



恒盛地產
GLORIOUS PROPERTY

Environmental,
Social and
Governance Report

2019

築·極致人生

The Ultimacy of Life



GLORIOUS PROPERTY HOLDINGS LIMITED

Stock Code: 00845

(Incorporated in the Cayman Islands with limited liability)

Contents

2 Overview/About This Report/Stakeholders Engagement

A. Environmental Sustainability

3 A.1 Emissions

4 A.2 Use of Resources

7 A.3 Environment and Natural Resources

B. Social Sustainability

9 B.1 Employment

10 B.2 Health and Safety

11 B.3 Development and Training

12 B.4 Labour Standards

12 B.5 Supply Chain Management

13 B.6 Product Responsibility

15 B.7 Anti-corruption

16 B.8 Community Investment

Overview/About This Report/Stakeholders Engagement

OVERVIEW

Glorious Property Holdings Limited (the “Group”, the “Company” or “we”) is principally engaged in property investment, development and management businesses in the People’s Republic of China (“PRC”). The Group views global sustainable development with exceptional concern while continuously developing its businesses, and strives for balanced development in the social, economic and environmental aspects. We are pleased to publish this Environmental, Social and Governance Report (the “Report”) for 2019, which demonstrates the Group’s commitment, policies and performance of environmental, social and governance management and corporate sustainability.

ABOUT THIS REPORT

This Report has been prepared in strict compliance with the requirements under the Environmental, Social and Governance Reporting Guide in Appendix 27 of Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited. Unless otherwise stated, this Report covers the operation of the Group’s headquarter in Shanghai and two residential and affiliated commercial property projects in Shanghai and Nanjing respectively, with an aggregate gross floor area of 260,000 square metres. The reporting period covered in this Report is from 1 January 2019 to 31 December 2019 (the “Reporting Period”). The key performance indicators that are required to be reported in accordance with the Environmental, Social and Governance Reporting Guide have been fully disclosed under the sections headed Environmental Sustainability and Social Sustainability in this Report. In addition, this Report not only complies with the reporting principles of the Environmental, Social and Governance Reporting Guide, but also states that it is compliance with relevant laws and regulations of the jurisdiction where it operates. Both English and Chinese versions of this Report have been uploaded to the Group’s website www.gloriousphl.com.cn. The Chinese version of this Report shall prevail in case of any inconsistency.

STAKEHOLDERS ENGAGEMENT

Stakeholders refer to the groups and individuals materially influencing or being influenced by the Group’s businesses. Our stakeholders include the government, regulatory authorities, shareholders, employees, directors, customers, suppliers, the general public and etc. We understand that maintaining effective and constant communication with our stakeholders and providing responses and solutions for the problems concern them is essential for our business development and fulfillment of corporate social responsibility, and also helps the Group understand the sustainability topics that particularly concern our stakeholders, which in turn enables us to make appropriate, relevant and effective responses. During the Reporting Period, we communicated with our stakeholders through various channels, including on-site visits, telephone conferences, the Company’s website, the follow-up services provided by our customer service personnel, among others. We prepared this Report based on those environmental, social and governance topics that our stakeholders considered important.

The Group welcomes comments and feedback from its stakeholders, especially those regarding its approach and performance of sustainable development. Readers are welcomed to share their valuable views with the Group at info@gloriousphl.com.cn.

A. Environmental Sustainability

A. ENVIRONMENTAL SUSTAINABILITY

This section primarily contains disclosures of the Group's policies and key performance indicators in respect of emissions, use of resources and the environmental and natural resources in 2019.

A.1 Emissions

Environmental protection and climate change are among the most globally concerning issues nowadays. Therefore, the Group considers environmental protection as our target of sustainable development. Accordingly, we take into account environmental factors while developing our businesses, thereby supporting our continuous business growth and risk management and creating long-term value for our stakeholders. As the core businesses of the Group consume certain amount of various natural resources, direct and indirect greenhouse gas emissions are inevitable. Thus, we strictly adhere to the principles of green production to enhance our energy efficiency in production, reduce natural resources consumption and raise our employees' environmental protection awareness, so as to realize environmental protection and promote sustainable development, thereby fulfilling our due social responsibility as a corporate citizen. The Group has strictly complied with relevant laws and regulations in relation to environmental protection in the PRC. We discharged pollutants in strict accordance with the statutory requirements and standards to ensure that the emissions of greenhouse gases, sewage and waste were in compliance with relevant laws and regulations. We have stipulated several environmental management policies and measures, such as the carbon emission management policy, the energy consumption management policy, the water consumption management policy, the waste management policy and the green procurement policy, in an effort to minimise the impacts of the Company's operation on the environment. We have referred to and complied with the requirements of the ISO14001 environmental management system. The Group has adopted the Assessment Standard for Green Building (綠色建築評價標準) (GB/T 50378-2014), the latest national standard, for all the properties that it has developed, in an effort to integrate environmental protection elements into the design, construction, operation and maintenance cycle of its buildings, so as to promote green development in all aspects and reduce the carbon emissions of buildings in their life cycle.

