

SS100

Sunshine 100 China Holdings Ltd

(Incorporated in the Cayman Islands with limited liability) Stock Code: 2608

2022

Environmental,
Social and Governance Report



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1. About the Report

The Environmental, Social and Governance (“ESG”) Report (“ESG Report”) published by Sunshine 100 China Holdings Ltd (the “Company”) presents the performance and achievement made in terms of the environment and society by the Company and its subsidiaries (collectively the “Group” or “we”). The ESG Report details the principles, commitments and efforts of the Group, supplemented by specific cases, in carrying out the environmental and social policies, as well as fulfilling the principle of sustainable development. We report our performance in good faith and with due diligence and we promise to continuously make improvements in data disclosure and report writing.

The board of directors of the Company (the “Board”) shall assume sole responsibility for the environmental, social and governance strategies and reporting of the Company and is liable to assess and determine the Company’ s environmental, social and governance risks and ensure the establishment of appropriate and effective system for the management and internal control of environmental, social and governance risks. The Board and all the directors hereby warrant that there are no false records, misleading statements or material omissions contained in this report and they will bear joint and several liabilities for the authenticity, accuracy and completeness of the contents herein.

1.1 Scope of the Report

The ESG Report covers the environmental and social performance of the Group for the period between 1 January 2022 and 31 December 2022 (the “Reporting Period” or “Year”). The environmental KPIs as disclosed in the ESG Report are based on the performance of the Group’ s headquarter and major project offices during the Reporting Period, which include two offices in Wenzhou and one in Wuxi, Shenyang, Qingyuan and Jinan respectively (collectively the “Offices”). The Group will extend its disclosure to other offices in a gradual manner. For details of corporate governance, please refer to the corporate governance report in the Company’ s annual report.

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. The Company has reported on all the “comply or explain” provisions of the “Environmental, Social and Governance Reporting Guide” .

1.3 Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders' opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered all key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group's ESG performance. Information of the standards, methodologies, references and source of key emission of these KPIs are stated wherever appropriate. To enhance the comparability of the ESG Report, the Group adopts consistent reporting format and methodologies for calculating KPIs as far as practicable. In case of any changes, explanation will be provided in the ESG Report to facilitate information interpretation.

1.4 Board Statement

The Group believes that sound ESG governance would enhance the Group's ESG performance and contribution to the environment and society, thus increasing its investment value and bringing long-term returns to stakeholders. In order to formulate an appropriate and effective ESG management and control system, the Board is responsible for monitoring the implementation of ESG-related matters of the Group. The Board has formulated the overall ESG plans of the Group, and has established communication channels between various departments and key stakeholders. The Group monitors these communication channels routinely to ensure clear communication with all stakeholders can be maintained, with the goal of observing the Group's ESG performance's impact on all stakeholders. Besides, the Board will concern the latest development of ESG-related matters that may cause potential impacts on the Group's business operations, and will monitor and review the Group's compliance with ESG-related laws and regulation established by regulatory agencies. The Board also monitors the formulation of the ESG report and understands ESG yearly highlights of the Group through its presentation, thereby ensuring its content and quality comply with regulations and meet the requirements of the Board.

In addition, the Board has engaged an independent consultant to assist in the management of the Group's ESG affairs, to perform data and information collection and analysis. The consultant also assists the Board to conduct a materiality assessment, and some directors have participated in it to provide valuable opinions on the importance of ESG issues, in order to identify material ESG issues. The Board would ultimately make reference to the assessment result to determine the ESG issues that the Group needs to focus on, hence formulating the future ESG development direction of the Group.

1.5 Stakeholder Engagement

Understanding stakeholders' opinions are essential in formulating and implementing the Group's long-term and short-term sustainability strategies. Our stakeholder engagement process is ongoing and includes a diverse set of groups providing a wide range of views, opinions, and expectations. The Group has established appropriate communication channels and through our engagement, stakeholders provide essential input to help us identify possible emerging risks to our business operations as well as ESG issues that concern our stakeholders most.

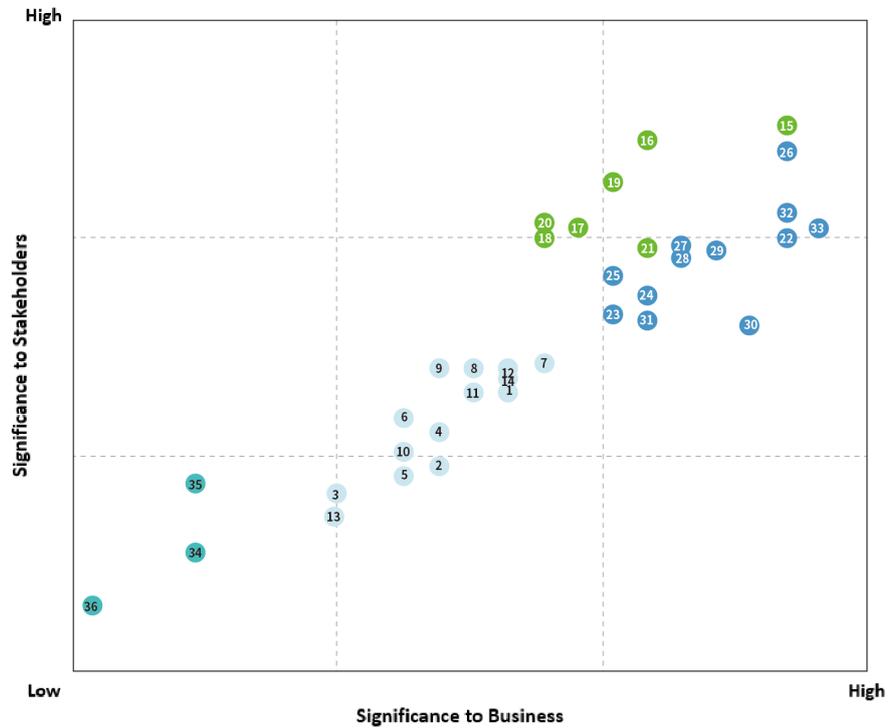
Stakeholder	Expectations	Management Responses/ Communication Channels
Government and Regulators	<ul style="list-style-type: none"> • Compliance with national policies, laws and regulation • Tax payment in full and on time • Safe Production 	<ul style="list-style-type: none"> • Regular Information reporting • Regular meetings with regulators • Examination and Inspection
Shareholders	<ul style="list-style-type: none"> • Returns • Compliance operations • Rise in company value • Transparency and effective communication 	<ul style="list-style-type: none"> • General meetings • Announcements • Email, telephone conversations and company website
Partners	<ul style="list-style-type: none"> • Operation with integrity • Fair competition • Performance of contracts • Mutual benefits 	<ul style="list-style-type: none"> • Review and appraisal meetings • Business communication • 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 center and hotlines • Customer opinion surveys • Social media platforms
Environment	<ul style="list-style-type: none"> • Compliance with emission regulations • Energy saving and emission reduction 	<ul style="list-style-type: none"> • Communication with local environmental departments • Investigation and inspection
Industry	<ul style="list-style-type: none"> • Enhancement of industrial development 	<ul style="list-style-type: none"> • Participation in industry forums • Field visits
Employees	<ul style="list-style-type: none"> • Protection of rights • Occupational health • Remunerations and benefits • Career development • Humanity care 	<ul style="list-style-type: none"> • Employee meetings • House journal and intranet • Training and workshop • Employee activities • Departmental satisfaction surveys
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 • Social media platforms

1.6 Materiality Assessment

In order to ensure that the ESG Report presents the actual circumstances of the Group's environmental and social performance and addresses ESG topics that substantively influence the assessments and decisions of stakeholders, the Group has commissioned an independent third-party consultant to perform a materiality assessment in a fair and equitable manner. We have conducted stakeholder engagement as part of the materiality assessment process which helps us identify material issues that reflect the shared concerns of the Group and all our stakeholder groups. Our materiality assessment methodology involves three main phases:

- i) Based on the relevant national and local standards and policies, industry characteristics and development of the Group, identify 36 potential material ESG issues that may pose a high risk to the Group's operation and influence stakeholders' decisions;
- ii) Invite internal and external stakeholders (including staff, management, directors, customers, suppliers and communities) to complete a set of questionnaires to collect opinions on each of the potential issues;
- iii) Prioritise the potential material issues based on the results of 131 valid questionnaires with the materiality matrix.

