



LEADING HOLDINGS GROUP LIMITED

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6999

2022

**ENVIRONMENTAL, SOCIAL,
AND GOVERNANCE REPORT**

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1. About the Report

The Environmental, Social and Governance (“**ESG**”) Report published by Leading Holdings Group Limited (the “**Group**”) highlights the achievements in promoting sustainability by the Group and its subsidiaries (collectively the “Group” or “**we**”). In keeping with the spirit of creating long-term value for our customers and stakeholders, the Group has placed considerable emphasis on sustainable development. The ESG Report elaborates on the various works of the Group in fully implementing the principle of sustainable development and its performance of social and governance.

1.1 SCOPE OF THE REPORT

The ESG Report focuses on the performance of environmental management and social responsibilities of the Group’s core business for the period between 1 January 2022 and 31 December 2022 (the “**Year**”). The key performance indicators as disclosed in the ESG Report are based on the performance of the Group’s headquarter in Chengdu and main subsidiaries in 10 regions, including Chengdu region, South Sichuan region, Great Bay Area region, Guangnan region, Central China region, Panzhihua region, Xichang region, Korla region, Urumqi region and Mianyang region, across various cities and provinces in the People’s Republic of China (the “**PRC**”)¹. For details on corporate governance, please refer to the Corporate Governance Report on pages 45 to 63 of Annual Report 2022.

1.2 REPORTING STANDARD

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

1.3 REPORTING PRINCIPLES

Materiality

Material issues are identified and prioritised according to a materiality assessment conducted through stakeholder engagement. The key issues shall be utilised as a reference for determining goals, developing various strategies and compiling the ESG Report. Relevant methodologies shall be disclosed in the “ESG GOVERNANCE” section below.

Quantitative

The Group’s ESG performance shall be reflected by the disclosure of environmental and social key performance indicators (“**KPIs**”). Particular standards, methodologies, assumptions and references adopted shall be presented in respective sections in the ESG Report.

Consistency

The methodologies of KPI calculations shall be kept consistent as far as practicable. Any changes made would be presented and explained in detail in respective sections in the ESG Report.

1.4 INFORMATION AND FEEDBACK

The Group highly values your opinions on the ESG Report. If you have any opinion or suggestion about the ESG Report, or expect to know more about the Group in fulfilling its corporate social responsibility, please feel free to email us through the following address: ldkf@leading-group.cn.

¹ The cities and provinces include the provinces of Sichuan, Henan, Hebei, Jiangsu, Hunan, Hubei and Guangdong, cities of Chongqing, and Xinjiang Uygur Autonomous Region.

2. ESG Governance

The Group believes that good ESG governance strategies and practices share an inseparable relationship with corporate success. The Board of Directors takes full responsibility to supervise the Group's sustainable development strategies, ESG governance, and risk management. Also, the Board of Directors has delegated authority to the management in the execution of the ESG policy. The Board is also responsible for reviewing the overall ESG performance of the Group on a regular basis, and monitoring the formulation of the annual ESG report, as well as developing ESG-related visions and strategies to the business.

In order to better manage the ESG risks, the Board oversees the risk evaluation process of ESG-related issues and respective risk mitigation plans. Different departments are involved in the ESG risk management process in order to improve the Group ESG strategy. Besides, the Board is accountable for monitoring the quality of ESG-related training for staff to ensure their knowledge and practices are in alignment with the Group's ESG development.

Various communication channels have been built between the Group and different stakeholders of the Group. The Board regularly reviews the communication and engagement in between to ensure the effective information delivery. Moreover, an independent ESG consulting firm is involved to help conduct material assessment to identify and prioritise ESG issues that are significant to the business and stakeholders. The Board would review the result, thus develop respective management strategies.

To precisely track and improve the Group ESG performance, the Board has set goals and targets, and implemented relevant policies according to the identified material issues and Group strategies. Furthermore, the Board would review the ESG performance as well as progress made against the goals and targets set regularly through Board meetings.

2.1 STAKEHOLDER ENGAGEMENT

The engagement of employees from different departments of the Group plays an important part in helping the Group recognise its sustainability performance. The discreetly collected and cautiously analysed data highlights the Group's sustainable initiatives for the Year and the Group's sustainability strategy in the long term. The Group will endeavor with unremitting efforts to step up the involvement of stakeholders via constructive conversation with a view to charting a course for long term prosperity.

The Group has commissioned an independent third-party consultant to assist in the collection of internal stakeholders' opinions relating to ESG issues during the preparation of the ESG Report. In the future, the Group will continue to extend the involvement of stakeholders in order to collect more constructive opinions to improve its governance.

Meanwhile, the Group strives to maintain supporting and trusting relationships with its stakeholders. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders.