During the Reporting Period, the Group generated 2,420.3 tonnes of nitrogen oxides, 12.0 tonnes of sulphur oxides and 26.9 kg of particulate matter. During the same period, the total greenhouse gas emissions from the Group amounted to 1,513.0 tonnes of carbon dioxide equivalent, which were mainly arisen from its production processes (Scope 1), electricity consumption in daily operation (Scope 2), and paper consumption and employees' miles travelled on business trips (Scope 3). As mentioned above, we have adopted a number of measures to reduce greenhouse gas emissions. Details of those related to the reduction of electricity, water, gasoline and paper consumption, please refer to the section headed A.2 Use of Resources in this Report.

Table 1: Amount of Various Types of Emissions in 2019

Gas	Unit	Amount of Emissions
Nitrogen oxides (NOx)	tonnes	2,420.3
Sulphur oxides (SOx)	tonnes	12.0
Particulate matter	kg	26.9

A. Environmental Sustainability

Table 2: Amount of Various Types of Greenhouse Gas Emissions in 2019

Key Performance Indicator	Unit	Amount of Emissions
Scope 1 (direct emissions)	tonnes of CO ₂ equivalent	33.0
Scope 2 (indirect emissions)	tonnes of CO ₂ equivalent	1,170.6
Scope 3 (other indirect emissions)	tonnes of CO ₂ equivalent	309.4
Total	tonnes of CO ₂ equivalent	1,513.0

- ### Hazardous and Non-Hazardous Waste

The Group requires its contractors to use low volatile building materials to mitigate the impacts on its construction workers, clients and the environment. We require our contractors to use building materials which contain volatile organic compounds at a level no higher than that prescribed in the 10 Mandatory National Standards for the Limits of Hazardous Substances in Interior Decoration Building Materials (室內裝飾裝修材料有害物質限量10項強制性國家標準). In addition, building materials are required to be tested for fulfilling certification requirements before tendering and construction, and selected products must be granted the green label scheme certification or pass a test conducted by a laboratory with relevant qualifications. Composite wood and fibre products shall not contain excess formaldehyde.

The Group requires its contractors to dispose of waste at the construction sites on their own. In order to effectively ensure that our contractors implement our waste reduction targets, we contractually require all contractors to reduce the generation of solid waste in construction, and to place the waste by category and put clear labels (e.g. toxic, hazardous, recyclable and non-recyclable) on them. In particular, we have set different targets for different types of waste. For example, the reuse rate of construction waste such as gravel and earthwork can be increased through foundation backfilling and paving. The Group has set a target for residential buildings that the construction waste shall not exceed 400 tonnes per 10,000 square metres.

In addition, we require the Company's offices to adhere to the 3R principles of Reducing, Reusing and Recycling, so as to actively reduce waste.

A.2 Use of Resources

The Group has been paying attention to the environmental impacts of using natural resources in operation. In order to effectively manage the use of various types of natural resources, we have kept track on their usage and launched a series of internal control systems for the procurement and use of natural resources. During the Reporting Period, the resources consumed by the Group were mainly electricity, water, gasoline, and paper.

Table 3: Amount of Various Types of Resources Used in 2019

Resource Used	Unit	Amount
Electricity	kWh	1,201,091
Water	m ³	55,469
Gasoline	litre	13,966
Paper	kg	62,500

A. Environmental Sustainability

- **Electricity**

The Group's electricity consumption is mainly attributable to its production bases and offices. We encourage our staff to reduce electricity consumption in daily operation and make sure that all of them adhere to the electricity-saving measures and at the same time inculcate in them the importance and methods of reducing electricity consumption. Meanwhile, we have actively explored the adoption of more energy-saving, efficient and environmentally friendly construction equipment, machinery and tools and office supplies. The measures that we have initiated for reducing electricity consumption at our offices include:

- ✓ Installing energy-saving tube lights at our offices;
- ✓ Displaying environmental protection labels for electricity-saving at our work place to cultivate good habits of electricity-saving;
- ✓ Maintaining ventilation mainly by keeping the windows open as often as possible in Spring and Autumn, in order to reduce the use of air conditioners;
- ✓ Adjusting the air conditioning systems to keep the room temperature of our offices at 25 degree Celsius.

