



Baoye Group Company Limited

A joint stock limited company incorporated in the People's Republic of China

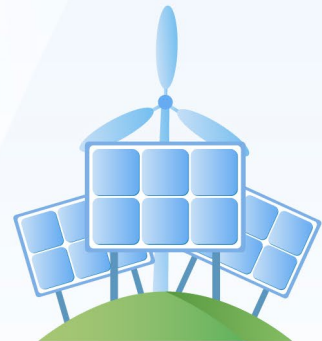
Stock Code: 2355



2021

Environmental, Social and Governance Report

Baoye Group Company Limited



About this Report

This is the sixth Environmental, Social and Governance (“ESG”) Report (this “Report”) issued by Baoye Group Company Limited (the “Company”) and its subsidiaries (collectively referred to as “the Group”, “Baoye Group”, “Baoye” or “We”). The purpose of this Report is to report the Group’s ESG management performance and impacts and to enhance communication with stakeholders. Please refer to the Group’s “Corporate Governance Report” in the Annual Report 2021 of *Baoye Group Company Limited* for more details on the Group’s corporate governance structure and practices.

Reporting Scope

Unless otherwise specified, this Report covers the period from 1 January 2021 to 31 December 2021 (the “Reporting Period”).

Unless otherwise specified, the information and data disclosed in this Report cover the Company and its major subsidiaries, which are consistent with the consolidated financial statements in the *Annual Report 2021 of Baoye Group Company Limited*. The scope of this Report covers three of the Group’s principal activities:

- Construction – provision of construction services;
- Property development – development and sale of properties; and
- Building materials – manufacture and distribution of industrialized construction materials.

For the convenience of expression, the following expressions in this Report have the following meanings:

- Anhui Baoye: Baoye Anhui Company Limited, a subsidiary of the Company
- Baoye Construction: Zhejiang Baoye Construction Group Company Limited, a subsidiary of the Company
- Baoye Industrialization: Zhejiang Baoye Building Materials Industrialization Company Limited, a subsidiary of the Company
- Baoye Real Estate: Zhejiang Baoye Real Estate Group Company Limited, a subsidiary of the Company
- Hubei Baoye: Baoye Hubei Construction Group Company Limited., a subsidiary of the Company
- Zhejiang Baoye Modern Building Industrial: Zhejiang Baoye Modern Building Industrial Manufacturing Company Limited, a subsidiary of the Company
- Hubei Baoye Building Industrial: Hubei Baoye Building Industrial Company Limited, a subsidiary of the Company

Preparation Basis

The Group has prepared this Report in accordance with Appendix 27 *Environmental, Social and Governance Reporting Guide* (the “ESG Guide”) set out in the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (“SEHK”) in 2019. The Group has complied with all mandatory disclosure requirements and the “comply or explain” provisions in the *ESG Guide*. In addition, this Report has been prepared in adherence with the reporting principles set out in the *ESG Guide*, including:

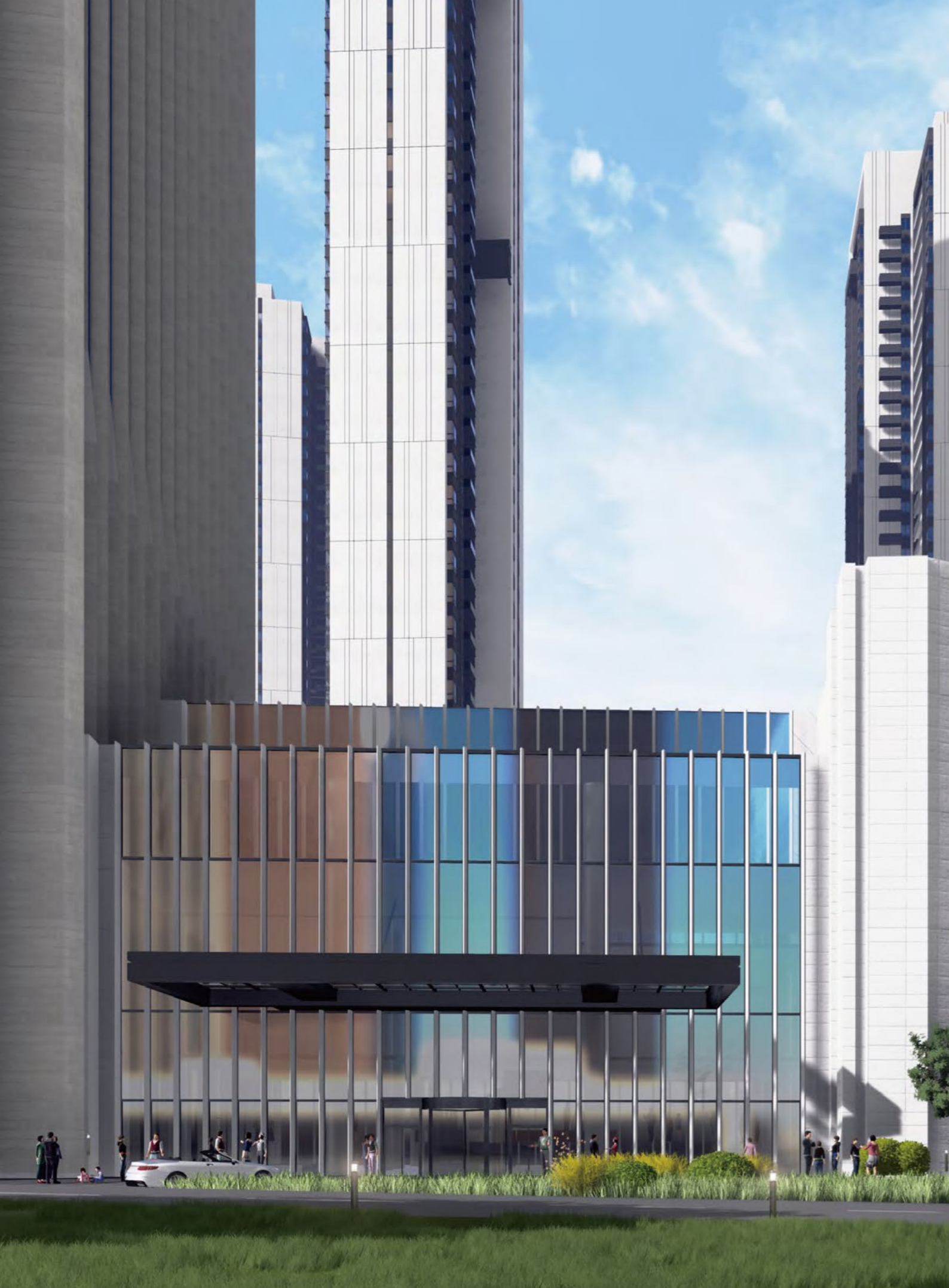
	Principles and Definitions	Responses of the Group
Materiality	ESG issues are reported to have a significant impact on investors and other stakeholders.	During the preparation of this report, the Group used various communication channels to understand stakeholders’ expectations on the Company’s sustainable development, and conducted a materiality assessment to identify key issues that are important to the Group and key ESG issues are disclosed.
Quantitative	Key Performance Indicators (KPIs) in respect of historical data must be measurable.	The Group continuously records and discloses quantitative indicators related to its business in accordance with the requirements of the ESG Guide. In addition, the Group has disclosed the standards, methods, and assumptions used in the calculation of environmental and social data, and the sources of unit conversion factors used.
Balance	Avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	This Report provides an unbiased disclosure of the Group’s ESG performance during the Reporting Period, including its achievements, impacts, challenges faced, etc., and formulates response plans.
Consistency	Consistent methodologies are used to allow for meaningful comparisons of ESG data over time.	There were no significant changes in the nature of the Group’s principal activities and the scope of business reported in this report during the Reporting Period. Unless otherwise stated, this report uses data statistics and calculation methods consistent with previous reports to make meaningful comparisons of data.

Appendix 2 of this Report provides the content index of the ESG Guide for readers’ easier reference.

Your Feedback

We are keen to listen to the views of our stakeholders and will take into account the views of all stakeholders to drive the sustainability of the Group. Should you have any suggestions regarding the Group’s ESG performance and this Report, please feel free to reach us via the contact details.

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Chairman's Report

On behalf of the Board, I am pleased to report the audited financial results of Baoye Group Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2021. For the year ended 31 December 2021, the Group achieved audited consolidated revenue of approximately RMB26,781,555,000, representing an increase of approximately 6.0% as compared to last year; profit attributable to owners of the Company amounted to approximately RMB788,477,000, relatively the same level as compared to last year; earnings per share was RMB1.40, relatively the same level as of the previous year. The Board proposed that no final dividends be declared for the year ended 31 December 2021. Details of operating and financial performance of the Group will be discussed in the "Management Discussion and Analysis" section of this annual report.

2021 has laid a number of memorial milestones. We celebrated the 100th anniversary of the Communist Party of China since its founding. This is a century achievement upon which the Communist Party of China has led the Chinese people to enrich its better life and has strived to preserve common prosperity. The COVID-19 epidemic is still raging around the world, seriously disrupting normal economic and social life in various parts of the world economy. Despite these adverse internal and external environment, China's economy has been able to maintain a rapid development of annual GDP growth rate at 8.1%. The epidemic prevention and control situation in Shaoxing had become severe at the end of 2021. However, Baoye stepped out in public without hesitation and carried the heavy burden when the country and the people called for it. After rushing thousands of miles to build Wuhan mobile cabin hospital in 2020, Baoye once again quickly assembled a construction team led by the executive directors, raised construction materials by ourselves, and completed the construction of more than 80,000 square meters of isolation wards within a short period of time. Once again, Baoye positioned its image as a responsible non-state owned corporation.