2. ESG Governance

Stakeholders	Requirements and Expectations	Means of Communication and Response
Governments and Regulators	<ul style="list-style-type: none"> • Compliance with national policies, laws and regulations • Support for local economic growth • Contribution to local employment • Tax payment in full and on time • Production safety 	<ul style="list-style-type: none"> • Regular information reporting • Regular meetings with regulators
Shareholders	<ul style="list-style-type: none"> • Returns • Compliant operations • Rise in company value • Transparency and effective communication 	<ul style="list-style-type: none"> • General meetings • Announcements • Email, telephone communication and company website
Partners	<ul style="list-style-type: none"> • Operation with integrity • Equal rivalry • Performance of contracts • Mutual benefits 	<ul style="list-style-type: none"> • Review and appraisal meetings • Business communications • Discussion and exchange of opinions • Engagement and cooperation
Customers	<ul style="list-style-type: none"> • Outstanding products and services • Health and safety • Performance of contracts • Operation with integrity 	<ul style="list-style-type: none"> • Customer service centre and hotlines • Customer satisfaction survey • Meetings with customers • Social media
Environment	<ul style="list-style-type: none"> • Compliance with emission regulations • Energy saving and emission reduction • Ecological protection 	<ul style="list-style-type: none"> • Communication with local environmental department • Reporting
Industry	<ul style="list-style-type: none"> • Establishment of industry standards • Enhancement of industry development 	<ul style="list-style-type: none"> • Participation in industry forums

Stakeholders	Requirements and Expectations	Means of Communication and Response
Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health and safety • Remunerations and benefits • Career development • Humanity cares 	<ul style="list-style-type: none"> • Meetings with employees • House journal and intranet • Employee mailbox • Training and workshops • Employee activities
Community and the Public	<ul style="list-style-type: none"> • Enhancement of community environment • Participation in charity • Transparency 	<ul style="list-style-type: none"> • Company website • Announcements • Interview with media • Social media platforms • Volunteer activities

2.2 MATERIALITY ASSESSMENT

In order to develop ESG management approach in a clear and effective manner, the Group conducted a materiality assessment during the Year to identify ESG issues critical to its business and stakeholders. This materiality assessment is based on stakeholder questionnaires, opinion analysis by professional third party ESG consultants and the materiality maps provided by reputable external institutions. During the Year, the Group identified 8 material ESG-related issues.

Environment

Green Building
Water Management

Labour Practices

Occupational Health and Safety

Operation Practices

Compliance Management
Quality Management
Customer Health and Safety
Information Security
Anti-corruption

3. Protecting our Environment

The Group is committed to progressively enhancing environmental performance by reducing emissions and conserving resources. The Group strictly complies with all relevant environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Regulations on the Administration of City Appearance and Environmental Sanitation, the Provisions on the Administration of Urban Construction Garbage, the Assessment Standard for Green Building (GB/T 50378-2014), the Management Code for Green and Protection Construction of Building (DB 65/T 4060-2017).

3.1 ENVIRONMENTAL PROTECTION AS A PROPERTY DEVELOPER

As one of the leading property developers in the PRC, the Group places great importance on the protection of the environment. Although the Group is principally engaged in the development and sales of residential and commercial properties, it does not involve in any direct construction processes in business operations, of which is done by external contractors of the Group. However, besides strictly abiding by the laws and regulations regarding environmental protection, the Group also actively takes the initiative to minimise the environmental impact caused by the Group's business operations, as well as the constructions that the Group has built.

In order to ensure that the Group's constructions do not cause significant environmental impact which leads to non-compliance with laws and regulations regarding environmental protection, the Group has engaged licensed independent third-party environmental consultants to conduct environmental impact assessments for each of its construction projects, and such environmental impact assessments are submitted to relevant governmental authorities for approval before commencement of development. The environmental impact assessments not only provide information of the current state of the environment where the construction takes place, but it also provide analysis and recommendations on the protection of the environment during and after construction. Only when the assessment is approved by the authorities that the Group can launch its construction. Upon completion of construction work, acceptance checks of environmental protection facilities are made and an acceptance report is issued.

The Group puts in significant effort in building a portfolio of green building constructions.

Green Building Showcase — Leading Center

The Group's Leading Center in Chengdu of the PRC has obtained the gold level of LEED-CS 2009 system pre-certification as its overall planning, design and construction level have fulfilled the rating standards of LEED-CS 2009 under The U.S. Green Building Council in the assessment of seven aspects, including sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, innovation in design and regional priority. To promote sustainable transportation, the Leading Center provides a garage for bicycles and charging stations for electric vehicles, as well as expands the area for plantings by reducing parking space as far as possible. For resource conservation, we aim at saving 30% of water consumption and around 15% of energy consumption by purchasing efficient sanitary wares and electrical appliances. The glass curtain walls have also been adopted to make full use of sunlight. We also select suppliers which are geographically near the constructions to reduce carbon footprints during transportation.



