



上坤地產集團有限公司

SUNKWAN PROPERTIES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6900

2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT





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ABOUT THE REPORT

Overview

This report is the second Environmental, Social and Governance Report (hereinafter referred to as the “**ESG Report**”) issued by Sunkwan Properties Group Limited, aiming at emphatically disclosing the Group’s management, practice and performance in economics, environment, society and governance towards all stakeholders of the Company.

Time Range of the Report

This report covers the period from January 1, 2021 to December 31, 2021 (i.e. the Reporting Period), and previous years for certain disclosure.

Reporting Scope and Boundary

This report covers Sunkwan Properties Group Limited and its subsidiaries (hereinafter referred to as the “**Group**”, “**Sunkwan Properties**” or “**We**”).

Preparation Basis

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (Appendix 27) to the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Stock Exchange**”).

This report is determined in accordance with the identification and arrangement of important stakeholders, ESG-related key topics, determination of the boundary of the ESG Report, collection of relevant materials and data, report preparation based on the information, inspection of data in the report and other steps, so as to ensure a complete, substantial, authentic and balanced report.

Data Source and Reliability Assurance

The information and data disclosed in this report are sourced from the statistical reports and formal documents of the Group, which have been reviewed and approved by relevant departments. The Group undertakes that there is no false record or misleading statement in this report, and will be accountable to the authenticity, accuracy and completeness of its content.

Report Language and Form

This report is available in Chinese and English and in the electronic edition for reference. Please visit the official website of Sunkwan Properties (<http://www.sunkwan.com.cn/>) for more information about the background, business development and idea of sustainable development of Sunkwan Properties.



ABOUT THE REPORT

Report Preparation Flow

This report has been prepared through working group organisation, data collection, interviews with stakeholders, questionnaire inquiries of stakeholders, framework determination, report preparation, report design, and approval by departments and senior management.

Confirmation and Approval

This report has been approved by the board of directors on 31 May, 2022 after the confirmation of the management.

CHAIRWOMAN'S STATEMENT

The year 2021 marks the 12th anniversary of Sunkwan Properties since its foundation. Along the journey, Sunkwan Properties has grown from a witness to industry changes to a participant and executor for the urban evolution through constant accumulation of courage and strength. Facing new challenges and opportunities, adhering to our original aspiration of “coming for livable” (為宜居而來), we have been constantly creating new models and honing new capabilities to adapt to market and demand iterations, so as to create warm homes for people, practice green development for all creatures, provide a wide platform for employees, and deliver love and goodwill to the society.

Product strength is the key to success in the future. We insist on getting a fair return from the market with our professional ability and satisfying customers' vision for better lives with better houses and better homes. In 2021, we considered ideal life scenarios from all aspects based on customers' demands and focused on the optimisation and upgrade of product design and technology, intelligence and convenience, and humanistic care, striving to build “good house” that can meet the ever-changing needs of our customers. During the Reporting Period, Sunkwan Properties completed a comprehensive upgrade of its product strategy in response to market and industry changes. We officially released the brand strategy of “Symbiosis of All Creatures, Beauty and Harmony”, and updated and iterated our four major residential products to vigorously promote the new mode of linking the industry and properties. We also formulated and implemented the “Blue Ocean Strategy” for our products to broaden the boundary of comfort and functionality of residential properties and evolve with iterating customer demands.

Co-existing in harmony with nature is the core value for Sunkwan Properties to build livable residences. We have been sticking to such value to achieve sustainable development, yet we have never ignored our responsibility for environment while pursuing high quality development and aim at providing green and environment-friendly product with energy efficient to society. In 2021, the Group successfully issued an aggregate of US\$210 million 364-day green senior debts for the first time. In the meantime, the Group set environment goals, kept enhancing the capacity of managing climate-related risks, continued to promote the corporate green development and actively conducted green building projects. During the Reporting Period, Sunkwan Properties delivered a total of 6 green building projects with a total gross floor area of 492,700 sq.m., accounting for 83% of the total delivered projects. Meanwhile, Sunkwan Properties has obtained a total of 17 green building certifications.

The concept of customer first is most valued by Sunkwan Properties, yet employees are still our most valuable assets. We believe that we can only create more value for customers by satisfying our staff. We strive to create a healthy working environment that is equal, diverse and inclusive for our employees and build a bright future together for both Sunkwan Properties and our staff themselves. In 2021, we kept increasing investment in employee rights and interests, training and development, remuneration and benefits, employee care, etc., to meet their work and life needs, which would empower employees to improve themselves and enhance their sense of belongings and happiness, and ultimately strengthen our corporate cohesion.

The Group has always believed that “Go forward in the same way with those who share the same values”. Adhering to customer orientation and upholding open, fair, credible and transparent procurement values, we implement a measurable, verifiable, traceable, rewarding and punitive supplier management system, broaden supplier communication channels and cooperate with suppliers to build up a sustainable and livable ideal. In 2021, we optimised and upgraded our supplier inspection system, and successfully held the annual partner party, the “Spring Tea Party”, to review the way we came together with our partners and look forward to a brand new journey ahead. In the future, Sunkwan Properties will continually cooperate with partners to expand the livable ideal into more cities based on the three core economic circles and satisfy more people's hope for home and a better life.



CHAIRWOMAN'S STATEMENT

Brand value is not only the accumulation of product reputation, but also the assumption of corporate social responsibility. We adhere to the implementation of brand strategy with practical actions to give play to our charitable force. In 2021, we paid close attention to social hot topics and real-time updates of the pandemic, and continued to carry out various charitable activities, covering multiple aspects such as assisting students with charity, helping the disaster-stricken areas, and assisting vulnerable groups. We donated a total of more than RMB5,000,000 to bring goodwill and warmth to more than 10,000 people.

Founded for twelve years, Sunkwan Properties still embraces ideals but acts in practice and has an insight into the change of the industry with persistence on optimising its products and services. Looking ahead, we will continue to self-innovation, proactively seek change, hold the banner of the times, and move forward at a new starting point. We will continue to forge ahead and pioneer new life with more humanized services and diversified lifestyles.

Zhu Jing

Chairwoman of the Board

ABOUT US

Since its foundation in 2010, Sunkwan Properties has been adhering to its original aspiration of “coming for livable” (為宜居而來), and has maintained a good momentum of development by continuously advancing its corporate strategic layout based on a sound corporate governance structure and a robust monitoring and control system, thereby striving to become “a premium urban life service provider”.

Company Profile

As a real estate corporate who pursuing ideals without being idealistic, Sunkwan Properties (6900.HK) focuses on two core businesses of residential property development and sales, aiming to constantly bring consumers a better living experience, obtain a fair return from the market with its professional ability and establish a sound brand image among customers and in the industry.

Relying on its good performance and strong overall strength, Sunkwan Properties was successfully listed on the Stock Exchange in 2020, and was awarded “China TOP 100 Real Estate Developers” during the Reporting Period.



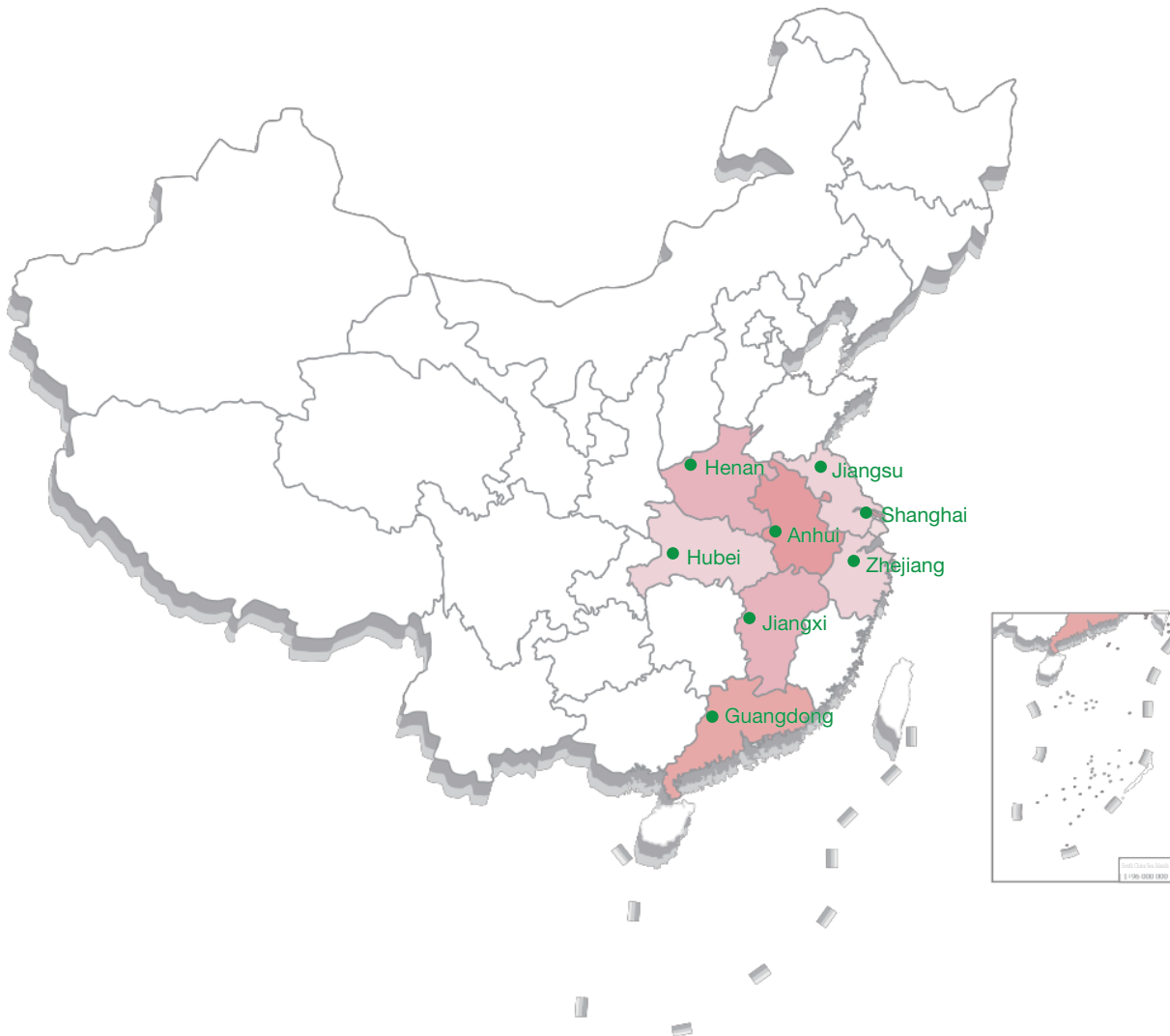
Development Milestones of Sunkwan Properties

ABOUT US



Strategic Development

Based on the market demand and customer experience, Sunkwan Properties always strives to become “a premium urban life service provider” (城市優質生活服務商) and creates greater value for the society. We are determined to carry out the “Third Five-Year” development strategy of “product leadership, efficiency priority, high quality and moderate scale development”, hold fast to the core economic zone of Yangtze River Delta, and radiate our business to Shanghai, Jiangsu, Zhejiang, Anhui, Guangdong, Henan, Hubei and other regions to penetrate the metropolitan area and build a strategic business map nationwide. By the end of the Reporting Period, Sunkwan Properties has entered 30 cities and developed nearly 100 quality projects.



National Strategic Layout of Sunkwan Properties

At the same time, based on the vision of “becoming a century-old enterprise that satisfies customers’ imagination of home and good life”, we provide customers with multi-faceted services such as residential development, livable life and Sunkwan commercialization through four major product series and growing community product propositions, and create better houses and better homes from the dimensions of aesthetics, intelligence, humanity and ecology, and do our best to create a better life for our customers.

ABOUT US

Residential Development	<ul style="list-style-type: none"> • Aesthetics: Forming the habit of beauty in the perception of life • Intelligence: Building a smart community and achieving the intelligent upgrading of Sunkwan's products • Humanity: Planning to reserve public space to give more functions to the central landscape and create the price premium • Ecology: Giving full consideration to children's growth activities and leaving space for plants to breathe and grow in the design
Livable Life	<ul style="list-style-type: none"> • Zero disturbance: Zero disturbance in the community and evasive community management • Zero distance: Zero distance in service and doing every little thing carefully • Zero barriers: Zero barriers to communication and personal attention to answer questions and solve problems • Zero dead angles: Zero dead angles under cleaning supervision
Sunkwan Commercialization	<ul style="list-style-type: none"> • Wonders: Creating intriguing and thematic spaces through multi-cultural and cross-sector cooperation • Entertainments: Developing personalized, diversified, warm and sticky community activities • Sceneries: Creating inspiring business spaces through nature exploration and interactive art installations • Delicacies: Creating a space with creative content and different experiences

The Main Business of Sunkwan Properties

In the future, we will continue to focus on prudent operation, and while striving to adapt to new policies and environments. We will adhere to deepen the regional strategy, continuously improve our product competitiveness and reduce financing costs to build up sustainable competitive advantages, and achieve high quality growth in corporate economic and social performance.

ABOUT US



Company Culture

Adhering to the core values of “customer first, embracing changes, respect and sharing, passion, teamwork, expertise and perfection” (客戶第一，擁抱變化，尊重分享，陽光激情，團隊協作，專業極致) and insisting on learning and exploring how to design and build works that better meet the needs of the times and customers, Sunkwan Properties strives to improve cost management and production operation, and drives the sustainable development of the Group with a diversified and rich corporate culture.

Mission	<ul style="list-style-type: none"> Coming for livable
Vision	<ul style="list-style-type: none"> Becoming a century-old company that satisfies customers' imagination of home and good life
Company Concepts	<ul style="list-style-type: none"> Insisting on obtaining a fair return from the market with our professional ability Our team members keep thinking about how to deliver ever-evolving work seven in their dreams at night Keeping learning and exploring how to design and build works that meet the needs of the times and customers, wherever we are We are always looking for what we need to improve on to achieve better results It is our responsibility to provide green, environmentally friendly and energy efficient works We also need to improve cost management and production operation to provide our customers with value-for-money products
Core Values	<ul style="list-style-type: none"> Customer first, embracing changes, respect and sharing, passion, teamwork, expertise and perfection
Strategic Positioning	<ul style="list-style-type: none"> A premium urban life service provider

Sunkwan Properties Corporate Culture Concepts

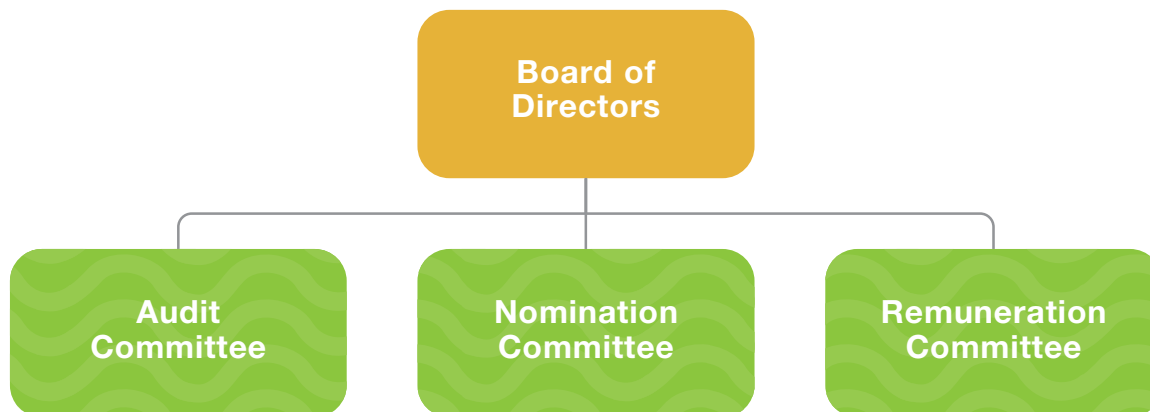
ABOUT US

Responsible Governance

With a strong commitment to business ethics and on the basis of a sound corporate governance structure and a strict risk control mechanism, Sunkwan Properties continues to provide high quality services to its customers while continuously enhancing its ability to fulfill its corporate responsibilities to ensure its steady advancement in the course of sustainable development and create greater value for the society.

Corporate Governance

The Group strictly complies with relevant laws and regulations applicable to the place where it operates, including the *Company Law of the People's Republic of China* 《中華人民共和國公司法》, the *Securities Law of the People's Republic of China* 《中華人民共和國證券法》, the Listing Rules of the Hong Kong Stock Exchange, etc., establishes and continuously improves its governance structure centered on the Board of Directors, and promotes the development and effective implementation of corporate governance at the institutional level.



Corporate Governance Structure of Sunkwan Properties

Among them, the Board of Directors, as the coordinating body, is responsible for the formulation of corporate development strategies and related policies. The Audit Committee, the Remuneration Committee and the Nomination Committee, as the executive bodies, are responsible for overseeing the implementation of the corporate strategic objectives, annual and medium-and long-term plans, assessing the potential risks that may arise in daily operation of the Company and regularly reporting to the Board of Directors.

During its compliant governance, the Group also attaches great importance to the building of diversity of the Board of Directors. We regularly review the structure, size and composition of the Board of Directors, and consider the directorship candidates from different dimensions and various perspectives, including gender, age, culture, educational background, professional qualification, skill, knowledge, industry experience and other factors, to ensure compliant and efficient corporate governance. During the Reporting Period, Sunkwan Properties has 3 female directors.

For more information on the corporate governance of the Group, please refer to the “Corporate Governance Report” section of the Group’s 2021 Annual Report.

