



# 珠光控股

ZHUGUANG HOLDINGS

## ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)  
STOCK CODE : 1176

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2021



\* For identification purposes only

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

## I. PREAMBLE

Under the rapid economic development of the People's Republic of China ("PRC" or "China"), urbanisation and rural reconstruction are springing up across the entire country. While there are tremendous opportunities for the real estate industry in China, a myriad of diverse obstacles and challenges have also surged and pushed people to reconsider the way cities should be designed and built. As urbanisation will create enormous changes to the society, economy and environment while transforming the cities and urban centres into the dominant habitats of humankind, Zhuguang Holdings Group Company Limited ("Company") and its subsidiaries (collectively, the "Group"), which are principally engaged in property development, property investment, property management and other property development related services in the PRC, are committed to taking an environmentally sustainable, socially inclusive, and economically productive role in carrying out their business operations.

As outlined in the "14th Five Year Plan", the PRC government is dedicated to advocate a human-oriented and environmentally friendly path to urban development, as well as the promotion of sustainable urbanisation. In particular for the building industry, scientific plans for building urban green corridors, developing smart construction and promoting the use of green construction materials are formulated aiming to strive for Carbon Neutrality by 2060. Under the context of the PRC government's emphasis on "housing is for accommodation, not for speculative trading" (「住房不炒」), the promotion of healthy housing consumption in combination with the implementation of a sustainable development strategy, which aims at enhancing ecological civilisation, has set a people-oriented tone stressing sustainable urbanisation as the foundation of the real estate industry in the PRC.

2021 was another year filled with risks and challenges. The continuous outbreak of the Coronavirus Disease-2019 ("COVID-19") pandemic has deeply affected human activities in many aspects, halting the global economies, while also allowing humans to demonstrate the power of technology and resilience when facing unprecedented challenges. For the companies in the real estate industry in China, multiple waves of COVID-19 outbreak have caused a profound effect on their business operations. For instance, construction projects were required to be suspended if any workers were infected or the working site was identified as a "high risk venue". As one of the most significant sectors in the country that have an impact on the health and welfare of people and the environment, the risks that the real estate industry is facing are amplifying. As the pandemic relieves gradually, more emphasis has been placed on the "green" recovery of businesses and the quality of sustainable urban development. The real estate industry is considered to be one of the most significant industries since it is interconnected with a wide range of sustainability impacts relating to land development, resource consumption, waste generation and labour practices throughout its life cycle. As such, real estate companies should be highly conscious of their corporate responsibility in creating more sustainable land use, using resources in more efficient ways, and building greener cities.

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Looking forward, the Group will remain committed to its sustainability vision, and making efforts in fighting against the pandemic, accelerating the recovery of the ecosystem, promoting harmony with the nature, eliminating poverty and inequality, respecting human and labour rights, advocating gender equality and deploying digital technology in its operations.



The Group is aware that with its cross-sectoral reach, the real estate industry can be a powerful driver for corporate sustainability and for accelerating the progress to achieving the Sustainable Development Goals (“SDGs”) under the United Nations Global Compact. As a socially responsible enterprise that has long been engaged in the businesses of property development, project management and property investment in the PRC, the Group has been endeavouring to identify and address the material environmental, social and governance (collectively referred to as “ESG”) matters to tangibly demonstrate its responsible business purpose and commitment. To align its business strategies and operations with the Ten Principles on human rights, labour, environment and anti-corruption in the United Nations Global Compact, and to take actions to advance broader societal goals through stakeholder collaboration and product innovation, the Group has taken into consideration material ESG matters alongside financial factors in its decision-making process and operations, and inherently connected its long-term success with the effectiveness of its corporate ESG management and sustainable development. The Group is dedicated to engraining ESG matters that may lead to a range of risks and opportunities for value creation and resilience improvement towards unexpected incidents into all its product and service lines, applying the highest standards of sustainability and wellbeing to its business operations, and benchmarking its performance with globally leading practices.

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### ESG commitment

In constant pursuit of the integration of ESG into its daily management and business development, the Group has focused its efforts on the following areas:



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## II. ABOUT THE REPORT

In strict compliance with the requirements under Appendix 27 – Environmental, Social and Governance Reporting Guide (“ESG Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), the Group is pleased to present its ESG Report (“ESG Report”) for the year ended 31 December 2021 (“FY2021”), which demonstrates the Group’s approach and performance in terms of its ESG management and corporate sustainable development for FY2021.

### Boundary Setting

The Group believes that a clear and rational reporting boundary is important for helping report preparers and information users to define and limit the scope and extent of disclosures, while allowing the Group to clearly review and evaluate its performance during FY2021 based on the principle of “Materiality”, furthering the transparency, comparability, and benchmarking of the reporting content. Given the business nature and development plans of the Group, this ESG Report examines the ESG performance and management policies of the operations of the Group for FY2021 under the operational control approach, comprising the Group’s businesses of property development, property investment and project management in the PRC, and the Group’s offices in Hong Kong and the PRC.

### Reporting Principles

In line with the principles underpinning the reporting process as laid out in the ESG Guide, the Group has followed the following principles of materiality, quantitative, balance and consistency, in its preparation of the ESG Report:

## Applications of ESG Reporting Principles

### MATERIALITY

In FY2021, the Group conducted a materiality assessment of the ESG-related topics with reference to the recommended procedures in the Global Reporting Initiative (“GRI”) standards. Through surveys, in which its well-selected stakeholders voiced their concerns about the Group’s sustainable development, the Group integrated the opinions of its key stakeholders with the assessment of ESG impact significances. The assessment matrix prioritised and presented the relevant ESG issues material to the Group in its ESG management, to which the Group will continue to pay more attention in its business development.

### QUANTITATIVE

Committed to quantifying its environmental and social performance and associated impacts for better comparability across the years and against its peers, in FY2021, the Group collected and summarised its performance in quantitative key performance indicators (“KPIs”) such as greenhouse gas (“GHG”) emissions, consumption of various energy resources, number of employees in terms of age, geographic locations and position types, implementation of training policies and contribution to local communities in performance tables, where footnotes are clearly set out in regards to the calculation methods, assumptions and conversion factors used.

Tables, charts and graphics were also presented, enabling stakeholders to garner a deeper understanding of the Group’s performance in various KPI categories over the years.

### BALANCE

Achievements and room for improvements have been discussed to provide an unbiased picture of the Group’s impact on and contribution to sustainable development.

The Group objectively discussed its performance in ESG in FY2021 and how it was committed to finding ways to improve its resilience towards the risks of the ripple effects of the COVID-19 pandemic and other major emergencies.

### CONSISTENCY

To allow meaningful comparison across the years, the Group has based its approaches to data collection, information disclosure and reporting framework on a consistent methodology that was in alignment with its previous ESG reports. In addition to its quantitative data calculation and disclosures, the Group has also adopted a coherent approach in its boundary setting process regarding its reporting scope.

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### III. SUSTAINABILITY MANAGEMENT

The ongoing global pandemic that has made profound and long-lasting impacts on businesses and societies at large, has also been challenging the Group's commitment to its sustainability strategies and emergency preparedness and the resilience of such strategies. As climate change, extreme weather, environmental deterioration, resource scarcity, social inequality, discrimination, and other issues concerning sustainability have made daily headlines, more stakeholders are demanding companies to improve their governance structure in managing sustainability and set out a clear roadmap for sustainable development with the implementation of an accountability system. To this end, the Group has ensured that the material topics relating to sustainability that encompass its ESG-related concerns have been set out in the meeting agendas of the Company's board ("Board") of directors ("Directors"), and the sustainability concept has gradually been embedded into the Group's business strategies, decision-making process and operational practices. The Group is fully aware of the pivotal role that the Board plays in corporate ESG management, including but not limited to the following:

- Creating a barrier-free communication strategy and approach within the Group;
- Identifying and fathoming the potential risks of the ESG issues in relation to the Group's operating model and strategic plans;
- Overseeing the assessment of the Group's environmental and social impacts, and the implications of market fluctuations and changes to the macro-environment on the Group's ability to create values for all its stakeholders in the long-term;
- Keeping up-to-date on the expectations and concerns of the Group's stakeholders, including the investors and regulators through ongoing dialogues with them;
- Establishing a materiality assessment and reporting process to ensure effective actions are well followed through and implemented; and
- Maintaining a sustainability culture that has taken the environmental and social impacts on the daily operations of the Group into consideration.

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The Group has adopted a two-way approach, namely top-down and bottom-up, as the internal part of its ESG strategy and management. Such approach has helped the Group deliver a clear message of its corporate vision which was formulated after giving sustainable development due consideration and communicate its ESG-related requirements throughout the entire organisation. Meanwhile, the Group has also encouraged its front-line staff to update the policymakers and executives of the Group on a timely basis with their hands-on experience gained during the daily operations so as to enhance the practicality and suitability of the Group's sustainability strategy.

In terms of the "top-down" approach, the Board is responsible for overseeing the ESG issues of the Group through acquiring corporate ESG information from meetings with the ESG teams of the Group, general meetings with shareholders of the Company, survey feedback from internal and external stakeholders, as well as the disclosures of KPIs in the Group's ESG reports. Meanwhile, the Board is also responsible for initiating sustainability strategies and proposing guidelines, including the setting up of relevant ESG performance targets and indicators. Under the "bottom-up" approach which complements the "top-down" approach, the management of the Group steers, supervises and monitors the implementation of the Group's sustainability practices. The Group's management is also responsible for reporting to the Board about the progress of ESG building within the Group, together with any significant ESG-related risks and opportunities arising from the Group's operations. The ESG Steering Group and the ESG Taskforce, which are mainly responsible for the effective management of the Group's ESG matters, were established for overseeing and ensuring the Group's business is sufficiently sustainable and resilient to cope with the fiercely competitive market. Specifically, the ESG Steering Group, which is formed by the executive Directors, the chief financial officer and company secretary of the Company, as well as the general manager of the Financial Management Centre of the Company, is in charge of the supervision of the entire process of the preparation of the ESG reports and the communication with the Board about relevant matters relating to the ESG reports. The major duties of the ESG Taskforce include the coordination and monitoring of the data collection processes of the Group for ESG purposes and ensuring that material ESG policies and accurate information of the Group's ESG performance can be identified and obtained. Given the systematic approach of the Group to integrate material ESG issues into its operations, the Board is able to define a clear sustainability strategy for the Group, while building and tracking the Group's well-established sustainability targets through continuous evaluation based on corresponding criteria.



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### IV. BOARD STATEMENT

Despite the development of effective vaccines and imposition of preventive measures against the COVID-19 pandemic in 2021, the virus continued to spread and mutate throughout the year under review. The persistent uncertainties brought about by the COVID-19 pandemic on economic development have aspired companies to make changes. Businesses are altering the ways they operate and their attitudes to sustainability, the significance and urgency of which have further been elevated to the core of the global recovery. In light of its contribution to sustainable development, the real estate industry is considered to be central to urban development and the building of a green society, as it consumes vast amounts of resources, generates various types of emissions, involves different groups of stakeholders, touches on numerous social and ethical aspects, and covers a relatively long product life cycle, ranging from the development phase, real estate use, to the phase of land recovery.

As an enterprise that has long been dedicated to fulfilling its responsibilities in maximising social values, eliminating environmental impacts, and realising economic growth simultaneously, the Group's commitments to and actions on promoting an environmentally and socially responsible business have never changed in spite of the challenges and volatilities brought about by the pandemic. The Group has endeavoured to keep its original aspirations in heart by making continuous improvements in its ESG governance and management. Adhering to the "1+1+N" development strategy of the PRC government while focusing its business presence on the Guangdong-Hong Kong-Macau Greater Bay Area, the Group will continue to implement its strategy of focusing on urban renewal projects to support its medium and long-term development to meet its short-term needs. Standing at the intersection of the nation's "Two Centennial (兩個一百年) Goals"\* which is to build a moderately prosperous society in all respects, the Group has continued and is committed to contributing to the miracle of China's all-rounded development in the acceleration of economic growth, construction of an ecological civilisation and promotion of social wellbeing.

#### Eco-friendly practices

Environmental concerns and expectations from stakeholders regarding how the Group conducts its business responsibly have never been of higher significance to the Group. With an inherent focus on its sustainable practices and reducing its environmental impacts, the Group has relentlessly made analysis with its business partners in the application of innovative concepts and green building principles to property design, construction, and management.

#### Governance resilience

A strong corporate governance covering different aspects of the Group, including business ethics, corporate values, and risk management, is the foundation for the Group to promote a sustainable and responsible business. Supported by its systematic management system, on top of its adherence to the general reporting principles set out in the ESG Guide, the Group is determined to adopt the principles of Specific, Measurable, Accurate, Reliable and Time-Bound in its ESG management, in order to better monitor, track, summarise and reveal its sustainability performance through well-defined metrics. Strict internal strategies and policies have been developed and implemented by the Group, aiming to achieve a "greener tomorrow". For instance, transparency is believed to be an enabling factor to improve the corporate governance robustness and business resilience that could allow the Group to keep reviewing its

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operations and accelerate its alignment in ESG management with internationally recognised practices and therefore is highly valued by the Group. The Group has been leveraging on its sound foundation in corporate governance over the years to minimise the negative environmental and social impacts it makes during its operations, while striving to create long-term shared values for all its stakeholders.

As the primary steward of risks and guardian of creating long-term values for all the stakeholders of the Group, the Board is collectively responsible for keeping the Group's mechanism for corporate governance and ESG management consistently effective and adaptable to the ever-changing market. The Board values the support of the Group's stakeholders and is responsible for making sure that the Group has open communication with its stakeholders on ESG-related issues, so that the Group can connect its sustainable development with its corporate purpose and strategy, while also taking the interests of its key stakeholders into due consideration. As such, the Board annually reviews the effectiveness of the ESG risk management and internal control systems of the Group to protect and enhance the value the Group will generate for the shareholders of the Company as well as to advance the progress of the Group's corporate sustainability. External professional ESG advisors are invited to provide ongoing evaluations of ESG-related issues that may influence the Group's operational decisions in the short, medium and long-term. During the past years, the Group's integrated ESG management approach has enhanced the sustainability awareness of its employees and defined clearer sustainability responsibilities for different functions within the enterprise. For example, the Legal Affairs Department of the Company is responsible for collecting, summarising, and preparing the latest updates of ESG-related regulations and policies on a regular basis to allow the Board to adjust the sustainability policies of the Group accordingly.