In 2021, the domestic real estate control policy continued to adhere to the policy of "residential housing is for living, not for speculation". Additionally, a series of stringent policies such as the "three red lines" for real estate development enterprises (i.e. i). The asset-liability ratio after excluding advance receipts should not exceed 70%; ii). The net debt ratio should not exceed 100%; iii). The ratio of cash to short-term debt should not be less than 1.), the "two red lines" of commercial banks' real estate loans (the Central Bank and the China Banking and Insurance Regulatory Commission's restrictive regulations on the proportion of different types of commercial banks' real estate loans and personal housing loans), and the "two centralized land supply" (centralized issuance of land transfer announcements and centralized organization on transfer activities) has profoundly changed and reshaped China's real estate industry. Affected by the imposition of various restrictions on financing of home purchases and the weakening confidence of customers, many "radical" real estate companies, whose market value were more than hundreds of billions yuan, have been "exploded". As a result of which, the entire real estate industry and many companies in various industries such as construction, building materials, and decoration related to the real estate industry have encountered unprecedented downward pressure and difficulties, and certain enterprises have been evolved in the state of affairs encompassing life and death. The Group has always adhered to the development concept of steady growth and prudent operation management, always value the importance of project quality, and assessed and controlled project risks in advance. Hence, these similar adverse effects against the Group caused by this "explosion" on these real estate "giants" were brought under control. Judging from our annual results, the Group still achieved the development goal in a steady pace. When undertaking construction business, the Group always paid attention to project quality, assessed project risks in advance, and at the same time continuously enlarged the proportion of business in the field of public construction, which brought us a stronger risk-resistance capability and constantly optimized our business quality and portfolio. For the real estate industry, we firmly believe that the real estate industry will eventually return to its attributes of people's livelihood. If the current real estate industry is facing a painful transformation, we are more than willing to accept the fact that this is a process of returning to its very nature, which will also let all participants focusing on the living attributes of housing rather than its financial attributes. Baoye always insists on quality as first priority, and always insists on providing "higher dimension" residential products for the market. Under the severe market environment, Shaoxing's "Daban Lvyan" project still achieved good sales results, which is the market's accreditation of Baoye Real Estate's in the consistence pursuit of healthy and green technology residential housing. The 2022 Government's Work Report proposes to continue to ensure the housing needs for the general public at-large, adhere to the policy that "residential housing is for living in, not for speculation", explores new development models, insists on both renting and purchasing, accelerates the development of the long-term rental market, promotes the construction of affordable housing, and supports the commercial housing market to better meet the reasonable housing needs of buyers, by stabilizing land prices, housing prices and expectations, and

implementing city-specific policies to promote a fine-tuned operating cycle and healthy development for the real estate industry. We believe corrections to the industry will continue to erode. In the future, policies and markets will afford more development rooms for able enterprises that would possess financial healthy and product quality. The development model of real estate enterprises will also return to stable operation and refined management. The Group will continue to build green and livable century-lasting residences with ingenuity as always. With sound financial capability and prudent investment philosophy, the Group will continue to leverage the advantages of the Group's entire industry supply chain and forge ahead in building people's fortunate and happy lives.

Baoye has a number of core competitive advantages in the fields of construction, real estate development, and construction industrialization. Facing new opportunities and challenges, Baoye will continue to adhere to the operating principle that "healthy growth is more important than good performance", focus on key tasks such as quality and safety control, "enterprise physical examination" audit, financial management and cost control, key projects and Investment projects, ideological values and performance evaluation. At the same time, Baoye will unswervingly follow the "technology, industry and trade" route, spearhead the priority to the research and development and application of construction technology, underpin its leading advantages in the field of construction industrialization, and continue to maintain a leading position in the field of construction industrialization cluster manufacturing and building energy conservation and emission reduction. We will closely focus on the government's requirements for non-state owned enterprises to be "professional, refined, specialized and creative", enrich Baoye's "Century-lasting House" brand and comprehensive Q-value index research on building energy conservation, and make full use of the Baoye National Building Energy Consumption and Carbon Emission Research Institute together with platforms such as the Yangtze River Delta Sustainable Development Institute Building Carbon Neutral Research Center jointly established with Tongji University, and constantly study and identify new problems and new situations in the industry, lead the market with high-dimensional building energy-saving products. We will actively integrate ourselves into the new national strategy and development stage of "carbon-emission peak and carbon-emission neutral", and maintain stable development.

The Company shall adopt the implementation of "carbon-emission peak and carbon-emission neutral" development concept, and integrate the spirit of carbon reductions into the Company's three core businesses. The Group has published its first environmental, social and governance report since 2016. We employ professional third-party agencies to help to disclose qualitative and quantitative indicators that meet industry characteristics in a more detailed manner. In corporate governance, climate change is integrated into governance responsibilities. The Group is dedicated to preserve its longstanding operational philosophy in providing and disclosing transparent information that would bring our business partners in sync with our corporate direction. Fulfilling social responsibilities is the requirement of the times for the enterprise acting as a responsible corporate citizen, and is also the due meaning of the enterprise's true values. The Group has taken various activities and steps towards its responsibility for environment and society, details of which are shown on the "Environmental, Social and Governance Report 2021" published at the same day.

Appreciation

Last but not least, I, on behalf of the Board, would like to extend my sincerest thanks to our shareholders, investors, customers, vendors, banks, and other intermediaries for their continuous patronage and support; special thanks to our loyal employees for their hard work and dedication to achieve success, and together, we look forward to another rewarding years for our shareholders in the years to come.

Mr. Pang Baogen

Chairman of the Board

25 March 2022




Strategy and Approach

Sustainability Strategy and Approach

Focusing on the concept of “environmental symbiosis” and the principle of an “ant cave”, we strive to become a carbon-neutral practitioner by applying a series of industry-leading residential technologies such as automatic light management system, air management system, visualized intelligent management system, and 5D construction management system to create a benchmark model building in the field of building energy conservation in China.

Sustainability Governance

The Board of Directors of the Company (the “Board”) has set up an ESG Working Team. The main duties of the ESG Working Team are to collect information on the various policies and disclosure requirements of SEHK on ESG reporting, collect outstanding case studies to be disclosed, and compile information for the management level’s reference. The management level holds the Board meetings twice a year, in which the ESG Working Team is required to report on the progress of relevant work to ensure that the Board monitors and reviews the progress and achievement of environmental goals, and is updated with new ESG reporting regulations. At the same time, we also invited intermediaries to conduct training on ESG works.








<p>ESG Risk Management</p> 	<ul style="list-style-type: none"> ● The Board identifies, evaluates, prioritizes, and discusses risk prevention measures through the materials submitted by the ESG Working Team ● The Internal Audit mainly focuses on the potential cost risks associated with ESG risks and reduces risks of various projects
<p>ESG Goal Setting</p> 	<ul style="list-style-type: none"> ● The Board authorizes the ESG Working Team to manage ESG goals ● The Board will consider disclosing other quantitative or orientational targets based on the changes in material issues every year
<p>ESG Performance Monitoring</p> 	<ul style="list-style-type: none"> ● The Board monitors and reviews the achievement of various environmental targets, primarily through quarterly board meetings ● Before the disclosure of the ESG report, the Board will review the information disclosed in the ESG report, review the data with previous reports, and formulate targeted improvement policies through the major factors of data changes ● The Board reviews the ESG report disclosures before the issuance of the ESG report, reviews the data against previous reports, and develops targeted improvements on internal policies

The ESG risks and key internal management measures of the Group are summarised as follows:

ESG Risk	Key Internal Management Measures of the Group
<p>Climate Risk</p> 	<ul style="list-style-type: none"> ● Arrange flexible working hours for employees and require them to close doors, windows and turn off power supplies after work ● Arrange staff to take day and night shifts to deal with unexpected situations caused by typhoons ● Continuous research and development of high-performance, high-comfort, and low-energy consumption buildings
<p>Safety Production Risk</p> 	<ul style="list-style-type: none"> ● Strictly monitor building material products that may be harmful to humans and the environment ● Monitor radiation levels to ensure it does not exceed national standards
<p>Supply Chain Management</p> 	<ul style="list-style-type: none"> ● Priority will be given to suppliers from the <i>List of Qualified Suppliers</i> when selecting suppliers ● In addition to reviewing supplier’s qualifications, supply capacity, price, and other matters, the safety, environmental protection, and quality performance of suppliers’ will also be considered
<p>Technological Innovation</p> 	<ul style="list-style-type: none"> ● Actively promote the green transformation of the construction industry by working together to develop industry technical standards
<p>Infectious Disease Prevention</p> 	<ul style="list-style-type: none"> ● Established a pandemic emergency management team ● Established a one-to-one health file to check and continuously update the travel and health status of all employees ● Conducted COVID-19 nucleic acid test for returning employees and their families

Stakeholder Engagement

The Group places great emphasis on stakeholder communication. The Group maintains good communication with stakeholders through various communication channels to understand their expectations and views, allowing the Group to refine its sustainability strategy, thereby continuing to enhance the management of the Group.

Major Stakeholders	Issue of Concern	Communications Channel
Shareholders/ Investors 	<ul style="list-style-type: none"> • Corporate governance • Business operations 	<ul style="list-style-type: none"> • General meetings • Information disclosure • Interim or annual results presentation and other activities
Government and regulators 	<ul style="list-style-type: none"> • Corporate governance • Compliance operation • Employee protection 	<ul style="list-style-type: none"> • Government meetings • Reporting and monitoring
Employees 	<ul style="list-style-type: none"> • Career development and training • Occupational Health and Safety • Employee benefits • Remuneration 	<ul style="list-style-type: none"> • Interviews • Training • Employee activities
Customers 	<ul style="list-style-type: none"> • Customer satisfaction • Product health and safety • Product quality management 	<ul style="list-style-type: none"> • Customer complaints mechanism • Customer satisfaction survey
Suppliers/ contractors 	<ul style="list-style-type: none"> • Supplier management • Contractor management 	<ul style="list-style-type: none"> • Email communication • Telephone interviews • On-site visits
Communities 	<ul style="list-style-type: none"> • Charity and volunteer activities • Environmental protection 	<ul style="list-style-type: none"> • Community participation • Charity donation
Media 	<ul style="list-style-type: none"> • Corporate governance • Business operation • Charity and public welfare activities 	<ul style="list-style-type: none"> • Press conferences • Email communication • Telephone interviews

During the Reporting Period, the Group communicated and exchanged ideas with various stakeholders through various activities, enabling them to fully understand the Group's development strategies and express their opinions and expectations on the Group.



