construction techniques, technical standards and engineering standards, and our Engineering Management Center completed the compilation of eight standards and instructions, to promote the popularization of new technologies such as aluminum mold hoisting frame, high precision blocks and thin plastering in the Group, and to set detailed requirements for common techniques in order to ensure stable and controllable product quality.

We have also established an open and transparent mode of internal supervision and external appraisal to better control the production process of our products. Externally, we strictly implement the requirements of local governments and industry regulators to ensure our projects pass various inspections smoothly.

CHAPTER III PROVIDING QUALITY PRODUCTS AND SERVICES FOR CUSTOMERS

Internally, we ensure compliance with quality standards through self-inspection by project companies, patrol inspection by the Group, and random inspection in light of construction status by the Group's Audit Department, as well as patrol inspection system and joint acceptance. For project companies, in addition to comprehensive control of the construction site by a professional supervision company, relevant project management team also organizes weekly and monthly inspections in accordance with the *Operating Instructions for Engineering Inspection* issued by the Group. As for the Group, the Engineering Management Department conducts routine on-site inspections according to the *Unannounced Inspection System (for trial implementation)* of the Group, and takes measures in light of the inspection results, such as compulsory ranking in the Group and online release, to promote quality improvement in the project companies. We also organize publicity, implementation and training of effective standards, systems and instructions, and organize experience sharing of well-executed projects through on-site visits and other means to promote the improvement of overall management level in the Group.



Fig. GHKGBA Holdings Offering Training to Engineering Construction Personnel at Construction Site

Product Quality Inspection and Evaluation

The Engineering Management Center strictly controls the quality of projects. For projects with substandard quality, it requires each project company to give rewards and punishments for project quality problems and make rectifications according to the contract, in an effort to improve product quality. In 2021, all project companies intensified their control efforts, and the Group enlarged the scope of random inspection. We pushed project companies to improve product quality by supervising and handling key issues, organizing professional engineers to be stationed at project sites and other measures.

In 2021, the Group organized 11 rounds of patrol inspections, conducted 110 section patrol inspections, raised 934 quality hazards and 899 safety hazards, and submitted 393 patrol inspection contact sheets. The overall project quality was steadily improved. The Engineering Management Center made key patrol inspections of 17 sections of 10 projects.



PERFECTING CUSTOMER SERVICE SYSTEM

Constantly Improving Customer Services

We are committed to continuously improving our customer services. To make our property management companies maintain high service quality standards in the long run and ensure that operational control measures are effectively implemented, property management companies, led by the Quality Department of the Property Management Headquarters, completed the compilation of the *Customer Service Management Manual*, the *Safety Management Manual*, the *Engineering Management Manual*, the *Environmental Management Manual* and the *Field Management Manual* in 2021, which sorted out and defined field work standards and service processes. Those rules and regulations were strictly implemented in 2021.

In terms of preliminary field services, in order to demonstrate the expertise of property management services, boost on-site sales and enhance our brand, the headquarter of the Group arranged a comprehensive reorganization of the service standards and processes of field property management services across the country, upgraded staff image, service actions and operational processes, and introduced the concept of flight attendant services, which brought the overall service standards to a new level.



Fig. Training on Flight Attendant Etiquette in Jining

To ensure uniformity and standardization of services nationwide, we organized an iteration of the digital system in our property management companies in 2021. We took the Jining project in Shandong Province as a pilot and realized the coverage of all project companies one after another.

CHAPTER III PROVIDING QUALITY PRODUCTS AND SERVICES FOR CUSTOMERS

»»» Case: Improving Service Management with the Aid of High Technology

In order to further improve quality control management and service quality of our commerce and trade centre projects, after rounds of discussion with relevant authorities, we piloted the drone inspection mode in Wuzhou Commerce and Trade Centre in Guangxi Province in September 2021 in light of the business environment for each project. After fully demonstrating the effectiveness and convenience of this control tool during the trial period, we deployed drones in all of our commerce and trade centre projects in October the same year, which effectively improved the quality control management level of those projects. This marks that we are leading the industry in applying on-site quality control tools.



Actively Responding to Customer Appeals

Customer satisfaction is the core driving force of our development. We receive inquiries, complaints and other feedback from property owners and solve customer problems through the 400 complaint hot-line. Customer problems are taken down as we answer their calls, and promptly sorted out and passed on to relevant project company after the call, and the problem handling is tracked in the whole process.

Our customer satisfaction management is carried out through multiple channels. We register the sources of visiting customers during sales and enter relevant information into the online platform afterwards. We also plan to conduct customer survey through cooperation with third-party survey agencies, which will produce professional and targeted customer satisfaction survey reports.

Customer Complaint	Unit	2021
Number of complaints about our products and services	Time	546
% of complaints solved	%	95
Customer Satisfaction	Unit	2021
Customer satisfaction with our products	Point	90
Customer satisfaction with our services	Point	91

CHAPTER III PROVIDING QUALITY PRODUCTS AND SERVICES FOR CUSTOMERS

Responsible Marketing

In order to achieve compliance and standardization of our Group's marketing management, the Company have laid down the *Code of Conduct for Marketing Management Center Services*, which requires all marketing actions shall comply with national laws and regulations and industry specifications, the control rules published by the Group shall be strictly implemented, and marketing personnel shall treat our customers with sincerity and trust. In addition, the Company have provided strict training to all marketing personnel and formulated professional standardization documents to ensure that all marketing personnel are familiar with our standards and requirements.

Strictly Protecting Customer Privacy

To protect customer privacy, from the rules and regulations, we have issued the *Operating Instructions for Reporting Unlawful Acts* and the *Code of Conduct for Marketing Management Center Services*, and strictly implemented them to safeguard customer privacy, and we require all employees to uphold professional ethics and moral codes with high standards. From the mechanism, as a functional department of management, the Marketing Management Center directly manages all project companies, and the project companies manage customer privacy protection in accordance with their own management procedures and policies. As of today, there are no leakage of customer privacy in our Group.