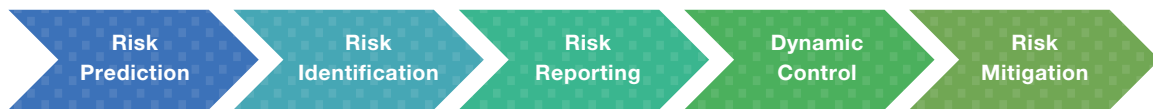
ABOUT US



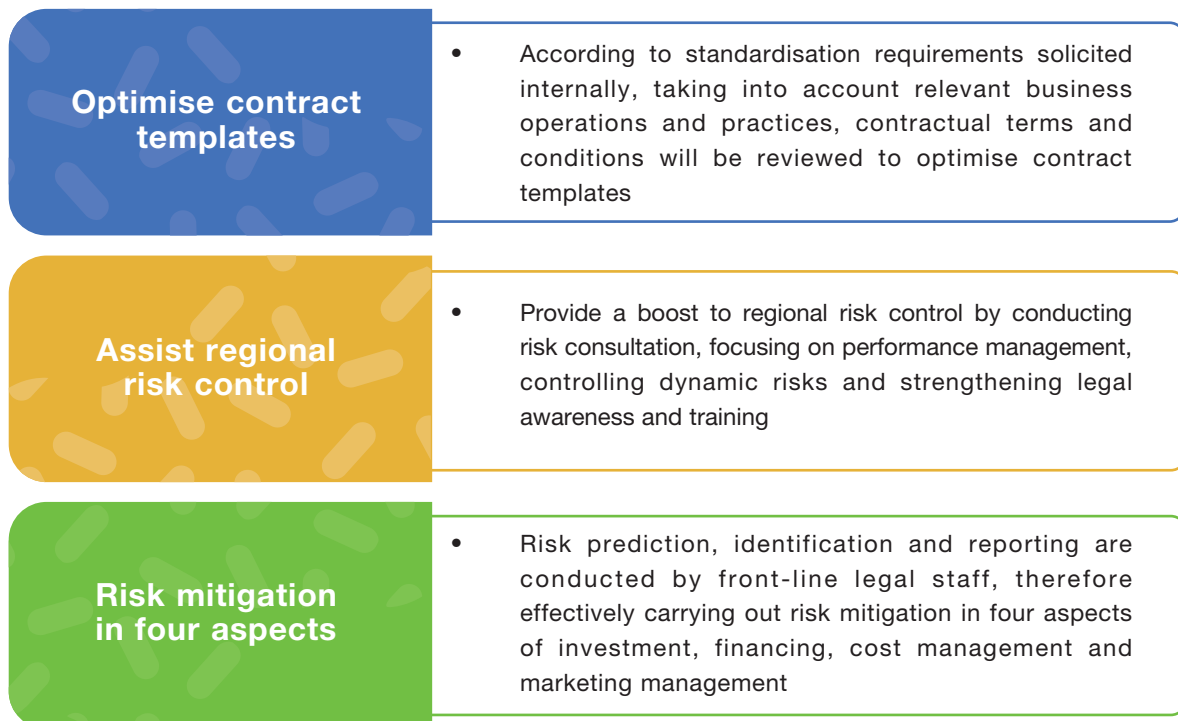
Risk Control

Under the guidelines of internal systems, such as the *Duties and Working Guidelines of the Legal Department of the Regional Business Division* (《區域事業部法務崗位職責及工作指引》), the *Working Guidelines for Risk Consultation* (《風險會診工作指引》), the *Measures for Difficult Collection* (《疑難回款催收操作辦法》), the *Implementation Rules for Measures of Contract Performance Supervision* (《合同履行監督辦法實施細則》), and the *Intellectual Property Management System* (《知識產權管理制度》), and other relevant circulars and announcements, the Group continues to improve its risk management and internal control mechanism to prevent against internal and external risks that may arise in the course of operation of the Group, with an aim to safeguard the daily operation of the Group.

In 2021, on the basis of the existing systems, we further optimised contract templates and actively assisted with risk control management in regions. Meanwhile, on the basis of the internal risk control procedures, we focused on four aspects of investment, financing, cost management and marketing management to steadily improved our internal risk control management.



Risk Control Procedure of Sunkwan Properties



Risk Management Conducted by Sunkwan Properties in 2021

ABOUT US

We also attach great importance to enhancing employees' awareness of risk prevention and control and actively conduct corresponding training. In 2021, we arranged specific and institutional training on compliance management of a listed company, finance performance management and investment performance management for employees at different ranks, including directors and senior management, customer service personnel, management trainees and new employees. During the Reporting Period, Sunkwan Properties conducted more than 30 risk-related training sessions, with more than 2,000 participants and more than 6,000 hours of training.



Anti-corruption

The Group strictly follows such laws and regulations as the *Anti-Money Laundering Law of the People's Republic of China* 《中華人民共和國反洗錢法》, the *Criminal Law of the People's Republic of China* 《中華人民共和國刑法》, the *Bidding Law of the People's Republic of China* 《中華人民共和國招標投標法》 and the *Law of the People's Republic of China Against Unfair Competition* 《中華人民共和國反不正當競爭法》, and has issued such internal systems as the *Anti-Fraud Management Measures* 《反舞弊管理辦法》 and the *Monitoring Work Management Measures* 《監察工作管理辦法》, to prevent the occurrence of illegal business conducts such as extortion, fraud, bribery and money laundering and continuously improve its corporate business ethics. During the Reporting Period, Sunkwan Properties did not record any legal proceeding arising from the corruption of the Group or its employees.

With the core corporate culture of simplicity, integrity and transparency, we have established a sound reporting and complaint mechanism to encourage employees to reveal illegal behaviors in the course of its operations through such channels as reporting hotline and email. After receiving a report, we will conduct a factual assessment and risk analysis after comprehensive consideration of factors such as the level of the party involved, the amount of the case and the importance of the project, and conduct investigations upon the approval of the person in charge or the President. Once the relevant incident is verified, the Group will appropriately reward the whistleblower in kind according to the nature of the incident and the degree of cooperation of the whistleblower.

ABOUT US



Address for Receiving Reports:	Building T1, No.77, Sunkwan Road, Minhang District, Shanghai
Reporting Telephone:	021-60716181-8083 or 8079
Reporting Email:	tousu@sunkwan.com.cn or shenji@sunkwan.com.cn

We have clarified the protection requirements for whistleblowers in the *Monitoring Work Management Measures* (《監察工作管理辦法》). During the implementation of the relevant procedures, we strictly abide by the relevant regulations and strictly prohibit relevant staff from disclosing the content of the report and the personal information of the whistleblower in any way. We also accept any whistleblowers retaliation case and will deal with them seriously in accordance with relevant regulations.

In 2021, in order to promote the construction of the Group's integrity culture, we carried out Group-wide training and regional and line publicity activities to further enhance employees' ideological awareness, foster an integrity culture of exercising power prudently and being vigilant at all times, and guide employees to comply with relevant laws and regulations consciously and uphold integrity continuously.



Integrity and compliance training for all business divisions of Sunkwan Properties and the Group's marketing, tendering and procurement departments



Integrity and compliance training for all employees in the middle and end of 2021

Integrity Trainings Conducted by Sunkwan Properties in 2021

ABOUT US



Anti-corruption training for directors

In March 2021, in response to the hidden dangers of risk management and control during the rapid development of the Group, the Group's General Management Center, in conjunction with the Risk Control Management Center, shared with the directors and all members of the Group the "reporting and anti-corruption" section in the *Corporate Governance Guide for the Board and Directors*, as well as the contents of training on the integrity culture and institutional red lines in the Group's audits.



In 2021, with its sound integrity reporting mechanism and outstanding achievements in the integrity culture construction, Sunkwan Properties was admitted to the "Enterprise Anti-Fraud Alliance" and the "Integrity Alliance". We conveyed our integrity experience as a formal member and jointly created a transparent and fair industry environment with the excellent enterprises in the alliances.






Alliance Member Entities







ABOUT US

Awards and Honors

With continuous good performance and strong comprehensive strength, the Group has been recognised as “Top 100 Real Estate Developers in China” for four consecutive years (ranked 78th in 2021 in terms of comprehensive strength), “2021 Top 10 Real Estate Developers in China by Comprehensive Development”, “2021 Top 5 Real Estate Enterprises in China by Growth Potential” and “2021 TOP 10 Newly Listed Companies in Performance of China’s Real Estate Industry”. In the future, we will also adhere to our mission of “coming for livable”, and continue to implement the philosophy of long-term and high-quality development.





Date	Name of Award/Recognition	Awarding Organisations	Awarded Entity
2021.01	“The Most Popular New Stock Company” in Golden HK Stock Award	zhitongcaijing.com & www.0033.com	
2021.01	2020 China Real Estate Annual Honor List-“Sound Operating Companies”	China Internet News Center & China Real Estate Association	
2021.01	2020 Enterprise with Quality Residential Influence	The Economic Observer	
2021.03	2021 TOP 5 Newly Listed Companies in Performance of China’s Real Estate Industry	Guandian.cn	

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Date	Name of Award/Recognition	Awarding Organisations	Awarded Entity
2021.03	2021 Top 100 Outstanding Real Estate Enterprises in China (Ranked 76th)	Guandian.cn	
2021.05	Included in the MSCI China small-cap index	Index of MSCI	
2021.05	The 18th (2021) Top 100 Blue-chip Enterprises	The Economic Observer	
2021.05	Top 10 Enterprises with Excellent Product Power	The Economic Observer	
2021.05	2021 Best 100 of Chinese Real Estate Listed Companies in Comprehensive Strength	China Real Estate Association, Shanghai E-house Real Estate Research Institute & China Real Estate Appraisal Center	
2021.05	Best 5 of Chinese Real Estate Listed Companies in Development Speed	China Real Estate Association, Shanghai E-house Real Estate Research Institute & China Real Estate Appraisal Center	

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Date	Name of Award/Recognition	Awarding Organisations	Awarded Entity
2021.09	2021 Real Estate Enterprise with Steady Operation	China Real Estate Association & Leju Finance	
2021.09	Sunkwan Mindcloud series won the 2021 Top 10 Luxury Mansion Product Line in China	China Real Estate Association & Leju Finance	
2021.09	2021 Annual Real Estate Enterprise with Investment Value	Guandian Index Academy	
2021.10	Annual Valuable Real Estate Listed Company	National Business Daily	

ABOUT US

Date	Name of Award/Recognition	Awarding Organisations	Awarded Entity
2021.11	Real Estate Company with Best Investment Value	Thinking Finance	
2021.11	China's Most Robust Real Estate Company of the Year Award	The Time Weekly	
2021.11	Sunkwan Properties Mindcloud series won the 2021 TOP 10 Quality and Aesthetic Real Estate Product Series in China	CRIC Research Institute & Wishbuild Tech	
2021.12	2021 Model Real Estate Enterprise in Brand Influence	Hexun.com, The Financial Club of China & SEEC	

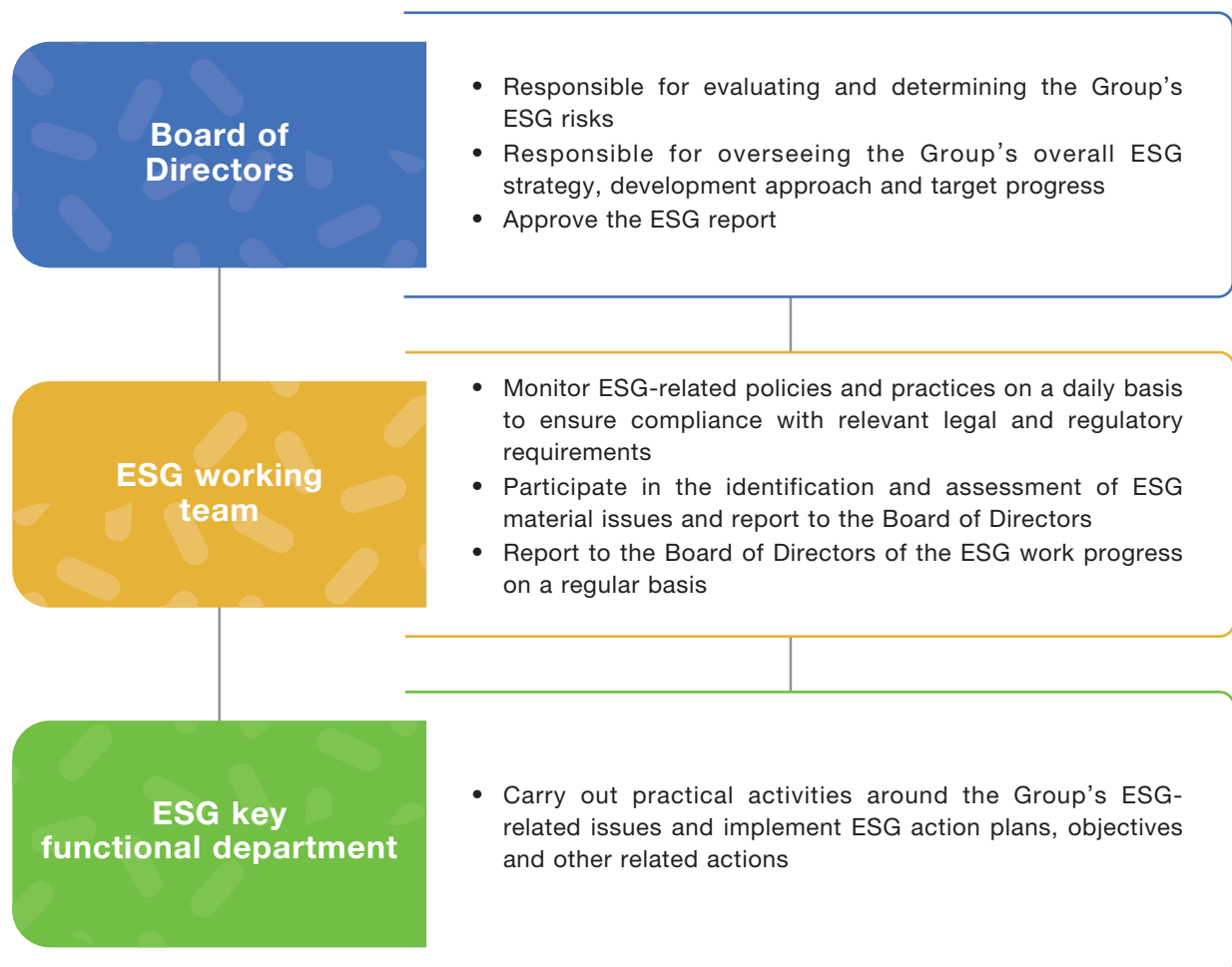


SUSTAINABLE DEVELOPMENT MANAGEMENT

With people-oriented development philosophy, the Group is committed to promoting the harmonious coexistence of human and nature and the coordinated development among people, and actively promotes sustainable development in the process of continuous self-improvement. With the ideal of “bringing more value to the society and creating happiness for all stakeholders” (為社會帶去更多價值，為各利益相關方創造幸福) Sunkwan Properties adheres to sustainable development management and focuses on exploring more potential development opportunities.

ESG Working Mechanism

Sunkwan Properties regards ESG management as an important part of the daily operation of the enterprise by continuously deepening the integration of ESG responsibility concept and operation strategy, and improving ESG working mechanism and management structure. In order to achieve effective ESG work, the Group has established a top-down three-tier governance structure, where the Board of Directors is responsible for the overall coordination of ESG related management work, the ESG working team is authorized by the Board of Directors to guide various functional departments to carry out ESG related work and report ESG matters to the Board of Directors, and the ESG key functional department actively implements relevant ESG work.



SUSTAINABLE DEVELOPMENT MANAGEMENT

Board of Directors Statement

Sunkwan Properties attaches great importance to the management and supervision of ESG issues, and actively integrates ESG into its major decisions and business practices. The Board of Directors is ultimately responsible for the Group's strategic approach to ESG management, setting of and review on the progress of objectives, as well as ESG performance, in strict compliance with the relevant requirements of the Environmental, Social and Governance Reporting Guide of the Stock Exchange.

The ESG working team assists in the formulation and implementation of ESG strategic approach and the setting of objectives. During the Reporting Period, the ESG working team took the lead in identifying major risks and working with key functional departments to formulate corresponding risk response measures, while formulating four environmental objectives and implementation approaches based on the Group's current operating situation. The ESG working team will communicate and report the ESG outcome, including material risks and environmental objectives, to the Board of Directors for proposed amendments and guidance and approval, upon which, it shall be implemented by the functional department under the supervision of the Board of Directors and the co-ordination of the ESG working team. At the same time, the ESG working team reports the progress of ESG work to the Board of Directors on a regular basis, and guides the key functional departments to implement ESG development strategies, objectives and other related actions based on the advice and direction of the Board of Directors, so as to march together towards the sustainable development goals of the Group.

The Board of Directors is involved in the process of assessing, prioritising and finalising materiality issues on an annual basis. The Board of Directors identifies and assesses business risks based on the internal and external risks of the Company's business and conducts materiality analysis of the identified risks with considering their importance to stakeholders to develop ESG strategies. We have discussed and approved the significant ESG risk issues identified and will develop ESG strategies, objectives and management approach based on such issues, and will regularly review progress to propose future direction of development.

Communication with Stakeholders

In response to the concerns of various stakeholders on issues related to the sustainable development of Sunkwan Properties, we have established a diversified, two-way and regular communication approach with various stakeholders, so as to reach efficient communication with more stakeholders, understand the demands and expectations of various parties in a timely manner, collect suggestions and make improvements to achieve the long-term sustainable development of the Group.



SUSTAINABLE DEVELOPMENT MANAGEMENT

The stakeholders identified by the Group mainly include property owners/tenants, suppliers/contractors, local governments and regulatory agencies, shareholders and investors, employees, industry associations, media and the public, and local community residents. The following table lists key issues of interest to different stakeholder groups during the Reporting Period and the corresponding communication approaches.

Stakeholder Group	Key Issues of Interest to Stakeholders	Communication Approach or Response Mode
Property owners/tenants	Product quality and safety Customer service and satisfaction Customer privacy and information security Responsible marketing	Customer/market research Sales exchange Information disclosure before handover of house Open day at construction site House maintenance after handover of house Customer satisfaction survey
Suppliers/contractors	Compliance operation Anti-corruption Occupational health and safety Supply chain management	Contract performance according to laws Public tender Qualification review Annual commendation conference for suppliers
Local governments and regulatory agencies	Compliance operation Anti-corruption Promotion of local economic development Waste management and pollution prevention Water resource saving Tackling of climate change	Active tax paying Meeting communication Specification formulation and implementation exchange Responding to call of national policies
Shareholders and investors	Compliance operation Product quality and safety	Establishment of scientific and reasonable governance structure General meeting Results announcement Road show Analyst conference

SUSTAINABLE DEVELOPMENT MANAGEMENT

Stakeholder Group	Key Issues of Interest to Stakeholders	Communication Approach or Response Mode
Employees	Labor rights protection Employee training and development Salary and benefits Occupational health and safety	Timely and full payment of wages and social security President's mailbox Satisfaction survey Smooth career development channels Employee physical examinations and physical fitness tests
Industry associations	Fair competition Industry development Green building Energy conservation and emission reduction Protection of intellectual property	Industry exchange Corporate culture exchange
Media and the public	Community care Public charity	Press release Announcement
Local community residents	Promotion of local economic development Community care Biodiversity	Charity activities Community development activities

Material ESG Issues

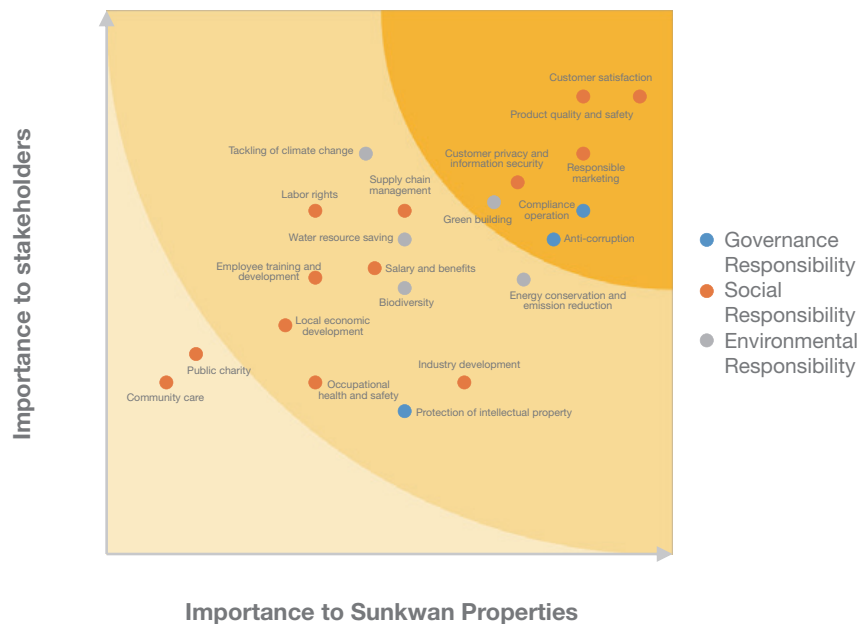
In 2021, based on the results of material issues in 2020, we have identified 21 ESG issues in accordance with the guidance of the Stock Exchange, the strategic development direction of the Group, domestic and foreign peer benchmarking and the actual development this year. In addition, we conducted nearly 10 in-depth interviews with stakeholders to further sort out the issues. We concluded a matrix of material issues for this year through the two dimensional analysis in respects of "importance to stakeholders" and "importance to Sunkwan Properties", and submitted the same to the board of directors for review, which formed the matrix of Sunkwan Properties' materiality issues in 2021.



