



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



2022

Environmental, Social
and Governance Report

CONTENTS

2	ABOUT THE REPORT	33	ENVIRONMENTAL ECOLOGY
4	CHAIRWOMAN'S STATEMENT	33	Environmental Management
6	ABOUT US	38	Green Building
6	Company Profile	40	Green Construction
11	Responsible Governance	42	Green Operation
15	Awards and Honors	44	TALENT VALUE
17	SUSTAINABLE DEVELOPMENT MANAGEMENT	44	Employee Profile
17	ESG Working Mechanism	50	Health and Safety
18	Communication with Stakeholders	51	Employee Care
21	QUALITY SERVICES	53	WORKING TOGETHER
21	Product Research and Development	53	Supplier Management
24	Quality Assurance	58	WARM SOCIETY
27	Dedicated Service	58	Beautiful Community
28	Customer Rights and Interests	58	Public Welfare
		60	APPENDIX: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX



ABOUT THE REPORT

Overview

This report is the third 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, 2022 to December 31, 2022 (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 March 30, 2023 after the confirmation of the management.



CHAIRWOMAN'S STATEMENT

Since its foundation 13 years ago, Sunkwan Properties has been adhering to its original aspiration of “coming for livable” (為宜居而來), and constantly making innovations and advancements with the times. We endeavor to build a happy and warm residence for all people, practice green development for the environmental ecology, provide an equal and broad platform for employees, and bring a warm and harmonious atmosphere to the society.

Similar to 2021, China's real estate industry was beset with difficulties in 2022. Meanwhile, 2022 is also the third year since the COVID-19 outbreak. Coupled with the central government's regulation and control of the real estate industry, Sunkwan Properties must align with the new policies and market changes brought about by the pandemic, while focusing on its own operations by formulating targeted measures, so as to effectively provide transformative services and support to our customers, communities, employees and stakeholders of the Group.

Sunkwan Properties has been following the sustainable development concept of “livable heart, symbiosis with nature” (宜居之心·與自然共生). While pursuing high-quality development, we bear in mind our social responsibility of environmental and ecological protection. In 2022, the Group continued to focus on green construction, striving to create green, environmental and energy-saving products and cities for the society. In addition, we contributed to the central government's goals of carbon peaking before 2030 and carbon neutrality before 2060. During the Reporting Period, Sunkwan Properties delivered a total of 6 green building projects, with a total gross floor area of about 650,000 sq.m.. In addition, we were awarded the “Top 20 Real Estate Enterprises in China by Green Chain Index”, which affirmed our contributions and achievements to green construction.

High-quality employees are always indispensable to maintain our core values of customer first. As the most valuable asset of the enterprise, we believe that we can only create more value for customers by employees who are dedicated and healthy both in mind and body. Regardless of position, gender or age, we are committed to creating a healthy employment environment that is equal, diverse and inclusive for our employees. During the Reporting Period, 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, enhance their sense of belonging and happiness, and continuously strengthen our corporate cohesion and governance.

The Group strictly implements a rewarding and punitive supplier management system. Adhering to the basic philosophy of “Go forward in the same way with those who share the same values”, we uphold a customer-oriented, open, fair, credible and transparent procurement system. During the Reporting Period, we continued to optimize our supplier inspection system and broaden supplier communication channels. In the future, Sunkwan Properties will continually cooperate with partners to expand the ideal living into more cities based on the three core economic circles and satisfy more people's hope for home and a better life.

Sunkwan Properties firmly believes that excellent environmental, social and governance is the cornerstone for long-term sustainable development of enterprises. The real estate market is undoubtedly the one suffering the most in the context of the three-year COVID-19 pandemic and the new policies of the central government on the real estate industry. Despite the unstable epidemic, as a responsible enterprise, we responded to the call of the country to actively fight the epidemic, and organized a Sunkwan pandemic prevention volunteer team to help the communities and the elderly affected by the epidemic. During the Reporting Period, we paid close attention to social hot topics and real-time updates of the pandemic. Despite the severe epidemic, we continued to carry out various public charitable activities, covering multiple aspects such as assisting students with charity, helping disaster-stricken areas, and assisting vulnerable groups, bringing goodwill and warmth to more than 10,000 people.

CHAIRWOMAN'S STATEMENT

Brand value is not only the accumulation of product reputation, but also the assumption of corporate social responsibility. In 2022, although the Group was forced to preserve its brand strength through cost control by cutting expenditure and dismissal of employees. We made every endeavor to pacify the affected employees and committed to their priority re-employment.

The three-year fight against the pandemic ended with the Chinese government's cancellation of the "zero-COVID policy" in December 2022. The pandemic made us emphasize public and personal hygiene, and normal lockdowns and work from home also brought structural changes to some industries. Sunkwan's operations will change and forward-looking goals will be formulated with the ever-changing market environment, policies and daily needs in the future. However, our long-lasting corporate philosophy and core values will remain unchanged.

Sunkwan Properties was successfully listed on the main board of the Hong Kong Stock Exchange in 2020, and our 2021 ESG Report was awarded the "Best Enterprises of the Year by ESG Practice", confirming the Group's commitment to contributing to the environment and society. The year 2022 witnessed our third ESG Report, which reviewed our progress in emission reduction, social responsibility and corporate governance in the past year, and set more targeted measures and systems for a future full of variables. In addition, by working with our stakeholders, we will actively expand green construction projects and unleash the power of sustainable development to move towards a zero-emission future with the country.

Zhu Jing

Chairwoman of the Board



ABOUT US

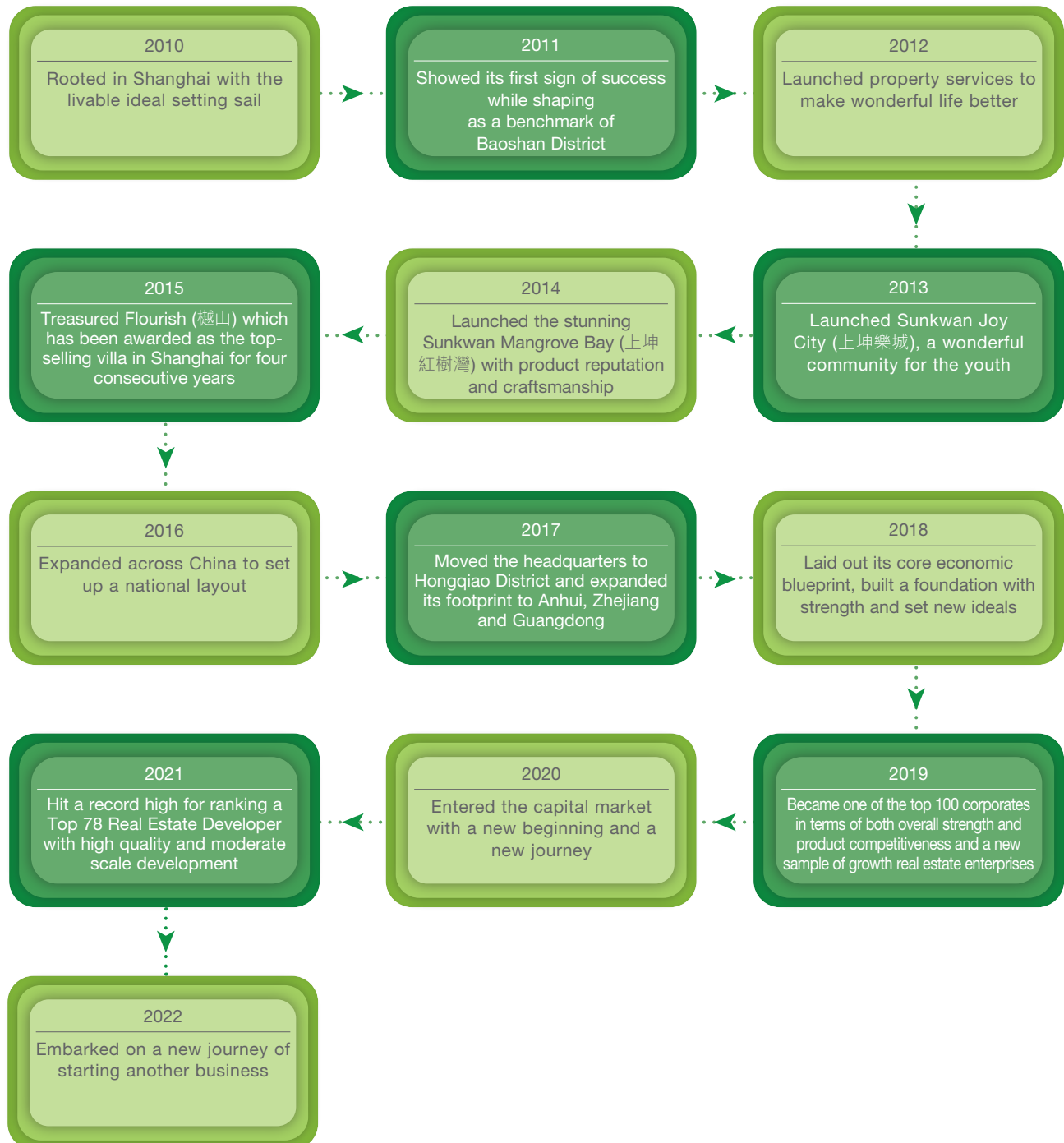
Since its foundation in 2010, Sunkwan Properties has been adhering to its original aspiration of “coming for livable” (為宜居而來), and has maintained a good momentum of development by continuously advancing its corporate strategic layout based on a sound corporate governance structure and a robust monitoring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

