

2021

CHINA VAST INDUSTRIAL URBAN
DEVELOPMENT COMPANY LIMITED
Environmental, Social and Governance Report

About the Report

This report is the annual Environmental, Social and Governance report issued by China VAST Industrial Urban Development Company Limited, sets forth the Company's concept and practices of sustainable development, discloses the opportunities and challenges in the process of joint value creation between the Company and its stakeholders, and presents the initiatives taken to achieve sustainable development, as well as the results achieved.

Time Frame

This Report discloses the environmental, social and corporate governance responsibility performance of the Company in 2021 (from January 1 to December 31), with certain contents covering a period slightly exceeding this time frame.

Name Description

In order to facilitate this presentation, "China VAST Industrial Urban Development Company Limited" is also expressed as "China VAST Development", "the Group", "the Company" and "we" throughout this report.

Report Coverage

China VAST Industrial Urban Development Company Limited in its entirety.

Preparation Basis

- Appendix 27 *Environmental, Social and Governance Reporting Guide* under the Main Board Listing Rules by The Stock Exchange of Hong Kong Ltd.
- *GRI Sustainability Reporting Standards (GRI Standards)* by Global Sustainability Standard Board
- *Guidance on Social Responsibility Reporting (GB/T 36001-2015)*

Reliability Assurance

All information and cases disclosed in this report have been sourced from formal corporate documentation, statistical reports, or relevant public information. All financial figures in this report are expressed in RMB, unless otherwise stated. The Company guarantees that the content of this report does not contain any false representations, misleading statements, and material omissions, and is responsible for the authenticity, accuracy, and completeness of the content.

Availability

This report is provided in both Chinese and English versions. If there are any differences between these two versions, the Chinese version shall prevail. This report is available in both paper and electronic forms. The electronic forms of two languages are both available at www.vastiud.com.

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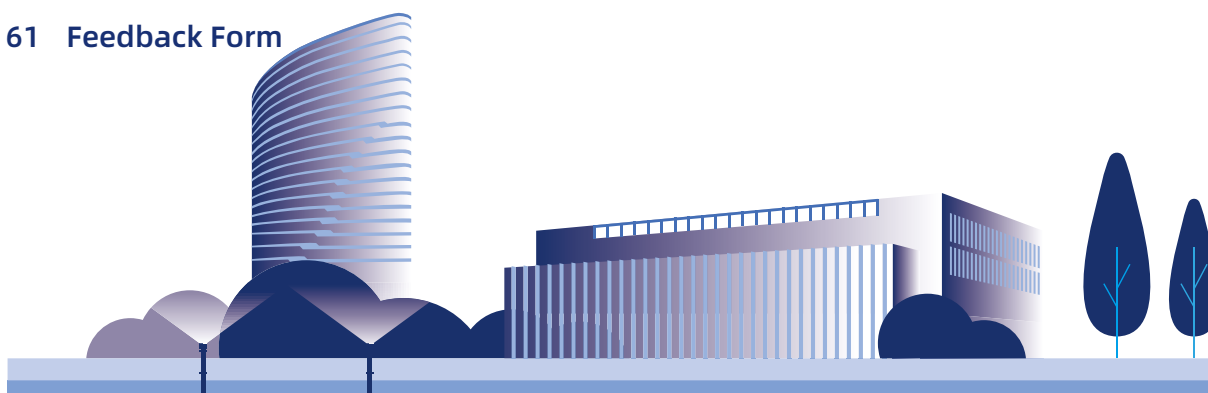
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Message from the Chairman



Song Liuyi
Chairman of the Board

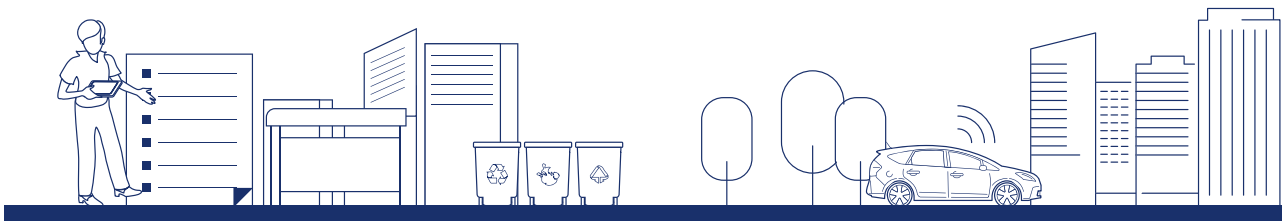
In 2021, the global market encountered not less challenges and shocks than in 2020. Despite repeated COVID-19 outbreaks and slowing growth in the industry, China VAST Development insisted on creating economic and social benefits, sought sustainability, and moved steadily toward a bright future.

We pursue progress while maintaining stability and create industrial value.

Closely following China's 14th Five-Year Plan as well as local policies on industrial innovation and upgrading and integrated development, we always take Beijing-Tianjin-Hebei (BTH) region as core areas for development, keep a solid foothold in Langfang, and make deep exploration in the Longhe Park. At the same time, we increase input in the municipalities in the Yangtze River Economic Zone, small- and medium-sized cities with a good economic foundation and surrounding areas with growth potential to expand our business. Meanwhile, upholding the core concept of industry-city integration, we aim to realize long-term development by optimizing the development model and exploring new pathways for diversified and high-quality development. We will continue to improve both the software and hardware of our industrial parks and their overall bearing capacity to create highlands for regional innovation-driven development. We continue to improve our operations and management, increase resilience to risks and make our operations more transparent. In 2021, we achieved a revenue of RMB 1,527.8 million, a gross profit of RMB 980.0 million and a net profit of RMB 159.0 million.

We lead stakeholders to realize win-win results and drive industry development.

In 2021, we introduced China Jinmao Holdings Group Limited (China Jinmao), the city operation platform of Sinochem (a Fortune Global 500 company owned by the Central Government), as our strategic shareholder, unveiling a new chapter of coordinated development between central SOE and private enterprises. Based on our years of experience in industrial incubation and industrial services, we help innovative enterprises improve their possibility of business establishment and promote the transformation and implementation of scientific and technological achievements through policy and project guidance, entrepreneurship counseling, technology complementarity, technology investment and financing, etc. Meanwhile, by participating in international forums and exchange activities, we follow the latest developments in the industry, embrace the new pattern of the industry, and improve our brand awareness. In addition, we improve the supply chain management system, strengthen the whole-process management of suppliers, and help suppliers grow stronger through multiple forms of assistance. Committed to building a responsible community with a shared future, we work with partners at home and abroad to promote sustainable development of the industry and achieve shared benefits through joint contributions.



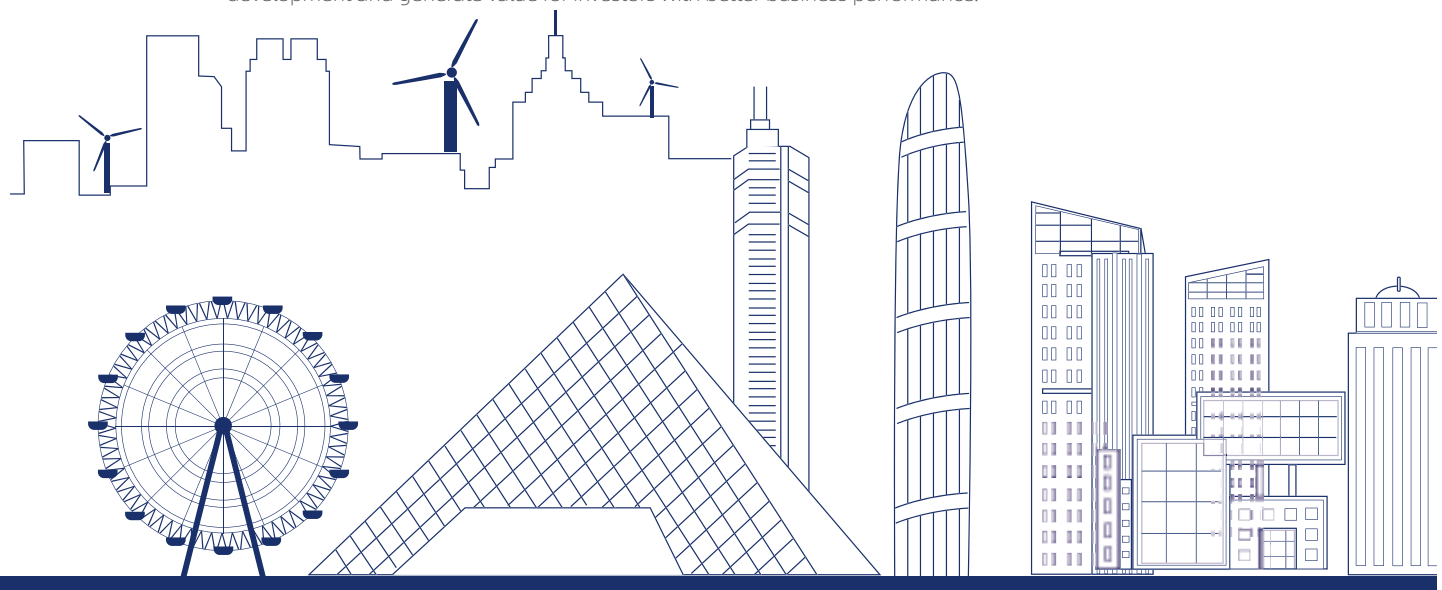
We protect lucid waters and lush mountains to build a beautiful homeland.

Guided by the principle of "prioritizing ecological conservation, reflecting local conditions, and promoting man-nature harmonious co-existence", we stick to green design, green construction, and green operation during industrial parks construction and operation process, and spare no effort to build green industrial parks that are energy-efficient, eco-friendly and low-carbon, and boast high operating efficiency and harmonious man-nature coexistence. We adhere to green and low-carbon operations and maximize resource utilization to drive high-quality development of enterprises. We step up efforts to oversee safe and well-organized construction, improve project quality management and control standards, and protect the rights and interests of workers from all aspects, lending strong support for building quality projects. We build a smart integrated VAST energy platform that is committed to providing end consumers with integrated energy solutions. We also engage in tap water, reclaimed water businesses and integrated decentralized energy projects, aiming at injecting inexhaustible impetus into sustainable development.

We uphold our original aspirations and contribute to a harmonious society.

We continue to improve the human resources management system, ensure impartial recruitment, and fully protect the legitimate rights and interests of employees. Our promotion channels are unimpeded and a healthy and safe workplace is in place. We go to where emergencies occur. During the COVID-19 outbreak in Hebei, we sent 103 employees to help the Longhe Park Management Committee with nucleic acid tests, stood guard in communities, and guaranteed the supply of food and daily necessities. We managed to test 71,679 residents in the jurisdiction in the first round within 48 hours and finished the second round of massive testing within one day, demonstrating the "Longhe speed" for nucleic acid testing. In addition, we donated RMB 300,000 to the COVID-19 response command center in Gaocheng District, Shijiazhuang, fulfilling our social responsibility through practical actions. We pay close attention to social issues, engage in various volunteer activities to help disadvantaged groups, integrate and grow with local community in harmony and keep improving the wellbeing of the local community.

In 2021, thanks to the support and recognition of industry peers and the general public, China VAST Development vied for the top in industrial operation, and strengthened our strengths and influence at the same time. In 2022, we will work together with our strategic shareholder China Jinmao to size up the situation, grasp the development trend and forge ahead with a long-term vision and enterprising perseverance. By optimizing the business structure and innovating in our operation models, and taking key projects in the Longhe Park, BTH region, and Yangtze River Economic Belt as the vehicles, we aim to drive healthy and sustainable development and generate value for investors with better business performance.



About Us

Founded in 1995, China VAST Industrial Urban Development Company Limited (Stock Code: 6166.HK) is a representative company listed on the main board of the Stock Exchange of Hong Kong Limited, a pioneer in new type of urbanization and a leading integrated industrial town developer in China, and always ranks among the top three Chinese industrial park operators. China Vast Development has been a platinum partner of Boao Forum for Asia for three consecutive years and is a diamond member of China International Import Expo. With industry building, park operation, and infrastructure investment as the core businesses, China VAST Development pools resources in emerging industries such as comprehensive cultural tourism, comprehensive healthcare, general aviation, industrial design, intelligent manufacturing and new energy to strongly support regional socio-economic development.

In line with the Belt and Road Initiative and national strategies including the coordinated development of BTH region and the Yangtze River Economic Belt, China VAST Development has kept gathering global high-end factors and resources to pursue further development in recent years. With a special business operation model and our strengths, we have achieved remarkable results in accepting relocated businesses, cultivating emerging industries, and promoting regional development. Meanwhile, we have ventured into new sectors guided by a global vision, working with global partners to accelerate industrial development and realize efficient, balanced and leapfrog development.

Operated industrial parks for

16 years

Invested in

8 industrial parks

Business Operation

Shijiazhuang City, Hebei Province

Shijiazhuang General Aviation Industrial Town Park
Shijiazhuang Gaocheng VAST Industrial Town Park

Zhangjiakou Chengde
Beijing Tangshan
Langfang
Shijiazhuang
Handan

Langfang City, Hebei Province

Longhe Park
Longhe Resort
Guangyang Technology Regeneration Park
Yongqing VAST Industrial Town Park

Wuhan City, Hubei Province

Wuhan Development Zone General Aviation Industry Comprehensive Demonstration Zone

