



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2021

寶龍地產控股有限公司

POWERLONG REAL ESTATE HOLDINGS LIMITED
(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Stock code: 1238

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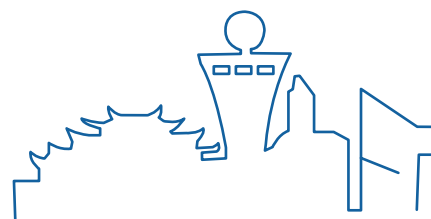
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About the Report



Powerlong Real Estate Holdings Limited (the “**Company**” or “**Powerlong**”) (stock code: 1238.HK) and its subsidiaries (collectively the “**Group**”, “**we**” or “**our**”) are pleased to issue its sixth Environmental, Social and Governance Report (the “**Report**”).

The Report details the latest performances of the Group in terms of environmental, social and governance (“**ESG**”) aspects in 2021, and its future planning and goals. The Report mainly covers the major business segments of the Group, including property development, property investment, commercial operation and residential property management, and other property development related businesses. The Group also endeavours to disclose all available key performance indicators (“**KPI**”) in the Report with supplementation of descriptions, thereby establishing baselines, and facilitating comparisons. For details of Powerlong’s businesses, please refer to Powerlong’s Annual Report 2021.

Reporting Period and Scope

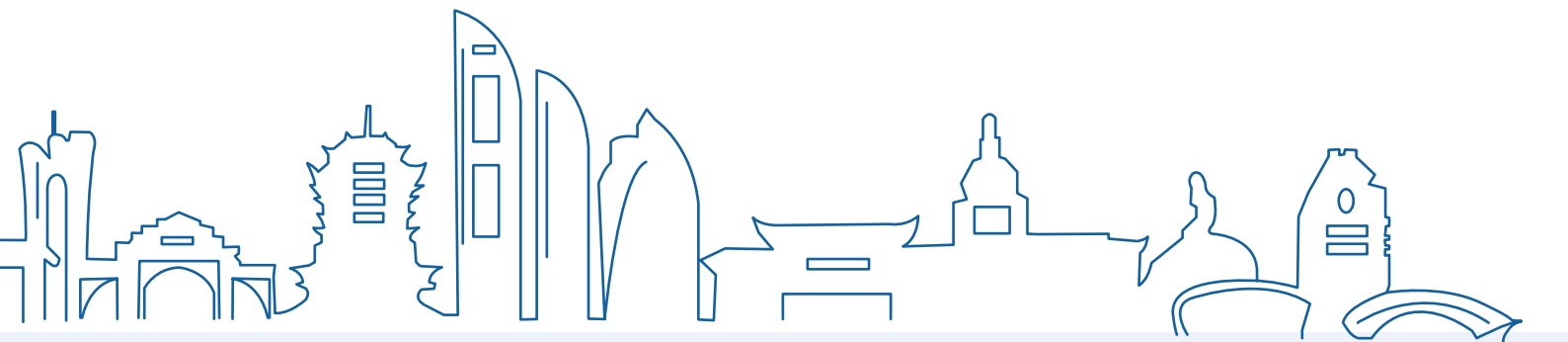
Unless otherwise stated, the Report covers the period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**”), with the time period for relevant parts of the Report suitably extended. The reporting content in the Report is based on the principle of operational control, which covers all business segments under the Group.

Reporting Guideline

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) under Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and based on the reporting principles of materiality, quantitative, balance, and consistency. The disclosure in the Report complies with the provisions of “mandatory disclosure requirement” and “comply or explain” set out in the ESG Reporting Guide issued by the Stock Exchange.

In the course of preparing the Report, the Group applied the reporting principles in the aforementioned ESG Reporting Guide as the following:

Materiality: Materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the Report. The details can be found in the chapter “ESG Management” of the Report;



Quantitative: The standard and methodologies used in the calculation of relevant data in the Report, as well as the applicable assumptions were disclosed; and

Consistency: The preparation approach of the Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

Reporting Declaration

The Group attaches great importance in the materiality, balance, and consistency of the Report. The Report comprehensively introduces the philosophy and policy, as well as the management process of ESG related issues of Powerlong. The Group ensures the reliability, authenticity, objectivity, and timeliness of the Report. By publishing the Report, the Group looks forward to enhancing the communication and collaboration with its stakeholders, and further promoting the sustainable development of the Group in terms of environment, social and economy. The disclosure content of the Report is mainly determined based on the materiality assessment and stakeholder engagement. Please refer to the chapter "ESG Management" for details of the process.

Confirmation and Approval

The Report was reviewed, confirmed, and approved by the Board (the "**Board**") of directors (the "**Directors**") of the Company on 29 March 2022.

Report Availability and Feedback

The electronic version of the Report can be accessed and downloaded at the website of the Stock Exchange (www.hkexnews.hk) and the Group's website (www.powerlong.com).

You are welcome to provide comments and suggestions on the Report or the Group's ESG work through email at boardteam@powerlong.com.



Chairman

Mr. Hoi Kin Hong

Preface

Following market upsurge in the first half of 2021 and the deep adjustments in the second half of the same year for the real estate industry and faced with the new market opportunities and challenges, the Group has assessed the situation based on its own development needs, and has rolled out a policy of “generating intrinsic value and attaining perfection” in realizing the notion of “fully benchmarked, zero inventory, sound operation and strong elements” for its operation and management. From within the enterprise, the Group will excavate more areas for value enhancement and business growth. The Group will hold firm to principles of quality and responsibilities, foster the optimization and upgrade of products and services, and support the steady, healthy and sustainable development of the industry. As at 31 December 2021, the Group had developed, owned and operated 220 real estate projects, owned and managed 59 commercial plazas, managed 8 asset-light projects, owned and managed 8 international brand hotels and 12 self-owned brand chain hotels. Its commercial projects cover three series ranging from “Powerlong One Mall”, “Powerlong City” to “Powerlong Plaza”, while its residential projects cover various formats including middle- and high-class commodity housings and villas, complemented by high standard office buildings and hotel projects with comprehensive service support. With its multidimensional and diversified business scope, Powerlong has been improving the retail supporting facilities in and thereby enhancing the quality of local cities.

During the year ended 31 December 2021, the Group recognized a revenue of approximately Renminbi (“RMB”) 39,902 million and profit attributable to owners of the Company of approximately RMB5,992 million, representing a year-on-year increase of approximately 12.4% and decrease of approximately 1.7%. Rental income from investment properties and income from provision of commercial operational services and residential property management services totalled to approximately RMB 3,708 million, representing an increase of approximately 14.6% as compared with the corresponding period in 2019. Basic earnings per share was RMB144.7 cents. The Board recommended the payment of a final dividend (with scrip option) of HK10.0 cents per ordinary share for the year ended 31 December 2021. Together with the interim dividend of HK18.0 cents per ordinary share for the six months ended 30 June 2021, the total dividend for the year ended 31 December 2021 amounted to HK28.0 cents per ordinary share.

The Group continued to support green development in 2021. As a real estate development and urban complex operator in China, the Group not only abided by local and national environmental laws and regulations, but also proactively introduced the concept of green building into project construction and development. As of the end of the Reporting Period, the Group's certified green building gross floor area (“GFA”) has cumulatively reached 11,339.11 thousand square metres.

As a responsible enterprise, the Group continued to focus on its mission in 2021, actively undertook social responsibilities, and as a member of society, played the role of “corporate citizen” and contributed to the development of society and the community. The Group took efforts and made investments at various levels, ranging from arts, culture, sports, poverty alleviation to rural revitalization, to provide support for the material and spiritual life of surrounding communities and the public, and to contribute to social development. In 2021, regarding the COVID-19 pandemic (“COVID-19” or the “pandemic”), China entered the process of dynamic zero pandemic policy and normalised control of the pandemic. During this process, the Group actively and unrelentingly cooperated with the local government and strictly implemented corresponding measures to ensure the health and safety of employees and customers and make efforts to ensure the normal operation of the society.

As an enterprise and a member of the Chinese nation, the Group will practice the collaborative development between corporate growth and quality improvement and national policies, promote harmonious coexistence between the environment and society, and continue to support social welfare and charitable causes to contribute to the sustainable development of society and improve people's quality of life.

The Group will adhere to the corporate mission of “Creating Space Full of Love”, follow the corporate values of “Simple, Truthful, Prosper Together, Forward Forever”, and continue to live up to the corporate philosophy of “Honest, Modest, Innovative and Devoted”. It will firmly gather the wisdom and power of all fellow folks of Powerlong, to build the Group into a responsible enterprise.



Group Overview

The Group's industrial operations have continued to expand, forming a collaborative development pattern of property, commercial and property management services, hotels, culture and arts and other diversified industries. On 14 October 2009, the Company was listed on the Main Board of the Stock Exchange. On 30 December 2019, Powerlong Commercial Management Holdings Limited (9909.HK) ("**Powerlong CM**"), a subsidiary of the Company, was successfully listed on the Main Board of the Stock Exchange, as the first service provider in commercial management and operation on the Stock Exchange that operated based on an asset-light model.

The successful development of the Group is attributable to the innovative vision of the chairman of the Board, Mr. Hoi Kin Hong, who has instilled his insights and visions since the beginning of the Group's corporate development and driven its evolvement along the way. Adhering to the corporate mission of "Creating Space Full of Love", and upholding the corporate values of "Simple, True, Mutual Benefit and Endless Progression", the Group will continue to uphold the belief of "Honest, Modest, Innovative, Devoted", to build the Group into a well-respected, century-lasting, and world-leading operator of city space, and create values for the society, its customers, shareholders and employees.



Prudent Operation

As of 31 December 2021, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operation and residential property management; and (iv) other property development related businesses. During the Reporting Period, property development remained as the main revenue stream of the Group.

Property Development

As of 31 December 2021, the Group had 220 projects across China, including 158 projects in the Yangtze River Delta, accounting for 71.8 % of the Group's portfolio nationwide. With the Group's precise planning in strategic key cities, value investment with reasonable costs, perseverance in diversified expansion, the Group keeps extending in resource integration and strategic cooperation with leading enterprises in the industry. As of 31 December 2021, the Group had a land bank amounting to a total GFA of approximately 36.5 million square metres.

Property Investment

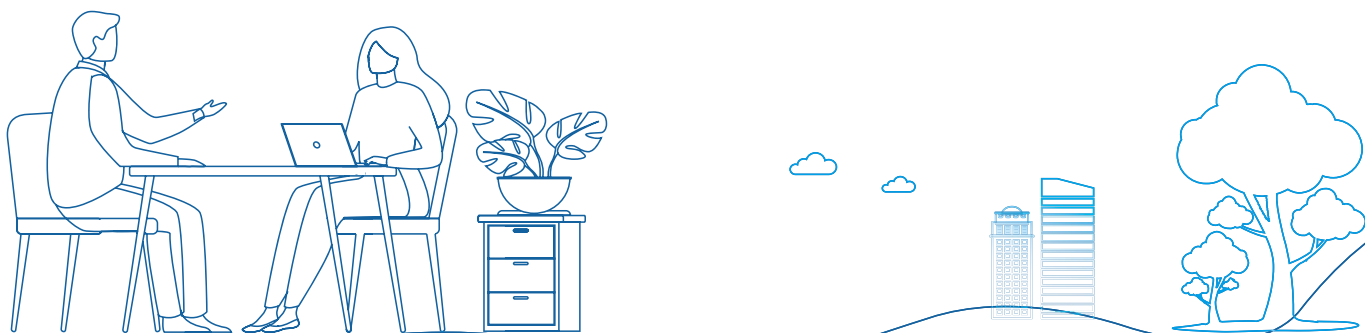
As of 31 December 2021, the Group held investment properties, mainly shopping malls, with a total GFA of approximately 7,286,508 square metres.

Commercial Operational Services and Residential Property Management Services

The Group provides commercial operation and residential property management services to the projects developed by the Group and other third parties. For commercial operation service, it includes market positioning and business tenant sourcing services, commercial operation and management services and other value-added services. For residential property management service, it includes pre-sale management service, property management service and community value-added services.

Hotel Business

The Group continued to develop its hotel business as a source of long-term recurring income, including the core businesses of international branded hotels and self-owned branded chain hotels. As of 31 December 2021, the Group owned and managed 8 international branded hotels and 12 self-owned branded chain hotels.



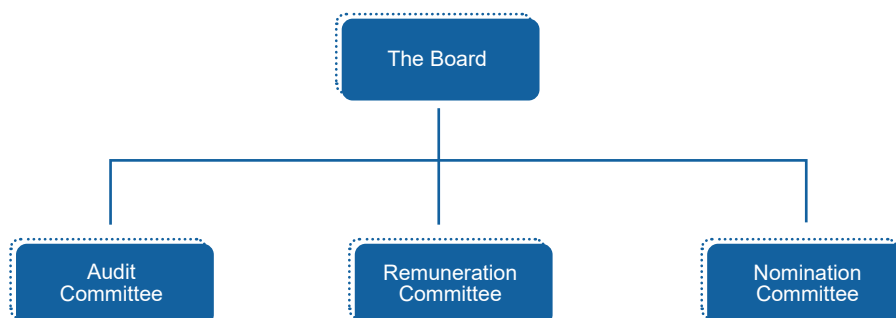
Corporate Governance Structure

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. Powerlong has complied with all applicable code provisions as set out in the Corporate Governance Code as amended from time to time under Appendix 14 of the Listing Rules as its own corporate governance code.

As the supreme governing body of the Group, the Board is ultimately responsible for the Group's business operation and sustainability initiatives. During the Reporting Period, the Group had three Board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), and the nomination committee (the "**Nomination Committee**"), for overseeing particular aspects of the Group's affairs. The Board currently consists of nine members, with five executive Directors, one non-executive Director and three independent non-executive Directors, leading and managing the Group to seize and handle the risks or opportunities brought by sustainable development. All Board committees are established with defined written terms of reference approved by the Board, which set out the Board committees' respective duties. The terms of reference of the Board committees are reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Group and are available on the websites of the Stock Exchange and the Group for the review of shareholders. The Board is also responsible for ensuring the comprehensiveness and effectiveness of the Group's risk management and internal control systems and monitoring the implementation of various risk management policies and measures, as to identify, evaluate and manage the risks arising from the Group's business operation, including sustainability issues.

The Company has adopted a nomination policy which sets out the selection criteria and procedures when considering candidates to be appointed or re-elected as Directors. This nomination policy aims to nominate suitable candidates to the Board. The Nomination Committee shall identify suitable Board candidates and make recommendation to the Board, after assessing several factors of a candidate, including but not limited to, character for integrity, accomplishment, experience and reputation in the real estate and other related industries, commitment in respect of available time and attention to the Group's business, independence of proposed independent non-executive Directors and diversity in all aspects. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting. The Nomination Committee will review the nomination policy and recommend revision, as appropriate, to the Board for consideration and approval.

The Board has adopted a Board member diversity policy setting out the approach to achieve diversity on the Board members and any measurable objectives that the Company has set for implementing the policy. The Company considered diversity of Board members can be achieved through consideration of a number of aspects and measurable objectives, including but not limited to gender, age, ethnicity, language, cultural and educational background, professional experience, skills and knowledge. All Board appointments are made based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates is based on a range of diversified perspectives. The ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board. As of 31 December 2021, the ratio of male to female Board members of the Group is 7:2.



While promoting continuous expansion of businesses, a well-established governance structure also allows the Group to combine the concept of sustainability into daily operation, so as to create values for the environment, society, and stakeholders. The Group proactively understands the needs of clients to provide diversified and customised services for clients; insists on technological innovation to develop smart communities with wide application of intelligent technology and improve user experience; remains people-oriented at all times and attaches great importance to the physical and mental health, and career development of employees, so that every employee can get a sense of achievement; the Group actively fulfils corporate social responsibility, organises and participates in various community, cultural and art activities and coordinates the construction and development of surrounding areas of projects; advocates environmental awareness, builds green and low-carbon communities and business circles; and enhances communication with suppliers and contractors to foster an open and transparent business environment for promoting the sound development of the industry.

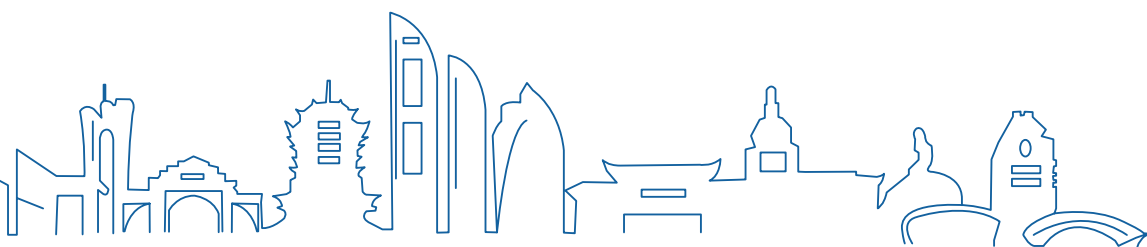
The Company believes that effective corporate governance is a key factor in bringing more value to shareholders. The Board continues to review and improve the Group's corporate governance practices from time to time to ensure that the Group, under the effective leadership of the Board, maximises returns to shareholders.

Risk Management and Internal Control

The Board is responsible for supervising and maintaining the Group's sound and effective risk management and internal control system and review the efficiency of the risk management and internal control system through the Audit Committee.

Senior management is responsible for managing the Group's risk management plan to ensure Powerlong's business operation aligns with the Group's risk management policy based on the changes in the environment and the Group's risk tolerance. Senior management is responsible for the risks arising from the Group's operation, including the alignment of the business strategies with the Group's risk management concept and culture and relevant policies and procedural requirements. The Audit Committee is responsible for the annual risk reporting through the Group's internal audit department. The Group attaches great importance to the construction and maintenance of the integrity of the Group's internal environment, and has established a supervisory department, which is specifically responsible for supervising and auditing risks in corporate operation. The supervisory department is led directly by Mr. Hoi Kin Hong, the chairman of the Board. Members of the internal audit department meet with senior management regularly to review and evaluate risks and discuss the way forward in resolving major defects of the internal control system, including making relevant changes and finalising the results for the re-evaluation of various risks and the formulation of corresponding response plans.

During the Reporting Period, the Group also actively responded to ESG risks, incorporating ESG matters into the consideration of its corporate development strategies. The Board is responsible for the formulation, update, and reporting of the Group's ESG strategies, as well as for the assessment and determination of ESG risks to ensure the effectiveness of the ESG risk management and internal control system. The Group actively carried out the process of identification and assessment of ESG-related risks, and based on this, further considered the management and response to ESG risks to ensure the stable development of the enterprise. During the Reporting Period, the Group conducted the assessment on ESG-related risks and invited the responsible persons of relevant departments to assess the identified ESG risks and determine the impact of ESG risks on the Group's operations and business. In the Reporting Period, 19 ESG risks in terms of environmental, social and technological aspects were identified, and the Group has included all risks in its risk inventory and further analysed the risks using risk priority number ("RPN") and risk matrix. Among all identified ESG risks, 7 of them were determined as risks with high importance to the Company, including infectious diseases, lack of human resources, biodiversity loss, policy changes, climate change and extreme weather events, product quality or safety accidents, and natural disasters. For the identified risks, the Group has put forward targeted measures to manage the risks. In the future, the Group will continue to improve ESG risk management and have further consideration on prevention measures of related risks and integrate the measures into the existing risk management and internal control system of the Group.



Upholding Integrity

The Group expects every employee to be able to remain true to their original aspirations and embody integrity and self-discipline during daily operation. The Group has formulated the Employee Integrity and Self-discipline Rules and the Powerlong Properties Accountability Rules and Regulations according to relevant laws and regulations and the Group's actual situation, and resolutely resists any forms of bribery, extortion, fraud and tax evasion, money laundry and other malpractices. The Group strictly complies with laws and regulations in its operation locations related to prevention of bribery, extortion, fraud, and money laundry. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in the chapter "Laws and Regulations that the Group has Complied with During the Reporting Period" of the Report.

New employees are required to undergo training related to integrity and self-discipline upon joining the Group. All personnel above the department manager level, and the employees of the procuring and the tendering department, are required to sign the Employee Self-discipline Commitment. Meanwhile, all relevant suppliers and contractors of the Group are required to sign the Integrity and Law-Abiding Commitment before bidding and undertaking any business.