"Charming Women, Happy Baoye" Walking Activity



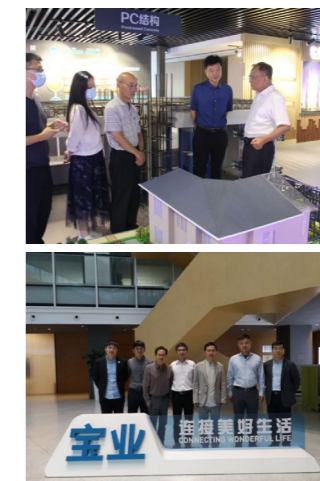
First-aid and medical training for employees



"Baoye School" training



Participated in the Second China-Africa Economic and Trade Fair



Industry association research



Learning exchange sessions

Materiality Assessment

To understand the level of concern and expectations of stakeholders on the ESG issues related to the Group, the Group commissioned a third-party consulting firm to assist in a materiality assessment to identify its material issues.

During the year, the Group reviewed the results of the materiality assessment for 2020 to assess whether there was a change in the materiality of each issue. The materiality assessment in 2020 consists of the following 3 main steps:

01

Identification:

With reference to the ESG Guide, peers' concerns, and the results of stakeholder communication conducted in the past, the Group selected the ESG issues related to the Group, and afterward the senior management of the Group shortlisted a total of 12 ESG issues.

02

Ranking:

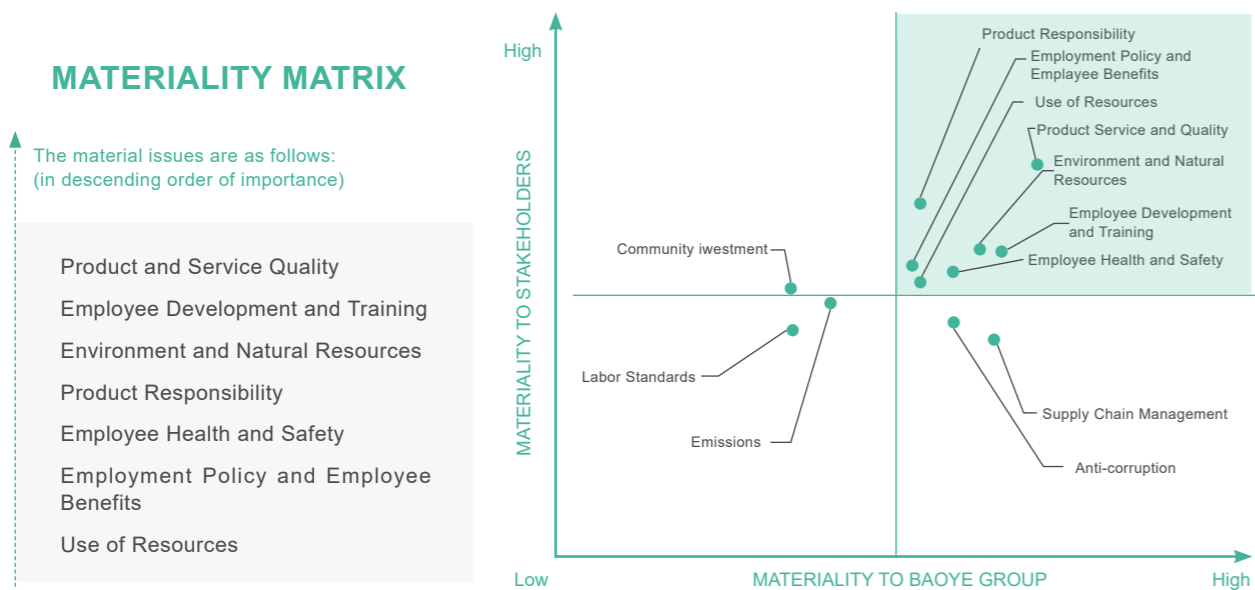
The Group invited stakeholders to evaluate the materiality of each ESG issue through an online survey. A total of 155 stakeholders participated in the survey, including the Board, management, employees, shareholders and investors, government and regulators, customers, suppliers, communities, and media.

03

Analysis and verification:

The Group analyzed each issue from the two dimensions, "Materiality to Stakeholders" and "Materiality to Baoye Group", and established a materiality matrix based on the survey result. The result is then reviewed by the Board, and the Board verified the material issues of the Group in 2021.

During the Reporting Period, the Group has conducted an internal review and confirmed that the material issues in 2021 are consistent with the material issues in 2020. The Group will focus on disclosing the management approach, measures, and performance related to these material issues in this Report



Upholding Business Integrity

The Group is committed to implementing a clean, fair, impartial, transparent, and stable corporate governance mechanism. We strictly abide by relevant laws and regulations in our business operations and rigorously curb corrupt practices. To this end, we have formulated the *Human Resources Management System*, setting out an employee code of conduct.

The Group has formulated an *Employee Whistleblowing Protection Policy* to protect employees from retaliation or discrimination for reporting misconduct or participating in investigations by maintaining confidentiality to the fullest extent permitted by law. The Group's *Whistleblowing Policy for Employee* stipulates the procedures for employees to report fraudulent practices in accounting, internal control, auditing, or other aspects. Employees can report corruption cases to the Group's Audit Committee by mail or email, either in real name or anonymously. The Group ensures that all reported incidents are handled properly. In case of any illegal retaliation or discrimination incidents, employees can file a complaint through the above reporting procedures, and the Group will impose severe disciplinary actions on relevant employees, and consider dismissing employees who reported maliciously depending on the situation.

To strengthen the Group's integrity, the Group invited professional lawyers to the "Baoye Lecture Hall" to explain the importance of integrity education for private enterprises under the theme of "Crime Prevention and Integrity Education for Private Enterprises" during the Reporting Period. A total of more than 200 employees from Hubei Baoye participated in the training.

During the year, the Company has specially initiated a Shareholders' Liaison Team as a communication channel with shareholders of Baoye Group, to strengthen the management of material suppliers, subcontractors, and key management positions, and to prevent various kinds of misconduct, malfeasance, and quality and safety problems that cause huge losses to the Company. The shareholders' liaison team will keep the privacy and confidentiality of the people who reflect the relevant problems.

During the Reporting Period, the Group did not receive any concluded legal cases regarding corrupt practices brought against the Group or its employees.

Valuing Craftsmanship

The Group actively develops and introduces innovative technologies to achieve a sustainable “three-in-one” business model of construction, property development, and construction industrialization, while also attaining a sustainable production approach across our entire life cycle through energy-saving, environmental protection, and value-maximizing our construction projects.



Enhancing Project Quality



Property Development Vision



Construction Industrialization



Customer Relationship Commitments



Sustainable Supply Chain



Valuing Craftsmanship

Enhancing Project Quality

All departments of the Group cooperate with the Engineering Department to perform their respective duties to deliver high-quality projects. The Group has established a sound project quality responsibility system, which specifies the specific tasks, responsibilities, and rights of leaders, functional departments, project managers, etc on managing project quality incidents, ensuring each person in charge understands their responsibilities and further improving the implementation of the project quality responsibility system. At the same time, the Group has formulated the *Evaluation of Project Quality Management and Performance Appraisal*, which sets out project quality management standards and controls the quality and safety of the project from the two major aspects, namely preliminary planning and inspection during construction processes.

During the Reporting Period, the Group has complied with the national laws and regulations related to project quality and the requirements of national standards such as the *Quality Management System (GB/T19002)*, *Code for Quality Management of Engineering Construction Enterprises (GB/T 50430)* and other national standards.



Preliminary Planning

The Group conducts preliminary planning based on the scale, nature, technical characteristics, design documents, and site conditions of the project before the commencement of construction, as well as setting quality targets and detailed implementation plans for each project.



Inspection during Construction Processes

The Group attaches great importance to project inspections. Building materials, semi-finished products, and equipments are inspected in strict accordance with relevant regulations and requirements. In addition, the Group also emphasises on building installation inspection, especially the processes involving building safety, such as the installation of "lightning" protection systems, "earthing" systems, fire protection systems, and pressured conduit.

The Group conducts regular training and meetings with relevant project personnel to enhance their awareness, strengthen project teams' capabilities on quality management, and exchange ideas on quality management among different projects.

During the Reporting Period, the Quality and Safety Control Team, the Construction Industrialization Office, the Shareholders' Liaison Team, and staff of other professional departments of the Company, under the leadership of the Board, conducted project-specific quality and safety inspections for various projects in Zhejiang, Anhui, Hubei, and Shanghai of the Group.



Zhejiang Baoye Modern Building Industrial carried out a multi-level safety production work conference

In June 2021, to exhibit the spirit of the Group's special meeting on quality and safety production, Zhejiang Baoye Modern Building Industrial launched a multi-level safety production work conference. At the conference, the production directors and plant managers introduced safety precautions in terms of technology, quality, and safety to employees. In addition, the head of the equipment section, head of the hoisting section, and employees of the delivery section shared their experience in workplace safety and strengthened employees' knowledge on safety awareness.



Baoye builds good houses

Property Development Vision

On the basis of ensuring the quality of buildings, the Group is committed to providing the community with comfortable, energy-saving, and environmentally-friendly technology residences. As one of our core businesses, the Group has always adhered to the vision of "Baoye builds good houses".

Case Study Baoye Active Hub - Shanghai's first AAA-grade prefabricated residential project

In April 2021, the Group's property project, Baoye Active Hub, was officially launched as a demonstration project to the entire industry, becoming the first AAA-grade prefabricated residential project in Shanghai, and contributing to the establishment of the "Yangtze River Delta Region New Building Industrialization Collaborative Development Alliance".