SUSTAINABLE DEVELOPMENT MANAGEMENT

During the Reporting Period, a total of 21 ESG issues were identified, including 7 issues of high importance, 12 issues of moderate importance and 2 issues of low importance. Among them, green building issue has risen from an issue of moderate importance to an issue of high importance due to the concern of various stakeholders.

Matrix of Sunkwan Properties' Materiality Issues



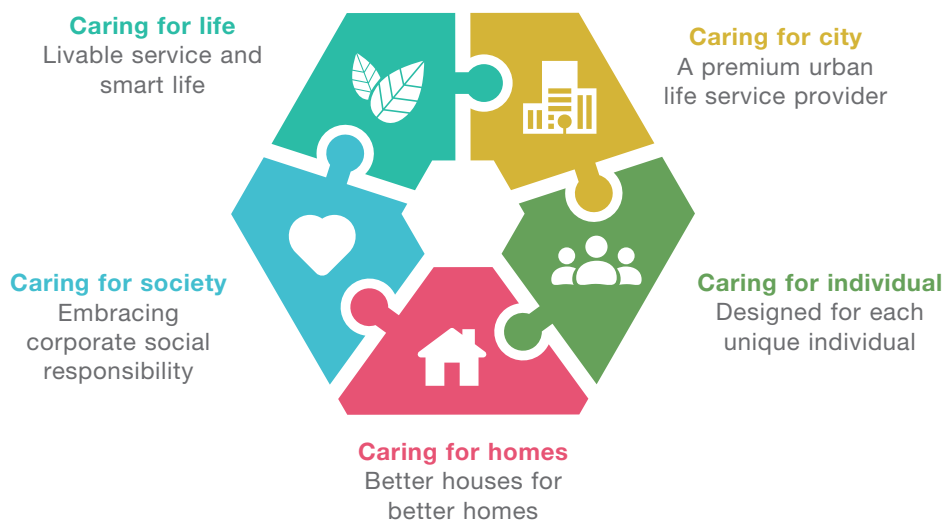
Matrix of Sunkwan Properties' Materiality Issues in 2021

QUALITY SERVICES

Adhering to the original intention of “coming for livable”, Sunkwan Properties has been optimizing quality services and broadening service boundaries in accordance with customer needs and the perspective of customers. Since its establishment, we have been vigorously enhancing the quality of our products and product strength, and implementing strict requirements on product quality throughout design, research and development, construction and maintenance services. We continue to explore the iterative upgrade of community supporting facilities, user services, and daily services, so as to deliver a high-quality living experience and create a livable environment.

Product Research and Development

Products are the cornerstone for real estate companies to gain a foothold in the market. Creating good products with warmth, growth and reputation is our unswerving pursuit. In 2021, Sunkwan Properties officially released the brand strategy of “Symbiosis of All Creatures, Beauty and Harmony” (萬物共生 美每與共), creating livable life through our products, creating diversity and beauty through our communities, creating growth value and mutualism through our platforms, and creating harmony with the environment through our public welfare initiatives. We are committed to growing together with the times and cities, and endow people, homes, cities, and partners with “growth vitality” from all dimensions such as environment, culture, and economy. While creating product value, we also create service value and industrial value, broaden the journey of a better life for self-growth and continue to promote the better development of society.



Brand Strategy of “Symbiosis of All Creatures, Beauty and Harmony”

Upgrade of Product Lines

Under the guidance of the brand strategy of “Symbiosis of All Creatures, Beauty and Harmony”, Sunkwan Properties has continuously accumulated products and experience, promoted the iterative upgrade of products, and satisfied the vision of common prosperity and livability with better houses for better homes. In order to meet the diverse needs of customers of different ages for living space, we have comprehensively considered the functional, life and social needs of all ages in the community from the dimensions of aesthetics, smartness, ecology, and humanities. We have considerably created four major product series with different styles and culture, namely the TOP series (TOP系), the Mindcloud series (雲系), the Season series (四季系), and the Characteristic series (特色系), aiming to meet the needs of customers and guard their happy lives.



QUALITY SERVICES

TOP series

Urban mansion

- **Positioning:** Targeting mainly luxury residential home upgraders and luxury residential home buyers, equipped with top hardware facilities, extreme possession of scarce resources and immersive services, to create the ultimate private territory for living.
- **Features:** Urban top projects located in the city's scarce top areas or occupying scarce landscape resources. Relying on natural rivers, lakes, mountains and forests and other resources, it integrates various artistic themed landscapes to create a low-density ecological high-end community.
- **Representative projects and awards:** Representative projects include Wuhan • Skyview, Shanghai • Flourish and other projects. Wuhan • Skyview won the "2020 Quality Real Estate in China", and the Flourish project won the Shanghai villa sales champion for 4 consecutive years.

Mindcloud series

Urban housing

- **Positioning:** Targeting mainly first- and second-time home upgraders.
- **Features:** Pursuing green and environmental protection, featuring metropolitan elements, and aiming to create a high-quality ecological community for the new middle class in the city with high-quality and convenient urban facilities and smart services.
- **Representative projects and awards:** Representative projects include Suzhou • Mindcloud Timeview, Zhuji • Mindcloud Mansion, Wuxi • Mindcloud Mansion, Xinyang • Mindcloud Mansion and other projects, and won the "2020 Top 10 Luxury Boutique Product Line in China" and "2020 TOP 35 Product Line in China" and other awards.

Season series

Suburban housing

- **Positioning:** Targeting young families who buy their first homes in the city, committed to creating a high quality ideal residence for young people.
- **Features:** Featuring architectural elements of the four seasons, aiming to create a high-quality, young and energetic community that attaches importance to the intimate relationship between human and nature, so as to realize intimate communication between human and nature.
- **Representative projects and awards:** Representative projects include Dongyang • Metropolis, Hefei • Begonia Seasons, Kunshan • Metropolis Seasons and other projects, and won awards such as "2019 TOP 10 Quality and Aesthetic Real Estate Product Series in China".

QUALITY SERVICES

Characteristic series

Characteristic housing

- **Positioning:** Targeting mainly home upgraders and home buyers for wellness and vacation.
- **Features:** Featuring ecological health and customs experience, aiming to create an ecological community for wellness and vacation based on future industry and regional development planning with cultural, business and travel resources.
- **Representative projects and awards:** Representative projects include Fuyang • Baolong Town and other projects, and won the “Top 30 Luxury Projects in the First Half of 2021 in China” and other awards.

Residential Product Series

Sunkwan Properties keeps exploring new development models to vigorously promote the linkage between the industry and real estate, and to provide customers with a full range of services through cross-border empowerment of commercial real estate operations and property service communities. We are committed to exploring the characteristics of local industries and injecting suitable artistic and humanistic resources into them, so as to construct highly iconic scene landmarks, create a living model of artistic and humanistic towns, and awaken the vitality of the industry. In the future, in the livability sector of Sunkwan, more and more industrial towns will be built, creating a second curve for the future growth of the Company and presenting the livability ideal of Sunkwan to the outside world in a more systematic and figurative form.

Fuyang • Baolong Town

- Fuyang • Baolong Town is based on the background of local industries. The overall architectural form is based on Huizhou architecture, combined with the characteristics of stone culture, to create the first stone culture town with the most commercial experience.

Shanghai • Sunkwan Flourish

- Shanghai • Sunkwan Flourish, with hotels as the core driver, art as the highlight and commerce as the carrier, will create a gathering place for “business, office, travel and residence” products of Sheshan and a display place for urban charm.

Featured Projects of Industrial Towns

QUALITY SERVICES

Sunkwan Properties empowers the characteristic towns with art, integrates the livability concept of Sunkwan and takes “urban high-quality life service provider” as its new positioning to guide its development in the next five years, which coincides with the concept of implementing Wuzhen • New Fence Project in towns.



Wuzhen • New Fence International Humanistic Art Village

Wuzhen • New Fence International Humanistic Art Village is located in Wuzhen New District, Tongxiang City, Zhejiang Province. The project is jointly invested and developed by three major companies, i.e., Ping An Real Estate, Sunkwan Properties and Beijing Capital Land. Based on the theater and music industries, it integrates multiple industries such as film, art, humanities, tourism and education to create an all-round industrial chain of culture and art. Taking social networking as its core, high-end hotels as the carrier, and art and humanities as the theme, we aim to build a new home in Wuzhen that attracts attention with art space, builds core with cultural content, and makes a hit with social activities, activating art through social interaction and integrating art into life.



QUALITY SERVICES

Product strategy upgrade

Actively responding to China's call for sustainable development strategy and cultural heritage, Sunkwan Properties integrates community construction with oriental design aesthetics, and formulates and implements "Blue Ocean Strategy" for its products. The strategy is based on nobility and appeals to elegance. It aims to present real life scenes to customers through the construction of a real-life demonstration area, and realize the dual output of product value and traditional culture. The core feature of the "Blue Ocean Strategy" lies in the immersive design of its sales offices. Different from the traditional sales offices and the display of props for model houses, we build permanent community scenes such as community landscapes, community services, and characteristic properties, to arouse customers' imagination for future life and bring customers an immersive experience of "what you see is what you get" from the perspective of customers. During the Reporting Period, the strategy has been presented with high quality through projects such as Shantou • Tanyue Mansion Project in Guangdong and Wuxi • Mindcloud Mansion Project in Jiangsu.



Blue Ocean Strategy: Shantou • Tanyue Mansion Project

Rooted in Chaoshan's long-standing historical and cultural heritage, Shantou • Tanyue Mansion Project aims to create a Chaoshan mansion with a new aesthetic with soul, heritage and warmth, and present traditional garden life to customers. We include design considerations for the real-life demonstration area in the project design stage. In the early stage of the project, the real-life demonstration area has already reached 10,000 square meters. The entrance adopts aluminum plate door header and imitation stone brick design, which is consistent with the overall style of the project. There is a library-style sales office and a cliff bottom pan club that imitates nature with a matching swimming pool, creating a multi-functional scene of ecological vacation, providing customers with real life scenes with both aesthetics and functions, showing modern life culture and local garden culture, as well as presenting traditional aesthetics, depicting classic style, and conveying traditional heritage.



QUALITY SERVICES



Blue Ocean Strategy: Wuxi • Mindcloud Mansion Project

In order to bring customers a modern garden experience based on the style of Tang and Song dynasties, Wuxi • Mindcloud Mansion Project has built a real-life demonstration area with an area of 5,800 square meters in the early stage of the Project. The designer imitates Jichang Garden to design the entire landscape, with different scenes in each place, so as to present a light Chinese interpretation of the feeling of Jichang Garden with the real landscapes. The entrance adopts the combination of aluminum-magnesium-manganese plate and stone, presenting a stable and restrained city image of Wuxi. The elements of modern waterside pavilions are integrated into the interior of the real-life demonstration area, which shows the difference with the surrounding competing products from the overall presentation style, and gains huge market response.



QUALITY SERVICES

Growing Together

Sunkwan Properties has been always taking growing as the core driver of corporate development. Both the era and this industry are experiencing rapid development while we particularly concern the ever-changing concept of time, space and people. Therefore, we put forward the value proposition of community in growing in terms of product design and residents experience, and guided by which, we believe that only a cozy, sustainable and beautiful home could be defined as a good house produced by Sunkwan Properties. To this end, we pursue constant innovation and improvement in terms of products and services and take offering refined decoration, smart services and humanised living experience for residents as our growing goals. Our customers will enjoy a more futuristic, humanised and smarter living experience here, which is also peculiar to our products and services.

Refined Decoration

Sunkwan Properties believes that quality community comes from consummate craft and classic aesthetics. In 2021, we updated the design standards for refined decoration after fully reliable investigation and research by taking into account the living experience feedback from tens of thousands of owners and with high-quality design. We made in-depth research on health system, intelligent technology system, humanized system, storage system and glamor system, respectively to improve the experience of residents in houses with refined decoration by offering a better and more advanced, considerate and environment friendly living conditions. Besides, we also keep improving the standardised design based on above to reduce cost and increase efficiency.

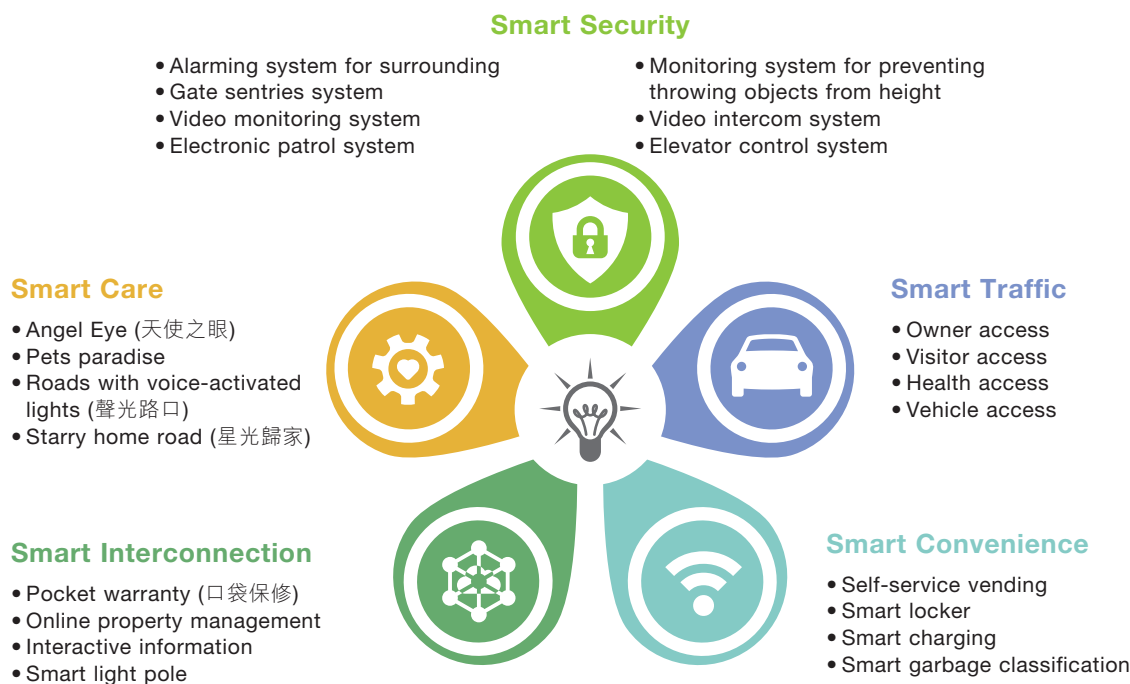


QUALITY SERVICES

Smart Services

The Group is committed to providing customers with people-oriented smart home which is safer, healthier and more convenient by means of science and technology. During the Reporting Period, Sunkwan Properties updated the “Guidance for Smart Community and Home Design” by incorporating into the concept of future community. We actively implemented scientific and technological innovation practices, such as adopting intelligent upgrading solutions in key projects such as Wuhan • Skyview Project and Suzhou • Mindcloud Timeview Project. Meanwhile, we are co-developing two intelligent community platforms (i.e. Housekeeper K (小K管家) and Smart Living (慧生活) APP, a property management platform of Sunkwan) with domestic well-known smart home brands, which are widely promoted and applied in our projects.

We build smart life of relax and health for our residents based on four major needs, i.e. safety, comforts, convenience and ecology, and establish five targeted systems to satisfy such needs, which are smart security, smart traffic, smart convenience, smart interconnection and smart care.



Design Structure of Smart Community Systems

QUALITY SERVICES

Humanistic Care

Sunkwan Properties shows its humanistic care in every detail of our product design, for instance, we adopted all-age-friendly and caring design for outdoor landscape, basements and interiors, so that customers would feel surrounded by warmth and kindness living in the community at all times.

Outdoor Landscape Design

- The design of children area is featured with rounded corners for safety, and a series of humanized facilities are also equipped around this area, such as parental care area, stroller parking space, washbasin, Angel Eye (天使眼) (a kind of glasses for blind person), mosquito repellent lamp and plant QR code query;
- Regarding to the runway, eye-friendly lights and luminous marks are set for the convenience of night activities, so as to ensure the safety;
- Charging sockets are installed under the seats among the rest facilities in outdoor areas to eliminate concerns of residents of their cellphones running out of power.

Basement Design

- We draw clear and conspicuous land marks on driving lines by simulating practical driving experience;
- We distinct basement districts with bright color to facilitate the owners to identify directions;
- We design the slope of entrance and exit ramps after taking into account of the comfortness in driving.

Interior Design

- We make design based on living habits and real needs of owners, such as the storage space is designed to be changeable and assemblable to satisfy the different demands of children over years;
- The design of rounded corners is adopted all over the house for the safety of kids.

Protection of intellectual property

We strictly follow the requirements of laws and regulations such as the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》), the *Copyright Law of the People's Republic of China* (《中華人民共和國著作權法》), the *Patent Law of the People's Republic of China* (《中華人民共和國專利法》), the *Law of the People's Republic of China Against Unfair Competition* (《中華人民共和國反不正當競爭法》) to continuously strengthen the management of intellectual property, encourage the creation of intellectual property as well as respect and protect them from any infringement. During the Reporting Period, the Group formulated the *Intellectual Property Management System* (《知識產權管理制度》) and also issued a notice on standardising the use of office software by employees and licensing the right to use certain fonts in order to raise employees' awareness of intellectual property and prevent and control the risk of intellectual property infringements. By the end of 2021, Sunkwan Properties obtained a total of 46 trademarks, 1 domain name and 1 copyright.