For property design, the Group has developed properties with high energy efficiency in accordance with the requirements of the Design Standard for Energy Efficiency of Public Buildings (公共建築節能設計標準) (GB50189-2015), the Design Standard for Energy Efficiency of Residential Buildings in Hot Summer and Cold Winter Zones (夏熱冬冷地區居住建築節能設計標準) (JGJ134-2010) and the Design Standard for Energy Efficiency of Residential Buildings in Severe Cold and Cold Zones (嚴寒和寒冷地區居住建築節能設計標準) (JGJ26-2010). We also require contractors to take the following measures to reduce energy consumption:

- ✓ Installing energy-saving lamps such as LED lights in the construction area, office area and living area of each construction site;
- ✓ Displaying reminding labels with "Save electricity and turn off the power after work" in different areas;
- ✓ Adopting energy-saving and efficient mechanical equipment and technology, such as energy-saving construction equipment with frequency conversion technology;
- ✓ Rationally selecting construction machinery and equipment, and avoiding the use of equipment, machinery and products that do not meet the requirements for energy conservation and environmental protection;
- ✓ Carrying out regular repair and maintenance to maintain the low power consumption and high efficiency of machinery and equipment;
- ✓ Using solar street lights which receive solar radiant energy in the daytime, convert it into electrical energy, store it in the storage battery through a charge and discharge controller, and discharge it to the lamp caps through the storage battery at night.

A. Environmental Sustainability

- **Water**

The Group's water consumption is mainly attributable to its production bases and offices. We regularly emphasise the importance of water conservation to our employees and require them to save water. Not merely we have cut off unnecessary water consumption from the sources, but also actively formulated measures to reuse water. We encourage contractors to give priority to non-traditional water sources and try not to use municipal tap water. For instance, a sewage pool will be set up at each construction site for wastewater treatment, and the treated wastewater will be used for washing on-site machinery and tools, equipment and vehicles, spraying the road, watering plants and other purposes, in an effort to reuse more than 30% of the non-traditional water sources and circulating water in construction.

The Group has also established strict requirements for water consumption of contractors that they are required to implement water metering management through installing water meters in the living area and construction area in their construction sites to measure water use separately, regularly collecting water consumption information at their construction sites, setting up statistical accounts for water consumption and water conservation and carrying out statistical analyses and comparisons to improve the efficiency of water conservation.

The Group's offices have also employed water-saving systems, water-saving appliances and equipment, such as low-water-consumption flushing toilets, sensor faucets or time-delay self-closing flushing valves. Effective measures have also been taken to avoid leakage of water pipes. In order to protect the groundwater environment, we have adopted slope protection technology with good waterproof performance to prevent groundwater from being polluted due to property construction.

- **Gasoline**

The Group's gasoline consumption is mainly attributable to its vehicles used in daily operation. We use high-efficiency and low-emission gasoline to minimise the environmental impacts. Meanwhile, we tempt to select and purchase fuel-efficient vehicles and require our staff to travel by public transport as far as possible, so as to reduce the greenhouse gas emissions. We have also implemented the following measures:

- ✓ Providing our employees with video and audio conferencing systems and encourage them to use such systems to facilitate our operation and management, so as to reduce business travel and the use of related transportation;
- ✓ Advocating the idea of using local materials and giving priority to local suppliers. Our contractors are advised to use building materials produced within 400 kilometres from their construction sites, and the amount of such building materials used should account for more than 70% of the total weight of the building materials used; and all office supplies and other fixed assets are acquired from local suppliers.

A. Environmental Sustainability

- **Paper**

The Group's paper consumption is mainly attributable to its promotional and marketing materials and offices. We require our suppliers to provide certification showing the environmental protection standards for the paper we purchase. In addition, the Group pays particular attention to the daily operations that consume paper and has implemented measures including:

- ✓ Establish an electronic office administration system to reduce paper-based applications in an attempt to create paperless offices;
- ✓ Encourage staff to avoid printing and reuse paper;
- ✓ Encourage double-side printing and try to use both sides of paper;
- ✓ Utilise electronic devices to promote different products to our clients.

