

# 2023

Greentown Management Holdings  
Company Limited

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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# Chapter 1: About this Report

## Reporting Period

The time span of this Environmental, Social and Governance Report (hereinafter referred to as the “Report”) is from January 1, 2023, to December 31, 2023, with some content extending moderately before and after.

## Scope

The report scope is consistent with the annual report and includes Greentown Management Holdings Limited and its subsidiaries<sup>1</sup>.

## Preparation Standards

This report primarily considers the materiality, quantitative, balance, and consistency of specific indicators related to the disclosure of key issues and performance.

**Materiality:** Identifying issues important to stakeholders through the Stakeholder–Company Importance model.

**Quantitative:** Key performance indicators disclosed can be measured.

**Balance:** Objectively presenting the company's work in environmental, social, and governance aspects.

**Consistency:** The ESG report for this year adopts a consistent data disclosure method with previous years, compares data from different years, and lists changes in statistical methods and key performance indicators.

## Source of Information

Qualitative and quantitative information used in this report is derived from public information, internal records, and relevant statistical data of Greentown Management Holdings Limited and its subsidiaries.

## Reference

For convenience of expression and reading, "Greentown Management Holdings Limited and its subsidiaries" is referred to as "Greentown Management," "the Company," or "we" in this report. "Greentown China Holdings Limited" is referred to as "Greentown China" in this report.

## Release Format

The online version of this report can be accessed and downloaded on the Hong Kong Exchanges and Clearing Limited website (<https://www.hkex.com.hk>) and Greentown Management website (<https://www.lcgljt.com>).

<sup>(1)</sup> Given that the Company's main business is the provision of construction services, project companies and related ESG information are not included in the scope of this report.

# Chapter 2: Message

Greentown Management has always believed that the "altruistic spirit" is the foundation of all business civilization.

In 2023, the Chinese real estate industry continued to stabilize, and the dual-track mechanism of guarantee housing and commercial housing became increasingly perfected. As a typical representative of the new development model in the industry, the agency construction industry welcomed dual development opportunities from both policy and market ends. As a pioneer and leader in China's real estate light-asset development model, Greentown Management adheres to the corporate values of "quality, trust, benefit, and sharing" and the "stakeholder" culture. In this ever-changing era, we always guide ourselves with the spirit of bees, working together with clients, homeowners, employees, suppliers, and investors to traverse cycles, find certainty, and, in the process, gain appreciation through craftsmanship, service, and sharing, co-creating an exciting quality life.

In 2023, leveraging the endorsement of central enterprises, the leading effect, diverse customer structure, and nationwide layout, we achieved rapid growth, leading the industry. Exceeding annual operating targets, net profit grew by over 30.8%, creating excellent value returns for all stakeholders. The annual contracted sales exceeded CNY 106.8 billion, the contracted total construction area was nearly 120 million square meters, and the contracted under construction area was 52.52 million square meters, maintaining the industry's leading position with a market share exceeding 20% for eight consecutive years. Our product quality advanced steadily, operational efficiency and per capita efficiency continued to improve, and operational fulfillment and service satisfaction continued to climb.

While creating outstanding economic benefits, we actively practice social morality and mission. As the largest government agency construction service provider in the country, we always adhere to the original intention of being responsible for the city, the people, and history. By the end of 2023, government agency construction had delivered a cumulative area of 53 million square meters, improving living environments for nearly 350,000 indigenous households. We are currently building dream homes for nearly 220,000 indigenous households. Various types of affordable housing, as well as public facilities such as industrial parks, headquarters buildings, schools, and hospitals that we have built, have blossomed in multiple provinces nationwide, contributing tirelessly to the construction of the Three Major Projects, revitalizing urban interfaces, and enhancing quality of life.

Against the backdrop of the "ensure delivery, stabilize livelihoods" initiative, in 2023, Greentown Management delivered a total of 116 projects, with a delivery area of 16.07 million square meters, handing over the keys to nearly 87,000 homeowners for their ideal new homes. With the steady progress of the non-performing relief business, we actively provide pre-investment risk control and post-investment management services to AMC and financial institution clients, helping to ensure completion and delivery, asset price stability, and team capacity, and effectively contribute to safeguarding the rights and interests of homebuyers and maintaining industry and social stability.