Confidentiality of Customer Information	Unit	2021
Hours of training on confidentiality of customer information	Hour	115
Number of trainees on confidentiality of customer information	Person	148
Incidents of customer privacy leakage	Time	0
Customers affected by customer privacy leakage	Person	0

Chapter IV

Building a Growth Platform for Employees





CHAPTER IV BUILDING A GROWTH PLATFORM FOR EMPLOYEES



TARGET SUBJECTS

Target Subjects in this Chapter

- Employee health and safety
- Employee development and training
- Employee remuneration and benefits
- Employee attraction and retention
- Compliance employment
- Employee diversification and equal opportunities

HKEX ESG Indicators in this Chapter

B1.1/B1.2/B2.1/B2.2/B2.3/B3.1/B3.2/B4.1/B4.2

SDGs Subjects in this Chapter



UNSDGs 3: Good Health and Well-being



UNSDGs 4: Quality Education



UNSDGs 5: Gender Equality



UNSDGs 8: Decent Work and Economic Growth



UNSDGs 10: Reduced Inequalities



REVIEW OF GOALS

Our Goals

- Caring for the physical and mental health of employees, arranging annual health checkups for employees and organizing beneficial outdoor activities for employees every year.
- Providing employees with diversified and multi-subject professional and moral training.

Our Actions

- Work safety management
- Protecting the rights and interests of employees
- Supporting all-round development of employees
- Improving the welfare system
- Balancing work and life of employees



WORK SAFETY MANAGEMENT

Concerned about safety and health, we endeavor to create a safe and healthy environment for every employee and person associated with our business activities to effectively reduce occupational health and safety risks in our business operations.

In accordance with the *1.0 Version of GDHKG Holdings for Visual Management of Safety and Civilization*, our project companies strictly carry out safety and civilization management in six aspects including safety awareness, fire prevention management and mechanical equipment management, to ensure the health and safety of employees.

We have further implemented the intelligent worksite strategy with the installation of video monitoring system at project sites to monitor worksite safety and quality in real time, ensure work safety throughout the construction process and improve project management efficiency. Also, engineering management personnel of all projects record the results of on-site safety and civilization inspection on a daily basis, and report and remove any safety hazards found in a timely manner.

In the past three years, we had no employee who died as a result of work-related injury. In 2021, our business apartment project in Wuzhou was honored as a Construction Safety and Civilization Standardization Site and the Phase II project in Ganzhou was recognized as a Construction Safety Production Standardization Demonstration Site.

During the pandemic, our project companies strictly follow the local prevention and control policies and implement normalized prevention and control of COVID-19. This includes centralized procurement and stockpiling of emergency supplies; strengthening registration of visitors, routine body temperature testing and disinfection and ventilation of premises; regular nucleic acid testing as required; and do a good job in popularizing science and create an environment of caring and supportive from the whole society.



Fig. Organizing vaccination for employees



Fig. Nucleic acid test at Lanzhou project company

CHAPTER IV BUILDING A GROWTH PLATFORM FOR EMPLOYEES



PROTECTING THE RIGHTS AND INTERESTS OF EMPLOYEES

Compliance Employment

We are committed to promoting diversity and inclusiveness and building a diverse and inclusive work culture for our employees. We respect people of all genders, ages, ethnic groups, races, skin colors, religions, nationalities or cultural backgrounds, so that every employee can realize his or her potential in an equal working environment.

In the process of employment, remuneration, promotion and other operations, we adhere to the principles of equal opportunity and anti-discrimination to ensure that all employees are respected and that no one is subject to any unwelcome behavior or hostile environment because of gender, age, physical or mental disability, family status, marital status, ethnic group, race, skin color, religion or other factors prohibited by law.

In accordance with the *Labor Law*, the *Labor Contract Law*, the *Regulations on the Prohibition of Child Labor*, the *Special Rules on the Labor Protection of Female Employees*, and other related laws and regulations, we revised 13 internal policies in 2021, including the *Operating Instructions for Annual Human Resources Planning*, the *Operating Instructions for Recruitment and Admission Management*, the *Operating Instructions for Employee Benefit Management* and the *Operating Instructions for Remuneration Management*, to further protect the legal rights and interests of our employees in terms of employment, promotion, termination of employment and remuneration and benefits.

We respect, value and appreciate the unique attributes and opinions of each employee, and strive to create an equal, inclusive and supportive work environment for all employees, so that they can show their strengths at work. In 2021, we formulated the *Equal Opportunity and Diversity Policy*. Moreover, we have zero tolerance for the recruitment of child labor and forced labor, and formulated the *Child Labor and Forced Labor Prevention Policy* in 2021.

In 2021, there was no discrimination, no use of child labor and no forced labor in all employment links of the Group.



Fig. Valuing Rights and Interests of Female Employees and Offering Special Support on International Women's Day

CHAPTER IV BUILDING A GROWTH PLATFORM FOR EMPLOYEES

»»» Case: Prevention of Child Labor and Forced Labor

We have zero tolerance attitude towards the recruitment of child labor and forced labor, and prohibit the employment of illegal and forced labor in any form (including but not limited to child labor, forced indentured labor, and bonded labor, etc.); in our business activities, we strictly verify the identity information of candidates as a preventive measure; if we find any violations, we will deal with them in strict accordance with the recruitment of laws and regulations; and we require our suppliers to comply with relevant laws and regulations.

Efficient Communication

We have established a hassle-free internal complaint mechanism and provided various complaint channels to ensure that complaints can be made in a timely manner, and we will actively seek solutions to ensure the rights and interests of our employees are protected.