QUALITY SERVICES

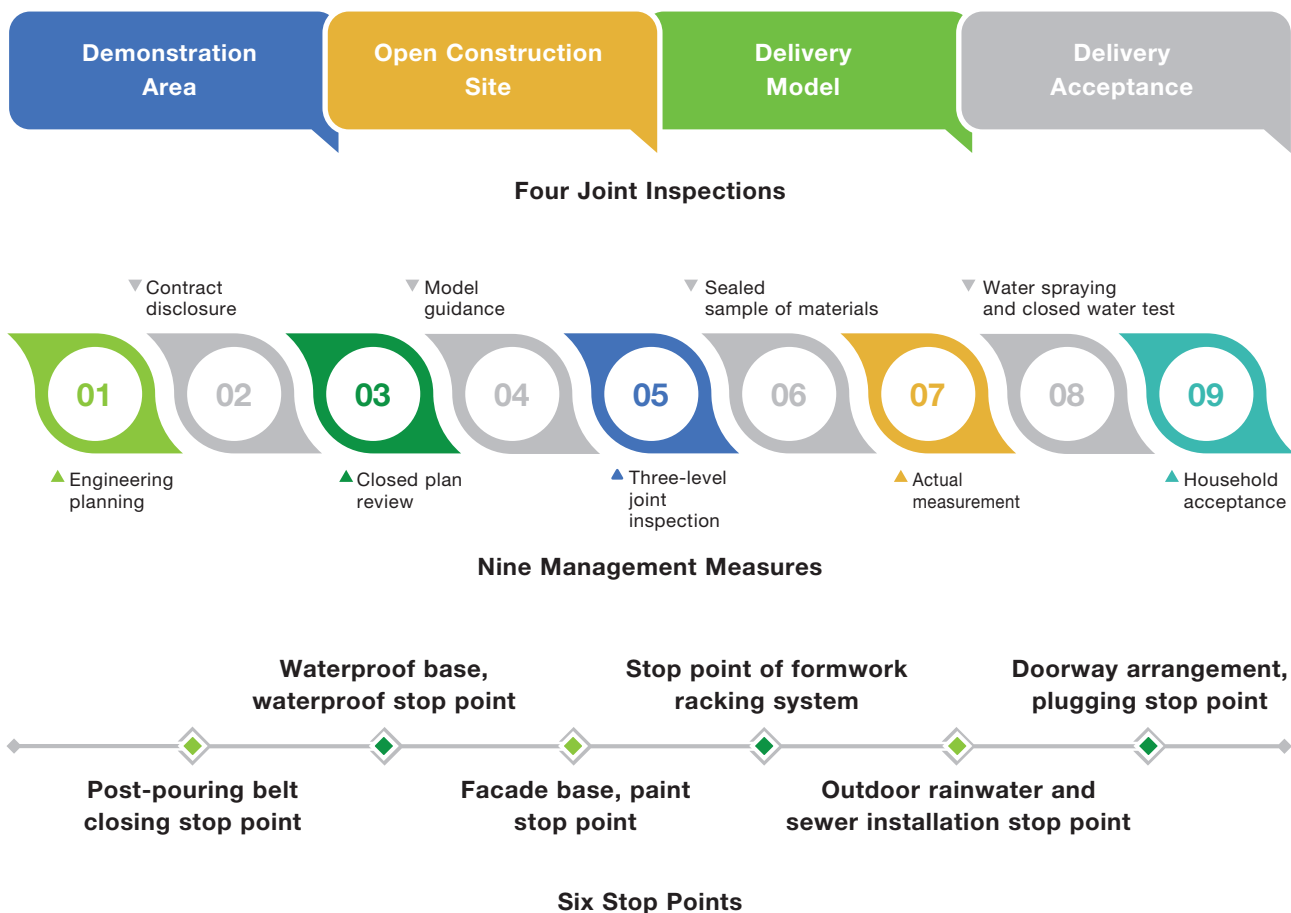


Quality Assurance

With the high homogeneity of products nowadays, Sunkwan Properties firmly believes that superior product quality impresses customers more than any other characteristics. We strictly comply with the requirements of laws and regulations, such as the *Product Quality Law of the People's Republic of China* 《中華人民共和國產品質量法》 and the *Urban Real Estate Administration Law of the People's Republic of China* 《中華人民共和國城市房地產管理法》, insist on all-dimensional control of product quality, and create better livable products for our customers with strict standards and humanistic attentions as a guarantee.

All-dimensional quality management system

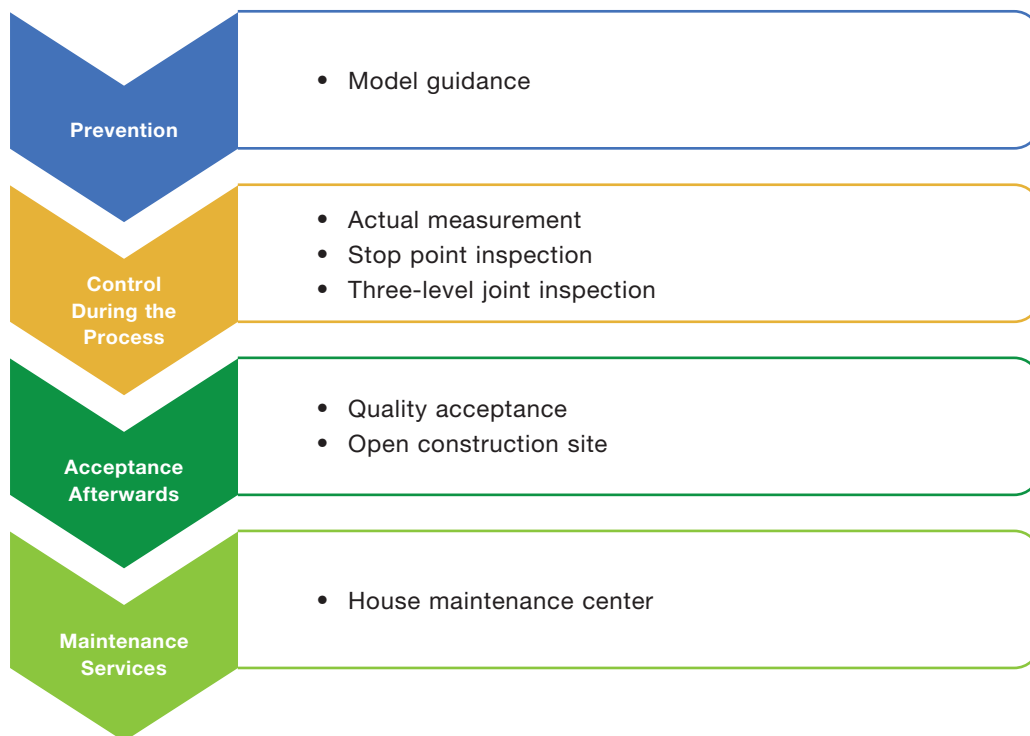
To ensure the delivery of satisfactory, reliable and assured products to our customers, we have developed a set of product production systems which covers four joint inspections, nine management measures and six stop point inspections to comprehensively control the quality at all stages of our products. We prevent major risks in the construction management process through node control and strictly implement standardised delivery to bring high-quality products to our customers.



QUALITY SERVICES

Quality Control Initiatives

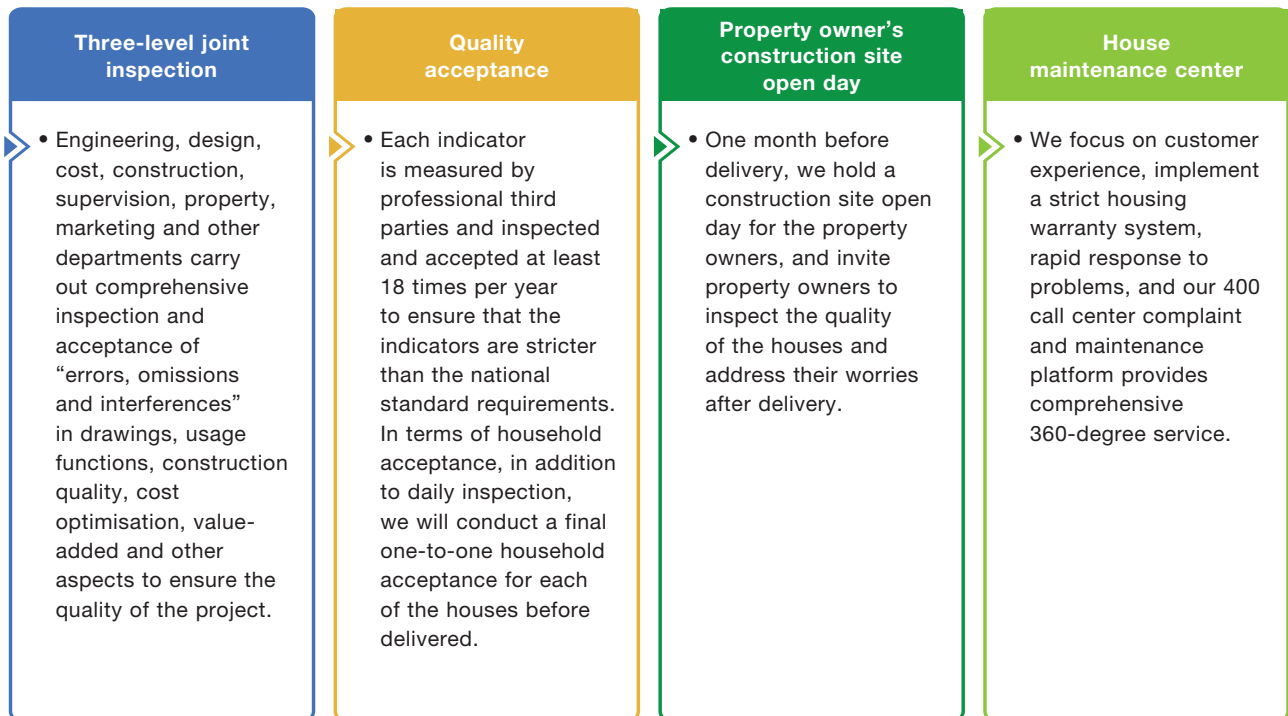
In order to ensure project quality and standardise quality control, we have developed a quality control process that covers four major aspects: prevention, control during the process, acceptance afterwards, and maintenance services, and implemented key quality management initiatives at each stage to provide multiple guarantees for the high quality of final delivery.



Quality Control Process



QUALITY SERVICES



Key Quality Management Initiatives



Woodpecker Action

In 2021, Sunkwan Properties launched Woodpecker Action for the development projects to ensure the quality of products. The Action mainly includes two major parts: on-site inspection and construction drawing joint inspection, in which on-site inspection focuses on five risk dimensions: acceptance risk, marketing commitment risk, customer sensitivity, design restoration, and safety risk; while construction drawing joint inspection focuses on six perspectives: acceptance risk, marketing commitment risk, customer sensitivity, safety risk, drawing errors, omissions and interferences, and value-cost matching.

During the Reporting Period, through Woodpecker Action, we completed a total of 15 on-site inspections of delivered projects and construction projects in the region, with 21 at construction on-site inspections and a total of 19 drawing inspection projects.

QUALITY SERVICES

In addition, in order to improve the quality awareness of our staff, the Group regularly conducts quality training meeting for engineering lines, such as the Sailing Series Training, the Monthly Meeting on Engineering Operation and the Winter Training, to improve the efficiency of engineering quality management of each project. Meanwhile, we also invite professionals from other lines such as design, cost and customer service to conduct training for the engineering line, covering all engineering line staff, to strengthen the overall awareness of team members.



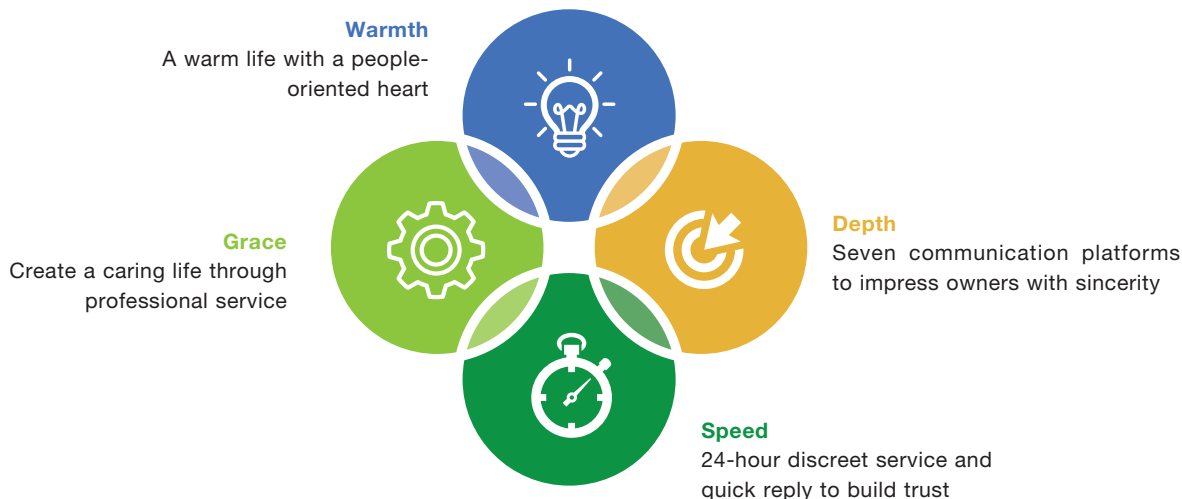
Quality Training



Dedicated Service

Sunkwan Properties always remains true to our original aspiration of pursuing livability and stays honest to serve our customers. While providing customers with more livable products, Sunkwan Properties committed to continuously creating value for customers through centralised, transparent, comprehensive and professional services, so as to create a livable life with heart-warming support and high-quality service. We are also devoted to creating the “four qualified services”, namely qualified warmth, depth, speed and grace, making customers always experience the comfortable feeling of returning home and achieving customer satisfaction.

QUALITY SERVICES



Concept of "Services with Four Haves"

Satisfaction Management

Sunkwan Properties always insists on putting customers first, constantly pursuits the improvement of customer satisfaction. In 2021, under the brand service concept of "Beauty•Every Heart", we have derived the "37°C Constant Temperature Service" customer care system, advocating winning trusts with smiles, being sincere, treating others like ourselves, and servicing customers well at once, accompanying customers all the way as friends, making every visitor feel like at home.

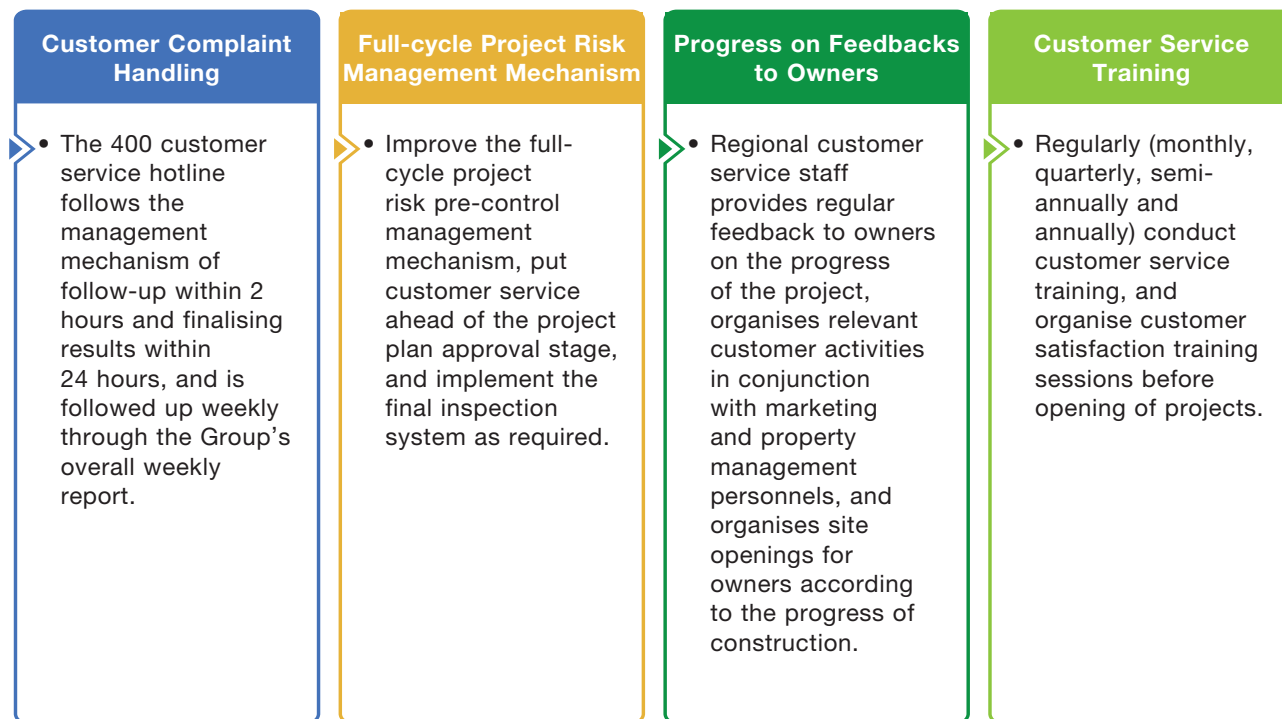


37°C Constant Temperature Service

Through the "37°C Constant Temperature Service" care system, we are committed to integrating every detail of our service into the entire service cycle from the first reception to after-sales service, and attentively achieve full-dimensional service assurance. With the original intention of livability and service as the carrier, we continue to bring professional, scenario-based and standardised property services to more families.

QUALITY SERVICES

Meanwhile, we have taken a series of satisfaction management measures to continuously optimise the customer service experience by improving the customer complaint response mechanism, the full-cycle quality checks on customer-involved service, providing regular feedback to owners on progress and conducting customer service training, so that every customer can enjoy attentive and meticulous services.



Satisfaction Management Measures

Satisfaction Survey

In 2021, we achieved an increase in overall customer satisfaction and remained an industry leader in property satisfaction, despite the significant adjustments occurred in the property industry. During the Reporting Period, through the strengthening of overall construction quality management and control as well as the implementation of various customer satisfaction management initiatives, the overall satisfaction of Sunkwan Properties representing an increase of approximately 7% compared with 2020 and higher than the industry average. Based on the results of the satisfaction survey, we conducted return visits by third-party telephone sampling with 23% of the total sample, based on dimensions of monthly, semi-annual and annual surveys. Meanwhile, based on the satisfaction survey and return visit analysis, we formulated targeted improvement measures to further improve the level of customer satisfaction.



QUALITY SERVICES

Customer Rights and Interests

Protecting the rights and interests of every customer is the foundation and bottom line of Sunkwan Properties for its healthy development. We strictly abide by the laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* 《中華人民共和國消費者權益保護法》, continuously improve the customer complaint handling mechanism and insist on implementing measures to protect the privacy and safety of customers, so as to ensure the reasonableness and compliance of its marketing and promotion activities and safeguard the customer rights and interests attentively.

Response to customers' demands

To standardise the customer complaint handling procedures, we have formulated internal management systems such as the *Customer Complaint Management Measures*, the *Operational Guidelines for Handling Customer Group Complaints* and the *Report on Crisis Event Information* to provide a standard and efficient response channel to listen to customers' ideas and help them solve their problems in a timely manner. We have set up 400 agents to receive and record customer complaint information, follow up and return visits in strict accordance with the time point requirements, and provide timely feedback to ensure effective response to customers' demands. Meanwhile, on this basis, we have improved our customer complaint handling mechanism by adopting grade management for complaints and making clear requirements for each response time point, so as to provide customers with faster and more attentive customer complaint services.