ABOUT US

Relying on its good performance and strong overall strength, Sunkwan Properties was successfully listed on the Stock Exchange in 2020, and was awarded “The Most Valuable Real Estate Company of China” during the Reporting Period.



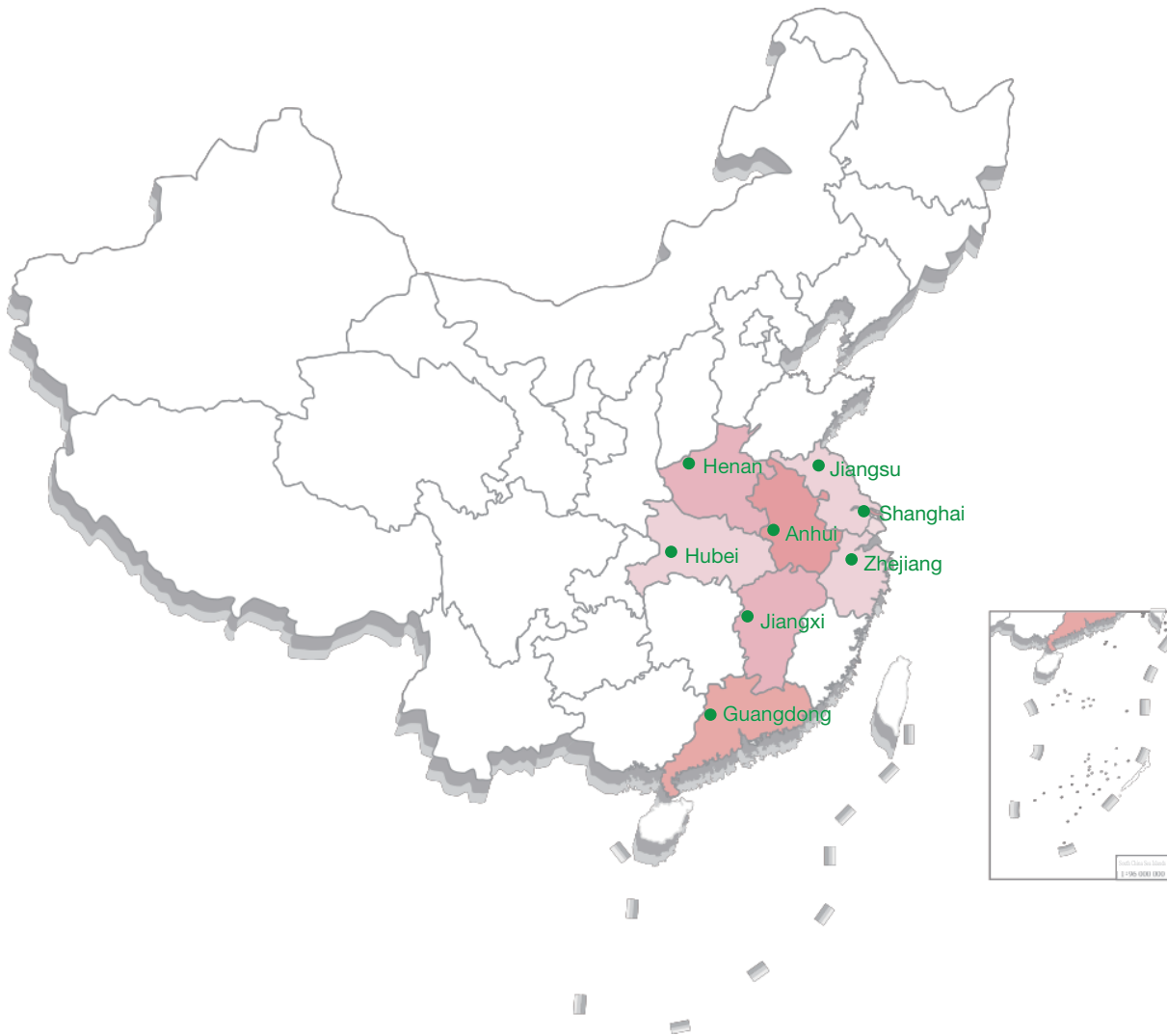
Development Milestones of Sunkwan Properties



ABOUT US

Strategic Development

Based on meeting 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 and leaving space for plants to breathe and grow at design stage
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

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 create products 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' pursuit 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 works even 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

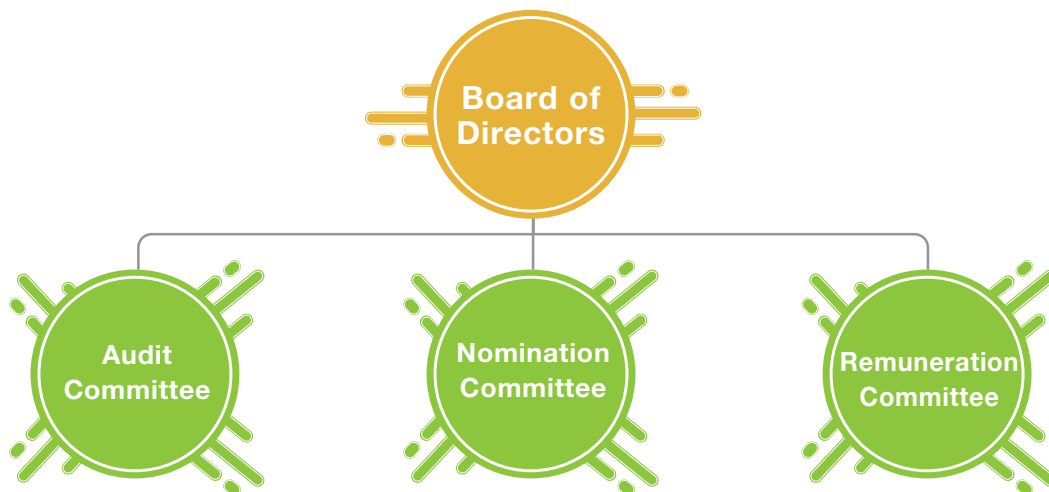
ABOUT US

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 for 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 2022 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 2022, on the basis of the existing systems, we further optimised contract templates and actively assisted 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 improve our internal risk control management.



Risk Control Procedure of Sunkwan Properties



Optimise contract templates

- According to standardization requirements solicited internally, taking into account relevant business operations and practices, contractual terms and conditions will be reviewed to optimise contract templates



Assist regional risk control

- Provide a boost to regional risk control by conducting risk consultation, focusing on performance management, controlling dynamic risks and strengthening legal awareness and training



Risk mitigation in four aspects

- Risk prediction, identification and reporting are conducted by front-line legal staff, therefore effectively carrying out risk mitigation in four aspects of investment, financing, cost management and marketing management

Risk Management Conducted by Sunkwan Properties in 2022

ABOUT US

We also attach great importance to enhancing employees' awareness of risk prevention and control and actively conduct corresponding training. In 2022, 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 10 risk-related training sessions, with more than 1,000 participants and more than 2,000 hours of training in aggregate.

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

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.