A.3 Environment and Natural Resources

Save for aforementioned resource consumptions and emissions, both the use of building materials and environmental management of construction site are considered as activities resulted from the Group's operations that have a direct and significant impact on other environments and natural resources. We believe that sound management of building materials and effective use of resources serves not only to reduce operating expenses, but also reduce the impact on the environment. Therefore, the Group has always attached great importance to the management of building materials. In the course of undertaking construction works, we guide and supervise contractors to implement the following measures to ensure the effective use of construction materials:

- ✓ Arrange reasonable procurement of materials (including arrival time and batches) according to construction progress and inventory level, to reduce inventory pileup;
- ✓ Adopt technical and management measures to increase turnover of frameworks and scaffolding;
- ✓ Promote the use of high-strength reinforced steel and high-performance concrete to reduce resource consumption;
- ✓ Optimise the formulas for reinforced steel and steel components. Double check the orders and samples before bulk production of reinforced steel and steel components;
- ✓ Perform overall layout planning before veneering construction to reduce the quantity of fragmented veneer bits;
- ✓ Use self-adhesive sheets to reduce the amount of liquid adhesive used on site.

A. Environmental Sustainability

The Group puts in place the Green Construction Measures to control various environmental emissions of contractors, and strictly supervises the implementation of such measures in accordance with relevant environmental laws and regulations, so as to minimise the environmental impact of its project construction on the surrounding environment.

- ✓ Take effective anti-dust measures on site, such as watering, hardening of ground, fencing, dense mesh covering and closure;
- ✓ Ensure that dust control at construction sites meet the National Level 2 Emission Standard;
- ✓ Noise shall not exceed the limits under the national standard — Noise Limits for Construction Sites (GB12523-90);
- ✓ Perform real-time monitoring and control of noise at the construction sites;
- ✓ Apply for a sewage discharge permit in accordance with the discharge requirements;
- ✓ Engage a qualified agency to carry out wastewater quality testing;
- ✓ Ensure that the sewage discharged meets the national standard — Comprehensive Sewage Discharge Standard;
- ✓ Set up temporary waste storage sites;
- ✓ Placement of waste by category with clear labels;
- ✓ Hazardous solid wastes are required to be collected by category and stored in a closed confinement;
- ✓ After a certain amount of waste is accumulated, the waste shall be handed over to a qualified local collector for centralised disposal.

Looking forward, the Group will continue to closely monitor the environmental protection policies and regulatory trends in the PRC and worldwide. To stay abreast of times, we will invest in the corresponding environmental protection construction projects as appropriate, and actively seek breakthroughs from the past so as to improve the overall environmental performance.

B. Social Sustainability

B. SOCIAL SUSTAINABILITY

This section primarily discloses the Group's policies and key performance indicators with respect to employment, health and safety, development and training, labor standards, supply chain management, product responsibility, anti-corruption and community investment in 2019.

B.1 Employment

Talent is regarded as one of the most vital assets of the Group, as well as the driver for our sustainable development. The smooth operation of our business depends on the enthusiastic endeavor of all our employees. Hence, we are committed to providing a fair, open, safe and healthy work platform to facilitate the professional development of the staff members. The Group has a dedicated human resources committee, and strictly implements recruitment, dismissal and welfare policies in accordance with the requirements as set out in the Labor Law of the PRC and other employment-related laws and regulations, and conducts regular reviews of the Company's employment policies. We also understand that acquiring, retaining and nurturing of talents help sustain the Group's competitive edge and, accordingly, we work out an annual recruitment scheme, based on our business developmental needs at the commencement of each year. The Group is abided by the principles of "anti-discrimination" and "diversity" and is committed to creating a caring, inclusive, fair and non-discriminatory working environment. While our employees are recruited in conformity with the principles of openness and fairness, they are treated non-discriminatively with respect to recruitment, training, promotion, dismissal and retirement, irrespective of their gender, race, age, disability, family status, marital status, sexual orientation, religion beliefs, nationality or any other factors unrelated to work. When the Group considers employee for promotion, we would make reference to his or her working performance, experience and personal capacity as conditions for promotion. With appraisal assessment on employees' performance conducted on a yearly basis, we evaluate and determine the remuneration of employees based on the remuneration system developed by the Group, the overall market situation and the work duties. As such, we aim to achieve the objective of rewarding and promoting the high-performing and high-potential employees, by providing them with attractive salary package. We facilitate professional development training, encourage work-life balance and establish a safe working environment, while at the same time we set up a clearly defined dismissal and retirement system. Pursuant to the provisions of the labor contract, any dismissal of employees must be based on reasonable and lawful grounds. The Group strictly prohibits any unfair or unreasonable dismissal. In accordance with the requirements of national laws, the Group will process retirement procedures for those employees who have since reached the statutory retirement age. Where an employee commits any gross negligence or damages the interests of the Group, we will go through dismissal procedures in accordance with the Labour Law of the PRC. In the event of a work-related accident, the Group will make reasonable compensation and handle it properly in accordance with relevant laws and regulations. We are concerned with the physical and mental health of employees and their work-life balance. Through arranging various after-work activities and training courses, the Group intends to enhance the skills of the employees and strengthen team bonding.