After receiving the customer's request, the 400 agents should classify the complaint and assign the order to the corresponding counterpart within 30 minutes. After the order is sent by email, he/she should confirm with the work order recipient by phone or WeChat that the work order has been accepted in time.

The order taker needs to respond to the customer within 24 hours, verify the situation, pacify the customer, and feedback the situation to the group call center via email.

Handling plans need to be submitted for general complaints within 3 working days and for major and crisis complaints within 5 working days. For complaints that cannot be closed within 7 natural days, the counterpart shall follow up once every 7 natural days until the work order is closed.

Customer Complaint Handling Mechanism

During the Reporting Period, we received 793 customer complaints in total, of which 512 were related to service issues and 196 were related to product quality. We made active response to the problems raised by our customers, striving to provide satisfactory solutions to each of our customers. We also analysed the problems to continuously optimise customer experience.

QUALITY SERVICES

Responsible marketing

We strictly abide by the laws and regulations such as the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》), the *Administrative Measures for Real Estate Sales* (《房地產銷售管理辦法》) and the *Interim Rules on Advertisement for Real Estate* (《房地產廣告發佈暫行規定》), and has formulated and issued the *Marketing Negative List and Administrative Measures* (《營銷負面清單及管理辦法》) and a unified system guideline manual to clarify the systems, guidelines and management practices on marketing, planning, sales and general management. Besides, we have optimised the process of authority and responsibility according to business requirements to ensure the compliance and efficient implementation of responsible marketing management. To ensure the legal compliance of the marketing process, we continuously issue red cards according to the management requirements, and conduct comprehensive management to identify and correct defects.

In 2021, we established the Sunkwan Marketing College and continuously strengthened the management process of regional marketing colleges. We set up compliance management regulations based on different business scenarios, and launched compliant marketing campaigns through training, issuance of circulars and business management to raise the awareness of responsible marketing among our marketing staff. During the Reporting Period, we did not record any marketing violations.

Customer privacy protection

Sunkwan Properties has always paid attention to the protection of customer privacy. We strictly abide by the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》), the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》) and other laws and regulations, and have taken various measures to improve the security of data and information so that our customers can feel at ease to enjoy our livable products and services. In terms of customer information management, we use the Ming Yuan system to store information, assign accounts by job type, set access rights by rank, and keep access logs in the backend system to fully protect customer information security. As for hardware devices, applications (APP) and cloud transmission, we adopt a full-link encryption mechanism where each project database has been structured on Alibaba Cloud IoT or Huawei Cloud to ensure data security in all aspects. We insist on zero tolerance for customer information leakage. In the event of a customer information leakage, the Group's audit department will take strict punitive measures to firmly prevent the reoccurrence of such incidents.

ENVIRONMENTAL ECOLOGY



Sunkwan Properties follows the sustainable development concept of “livable heart, symbiosis with nature”, attaches importance to environmental and ecological protection, insists on using green, environmental, safe and energy-saving materials in daily operation and provides corresponding green products. Sunkwan Properties makes its contribution to the green environmental ecology through continuous improvement of the environmental management system, improving its own environmental management level, improving the efficiency of resource use, and reducing the negative impact to the environment.

Environmental Management

Sunkwan Properties follows the green operation philosophy, constantly improves the organisational structure of environmental management, and continues to improve the environmental management system. We strictly comply with the *Environmental Protection Law of the People's Republic of China* 《中華人民共和國環境保護法》, the *Law of People's Republic of China on Environmental Impact Appraisal* 《中華人民共和國環境影響評價法》, the *Law of the People's Republic of China on Prevention and Control of Water Pollution* 《中華人民共和國水污染防治法》, the *Law of the People's Republic of China on Prevention and Control of Soil Pollution* 《中華人民共和國土壤污染防治法》, the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* 《中華人民共和國固體廢物污染防治法》, the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* 《中華人民共和國環境噪聲污染防治法》 and other laws and regulations. In addition, we develop internal management systems, implement environmental management measures in accordance with laws and regulations, and are committed to minimizing the environmental impact during project management and operation. During the Reporting Period, Sunkwan Properties did not occur any non-compliance involving environmental protection, pollutants exceeding standards or illegal discharge.

Green Finance

On 19 July 2021, Sunkwan Properties announced the issuance of green senior bonds in aggregate of US\$210 million with a term of 364 days, which were the first green bonds issued by the Group. The bonds have obtained the Pre-issuance Stage Certificate of green bonds issued by Hong Kong Quality Assurance Agency, and will be used in strict compliance with the Green Bonds Framework issued by Sunkwan Properties. As for Sunkwan Properties, the successful issuance of green bonds reflected that the Group is recognized by the global market and strengthened our confidence in exploring green finance for sustainable development.



ENVIRONMENTAL ECOLOGY

Environmental Goals

Sunkwan Properties is committed to constantly improving its own environmental performance and promoting sustainable green property development to develop real estate projects with integration of humanity and nature. During the Reporting Period, based on the national development plans and the global development trends, we have set goals in four aspects: carbon emission, energy management, water efficiency and waste management, which were implemented throughout the Group after being approved by the Board. In the future, we will actively implement relevant actions in accordance with the environmental goals and continue to promote the green and sustainable development of Sunkwan Properties.

Carbon Emission

- Continue to develop a carbon emission management system, refine carbon accounting methods, and improve the accuracy of carbon accounting
- Continuously promote energy conservation and emission reduction of the Group, practice low-carbon environmental protection concept, and continuously reduce carbon emissions in property development

Energy Management

- Promote the concept of resource sharing and thrift, and constantly encourage all employees of the Group to save energy and reduce consumption
- Gradually replace high efficient equipment with high-energy-consumption equipment to improve energy efficiency
- Explore the possibilities of use of clean energy

Water Efficiency

- Continuously carry out water saving publicity and improve the awareness of water saving among employees and suppliers
- Strictly require suppliers to implement water saving measures in construction
- Actively adopt water-saving facilities, and constantly develop green products to improve the efficiency of water resources utilization

Waste Management

- Further strengthen waste management to ensure compliance of all waste disposal
- Explore the use of recyclable materials
- Raise awareness of waste reduction and recycling among employees and suppliers



ENVIRONMENTAL ECOLOGY

Responding to Climate Change

Climate change, as a global issue closely related to all human beings in the current era, has become a major challenge to the livability, life and survival of human beings. Against the high concern over the risks and opportunities of climate change in the current international context, Sunkwan Properties actively responds to the 'dual carbon' national goal and takes the initiative to assume environmental responsibility to integrate climate change response into its own development and construction, and reduce the impact of climate change on our business and stakeholders through adopting effective risk countermeasures.

During the Reporting Period, we followed the guide and suggestions of the Task Force on Climate-Related Financial Disclosures (TCFD) to identify climate change risks and formulate corresponding countermeasures. After initial risk identification and analysis, we have identified physical risks such as extreme precipitation, flooding, typhoon and other extreme weather, with the major transition risks involving in the increasingly stringent emissions reporting obligations and compliance requirements.

In order to cope with the risk of climate change, we have established an environmental management approach for climate change that is considered and approved by the headquarter of the Group, managed by the regional business departments and implemented by the project teams, set up an extreme weather emergency response team, and formulated and implemented practical and effective extreme weather preventive measures and emergency plans. For the operation of property projects, Sunkwan Properties has formulated corresponding emergency plans and made adequate preparations for climate change to facilitate the standardised management and implementation of climate change response during the operation of projects, thereby continuously enhancing rescue capabilities, improving the efficiency of risk control and minimizing losses.



Climate Change-Related Emergency Plans Developed by Sunkwan Properties

ENVIRONMENTAL ECOLOGY



Emergency response to typhoon and flood prevention for project construction of Sunkwan Properties

In July 2021, severe Typhoon “In-Fa” landed on Zhejiang Province. Such extreme weather event affected a wide range of areas and left 4.82 million flood victims in disaster-struck areas including Zhejiang, Shanghai and Jiangsu. Before typhoon landfall, the construction project of Sunkwan Properties in Ningbo strictly followed the Typhoon and Flood Prevention Emergency Plan of Sunkwan Properties to distribute emergency kits to construction crews and conduct safety checks before the landing of typhoon to ensure the project is well-equipped with typhoon-resistance capacity, so as to reduce economic losses and prevent casualties.



Distributing emergency kits for construction projects before the landing of typhoon

In addition to strengthening the monitoring and response to extreme weather and natural disasters, Sunkwan Properties will continually monitor the requirements of relevant national laws and regulations, and at the same time, proactively respond to climate change and enhance adaptability and resilience to climate change with measures such as promoting green office, exploring green building, applying energy-saving and efficient equipment and increasing recycling.



ENVIRONMENTAL ECOLOGY

Green Building

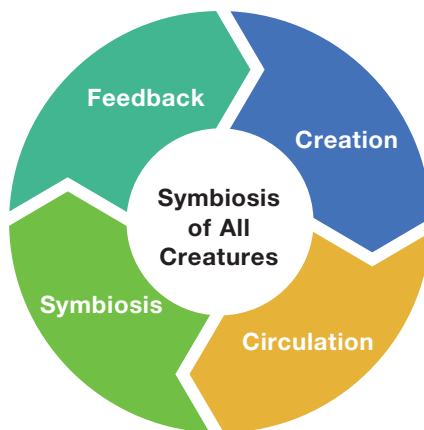
Sunkwan Properties attaches importance to the growth of the community in the ecological dimension and actively promotes the development of green building. As a responsible real estate enterprise, we have developed green building design standards, reduced demolition and increased the useful life of new buildings to reduce carbon emissions and energy consumption, while actively applying green building materials and humanistic and natural designs to empower our projects with green vitality.

In view of the increasing concern of the community and relevant policies on green building, Sunkwan Properties has thoroughly implemented green building concept and made sufficient reference to relevant standards and guidelines on green building and energy-saving projects such as the *Evaluation Standard for Green Building* (《綠色建築評價標準》), the *Administrative Measures for Green Building Labels* (《綠色建築標識管理辦法》), the *Technical Guidelines for Green Construction (Trial)* (《綠色建造技術導則(試行)》) issued by Ministry of Housing and Urban-Rural Development during the course of project design, with a commitment to create green building projects. During the Reporting Period, Sunkwan Properties completed the Green Building Certification of China for accumulated 17 construction projects.

In 2021, we actively carried out the compilation of the *Guidelines for Green Building Design Standards for Residential Projects of Sunkwan Group* (《上坤集團住宅項目綠色建築設計標準指引》). In order to comply with China's major national development strategy of carbon peaking and carbon neutrality, we continuously promoted the standardisation and premiumisation of green building design of Sunkwan Properties, striving to deliver more energy-saving, low-consumption, green and livable construction projects in the future. We have formulated the *Management Measures for the BIM Design Stage of Projects* (《項目BIM設計階段管理辦法》), strictly requiring all real estate projects to complete the construction of BIM construction models at the design stage, and review material consumption and loss, so as to explore low-energy-consumption construction methods and contribute to the sustainable development of the city.

Green design concept

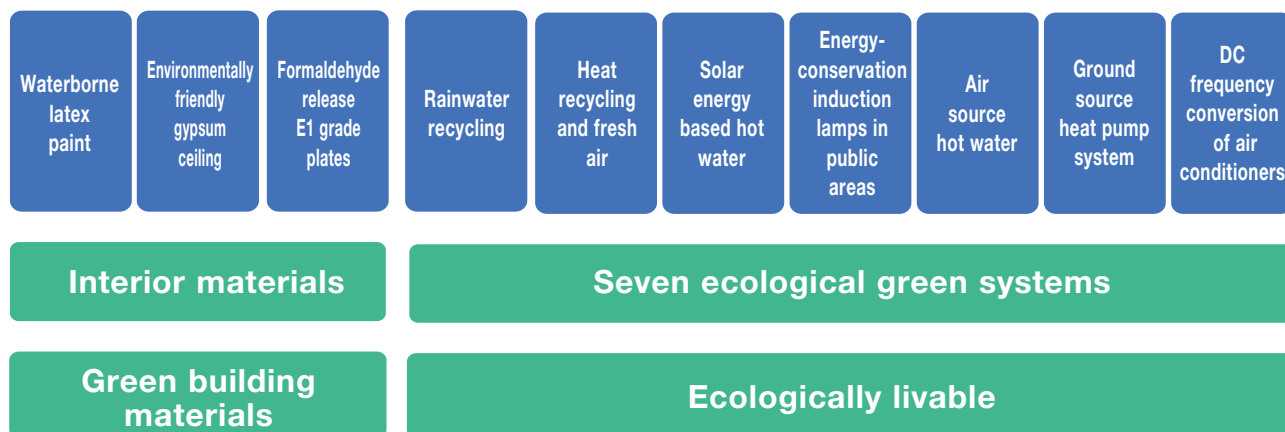
In the design, we pay attention to the connection between human and nature, uphold the concept of symbiosis of all creatures, and introduce green element to residential properties with the aim of being based on nature, conforming to nature and benefiting nature.



ENVIRONMENTAL ECOLOGY

Green Design Concept of Sunkwan Properties

Under the guidance of Sunkwan's green design concept, we follow the green building evaluation system, select new energy-saving and environmentally friendly building materials, and formulate ecologically adaptable design solutions by further promoting building water saving, energy saving, consumption reduction, reduction of disassembly and assembly, improvement of health and comfort and other project development approaches, with a view to creating green ecological construction projects that coexist with nature. We constantly update our green design and material selection requirements, and continue to incorporate the seven ecological green systems into our refined decoration projects to create star-rated green building projects.



Green Design Implementation Plan of Sunkwan Properties

During the research and development and design stage of construction projects, we adopt Building Information Modeling (BIM) technology to check and review the design space, size and location, calculate material waste and loss and form construction models, then carry out comprehensive feasibility demonstration before construction in combination with design models, set phased inspection stop points in the whole process of projects, and adhere to model first, so as to achieve energy saving and consumption reduction.

During the construction stage, we actively apply fabricated construction to reduce resource consumption on the construction site. In 2021, a total of 10 projects of Sunkwan Properties have obtained the fabricated construction drawing approval certificate, with a total fabricated construction area of about 1,309,800 sq.m., including 164,300 sq.m. of commercial projects and 1,144,600 sq.m. of residential fabricated buildings.



ENVIRONMENTAL ECOLOGY

Green building certification

During the Reporting Period, Sunkwan Properties delivered a total of 6 green building projects, with a total green building area of 492,700 sq.m., accounting for 83% of the total delivered projects, and including 5 one-star green building certifications and 1 two-star green building certifications.

At the same time, in 2021, Sunkwan Properties has obtained a total of 17 green building certifications, and all the projects that have obtained the green building star certifications were as follows:

Star Rating of Green Buildings	Name of Projects	Project Location
One-star	Hefei • Jingcui Four Seasons (合肥 • 晶萃四季)	Anhui
	Guangzhou • Yunjing Fenghua (廣州 • 雲境風華)	Guangdong
	Hangzhou • Yuezen Mansion (杭州 • 樾臻府)	Zhejiang
	Lishui • Chongwenli (麗水 • 崇文里)	Zhejiang
	Dongyang • Yunzhuxiyu (東陽 • 雲築溪語)	Zhejiang
Two-star	Nantong • Chenxing Garden (南通 • 宸星雅苑)	Jiangsu
	Taicang • Mindcloud Mountainview (太倉 • 雲棲麓)	Jiangsu
	Wuxi • Mindcloud Mansion (無錫 • 雲錦東方)	Jiangsu
	Jinhua • Mindcloud Garden (金華 • 雲錦桃源)	Zhejiang
	Wenzhou • Yunqi Fenghua (溫州 • 雲棲風華)	Zhejiang
	Wenzhou • Mindcloud Mountainview (溫州 • 雲棲麓)	Zhejiang
Basic level	Yiwu • Yunqifengjing (義烏 • 雲起峰境)	Zhejiang
	Shantou • Tanyue Mansion (汕頭 • 檀悅府)	Guangdong
	Bengbu • Yunqi Metropolis (蚌埠 • 雲啟都會)	Anhui
	Wuhan • Yunqi Metropolis (武漢 • 雲啟都會)	Hubei
	Wuhan • Yuehu Peninsula (武漢 • 樾湖半島)	Hubei
	Zhengzhou • Seasons Fenghua (鄭州 • 四季風華)	Henan

ENVIRONMENTAL ECOLOGY



Changzhou • Mindcloud Peakview (常州•雲峯) – Ecological Community

Changzhou • Mindcloud Peakview Project, as an important development project of Mindcloud series residence of Sunkwan Properties, with the core concept of natural and brilliant • scientific and technological habitat and leveraging on high-quality and convenient urban supporting facilities and smart services, creates a new and medium-quality community in the city, while reflecting Sunkwan Properties pursuit of green environmental protection. Leveraging on the design concept of ecological community and taking the outdoor as the blueprint, we deeply explore the circular relationship among plants, light and shadow, and property owners, so as to let the concept of green environmental protection penetrate into community life. Besides, we replace industrial synthetic materials with natural materials to create a green and harmless natural activity field, while taking advantage of the power of nature to give community life more ecological space.

Changzhou • Mindcloud Peakview Project is the only demonstration project in Xinlong Business District, Changzhou that has obtained the three-star green building certification, which includes the ancillary kindergarten and southern residential area of Changzhou • Mindcloud Peakview Project.



Presentation of community-level greening of Changzhou • Mindcloud Peakview



ENVIRONMENTAL ECOLOGY

Green Construction

Sunkwan Properties is committed to reducing the negative impact on the environment in the construction process of construction projects. Upholding the concept of green construction, we formulated the *Safety and Civilisation Management System* (《安全文明管理制度》) of Sunkwan Properties in accordance with the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Regulations on the Administration of Construction Project Environmental Protection* (《建設項目環境保護管理條例》), the *Green Construction Guidelines* (《綠色施工導則》) and other laws and regulations related to environmental protection and civilised construction of construction projects, to strictly require that all construction projects are conducted in a civilised and green manner. During the Reporting Period, we updated the *Standard Practice Manual for Safe and Civilised Construction of Sunkwan Properties (2021)* (《上坤地產安全文明施工標準做法手冊(2021)》), to systematize the environmental protection policy and standardise the environmental protection measures, thereby ensuring the implementation of environmental protection measures during the construction of the project, as well as continuously improving the performance of environmental management. We strictly require construction units to commence construction in accordance with the standardised practices. Meanwhile, we regularly monitor the construction conditions of the project through our sound supervision system, so as to ensure the implementation of green and civilised construction measures.