Ezhou City, Hubei Province

VAST Ezhou Industrial Park

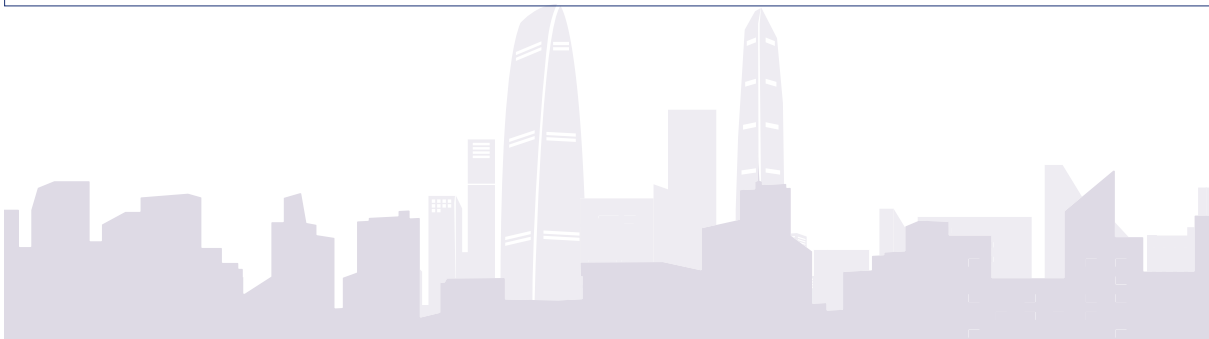
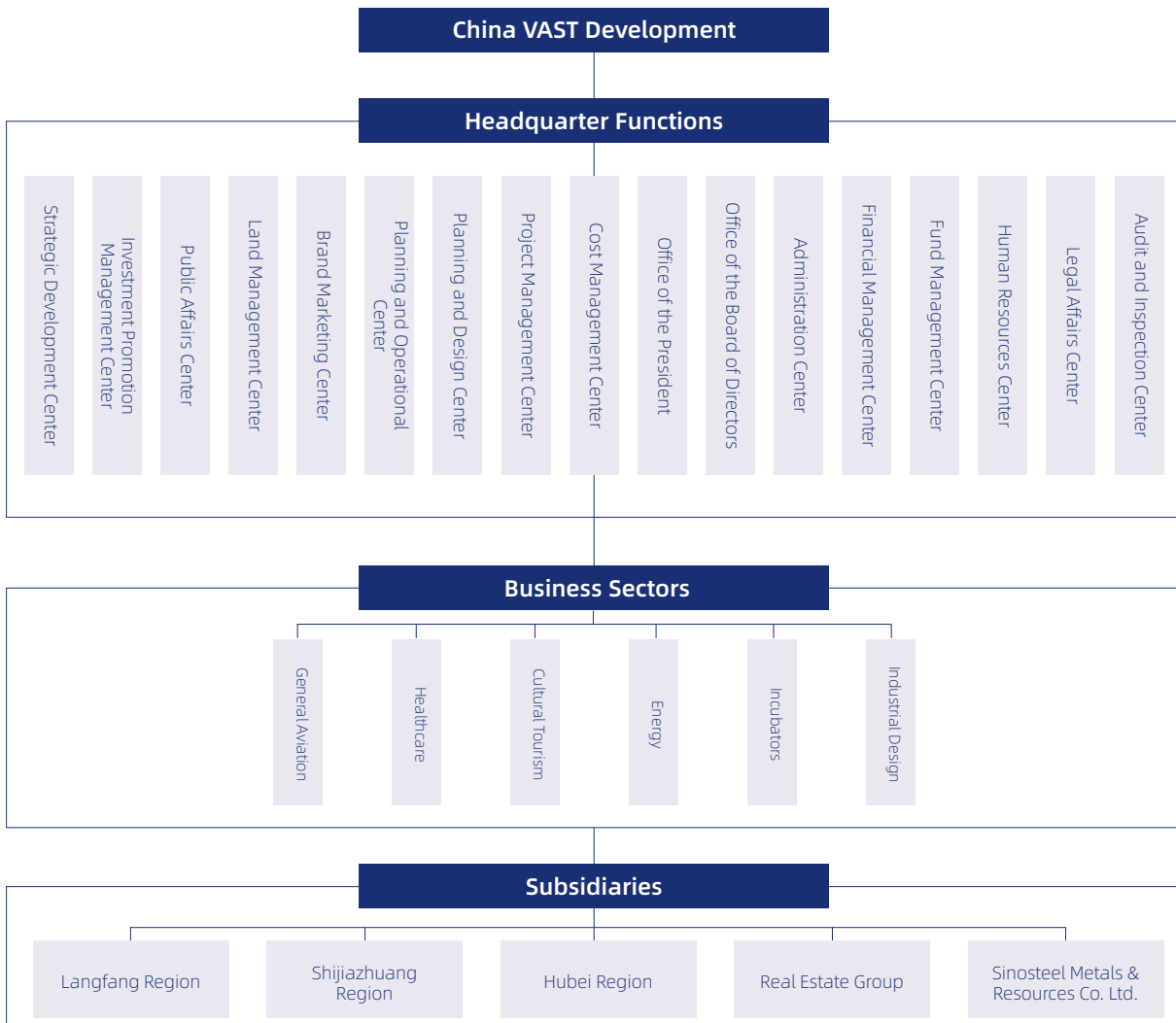
Shenzhen
Hong Kong



Organizational Structure

We have established an organizational structure with a clear framework, specified responsibilities and complete policies, according to governing laws and regulations, resolutions of Shareholders’ Meeting and Articles of Association, to support our internal resource allocation, workflow setup, business operation, and management.

Organizational Structure of China VAST Development



Performance Highlights 2021

Total assets

RMB **14,611.3** million

Revenue

RMB **1,527.8** million

Net profit

RMB **159.0** million

Total tax payment

RMB **366.2** million

Industrial towns in development or operation

8

Customer satisfaction rate

96.5 %

Total employees

744

Donations

RMB **1,097,000**

Honors	Granted by
Platinum Partner of Boao Forum for Asia Annual Conference 2021	The Secretariat of Boao Forum for Asia
Diamond Member of Hongqiao International Economic Forum of the 4 th China International Import Expo	China International Import Expo Bureau
No.3 among China's Top 50 industrial Park Operators in 2021	Fangsheng Industrial Park Annual List Review Committee
2021 China's Best Demonstration Zone of Industry-City Integration	Fangsheng Industrial Park Annual List Review Committee
2021 National Micro and Small-Sized Enterprise Entrepreneurship and Innovation Demonstration Base	Ministry of Industry and Information Technology
Jiangsu Provincial Makerspace in 2021	Jiangsu Provincial Department of Science and Technology



Responsibility Feature

"Central SOE plus Private Enterprise" for a New Chapter in City Operations

In June 2021, China VAST Development reached a strategic partnership with China Jinmao which became our second largest shareholder, to launch multi-area in-depth pragmatic cooperation. The two sides are highly aligned in their strategic development directions and goals. We will advance the company's management, integrate equity, personnel, and industrial resources and see that our cooperation can go deep and practical and open a new chapter for city operations.



Deepening government-enterprise cooperation

After we reached equity cooperation with China Jinmao, we reached out to subsidiaries of Sinochem and Langfang Municipal Government and Anci District Government to enlist maximum support from governments at all levels for the Longhe Park. We deepened our cooperation with governments and promoted high-quality development of regional economy.



On August 27, 2021, Langfang Municipal People's Government and China Jinmao signed a strategic cooperation agreement.



On September 8, 2021, China Jinmao, China VAST Development and China National Bluestar (Group) Co., Ltd. held a meeting to discuss business cooperation.



On December 15, 2021, Yang Xiaohu, the then Party Secretary of Langfang, and Li Congrui, President of China Jinmao, held a meeting.



On December 23, 2021, Anci District People's Government of Langfang and China Jinmao signed an agreement on the Langfang Mall of Splendors commercial complex project.

◆ Integrating management systems

To improve our existing management system, we have in-depth exchanges with relevant business departments of China Jinmao and formulated management improvement plans to improve company policies. Meanwhile, we organized employees concerned to receive training, work and rotate in China Jinmao so that they can get familiar with Jinmao's policies and work procedures to help us align with China Jinmao's management system.



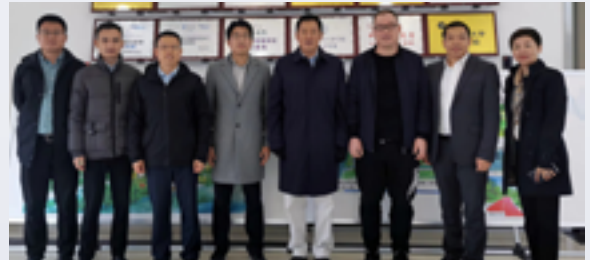
On August 18, 2021, a training session on Jinmao management system was held in Shijiazhuang platform

◆ Promoting resource synergy

By building a service system for the industry ecosystem, we share existing industrial resources and carry out field studies with China Jinmao. We continue to learn from outstanding enterprises and project teams. Meanwhile, we approach China Jinmao Resource Development Center to explore opportunities for cooperation, hoping to leverage our expertise in developing industries through cooperation with China Jinmao in city operations and expansion.



Visiting Genertec for exchanges



Visiting the headquarter of China Water Environment

◆ Enhancing Regional Cooperation

We promote exchanges and cooperation with regional branches and business sectors of China Jinmao and dock resources with its subsidiaries and key projects in South China, Central China, East China, Jiangsu and Anhui, Southeast China, and North China to explore more cooperation opportunities. We also strengthen exchanges with Green Jinmao, Jinmao Property, Jinmao Hotel, Jinmao Education, Jinmao Innovation, Jinmao Capital, laying a solid foundation for future collaboration.

Case

Sinochem Longhe Symposium on Industrial Development

On September 23, 2021, the Sinochem Longhe Symposium on Industrial Development under the theme of "Joining Hands with Sinochem for Win-win Benefits" was held in Longhe Park. The meeting attracted delegates from China Jinmao and its subsidiaries Jinmao Commerce, Green Jinmao, Jinmao Education, Jinmao Building Technology as well as Syngenta Group China, China National Bluestar and Sinochem Environment Holdings. They discussed the industry clustering in the park and new paths for introducing advantageous resources in education, green building, technology and agriculture to boost industrial development and coordinated growth.



China VAST Development, with rich experience in industrial park operations, and China Jinmao which excels in the whole industrial chain of city operations, will align their strategies and pursue all-around cooperation in city operations and development, industrial resources, green building technology, and education to complement with each other and produce more outcomes through collaboration. We will continue to tap the potential of cities and promote regional sustainable and high-quality socio-economic development.

Jointly Creating Industrial Value

Total assets
RMB **14,611.3** million

Revenue
RMB **1,527.8** million



Our Challenges

In 2021, the world economy was still reeling due to the new COVID variant and repeated outbreaks. Macroeconomic complexities, tightened domestic regulations, and the deleveraging of the real estate industry reshaped the industry landscape profoundly.

Our Practices

We focus on the Longhe Park and build it as Langfang’s new urban center. We also align our strategies with China Jinmao and optimize our business structure to achieve sustainable development based on our existing industrial parks. Meanwhile, we improved our operation and management to enhance our resilience to risks and promote steady development.

Key Topics

- Legal compliance, anti-corruption and integrity building
- Promoting the coordinated development of regional economy
- Improving corporate operation and management
- Providing high-quality services
- Advancing the development of major business

Net profit
RMB **159.0** million

Total tax payment
RMB **366.2** million

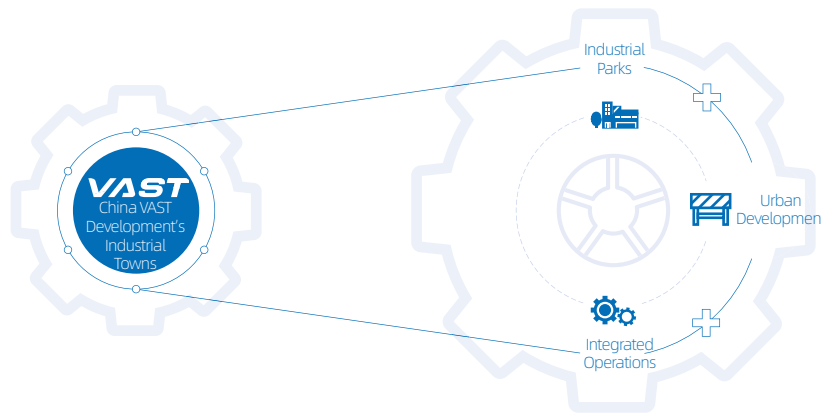


Developing Industrial Towns

China VAST Development serves national development strategies such as the new type of urbanization and the coordinated development of the BTH region. Taking the BTH region as core areas for development, we are deeply rooted in Langfang, especially the Longhe Park. At the same time, we pay growing attention to the Yangtze River Economic Zone, small- and medium-sized cities with a good economic foundation and surrounding areas with growth potential to expand our business. So far, we have invested in and built eight industrial towns/parks in China, all of which are new-type parks with strong potential for accepting relocated high-end businesses, industry transformation and upgrading, and innovation-driven development.

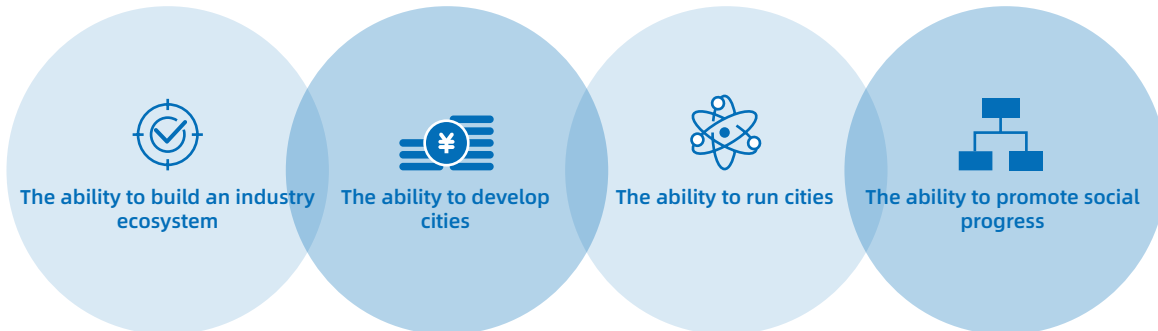
VAST-type innovation

China VAST Development's Industrial Towns = Industrial Parks + Urban Development + Integrated Operations. In other words, our industrial towns rely on industrial ecosystem building and urban development, and sustain their development by offering urban services and promoting social progress. With industrial parks as the carrier, we integrate development elements such as industry integration, urban development, integrated services, operation management, and innovation and entrepreneurship, to effectively accept relocated industries, promote industry transformation and upgrade, and improve regional competitiveness. While developing industries to facilitate urban development, we also improve city services and functions to achieve regional sustainable development.



Four core capabilities

We have endeavored to build the industry ecosystem, technology commercialization platform and alliance expansion platform. Relying on our Industrial Development Research Institute, we have conducted prospective industry-specific studies, analysis of regional economy, science-based planning, and optimized regional functions and spatial layout. At the same time, we have completed a series of master plans, regulatory plans, detailed plans, and designs to rationally allocate public facilities and promote the "industry-city integration".



Case Brainstorming for future development

On April 20, 2021, the VAST Conversation Networking Breakfast under the theme of "Integrating into Dual Circulation and Upgrading the Industrial Chain" was held in Boao, Hainan. It attracted more than 30 guests from international organizations, Fortune Global 500 companies, well-known multinationals, and market leaders. They discussed how to transform the economic development model under the new development paradigm, and explored new pathways to build the innovation chain, strengthen the industry chain, stabilize the supply chain, and improve the value chain, contributing their wisdom for the Group to improve international cooperation and achieve high-quality development.



VAST Conversation Networking Breakfast in Boao

Case Empowering the rise of a new urban center

On December 23, 2021, at the signing ceremony of key projects in Anci District of Langfang city, the Anci District Government and China Jinmao signed an agreement on the Mall of Splendors project. As a key project of Anci District, the Mall of Splendors, located in Longhe Park, marks a substantial step from mixed-ownership reform to business coordination between China Jinmao and China VAST Development. It will also create a new high-end commercial landmark and improve the quality and level of Langfang. The Sibaide Robotic Manufacturing Center and the German Freund Mado Machinery and Equipment Production Base, which settled in Longhe Park during the same period, will diversify the park's business portfolio and help the park build a modern sustainable industrial system with comparative advantages and competitive edge. In the next step, the park will closely follow project progress, gathering strong momentum for building a new urban center in Langfang and accelerating the development of the downtown in the "Longhe Era".

Case Attracting investment to promote the high-quality development of Ezhou

On December 28, 2021, Ezhou held a special investment promotion, talent introduction, and major project signing event for Echeng District at VAST Changjiang Zhihui Port. Wae Smart Manufacturing Park, Sunic Photoelectricity project, Intelligent, and Huineng Industrial Park settled in the VAST Changjiang Zhihui Port. As a key project of the Group in the Yangtze River Economic Belt, the Port has driven an investment of RMB 3.8 billion more, and has introduced 13 industrial projects of different types. It plays a positive role in accelerating the development of "two districts and one hub" in Ezhou.



Ezhou's special investment promotion and talent introduction and major project signing event for Echeng District

Collaborative and Diversified Businesses

We uphold the corporate spirit of "creating value, pursuing excellence, giving back to society, and achieving win-win cooperation". In line with the development philosophy of industry-city integration, we integrate resources in comprehensive cultural tourism, comprehensive healthcare, general aviation, industrial design, intelligent manufacturing, new energy and other emerging industries to strongly support the transformation and upgrade of local industries, sustainable and high-quality development of regional economy and society.