B. Social Sustainability

As of 31 December 2019, the aggregate number of the Group's employees covered by this Report was 74 and all of the aforementioned employees located in the PRC. During the Reporting Period, 11 employees resigned and all belonged to general staff, representing an annual turnover rate of 15%.

Table 4: Employees by Category as of 31 December 2019

Male		Female	
40		34	
Below 30 years old	31–40 years old	41–50 years old	Above 50 years old
5	31	22	16
Senior Management	Middle Management	General Staff	
6	18	50	

During the Reporting Period, the Group was in full compliance with relevant laws and regulations regarding remuneration, dismissal, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, benefits and other employment-related issues that are material to the Group. We did not receive any complaints or disputes concerning employment.

B.2 Health and Safety

The property development business of the Group involves quite a handful of processes with potential health and occupational safety risks and thus, employees' health and occupational safety cannot be neglected. Therefore, we are committed to create the most agreeable working environment for our employees through improving the production processes, reducing the use and emission of hazardous substances, and preventing injuries and diseases, thereby, to minimise occupational health risks. The Group has stipulated a set of safety management solutions, provided with a sound mechanism to manage occupational health and safety-related matters, whereby its employees' security has been safeguarded and contractors are required to comply. To strengthen the safety supervision management for outsourced construction projects, the Group has formulated the rules of construction management for contractors. Based on the assessment of contractors' safety management capacity, the Group enters into safety agreement with contractors, whereby clearly sets out each safety rule to preclude the occurrence of outsourced construction accidents.

Regarding both direct employees under the Group and contractors, they shall all comply the national laws related to occupational health and safety. The Group's "Workplace Safety Rules and Policies" specifies respective responsibilities borne by each specific position. Besides, there is a set of safety reward and punishment system is in place, whereby, frontline workers are encouraged to handle safety issues properly, and safety examination at workplaces has been implemented on a regular basis. Moreover, the Group implements the following listed safety management measures to ensure the safety of all personnel entering and leaving the construction sites:

- ✓ Identify high-risk areas of work procedures, and carry out on-the-job training for employees, submit construction plans and operation rules and procedures prior to commencement of construction works;
- ✓ Set up warning boards to warn against major hazards at each high-risk construction area to alert the personnel entering the area that they must abide by the relevant safety instructions;
- ✓ Provide employees with the necessary protective equipment, facilities and tools, such as safety helmets and safety shoes;

B. Social Sustainability

- ✓ Ensure that there are sufficient sanitation facilities at the construction sites;
- ✓ Provide first aid equipment at the workplace, such as first aid kit, stretchers, etc.

To guard against all the potential hazards in the office, the Group has formulated relevant management and control measures which cover electricity safety, fire safety, tripping, slipping, falling, air quality, eye discomfort caused by improper lighting, physical discomfort caused by computers and display screen equipment, office chemical safety, back injuries and pain and office equipment safety.

In order to further protect the health of our employees, the Group purchases social insurance for its employees, provides pre-placement body checks and annual body checks for employees in accordance with the Labour Law in the PRC. If any abnormal situation is found, appropriate work arrangements and medical follow-ups will be made. We also conducted quarterly safety and occupational health trainings for our employees to enhance their safety and health awareness. The human resources department arranged regular meetings with employees to help mitigate work stress and take care of their mental health. In the event of a fatal accident, the Group will provide immediate relief to the injured employee and will investigate each accident to prevent reoccurrence of similar incident.

As the Group wishes to create a comfortable, pleasant and green working environment for its staff, flowers and plants are lined along the building corridors and offices. This not only provides green working environment, but also help purify our air condition indoor, leading to the building of a harmonious and pleasing workplace.

During the Reporting Period, the Group has not recorded any deaths and major accidents in relation to injuries resulted from industrial accidents, and no such case of any violations of laws and regulations related to safe working environment and protection of employees from occupational hazards is recorded.