Preventative measures and whistleblowing procedures and how they are implemented and monitored

Preventative measures

Regularly carry out anti-fraud publicity and post anti-corruption posters at conspicuous locations, and regularly conduct inspections in all regions

Whistleblowing procedures

Address for Receiving Reports: Building T1, No.77, Sunkwan Road, Minhang District, Shanghai

Reporting Telephone: 021-60716181-8083

Reporting Email: tousu@sunkwan.com.cn or shenji@sunkwan.com.cn

How to implement

Conduct investigation and audit pursuant to the Anti-Fraud Management Measures of the Company

How to monitor

Mainly by data analysis, enquiry, external survey, etc.

Description of anti-corruption training for directors and employees

Anti-corruption training

Directors

Sorting out the investigation results every half a year and organize anti-corruption campaign to the directors, twice a year

Employees



Conduct inspections quarterly and anti-corruption publicity thereafter to all staff from each region, 4 times a year

ABOUT US

Awards and Honors




During the Reporting Period, the Group was honored to receive the award of “2021 ESG Best Practice Enterprises with Environmental Responsibility” issued by <http://finance.china.com.cn/>. In addition, the Group also won the titles of “2021 Most Valuable Real Estate Company”, “2021 China Real Estate Annual Red List of Responsible Enterprises”, “Naturalistic Product Power Leading Enterprise”, “2022 China Real Estate Annual Red List – Quality Delivery Enterprise” and “2022 China Value Real Estate Overall Ranking – Annual Value Delivery Enterprise”, which affirmed our years of dedication to product quality, customer service, environmental ecology, social responsibility, and corporate governance.

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 environmental development.

Date	Name of Award/Recognition	Awarding Organisations	Awarded Entity
2022.01	2021 Most Valuable Real Estate Company	zhitongcaijing.com	
2022.01	2021 China Real Estate Annual Red List of Responsible Enterprises	http://house.china.com.cn/	
2022.01	ESG Best Practice Enterprises with Environmental Responsibility	http://finance.china.com.cn/	



ABOUT US

Date	Name of Award/Recognition	Awarding Organisations	Awarded Entity
2022.01	Naturalistic Product Power Leading Enterprise	The Economic Observer	 A green award trophy with a black top section. The text on the trophy includes '经济观察报' (The Economic Observer), '2022 美居空间峰会' (2022 Home Space Summit), '中国特色社会主义示范企业' (Socialist Model Enterprise), and '上坤集团' (Shikun Group).
2022.01	2022 China Real Estate Annual Red List – Quality Delivery Enterprise	http://finance.china.com.cn/	 A silver and orange award trophy. The text on the trophy includes '2022中国房地产年度红榜' (2022 China Real Estate Annual Red List), '品质交付企业' (Quality Delivery Enterprise), and '上坤集团' (Shikun Group). The base of the trophy mentions '中国互联网新闻中心·中国地产网' (China Internet News Center · China Real Estate Network).
2022.09	2022 China Value Real Estate Overall Ranking – Annual Value Delivery Enterprise	National Business Daily	 A tall, clear glass award trophy with a black base. The text on the trophy includes '2022中国价值地产排行榜' (2022 China Value Real Estate Ranking), '年度价值交付企业' (Annual Value Delivery Enterprise), and '上坤集团' (Shikun Group). The base also mentions '中国互联网新闻中心·中国地产网' (China Internet News Center · China Real Estate Network).

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.



Board of Directors

- Responsible for evaluating and determining the Group’s ESG risks
- Responsible for overseeing the Group’s overall ESG strategy, development approach and target progress
- Approve the ESG report



ESG working team

- Monitor ESG-related policies and practices on a daily basis to ensure compliance with relevant legal and regulatory requirements
- Participate in the identification and assessment of ESG material issues and report to the Board of Directors
- Report to the Board of Directors of the ESG work progress on a regular basis



ESG key functional department

- Carry out practical activities around the Group’s ESG related issues and implement ESG action plans, objectives and other related actions

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.

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.

The stakeholders identified by the us 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.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Stakeholder Group	Key Issues of Stakeholder Concern	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
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



SUSTAINABLE DEVELOPMENT MANAGEMENT

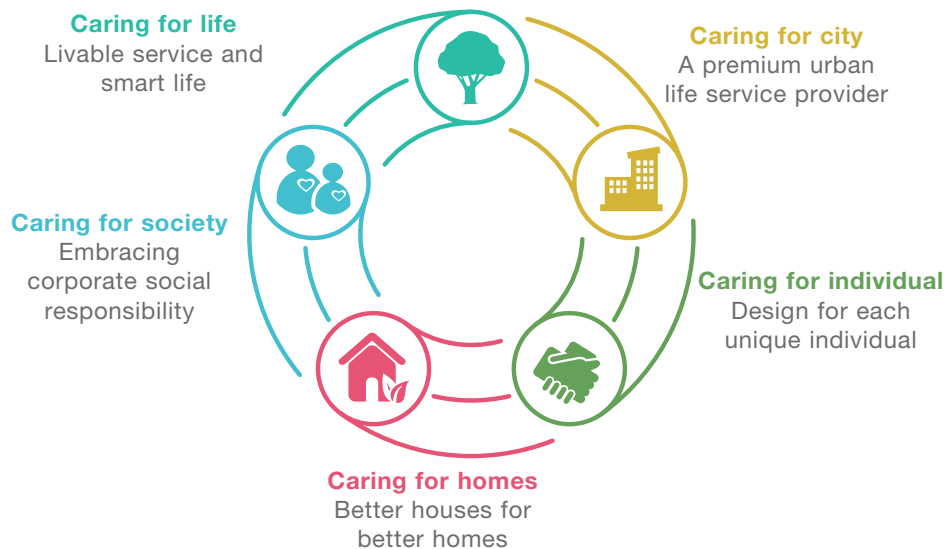
Stakeholder Group	Key Issues of Stakeholder Concern	Communication Approach or Response Mode
Industry associations	Fair competition Industry development Green building Energy conservation and emission reduction Protection of intellectual property	Industry exchange Corporate culture exchange
Media and 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

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 2022, Sunkwan Properties continued to implement 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 repeated calculation and upgrading 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 an other projects, and won the “Top 30 Luxury Projects in the First Half of 2021 in China” and other awards.

Residential Product Series

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* 《智慧財產權管理制度》 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.