In addition, the Group has recognised the significance of materiality in ESG management. Making use of the sound relationships with its stakeholders, the Group has identified areas of great importance to the real estate industry in general and the Group's business through various engagement tools and materiality assessment. Such results enable the Group and the Board to drive improvements in the Group's key policies and procedures, while leveraging its strength to contribute to the sustainable development of the communities in which it operates.

As the massive impact of the COVID-19 pandemic continues, companies are pushed to think about how to navigate through an extremely difficult market and act quickly in response to a string of unexpected scenarios. As resilience building has become an increasingly important strategy to the Group in its business management, the Group will further focus its efforts on the following areas in its ESG management approach in the future:

- (a) incorporating its ESG-related risks into its enterprise risk management (ERM) that will enable the Board and the Group's management to prioritise its business issues and allocate its resources more effectively;
- (b) ensuring the Group has access to relevant information and resources for building an adaptive capacity to monitor its progress made towards its sustainability objectives;
- (c) opening up more avenues for business development and diversifying the business types for the Group;
- (d) benchmarking the Group to global best practices for evaluating its performance in compliance with legally-binding regulations as well as international standards; and
- (e) deepening the analysis of the Group's corporate strategy by formulating new strategic measures and action plans every 3 years.

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In FY2021, the Group has kept on reviewing and upgrading its solid ESG governance system, so as to uphold the implementation of its ESG strategies across its business and engagement with its key stakeholders.

### Sustainability targets and monitoring mechanism

In response to the low carbon and green building development trend in the PRC, the Board has committed to take responsibilities for setting up appropriate ESG targets related to the Group's business and overseeing the operations of the Group in relation to ESG matters with regular reviews. During FY2021, in view of the Group's business nature as a real estate enterprise, targets related to the Group's air emissions, GHG emissions, wastewater, and solid waste, as well as resource efficiency for the financial year ended 31 December 2022 ("FY2022") were established based on the Group's previous operating records, ongoing construction projects and future objectives. Details of the related targets for FY2022 and the actions to be taken to achieve them are disclosed in Sections A.1 and A.2 in this ESG Report. The Board, the ESG Steering Group and the ESG Taskforce are in charge of monitoring and evaluation the targets. In particular, while the ESG Taskforce coordinates and monitors the ESG-related data collection processes so that accurate information of the Group's ESG performance can be identified and obtained, the ESG Steering Group supervises the entire process of the preparation of the reporting of the data and other ESG matters to the Board to enable the Board to seize first-hand information for the purpose of adjusting the Group's ESG objectives and management. With the prompt and barrier-free communication approach within the Group, which is crucial for emission reduction and efficiency enhancement, the Board undertakes periodical reviews and evaluates the Group's performance regarding its achievement of the targets.

### COVID-19

In adherence of the basic principles of "Formulating Plans in Response to The National Call, Implementing Policies and Procedures of Strict Epidemic Prevention and Control, Informing Employees of Self-Protection"\* (按照國家號召制定防控方案，嚴防措施落實各項工作，通知員工做好個人防範) of the PRC government, the Group has actively responded to and followed the instructions of the central and local authorities, including the Health Commission of the Guangdong Province on the control of the spread of COVID-19. The Group has established an internal management team responsible for the coordination of epidemic prevention and control work and the monitoring of the implementation of policies to fight the pandemic throughout different business divisions within the Group. Detailed and comprehensive group-wide guidelines covering medical treatment reporting, mask-wearing regulation, contingency planning, shift work arrangement, quarantine policy, social distancing rules, work arrangements, temperature measurements, hygiene requirements and others were swiftly formulated and executed.

Under the unified guidance of the central government, the comprehensive responses to the COVID-19 pandemic made by the Group in FY2021 effectively prevented the spread of the virus within the Group.

### Climate change

Over the years, the physical and economic impacts caused by climate change are increasingly being felt. 2021 was the hottest year in China on record according to the National Weather Bureau and more extreme weather events had occurred than usual including severe floods and cold fronts. In view of the increasingly severe weather conditions, China announced her ambitious goal of achieving carbon emissions peak before 2030 and carbon neutrality by 2060, in response to the call for global concerted efforts in tackling climate change.

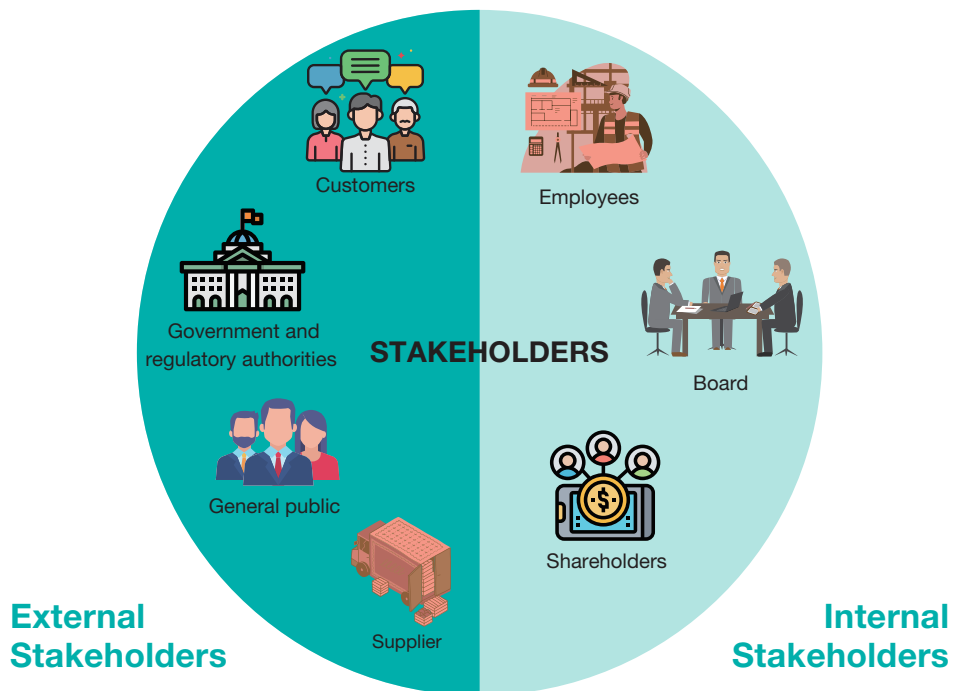
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While actively studying and following the national call for carbon neutrality, the Group has been unwaveringly focused on the exploration of advanced but feasible methods in minimising its energy consumption, thereby curbing its GHG emissions. The Group has been referring to international standards, including the Task Force on Climate-related Financial Disclosures (“TCFD”) framework in identifying, assessing, managing, and monitoring the potential implications of climate-related risks for its business operations. Among a range of physical and transition risks, “mandates on and regulations of existing products and services”, “exposure to litigation”, “increased cost of raw material”, “shift in consumer preferences” and “increased stakeholder concerns”, have been identified to be the most relevant and material climate-related risks of the Group, which will potentially impact the stability of the supply chain, operating costs, and new capital expenditure of the Group in the long term. As such, the Group will put more focus on addressing its exposure to these risks. In particular, the Group plans to enhance its disclosures and practices with respect to climate-related matters to make more relevant data publicly available to facilitate its external stakeholders’ decision-making, while strengthening its internal review of carbon actions. In the meantime, the Group will reinforce its collaboration with the business partners in its supply chain on identifying and minimising the potential climate-related risks.

The Group will be fully committed to the road for scientific carbon neutrality at a faster pace in the future, with appropriate carbon targets being formulated and policies being implemented.

### V. STAKEHOLDER ENGAGEMENT



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

The Group believes that stakeholder relationships are central to its long-term competitiveness and success in the market. By engaging with its core stakeholders, the Group expects that it can better anticipate the emerging trends, grasp potential opportunities in technological advances, improve operational practices while lowering environmental impacts, and provide products and services that will cater to its customers' needs. As the real estate industry involves a wide range of stakeholders in its value chain, from tenants, property managers, government, to construction material suppliers, architects, surveyors and engineers, the Group's stakeholder engagement strategy takes a holistic approach by considering its overall business impacts. To efficiently identify and prioritise the issues that are material and relevant to its different stakeholder groups, the Group conducts engagement with its stakeholders through various means, such as surveys and industry associations. With its good corporate citizenship, reputational influence and strong capability in coordination, the Group has communicated and collaborated with its stakeholders effectively. From the responses from its stakeholders received through a broad range of open communication channels, the Group has successfully gained a deeper understanding of its stakeholders' concerns and expectations, which has facilitated the Group to better position itself in the competitive market and to make rapid and appropriate strategic adjustments. Through continuing engagement and ongoing discussions with its stakeholders, the Group is committed to:

- Evaluating the business impacts of the Group on its stakeholders and taking actions to minimise the actual or potential impacts;
- Promoting awareness, learning and dialogues among its stakeholders around ESG;
- Facilitating collaboration and sharing of good practices and ideas in the corporate sustainability journey; and
- Mobilising its stakeholders including the tenants, suppliers, employees and the wider community groups to scale up their existing initiatives and contribute to the sustainable development of the entire real estate industry in which the Group operates.

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## Communication with Stakeholders

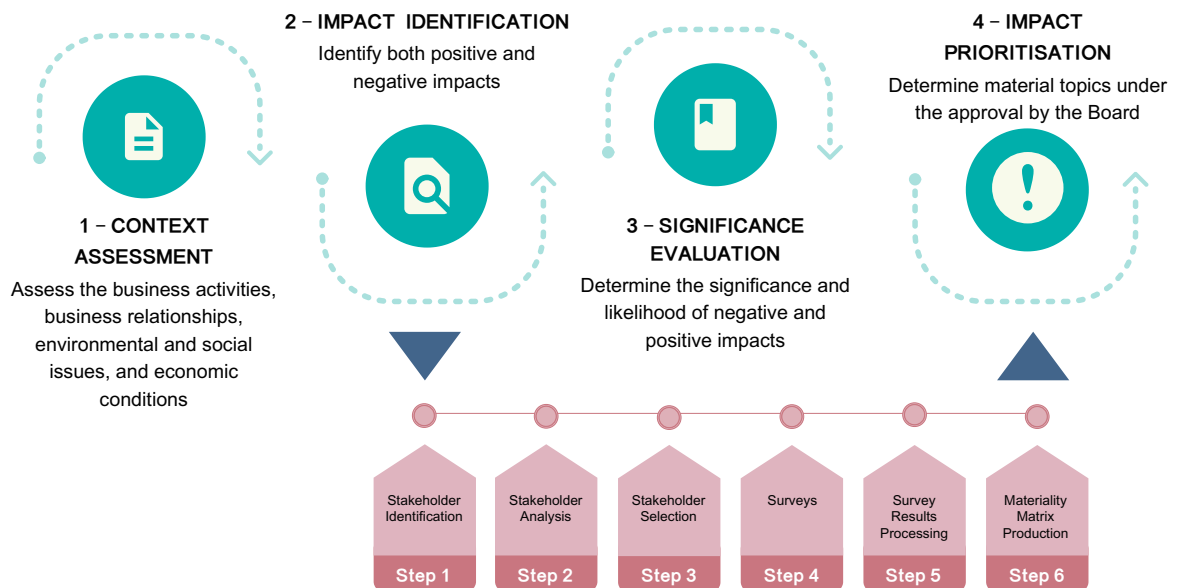
Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> <li>- Compliance with laws and regulations</li> <li>- Anti-corruption policies</li> <li>- Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>- Supervision on compliance with local laws and regulations</li> <li>- Routine reports and tax payments</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- Return on investments</li> <li>- Corporate governance</li> <li>- Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Regular reports</li> <li>- Announcements</li> <li>- General meetings</li> <li>- Official website of the Company</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Employees' remuneration and benefits</li> <li>- Career development</li> <li>- Health and safety in the workplace</li> <li>- Sustainable solid waste management and water consumption</li> <li>- Correlation between ESG performance and corporate financial returns</li> </ul>	<ul style="list-style-type: none"> <li>- Performance reviews</li> <li>- Regular meetings and training</li> <li>- Written comments via emails, notice boards, telephone calls and team building activities with management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Production quality assurance</li> <li>- Protection of the rights of customers</li> <li>- Customer satisfaction</li> <li>- Implications of market changes on business prospects of customers</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction surveys</li> <li>- Face-to-face meetings and on-site visits</li> <li>- Customer service hotline and emails</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Fair and open procurement</li> <li>- Win-win upstream and downstream cooperation</li> <li>- Environmental protection</li> <li>- Protection of intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>- Open tenders</li> <li>- Suppliers' satisfaction assessments</li> <li>- Telephone conferences, face-to-face meetings and on-site visits</li> <li>- Industry seminars</li> </ul>
General public	<ul style="list-style-type: none"> <li>- Involvement in communities</li> <li>- Compliance with laws and regulations</li> <li>- Environmental protection awareness</li> </ul>	<ul style="list-style-type: none"> <li>- Media conferences and responses to enquiries</li> <li>- Public welfare activities</li> <li>- Face-to-face interviews</li> </ul>

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In response to the global call to address the proliferating global sustainability-related challenges faced by the planet and its stakeholders' expectations and concerns, the Group is aware of its pivotal role in achieving the 17 SDGs. The Group is also aware of its corporate influence and therefore is committed to fulfilling its responsibilities and obligations in the areas of human rights, labour, environment and anti-corruption, also known as the Ten Principles issued by the UN Global Compact, which also form an integral part of the Group's daily business decision-making and operations. With appropriate commitments, targets, and metrics in either directional or quantitative ways for seeking alignment with the SDGs being planned, the Group believes that its impact-based approach to explore the interconnectedness of the global sustainability targets and the business operations of the Group will make sustainability a reality within the organisation in the long run.

### Materiality Assessment

#### MATERIALITY ASSESSMENT PROCESS



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

As ESG risks and opportunities vary among the stakeholders of the Group involving different backgrounds, principal activities and business/operating models, the Group has gone through a series of steps in order to identify the material ESG topics according to the recommendations of the Global Reporting Initiative (“GRI”) standards. Following the instructions under the GRI standards, the Group has taken into account a number of aspects during reporting and management, such as the organisation context, actual and potential environmental and social impacts, as well as the significance of the identified impacts. The Group seeks to gain a better understanding of the concerns of its stakeholders, as environmental and social impacts may change over time while the Group’s activities, business relationships and economic and social context keep evolving.