Materiality Matrix



Environment

- 1.Environmental Compliance
- 2.Air Pollution Management
- 3.Fleet Emissions Management
- 4.Wastewater Management
- 5.Greenhouse Gas Emission
- 6.Waste Management
- 7.Energy Consumption
- 8.Use of Water Resources
- 9.Green Office
- 10.Green Energy Project
- 11.Green Building
- 12.Ecological Protection
- 13.Responding to Climate Change
- 14.Prevention and Handling of Environmental Incidents

Labor Practices

- 15.Employment Compliance
- 16.Employees' Remuneration and Benefits
- 17.Employees' Working Hours and Rest Period
- 18.Diversity and Equality
- 19.Occupational Health and Safety
- 20.Training and Education
- 21.Prevention of Child Labour and Forced Labour

Operation Practices

- 22.Operational Compliance
- 23.Managing Environmental Risks of Supply Chain
- 24.Managing Social Risks of Supply Chain
- 25.Procurement Practices
- 26.Quality Management
- 27.Customer Health and Safety
- 28.Responsible Sales and Marketing
- 29.Customer Service Management
- 30.Intellectual Property Protection
- 31.Information Security
- 32.Customer Privacy Protection
- 33.Anti-corruption

Community Investment

- 34.Charity
- 35.Promotion of Community Development
- 36.Poverty Alleviation

From the materiality matrix, we have identified 16 material issues which are discussed in details in the ESG Report.

Aspects	Material issues	Reference sections
Labour Practices	15. Employment Compliance 16. Employees’ Remuneration and Benefits 18. Diversity and Equality 19. Occupational Health and Safety 20. Training and Education 21. Prevention of Child Labour and Forced Labour	Our Staff
Operation Practices	22. Operational Compliance 25. Procurement Practices 26. Quality Management 27. Customer Health and Safety 28. Responsible Sales and Marketing 29. Customer Service Management 30. Intellectual Property Protection 31. Information Security 32. Customer Privacy Protection 33. Anti-corruption	Our Operation



1.7 Opinions and Feedback

Any opinions and suggestions on the ESG Report or on our ESG performance in general are highly valued and welcome. Should you have any opinions, please contact us via the following channels:

- ir@ss100.com.cn
- Sunshine 100 China Holdings Limited
 39th Floor, The Landmark Gloucester Tower, No.15 Queen’s Road, Central, Hong Kong

2. Our Vision of Sustainable Development

Fulfilling ESG responsibilities is one of the many genes of the Group. By adopting top-down approaches, we endeavour to reach or even outperform the requirements of applicable laws and regulations. To be specific, we have introduced the following four management objectives of sustainable development which penetrate all levels and aspects of our operation in order to bring benefits to the society:

• Abide by industrial standards to prosper with the industry

We uphold the philosophy of operation in good faith, comply with the business principles in the industry and strictly implement the rules and regulations on corporate social responsibilities.

• Respect the value of talents to grow with our employees

We are devoted to bringing in and providing trainings to talents who are fit for the Group's corporate culture and share the same values with us. We strive to introduce long-term and stable talent development strategies.

• Adopt safety and environmental protection measures to grow in harmony with the nature

We actively guide all parties of the Group to practice the principle of green development and harmonious coexistence of human and the nature, accomplish real-time monitoring and improvement, as well as fulfil the responsibility of environmental protection.

• Provide value-added services to grow with our customers

We ratchet up the level of quality management and customer services, step up cultural activities in community, and further gain reputation among target customers.

3. Our Operation

3.1 Product Quality

Young talents and the middle-class are the target customer segments of the Group. We recognise that such customer segments, who commonly have a higher living standard, have a strong desire for high quality of life and are hence looking for a better living place and environment. In view of this, we never spare ourselves in the pursuit of excellence in product quality. It is our goal to continuously provide the highest class of properties and management services which and even exceed, all our customers' expectation.

Top-tier Architects

Building affordable residential buildings in our country with designs created by eminent international architects is one of our missions. Although merging top-tier design around the world into buildings in second-tier cities is a difficult task, the Group still upholds the principle of "International Mindset and Innovative Buildings" and persists in making our dream comes true.

The Group was among the leading developers in the industry trying to invite tenders internationally for architectural design. Over the years, we have developed long-term cooperation and partnerships with many top-tier architectural designing firms, such as Denton Corker Marshall (DCM), John Portman and Associates, Tadao Ando Architects and Associates, from countries including the UK, France, Australia, Italy, Germany, Japan and Denmark etc. We hope to produce remarkable products which can satisfy our customer' s desires for high-quality buildings.

Quality Management

The Group has stringent requirements on product quality and thus we have formed a quality management team which specialises in implementing quality assurance and control at every stage of project development from product design, construction, completion, sales to maintenance. Through such high-standard quality management, we ensure that all our projects are always using high-quality materials, adopting top-class design, satisfying diverse requirements of customers and producing products with high cost-performance ratio.

In the process of project construction, the Group shall engage the services of third party evaluation agencies to conduct assessment quarterly. Project department shall be responsible for cooperating with the professional by overseeing the amendment made on site so as to improve the quality of properties. The

criteria of evaluation include the perception and quality of public space, performance of leakage prevention, perception of garden, fulfilment of dimension standard, quality risks, safety and civilisation, and electrical equipment installation. The Group develops a set of quality control guidelines and construction standards which are assessed by the professional. The shortcomings raised shall be addressed for controlling the quality of properties.

The Group believes that high-quality service and management is the key to corporate success. During the Reporting Period, with hard work and stable operation, the Group has awarded with numerous real estate and brand value awards, including but not limited to:

Projects	Awards and Honours
Himalaya Serviced Residences	2022 Hotel Style Night Preferred Service Apartment Brand ¹ 2022 Global Traveler Platinum Traveler Outstanding Lifestyle Brand of the Year Award ²
Himalaya Serviced Residences Chongqing	2022 TARGET' s 10th Annual Hotel Apartments Picks ²
Weifang Phoenix Street	2022 Weifang Women' s Federation "38 Red Flag Assembly" ³ 2022 Weifang New Age Family Upbringing Education Practice Centre ³ 2022 Kuiwen District New Age Culture Practice Station ⁴ 2022 Most beautiful public cultural space in Shandong Province ⁵ 2022 Yangtze River Delta and Other Provinces Most beautiful public cultural space competition "Outstanding Public Cultural Space Example Award" ⁶ The first batch of Commercial Blocks with Youth Characteristic in Weifang City ⁷
Yixing Phoenix Street	Yixing 2022 High Quality Cultural Industry Development ⁸
Shenyang Phoenix Street	Shenyang Night Economy Feature Street Area (Demonstration) ⁹ Shenyang Cultural Industry Park ¹⁰ Lioning Cultural and Creative Industry Research Institute ¹⁰ The First Youth-friendly Neighbourhood in Yuhong District ¹⁰

Notes:

1. This award is granted by the "Experts from The Architectural Society of Shanghai China" and "Experts from The Interior Design Society of China" .
2. This award is granted by "Premium Traveler" Magazine.
3. This award is granted by the Weifang Women' s Federation.
4. This award is granted by the Kuiwen District Government.
5. This award is granted by the Shandong Provincial Department of Culture and Tourism
6. This award is granted by the Public Service Department of the Ministry of Culture and Tourism of the People' s Republic of China.
7. This award is granted by the Weifang Municipal Committee of the Communist Youth League and the Weifang Municipal Commerce Bureau
8. This award is granted by the Yixing Yicheng District Affairs Office.
9. This award is granted by the Shenyang Municipal Commerce Bureau.
10. This award is granted by the Shenyang Municipal Government.

Product Health and Safety

It is one of the Group’s missions to take advantage of the architectures to improve everyone’s lifestyle. We pursue a healthy living environment and lifestyle therefore we are dedicated to producing safe and healthy products through property design and management.

To keep our properties safety, we have set up a 24-hour monitoring system with security guards to carry out frequent security patrols in most of our estates. Besides, the Group outsources the cleaning service to high-quality and professional cleaning companies which makes use of machines to provide the best cleaning services to clients. We have also started the “Sunshine Housekeeper” service, where we pay monthly visits to households to ensure that both public and private spaces are clean and comfortable. Furthermore, as a way to ensure the safety of facilities within the estates, specialised workers are assigned to keep track of the operation of the facilities and to provide round-the-clock maintenance and repair services.

3.2 Customer Service

The existence and development of the Group depends largely on market trends and demands. As a market-oriented enterprise, it is essential to being observant and responsive towards customers’ needs. In order to attain an unassailable lead in the market, the Group upholds the philosophy of “Customer-First” and always puts the benefits of customers before its own.



Property Sales

Our commitment on improving customer satisfaction is manifested in every business segments of the Group, especially in the course of property sales. To understand customers’ demands, we conduct ex ante market survey regularly. With the use of the property sales system, we can precisely understand customers’ preferences and special needs by gathering customers’ information and arranging face-to-face discussion between salesperson and customers about the products in details. As a mean to maintain a good relationship with our customers, follow-up services will be provided such as inviting them to join on-site visits based on their preferences.

In response to the upward trend of customer service demands, we have developed an online sales system to integrate online sales resources and establish a channel which connects property owners, agents, the industry and the market. Through the application of the system, our salesperson are able to provide more timely follow-up services, hence improving working efficiency and achieving more convenient communication with customers. In addition, more information can be collected from customers by the system so that product services can be more comprehensive and the service quality can be further improved.