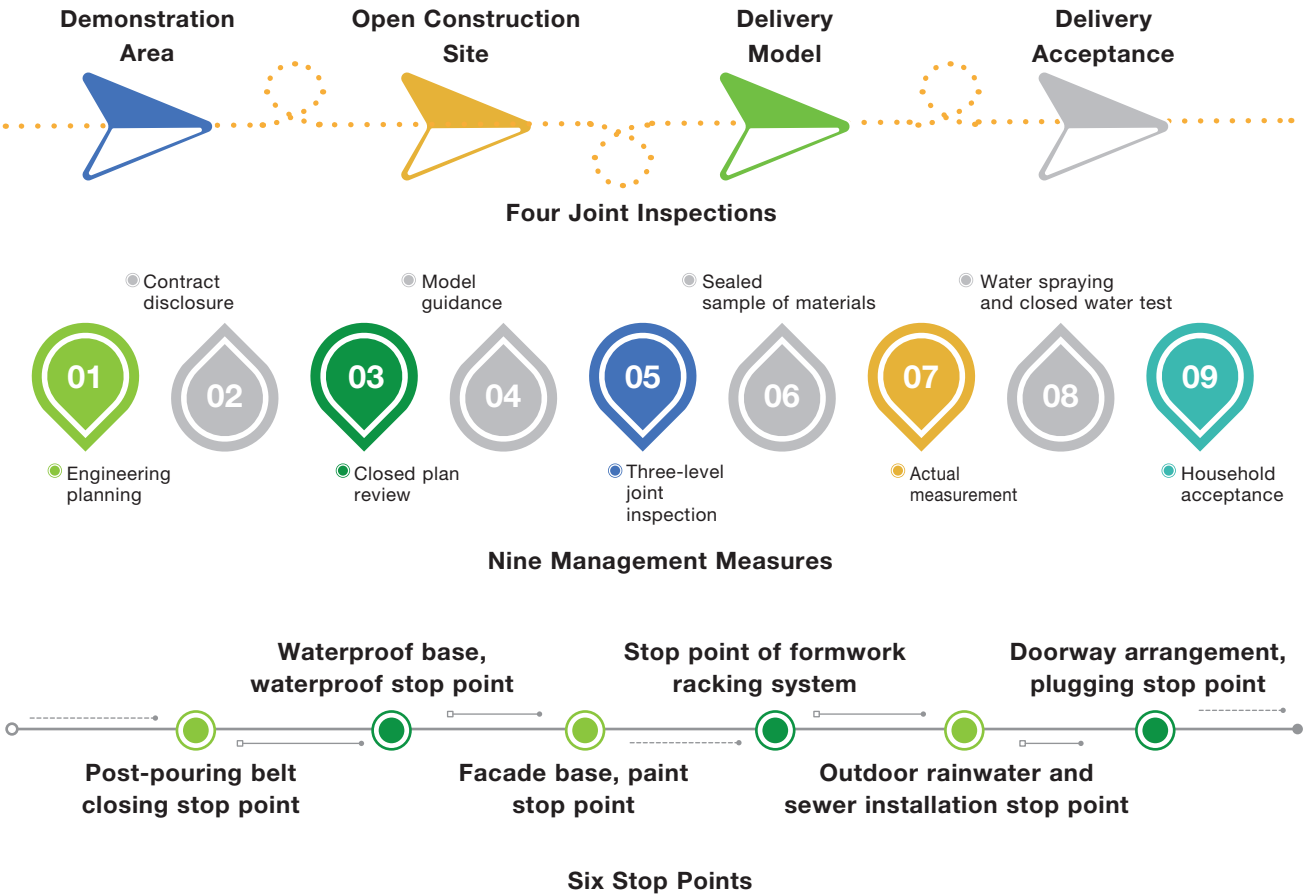
QUALITY SERVICES

Quality Assurance

With the high homogeneity of products nowadays, Sunkwan Properties firmly believes that product quality carved with superior project quality and service-oriented core would impress 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

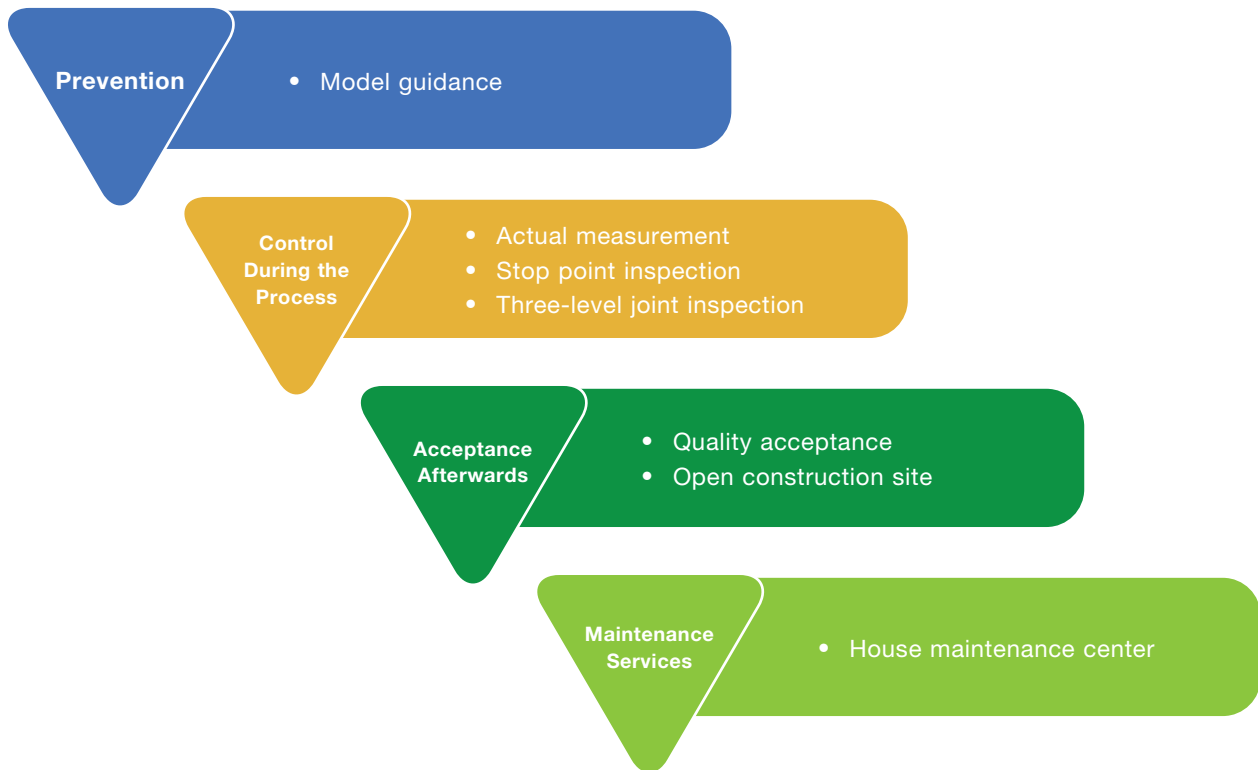
To ensure the delivery of satisfactory, reliable and assured products to our customers, we have developed a set of product production systems which covers four joint inspections, nine management measures and six stop point inspections to comprehensively control the quality at all stages of our products. 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

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 SERVICES

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.



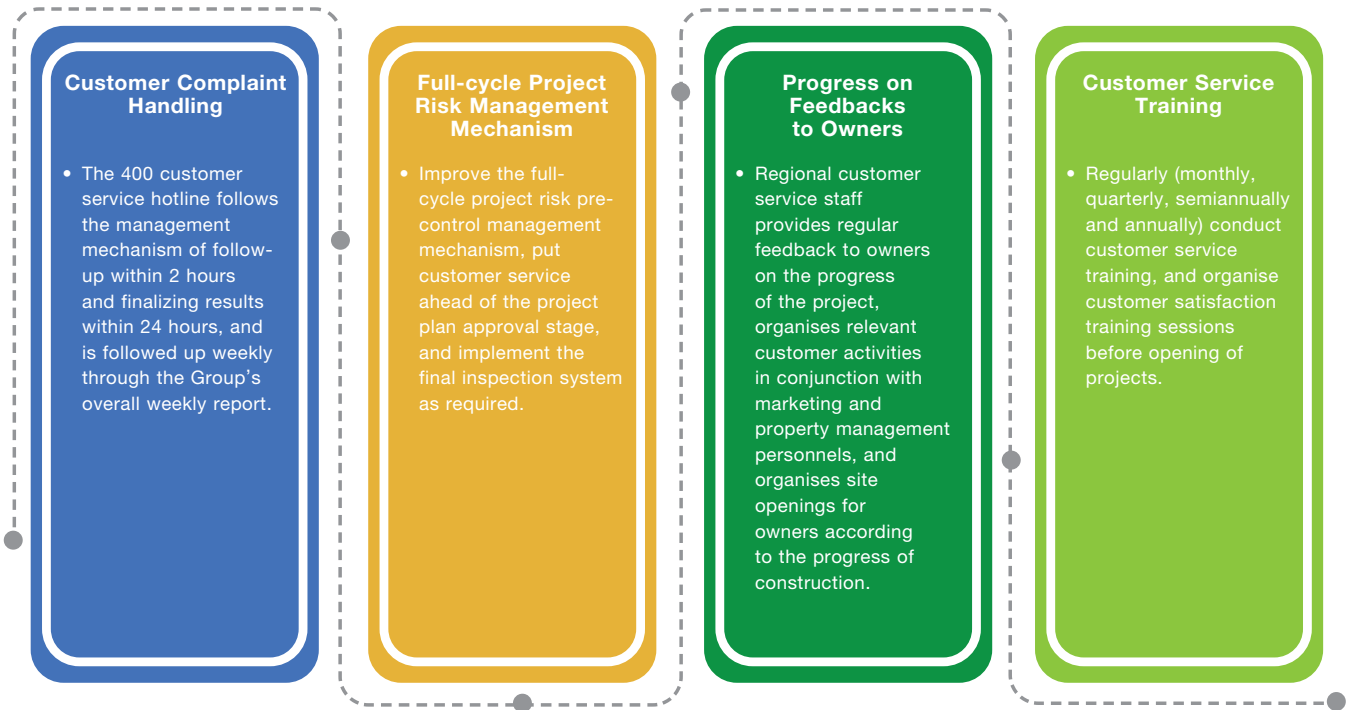
Concept of “Services with Four Haves”

Satisfaction Management

Sunkwan Properties always insists on putting customers first, constantly pursues the improvement of customer satisfaction.