General Aviation Sector

China VAST Development prioritizes the business development in national strategic regions including the BTH region and the Yangtze River Economic Zone, especially free trade pilot zones, airport economic zones and national general-aviation demonstration zones. By integrating advantageous global aviation resources and gaining policy support from local governments and industrial authorities, we focus on building comprehensive aviation industrial parks that provide services for the commercial aircraft industry chain, integrated services for low-altitude industry, and innovative financial services for the aviation industry.

General aviation parks

We endeavor to build industrial parks for the general aviation industry chain, aviation sports industry, and general aviation tourism demonstration projects as platforms to support the development of aviation economy and contribute to building the country into an aviation power.

Shijiazhuang General Aviation Industrial Town Park

Shijiazhuang Blue-Sky Flight Experience Center has completed renovation and been put into use in Luancheng.



Blue-Sky Flight Experience Center

Wuhan Development Zone General Aviation Industry Comprehensive Demonstration Zone

China Aviation Rescue & Emergency has signed the agreement to settle in the park, with its rescue helicopters ready at VAST International Aviation Engineering Center.



Blue-Sky Flight Experience Center



Blue-Sky Flight Experience Center



Rescue helicopters of China Aviation Rescue & Emergency are ready at VAST International Aviation Engineering Center

Supporting aviation events



On May 18, 2021, China VAST Development co-organized the economic and trade fair at the 4th China International Airport Economic Development Forum. With the theme of "integration in global airport industry", the event attracted experts, scholars and entrepreneurs to discuss cutting-edge topics of airport economy, providing advice for building Langfang Airport Economic Zone into an important engine of Hebei's high-quality economic development.

As an important side event of the 4th China International Import Expo, the 4th International Aviation Supply Chain Industry Chain Leadership Summit was successfully held in Shanghai on November 8 and 9, 2021. Co-organized by China VAST Development, Choose Paris Region, CCI Paris IDF, the UK's Royal Aeronautical Society, and Donghao Lansheng (Group) Co., Ltd., the event attracted over 400 leading figures in segments of the global aviation industry chain to discuss the blueprint for green aviation and explore how to make leapfrog development while achieving industry-wide carbon neutrality.



8

large-scale forums, summits and other events attended

10+

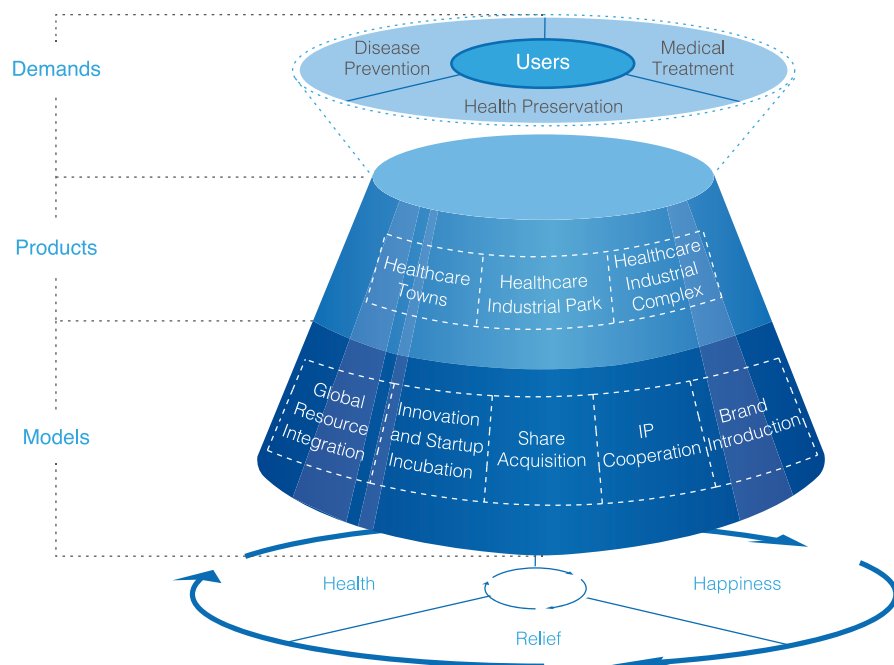
Grade III Level A medical institutions built green channel for access to

Healthcare Sector

China VAST Development actively supports the country's efforts to build a healthy China. We focus on developing the healthcare big data sector, setting up the industry investment fund and relying on the innovation & startup incubator park to advance the three segments of the healthcare sector: disease prevention, medical treatment, and health preservation. Through investment, merger & acquisition, business cooperation and other means, we will introduce institutions that specialize in medical care, rehabilitation, senior care, nursing, vocational education, as well as other services or facilities from Europe, America and Japan to meet the people's aspiration for a healthier and better life.

Building a closed-end loop in the health sector

By the end of 2021, China VAST Development had established partnerships with China Electronics Corporation, RENAFAN, Medical College of Hochschule Fresenius University of Applied Sciences, DomusVi Group, Dassault Systèmes, Cardiologists & Partners Medical Group, as well as more than 20 industry-leading enterprises, vocational education institutions, research institutes and professional associations at home and abroad. Through wide cooperation, we will actively make business deployment in the BTH region, Xiongan New Area, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Economic Belt and other regions. We are also selecting sites for the national pilot program of the Healthcare and Medical Big Data Center & Industrial Park, International Healthcare Center, the BTH Healthcare Demonstration Zone, the Institute for Translational Medicine, and other key projects.



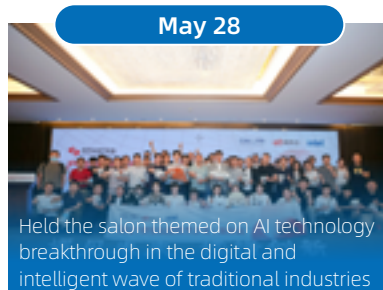
Incubators Sector

With the goal of "integrating global innovation resources and supporting regional industries", China VAST Development has implemented the innovation-driven development strategy. Through provision of physical space and service support, we have rapidly integrated talents, technology, capital and other factors that innovation requires to build a one-stop innovation incubation service system that covers maker spaces, startup labs, incubators, accelerators, and production, etc. This speeds up the commercialization of technological achievements and supports enterprises in our industrial parks to achieve rapid development.



Tron Space

To further improve the business of enterprise technology services, Tron Space has cultivated two streams of income: from agency operations for the government and from enterprise services. It is committed to integrating innovation resources of major city clusters and economic belts including the BTH Region, Yangtze River Delta, Pearl River Delta, the Chengdu-Chongqing economic circle, etc., and developing business channels with partners in Zhangjiagang, Wuhan, Chengdu, Shenzhen and other cities to further expand the strategic layout of business ecosystem.



39 salons about corporate management, application for subsidy and support, project roadshow, and startup mentoring, etc. held in 2021, attracting

800+ participants

152 enterprises visited

183 more project resources developed

◆ The Innovation and Entrepreneurship Base of BTH Region (Langfang)

The Innovation and Entrepreneurship Base of BTH Region (Langfang) upholds the service philosophy of "improving the service system, lowering the threshold, risks and costs for starting businesses, gathering resources, and promoting the development of startups" to support innovation and startups. In line with the overarching principle of innovation, development, service and integration, the Base aspires to build a whole-ecology service chain covering maker spaces, incubators, accelerators and Longhe Industrial Park.

In the Innovation and Entrepreneurship Base of BTH Region (Langfang),

146 enterprises were settled in,

54 small and medium-sized tech companies and

15 high-tech companies were incubated.

2,300+ jobs were created.

The Base has introduced

4 top research teams in China and

460+ high-end scientists and tech specialists.



Basic services

To meet enterprises' needs for daily operation, the Base leverages its own resources to provide the following basic services for enterprises: physical space, business services, exchange platform, talent training, technology intermediary services, and special consulting services, etc.



Public service platform

Peking University S&T Achievements Exhibition and Trading Center is established to help companies apply S&T achievements in product development and production. Moreover, China Technology Exchange - Longhe Park Information Release Platform is built for tech companies to virtually show or trade patented technologies and projects.



Industry-university-research institute collaboration services

The Base actively reaches out to universities, colleges and research institutions to build a tech startup chain. While providing preferential policies for high-quality projects, it relies on the Company's investment and financing platforms to strongly support outstanding tech startup projects and keep track of their development throughout their life cycle.



Industrial design-driven services

The Base is home to China's first industrial design museum inspired by the concept of AI-empowered Museum 4.0 and offers outstanding industrial design teams exhibition space free of charge to display their works. The teams gathering here can design products and plan development for companies.

◆ The MOHO Advanced Business Park

The MOHO Advanced Business Park is mainly open to domestic and overseas strategic emerging industries (e.g., electronic information, biomedicine, new materials and new energy) and headquarters economy. It prioritizes the development of startup labs, creative workshops, innovation centers and other new maker spaces, and spurs technology innovation, incubation and R&D, and talented people to start businesses. The park provides diverse platforms covering R&D, incubation, pilot test, production, operation, as well as cultural development, education, training and display, creating a favorable environment for high-tech innovators and startups.

Four Key Measures of the MOHO Advanced Business Park

Introducing business service resources

By integrating local resources of startup & innovation services and classified enterprise service categories, the MOHO Advanced Business Park provides enterprises with a series of business services, including fiscal and taxation agency service, registration and environmental impact assessment consulting, and personnel recruitment, etc. These services help enterprises focus on developing core businesses and lowering operating costs.

Supporting the development of enterprises

To support the incubation and development of innovators and startups, the park reduces or exempts rent for eligible micro- and small-sized enterprises to reduce their operating costs; and offers more flexible cooperation methods for micro- and small-sized enterprises with a promising outlook.

Building financing platforms

Leveraging cooperation with investment institutions and banks, the park provides investment and financing services for outstanding projects, funding micro- and small-sized enterprises with social capital.

Introducing new technologies

The park reaches out to universities and colleges in Beijing and Langfang, and has built a university-enterprise project matchmaking platform to speed up the industrialization of research results of higher education institutions and sharpen the enterprises' core competitiveness.

Industrial Design Sector

At China VAST Development, we regard industrial design as an important means to upgrade industrial operations and services. To give back to society, we integrate resources from universities, colleges and specialized institutions and empower industries with design and innovation. We work to improve services on such platforms as Langfang VAST Industrial Design Innovation Center, and Langfang Industrial Design Association, enhance exchange and interaction among industries, and facilitate cooperation through efficient integration of design resources. All these contributes to the application of industrial design in Langfang and the design-driven transformation of regional manufacturing industry.

◆ Improving service platform functions

We enhance cooperation with specialized Internet platform operators, improve network carrier services, and integrate resources from top universities and renowned design institutions, further improving the public service platform system. This helps improve the efficiency of coordination between manufacturing and design, between enterprises, between and universities and enterprises, and improve the application of industrial design in Langfang.

◆ Engaging in design exchange activities

We have actively participated in or organized a few industrial design matchmaking and promotion activities, including the Workers' Congress of China Industrial Design Association, the Symposium on Industrial Design, the 4th Hebei International Industrial Design Week, and Langfang Industrial Design Shandong Benchmarking Tour, etc. Our engagement in design exchange activities help build up Langfang's reputation for industrial design, seek cooperation opportunities, and facilitate the transformation, upgrade and high-quality development of local industries.

◆ Establishing a regular working mechanism

We have established a regular working mechanism to bring industrial design closer to enterprises. We regularly organize specialized institutions and industry experts to visit enterprises and industrial parks to popularize design concepts, conduct field surveys, and provide design consulting services. These efforts will bring home to entrepreneurs the importance of design application. We also help enterprises apply for funds supporting industrial design, and effectively promote the design-driven transformation of Langfang's manufacturing industry.

◆ Summarizing and promoting typical cases of industrial design

We have summarized and promoted enterprises' good practices of applying industrial design. A total of 35 typical cases in four categories are selected to produce the *Collection of Langfang Industrial Design Policies and Typical Cases* which will play an active role in promoting Langfang's design achievements.

◆ Promoting Langfang's outstanding design works

At the May 18 International Economic and Trade Fair, we organized Langfang Industrial Design Exhibition to show the city's outstanding achievements and typical cases of design application, winning public praises and achieving the desired communications effect.

20+

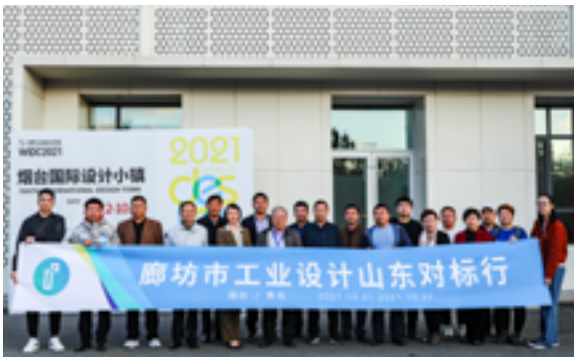
activities held, including industrial design lectures, industrial design benchmarking tours, training on application for subsidy and support, and design awareness activities, etc.

350+

Langfang-based enterprises served



At the 2021 World Industrial Design Conference



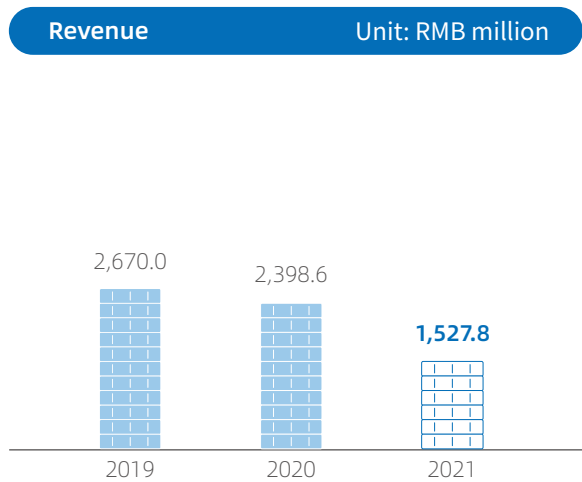
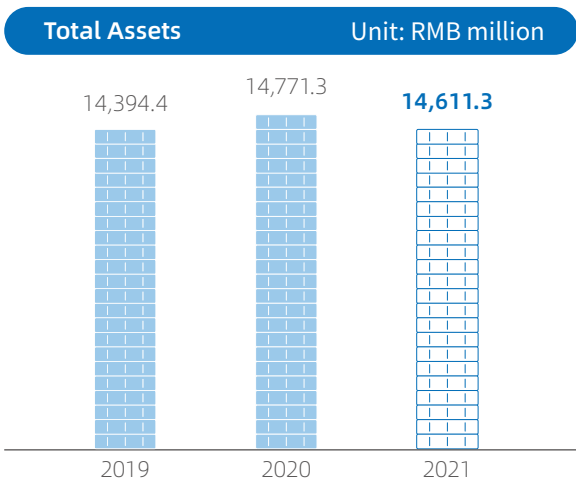
Visiting Yantai International Design Town



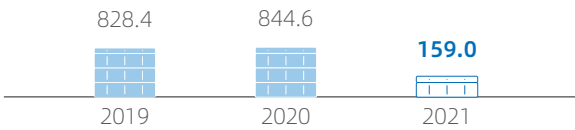
The 4th Hebei International Industrial Design Week

Improving Corporate Governance

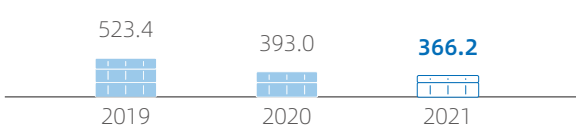
In 2021, confronted with market volatility, repeated COVID-19-induced shocks, and severe industry challenges, we continuously improved operation and management, strengthened our resistance to risks, and enhanced corporate transparency, remaining resilient on the whole.