B.3 Development and Training

The Group acknowledges the crucial role played by on-the-job training to the development of its employees, while acquisition of new knowledge and skills by our staff help to enhance our overall competitiveness. Based on the specific developmental requirements of the Group, the personnel and administrative center coordinates and enlists a troupe of fine members from our staff workforce for training, while subsidies will be granted to those staff who have passed the relevant work-related examination, to facilitate their career advancement. In order to comply with our development strategies and to accommodate the needs for human resources of various departments, we have prepared customised training content for our staff. Besides, to help newly recruited staff to be acquainted with internal rules and regulations, their respective job responsibilities and work duties, our corporate culture, values and developmental strategies, they are required to participate in the orientation programme before getting on board. The orientation programme covers corporate culture, business overview, work-related rules and regulations, organizational structure, benefits measures, work safety guidelines, among others. Attendees of the programme have to pass the assessment test before commencement of duties. A mentorship system will be adopted at work where a predesignated mentor will be assigned to each new staff to provide them with guidance and training. This serves to promote work proficiency of each new member so that the latter are able to complete their duties with self-dependency as soon as possible.

B. Social Sustainability

During the reporting period, the Group has provided an aggregate of 186 hours of training sessions to its staff.

Table 5: Training Hours Completed by Employees (by Category)

	Senior Management	Middle Management	General Employees	Total
Training time (by hours)	18	72	96	186

B.4 Labour Standards

The Group is fully aware that child and forced labour violate basic human rights and pose a threat to social and economic sustainable development. Thus, the Group strictly complies with all relevant laws and regulations and, is abided by the Labour Law of the PRC during recruitment. During the recruitment process, we will verify the information contained within the identity documents of applicants and never hire persons below legal working age. We also strictly prohibit any unethical employment practices, prohibit any form of forced labour, undertake not to force employees to work overtime, and respect employees' freedom, including freedom of employment, freedom of resignation, freedom to work overtime and freedom of movement. The working hours of employees shall be in compliance with the Labour Law of the PRC. To avoid forced mandatory overtime work, any overtime arrangements deemed as necessary are subject to the consent of employees and compensation will be provided according to relevant laws and regulations.

During the Reporting Period, the Group had not violated any laws and regulations in relation to the prevention of child and forced labour.

B.5 Supply Chain Management

In light of the Group's strong support for sustainable development and environmental protection, we also expect our suppliers to fulfill the same social responsibilities we do and give their best effort to support sustainable development and environmental protection. We are fully aware that it is our responsibility to monitor the Environmental, Social and Governance performance of our suppliers throughout the supply chain and service cycle. Accordingly, we incorporate sustainability considerations into our procurement and outsourcing process and require suppliers to meet basic standards. We ensure that all suppliers are abided by the sustainability principles, and that their regular and temporary employees, suppliers and sub-suppliers confirm and comply with the requirements of this policy.

The Group insists on building long-term and stable strategic partnership with quality suppliers. With a focus on strategic procurement, we strive to realise mutual development with suppliers on the basis of equality and mutual benefits. The Group has formulated the "Suppliers' Code of Conduct" and requires suppliers' full compliance. Suppliers in particular were required to pay attention to the environmental risks that may arise in their operation and manufacturing processes. To monitor the performance of suppliers and ensure that they meet the relevant legal and regulatory requirements, the Group conducts regular assessments of the contractual performance of suppliers and continues to engage only those meeting the eligibility criteria in terms of different performance indicators during the contract period.

The Group has set up a series of evaluation criteria for supplier selection, including their price competitiveness, quality, environmental protection awareness, social reputation, previous results performance, customers' feedback, technology expertise, after-sales service, occupational health and safety, credibility, among others, in order to ensure quality performance of our suppliers in the above aspects. Only those suppliers deemed

B. Social Sustainability

qualified in the evaluation can be included in the List of Qualified Suppliers of the Company. The process of selecting and evaluating suppliers is conducted in an open manner. We provide our suppliers with a fair and transparent competitive environment for participation. Meanwhile, it is stipulated that at least three potential suppliers have to be liaised. Moreover, our suppliers have to declare their interests to avoid conflicts of interest or transfer of benefits.

During the Reporting Period, there was no major violations of laws or regulations recorded among our Group's suppliers.

B.6 Product Responsibility

In the highly competitive market, customer's requirement on product quality is escalating. The Group strongly believes that sustained product quality is the cornerstone to create maximum values for our customers and to earn their trust and support.

The Company is committed to providing customers with high-quality housing products. In the process of property construction and operation, we strike to enhance quality management, protect customers' basic rights and interests, and provide customers with responsible products and services in strict compliance with national laws and regulations and quality standards in the industry. We maintain communication with customers in the process of monitoring product quality and customer service to ensure that we understand and meet customers' needs and expectations. In doing so, we also hope to understand those attributes that result in customers' satisfaction, which allow us to make continued improvements to our products and services.