To identify its environmental and social impacts more accurately, thoroughly and objectively, the Group undertakes annual reviews to identify its stakeholders’ main concerns and material interests in relation to the ESG issues of the Group. In FY2021, the Group engaged its stakeholders to conduct a materiality assessment survey. Specifically, the Group made reference to ISO 26000 (Guidance on Social Responsibility) and selected its stakeholders against criteria including the stakeholders’ legal obligations, power of influence and significance in the value chain and their willingness to participate in the engagement. The selected stakeholders including general employees, senior management, suppliers and customers of the Group were then invited to participate in a survey to express their views on a list of ESG issues of the Group. The survey contained well-designed questions, which were believed to be material and relevant to the Group’s business development and strategies from the stakeholders’ standpoint. Such an objective, transparent and decision-useful materiality assessment allows the Group to prioritise its ESG issues after mapping the results of the survey to a materiality matrix as shown below. The assessment process demonstrates the Group’s emphasis on stakeholders’ engagement, while the results of the survey serve as a powerful tool that assists the Group to develop its action plans for more focused ESG management.





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## MATERIALITY ASSESSMENT OUTCOME





-  Business ethics and anti-corruption
-  Health and safety relating to products/services
-  Customer privacy and data security
-  Communication and engagement with suppliers
-  Access and affordability (product/service)
-  Water and wastewater
-  Material management

-  Preventing child and forced labour
-  Product design and lifecycle management
-  Product/service quality
-  Intellectual property rights
-  Employee remuneration and benefits
-  Systemic risk management

-  Occupational health and safety
-  Labour practices

-  GHG emissions
-  Air pollution
-  Energy management
-  Solid waste stewardship
-  Green procurement
-  Climate change mitigation and adaptations
-  Packaging material management
-  Renewable and clean energy
-  Diversity and equal opportunity
-  Employee development and training
-  Land use, ecosystem and biodiversity
-  Environmental risks (e.g. pollution) management of supply chain
-  Social risks (e.g. human rights or corruption) management of supply chain
-  Supply chain materials sourcing and efficiency
-  Internal communication and grievance mechanism
-  Community engagement
-  Participation in philanthropy
-  Cultivation of local employment
-  Local environmental protection
-  Support of local economic development
-  Business model adaptation and resilience to environmental, social and economic risks and opportunities
-  Critical incident risk responsiveness



-  Labelling relating to products/services
-  Customers welfare
-  Management of the legal and regulatory environment (regulation-compliance management)
-  Marketing and promotion

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

Through the materiality analysis matrix, the Group identified “Preventing child and forced labour”, “Product design and lifecycle management”, “Product/service quality”, “Intellectual property rights”, “Employee remuneration and benefits”, “Systemic risk management”, “Occupational health and safety” and “Labour practices” as the ESG issues that were significant to the Group’s sustainable development.

### Stakeholders’ Feedback

As the Group strives for excellence, it welcomes its stakeholders’ feedback and advice on the improvement of its corporate ESG approach and performance, especially the ESG issues identified as the most important in the materiality assessment of the Group. Readers are also welcomed to share their views on the Group’s ESG matters with the Group at [info@zhuguang.com.hk](mailto:info@zhuguang.com.hk) or [www.zhuguang.com.hk](http://www.zhuguang.com.hk).

## VI. ENVIRONMENTAL SUSTAINABILITY

In 2021, being the first year under the “14th Five-Year Plan”, the PRC government has put an emphasis on establishing a green society and building a beautiful China. To seek long-term sustainability in the environment and communities in which it operates, the Group has continued to make tremendous efforts in controlling its emissions as well as its consumption of resources, and has strictly complied with the relevant environmental laws and regulations in the PRC and Hong Kong in its daily operations, including but not limited to the following:

- *Environmental Protection Law of the People’s Republic of China\**  
(中華人民共和國環境保護法);
- *Environmental Impact Assessment Law of the People’s Republic of China\**  
(中華人民共和國環境影響評價法);
- *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes\**  
(中華人民共和國固體廢物污染環境防治法);
- *Law of the People’s Republic of China on Prevention and Control of Pollution from Environmental Noise\**  
(中華人民共和國環境噪聲污染防治法);
- *Law of the People’s Republic of China on Prevention and Control of Water Pollution\**  
(中華人民共和國水污染防治法);
- *Atmospheric Pollution Prevention and Control Law of the People’s Republic of China\**  
(中華人民共和國大氣污染防治法);
- *Energy Conservation Law of the People’s Republic of China\**  
(中華人民共和國節約能源法); and
- *Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong).*

\* English name is translated for identification purpose only

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

The following section primarily discloses the Group's policies and practices on emissions, use of resources and the environment and natural resources in FY2021, as well as the related quantitative data. The Group's policies on identifying and mitigating significant climate-related issues and its actions to manage them are also discussed. Striving to become an environmentally friendly enterprise that seeks to achieve its environmental sustainability goals, the Group has made unremitting efforts in emission control and waste management and made progress in limiting its environmental impacts in FY2021. The Group is committed to continuously lowering its air and GHG emissions, solid waste and wastewater discharged and its consumption of water, paper, electricity and gasoline. The targeted emissions, water consumption efficiency, waste discharged and energy use efficiency for FY2022 and the major actions to be taken to achieve such targets and the main measures are presented in their corresponding sections below.

### A.1. Emissions

#### *Air Emissions*

In FY2021, the Group complied with the relevant national and local environmental laws in terms of emissions during its daily operations. In particular, the Group was not in violation of any laws and regulations in relation to air and GHG emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, and noise that have a significant impact on the Group. To ensure the "14th Five Year Plan" would have a good start, the PRC government has stressed on the importance of "innovative, coordinated, green, open and shared development" (創新、協調、綠色、開放、共享的發展理念) and the Group has invariably followed the national directions in pursuing a sustainable future. To advance the all-out fight to keep the skies blue, the waters clear and the land pollution-free\* (藍天、碧水、淨土保衛戰), the Group has implemented various measures to mitigate its impacts on the environment, thereby facilitating the building of an ecological civilisation. In FY2021, the air pollutants emitted by the Group, such as sulphur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM"), were mainly generated from vehicles used for its transportation and business affairs. Specifically, the Group's air emissions of SOx, NOx and PM amounted to approximately 0.62 kg, 69.28 kg, and 6.17 kg, respectively in FY2021. While SOx emissions from transportation in FY2021 increased slightly by approximately 12.7% as compared with those in the year ended 31 December 2020 ("FY2020"), NOx and PM emissions in FY2021 increased significantly by approximately 230.1% and 298.1% respectively, as compared with those in FY2020. Such increases were attributed to the increase in the use of light goods vehicles by a property development company operating in Guangzhou ("Guangzhou Subsidiary"), which was accounted for by the Company as a joint venture in FY2020 but as a wholly-owned subsidiary upon the completion ("Completion") of the Group's acquisition of the remaining interest in this company in March 2021.

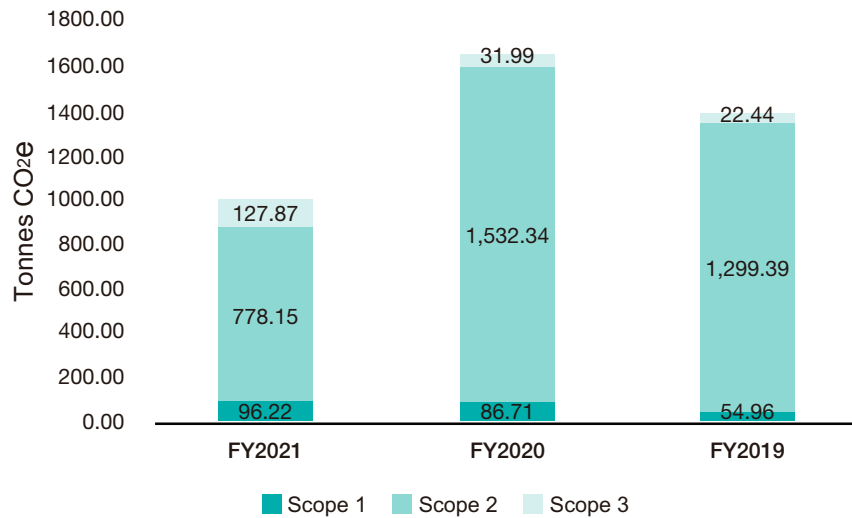
\* English name is translated for identification purpose only

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

### GHG Emissions

The Group is deeply aware of its GHG emissions and has kept on exploring feasible mitigation measures. GHG emissions from the Group were primarily due to the burning of fossil fuels for transportation and the electricity purchased and consumed in its business operations during FY2021. In FY2021, the Group's total GHG emissions amounted to approximately 1,002.23 tonnes of CO<sub>2</sub>e, with an intensity of approximately 0.34 tonnes of CO<sub>2</sub>e/HK\$ million. The Group's total GHG emission in FY2021 decreased by approximately 39.3% from that in FY2020. Specifically, the drop of approximately 49.2% in the Group's GHG emissions in Scope 2 from FY2020 to FY2021 demonstrated the endeavours in and effectiveness of the electricity consumption control measures of the Group in FY2021. The GHG emissions in Scope 1 rose by approximately 11.0% in FY2021, while a growth of approximately 299.7% in Scope 3 was recorded. The increase in the Group's Scope 1 and Scope 3 emissions from FY2020 to FY2021 was mainly due the fossil fuel and water consumed by Guangzhou Subsidiary in its operations, a company accounted for by the Company as a wholly-owned subsidiary upon the Completion in March 2021.

Graph showing the Group's GHG emissions from FY2019 to FY2021



### Non-hazardous Waste

During FY2021, a total of approximately 2,600 tonnes of non-hazardous solid wastes including domestic, commercial and construction wastes, and approximately 383,107 m<sup>3</sup> of non-hazardous wastewater including domestic, commercial and construction sewage were generated by the Group. In FY2021, the Group did not discharge any hazardous wastes (i.e., solid waste and sewage that were hazardous) to the environment during its operations. The Group's total emissions in FY2021 are summarised in Table 1 below, with its total emissions in FY2020 also included for comparison.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

In FY2021, the Group continued to strengthen the monitoring of its environmental performance and required the subsidiaries of the Company to pay more attention to implementing effective waste management practices as well as making a more accurate measurement of the environmental impacts. The total amount of domestic and commercial solid waste reported for FY2021 decreased by approximately 6.1% when compared with that in FY2020. Meanwhile, the amount of wastewater in FY2021 increased dramatically by approximately 329.4% as compared with that of FY2020, mainly due to the wastewater discharged by Guangzhou Subsidiary in its operations, a company accounted for by the Company as a wholly-owned subsidiary upon the Completion in March 2021. Nevertheless, a robust waste management system has been developed by the Group to enhance the reuse and recycle of all resources including water.

**Table 1 The Group's Total Emissions by Category in FY2021 and FY2020<sup>8,9</sup>**

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity <sup>1</sup>	Amount in FY2020 <sup>2</sup>	Intensity <sup>2</sup>
				(Unit/ HK\$ million) in FY2021		(Unit/ HK\$ million) in FY2020
Air Emissions	SOx	Kg	0.62	2.08×10 <sup>-4</sup>	0.55	8.30×10 <sup>-5</sup>
	NOx	Kg	69.28	2.32×10 <sup>-2</sup>	20.99	3.17×10 <sup>-3</sup>
	PM	Kg	6.17	2.07×10 <sup>-3</sup>	1.55	2.34×10 <sup>-4</sup>
GHG Emissions	Scope 1 (Direct Emissions) <sup>3</sup>	Tonnes of CO <sub>2</sub> e	96.22	—	86.71	—
	Scope 2 (Energy Indirect Emissions) <sup>4</sup>	Tonnes of CO <sub>2</sub> e	778.15	—	1,532.34	—
	Scope 3 (Other Indirect Emissions) <sup>5</sup>	Tonnes of CO <sub>2</sub> e	127.87	—	31.99	—
	Total (Scope 1, 2 & 3)	Tonnes of CO <sub>2</sub> e	1,002.23	0.34	1,651.04	0.25
Non-hazardous Waste	Solid Wastes <sup>6</sup>	Tonnes	2,600	0.87	2,770	0.42
	Wastewater <sup>7</sup>	m <sup>3</sup>	383,107	128.34	89,222	13.47

<sup>1</sup> Intensity for FY2021 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's revenue of approximately HK\$2,985.0 million in FY2021;

<sup>2</sup> The amount and intensity in FY2020 were extracted from the data in the ESG report set out in the Company's annual report for FY2020;

<sup>3</sup> The Group's Scope 1 (Direct Emissions) included only the consumption of gasoline and diesel in motor vehicles, and carbon offset from planted trees;

<sup>4</sup> The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;

<sup>5</sup> The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from paper waste disposed at landfills and electricity used for processing fresh water and sewage by government departments;

<sup>6</sup> The solid wastes included domestic and commercial wastes and construction wastes;

<sup>7</sup> The total amount of wastewater generated by the Group was primarily based on the appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain;

<sup>8</sup> The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories; and

<sup>9</sup> Individual figures may not add up to the totals due to rounding.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

### *Air & GHG Emissions Control Measures*

In FY2021, air and GHG emissions generated during the construction operations of the Group mainly came from the use of gasoline and electricity by onsite machinery and heavy vehicles for operation and transportation purposes. Taking FY2021 as the baseline year, the Group targets that the intensities of its air and GHG emissions in FY2022 within the same scope will not be higher than those in FY2021. To this end, to standardise its operating practices thereby minimising its environmental impacts, the Group has implemented internal policies, such as “Anti-pollution and Anti-noise Construction Scheme”\* (防污染防噪音施工方案), which introduces feasible measures for the sustainable management of construction projects of the Group. All construction sites of the Group are required to adopt strict practices in all aspects to comply with the internal policies. At construction sites, ground rinsing and water sprinkling are required as daily practices to settle dirt and avoid sludge accumulation. The Group has also implemented preventive maintenance for construction machinery. In addition, the Group has installed bag-house dust collectors, closed hoods, and pressurised dust reduction spray devices along the main road of the construction sites and cleaned the wheels of the vehicles before leaving the construction sites to protect ambient air quality.