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.

QUALITY SERVICES



Satisfaction Management Measures

After 2021, we achieved an increase in overall customer satisfaction and remained an industry leader in property satisfaction, despite the continued significant adjustments in the property industry in 2022. 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. Meanwhile, based on the satisfaction survey and return visit analysis, we formulated targeted improvement measures to further improve the level of customer satisfaction.

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.

QUALITY SERVICES

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 give the feedback on 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 592 customer complaints in total (2021: 793), representing a year-on-year decrease of 25% and the most of them were related to service and product quality without complaints requesting return of property due to product issues. We have been making active response to the problems raised by our customers, striving to provide fair and satisfactory solutions to each of our customers. We also analysed the problems to continuously optimise customer experience, in a bid to minimize the quantity of customer complaints.



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.

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 *Cyber security 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 (APPs) 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 customer information leakage, the Group's audit department will take strict punitive measures to firmly prevent the reoccurrence of such incident. During the Reporting Period, we did not occur any non-compliance involving customer privacy and relating to information confidentiality.

QUALITY SERVICES

Consumer data confidentiality scheme	Monitoring methods
<p>Confidential treatment of confidential information:</p> <ol style="list-style-type: none"> 1. Computer documents: OFFICE, PDF and other documents are encrypted. 2. Paper documents: Archived confidential information should be placed in the office cabinet to prevent leakage; after being archived, please refer to the <i>Group Archives Management System</i> 《集團檔案管理制度》. 	<p>The information management department regularly reviews the login location of the account. If abnormal login is found, it will report to the person in charge of the functional center/business department where the abnormal person works, and send a copy to the Group's human resources administration center.</p> <p>In the event of possible information leakage, the person in charge of the functional center/business unit where the employee works shall submit a review request in a timely manner, and may systematically monitor and review the data of the employee's work computers and accessories.</p> <p>The data review is carried out with the assistance of the Information Management Center, and employees are obliged to cooperate with the Company's review.</p> <p>For jobs subject to strict monitoring, it's possible to adopt information technology means such as centralized storage and restricted movement to improve the security of their access to confidential information and the process of operation.</p>



QUALITY SERVICES

Privacy policy interpretation

Retention of confidential information:

The physical areas and network resources where confidential information is stored shall ensure that access to unauthorized users is denied.

Computers that store confidential or top-secret information should set a calculator boot password that meets the Company's requirements.

Lending and transmission of confidential information:

Confidential information shall not be transmitted in any form without permission.

Due to work needs or the need to provide the Company's confidentiality matters in external exchanges and cooperation, it shall be examined and approved by the relevant responsible person; authorized personnel of confidential information shall ensure the confidentiality during the lending, printing, reproduction and use of confidential information, and ensure that unauthorized persons shall not obtain confidential information in any way.

Monitoring methods

If an employee leaks confidential customer information in violation of the *Information Confidentiality Management System* (《資訊保密管理制度》), punishment will be imposed with reference to the *Accountability Management System* (《責任追究管理制度》), the *Measures for the Management of Audit Accountability* (《審計問責管理辦法》) and related systems according to the circumstances of the information leakage and the loss to the Company or seriousness of the circumstances.

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 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.



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

Global warming is an indisputable fact. From 2015 to 2022, the eight consecutive years with the highest global temperature on record, the global average temperature is more than 1 degree Celsius higher than before industrialization. In the meantime, we also found that atmospheric greenhouse gases continued to increase last year based on satellite data. As such, climate change, 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 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. At the same time, Sunkwan Properties committed to creating green, environmentally friendly, energy-saving products and cities for society, making contributions to the national goals of reaching peak carbon emissions by 2030 and achieve carbon neutrality by 2060.

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.

Typhoon and Flood Prevention Emergency Plan



Cold and Frost Prevention Emergency Plan

Public Health Emergency Disposal Program



Climate Change-Related Emergency Plans Developed by Sunkwan Properties



ENVIRONMENTAL ECOLOGY

Environmental Indicators

The Environmental Protection Tax Law, implemented since 1 January 2018, requires regulations made and new taxes levied on targeted companies and public institutions that discharge certain pollutants into the environment. According to this law, during the Reporting Period, we did not have any increase in liabilities and a decrease in profits due to the implementation of environmental policies and the increase in tax.

The followings are the comparison between various environmental indicators during the Reporting Period and those in the previous period. Due to the fact that our projects are in different development phases and they also cover a variety of different building models and methods. As such, it is difficult to disclose meaningful and comparable environmental data for all projects at one time. In order to maintain comparability on an annual basis as much as possible, in 2022 and 2021, the Group select Shanghai headquarter office, commercial operating segments and their respective construction in progress projects as the scope of this year's environmental disclosure. In the future, we will continue to improve our environmental data collection system so that we can study and disclose the relevant data in a more systematic and targeted manner.

Items	Unit	2022	2021	Change
The types of emissions and respective emission data				
Nitrogen oxides (NOx)	Kg	3.70	5.98	-38.2%
Sulphur oxides (SOx)	Kg	1.82	3.35	-45.6%
Respiratory Suspended Particles (RSP)	Kg	0.65	0.90	-27.3%
Total amount of greenhouse gas emissions				
Total amount of greenhouse gas emissions	MT of carbon dioxide equivalent	566.61	410.51	38.0%
Scope 1 *	MT of carbon dioxide equivalent	55.45	131.12	-57.7%
Scope 2 (Outsourced electricity)	MT of carbon dioxide equivalent	511.16	279.39	83.0%
Greenhouse gas emissions intensity	MT of carbon dioxide equivalent/ million of revenue	0.187	0.05	273.5%
Hazardous waste				
Total amount of hazardous waste	Kg	160.80	123.10	31.1%
Waste toner cartridges **1	Kg	108.00	-	N/A
Used batteries ²	Kg	52.80	123.10	-67.8%
Hazardous waste intensity	Kg/million of revenue	0.053	0.02	165.0%
Non-hazardous waste				
Total amount of non-hazardous waste	Kg	58,190.13	1,696.00	3331.0%
Hazardous waste intensity	Kg/million of revenue	0.407	0.21	93.9%
Domestic waste**	Kg	56,954.63	-	N/A
Paper	Kg	1,235.00	1,696.00	-27.2%
Total amount of energy consumption				
Electricity utilized	MWh	879.80	480.89	83.0%
Gasoline consumption	MWh	226.8	539.99	-58.0%
Total amount of energy consumption	MWh	1,106.60	1,020.87	8.4%
Energy consumption intensity	MWh/million of revenue	0.365	0.09	328.3%

¹ Waste toner cartridges estimated at 0.4 kg per unit

² Used batteries estimated at 0.024 kg per unit

ENVIRONMENTAL ECOLOGY

Items	Unit	2022	2021	Change
Water consumption in total				
Water utilized	MT	858.55	859.20	-0.1%
Water consumption intensity	MT/million of revenue	0.28	0.10	183.0%
Amount of wastewater discharge	MT	702.45	687.36	2.2%
Wastewater discharge intensity	MT/million of revenue	0.232	0.08	189.4%
Packaging material used for finished products				
Total packaging material used	MT	0.00	0.00	N/A

* Scope 1: Fossil fuel burning – Moving sources

** New Disclosure in 2022

Environmental Data Analysis

Nitrogen oxides, sulphur oxides and respirable suspended particulates in Aspect A1.1 decreased by 38.2%, 45.6% and 27.3% year on year respectively. The significant improvement in emissions is due to the lockdown and irregular COVID-19 prevention measures in Shanghai during April and May, coupled with the decrease in the total number of employees, resulting in fewer vehicles used and correspondingly lower fuel consumption. This, in turn, directly reduces the air pollutants emission from gasoline burning vehicles. Total GHG emissions in Aspect A1.2 increased by 38.0% year on year, mainly due to higher electricity consumption during different construction stages of projects under construction in Scope 2 purchased power factor companies.

During the Reporting Year, the consumption of used batteries in Aspect A1.3 decreased by 67.8% year on year, while the total amount of hazardous waste increased by 31.1% year on year, mainly due to the inclusion of statistics on the consumption of waste toner cartridges.