Regarding each sales unit, the Group will issue a quality assurance letter with quality assurance and commitments in relation to the structure, components, facilities, supporting facilities and maintenance. All buildings sold by the Group conform to the design standards for residential buildings and have passed the completion inspection undertaken by relevant supervisory bodies in accordance with national regulations, which ensures that the buildings are constructed with safe structure and equipped with up-to-standard fire-fighting facilities.

In the course of undertaking construction work, the Group and the contractors will take a series of quality control measures to ensure that the products provided meet the quality standards stipulated by the law, besides providing safe and comfortable living space for our customers.

- ✓ According to the national and local norms and requirements, all design drawings shall be reviewed by the design institute and the Group's professionals, with a view to provide products that meet the quality requirements;
- ✓ Based on the construction drawing, the key links in the process of building construction shall be reviewed to see whether the construction is carried out according to the drawing;
- ✓ All materials provided not in conformity with the drawing shall be returned, and the suppliers involved shall be penalised in accordance with the relevant contractual requirements. In the case of construction deviated from the drawing, a rectification notice shall be issued to the contractor that the non-conformities must be rectified within a prescribed time limit;
- ✓ The materials applied to the buildings shall meet the national standards, and the fire protection design is subject to review and acceptance inspection by the local government;

B. Social Sustainability

- ✓ Cancellation of substandard services. Where actual construction work deviates from the construction drawing, the Group will issue a rectification notice to the contractor concerned with respect to the deviation, whereby, the latter are required to rectify the situation within a specified time limit.

The Group provides a comprehensive range of after-sales services to our customers. As stipulated in the sales contracts between the Group and its customers, the length of warranty period for each unit with regards to different aspects are specified therein according to the national legal requirements, while the coverage includes foundation works, main structure works, roof waterproofing works, heating supply and cooling systems and electrical pipes, drainage pipelines, equipment installation and decoration works. After a house is delivered for use, if the quality of the main structure of the house is found not up to standard, the Group will assume responsibility for that in accordance with Article 32 of the Regulations on Urban Real Estate Development and Operation promulgated by the State Council. Each project undertaken by the Group is assigned with a customer service personnel, as well as a property management company to coordinate and to handle clients' complaints. Both the Group's project companies and property management companies have set up their respective relevant policies and procedures to handle complaints from customers.

The Group well aware that customers are particularly concerned with the accuracy of our advertising and sales pitches. To address to such concern, the Group has established a set of management measures for advertising and marketing to regulate advertising and marketing activities, as well as to ensure the promotional impact. The Company will not make false propaganda and advertisement and strictly complies with all relevant laws and regulations. The advertising content of each sales project will be subjected to scrutiny by the marketing department to ensure that the product information as contained within the promotional web pages and other promotional materials are true and accurate. In addition, prior to attending customers, salespersons and customer service personnel are required to receive training on standard workflow and product introduction, and only those who have passed the assessment test are qualified to be on board. This is to ensure that both salespersons and customer service personnel are equipped with professional expertise to undertake sales obligations and competent to provide customers with accurate product information during course of their sales activities.

The Group highly regards the protection of intellectual property rights. We duly comply with all the relevant laws and regulations with respect to filling an application for trademarks, labels and product design patents. In its daily operations, the Group refuses to provide or use any products or services that violate copyright or intellectual property rights. All of the software and information we use are provided with legal licenses and the Group only procures genuine products.

The Group is overwhelmingly convinced of the importance of protecting the privacy of its suppliers and customers. Statement of consent must be obtained prior to any data collected from suppliers and customers. The consent statement clearly specifies therein the predesignated purposes for such data collection and the data collected will only be used in accordance with the originally designated purposes. The collection and use of data from suppliers and customers is restricted to the relevant departments and personnel, and is maintained and kept by a dedicated department to prevent unauthorized use. Employees are not allowed to privately duplicate or archive suppliers' or customers' private information without any prior permission. We will from time to time remind our staff members of the requirements set out by the Group on data management, and also stipulate their respective responsibilities on data protection.

B. Social Sustainability

During the Reporting Period, the Group did not violate any laws and regulations regarding the product responsibility, intellectual property right and data privacy. In addition, the Group has not recalled any products sold previously.