In the process of the real estate industry transitioning to a new development model, we actively share development experience with the outside world, consolidating 12 years of exploration in the agency construction industry into a book and open sourcing it to the entire network. To promote healthy and high-quality growth of the agency construction industry, we, together with China Resources, jointly established the Agency Construction Branch of the China Real Estate Industry Association, dedicated to contributing to the construction of a new real estate development model.

In 2024, Greentown Management will consolidate its leading position as the "number one in agency construction," adhering to being a guardian of quality, a predictor of trends, and a leader in the industry. While maintaining strategic stability, we will focus on key cities, seize core customers, open up diversified businesses, broaden our capabilities moat, enhance competitive barriers, and maintain a long-term competitive advantage. At the same time, we will focus on operational fulfillment, improve service quality, enhance business realization for B-end customers through the "M Mountain Model," create a beautiful community life for C-end customers through the "M Fortunate Community," actively contribute to the development of the agency construction industry through an open knowledge system and active participation in industry association platforms, and strive to become a force leading the transformation of China's real estate development model, ushering in the "fortunate era" of agency construction together!

# Chapter 3: About Greentown Management

## I. Figures of 2023

Operation	Operating Income	Gross Profit	Net Profit Attributable to the Owners
	<b>33.02</b> 億元	<b>17.22</b> 億元	<b>9.74</b> 億元
	Total Gross Floor Area of Contracts	Area of Contracts under construction	Gross Floor Area of New Projects
	<b>120</b> million m <sup>2</sup>	<b>52.52</b> million m <sup>2</sup>	<b>35.28</b> million m <sup>2</sup>
	Project Management Fee of New Project	RMB <b>10.37</b> billion	
	Operation Cash Flow	每股派息	Earning per Share
	<b>9.55</b> 億元	<b>0.50</b> 元	<b>0.50</b> 元
Society	Total Employees	Total Suppliers	Customers Satisfaction
	<b>2056</b> 人	<b>1558</b> 家	Rate <b>96%</b>
	Total area of delivery	Total area of house holds delivered	Delivery satisfaction
	<b>16.07</b> million m <sup>2</sup>	<b>87000</b> households	Rate <b>91%</b>
Environment	Total Gross Floor Area of Green Buildings		Proportion of Green Buildings Gross Floor Area
	<b>100.17</b> million m <sup>2</sup>		<b>83.79%</b>

## II. Company Overview

### 1 Company Profile

Greentown Management Holdings Limited and its subsidiaries (collectively referred to as "Greentown Management") are pioneers and leaders in China's light-asset real estate development model. Established in 2010, Greentown Management is a subsidiary of Greentown China (3900.HK) and serves as the main entity for the output of the Greentown brand and agency construction management model. In July 2020, Greentown Management went public on the Main Board of the Hong Kong Stock Exchange (9979.HK), becoming the first agency construction company listed in China.

Guided by the core values of "quality, trust, benefit, and sharing," Greentown Management adopts the service philosophy of "management creates value." The company creates value for clients by integrating resources through project management, outputting brands and standards, and providing customized solutions and high-quality services. The core business model includes three main agency construction sectors: government agency construction, commercial agency construction, and capital agency construction; complemented by three supporting services: financial services, urban-rural integration services, and industry chain services.

As of the end of 2023, Greentown Management's business covered 122 major cities nationwide. The total contracted construction area of projects reached 119.6 million square meters, a year-on-year increase of 20.4%. The under-construction area was 52.5 million square meters, showing an 11.2% increase compared to the same period last year.

Despite the overall pressure on the domestic real estate industry, the company's newly developed business maintained a counter-trend growth. The total contracted construction area for newly developed agency construction projects was 35.3 million square meters, an approximate 25.0% increase compared to the same period last year. Government-related businesses, state-owned enterprise clients, and financial institutions accounted for 64.5% of this growth. The estimated agency construction fees for new projects amounted to CNY 10.37 billion, representing a growth of approximately 20.5%.