The total amount of non-hazardous waste at Aspect A1.4 increased significantly by 3,331.0% year on year, mainly due to the inclusion of estimated domestic waste during the Reporting Year.

Energy consumption in Aspect A2.1 and water consumption in Aspect A2.2 increased by 8.4% and decreased slightly by 0.1% year on year respectively, mainly due to higher electricity consumption during different construction stages of projects under construction. At the same time, the Group can still maintain its water consumption from a corresponding increase through energy-saving measures. Similarly, despite new projects during the year, wastewater discharge edged slightly up by only 2.2% year on year.

The significant year-on-year increase in all density figures was mainly due to the sharp year-on-year decline in gross annual revenue (denominator) of the density formula, which significantly pushed up the year-on-year variation and made it less comparable.

Overall, due to the impact of the COVID-19 and lockdown measures, as well as newly disclosed projects, the Group's environmental data, with the exception of nitrogen oxides, sulphur oxides and respirable suspended particulates, generally increased year on year. As the lockdown measures were lifted by the Chinese government from December 2022 to January 2023, we expect the operating environment to gradually normalize from 2023 onwards, and will maintain close communication with various stakeholders to develop more environmental protection plans to improve our environmental data continuously.

ENVIRONMENTAL ECOLOGY

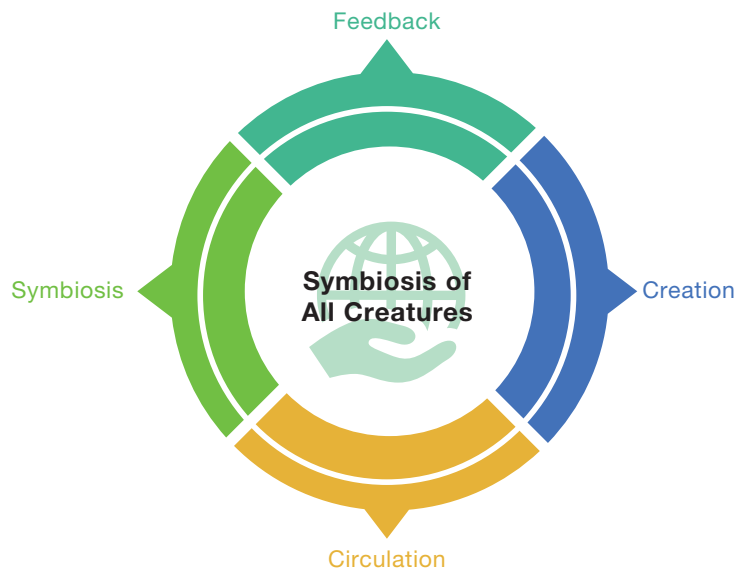
Green Building

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.

Green design concept

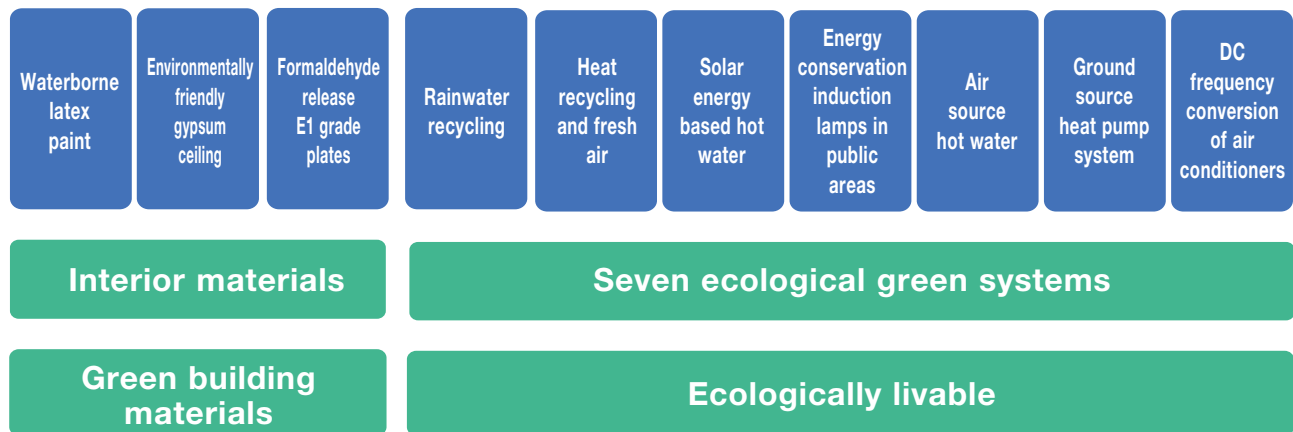
In the design, we pay attention to the connection between human and nature, uphold the concept of symbiosis of all creatures, and introduce green element to residential properties with the aim of being based on nature, conforming to nature and benefiting nature.



Green Design Concept of Sunkwan Properties

ENVIRONMENTAL ECOLOGY

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 Reporting Period, Sunkwan Properties was awarded the TOP20 of CITI Index in Green Supply Chain of China Real Estate Enterprises 《中國房企綠鏈指數排名 TOP20》, demonstrating a recognition on the Group's contribution to and achievements in green building.

Green building certification

During the Reporting Period, Sunkwan Properties delivered a total of 6 green building projects, with a total green building area of 650,000 sq.m., and including 4 one-star green building certifications, 1 two-star green building certifications and 1 two-and-three-star green building certification.

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. 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 with 2 grade water-saving facilities to reduce water consumption.

ENVIRONMENTAL ECOLOGY

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 and fully consider 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.

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



ENVIRONMENTAL ECOLOGY

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 suppression water spray 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 suppression 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.

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.

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.

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.



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

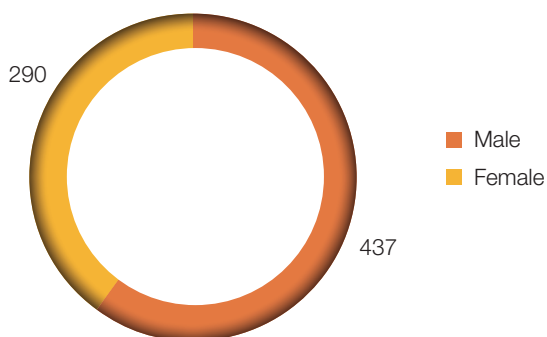
In order to create a healthy and equal employment environment and a diversified and inclusive talent team, Sunkwan Properties strictly abides by the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), the *Employment 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

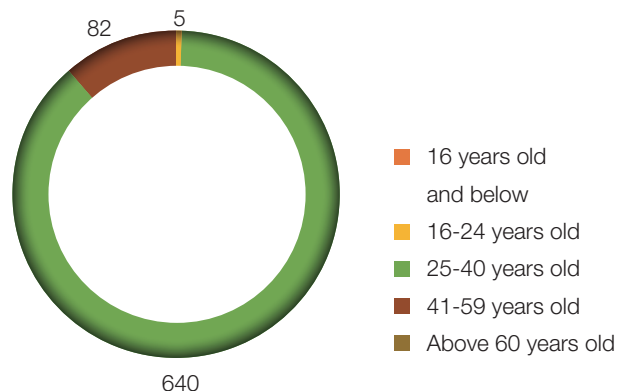
Sunkwan Properties always adheres to the talent strategy system of “high objective, high identification, high standard, high performance and high incentive” and focuses on building a high quality talent team with its unique corporate vision and broad development platform. In 2022, we updated our recruitment 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 727 full-time employees (2021: 1,175). Details are as follows:

Distribution of employees by gender (persons)

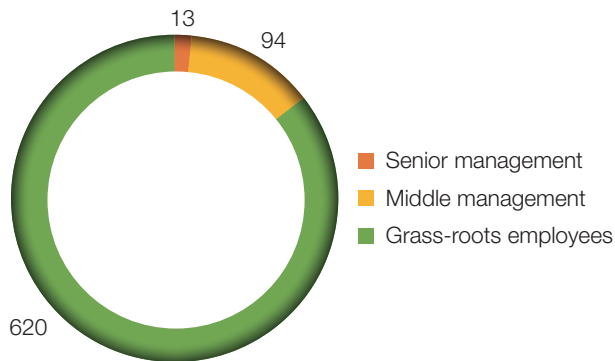


Distribution of employees by age (persons)