To avoid excessive commitment during property sales, we on one hand require all salespersons to remind customers that all rights and interests shall be subject to the sales contracts. On the other hand, we strictly regulate salespersons with internal rules and make efforts to establish a professional and upright sales team so that fairness and impartialness of the sales system can be guaranteed and legal risks can be eliminated.

Complaint-handling

The Group has formulated a comprehensive customer complaint handling system for dealing with possible problems in sales and operations including law violations, fake sales commitment, bad sales attitude, improper product design and quality, as well as other demands for supporting services. Customers may complain via a unified customer service line or to related departments such as sales department of the Group or project companies, quality management department or internal audit department of the Group about any issues in products and services. Customer service staff will record, identify and analyse all the information after receiving the complaints, then refer the cases to dedicated department or staff so that responses can be provided for customers promptly.

During the Reporting Period, there were no return of sold houses or complaints resulted from any material quality, health and safety issues or incompliance with regulations. There were also no serious violation of relevant laws and regulations applicable to the company regarding product responsibility.

3.3 Privacy and Information Protection

The protection of trade secrets of the Group is a major concern of our stakeholders, among which personal information of customers are extremely confidential and have drawn lots of attention of the Group in setting up corresponding protection policies. By strictly following the Anti-Unfair Competition Law of the People's Republic of China ("PRC"), the Group has put considerable efforts in protecting trade secrets and personal privacy.

The Group establishes sufficient security precautions for the systems used in the daily routine work and installs anti-virus software for computers to ensure data and internet security. We regularly backup system and system data to ensure system and data recoverability. We shall inform our employees the secure use of computers annually and remind them to have a virus scanning regularly. During the Year, the Group has sent mails about the enhancement of business confidential information protection so as to raise employees' awareness of data protection. To further strengthen information security requirements and technical rules, we have provided all employees training in file storage to prevent disclosures of confidential information.

Salespersons who are at the frontline deal with customers most of the time and hence have frequent access to customer information. The Group clearly understands the risk of divulging customer information during property sales, thereby we sign a non-disclosure agreement with all salespersons, regulating their sales behaviour and preventing the divulgence of confidential information. In addition to customer information, the agreement also fully covers different types of trade secrets of the Group such as operational, management, trading and technical information.

For all types of employees, terms regarding the protection of trade secrets and intellectual property rights are included in the labour contracts. To raise the employees' awareness of the protection of intellectual property rights, the company shall send mails to the new hires during entry for emphasising its importance. Meanwhile, the Group shall inform employees of the internal regulations pertaining to the correct use of systems and office software, and the prohibition of installing and using any unauthorised software by emails or instant messaging applications three to four times a year. Employees are required to purchase and renew any software through legal authorization after obtaining permission from managers. Relevant limits of authority are also set for the access to the customer information database according to the positions of staff to safeguard customers' personal privacy. In addition, we arrange regular trainings in respect of work discipline and professional ethics for salespersons. Employees revealing confidential information of the Group are regarded as violation of the code of conduct and will be meted out to financial or administrative disciplinary actions depending on the seriousness of the case.

3.4 Operation with Integrity

The authenticity of work, effectiveness of communication and soundness of an enterprise' s operation can be ensured by the truthfulness and transparency of operation. Hence, the Group advocates transparent administrative rules and has established rules regarding anti-corruption and anti-bribery in compliance with the Regulations of the People' s Republic of China for Suppression of Corruption, in an effort to ensure the integrity of our operation.

The Group has set up the Code of Conduct for Staff, the Ethics in Procurement and the Anti-Fraud Work Ordinance, clearly stating that all employees must abide by laws and regulations and the general code of business ethics. The Group strictly prohibits employees from asking for or accepting interests in anyone' s name or in any form, as well as harming the legitimate interests of the country, the Company, its shareholders, other organizations or individuals for their own benefit through illegal means such as fraud. The Group has developed a well-rounded tendering system that requires subcontractors to sign a commitment letter of integrity and anti-corruption before submission of tenders. Meanwhile, the two parties (subcontractors and the Group) shall sign an agreement of integrity after the acceptance of the tender. Additionally, standardised contracts for pricing, procurement and property design which are attached with a guarantee letter of integrity have to be signed between the Group and the corresponding parties. Both parties are reminded to bear the ethical obligations under the contract.

Through years of operation, the Group has learnt from the leading peers in the industry and established a series of preventive measures and a whistle-blowing mechanism. Such measures and mechanism can help to avoid any possible unlawful practices and maintain a good image of the Group, which include:

1. Established an internal audit department, which bears the primary responsibility for handling whistle-blowing, complaints and responses, and acts as the permanent department for anti-corruption and anti-fraud. It is subject to the supervision of the Board and the audit committee.
2. Standardised the process of complaint-handling and whistle-blowing; set up specialised telephone hotlines, emails and public address and stipulated the detailed process for whistle-blowing and complaints; set up safety protection mechanism for whistle-blowers; established an award system for whistle-blowing.
3. The management of the Group is responsible for building, improving and implementing anti-corruption process and mechanism; each department assumes its responsibility to carry out anti-corruption work.

4. Advocated enterprise culture of honesty and integrity; created anti-corruption enterprise ambience; organised anti-corruption training and moral education for new staff.

5. Required all procurement officers' business cards to be printed with the telephone number and email address for our business partners' supervision and complaints in case of bribery and corruption.

6. In case of corruption, employees will be meted out to financial or administrative disciplinary actions depending on the seriousness of the case. If criminal law is breached, the case will be transferred to the judicial authority and handled in accordance with law.

7. The Group launched a new integrity reporting channel on the Company's website in June 2022, with the goal to increase the regularity and accessibility of external monitoring.

During the Year, the Group has provided online training of anti-corruption so as to construct the integrity culture of the Group and enhance the employees' and directors' awareness of anti-corruption. The content of anti-corruption training include relevant legislative requirements, corporate requirements, code of conduct, common misbehaviour and sample cases of corruption. The training emphasises the four principles that employees shall uphold at all times:

1. Bear in mind the rule of avoiding the abuse of power

2. Uphold the code of ethics and not to infringe the law

3. Overcome the minds of rivalry, avarice and fluke

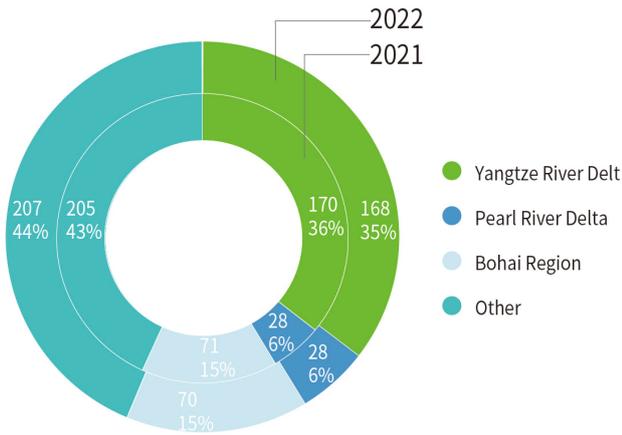
4. Strengthen the sense of responsibility, consciousness of rule, sense of self-discipline and legal awareness

During the Year, there was no lawsuit regarding corruption filed against the Group or our staff.

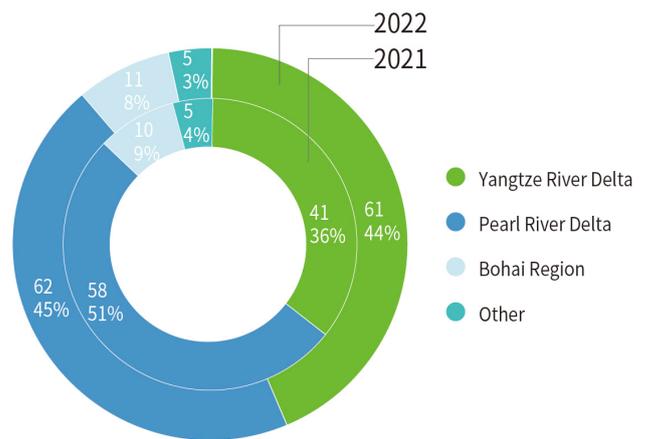
3.5 Supply Chain Management

Material suppliers, contractors, subcontractors and design institutes each play a significant role in the Group’s supply chain. By maintaining a stable and long-term strategic partnership with them, the Group strives to stabilise and strengthen our supply chain operation and therefore improve product quality.

Number of contractors and subcontractors by geographical region of headquarters:



Number of suppliers by geographical region of headquarters:



The Group cooperates with a large number of suppliers and contractors and thus proper selection of such business partners is of ultimate importance. The Group follows the principle of openness, fairness and impartiality and we strictly comply with the internal rules and policies with regard to procurement and tender solicitation for project during selection.