Cities covered



Total contracted construction area



Under-construction area



Market share has remained over 20% for eight consecutive years, ranking first in the agency construction industry



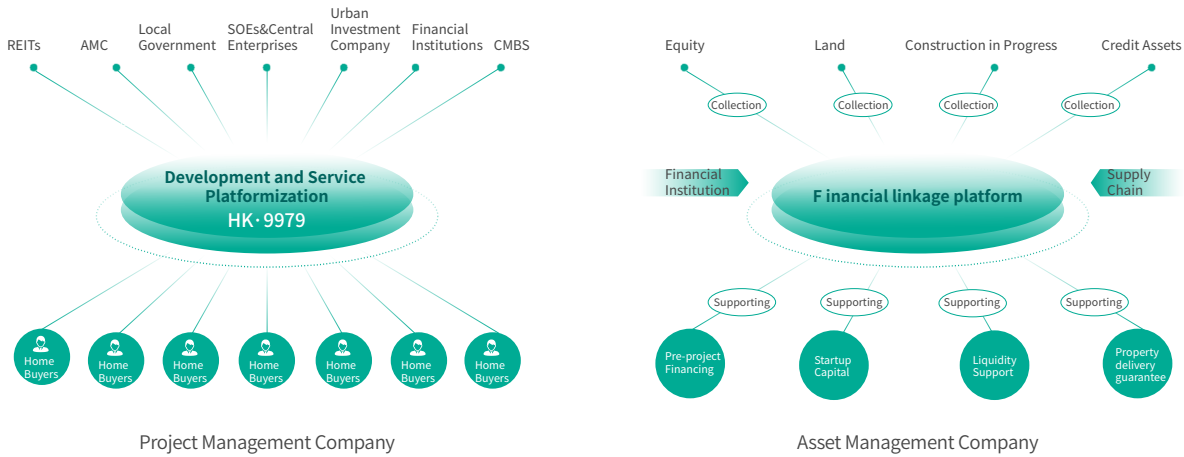
(Image:Greentown Management Project Layout of 2023)

## 2 Strategic Refresh

### (1) Building a Platform-type Enterprise

On July 10, 2023, during the celebration of the third anniversary of Greentown Management's listing, the Vice Chairman and Executive Director, Li Jun, delivered a theme presentation titled "The Vast Universe of Agency Construction." During the celebration, Li Jun updated and communicated the company's future strategy. He highlighted that under the decentralization trend of real estate investment in China, local governments, central state-owned enterprises, urban investment companies, financial institutions, AMC, REITs, and other equity investment funds have become important investment entities. Leveraging its professionalism and service attributes, Greentown Management is becoming a development service platform organization that meets the broad demands of the development end.

In the future, the real estate industry is expected to undergo a trend of "scenario-based asset management." While maintaining a light-asset nature, Greentown Management aims to improve the industrial chain, connect with external capital, empower pre-development financing, liquidity support, and ensure the completion of building processes. The company intends to transform non-performing assets into high-quality assets, cultivate asset management platforms, and provide scenario-based services such as development, realization, holding operation, and value-added services through traffic integration. This strategy aims to enhance the overall value and revenue of the company's entire industry chain services.



(image: Greentown Management Platform Strategy Business Model)

On this basis, Greentown Management will advance strategically from emphasizing quality, brand premium, and credit empowerment to financial connectivity and becoming a platform company. The goal is to become China's largest real estate development service provider.



(image: Greentown Management Strategic Advancement)

## (2) The Underlying Logic of Agency Construction: Assisting in Balancing Asset and Liability

Economist Gu Chaoming of Nomura Research Institute proposed the concept of "asset-liability sheet recession." In more accurate terms in the capital market, this is referred to as a period of declining asset yield. During times of high asset returns, individuals tend to prefer borrowing and leveraging to obtain higher returns. However, when asset returns decline, the likelihood of asset appreciation diminishes, and even depreciation becomes a possibility, impacting households, businesses, and local governments.

Greentown Management believes that agency construction, with its light-asset nature and a business model devoid of liabilities, can help various stakeholders address issues related to asset value, liquidate assets, and balance their liability sheets. This represents the underlying value logic of the agency construction track in the current market environment and is where its value lies in the current market conditions.