Net Profit Unit: RMB million



Total Tax Payment Unit: RMB million



Enhancing Operation Management

We are committed to improving corporate governance structure and abilities. In strict accordance with the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (the Listing Rules), the *Company Law, Hong Kong Companies Ordinance* and other relevant Chinese laws and regulations, we step up efforts to enhance anti-corruption and protection of intellectual property rights (IPR), improve the risk management system and the internal supervision system, and continue to reduce costs and improve efficiency, so as to ensure more steady and sustainable development.

Anti-corruption

We continue to improve the anti-fraud management framework, raise anti-fraud awareness, and assess fraud risks. We have identified internal links prone to fraud and established a sustainable supervision mechanism. In addition, we implement the disclosure system and organize training to promote company-wide crack down on fraud. In 2021, no corruption lawsuit involving China VAST Development was reported.

Whistleblowing and complaint management

We make public whistleblowing channels and response policies on the Company's OA system and official website. We have joined the Enterprise Anti-Fraud Alliance (CEAFA) since 2019 and has become CEAFA's director unit since 2020. With enhanced cooperation with CEAFA, we have more diverse channels and more sophisticated technologies and means to fight frauds. We also keep close track of anti-fraud trends through information sharing and maintain a tough stance against corruption, to make sure business corruption has nowhere to hide.

Anti-corruption communications and training

The OA system will send to employees articles that advocate anti-corruption and popularize internal control, covering case studies, policy updates, opinions on internal control, etc.. For new recruits and secondary affiliated unities, we organize training on internal control against corruption and frauds. In addition, the anti-corruption message is embedded in the day-to-day work. We enhance anti-corruption education, and use admonitions as an important approach to improve the punishment and corruption prevention system and promote anti-corruption.

4

anti-corruption trainings organized for Board directors and employees

5

articles that advocate anti-corruption and popularize internal control pushed by the OA system



IPR protection

We attach great importance to the building of IPR management capability. In accordance with relevant Chinese laws and regulations, including the *Trademark Law*, *Patent Law* and *Anti-Unfair Competition Law*, we constantly improve the IPR management system and have registered several trademarks. At the same time, we actively safeguard our lawful rights, brands and corporate image. We also enhance our competitive advantages and reduce the risks of trademark, copyright and patent infringement.

Risk management

We continuously improve the risk management system and internal control system to ensure that we have suitable and effective risk management & internal control systems in place to ensure sustainable, stable and healthy development.

Legal risk management system

We continue to improve company rules and regulations, deal with legal disputes in a timely manner, and have regulated, institutionalized and developed processes for risk prevention and control measures that cover legal risks in all stages.

Legal risk management mode

We adopt the cross-implementation mode of legal risk management to form a risk management mechanism under which internal control and external oversight complements each other. The division of duties is clarified between our legal department and legal positions, and law firms and counselors, so as to ensure that relevant responsibilities are allocated and fulfilled properly.

Establishment and implementation of legal risk management regulations

We have established a unified legal risk management system and determined the basic principles, methods and procedures of legal risk management. Meanwhile, each of the functional departments has formulated their own detailed implementation rules or measures.



Establishment and implementation of standard contracts

We have built a system of standard contracts according to our business needs and continuously improved the system. By doing so, we have improved our work efficiency, brought legal risks under control, and safeguarded our legitimate rights and interests.

Training system for legal risk management

We have established the philosophy that "compliance creates wealth", and organized legal training provided by legal risk management experts. All these aim to raise employees' legal awareness and ensure that our employees are involved in and execute the Company's legal risk management.

1,007

contract reviews completed via the OA system and offline in 2021



22

audit projects conducted

12

business-specific audits conducted, covering industrial town projects, real estate projects, platforms in other cities, among other sectors and projects under construction.

Audit and internal control

We actively respond to and meet the regulatory requirements of the Stock Exchange of Hong Kong Limited. Following the *Basic Internal Control Norms for Enterprises* and its implementation guidelines, *Internal Control - Integrated Framework* by the Committee of Sponsoring Organizations of the Treadway Commission, and our internal control policies, evaluation methods and risk response strategies, we self-evaluate the effectiveness of our risk management and response system on top of routine and special-purpose oversight of internal control. In 2021, we proposed countermeasures against major risks by category and stepped up efforts to improve corporate audit.



Audit follow-up

In 2021, we kept track of six projects, including the audit follow-up of four platforms other than Langfang and follow-up inspection of the project under construction in Langfang. The risk evaluation were conducted in terms of investment promotion progress, investment intensity, land consolidation cost, income from the transfer of land use rights and other key factors to support platform operation and management. After identifying the critical points and weak links of internal control, we proposed targeted measures for improvement to avoid internal control failure and reduce internal control risks.



Process management

In 2021, we conducted follow-up management for four processes, covering planning and design, bidding and procurement of projects. In this process, we managed to reduce wrong decisions and timely rectified in-process deviations, guaranteeing the realization of expected business goals.



Internal control inspection

We have figured out the risks and related problems with the OA system and made corresponding analyses. We also benchmarked against outstanding enterprises in terms of the same business process and analysed the gap. Through systematic inspection and analysis, we have improved internal control related to the OA system and our review efficiency and effect, made rectification and improvements based on risk-oriented internal control so as to improve the Group's internal control capability.



Reducing costs and improving efficiency

Regulating procurement management



Selecting reasonable procurement methods

We continue to strictly implement the bidding and procurement management system. In the actual bidding and procurement process, we select suitable bidding methods after considering the importance and urgency of the bidding items, improve procurement efficiency and keep the costs at a reasonable level.



Improving contract templates

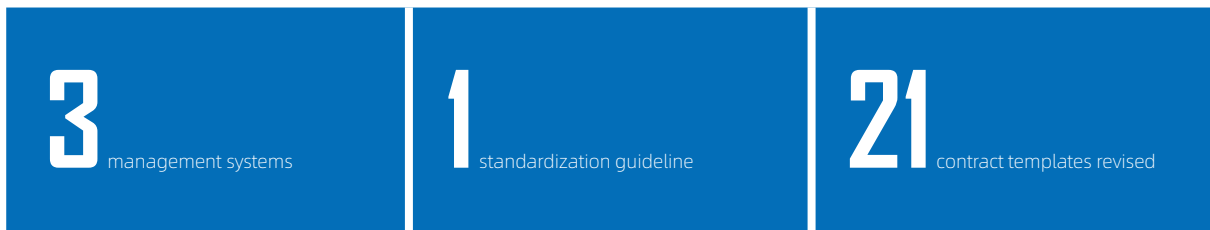
We further improve contract templates, summarize the problems encountered in their use, and sorted out the differences between the V1.0 of contract templates and the current ones and related documents. In 2021, we revised and released 21 contract templates.



Regulating bidding and procurement processes

With the optimization of relevant policies and forms, the bidding and procurement workflow has been standardized within the Company, considerably improving the efficiency of bidding and contract review.

Improving the cost management system



10,491

requests handled by the OA system in 2021

86

improvements made in the OA system

1,580

ERP software services delivered

32

video conferences and teleconferences held

Improving information systems

The collaborative OA system

We continue to optimize the unified standards for node names and formats of review forms on the OA system, providing much support for improving efficiency of subsequent business processes. At the same time, we have further streamlined and refined the administrative procedures and reduced them from 211 to 118.

The administrative asset management system

To improve targeted asset management, through secondary development and improvement, the system is added with functions such as asset borrow and return forms. In terms of operation links, we have developed functions to improve efficiency, including diversified labeling for different assets, flexible reference of asset process documents, and one-click batch application of business documents, etc.

The video conference system

To improve internal and external communication efficiency, we introduce the use of Umeet software in addition to 263 Web Conference and Tencent Meeting. Meanwhile, we adopt a meeting solution supported by a few sets of fixed and portable meeting terminals to meet changing meeting needs and provide technical support for ad hoc meetings, which help ensure high efficiency of the Company's business operation.

Protecting Shareholders' Rights

We continue to improve the Company's decision-making capability, actively build a bridge of communication with investors, and improve information disclosure quality, striving to protect investors' lawful rights in all respects.

Higher decision-making capability

In strict accordance with the *Listing Rules* and *Hong Kong Companies Ordinance* as well as the *Articles of Association*, we make sure that the Board of Directors and Shareholders' Meeting perform their due duties with a clear division of rights and responsibilities, and that their decisions are made, implemented and assessed in an open, transparent, fair and reasonable way.

◆ Board of Directors

The Board of nine directors is responsible for supervising the Company's management, business, strategic policies and financial performance.

According to the *Listing Rules*, the Audit Committee, Remuneration Committee and Nomination Committee are set up under the Board, and play important roles in audit and supervision, remuneration and performance assessment, and nomination for key posts, etc.

◆ Shareholders' Meeting

In strict accordance with the *Listing Rules* and the *Articles of Association*, we specify the method of convening, notification, holding, deliberation and voting of the Shareholders' Meeting, and make sure shareholders can fully exercise their rights to know, express, question and vote.

Investor relations management

We keep close contact and communication with the capital market. In accordance with the *Listing Rules*, we continuously improve the regulation and professionalism of the Company's information disclosure. Through investor roadshows and meetings, we enhance investor communication, timely respond to investors' inquiries about the Company's business and performance and disclose information in a timely and effective manner via multiple channels.

Diversified communication channels



Annual reports



Interim reports



Announcements



Official website



Investor roadshows and meetings

2 meetings of the Audit Committee

2 meetings of the Remuneration Committee

2 meetings of the Nomination Committee

4 regular Board meetings

100+ investor visits or calls received

40 announcements released

40+ roadshows or reverse roadshows held

Jointly Pursuing Industrial Development

Overall customer satisfaction rate

96.5 %



Evaluation result of safe and well-organized construction

96 points



Our Challenges

Local COVID-19 outbreaks in 2021 caused a series of impacts: companies in our industrial parks faced challenges in corporate operation and management, COVID-19 control, and investment promotion, and the industrial parks were under mounting pressure.

Our Practices

We continued to provide high-quality services for customers, build harmonious relationships with upstream and downstream partners as well as a responsible supply chain, to boost the development of the industry.

Key Topics

- Building a responsible supply chain
 - Promoting the coordinated development of regional economy
 - Conducting strategic cooperation
- Developing basic products and accessories
 - Providing high-quality services

Major accident and casualty rate



Percentage of national strategic suppliers signing the Integrity Procurement Agreement



Providing Quality Services

We continue to provide high-quality services to customers, and improve the quality of products and services. We also safeguard customer rights, and actively respond to customer needs to continuously improve customer satisfaction.

Quality Projects

We resolutely abide by the *Construction Law*, *Work Safety Law*, *Regulation on the Quality Management of Construction Projects*, and other relevant laws and regulations. At the same time, we have formulated the *Construction Project Evaluation Policy*, *Project Data Management Policy and Assessment Criteria*, *Post-Project Evaluation Policy*, *Project Acceptance Checklist: Key Node, Roles and Responsibilities*, *Operation Guide for Leakage Prevention in Underground Garages*, and other targeted inspection policies and norms that meet the actual needs of the project to ensure project quality, continued to work on quality improvement, and strictly controlled project quality, striving to improve quality with ingenuity.

Project management lifecycle

We implement the project management lifecycle and abide by relevant national, industry-wide and local regulations and standards throughout the project implementation. We have improved and strictly implemented the Company's project quality and safety management regulations. Meanwhile, based on analysis of common concerns or process problems encountered during project implementation, we have prepared a standardization document to guide on-site construction.



Before construction

Communicate the construction difficulties and technical requirements to the person in charge of the construction unit and confirm quality control criteria.



During construction

Follow up and check the progress on difficult points and error-prone links, disclose technical requirements to the operation team on the spot when necessary, and avoid large-scale dismantling and modification.



After construction completion

Participate in the project acceptance check in all respects to ensure that the project has no major quality or safety flaws.

6

regulations formulated or revised in 2021

0%

Major accident and casualty rate in 2021



Project quality control

We have established a sound organizational quality assurance system. We strictly follow quality control criteria and procedures, always uphold the principles of "developing criteria and sample projects in advance, implementing process oversight and acceptance check", and do our best to build high-quality projects.



The quality of subdivision work is checked routinely section by section. Particular effort is made to ensure field measurements. The construction management evaluation forms and subdivision work inspection forms are prepared to help check quality control in the entire project lifecycle. Every process must pass quality inspection before the construction proceeds to the next step.



We have established a system of quality control policies to ensure that there are rules to follow, including the quality consultation policy, construction license management policy, reward and punishment policy, label policy, three-level inspection policy, sample work demonstration policy, and finished product protection policy. With sound policies and effective policy implementation, we manage to guarantee the construction quality.



The work handover shall be in writing, including the operator of the next process and the person in charge of finished product protection. Meanwhile, the written materials of work handover shall be kept. The operator of the next process is responsible for preventing contamination, damage or loss of the finished product while the person in charge of finished product protection is responsible for supervising and checking the protection of the finished product.



25-30 %

Field measurement coverage rate

100 %

Percentage of projects that passed the first acceptance check

Safe and well-organized construction

We always put safety first and prevention foremost, and take an integrated approach to safety management. We have specified the safety management goals and principle, and established the safety management system and the weekly inspection mechanism to ensure safe and well-organized construction. We have organized general contractors and supervisor units to conduct safety training so that we can identify and eliminate safety hazards and promote civilized construction throughout the project management lifecycle, guaranteeing the smooth construction progress.



Construction accident



Violation of safe and well-organized construction rules

11

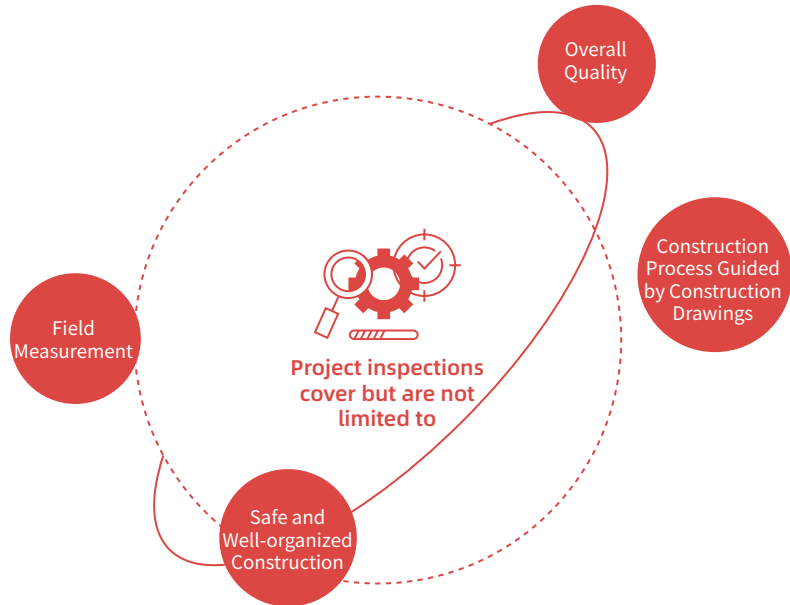
regular and irregular inspections

130

approx. items of acceptance check

Work safety inspection

We implement the quarterly inspection and process oversight for construction projects. To prevent major quality or safety flaws, we have formulated inspection criteria and criteria for the division of milestones, and implemented targeted acceptance check and comprehensive inspection of the engineering construction project.



Protection of Customer Rights

We spare no effort to protect customer rights. To this end, we have improved the customer complaint handling mechanism, improved information management, and protected customer privacy.

Improving the complaint process

We have established sound customer feedback channels and the customer complaint handling workflow. A complaint hotline is opened to receive customer complaints. The customer service staff will record the complaints, categorize them into different types and then submit them to responsible departments for handling. Through such a workflow, customer concerns are addressed and customer rights protected timely and properly.