Since the consumption of electricity and other energy resources is the major contributor to the generation of air pollutants and GHG emissions, the Group has set up internal policies for regulating the procedures of energy conservation in order to mitigate those emissions, such as requiring the switching off of idling engines in construction sites and placing reminders near the switches, which are further described in the sub-sections headed “Electricity” and “Other energy resources” below.

### *Wastewater Control Measures*

As the Group recognises the benefits of minimising water consumption, it has promoted water conservation by reducing wastewater generation and strengthening onsite water reusing. The wastewater generated from the Group’s property development business during FY2021 consisted of industrial sewage generated during the construction operations of the Group and domestic and commercial wastewater generated from the Group’s offices.

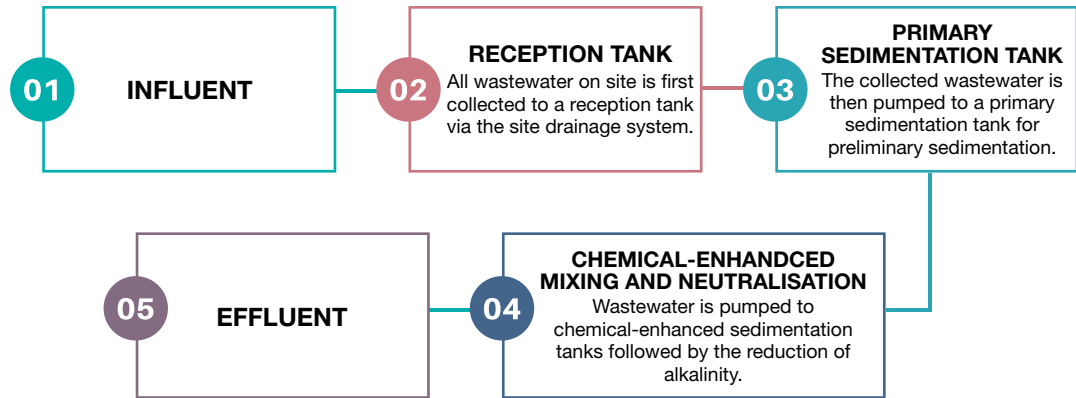
Taking FY2021 as the baseline year, the Group targets that its wastewater discharge intensity in FY2022 within the same scope will not be higher than that in FY2021. As such, sticking to its principles for environmental sustainability, the Group continues to promote and educate its employees about water conservation. Specifically, the Group has installed sewage treatment facilities in its construction sites for the treatment of construction and domestic wastewater, which are regularly checked by relevant departments of the Group and local governmental agencies to ensure regulatory compliance. The domestic wastewater onsite is primarily treated through three-level septic tanks, while sedimentation basins are set up onsite for the treatment of construction wastewater before it is discharged into the municipal sewage network. The floating mud generated during the treatment process is normally collected and transported to certified external environmental organisations for further disposal. The Group ensures that its onsite wastewater meets the first grade under the Integrated Wastewater Discharge Standard (GB 8978-1996)\* (污水綜合排放標準一級標準) of the PRC after treatment. The treated effluent is used for water testing of pipelines and non-portable water tanks, as well as for other construction operations, such as wheel-washing and dust suppression.

\* English name is translated for identification purpose only

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

## ONSITE CONSTRUCTION WASTEWATER TREATMENT

## TYPICAL PROCEDURES

*Solid Waste Control Measures*

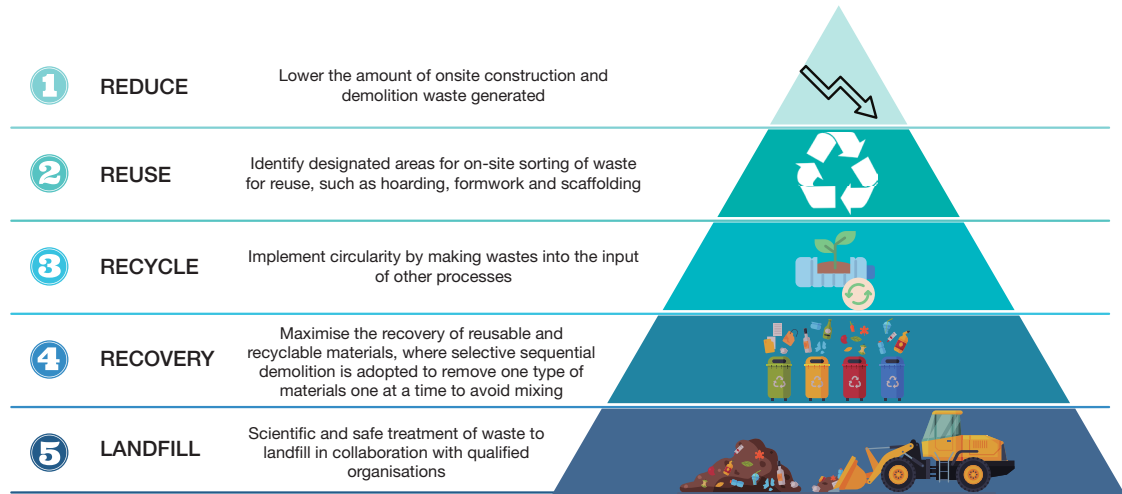
As construction projects produce a large amount of construction waste, the Group, being a leading property developer in the PRC which is aware of its responsibilities, has implemented a comprehensive waste management approach in partnership with an external professional waste management organisation, which benchmarked the best practices in the industry.

Taking FY2021 as the baseline year, the Group targets that its solid waste disposal intensity in FY2022 within the same scope will not be higher than that in FY2021. In light of this, in recognition of different treatment measures that should be taken to manage onsite waste from varying waste streams, the Group has incorporated the principles of waste hierarchy to establish a robust management plan to prioritise the practices that should be implemented into its waste stewardship strategy. Specifically, depending on the classification of different types of solid waste onsite, including inert, non-inert, soft, hard, recyclable, and non-recyclable wastes, the Group is committed to collecting, sorting, reusing, and recycling as much construction waste as possible. For example, rubble is collected, crushed, transported, and reused in new construction projects and road building. Steel residues and wooden square bars are collected and transported regularly to landfill sites for disposal by special trucks. As for other domestic solid wastes, they are collected by the local department on a daily basis. The Group is deeply aware that resource efficiency, circular use of materials and minimised waste generation are connected to operational efficiency and reduced environmental impacts. The Group keeps exploring feasible solutions in lowering the consumption of resources onsite in all of its projects. In the meantime, the Group also requires its subcontractors to monitor and report on the waste generated and methods for disposal by category, in particular the storage and treatment of those containing hazardous substances.

Also, the Group has actively explored the viability of circular economy-inspired actions such as the application of recycled aggregates in the construction projects, endeavouring to improve resource efficiency while lowering the amount of waste.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

## ONSITE WASTE MANAGEMENT HIERARCHY



Meanwhile, the Group has strictly implemented the policies stipulated by the government or local authorities for construction waste management and carried out thorough planning for waste reduction and management before site operations commence. The Group has formulated a standard waste management plan as part of the Group's overall environmental master strategy, which facilitates the Group in building scientific waste reduction targets, launching relevant programmes and arranging personnel responsible for onsite sorting of waste and supervision of the proper waste disposal process. External qualified organisations are also engaged to conduct waste management monitoring and audit programmes for the Group from time to time.

#### *Noise Control Measures*

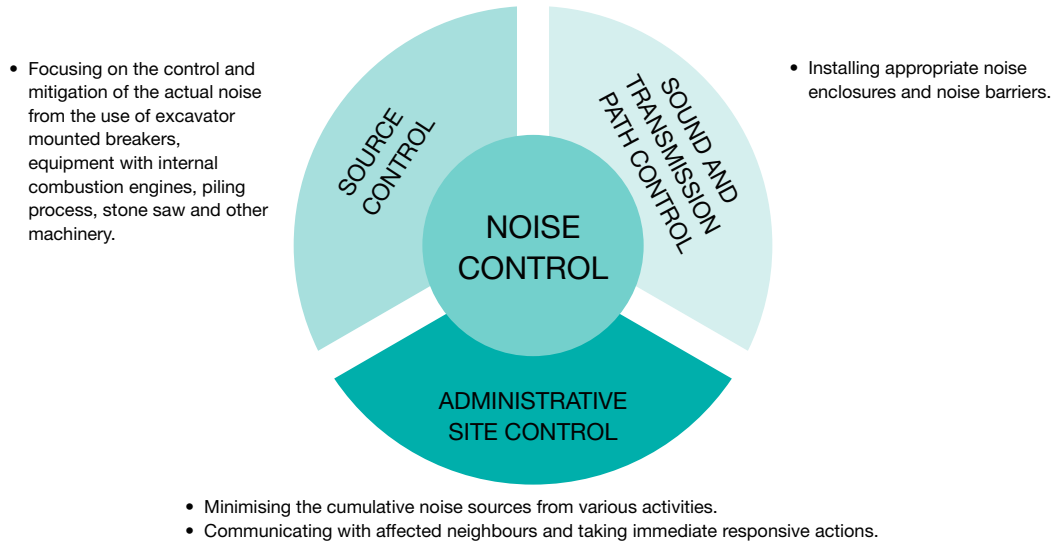
Noise emissions generated by the Group during FY2021 were mainly caused by the operations of construction machinery and equipment onsite. In strict compliance with the national and local regulations of the PRC in relation to noise emissions, such as the Emission Standards for Industrial Enterprises Noise at Boundary (GB12348-2008), and following the strategy of source control, sound transmission path control and administrative site control, the Group has implemented the following measures to minimise the nuisance of noise during construction operations in FY2021:

- Install shock pads, noise barriers, silencers, enclosures, and real-time sound monitoring equipment in the construction sites to reduce the noise level;
- Restrict noisy operation and use of noisy equipment, such as hand-held breakers or electric drills, to fewer sensitive hours of the day;
- Investigate surrounding habitats and avoid operating noisy equipment at rest time or specific hours for particular groups of people (e.g., students); and
- Use quality powered machinery and equipment with registered labels such as the QPME (Quality Powered Mechanical Equipment) Labels.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

To ensure construction activities are being carried out in strict compliance with statutory requirements and the above internal requirements, the Group has assigned staff to regularly check and review the Group's implementation of noise control measures and report their findings to management.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

## A.2. Use of Resources

In FY2021, the primary resources consumed by the Group were electricity, water, gasoline, paper and other construction materials. Given its business nature, the Group did not consume any packaging material during FY2021. Table 2 illustrates the amounts of different types of energy, water and paper used by the Group in FY2021.

**Table 2 Total Resource Consumption in FY2021**

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2021	Intensity <sup>1</sup> (Unit/ HK\$ million) in FY2021	Amount in FY2020 <sup>2</sup>	Intensity <sup>2</sup> (Unit/ HK\$ million) in FY2020
Energy	Electricity	kWh'000	1,273	0.43	2,901	0.44
	Gasoline	L	42,175	14.13	27,937	4.22
	Diesel	L	0	0	8,793	1.33
	TOTAL <sup>3</sup>	kWh'000	1,682	0.56	3,266	0.49
Water	Water	m <sup>3</sup>	383,107	128.34	92,842	14.01
Paper	Paper	Kg	1,708	0.57	1,500	0.23

<sup>1</sup> Intensity for FY2021 was calculated by dividing the number of resources the Group has consumed in FY2021 by the Group's revenue of approximately HK\$2,985.0 million for FY2021;

<sup>2</sup> The amount and intensity in FY2020 were extracted from the data in the ESG report set out in the Company's annual report for FY2020; and

<sup>3</sup> The methodology adopted for energy conversion and calculation of gasoline and diesel set out above was based on "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

### *Electricity*

The Group purchases the electricity consumed in its daily operations at its offices and construction sites from the local public utility companies. Improving energy efficiency is a long-standing goal of the PRC government, which has been outlined in the latest “14th Five-Year Plan” that has set out clear and intensive goals for the Chinese economy to build a more sustainable green society. Owing to the unwavering efforts in electricity conservation of the Group, the total electricity consumption of the Group in FY2021 was approximately 1,273 kWh'000, which had decreased drastically by approximately 56% as compared with that in FY2020.

To further lower its consumption of electricity so as to cut down on its GHG emissions, the Group perseveres with its fundamental policy of conserving energy resources and protecting the environment. Taking FY2021 as the baseline year, the Group targets that its electricity consumption intensity in FY2022 within the same scope will not be higher than that in FY2021. To this end, the Group has highly encouraged the application of energy-saving technologies and equipment in its business operation. It has also explored new grounds in altering its business models and practices to advance green development, and assigned its staff to act as internal representatives to coordinate energy saving programmes held within or outside the Group. In particular, the Group has implemented the following practices:

- Install solar panels to produce renewable energy;
- Replace lighting using traditional bulbs with energy-efficient lighting, such as LED lamps;
- Adjust the set temperature of air conditioners at offices based on the weather at the time;
- Use multiple light switches for separate zones to facilitate partial lighting in large areas when it is only partially occupied;
- Adopt natural or mechanical ventilation for areas that do not require air-conditioning;
- Install motion sensors to automatically control the lighting in public areas including corridors of the building; and
- Use electrical appliances with energy label.

The Group has also initiated environmental campaigns and arranged relevant seminars to educate all its employees to maximise daylight usage. The Group has a policy to switch off unnecessary lighting, electrical appliances, and computers in property sales centres after property sale promotion activities and in the office. Inspection of the office premises by dedicated staff has been arranged every day after office hour.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

### *Other energy resources*

The only other energy resource consumed by the Group during FY2021 was gasoline, which was mainly used for transportation purposes. The Group is aware that sound vehicle management is of paramount importance to reducing its environmental impacts as poor management will give rise to air pollution and carbon emissions that cause climate change. As such, the Group has fully implemented its policies in the management of vehicle use in FY2021. During the year under review, vehicles consuming diesel were entirely replaced by those consuming gasoline, which demonstrated the determination of the Group in improving its energy efficiency. Yet, the consumption of liquid fuel in FY2021 was 5,445 L higher than that in FY2020, which was mainly due to the consumption of gasoline by Guangzhou Subsidiary for transportation in its operations, a company accounted for by the Company as a wholly-owned subsidiary upon the Completion in March 2021. Notwithstanding that, the Group is committed to optimising its operations with more research on the feasibility of substituting alternative cleaner fuels as a principal source for its vehicles.