The Group shall request suppliers to provide presentations on the oversight of material ESG risks and the response strategies. In the process of recognising environmental and social risks in supply chain, we shall review the list of risks and consult the experts of risk management and sustainability of supply chain to conduct a thorough supply chain risk assessment. The Group also endeavours to set up the environmentally conscious supply chain and consider environmental issues during procurement and project design process.

In regard to material suppliers, the Group has set out the requirements in the contract for accreditations of environmental protection such as “ISO Quality Management System Certification” and “Environmental Management System Certification”. Besides, we require woodwork suppliers to provide documents as a proof of legality of origin for the materials they supply. When choosing high energy-consuming products, the Group shall adopt green procurement as one of the considerations and always prefer multinational and eminent enterprises which are more mindful of environmental protection and social responsibility. Meanwhile, the Group gives priority to local suppliers or suppliers with closer distance to reduce carbon footprint from transportation.

With respect to contractors and subcontractors for construction projects, the Group lays emphasis on the evaluation to determine whether they have met the requirements of local regulations on environmental protection, occupational health and construction safety. We give priority to suppliers with safety management system certifications and set forth environmental, social and ethical criteria in the tender solicitation documents. In the process of tender invitations, we shall review the corporate qualifications, personnel

qualifications and previous projects of tenderers. We shall verify whether tenderers' business license, qualification certificates and safety production permit are valid, whether project managers, production managers and other important personnel in charge equip with professional qualifications, and whether their previous project completion records are authentic. Moreover, we shall also evaluate tenderers' financial status, techniques, safety and civilisation, team quality and other critical factors, and conduct site visit to decide the successful tenderers. We also recruit renowned construction contractors in the industry and provide suppliers with occupational safety education and training on labour standards to ensure their performance in health, safety and environmental protection.

In addition, the Group would evaluate suppliers' quality in materials and projects, delivery, compliance and other factors during the supplier selection process. Only suppliers that meet the criteria could be added to the list of qualified suppliers. The Group also prioritize choosing supplier with ISO certifications, which includes but not limited to: certification related to environmental risk management (Such as ISO50001 energy management systems certification, and ISO14001 environmental management systems certifications); certification related to social risk management (Such as Worldwide Responsible Accredited Production(WRAP) compliance certification, SA8000 social accountability certification, ISO26000 guidance on social responsibility certifications and FLO fair trade certification); and safety certification such as ISO45001 Occupational health and safety management systems certification. We conduct supplier evaluation annually and eliminate suppliers that do not meet the standards for cooperation, have violated relevant laws and regulations or have experienced quality accidents from the list of qualified suppliers. If any supplier, contractor and subcontractor is found to be inconsistent with the Group' s policy, we will stop the cooperation with relevant party until the situation improves. During the Reporting Period, all suppliers, contractors and subcontractors of the Group are governed by the aforesaid supplier management procedures.

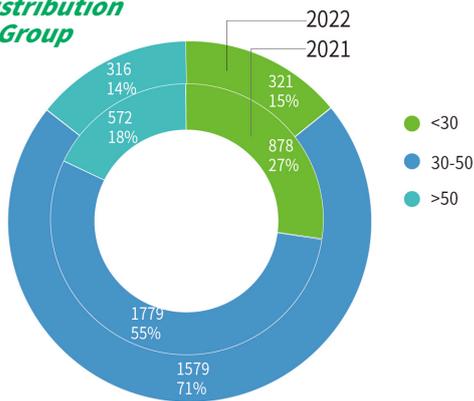
4. Our Staff

Employees are the most valuable assets of the Group and they are the reason for the success of the Group over the years since establishment. It is of paramount importance to continue our people-oriented management style that we not only provide employees with an ideal working environment and welfares, but also protecting their work safety, physical and mental health, as well as offering training and development opportunities to them.

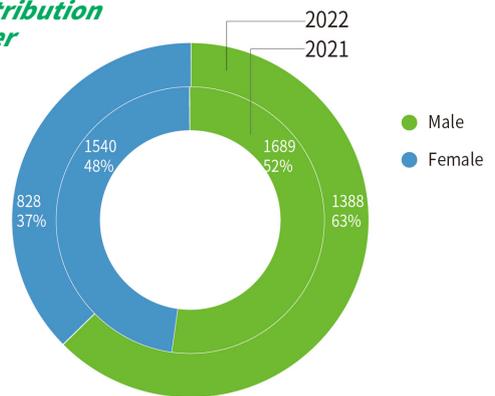
4.1 Staff Overview

The greatest wealth of the Group is the pool of our outstanding staff with their high working ability and loyalty particularly. As at 31 December 2022, we had a total of 2,216 employees, and all of them were full-time employees, among which 2,215 were employed in the Mainland and 1 in Hong Kong.

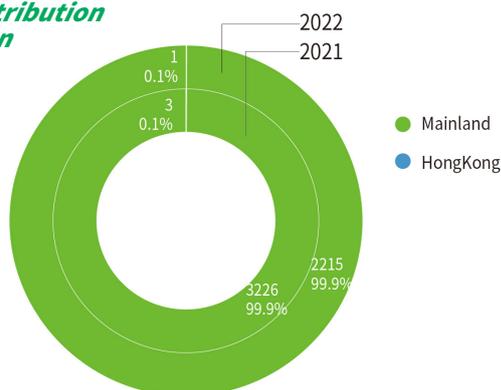
Staff Distribution by Age Group



Staff Distribution by Gender



Staff Distribution by Region



During the Reporting Period, the employee turnover rate of the Group is as follows:

During the Reporting Period, the employee turnover rate of the Group is as follows:

The number and rate of work-related fatalities of the Group in the past three years were as follows:

Employee Turnover Rate(%)		2022	2021	Health and Safety	2022	2021	2020
By Gender	Male	43	46	Number of work-related fatalities	0	0	0
	Female	39	41				
By Age	<30	37	75	Rate of work-related fatalities (%)	0	0	0
	31-50	48	38				
	>50	20	15				
By Geographical Region	Mainland	41	44				
	Hong Kong	50	73				

4.2 Occupational Health and Safety

The Group always put priority on the physical and mental health of employees and promotes work-life balance. We strictly abide by relevant laws such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and provide employees with Labour safety and sanitary conditions which are in line with national rules and standards. The Group also arranges regular health examination for employees who are engaged in dangerous work. During the Reporting Period, 1 case of work-related injury was recorded, however there were no lost days due to injury.

In office areas, we always keep it clean, spacious and with sufficient amount of light in a bid to provide the most comfortable working environment to our staff. Our offices are also equipped with water dispensers, refrigerators and coffee machines. We also endeavour to create a green and healthy office environment by placing green plants in offices and providing our staff with nutritious meals in our "Healthy Canteen".

Construction Safety

Although the Group's construction work is outsourced, we place great emphasis on the work safety of our contractors and subcontractors. Pursuant to the Law of the People's Republic of China on Work Safety and Regulation on Work Safety regarding Construction Projects, we require contractors to formulate work safety execution plan, follow the onsite rules on work safety, pay the expenses relating to work safety and provide safety gears to workers.

Moreover, we signed contract with contractors so as to ensure that they are following work safety guidelines. We also require them to appoint experienced experts to carry out safety inspection and supervision in order to ensure that the special-type construction workers have obtained relevant qualifications.

Responding to the COVID-19 epidemic

The Group is committed to protecting employees' health and safety through strengthening the epidemic prevention and control work, and standardising and enhancing the Group's emergency response capabilities and handling procedures. The Group has formulated the "Emergency Plan for Epidemic Prevention and Control of Commercial Building Companies" and established an emergency group to lead the epidemic prevention and control work, so as to protect employees' health in the most effective way. The emergency plan establishes numerous epidemic protection measures for the office area and employees' personal hygiene, such as strictly enforce electronic temperature check, only people with normal temperature can enter the premises, as well as provide parcel collection service and delivery services to ensure the health and safety of employees. In the meanwhile, the Group has arranged some employees to work from home timely in accordance with the anti-pandemic requirements of the local authority for reducing the number of people in the workplace and allowing appropriate distance to be kept between employees. During the period of working from home, the Group has utilised various online communication tools to safeguard the health condition of employees and ensure that work is carried out in a timely and smooth manner. In addition, the Group has implemented measures to benefit and protect employees who are required to quarantine and work remotely from home during the pandemic, such as giving employees priority on applying paid leave such as annual leave during the period of quarantine.

4.3 Training and Development

Recognising that putting more efforts into training and raising the proportion of trained employees are of benefit to both career development of the staff and the long-term development of the Group, we continue to enhance our training system that accommodates employees at all positions and levels and covers as much knowledge and skills as possible.

During the Reporting Period, we have finished our training both online and offline, which can be classified into 6 major types: New Employees Training, Sales Training, Corporate Comprehensive Training, Development Training, Health and Safety Training, and Project-specific Training.