LEED-CS 2009 Certification for Leading Center

3. Protecting our Environment

3.2 EMISSION MANAGEMENT

3.2.1 Air Emissions

The Group is committed to controlling the air emission generated from its operation. Since the Group's business operations do not involve direct construction processes, the Group does not generate large amounts of air pollutants that raises environmental issues. Our main source of air pollutants are therefore from the usage of vehicles, and we target to reduce air pollutants generated from vehicle use through keeping our company fleet properly tuned, maintaining correct tire pressure by regular inspections and inflation, and ensuring no idling vehicles with running engines. During the Year, the Group's air pollutant emission is as follows:

Air Pollutants (Note 1)	2021	2022
Nitrogen oxides (NO _x) (kg)	97	28
Sulphur oxides (SO _x) (kg)	1	0.37
Particulate matter (PM) (kg)	7	2

Notes:

1. The calculation of air pollutant emission is based on the emission factors provided in "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

The Group acknowledges that the generation of dust at construction sites during operations is inevitable, and may cause severe impacts of the environment and the community nearby, as well as the health of construction workers. Therefore, the Group and its contractors have formulated construction dust control policies to implement different measures for regulating dust in construction sites. Besides putting in place dust control measures like spraying water over the floor to prevent dust on the floor from raising and using waste transportation vehicles that are equipped with automatic covers to cover the dust, different measures specific to the different stages of construction are adopted.

1. **Perimeter setting stage**

Fences set around the construction perimeter are required to be at least 1.8m tall, while water are sprayed on machinery that may produce dust to minimise dust raised.

2. **Foundation construction stage**

Throughout digging processes for setting the foundation of the construction, dirt and dust dug up from the ground are immediately transported away from the construction site, while the exposed ground are properly sealed off, to prevent dust and dirt from raising.

3. **Structural construction stage**

Commercial or readily-mixed concrete and mortar are strictly used during the construction process to reduce unnecessary dust, while water are sprayed on each floor during cleansing so that dust and dirt are not raised.

4. Decoration construction stage

Due to the use of multiple different material at this construction stage, any material in powder form must be kept in bags, while the use of finished wooden and stone products are prioritised to avoid dust emission from cutting wood and stone. Waste are categorised properly, especially for dust and dirt related waste, while the incineration of waste is strictly prohibited.

5. General construction stage

During the installation of pipelines, digging and installation processes are sectioned where the holes are filled up immediately after the installation. Dug up dirt are compressed and covered using green nets to prevent dust emissions. Fences are not allowed to be removed before all construction work are done.

Furthermore, during daily operation, different types of activities other than the use of vehicles will also directly or indirectly emit greenhouse gases (“GHGs”) such as carbon dioxide, methane and nitrous oxide, aggravating environmental problems like global warming. GHG emissions of the Group are classified into three different scopes: Scope 1 — direct emissions comprise emissions from use of vehicles and refrigerant and removals from planted trees; Scope 2 — energy indirect emissions include emissions from purchased electricity; and Scope 3 — other indirect emissions includes emissions from landfill disposal of paper waste, electricity used for fresh water and sewage processing by local government and business travel by employees. We also encourage employees to commute with economical and eco-friendly transportations, including public buses and bicycles. The Group targets to reduce unnecessary road and air travels with phone or video meetings instead, so as to lower the greenhouse gas emission. During the Year, the Group’s GHG emissions are as follows:

GHG Emissions (Note 1)	2021	2022
Total GHG emission (tonnes CO ₂ e)	5,000	3,671
Scope 1 — direct emission (tonnes CO ₂ e) (Note 2)	156	124
Scope 2 — energy indirect emission (tonnes CO ₂ e) (Note 3)	4,277	3,305
Scope 3 — other indirect emission (tonnes CO ₂ e) (Note 4)	568	242
Intensity of GHG emissions (tonnes CO ₂ e/million RMB of revenue)	0.33	0.26

Notes:

1. The Group’s GHG inventory includes carbon dioxide, methane and nitrous oxide. The global warming potential (GWP) used are referenced from Climate Change 2021: The Physical Science Basis, The Working Group I contribution to the Sixth Assessment Report. For the ease of reading and understanding, GHG emissions data is presented in carbon dioxide equivalent (CO₂e).
2. Calculation method is from Appendix II: Reporting Guidance on Environmental KPIs of the Hong Kong Stock Exchange (“**Appendix II**”).The emission factors used are from “Guidelines on Greenhouse Gas Emission Accounting and Reporting” provided by the National Development and Reform Commission (“**NDRC**”) of the PRC and the “Sixth Assessment Report” provided by the Intergovernmental Panel on Climate Change (IPCC).

3. Protecting our Environment

3. Calculation method is from Appendix II while the emission factors used are from the “Average Carbon Dioxide Emission Factor of China Regional Power Grid” by NDRC.
4. Scope 3 includes emissions from electricity used for fresh water and sewage processing, landfill disposal of paper waste and business air travel. Calculation method is from Appendix II. The emission factors used are from “Study on Energy Consumption of Urban Water Supply System in China” published by Tsinghua University, “Statistical analysis and quantitative identification of the law of energy consumption in urban sewage treatment plants in China” published by Tsinghua University and National Urban Water and Drainage Engineering Technology Research Center, Appendix II and the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator.

3.2.2 Water Pollution

Since the Group’s business operations do not involve direct construction processes, the Group does not emit significant water pollutants that causes severe detrimental effects to the environment. However, the Group still takes various precaution measures to ensure proper treatment to the wastewater that construction sites induce. The installation of sedimentation tanks are required at construction sites to allow the separation of mud and sludge from water before discharging to municipal sewage pipelines. The sediments are contained in bags and sent for disposal. Furthermore, the Group places great focus on the management of industrial oil and chemicals in order to minimise the risk of leakage, in turn preventing water pollution.