In November 2021, we introduced the list of effective communication behaviors, which achieve a real, proactive, timely, efficient and closed-loop communication process for each employee based on their own work, promotes adequate flow and sharing of effective information within the organization, enhances democratic management, boosts employees' "job confidence", and promotes scientific and rational decision-making in the organization.



Fig. Offline Theme Activity of Job Confidence deepen Month

CHAPTER IV BUILDING A GROWTH PLATFORM FOR EMPLOYEES



SUPPORTING ALL-ROUND DEVELOPMENT OF EMPLOYEES

In 2021, in order to effectively develop and utilize internal resources, realize the integration of internal resources, lay the foundation for knowledge management and the establishment of a learning-oriented organization, and establish and continuously optimize the internal trainer team, we formulated the *Operating Instructions for the Management of Internal Trainers* and revised the *Operating Instructions for Orientation Management*, to provide better content and platform for all-round development of our employees.

We have tailored training programs for different targets:

- To help new employees adapt quickly, we have launched the “Chuyang Program”. In 2021, the Group headquarters conducted 4 training sessions under the “Chuyang Program”, covering 58 persons, which included topics like corporate brand, corporate culture, HR system, administration system, financial management system and integrity. We have also organized a variety of ice-breaking activities and expansion activities.
- To offer our employees an exercise and growth platform, we have launched the “Zhengyang Program” to establish and continuously optimize our internal trainer team. In 2021, 38 internal training sessions under the “Zhengyang Program” were conducted at the Group headquarters, and more than 600 internal training sessions were conducted in our project companies.
- We also introduce quality external training through the “Chaoyue Program”, which is launched to bring advanced experience and concepts in the industry to the Group and promote the employees to change ideas and improve skills to adapt to the rapidly changing internal and external environment. In 2021, we conducted 25 training sessions under the “Chaoyue Program”, covering 569 persons, including several special training sessions in cooperation with the Leaguer Business School of the Research Institute (Shenzhen) of Tsinghua University.

We offer a variety of training types. In addition to general training and business-oriented training, we also provide internal trainer training camps, interactive and inspiring training, sand table simulation of the whole process of real estate development, and theme month (advanced mechanism tools) activities, with remarkable training effects.

»»» Case: First Top Internal Trainer Training Camp

In May, we held the first top internal trainer camp, with dozens of participants from all HR lines of the Group and leaders above deputy project manager level. Through internal training, we have established a professional, stable and dedicated internal trainer team within the Group, created an atmosphere of knowledge sharing and joint advancement, and enabled rapid growth of our employees through the way of mentoring.



CHAPTER IV BUILDING A GROWTH PLATFORM FOR EMPLOYEES

»»» Case: Chaoyue Program: Study Tour in South China

In September, together with the Leaguer Business School of the Research Institute (Shenzhen) of Tsinghua University, we organized a study tour in South China under the Chaoyue Program. A delegation of 32 members from the Group visited Zhonghai-Songhu Jingshang in Dongguan, Shenzhen Vanke Metropolis and Vanke Metropolis Four Seasons Garden, with the purpose of facilitating growth of the Group and achieving excellence and win-win results through exchange, experience sharing and interaction.



GDHKGGA Holdings's Employee Training Data in 2021

	Unit	2021
Total number of trained employees	Person-time	4,313
Total hours of employee training	Hour	18,447
Total hours of training by male employees	Hour	12,365
Total hours of training by female employees	Hour	6,082
Total hours of training by management employees	Hour	3,777
Total hours of training by execution employees	Hour	14,670

CHAPTER IV BUILDING A GROWTH PLATFORM FOR EMPLOYEES



IMPROVING THE WELFARE SYSTEM

We strive to continuously enhance the stability and cohesiveness of our employees and promote the sustainable and stable development of the Group. As we continue to improve our employee benefit system, we have established a benefit management system consisting of statutory benefits and supplementary benefits, and formulated relevant documents such as the *Operating Instructions for Remuneration Management* and the *Operating Instructions for Employee Benefits Management*. For special groups, we also provide welfare programs such as childbirth allowance.

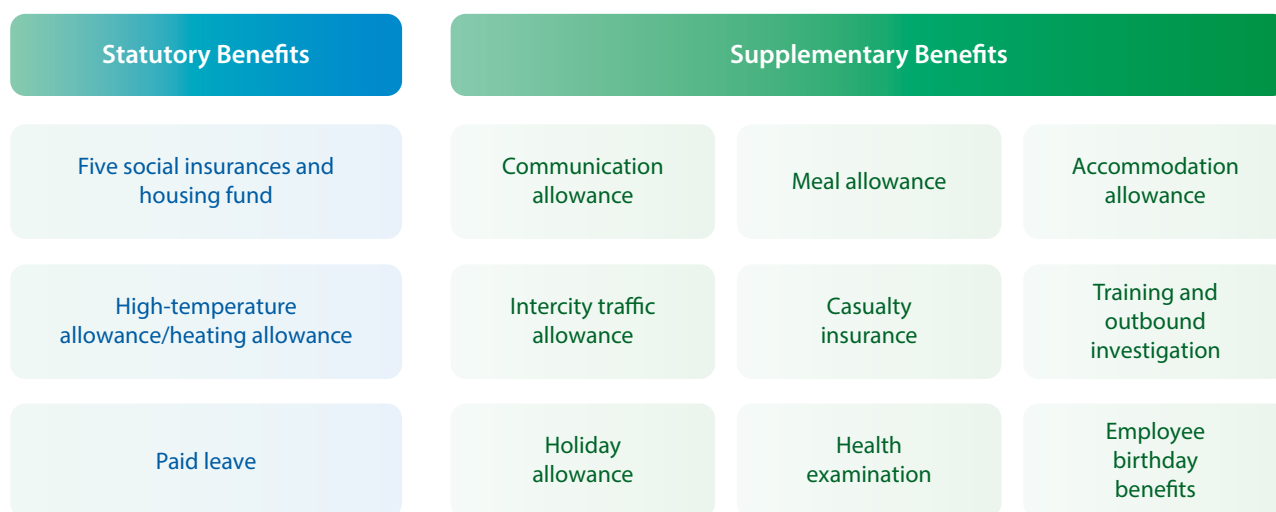


Fig. Employee Benefits System of the Group



BALANCING THE WORK AND LIFE OF EMPLOYEES

We practice the concept of “working happily and living healthily”, and advocates a balance of work and life for our employees. In 2021, we held a number of cultural and sports activities for our employees, such as birthday parties, manual activities, fun games, expansion activities, and traditional holiday activities, to help the employees adopt the harmonious concept of “living healthily” and the positive mindset of “working happily”.