In addition, the Group also provides clear internal complaint and reporting channels (including internal reporting hotlines and mailboxes), a petitioning system and ensures the independence and confidentiality of the petitioning process, to protect the safety and smoothness of employee complaint and reporting channels. The Group has established a dedicated reporting platform "Sunshine Powerlong" to further expand reporting channels, encouraging employees to report corruption involving bribery and other acts, strengthening mutual supervision within the Group, and giving whistle-blowers certain bonus incentives subject to certain situations. The Group has also formulated relevant internal audit management policies to stipulate the processing of reporting. During the Reporting Period, the Group has set up a marketing supervision post to strengthen the internal control and supervision of the marketing line. The Group formulated the Management System for Supervision Post in Marketing Line, and Assuming Full Responsibilities of Signing and Approving by Supervision Post. At the same time, the Group reviewed relevant policies and updated the Compilation of Internal Audit Management System of Powerlong Properties (2021 A version) and implemented the procedures for accepting and investigating reported information based on the policy.

The Group has established a protection policy in accordance with relevant laws to protect employees who report crimes and ensure that the whistle-blower will not be subject to unlawful retaliation or discrimination due to his or her lawful reporting behaviour or participation in relevant investigations. If an employee believes that he or she has been subjected to any of the aforesaid unlawful retaliation or discrimination, he or she may file a complaint through the aforesaid reporting procedure and the Group will deal seriously with any person who retaliates or discriminates against the employee. During the Reporting Period, the Group did not receive any cases of irregularities or corruption proceedings against the Group and its employees.



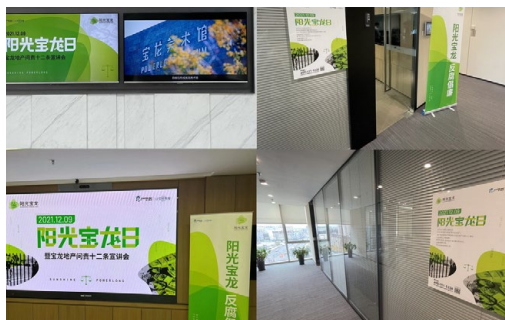
Case Powerlong was awarded “the Most Influential Team in Anti-fraud” issued by Guangdong Enterprise Institute for Internal Controls

In February 2021, Powerlong was awarded “the Most Influential Team in Anti-fraud” issued by Guangdong Enterprise Institute for Internal Controls. The Group actively participates in activities relating to anti-fraud and has established the integrity brand “Sunshine Powerlong”. The Group has also organised a series of promotional activities to raise employees’ awareness of integrity. In the activities, employees signed the Integrity Convention of Powerlong Group, made a commitment to protect the fairness, equality, and transparency of the working environment of the Group. The work of the Group regarding anti-fraud have been acknowledged, and the Group was awarded “the Most Influential Team in Anti-fraud” by Guangdong Enterprise Institute for Internal Controls after evaluation and selection.

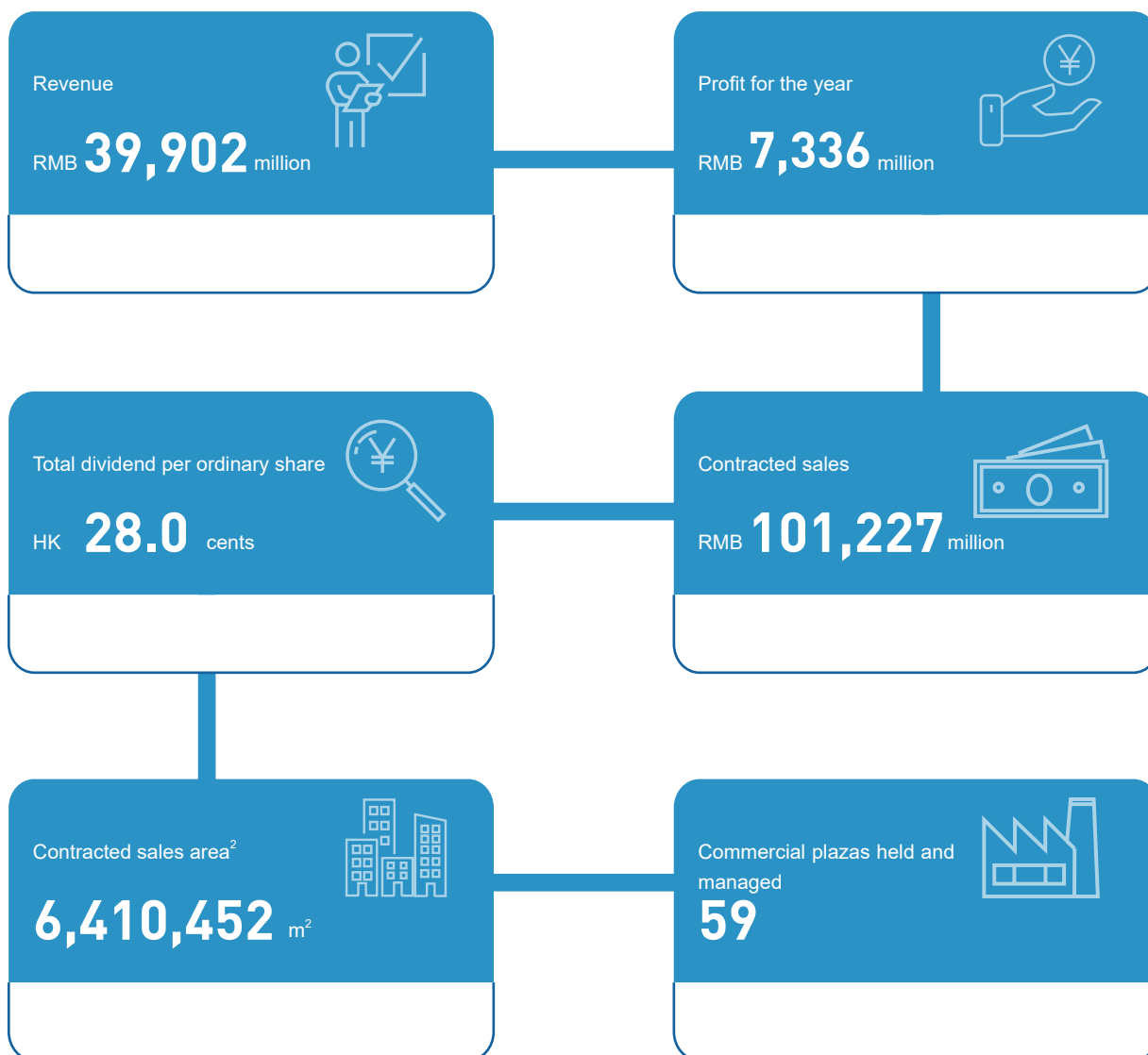


Case The “Sunshine Powerlong Day” was successfully organised

On 9 December 2021, at the “International Anti-Corruption Day” set by the United Nations, the Group successfully carried out the “Sunshine Powerlong Day”. The Group organised the “Sunshine Powerlong Day and Powerlong 12 Sessions of Accountability Seminar” on that day, which both the Board and the employees participated in to raise their awareness of being integrity. At the event, the responsible personnel of the supervision and inspection department of the Group introduced the Sunshine Powerlong brochure updated in 2021 and introduced the following promotion activities and materials. In the event, the Group officially released the Powerlong Accountability Rules and Regulations, which introduced in detail the categorization of the extent of behaviours to required accountability, corresponding punishments and specific directions of accountability for violations or duty dereliction of different extents and standardised the judgment and processing of violations or duty dereliction. The Chief Executive Officer (“CEO”) of the Group, Mr. Hoi Wa Fong made important guidance and emphasized in the meeting that the integrity issues need joint efforts from supervision and inspection department and other departments. He also stated that during the enterprise operation, fairness should be specifically focused on, and the execution of all parties should be promoted. In the future, accountability should be highly related to the assessment of excellent and promotion of employees. In the end, Mr. Hoi Wa Fong made an outlook on the future development of the Group.



Financial and Operational Highlights¹



The Report presents a summary of the financial and operating results of Powerlong during the Reporting Period. For details, please refer to Powerlong's Annual Report 2021.

¹The relevant data of the Group during the Reporting Period are listed here.

²Refers to the contracted sales area of the Group together with its associates and joint ventures.

Chronology of the Year, Awards and Honours³

March
2021

In the China Top 100 Real Estate Enterprises Research Results Announcement Conference, the Group was listed in the “2021 China TOP 100 Real Estate Developers” and ranked 41 on the list, realising the goal of ranking in the top 50 for 14 consecutive years. In the conference, the Group was also awarded the “2020-2021 China Real Estate Poverty Alleviation Benchmarking Developers” and “2020-2021 China Real Estate Developers with High Social Responsibility”.



In the 2021 China Real Estate TOP500 Evaluation Results Announcement Conference, the Group was awarded the “2021 TOP 10 of Social Responsibility of China Real Estate Developers” and ranked No.2 on the list.



³This part listed part of the significant business achievements and honours that the Group has obtained during the Reporting Period.

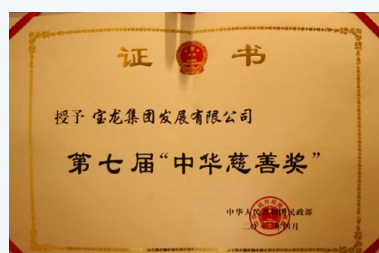
April
2021

Powerlong Museum was awarded as the Golden Star Award's Top 10 Organisation by "National Arts Magazine".

On 5 April 2021, the CEO of Powerlong, Mr. Hoi Wa Fong, donated RMB100 million to his alma mater Xiamen University, and established the "Xiamen University Hoi Wa Fong Education and Development Fund" to contribute to the construction and development of education in Xiamen University.



The Group was awarded the 7th China Charity Award issued by the Ministry of Civil Affairs of the People's Republic of China ("PRC"), which is the highest honour for charity from the national government.



In the 16th "China Hotel Starlight Award Ceremony" held on 1 April 2021, the hotel brands of the Group received various awards. The hotel brand "JUNTELS" was awarded the "Best Life and Aesthetic Hotel Brand of China", Radisson Blu Shanghai Pudong Jinqiao was awarded the "Best Parent-child Hotels of China", and the joint brand product, Powerlong Apartment "Designed by MUJI", was awarded the "Best Serviced Apartments of China", etc.



May
2021

In the 2021 China Real Estate Listed Companies Research Results Announcement Conference and the 19th Industry-City Integration and Investment and Financing Conference, the Group was awarded the "2021 China Real Estate Company by ESG Development". The CEO of the Group, Mr. Hoi Wa Fong, was awarded the "2021 Top 10 Gold-Medal CEO of China Real Estate Listed Companies".



Chronology of the Year, Awards and Honours



July
2021

In the 2021 China International Green Finance and Green Building Forum, the Group has won various awards for its consistent green development concept and advanced green development achievements. The Group has received the title of "2021 Top 10 Chinese Green Property Index" Award for 3 consecutive years, and the Powerlong TOD Fengyong New Town (寶龍 TOD 奉甬新城) of the Group was awarded the title of "2021 Top 10 Chinese Green Property Projects".



On 20 July 2021, Forbes collected statistics on the donations of Chinese private entrepreneurs in the field of public welfare and charity and released the 2021 China Charity List. The Chairman of the Board, Mr. Hoi Kin Hong, has been included in the list for the sixth time.

On 22 July 2021, Powerlong Public Welfare Foundation announced and made a donation of RMB10 million to the urgent aid of the flood disaster in Henan Province, and donated RMB500,000 to China Women's Development Foundation for the protection of women, children, and families in the disaster-stricken areas. The Xinxiang subsidiary of Powerlong also took responsibilities actively in the flood prevention work and ensured the safety of construction sites and residential projects.



August
2021

Through the assessment and evaluation of Shanghai Enterprise Federation, Shanghai Entrepreneurs' Organization, Jiefang Daily, the Group was awarded the title of "2021 Top 100 Enterprises in Shanghai", etc.

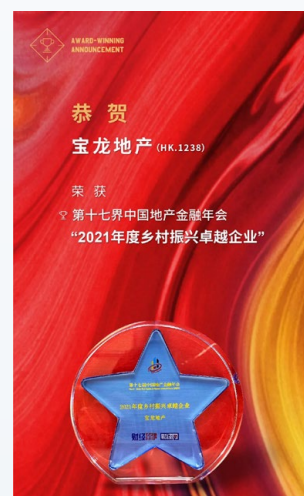


November
2021

In the “2021 Asian Pacific Hotels and Real Estate Cooperation Forum” and “2021 Asian Influential Brand Ceremony”, the original brand of Artistic thematic hotel “JUNTELS” was selected as the Asian Influential Brand, and was awarded as the “Excellent Art Hotel Brand in 2020-2021”.

December
2021

In the evaluation of China Real Estate & Finance Annual Forum, the Group was awarded the “2021 Excellent Enterprise of Rural Revitalization”.

September
2021

In the 2021 China Real Estate Value Summit and the First Human Resource Development of Real Estate Conference, the Group was awarded the titles of “2021 TOP 30 China Real Estate Companies by Human Capital Values” and “2021 Best Employers among China Real Estate Companies”.



On 5 September 2021, the Chairman of the Board, Mr. Hoi Kin Hong, received two praises in the 11th “Chinese Charity Award”, which was the “individuals who have made outstanding contributions in charitable fields such as poverty alleviation” and the “individuals who have made outstanding contributions to the fight against the COVID-19”, respectively.





ESG Management

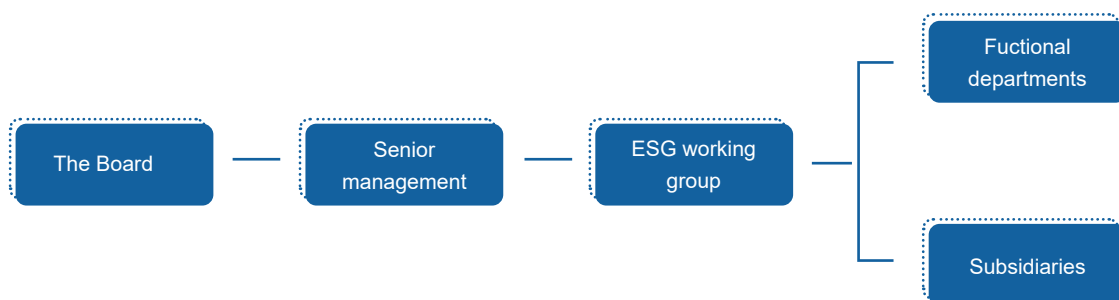
The Group is committed to fulfilling its corporate social responsibilities by building a sound ESG management system and implementing the corporate mission of "Simple and True, Mutualistic and Win-win, and Endless Progress". The Group continues to promote the implementation of ESG strategies and ESG management, maintains active communication with stakeholders, listens and responds to the expectations and demands of different stakeholders, and adjusts the Group's sustainable development plan in a timely manner.



ESG Management System

The Group attaches great importance to sustainable development and reviews the impact of ESG issues on the Group's business operations and sustainable development during the operation and management process. In order to effectively implement and manage the Group's ESG work, the Group has formed a multi-level ESG management system consisting of the Group's management, functional departments and subsidiaries with clear responsibilities for each level. The Board has established an ESG working group and appointed the relevant personnel of the Board Secretary Office of the Group to be responsible for the management of the Group's ESG matters. Following the decision-making, deployment, requirements and job assignment of the Board and senior management, the ESG working group coordinates and promotes ESG strategic planning and is responsible for the implementation of other related work.

The Board is responsible for supervising the ESG-related issues and ESG strategies of the Group, and is responsible for the approval of the ESG management approaches for the Group. Meanwhile, the Board is in charge of the identification and assessment of the ESG-related risks and other significant ESG-related issues, as well as ESG-related risk management, to ensure that the ESG-related risks are integrated into the Group's risk management and internal control systems. The Board is also responsible for approving and reviewing the progress on ESG targets and other material ESG matters. The senior management of the Group is responsible for supervising the robustness, rationality, and implementation of the ESG management system, and the senior management needs to assess and review the Group's ESG strategic planning, risk management and control and other related matters, as well as major ESG management matters, and reports to the Board. The senior management is also responsible for supervising the ESG working group to perform relevant duties. Meanwhile, the ESG working group is responsible for coordinating and supervising the implementation of policies and measures related to ESG issues, and regularly reporting the work progress and performance to the senior management.






The Group will continue to promote ESG management work and improve the level of ESG governance. In accordance with the requirements of the Stock Exchange on ESG matters and the actual situation of the Group, external consulting agencies will be invited to provide opinions for further improvement of the ESG management system.





Stakeholder Engagement




The Group attaches great importance to the communication with its major stakeholders, actively listening and responding to the requests of different stakeholders through various channels, thereby further achieving the sustainable development of the Group while improving its internal management.

Powerlong mainly determines whether relevant person or group are its key stakeholders through the following three aspects:

-  whether they have invested or will invest in the Group
-  whether they have an influence on the business operation of the Group
-  whether they have interests or are affected by the Group's business, products and services, and their relationship with the Group



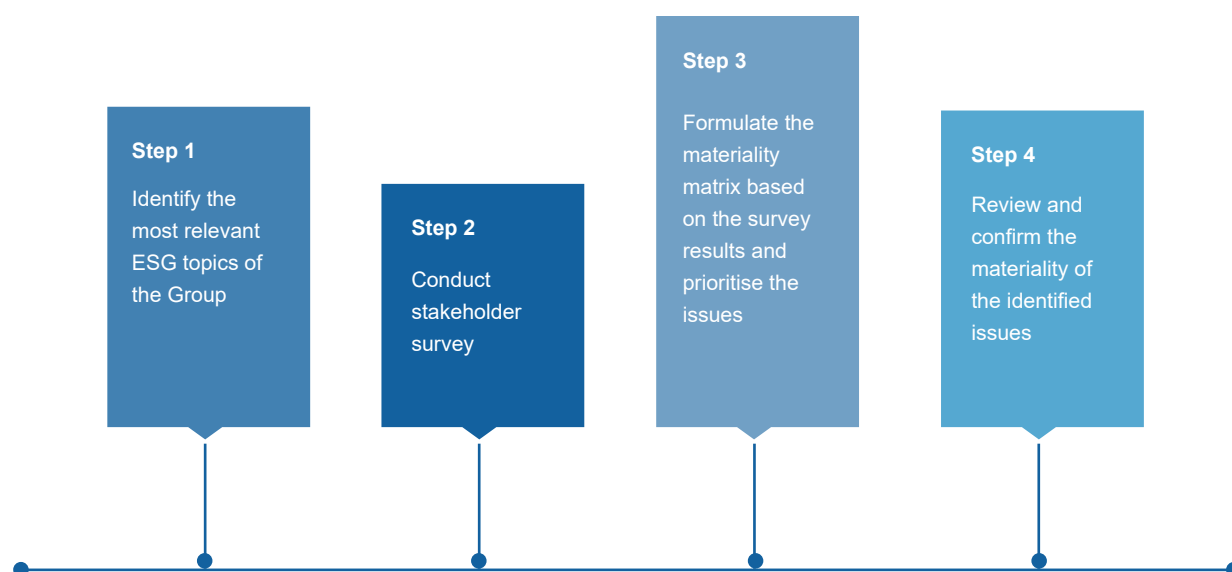
Key Stakeholders	Expectations and requests	Responses	Actions in 2021
 Governmental Departments	<ul style="list-style-type: none"> • Policy implementation • Tax contribution • Environmental protection • Information disclosure 	<ul style="list-style-type: none"> • Accept governmental supervision and inspection • Proactive tax payment • Construction of green building • Disclosure of information on a regular base 	<ul style="list-style-type: none"> • Actively participated in and promoted China's urbanisation process, continued to support public welfare programmes, and continued to contribute to the arts, culture, sports, poverty alleviation and other aspects • Income tax expenses in 2021 amounted to RMB4,812 million, representing a year-to-year increase of 7.7 % • The certified green building GFA for developed projects cumulatively reached approximately 11,339.11 thousand square metres
 Investors (Shareholders)	<ul style="list-style-type: none"> • Return on investment • Risk control • Operational regulation • Sustainable development 	<ul style="list-style-type: none"> • General Meeting • Annual report and periodic reports • Company website • Corporate communication • Delegations • One-on-one conference • Investment banking forum • International roadshow 	<ul style="list-style-type: none"> • Regularly published annual report and interim report • Published announcements and notices promptly in accordance with requirements of the Stock Exchange • Convened and held one annual general meeting in 2021 • The Group was invited to participate in 21 investor relations events, meeting with over 600 investors • Held a reverse roadshow
 Employees	<ul style="list-style-type: none"> • Remuneration and benefits • Occupational health • Career development • Equal opportunities 	<ul style="list-style-type: none"> • Annual dinner • Employee training • Employee physical examinations • Employee activities 	<ul style="list-style-type: none"> • Established employee specific training scheme • Organised annual physical examinations for employees • Organised various recreational activities for employees
 Clients (shopping mall and hotel customers, residents in residential property and commercial building tenants)	<ul style="list-style-type: none"> • Quality of product and services • Information protection • Safety and environmental protection 	<ul style="list-style-type: none"> • Client satisfaction surveys • Client privacy protection policy • Interactive activities with clients • Emergency and disaster relief drills • Waste separation and recycling 	<ul style="list-style-type: none"> • Implemented a "Client-oriented Plan" • Engaged third party organisations to carry out client survey in commercial mall based on actual situation • Refined client privacy protection work • Conducted a variety of activities for diverse types of clients • Actively organised fire and disaster relief drills in shopping malls, hotels, residential properties, and office buildings • Conducted garbage separation and recycling in shopping malls, hotels, residential properties, and office buildings