New Employees Training

As a mean to help new employees to adapt to their positions and working environment, the Group offers them a series of training such as group trainings, seminars, project visits, team building activities and job rotations, where they can experience the enterprise culture, understand the work of various departments, improve work skills, and finally choose the appropriate position through bidirectional selection. At the same time, new employees are required to take assessments to make sure that they have received and understood the knowledge and information provided by the company. Besides, a mentor is also arranged for each new employee and thus work skills and experience can be acquired from the mentor which helps improve their business capabilities. Encouragement and advices for career development can also be given by the mentor so that new employees can better decide on their working position and even plan their career path.

Sales Training

In order to maintain the level of skills and techniques of salespersons of the Group, the Group regularly holds market trend analysis sessions, sales technique talks, business etiquette talks, company product information seminars and other training courses that are closely related to the sales of properties. This type of training lets salespersons to step up their sales skills, while helping them to understand the latest market trends, so as to raise our employees' competitiveness, and compete for more clients for the Group more effectively.

Corporate Comprehensive Training

The Group provides corporate culture trainings to employees, organise regular sharing sessions on the Group's projects and products, as well as on introducing the company, which aims to help employees better adapt to the working environment. At the same time, the Group has also organised a series of career development training and held various types of talks, such as the implementation capability and management of targets. The training courses foster employees' all-round development and improve cohesiveness of the team.



Development Training

Besides work, the Group organises a wide variety of team-building and general activities for employees. This is aimed to provide a medium for employees to relax from work, build healthy team relationships among each other, and also strengthen the employees' sense of belonging towards the Group. Activities in this category does not have a direct relationship with daily work, including tea parties and book club sessions, but the activities are particularly effective in helping employees develop dynamic interests and achieve work-life balance.



Health and Safety Training

The Group always place high importance on employees' health and safety and expects employees could remain safe and healthy at all time. During the Year, the Group has provided all employees a series of occupational safety training, including safety production, construction safety, fire safety and anti-pandemic control. In addition to occupational safety training, the Group has held training pertaining to safety in everyday life that includes propaganda and education of traffic safety in bad weather conditions and carbon monoxide poisoning prevention. Furthermore, we have organised health talks on the women's day to share health tips for females particularly.

Project-specific Training

During the Year, the Group has provided project-specific training, which includes topics such as financial management and investment, service etiquette, client-facing communication skills, sales pitch, real estate knowledge, and contrarian thinking. These specialized trainings not only increase the employee's overall service quality, it also boost their morale and allow them to improve themselves.

Apart from the training provided internally by the Group, we also highly encourage our staff to pursue higher education and professional levels. We maximise the career development opportunities of employees by providing not only allowances for professional examinations such as those for architects, designers, engineers, accountants, property managers and economists, but also paid study leaves for their better preparation for the examinations.

As a means in paving the way for our employees' career development, the Group also offers promotion opportunities through an open and fair promotion system. Each employee is evaluated and scored according to their performance and based on the scores, employees are allowed to apply for promotion. It is our ultimate goal that all employees are able to shape their own path in career development within the Group.

During the Reporting Period, the Group's training and development data are as below:

Indicator		2022		2021	
		Percentage of employee trained (%)	Average training hours	Percentage of employee trained (%)	Average training hours ¹
By gender	Male	42	34	85	31
	Female	37	29	86	31
By employment level	Senior	88	70	90	32
	Middle	61	49	99	36
	Junior	33	26	81	29

Notes:

1. Average training hours is the ratio of total training hours of employees to the total number of employees. The average training hours for 2021 has been restated due to the changes in calculation methods.

4.4 Employment and Welfare Policies

The Group has established and continued to make use of the comprehensive human resources management system to select and absorb talents from different places through rigorous recruitment processes. We provide all candidates with equal employment opportunities without taking into consideration their gender, race, age, nationality, marital status, pregnancy, disability and religion etc. The Group advocates a diversified and anti-discrimination culture as we truly believe that employees with different backgrounds can act as the driving force for the Group's thriving development. We are also devoted to recruiting fresh graduates with different professional backgrounds. To attract talent, the Group offers a competitive remuneration package where the salary would not be less than the local minimum wage. For employees who request to resign, we will handle the cases promptly to understand the employees' opinion and remuneration will be provided on time.

For recruitment, we mainly adopt two channels including external recruitment and internal referral. To ensure that the recruitment process is open, fair and transparent, including the job positions information, resume screening, background check, interviews, physical examinations and entry approval, human resources department and department heads are responsible for overseeing and supervising the recruitment application process. All relevant laws and regulations such as the Labour Law of the People's Republic of China and Labour Contract Law of the People's Republic of China, as well as rules and systems established by the Group, were strictly followed during the recruitment process.

The Group stringently prohibits the use of child Labour and forced Labour in accordance with relevant laws and regulations such as the Provisions on the Prohibition of Using Child Labour. We never employ persons who are below 18 years old by verifying their identity cards during the recruitment process. An employment contract which clearly defines the job duties is also signed by every employee to prevent forced Labour. Once

a case of employment of child Labour or forced Labour is discovered, the Group shall immediately stop his/her work. We will also look into the reasons and review the current procedures and practices to prevent similar cases from happening again. During the Reporting Period, we have standardised and intensified our human resources management. We strictly complied with the existing regulations on Labour and employment applicable to the Group, and there were no circumstances involving material group Labour disputes. During the Reporting Period, we recorded a total of 38 individual labour litigation cases, all of which were duly disposed of, being either case closed or under appeal.

Apart from that, the Group also provides our employees with a wide range of welfare, including communication allowance, travel subsidies, holiday benefits, marriage benefits, death subsidies, physical examinations, commercial insurance, meal allowance, and birthday gifts. Employees are also assured of sufficient rest time and holidays as stated in the Labour Law of the People's Republic of China. For employees who are assigned to work in other cities, we provide them with family household allowances, daily living subsidies and family-visit benefits where appropriate with the consideration of the local situation so that employees can be free of worries and concentrate on work. Expatriates will be given priority during promotion.

In order to allow employees to balance work and life, the Group actively organises a number of employee activities every year, including daily activities, regular team building activities, family activities and festival activities as a way to maintain the work-life balance of our employees. We make adjustments to the activities according to our employees' feedback timely so that the greatest effectiveness can be attained in providing employees with the time to relax and improving the cohesion of the Group.

5. Our Environment

The Group is devoted to creating the most liveable communities with a comfortable environment for our target customers. Therefore, we place much emphasis on environmental protection at both the construction and operation stage. In fact, the environmental footprint of the Group is very limited as all our construction work is outsourced to reliable contractors. Nonetheless, there is no room for complacency and the Group manages to factor the environment into our decision-making process, business management and corporate culture. We also integrate the concept of environmental protection, from energy saving to green development, into our products and services. During the Year, the Group has set targets for the four aspects, namely greenhouse gas emissions, waste, energy consumption and water resources consumption, so as to boost green development.

Environmental Targets of the Year:

Aspects	Targets
Greenhouse Gas	• Effectively control greenhouse gas emissions
Waste	• Reduce waste emissions and increase comprehensive utilization rate of waste
Waste Sorting	• Achieve full coverage of waste sorting and increase the rate of waste recycling
Energy Consumption	• Reduce energy consumption further after the previous five-year plan
Water Consumption	• Reduce water consumption from the production and daily operation • Maximise the utilization of rainwater and protect groundwater resources

The Group strictly complies with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste. We uphold the following commitments to environmental protection and fulfill our environmental responsibility in both property development and daily operations of the Group.



- Comply with relevant requirements of environmental protection laws
- Reduce construction waste
- Save energy
- Reduce negative impacts on the environment and natural resources
- Study and design green buildings

5.1 Emissions

As a responsible property developer, the Group is dedicated to controlling and minimizing our emission in a bid to alleviate environmental problems such as global warming. While there is no water discharge from our Offices, our daily operation does generate air pollutants due to the use of vehicles and the combustion of fuels at stationary sources such as gas stove and water heater.

Air pollutant emissions of the Offices:

Indicators ^{1,2}	2022	2021
Nitrogen oxides (NOx) (g)	13,438	29,524
Sulphur oxides (SOx) (g)	249	597
Particulate matter (PM) (g)	976	2,129

Notes:

- Air pollutant emissions of the offices are calculated based on the “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Hong Kong Stock Exchange.
- During of the Year, air pollutant emissions has decreased due to the decline in vehicle emissions and the temporary closure of the canteen.