Fig. Cultural and Sports Activities of the Group

Chapter V

Seeking Lucid Waters and Lush Mountains





CHAPTER V SEEKING LUCID WATERS AND LUSH MOUNTAINS



TARGET SUBJECTS

Target Subjects in this Chapter

- Energy efficiency and greenhouse gas emission
- Climate change and resilience
- Green building
- Waste management
- Water use

HKEX ESG Indicators in this Chapter

A1.1/A1.2/A1.3/A1.4/A1.5/A1.6/A2.1/A2.2/A2.3/A2.4/A2.5/A3.1/A4.1

SDGs Subjects in this Chapter



UNSDGs 7: Affordable and Clean Energy



UNSDGs 11: Sustainable Cities and Communities



UNSDGs 13: Climate Action



REVIEW OF GOALS

Our Goals

- Wastes: 5% reduction in intensity of wastes sent to landfills by 2030 (with 2021 as the base)
- Energy consumption: 10% reduction in intensity of energy consumption by 2030 (with 2021 as the base)
- Greenhouse gas emission: 10% reduction in intensity of greenhouse gas emission by 2030 (with 2021 as the base)
- Water consumption: 10% reduction in intensity of water consumption by 2030 (with 2021 as the base)

Our Actions

- Green operations
- Creating green quality projects
- Tracking performance of environmental data



GREEN OPERATIONS

We strive to reduce the impact of our operations on the environment, practice the concept of green operations, and strictly comply with the *Environmental Protection Law* and other laws and regulations. We formulated and implemented internal standards, measures and process instructions to ensure continuous improvement in our environmental performance throughout the life cycle of our operations.

In 2021, we updated our policy system for environmental protection in real time and formulated the *Environmental Protection Policy* and the *Climate Change Policy* to facilitate our green development.

Environmental Protection

Water resource utilization

- We have designed and implemented efficient water resource management measures for projects to enhance our performance in water resource utilization.
- We adopt equipment, technologies and systems conducive to improving the efficiency of water resources utilization and update them as appropriate.

Energy utilization

- We adopt appropriate equipment, technologies and designs to improve the energy utilization performance of projects.
- We explore opportunities to use renewable energy for our properties where economically desirable and feasible.

Waste management

- We adopt appropriate waste management measures to ensure effective management of waste generation, recycling and reuse in the project construction.
- We adopt appropriate technologies, designs and processes to improve the overall reuse rate and recovery rate of wastes in project construction.
- We take measures such as economical utilization, unified recovery and recycling to minimize waste generation in our daily operations.

Natural ecosystem and biodiversity

- We conduct environmental assessment before carrying out projects to ensure that the project plan is tailored to local conditions, conforms to the characteristics of the local ecological environment, and will reduce the impact on the ecosystem and biodiversity.
- We actively promote ecosystem restoration after completion of projects.

CHAPTER V SEEKING LUCID WATERS AND LUSH MOUNTAINS

Climate Change

Climate change may lead to potential physical risks and the risks of the transition to a low-carbon economy.

Mitigating climate change

- We incorporate energy efficiency considerations into the design, construction and operation of our properties to continually enhance our energy efficiency measures.
- We consider energy efficiency factors in procurement.
- We explore opportunities to use renewable energy for our properties where economically desirable and feasible.
- We encourage our employees, suppliers and customers to reduce their carbon emissions as much as possible in their daily activities.

Enhancing adaptability and resilience against climate change

- We incorporate climate-related risks in our risk management and internal control systems.
- We evaluate climate-related physical and transformation risks in our business.
- We evaluate climate resilience of our properties, examine potential climate-related risks, and seek low-carbon and climate-resilient building measures wherever possible.

»»» Case: Advocating Environmental Protection: Green GDHKG Holdings, Low-carbon New Life

On 25 August 2021, the ninth National Low-carbon Day, GDHKG Holdings, as a promoter of “Low-carbon Life, Green Building for the Future”, initiated “Green GDHKG Holdings, Low-carbon New Life” and practiced “energy-saving and environmental protection, emission reduction; green office, ecological habitat; low-carbon mobility, rational consumption”.



Fig: Poster for National Low Carbon Day of the Group



CREATING GREEN QUALITY PROJECTS

Green bidding and procurement

- We work with our partners to improve sustainability of the entire production and operation process, and continuously optimize waste management, water resource utilization and energy efficiency.
- We have established appropriate supplier management measures to evaluate the performance of our suppliers in terms of pollutant control, water use, energy use and waste generation.
- We use environment-friendly materials and “green” products.

Green Construction

During project construction, GDHKGGA Holdings adopts appropriate technologies and equipment and scientific management, and carries out energy, land, water, material conservation and environmental protection to save resources and reduce negative impact on the environment as much as possible.