3.2.3 Waste

The waste generated from daily operation of offices is a source of emission from the Group. During the Year, we were in compliance with relevant laws and regulations that have a significant influence on the Group, including the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. To avoid detrimental impacts on the environment, non-hazardous wastes, which consisted of mainly daily office garbage produced by employees, were collected and processed collectively by the local environmental hygiene department and the designated parties, while hazardous wastes, such as waste batteries, cartridges and light tubes, were handled by qualified companies. To reduce the waste generation, the Group targets to minimise the use of printing paper. The wastes generated by the Group during the Year are as follows:

Wastes	2021	2022
Total non-hazardous waste generated (tonnes) <i>(Note 1)</i>	220	67
Intensity of non-hazardous waste generated (tonnes/million RMB of revenue)	0.01	0.00
Total hazardous waste generated (kg)	1,009	244
Intensity of hazardous waste generated (kg/million RMB of revenue)	0.07	0.02

Notes:

1. Non-hazardous waste data are based on estimates. Emissions data relating to non-hazardous waste takes reference from the volume to weight conversion factors provided by Beijing Environmental Sanitation Administration.

Further to the abovementioned waste disposal and management measures, the Group also implements strict waste management procedures at construction sites to properly manage construction waste. Designated storage sites for waste disposal are stringently assigned, where the disposal of waste in any other area is prohibited. Any waste that may cause secondary pollution should be stored separately and marked with labels as a precaution for workers. Construction waste are regularly sent to government-specified facilities for further treatment, while recyclable waste are sent to be recycled.

In a bid to effectively reduce the amount of waste, we always stick to the priorities in waste management, which are in the order of replace, reduce, reuse, recycle and disposal. We have also implemented a series of measures to encourage the efficient use of resources by staff and avoid wastage. We not only separate wastes properly to recycle paper, metal and plastics, but also encourage employees to reuse stationery such as envelopes and files, and replace disposable products with reusable products such as chargeable batteries. We also select recyclable cartridges and evaluate the usage of material to avoid overstock. To conserve paper, the Group sets the printers to default duplex and economical modes, reviews paper consumption regularly to ensure appropriate use of paper and encourages employees to reuse paper or use both sides of the paper. We also tend to disseminate internal information by electronic communication channels, and to adopt an electronic system for the office administrative system instead of documenting in paper. Moreover, we have cooperated with an electronics company to recycle outdated computers and other electronic waste so as to recycle reusable materials and turn waste into useful resources.

3.3 RESOURCES CONSERVATION

The Group endeavours to promote sustainable development by adopting numerous measures on reducing resources consumption, as well as raising the environmental awareness of employees and encouraging them to take part in environmental protection. To reduce electricity consumption, we put up energy-saving reminder labels beside each light switch and encourage employees to switch off idle lighting system and other electronics, such as printers and computers, and take full advantage of sunlight whenever possible. Energy-efficient lighting and air conditioners are adopted, and lighting appliances and filters for air conditioners are cleansed regularly to maintain the highest efficiency. We also advocate to set the minimum temperature at 25.5 degrees Celsius. By means of regular checking and maintenance, the possibility of leakage of refrigerant has been reduced. Non-frontline employees are also allowed to wear light so that energy for air conditioning can be saved. The Group targets to keep reducing energy consumption with the adoption of LED downlight and smart control of the lighting system. The energy consumption of the Group during the Year is as follows:

Energy Consumption	2021	2022
Total energy consumption (MWh)	8,369	6,387
Direct energy consumption (MWh) <i>(Note 1)</i>	568	246
Indirect energy consumption (MWh) <i>(Note 2)</i>	7,801	6,142
Intensity of energy consumption (MWh/million RMB of revenue)	0.56	0.46

3. Protecting our Environment

Notes:

1. Direct energy consumption includes the use of vehicles. The calculation method is from Appendix II and the conversion factors is from the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by NRDC.
2. Indirect energy consumption is based on actual amount of purchased electricity.

In terms of water saving, the Group has posted water saving notices in every lavatory and employees are reminded to turn off the faucet tight after use. The Group also conducts tests to put a stop to hidden leaking pipes and monitors water meters regularly to prevent leaking and wasting water. In addition, grey water is reused for cleaning and irrigation wherever possible. In hopes of saving water, the Group aims to adopt energy saving toilets and smart water valve switch as well as increase the number of pump frequency converter to achieve higher water efficiency. During the Year, the Group did not face any issue in sourcing water. The water consumption of the Group during the Year is as follows:

Water Consumption	2021	2022
Total water consumption (m ³)	518,751	330,951
Intensity of water consumption (m ³ /million RMB of revenue)	34.46	23.68

3.4 CLIMATE CHANGE

Climate change is one of the major challenges to businesses around the world in recent years. The Group has recognised the potential risks and impacts of changing climate that may adversely affect the Group business and financial performance. The Group may suffer from physical risks such as severe extreme weather events and the change of precipitation pattern, which may affect safety of the employees and Group's properties as well as the supply chain of the business. Thus, maintenance costs of facilities will probably increase. Climate change may also pose transition risks to the Group due to the increase in operation cost because of low-carbon technology investment. Moreover, with the increasing awareness of climate change, customers' preferences may shift. The more stringent regulations on products and services could also increase the investment capital of the Group on purchasing and building new facilities to meet the requirements.