On the other hand, greenhouse gases are emitted not only from the use of vehicles, but also the use of electricity, heating, water and sewage treatment, disposal of paper to landfill, use of refrigerant as well as business trips by staff. During the Year, the Group has set a long-term objective of effectively control greenhouse gas emissions. Greenhouse gas emissions are deemed to be inextricably linked to energy and water resources. Accordingly, the Group adopts the strategies of energy and water conservation to effectively curb the increase in carbon emissions. The energy and water consumption measures are elaborated in related sections

Greenhouse gas emissions of the Offices:

Indicators	2022	2021
Total greenhouse gas emissions (tonnes) ¹	1,106	1,401
Direct greenhouse gas emissions (scope 1) (tonnes) ²	545	738
Indirect greenhouse gas emissions (scope 2) (tonnes) ³	539	615
Indirect greenhouse gas emissions (scope 3) (tonnes) ⁴	22	48
Total greenhouse gas emissions per employee (tonnes) ⁵	4.25	4.39

Notes:

- Greenhouse gas emissions of the Group include carbon dioxide, methane, nitrous oxide and greenhouse gas released from refrigerants. The greenhouse gas emissions are presented in CO₂ equivalent emissions.
- Data includes greenhouse gas emissions from the combustion fuels at stationary equipment, use of vehicles and use of refrigeration and air conditioner refrigerants of the Group, and is calculated based on the “Land Transport Enterprises – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)” issued by the National Development and Reform Commission of the PRC and “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Hong Kong Stock Exchange.

3.Data includes greenhouse gas emissions from the use of externally purchased electricity and heating, and is calculated based on the “2011 and 2012 Average Carbon Dioxide Emission Factors for Regional Power Grids in China” and “Public Building Operation Units - Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)” issued by the National Development and Reform Commission of the PRC.

4.Data includes greenhouse gas emissions from business trips by staff, water and sewage treatment and disposal of paper to landfills, and is calculated based on the Carbon Emissions Calculator of the International Civil Aviation Organization (ICAO), data provided by Shenzhen Water (Group) Co. Ltd. and the “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Hong Kong Stock Exchange.

5.The intensity is calculated based on the total number of employees of the Office, not the Group.

Waste is also a major emission from the daily operation of the Group which includes both hazardous and non-hazardous waste. The Group has set targets for waste emissions in response to the environmental protection trend of the industry. The Group advocates waste sorting and waste reduction at source. The Group endeavours to reduce waste generation, increase comprehensive utilization rate of waste and achieve full coverage of waste sorting within the Group so as to increase the rate of waste recycling. During the Reporting Period, the Offices have generated non-hazardous waste consisting of daily office garbage and food waste from canteens. Besides, hazardous waste including ink cartridges and batteries were also generated. All hazardous and non-hazardous wastes were collected and handled in a proper and legal manner by qualified parties so as to avoid detrimental impacts to the environment.

Waste generated by the Offices:

Indicators	2022	2021
Total hazardous waste¹ (kg)	106	461
Hazardous waste discarded per employee² (kg)⁴	0.41	1.45
Total non-hazardous waste³ (kg)	7,713	14,839
Non-hazardous waste discarded per employee² (kg)	29.66	46.52

Notes:

1.Data is calculated based on the actual weight of hazardous waste.

2.The intensity is calculated based on the total number of employees of the Office, not the Group.

3.Data is calculated based on the actual weight of non-hazardous waste and the “Research on Solutions to Domestic Solid Waste in Cities of China” issued by the Beijing Environmental Sanitation Administration.

5.2 Energy and Resources

Energy and resources such as water are precious resources to everyone and are crucial for maintaining the Group’ s business operation. Thereby, we set energy and water conservation as one of our major environmental commitments and implement proper and effective management on the use of energy and resources. During the Reporting Period, energy was consumed in the form of electricity usage, stationary combustion and heating in the offices, as well as fuel consumption for our vehicles. Since the Group’ s principal business is property development, no packaging materials were consumed during the Reporting Period.

Similarly, the Group has set targets for increasing both energy and water consumption efficiency. The Group endeavours to conserve water and electricity to cater for the environmental protection trend of the industry.

In order to achieve the targets, the Group decreases the water consumption from the production and office operation through enhancing rainwater utilization rate. In addition, the Group continues to implement energy resources management measures in offices for achieving the long-term target of 15% reduction of the previous five-year plan. During the Year, the energy consumption of the Group in offices has been reduced by 32% compared to 2021 level.

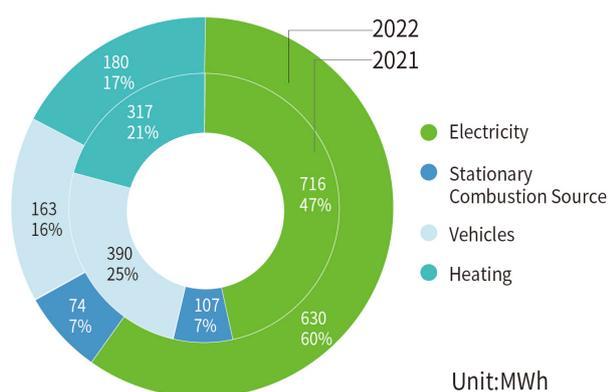
Energy and water consumption of the offices:

Indicators	2022	2021
Total energy consumption ¹ (MWh)	1,047	1,529
Total energy consumption per employee ² (MWh)	4.03	4.79
Total water consumption ³ (m ³)	11,948	18,656
Total water consumption per employee ² (m ³)	45.95	58.48

Notes:

- 1.Data is calculated based on the “Land Transport Enterprises – Guidelines on Greenhouse Gas Emission Accounting and Reporting (Trial)” issued by the National Development and Reform Commission of the PRC and “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Hong Kong Stock Exchange.
- 2.The intensity is calculated based on the total number of employees of the Office, not the Group.
- 3.Data is calculated based on the record of actual water consumption of the Group. Water consumption has increased and returned to the original level in response to the alleviation of COVID-19 pandemic in the Year.

Energy Consumption by Type:



5.3 Green Office Operation

In order to reasonably manage emissions and conserve energy, the Group has adopted multiple measures to reduce our resource consumption and greenhouse gas emissions.

Electricity saving is the major part of our environmentally-friendly actions. Most of the offices of the Group were designed and installed with electricity-saving facilities. For example, large sunshade curtains were installed at windows to avoid heat loss, hence lowering electricity wastage on air-conditioning. We also use light-emitting diode (“LED”) lamps which have much longer lifespan and higher energy efficiency, thereby

saving up to 70% electricity. Besides, we have installed timers on power switches which can control the power supply for the entire company according to working hours, while employees are also able to manually control the power supply for their work if necessary.

Other than the above mentioned facilities, actions are also carried out by employees to reduce electricity consumption. The Group encourages employees to turn off air conditioning 15 minutes before getting off from work so that energy can be saved without affecting their work. Brightness of computer monitors is also appropriately adjusted so as to save energy and at the same time protect the eyes of employees.

With regard to air pollutants, we not only use environmentally-friendly materials to effectively control the amount of total volatile organic compounds and formaldehyde, but also install advanced air-conditioning system to reduce the amount of PM2.5 indoors. In order to cut down on the emission of air pollutants from the use of vehicles, we have installed charging piles in our parking lot to promote the use of electric vehicles.

Adding to energy conservation are the measures implemented for paper saving. The Group advocates waste paper recycling, the use of recycled paper and using both sides of the paper as far as practicable. We strongly promote paperless office and capitalise on electronic means in handling documents. Pencils made of recycled paper are also produced and used through the cooperation with pencil manufacturers. It is our conviction that saving paper in every aspect is the best way to protect the forest and our environment.

Due to the fact that water is a precious resource, the Group places exceptional importance onto the conservation of water resources. The Group places reminder notices within washrooms to remind employees to conserve water, raising their awareness towards water conservation. During the Reporting Period, the Group did not encounter any issues related to sourcing water. Other than that, the Group advocates reducing food waste, therefore canteens adjust their food material order quantity according to number of employees, minimizing food waste.

5.4 Project Management

Planning and Designing Stage

Grasping the possible impacts of a project on the environment and society in advance could help us to identify potential obstacles at the initial stages of development so that solutions can be made as early as at the stage of designing. Therefore, in the planning stage, we conduct analysis and feasibility study on a project from its financial and technical prospects, whereas the environmental benefits are also considered. Before construction of an approved project, we submit environmental report, environmental impact statement and environmental impact registration form of the project to the local environmental protection authority for approval. Besides, throughout the construction period, we strictly conform to the applicable standards on air pollution, noise as well as sewage and waste discharge as approved by the government, and take such standards into consideration in the overall design, construction and operation of the project plan. Integration between human living environment and the natural environment has long been our planning and designing focus, aiming to minimise the damage to or transformation of the original landscape and vegetation.

In addition, we have increased the proportion of fine decorations in each project in construction at the designing stage, so as to reduce material waste, noise pollution and other pollution caused by owners' decoration after the delivery of roughcast houses. For example, we have launched an array of fine decoration standards in the projects in Chongqing, Wuxi and Qingyuan as options for customers, while certain soft decoration such as wooden flooring, sanitary ware and kitchen appliances were purchased in a centralised manner.