Protecting customer privacy

We strictly abide by the governing laws and regulations in China, such as the *Constitution*, *Civil Code*, and the *Cybersecurity Law*. In particular we strictly follow the provisions about tort liabilities stipulated in the *Civil Code* in collecting and managing customer information. We have dedicated file cabinets to store property owners' files, have assigned customer management personnel, and prohibit customer information leakage in any form, effectively protecting customer privacy.

Confidential contents include:

customer name, company name, contact information, etc.; customer's investment intention, site selection requirements and scope, etc.; the company's main products, production processes and flow, etc.; and customers' upstream and downstream partners and supply & demand situation, etc.

Overall customer satisfaction rate

96.5%

Customer complaints

0

Customer information leakage

0

Services to Customer Satisfaction

Being customer-centered, we always put customer needs first, listen and promptly respond to customer concerns, and satisfy their needs with pragmatic services.

Property management services

We continue to improve the quality of property management in the industrial parks by standardizing management policies, offering caring service, and following the standards in the national property management demonstration industrial zones to ensure that the park management committees and owners have a satisfaction rate of over 90%.



Putting people first

Based on the needs of owners, we improve and diversify services and ensure that services provided are high-quality, thoughtful, and timely. The feedback and requirements raised by owners are properly and promptly handled.



Diversifying operations

Based on the actual situation in the industrial parks, we offer value-added services such as conference reception, utility maintenance, security, and cleaning for enterprises within the industrial park and strike a balanced development among basic property management, extended services, and public affairs.



Ensuring the safety of owners

We regularly disinfect public areas and key places in the industrial park and register the information of visitors. Warning signs and lines are set up in places with safety hidden dangers to protect the safety of owners.

Industrial park services

We continuously improve the supporting facilities and services of the industrial parks, and help enterprises settle down more efficiently and projects run smoothly. We also help enterprises seek policy and financial support to drive their rapid development.



Preliminary consulting services

We provide preliminary consulting services, covering company registration, project initiation & registration, environmental protection access, industry access, as well as output value of the industrial park and taxation, etc. With these efforts, we ensure that enterprises clearly understand the park's policies and investment environment before moving in.



Administrative agency services

Our Working Group for Key Administrative Formalities Agency Services provides one-to-one services for projects that settle in the industrial parks. The agency services cover administrative examination and approval items involving ten government departments, including the Administrative Examination and Approval Authority, Development and Reform Bureau, Commerce Bureau, Environmental Protection Bureau, and Natural Resources and Planning Bureau, Housing and Urban-Rural Development Bureau, etc. at city and district levels.



Liaison-person services

According to the industry and business performance of enterprises that have settled in the industrial park, dedicated liaison personnel will regularly visit the enterprises within the group, participate in the whole service delivery process, and collect and report enterprise feedback, to make sure that the services are effectively delivered and customer complaints are 100% resolved.



Financial services

We fully implement national, provincial and municipal preferential policies on supporting business development, classify them into nine categories, including tax benefits, special financial support, and business development and innovation, and coach enterprises on these aspects. Moreover, we keep an account of enterprise inspections and monthly update project progress.



Enhancing Partnerships

We have developed a regular and multi-dimensional cooperation and exchange mechanism with key resource holders in the industry chain. Together with partners at home and abroad, we pursue the sustainable development of the industry through collaboration and with shared benefits for all.

Enhancing equity cooperation

We step up efforts to develop and implement strategic plans for equity cooperation. At the end of June 2021, we introduced China Jinmao as the second largest shareholder of China VAST Development through equity investment. We plan to launch multi-dimensional, multi-area and in-depth cooperation with China Jinmao to jointly promote the sustainable and high-quality development of regional economy and society.

Advancing strategic cooperation

We have put in place a strategic cooperation platform to share resources. Based on our development, we have explored cooperation with important institutions such as the National Audit Office, National Center for Cardiovascular Diseases, the National Health Commission Hospital Management Center, and the Administrative Committee of Beijing Daxing International Airport Economic Zone (Daxing). In addition, we have reached non-financial SOEs and large private enterprises including Beijing UN-Construction Group, JD Logistics, Tibet Investment, China Animation Comic Game Group, and Neusoft.

Serving international companies

Actively responding to the Belt and Road Initiative, we have built a bridge for domestic and overseas cooperation. While going global with the best offered by companies, we attract high-quality overseas projects to settle in our domestic industrial parks and build an asset portfolio with a global vision, steadily promoting high-quality development of the enterprises.

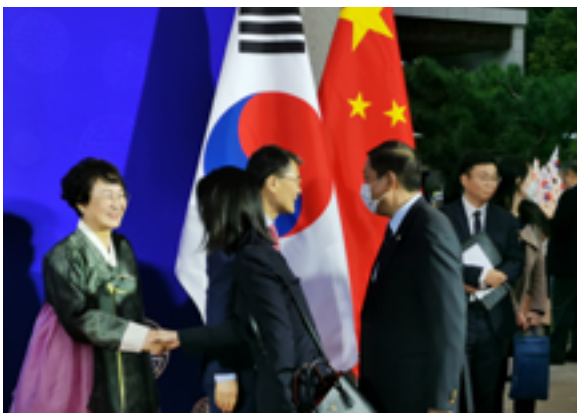
2021 International Exchange Events

The 4th China International Import Expo

Singapore Government-Enterprise Exchange Meeting

The exchange meeting co-organized by the Department of Asian Affairs of the Ministry of Commerce of China, the Embassy of the Republic of Korea, and the Korea Chamber of Commerce in China

Symposium at the Japanese Embassy in China



The exchange meeting co-organized by the Department of Asian Affairs of Ministry of Commerce of China, Embassy of the Republic of Korea, and the Korea Chamber of Commerce in China



Business Exchange of Japanese Chamber of Commerce and Industry in China

Case Embracing the dual-circulation development pattern and upgrading the industry chain

On April 21, 2021, Yang Yun, Executive Director of China VAST Development, attended the sub-forum on China's New Development Pattern-Dual Circulation at the 2021 Boao Forum for Asia Annual Conference, discussed topics such as how to construct the dual-circulation development pattern amid unprecedented global changes, and made suggestions on fostering China's new edges in international cooperation and competition under new circumstances.



Yang Yun (second from right), Executive Director of China VAST Development, at the 2021 Boao Forum for Asia Annual Conference

Building a Responsible Supply Chain

In strict compliance with the *Bidding Law* and other governing Chinese laws and regulations, we have continuously improved the supply chain management and whole-process supplier management, and identified and supervised suppliers' environmental risks on a regular basis. We have taken multiple approaches to support supplier development and strive to build a responsible community with a shared future, injecting new impetus into the sustainable development of the supply chain.

◆ Making comprehensive evaluation of suppliers' performance

We conduct comprehensive supplier evaluation. We review and screen potential suppliers according to project progress and sourcing demand. For engineering construction and materials & equipment suppliers for projects under construction, we evaluate their contract performance, and eliminate zombie suppliers. Based on the evaluation results, we have prepared the *Supplier Performance Evaluation Report*. Gradually we have formed a tiered supplier management system.



Identifying environmental and social risks of the supply chain

We have continued to improve the Company's *Supplier Management Policy* and *Supplier Performance Evaluation Policy*. To effectively control supplier risks, we visit whitelisted suppliers to conduct on-site risk inspections. The inspection team implements the accountability & pledge system. Meanwhile, only suppliers that match the specific project requirements are shortlisted. We publish the integrity announcement and a whistleblowing hotline on the first page of the invitation to bid, and sign the anti-corruption agreement with suppliers to effectively prevent supply chain risks.

Safeguarding supplier rights

In the bidding process, we always adhere to the principle of fairness and justice and treat all bidders equally. Unfair bidding behaviors are prohibited, such as bid rigging and collusive bidding. At the same time, we offer suppliers reasonable profit margins and make settlement upon the completion of acceptance check. With these efforts, we fully safeguard the supplier rights.

Implementing green procurement

We actively practise the concept of low-carbon and environmental protection in terms of purchasing policy, and fully integrate factors such as environmental protection, resource conservation, safety and health, and cyclic utilization into the procurement process. When selecting strategic suppliers, we select the ones who have obtained environmental management certification and applied energy-saving and environmental-friendly technologies. We give priority to the procurement and use of raw materials, products and services that are conducive to environmental protection such as saving energy, water and materials, with a view to making suppliers improve their environmental management abilities and standards, to jointly build and maintain a green and sustainable supply chain system.

Supporting supplier development

We enhance information sharing with suppliers and help them understand the Company's strategic plans and annual project plans, thus improving their sense of engagement. Meanwhile, we grade suppliers, and downgrade or fine suppliers who failed to meet service needs. We use rewards and penalties to encourage suppliers to grow.

100%

Percentage of national strategic suppliers that have signed the *Procurement Integrity Agreement*



Jointly Building a Green Future

Ecological damage and pollution incidents



Noise-related complaints



Our Challenges

In recent years, climate change has become one of the biggest global concerns, as extreme weather events become obviously more frequent and more intense. As environmental problems grow increasingly worrisome, enterprises must go green and low-carbon in the pursuit of corporate development. To promote corporate sustainability, it is essential to accelerate the building of a standardization system for green operations, constantly reduce energy and materials consumption, increase the resource utilization rate, cut down on pollutant discharge and emissions, and protect the ecological environment.

Our Practices

We actively respond to China's carbon peak and carbon neutrality goals by implementing green and low-carbon operations, develop businesses of tap water and reclaimed water and decentralized integrated energy projects and build energy-saving, eco-friendly, low-carbon and high-efficient industrial parks featuring, environmental protection, and coexistence with nature.

Key Topics

- Improving environmental management capability
- Implementing green operations

Non-hazardous waste treatment rate



Building Green Industrial Parks

In strict accordance with laws and regulations such as *The Environmental Protection Law of the People's Republic of China*, we adhere to green design and green construction, pay attention to ecological protection, and facilitate the clustering and green development of industries in an effort to build green industrial parks.

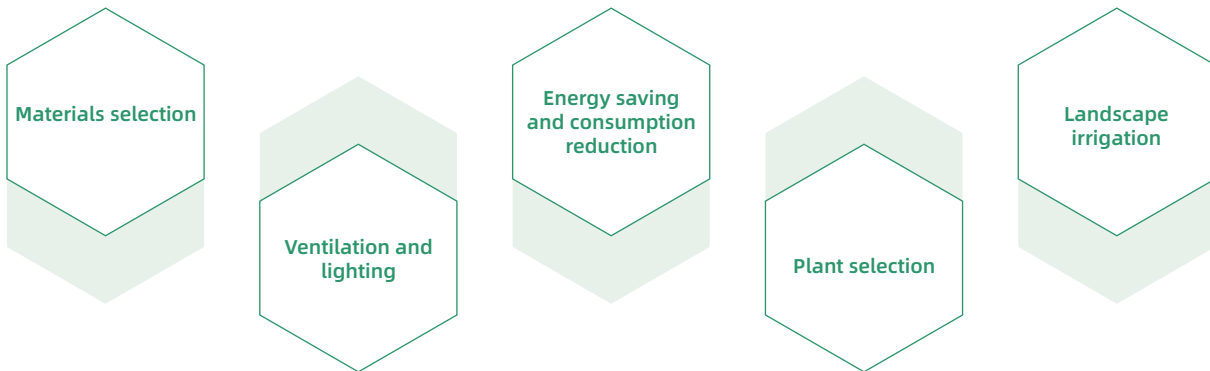
Green Design

Our engineering construction projects are designed to be green and low-carbon. All new projects are in strict compliance with national standards on green buildings, including the *Assessment Standard for Green Building*, *Green Building Design Standard*, and *Water Conservation Design Standard for Civil Building*. Green design will make buildings not only more comfortable to live in, but also more energy-efficient and low-carbon.

We select external doors and windows with good air tightness, and use the central heating system, and the 97-thickness TC integrated thermal insulation board system for external wall insulation.

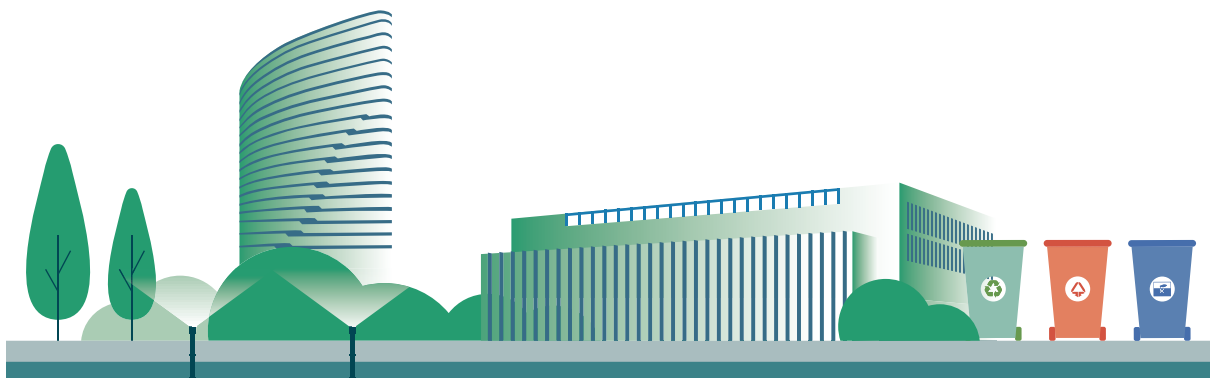
Infrared mobile timing radar induction lamps are installed in public areas. Elevators are equipped with the variable-frequency speed regulator and will automatically enter a sleep mode, turning off lights when not occupied.

We use municipal tap water for landscape irrigation. The pipes are made of energy-saving materials that meet national standards. And irrigation workers use quick intake devices to irrigate the landscape.



The buildings have a south-north orientation to let in the sunlight as much as possible and installed with outward opening windows for good ventilation.

We prepare garden soil for planting. The planting soil is rich in organic matter and has intact aggregate structure, good ventilation and water permeability.



Green Construction

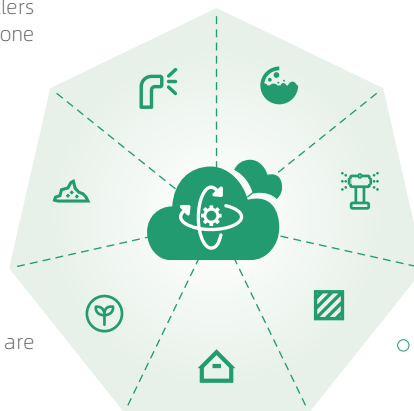
We clarify the organizational structure and division of duties for environmental management, and have formulated environmental protection measures for construction projects. Targeted training for relevant personnel is organized in line with environmental management systems and plans. Moreover, regular and ad hoc safety inspections are launched to ensure the implementation of environmental management plans during construction, and minimize resources consumption and negative environmental impacts of construction activities.

◆ Air pollution control

- At construction sites we use water sprinkling for dust control, with dedicated sprinklers and personnel in place in the seasons prone to flying dust pollution.

- The earthwork is covered with colored plastic cloth; and the construction waste is transported via an enclosed waste corridor or by a container.

- Road surfaces and other site grounds are hardened and idle sites are greened.



- All our projects use ready-mixed concrete, commercial-grade mortar or ready-mixed mortar to avoid mixing at construction sites.

- Before construction, a closed mixing shed must be set up for mortar and sporadic concrete mixing, and a spraying device must be installed on the mixer.

- The bare ground without machinery access is timely covered with green shade nets.

- Cement and other fine bulk materials prone to airborne particulate emissions are stored in the warehouse or tightly covered with thatches. During earthwork excavations, fog cannons are used to spray water mist to reduce dust. If there is a large area of bare ground, sprinklers are used to spray water for dust reduction.