Resource conservation:

- **Water conservation:** We design and implement efficient water resource utilization management measures for development projects; adopt appropriate equipment and technology and update and maintain them in real time; and put up water conservation signs to enhance conservation awareness. During the reporting period, we did not encounter any issue in sourcing water that is fit for purpose.
- **Energy conservation:** We actively carry out energy conservation activities in office and living areas and at project construction sites, and publicize energy conservation with warm tips; we use energy-saving and emission-reducing equipment and technologies, such as energy-saving LED lights and electronic ballast for gas discharge lamps; we use new energy sprinklers and patrol cars to reduce gasoline or diesel consumption; and we promote paperless office to reduce the use of paper.
- **Material conservation:** We use new-type aluminum film, all-steel hoisting frame and other reusable construction materials; and we use GRC and GLC lightweight partition boards, high precision blocks and other energy-saving and environment-friendly materials.

CHAPTER V SEEKING LUCID WATERS AND LUSH MOUNTAINS

Pollutant control:

- **Waste disposal:** We sort garbage according to construction waste, domestic waste, hazardous waste and harmless waste for collection, recycling and disposal.
- **Wastewater treatment:** At project construction sites, we set gutters, water collection pits, sedimentation tanks, grease traps and septic tanks to ensure discharge of wastewater after treatment and compliance with relevant requirements. Treated wastewater is recycled for watering of greening landscape, dust control, flushing facilities and equipment, etc.
- **Dust control:** At project construction sites, we provide online dust monitoring system to monitor dust data in real time; we adopt multi-purpose anti-dust truck, spraying equipment for dust settling, bare soil coverage and wet operation to reduce atmospheric pollution; earthwork wastes materials at project construction sites are transported in a closed manner, and vehicles are flushed before leaving the sites to prevent dirt pollution caused by the vehicles; and demolition operations during strong winds are strictly prohibited.
- **Noise control:** At project construction sites, we provide noise monitoring system to monitor noise data in real time; noise pollution sources are strictly controlled; temporary movable noise barriers are provided around the construction sites during noisy construction; honking is prohibited at project construction sites, and construction noise is strictly controlled at night.



Fig. Pollutant Control Measures of the Group

Green Building

With official implementation of documents including the *Assessment Standard for Green Building* (GB50378-2019), the *Guangdong Code for Green Building Design* (DBJ/T15-201-2020) and the *Guangdong Energy-saving Design Standard for Public Buildings* (DBJ/T15-51-2020), we actively promote the design and development of new projects in accordance with the new standards for green building, and facilitate new projects to obtain green building certifications.

»»» Case: Dongguan Bolongwan Garden Project

The Group's Humen Bolongwan Garden Project in Dongguan continuously innovates in the fields of resource conservation as well as health and comfort, and is applying for Green Building (1-star) certification.

Resource conservation

- Economical and intensive use of land: the main building function of the project is high-rise residential buildings. It covers an area of approximately 30,000 square meters, with a plot ratio of approximately 2.76.
- The project has a greening rate of approximately 30.33%, and a per capita public green space of 0.54 square meters.
- The project adopts high-efficiency electric light sources and electronic ballasts for gas discharge lamps; lighting fixtures in stairways are controlled by energy-saving self-extinguishing switches, and walkway lighting is controlled by zones; the load of air-conditioner for heating is reduced by more than 5%.
- Recyclable materials account for 10.58% of all construction materials used in the project.

Health and comfort

- The sound insulation performance of external walls, partition walls, floor slabs and doors and windows meets effective national standards; low noise equipment is adopted for indoor equipment, and outdoor noise, which is mainly traffic noise, is reduced by enclosure structure.
- The concentration of major indoor air pollutants is strictly controlled.
- Water storage facilities such as drinking water pools and tanks meet hygiene requirements.



TRACKING PERFORMANCE OF ENVIRONMENTAL DATA

	Unit	2021
Intensity of wastes (sent to landfills)	Tonnes per million yuan operating revenue	0.18
Intensity of energy consumption	KWh per million yuan operating revenue	3,685.17
Intensity of greenhouse gas emission	Tonnes of carbon dioxide equivalent per million yuan operating revenue	2.17
Intensity of water consumption	Tonnes per million yuan operating revenue	143.44

Chapter VI

Pursuing Win-win Cooperation for Partners





CHAPTER VI PURSUING WIN-WIN COOPERATION FOR PARTNERS



TARGET SUBJECTS

Target Subjects in this Chapter

- Responsible supply chain management

HKEX ESG Indicators in this Chapter

B5.1/B5.2/B5.3/B5.4

SDGs Subjects in this Chapter



UNSDGs 8: Decent Work and Economic Growth



UNSDGs 12: Responsible Consumption and Production



UNSDGs 17: Partnership for the Goals



REVIEW OF GOALS

Our Goals

- Continuously promoting construction of the supply chain ecosystem and improving the supply chain ecosystem through procurement program optimization, training, multi-level communication and other measures.

Our Actions

- Standardizing supply chain management
- Conveying a sense of responsibility
- Strengthening communication and sharing with cooperation partners



STANDARDIZING SUPPLY CHAIN MANAGEMENT

Our Group have introduced the concept of supply chain management and established a entire life cycle management system from supplier introduction to routine evaluation to withdrawal. Through perfect system construction, we standardize the procurement process and promote the development of a responsible supply chain.

When introducing new suppliers, the Company conduct pre-qualification mainly by verifying documents including the *Business License*, the *Construction Enterprise Qualification Certificate*, the *Work Safety License* and the *ISO Certification System*, and then carry out supplier inspection and admission process.

In 2021, the Company's pre-qualification, inspection and admission of suppliers was more rigorous and meticulous. All suppliers who have passed the pre-qualification and evaluation will be rated as qualified, and those who fail the pre-qualification will not be admitted. This year, we admitted 363 suppliers of various types, including engineering construction, materials and equipment, and consulting services.

Type of Supplier	Unit	2021
Consulting services	Units	59
Engineering	Units	187
Strategic procurement	Units	102
Testing	Units	15
Total		363

In addition, the Company evaluate the performance of existing suppliers in terms of construction quality, construction progress, safety and civilization, on-site cooperation, business management and other aspects in the middle and at the end of each year, and give them a rating of A, B, C or Unqualified. Rewards or punishments will be given according to the rating. For Grade A and B suppliers, which are excellent suppliers, we provide cash rewards and other incentives; as to unqualified suppliers and contractors, we will never cooperate with them again.