Supplier Bid Solicitation Stage

Our property project development involves a large number of contractors and suppliers. In order to foster their improvement in sustainable development, we take into account the performance regarding environmental protection when selecting partners. Moreover, we also encourage our partners to employ eco-friendly equipment and facilities and adopt or develop new technologies in this aspect. For details, please refer to “Our Operation – Supply Chain Management” .

Construction and Acceptance Stage

As a way to avoid environmental pollution arising from construction, the Group requires our contractors to take effective measures including but not limited to the actions as follows:

- 1.To reduce blowing dust throughout construction procedures, main roads at construction sites are hardened; car washing stations are set up at entrances and exits of construction sites while sealed cover trucks are used to transport earthwork, waste soil and construction waste; sealed barriers are added to material storage areas and processing areas; areas are promptly cleared and cleaned after use.
- 2.To reduce the noise and impact caused by the construction, noise detectors are set up at construction sites; the time period of which construction is performed are strictly limited; noise prevention and reduction measures are implemented in every construction process.
- 3.To increase the utilization of water resources and reduce water pollution and wastewater emissions, temporary water usage plans are modified; water usage are strictly controlled throughout the construction stage; rain water on rooftops and the ground is collected and reused; wall and pillar cement are moisturised and protected with misting equipment.
- 4.To increase operation efficiency whilst conserving energy, construction equipment, machinery and office equipment that are recommended by Country and industrial standards as energy-saving, efficient and environmentally friendly are prioritised; electricity meters are installed at construction and office sites while temperature and humidity standards are set along with usage time limits.
- 5.To increase material usage efficiency and reduce material wastage, construction material planning before construction are improved to be more comprehensive; materials that are able to fulfil usage needs are encouraged to be recycled and reused.
- 6.To reduce the impact on neighbouring residencies by light emitted from construction sites, appropriate lighting adjustments in terms of direction and equipment are made during night-time constructions; while welding work are appropriately covered and blocked out at all times.
- 7.To reduce water and soil pollution, oily materials and chemical solvents are appropriately treated and stored with designated personnel assigned to monitor; concrete pumps are strictly managed according to the construction site plan.

We carry out a series of measures in order to ensure that the contractors have complied with the aforementioned laws and regulations during construction, which include inspecting building materials on the sites and refusing those not fulfilling the requirements of environmental laws and regulations, conducting weekly field samplings, performing noise, electromagnetic radiation and concrete fills tests and requesting contractors to immediately perform remediation in case of any problems. During the Reporting Period, all the emission indicators of our contractors reached national or local emission standards, and there were no

material violations against national or local laws and regulations on environmental protection and pollution control applicable to the Company. The Group did not receive any material punishment imposed by any administrative authority or regulatory authority.

5.5 Community Operation

The Group adopts the following energy and waste management schemes in property management:

1. We take the following water saving measures:

- Record the readings of master and branch water meters regularly and conduct investigations once abnormal readings are found
- Inspect the status of leakage proof of cooling towers and expansion tanks regularly
- Check water supply pipelines to stringently prevent all sorts of leakages
- Improve the irrigation method for green lands and save water used for green lands

2. We take the following electricity saving measures:

- Reduce the wattage, quantity and lighting time of lamps provided where public lighting is not affected
- Minimise the frequency to restart equipment to improve its utilization efficiency

3. We take the following waste disposal scheme:

- Install waste collection and recycle facilities within the community appropriately to reduce littering
- Advocate waste sorting through segmenting three separate areas within the waste collection site for different types of waste, including recyclable waste, kitchen and food waste, and other waste
- Encourage residents in the community to recycle and reuse daily items to reduce the amount of waste produced

4. Conduct energy efficiency assessments for the properties managed by the Group, in order to ensure that the energy conserving facilities used in the properties and their energy efficiency are able to achieve national standards.

5. Guided by relevant government documents, we publicise the significance and specific ways of energy saving and consumption reduction on bulletins so as to raise the awareness of energy saving among the property owners.

At the same time, the Group conducts indoor air quality inspections and monitoring for properties to be sold, as a gesture showing that we care for the health of the community. The Group entrusts authorised testing organizations to conduct indoor air quality assessments for properties, ensuring that the indoor air quality reaches national and regional standards, maintaining harmful air pollutants within indoor areas at a low level, providing clients with a quality living and working environment.

5.6 Responding to Climate Change

In recent years, issues related to climate change and greenhouse gas emissions have attracted international attention. In response to this, the Group has also strengthened the climate-related risk management in order to prepare the potential impacts on business operation brought by climate change. Due to the continuous impact of climate change, the Group may encounter more severe extreme weather events, such as strong typhoons and heavy rain, potentially disrupting the supply chain and making transportation difficult. Meanwhile, in response to the global concern about the environment and climate, numerous products and services may face more stringent regulations on aspects such as energy efficiency and greenhouse gas emission intensity, potentially increasing the Group's environmental compliance responsibility and risks of litigation, resulting in increase in operating costs and decrease in productivity. The capital costs may also increase due to the implementation of corresponding new practices and purchase of energy-saving and emission-reducing equipment. On the other hand, as public awareness of climate-related issues are growing, which may change stakeholders' expectations for and perceptions of the Group's products, and there may be higher requirements for the Group's performance in environmental and emission related aspects. Therefore, the Group's products and services have to adjusted according to meet the expectations of consumers.

In order to cope with related risks and respond to the expectations and issues concerned by stakeholders, the Group has formulated and adopted an array of measures during the Reporting Period, including reviews on related policy and regulation updates, so as to identify potential climate-related risks and opportunities that may have financial impacts on the Group's business. Besides, the Group also monitor and evaluate the business that may be affected by climate-related risks to identify potential hazards and take corresponding preventive measures and actions. For instance, in light of the extreme weather arisen from climate change, the Group has implemented an emergency management plan, and regularly conducted evacuation drills, in order to review and improve the current evacuation exercise. We have also established relevant work guidelines and issued safety warnings under special weather events to notify employees of relevant special work and safety arrangement to protect their health and safety. The Group has also set up a legal team to identify and monitor climate-related litigation and relevant legal risks encountered by the Group. At the same time, the Group attaches great importance to the supply chain management. We not only assess the parts which may be affected by extreme weather in the supply chain and identify other alternative supply sources, but also require suppliers to adopt relevant preventive measures, so as to mitigate the impact of climate change on the Group's supply chain.

6. Our Community

The main business of the Group is property development and community operation, therefore the Group is in itself and inevitably linked to community contribution. Sticking to our vision in providing houses with the highest cost-performance ratio in the world, we spare no effort in cutting cost while at the same time providing houses and community with the best quality. Apart from making our properties physically comfortable, we lay emphasis on the mental and social health of our customers by promoting social interaction, stimulating youth culture and fostering parent-child relationship in families. In addition to our development and construction projects, our commitment to caring for the community can also be reflected by our efforts in supporting the development of start-ups and local education, as well as the efforts made on historical culture conservation. The amounts of contribution and the hours of activities hosted by the Group during the Year are listed below:

Community Contribution		2022
Aspects of Contribution	Contribution Amount (RMB)	Hours of Activities Hosted
Culture¹	1,286,595	5,490
Sports²	60,800	1,211
Education³	7,600	430

Notes:

- 1.The Group has organised cultural activities including cultural events of history and traditional festivals, art exhibitions and music festivals for promoting Chinese culture.
- 2.The Group has assisted in organizing sports competitions so as to support the local sports development.
- 3.The Group has organised a variety of talks and seminars for passing on skills and social experience.

6.1 Promoting Social Interaction and Nurturing Start-up

The Group has always focused on the creation of social platform and business prospects during the development of product lines and projects. In view of the rising demands for a higher living standard and quality from the public in the new era, the Group focused its attention on the idea of shared living lifestyle, establishing the “Phoenix Community” (a social-oriented apartment) and Club Himalaya. These projects aim to create a dynamic social platform, so as to cater the social life demands from people in this modern era.

Case – Changsha Sunshine 100 Phoenix Street

With the COVID-19 epidemic trend beginning to stabilize near the end of 2022, in order to protect the people’ s livelihood, restore the community’ s economic vitality, stimulate employment and consumption in the community, the Group launched 2 major community events, being a series of neighbourhood association organized events and a night market:

Neighbourhood Association Organized Events

Through a series of thematic events such as New Year celebration, “Colorful Life” festival, rice dumpling tasting for Dragon Boat Festival, Urban Boxing Challenge, and the 3rd Automobile Consumer Festival of Yuelu District, the Group was able to concentrate resources into the community and attract tourists, in turn creating value for the businesses and owners in the area. The establishment of the Neighbourhood Association will serve as a bridge for communication, sharing and value creation, and will play an increasingly important role in the future.