Key Stakeholders	Expectations and requests	Responses	Actions in 2021
 <p>Suppliers, Contractors, and Partners</p>	<ul style="list-style-type: none"> • Mutual benefit and win-win • Transparency and equality • Business integrity 	<ul style="list-style-type: none"> • Bidding policy • Supplier selection system • Consider environmental and social factors in supplier reviews 	<ul style="list-style-type: none"> • Refined supplier recommendation and procurement standards for supplier • Signed the Clean and Law-abiding Guarantee with suppliers and contractors
 <p>Communities and the Public</p>	<ul style="list-style-type: none"> • Community environment • Maintain stability • Harmonious development • Rural revitalization 	<ul style="list-style-type: none"> • Public donation • Community building • Community activities • Rural area construction 	<ul style="list-style-type: none"> • Actively participated in the anti-pandemic work and resource donation • Launched the "Hoi Kin Hong Foundation" • Powerlong Public Welfare Foundation's counterpart support and "Rural Revitalization" construction
 <p>Media</p>	<ul style="list-style-type: none"> • Timely communication 	<ul style="list-style-type: none"> • Organise media events on a regular basis 	<ul style="list-style-type: none"> • The 6th "Powerlong Headquarters Media Tour" event was held, and more than 30 mainstream media from across the country were invited to Xiamen and Jinjiang, Fujian, to start the "Thanksgiving Tour of Beautiful Villages" and to experience the achievements of the Group's counterpart assistance in the construction of "Rural Revitalization"
 <p>Commercial Tenants</p>	<ul style="list-style-type: none"> • Mutual benefit and win-win • Transparency and equality • Timely communication 	<ul style="list-style-type: none"> • Examine and verify commercial tenants before settlement • Screening of commercial tenants • Commercial tenant activities 	<ul style="list-style-type: none"> • Continued to introduce the Fortune 500 enterprises and various domestic and international high-quality brands • Reached long-term strategic cooperative relationship with excellent commercial tenants

Materiality Assessment

In order to enable the Report to mostly reflect the Group's influences on the three aspects (environmental, social and governance), and taking into account the key stakeholders' informational needs of the Group in relation to the above areas, the Group determined the material issues to be disclosed in the 2021 ESG Report through the following materiality assessment process.

Process of the identification of material issues for reporting

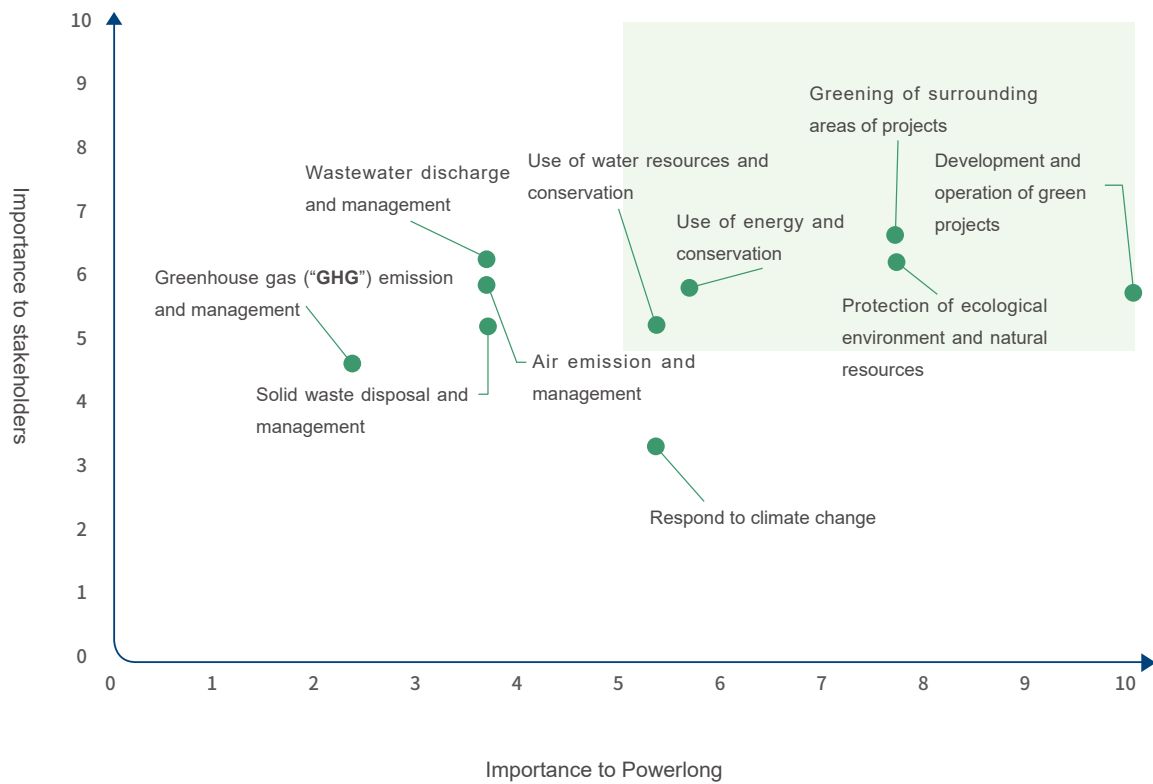


In the process of identifying the most relevant ESG issues related to the Group, the Group considered its strategy and business characteristics, made reference to sustainability-related standards or guidelines, and took into consideration of the current industry development context and trends.

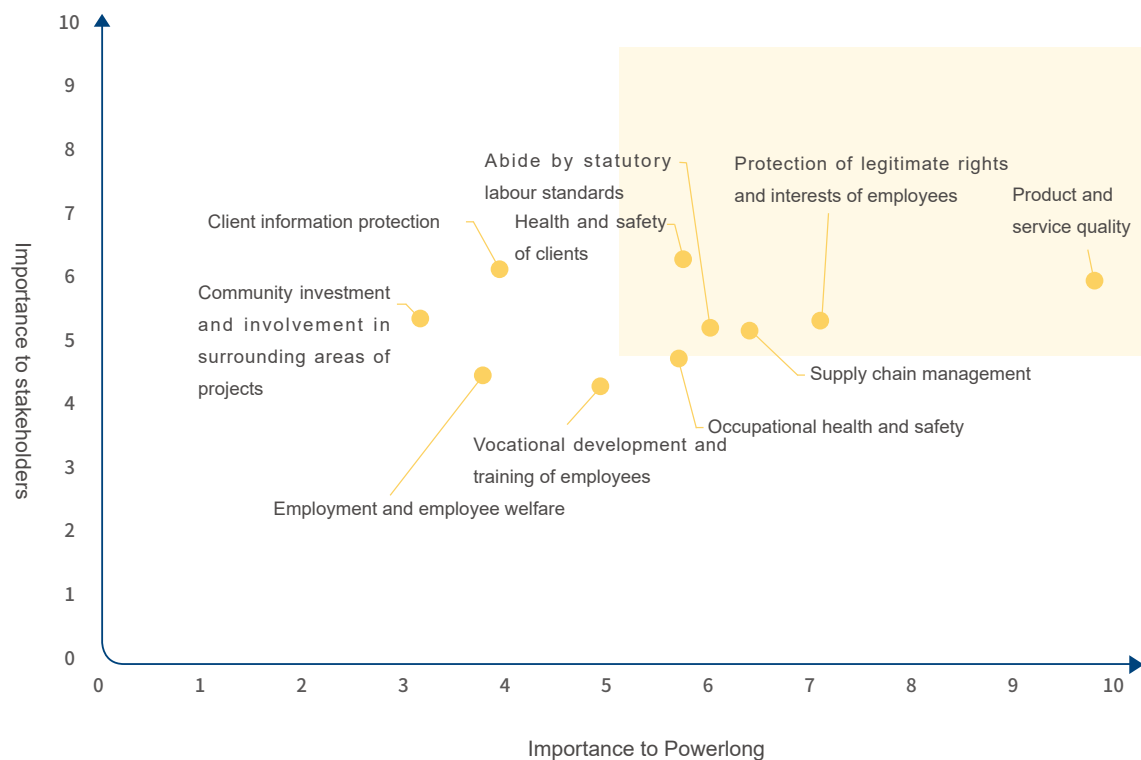
In order to identify ESG issues that are of most concern to the Group's key stakeholders, the Group conducts a comprehensive materiality assessment once a year, thereby confirming information to be highlighted in the Report. During the preparation period of the Report, the Group conducted a survey on material issues with the assistance of a professional consultancy firm.

During the Reporting Period, the Group collected and solicited opinions from key stakeholders in the form of anonymous online questionnaires. A total of 391 valid questionnaires were collected from the Group's management, governmental departments, employees, clients, suppliers, contractors, partners, community and the public, media, and commercial tenants. The material issues of the Report were finalised based on the feedback from stakeholders and the Group's confirmation of the survey results.

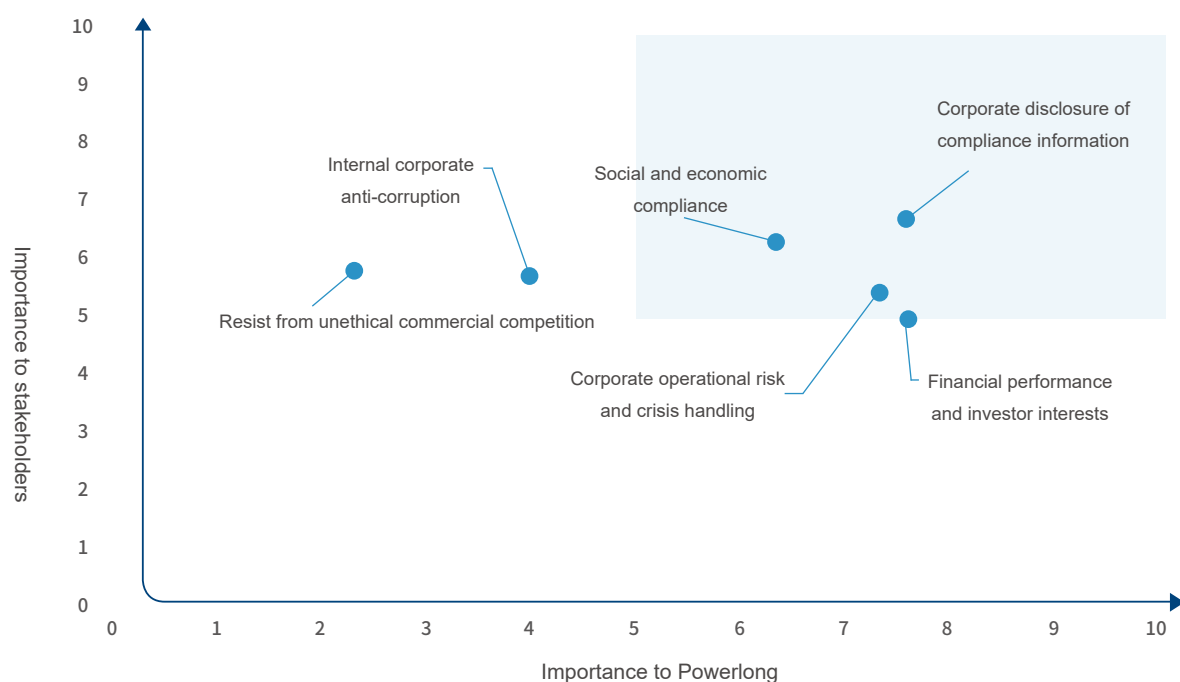
Materiality Matrix of ESG Topics for Powerlong - Environmental Topics



Materiality Matrix of ESG Topics for Powerlong - Social Topics



Materiality Matrix of ESG Topics for Powerlong - Governance Topics



Environmental Issues	Social Issues	Governance Issues
<ol style="list-style-type: none"> ① Development and operation of green projects ② Protection of ecological environment and natural resources ③ Greening of surrounding areas of projects ④ Use of energy and conservation ⑤ Use of water resources and conservation ⑥ Respond to climate change ⑦ Wastewater discharge and management ⑧ Solid waste disposal and management ⑨ Air emission and management ⑩ GHG emission and management 	<ol style="list-style-type: none"> ⑪ Product and service quality ⑫ Protection of legitimate rights and interests of employees ⑬ Occupational health and safety ⑭ Abide by statutory labour standards ⑮ Vocational development and training of employees ⑯ Health and safety of clients ⑰ Supply chain management ⑱ Community investment and involvement in surrounding areas of projects ⑲ Employment and employee welfare ⑳ Client information protection 	<ol style="list-style-type: none"> ㉑ Social and economic compliance ㉒ Corporate disclosure of compliance information ㉓ Corporate operational risk and crisis handling ㉔ Financial performance and investor interests ㉕ Internal corporate anti-corruption ㉖ Resist from unethical commercial competition

Based on the comprehensive analysis of the data and information collected in the survey, the Group obtained the materiality survey results as shown in the matrix above and identified 13 material issues⁴ that are of most importance to the stakeholders who participated in the survey. In complying with the ESG disclosure requirement of “comply or explain” set out in the ESG Reporting Guide under Appendix 27 of the Listing Rules issued by the Stock Exchange, the Report focuses on the material issues to report relevant management measures and performances, thus responding to relevant stakeholders’ demand on the Group’s environmental and social information.

⁴As shown in the bolded text.

Sincere Service

The Group is dedicated to providing quality services to clients, insisting on satisfying clients' needs in all segments from the development of properties to the operation of the management of properties.

The Group strictly complies with laws and regulations in the locations where it operates related to health and safety of products and services, advertising, labelling and privacy matters, and relevant remedial actions. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in the chapter "Laws and Regulations that the Group has Complied with during the Reporting Period" of the Report.

The Group has established a brand management system based on the Brand Management System Compilation to ensure the clear and consistent recognition and communication of the Group's brand image. During the Reporting Period, the Group did not experience any violation of laws and regulations related to advertising, labelling and customer privacy of products that had a significant impact on the Group.





High-quality Property Development

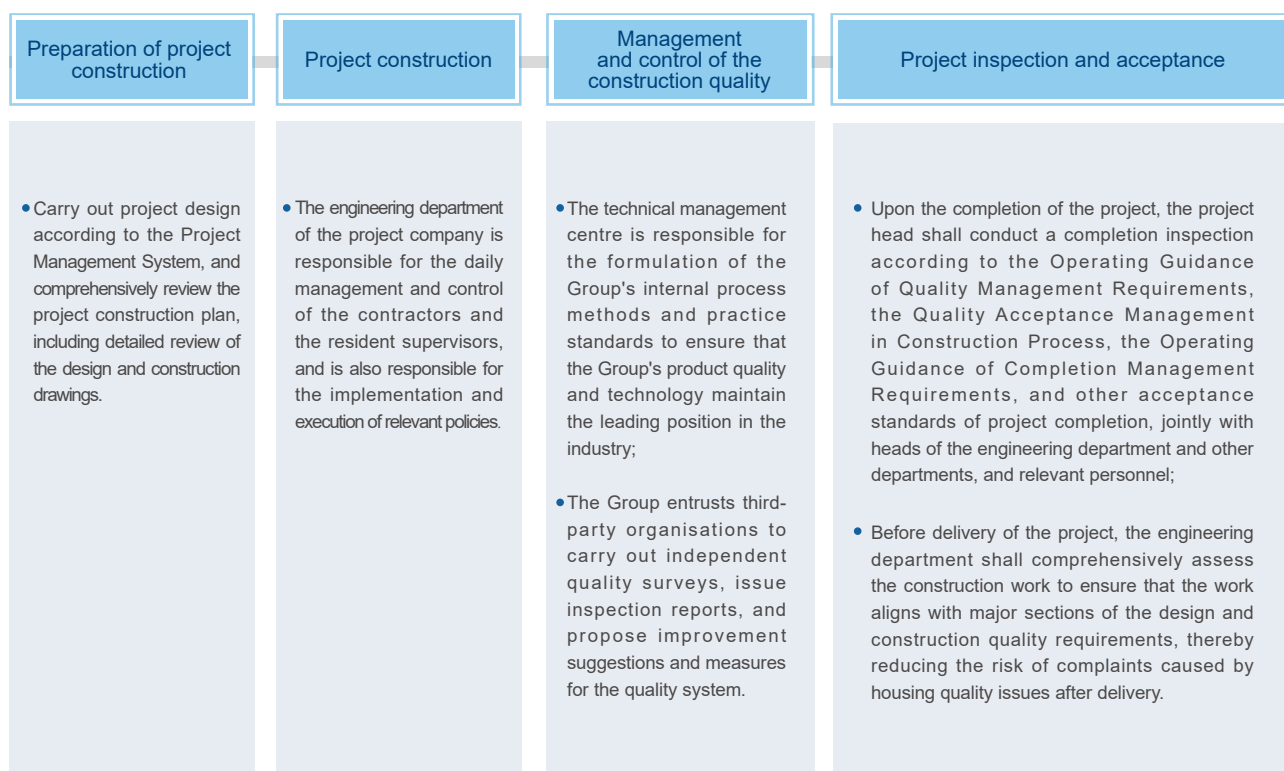
The Group clearly understands the importance of product quality and safety to clients, society, and corporate reputation. The Group considers “Quality Products” as its working direction, and is committed to setting up a quality system, instilling the notion of quality into the Group’s gene, thus continuously improving its brand image.

The Group strictly implements laws, regulations, and standards on building design, raw materials, engineering construction, completion acceptance, and maintenance within the statutory warranty period, thereby ensuring the products with the best quality are offered to clients and assuming its social responsibility.

The Group has established the internal Project Management Policy to specify the requirements for projects from their planning to construction, as well as detailed quality control and final delivery inspection. The Group has set up a system for regular working meetings with contractors and material suppliers during the construction process. Through regular meetings, the project status, progress, and issues can be negotiated and solved in time to avoid damages to the project caused by quality problems.

The Group has established a set of sound quality assurance systems and completion acceptance systems, such as the Operating Guidance of Quality Management Requirements, the Quality Acceptance Management in Construction Process, and the Operating Guidance of Completion Management Requirements, and is committed to implementing quality system certification standards and other management. Comprehensive inspections before acceptance are carried out for each stage and item of the project to ensure that the products meet the national standards and can be delivered with outstanding quality. In addition, the Group has adopted stringent monitoring standards for regular inspections on the quality of projects under construction. During the Reporting Period, the Group did not receive any violation of laws and regulations related to health and safety of products that has a significant impact on the Group.

Quality control measures of the Group's property development projects:





The Group not only focuses on the quality of the property but also considers the health and comfort of clients, proactively obtaining relevant green building certifications to enhance the confidence of the clients in its products. During the Reporting Period, leveraging on the Group's pursuit of project development quality, design, and planning, many of the Group's commercial complexes, office buildings, hotels, and residential projects won a number of design, technology, and quality awards, including Xiamen Tong'an Powerlong Glorious City (廈門同安寶龍旭輝城), W Hotel Xiamen (廈門 W 酒店), Yinzhou Powerlong One City (鄞州寶龍一城辦公樓), Taizhou Jiaojiang Powering City (台州椒江寶龍城).