In response to climate change, the Group evaluates and monitors the climate-related risks on a regular basis. The Group has also consulted and involved climate risk professionals in the risk identification process. To mitigate the impacts of climate risks, the Group enhances the resilience of the physical structure of properties through design and proper maintenance.

4. Caring for Our Employees

The dedication and contributions of employees are essential to the long-term and sustainable development of the Group. We understand that well-established employment policies enable us to attract and retain talents. Apart from complying with the laws and regulations concerning employment, occupational safety and labour standards, including but not limited to the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and Work Safety Law of the People's Republic of China, we strive to provide employees with a positive working environment and safeguard their well-being and health.

4.1 EMPLOYEE RECRUITMENT AND DISMISSAL

The Group has established a defined human resources procedure to regulate and manage recruitment procedures, aiming to recruit the most appropriate talents for different positions in a fair manner with integrity. The Group makes use of different channels of recruitment, including recruitment websites, headhunting services, internal recommendations and school campus recruitment, as a bid to recruit the best-fitting personnel for each position. During the recruitment process, each job applicant is entitled to an equal opportunity to receive a job offer, regardless of his/her age, gender, ethnicity, religious belief, marital status and disability, as long as his/her working experience, technical expertise and qualification are fulfilling the job requirements.

During the Year, the number of employees of the Group by different categories are as follows:

Employment	2021	2022
Total workforce (<i>Note 1</i>)	999	876
By gender		
Male	632	519
Female	367	357
By age group		
<30	254	171
30–50	729	687
>50	16	18
By geographical region		
Northern China	45	2
Eastern China	9	1
Southern China	55	39
Central China	98	102
Northwestern China	53	63
Southwestern China	739	669

Notes:

1. During the Year, the Group has hired 6 interns, which are not counted into the total workforce of the Group

Prior to hiring, the job applicant's identification documents are also required to be shown for age verification, so as to prevent misemploying child labour. Whenever such practice is discovered, the Group would investigate the case thoroughly and dismiss relevant employees immediately. With a view to safeguarding employees' rights and interests, as well as avoiding forced labour, we enter into employment contracts with employees before they report duties, which clearly define the job duties and working location and period.

4. Caring for Our Employees

Upon receipt of resignation from any employee, we will conduct an exit interview to understand his/her reason for resignation, and to look for methods of improvement to keep employees and stabilise turnover. During the Year, the employee turnover rate of the Group by different categories is as follows:

Turnover Rate	2021	2022
By gender		
Male	109%	73%
Female	88%	65%
By age group		
Below 30 years old	122%	85%
30–50 years old	96%	67%
Over 50 years old	25%	22%
By geographical region		
Northern China	211%	50%
Eastern China	100%	300%
Southern China	102%	41%
Central China	106%	98%
Northwestern China	83%	48%
Southwestern China	95%	69%

4.2 HEALTH AND SAFETY

The health and safety of employees during business operation and construction work is always the top priority for the Group. During the Year, we strictly conformed to the relevant laws and regulations, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. We have continuously implemented different safety guidelines in various aspects of construction sites, including fire safety, sanitation management, safety during working from heights, and facility usage safety. The Group has set its bottom line for occupational safety precautions, and punishments and penalties will be made in case of violation.

In order to maintain a safe environment at construction sites, the Group requires each site to regularly conduct different degrees of safety checks and inspections to ensure that construction workers are properly protected from any hazards present at the sites. Such inspections are conducted by different levels of the Group, from daily routine safety meetings by project companies to monthly safety inspections conducted by regional companies or third party inspection organisations. Photographs and videos are taken as record in case of any safety issue discovered, while corrective measures are expected to be made promptly to avoid unnecessary safety accidents. Unresolved safety issues will yield punishments and penalties on the construction site. Besides, specified safety measures on the site are required to be implemented with a model and displayed in the safety model area for review and evaluation. Only the projects which pass the sample evaluation can be fully implemented on the construction site to ensure the project meets the safety requirements.

The Group has formulated an emergency management policy, which sets out the necessary measures to be taken in case of any emergencies regarding occupational health and safety, including but not limited to fire, gas leakage, natural disaster, and work safety accidents. The policy classifies safety emergencies into three levels, each with varying degrees of severity, and has put in place different procedures corresponding to each level. After promptly dealing with the emergencies, the Group thoroughly investigates the reasons that led to the emergency and will take corrective measures accordingly to prevent it from repeating. In light of different potential emergencies, the Group has organised corresponding emergency drills to assist personnel to understand their roles in emergency situations and the evacuation plan if necessary.

In addition, the Group has organised safety trainings which comprise of training about safety techniques and education on safety knowledge and awareness for employees. Occupational health and safety-related training are generally classified into two types:

1) Pre-construction training for contractors

Prior to the start of construction, the Group provides training to all construction contractors and managers regarding the environment, health and safety requirements by the Government, as well as regulations at construction sites. New construction workers are required to attend a safety exam to ensure that they understand the safety requirements and are aware of the importance of occupational health and safety.