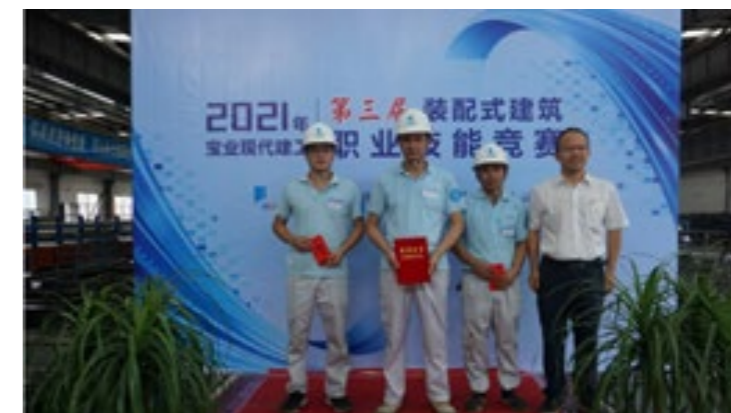
Construction Industrialization

The Group is dedicated to technological innovation and has been accelerating the transformation and application of results of scientific research, leveraging the advancement of science and technology to improve overall project quality. Furthermore, the Group leverages its strength to drive the technological development of the construction industry.

To strengthen scientific research and technological innovation in the field of prefabricated construction, the Group actively establishes manufacturing bases, increases technological investment, and introduces talents. For the manufacturing of construction materials, the Group adheres to the principle of quality first, formulates the inspection requirements of raw materials, and strengthens measurement management during the manufacturing processes to ensure the accurate quantity of sand and other materials and to ensure the strength of concrete, mortar and other materials meets the requirements.

Case Study The third Prefabricated Construction Vocational Skills Competition of Zhejiang Baoye Modern Building Industrial

In August 2021, Zhejiang Baoye Modern Building Industrial held the third prefabricated construction vocational skills competition, in which 18 employees participated in the competition for mold installation and bar fixing. A referee team was set up to invite Mr. Xu Bin, a teacher of Shaoxing Vocational and Technical College, and Mr. Sun Zhujun, the director of the office of Shaoxing Modern Construction Industry Alliance, as guests.



During the Reporting Period, the Group's subsidiaries conducted provincial-level research and co-edited Shanghai Engineering Construction Standards with Tongji University. At present, the Group has edited 68 standards, 89 work methods, won 20 scientific and technological awards, 41 "Luban" Awards, and 51 National Excellent Silver Quality Awards, etc., and has achieved remarkable results in the research and development of industry technologies.



Customer Relationship Commitments

The Group attaches great importance to customer satisfaction. To this end, we have established effective customer communication channels to ensure truthful advertising, and at the same time strengthen customer information management to protect customer privacy.



Customer communication



The Group strives to maintain a good relationship with its customers and actively understands their opinions through establishing daily communication channels. The Group has also formulated a customer complaint response procedure to standardize the complaints handling and responding process and to ensure that issues are effectively handled. Taking the marketing of the property development business as an example, sales personnel are required to report to relevant handling personnel after receiving customer complaints and cooperate during the complaint resolution process.

Truthful Advertising



The Group adheres to the principle of honesty in the marketing process, displays truthful information to customers and potential customers, and strictly prohibits the illegal act of marketing fraud to protect the rights and interests of customers.

Information Management



The Group strictly abides by relevant national laws and regulations and formulates and implements management systems related to the protection of customer privacy. The Group has stipulated confidentiality rules for employees in the *Human Resources Management System*, prohibiting employees from leaking customer information.

Warranty rectification



For the problems identified in engineering projects, the Company's engineering complaint handling leaders will take the lead to handle specific problems, hold special meetings, and organise relevant departments and relevant personnel to go on-site and make clear warranty rectification plans, schedule completion times, supervise and guide rectification works, as well as track and verify the effectiveness of the rectification result.

Customer Protection

During the Reporting Period, the Group's property development companies launched various customer protection and interactive activities to demonstrate a good corporate image to customers and published various promotional brochures for customers to familiarize with the Group's culture and to learn about the Group's caring activities for customers.



Intellectual Property Protection



The comprehensive protection and management of intellectual property rights such as copyrights, trademarks, and patents are of paramount importance to the Group. During the Reporting Period, Baoye Group was granted a total of 92 patents and copyrights. To standardize the Company's patent management, we strictly abide by the national patent protection policy. During the Reporting Period, the Group was granted 6 invention patents, applied for 3 invention patents, granted 130 utility patents, and applied for 28 utility patents. As at 31 December 2021, the Group owned a total of 745 patents (including 142 invention patents, 572 utility model patents, 14 appearance patents, and 17 computer software copyrights).





Sustainable Supply Chain

The Group understands the importance of reliable and competent suppliers and contractors are the key to achieving sustainable development and is committed to building a sustainable supply chain. The Group has formulated internal policies such as the *Tendering for Contractors (Subcontractors) Management System*, the *Materials (Equipment) Procurement Management*, the *Integrity and Self-discipline Measures*, and others, to standardize the management of the bidding and procurement process of suppliers, as well as to define the responsibilities of subsidiaries and departments in supplier management.

The procurement department is required to develop a database of background information of each supplier, and prepare at least three or more suppliers for the purchase of similar items. The bidding and tendering leading group are responsible for credit evaluation of suppliers and the selection of annual outstanding suppliers. While selecting suppliers, the Group will prioritise the suppliers from the *List of Qualified Suppliers*. In addition to reviewing suppliers' qualifications, supply capacity, price, and other matters, the Group will also evaluate suppliers' safety, environmental protection, corporate reputation, and quality performance to identify and reduce environmental and social risks in the supply chain. The Group conducts satisfaction evaluation and regular and unscheduled performance inspections on suppliers, the factors include supplier's tendering, contract fulfilment, after-sales service, quality, safety, environmental and social risk management, and the use of environmentally friendly products and services, etc., to ensure that the Group continues to select environmentally conscious and responsible suppliers.

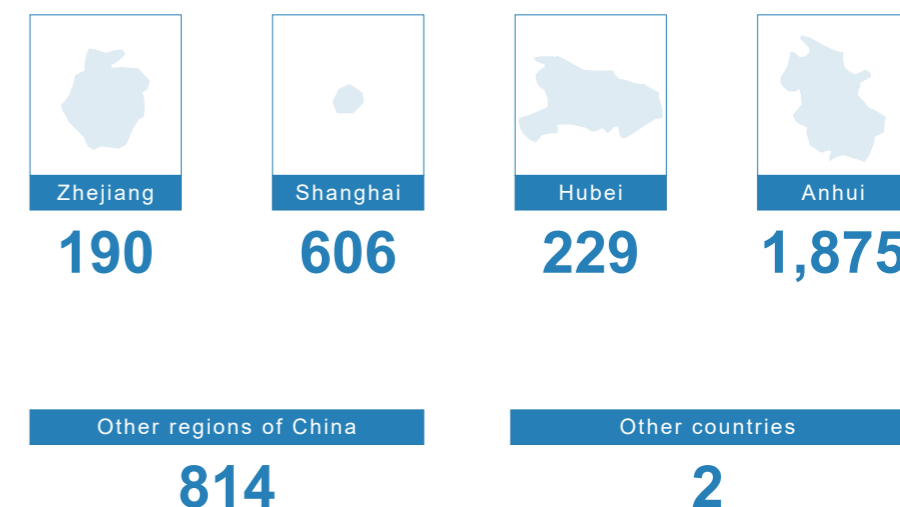
The Group attaches particular importance to the project quality management capabilities of subcontractors and requires subcontractors to comply with the various requirements related to *corporate quality management listed in the Code for Quality Management of Engineering Construction Enterprises*. The Group also aims to establish a sound quality management system, and conduct corresponding technical training and assessment for construction personnel.



Requirements for Qualified Subcontractor

- 01 Legal operation, standardized management
- 02 Strong technical and financial background to satisfy the requirement of project tendering
- 03 Abide the contract, trustworthy, have a good reputation
- 04 No major quality and safety incidents within 3 years
- 05 No illegal acts such as a lawsuit, fraud, bribery, and collusion with the Group within 3 years

As at the end of the Reporting Period, the Group had a total of 3,716¹ suppliers to whom relevant practices were carried out, and the number of suppliers by geographical region is as follows:



¹ Types of suppliers include subcontractors, production suppliers, material suppliers, equipment suppliers, ancillary suppliers and service providers

Green Buildings

As a leading enterprise in the field of construction industrialization, Baoye actively responds to the national “dual-carbon” strategy, in which we continue to actively implement the concept of sustainable development, explore and apply green building technologies, and promote the green transformation of the construction industry.



Fulfilling Environmental Responsibilities



Extending Green Footprints



Responding to Climate Change

Green Buildings

Fulfilling Environmental Responsibilities

Green Construction

As one of the main businesses of the Group, construction is an important stage of the whole building life cycle. The Group has been adopting green construction practices, and strictly abides by relevant laws and regulations during the construction process. The Group has formulated the *Civilized Construction and Environmental Protection Management System*, the *Project Green Construction Management System*, and other management systems to maximize resource conservation and reduce the negative environmental impacts resulting from construction activities.



Reducing Air Pollutant Emissions and Strengthening Dust Management

The emission of air pollutants during the construction process mainly comes from the fuel combustion of vehicles and mechanical equipment. The Group stipulates that the exhaust emissions of vehicles and mechanical equipment must meet the emission standards set by the country and the construction site.

The Group aims to reduce air pollutants by implementing relevant policies and measures. The Group pays attention to strengthening dust management and has implemented various measures, such as setting up vehicle washing facilities at the main entrance of the construction site, and the construction area for mechanical drilling was shielded and watered-down to prevent dust from spreading. In addition, the Group ensures that welding fumes and emissions from the production process comply with the *Integrated Emission Standard of Air Pollutants* and the *Emissions Standard of Air Pollutants for the Cement Industry*.