Case

Xiamen Tong'an Powerlong Glorious City (廈門同安寶龍旭輝城)

Xiamen Tong'an Powerlong Glorious City relies on the advantageous terrain and is built along the stream, so the perfect integration of natural environment and urban commercial area enables the owners to enjoy both the natural scenery and the convenience of mature urban amenities. Xiamen Tong'an Powerlong Glorious City was awarded the "Best Architectural Design" and the "National Habitat Annual Outstanding Interior Design" Award in the GBE Real Estate Forum and has been recognized by industry professionals for its excellent planning and design.



Considerate Client Services

As a complex operator focused on commercial real estate, the Group continuously keeps pace with the needs of clients, pursuing in providing attentive services to clients. Adhering to the concept of healthy living, the Group is committed to improving the indoor environment quality of its projects and strictly controlling the indoor noise, lighting, and air quality. The Group actively cooperates with internationally renowned architectural design firms to create a green and livable urban public space to create a healthy and comfortable environment experience for every client of the Group's shopping malls, hotels, residential properties, and office buildings.

Also, with the aim to further analyse and understand the needs of clients from different business sectors and improve the quality of the Group's products and services, the Group has conducted a series of client satisfaction surveys during the Reporting Period through various means including but not limited to the following:

- Annual client satisfaction survey

- "Mysterious client" evaluations

- Environment maintenance inspection at the residential properties

- Visit clients in person or make client calls

- On-site survey during client events

2021



Average client satisfaction of the commercial sector

96.2% (2020: 95.2%)



Average resident satisfaction of the residential property management centre

87.2% (2020: 86.0%)



Average client satisfaction of the hotel operation

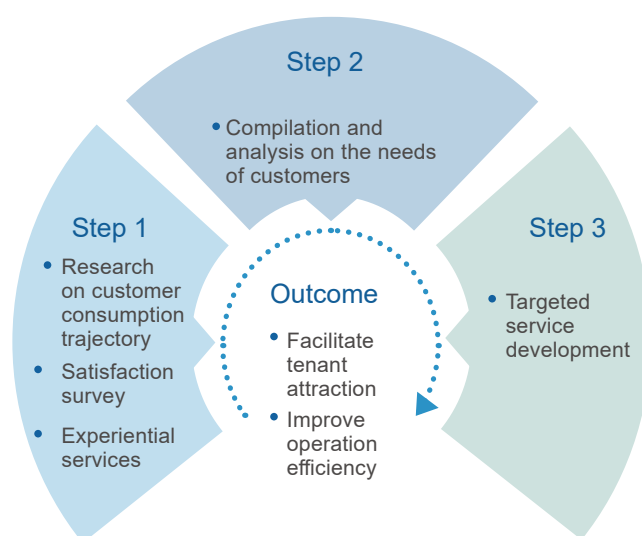
93.2% (2020: 93.5%)

Commercial and Property Management Business Operation

Commercial Operation

During the operation of commercial properties, the Group always places clients' satisfaction with the Group's services as the first priority. The Group has continued to implement the "Customer-oriented Programme", listening and responding to clients in a timely manner, so as to constantly strengthen its relationship with clients. The business operation centre of the Group also entrusts third-party institutions to conduct investigations on plazas according to the actual situations. Corrective and preventive measures are taken with reference to comments and suggestions put forward by clients regarding the management and services, thereby improving the content and quality of services.

The Group's procedures to improve the operation efficiency of commercial property:



Case

Hangzhou Jinnan Powerlong Plaza (杭州錦南寶龍廣場)

In December 2021, Hangzhou Jinnan Powerlong Plaza was opened as scheduled. The Group firmly believes that "Differentiation is Competitiveness" and makes every effort to understand and explore the needs of consumers and upholds the concept and spirit of "Fearless of Change and Innovation" to create a new type of consumption space. The Group proactively guided consumer demand and set up "24H Jinnan Late Night Cafeteria" in Jinnan Powerlong Plaza to bring a new experience to consumers. Since then, Powerlong CM has continued to carry forward the Group's "1+1+N" development strategy and is committed to becoming a "characteristic and leading full-service commercial operator of China".



Case

Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場)

In May 2021, Powerlong CM and Internet enterprises continued to deepen cooperation, provided one-step comprehensive smart solutions for businesses, improved operational management efficiency, and optimised service experience. In the experience of intelligent technology upgrades, Shanghai Baoyang Powerlong Plaza has implemented innovative products such as smart security services, smart cleaning robots, and smart parking reservation system. Based on the mission of "Creating space full of love", the plaza makes office and commercial spaces more convenient and intelligent, and helps to reduce costs and increase efficiency. For example, smart security services can help identify abnormal behaviours and reduce reliance on labour in security positions. Smart cleaning robots reduce the flow of people during the pandemic and ensure environmental safety. The parking reservation service is embedded in the application to make the parking process more convenient. By the above methods, they bring the functions in traditional shopping mall to customers in the form of "one-click convenience", which can also promote business vitality.



Property Management

In terms of property management, the Group carries out various property management services in the residential properties and office buildings of the Group and regularly collects opinions and suggestions from the residents in residential properties and tenants in office buildings. Up-to-date property information, such as weather forecast, travel guide, and water supply and power supply facilities maintenance conditions, are also sent to residents in residential properties and tenants in office buildings through the Group's official account on WeChat and other platforms. The Group strives to optimise the infrastructure and community environment from the perspective of the health and comfort of residents in residential properties and tenants in office buildings.

In addition, the Group regularly arranges fire drills for properties in the view of enhancing the emergency response capacity of the residents in commercial and residential properties and tenants in office buildings and preventing fire hazards. The Group also organises a wide range of activities for residents in residential properties and tenants in office buildings, thereby providing a communication platform for residents and tenants to create a harmonious atmosphere.

Case

In January 2021, Yancheng Chengdong Powerlong Plaza (鹽城城東寶龍廣場) cooperated with the Yancheng Fire Rescue Detachment to organise a live fire drill for a large scale urban complex. The drill mainly carried out fire protection work in terms of the object plan deduction, the operation of the dispatch command system, etc., and achieved the expected results. The drill has helped both the Fire Rescue Detachment and the plaza to prepare for the prevention of emergencies.



Case

In October 2021, Fuding Powerlong Mansion (福鼎寶龍世家) held a cultural event of Moon Cake Game to celebrate the Mid-Autumn Festival and National Day with the owners and took this opportunity to strengthen communication with them and narrow the distance between the property and the owners. At the same time, as a unique tradition of the Mid-Autumn Festival in southern Fujian, the Moon Cake Game culture event is held to further carry forward this traditional culture among people.



Hotel Operation

Providing every hotel guest with comfortable experiences and high-quality services are always the Group's pursuit. The Group's hotel business revolves around international branded hotels and self-owned branded chain hotels as the core for the continuous promotion of the "Dual channels" compound development. In recent years, the hotel group under the Group has integrated the concepts of culture and art with traditional hotel operation, putting forward its vision of "Sighting Arts at the Hotel, Immersing Arts in Life" in hopes that each of the Group's hotel guests can be immersed in an elegant and artistic atmosphere within the comforts of the hotel's environment.

The Group has cooperated with numerous well-known international hotel brands to create a series of high-end hotels to satisfy clients' needs. Such hotel brands include W, Le Meridien, Radisson, Radisson Blu, Four Points by Sheraton, Aloft, and Wyndham, etc.



Le MERIDIEN

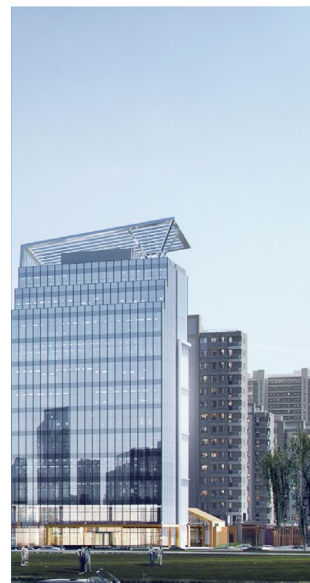
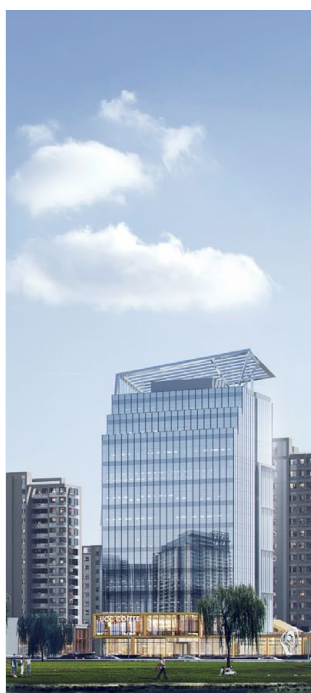
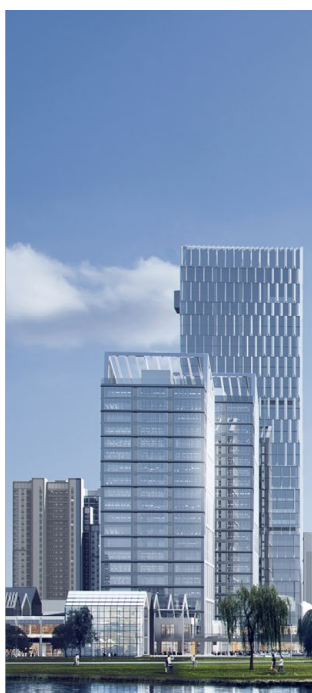
Radisson

Radisson BLU

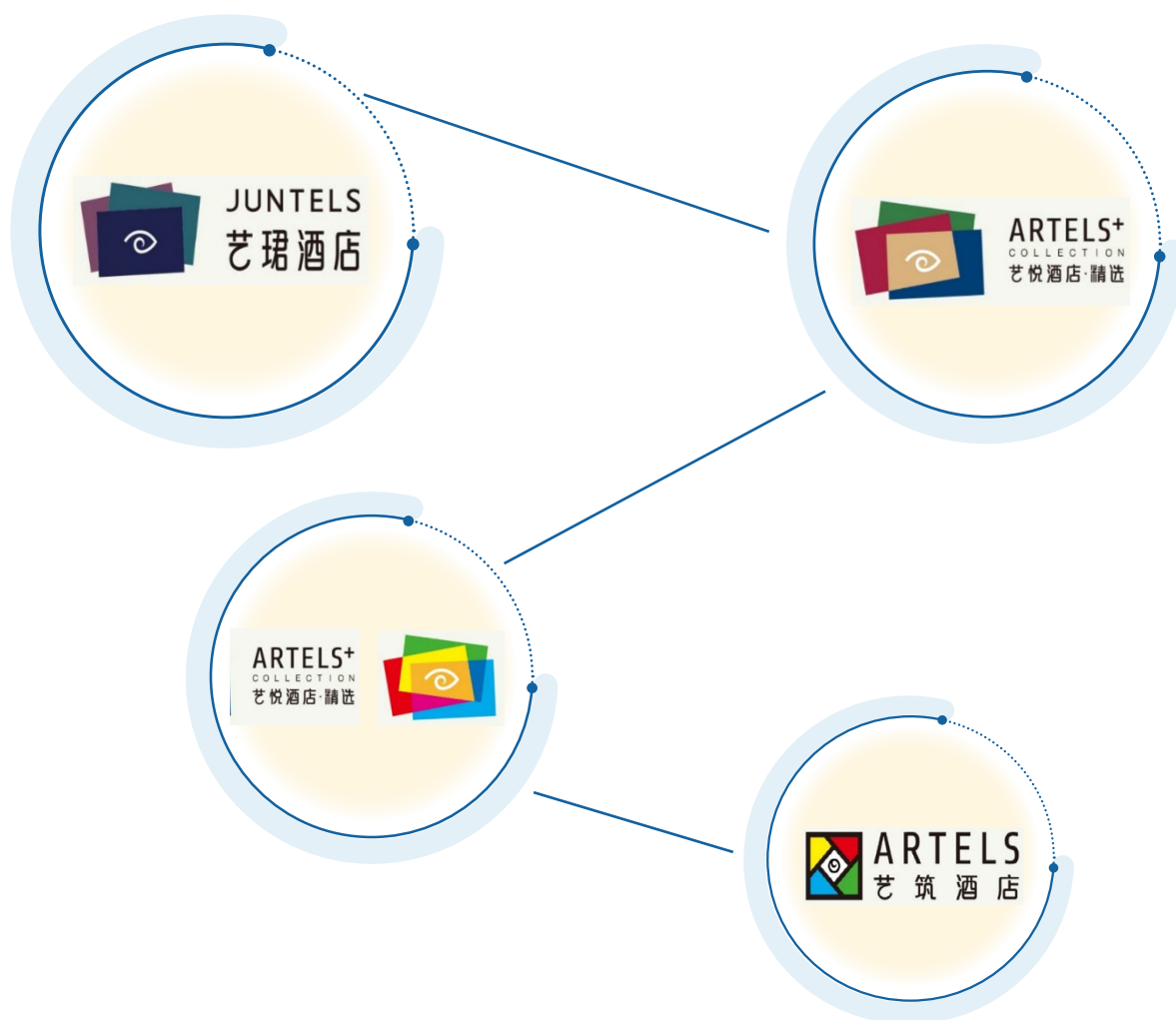
FOUR POINTS
BY SHERATON

aloft
HOTELS

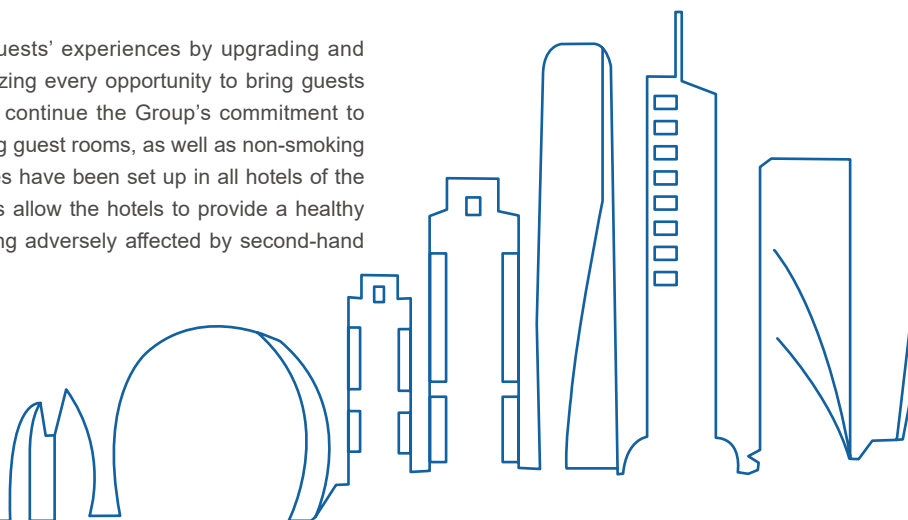
WYNDHAM
HOTELS & RESORTS



Taking “JUNTELS”, “ARTELS+ Collection”, “ARTELS+”, and “ARTELS” as the product brand line of the Group’s self-owned branded chain hotels, the Group intricately constructed every detail from the design and planning of hotels, construction and decoration to hotel facilities. The Group is committed to reflecting the city’s distinct charm where the hotel is located and incorporating the local culture, style, and history, allowing guests to enjoy and relax in a sensational artistic atmosphere. As of the end of the Reporting Period, the Group has opened a total of 12 self-owned branded chain hotels, which constitute a complete product line of the Group’s self-owned branded chain hotels.



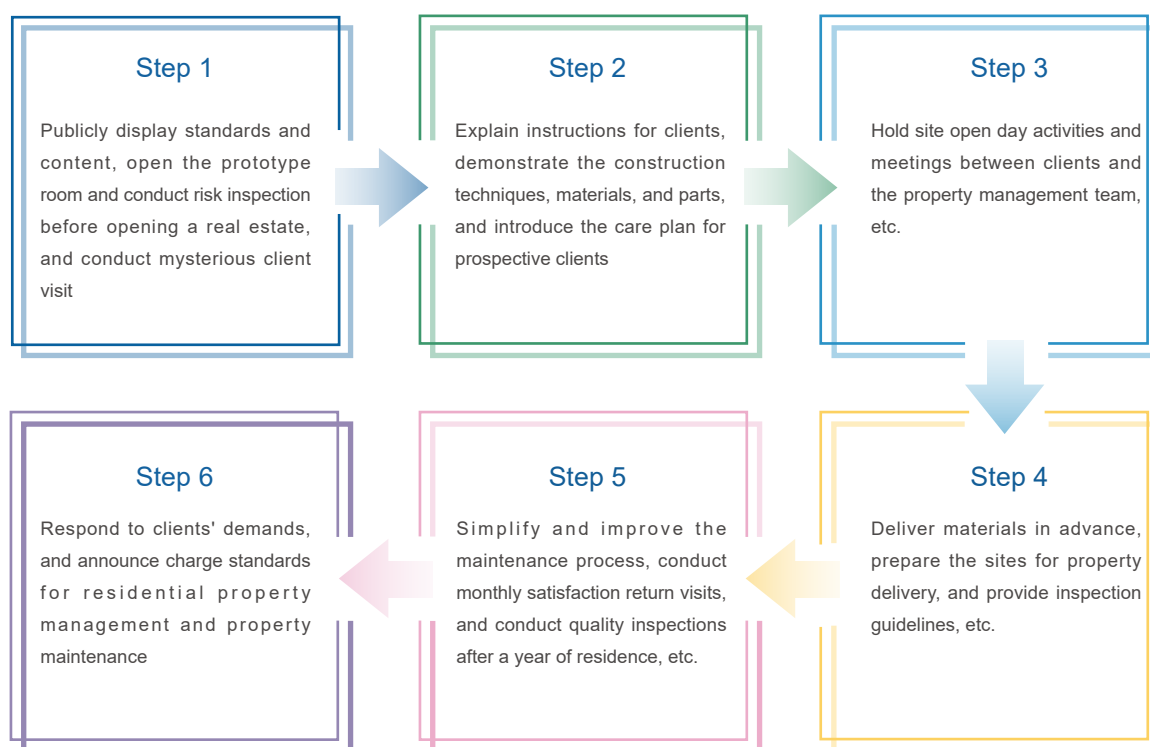
The Group continuously explores ways to improve guests' experiences by upgrading and renovating hotel facilities whenever necessary and seizing every opportunity to bring guests an enjoyable stay and meet their needs. Intending to continue the Group's commitment to providing a healthy environment for guests, non-smoking guest rooms, as well as non-smoking areas in restaurants, public space, and ancillary facilities have been set up in all hotels of the Group during the Reporting Period. Relevant measures allow the hotels to provide a healthy and smoke-free environment for guests and avoid being adversely affected by second-hand and third-hand smoke.



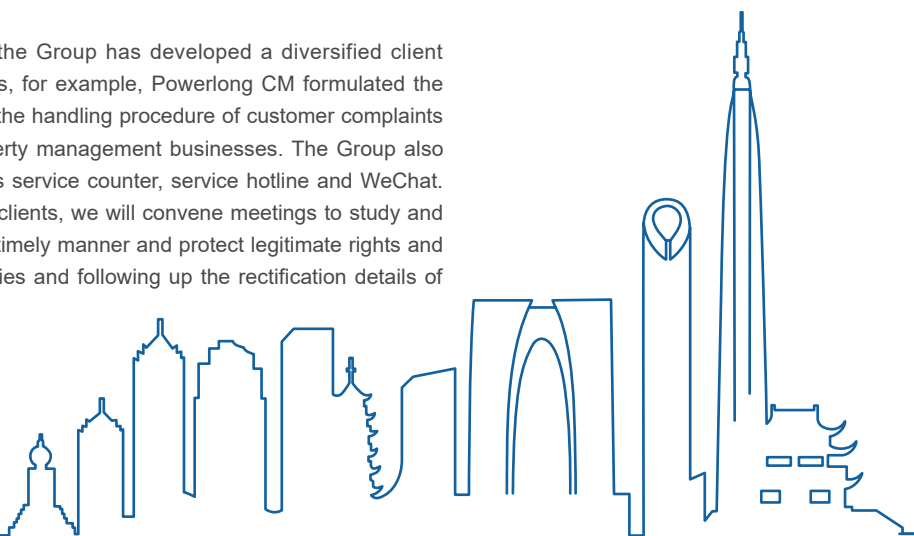
Sincere Rights and Interests Protection

In terms of after-sales service and warranty period maintenance, the Group has established the property management department for the work related to property management and repair and maintenance after the completion of projects. The Guidelines on Property Opening, Handover, and Handover after the Expiration of Warranty Period formulated by the Group ensures the quality of the property maintenance after the handover of properties. Indicators such as property design, property quality, and property repair are evaluated through client satisfaction surveys, thus allowing us to understand clients' comments on the property and to follow up and solve any quality issues of the property.