2) Regular safety training for construction workers

Monthly safety education meetings are conducted at construction sites to provide updates on the safety status of the construction site, as well as reminding construction workers of the safety requirements. Daily pre-work safety training sessions are also arranged, explaining to workers the safety hazards present at the construction site, safety procedures, as well as emergency handling procedures.

Furthermore, the Group actively organises occupational health and safety-related activities to promote workplace safety, raising the safety awareness of construction workers. Depending on the stage of construction, as well as season and weather, promotional themes and materials may differ, ranging from safety booklets, banners and comic strips, to “safety production month” activities. Furthermore, a Safety Committee is established to monitor safety production of the projects. Relevant personnel is also encouraged to get a certification in safety management.

In the past three years, there were no work-related fatalities. During the Year, there were no lost days due to work injury, thanks to the effort put by the Group in creating an injury-free business environment.

4. Caring for Our Employees

Response to Coronavirus Disease 2019

In light of the continuous outbreak of Coronavirus Disease 2019 (“**COVID-19**”) worldwide, the Group strives to swiftly and effectively contain the epidemic from spreading within the Group. Therefore, the Group has established a management team for leading the epidemic prevention and control work, and has formulated the COVID-19 Epidemic Prevention and Control Handbook for providing guidelines to prevent and control the disease within the Group. The management team is responsible for formulating and implementing a series of preventive measures and control policies listed in the Handbook to ensure the health and well-being of employees.

Throughout its epidemic control and prevention work, the Group upholds the four principles of disease prevention and control, as stated in the COVID-19 Epidemic Prevention and Control Handbook:

1. Strictly execute on the government’s requirements on disease prevention and control;
2. Persistently conduct daily disease prevention measures;
3. Consistently promote personal hygiene and disease awareness amongst employees; and
4. Swiftly react to any emergencies.

In view of such, the Group has put in place multiple measures regarding disease prevention and control within the Group’s workplace premises. For example, we strengthened sanitisation and cleaning throughout the office, as well as kept the office ventilated and maintained employees’ social distance. Employees and visitors at Leading premises were required to wear face masks as well as to take body temperature measurement before entering the premises. Besides, the management has strived its best to cooperate and support local government’s pandemic prevention and control work, and prepared adequate pandemic prevention supplies for employees.

4.3 TRAINING AND DEVELOPMENT

Building suitable career paths with a bright future is crucial to every employee. The Group sees employees’ career development as a component of our business success. Hence, we have established a comprehensive training system, which offers both external and internal trainings, and the management department is responsible for devising and improving monthly and annual training plans as well as developing courses and workshops for employees of different levels.

During the Year, the Group has carried out several training programmes to build up employees’ working skills and knowledge on marketing, product development, customer relationship, and legal training. For new employees, we organised orientation and offered a series of induction training with regard to the Group’s policies, system operation and daily work flow of different departments in order to familiarise themselves with the group’s daily operation. To encourage employees to pursue independent learning and take part in external training, we also provide tuition reimbursement for external training courses. Employees are incentivised to further enhance their professionalism and industry knowledge to support our business.

4. Caring for Our Employees

Furthermore, the Group has founded “Leading College” to provide professional training sessions to its employees, including managers and person-in-charge of districts, nurturing their core skill sets such as operation management skills, customised for employees with different professional experience. Experts in the industry from the PRC and abroad are often invited to provide classes in Leading College.

As a well-rounded development pathway, we also offer promotion opportunities to employees adding to the provision of training. We adopt the performance evaluation and management policy in an attempt to assess the employees’ working performance and attitude regularly, from which the results are considered as a reference for employees’ promotion, salary adjustment, discretionary bonus and training. Competent employees will be considered for internal promotion in recognition of their efforts and contributions. The Group believes that such can effectively attract and retain talents and enhance the performance of employees.

During the Year, the percentage of employees trained and average training hours of employees are as follows:

Training	2021	2022
Percentage of employee trained		
By gender		
Male	100%	100%
Female	100%	100%
By employment category		
Senior	100%	100%
Middle	100%	100%
Junior	100%	100%
Average training hours completed per employee		
By gender		
Male	31.30	25.20
Female	31.30	24.87
By employment category		
Senior	31.28	25.00
Middle	31.30	23.60
Junior	31.30	25.34

4. Caring for Our Employees

4.4 EMPLOYEE WELFARE

Employees are valuable assets of the Group, therefore it provides employees with different benefits. We strive to ensure the working hours and remuneration of employees are compliant with the requirements of relevant laws and regulations, in which our employees are entitled to the rights of taking vacation leaves, such as maternity leave, marriage leave and funeral leave. We also send gift money for newlyweds and newborns as well as solatium for the sick and funerals. Meanwhile, according to the requirements of the local government, we also make contributions to the Social Insurances and Housing Provident Fund for our employees. Based on internal and external reference standards, our remuneration structure is annually reviewed so as to maintain competitive remuneration offered to employees.