B.7 Anti-corruption

The Group believes that a business operation based on integrity forms the basis of corporate social responsibility, which is also the cornerstone for maintaining our corporate competitive edge and sustainable operation. Therefore, we adopt a zero tolerance approach towards any form of corruption and strictly comply with anti-corruption laws and regulation in the PRC. We have formulated strict anti-corruption policy, whereby, stipulates that employees are not allowed to engage in bribery, extortion, fraud and money laundering, and other activities and lays out regulations on acceptance of gifts or cash gifts by employees. We also regularly provide employees with training on anti-corruption policies. In case an employee is found to be involved in any act of corruption or bribery, the Company may unconditionally terminate the labor contract with the employee concerned irrespective of whether such act has caused losses to the Company. We will refer employees who have violated the regulations of law to the judicial authorities for handling in accordance with the law when necessary. Besides, we will develop long-term remedy measures to curb with each particular corruption case.

The Group has set up an independent internal audit department, which will report to the Audit Committee under the Board of Directors of the Company. The department serves to develop an accountability system to prevent, detect and remedy existing errors and frauds, and reduce operational risks. The internal auditor is responsible for supervising internal audits and setting up internal control system within the Group. Based on the findings of internal audit, the management will organise thematic sessions on regular basis to prevent corruption risks. Moreover, the Group has engaged an internationally recognized and sizable auditing firm as an independent third-party to conduct financial audits twice annually, and the respective audit results will be submitted to the Audit Committee, with a view to reduce operational risks and strengthen anti-corruption management.

The Group encourages employees to report any kinds of misconduct. All employees of the Group may file opinions, complaints, and reports related to the Group's operation and management through the email inbox, designated as "President' Mailbox". Meanwhile, the Group has also set up a dedicated "Suggestion Mailbox" that serves to collect sound suggestions, opinions as well as complaints and reports from various sources with respect to non-compliance behavior from an expanded channel. The Group will conduct investigations against any suspicious or illegal behaviour so as to protect the Group's interests. The identities of the whistle-blowers will be protected with confidentiality. Investigations will be handled confidentially and management will take corrective measures to resolve proven fraud activities resolve proven fraudulent behaviour.

B. Social Sustainability

During the Reporting Period, the Group did not receive any corruption lawsuits against the Group or its employees. Meanwhile, the Group and its employees have not violated any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering.

B.8 Community Investment

The Group attaches great importance to community investment. Our Group is well aware that our corporate responsibility is not simply confined to direct contribution we make to the economy, but also include those positive impacts we bring to the society as a whole through our social charity projects. Hence, the Group actively participates in communal charity ventures to give back to the society.

During the Reporting Period, the Group hosted “Masters’ Calligraphy Exhibition cum Charitable Fund-raising Event” at the Lunar New Year festive. The themed event, “All is Well” adapted its designation from the auspicious Chinese inscription at Longhua Temple took place in Glorious Shanghai Bay. At the Shanghai Bay Art Center, the Calligraphy paintings of Shanghai Style Calligraphy masters, represented by Chen Peiqiu, Lin Ximing and Zhaocheng, the senior monk of Longhua Temple and other others were in display. The exhibition activities were dedicated to customers in the community all alike the best wishes in celebration of the Lunar New Year festival. Meanwhile, the host, Glorious Shanghai Bay continued to work with episode division, “Helping Girl” of Shanghai Education TV for the fund-raising activity titled, “Compassion Deliverance via the Arts of Calligraphy”, the proceeds gathered from the event were to be donated to the critical patients in need. Besides, the opening ceremony for “Binjiang Yaji”— Master Studio’s Artist Series — Han Shuo’s Ink Painting Exhibition”, grandly took place in Shanghai Bay Art Center. The exhibition was jointly hosted by Shanghai Literature and History Research Institute, Shanghai Artists’ Association, and Xuhui District Culture and Tourism Bureau. The outstanding artistic ink painting of Han Shuo, along with his evolving history in pursuit of the Arts were presented at the event, while the varieties of artworks included “Blood-spirit”, “Nanchang Uprising”, and other works of Arts, honoured with the Gold Prizes from the 9th National Art Exhibition. In its capacity as the designated exhibition venue for this spectacular event, Shanghai Bay Art Center, the host, cordially invited amateur fans of arts and culture and community members from all walks of life to join in for artistic appreciation and exchange, with a view to brought forth the finest arts to the community and to assert its role as a pragmatic facilitator to promote the Chinese culture in the community.

GLORIOUS PROPERTY HOLDINGS LIMITED

Suites 1508–10, 15/F, Shui On Centre
6–8 Harbour Road, Wanchai, Hong Kong

Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688

www.gloriousphl.com.cn