Continuous care from looking for the house to living in the house:



In terms of property operation and hotel operation, the Group has developed a diversified client feed back system based on different business formats, for example, Powerlong CM formulated the Customer Complaint Handling Process to standardise the handling procedure of customer complaints received during the commercial operational and property management businesses. The Group also handles complaints instantly through channels such as service counter, service hotline and WeChat. In response to issues with intensified complaints from clients, we will convene meetings to study and analyse the issues, and respond to clients' needs in a timely manner and protect legitimate rights and interests of clients through improving the current policies and following up the rectification details of services.



The Group attaches great importance to protecting data and information related to clients. The client data and information obtained during business operation will only be used in providing services for clients, and it will not be disclosed to third-party organisations or be used for other purposes without clients' consent. The Group has established internal management systems such as the Client Information Management Working Instruction to standardise the collection, protection, and management of client-related data. By establishing normal channels for information publishing between business sectors and clients, the Group assures the credibility, authenticity, and validity of information, as well as the standardisation and uniformity when publishing information.



- Electronic versions of client data are set to be saved with password protection, and no copying is allowed.



- Paper versions of client data are managed by designated data administrator, and viewing, copying, and destroying at will are prohibited.



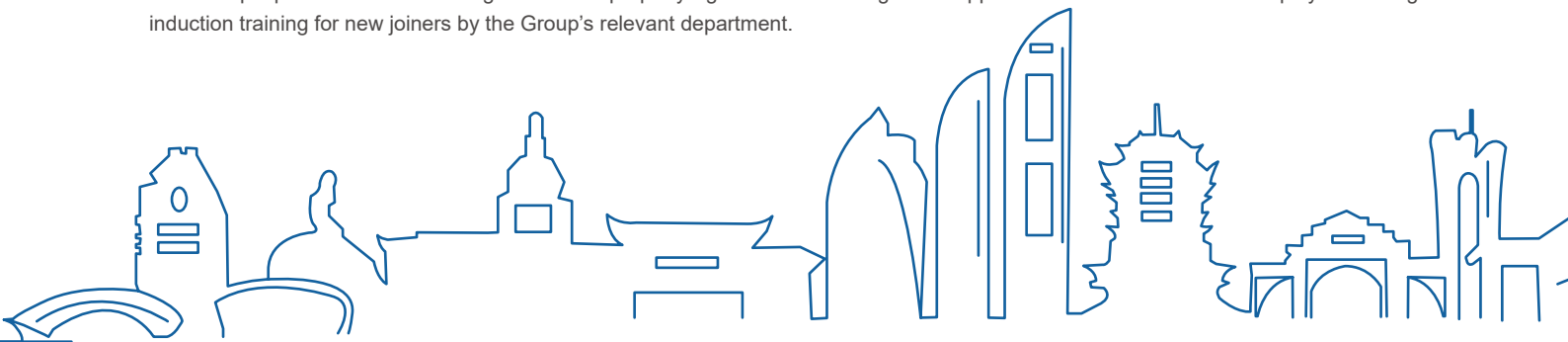
- Client data stored in the system are managed by designated data administrator, and corresponding administrative authorities were set.



- Documents are managed by designated personnel, where approval must be obtained from administrator for viewing and borrowing documents, and the leakage of any information from the document is strictly prohibited.

During the course of property operation and hotel operation, we stringently protect the safety of clients and require all employees to perform and uphold their duty of ensuring public safety. The Group provides clients with safe and secure living and staying experiences at residential properties and hotels through strict management and control of outsiders, detailed interrogation of strangers, registration, and check-in for temporary entry into residential properties, real-time monitoring centre for screening visitors, and other approaches.

In addition, the Group respects and protects the patent of suppliers and contractors, and delivers its best in keeping the information obtained during business activities confidential and protecting intellectual property rights of suppliers and contractors. Intending to effectively protect intangible assets, the Group has developed and implemented a management system for intellectual property rights, with the Group's legal affairs department responsible for following up and managing intellectual property rights-related issues. Agencies are entrusted as external experts according to the Group's actual situation to assist the commencement of related work. Intellectual property rights management is inseparable from the corporate brand strategy and requires the participation of all employees. The Group actively carries out relevant training and promotion to raise the awareness of intellectual property rights protection among employees. The Group's performance in fulfilling intellectual property rights and its management approach will be introduced to employees during induction training for new joiners by the Group's relevant department.



Green Development

Fully acknowledging its environmental responsibilities as a corporate citizen, the Group actively responds to the national call to “Be Committed to Harmony between Human and Nature, Dedicated in the Prioritisation of Ecological Conservation and Green Development, and Resolutely Fight the Battle for Prevention and Control of Pollution”, continues to improve its environmental management system, jointly tackling climate change and other environmental issues through utilisation of expertise in green construction and other areas.



The Group strictly complies with laws and regulations in its operation locations related to air emissions, discharges into water and land, generation of hazardous and non-hazardous waste, and noise control. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in the chapter "Laws and Regulations that the Group has Complied with during the Reporting Period" of the Report.

In terms of environmental management, the Group takes reference from standards in China and locations where it operates, integrates the ISO14001 Environmental Management System, and adopts the "PDCA⁵" model, thus formulating environmental policies based on the Group's actual operating conditions. The Group aims to reduce air emissions and waste generation and enhance energy and water efficiency. Through implementing and executing relevant policies and continuously evaluating the results achieved by the implementation of policies, the Group further optimises relevant policies and determines future working plans, thereby ensuring continuous improvement of the Group's environmental performance. Please refer to the chapter "Performance Summary" of the Report for more details about environmental performance.

During the Reporting Period, the Group did not receive any confirmed violation or complaint about violation of relevant environmental laws and regulations that have a significant impact on the Group.

⁵ Refers to the "Plan, Do, Check, Act" continuous improvement cycle.



Green Property Development

City is a crucial component of the development of human society, and buildings are the infrastructure of a city. With the continuous acceleration of urbanisation in China, people's life has been gradually integrated with all kinds of buildings, where shopping malls, office buildings, and residential properties have constituted the daily life of urban residents, and hotels and cultural venues have provided a spiritual world for busy urbanites. The Group adheres to the concept of green development, with the spirit of "ingenuity" and innovative technology, promoting the harmonious coexistence between buildings and the environment.

The Concept of Green Building

During the Reporting Period, the Group continued to introduce additional elements of sustainable development into its development projects. By incorporating more daylighting, natural ventilation and other architectural designs and concepts in the project planning and construction, not only the overall energy consumption of the project building has been reduced, but clients are also allowed to experience the environmentally friendly and comfortable natural indoor space to the greatest extent, further guiding the green living and working styles of clients.

Energy saving and energy utilisation of buildings

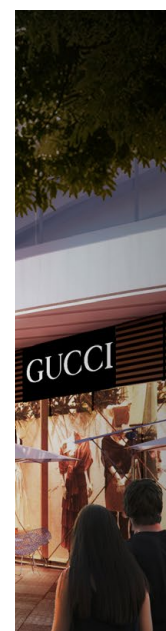
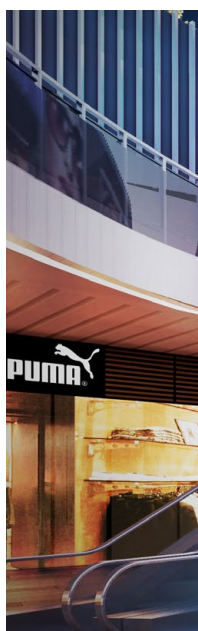
The Group pays continuous attention to the energy efficiency of its buildings in daily operations. In terms of energy utilization, we refer to the SDG-7 "Affordable and Clean Energy" target in the United Nations Sustainable Development Goals ("SDGs") and are committed to reduce the negative impact of buildings on the environment in daily use through various measures and endeavours to achieve energy conservation and emission reduction. In order to reduce energy consumption and improve the energy efficiency of buildings during daily use as far as possible, the Group has developed a comprehensive and detailed construction environmental standards, including:

- Municipal heat sources are used for central heating, where all heating is metered by households. The heat consumption and heat transfer ratio of the hot water circulating pump in the heating system and the air volume per power consumption of the ventilation system are both lower than the limits required by the current national standards;
- Thick reinforced concrete and thick extruded polystyrene foam plastic board are used in building roofs, while the exterior walls are made of thick Grade-A EPS modified polystyrene board, allowing more robust thermal insulation;
- Energy-saving lightings are used for street lighting in residential properties, and hierarchical control is adopted and implemented by divisions. All systems are automatically controlled to set specific lighting time periods;
- Efficient sound-light controlled energy-saving LED lights are used for internal public lighting.

Improvement in water utilisation of buildings

In order to enhance the water efficiency of each project, the Group has formulated a series of water management policies:

- Water-saving irrigation is implemented, and water metres are set according to their purpose;
- Large-scale green area and permeable brick are designed and used in outdoor areas to increase rainwater infiltration. Low-terrain green space is set up on both sides of the roads in residential properties to facilitate local rainwater absorption.



Greening public area

The Group actively introduces gardening to each project through reasonable landscaping, thereby alleviating the urban heat island effect around the project:

- Local plant species are selected for plantation, including tree species such as Redleaf Cherry Plum, Chinese Scholartree, Ginkgo, Mono Maple, Lacebark Pine, Chinese Pine, and Purous Privet; shrub species such as Common Crepe Myrtle, Shrub Althaea, Flowering Almond, and Japanese Photinia; and ground cover species such as Evergreen Euonymus, Hybrida Vicary Privet, China Rose, Winter Jasmine, Green Bamboo, and Common Nandina, etc.;
- The design principle of people-oriented has been adopted in the gardening of residential properties, thereby striving to create a livable environment;
- As of the end of the Reporting Period, the Group owned 11,360 trees with a height of 5 metres and above.

Optimising the use of materials and resources

The Group also considers the reasonable use of various building materials and resources in the project construction process in hopes to further improve the environmental friendliness of buildings:

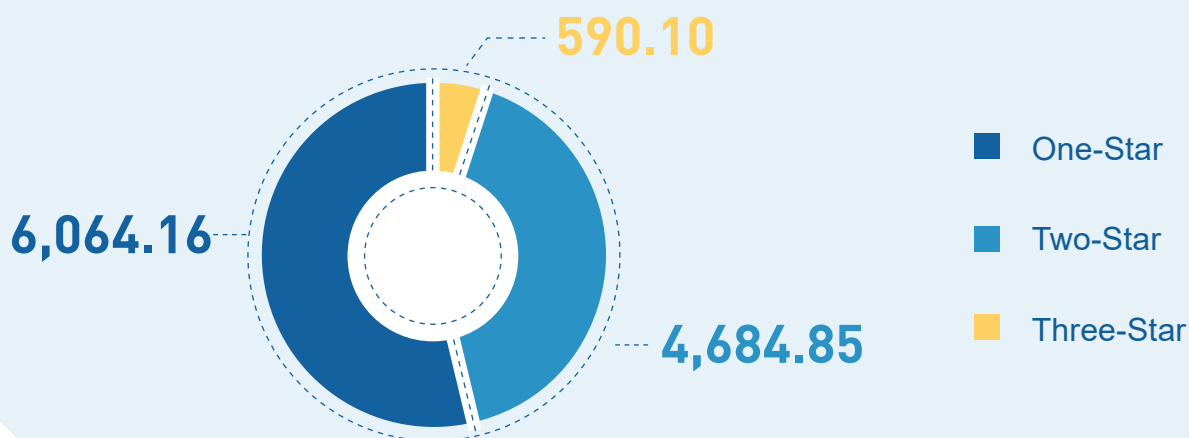
- Local procurement is implemented for purchasing construction materials to reduce energy consumption due to long-distance transportation;
- Shear wall structure is adopted, while aerated block materials with lighter weight are used for filling wall, and premixed concrete is used.

Green building certification

During the Reporting Period, the Group was committed to further expanding the business of development and upgrade of environmentally friendly buildings, continued to develop green building modules, and actively participated in the certification of international and domestic authoritative building institutions and related standards. We followed the SDG-9 "Industry, Innovation and Infrastructure" and SDG-11 "Sustainable Cities and Communities" in the United Nations SDGs to integrate environmental goals with them, therefore, to achieve sustainable development and the goals.

As of the end of the Reporting Period, the total certified green building area⁶ of the Group amounted to 11,339.11 thousand square metres, representing a year-on-year increase of 30.94%.

Accumulated Area Passed the Green Building Certification in 2021 (thousand m²)



Case

Taizhou Jiaojiang Project (台州椒江项目)

The commercial complex and residential projects of Taizhou Jiaojiang Powerlong City have been accredited by the Housing and Urban-Rural Development Bureau of Taizhou and have obtained the Two-star Green Building Design Label Certificate, which is another representative masterpiece of the Group in green building during the Reporting Period. Both the commercial and residential buildings of the Jiaojiang projects have reached a building energy efficiency rate of over 65%. In terms of renewable energy, more than 60% of the domestic hot water is provided by air source heat pumps for commercial projects, and all domestic hot water for residential buildings in Jiaojiang is provided by air source heat pumps. Meanwhile, both Jiaojiang commercial and residential projects have recycled water sources and used construction materials produced by reusable and renewable energy in the construction process, which fully reflects the Group's emphasis on environmental protection and its commitment to pursue advanced green building technology.



⁶According to Green Building Evaluation Standard (GB-T 50378-2019), a national standard of the PRC

Case

Powerlong TOD Fengyong New Town (寶龍 TOD 奉甬新城)

TOD Fengyong New City is located in the core area of East New Town, Ningbo City, Zhejiang Province. Relying on the core hub of Jinhai Rail Transit, the project adopts the investment, financing and construction model of "Intercity Railway + Land Development". As a fully furnished and delivered prefabricated building, TOD Fengyong New Town project adopts measures related to energy conservation and emission reduction, such as roof rainwater collection system, solar photovoltaic system, roof greening, electric vehicle charging station, energy consumption monitoring system, etc. The project has met the requirements of national two-star green building standard and will become a representative project of green housing in Ningbo.



Green Construction Management

In the course of property development, the Group strictly abides by relevant environmental laws in the locations where it operates and adopts control measures to reduce crucial environmental impact arising from constructions through formulating and implementing green construction requirements, thereby minimising the adverse impact of project construction on the surrounding environment.



Dust and air pollutant control

Nebulising spraying equipment is set up in and around the construction site; self-made water spraying vehicles are arranged to spray water daily, and high-pressure spraying equipment is installed across the floor, thus minimising the impact of dust to the atmosphere and the surroundings;

Site hardening and greening of surfaces are carried out to cover the bare soil surface and prevent dust pollution;

Commodity concrete is used; covers of transport vehicles are sealed; the storage of cement is closed, and sand, stone, and other materials are covered, thus controlling the environmental pollution arising from the transport and storage of materials;

A sealed mixer shed is set in the site to minimise the area being impacted by dust diffusion;

Vehicle washing equipment is in place near the entrance to reduce areas impacted by dust;

Vehicles entering the site are required to meet the national annual inspection requirements, thus reducing air emissions during transportation.



Construction material management and reuse

Aerated concrete blocks are crushed and reused to reduce the disposal of solid waste;

The storage and collection of waste formworks and squared timbers are centralised, and storage area and garbage pool for small material are set up to standardise the storage of materials;

The remaining concrete is used to process beams and precast materials for reasonable recycling and reuse of the residual materials.



Water use and wastewater discharge

Water-saving indicators and water consumption quota are developed to achieve refined use of water;

Water-saving facilities are utilised. For example, energy-saving measures are implemented for nebulising sprinklers, thus improving water efficiency;

Drainage ditches are set up in construction sites to separate the on-site discharge of rainwater and sewage, thus reducing the pressure of sewage treatment plants and facilitating rainwater collection and utilization.



Energy saving and management

Materials are placed properly on-site to minimise unnecessary energy consumption caused by secondary handling;

The overall heat outlet is installed with an overall heat device, in which a separate heat meter is set up for each household, enabling micromanagement of energy consumption.



Noise control

Regular noise monitoring is conducted to reduce ambient noise pollution.



Prevention of light pollution

Directional lampshades are installed on the lamps of tower cranes to reduce the impact of lights on the surroundings;

Hoods are used for welding operations, thus reducing light pollution at night.

Green Operation

The Group attaches great importance to reducing the environmental impact of its operation and contributions to energy saving, reducing the use of resources, and reducing air emissions through implementing various internal policies and systems on energy saving and emission reduction. In addition, the Group pays attention to the prevention of the potential pollution caused by human negligence during operation. The pollution prevention and control work of the Group mainly focuses on construction management and waste management in accordance with the characteristics of the Group's business segments. In terms of commercial operation, residential property management, and hotel operation, the Group reduces equipment's energy consumption and achieves energy conservation through reinforcing equipment management and maintenance to keep the equipment at the most economical operation condition.

Actively responding to climate change and accelerating green and low-carbon development are the inherent requirements for achieving sustainable development and promoting the construction of ecological civilization. In this regard, Chinese government actively implements the national strategy to address climate change and implements the task of controlling GHG emissions. The Group understands that climate change presents both risks and significant opportunities to our business and has established internal policies and procedures to identify climate-related risks and assess the actual and potential impacts of climate-related risks and opportunities.

During the Reporting Period, the Group actively carried out the ESG risk identification and assessment process by incorporating climate change and extreme weather issues into the Group's ESG risk database. Upon assessment, the Group confirmed that the impact of climate change-related risks on the Group is "moderate". As a real estate developer, the Group's impact on climate change mainly includes energy consumption, atmospheric emissions, and GHG emissions. Meanwhile, through the risk identification and assessment process, the Group understands that extreme weather caused by climate change may bring relevant risks to the Group's business. For example, extreme weather may increase the risk of damage to properties and construction entities, and the gradually increasing impact of climate change may lead to the restriction of relevant environmental policies, which will require the Group to make changes in its business and operation mechanism.

In this regard, the Group is committed to mitigating the impact of climate change and has formulated a series of countermeasures for the risks that are probably attributed to climate change. Meanwhile, considering the nature of our own business and relying on the general direction of the environment-related goals of the United Nations SDGs, we endeavour to promote the realization of our environmental goals. In terms of climate change, we focus on SDG-13 "Climate Action - Take Urgent Actions to Combat Climate Change and Its Impact" and are committed to reducing GHG emissions intensity in daily operations through measures such as investing in green buildings, improving system efficiency, and optimising energy use. On the one hand, these measures further alleviate the environmental impact caused by the Group's business operations, and on the other hand, it helps enhance the Group's ability to cope with climate change and minimising the impact on climate change.

The Group's shopping malls, hotels, residential properties, and office buildings have implemented green procurement principles, including:

-○ Assess the necessity of the product or service to avoid unnecessary consumption and management requirements;
-○ Consider alternatives when purchasing products that require replacement, such as reuse, recycle, reduce, and selecting products with higher durability and energy efficiency;
-○ Consider relevant emissions, pollutants, energy, and water use at all stages of the product lifecycle;
-○ Reduce the purchase of products with hazardous substances;
-○ Consider more on the disposal approach after the end of the product lifecycle, including reuse, maintenance, recycling, and disposal.

By formulating the Guidelines for Energy Management and other internal management policies, each shopping mall, hotel, residential property, and office building carry out classified comprehensive energy management from the aspects of lighting, heating, cooling, use of domestic water, and power distribution. The Group's shopping malls, hotels, residential properties, and office buildings implement refined management during daily operations, to which the engineering director is entrusted for the overall energy management to achieve the targets of energy-saving and emission reduction. In order to reduce the use of non-renewable energy, the Group prioritises the use of solar water heating system and uses natural gas as an auxiliary heat source.

The Group fully understands the significance of the sustainable water resource management, and is committed to reducing the water usage. The Group referred to the SDG-6 goal of "Ensure availability and sustainable management of water and sanitation for all", and has implemented diversified measures to improve the water use efficiency in different business aspects ranging from property development, construction management to daily operation, so as to achieve the goal of saving water usage as much as possible. Additionally, the Group also strengthens the daily maintenance and management of water appliances, conducting non-scheduled inspections on the water usage of each district to prevent overflowing and long-time flowing of water taps. Due to the Group's business nature, municipal water and circulating water are used in all operating properties owned by the Group, and thus did not face any issues in sourcing water that is fit for purpose.