## 3 Corporate Honors in 2023

Nearly 30 industry TOP 1 honors in FY 2023



### (1) Company Honors

Name of Award	Awarding Institution
TOP1 China real estate construction operation leading enterprise	China Index Academy
TOP1 Leading brand of real estate construction in China	
2023 China Real Estate Government-led Construction and Operation Leading Enterprise	
2023 China Real Estate Government-led Construction Leading enterprise	
Top1 in the 2023 Real Estate Development Enterprise Construction Ranking	China Real Estate Association
Top1 of 2023 Top 10 Brands in China's Real Estate Construction Industry	China Real Estate News
Real Estate Construction Management Benchmark Enterprise	Leju Finance
Influential Construction Management Operator in China	
TOP1 of 2023 Top 10 Real Estate Development Companies in Brand Value and Construction	Yiju Research Institute
TOP1 Comprehensive Strength of China's Construction Service Providers	Yihan Intelligence
2023 Outstanding Brands in China's Real Estate Construction	
TOP1 in New Contract Scale of China's Typical Construction Companies in 2023	
2023 Outstanding Government-led Construction and Operation Enterprises	



Top1 of 2023 China Top10 Real Estate Construction Management Excellence Ranking	Viewpoint Index Research Institute
Top1 in 2023 China Real Estate Construction Companies New Contract Scale Ranking	China Index Academic
Top1 in 2023 China Real Estate Construction Companies Government-led New Contract Scale Ranking	
Top1 in 2023 China Real Estate Construction Companies Construction and Sales Scale Ranking	

## (2) Capital Markets Honors

Name of Award	Awarding Institution
2023 Investment Value Award	Gelonghui Financial Media Company
2023 Outstanding Financial Performance in the Pan-Real Estate Industry	Leju Finance
Top1 in Construction Brands of 2023 ESG Competitiveness Evaluation	Wind finance News
TOP1 of China 2023 Top Performing Real Estate Listed Companies in Government-Led Construction and Operation	China Index Academic

## (3) Product Honors

Won domestic and international awards such as China Civil Engineering Zhan Tianyou Award and International Residential Construction Award



Name of Award	Awarding Institution
GHDA Global Living Design Award	GHDA Global Habitat Design Awards Organizing Committee
8th REARD Global Real Estate Design Award for the Year 2023	REARD Global Real Estate Design Awards Organizing Committee
MUSE Design Awards by the United States	MUSE AWARDS JURORS
2023 International Residential Architecture Award	Chicago Athenaeum Museum of Architecture and Design
Gold Award in the Zhan Tianyou Award for China Civil Engineering	Residential Engineering Steering Committee of China Civil Engineering Society
First Batch of China National Quality Engineering Awards for the Year 2022-2023	China Construction Enterprise Management Association
Qianjiang Cup for Construction Projects in Zhejiang Province	Department of Housing and Urban-Rural Construction of Zhejiang Province
8th "Wangang Cup" Excellent Engineering Award for Standardized Demonstration Sites in Building Safety Production in Anhui Province	Department of Housing and Urban-Rural Construction of Anhui Province
Dujuan Flower Award for Excellent Construction Projects in Jiangxi Province	Department of Housing and Urban-Rural Construction of Jiangxi Province
Gold Award in the Science and Technology category (Landscape Engineering Award) by the Guangxi Landscape Architecture and Ecological Landscape Association	Guangxi Province Landscape Architecture and Ecological Landscape Association

Outstanding Landscape Engineering Award from the Zhejiang Landscape Architecture Association for the Year 2023	Zhejiang Province Landscape Architecture Association
"Yuanlin Cup" Excellent Engineering Award in Hainan Province for the Year 2023	Hainan Province Landscape Architecture Association

#### (4) Employer Brand Honors

Name of Award	Awarding Institution
China Talent Development Beacon Award - Outstanding Enterprise, 8th Annual Corporate Learning Competition Gold Award	CSTD (China Society for Talent Development)
2023 Best Practices Award for Performance Improvement	Sinotrac
2023 Outstanding Employer of the Year	Liepin
2023 Talent-Driven Enterprise Brand Learning Program	Pei Xun magazine
2023 Excellence in Human Resources Management Practices	HRoot
2023 Best Human Resources Service Center	Hrflag
2023 Excellence Exemplar Enterprise Award	ai Quality Workplace