◆ Solid waste control

Solid waste includes construction waste and domestic waste. During construction, the recyclable and unrecyclable construction waste generated is piled up separately and marked, including slag, spoil, waste materials, residual mud, and mud. Among them, slag bricks and construction waste materials will be recycled. For domestic waste, we hire a qualified agency to transport it and demand them to properly cover the waste before leaving the construction site to avoid spill or leakage, as stipulated in the waste transport contract.

◆ Water pollution control

Sedimentation tanks are built at the front desk of the mixer and the cleaning site for transport vehicles. The wastewater shall be discharged into the sedimentation tank for secondary sedimentation before it is discharged into municipal sewage pipelines or recycled for spraying to reduce dust. We forbid to discharge muddy water without treatment into municipal drainage facilities.



Ecological damage and pollution incident



Toxic substance contamination incident



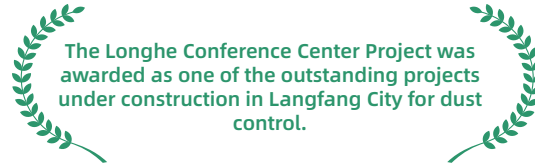
Noise complaint



Suspended solid pollution incident

📍 Noise pollution control

We ramp up long-term monitoring of environmental noises at construction sites, and assign dedicated personnel to monitor and adjust factors causing excessive noises to prevent construction noises from bothering residents nearby.



The Longhe Conference Center

Biodiversity Conservation

During project construction, we adopt a variety of targeted measures and new technologies to protect the natural environment nearby and biodiversity. To minimize negative impacts of construction on the current ecological environment, we conduct construction activities in line with the principles of matching the site with trees, prioritizing native plants, combining urban landscaping and biodiversity conservation, and combining in-situ and ex-situ conservation.

📍 Biodiversity conservation principles



Matching the site with trees

The diversity and complexity of urban ecological environment determines the choice of plant diversity. Different types of green space have different ecological environments and landscaping requirements. Thus, it is necessary to choose suitable plants and landscaping for different lands.



Prioritizing native plants

Native plants are geospatially explicit plants that adapt to local environment. They are highly adaptable, low-cost, and easy to breed, and have sufficient seed supply and strong ecological functions. Native plants can build a relatively stable plant landscape with local characteristics.



Combining urban landscaping and biodiversity conservation

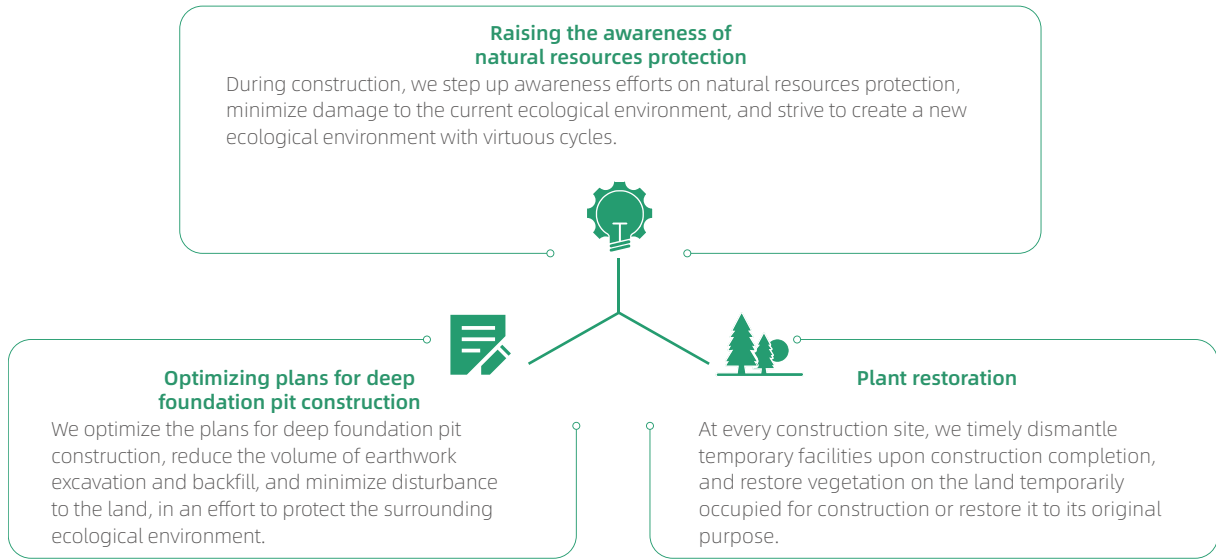
To promote urban development, we must protect the existing trees, flowers and grass. We forbid the relocation of old or big trees into the city and reject blind pursuit of large lawns or large squares.



Combining in-situ and ex-situ conservation

While protecting existing plants, we give priority to the cultivation of native plants. We actively introduce non-native but suitable plants for landscaping and domesticate rare and endangered tree species to develop plant diversity.

Biodiversity conservation measures



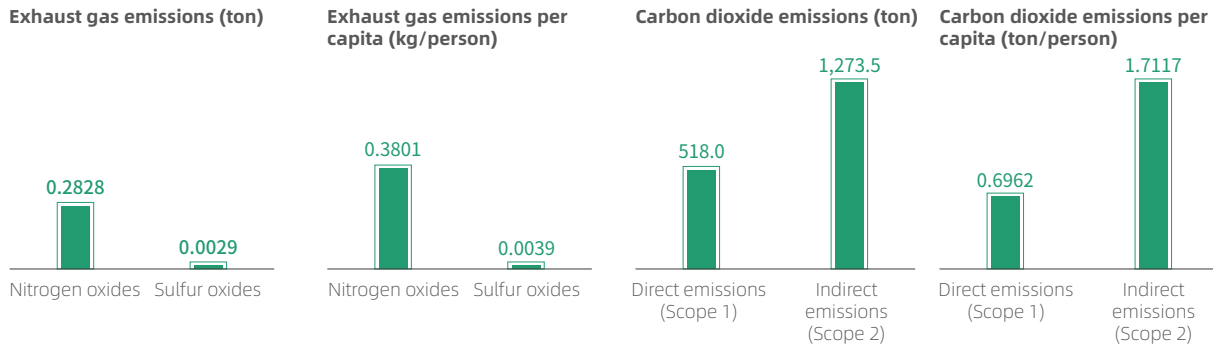
Advancing Green Operations

While promoting green, low-carbon and circular industrial parks, we have been promoting green corporate operations and fully implementing our *Green Management Manual*. From production, management to daily office work, we advocate green and low-carbon operations, resource conservation and efficiency, to advance high-quality development through green development.

Indicators		Data of 2017	Data of 2021	Five-year strategic targets (by 2021)	Change in five years	Actions taken to achieve targets
Carbon emission		3,145.5 tons	1,791.5 tons	▼ 50%	▼ 43%	<ul style="list-style-type: none"> Controlling from the source. Adopting more biological and other technologies to absorb greenhouse gases. Increasing the use of renewable energy.
Energy consumption	Natural gas	11,964 m ³	21,800 m ³	▼ 20%	▲ 82%	<ul style="list-style-type: none"> Adopting more energy-saving products and equipment. Setting up Energy Company to provide advice on energy conservation and consumption reduction for the Company. Strengthening corporate management and raising employees' awareness of energy conservation and consumption reduction.
	Gasoline	310,422 L	199,520 L	▼ 20%	▼ 36%	
	Electricity	2,458 GWh	2,087 GWh	▼ 20%	▼ 15%	
Water consumption		21,961.8 tons	18,567.1 tons	▼ 50%	▼ 15%	<ul style="list-style-type: none"> Promoting water-saving and raising the awareness of water-saving among employees. Strengthening the daily maintenance of water equipment. Promoting water-saving technologies and energy-saving facilities.
Waste amount	Non-hazardous waste	211 tons	140 tons	▼ 20%	▼ 34%	<ul style="list-style-type: none"> Recycling more materials, such as printing documents on both sides. Setting up garbage sorting and recycling bins.
	Hazardous waste	\	3 tons	▼ 20%	\	

Addressing Climate Change

Climate change has become one of the global concerns and a major challenge facing mankind. We have set emissions reduction targets and adopted targeted measures for energy conservation and consumption reduction. Apart from gradually optimizing the energy mix, we strictly implement green building rating standards for new construction projects. Moreover, we have continuously improved the capability of tackling climate change risks during business operations.



Note: Scope 1 measures direct greenhouse gas emissions from operations owned or controlled by the Group. Scope 2 measures indirect greenhouse gas emissions caused by the electricity externally purchased by the Group.

Climate action

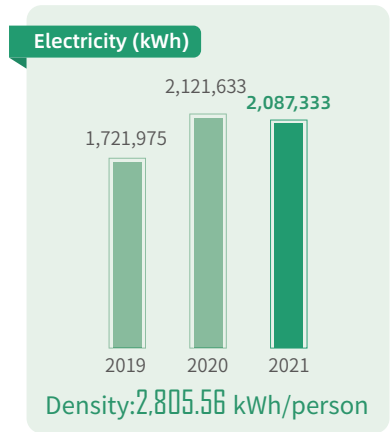
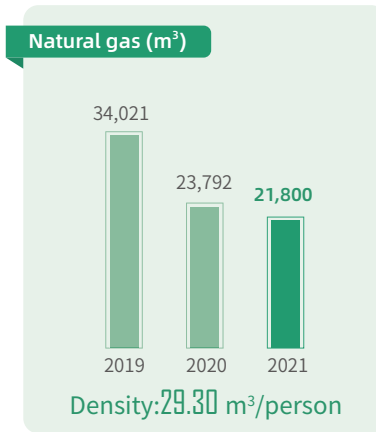
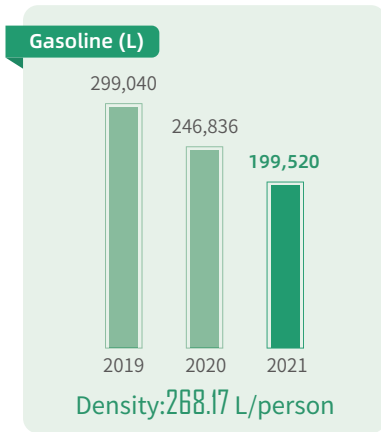
	Short-term	Medium-term	Long-term
Challenges	Increasing risks of severe weather such as heavy rain and typhoon bring losses to the company.	Global warming increases equipment load, energy consumption for production and office, and energy costs.	Natural disasters and other problems brought by global warming have made it impossible for companies to have normal operations.
Response	<ul style="list-style-type: none"> We have formulated corporate policies to reduce greenhouse gas emissions. We have carried out greening operations and increased efforts in improving and protecting the ecological environment 	<ul style="list-style-type: none"> We have set carbon emissions reduction targets. Decarbonization has become an important trend in economic development. Through scientific planning of industrial parks and green buildings, we reduce heat island effects and the impacts of extreme high temperature weather. 	<ul style="list-style-type: none"> We have accelerated the energy transition and guided the flow of capital to the climate sector. We step up efforts to raise public awareness of climate change.

Energy Consumption Management

Energy conservation and consumption reduction is an important task for sustainable corporate development. Recognizing the importance and urgency of this task, we have formulated the *Regulations on Energy Conservation and Consumption Reduction* and implemented the *Energy Conservation Rules* and the *Eight Requirements on Practicing Frugality*. Moreover, we step up efforts to optimize the energy mix and reduce energy consumption, contributing to the carbon peak and carbon neutrality goals with concrete actions.

Adopting energy conservation measures

We promote the application of energy-efficient products and equipment. The office equipment is upgraded and replaced with more energy efficient ones. At industrial parks, solar panels are installed to power street lights. In addition, sewage treatment plants are built for treating and recycling sewage generated in the parks. Our subsidiary Zedong Energy is dedicated to devising strategies and measures to save energy and reduce consumption.



🔗 Raising the awareness of energy conservation

We strengthen enterprise management and raise employees' awareness of energy conservation and consumption reduction. Our goal is to bring home to staff its importance. By aligning employee interests with the energy conservation and consumption reduction work, we mobilize all employees to do so on a voluntary basis; only in this way can we really improve the efficiency of this job.

Water Resource Management

We regard water resource management as one of our priorities. Apart from enhancing daily maintenance and management of water equipment, we have increased investment in water saving facilities and water recycling, creating an atmosphere of water conservation.

🔗 Raising awareness of water conservation

We step up efforts to raise public awareness of water conservation. To this end, we have put up signs on water conservation in conspicuous locations and posters near the wash basins, advocating water conservation with concrete action.

🔗 Enhancing water conservation management

We strengthen daily maintenance and management of water equipment and timely repair damaged water supply pipelines and facilities. Faucets and pipeline valves are regularly checked and replaced if damaged to prevent water dripping and leak. We forbid staff to leave the faucet on.

🔗 Promoting the application of water conservation technologies

We promote the application of water conservation technologies. Specifically, we have upgraded water facilities at the coffee & tea corners and toilets, phased out water utensils that fail to meet national standards, and installed water-saving faucets and toilet flush systems that meet national standards. In terms of greening, we increase the use of recycled water. We also encourage employees to recycle water when possible, to develop the good habit of water conservation and increase the water utilization rate.

Total water consumption in 2021



18,567.1 tons

Water consumption per capita

24.96 tons

Waste Management




We continue to strengthen the standardized management of office waste. To this end, we have promoted waste sorting, and raised employees' awareness of it, to effectively reduce waste pollution, and improve the efficiency of resource utilization.

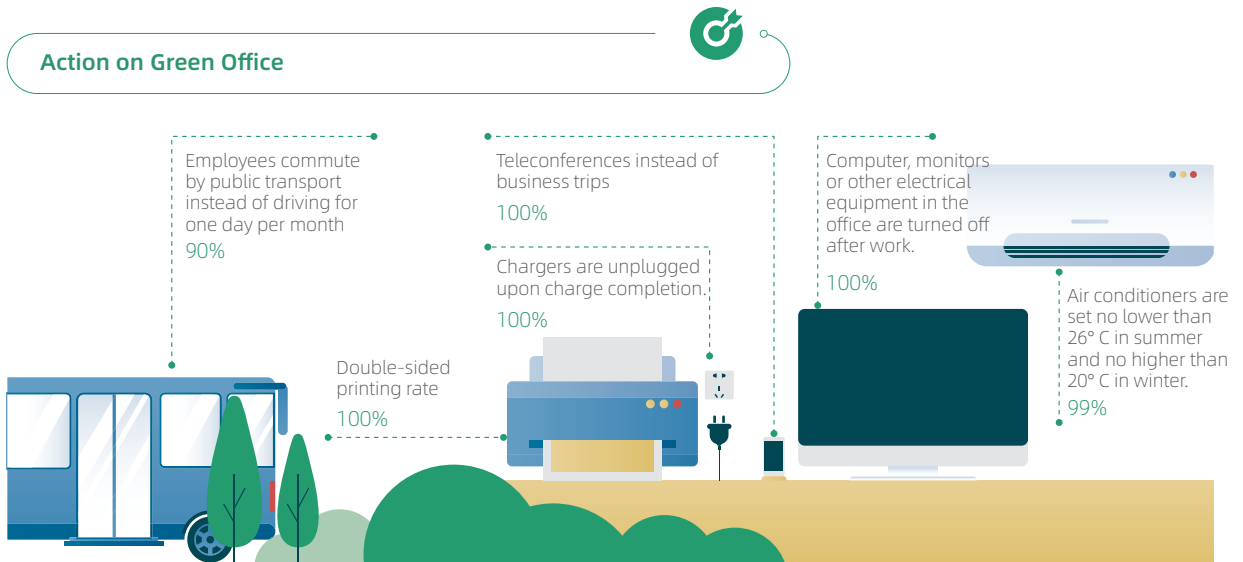
Type of waste	Main sources	Treatment methods
 <p>Non-hazardous Waste</p>	Printing paper, domestic waste	Employees are asked to sort the waste before putting it into corresponding trash bins. The recyclable waste will be recycled and transferred to suitable sites for subsequent treatment; and biodegradable organic materials such as paper, glass, food will be recycled.
 <p>Hazardous Waste</p>	Waste toner cartridges and ink cartridges, etc.	<ul style="list-style-type: none"> ○ Recycling: Over 90% of waste toner cartridges have no physical damage and can be reused by adding toner after replacing the wafer. ○ Harmless dismantling: We dismantle toner cartridges that cannot be used any more in a harmless way to recover the metals, plastics and other materials. ○ Pollution prevention and control: For the toner that has lost its use value, we conduct professional treatment to prevent the toner from entering the air, soil or waters to cause damage to nature, humanity and animals.