Taking FY2021 as the baseline year, the Group targets that its gasoline consumption intensity in FY2022 within the same scope will not be higher than that in FY2021. As such, the Group has promoted the use of mass transit among its employees through training and messages. All employees are encouraged to support alternative means of transport, including electric vehicles and carpooling, to minimise the impacts on the environment. In addition, the Group has particularly brought in the following measures in an effort to improve its energy use efficiency:

### ENERGY CONSUMPTION CONTROL IN VEHICLE MANAGEMENT

POLICY SETTING	SOURCING PRACTICE	OPERATION CONTROL	MAINTENANCE	KNOWLEDGE SHARING
The Group has kept formulating and refining its internal policies which specify the procedures of hot work and has committed to introducing KPIs in managing its vehicle use to standardise the practices of its drivers and the use of vehicles for business.	As energy efficiency for its vehicles is foundational to its cost savings and the delivery of its environmental commitment of business, the Group has considered energy efficiency in the procurement of vehicles and selected high-quality lubricant and fuel for high performance and less pollution.	The Group has taken a proactive approach in assessing and training its drivers, enabling real-time routing and scheduling of vehicles and regulating drivers' driving habits and operators' practices that may increase the Group's fuel consumption, such as speeding, harsh acceleration, harsh braking and unnecessary	Regular maintenance is important to fuel conservation and emission control. The Group has required its employees to regularly check the performance of the Group's vehicles and perform regular maintenance, such as quality check of spark plugs, re-greasing, topping up, or renewal of lubricants for engine and gearboxes.	The Group has recommended sustainable travel practices, such as walking and cycling, and introduced leading techniques and management approaches in advancing its operations towards efficiency through lectures, meetings and training programmes to its employees.

The Group will continue its commitment to "low carbon and low consumption" operating process and keep improving its energy efficiency in the future by researching on the application of more clean energy resources.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

### *Water*

As a real estate enterprise, the Group inevitably consumes a considerable amount of water both during the construction and utilisation phases. During the year under review, the water consumption of the Group rose significantly due to its growing business activities and the water consumed by Guangzhou Subsidiary in FY2021, a company accounted for by the Company as a wholly-owned subsidiary upon the Completion in March 2021. To continuously increase its water efficiency, the Group has set up comprehensive policies covering specifications and recommendations pertinent to how to use water smartly and taken a range of effective measures during its operations. The Group focuses its efforts on monitoring and benchmarking water usage in its operations, committed to improving the performance in water efficiency among all its business divisions. In FY2021, the Group did not face any problem in sourcing water that was fit for its purpose.

Taking FY2021 as the baseline year, the Group targets that its water consumption intensity in FY2022 within the same scope will not be higher than that in FY2021. To achieve this target, the Group has adopted “sponge city” features in its daily operations, incentivising all its employees to reduce, reuse and recycle water resources through an integrated water management approach. For instance, the Group has posted banners on prominent places to urge staff to save water. The Group has also paid attention to the installation of water-saving facilities, such as dual flush toilets, automatic faucets and a rainwater harvesting system to recycle wastewater for landscaping, cleaning outdoor public spaces and other uses. The Group also conducts regular inspection and timely fix of the onsite water supply systems, adjusts the water supply according to the season and resting time, and sets quotas and targets for water consumption restrictions. For some property sales centres of the Group, water is recycled and reused if possible.

### *Paper*

To preserve resources, benefit the environment, as well as curtail the operating cost of the Group, the Group is committed to creating a paperless workplace that is supported by technology tools and standard operational procedures and platforms. The Group has made enormous efforts in accessing, storing, and securing documents through digital means, thereby eliminating or reducing the need for printing.

Taking FY2021 as the baseline year, the Group targets that its paper consumption intensity in FY2022 within the same scope will not be higher than that in FY2021. Specific measures taken by the Group to lower its use of paper are highlighted as follows:

- Promote office automation and disseminate messages by electronic means (i.e. emails or e-bulletin boards) as much as possible;
- Give priority to recycled paper instead of virgin paper;
- Reuse and recycle the folders in the offices;
- Use transit envelopes where covers are necessary for the despatch of documents within the Group;
- Set duplex printing as the default mode for most of the network printers;
- Put a single-sided paper collection box and recycling box near the photocopiers;
- Encourage the staff to reuse one-side printed papers as drafts; and
- Select paper suppliers with sustainably sourced materials for procurement.

In FY2021, the paper consumption of the Group increased by approximately 14% as compared with that in FY2020.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

### *Raw Materials*

The Group believes that it is crucial to achieve an integrated and intelligent use of raw materials by following the principle of value maximisation, pollution prevention and resource conservation. As part of its sustainability vision to develop LEED (Leadership in Energy and Environmental Design), BREEAM (Building Research Establishment Environmental Assessment Method) and other green building related projects, the Group has integrated a range of relevant criteria into its building material selection process, spanning from sustainable material procurement, property delivery, conservation of natural resources, improvement of indoor air quality and waste management.

To lower its environmental footprint and protect human health, the Group has set up policies to ensure that building materials are non-hazardous (e.g., no volatile organic compounds (VOCs), urea-formaldehyde, or other chemicals of concern), and are consumed in the most productive and sustainable way across their entire life cycle. To enhance its resource use efficiency, the Group has given priority to green construction materials and locally sustainable construction materials to reduce the embodied impacts related to energy, waste, carbon and water. For instance, the Group uses aerated blocks to reduce the weight of the walls, new polymer waterproofing membranes to prevent water penetration and hollow glass tiles for insulation. During its construction operations, the Group has adopted the following practices:

- Apply the “cradle-to-cradle” approach to source recycled and reclaimed raw materials for construction;
- Optimise construction procedures at the planning and design stage to improve the efficiency of material utilisation;
- Integrate the concept of modular construction in project planning and construction operations, such as the application of the Prefabricated Prefinished Volumetric Construction (PPVC) method; and
- Ensure that the waste management strategies will encompass the entire process from project planning and design, construction, demolition, disposal of waste, to waste haulage and final disposal.

### *Control Measures of Emissions and Use of Resources by Hong Kong Office*

The Group strives to maximise its resource conservation and reduce the environmental impacts across its operations. The Group has taken the initiative to engage in various environmental campaigns in its Hong Kong office, with a particular focus on programmes and practices in relation to energy efficiency and sustainable waste management.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

Under Hong Kong's Climate Action Plan 2030+, which was established in 2017 that is targeting a 65-70% reduction in carbon intensity by 2030 from the 2005 levels, the Hong Kong government has adopted various policies and measures to improve its energy efficiency, develop its capacity for natural gas use and continue its development of renewable energy sources to largely phase out coal use. Following such a robust plan made by the government, the Group has been committed to identifying and implementing energy conservation measures that will improve the efficiency of the energy use in its office. The measures implemented by the Group include the replacement of fixtures with high-efficiency LEDs and fluorescent lamps, which conserve energy resources, improve energy efficiency, and provide improved lighting quality that supports healthy indoor environments for the employees of the Group. Other measures that the Group has taken include but are not limited to the following:

- Give priority to equipment with automatic low power mode or energy saving mode;
- Establish an energy saving policy or guidelines with clear or directional targets being set up for continual improvement and awareness building among the employees;
- Monitor equipment operations by performing energy audits on a regular basis;
- Switch off the air-conditioners in the meeting rooms immediately after the use of the meeting rooms and affix "Save Energy" stickers as a reminder at the entrance of the meeting rooms; and
- Encourage employees to unplug equipment chargers and adapters when they are not in use.



Measures in Energy Saving, Recycling and Resources Saving

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT 2021

## PARTICIPATION IN ENVIRONMENTAL CAMPAIGNS OF TWO IFC, HONG KONG in FY2021

In February 2021, the Group was invited by the Two IFC to participate in the activity of “Peach Blossom Recycling Program” organized by the Hong Kong Environmental Protection Department, under which undecorated peach blossoms were collected and delivered to the designated collection point for further processing. The recycling of peach blossoms, as a fundamental component of a circular economy that increase the efficiency of primary resource consumption, helps lessens the heavy burden on landfills by transforming the peach blossoms into valuable resources, including mulches and composting materials.

The distribution of red packets for gift giving during the Spring Festival is an old Chinese tradition a common practice that symbolizes good luck. Nevertheless, the used red packets that are normally thrown away may end up in landfills. So as to alleviate the burdens on landfill sites, in February 2021, the Group participated in the Chinese New Year Red Packet Recycle Program as invited by the Two IFC, under which the employees of the Group working in the Two IFC office donated used red packets for recycling.



Earth Hour is one of the world’s largest grassroots movements for environmental actions and campaigns, encouraging all people and organisations to go far beyond the symbolic action of switching off lights. On 27 March 2021, the employees of the Group working in the Two IFC participated in the Earth Hour, which they have supported for years. The Group endeavors to take actions with other tenants in the Two IFC to make positive environmental influences, sparking global conservations on protecting nature and contributing to addressing energy crisis, as well as mitigating climate changes.

In September 2021, the Two IFC invited its tenants to join the “Mooncake Boxes Recycling Campaign 2021”, an event aiming at raising the tenants’ awareness of waste recycling. As a supporter of projects featuring recycling as an important part of the sustainable development road map, the Group actively responded to the call of the Two IFC by encouraging all its employees working in the Two IFC to collect and donate clean metal mooncake boxes to St. James’ Settlement People’s Food Bank, a multi-social service agency which provides quality comprehensive services meeting the diverse social needs in Hong Kong.



The Hong Kong Environmental Protection Department awarded the Two IFC with certificate for appreciating its commitment to environmental awareness. The recycling of computer and communication products helps not only alleviating the burden of landfills, but also facilitating circular economy by sorting out and recycling valuable components from the products.



The Two IFC was awarded the IAQW\$e Certification – Excellence Level by the Hong Kong Green Organization Certification in April 2021, appreciating its effort in implementing strict measures to control its indoor air quality during operation. During the year under review, the Two IFC was dedicated to monitoring and making improvement on its indoor air quality and providing a comfortable environment to all its tenants.



The Hong Kong Environmental Protection Department awarded the Two IFC the Indoor Air Quality Certificate in April 2021 for fully meeting the requirements of the “Excellence Class” of the Indoor Air Quality Objectives Throughout the entire building. The accolade demonstrated the perseverance of the Two IFC in consistently improving its indoor air quality, raising public awareness of the importance of indoor air quality, and creating a highly comfortable environment for its tenants.



The Two IFC was awarded the Wastewi\$e Certification – Excellence Level by the Hong Kong Green Organisation Certification in April 2021, appreciating its endeavors in implementing draconian measures to minimize the generation of waste during operations. During the year under review, the Two IFC was dedicated to environmental protection and its engaged its tenants including the Group to apply the 3R principle – “reduce, reuse and recycle” in waste management. The two IFC performed strict in-house monitoring of its waste management practices on a continuous basis and maintained consistent dialogues with its stakeholders to promote green operations.



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## Control Measures of Emissions and Use of Resources by Property Development Business

The major emissions generated from the Group’s property development business during FY2021 included air and GHG emissions, solid waste, wastewater and noise emissions. As an enterprise which is highly conscious of its responsibility for maintaining environmental sustainability, the Group has adhered to the best-in-class sustainability standards and taken an initiative to incorporate the real estate lifecycle mindset into its decision-making and operations given the fragmented and complex nature of the operations of real estate companies. In particular, after giving due consideration to its processes, systems and resources, the Group has identified the potential and actual adverse environmental impacts which will be created in all stages of its operations from land status change, land acquisition, project planning and design, materials sourcing, to construction process and recycling, in order to track its environmental performance on a continuous basis and advance its businesses responsibly.

## Control Measures of Emissions and Use of Resources by Property Investment Business and Project Management Business

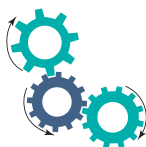
Since the property investment business and project management business of the Group mainly consist of office operations, the major emissions from these two business segments of the Group during FY2021 were the domestic and commercial solid waste and sewage generated from the Group’s offices. During FY2021, the Group laid great emphasis on the management of the daily waste generation in its offices and aimed to minimise its environmental impact at source by strictly controlling its use of resources following the “3R – Reduce, Reuse and Recycled” principles. In response to the national policy of the PRC which bans single-use plastic straws and non-degradable shopping bags in its major cities in an effort to reduce the increasing plastic waste in the country, the Group endeavoured to minimise the use of single-use plastic and disposable utensils and dishware in its offices by encouraging its employees to eliminate the waste of packaging materials by bringing their own lunch boxes instead of ordering takeaway food. Further measures taken by the Group have been described in the sub-section headed “A.2 Use of Resources” above in this ESG Report:



### PRIORITISATION OF ENVIRONMENTAL SUSTAINABILITY GOALS

The environmental targets of the Group have been built upon its commitment to continuously lowering its environmental impacts through business advancement and the integration of ESG management concepts and approach into its operations. The Group is committed to setting science-based goals and ambitious plans for improving its environmental performance by benchmarking against global leasing practices and well-defined criteria.

Systematically	Consistently	Appropriately	Gradually	Significantly	Resolutely
Assess the Group’s lifecycle ecological footprint and exposure to various environmental risks.	Abide by applicable environmental laws and regulations in the regions where the Group operates.	Set and make progress towards GHG emission reduction targets with reference to the Science-Based Targets Initiative.	Take into consideration the climate-related implications on the long-term business development and operations of the Group through scenario-analysis by adopting the TCFD framework.	Lower the Group’s reliance on traditional energy resources for operations and improve energy use efficiency.	Work on the transformation from silo-thinking amongst sector participants, clients and suppliers to a holistic, whole life cycle approach and circular economy thinking through education and initiatives taken by the Group.



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### A.3. The Environment and Natural Resources

As the COVID-19 pandemic continues, an increasing number of businesses have faced obstacles and challenges which drove them to build up their business resilience that would allow them to better grasp the opportunities coming up in the new era. As sustainable development of the real estate industry in China has been reiterated in the ambitious plans for green and low-carbon development under the 14th Five-Year Plan, sustainability has been more widely discussed and is becoming mainstream. The Group, as a prominent enterprise in the industry, has long been committed to further strengthening its internal corporate sustainability management by aligning its objectives with the globally agreed targets and frameworks.