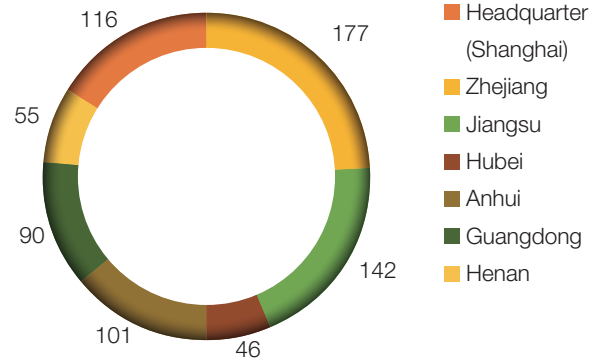


TALENT VALUE

Distribution of employees by rank (persons)



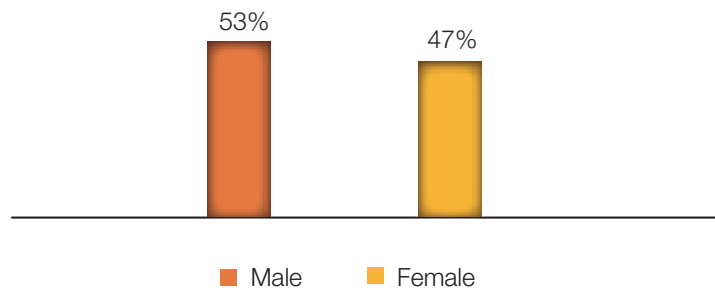
Distribution of employees by region (persons)



Total Number of Employees by Categories in 2022

As of 31 December 2022, the employee turnover rate of Sunkwan Properties by gender, age group and region is as follows:

By gender (%)



2022

Total employee turnover rate (persons)	173
Total employee turnover rate (%)	23.80%

Distribution of employees by gender and employee category

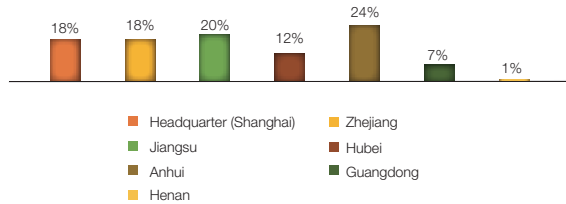
(Units: persons)	Male	%	Female	%
Office staff	39	43%	29	35%
Frontline staff	52	57%	53	65%
Total	91	100%	82	100%

Distribution of employees by age group and employee category

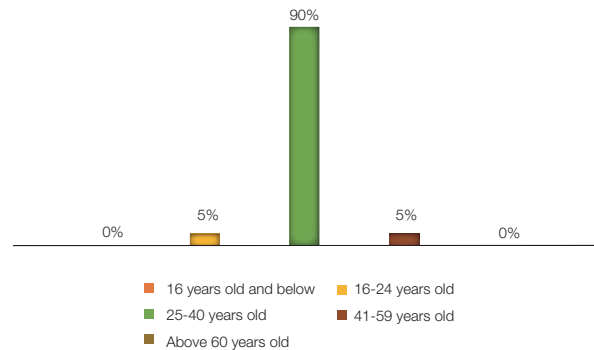
(Units: persons)	Office staff	%	Frontline staff	%
16 years old and below	0	0%	0	0%
16-24 years old	4	4%	5	6%
25-40 years old	81	89%	75	91%
41-59 years old	6	7%	2	2%
Above 60 years old	0	0%	0	0%
Total	91	100%	82	100%

TALENT VALUE

By region (%)



By age (%)



The Employee Turnover Rate by Categories in 2022

Distribution of employees by geographical region (department)

(Units: persons)	Office staff	%	Frontline staff	%
Shanghai	18	20%	13	16%
Jiangsu	16	18%	18	22%
Zhejiang	14	15%	17	21%
Anhui	22	24%	19	23%
Hubei	12	13%	9	11%
Henan	1	1%	1	1%
Guangdong	8	9%	5	6%
Total	91	100%	82	100%

TALENT VALUE

During the Reporting Period, the Group recorded a total loss rate of 173, or 23.8%, where 90% personnel lost are aged 25-40, while front-line personnel account for 60%. Due to the irregular lockdown of anti-epidemic areas during the year, some projects were temporarily suspended, delaying the pre-sale period and completion period. Coupled with the new national policies on the real estate industry, 2021 and 2022 are a period of adaptation and transition for most real estate enterprises. Therefore, in order to cope with this new change in the market environment, we also lost some employees in the process of personnel deployment.

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 *OMA Appraisal and Incentive Management Measures for Project* (《OMA 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 2022 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 2022 were as follows:



Independent Benefits

- Vehicle/travel subsidies, communication allowance, subsidies for length of service, subsidies for certificate, 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 VALUE

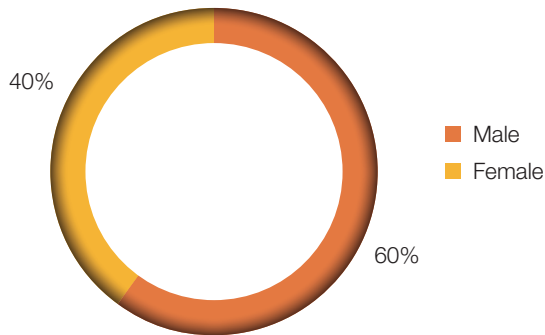
Talent Development

“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 2022, 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.

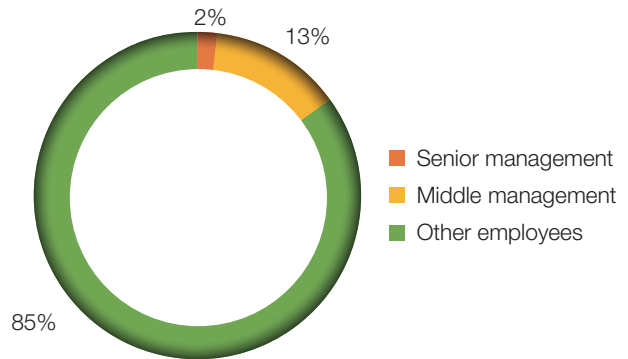
TALENT VALUE

During the Reporting Period, the Group had a total of 727 employees participated in training, with specific training information as follows:

Percentage of employees trained by gender

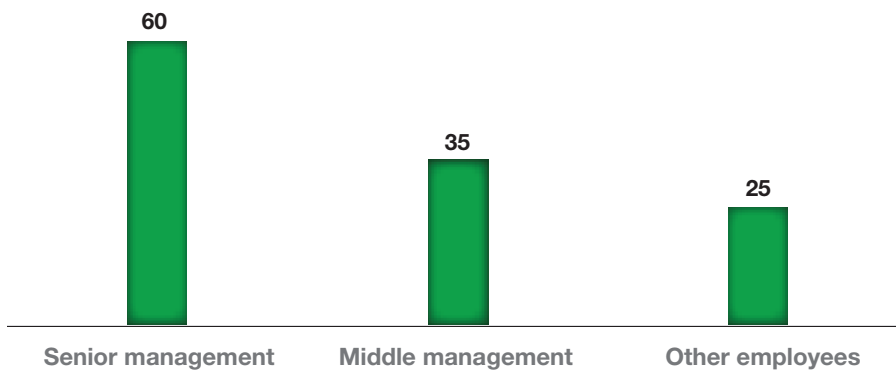


Percentage of employees trained by rank



Percentage of Employees of Each Category Trained in 2021

Average training hours of employees by rank (hours)



Percentage of employees trained by gender:
437 males; 290 females

Training hours per employee
Training hours per employee by gender:
male 40 hours; female 40 hours

Percentage of employees trained by rank:

By rank and by gender:

Unit: persons	Male	Female	Total
Senior management	11	2	13
Middle management	75	19	94
Other employees	351	269	620

Unit: hours	Male	Female
Senior management	60	60
Middle management	35	35
Other employees	25	25

TALENT VALUE

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, 2022, no work-related death occurred in Sunkwan Properties in the past three years. During the Reporting Period, Sunkwan Properties recorded 0 day lost due to work injury by employees.

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.

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.