# Chapter 4: Analysis of Material ESG Issues

## 1. Identification, Evaluation, and Prioritization of Material Issues

To fully understand the expectations of all stakeholders in Greentown Management, the company, following the ESG reporting guidelines of the Hong Kong Stock Exchange, combined internal and external communications and discussions. Through extensive exploration of sustainable development issues, the company identified and evaluated substantive issues that significantly impact Greentown Management and its stakeholders, incorporating them into this ESG report. These issues contribute to the formulation of risk management measures at the company level, ensuring effective handling of major concerns of stakeholders. Based on the principle of importance, the company prioritized the identified substantive issues through the Stakeholder-Company Importance Model. The results, reviewed by the management, are as follows:



## 2. Stakeholder Communication

We highly value listening to the voices of stakeholders and actively incorporate their requests and expectations into company decision-making processes to optimize decisions. Considering the business and operational characteristics of Greentown Management, the company identified its key stakeholders, including homeowners, employees, shareholders, partners, government and regulatory authorities, communities, and the public. The company has established different communication channels for stakeholders and maintains regular communication to ensure that substantive issues of concern to stakeholders are fully addressed and considered.

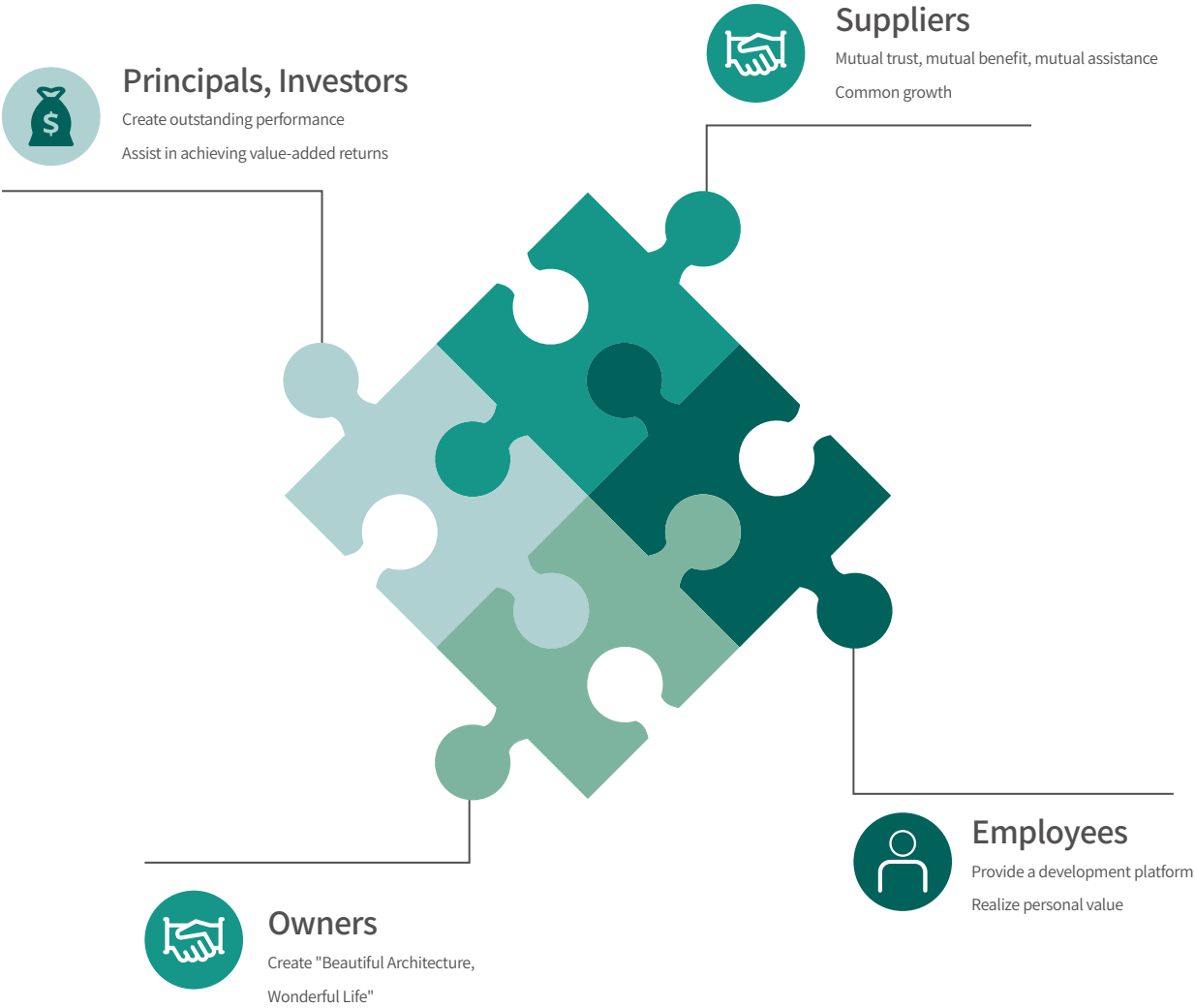
Through regular participation of various stakeholders, the company, in making decisions and reviewing its management priorities and performance, takes into account the opinions of stakeholders. We also disclose significant data to address the concerns of stakeholders.