Green Office

We advocate building a green office environment and give priority to the use of recyclable office supplies, which save resources and reduce pollution. And we guide our employees to practice energy conservation and green office to improve the office environment and support the Company's sustainable development.

 <p>Creating an atmosphere for energy conservation</p> <p>Environmental protection slogans are put up in the office area. Moreover, the energy conservation awareness week under the theme of "Lucid Water & Lush Mountains, Energy Conservation & Efficiency Improvement" is organized. Through these efforts, we call on our employees to make the most of resources in everyday life and work.</p>	 <p>Promoting resource conservation</p> <p>We advocate green office, and nudge employees to actively save energy, water and sort domestic waste to help build a zero-pollution and zero-emissions workplace.</p>	 <p>Building a green office environment</p> <p>We strive to build a green, low-carbon, environmentally friendly and efficient office environment. Efforts are made on the selection of building materials, office design, sourcing of office supplies, etc., so as to achieve energy conservation and ecological protection in office buildings.</p>
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Advancing the Development of Green Industries

In response to the national strategies of new energy development, we leverage the Company's resource advantages to build the VAST Smart Integrated Energy Platform, providing end users with customized integrated energy solutions and integrated energy services. With these efforts, we meet customers' demand for safe and stable supply of clean, low-carbon, economical and high-performance energy.

Tap water service

We have cooperated with the Longhe Park Management Committee to solve the outstanding tap water problem in the park, and connect the park to the water pipeline network of the South-North Water Transfer Project, to protect groundwater sources.

Reclaimed water service

The design scale of the high-quality reclaimed water project in Longhe Park is 40,000 m³/d, which will be constructed in stages based on changes in water volume. After put into operation, the project is expected to have a reuse rate of renewable water over 60%, and save 7.3 million m³ of fresh water annually, which will improve the water ecology and generate remarkable environmental benefits.



Renderings of the high-quality reclaimed water facility in Longhe Park

Decentralized PV service

Existing photovoltaic projects are running stably. By enhancing defect elimination management of electrical equipment and PV component facilities at PV power plants, we have improved power generation efficiency and achieved efficient operation, with the operation failure rate of less than 5%. We plan to add approximately 500 kW of decentralized PV in 2022.

Jointly Building a Better Life

Employee social security coverage rate

100 %
○

Average paid leaves per employee

13 days
○



Our Challenges

The Fifth Plenary Session of the 19th CPC Central Committee put forward the guideline of "meeting the fundamental goal of satisfying the people's growing needs for a better life". As a major player in social and economic activities, enterprises shall seriously consider how to help employees realize personal value and build a better society for all.

Our Practices

We protect the fundamental rights of our employees and strive to create a safe, equal and inclusive workplace for them. We offer competitive salaries, benefits and capacity building opportunities, value employees' feelings inside and outside the workplace and seek common development of the Company and employees. Meanwhile, we actively participate in community development, volunteer services and other charitable activities, to contribute to the wellbeing of local residents.

Key Topics

- Employment in compliance with laws and regulations
- Spurring overall urban benefits
- Supporting employee development

Total donations
RMB **1,097,000**



Growing with Employees

Talented personnel are the core competitiveness of an enterprise. We continue to improve the human resources management system and adhere to the principles of fairness and justice in recruitment. We spare no effort to protect employee rights, offer unimpeded promotion channels and create a safe and healthy workplace for our employees.

Employee Rights

In strict compliance with governing laws and regulations, we have formulated company policies to ensure legal compliance in recruitment and employment. Moreover, we have standardized recruitment workflow and requirements, provide fair and reasonable employment opportunities, and conduct democratic management so as to create a fair, just, diverse and inclusive workplace.

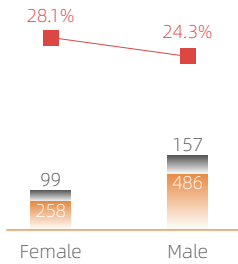
📌 Employment overview

We strictly abide by the governing Chinese laws and regulations, such as the *Labor Law* and the *Labor Contract Law*. According to the *Administrative Measures for Recruitment*, we recruit and select competent personnel while ensuring the fairness of the recruitment process and results. We organize multi-level reexaminations and background check before giving candidates the offer. We respect every job applicant and forbid child labor, forced labor and other illegal employment behavior. In 2021, 100% of the employees signed the labor contract.

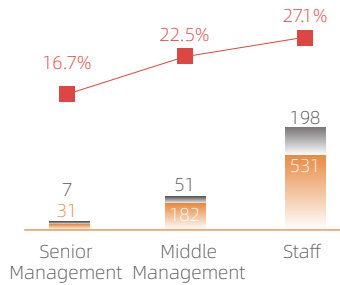
Total Number of Employees and Employee Turnover Rate

■ Number of Employees
 ■ Number of Employees Resigned
 ■ Employee Turnover Rate (%)

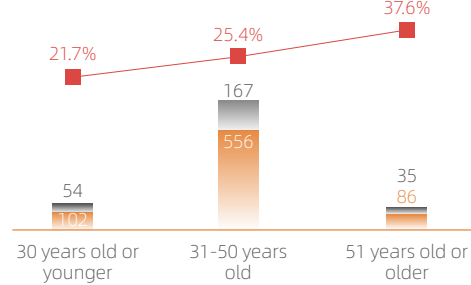
By Gender



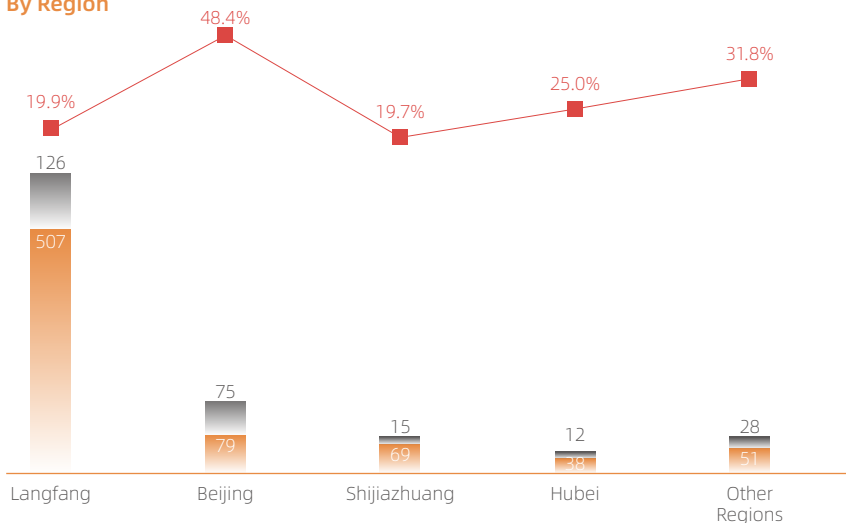
By Rank



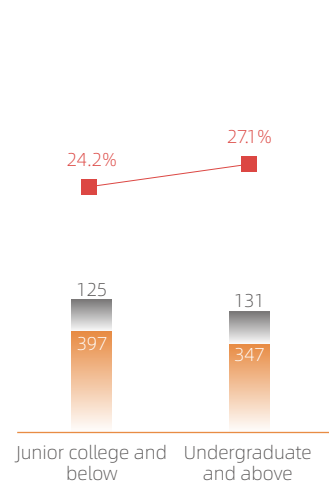
By Age



By Region



By Educational Background



Note: Employee turnover rate = Number of employee resignations and dismissals/(total number of employees at the beginning of the year + number of new recruits) *100%

Equal employment

We advocate equal employment. When employees are appointed to posts or assigned to work, we treat all employees equally and make no discrimination against their gender, age, ethnicity, race, nationality, place of birth, religious belief, sexual orientation, political affiliation, marital status, etc.. At the same time, we endeavor to promote workplace diversity and offer jobs to people with disabilities. In 2021, we recruited six people with disabilities, a result of two-way selection, to meet the actual working needs.

Compensation and benefits

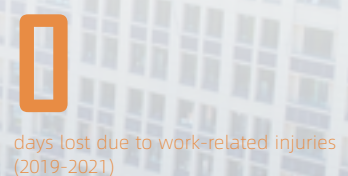
We pay social security and the housing provident fund for employees in strict accordance with national policies. Moreover, we offer paid leaves and other benefits, including statutory holidays, maternity leave, prenatal checkup leave, paternity leave, bereavement leave, breastfeeding leave, wedding leave, etc. On special holidays and festivals, we give away holiday gifts to our employees. All these efforts are to protect employees' vital interests.

Democratic management

We have built a sound system of democratic management, democratic decision-making and democratic oversight. We hold the workers' congress on a regular basis and adopt online communication measures such as Advice Express to ensure that employee complaints are timely and effectively handled. The flat organizational structure ensures smooth communication between the management and staff.

Caring for occupational health

We abide by the *Labor Law* and other governing laws and regulations on occupational safety and health in China. We respect employees and protect their occupational health and safety. Specifically, we have installed makeup air systems and air purifiers in some office areas, and set up fitness areas, tea lounges and breastfeeding rooms, striving to provide a nice and cozy workplace for all employees. Moreover, we have organized a series of firefighting and safety trainings.



Employee Growth

We continue to improve the employee training mechanism and actively organize employee training that meets the needs of various positions to improve employees' capabilities. We clarify promotion channels, optimize incentive systems, and fully stimulate employees' enthusiasm for self-learning and self-improvement.

30

employees promoted from within

105

participants of orientation training

Orientation training coverage rate

100%

Career promotion channels

We have formulated a detailed personnel training plan and a reasonable promotion system and mechanism. We prioritize internal talent flow. When there is a vacancy, we will transfer suitable employees by taking into account the candidates' career development plans and the requirements of the vacant position, to avoid waste and loss of human resources. We evaluate employee performance from multiple perspectives, and help them grow in a faster and better way.

Employee training

We continue to strive for building a learning-oriented organization that honors sharing, mutual assistance and integration. Moreover, we have built a scientific and reasonable training system for employees, improved it constantly, and organized effective occupational skills training to promote employee development across the board.

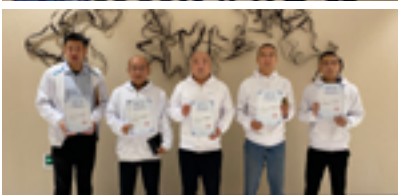
Orientation training

We attach great importance to the orientation training of new recruits. Despite the COVID-19 impacts, we organized the 2021 "Set Sail" orientation training camp at the headquarters and on virtual platforms. In the camp, we held lectures and interactive activities to help new recruits understand the Company's history, policies, corporate culture, workflows, and anti-corruption system, etc., helping them quickly fit into the team and getting them ready for the job as soon as possible.

Case

The 2021 "Set Sail" orientation training camp

On October 15, 2021, the "Set Sail" orientation training camp was held at the Langfang headquarter. The training sessions covered the Company's history, corporate profile of Real Estate Group, company policies on human resources, administration, finance and information, as well as the anti-corruption system and mechanism, etc. The training helped employees learn more about the Company and its business units and about each other, enhance team cohesion and got them for the job as soon as possible.



Management training

For the middle-level and senior management and core employees, we have organized training on information exchange of key projects and inspection visits to industrial parks. This has promoted the integration of middle-level and top-level resources and effectively improved the ability to sign and implement high-quality industrial projects in industrial parks.

Specialist training

We offer targeted specialist training for employees in different positions. In 2021, we held three workshops for investment promotion staff to share experience, updating them on the latest development trends of the country's industrial economy and clarifying the priorities of investment promotion. Moreover, our Project Management Center, Cost Management Center, and Planning and Design Center conducted specialist training for employees. In time of COVID-19 flare-ups, regional platforms proactively organized online learning courses and experience sharing activities, which effectively improved employees' professional skills.

Employee incentives

We have established a core employee database and kept updating it. We promote and reward employees who have been rated excellent in performance appraisal for four consecutive quarters and those with outstanding contribution to the Company. We have established a sound performance-oriented appraisal system based on the principles of openness, fairness, justice and feasibility, to stimulate employee enthusiasm and help them grow with the Company.

Employee Care

We care for our employees and attach much importance to their health. We have organized a variety of employee activities to promote work-life balance and improve the employees' sense of belonging and happiness.

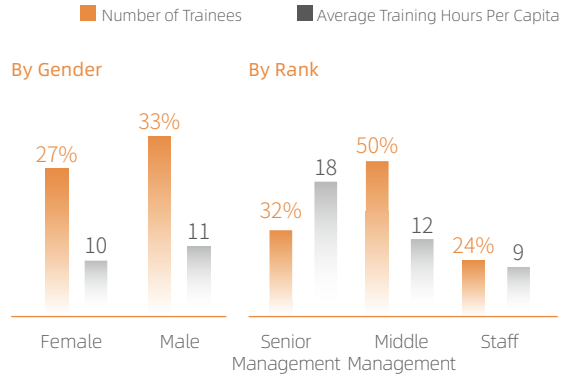
Promoting physical and mental health

Attaching great importance to physical and mental health of employees, we have continuously improved the occupational health and safety management system. Through comprehensive body check and regular face-to-face communication, we keep track of our employees' physical and mental health status. When necessary, we offer employees different levels of psychological counseling service.

Enriching the after-work life

We are deeply aware that team cohesion is the foundation of the Company's development. Together with Langfang Longhe Labour Union and the Labour Union of China VAST Development, we have organized diverse activities for employees on a regular basis, including basketball, rope skipping, badminton and tug-of-war competitions, which provided space for fitness training and prizes.

In 2021, we developed **39** training courses which attracted a total of **993** participants.

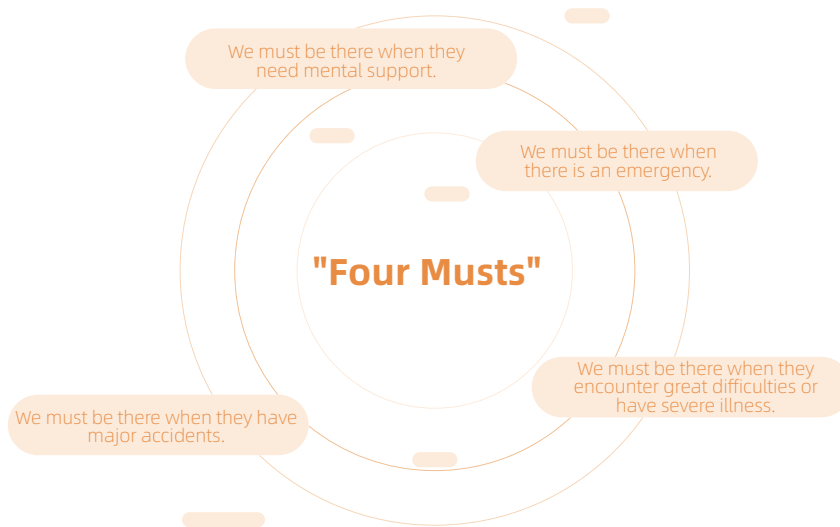


Supporting Community Building

We take the initiative to follow and address social issues and participate in volunteer activities to help disadvantaged groups. Besides, we promote harmony and common development with local communities, and continuously improve community welfare.