Energy Conservation

To achieve the target of improving overall energy efficiency and reducing electricity consumption, we formulated the *Energy Saving and Energy Consumption Control System* to provide guidelines for energy management in the daily operation process and implement energy management in the selection and use of equipment, construction organization, and construction sites. In addition, the Group also sets energy consumption control indicators at the construction site, conduct retrospective study, take corrective measures promptly when abnormalities are discovered, to achieve energy conservation.

Water Consumption and Drainage Management

Our target in managing water resources is to improve overall water efficiency and reduce water consumption. To this end, we have installed a rainwater diversion and drainage system in our operation sites. Rainwater is discharged into the drainage ditch in an orderly manner through the roof slope and the ground slope and then connected to the municipal pipe network; while wastewater from flushing equipment will be naturally precipitated through the secondary sedimentation tank and will be pumped into the reservoir or discharged into the municipal pipe network after sedimentation. The Group has set up sedimentation tanks at the construction site, requiring construction wastewater and rainwater to undergo sedimentation before being discharged into the municipal drainage network. During the Reporting Period, the Group did not find any abnormalities in construction water consumption.



Strengthening Waste Management

The Group has formulated the *Construction Waste Management Plan* to strictly control the generation and disposal of waste. The Group sets up specific locations and waste sorting and recycling facilities at construction sites to store construction waste. For example, recyclable concrete residues are recycled and processed to form renewable materials, and non-recyclable wastes are regularly disposed of by waste removal companies.

To achieve the goal of minimizing the environmental pollution of hazardous waste, the Group implemented the *Inflammable, Explosive, Toxic, and Hazardous Substances Storage System*, to strictly control the storage of hazardous chemicals and oil products to minimize the leakage of hazardous materials. During the Reporting Period, the Group did not have any leakage of hazardous materials.

Reducing Raw Material Consumption

The Group applies Building Information Modelling (BIM) technology in project design and construction to conserve material consumption that needs to be demolished and rebuilt due to construction errors, greatly reduce the waste of raw materials, and achieve a rational use of resources.

Protecting the Land and Natural Environment

The Group understands that the construction process may have an impact on the land and natural environments, such as destroying greenery and causing soil erosion. To this end, the Group has formulated the *Land Preservation and Protection of Construction Sites System* and the *Land Protection System* and has strengthened the implementation of land and natural ecological environmental protection measures, such as protecting the original green vegetation within the construction area as much as possible and reducing soil excavation by optimizing the foundation engineering plan.

Green Operation

The Group advocates the concept of green operation and focuses on strengthening waste management and energy conservation by implementing the *Management System for Wastewater, Air Emission, and Wastes, and the Energy Saving and Consumption Reduction Management System* in the course of business.

Office wastes such as waste paper, waste ink cartridges, waste batteries, and waste lamp tubes are generated from the Group's daily operation. The Group promotes double-sided printing to reduce paper consumption. For hazardous wastes, the Group returns used ink cartridges to the suppliers and transfers other recyclable hazardous wastes to legal recycling stations for handling. The Group arranges recyclers to collect steels, other metals, concrete and other recyclables that are generated from the Group's manufacturing plants of building materials. During the Reporting Period, the Group recycled over 1.2 tonnes of waste paper, 0.1 tonnes of plastic waste, 253.4 tonnes of iron, and 19 tonnes of other scrap metals.

The Group actively promotes awareness of resource conservation among employees and reduces energy consumption by setting air-conditioning temperature limits, strengthening the management of official vehicles, giving priority to purchasing certified energy-saving equipment, and advocating the use of renewable energy.

Waste paper

1.2 tonnes

Plastic waste

0.1 tonnes

Iron

253.4 tonnes

Other scrap metals

19 tonnes

Case Study Reducing the use of non-renewable energy

The Group has installed a solar photovoltaic power generation system on the roof of the scientific research building to meet all lighting demands of the scientific research building, reducing the use of non-renewable energy while also reducing the greenhouse gas emissions from the use of purchased electricity. During the Reporting Period, the photovoltaic power generation system generated a total of 58,529 kWh of electricity, which is equivalent to a reduction of 34.2 tonnes of carbon dioxide emissions².

Case Study Shanghai's first carbon neutral public building

During the Reporting Period, the Group's Shanghai Baoye Center obtained the carbon neutrality certification issued by China Quality Certification Center, which is the first public building in Shanghai to obtain the carbon neutrality certification.



Extending Green Footprints

On the basis of striving to reduce the environmental pollution in our operations, the Group actively contributes to the promotion of green development in the construction industry by actively participating in the development of green buildings and construction technology.

▪ **Green Building**

The Group incorporates the concept of sustainable development into real estate development and actively adopts green technologies in project design.

▪ **Green Construction**

The Group has been committed to promoting new construction technologies, vigorously developing prefabricated concrete buildings and light steel structure buildings, and assisting the green transformation and upgrading of the construction industry. These technologies have advantages over traditional construction methods in terms of saving resources, reducing carbon emissions, and reducing waste generation.

² Calculation based on the Baseline Emission Factors for Regional Power Grids in China in accordance with the *Guidelines for Accounting and Reporting of Corporate Greenhouse Gas Emissions (Revision 2021)*.

▪ **Green Standards**

The Group actively promotes the green transformation of the construction industry and brings a positive impact to the construction industry through joint efforts in formulating industry technical standards.

Prefabricated Concrete Construction	Light Steel Structure Building
Reduce over 36% of construction water consumption	20% Materials saving
Reduce wood use by nearly 7%	60% Water saving
Reduce waste of materials by more than 20%	63% Energy saving
Reduce construction waste generation by approximately 70%	Reduce carbon emissions by more than 70%
Reduce the overall energy consumption of construction by more than 70%	Reuse 60% of the core building materials

Case Study Publication of the "Design Regulations for Formed Reinforced Concrete Structure"

In September 2021, the final version of the "Design Regulations for Formed Reinforced Concrete Structure" co-edited by Tongji University and Baoye Group was successfully held at Baoye Center. This specification is the first time to systemise the application of steel bars in construction projects, aiming to achieve the national "dual-carbon" strategy by improving quality and shortening the construction period.



Responding to Climate Change

▪ **Climate Risk Management**

The frequent occurrence of various natural disasters also brings certain risks to construction projects. The Company assesses the physical risks of climate change and policy risks in the process of carbon emission reduction, which may impact the Company's business development in varying degrees, and the management level will evaluate potential risks and undertake appropriate measures.

▪ Addressing Physical Risks

To address the impact of extreme weather, the Group has formulated corresponding measures for office areas and construction sites in accordance with the *Guidelines for Emergency Response to Adverse Climate and Extreme Weather on Construction Sites of Housing and Municipal Engineering in Hubei Province (Trial)*. For example, during the Reporting Period, extreme weather such as typhoons and floods occurred in the business districts of Shaoxing, therefore the Company arranged flexible working hours for employees, making sure they avoid strong typhoon hours, required them to close doors, windows, power supply, and other switches off after work, and arranged on-duty staff to be on duty at night, to deal with emergencies caused by typhoons.

▪ Managing Policy Risks

As a leading enterprise in the field of construction industrialization, Baoye actively responds to the national "dual-carbon" strategy. At present, Baoye has built the only research platform in China that provides the overall environmental protection and thermal insulation Q value of buildings; building energy-saving and environmentally friendly high-performance building that reaches 60 million square meters; investing and operating various industrialization manufacturing bases, and also playing an active role in demonstrating the national energy conservation strategy and "carbon neutrality".



High-performance building

60 million square meters



Baoye and Tongji University collaborated to build the "Carbon Neutrality Research Center"

The Carbon Neutrality Research Center is a collaborative innovation platform jointly established by Baoye and Tongji University to promote green and low-carbon technology and innovative services. In October 2021, government leaders in Shanghai visited the Center and toured the green, low-carbon, and energy-saving industrialized technology building model, as well as researched key indicators of building energy-saving, and inspected building performances in terms of quality, safety, health, comfort, energy conservation, and emission reduction.



Construction Industry Forum

On 31st October 2021, Baoye was invited to participate in the International City and Construction Industry Forum to share thoughts and transformation practices of low-carbon development in the context of the dual carbon strategy, and the green concepts and low-carbon technologies that Baoye is currently practicing. We are currently focusing on industrial transformation and low-carbon development and are committed to promoting the traditional building material thermal conductivity assessment standard to the overall energy-saving inspection standard of the building.



Managing Our People

In terms of talent management, the Group adheres to the people-oriented principle, treats every employee equally, respects every employee, and creates a platform for employees to develop their potential and realise their self-value. At the same time, the Group stresses the physical and mental health of employees and strives to provide employees with a healthy and safe working environment.