Stakeholders	Concerns	Response of Greentown Management	Main Communication Channels
Owners	<ul style="list-style-type: none"> <li>• Quality management</li> <li>• Customer service quality</li> <li>• Humanistic design</li> </ul>	<ul style="list-style-type: none"> <li>✓ Build on quality</li> <li>✓ Service for clients on end B and end C</li> <li>✓ Humanistic design</li> </ul>	<ul style="list-style-type: none"> <li>✓ Owner service</li> <li>✓ Daily operation/communication</li> <li>✓ Company website</li> <li>✓ Customer service</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Training and developments</li> <li>• Employment standards</li> <li>• Compensation and incentives</li> <li>• Employee care</li> </ul>	<ul style="list-style-type: none"> <li>✓ Employee rights and benefits</li> <li>✓ Employment and Labor policy</li> <li>✓ Employee care</li> <li>✓ Professional talent development</li> <li>✓ Promote talent employment</li> </ul>	<ul style="list-style-type: none"> <li>✓ Team building activities</li> <li>✓ Staff training</li> <li>✓ Performance evaluation</li> <li>✓ Employee complaint mailbox</li> <li>✓ Exit interview</li> <li>✓ Other information disclosure</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Operational compliance</li> <li>• Quality management</li> <li>• Customer service quality</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Compliance operation</li> <li>✓ Build on quality</li> <li>✓ Humanistic design</li> <li>✓ Environmental design</li> </ul>	<ul style="list-style-type: none"> <li>✓ General meeting with Shareholders</li> <li>✓ Investor roadshow</li> <li>✓ Interim and annual results conference</li> <li>✓ Business progress telephone conference</li> <li>✓ Brokerage strategy conference or forum</li> <li>✓ Company website</li> <li>✓ Results announcement</li> <li>✓ Interim and annual financial reports</li> <li>✓ Other information disclosure</li> </ul>
Partners	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• Win-win industry</li> </ul>	<ul style="list-style-type: none"> <li>✓ Supplier management</li> <li>✓ Contractors Association</li> </ul>	<ul style="list-style-type: none"> <li>✓ Daily operation</li> <li>✓ Supplier access and evaluation</li> <li>✓ Conference</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>• Operational compliance</li> <li>• Promoting "Common Prosperity"</li> <li>• Emissions management</li> <li>• Intellectual Property Protection</li> </ul>	<ul style="list-style-type: none"> <li>✓ Audit Inspection</li> <li>✓ Social responsibility</li> <li>✓ Green buildings</li> <li>✓ Intellectual Property Protection</li> </ul>	<ul style="list-style-type: none"> <li>✓ Regulatory communication</li> <li>✓ Professional forum</li> <li>✓ Compliance report</li> <li>✓ Conference and visit</li> </ul>
Communities and The Public	<ul style="list-style-type: none"> <li>• Emissions management</li> <li>• Energy saving and environmental</li> </ul>	<ul style="list-style-type: none"> <li>✓ Green offices</li> <li>✓ Resource utilization</li> <li>✓ social welfare</li> </ul>	<ul style="list-style-type: none"> <li>✓ environmental protection and energy saving activities</li> <li>✓ Community activities</li> <li>✓ Public welfare activities</li> </ul>