TALENT VALUE

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 2022, we held a number of employee talkfests and conducted four employee satisfaction surveys to understand employees' needs, formulated improvement plans and helped 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
"Employees' Heart-to-heart Talks"	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

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 for female employees with more warm actions that are close to their lives.

WORKING TOGETHER

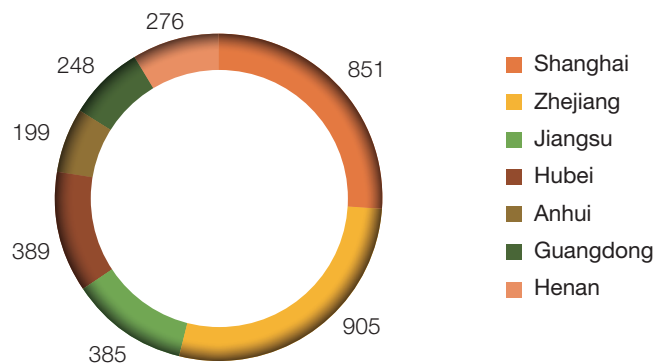
By committing to establish a fair, transparent, high-quality and safe procurement environment and continuously improve the supplier management system, Sunkwan Properties continuously strengthens the communication with suppliers and identifies the supply chain risks in a timely manner. In addition, we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

Supplier Management

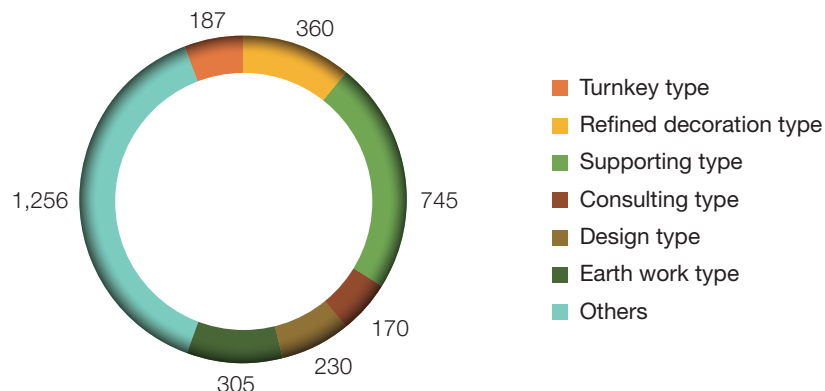
Sunkwan Properties strives to be a “premium urban life service provider” and partners with quality suppliers to create high-quality buildings and homes for our customers. We strictly follow such laws and regulations as the *Invitation and Submission of Bids Law of the People’s Republic of China*, the *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 3,253 suppliers (2021: 2,711). The suppliers of the Group by region and procurement type are distributed as follows:

Suppliers by region (units)



Suppliers by procurement type (units)

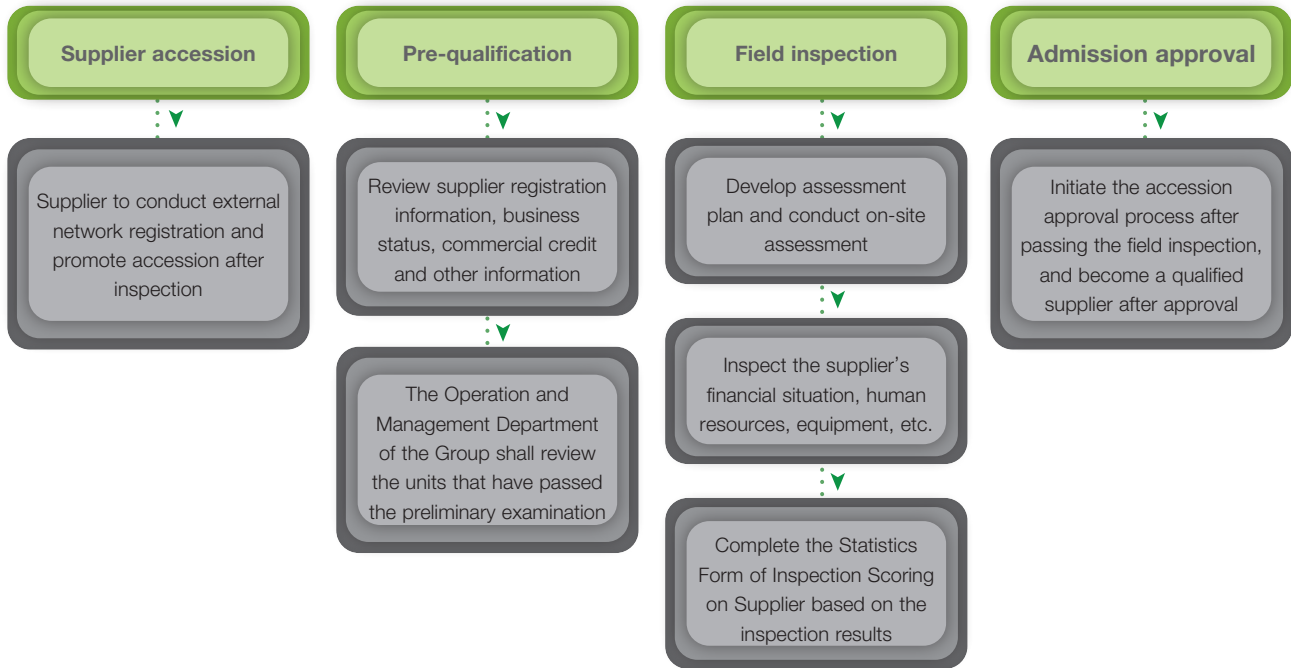


Number of Suppliers by Type of Sunkwan Properties in 2022

WORKING TOGETHER

In 2022, 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.

Number of suppliers follow the practice: 73.8%



Supplier Access Process

WORKING TOGETHER

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 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
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



WORKING TOGETHER

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 have participated in the china real estate green supply chain initiative, which incorporates supplier performance in respect of occupational health, environmental management and quality into our supplier access, audit and rating system. In selecting suppliers, we establish practices for their use of more environmentally friendly products and services, as well as related enforcement and monitoring methods. The Group reviews the 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, and a white list and a black list will be developed, with those on the black list advocated not to be used, so as to jointly create a responsible and sustainable supply chain.

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.

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”



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 ever-changing customer demands, in a view to provide revolutionary experience and higher level enjoyment.

The severity of the new epidemic has not shaken the Group's commitment to serving the community. Instead, we have done our utmost to provide warmth and assistance to those affected by the epidemic and in difficult living conditions.

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 13 years ago, and always keeps in mind its responsibilities and obligations to deliver kindness and warmth.

During the Reporting Period, Sunkwan Properties focused on charity undertaking and paid 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

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 responded proactively to the government's call to refine and normalize pandemic prevention and control, and has rigorously implemented various prevention and control measures. While ensuring that sound and strict internal pandemic prevention and control mechanism of the Company, the Group proactively provided assistance in the projects locations by guarding against and preventing the spread of the pandemic as well as securing goods and supplies for frontline anti-pandemic workers.

Since the lockdown of Shanghai, buses and subways herein have been suspended one after another. This international city, which actually manages nearly 30 million people, quickly fell silent from the hustle and bustle in a short period. Shanghai Bund, which was once crowded with people and vehicles, now seems empty and lonely.

During such extraordinary period, Sunkwan responded proactively to the government's call and organized its own anti-pandemic volunteer team as soon as possible to ensure the orderly operation of communities and fully resist unknown risks. This post-90s team, which was once well nurtured and looked after, stepped forward this time to provide warmth and comfort to Shanghai. They practice Sunkwan's service concept "Beauty • Every heart", and have remained dedicated to their duties, accompanying the property owners throughout the long spring.

With unpredictable and irregular closure and control of communities, Sunkwan set up a special personnel care team to deliver supplies to the elderly and assist them in antigen testing; in view of the plight of 'Vegetables Unavailability' in Shanghai, Sunkwan provided vegetables to more than 200 property owners and employees who faced challenges in purchasing them.



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

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Ecology
KPI A1.1	The types of emissions and respective emissions 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

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
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 (in tonnes) and, if applicable, 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

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
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 in the past three years including reporting year.	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

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
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
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Management



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

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
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

Subject Areas, Aspects, General Disclosures and KPIs		Disclosed in
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
KPI B7.3	Description of anti-corruption training provided to directors and staff.	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