In FY2021, in evaluating the material impacts made by its business operations on the environment, the Group continued to identify the generation of GHG emissions, construction waste and exploitation of various types of energy and natural resources as its principal environmental impacts that should be addressed. Thus, the Group has adopted sustainable practices in a consistent way to control its environmental impacts throughout all stages of its business operations from land use planning, project preparation, building design, vehicle management, noise abatement, procurement of low impact building materials, all the way to the delivery of the final property product. In particular, the Group has put its main focus on the following areas in advancing its sustainable ESG practices:

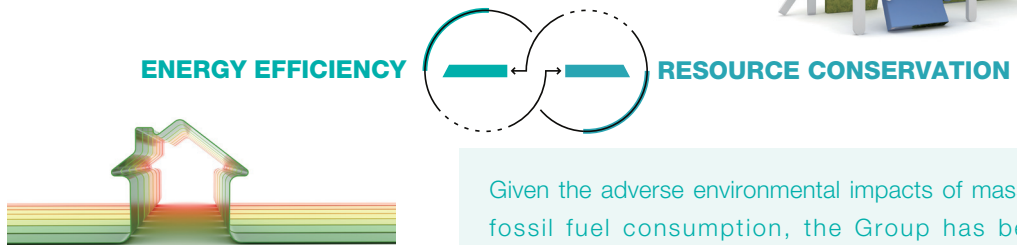
#### Sustainable Waste Management

In its property development, the Group follows the preferred order in onsite waste management, namely avoidance, minimisation, recycling, treatment and disposal. The Group has set up a comprehensive waste management plan that identifies major waste types and defines ways for waste reduction, and organises onsite sorting areas, practices and personnel responsible for the supervision before operations commence. In addition, the Group also emphasises on the training of sustainable practices in waste management and chemical waste handling procedures. In its office operations, the Group has resolutely responded to the countrywide solid waste sorting policy by promoting the dissemination of the concept of “3R — Reduce, Reuse and Recycle”.



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The Group has set up internal policies, such as the “Notice on Strengthening Office’s Energy Saving and Consumption Reduction”\* (關於加強辦公室節能降耗工作的通知) and the “Notice on Implementing Office Energy – Saving Inspection System”\* (關於實施辦公室節能降耗巡查制度的通知) that regulate the daily energy conservation practices of all the subsidiaries of the Company. Also, the Group has developed and advocated the application of “Smart Energy Management System”\* (智慧能源管理系統) in its operations, which can increase its energy efficiency while lowering its emissions from the use of resources.



Given the adverse environmental impacts of massive fossil fuel consumption, the Group has been committed to controlling its use of gasoline and diesel through various ways, such as encouraging its staff to practise carpooling and educating its drivers with good driving behaviours, and the Group is dedicated to “greener” options including eliminating the use of diesel which is a more polluting fuel. Also, the Group has promoted environmentally friendly practices to its staff, such as the reduced use of tissue and toilet paper, and disseminated the conservation spirit to various subsidiaries of the Company through notices and training.

With a forward-looking development strategy and well-designed plans for actions to implement the Group’s ESG policies which are to develop in a future-proof and environmentally sustainable manner, the management and all staff of the Group under the leadership of the Board will persevere in improving the Group’s environmental performance and seeking opportunities to innovate on its business operations towards sustainability.

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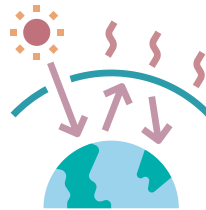
## A.4. Climate Change

Under the increasingly frequent extreme weather, the regulations governing property construction have been tightened, in particular the safety requirements and standards. In realisation that the Group's key assets and property development projects are located in regions such as Guangdong, which are subject to risks of extreme weather events including typhoons and floods, the Group has paid special attention in managing its potential climate-related physical risks such as the damage of its properties and delays of development projects due to extreme weather events.

**CLIMATE ACTIONS****Climate Mitigation**

The Group has carefully identified and evaluated the relevant and material physical and transition risks of climate change with a holistic review of different climate scenarios and transition pathways. To sequester carbon emissions from its business, the Group is devoted to tapping into the renewable energy, finding alternative cleaner solutions powering its operations, improving energy saving measures, and using low carbon construction materials.

The Group has participated in many carbon offset schemes over the years and planted a total of not less than 200 trees since its inception, which have absorbed and stored carbon dioxide equivalent to approximately 4.6 tonnes during FY2021.

**Climate Adaptation**

To build up its resilience to mitigate the imminent climate-related risks, including the increasingly frequent wildfires, hurricanes and flooding, which may cause construction delays and rising repair or replacement costs of damaged or destroyed property, the Group keeps promoting applied research into climate-related risks and other hazards that are material to the Group and factoring the potential impacts into future project planning and design, property investment and project management.

In addition to physical risks, the Group also pays attention to the climate-related transition risks that may have a significant impact to its business. With the PRC's ambitious carbon neutrality target by 2060, and the new assessment standard for green building (GB/T50378 – 2019) being approved by the Ministry of Housing and Urban-Rural Development ("MoHURD")\* ("中華人民共和國住房和城鄉建設部") as a national standard, as well as seeing the gradual promotion of green urban renewal of the PRC, the Group sees the failure to integrate environmental elements into its commercial and residential properties in a timely manner as one of its significant climate-related-risks.

Nevertheless, the Group has strived to manage this risk through keeping abreast of the popularity of green buildings while treating this as an opportunity which may bring new business potential to it as a developer. More factors will be considered by the Group before it proceeds with a development project, including costs, certification, and additional workflows in the building process. In addition, the Group will also incorporate ESG elements in its development blueprints as instructed in the "Implementation Opinions of the Guangzhou Municipal Committee of the Guangzhou Municipal People's Government of the Communist Party of China regarding the Deepening of Urban Renewal for Promotion of High-Quality Development"\* ("中共廣州市人民政府廣州市委關於深化城市更新工作推進高質量發展的實施意見").

In the long run, the Group will respond to the market and the government's expectation and fine tune its operating policy and strategy in terms of green building-related and climate-related aspects.

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## VII. SOCIAL SUSTAINABILITY

## EMPLOYMENT AND LABOUR PRACTICES

## B.1. Employment

The Group has long been focused on talent recruitment, retention, professional development, workplace diversity and inclusion, and fostering a healthy culture where all its employees can feel engaged, respected, and motivated. The Group believes that sound management and the formulation of appropriate employment policies are foundational to the long-term stability and competitiveness of the Group. The Group treasures employees' talent and strives to provide its employees with a suitable platform and working environment for their professional development. As of the end of FY2021, the total number of employees of the Group was 927.

**Table 3 – Total Workforce of the Group by Gender, Position Type, Age and Geographical Location in FY2021<sup>1</sup>**

Gender	Age group				Total
	Aged 30 or below	Aged	Aged	Aged 51 or above	
		between 31 and 40	between 41 and 50		
Male	98	208	99	41	446
Female	109	288	56	28	481
Total	207	496	155	69	927

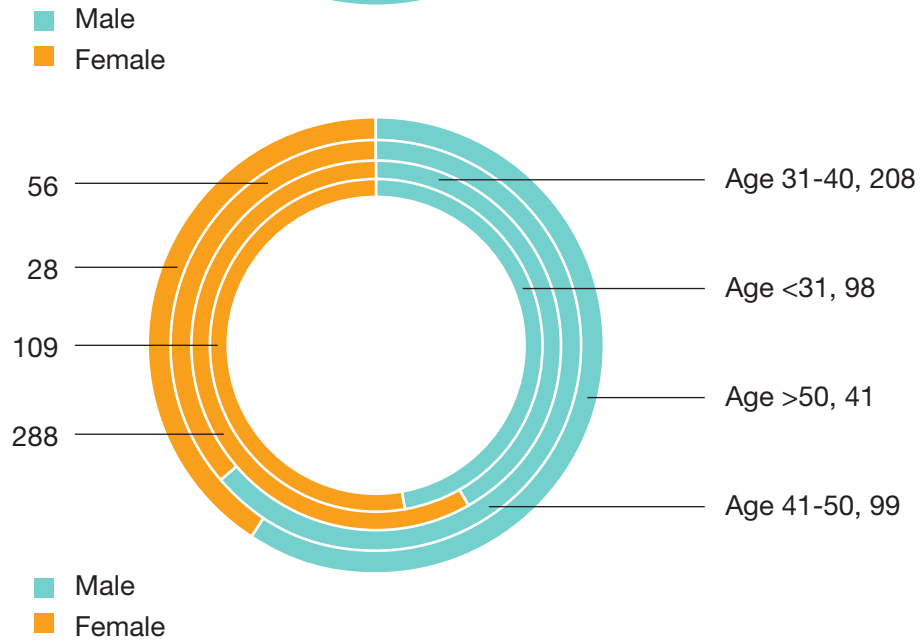
Gender	Position type			Total
	General staff	Middle	Senior	
		managerial level	managerial level	
Male	282	137	27	446
Female	399	77	5	481
Total	681	214	32	927

	Employment type		Total
	Full time	Part time	
	927	0	927

	Geographical location		Total
	The PRC	Hong Kong	
	919	8	927

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<sup>1</sup> The employment data in headcount was obtained from the Group's Human Resource Department based on the employment contracts entered into between the Group and its employees. The data covers employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.



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Table 4 – Employee Turnover by Geographical Location, Gender, and Age in FY2021<sup>1</sup>

Unit: Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	
Gender					
Male	40	39	29	13	121
Employee turnover rate	41%	19%	29%	32%	27%
Female	36	46	38	19	139
Employee turnover rate	33%	16%	68%	68%	29%
Total	76	85	67	32	260
Employee turnover rate	37%	17%	43%	46%	28%

Unit: Number of employees	Geographical location		Total
	The PRC	Hong Kong	
Total	260	0	260
Employee turnover rate	28%	0%	28%

<sup>1</sup> The turnover data in headcount was obtained from the Group's Human Resource Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2021 by the number of employees in FY2021. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

### Law and Compliance

The Group's employment policies have been updated and adjusted to cater to social changes since its inception, and more importantly, to abide by the relevant laws and regulations in Hong Kong and the PRC. In FY2021, the Group abided by the material relevant laws and regulations, including but not limited to the following:

- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);*
- *Labour Law of the People's Republic of China\* (中華人民共和國勞動法);*
- *Employment Promotion Law of the People's Republic of China\* (中華人民共和國就業促進法);*
- *The Labour Contract Law of the People's Republic of China\* (中華人民共和國勞動合同法); and*
- *Insurance Law of the People's Republic of China\* (中華人民共和國社會保險法).*

In compliance with the national and local employment requirements, the Group paid remuneration which complied with the minimum wage standards and made contributions to social security that is commonly known as the "five insurances and housing provident fund"\* (五險一金) for its employees in the PRC and the Mandatory Provident Fund Scheme (MPF) and medical insurance for its employees in Hong Kong.

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### *Recruitment and promotion*

Top talent is one of the Group's strategic pillars for sustainable development. The Group considers talent acquisition to be essential to keeping the Group energetic and competitive in the market. As such, the Group has set up a set of transparent and clear policies to implement its annual recruitment plan, such as "Human Resource Management Procedures"\* (人力資源管理辦法) and "Recruitment Management Regulations"\* (招聘管理規定). In FY2021, the Group organised several job fairs and campus recruitment. The "Chasing Light" programme has long been a major recruitment plan for fresh graduates developed by the Group, which symbolises young people endeavouring to pursue their dreams. The programme was designed to demonstrate the culture of "Zhuguang people will always start a business" in the Group. Through the programme, the Group is committed to providing a platform and opportunity for college graduates to pursue their career development and be courageous in realising their bright dreams together with the Group.

Pursuant to its recruitment policy, the Group offers fair and competitive remuneration and benefits in accordance with the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates. The Group provides equal opportunities of promotion and development for eligible employees who have shown outstanding performance and potential in their positions according to "Human Resources Management Policy of Zhuguang Group"\* (珠控集團人力資源管理辦法). With reference to the organisational structure chart and the "Staff Handbook"\* (員工手冊) of the Group, any promotion within the Group is based on clear and legitimate procedures.

### *Compensation and dismissal*

The Group periodically reviews its compensation packages and performs probationary and regular evaluations on its employees based on their capability and performance, to ensure that all employees can be recognised by the Group appropriately with respect to their efforts and contributions. Adjustment of compensation and termination of employment which are determined by a number of factors, such as the performance of the relevant employee and the Company, are based on reasonable and lawful grounds and the internal policies of the Group, such as the "Staff Handbook"\* (員工手冊) and the "Implementation Rules for Staff Turnover and Movement on Positions"\* (員工異動管理實施細則). Since the Group strictly prohibits any kind of unfair or illegitimate dismissal, stringent policies regulating the procedures of dismissal of employees are in place for employee management. In particular, for employees who have violated the Group's employment policies, the Group would warn them verbally before issuing a warning in writing. For employees who keep on making the same mistakes repeatedly notwithstanding having been warned, the Group would terminate their employment contracts according to the relevant laws and regulations in Hong Kong or the PRC (as the case may be).

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### *Working hours and rest periods*

The Group has formulated and implemented its policies, such as “Implementation Rules for Attendance”\* (考勤管理實施細則), based on local employment laws, including the Labour Law of the People’s Republic of China\* (中華人民共和國勞動法), The Legal Protection of the Rights and Benefits of the Peasant Workers\* (勞動保障監察條例) and Provisions of the State Council on Employees’ Working Hours\* (國務院關於職工工作時間的規定), to determine the working hours and rest periods for its employees. For instance, the Group has established a clock-in system to monitor the working hours of its employees and for those who have worked overtime would be compensated with extra pay or additional days off. Besides, an attendance management system coupled with a field work registration form (外勤登記表) that needs to be filled out in detail by the employee and approved by the relevant department manager, have been adopted by the Group to monitor the working hours of each employee and to ensure that the employees who work overtime during non-office hours, are eligible to receive appropriate overtime pay, or compensation leave in accordance with the relevant labour law.