# 3. Stakeholder Culture (Five-Dimensional Groups)

We place significant emphasis on establishing and nurturing a stakeholder culture. We advocate the concept of "co-construction," where clients, investors, suppliers, homeowners, and employees form the five-dimensional groups constituting our business community. The coordination and cooperation among these five-dimensional groups are essential to achieving their respective goals in a mutually beneficial manner.

Our goals are as follows:



# Chapter 5: Special Reports

## I. Ensuring the Delivery of Properties, Safeguarding People's Well-Being, and Maintaining Social Stability

Since China's real estate industry entered a new round of adjustment in the second half of 2021, "ensuring the delivery of properties, safeguarding people's well-being, and maintaining social stability" has increasingly become the main theme of the industry and has been emphasized by the Central Government many times. As of the end of December 2023, more than 2.68 million units of 3.5 million units of presold homes have been delivered nationwide since the initiative of "ensuring the delivery of properties", with a delivery rate of more than 76%.

Actively contributing to the "Ensure the delivery of properties" policy is the social mission that real estate enterprises should fulfill nowadays; meanwhile, the incremental market brought about by the "Ensure the delivery of properties" policy can fully promote the development of the capital owner project management operation. Greentown Management expects that the current scale of bailout projects under the "Ensure the delivery of properties" policy is about RMB3 trillion.

Against this background, Greentown Management put forward "capital owner project management" as an important part of its "3+3" business model in early 2022, and has continued to play an active role in "ensuring the delivery of properties" and endeavor to realize win-win situation for all parties. Up to now, the total contracted GFA of delivered bailout projects under the "Ensure the delivery of properties" policy has exceeded 10 million square meters.

### 1 Contributing to Bailout Projects Under the "Ensure the Delivery of Properties" Policy

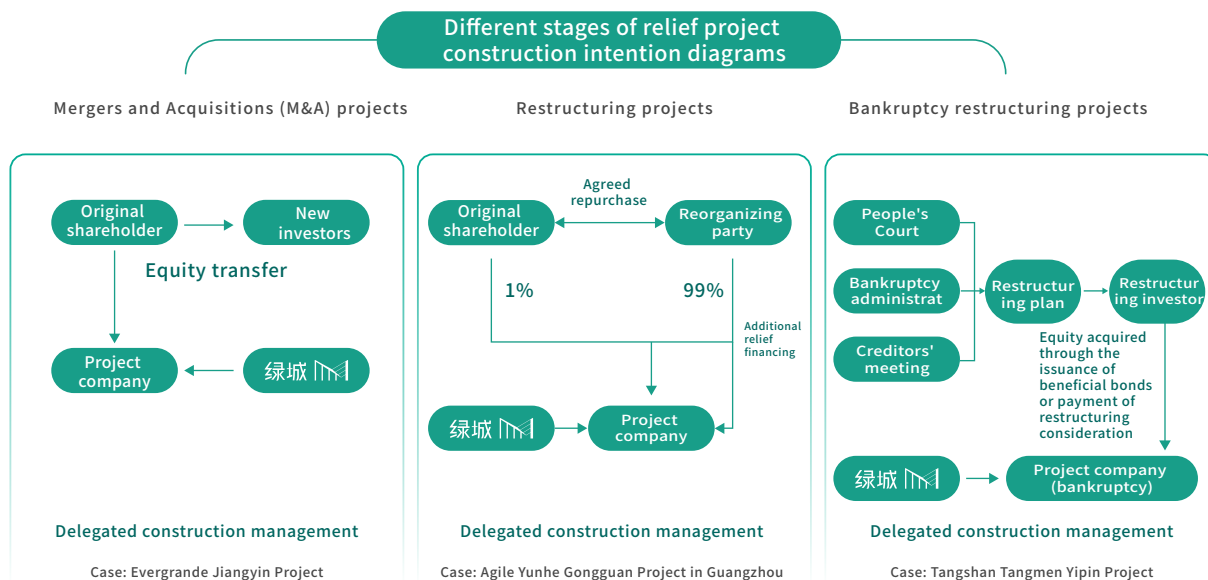
In 2023, AMCs and financial institutions continued to engage in the disposal of non-performing assets related to housing and land, resulting in growth in scale and more complete models. Bailout projects require professional project management service providers to provide multi-dimensional services such as brand renewal, team optimization and supply chain restructuring.