Moreover, the Group advocates help and care among employees and propagates the building of a corporate of happiness and harmony. During the Year, we have organised a wide variety of cultural and sports entertainment activities to enrich employees' social lives as well as promote physical and mental health, such as company celebration activities, as well as festival activities, celebrating festivals like Mid-autumn Festival.

5. Operating Our Business

An enterprise's level of sustainable development highly hinges on the quality and efficiency of its business operations. The Group spares no effort in optimising its operations and maintaining its reputation by properly managing its supply chain, earnestly serving its customers and behaving ethically in the market.

5.1 SUPPLY CHAIN MANAGEMENT

To thoroughly fulfill the environmental and social responsibility, management of our business operation including the supply chain cannot be neglected. As a way to ensure that qualified products and services are provided, we target and cooperate with suppliers with high credibility such as long-established suppliers and those from eminent enterprises. We have set up comprehensive procurement and supplier management policies and systems which act as a guide to choose and manage our suppliers. During the selection process, suppliers are evaluated mainly based on their project quality, project progress, on-site management and cooperation, cost control and safety. For example, suppliers with the certification of ISO 14001 or ISO 9001 Quality Management System Certification or other accreditation will be prioritised. Suppliers who fail to meet the requirements may ultimately be disqualified or stopped for cooperation until the situation improves.

Environmental and social risks along the supply chain are always considered by the Group. We give priority to suppliers that comply with national, regional and industrial environmental standards, follow internationally recognised standards and own certifications concerning energy management systems, environmental management systems and social risk management. We also value the employment and incorruptibility of suppliers. Therefore, we ensure that suppliers are committed to upholding the human rights of employees by implementing internal regulations in accordance with internationally accepted norms. Whether they have adopted sufficient occupational health and safety policies and obtained relevant certifications is also an important consideration. The cooperation with suppliers who are found to be incompliant with relevant laws and regulations regarding anti-bribery, anti-corruption and any other unethical business practices will be terminated at once.

Furthermore, we endeavour to select environmentally friendly products and services during procurement. For example, we prefer eco-friendly products which are energy-efficient or made of recyclable materials such as refillable pens and recycled paper. We also encourage the staff to pay attention to the expiry date of products and use products purchased earlier to avoid unnecessary wastage. Besides, to reduce carbon footprint, we tend to select local suppliers or suppliers geographically closer to the company.

5. Operating Our Business

During the Year, all suppliers were governed by the abovementioned supplier management procedures. The number of suppliers by geographical region is as follows:

Suppliers	2021	2022
Total number of suppliers	959	959
By geographical region		
Northern China	57	57
Eastern China	50	50
Southern China	92	92
Central China	720	720
Northwestern China	40	40

5.2 PROPERTY AND SERVICE QUALITY

The Group is devoted to providing clients with the best products and customer services. We strictly comply with laws and regulations such as the Product Quality Law of the People's Republic of China, the Construction Law of the People's Republic of China and the Law of the People's Republic of China on Protection of Consumer Rights and Interests.

Through internal processes, we continuously improve properties and services' quality as a way to achieve the optimisation of properties and services. The Group has implemented a construction inspection management policy, which sets out the personnel and measures for construction inspections, in order to ensure that properties constructed and developed are of satisfactory quality. The policy requires project companies to regularly monitor the construction progress of contractors, as well as making sure that contractors are in compliance with regulations related to health and safety, in turn enhancing the Group's management over construction projects.

Furthermore, the Group has integrated property quality with employee performance, putting inspection personnel directly accountable for any quality issues during construction and for the property, acting as a means to urge inspection personnel to firmly uphold the necessary standards to improve the quality of construction. During the Year, the Group has no property sold to be recalled due to safety and health reasons.

Catering for the needs of customers, the Group exerted efforts in improving customer service and bringing customers a feeling of happiness. Customer complaints are referred to different departments for handling according to the severity, and customer service team would promptly investigate the root cause of complaints and take quick remedial and preventive action in response to the complaints from our customers. Moreover, we offer comprehensive maintenance services to our customers within the warranty period as part of our aftersales service, and responsible departments would respond to customer inquiries and service requests in a timely manner through various channels. We also appreciate that customers' comments are beneficial to our improvements, for which we frequently collect customers' feedback regarding the quality of our service, satisfaction of the property, and the overall performance. During the Year, the Group received 2,180 complaints, including but not limited to property management, property sales and facility maintenance. The Group assigned responsible personnel to follow each case and had a 100% response rate to customer complaints. Most cases are resolved by active communication, refund, and performing maintenance.

5.3 ADVERTISEMENTS MANAGEMENT

The Group takes a very serious approach in managing its advertisements and messages to the public. The Group strictly abides by relevant laws and regulations, including the Advertising Law of the People's Republic of China. The Group's news management and transmission policy has designated the Group's brand management department to ensure that the advertisement material, including introduction presentations for the Group and brand story, are aligned between the Group and its subsidiaries, so as to provide the most accurate information to the public.