Energy conservation and consumption reduction

The Group deeply implements the idea of green and low carbon, and strictly follows the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》), the *Law on the Promotion of Cleaner Production of the People's Republic of China* (《中華人民共和國清潔生產促進法》) and other laws and regulations. The Group establishes a normalized supervision system and continuously expands new ways of energy conservation and emission reduction to control the level of energy consumption, with a commitment to providing customers with green and livable products. We implement normalized environmental protection supervision during the construction of the project, as well as monitor the use of construction materials at the production site and the reduction of resource consumption through environmental protection facilities and the application of new building technologies, so as to promote energy conservation and emission reduction. In addition, we issued the proposal of "resource sharing and strict frugality", advocating that the Group be diligent and thrifty to eliminate waste, recycle resources and improve the efficiency. Adhering to the concept of thriftiness, no slack and no waste, and resource sharing, we actively respond to the challenges of environmental sustainable development in the real estate industry.

Water resources management

Sunkwan Properties strictly requires the construction unit to minimize water consumption during the project construction, and the recycled water shall be fully utilized for this purpose so as to save water. Sunkwan Properties equipped each of its development projects with a sewage sedimentation system, thereby, the water for washing the transport vehicles during the construction period can be collected and recycled, and the cleansed water will be transferred to dust-proof spray system for reutilization, thus to improve the utilization rate of water. In addition, buildings are equipped with a rainwater recovery system to collect rainwater for green plant watering, and is equipped with 2 grade water-saving facilities to reduce water consumption.

Abiding to the guidance of building sponge city, Sunkwan Properties ensures the rainwater recovery and runoff management systems to be in all Sunkwan Properties projects during design stage.

ENVIRONMENTAL ECOLOGY



Wuhan • Yunqi Metropolis-Designed as Sponge City

Wuhan • Yunqi Metropolis is located in Wuhan, a city sitting by the sides of Yangtze River and Han River, and consisting of three major towns. Wuhan, an earliest selected “pilot city of sponge city building project” of China, is practicing such new development concept and model of sponge city with full efforts.

Early in the design phase of Wuhan • Yunqi Metropolis, Sunkwan Properties actively responded to the call of the state and made design specially for sponge city according to the requirements of “Guidelines for the Planning and Design of Sponge City for Wuhan” (《武漢市海綿城市規劃設計導則》). The factors considered during design include but not limited to total runoff control, pipe network design for rainwater, permeable pavement and diffused pollution reduction, so as to improve the water permeability, water storage, and rainwater reuse capacity of projects. Thereby, the city will be safeguarded by the urban drainage and waterlogging prevention systems while the utilization of rainwater and ecological environment protection being strengthened.

By perfectly integrating the design concepts of landscape ecology and sponge city, Wuhan • Yunqi Metropolis was built as “an ideal home with a park view at an excellent position of the city”, and an ecological oasis against threatens posed by harsh weather.

Waste management

Sunkwan Properties strictly complied with *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染防治法》), *Water Pollution Prevention and Control Law of the People’s Republic of China* (《中華人民共和國水污染防治法》), *Air Pollution Prevention and Control Law of the People’s Republic of China* (《中華人民共和國大氣污染防治法》), *Emission Standard of Environment Noise for Boundary of Construction Site* (《建築施工場界環境噪聲排放標準》) and other relevant environment protection laws and regulations, and asked all contractors to do the same. We made reasonable classification and disposal of the waste generated during construction and operation to ensure all wastes disposed of in compliance with regulations, and that the air emission and sewage discharged are subject to relevant standards.

Early in the project design phase, we include the waste treatment and harmless measures to landscape design to determine the location of treatment facilities such as garbage classification and centralised garbage storage areas. Meanwhile, we offer guidance on garbage classification, recycling and reuse after delivery of projects by strictly following the garbage classification and treatment process. During the construction, we encourage suppliers to recycle materials such as steel bars and earth slag for reuse. In terms of the key waste-generating parts of project construction, we improved the utilization rate of construction materials such as broken stones for earthwork by comprehensive recycling and reuse measures so as to minimize waste generation.



ENVIRONMENTAL ECOLOGY

Waste Reduction

- Increasing space life by flexible design
- Adopting BIM technology to develop construction model to achieve construction material consumption control
- The “Blue Ocean Strategy” will display the detailed planning and design of regional functions and spaces at the beginning of design, and then be converted as community public facilities after the project is completed to reduce dismantling and assembling
- Selecting building materials that can be recycled and generate less waste in demolition firstly

During the project construction, we pay special attention to the impact of foundation works on surrounding environment, and actively adopt the following control measures for environmental protection:

Wastewater Discharge

- During the project construction, a sewage sedimentation system will be set up to recycle construction wastewater such as vehicle washing water, rainwater and pumping water, which will be reused as dust-proof spraying water after sedimentation and purification

Dust Control

- Completing 100% bare site coverage at the project foundation construction stage
- Dust-proof net installed globally during the main body construction
- Water spraying for dust-proof conducted during the whole construction period

Noise Control

- Avoiding night construction through reasonable arrangement of operation time
- Giving priority to choose low-noise facilities and equipment to effectively prevent noise
- Setting up and conducting real-time dynamic monitoring of noise intensity

Green Operation

Sunkwan Properties adheres to incorporate the green environment concepts of energy conservation and emission reduction into corporate operation. All employees are encouraged to practice the sustainability principle, reduce resources waste and actively create an eco-friendly office space with lower carbon footprint by taking an active part in energy conservation initiatives. In 2021, Sunkwan Properties accomplished various green public welfare activities such as the Carbon Sink Forest public welfare project, the coastal cleaning activities and the construction of Sunkwan Forest, which demonstrated the determination and faith of Sunkwan Properties to protect environment and live with nature.

ENVIRONMENTAL ECOLOGY

Green office

We actively popularize the concepts of environmental protection and energy saving during our daily work by adopting resources and energy saving measures such as setting the operating temperature of air conditioners, controlling the running hours of air conditioners, and advocating the paperless office, duplex printing and reusing the wasted single-side-printed paper, and adopting the publicity measures such as posting green and environmental protection slogans in conspicuous locations. In 2021, we launched the “sharing resources and practicing frugality” initiative to encourage our employees to actively participate in the action of “saving resources and avoiding waste, playing your part in resource sharing” to reduce unnecessary travel and replace face-to-face communication with online meeting, so as to improve employees’ awareness of energy saving and consumption reduction.

Ecological protection

Sunkwan Properties is committed to paying attention to the natural ecological protection while providing customers with building products that reflect the integration between man and nature. It also acts as a practical participant to bring positive energy to ecological protection via Sunkwan’s action, thus promoting the awareness of ecological protection among employees, industry and society.

In 2021, we introduced the annual public welfare theme of “Supreme Good” to live with nature with sincere care. Besides providing customers with good housing and services as well as rich and wonderful lifestyle, we have increased our focus on protecting the natural environment that we rely on. We are committed to assuming our corporate social responsibility in the name of “Supreme Good”, especially nowadays when our operational scale is increasing and the comprehensive strength is improving, so as to turn the goodwill we have received into good results for the society and environment.

ENVIRONMENTAL ECOLOGY



Coastal Cleaning Activities

On May 15, 2021, Sunkwan Properties jointly launched its first public welfare activity of coastal cleaning with Rendu Ocean, a non-profit environmental protection organisation, at the coastline of Fengche Port, Nanhuizui, Shanghai. Nearly one hundred volunteers, including our employees, the owners and their families, gathered together for the activity to clean up approximately 486 kilograms of rubbish on the beach. Following the principles of restoring the ocean scenery and improving the marine ecosystem, we will carry out the public welfare activity of coastal cleaning regularly and extend it to more cities along the coastline with Shanghai as the starting point, in order to promote environmental protection and carbon emission reduction.



ENVIRONMENTAL ECOLOGY



Carbon Woods

In 2018, Sunkwan launched the public welfare project of Carbon Sink Forest to plant trees for sand fixation purpose in Wuwei, Gansu, which is located in the West China and suffering from severe desertification, by joining hands with the China Green Carbon Foundation. It is a regular public welfare project of Sunkwan, through which a total of nearly RMB1 million has been donated to the China Green Carbon Foundation. A total of 800 mu of sand-fixation afforestation was completed, where over 160,000 of trees of drought-resistant and barren-tolerant shrub species were planted, and thereby 19,600 tonnes of carbon dioxide/year would be absorbed.



Ecological forest for the green development of Hengsha, Chongming-Sunkwan Forest

Hengsha Island is not only a pilot demonstration zone for the construction of a world-class ecological island of Chongming, but also a key strategic region for the future development of Shanghai. In response to the national targets of carbon peaking and carbon neutrality and in order to actively participate in the construction of a "Zero Carbon Island" of Hengsha Island, in June 2021, Sunkwan Properties carried out green construction with Ernst & Young China and Lujiazui Financial City by building an ecological forest for green development-Sunkwan Forest.



ENVIRONMENTAL ECOLOGY

As of 31 December 2021, the environmental performance¹ of Sunkwan Properties is as follows:

Indicators	Unit	2021
Water resources		
Municipal water consumption	Tonnes	859.20
Wastewater discharge		
Amount of wastewater discharge	Tonnes	687.36
Hazardous waste		
Used batteries	Kilogram (kg)	123.10
Total amount of hazardous waste	Kg	123.10
Non-hazardous waste		
Paper	Kg	1,696
Total amount of non-hazardous waste	Kg	1,696
Energy consumption²		
Direct energy consumption		
Gasoline	Litre	59,441
Amount of direct energy consumption	Tonnes of standard coal equivalent	63.41
Indirect energy consumption		
Outsourced electricity	Kilowatt-hour (kWh)	480,886
Amount of indirect energy consumption	Tonnes of standard coal equivalent	59.10
Comprehensive energy consumption	Tonnes of standard coal equivalent	122.51
Greenhouse gas emissions³		
Scope 1: Direct greenhouse gas emissions	Tonnes of carbon dioxide equivalent	131.12
Scope 2: Indirect greenhouse gas emissions	Tonnes of carbon dioxide equivalent	279.39
Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	410.51

¹ The disclosure scope of environmental performance data includes office and commercial operations.

² Direct energy consumption includes gasoline consumption, while indirect energy consumption represents the consumption of outsourced electricity. The comprehensive energy consumption was calculated with reference to GB/T 2589-2020 General Principles of Comprehensive Energy Consumption Calculation.

³ Scope 1 greenhouse gas includes greenhouse gas emissions from gasoline and others; scope 2 greenhouse gas includes greenhouse gas emissions from outsourced electricity and others. Greenhouse gas emissions are calculated with reference to the “Guidelines for Accounting Methods and Reporting of GHG Emissions of Enterprises in Other Industries (Trial)” standard and the “Methodology and Reporting Guide for Enterprise Greenhouse Gas Emissions Accounting for Power Generation Facilities”, with the latest emission factor of national grids of 0.5810tCO₂/MWh as the factor of greenhouse gas emission from electricity.

ENVIRONMENTAL ECOLOGY

In addition, compared with FY2020, the intensity of environmental indicators⁴ is as follows:

Indicators	Unit	2020	2021
Water resources			
Water consumption intensity	Tonnes/million of revenue	0.0005	0.10
Wastewater discharge			
Wastewater discharge intensity	Tonnes/million of revenue	0.0004	0.08
Hazardous waste			
Hazardous waste intensity	Kg/million of revenue	0.003	0.02
Non-hazardous waste			
Non-hazardous waste intensity	Kg/million of revenue	0.16	0.21
Energy consumption			
Comprehensive energy consumption intensity	Tonnes of standard coal equivalent/million of revenue	0.03	0.01
Greenhouse gas emissions			
Greenhouse gas emissions intensity	Tonnes of carbon dioxide equivalent/million of revenue	0.07	0.05

⁴ Since all construction projects of the Group are outsourced, the disclosure of environmental performance data in this report only includes office and commercial operations, and adjustments have been made to the data of 2020 accordingly to ensure the consistency with the previous years. Specifically, the increase in the intensity of water consumption, wastewater discharge and hazardous waste discharge was mainly due to the rising water consumption, wastewater discharge and waste discharge resulting from the increased area of office and commercial operations.

TALENT VALUE

Sunkwan Properties always regards its employees as its most valuable asset and adheres to the four-dimensional employment concept of “attracting employees by development, uniting employees by career, training employees by work and evaluating employees by performance”. We continue to improve the staff protection system, optimise the training system, create a harmonious and healthy working atmosphere, construct a scientific and fair staff motivation mechanism, and grow together with our staff to create a win-win situation with common development.

Employee Profile

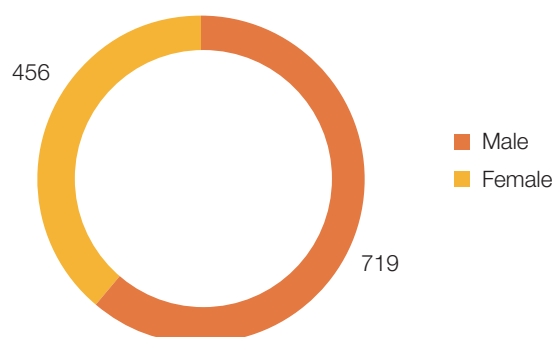
In order to create a healthy and equal employment environment and a diversified and inclusive talent team, Sunkwan Properties strictly abides by the *Labour Law of the People's Republic of China* 《中華人民共和國勞動法》, the *Labour Contract Law of the People's Republic of China* 《中華人民共和國勞動合同法》, the *Employment Promotion Law of the People's Republic of China* 《中華人民共和國就業促進法》 and other relevant laws and regulations, and has formulated internal systems such as the *Recruitment Management System* 《招聘管理制度》, the *Operational Guidelines of Employment Management* 《錄用管理操作指引》, the *Labour Contract Management Policy* 《勞動合同管理辦法》, the *Salary Management System* 《薪酬管理制度》 and the *Employee Care Management Policy* 《員工關懷管理辦法》. The internal management system is continuously improved.

Labour Rights

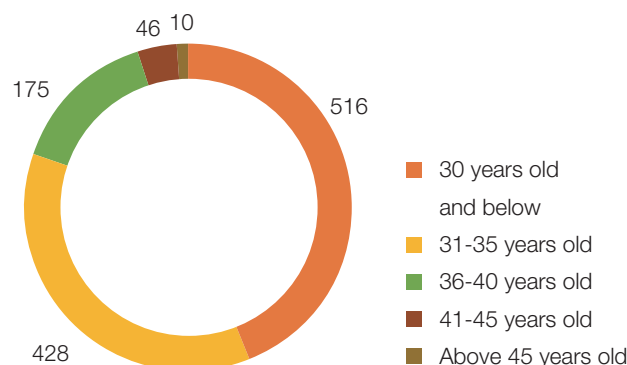
Sunkwan Properties always adheres to the talent strategy system of “high objective, high identification, high standard, high performance and high incentive” and focuses on building a high quality talent team with its unique corporate vision and broad development platform. In 2021, we updated our recruitment system to focus on core talents and share recruitment information across cities. At the same time, we further optimised our recruitment process to enhance the quality of our core talent through the delegation of ranks.

In addition, the Group complies with the *Law of the People's Republic of China on the Protection of Minors* 《中華人民共和國未成年人保護法》, the *Prohibition of Using Child Labour* 《禁止使用童工規定》 and other relevant laws and regulations, implements an equal and non-discrimination employment policy, insists on the legal use of labour and is determined to avoid the employment of child labour and forced labour. Through internal systems such as the *Recruitment Management System* 《招聘管理制度》 and the *Operational Guidelines of Employment Management* 《錄用管理操作指引》, we further standardise the recruitment process and strive to create a fair and equitable employment environment for our staff. We also continue to optimise our staffing structure, with a reasonable distribution of staff by different genders, ages and regions. During the Reporting Period, Sunkwan Properties had a total of 1,083 full-time employees. Details⁵ are as follows:

Distribution of employees by gender (persons)



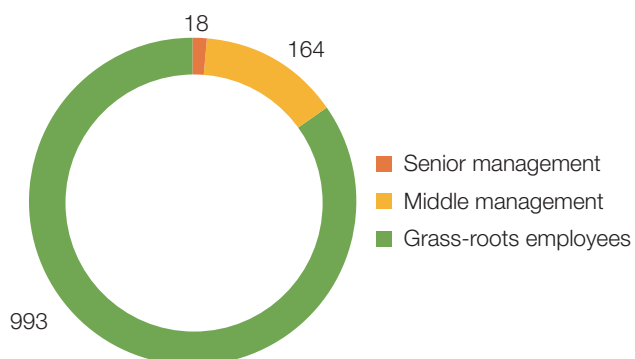
Distribution of employees by age (persons)



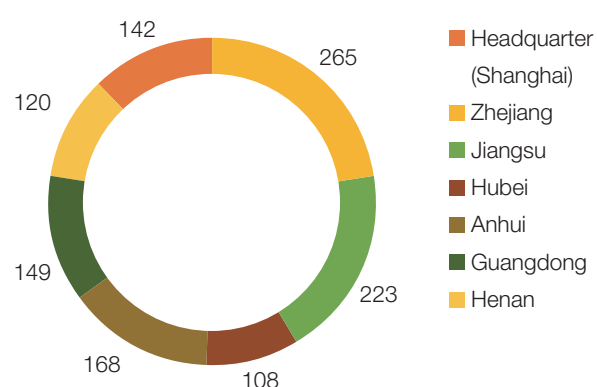
⁵ The data scope of distribution of employees by gender, age, rank and region covers all employees of Sunkwan Properties Group (including full-time and part-time employees), totaling 1,175 people.