As of the end of the Reporting Period, the energy consumption amount per income in thousand RMB from property rental, development and management services was 0.13 MWh. The Group will continue to implement more green measures in the future, further promoting the sustainable development of the business.

Green Management

The Group pays close attention to the materials used in construction projects and applies environmental-friendly principles in the project design process. The Group strives to reduce the environmental impacts at the locations where it operates and requires contractors to use precast materials that are poured integrally and with a modular design. The Group's hotel and commercial operation segments have established long-term cooperation with qualified waste recycling companies to ensure that domestic waste and hazardous waste are properly disposed of.

In terms of administrative management, the headquarters of the Group and offices of each business sectors continuously advocate the concept of "green office" and implement policies of reduction, reuse, and recycling for office waste such as paper and ink cartridges. As for the headquarters of the Group and offices of each project and business department, the Group has also established the Green Office Policy, which sets out a series of energy-saving and emission-reduction measures applicable to the office and manages the energy consumption of the headquarters office area, so as to minimise the negative impact of daily operations on the environment. At the same time, in accordance with the unified advocacy of the Group, the hotels and projects of the Group have set corresponding waste reduction targets according to their own business and operation conditions. For example, the Group's Tianjin Binhai project actively implemented the Green Office Policy, and has set the goal of saving paper and promoting "paperless office" to reduce relevant waste, and it achieved a 12% decrease of paper usage in 2021, compared with the paper usage in the previous year. Combining with its operation situation, Xinxiang ARTELS+ Hotel has also set waste reduction-related goals of 5% decrease in total waste production compared with the previous year.

Relying on SDG-12 "Responsible Consumption and Production" in the United Nations SDGs, the Group ensures the adoption of a sustainable production model in the production and operation process, and is committed to the goal of reducing the waste generation as much as possible, and to contributing to environmental protection and the realization of the SDGs.

The Group has established specific waste management policies and strategies according to the characteristics of different business segments:



As of the end of the Reporting Period, the amount of produced non-hazardous waste per income in thousand RMB from property rental, development and management services was 1.65 kg.

The Group will continue to implement more waste reduction measures in the future, minimising the environmental impact of business operations as much as possible.

Green Supply Chain

The Group insists on taking the environmental and social performance of suppliers into consideration in the selection criteria for procurement, so as to effectively manage environmental and social risks in the supply chain and cooperates with companies in the same industry to share supplier information, and regularly form and publish green procurement "whitelist". The Group advocates fair, just and open procurement principles and highly transparent procurement sections, adheres to the concept of win-win cooperation with suppliers, and maintains long-term cooperative relationships with outstanding suppliers. In the process of recruiting suppliers, the Group has formulated a "7+4" control system to evaluate and manage suppliers from two aspects: "general dimension" and "special dimension". The general dimension includes consideration of the Company's situation and reputation, business scale, project performance, management team, financial guarantee, labour force and local resources, while the special dimension includes the Company's local experience, labour and employment situation, industrial reputation and the Company's performance in similar cooperation status. To ensure the effective implementation of the above principles, the Group internally issued and strictly implemented the Operation Guide of Supplier Resource Management, Operation Guide of Bidding and Purchasing, Guidelines for Recommendations and Invitation of Bids and Operation Guide of Whole-process Management for Strategic Procurement. During the selection of business partners, the Group will first conduct a background check, including a credit check, and only companies with no illegal record can be shortlisted. The Group will also investigate the historical performance of suppliers and review their performance in labour protection and human rights protection. The Group will conduct on-site inspections of potential partners, and take quality, safety, and environmental protection as inspection standards. All partners face uniform entry criteria to ensure fairness and impartiality. The Group currently uses a transparent and open online platform to call for tenders, and also has clear integrity and law-abiding clauses and complaint reporting channels in the contract and official website.

The Group believes its green development is inseparable from the support of its partners. In order to improve the overall environmental management ability of corporate operations, identify and avoid environmental risks, and promote sustainable development, the Group voluntarily joined the "Green Supply Chain in Real Estate Industry in China" ("**Green Supply Chain**"), focusing on the monitoring of the environmental impact and control from manufacturers of cement, steel, aluminium alloy, glass, and coating, as well as the control of formaldehyde in interior decoration materials and finished products. When selecting wood products, priorities will be given to member companies of the Global Forest & Trade Network to support responsible and sustainable enterprises in the forest product industry. The Group has included relevant terms on environmental protection in its contracts with suppliers, as well as a series of clauses requiring payment to migrant workers and protection of their rights and interests.

As a participant of the Green Supply Chain, the Group follows the procurement principles for operation materials from the White Papers of Purchasing Standards for Green Supply Chain in Real Estate Industry in China, and earnestly complies with the following principles in the process of major business operations:

- Balance economic and environmental benefits and consider the development stage of the industry to establish practical green procurement standards for real estate. Prioritise the procurement of raw materials, products and services that are environmental-friendly, energy-efficient, and easy to recycle and reuse.

- Create a green supply chain and establish a transparent and fair green assessment system and standards. Continuously optimise the procurement standards and systems and comprehensively consider energy-saving and environmental-friendly factors in the aspects of product design, procurement, production, packaging, logistics, sales, service, recycling, and reuse, to undertake the social responsibility of environmental protection, energy-saving, and emission reduction, with the upstream and downstream corporates and jointly creating a green supply chain.



The Group takes the interests of clients as the priority and considers the indoor living environment quality of each commercial project and property. The Group adopts standards that are higher than the national level when selecting some of the decoration materials, and strictly monitors the key building materials such as wood products and wallpaper, to ensure the safety of incoming materials. The Group has been developing and refining the supplier recommendation policy and inclusion standard since 2014, specifically formulating the shortlist criteria for suppliers on engineering, strategic planning, and operation to set out the requirements regarding professional qualification, corporate scale, and other additional conditions of suppliers. The Group will further expand the green procurement list.

In addition, the Group will evaluate the quality and safety of project delivery, analyse clients' opinions and feedback on the project, and promptly rectify the problem. Cooperation opportunities will not be given to project suppliers with low evaluation scores. If the construction quality of the supplier does not meet the standards listed in contracts, or the supplier's service is being complained about by clients, the Group will communicate with the responsible supplier and charge a fine according to the contract.

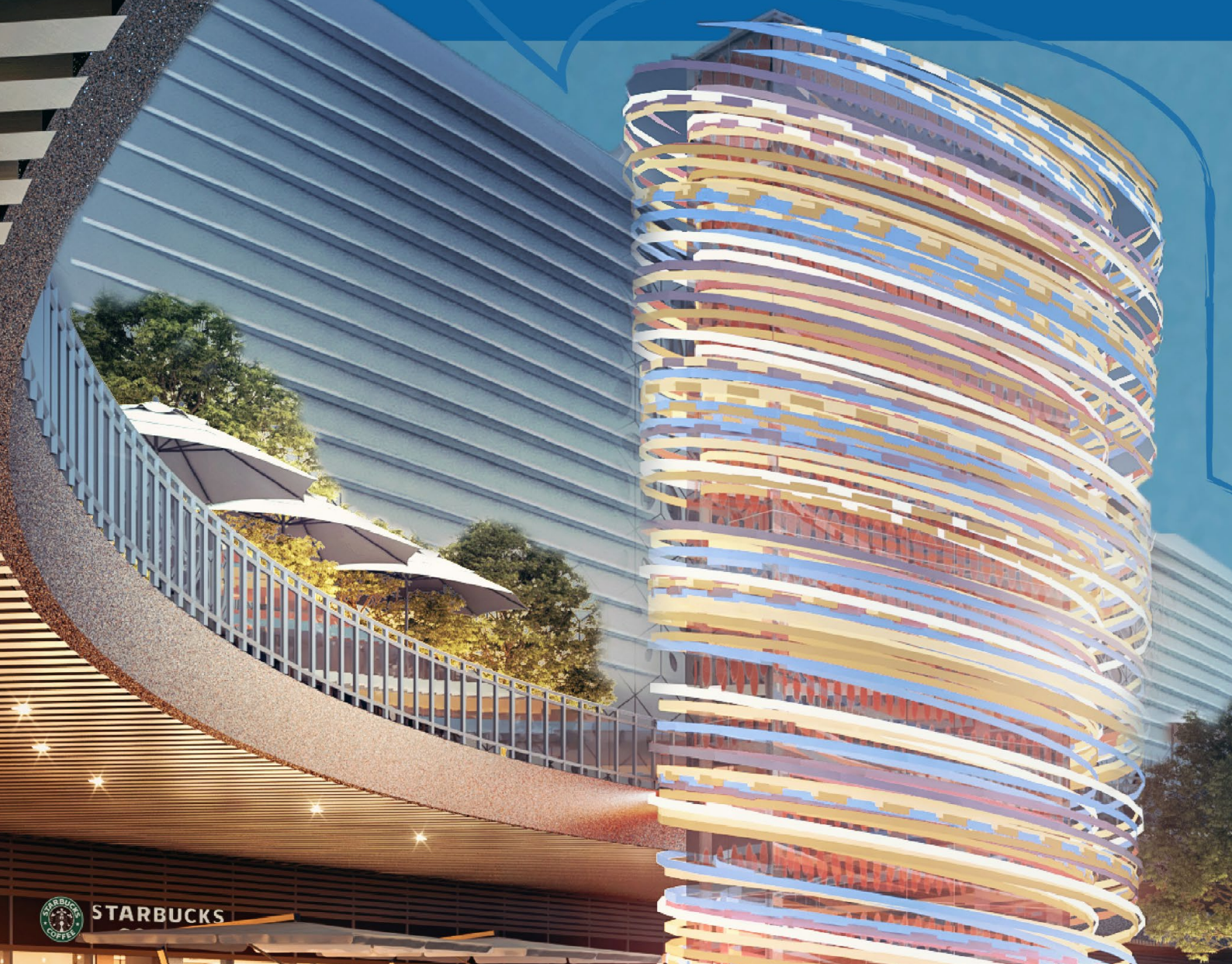
Green Finance

The Group focuses on the comprehensive commercial property development and operation, and has always been implementing the concept of green development, and endeavours to create a green brand of real estate. The Group has formulated and released the Green Finance Framework in line with the Green Bond Principles and Green Loan Principles, and it was acknowledged by the international rating agency S&P Global Ratings at 24 November 2021. The formulation of the Green Finance Framework can help Powerlong to realise its goals in sustainable development, and provide funds for the Group for the projects that can have a positive impact on the environment.

Powerlong established a Green Finance Committee to evaluate and select projects, so as to ensure that the project meets the environmental goals of the Group, which covers green building, energy efficiency, renewable energy, pollution prevention and control, sustainable water and wastewater management, and adaptation of climate change, and made contributions to the environmental protection and response to climate change.

Caring for Employees

The Group is committed to creating a supportive, safe and healthy working environment for employees with the principle of fairness and justice. The Group fully respects and protects the fundamental rights and interests of every employee, implements a diversified talent development strategy, cares for employees' growth and creates a career platform from them to show their talents and ideas. At the same time, the Group improves employee care, and incubates the senses of belonging on the ethos of "Shared Devotion, Pathway and Passion", to create a happy and harmonious atmosphere in the workplace.



The Group strictly complies with laws and regulations in its operation locations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, and discrimination, and other benefits and welfare, and laws and regulations related to the prevention of child labour and forced labour. The name of relevant laws and regulations that the Group's compliance with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in the chapter "Laws and Regulations that the Group has Complied with during the Reporting Period" of the Report.

The Group has summarised, formulated, and implemented the Human Resource Management System Compilation in accordance with relevant laws and regulations and based on its own circumstances. The Group and its subsidiaries are required to strictly enforce the aforementioned laws and systems, regarding the aspects of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, and discrimination, and other benefits and welfare, prevention of child labour and forced labour. Additionally, the Group advocates an equal and diversified human resource management policy and will not discriminate against employees due to their race, nationality, ethnicity, gender and other factors. During the Reporting Period, the Group did not receive any cases about infringement of employee rights and benefits.



Optimising Employment Management

Attaching Importance to Talent Recruitment

Attaching great importance to the promotion of corporate culture, the Group fully considers the capability of talents, as well as their compatibility with the corporate culture in employment. The Group believes that the goal of a joint development between employees and the Group can only be achieved if employees understand, identify with, and integrate into the corporate culture.

The Group adheres to the principle of "Open Recruitment, Position Competition, Selected Hiring, Optimised Allocation" and has established an evaluation system in combination with the situation to objectively assess candidates for recruitment. At the same time, the Group strictly examines the information of all applicants during the recruitment process, thus ensuring the applicants have reached the legal age for employment, and resolutely refraining from employing child labour. If violation is found, handling actions will be taken immediately according to relevant laws and regulations. During the Reporting Period, the Group did not receive any cases of child labour.

During the probation period, employees of the Group can propose to terminate the labour contract, however a written report must be submitted at least three days in advance. If, during the probation, any employee is found to be unqualified for the employment requirement, in violation of laws and regulations, or in violation of the Group's rules and regulations and labour discipline, the Group may unilaterally terminate the labour contract.

Competitive Remuneration and Benefits

Adhering to the organisational management principle of high performance and high growth, and the performance culture, the Group has established a comprehensive compensation and welfare system. The Group has specified in the internal management system, the Guidelines for Salary Management, that the Group adheres to the principle of "Salary is Consistent with One's contribution" to objectively offer different salary levels according to employees' actual capabilities and responsibilities.

In terms of the formulation of remuneration, the Group regularly organises annual salary reviews. In addition to the general salary adjustment plan, the individual remuneration adjustment range is determined by each department based on the ability, performance, and incentives of employees.

In addition, the Group conducts annual performance appraisals and assessments for all employees and arranges salary adjustments and promotions according to the work capacity, performance, and other factors of each employee. For employees with poor performance in the assessment consecutively, the Group may demote the employees or change their postings. If the assessment of the employees still fails to meet the standard, the Group may negotiate with relevant employees to terminate the labour contract and pay them reasonable severance in accordance with applicable laws.



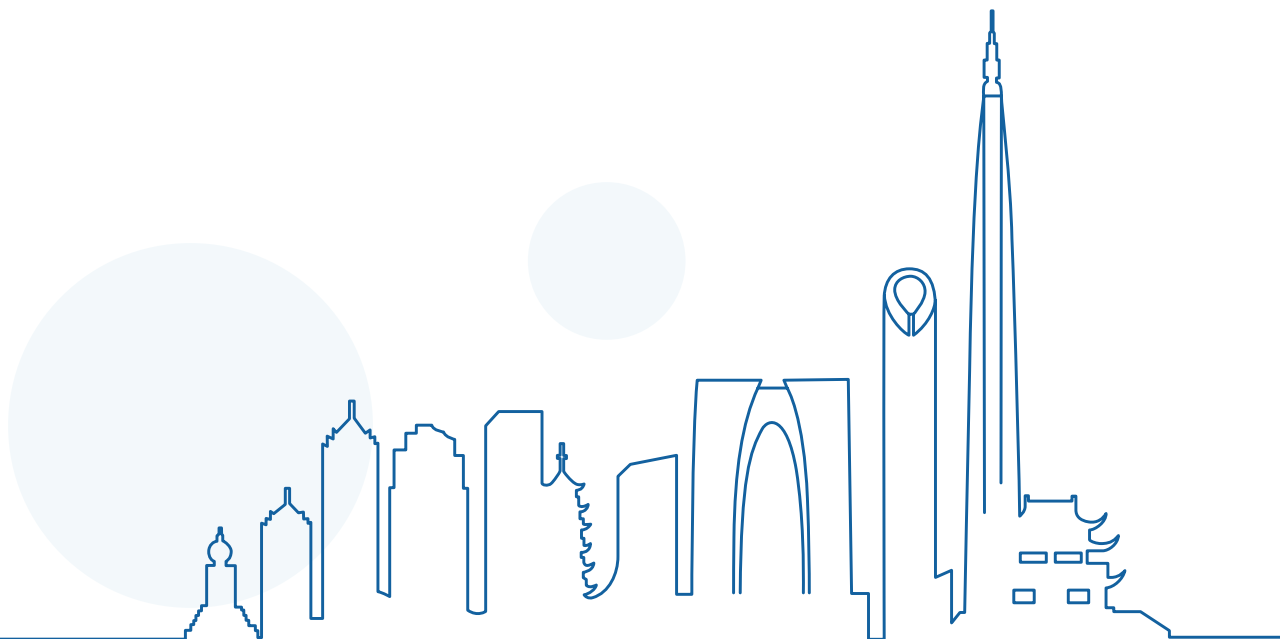
Comfortable leisure space

In terms of employee benefits and welfare, we provide employees with catering at canteens, purchase traffic accident insurance for employees engaged in special works, and provide special benefits such as birthday gifts, wedding gifts, childbirth gifts, condolences subsidy, and flight tickets and accommodation subsidies for visiting relatives. The Group ensures that employees to enjoy paid leaves and other statutory holidays in accordance with the law, and regularly reviews the working hours of employees, implementing strict management of overtime work, in which overtime work must be approved by relevant management. All employees who worked overtime may apply for a subsequent compensation leave. The Group encourages employees to maintain work-life balance and ensure employees adequate rest and maintain their well-being and health. Also, we attach importance to democratic communication, and listen to employees' opinions through staff seminars, helping them solve problems that they may encounter during work. During the Reporting Period, the Group did not receive any cases in relation to employing forced labour.

The Group advocates the concept of "Employee Family", maintains the tradition of holding birthday celebration parties for employees, and encourages employees to participate in various family activities. The Group hopes that its' blessing and support are one of the pillars behind every happy family of employees. The Group pays attention to coordinating the work-life balance of employees, creating a blissful and festive atmosphere during major festival and holidays to allow employees to feel relaxed, and organising a number of entertainment activities to provide employees with a platform for mutual communication.



Heart-warming staff canteens



Ensuring Occupational Health and Safety

Attaching great importance to the safety and health of employees in the workplace, the Group strictly abides by laws and regulations relevant to a safe working environment and protection of employees from occupational hazards at the locations where it operates. The name of relevant laws and regulations that the Group has complied with during the Reporting Period, as well as an overview of the Group's compliance with the laws and regulations are listed in the chapter "Laws and Regulations that the Group has Complied with During the Reporting Period" of the Report.

With the safety and health of employees in mind, the Group has formulated a series of systems based on relevant laws and regulations, ensuring the safety of employees from numerous perspectives. The systems include the requirements on providing a safe workplace for employees, protecting employees from occupational hazards, as well as more stringent and detailed requirements for the safety prevention and management of employees engaging in engineering and other high-risk industries.

During the Reporting Period, the number of work-related fatalities in the Group was 0, with no lost days due to work-related injuries.

Provision of safe workplace and protecting employees from occupational hazards

In order to prevent, control and eliminate occupational hazards, prevent and treat occupational disease, protect the safety of workers, and promote economic development, the Group has formulated occupational hazards programmes for the implementation of classified management and integrated control.

Occupational health management system

The Group organises annual unified body check for employees and arranges health screenings for new employees to allow proper job allocation for employees with occupational contraindications and allergies. Protective equipment and regular health checks are provided and arranged for registered employees who are exposed to toxic and hazardous substances. Treatments for patients with diagnosed occupational diseases are actively arranged by the Group.