“Starlight Night Market” 「星辰夜肆活动」

Seizing on the favourable business opportunity after the pandemic has relaxed, the Group has been actively trying to ease the restrictions on “street vendor economy” . Beginning on 18th August, 2022, the Group has been operating the “Starlight Night Market” , with stalls operating at night to help recover the post-pandemic economy. So far, nearly 100 stalls have been allowed on the inner

streets, directly and indirectly increasing employment by over 200 people. Combined with its rich experience in online and on-site activities, Starlight Night Market continues to create pop-up content and hotspot activities to continuously attract visitors.



6.2 Stimulating Youth Culture

Every community consists of people from different age groups. Throughout the project development process, the Group considers the unique needs of each age group, and place them into the project design and motivation consideration. Besides children and the elderly who are usually the age groups that receives the most social focus, the Group has never neglected the youth generation's needs and puts great emphasis on them. Therefore, the Group advocates the young lifestyle, combining the spiritual and cultural needs of youngsters, and utilizing multiple resources to organise various events like music festivals, street dance contests and trend parties in places like Lijiang and Yaobu Ancient Town. The multitude of events blend together top fashion trends, entertainment and culture, in turn promoting youth culture by creating more channels for the younger generation to blend into the community, as well as forming a spectacular lifestyle all around the Country.

Case – Lijiang Sunshine 100 Snow Mountain Art Town 「麗江陽光 100 雪山藝術小鎮」

2022 Snow Mountain Music Festival

Leveraging its rich experience in organizing music festival, the Group co-organized the 2022 Snow Mountain Music Festival under the combined guidance of Lijiang Municipal Committee of the Communist Part of China, the Lijiang Municipal People's Government, and the Publicity Department of the Lijiang Municipal Committee of the Communist Part of China. The 2022 Snow

Mountain Music Festival was broadcasted on Hunan Broadcasting System and Lijiang Radio and Television. Performing guest artists includes well-known singers and bands such as Xu Wei and Cui Jian. The Group is committed to creating a music lifestyle scene in Lijiang that integrates culture and art, and showcases Lijiang's cultural tourism appeal in a diversified manner.

The festival won public recognition and praise, with more than 20,000 pieces of information recorded during the festival, including more than 9,300 videos, 6,670 Weibo posts, 3,550 client messages, 570 media and website articles, 425 WeChat articles, and 71 forum threads. The related articles and videos were read and viewed over 150 million times, with over 100,000 comments from online users. Among them, the Lijiang Snow Mountain Music Festival received over 100 million plays on Tiktok, and the Weibo topic #LijiangSnowMountainMusicFestival was read 3 million times with 5,337 discussions.

The project has successfully promoted the integration of culture and tourism in Lijiang, giving recognition to the "Culture Lijiang" brand and inspiring future development possibilities for the project, as well as increasing the chances of cooperation with the government and major platforms.



6.3 Supporting Local Education

The Group has continuously promoted the development of local education by adding educational elements into different projects, letting customers receive different learning opportunities according to their specific educational needs outside regular learning at school. During the Reporting Period, to promote localized arts education, the Group has organised several arts activities in Lijiang, Yaobu, Shenyang, Weifang, and Changsha, such as art festival, talks, and education trips. The Group also supports nature education as usual to continuously set up nature school, allowing children to enter and learn from nature.

Case – Lijiang Sunshine 100 Snow Mountain Art Town 「麗江陽光 100 雪山藝術小鎮」

The 1st Snow Mountain Art Festival 「首屆雪山藝術節」

During the Year, the Group held the 1st Snow Mountain Art Festival at the Snow Mountain Art Village 「雪山藝術村」, committed to using art as a medium to integrate the most vibrant contemporary cultural genes into Lijiang, creating an art ecosystem and making Lijiang a contemporary art base. As a multi-faceted art festival, the Snow Mountain Art Festival brings together over 30 contemporary musicians, folk musicians and international artists in an immersive art carnival with group exhibitions, art forums, Snow Mountain Music Festival, Wilderness Country, Pan-Outdoor Culture, Snow Mountain Night Market, and artist studio open days.

An exhibition of paintings by resident artists from the Snow Mountain Art Village and an invitational exhibition of contemporary literati and ink artists was held at the Snow Mountain Art Museum, and an invitational exhibition of contemporary art by renowned Chinese contemporary artist Gu Yuan was held at the Lijiang Contemporary Art Museum.



Case – Changsha Sunshine 100 Phoenix Street

Study Tour for Primary and Secondary School Students in Changsha

Sunshine 100 Phoenix Street in Changsha joint with Ocean Cubic 「海立方海世界」 to launch the “Care for the Ocean, Protect the Azure” 「关爱海洋，守护蔚蓝」 study tour, which attracted hundreds of participating primary and secondary schools, with the event being a huge success and received unanimous praises.

The study tour was a comprehensive upgrade from the original one. From classroom planning to the development of study itineraries, the study tours provide a deeper understanding of marine culture and raise awareness of protecting the marine environment, teaching and learning at the same time. The Marine Theatre is a break from the traditional performance format, with more fun interactive games and knowledge lessons.

6.4 Blending History and Modern Culture

The Group advocates the co-existence of historical and modern culture in the same community and city, in hopes to help the public remove the idea to greed for the new and learn to admire the beauties of historical culture, while at the same time discover the freshness of blending history and modern culture. Last year, the Group held numerous events with the theme of historical Chinese culture across the country, closing the distance between history and people. Festive events held by the Group included the 3rd Mid-Autumn Festival at Yaobu and the family-oriented DIY lantern-making workshop in Yuandu Book Store at Weifang, with the goal of educating tourists on the trivia and meaning of the festival. The Group has also held a Chinese traditional clothing (“Hanfu”) street photo shoot at Weifang, showcasing the beauty of Hanfu, conveying the Chinese ancient charm and bringing people closer to history. .

Case – Weifang Sunshine 100 Phoenix Street

During the Reporting Period, the Group held family-oriented DIY lantern-making classes and Hanfu street photo shoot at Weifang, utilizing lanterns and Hanfu to display the local folklore, conveying the ancient Chinese charm and educating the public about the meaning of the festival.

DIY lantern-making workshops in Yuandu Book Store, Weifang

As the first branch of Weifang City Library, the Yuandu Book Store has been operating with the motto of “Promote traditions and culture, nourish reading habits, and foster parent-child relationships,” since its establishment. Ever since the Yuandu Book Store started organizing annual family-oriented events 5 years ago, it has accumulated a large supporter base. During the Reporting Period, the Group invited Miss Li Mei, a representative inheritor of the cultural heritage in cat-shaped lantern making, to hold family-oriented DIY lantern-making workshops. These workshops aimed to promote the excellent traditional culture of our country, to lead them through the lantern-making technique and to let them grow up happily in the company of their parents.



“Chinese Beauty” Hanfu Street Photo Session in Weifang

Hanfu is the manifestation of China’ s long, rich history and culture. With the goal being to encourage the younger generation to learn, inherit and promote the Hanfu tradition and culture, the Group organized a street photo shoot for the Hanfu enthusiasts at the Sunshine 100 Phoenix

Street in Weifang, while also celebrating the national day of China. The Group also invited a local photography club “New Starfish Photography Club” to take photos and award prizes to the best works. The event has since received universal praises and support among the young people.



6.5 Community Donations, Volunteering

The Group actively fulfilled its corporate social responsibility by organizing various volunteer and community donation activities during the Year, including donation of epidemic prevention and control materials, book donations, charity tea parties, and Dental Care Day.

Case – Wuxi Sunshine 100 Arles

Wuxi Yang Guang Li Block Charity Tea Party for the Students and Disabled

4 local communities in the Sunshine Lane district collaborated to host a fund raising tea party at the Phoenix Hills Commune, which includes, Tianyang community, Xin Liang Xi Tea Club, Shang Tian town, and Shan Shui Ya. This charity tea party attracted participants from all parts of the community, which includes tea enthusiasts, tea makers, and fund raising enthusiasts. The charity tea party successfully raised \$10,000 for education fund, which allowed the Group to provide education aids to 5 separate families in poverty in the Tianyang Community in the Huishan District.



7. Conclusion

Throughout the Reporting Period, the Group has exerted every effort in achieving our ESG-related work and has left little to be desired. Responding to our stakeholder' s expectations, particular attention has been paid to aspects including legal compliance, employees' health and safety, training and development, products and customer service quality, as well as information protection. We also continued with implementing environment-related measures and improving the Group' s environmental performance as well as enriching our community projects and events. Looking forward into the future, the Group will remain vigilant about the potential environmental and social risks throughout our business operation and development. We will also continue to make strides towards improving our ESG policies, enhancing city functions, caring for our employees and customers, as well as capitalizing on natural and cultural resources in order to construct more sustainable communities of high values. It is hoped that our vision and philosophy will continue to spread through the industry, while bringing lasting benefits to society.