CONVEYING A SENSE OF RESPONSIBILITY

We actively communicate our philosophy of sustainable development to our suppliers and expect to uphold high standards of ethics, integrity and fairness together with our partners. While building a foundation for mutually beneficial and win-win cooperation, we protect the interests of our employees, customers and the society, and more actively perform our corporate social responsibilities and obligations, to promote the development of the local community and achieve mutual progress between the company and the society.

In 2021, we set explicit requirements for the corporate social responsibilities management of our suppliers through the *Supplier Management System*:

- **Legal compliance and business ethics:** Suppliers must comply with all applicable laws and regulations when running their business, and any corruption, anti-competitive fraud or false statement is strictly prohibited.

CHAPTER VI PURSUING WIN-WIN COOPERATION FOR PARTNERS

- **Occupational health and work safety:** We encourage our suppliers to obtain certification of occupational health systems, safety management systems and other systems. Suppliers shall comply with applicable occupational safety and health regulations and standards, have a management system in place that is committed to providing a safe and healthy working environment for their employees, and provide their employees with appropriate safety equipment, protective gear and training to prevent workplace accidents from occurring.
- **Environmental protection and safety specifications:** We encourage our suppliers to use sustainable materials whenever possible, obtain environmental protection system certification, green product certification and other certifications, and try to reduce the impact of business operations on the environment and human health and safety.
- **Labor and remuneration:** Suppliers are prohibited from using forced labor and child labor. Suppliers shall establish a communication mechanism between them and their employees to ensure their employees can express their demands and complaints to the management. Remuneration shall meet the local statutory minimum wage level. Suppliers shall pay remuneration on time and shall not be in arrears for more than one month. Suppliers shall also pay overtime compensation according to law and follow the statutory working hours.
- **Ensuring a fair and impartial working environment:** Suppliers shall prohibit any form of harassment or discrimination based on, but not limited to, age, race, disability, gender, nationality, marital status, sexual orientation, political belief or trade union affiliation.

We have also increased our training for suppliers, covering topics including quality assessment, business ethics, construction management, and social responsibility. Nearly a hundred suppliers participated in our training on site.



Fig. GHKGBA Holdings's Supplier Training



STRENGTHENING COMMUNICATION AND SHARING WITH COOPERATION PARTNERS

We are committed to growing together with our partners and creating a healthy and sustainable good partnership. We communicate with our partners in various forms, such as partner conferences, exchange and sharing meetings, and commendation activities, in order to continuously enhancing the added value of our cooperation. The content of our communication covers topics including corporate culture, development strategy, customer service system, supplier management system, employee training system, brand promotion and green environment protection, which enables our partners to understand our requirements for products and services in more depth, improves the quality and efficiency of cooperation and promotes common growth.



Fig. Ceremony for the Establishment of the South China Purchasing Alliance and Exchange Meeting

Chapter VII

Sharing the Fruits of Development for the Society





CHAPTER VII SHARING THE FRUITS OF DEVELOPMENT FOR THE SOCIETY



TARGET SUBJECTS

Target Subjects in this Chapter

Public welfare and charity

HKEX ESG Indicators in this Chapter

B8.1/B8.2

SDGs Subjects in this Chapter



UNSDGs 1: No Poverty



UNSDGs 4: Quality Education



UNSDGs 11: Sustainable Cities and Communities



REVIEW OF GOALS

Our Goals

- Continuing to promote targeted poverty alleviation, community building and public welfare, deepening the connotation of activities, and promoting common development of community economy and the society

Our Actions

- Promoting public welfare projects
- Supporting rural revitalization
- Supporting the community



PROMOTING PUBLIC WELFARE PROJECTS

GHKGBA Holdings actively fulfill our corporate social responsibilities and obligations and are continuously committed to public welfare undertakings. In order to further optimize the management of public welfare and charity, we formulated the *Charity Policy* in 2021, which clarifies our spirit and purpose in promoting public welfare and charity projects and standardizes the examination and approval process for charity and public welfare programs, ensures that relevant plans and decisions will be strictly supervised by relevant departments and the management, ensures that our community investment matches the needs and interests of the community and brings positive influence to the society.

In 2021, the Group donated approximately RMB1.27 million to the Bellwether Program for rural teachers in Ganzhou, the Guangdong Poverty Relief Day and Dongguan Charity Day in Dongguan, the Building Dreams for the Future, Setting Sail activity in Sanya, and the assistance and education program of the Caring for the Next Generation Foundation in Jiangxi Province.

»»» Case: Building Dreams for the Future, Setting Sail Student Aid Donation

To encourage high school students from the Liudao Community in Jiyang District of Sanya who achieved outstanding results in the college entrance examination, we launched the Building Dreams for the Future, Setting Sail activity in Liudao Village in September. We offered incentives to 32 full-time college students and junior college students who had been admitted to various colleges and universities in 2021.





SUPPORTING RURAL VITALIZATION

GHKGBA Holdings actively responds to the national strategy of rural revitalization through various means, such as helping poverty-stricken villages by forming partners with them, organizing training on poverty alleviation, industry-driven poverty alleviation, supporting through public welfare, educational poverty alleviation and employment promotion. Since 2017, we have put RMB80 million in targeted poverty alleviation in 9 villages and towns in Guangxi, Jiangxi, Sichuan, Gansu and other provinces.

In addition, we have completed a thematic study on rural revitalization strategy based on the summary and analysis of our experience in practicing rural revitalization. In 2021, the Group released the *Rural Revitalization Investment Development Research Manual* to provide new theoretical guidance for future actions in rural revitalization.