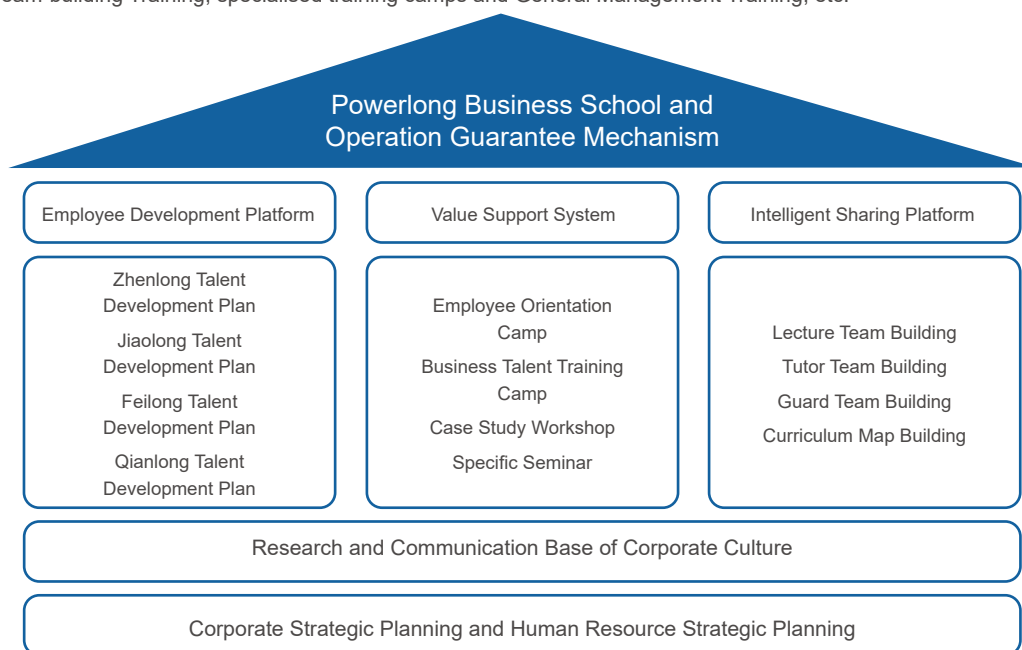
Engineering management system

The Group requires the main contractor to formulate a safety construction plan in accordance with the laws and regulations in China and locations where the project operates, as well as the contract requirements, which the safety construction plan can only be implemented after obtaining approval of the supervision unit and the project company. The section of Regulations on Safety Supervision in the plan ensures the safety of employees through strengthening the emphasis on safety by both the main contractor and the supervision unit.

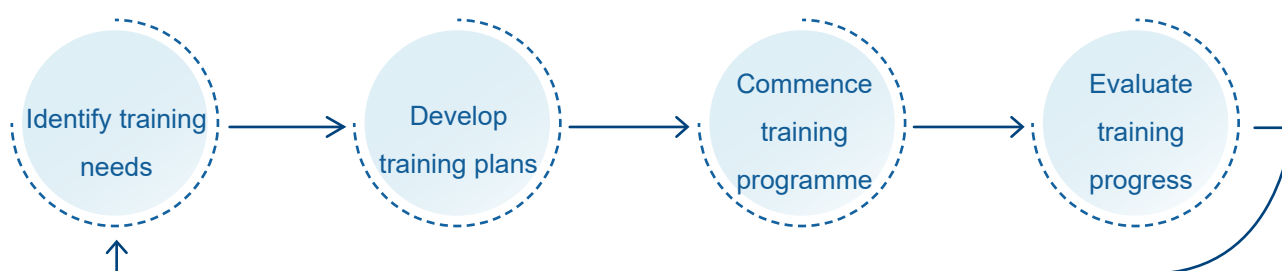
In daily operations, the headquarters of the Group and its subsidiaries regularly inspect fire-fighting facilities and safety signs and arrange for employees to participate in fire drills, thus enhancing their self-protection awareness. The employees of the engineering department regularly hold sharing seminars with the theme of safety management by combining their own experiences and external cases, so as to strengthen the approach and awareness of safety management.

Improving Vocational Training

The Group attaches great importance to the nurturing of employees and has established the Powerlong Business School to cultivate entrepreneurial talent. The talent training includes various themed training for employees of different professions and positions from top-down. The Group has established a special training system. Currently, the training system is mainly composed of Feilong Training, Qianlong Dream-building Training, specialised training camps and General Management Training, etc.



The Group's training system is operated according to the ISO10015 International Standard Project Management Process and has realised the closed-loop operation.



- 1 Identify training needs:** Annual research and analysis on training needs are carried out by Powerlong Business School and units responsible for training at the end of each year. The survey is carried out by face-to-face interview, telephone interview, questionnaires, analysis of critical incidents and other approaches to formulate the Training Demand Analysis Report as the reference for medium to long-term planning;
- 2 Develop training plans:** Based on the medium and long-term planning of Powerlong Business School and the Training Demand Analysis Report, Powerlong Business School and units responsible for training formulate the annual training and budget plan and submit to Powerlong Business School for approval;
- 3 Commence training programme:** Units responsible for training implement the training programme or project in accordance with the annual training plan.

Feilong Training Project

The Group has established the "Feilong Training Project" to select and train professionals with potential, high performance and high recognition among employees. During the Reporting Period, "Feilong Training Project" screened out more than 150 "Feilong" professionals to participate in the training. The entire project is professionally trained with challenging tasks, tutorials from mentors, experience exchange and sharing activities, etc., which also serves as an evaluation means of "Feilong" professionals' potential and abilities. The "Feilong Training Project" lasted for 8 months. After the project, a total of 98 trainees passed the evaluation and entered the talent database of the Group.



Qianlong Dream-building Camp

During the Reporting Period, the Group launched the management trainee program "Qianlong Dream-building Camp" and has recruited a total of 50 management trainees for training. "Qianlong Dream-building Camp" aims to help management trainees to successfully adapt to the culture, workplace, and profession of the Group. The Group has set up a 14-day closed training course for them, covering Powerlong's corporate culture, products, business model, organisational structure, and introduction of various majors. The Group also invited previous management trainees to share experience and conducted business simulations, etc., so that management trainees can quickly integrate into the company and open a new chapter in their careers.



Marketing-specialised Training Camp

The Group established Powerlong Business School to provide personalised and comprehensive professional skills training for employees in the Group's headquarter and its subsidiaries. During the Reporting Period, in response to the needs of the Marketing Management Centre, Powerlong Business School customised a special training camp on marketing capabilities for the marketing team to improve the practical ability of the marketing employees. The content of the training camp covers products of the Group, marketing skills and sales skills, etc. The training was conducted in a form of integral race, which added fun in the training and enabled employees to master professional knowledge and improves the level of marketing in a happy atmosphere.



City Headquarter/Project Special Training Camp

According to the Group's 2021 strategic requirements, Powerlong Business School has customised a special training camp for key positions in real estate and property development. The special training camp adopts the methods of real case study, experience summary and experience sharing with external experts, etc., to train the personnel in the camp around the actual business difficulties of the year and improve the professional ability of operation.



Enhancing Team Culture Building

Powerlong Business School closely combines the overall corporate culture building with the individual training and development of employees and guides the training and development of employees with the corporate culture. The Group hopes that the growth of employees can bring new ideas for the development of corporate culture, so as to gradually foster the common development and growth between the Group and the employees as a beneficial loop. In 2021, the Group further strengthened the building and publicity of its corporate culture and carried out a number of corporate culture publicity and training activities, aiming to enhance the sense of employees' corporate identity.

Case

Powerlong Art Festival

During the Reporting Period, the Group held the first Powerlong Art Festival, inviting all employees and their families to participate in, advocating and disseminating the Powerlong culture of "Creating Space Full of Love". Through the activities, the distance among employees has been narrowed, so that employees have a sense of identity and belonging to the Group's corporate culture, and jointly create a loving working space and community environment. The Powerlong Art Festival includes three sections: the selection, evaluation and exhibition of calligraphy, painting and photography works. The event received more than 500 pieces of artwork, and finally 50 of them were selected to be exhibited at the Powerlong Art Centre and awarded.



Giving Back to the Society

As a socially responsible corporate citizen, the Group has always put “social responsibility” as an essential part of the strategic corporate development, striving to create shared resources and value related to business operations for the community, and contributing to the society with love and warmth. In addition to the ongoing corporate welfare and charity work, the Group also supports the long-term community investment through the operation of projects to strengthen its linkage with the communities where projects are located. In addition, benefitted from the national reform and opening policy, the Group continues to thrive in the development of various businesses. The Group also hopes to improve the public’s perception of ideas, culture, aesthetics, and art through perfectly integrating various businesses with culture and art.

The Group has long been committed to supporting the development of social welfare undertakings. As a social citizen, the Group has always adhered to the belief that “Powerlong’s Success is Only A Small Success, and that More People can Benefit from Our Success is the Big Success”, and contributes to speeding up the overall construction of a moderately prosperous society. The Group hereby appeals to the whole society to jointly carry the banner of social responsibility and hope and build a world full of care and mutual assistance.

The Group has formulated and strictly implemented various internal management policies relating to operation-related community communication. Currently, the Group’s community investments are mainly focused on rural revitalisation, poverty alleviation, social care, cultural education, medical and health care, environmental protection, and artistic development. The Group seeks to assist the social development and construction at relevant areas where the projects locate through its operation and charitable donations at the project locations. At the same time, the Group also prefers to bring hope of the future to the local next generation and fuel the momentum of sustainable development in the regions.





POWERLONG
宝龙城



宝龙城



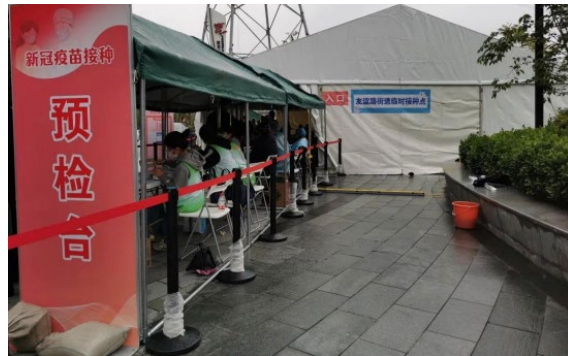
Assisting with Pandemic Control and Prevention

During the fight against the pandemic, the Group responded quickly and established a special working group to deal with the pandemic. The Group's hotels quickly activated the relevant emergency plans, made every effort to prevent and control work, and safeguarded the health of each employee and guest. Many hotels of the Group have delivered hot food and warmth to the frontline medical personnel in the pandemic and launched the "Specially Clean Room" service in a timely manner to help ensure the safety of customers who returned to work. During the Reporting Period, the pandemic has been gradually controlled, and the country has begun to experience the period of normalised pandemic prevention and control. In response to the call of the state, the Group has not slackened its measures of pandemic prevention and control and has contributed to the vaccination of COVID-19 and daily pandemic prevention and control to ensure the normal operation of the society. The Group will uphold its sense of historical responsibility and social mission, actively fulfil its responsibilities, and create value for the country's economic and social development.

Case

A temporary COVID-19 vaccination site was set up at Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場)

In April 2021, Shanghai Baoyang Powerlong Plaza opened a temporary COVID-19 vaccination site, and it only took less than 14 hours for the vaccination site to be built and started to operate as scheduled on 27 April 2021 since the determination on the arrangement plan, for which the successful and fast implementation should be thanks to the cooperation and continuous efforts of the staff from Powerlong Plaza and staff from the local government and the hospital.



Building Art Hotels and Practicing the Mission of “Creating Space Full of Love”



The hotels of the Group also actively fulfil their social responsibilities, regarding love as the guide and basis for their action. The hotel group of Powerlong uses "art" as its element to actively carry out various social welfare activities, demonstrating its care for the human environment and the public, and proactively fulfilling its corporate social responsibility.

Case



During the Reporting Period, the Group held the second Powerlong Hotel Art Exposition to better publicise and promote the humanistic spirit of art, realize the exchange and integration between art and the community, promote the concept of “Meeting Art in Hotels and Integrating Art into Life”, disseminate artistic and aesthetics lifestyles, and improve the happiness of people in the local community. The Powerlong Hotel Art Exposition was held nationwide, with the theme of "Joyful Future, Artistic Life". Artists and art schools from all over the country were invited to participate in, and art works will be exhibited in hotel rooms, showing the ingenious integration of art and space. The Group also organised various activities through art festivals to provide a platform for teenagers and kids to know and learn about art and held activities such as on-site teaching and painting competitions to demonstrate the care that art has for the general public.

Contributing to Charity

Since its inception, the Group has been fully aware of its social responsibilities and has transformed its corporate development achievements into public welfare and charity, and actively participated in the fields of public welfare, ranging from poverty alleviation, medical education, cultural heritage, and social development. As of the Reporting Period, the accumulated amount of donations has reached RMB800 million.

In order to carry out social welfare undertakings more comprehensively, in November 2020, the Group initiated the establishment of the "Shanghai Powerlong Public Welfare Foundation", with the purpose of "Standing for Love, and Doing Good Deeds", focusing on financial support for families in need, related public welfare projects for elderly care services and for civil affairs, etc.

In February 2021, the Group established the "Shanghai Hoi Kin Hong Public Welfare Foundation" with the purpose of "Inheriting Charity Culture and Promoting Social Development". The foundation mainly focuses on the financial support for the united front work, medical research, poverty alleviation, education and culture, and disaster rescue, etc.

The two major public welfare foundations of the Group, as two important platforms for the Group to undertake social responsibilities, have their own priorities and continue to contribute to public welfare affairs. During the Reporting Period, the Group continued its charitable deeds, and when natural disasters hit Henan, the Group made every effort to help and donate love. At the same time, the Group has also actively responded to national policies and calls, firmly consolidated the achievements in poverty alleviation, and vigorously supported rural revitalization and construction, invested a lot of funds to

care for the well-being of residents in the assistance areas, and fulfilled its social responsibilities. In the future, the Group will continue to support social welfare undertakings as always and integrate the development of the enterprise into the vision of building a prosperous society in an all-round way, building a harmonious society and realizing coordinated economic and social development.

In August 2021, Powerlong Public Welfare Foundation officially launched the assistance project for Qinghai Province. The Group actively helped the counterpart assistance areas to continuously consolidate and promote the achievements in poverty alleviation, and comprehensively promoted the rural revitalization public welfare activities. The Powerlong Foundation donated to the Children's Home and the Orphans in Distressed Project in Banma County, Qinghai Province, and conducted caring visits. At the same time, the Group donated to the Nursing Home for the Elderly Project in Banma County, making every effort to combine medical care and nursing, so that the elderly can spend their twilight years in good health.

In March 2021, the Group donated RMB1 million to Quanzhou Education Foundation to support the special public welfare fund of Quanzhou University for the Elderly.



In July 2021, an extreme heavy rainstorm struck Henan, causing huge loss of life and property in the local area. The Group responded immediately to the emergency and donated RMB10 million to help the heavy rainstorm disaster in Henan. Meanwhile, the Powerlong Public Welfare Foundation donated RMB500,000 to support the repair of damaged houses in the disaster area.





The staff visited the nursing home to offer condolences

The nursing home is under repair

In September 2021, the Powerlong Public Welfare Foundation donated RMB2 million to set up a special fund for the thematic fund of Powerlong Community Charity to promote the development of community charities with high quality.



In November 2021, the first batch of achievements of the Group's counterpart assistance to Xibian "Rural Revitalization" and the opening ceremony of Nengqin Park and Shucanglou Art Museum were held in Xibian Village, Jinjiang City, Fujian Province. The successful rural revitalization assistance is a key public welfare section of the Group's gratitude to the country and responsibilities of giving back to the society.



Performance Summary

The statistical data and calculation methods used in the Report have been properly presented. Historical data and information of some indicators have been sorted out and presented. Environmental data covers properties held and operated by the Group, for which the number has changed compared with the previous reporting period. During the Reporting Period, the Group further improved its data collection and statistical system, thus there were differences for some data as compared with the previous year. "N/A" in each column indicates that the relevant data have not been disclosed in the respective year. Unless other stated, the data provided in this chapter are the annual summary data for the corresponding year or data as at 31 December of the corresponding year.

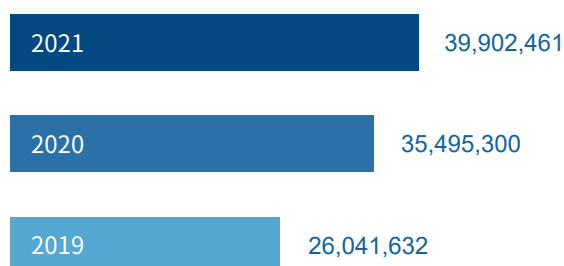




Steady Operation

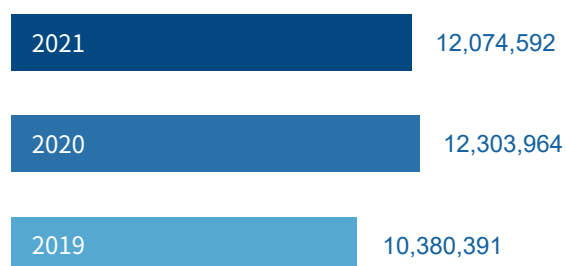
Economic performance:

Revenue



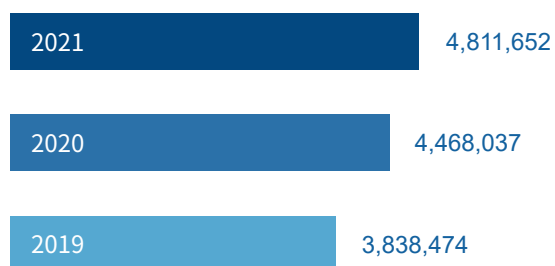
Unit: RMB'000

Operating profit



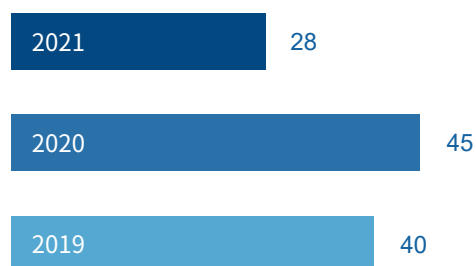
Unit: RMB'000

Tax expense



Unit: RMB'000

Total dividend per ordinary share



Unit: HK cents

Prevention of bribery and corruption:

Number of cases involving bribery, extortion, fraud, and money laundering



Sincere Services

Operational performance:

Number of operation litigation cases related to safety and health



Number of operation litigation cases related to intellectual property infringement



Number of complaints due to leakage of client information



Client satisfaction:

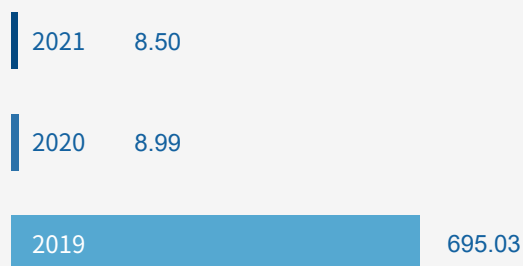
Indicators	2021	2020	2019	Unit
Average customer satisfaction of the commercial sector	96.2	95.2	94.4	%
Average resident satisfaction of the residential property management centre	87.2	86.0	79.8	%
Average customer satisfaction of the hotel operation	93.2	93.5	94.1	%

Green Development

Emissions

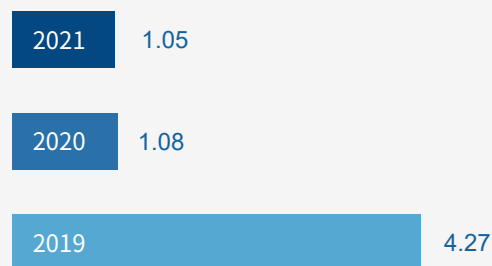
Atmospheric pollutants⁷:

Nitrogen oxides (NO_x)



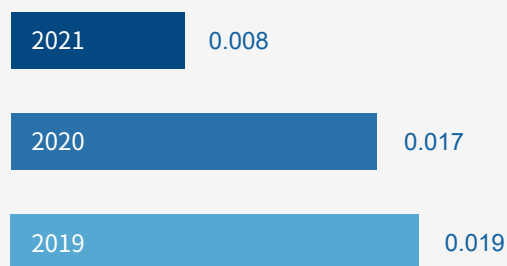
Unit: Tonne

Sulfur oxides (SO_x)



Unit: Tonne

Particulate Matter (PM)



Unit: Tonne

⁷The air pollutant emission data in 2021 included the natural gas emission from stationary sources, the fossil fuel consumption from on-road vehicles and non-road mobile source. The calculation was based on the Calculation Manual of Pollutant Production and Emissions Coefficients for Boiler, Technical Guidelines for the Preparation of Air Pollution Emission Inventory from Road Motor Vehicles (Trial) and the Technical Guidelines for the Preparation of Emission Inventory from Non-road Mobile Source (Trial) issued by the Ministry of Ecology and Environment of the PRC. Since the calculation of air pollutants from stationary sources was based on the Calculation Manual of Pollutant Production and Emissions Coefficients for Boiler and the emission total particulate matter is not included, the emission data of atmospheric pollutants were presented in three categories: nitrogen oxides (NO_x), sulfur oxides (SO_x) and particulate matter (PM).