In addition to basic annual leave and statutory holidays, employees of the Group are also entitled to extra leave benefits, such as maternity leave, bereavement leave and paternity leave.

### *Equal opportunity, diversity, and anti-discrimination*

As an equal opportunity employer, it has been and will always be the core pillar of the Group’s development strategy to respect and treat every employee in all job titles equally. Prohibiting discrimination, promoting equality at the workplace, creating a fair, respectful and diverse working environment in all its human resources and employment decisions are central to the Group. The Group has set up policies and brought in stringent measures to regulate its daily corporate practices and avoided any activities that may violate the principles of equal opportunity and anti-discrimination. The Group strictly abides by the applicable anti-discrimination laws and regulations in Hong Kong and China, including the Disability Discrimination Ordinance\*(殘疾歧視條例), the Sex Discrimination Ordinance\*(性別歧視條例) and the Anti-Employment Discrimination Law of the People’s Republic of China\*(中華人民共和國反就業歧視法). Specifically, non-job-related factors such as, age, sex, marital status, family status, pregnancy, disability, race, colour, descent, national or ethnic origins, nationality and religion do not form the basis of the hiring, training, promotion opportunities, dismissal, and retirement policies of the Group. Meanwhile, in accordance with the local laws and regulations, the Group’s equal opportunity policy allows zero tolerance to any workplace discrimination, harassment or vilification. Employees are vigorously encouraged to report any incidents involving discrimination to the Human Resource Department of the Group, which takes the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions in relation to the substantiated cases.

The Group encourages ongoing dialogues between the management and general employees of the Group. To facilitate a barrier-free communication across the organisation, the Office Automation (OA) system and Company Portal have been designed and maintained to enable its employees to report on any issues and share innovative ideas within the Group.

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### *Other benefits and welfare*

Since its establishment, the Group has attached great importance to the well-being of its employees. In addition to the bonuses and gifts given during festivals, the Group regularly arranges a plethora of entertaining and meaningful activities in order to create a positive atmosphere among the employees of the Group. In FY2021, the Group arranged quarterly birthday parties to strengthen the bonding among its staff.

In FY2021, the Group was in compliance with the relevant laws and regulations in relation to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

### B.2. Health and Safety

As part of its practice, the Group purchases commercial insurance and employee safety insurance, conducts safety training, implements an occupational health system and organises physical examinations for its employees at the workplace from time to time to minimise their exposure to occupational health and safety risks. The Group has established strict safety and health policies in line with material relevant laws and regulations in Hong Kong and the PRC, including but not limited to the following:

- *Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);*
- *Construction Law of the People's Republic of China\* (中華人民共和國建築法);*
- *Administrative Provisions on the Work Safety License of Construction Enterprises\* (建築施工企業安全生產許可證管理規定);*
- *Administrative Regulations on the Work Safety of Construction Projects\* (建設工程安全生產管理條例);*
- *Production Safety Law of the People's Republic of China\* (中華人民共和國安全生產法);*
- *Law of the People's Republic of China on Prevention and Control of Occupational Diseases\* (中華人民共和國職業病防治法);*
- *Regulation on Work-Related Injury Insurance\* (工傷保險條例); and*
- *Warning Signs for Occupational Hazards in the Workplace\* (工作場所職業病危害警示標識).*

Striving for zero accidents in its construction works, the Group rigorously follows the instructions of the Quality Management Systems (ISO 9001:2015) and the Occupational Health and Safety Management Systems (ISO 45001:2018) during its construction operations. The Group requires its employees and business partners to strictly follow the occupational health and safety regulation and recommended practices in operations. In particular, all operating sites are required to prevent accidents by ensuring that all dangerous areas are securely fenced. To prevent fire hazards, suitable and adequate fire safety facilities are provided and checked on a regular basis. The Group provides proper training and necessary protective equipment for those who undertake manual handling operations. Meanwhile, the assessment and review of onsite safety risks are performed regularly by the Group. The Engineering Management Department\* (工程管理部門) of the Group strictly follows the instructions of the Group's internal policy, "Safe Production and Civil Construction Management", in carrying out its responsibility of monitoring and providing guidance as well as supervision in relation to construction work at its construction sites. Adhering to the Group's internal guidelines of "Safety First, Precaution Matters", the Group has clearly defined the duties of different business units on the construction sites. The Group is committed to optimising its countermeasures to any environment-related

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contingency in accordance with the “National Emergency Plans in Response to the Outbreak of Environmental Incidents”<sup>\*\*</sup> (國家突發環境事件應急預案). To minimise the safety risks onsite, the Administration Department of the Group organises emergency drills for its employees on a regular basis, holds regular health and safety work meetings and sets up safe and healthy work bulletin. The Human Resource Department of the Group is responsible for overseeing and supervising the implementation and monitoring of the Group’s occupational health and safety policies.

As for employees engaged in office work, the Group is committed to creating and maintaining a safe, clean, and environmentally friendly working environment and ensuring that its indoor working environment is adequately lit and ventilated. Adequate and professional first aid facilities and tools are kept in the Group’s office premises and the Group has appointed designated employees for management of the same. All workplaces are well-stocked with unlocked first aid stations and the emergency exits in the working place are unobstructed and unlocked from the inside at all times during working hours.

### *Work-related injury and fatality*

In FY2021, the Group had zero work-related fatality and two work-related injuries recorded, leading to no lost days due to work injury. During the year under review, the Group was in compliance with the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

**Table 5 – Number and Rate of Work-related Fatalities of the Group in Past Three Years<sup>1</sup>**

Year	2019	2020	2021
Number of work-related fatalities	0	0	0
Rate of fatalities as a result of work-related injury (per hundred workers)	0	0	0

<sup>1</sup> The fatality information was obtained from the Group’s Human Resource Department. The methodology adopted for reporting the number and rate of work-related fatalities set out above was based on “How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs” issued by the Stock Exchange.

### *Response to COVID-19 Pandemic*

Spurred by more contagious variants, the COVID-19 pandemic continued its worldwide spread in FY2021. Striving to protect its employees, the Group has formulated and implemented a series of epidemic prevention and control guidelines and measures in compliance with the requirements of the national and local governments, including “Guidelines on Dealing with Emergencies Regarding the COVID-19 Epidemic”<sup>\*\*</sup> (關於新冠疫情相關突發事件處理指引) and “COVID-19 Epidemic Prevention and Control Measures”<sup>\*\*</sup> (關於加強新型冠狀病毒防疫措施), in order to prevent and reduce the risks of virus transmission at workplace. In response to the uncertainties arising from potential suspension of business operations due to the COVID-19 outbreak, a Response Team has been established by the Group since the onset of the pandemic, which has developed and overseen the roll-out of a range of effective safety measures and programmes, including remote working and shift work, so as to minimise the risk of staff getting infected. In FY2021, to protect the health of its employees, the Group required its employees to do the following:

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- Employees should keep an eye on the latest information and news on the COVID-19 epidemic;
- Employees should maintain good personal and environmental hygiene habits at all times, such as washing their hands frequently with soap and water for more than 20 seconds;
- Employees should avoid staying in crowded places and should wear disposable medical surgical masks in the correct way when taking public transport or going to crowded public places;
- Employees should cover their mouths and noses with a tissue when sneezing or coughing, and throw the used tissue into a covered trash can and clean their hands thoroughly;
- Employees should check their body temperature and ensure that they have no symptoms of fever and cold before going to work;
- Employees who are feeling unwell should seek medical treatment as soon as possible and should avoid continuing to work;
- Employees should report to the Administration Department of the Group if they have been in close contact with a person infected with COVID-19 and undergo isolation and quarantine until the end of the required quarantine period; and
- Employees should report their diagnosis and treatment results to the Administration Department of the Group.

In FY2021, the Group had the following requirements in place to ensure a safe working environment and sufficient safeguards would be provided to its employees:

- The Group should disinfect the workplace every day;
- The Group should require its employees to have their body temperature taken at the entrance of the construction sites and offices and disallow those employees with body temperature over 37.5°C to enter into the premises concerned;
- The Group should require its workers and clients to wear their masks throughout the time they are in the construction sites or office premises of the Group;
- The Group should ensure used masks and tissues, wastepaper and other soiled items are disposed of appropriately;
- The Group should ensure its employees are adequately equipped with masks, gloves, disinfectant, thermometers and other necessary prevention and control materials; and
- The Group should carry out risk assessments based on the developments of the pandemic from time to time and develop epidemic prevention plans accordingly.

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### B.3. Development and Training

The Company has always attached great importance to staff training and paid attention to the development of staff ability. The Group carries out a variety of targeted training and further training from time to time, such that employees can enhance their ability continuously, so as to achieve a mutual growth with the Group.

The Group believes that the provision of appropriate training packages to employees is conducive to employee retention and morale uplift, thereby arranging a multitude of training courses that cover numerous subjects annually to its employees in accordance with its internal policy, such as “Implementation Rules on Training”\* (培訓管理實施細則) and “Implementation Rules on Employee’s Personal Development Management”\* (員工個人進修管理實施細則). The Group has long been focusing on employee training and development, and provides various training opportunities to its employees with different needs. In general, an induction training is required to be completed by all new hires who are expected to have a better understanding of the Group in terms of corporate culture, organisational structure and policies concerning occupational health and safety after such training. As shown in Table 6 below, approximately 71% of the general staff of the Group were trained in FY2021. Employees of the Group at the management level were required to take job-related courses according to both corporate and individual needs in FY2021.

To allow more flexible training arrangements to be available, especially during the pandemic, the Group has made full use of multimedia and online learning platforms, such as QingXueTang\* (輕學堂) Online Training Platform and DeDao\* (得到) Online Training Platform, to enable its employees to have access to abundant learning opportunities at any time. The Group believes that the adoption of innovative training materials and formats which facilitates the interactivity and gamification of training, will promote efficient management and maintenance of training records, and cater to the different needs and levels of the employees through self-driven and self-paced learning styles.

To further enhance their professional skills so as to meet the Group’s development goals, the employees of the Group are highly encouraged to take professional qualification examinations and enrol in external training programmes to improve their competitiveness and ability. Employees who have taken professional qualification examinations and obtained vocational qualification certificates relevant to their roles in the Group are entitled to receive reimbursements of the examination fees from the Group. Meanwhile, the Group partners with external organisations and experts in co-hosting seminars and training courses for its employees regularly.

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**Table 6 – Number and Percentage of Employees Trained in the Group by Gender and Employee Category in FY2021<sup>1</sup>**

Total number of employees trained in FY2021	390
Number of employees in FY2021	927
Percentage of employees trained in the Group	42%

Gender	Unit: Number of employees	Employee Category		Total	
		General staff	Middle managerial level		Senior managerial level
Male		131	52	21	204
Percentage of employees trained		34%	13%	5%	52%
Female		144	37	5	186
Percentage of employees trained		37%	10%	1%	48%
Total		275	89	26	
Percentage of employees trained		71%	23%	6%	

<sup>1</sup> The training information was obtained from the Group's Human Resource Department. Training refers to the vocational training that the Group's employees attended in FY2021. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

**Table 7 – Training Hours Completed in the Group by Gender and Employee Category in FY2021<sup>1</sup>**

Gender	Unit: Training Hours	Employee Category		Total	
		General staff	Middle managerial level		Senior managerial level
Male		2,064	483	139	2,686
Average training hours		7.32	3.53	5.15	6.02
Female		2,075	305	21	2,401
Average training hours		5.20	3.96	4.20	4.99
Total		4,139	788	160	5,087
Average training hours		6.08	3.68	5.00	5.49

<sup>1</sup> The training information was obtained from the Group's Human Resource Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report? – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

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### B.4. Labour Standards

In FY2021, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), The Labour Law of the People's Republic of China\* (中華人民共和國勞動法), The Law of the People's Republic of China on the Protection of Minors\* (中華人民共和國未成年人保護法) and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child and forced labour employment. To combat illegal employment of child labour, underage workers and forced labour, the Group has set up strict verification procedures which its Human Resource Department needs to follow. All job applicants are required to provide valid identity documents to ensure that they are lawfully employable prior to confirmation of any employment. It is also the responsibility of the Group's Human Resource Department to monitor and guarantee the compliance of corporate policies and practices with the relevant laws and regulations that prohibit child labour and forced labour. Once the Group has identified any case which fails to comply with the relevant labour laws, regulations and standards, the relevant employment contract will be immediately terminated, and disciplinary punishment will be taken against responsible individuals. The Group will circulate a notice of criticism throughout the entire organisation and prevent similar cases from happening again.

In FY2021, the Group was not in violation of any relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

## OPERATING PRACTICES

### B.5. Supply Chain Management

As sustainable supply chain management procedures are of growing importance to the real estate industry, the Group has been steadily integrating responsible practices into the core of the business partnerships with its suppliers, in order to effectively identify and address the potential social and environmental risks in the value chain and leverage its expertise in ESG to drive improvements among its business partners. Aiming to forge a responsible supply chain, the Group remains committed to its consistently sustainable supplier selection criteria, procurement process and supplier management approach, especially on the basis of the real estate industry's characteristics.

As the construction work of the Group is normally outsourced, the Group has formulated its internal policy, "Implementation Rules for Cooperative Management"\* (合作商管理實施細則), to ensure that the assessment, selection and contracting of suppliers and their ongoing performance management are consistently aligned with the relevant laws and regulations in the PRC, industry standards and the Group's internal requirements. The major types of suppliers and sub-contractors of the Group are intermediaries, from which the Group purchases intermediary services, information technology products, office supplies, as well as engineering companies for the implementation of construction projects. The Group has established and implemented a supplier risk management system that seeks to identify and address potential business and sustainability risks and legal liabilities when selecting and engaging suppliers. In particular, the Group assesses its suppliers based on multiple business and ESG criteria and performs adequate and strict due diligence towards suppliers that might be involved in activities resulting in great economic, environment or social impacts. For

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example, the Group will inspect its suppliers' environmental behaviour to understand whether there are major environmental hazards and require its suppliers to provide relevant international certification, such as ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System to avoid related risks. The Group will also assess the background of eligible tenderers based on different factors, including the tenderers' reputation, service/product quality, environmental management qualification, cost, production and technical capacity, business track record for at least the recent three years, economic disputes history with the Group and regulatory compliance. Qualified suppliers will be listed on the "List of Qualified Suppliers"\* (合格供方名單) after the review and approval by the Purchasing Department of the Group. To stabilise its supply chain and avoid the monopoly of suppliers, the Group normally maintains relationships with at least two qualified suppliers for each type of raw materials it needs. The Cost and Tendering Centre of the Group is responsible for overseeing and monitoring the implementation of the policy that engages and manages the suppliers of the Group and the practices used to identify environmental and social risks along the supply chain of the Group.