Poverty Alleviation and Assistance

We continue to help people in need with concrete actions. To this end, we have established a sustainable and efficient mechanism for close interaction with disadvantaged people and strive to do "four musts" to help solve their difficulties as soon as possible.



1,000+

people who benefited from our support

Multiple measures for poverty alleviation and assistance

We have actively played our role in helping people in need. With a variety of practical measures, we endeavor to help lift the urban disadvantaged people out of poverty and difficulties.



Coordinating resources to provide financial assistance for impoverished people

We actively coordinate social resources and seek assistance from all parties for households in need. Meanwhile, we contact enterprises to subsidize poor families for the transfer of land use rights.



Promoting equal employment

We provide employment support for households in need. We train impoverished people who have the ability to work on flower arrangement and animal breeding, to help them increase income. Meanwhile, we have signed labor contracts with a proportion of poor households.



Providing financial assistance to students in need

We provide financial assistance to students in need so that they won't drop out of school due to poverty.



Repairing houses for impoverished people

We provide funds to repair houses and purchase furniture for impoverished people, so as to improve their living environment and ensure that they live safely with satisfaction.

Case Wholeheartedly helping people in need

The Party's Branch in China VAST Development visiting poor households, bringing them wages and Spring Festival gifts.



Volunteer Services

We actively organize employees to participate in public welfare activities. Our volunteer teams and young Party member teams are active in diverse volunteer activities, contributing to public wellbeing.

Case Supporting Hebei's fight against the COVID-19

Shortly after the New Year's Day in 2021, the COVID-19 spread in some parts of Hebei Province. On January 12, in line with the deployment of the Party Committee and People's Government of Anci District, China VAST Development urgently dispatched 103 people to Longhe Park, assisting the Administrative Committee in nucleic acid RT-PCR tests, on-call service, and meeting people's basic living needs. They completed the PCR tests for 71,679 people in the jurisdiction within 48 hours, and the second round within one day, building solid defense to protect the capital and people's life.

Moreover, our platform company in Gaocheng donated RMB 300,000 to Gaocheng District COVID-19 Control Command Center to fortify the line of defense against the virus for Gaocheng. As a responsible private enterprise, China VAST Development supported local battle against the pandemic. In March 2021, China VAST Development was awarded the honor of model enterprise with great contribution to Langfang's battle against COVID-19 and won the bronze prize of Yanzhao Charity Award from the Red Cross Society of Hebei.



Responsibility Management

Responsibility Culture

Actively implementing ESG management, we have incorporated the ESG philosophy into every part of corporate culture and operation, promoted member enterprises and all levels in the Company to keep it in mind and lived it with deeds to create more values for stakeholders through joined efforts, contributing to sustainable development of society.



Responsibility Governance

We have established the ESG management team, highly engaged by the management, to horizontally coordinate among functional departments and vertically cover all ESG working groups of member enterprises. The team organizes ESG related tasks under the leadership of the Board of Directors.

Board of Directors: Assessing ESG risks, formulating countermeasures, reviewing and approving the ESG report.

ESG working groups: Reporting the progress on ESG projects to the Board of Directors, collecting and summarizing ESG performance index data, and preparing ESG report.

Board Statement:

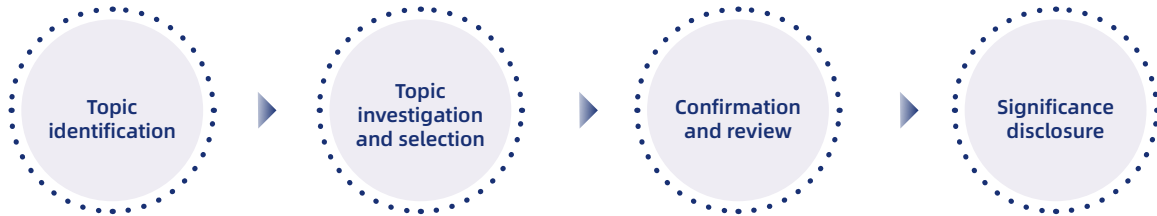
We regularly discuss environmental, social and governance (ESG) issues, review and formulate overall plans for related work in our Board meetings. Moreover, we discuss major ESG risks, evaluate and prioritize them in terms of their impact on business operation, degree of corporate control, impact on society and the public, etc. For identified ESG-related matters, the Board will keep track of the progress.

Stakeholder Communication

Stakeholders	Expectations and Requirements	Communication Channel and Method	Response Measures
 Government	Complying with laws, and implementing policies and regulations Legal compliance, anti-corruption and integrity building Creating more wealth, tax revenue and employment opportunities Improving services	Daily reports and communications Conferences, forums and other communication events	Paying tax according to law Providing life-cycle services for industrial towns through our professional advantages
 Shareholders and Investors	Improving profitability Ensuring preservation and appreciation of assets Improving the risk management and internal control system	Information disclosure Shareholders' Meetings Exchange and visits	Identifying profit growth points Issuing annual reports and announcements
 Customers	Providing quality products and services Operation with integrity Reliable privacy protection	Information disclosure Communication platform	Consistently improving products and services Conducting satisfaction surveys Strengthening privacy protection of customers
 Partners	Operation with integrity Win-win cooperation Exchange and Sharing	Transparent procurement Daily communications Cooperation and sharing	Building a responsible supply chain Standardizing the supplier management system
 Employees	Protecting rights of employees Occupational health and safety Fair promotion and development Employee care	Workers' Congress Routine training Exchange activities	Improving compensation system Providing opportunities and platforms for learning and promotion Enhancing employee care
 Environment	Addressing climate change Energy conservation and emission reduction Waste disposal Biodiversity conservation Pollutant emission reduction Green office	Environment information disclosure Forums and exchange activities	Building low-carbon industrial parks Constructing green buildings Reducing the impact of business activities on the environment
 Communities and the Public	Community development Community communication Promoting rural vitalization	Information disclosure Volunteering activities	Promoting local development to improve the value of the communities Supporting public welfare programs to give back to society

Materiality Analysis

To track the expectations and requirements of stakeholders and identify ESG issues that matter much to the Company, we have analyzed material topics and identified common concerns of the Company and stakeholders. We ensure that the content disclosed in the report manifests major impacts of the Company on economy, environment and society. Moreover, we had effective communication in respond to different expectations of stakeholders.

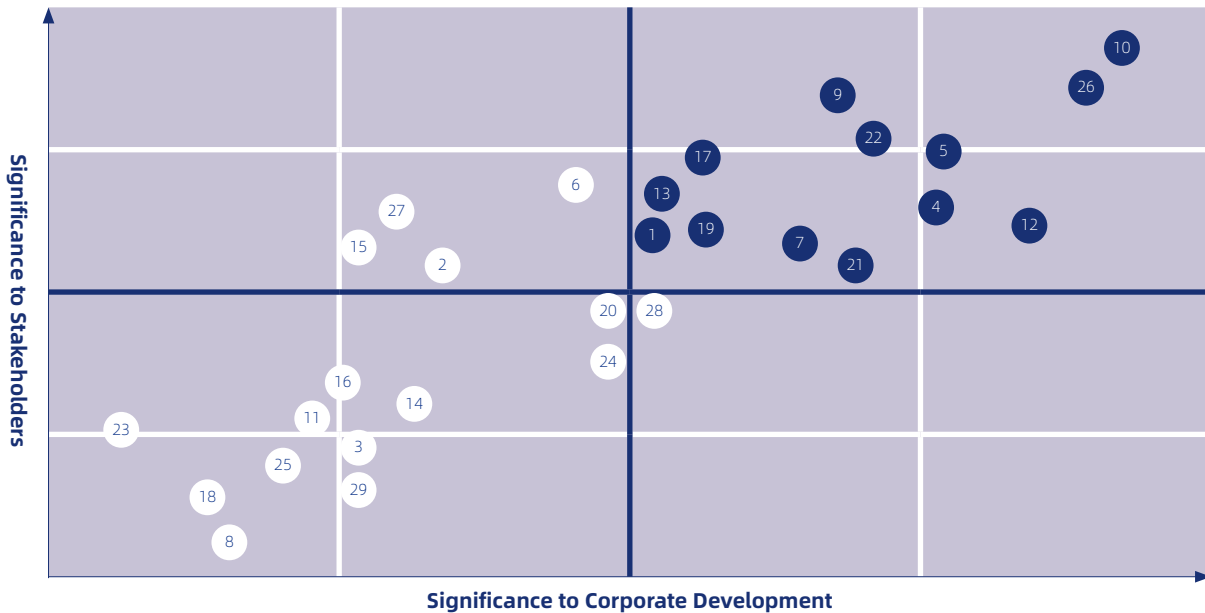


Sort out important matters of the Company on sustainable development together with the concerns of stakeholders; 29 topics were identified.

Carry out questionnaire for internal and external stakeholders and obtain the result of their evaluation of significance of topics.

Management of the Company and external experts shall co-review and confirm the result of significance evaluation.

Collect data on significant topics confirmed and reviewed and disclose them with highlight in the report.



1. Legal compliance, anti-corruption and integrity building	9. Building a responsible supply chain	17. Improving environmental management capability	25. Safeguarding occupational health and safety
2. Improving the risk management and internal control system	10. Conducting strategic cooperation	18. Biodiversity conservation	26. Spurring overall urban benefits
3. Improving corporate governance structure and rules of procedure	11. Enhancing industry-university-research collaboration	19. Implementing green operations	27. Promoting rural vitalization
4. Improving corporate operation and management	12. Developing basic products and accessories	20. Conducting green cooperation	28. Engagement in public welfare
5. Advancing the development of major businesses	13. Providing high-quality services	21. Employment in compliance with laws and regulations	29. Encouraging employees to offer volunteer services
6. Business mode innovation and upgrade	14. Quality control and work safety	22. Supporting employee development	
7. Promoting the coordinated development of regional economy	15. Protecting the rights and interests of customers	23. Advancing democratic management	
8. Developing overseas businesses	16. Addressing climate change	24. Enhancing employees' sense of happiness	

Note: Key topics are marked in blue.

Outlook

Looking ahead into 2022, we are likely to see more severity and complexity in international situation, domestic macro-economy and the real estate industry. Confronted with ups and downs, we will also embrace a turning point toward good changes.

Seizing opportunities, we are ready to set sail. In 2022, we will join hands with our strategic shareholder, China Jinmao, to advance the in-depth integration between city operators and industrial park service providers, boost the development of high-end industries, and strive for stable progress in high-quality development of city operations and regional socio-economic development.

Furthermore, we will continue to respond to the United Nations Sustainable Development Goals by leveraging our advantages to offer quality services for customers, maintain harmonious partnerships, and make contribution to ecological conservation and public welfare.



ESG Figures

Performance Indicators	Year 2019	Year 2020	Year 2021
Jointly Creating Industrial Value			
Total assets (RMB million)	14,394.4	14,771.3	14,611.3
Revenue (RMB million)	2,670.0	2,398.6	1,527.8
Net profit (RMB million)	828.4	844.6	159.0
Total tax payment (RMB million)	523.4	393.0	366.2
Jointly Pursuing Industrial Development			
Major accident and casualty rate	0%	0%	0%
Safe and civilized construction evaluation result (Score)	95	96	96
Percentage of national strategic suppliers signing the <i>Integrity Procurement Agreement</i>	100%	100%	100%
Jointly Building a Green Future			
Carbon dioxide emissions (t)	2,501.3	2,755.6	1,791.5
Annual electricity consumption (kWh)	1,721,975	2,121,633	2,087,333
Annual water consumption (t)	262	167	140
Jointly Building a Better Life			
Total number of employees	938	838	744
Proportion of female employees	36.2%	34.6%	34.7%
Total donation amount (RMB)	3,052,000	5,213,000	1,097,000

Indicator Index

Aspect	Indicator Description	Pages/ Remarks	Description
A. Environmental			
A1: Emissions			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P37/P40	
A1.1	The types of emissions and respective emissions data.	P40/P41	
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	P41	
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	P43	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	P43	
A1.5	Description of emission targets set and steps taken to achieve them.	P40/P41	
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and the steps taken to achieve them.	P40/P43	
A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P41/P42	
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P42	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P42	
A2.3	Description of the energy use efficiency target(s) set and steps taken to achieve them.	P40/P41/P42	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.	P40/P42	
A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	-	Not applicable, the company's business does not involve the packaging material used for finished products.
A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	P41/P42/P43	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P41/P42/P43	
A4: Climate change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P41	
A4.1	Description of significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P41	

Aspect	Indicator Description	Pages/ Remarks	Description
B. Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P47/P48/ P49	
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P47	
B1.2	Employee turnover rate by gender, age group and geographical region.	P47	
B2: Health and Safety			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P48	
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P48	
B2.2	Lost days due to work injury.	P48	
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P48	
B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Descriptions of training activities.	P49/P50	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P50	
B3.2	The average training hours completed per employee by gender and employee category.	P50	
B4: Labor Standards			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P47	
B4.1	Description of measures to review employment practices to avoid child and forced labor.	P47	
B4.2	Description of steps taken to eliminate such practices when discovered.	-	No violations during the reporting period.
Operating Practices			
B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P33	
B5.1	Number of suppliers by geographical region.	P34	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P33	
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P34	
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P34	

Aspect	Indicator Description	Pages/ Remarks	Description
B. Social			
B6: Product Responsibility			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P27/P28/ P29	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	-	No products sold or shipped subject to recalls for safety and health reasons during the reporting period.
B6.2	Number of products and service-related complaints received and how they were dealt with.	P30	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P21	
B6.4	Description of quality assurance process and recall procedures.	P28/P29	
B6.5	Descriptions of consumer data protection and privacy policies, and how they are implemented and monitored.	P30	
B7: Anti-corruption			
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P20	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	-	No corruption lawsuits during the reporting period.
B7.2	Description of preventive measures and whistle blowing procedures, and how they are implemented and monitored.	P20	
B7.3	Description of anti-corruption training provided to directors and staff.	P20	
Community			
B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P51/P52	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P51/P52	
B8.2	Resources contributed (e.g. money or time) to the focus area.	P51/P52	

Feedback Form

Dear Readers:

Thank you for reading the 2021 Environmental, Social and Governance Report of China VAST Industrial Urban Development Company Limited.

To better satisfy your needs, provide you with more valuable information, improve our environmental, social and governance performance, and enhance our ability and standards in fulfilling our social responsibility, we sincerely hope you could provide valued opinions by giving us feedback in the following ways.

Our contact information:

Address: Unit 3708, 37/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

Tel: 852-2912 6300 Fax: 852-2886 3739

Optional questions: (Please tick in the corresponding boxes ✓)

1.What do you think about this Report in reflecting the Company's environmental, social and governance performance and its significant impact?

Very Good Good Fair Bad Very Bad

2.What do you think about the clarity, accuracy, and completeness of information and indicators disclosed in the Report?

Very Good Good Fair Bad Very Bad

3.What do you think about the content arrangement and style design of the Report?

Very Good Good Fair Bad Very Bad

Open questions:

1.Which parts of the Report are you most interested in?

2.What information do you think should be reflected but not included in the Report?

3.Do you have any suggestions for our future ESG Reports?

China VAST Industrial Urban Development Company Limited
2021 Environmental, Social and Governance Report

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This report is made with environmentally friendly paper.