5.4 INTELLECTUAL PROPERTY RIGHTS AND PRIVACY PROTECTION

To prevent infringement of intellectual property rights of the Group, customers, suppliers and any other business partners, the Group is strictly conformed to the Trademark Law of the People's Republic of China. A sound trademark management procedure has been established to ensure the originality of our trademark. Besides, we ensure that all of the software we use is legitimate and complies with the license agreement.

Meanwhile, the Group places high value on information security and privacy. In order to prevent the reveal of the Group's confidential information as well as personal data of employees and customers, all employees are required to sign a confidentiality agreement to promise not to divulge any business information and secrets of the Group to any third parties. In addition, customer information is collected and used in a legal and responsible manner, and the IT department makes efforts to keep computer data bases secure and to safeguard information we collected.

5. Operating Our Business

5.5 ANTI-CORRUPTION

With integrity being a central part of the Group's business ethics, we strictly comply with the relevant laws and regulations, including but not limited to the Criminal Law of the People's Republic of China. The Group has set up a comprehensive inspection management system to monitor and prevent bribery. All management and staff are highly encouraged to report cases of suspected corruption, either to their supervisors or other managers. Suspected corruption cases will be properly investigated and associated actions, such as disciplinary action, reporting to relevant authorities and prosecution, will be taken. Any breach of the anti-corruption policy is deemed to have committed a major misconduct and is meted out to disciplinary actions. Information of the whistleblower would be kept confidential to protect his/her legitimate rights and interests.

In addition, our employees shall sign up an agreement to avert bribery and corruption in any kinds and to regulate the behaviours of the parties, aiming to uphold the integrity and be self-disciplined. To raise employees' awareness, the Group has organised 7 trainings on anti-corruption by the means of videos and face-to-face meetings. The training focused on suspected case reports, internal audit and codes of conduct. Integrity training was especially arranged for new joiners as well. They are also encouraged to report suspected misconduct and violations of rules. During the Year, the Group had no concluded legal cases regarding corrupt practices.

6. Contributing to Community

As we strive for a common growth and prosperity with society as well as our pursuit of business development, we are pleased to contribute in support of the healthy development of the community by actively encouraging its employees to participate in volunteering works and charitable activities. As an enterprise with a strong social conscience, the Group has taken part in several activities, focusing on public welfare action and helping the elderly, actively organising charitable activities such as providing heat relief products for laborers working under high temperature, donating money and food for those endangered animals. During the Year, the Group has donated RMB121,600 for the left-behind elderly in Meishan City at Chong Yang Festival to show respect and help the elderly in need.

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ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
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A1 Emissions	General disclosure	3.2 Emission Management	8–11
A1.1	The types of emissions and respective emissions data.	3.2 Emission Management	8
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	3.2 Emission Management	9
A1.3	Total hazardous waste produced and, where appropriate, intensity.	3.2 Emission Management	10
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	3.2 Emission Management	10
A1.5	Description of emission targets set and steps taken to achieve them.	3.2 Emission Management	8–11
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.	3.2 Emission Management	10–11
A2 Use of Resources	General disclosure	3.3 Resources Conservation	11–12
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	3.3 Resources Conservation	11
A2.2	Water consumption in total and intensity.	3.3 Resources Conservation	12
A2.3	Description of energy use efficiency targets set and steps taken to achieve them.	3.3 Resources Conservation	11
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency targets set and steps taken to achieve them.	3.3 Resources Conservation	12
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	N/A	Due to the business nature, the Group does not involve the use of packaging material.

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ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
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A3 Environmental and Natural Resources	General disclosure	3.1 Environmental Protection as a Property Developer; 3.2 Emission Management; 3.3 Resources Conservation	6–12
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	3.1 Environmental Protection as a Property Developer; 3.2 Emission Management; 3.3 Resources Conservation	6–12
A4	General disclosure	3.4 Climate Change	12
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.	3.4 Climate Change	12
Social			
B1 Employment	General disclosure	4.1 Employee Recruitment and Dismissal	13–14
B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Employee Recruitment and Dismissal	13
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B3 Development and Training			
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B4 Labour Standards			
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B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.1 Employee Recruitment and Dismissal	13
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ESG Indicators	Overview	Sections	Page no./ Explanation/ Reasons for Omissions
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B5 Supply Chain Management	General disclosure	5.1 Supply Chain Management	19–20
B5.1	Number of suppliers by geographical region.	5.1 Supply Chain Management	20
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.	5.1 Supply Chain Management	19–20
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Supply Chain Management	19–20
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Supply Chain Management	19–20
B6 Product Responsibility			
	General disclosure	5.2 Product and Service Quality; 5.3 Advertisements Management; 5.4 Intellectual Property Rights and Privacy Protection	20–21
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	5.2 Property and Service Quality	20
B6.2	Number of products and service related complaints received and how they are dealt with.	5.2 Property and Service Quality	21
B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.4 Intellectual Property Rights and Privacy Protection	21
B6.4	Description of quality assurance process and recall procedures.	5.2 Property and Service Quality	20–21
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	5.4 Intellectual Property Rights and Privacy Protection	21

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B7 Anti-corruption	General disclosure	5.5 Anti-corruption	22
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.	5.5 Anti-corruption	22
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B8.1	Focus areas of contribution	6 Contributing to Community	23
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