Human Resources Management



Communicating with Employees



Growing with Employees



Protecting Employees' Safety

Managing Our People

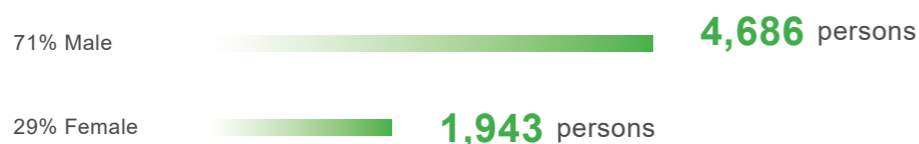
As at 31 December 2021, the Group employed a total of 6,629 full-time employees. The number of employees by category is as follows:

Total number of employees

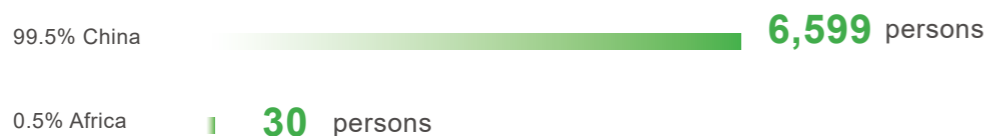
6,629 persons



Employees by Gender



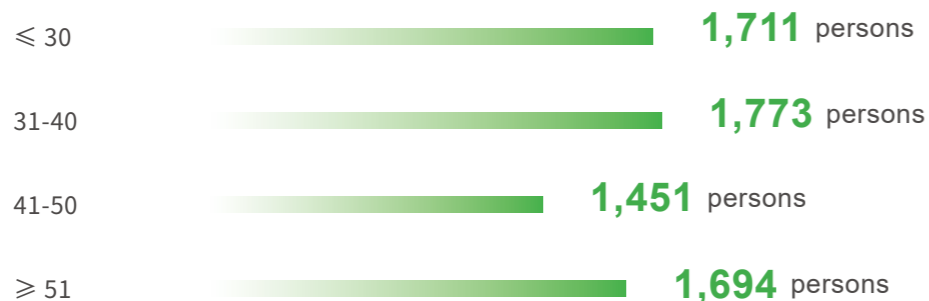
Employees by Geographical Region



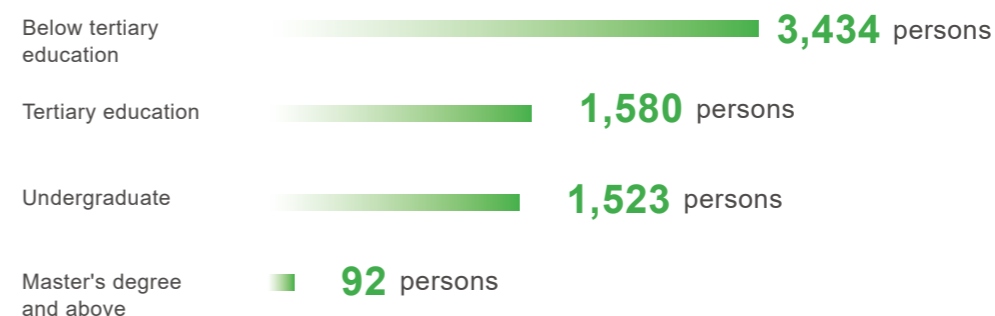
Employees by Employment Type



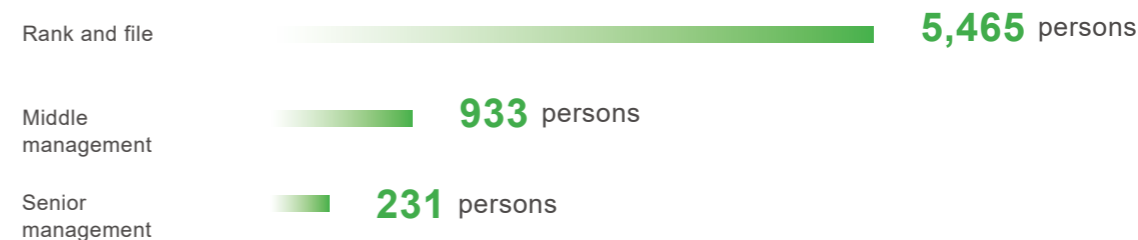
Employees by Age Group



Employees by Education Level



Employees by Employee Category



Human Resources Management

The Group has regulations and measures in the areas of recruitment and dismissal, remuneration and benefits, working hours and holidays, prohibition of child labor, and forced labor. The Group also strictly complies with employment-related laws and regulations and has formulated the Human Resources Management System.

Recruitment and Dismissal

The Group provides equal opportunities for applicants and employees in respect of recruitment, training, and promotion, and eliminates any form of discrimination. The Group has specified the application, recruitment, and interview procedures in the *Human Resources Management System*. The Human Resources Department of the Group will arrange internal deployment or external recruitment, and conduct background checks, interviews, and assessments on candidates to ensure that they meet recruitment requirements. The Group uses different channels for external recruitment, such as recruiting graduates with a bachelor's degree or above from tertiary institutions.

In terms of dismissal, the Group terminates labor contracts with employees in strict accordance with the circumstances and provisions of the *Labor Contract Law of the People's Republic of China* to protect the rights and interests of both employees and the Group. The Group signs labor contracts with employees who are confirmed to be recruited to fully protect the rights and obligations between the employees and the Group.

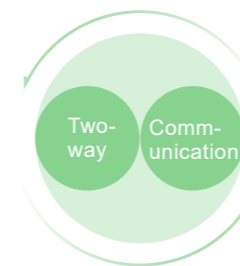
Working Hours and Holidays, Remuneration and Benefits

The Group implements an employee performance review system. Each employee would formulate a work responsibility letter and work plan at the beginning of each year. Subsequently, the Group would review employees' performance every six months or every year. The Group links employee remuneration with performance to motivate employees to continuously improve their performance.

The Group provides holidays and benefits in accordance with relevant laws and regulations and specified employees' working hours, holidays, and other benefits in the *Human Resources Management System* to ensure that employees have a clear understanding of their rights. The Group implements a comprehensive work hour system, flexible work hour system, and other work hour systems based on business needs, and ensures that employees enjoy statutory holidays such as marriage leave, maternity leave, funeral leave, and paid annual leave. The Group will also provide employees with other benefits and subsidies beyond statutory requirements.

Prevention of Child and Forced Labor

The Group prohibits the use of child and forced labor, avoiding any possibilities of child and forced labor. During the recruitment process, the Group requires applicants to provide identity documents such as identity cards and household registers to ensure that they meet the legal working age requirements and are lawfully employable. To avoid forced labor in the course of operation, the Group reasonably arranges employees' working hours and rest periods and implements an overtime application system to compensate employees who were approved to work overtime by providing them with compensatory leave, rotational leaves, or overtime pay. In any cases of child labor or forced labor, the Group will immediately conduct an investigation, settle the compensation and terminate the labor contract after the investigation, and if necessary, submit the case to the judicial authorities. During the Reporting Period, the Group did not find any cases of child labor and forced labor.



Communicating with Employees

The Group attaches great importance to maintaining communication and good relationship with employees and understands their thoughts through various communication channels. The Company regularly publishes "Baoye Journal" to provide all employees with the latest business developments of the Group and to enhance mutual understanding between subsidiaries by sharing their outstanding performances.

Issue No. 195

Issue No. 196

Issue No. 197



Issue No. 198

Issue No. 199

Issue No. 200



Issue No. 201

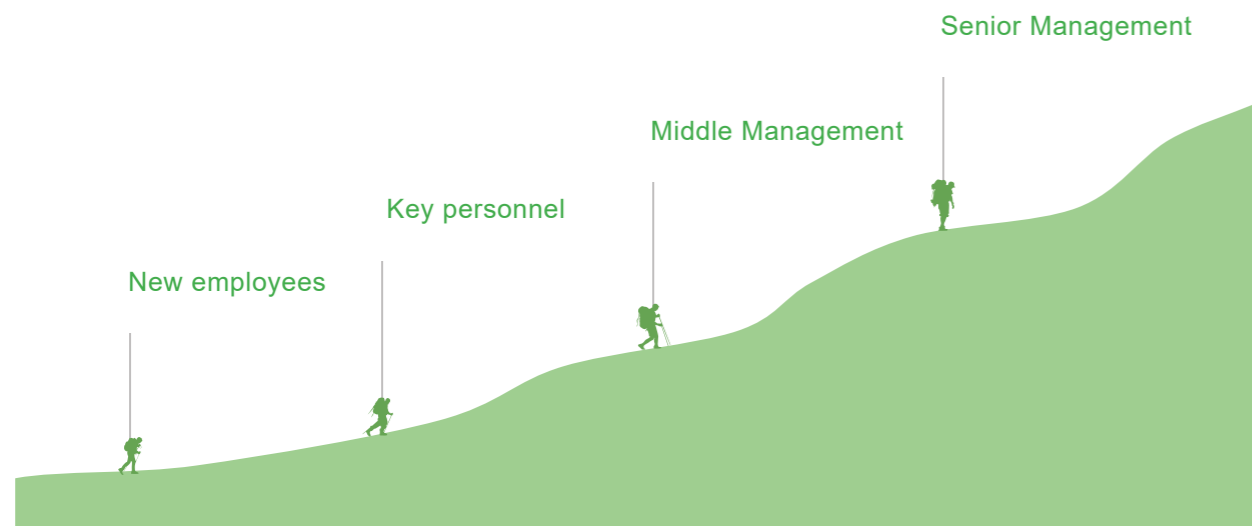
Issue No. 202

Issue No. 203



Growing with Employees

The Group aspires to grow together with employees, support and nurture employees to fully realize their potential. To support employees' comprehensive development, the Group offers professional development opportunities to employees and clearly outlines a promotion pathway in the *Human Resources Management System*.



The Group is committed to investing resources into a variety of training programs for employees, actively creating a good learning atmosphere, and organizing diversified training programs to improve employees' vocational skills and professional knowledge. During the Reporting Period, the Group held numerous training activities, with a total of 3,805 employees participating in the training, and an employee training coverage rate of 57%³.



Employees participating in the training An employee training coverage rate of

3,805 persons **57%**



Vocational skills training for prefabricated construction technicians

In October 2021, the vocational skills training for prefabricated construction technicians in Yichang City commenced smoothly. This training aims to empower the prefabricated construction industry workforce by enhancing the professional skills of industrial workers and ensuring the product quality and safety of prefabricated construction through a combination of theory and practical training.



³ Calculation method of employee training coverage: number of employees trained during the Reporting Period/total number of employees as of the end of the Reporting Period x 100%



"Baoye School" Training 2021

During the Reporting Period, the Group held three times of "Baoye School" training. The Group adopted a "classroom + on-site" learning approach to enhance employees' technical and operational capabilities.



Annual training

3 times

Classroom: Teaching employees about foundation and construction structures, including operational management, financial control, architectural design, safe construction, etc.



On-site: The Group visits project sites with employees to learn about exterior walls, prefabricated buildings, renovation works, etc.