»»» Case: Targeted Poverty Alleviation in Qiaoma Village, Wucun Town, Tianyang County, Baise, Guangxi Province

GHKGBA Holdings is committed to promoting rural revitalization through various means. After a field visit to Qiaoma Village, we vigorously promoted the PV poverty alleviation project in the village by providing 3KW rooftop distributed PV power generation system for each poverty-stricken household in the village. In the year when the poverty alleviation project was implemented, it increased the income of each poverty-stricken household in the village by about RMB1,400.





SUPPORTING THE COMMUNITY

GHKGBA Holdings is always concerned about the needs of the community, and tries to understand the needs of community residents through various channels, so as to achieve harmony with the community and constantly promote the development of the community. In 2021, we focused on the special needs in the context of COVID-19, worked on COVID-19 prevention to ensure the safety and health of local community residents.



Fig. Epidemic Prevention Services

ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

ESG Indicators	Description	Where to Find
Aspect A1: Emissions		
General Disclosures	Relating to exhaust and greenhouse gas emissions, discharges to water and land, generation of hazardous and non-hazardous wastes, etc.:	Chapter V
	(a) Policies; and	
	(b) Information on compliance with relevant laws and regulations which have a significant impact on the issuer.	
KPI A1.1	The types of emissions and respective emissions data.	KPI Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	KPI Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	KPI Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	KPI Table
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Chapter V
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Chapter V
Aspect A2: Use of resources		
General Disclosures	Policies on the efficient use of resources, including energy, water and other raw materials.	Chapter V
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	KPI Table
KPI A2.2	Water consumption in total and intensity.	KPI Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Chapter V
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Chapter V
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No package material use in our products
Aspect A3: The Environment and Natural Resources		
General Disclosures	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Chapter V
KPI A3.1	Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them.	Chapter V

ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

ESG Indicators	Description	Where to Find
Aspect A4: Climate Change		
General Disclosures	Identify and respond to significant climate-related issues which have impacted and those which may impact on the issuer and related mitigation measures.	Chapter V
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Chapter V
Aspect B1: Employment		
General Disclosures	Relating to remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other welfare and benefits:	Chapter IV
	(a) Policies; and	
	(b) Information on relevant laws and regulations.	
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	KPI Table
KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	KPI Table
Aspect B2: Health and Safety		
General Disclosures	Relating to provide a safe working environment and protect employees from occupational hazards:	Chapter IV
	(a) Policies; and	
	(b) Information on relevant laws and regulations.	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	KPI Table
KPI B2.2	Lost days due to work injury.	KPI Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Chapter IV
Aspect B3: Development and Training		
General Disclosures	Policies on improving employees' knowledge and skills in performing their duties. Description of training activities.	Chapter IV
KPI B3.1	The percentage of employees trained by gender and employee category.	KPI Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	KPI Table

ESG REPORTING GUIDELINES INDEX OF THE HONG KONG STOCK EXCHANGE

ESG Indicators	Description	Where to Find
Aspect B4: Labor Standards		
General Disclosures	Relating to preventing child and forced labor:	Chapter IV
	(a) Policies; and	
	(b) Information on relevant laws and regulations.	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Chapter IV
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Chapter IV
Aspect B5: Supply Chain Management		
General Disclosures	Policies on managing environmental and social risks of the supply chain.	Chapter VI
KPI B5.1	Number of suppliers by geographical region.	KPI Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Chapter VI
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Chapter VI
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Chapter VI
Aspect B6: Product Responsibility		
General Disclosures	Relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress:	Chapter III
	(a) Policies; and	
	(b) Information on relevant laws and regulations.	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Chapter III
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Chapter II
KPI B6.4	Description of quality assurance process and recall procedures.	Chapter III
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Chapter III

ESG Indicators	Description	Where to Find
Aspect B7: Anti-corruption		
General Disclosures	Relating to bribery, extortion, fraud, and money laundering:	Chapter II
	(a) Policies; and	
	(b) Information on relevant laws and regulations.	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employee during the reporting period and the outcomes of the cases.	KPI Table
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Chapter II
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Chapter II
Aspect B8: Community Investment		
General Disclosures	Policies on understanding the needs of the communities and to ensure the issuer's activities take into consideration the communities' interests.	Chapter VII
KPI B8.1	Focus areas of contribution.	Chapter VII
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	KPI Table

PERFORMANCE LIST

ESG Indicators		Unit	Data
A. Environment			
A1.1	Emission types and relevant emission data		
	Nitrogen oxides (NO _x)	Tonnes	0.729
	Sulfur oxides (SO _x)	Tonnes	0.002
	Particulate matter (PM)	Tonnes	0.069
A1.2	Greenhouse gas emission		
	Scope I: Direct greenhouse gas emission ¹	Tonnes of carbon dioxide equivalent	1,323.00
	Calculation formula: Emission factor of CO ₂ * Amount of fuel consumed		
	Scope II: Indirect greenhouse gas emission ²	Tonnes of carbon dioxide equivalent	10,787.71
	Calculation formula: Emission factor * Quantity of purchased electricity		
	Total greenhouse gas emission ³	Tonnes of carbon dioxide equivalent	12,110.71
	Scope I: Intensity of Direct greenhouse gas emission	Tonnes of carbon dioxide equivalent/million yuan revenue	0.24
	Scope II: Intensity of Indirect greenhouse gas emission	Tonnes of carbon dioxide equivalent/million yuan revenue	1.94
A1.3	Total hazardous wastes ⁴	Tonnes	8.62
	Among them: Dyestuff, paint waste	Tonnes	5.27
	Waste insulation containing asbestos/ construction waste	Tonnes	3.00
	Waste tubes, bulbs, batteries and other products	Tonnes	0.06
	Discard toner cartridge, ink cartridge, etc	Tonnes	0.28
	Intensity of hazardous wastes	Tonnes/million yuan revenue	0.002
A1.4	Total non-hazardous wastes	Tonnes	1,311.67
	Among them: Earthwork waste (sent to landfills)	Tonnes	1,025.17
	Earthwork waste (backfill)	Tonnes	184.26
	Kitchen waste	Tonnes	92.54
	General office waste (recyclable)	Tonnes	4.18
	General office waste (not recyclable)	Tonnes	5.52
	Intensity of non-hazardous wastes	Tonnes/million yuan revenue	0.24
A2.1	Energy consumption ⁵	Kilowatt-hour	20,529,652.79
	Diesel	Liter	1,440
	Gasoline	Liter	141,222.58
	Burning oil	Kg	10,360
	Gas	cubic meters	0.43
	Liquefied petroleum gas	Kg	4,984
	Natural gas	cubic meters	3,518
	Purchased electricity	Kilowatt-hour	17,681,878.23
	Solar power generation	Kilowatt-hour	1,212,400
A2.2	Total water consumption	Tonnes	799,098.67
	Among them: Production water (for construction site)	Tonnes	677,003
	Office water consumption ⁶	Tonnes	122,095.67
	Intensity of water consumption	Tonnes/million yuan revenue	143.44