TALENT VALUE

Distribution of employees by rank (persons)



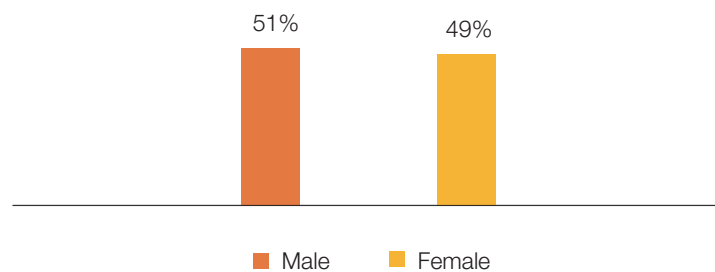
Distribution of employees by region (persons)



Total Number of Employees by Categories in 2021

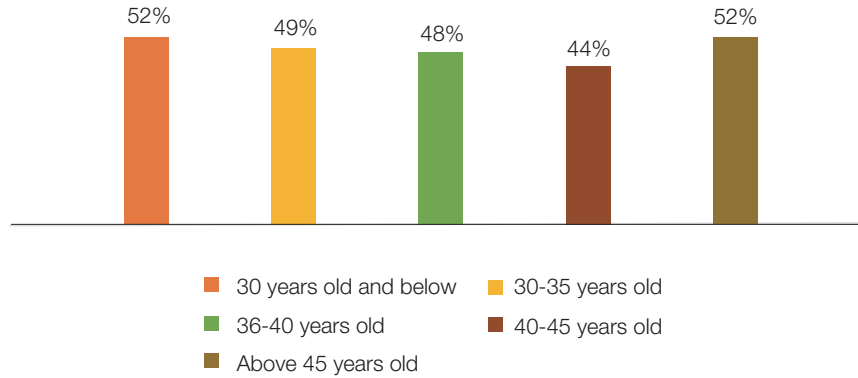
As of 31 December 2021, the employee turnover rate of Sunkwan Properties by gender, age group and region is as follows:

By gender (%)

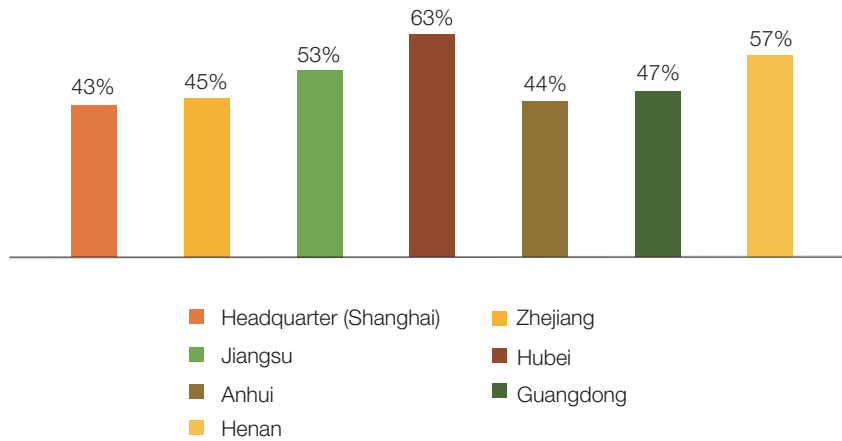


TALENT VALUE

By age (%)



By region (%)



The Employee Turnover Rate by Categories in 2021

TALENT VALUE

Salary and Benefits

With talent as the core of development, Sunkwan Properties continues to develop the remuneration and welfare system, and has formulated rules and regulations such as the *Remuneration Management System* (《薪酬管理制度》), the *Bonus Pool Management System* (《獎金池管理制度》), the *Performance Management System* (《績效管理制度》) and the *Appraisal and Incentive Management Measures for Project* (《項目考核與激勵管理辦法》) to provide employees with competitive salaries and benefits while ensuring the fairness and reasonableness of employees' remuneration, so as to motivate its employees. In addition to national mandated holiday benefits, the Group also introduced various new employee benefits systems in 2021 in accordance with internal systems such as the *Vehicle Benefits Management Measures* (《車輛福利管理辦法》) and the *Employees Housing Incentives Management Measures* (《員工購房優惠管理辦法》).

Employee benefits systems for 2021 were as follows:

Independent Benefits

- Vehicle/travel subsidies, communication allowance, subsidies for length of service, business trip allowance, sponsorship for activities, holiday benefits, birthday gifts, wedding gifts, childbirth gifts and condolences subsidies

Incentive Mechanism

- Build a panoramic incentive system covering the whole cycle of properties of "investment, financing, operation, sales and management", forming an incentive system with operation as the core and value creation as the guideline, compilation of incentive system, monthly clearing of incentive, annual review and settlement

Talent Development

"If one could play well in his/her own role, all of the challenges will be overcome." Sunkwan Properties is committed to create the elite team and encourages employees to keep improving in their work. Furthermore, in accordance with the talent development concept of "business-oriented, combination of training and practice, inheritance and innovation, construction of a self-driven learning organisation", a comprehensive staff training system has been set up. Guided by a series of internal systems such as the *Motivation Management System of Sunkwan Group* (《上坤集團激勵管理辦法》), the *Training Management System* (《培訓管理制度》), the *External Training Management System* (《外訓管理制度》), the *Internal Lecturer Management Measures* (《內部講師管理辦法》), the *Guidelines for New Project Team Formation* (《新項目團隊組建指引》), the *Sunkwan Group Talent Inventory and Human Resources Planning Operation Guidelines* (《上坤集團人才盤點及人力資源規劃操作指引》), targeted skills upgrading training are provided to meet the different needs of employees' ability level and job position. In 2021, the Group has adopted an online e-learning training platform to provide a more convenient way to train our employees. At the same time, to reduce staff turnover, we have set up leadership enhancement courses, professional enhancement courses, introduction programmes and training for management trainees. In addition, we conduct quarterly staff satisfaction surveys and make improvements based on the survey results to continuously improve the quality of teaching and staff satisfaction.

TALENT VALUE



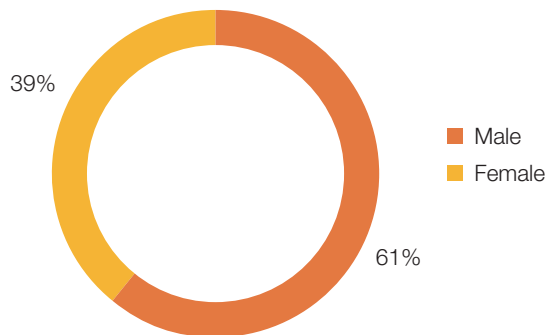
Cadre Programme	Manager Programme	Introduction Programme	Training Camp
<ul style="list-style-type: none"> • Target: Marketing related personnel • To develop Sunkwan cadres who understand operations, products and risks and have strong professionalism and leadership, and to cultivate a champion marketing team who has the capability, desire and courage to take actions • Achievement: 3 training sessions were organised in 2021, totaling 46 hours and attracting 56 participants, with a satisfaction rate of 9.33 	<ul style="list-style-type: none"> • Target: Project managers • Sunkwan's Manager Program aims to help Sunkwan's project managers change from "engineering-oriented" to "management-oriented", and to develop a group of Sunkwan's managers who understand management, are good at operation, communication, expertise and leadership, and have strong entrepreneur and fighting spirits • Achievement: 3 training sessions were organised in 2021, totaling 46 hours and attracting 69 participants, with a satisfaction rate of 9.35 	<ul style="list-style-type: none"> • Target: New employees • Through training, rotation and learning, each functional representative introduced Sunkwan from the introduction of Sunkwan, Sunkwan talent system, operation and quality management, investment and financing strategy, research and development design, cost contract, financial management, marketing methods, etc. • Achievement: 7 training sessions were conducted in 2021, totaling 105 hours and attracting over 200 participants, with a satisfaction rate of 9.58 	<ul style="list-style-type: none"> • Target: 2020 and 2021 Management Trainees • Facilitate their growth and development through learning of professional knowledge, vocational skills, sharing from seniors, and on-site inspection and other ways • Achievement: 6 training sessions, 2 quarterly debates, and 1 grading session were conducted in 2021, totaling 180 hours and attracting over 60 participants, with a satisfaction rate of 9.4

Training and Achievement Highlights in 2021

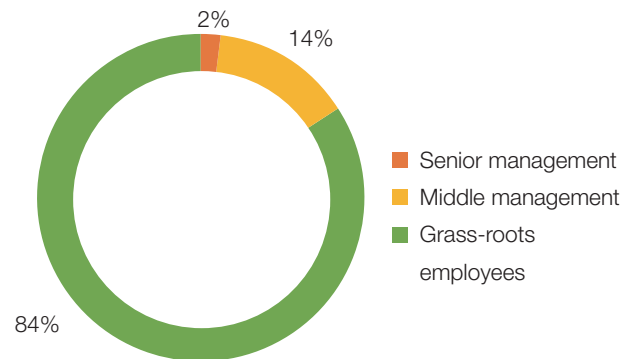
TALENT VALUE

During the Reporting Period, the Group had a total of 1,175 employees participated in training, with specific training information as follows:

Percentage of employees trained by gender

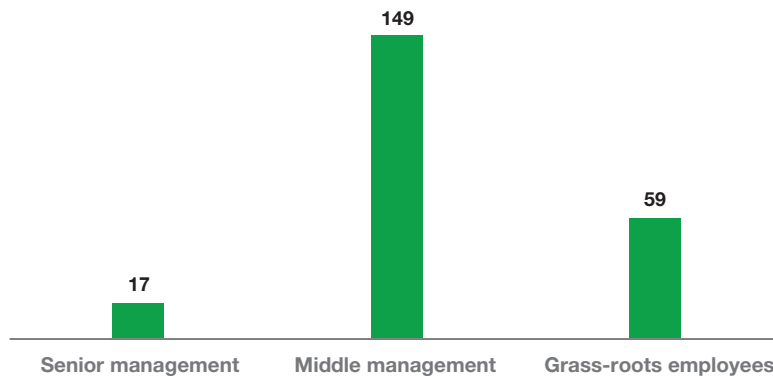


Percentage of employees trained by rank



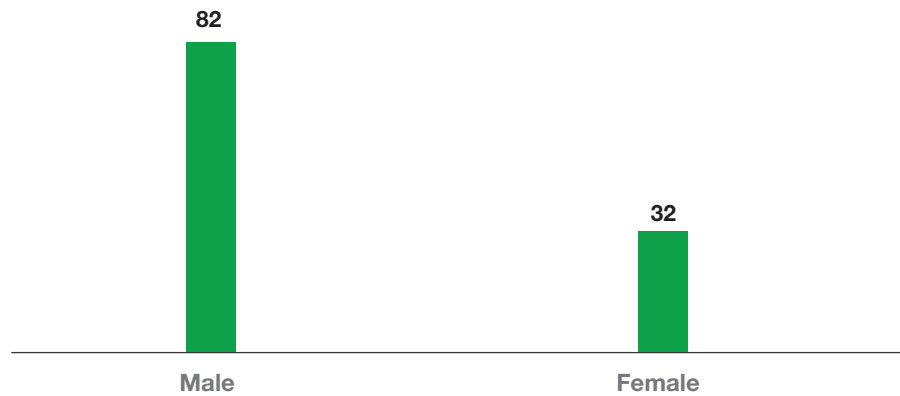
Percentage of Employees of Each Category Trained in 2021

Average training hours of employees by rank (hours)



TALENT VALUE

Average training hours of employees by gender (hours)



Average Training Hours of Employees of Each Category in 2021

Health and Safety

As a responsible corporation, Sunkwan Properties always prioritizes the health and safety of its employees in its business operations. The Group strictly complies with laws and regulations, such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* 《中華人民共和國職業病防治法》 and the *Production Safety Law of the People's Republic of China* 《中華人民共和國安全生產法》, and constantly refines its internal safety management rules and regulations and occupational health protection system, thereby effectively implementing occupational health and safety management for employees.



Safety Management System of Sunkwan Properties

TALENT VALUE

Construction safety

We attach great importance to the construction safety. We have formulated the internal system of the *Standard Practice Manual for Safe and Civilised Construction of Sunkwan Group* 《上坤集團安全文明施工標準做法手冊》 in accordance with the *Production Safety Law of the People's Republic of China* 《中華人民共和國安全生產法》 and the *Regulation on Work-Related Injury Insurances* 《工傷保險條例》, which explicitly stipulates the mandatory implementation of safety and civilisation disclosure measures to all contractors who enter the site and conduct on-site education and training for all construction personnel. In addition, we strictly implement the system of “Suspension for Safety” and conduct bottom-line management and evaluation through evaluation inspections by third-party units and the engineering department of the Group.

In order to reinforce the safety awareness of employees and to ensure their safety in construction, the Group requires all project construction personnel to complete the “three-level safety education and training” before entering the site and to perform pre-post safety disclosure before they start working. Besides, we regularly organise activities such as fire drills and Production Safety Month. As of December 31, 2021, no work-related death occurred in Sunkwan Properties in the past three years. During the Reporting Period, the number of lost days due to work injury of Sunkwan Properties was 0.



Fire Drill

Occupational health

The Group improves its internal occupational health protection system in strict compliance with laws and regulations such as the *Law on Prevention and Control of Occupational Diseases* 《職業病防治法》, the *Administrative Measures for Occupational Health Inspection* 《職業健康檢查管理辦法》 and the *Law of the People's Republic of China on Prevention and Treatment of Infectious Diseases* 《中華人民共和國傳染病防治法》, and provides health protection for employees by organising regular employee health checkups, holding health and safety seminars and establishing personal health records for employees. During the pandemic, we provided employees with unlimited epidemic protection supplies, disinfected office areas on a weekly basis, monitored and analysed employee movements in real time and advocated online meetings to reduce travel, so as to protect employee health and safety to the greatest extent. There were no occupational disease incidents during the Reporting Period.

TALENT VALUE



Employee Care

Caring for employees is the core of building a harmonious enterprise and an important way to enhance enterprise cohesion. Sunkwan Properties advocates work-life balance. It strives to create a favorable and harmonious working environment by continuously strengthening employee care, paying attention to employee communication, and improving human resources policies. Moreover, it regularly carries out employee care activities to enhance employees' sense of belonging and their happiness at workplace.

Communication with employees

By providing smooth communication channels for employees, Sunkwan Properties strives to make communication simple, transparent, direct and convenient. Specifically, it listens to employees' voices through various channels such as President's mailbox, HR mailbox, "Sunkwan Fast News", "Employees' Heart-to-heart Talks" and employee satisfaction survey questionnaire, and communicates and makes improvements on issues related to the working environment, company development and management.

The Group continues to diversify employee communication channels. In 2021, we held a number of employee talkfests and conducted four employee satisfaction surveys to understand employees' needs, formulate improvement plans and help employees solve their problems according to the analysis reports on the talkfests and surveys. Additionally, we have set up a region ranking for satisfaction and a reward mechanism for the satisfaction surveys. The top-ranked region in the survey results will receive a team award while the last-ranked region will be interviewed, thus binding the internal management of the Group and providing a more comfortable and satisfying working environment for employees.

Communication Channels for Employees

Communication channels	Categories of communication
President's mailbox	Employees can put forward suggestions for the Company's operation and management, reflect problems, put forward personal opinions, and complain and report the deficiency of honesty and self-discipline of various departments and leaders
HR mailbox	In response to the feedback and complaints of employees, the internal management mechanism is integrated, and relevant lines or audit departments are organised to communicate and evaluate, so as to follow up and deal with them, and give feedback to employees
"Sunkwan Fast News"	Broadcast and exchange of good news within the Company once a month for the Group and once a week for the region
"Staff communication meetings"	In response to the different characteristics of the staff, the senior managers, regional management teams and regional employees are organised to meet and exchange ideas to unify thoughts, promote mutual understanding and solve practical problems

TALENT VALUE

Employee Care

In order to coordinate the work rhythm of employees and show concern for their physical and mental health, Sunkwan Properties has taken various measures such as organising various clubs, activities and assistance plans for employees, to strengthen internal communication and improve the cohesiveness and solidarity of the enterprise. The Group also attaches great importance to female employees. Adhering to the concept of “mothers should be respected”, each floor of the office building was equipped with baby care room to provide special care to female employees with more warm actions that are close to their lives.



Badminton Club



Basketball Club

TALENT VALUE



“Forge Ahead with Shared Aspirations”

In 8 May 2021, the human resource center of Sunkwan Properties organised a rowing competition “Forge Ahead with Shared Aspirations” for the top-performing employees. Nearly 50 outstanding employees and senior managers of engaged in this activity.



TALENT VALUE



“Spartan Warrior Challenge”

In order to improve employees' courage, boost morale and refine their will, Sunkwan Properties organised nearly 400 employees of the Group to join a team building activity “Spartan Warrior Challenge” in the Shuibaxian Ecology Park in Suzhou on 11 July, 2021. Under the high temperature of 37°C, employees' will and courage were refined, and teamwork and wisdom of symbiosis were enhanced.

This team building activity not only helped each employee integrating into the group wholeheartedly, but also made them aware of the responsibility and significance of their roles in the team. In the future, Sunkwan Properties and Sunkwan Warriors will stay true to their original mission, cut through difficulties and march forward.



TALENT VALUE

**“Well-being Programme • Employee Care Fund”**

Go forward in the same way with those who share the same values. Sunkwan Properties insists on safeguarding the well-being of its employees through the “Well-being Programme • Employee Care Fund”, aiming to alleviate employees’ difficulties in family life caused by critical illness or accidental injury or disaster, and to provide emergency help for employees and their families. To this end, the Group promises that Sunkwan will stand together with its employees and share the happiness and growth with them.

In 2021, Sunkwan Properties provided RMB100,000 for employees suffering from acute leukemia through the “Well-being Programme”; moreover, many employees volunteered to raise money offline to give help to the distressed employees.

In 2021, Sunkwan Properties was widely recognized by all sectors of the society for its continuous improvement of organisational talent construction, new brand and thoughtful service.



Best Employer of Chinese Real Estate Enterprises in 2021

WORKING TOGETHER

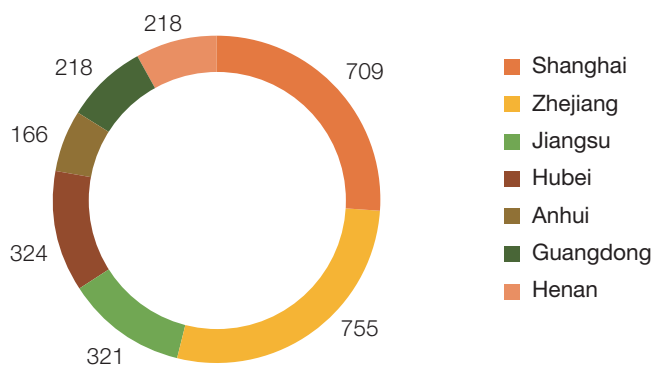
By committing to establish a fair, transparent, high-quality and safe procurement environment and continuously improve the supplier management system, Sunkwan Properties continuously strengthens the communication with suppliers and identifies the supply chain risks in a timely manner. In addition, we actively fulfill our social responsibility, promote social development with our practical actions, and make progress together with industry partners.

Supplier Management

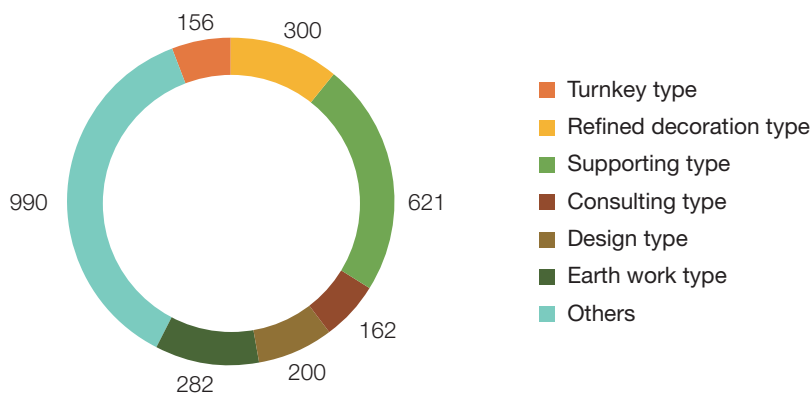
Sunkwan Properties strives to be a “premium urban life service provider” and partners with quality suppliers to create high-quality buildings and homes for our customers. We strictly follow such laws and regulations as the *Invitation and Submission of Bids Law of the People’s Republic of China*, the *Regulations on the Implementation of the Tendering and Bidding Law of the People’s Republic of China* and the *Provisions on the Scope and Threshold of Construction Projects for Bid Invitation*, and have formulated various internal management systems, including the *Supplier Management Measures*.