Protecting Employees' Safety

The Group adheres to the principles of "safety comes first, prevention as the core" and "safety management is pivotal in manufacturing management" to strengthen the safety management of operation and manufacturing processes, providing employees with a safe and healthy working environment.

Building a Strong Line of Defense for Workplace Safety

The Group strictly monitors building materials that may be harmful to the human body and the environment, such as using building materials with low formaldehyde, benzene, or organic volatiles, using liquid material de-modifier that are not irritant, allergenic, mutagenic, teratogenic, or carcinogenic to human beings, and at the same time monitoring radiation levels and ensuring that it does not exceed national standards.





- Establish management systems related to production safety such as the *Production Safety Management System, Major Hazard Source Investigation System, Construction Project Production Safety Technology, and Accident Emergency Plan*
- Incorporate safety measures in preparation of the annual safety plan



- Implement a liability system for safety production, incorporate safety production works into all levels and departments, define their specific responsibilities, and ensure the actual implementation of safety management-related systems
- Set up Engineering Emergency Response Team, Production Safety Leading Team, etc to overlook safety production and organize safety construction education events



- Conduct regular inspections on construction sites according to the *Construction Safety Inspection Standards* and other relevant regulations, formulate rectification plans, and implement rectification measures from time to time.



- Provide safety training and production safety meetings for all employees, mainly focusing on production safety awareness, knowledge, and skills, fire safety, etc.



- Conduct investigations and actions when accidents occur. Coordinate and supervise relevant departments to strengthen accident prevention measures



▪ Caring About Our Employees' Health

The Group has formulated the *Occupational Health and Hygiene Management System*, which requires employees to undergo medical checks before their official employment and conducts annual physical examinations for employees to prevent and eliminate occupational hazards. At construction sites, the Group's Project Department is responsible for supervising the proper use of occupational disease protection facilities and personal protective equipment. The Project Department will take protective measures such as ventilation and isolation for work procedures with risks of occupational hazards, and set up noticeable warnings or signs to raise employees' awareness. In addition, the Group conducts annual training and assessment for employees on the prevention and control of occupational hazards to ensure that each employee has the skills to prevent and control occupational hazards.

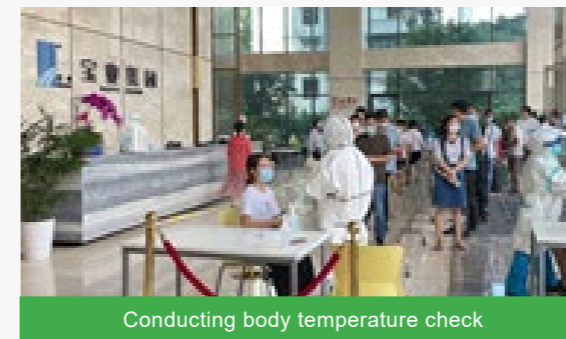
In the face of the ongoing COVID-19 pandemic, the Group took a series of essential health precautionary measures as soon as possible. We established a Pandemic Emergency Management Team to investigate and continuously update the travel and health conditions of all employees, conducted COVID-19 nucleic acid tests for employees returning from home and their families, and established a one-to-one health file for employees, uniting our employees together to fight against the pandemic and enhancing our pandemic management system, as well as helping work and production processes to get back to normal.



Disinfecting office buildings



Conducting COVID-19 nucleic acid testing for employees



Conducting body temperature check



Promoting pandemic prevention measures

Building the Future Together



Community Investment

Building the Future Together

Community Investment

The Group upholds the principle of “serving the society as its own responsibility” and contributes to building a harmonious society. During the Reporting Period, we encouraged our employees to participate in volunteering activities, donate to different organizations, assist in rebuilding the community, and organize community activities.

Building the Future with Philanthropy

The Group actively participates in social welfare, charity, pandemic relief, and disaster relief projects, adhering to the motto of “acquiring from the society and giving back to the society”.



“1st of July” Blood Donation

Contributing to the Community

Over the years, the Group has actively participated in poverty alleviation and charity donations, helping communities to solve their difficulties through direct donations, assisting in the development of local industries, rural revitalization, and encouraging quality education.

During the Reporting Period, the Group donated RMB 3,000,000 to Keqiao District Charity Federation and established the “Baoye Shizhong” Education Fund, which helps to enhance the inherent quality of experimental secondary schools. In addition, the Group also donated a total of RMB 3,274,000 to various organizations and institutions in need during the Reporting Period.



First school-enterprise cooperation with Xiangyang Vocational and Technical College



Donated to Keqiao District Charity Federation

3,000,000 RMB

Total donation

3,274,000 RMB

Creating a Friendly Neighborhood

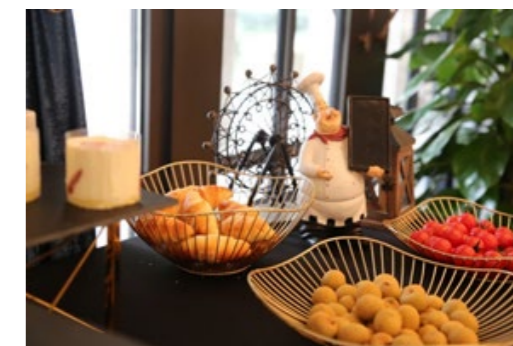
The Group's property projects carry out various activities from time to time. During the Reporting Period, Baoye Four Seasons Garden and Baoye Yunxili held multiple community activities to energize the lives of residents and strengthen community cohesion.



Baoye Four Seasons Garden Community Reading Day



“Ancient Path Adventure within Yunxi” Trekking Activity



Baoye Four Seasons Garden “Better Life Festival”

Statistics

Environmental Statistics

The Group continues to refine the reporting scope of performance indicators to enable stakeholders to fully understand the Group's performance to enable stakeholders to fully understand the Group's performance.

Calculation of the Intensity of Environmental Data

	Unit	2021	2020
Area of operation	m ²	974,067	1,772,115
Number of vehicle	vehicle	Gasoline vehicles: 52	Gasoline vehicles: 49
		Diesel vehicles: 4	Diesel vehicles: 3
Number of machinery	machinery	35	31

Resource Consumption^{4 5 6 7}

	Unit	2021	2020
Energy			
Total energy consumption	MWh	20,212	27,777
Intensity of total energy consumption	MWh per m ² area of operation	0.02	0.01
Direct Energy			
Total direct energy consumption	MWh	3,792	6,053
Intensity of total direct energy consumption	MWh per m ² area of operation	3.89 x 10 ⁻³	3.42 x 10 ⁻³
Total gasoline consumption (vehicle)	L	102,341	128,532
Intensity of gasoline consumption (vehicle)	L per number of gasoline vehicle	1,968	2,623
Total diesel consumption (vehicle)	L	7,195	6,095
Intensity of diesel consumption (vehicle)	L per number of diesel vehicle	1,799	2,032
Total diesel consumption (machinery)	L	104,797	91,994

⁴ The unit conversion of direct energy consumption was calculated by referencing the calculation methods and conversion factors in the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*, the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*, the *Gasoline for Motor Vehicles (GB 17930-2016)* and the *Automobile Diesel Fuels (GB19147-2016)*.

⁵ The calculation method and relevant emission factors of emissions from gasoline and diesel consumption of vehicles in 2021 are based on the *Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial)*; The calculation method and relevant emission factors of diesel consumption emissions from machinery in 2021 are based on the *Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial)* and the *Greenhouse Gas Inventory Guidance-Direct Emissions from Mobile Combustion Sources*.

⁶ The Group's gasoline and part of diesel consumption are derived from the fuel consumption of vehicles. Therefore, the intensity of such fuel consumption is calculated by the number of gasoline and diesel vehicles respectively.

⁷ The calculation scope of town gas, indirect energy and water consumption in 2020 includes the consumption of tenants and owners, while the calculation scope of town gas, indirect energy and water consumption in 2021 does not include the consumption of tenants and owners. In addition, due to the impact of the coronavirus (COVID-19) pandemic (the "Pandemic"), the consumption of town gas, indirect energy and water resources during the Reporting Period was less than 2020.

Intensity of diesel consumption (machinery)	L per number of diesel machinery	2,994	2,968
Total gas consumption (manufacturing and domestic use)	MJ	3,026,432	13,999,868
Intensity of gas consumption (manufacturing and domestic use)	MJ per m ² area of operation	3.11	7.90

Indirect Energy

Total indirect energy consumption (purchased electricity)	MWh	16,420	21,724
Intensity of total indirect energy consumption (purchased electricity)	MWh per m ² area of operation	0.02	0.01

Water

Water consumption	Tonne	68,905	769,014
Intensity of water consumption	Tonne per m ² area of operation	0.07	0.45

Air Pollutants and Greenhouse Gases ("GHG")^{8 9}

	Unit	2021	2020
Emissions of air pollutants			
Emissions of nitrogen oxides	kg	1,425	1,332
Emissions of sulfur oxides	kg	12	4
Emissions of particulate matter	kg	95	103
GHG emissions			
Total GHG emissions (Including Scope 1 and Scope 2)	Tonne CO ₂ e	10,523	14,427
Intensity of total GHG emissions	Tonne CO ₂ e per m ² area of operation	0.01	0.01
Scope 1 Direct GHG emissions (including gasoline, diesel and gas)	Tonne CO ₂ e	564	1,173
Intensity of Scope 1 Direct GHG emissions	Tonne CO ₂ e per m ² area of operation	9.60 x 10 ⁻⁴	6.62 x 10 ⁻⁴
Scope 2 Indirect GHG (including emissions from purchased electricity)	Tonne CO ₂ e	9,588	13,254
Intensity of Scope 2 Indirect GHG emissions	Tonne CO ₂ e per m ² area of operation	0.01	0.01

⁸ The calculation method and relevant emission factors of greenhouse gas emissions (Scope 1) from gasoline and fuel consumption in 2021 are based on the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial)*. The calculation methods and relevant emission factors of greenhouse gas emissions (Scope 1) in 2021 are based on the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for Other Industrial Enterprises (Trial)*.