During the operational phase, the Group has specific staff responsible for the communication and collaboration with the suppliers for each project, and the contracts with suppliers are required to be reviewed and verified by the Group's Internal Compliance Department before approval is granted to eliminate any unnecessary risks. The Group will clearly set out its requirements for environmental protection in its commercial agreements and blacklist any suppliers that violate relevant environmental laws and regulations. The Group, in accordance with its two other internal policies, namely, "Implementation Rules for Procurement Management"\* (招標管理實施細則) and "Implementation Rules for Evaluation on Construction Unit"\* (施工單位評價管理細則), regularly performs onsite investigations on construction projects in progress. Ongoing evaluation of each project will be carried out based on the "Cooperative Management Measures"\* (合作商管理辦法), which were established by the Group to standardise the management process with its business partners.

The Project Establishment Department (立項部門), the Engineering Centre (工程中心) and the Design Centre (設計中心) which are the functional management department (職能管理部門) of the Project Management Centre (工程管理中心) of the Group, are in charge of conducting performance reviews and annual reviews after the completion of each project and at the end of the year, respectively.

In the meantime, the Group values the feedback from its business partners. Suppliers will receive the "Customer Evaluation Form"\* (需方評估表) at the end of the year in which a project has been completed, which consists of the evaluation of different aspects in the entire collaboration process with the Group, including tender inspection, onsite management, supplier management, payment, and personnel integrity. With the suggestions from its business partners, the Cost and Tendering Centre of the Group can make an objective assessment of the quality of the management work of the Functional Management Department of the Group and its staff, thereby allowing the Group to gain a more in-depth understanding of the collaboration process and implement any timely adjustments if necessary. In addition, the Group has been working on providing relevant training programmes for its dedicated supply chain management team, in order to enhance their awareness on ethics, compliance and corporate social responsibility in the collaboration with business partners.

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In relation to its procurement practices, the Group is committed to continuously embracing sustainable sourcing practices and requiring its business partners to conduct their operations in an environmentally sustainable manner. In particular, the Group has implemented its procurement practices in accordance with the ISO 14001 Environmental Management System as part of its green procurement strategy, which includes making orders based on the monitoring of the consumption of office supplies, selecting equipment and materials against a range of environmental criteria and prioritising suppliers by considering their environmental certification and green practices. For instance, the Group gives priority to local business players which meet the Group's selection criteria for suppliers to minimise the detrimental environmental impacts in the supply chain while boosting the local economy. The Cost and Tendering Centre of the Group is responsible for overseeing and monitoring the implementation of the policy of selecting suppliers that meet the Group's green procurement strategy.

Given the strict screening process, cautious operational workflow and solid and sound business partnership with its suppliers, the Group did not experience any material delays, conflicts, or other significant issues with its suppliers in the past years. In FY2021, the Group was in stable collaboration with 315 key suppliers that are all located in the PRC, and the aforementioned supplier engagement and management policies are applicable to all of its key suppliers.

### B.6. Product Responsibility

In FY2021, the Group abided by the relevant rules, regulations and standards in Hong Kong and the PRC that have a significant impact on the Group concerning health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress, including the following:

- *Construction Law of the People's Republic of China\** (中華人民共和國建築法);
- *Fire Protection Law of the People's Republic of China\** (中華人民共和國消防法);
- *Administrative Regulations on the Work Safety of Construction Projects\** (建設工程安全生產管理條例);
- *Regulations on Quality Management of Construction Projects\** (建設工程質量管理條例);
- *Work Safety Law of the People's Republic of China\** (中華人民共和國安全生產法);
- *Product Quality Law of the People's Republic of China\** (中華人民共和國產品質量法);
- *Price Law of the People's Republic of China\** (中華人民共和國價格法);
- *Law on Protection of Consumer Rights and Interests of the People's Republic of China\** (中華人民共和國消費者權益保護法);
- *Advertising Law of the People's Republic of China\** (中華人民共和國廣告法);
- *Contract Law of the People's Republic of China\** (中華人民共和國合同法);
- *Opinions on Strengthening the Protection of Intellectual Property Rights\** (關於強化知識產權保護的意見);
- *Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong); and*
- *Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong).*

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### *Product Quality and Safety*

In strict compliance with the relevant laws and regulations above, the Group has set up internal policies for the management of its construction projects. The Project Management Centre (工程管理中心) and the Construction Project Supervision Department (項目工程監理部) of the Group are responsible for overseeing, evaluating and leading construction projects from conception to completion, and ensuring that the operational process and its final delivery meet the standards. In accordance with the national standards in the PRC, such as GB/T 19001-2016 (質量管理體系要求) and GB/T 24001-2015 (環境管理體系要求及使用指南), the Group acts in conformity with its internal policies including “Engineering Construction Supervision Manual”<sup>\*\*</sup> (工程建設監理工作手冊), “Rules on Engineering Quality Management”<sup>\*\*</sup> (工程質量管理細則) and “Rules on Project Schedule Management”<sup>\*\*</sup> (工程進度管理細則), endeavouring to protect its customers’ health and safety through delivering reliable and high-quality products and services. In relation to property development projects, for example, health and safety factors are embedded in all stages of the Group’s operations from preliminary project design, selection of non-hazardous materials, to the completion and delivery of the properties to the clients, in which stringent procedures are followed to ensure the efficient and satisfactory handover of the properties to the customers.

In the selection of construction materials, in particular, the Group has implemented its internal policy “Operating Standard of Product Inspection”<sup>\*\*</sup> (產品檢測作業標準) and adopted sampling techniques to detect any potentially hazardous substances in the construction materials used in all phases of its projects. Once any unqualified product is discovered, the Quality Control (“QC”) department of the Group will lead an investigation and address the problem as soon as possible following the requirements and procedures in its internal policy “Control Procedure of Non-conforming Products”<sup>\*\*</sup> (不合格產品控制程序). Given the nature of its products, the Group considers the establishment of recall procedures not applicable to its business. Therefore, recall procedures are not disclosed nor discussed in this ESG Report. In FY2021, the Group did not encounter any products subject to recalls.

### *Marketing/Advertising*

The Group has issued internal procedures to ensure that its marketing data is accurate and its marketing practices are in compliance with local laws and regulations. All marketing materials released by the Group including signage, advertising mails and promotional items should undergo the strict review and verification of the Group. Any misrepresentation in marketing materials or exaggeration of offerings is strictly prohibited. If any of these internal procedures are not met, the Company will take corrective actions immediately.

### *Customer’s Privacy*

The Group has been committed to protecting its clients’ privacy and keeping their personal information confidential by abiding by the applicable laws and regulations concerning data protection, privacy and information security. The Group endeavours to protect the privacy of its employees, business partners and customers through stringent policies. The Group has implemented its internal policy, “Confidentiality Management and Regulations”<sup>\*\*</sup> (保密管理規定), to ensure that its customers’ rights and privacy are strictly protected. In addition, the Group has provided relevant internal training to its staff who are eligible and

<sup>\*\*</sup> English name is translated for identification purpose only

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authorised to access customer information and arranged for them to sign agreements with the Group for keeping customer information confidential. No third parties or outsiders are allowed to browse or check the transaction records and personal data of customers. The IT Department of the Group has set and enhanced computer firewalls within the Group to prevent unauthorised use, export, copy and leakage of customer data. Information collected by the Group from its customers would only be used for the purpose for which it has been collected, and customers will be informed about how it will be used before the collection. The Marketing Service Centre of the Group is responsible for overseeing the implementation and monitoring of the Group's consumer data protection and privacy policies.

In FY2021, no reportable incidents of customer privacy breaches had taken place, and the Group had not received any substantiated complaints concerning breaches of customer privacy or loss of customer data.

### *Complaints and After-sales Service*

The Group has set up relevant policies and guidelines for post-sales management and complaint handling. The QC Department of the Group is responsible for the quality tracking, supervision and inspection of all the Group's operations, property developed and services. If the quality of operations is found to be not up to standard, or any fault is found, the QC Department of the Group will immediately take decisive measures to adjust the relevant operation plan in accordance with its internal policy "Control Procedure of Non-conforming Products"\* (不合格產品控制程序). The Marketing Service Centre of the Group is responsible for the collection of customers' complaints. Customers' feedback and comments are collected through communication tools such as telephone hotline and fax. Once any complaint is received, the QC Department of the Group will follow up on the entire investigation to make sure that relevant substantiated complaints are dealt with effectively. Relevant departments of the Group will immediately implement improve control procedures and formulate corrective and preventive measures afterwards. Complaints and their handling results will be announced within the Group to alert its employees. In FY2021, the Group did not receive any substantial complaint.

### *Intellectual Property Rights*

The Group makes timely applications to register its new trademarks, labels and product designs to protect its intellectual property rights. Internal legal personnel and external legal advisers are hired to provide legal advice on the protection and infringement of intellectual property rights. The Group also requires its employees to keep trade secrets and other proprietary intellectual property rights of the Group confidential.

Given the Group's business nature and the principle of materiality, labelling-related issues are not applicable to the Group, therefore are not being discussed in this ESG Report.

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### B.7. Anti-corruption

The Group has a strong commitment to minimising its exposure to bribery, corruption, conflicts of interest and any other risks in relation to the code of business conduct, which is fundamental to the Group's core values in operations of integrity and honesty. To create a fair, ethical and efficient working environment, the Group abided by the local laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operated, including:

- *Anti-Corruption Law of the People's Republic of China\** (中華人民共和國反腐敗法);
- *Law of the People's Republic of China on Anti-money Laundering\** (中華人民共和國反洗錢法);
- *Anti-Unfair Competition Law of the People's Republic of China\** (中華人民共和國不正當競爭法);
- *Article 274th of the Criminal Law of the People's Republic of China (on extortion and fraud)\** (中華人民共和國刑法第二百四十四條 (關於敲詐勒索));
- *Article 387th of the Criminal Law of the People's Republic of China (on illegal acceptance of other's property)\** (中華人民共和國刑法 第三百八十七條 (關於非法收受他人財物));
- *Interim Provisions on Banning Commercial Bribery;*
- *Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and*
- *Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).*

The Group prohibits all forms of bribery and corruption, and requires all its employees to follow the relevant codes of professional ethics. A protocol called "Sunshine Service Convention"\* (陽光服務公約) has been adopted by the Group, introducing the duties of the Group's salespersons in rooting out any corrupt, bribery and fraudulent practice in the Group's business transactions. In particular, the Group formulated the "Implementation Rules on Sales Management"\* (銷售管理實施細則) as the detailed sales policy to prevent any illegal practices, including corruption, extortion and money-laundering during the sell and buy process. To enhance the awareness of all its employees, especially the senior management of the Group, in understanding and practising the code of ethics and cultivating a culture of integrity throughout the enterprise, the Group strives to organise relevant training programmes on anti-corruption for its employees on an annual basis. Yet due to the social distancing rules amid the COVID-19 pandemic, the Group was not able to organise anti-corruption-related training to its employees and directors during FY2021.

To jointly create a clean and honest business collaboration in partnership with its external parties, the Group has set out clear requirements in its policies that regulate the practices of its employees by promoting transparency. Whistle-blowers can report verbally or in writing to the audit committee of the Company for any suspected misconduct with supporting evidence. The audit committee of the Company will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group has established an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. Where any crime is suspected by the Group, a report will be submitted promptly to the relevant regulators or law enforcement authorities when the management of the Group considers it necessary. The Risk Management and Internal Audit Centre of the Group is responsible for overseeing the implementation and monitoring of the Group's measures to prevent bribery, extortion, fraud and money laundering and whistle-blowing procedures.

In FY2021, no concluded legal cases regarding corrupt practices were brought against the Group or any of its employees. The Group was in compliance with relevant laws and regulations relating to bribery, extortion, fraud, money laundering that have a significant impact on the Group during the year under review.

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### COMMUNITY

#### B.8. Community Investment

The Group has been committed to supporting the development of the local communities in which it operates by leveraging its business strength to address the most urgent needs of those communities, whether they arise from social challenges or the occurrence of natural disasters. As an enterprise dedicated to integrating the SDGs into its corporate culture and the way it runs its business while fulfilling its social responsibilities, the Group strives to balance its economic interests with its environmental and social responsibilities. Over the years, the Group has unwaveringly focused its efforts on the wellbeing of community groups and taken the initiative to help the underprivileged in the communities, in particular in the areas of driving sustainable urban development, launching scalable and sustainable education and poverty alleviation programmes, strengthening the resource allocation to community care activities by conducting volunteer work and making financial donations on an ongoing basis, and providing assistance upon the occurrence of major and severe incidents that endanger human health and the stability of the society and the environment.

In FY2021, the COVID-19 pandemic posed a serious threat to people's health and social activities, which dramatically exacerbated the plight of the disadvantaged that had already suffered from inadequate housing and limited resources. In swift response to the call of the PRC Central Government to combat the virus, the Group spared no efforts in providing its support to epidemic prevention and control via donations. Specifically, the Group donated medical materials for epidemic prevention and control to Liwan District, Guangzhou in the second quarter of 2021.

In October 2021, the prolonged rainfall and storms in the Shanxi Province led to severe flooding, as reported by media, has caused over 120,000 people having to be urgently evacuated and resettled, with a total of more than 1.76 million people having been affected by such severe flooding. Putting the principle of "Build good with love and perseverance"\* (以愛助善·持之以恆) into practice, the Group donated clothing and cooperated with multiple organisations for the timely delivery of the donated materials to persons affected by the flooding, which took place in northern China, while the Group mainly operates in the Guangdong Province.

As one saying goes, "success comes to those who share in one purpose"\* (上下同欲者勝·同舟共濟者贏). The Group has always been highly engaged in the local communities in which it operates, to better position its development directions and property development projects that can enhance the amenities and the quality of life of the communities concerned. In the future, the Group will attach greater importance to philanthropy from more dimensions and create more value for the society with love and warmth.

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