ESG Indicators	Unit	Data
B. Society		
Employment		
B1.1	Total workforce by gender, employment type, age group and geographical region	
	Total number of workers ⁷	Person 1,275
	By gender	
	Male workers	Person 810
	Female workers	Person 465
	By employment type	
	Full-time	Person 1,140
	Part-time	Person 135
	By age group	
	Under 30 years old	Person 227
	30–50 years old	Person 826
	Over 50 years old	Person 222
	By educational background	
	Doctor	Person 0
	Master	Person 21
	Bachelor	Person 312
	Other educational background	Person 942
	By position	
	Management staff	Person 124
	Execution staff	Person 1,151
	By geographical region	
	Hong Kong, Macao and Taiwan	Person 8
	Chinese mainland	Person 1,267
B1.2	Employee turnover rate by gender, age group, and geographical region	
	Total turnover rate of employee ⁸	% 38.91
	By gender	
	Male employees	% 59.24
	Female employees	% 40.76
	By age group	
	Under 30 years old	% 21.18
	30–50 years old	% 49.75
	Over 50 years old	% 29.06
	By geographical region	
	Hong Kong, Macao and Taiwan	% 0
	Chinese mainland	% 100

PERFORMANCE LIST

ESG Indicators	Unit	Data
Health and Safety		
B2.1	Number of work-related fatalities occurred in each of the past three years, including the reporting year	
	In 2021	Person 0
	In 2020	Person 0
	In 2019	Person 0
	Rate of work-related fatalities occurred in each of the past three years, including the reporting year	
	In 2021	% 0
	In 2020	% 0
	In 2019	% 0
B2.2	Lost days due to work injury	Days 0
Development and Training		
B3.1	The percentage of employees trained by gender and employee category	
	Percentage of total employees who took part in training	% 42.7
	By gender	
	Male employees	Person-time 2,904
	Female employees	Person-time 1,409
	By employee category	
	Management employees	Person-time 883
	Execution employees	Person-time 3,430
	By gender	
	Male employees	% 67.33
	Female employees	% 32.67
	By employee category	
	Management employees	% 20.47
	Execution employees	% 79.53
B3.2	The average training hours completed per employee by gender and employee category	
	All employee	Hour/person 36.31
	By gender	
	Male employees	Hour/person 24.44
	Female employees	Hour/person 11.87
	By employee category	
	Management employee	Hour/person 7.43
	Execution employee	Hour/person 28.88

ESG Indicators		Unit	Data
Supply Chain Management			
B5.1	Total number of suppliers	Suppliers	363
	Number of suppliers by geographical region		
	Eastern China	Suppliers	89
	South China	Suppliers	218
	Central China	Suppliers	24
	North China	Suppliers	3
	Northwest China	Suppliers	5
	Southwest China	Suppliers	24
	Northeast China	Suppliers	0
Product Responsibility			
B6.2	Number of products and service related complaints received		
	Domestic users	Time	546
Anti-corruption			
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases		
	the Group	Case	0
	Employees	Case	0
Community Investment			
B8.2	Resources contributed to the focus area		
	Accumulative public welfare donation	'0000 yuan	127.40

Notes:

- Greenhouse gases in scope 1 are come from stationary combustion sources (including coal gas, natural gas, liquefied petroleum gas and burning oil), mobile combustion sources (including gasoline and diesel) and refrigerant consumption. The increase in the 2021 of scope 1 GHG figure from 2020 is mainly due to the inclusion of refrigerant consumption.
- Greenhouse gases in scope 2 refers primarily to are carbon dioxide produced by purchased electricity consumed during operations. The accounting method is based on the grid emission factor 0.6101 tCO₂/MWh recommended in the Greenhouse Gas Emission Accounting Method and Reporting Guide for Power Generation Facilities issued by the Ministry of Ecology and Environment in 2021.
- Greenhouse gas emissions include only carbon dioxide.
- Hazardous waste shall refer to the National Hazardous Waste List (2021 Edition).
- Total energy consumption comes from diesel, gasoline, liquefied petroleum gas, natural gas, purchased electricity and solar power. The Energy conversion coefficient is in accordance with the Energy Statistics Manual (Appendix 3, units and equivalent conversion) issued by the International Energy Agency. Diesel: 45.66 gigajoule/ton, gasoline: 45.66 gigajoule/t, LPG: 50.08 Gigajoule/t, Natural gas: 40 Gigajoule/m³, 1 Gigajoule = 277.778 KWH.
- The data of office water consumption come from commercial and office water, including bottled water purchased by the Group.
- Total number of employees refers to the number of employees on the job as of December 31.
- Total turnover rate of employee = Total number of employee turnover/(total number of employees on-job + total number of employee turnover)



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