As of the end of the Reporting Period, the Group had 2,711 suppliers. The suppliers of the Group by region and procurement type are distributed as follows:

Suppliers by region (units)



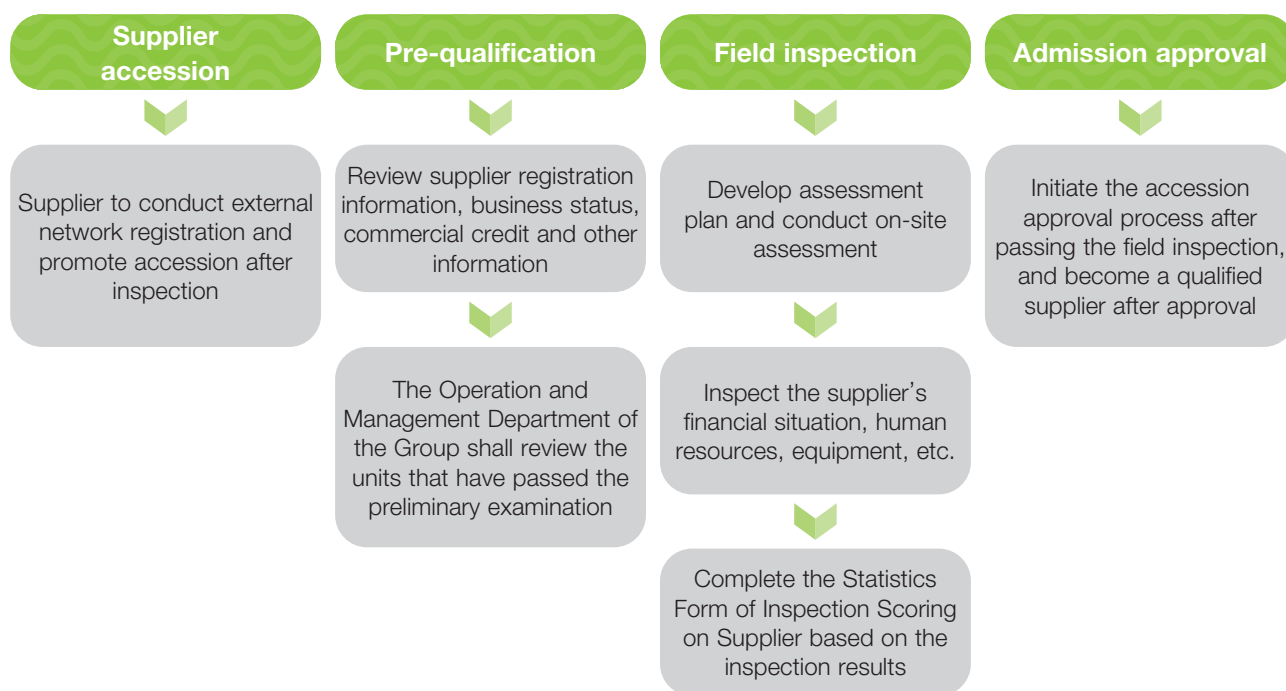
Suppliers by procurement type (units)



Number of Suppliers by Type of Sunkwan Properties in 2021

WORKING TOGETHER

In 2021, we updated and optimised our supplier inspection system in accordance with the principles of openness, fairness, impartiality and integrity of procurement, and strictly regulated the access, classification management and assessment of suppliers.



Supplier Access Process

Supplier hierarchical management

Sunkwan Properties continues to optimise the supply chain environment, and conducts hierarchical management for suppliers based on whether the suppliers have signed strategic procurement framework agreement with the Group and annual performance evaluation, so as to improve the management efficiency and quality of suppliers and strengthen the cooperative relationship with suppliers.

Rating of Supplier	Rating Method
Supplier for strategic procurement	<ul style="list-style-type: none"> Supplier who has signed the strategic procurement framework agreement with the Group and participated in the performance evaluation. Strategic supplier with an annual performance evaluation score of more than 80 points will be given priority to renew the strategic cooperation
Excellent supplier	<ul style="list-style-type: none"> Supplier whose most recent annual supplier performance evaluation score is not less than 80 points
Qualified supplier	<ul style="list-style-type: none"> Supplier whose most recent annual supplier performance evaluation score and annual performance evaluation score are greater than or equal to 60 points but less than 80 points, or supplier who has passed the admission approval but not performed any contracts
Unqualified supplier	<ul style="list-style-type: none"> Supplier whose most recent annual supplier performance evaluation score is less than 60 points

WORKING TOGETHER

Rating of Supplier	Rating Method
Prospective supplier	<ul style="list-style-type: none"> Supplier who has successfully registered and passed the preliminary qualification review but has not yet received any inspection
Blacklisted supplier	<p>Supplier with one of the following situations:</p> <ul style="list-style-type: none"> Supplier who provides products and services with major quality problems, which causes major economic losses or affects brand reputation Supplier who seriously violates business ethics or conducts illegal operations are investigated and punished by government departments, and the enterprise is revoked according to law Business license or the head of a business breaks the law anyway Supplier who conducts commercial bribery and unfair competition Supplier who colludes with the purchasing unit and other suppliers for bid rigging Supplier listed as “unqualified” for 2 times

According to the *Hierarchical Management System for Suppliers* 《供應商分級管理制度》, the Group will not cooperate with an unqualified supplier within one year, and if it needs to be employed, it must pass the admission approval again, with the rectification report of the previous defects attached; for excellent supplier, the Group will give generous rewards; for blacklisted supplier, the Group will terminate cooperation with it forever. During the Reporting Period, the Group conducted on-site assessments and annual reviews for its 400 suppliers, with a coverage rate of 100%, to ensure the quality of products and services provided by suppliers.

Supplier environmental and social management

In order to establish and maintain a sustainable supply chain, Sunkwan Properties has also included the environmental and social performance of suppliers into the consideration criteria and management measures, and emphasized the requirements and restrictions on suppliers' social and environmental behavior standards in the *Supplier Management Measures* 《供應商管理辦法》.

The Group strictly complies with national and local laws and regulations in conducting tender procurement and is committed to building an open and transparent tendering system. Abide by the “Code of Integrity Practice”, we establish honest and trustworthy business relationships with third-party suppliers, partners and other organisations, and strictly regulate the business transactions between the parties. At the same time, we prohibit any form of bribery and corruption, and specify restrictions on anti-commercial bribery in the terms of contract, clarifying the responsibilities and obligations of both parties. We also require suppliers to sign the *Integrity Management Agreement* 《廉潔管理協議》 and conduct supplier integrity risk analysis on a regular basis to ensure that suppliers have adequate anti-corruption policies and management measures in place to reduce corruption risks.

In addition, we incorporate supplier performance in respect of occupational health, environmental management and quality into our supplier access, audit and rating system. Our suppliers are audited for labor, quality and environmental qualifications and certifications at the supplier assess stage before they are included in our supplier list. At the same time, important assessment indicators such as environment, health and safety, and quality control performance at construction sites are incorporated into all inspection visits during the cooperation, so as to jointly create a responsible and sustainable supply chain.

WORKING TOGETHER



Supplier communication

Sunkwan Properties understands that maintaining good communication and exchange with suppliers is conducive to promote both parties to continuously improve the standard of corporate services and make progress together. We maintain an annual high-level meeting with important strategic suppliers and conduct quarterly spot checks on materials supplied by our suppliers, which are regularly publicized in standard files. We also actively participate in the centralised procurement organised by third-party organisations, such as New Hong Qiao Purchase Alliance, learn excellent experience from peers, exchange and share successful cases, and work with suppliers to create industry benchmarking works.

During the Reporting Period, we held the 2021 Annual Partner Spring Tea Party to review the way we came together with our outstanding partners and look forward to a brand new journey ahead.



Spring Tea Party – Outstanding Supplier Award Ceremony



Supplier Conference

WORKING TOGETHER

Supplier training

Sunkwan Properties attached importance to supplier training, and jointly organised supplier training on safety production, energy conservation and environmental protection with major suppliers during the Reporting Period, on the basis of each regional project strictly implementing the *Standard Practice Manual for Safe and Civilised Construction of Sunkwan Group* 《上坤集團安全文明施工標準做法手冊》 under the requirements. We also convey our emphasis on safety and environmental protection to suppliers by signing safety agreements and carrying out relevant cultural publicity and implementation, clarifying the demands of both parties, thus promoting the healthy and sustainable development of the supply chain system.

Clarify the rights and responsibilities related to environment, safety and quality during the special contract disclosure after the contract is signed

Provide three-level education and safety training for suppliers during construction or site entry

Conduct pre-job safety disclosure and irregular fire drill before construction workers are on the job

Carry out publicity and implementation of the culture of “put safety first and attach great importance to environmental protection”

Industrial Partnership

Sunkwan Properties is well aware that the achievements of the enterprise cannot stand without the support of the government and the community. We proactively established strategic partnerships with different types of partners such as governments and enterprises to fully integrate resource advantages and jointly promote progress and development of the industry.



WORKING TOGETHER

Cooperation with other enterprises

Sunkwan Properties actively broadened cooperative fields and continuously promoted complementary strategic cooperation to achieve the win-win effect of “1+1>2” with the brand combination effect, bringing additional value to Sunkwan Properties’ customers and improving the quality of life.



Develop Sunkwan • The One with Xinyang Huaxin

In 2021, Sunkwan Properties worked with Xinyang Huaxin Tea Tourism Culture Industrial Park Co., Ltd. (信陽華信茶旅文化產業園有限公司) to develop a project of 1 million square meters in Yangshan New District. The project features the magnificent scenery of “one axis, two beltways and eight parks” based on the metropolitan landscape. In addition to the all-age functional zones such as kids amusement parks, lawn salon, ring-shaped running track of nearly 700m and health preservation zone for the elderly, the project also has a well-developed metropolitan style commercial street in the demonstration zone, covering all aspects of clothing, food, housing and transportation, bringing a new, fashionable and perfect lifestyle to the owners.

Sunkwan Properties insists on creating better livable products. The One project builds different living scenes based on actual needs to satisfy people’s pursuit of high quality life, and creates an ideal habitat and a brand new pattern of livable life.



WORKING TOGETHER



Build Sunkwan Jieshou One Mansion with state-owned enterprise Yangcheng Construction

Sunkwan Jieshou One Mansion project is jointly built by Sunkwan Properties and Anhui Yangcheng Construction Development Group Co., Ltd. (安徽養城建設發展集團有限公司). Located in the core segment of Yingnan New District of Jieshou, the project is a villa-level residential property with low density in metropolitan style, equipped with complete living and entertainment facilities and premium education resources, adjacent to the hospital and Jieshou South Railway Station, which can meet people's need for recreation; besides, it is connected with six ecological parks, enabling people to enjoy a leisurely and poetic life.



WORKING TOGETHER



Cooperation with the government

Sunkwan Properties has constantly explored the cooperation mode of “government + enterprise”, diversified co-construction, co-governance and sharing, promoted the sustainability of government - enterprise cooperation, actively participated in urban construction and operation, and strived to become a multi-functional real estate developer.



Contracted with Wuhan Xinzhou District Government, and boosting development of Yangluo via city-industry integration

In March 2021, Wuhan 1st Quarter Investment Project Signing Ceremony was held in Wuhan Conference Center. During the ceremony, Sunkwan Properties and Xinzhou District Government successfully signed a strategic cooperation framework agreement, and introduced the emerging e-sports industry into the project.

Leveraging its strong industry introduction capability, the Group will introduce the emerging e-sports industry in our projects to build an industrial complex of commercial services and sports competition with Hubei as the core, and create a new economy with e-sports culture, forming an ecosystem of new service industry and boosting regional development.



WARM SOCIETY

Sunkwan Properties upholds a spirit of humanity and proactively performs its social responsibilities to promote the upward development of society and industry as well as build a harmonious community atmosphere. Meanwhile, Sunkwan Properties takes the initiative to understand social concerns and constantly seeks opportunities to achieve the joint development of business and society, in a bid to fulfill its missions and contribute to the society.

Beautiful Community

The Group considers sustainable humanistic care and ecosphere as major factors when developing projects. It deeply explores the ecologic dominance of the Company in sustainable development to provide customers with comfortable and convenient services and at the same time to achieve the harmony between sustainable development and urban construction and build a green and beautiful community.

The Group cordially concerns about proprietors' living needs. During the Reporting Period, it has organised various community activities to enrich proprietors' entertainment life. By taking such actions, the Group constantly endeavors to create a harmonious and healthy atmosphere and improve the quality of community. The Group will continue to work on "ideal life" in respond to new opportunities and iterating customer demands, in a view to provide revolutionary experience and higher level enjoyment.

WARM SOCIETY



Sunkwan Flourish • Rowing Club

On 27 November 2021, themed by “cleaving through the waves, our hearts belong to Sunkwan Flourish”, the opening ceremony of the Sunkwan Flourish International Eco-City Experience Center, also known as the establishment ceremony of Sheshan Rowing Club, was initiated. The chairman, general manager and other managements of Sunkwan Properties attended the ceremony and gave speeches based on three concepts, namely the “integration of industry and city, pleasant living environment and ideal community”.

On the ceremony, the visiting guests started a match on squad-basis under the supervision of professionals. Meanwhile, sound equipment and facilities and cheerful atmosphere also attracted many residents.

The Flourish Project adapts to local conditions. Leveraging the abundant landscape resources and advantaged natural river courses, it builds a rowing wharf that is exclusive to the Sunkwan Flourish community to facilitate proprietors’ higher-end living experience and create diversified, dynamic, quality and international life styles by the river.

The Flourish community will gradually build a joint governance model with government, social forces and residents and create a Flourish park community shared by all sectors. Meanwhile, Flourish park community will endeavor to achieve a brand image, namely an ideal community oriented, built, governed and shared by people.



WARM SOCIETY



Sunkwan • New Fans City

On 29 October 2021, Rongxin • Sunkwan Center New Fans City, a commercial complex jointly developed by Rongxin Group and Sunkwan Properties, opened up.

Sunkwan • New Fans City adopts a model of new community, new culture and new business. It integrates Chinese and western culture by inheriting the traditional culture of Minhang District and introducing renowned hotels and distinctive themed space from Europe, thereby dedicating to create a new community business landmark targeting at the Z Generation and provide diversified experience featuring “wonders, sceneries, entertainments and delicacies” for young customers in Shanghai.

From the six aspects of customer groups, scenes, themes, space, contents and services, Sunkwan • New Fans City creates a place for demand release as well as an experience center that covers consumption, social and other fields based on its diversified layout, in an aim to lead consumption growth and invigorate city development.



Public Welfare

China's charity undertaking shoulders new historical mission in the new era, switching from “being an important supplement to social security” to “playing an important role in the third distribution”. Therefore, as a creator, undertaker and beneficiary of social values, Sunkwan Properties consistently takes charity as the top priority of its operation since its establishment 12 years ago, and always keeps in mind its responsibilities and obligations to deliver kindness and warmth.

During the Reporting Period, Sunkwan Properties focuses on charity undertaking and pays close attention to hot social issues and real-time pandemic situation. Through various charitable donations and other activities, Sunkwan Properties pursues enterprise social responsibilities in practical ways to achieve synergetic development between enterprise and society.

WARM SOCIETY



Charity donation

During the Reporting Period, Sunkwan Properties organised a total of nearly 10 social welfare activities with aggregate donations of more than RMB5,000,000, which has brought warmth to over 10,000 people.

2021. 07

- The sudden flood striking Henan Province has caused significant impact on the daily life of the local residents. After learning of the disaster, the Group donated RMB1,000,000 to the Henan Charity Federation and immediately procured a batch of disaster relief supplies with a value of RMB1,000,000, so as to offer support for Henan Province.

2021. 08

- The Group initiated the “Heart Caring Program” for internal employees, which raised funds of RMB960,000 in total for helping internal employees encountering emergencies.

2021. 11

- The Group launched a charity education program. When the program was initially carried out in Qingjian County, Shaanxi Province, it recruited a total of 80 volunteers and raised caring donations of RMB27,550 from employees.
- The program successfully matched 7 children in 5 poverty-stricken families in Qingjian County, Yulin City, Shaanxi Province and gave books, school supplies, thermal-retention apparels, New Year red envelopes and other materials to these 5 families at the beginning of the New Year.

In addition, during the Reporting Period, the Group also donated RMB300,000 to deaf patients jointly with Everbright Trust; it donated RMB150,000 to Zhejiang Province Disabled Person Welfare Foundation; it provided financial support to impoverished high school seniors in Zhudian Village, Suhe Town, Xin County, Henan Province and spent RMB300,000 to install street lamps for students to light up their way home in rural areas.

WARM SOCIETY

Battle against the pandemic

Since the outbreaks of the COVID-19, the Group has paid close attention to the development of the pandemic. It has actively responded to the call of the government to conduct and refine its normalized pandemic prevention and control, and strictly implement various prevention and control measures. While ensuring that the Company's internal pandemic prevention and control mechanism is sound and strict, the Group proactively provided assistance in the places where the projects are located by guarding against and preventing the spread of the pandemic as well as providing material security for frontline anti-pandemic workers.



Assist in the battle against the pandemic in Shaoxing City

At the end of 2021, the pandemic broke out in Shangyu District, Shaoxing City where a lockdown was imposed on December 9. As an active response to the call of the government, the project team of Sunkwan • Majestic Mansion collaborated with the Real Property Federation to procure and donate local anti-pandemic supplies, thereby making a modest and steadfast contribution to social stability and the battle against the pandemic.

After the end of the pandemic, the project group of Sunkwan • Majestic Mansion was honored with “2021 Outstanding Contribution Award for COVID-19 Donation (2021年抗疫捐赠突出贡献奖)” granted by the Real Property Federation in Shangyu District, Shaoxing City.





APPENDIX: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Areas, General Disclosures and KPIs of Environmental, Social and Governance		Section
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.	Environmental Ecology
KPI A1.1	The types of emissions and respective emission data.	Green Operation
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Management
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.	Environmental Management Green Construction

APPENDIX: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Areas, General Disclosures and KPIs of Environmental, Social and Governance		Section
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental Ecology
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).	Green Operation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Management
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.	Environmental Management Green Construction
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group's business operation uses less packaging materials and complies with the laws and regulations of the place where the business operates.
Aspect A3	Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Ecology
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Building Green Construction Green Operation
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.	Environmental Management
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.	Environmental Management



APPENDIX: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Areas, General Disclosures and KPIs of Environmental, Social and Governance		Section
B. Social		
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.	Talent Value
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Profile
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Profile
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.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external programs paid by the employer.	Employee Profile
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Profile
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee Profile

APPENDIX: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Areas, General Disclosures and KPIs of Environmental, Social and Governance		Section
Aspect B4	Labor 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 labor.	Employee Profile
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employee Profile
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Profile
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Management
KPI B5.1	Number of suppliers by geographical region.	Supplier Management
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.	Supplier Management
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.	Quality Services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There is no product recall involved in the Group's business operations.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Rights and Interests
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Research and Development
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Rights and Interests



APPENDIX: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Areas, General Disclosures and KPIs of Environmental, Social and Governance		Section
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.	Responsible Governance
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.	Responsible Governance
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Responsible Governance
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.	Warm Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Beautiful Community Public Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Public Welfare