GHG Emissions:

Indicators	2021	2020	2019	Unit
Collective GHG emissions	341,603.39	396,531.95	369,004.78	Tonne CO ₂
Direct emission (Scope 1) ⁸	11,578.89	13,844.79	21,968.60	Tonne CO ₂
Indirect emission (Scope 2) ⁹	330,285.78	382,498.75	347,511.15	Tonne CO ₂
Reduced GHG emissions by owned tree ¹⁰	261.28	188.42	474.97	Tonne CO ₂
Collective GHG emissions (Scope 1 and 2) per income in thousand RMB from property rental, development and management services ¹¹	0.07	0.10	0.10	Tonne CO ₂

Produced non-hazardous wastes:

Indicators	2021	2020	2019	Unit
Total amount of produced non-hazardous waste ¹²	8,043.65	53,150.61	21,561.08	Tonne
Domestic waste	6,270.28	50,698.07	18,294.88	Tonne
Food waste	1,773.37	2,452.55	3,266.21	Tonne
Amount of produced non-hazardous waste per income in thousand RMB from property rental, development, and management services	1.65	13.26	6.05	Kilogramme

⁸The direct GHG emission data were calculated according to the fossil fuel (natural gas, gasoline, diesel) consumption data of stationary sources, road mobile sources, non-road mobile sources, and refrigerant use, as well as relevant conversion factors in the Guidelines for Accounting and Reporting GHG Emissions by China Public Building Operation Units (Enterprises) (Trial) and the Guidelines for Accounting and Reporting GHG Emissions by China Land Transportation Enterprises (Trial) in Mainland China.

⁹The indirect GHG emission data in 2021 were attributed to the consumption of purchased electricity, which were calculated according to the total purchased electricity consumption and the average carbon dioxide emission coefficient from electricity network in 2021 from the Notice on the Preparation of the 2022 Annual Carbon Emission Reporting and Relevant Management Plan issued by the Ministry of Ecology and Environment of PRC.

¹⁰Refers to the total amount of GHG reduced by trees with height of 5 metres and above held by the Group. The GHG emission reduction data were calculated based on the relevant conversion factors in the Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Public Use) in Hong Kong.

¹¹Refers to the total income of the Group's annual income from rental income from investment properties, the income from provision of commercial operational services and residential property management services, as well as the income from other property development related businesses.

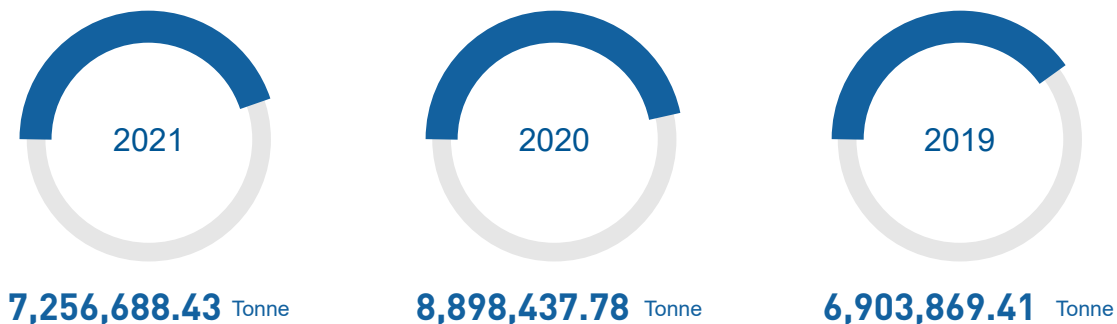
¹²The statistics and calculation scope of domestic waste have excluded wastes generated by commercial tenants in shopping malls, tenants in office buildings, and residents in the residential properties, but have included wastes generated in hotel guestrooms; the statistics and calculation scope of food wastes have excluded wastes generated by restaurants in the shopping malls, tenants in office buildings, and residents in residential properties, but have included wastes generated by hotel kitchens

Produced hazardous waste:

Indicators	2021	2020	2019	Unit
Total produced amount of hazardous waste	16.81	24.95	42.64	Tonne
Electronic waste	3.93	10.71	26.21	Tonne
Waste battery	3.10	1.83	6.76	Tonne
Waste lamp containing mercury	7.30	10.32	7.73	Tonne
Used cartridge	0.62	0.81	0.75	Tonne
Chemical container	1.87	1.28	1.19	Tonne
Amount of produced hazardous waste per income in thousand RMB from property rental, development, and management services	0.003	0.01	0.01	Kilogramme

Wastewater discharge:

Wastewater discharge¹³



Emissions and discharge compliance:

Number of cases involving the illegal discharge of pollutants into the environment



¹³The data of water discharge were calculated based on the total water consumption data and the Manual of Accounting Methods and Calculation Factors for Pollutant Production and Discharge from Domestic Sources. The data of water discharge in 2020 and 2019 were also re-calculated based on such methods.

Resource Use

Energy consumption¹⁴:

Indicator	2021	2020	2019	Unit
Total energy consumption	626,163.88	597,050.76	483,058.77	MWh
Direct resource use				
Natural gas	56,717.03	53,115.42	38,545.23	MWh
Gasoline	855.42	960.75	709.16	MWh
Diesel	113.33	103.51	160.15	MWh
Indirect resource use				
Purchased electricity	568,478.10	542,871.08	443,644.23	MWh
Energy consumption amount per income in thousand RMB from property rental, development, and management services	0.13	0.15	0.14	MWh

Water consumption:

Indicators	2021	2020	2019	Unit
Total water usage ¹⁵	8,062,987.15	9,887,153.09	7,670,966.01	m ³
Consumption of municipal water ¹⁶	7,729,827.65	9,578,146.90	7,418,382.56	m ³
Consumption of circulating water (reclaimed water and cooling water)	333,159.50	309,006.19	252,583.45	m ³
Amount of water discharged into the natural environment after self-pretreatment and meeting discharge standard	971,835.84	1,053,035.94	1,955,125.03	m ³
Total water consumption ¹⁷	6,758,012.81	8,525,110.96	5,463,257.53	m ³
Water consumption amount per income in thousand RMB from property rental, development, and management services	1.39	2.13	1.53	m ³

¹⁴The data of resource consumption were calculated based on the amount of purchased electricity and the consumption of natural gas, gasoline and diesel, and converting coefficients from the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Enterprises in Other Industries (Trial) issued by the National Development, Reform Commission of the PRC.

¹⁵Refers to the sum of total usage of municipal water and circulating water.

¹⁶According to the business characteristics of the Group in real estate industry, source of water withdrawal by the Group is mainly municipal water (domestic water)

¹⁷Refers to the difference between the usage of municipal water and the amount of water discharge. The water consumption data in 2020 and 2019 were also re-calculated using the aforementioned method, and the water consumption amount per income in thousand RMB from property rental, development, and management services was correspondingly updated.

Mitigating Natural and Environmental Impact

Amount of recycled waste materials during operation:

Indicators	2021	2020	2019	Unit
Recycled plastic bottle	58.40	51.65	34.57	Tonne
Recycled soap	0.53	0.55	0.42	Tonne
Recycled toothbrush	0.16	0.83	0.77	Tonne
Recycled toothpaste	0.22	0.33	0.33	Tonne
Recycled metal	22.74	21.21	27.86	Tonne
Recycled paper	107.67	51.65	N/A	Tonne
Recycled glass bottle	9.14	47.56	N/A	Tonne

Environmental greening:

Number of trees owned by the Group with a height of 5 metres and above



Unit: Tree



Environmental compliance:

Number of cases involving damage to the natural environment

2021	2020	2019
0	0	0

Unit: Case



Supply Chain:

Indicators	Number of suppliers by region in 2021 ¹⁸
Region	Number
Mainland China	31,796
Hong Kong China	0
Number of suppliers where the supply chain management practices are being implemented in 2021	31,796

¹⁸The data were newly added in the Reporting Period, therefore only data in 2021 were presented here.



Caring for Employees



Employment

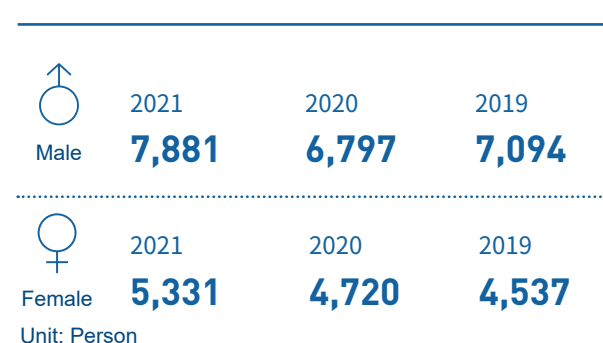
Employee composition:

Total number of employees



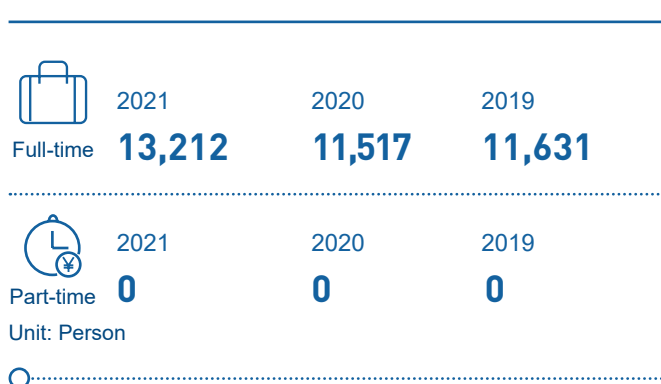
Unit: Person

By gender



Unit: Person

By employment category

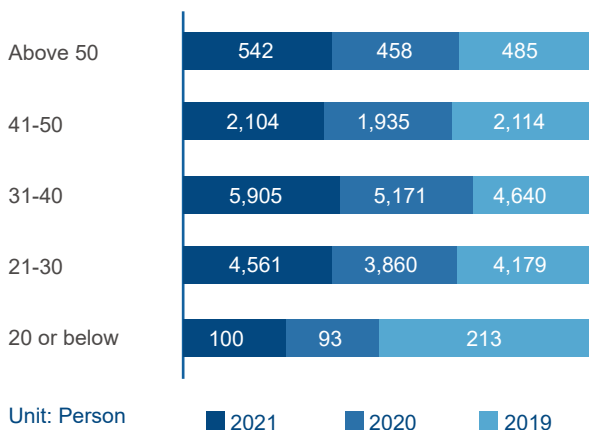


Unit: Person

By region

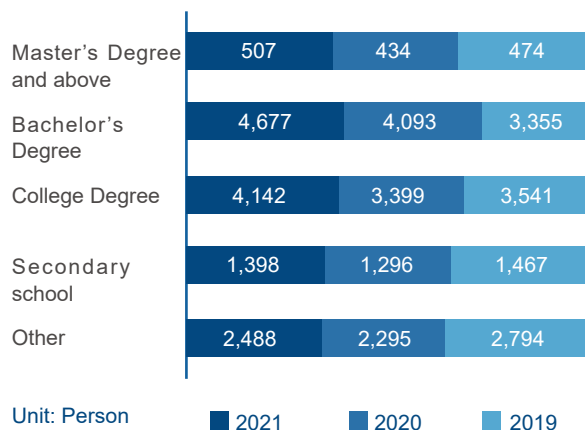
Indicators	2021	2020	2019	Unit
Mainland China	13,206	11,511	11,628	Person
Hong Kong China	4	4	3	Person
Other regions	2	2	N/A	Person

By age



Unit: Person

By educational background



Unit: Person

Employee turnover rate¹⁹:

Indicators	2021	2020	2019	Unit
By gender				
Male	35.5	32.9	12.0	%
Female	33.3	31.0	11.2	%
By region				
Mainland China	34.6	32.1	11.7	%
Hong Kong China	0	20.0	25.0	%
Other region	0	0	N/A	%
By age				
Above 50	24.4	22.4	6.2	%
41-50	24.9	22.5	7.3	%
31-40	33.0	29.7	12.6	%
21-30	40.4	38.9	13.7	%
20 and below	52.4	54.9	3.2	%

Occupational health and safety

Employee health and safety:

Indicators	2021	2020	2019	Unit
Number of work-related fatalities	0	0	0	Person
Number of employees that were unable to go to work due to work-related injuries	0	0	0	Person
Number of lost days due to work-related injuries	0	0	N/A	Day

¹⁹The employee turnover rates were calculated according to "the number of turnovers of the category / (the total number of employees of the category + the number of turnovers of the category)".

Development and training

Employee training:

Indicators	2021	2020	2019	Unit
Person-times of employees receiving training related to career development ²⁰				
Male	4,645	8,836	8,256	Person-times
Female	3,626	7,085	6,469	Person-times
Senior level	901	807	781	Person-times
Middle level	1,354	2,609	2,401	Person-times
General employees	5,583	12,505	11,564	Person-times
Average training hours per employee of the Group receiving training related to career development ²¹				
Male	10.1	23.8	20.3	Hours
Female	8.9	25.8	23.9	Hours
Senior level	646.9	13.7	47.5	Hours
Middle level	44.1	17.1	13.4	Hours
General employees	7.4	27.0	22.2	Hours

Giving Back to society

Community investment

Public charity:

Indicators	2021	2020	2019	Unit
Amount of money invested for community/charity ²²	34,564	68,892	154,385	RMB'000

²⁰According to the statistical system of the Group, the calculation unit of trained employees was "person-times", and the Group does not have the statistics of total number of trained employees in the unit "person". The Group will consider about the improvement of the statistical system in the future, and calculate and disclose the data of the percentage of trained employees in "person".

²¹In 2021, the Group calculated the average training hours completed per employee by employee category based on the relevant guidelines and calculation methods from the Reporting Guidance on Social KPIs of How to Prepare an ESG Report issued by the Stock Exchange, and the formula was "the total number of training hours of employees in relevant category/the total number of employees in that category". In 2020 and 2019, the calculation formula of average training hours completed per employee by employee category was "the total number of training hours of employees in relevant category/the total person-times of employees receiving training in that category".

²²Including charitable and other donations made by the Group.

Laws and Regulations that the Group has Complied with During the Reporting Period



Corresponding laws and regulations ²³ to the ESG Reporting Guide		The Group's compliance status
A. Environmental		
Aspect A1: Emissions		
Mainland China	Environmental Protection Law of the PRC Prevention and Control of Atmospheric Pollution of the PRC Environmental Protection Tax Law of the PRC Regulations on the Implementation of the Environmental Protection Tax Law of the PRC Water Pollution Prevention Law of the PRC Prevention and Control of Environmental Pollution by Solid Wastes Law of the PRC Environmental Impact Assessment Law of the PRC Prevention and Control of Environmental Noise Pollution Law of the PRC Regulations on Environmental Protection Management of Construction Projects Urban Drainage and Sewage Treatment Regulations	During the Reporting Period, the Group did not violate any laws and regulations relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, and noise control that have significant impacts on the Group.
Hong Kong, China	Water Pollution Control Ordinance Waste Disposal Ordinance	
B. Social		
Aspect B1: Employment		
Mainland China	Company Law of the PRC ²⁴ Labour Law of the PRC ²⁵ Labour Contract Law of the PRC Regulations on the Implementation of the Labour Contract Law of the PRC Social Insurance Law of the PRC Employee Paid Annual Leave Regulations Protection of Women's Rights and Interests Law of the PRC ²⁶ Protection of Minors law of the PRC ²⁷ Labour Dispute Mediation and Arbitration Law of the PRC Protection of Disabled Persons Law of the PRC Employment Regulations for Disabled Persons	During the Reporting Period, the Group did not violate any laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits that have significant impacts on the Group.
Hong Kong, China	Employment Ordinance ²⁸ Employee Compensation Ordinance Minimum Wage Ordinance	

²³The Group's operation complies with laws and regulations, which the laws and regulations the Group has complied with including but not limited to the content listed in this chapter.

²⁴To avoid repetitive statement, the law and regulation also apply to "Aspect B7" in this chapter.

²⁵To avoid repetitive statement, the law and regulation also apply to "Aspect B2" and "Aspect B4" in this chapter.

²⁶To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

²⁷To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

²⁸To avoid repetitive statement, the law and regulation also apply to "Aspect B4" in this chapter.

Corresponding laws and regulations ¹⁶ to the ESG Reporting Guide		The Group's compliance status
Aspect B2: Health and Safety		
Mainland China	Work Safety Law of the PRC Provisions on Workplace Occupational Health Supervision and Administration Fire Protection Law of the PRC Occupational Disease Prevention Law of the PRC Work Injury Insurance Regulations Labour Insurance Regulations of the PRC Safety Production License Regulations	During the Reporting Period, the Group did not violate any laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have significant impacts on the Group.
Hong Kong, China	Occupational Safety and Health Ordinance	
Aspect B4: Labour Standard		
Mainland China	Prohibition of Child Labour	During the Reporting Period, the Group did not violate any laws and regulations relating to preventing child and forced labour that have significant impacts on the Group.
Aspect B6: Product Responsibility		
Mainland China	Trademark Law of the PRC Protection of Consumer Rights and Benefits Law of the PRC Advertising Law of the PRC Patent Law of the PRC Land Administration Law of the PRC Construction Law of the PRC Urban Real Estate Management Law of the PRC Interim Measures for the Administration of Store Advertising Urban Real Estate Development and Management Regulations	During the Reporting Period, the Group did not violate any laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that have significant impacts on the Group.
Aspect B7: Anti-corruption		
Mainland China	Criminal Law of the PRC Against Unfair Competition Law of the PRC Bidding and Tendering Law of the PRC Anti-Money Laundering Law of the PRC Interim Provisions on Prohibiting Commercial Bribery	During the Reporting Period, the Group did not violate any laws and regulations relating to bribery, extortion, fraud and money laundering that have significant impact on the Group.
Hong Kong, China	Prevention of Bribery Ordinance	

Content Index of the ESG Reporting Guide of the Stock Exchange

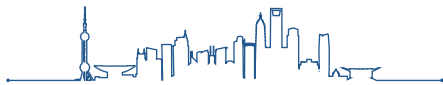
Subject Areas, Aspects, General Disclosures and KPIs			Location of Disclosure or Remarks
Mandatory Disclosure Requirements			
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.		Group Overview – Corporate Governance Structure ESG Management
Reporting Principles	Describe or explain how the reporting principles were applied in the ESG report	Materiality: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.	About the Report - Reporting Guideline ESG Management
		Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	
		Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		About the Report - Reporting Period and Scope
“Comply or explain” Provisions			
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) 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.		Green Development Laws and Regulations that the Group has Complied with During the Reporting Period
KPI A1.1	The types of emissions and respective emissions data.		Performance Summary

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Development
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Development
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Development Due to the Group's business nature, matters related to packaging materials are not applicable to the Group.
KPI 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).	Performance Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Development
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Development
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Matters related to packaging materials are not applicable to the Group due to the Group's business nature.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Development
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Development
Aspect 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.	Green Development
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Development

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) 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.	Caring for Employees Laws and Regulations that the Group has Complied with During the Reporting Period
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Summary
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) 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.	Caring for Employees Laws and Regulations that the Group has Complied with During the Reporting Period
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Summary
KPI B2.2	Lost days due to work injury.	Performance Summary
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Employees
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Summary The Group currently only counts the person-time of employees receiving training, thus only the person-time of employees receiving training during the Reporting Period will be disclosed. The Group will consider disclosing relevant data in the future.
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Summary

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Caring for Employees Laws and Regulations that the Group has Complied with During the Reporting Period
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Employees
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Green Development
KPI B5.1	Number of suppliers by geographical region.	Performance Summary
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Green Development Performance Summary
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Green Development
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Green Development
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Sincere Services Laws and Regulations that the Group has Complied with During the Reporting Period
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the Reporting Period, the Group did not receive any product recalls due to health and safety reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Sincere Services For the number of products and service related complaints received, please refer to the Environmental, Social and Governance Report 2021 of Powerlong CM, the subsidiary of the Group.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Sincere Services
KPI B6.4	Description of quality assurance process and recall procedures.	Sincere Services
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Sincere Services

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Group Overview Laws and Regulations that the Group has Complied with During the Reporting Period
KPI 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.	Group Overview
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Group Overview
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Group Overview
Community		
Aspect 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.	Giving Back to the Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to the Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving Back to the Society



ESG REPORT

POWERLONG 2021

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