⁹ The calculation scope of GHG emissions (Scope 2) includes the consumption of purchased electricity. The calculation of emissions from purchased electricity consumption in 2021 is based on the Nation Grid Average Emission Factor in the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions for Power Generation Facilities (2021 Revision)*.

Wastes ^{10 11}

	Unit	2021	2020
Non-hazardous Waste			
Total non-hazardous waste generated	Tonne	4,167	4,285
Intensity of Total non-hazardous waste generation	Tonnes per m ² area of operation	4.28 x 10 ⁻³	2.42 x 10 ⁻³
General Wastes			
General Wastes	Tonne	2,147	2,706
Paper	Tonne	47	835
Plastic	Tonne	1.1	18
Iron	Tonne	668	702
Other metals	Tonne	1,754	24
Hazardous Waste			
Total hazardous waste generated	Tonne	2.35	5
Intensity of total hazardous waste generated	Tonne per m ² area of operation	2.41 x 10 ⁻⁶	2.86 x 10 ⁻⁶
Waste batteries	Tonne	0.13	0.16
Waste fluorescent tubes	Tonne	0.11	0.32
Waste ink cartridges	Tonne	0.86	4.59
Other hazardous wastes	Tonne	1.25	-

Social Statistics

Employee

	Unit	2021 (As of 31 December 2021)	2020 (As of 31 December 2021)
Total	No.	6,629	6,463
By gender			
Male	No.	4,686	4,546
Female	No.	1,943	1,917

¹⁰ The scope of waste calculation in 2020 includes the consumption of tenants and owners, while the scope of waste calculation in 2021 does not include the consumption of tenants and owners. In addition, due to the impact of the Pandemic, less waste was generated during the Reporting Period as compared to 2020.

¹¹ The data - shown in the hazardous waste table indicates that no relevant data is disclosed for the year.

By employment type

Full-time	No.	6,629	6,463
Part-time	No.	0	0

By employee category

Senior management	No.	231	230
Middle management	No.	933	903
Rank and file	No.	5,465	5,330

By age group

≤ 30	No.	1,711	1,971
31-40	No.	1,773	1,509
41-50	No.	1,451	1,453
≥ 51	No.	1,694	1,530

By academic qualifications

Master's degree and above	No.	92	85
Undergraduate	No.	1,523	1,414
Tertiary education	No.	1,580	1,352
Below tertiary education	No.	3,434	3,612

By geographical region

China	No.	6,599	6,440
Africa	No.	30	23

Employee turnover rate (number of employee turnover) ^{12 13}	Unit	2021	2020
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By gender

Male	Rate (No.)	5.25% (246)	8.38% (381)
Female	Rate (No.)	3.50% (68)	10.59% (203)

¹² The calculation formula of employee turnover rate of each category is: the number of employee turnover of the category during the Reporting Period/total number of employees of the category as of the end of the Reporting Period x 100%.

¹³ The calculation formula of the new hire rate of each category is: the number of new employees of the category during the Reporting Period/the total number of employees of the category as of the end of the Reporting Period x 100%.

By age group

≤ 30	Rate (No.)	4.73% (81)	7.97% (157)
31-40	Rate (No.)	4.06% (72)	5.83% (88)
41-50	Rate (No.)	3.72% (54)	7.09% (103)
≥ 51	Rate (No.)	6.32% (107)	15.42% (236)

By geographical region

China	Rate (No.)	4.76% (314)	9.07% (584)
Africa	Rate (No.)	0% (0)	0% (0)

By gender

Male	Rate (No.)	6.36% (298)	11.77% (535)
Female	Rate (No.)	9.37% (182)	15.23% (293)

By age group

≤ 30	Rate (No.)	10.40% (178)	18.57% (366)
31-40	Rate (No.)	4.79% (85)	9.74% (147)
41-50	Rate (No.)	6.13% (89)	9.43% (137)
≥ 51	Rate (No.)	7.56% (128)	11.57% (177)

Training

Employee training coverage ¹⁴	Unit	2021	2020
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By gender

Male	Percentage	48.83%	28.13%
Female	Percentage	78.08%	48.72%

By employee category

Senior management	Percentage	61.47%	100%
Middle management	Percentage	69.99%	75.75%
Rank and file	Percentage	55.08%	23.98%

¹⁴ The calculation formula of employee training coverage of each category is: number of trained employees of the category/number of employees of the category x 100%.

Percentage of employees trained ¹⁵	Unit	2021	2020
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By gender

Male	Percentage	60.13%	57.79%
Female	Percentage	39.87%	42.21%

By employee category

Senior management	Percentage	3.73%	11.34%
Middle management	Percentage	17.16%	30.91%
Rank and file	Percentage	79.11%	57.75%

Average training hours per employee ¹⁶	Unit	2021	2020
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By gender

Male	Hours	7.20	6.13
Female	Hours	7.77	5.77

By employee category

Senior management	Hours	22.77	7.11
Middle management	Hours	13.06	7.78
Rank and file	Hours	5.48	4.78

Safety

	Unit	2021	2020
Lost days due to work injury	Days	65	0

Work injury	Unit	2021	2020	2019
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	Percentage	0	0	0

¹⁵ The calculation formula of the percentage of employees trained in each category is: number of employees trained in the category/total number of employees trained x 100%.

¹⁶ average training hours of each employee in each category is: total training hours of employees in the category/trained employees in the category.

▪ Products and Services

Products and Services Complaints	Unit	2021	2020
Number of complaints	Cases	27	0
Percentage of total building material products sold or shipped subject to recalls for safety and health reasons	Percentage	0	0

▪ Litigation cases

Litigation cases	Unit	2021	2020
Number of concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period	Cases	0	0

Appendix 1

Laws and Regulations Compliance by the Group during the Reporting Period

Laws and Regulations that have a significant impact on the Group	The Group's performance during the Reporting Period
Product Responsibility	
<i>The Product Quality Law of the People's Republic of China</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to health and safety, intellectual property, advertising and privacy matters relating to products and services provided.
<i>The Advertising Law of the People's Republic of China</i>	
<i>The Patent Law of the People's Republic of China</i>	
<i>The Trademark Law of the People's Republic of China</i>	
<i>The Construction Law of the People's Republic of China</i>	
Emissions	
<i>The Environmental Protection Law of the People's Republic of China</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
<i>The Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i>	
<i>The Water Pollution Prevention and Control Law of the People's Republic of China</i>	
<i>The Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i>	
<i>The Energy Conservation Law of the People's Republic of China</i>	
<i>The Soil Pollution Prevention and Control Law of the People's Republic of China</i>	
Employment and Labour Standards	
<i>The Labor Law of the People's Republic of China</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, prevention of child and forced labour.
<i>The Labor Contract Law of the People's Republic of China</i>	
<i>The Provisions on the Prohibition of Using Child Labor</i>	
<i>The Law of the People's Republic of China on the Protection of Minor</i>	
<i>The Social Insurance Law of the People's Republic of China</i>	
Health and Safety	
<i>The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i>	During the Reporting Period, the Group did not violate any laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.
<i>The Work Safety Law of the People's Republic of China</i>	
Anti-corruption	
<i>The Criminal Law of the People's Republic of China</i>	During the Reporting Period, the Group was not in violation of any laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.
<i>The Anti-unfair Competition Law of the People's Republic of China</i>	

Appendix 2

Index of the SEHK's ESG Guide

Mandatory Disclosure Requirements	Description	Relevant Sections in this Report/ Explanation
Governance Structure	<p>A statement from the board containing the following elements:</p> <p>(i)a disclosure of the board's oversight of ESG issues;</p> <p>(ii)the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and</p> <p>(iii)how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.</p>	Sustainability Strategy and Approach
Reporting principles	A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report.	About this Report
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	About this Report

General disclosures and key performance indicators	Description	Relevant Sections in this Report/ Explanation
Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste .	Fulfilling Environmental Responsibilities Appendix 1
KPI A1.1	The types of emissions and respective emissions data.	Statistics
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Statistics
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Statistics
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Statistics
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Fulfilling Environmental Responsibilities
KPI A2.1	Direct and /or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Statistics
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Statistics
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Fulfilling Environmental Responsibilities *The Group has no problem in obtaining suitable water sources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resources Management *The Group's business does not involve substantive use of packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Fulfilling Environmental Responsibilities, Extending Green Footprints
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Fulfilling Environmental Responsibilities, Extending Green Footprints
Aspect A4: Climate Change		
General Disclosure	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Responding to Climate Change

Social

Aspect B1: Employment

General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Managing Our People, Human Resources Management, Growing with Employees, Protecting our Employees' Safety
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Managing Our People, Statistics
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Statistics

Aspect B2: Health and Safety

General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Protecting our Employees' Safety, Appendix 1
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Protecting our Employees' Safety, Appendix 1
KPI B2.2	Lost days due to work injury.	Appendix
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Protecting our Employees' Safety

Aspect B3: Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities .	Growing with Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Statistics
KPI B3.2	The average training hours completed per employee by gender and employee category.	Statistics

Aspect B4: Labour Standards

General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour .	Human Resources Management, Appendix 1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Human Resources Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Human Resources Management *No violations occurred during the Reporting Period

Aspect B5: Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Sustainable Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Sustainable Supply Chain

KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Supply Chain

Aspect B6: Product Responsibility

General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Valuing Craftsmanship, Appendix 1 *The Group's business does not involve labelling
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Statistics
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Relationship Commitments, Statistics
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer Relationship Commitments
KPI B6.4	Description of quality assurance process and recall procedures.	Valuing Craftsmanship * No disclosure of product recall procedures
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Relationship Commitments

Aspect B7: Anti-Corruption

General Disclosure	Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Upholding Business Integrity, Appendix 1
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees During the Reporting Period and the outcomes of the cases.	Upholding Business Integrity, Statistics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Upholding Business Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff	Upholding Business Integrity

Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment



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