With strong credit and brand endorsement, professional development teams and supply chain resources, Greentown Management serves all kinds of financial institutions and capital owners, helping them to assess the front-end investment opportunities, realize the mid-end value and integrate the back-end operation capability. At present, it has delivered dozens of different types of capital owner project management projects, facilitating work resumption of projects and helping to deliver projects as promised.



Based on the delegated construction 4.0 system and the Green Star standard, Tailor-made modular solutions are built for non-standard businesses according to demand.

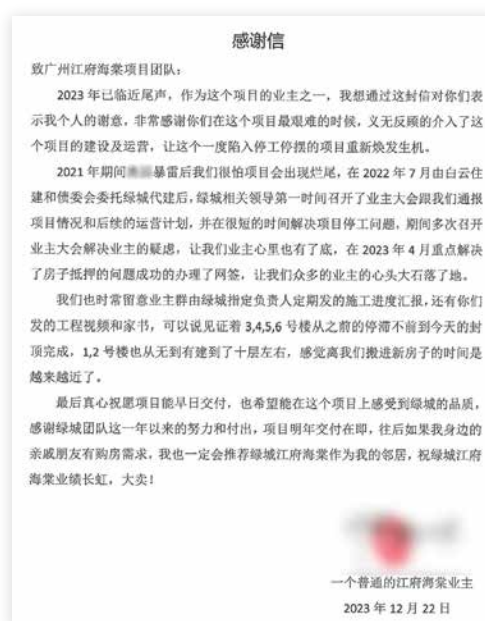
(Figure: Greentown Management's Empowerment for All Stages of Bailout Projects)



(Figure: Business Models for Project Management to Engage in Different Stages of Bailout Projects)

**In the early stage of a non-performing project:** COFCO Trust, the former financing institution of Evergrande's Jiangyin project, selected Greentown Management to carry out the subsequent development and management of the project after obtaining the actual controlling right. Greentown Management has systematically sorted out the project, re-coordinated and planned the operation idea, assisted the client in conducting a detailed inventory of the project assets and liabilities, actively responded to the government's requirements and homeowners' demands, completed the organization and system construction, and realized the new design and display surface. These efforts provided a sound basis for the client's further acquisition of the remaining equity. At the same time, Greentown Management team actively communicated with each supplier and collaborated with the client to communicate with the government, and finally allocated funds of about RMB50 million before the Spring Festival to solve the problems of migrant workers' wages and some suppliers' arrears, which laid the foundation for timely resumption of work and production, and effectively resolved the social contradictions. At present, the subsequent construction of the project is steadily advancing.

**In the middle stage of a non-performing project:** Greentown Management was entrusted by the relevant capital owner to provide project management services for Guangzhou Aoyuan Yunhe Mansion project, and promote the smooth operation and delivery of the project in terms of brand renewal, product upgrading and supply chain restructuring, so as to realize the win-win situation for the financial institution, the original developer Aoyuan Group, the homeowners, supply chain enterprises and the government. By the end of 2023, the project has completed the contract signing/renewal with 25 enterprises; reactivated sales and gained market recognition during the downward market cycle, helping the project to withdraw cash from market; and convened 15 forums for homeowners to relieve their concerns, playing an important role in maintaining harmony and stability. The original homeowners of the project and the Housing Construction and Transportation Bureau of Baiyun District, Guangzhou sent a letter of thanks and commendation to Greentown Management, highly affirming the efforts and achievements made by the company and the project team in "ensuring the delivery of properties".



(See Figure 5 for the letter of thanks)

**In the later stage of a non-performing project:** Greentown Management was commissioned by a state-owned enterprise in Tangshan, Hebei Province to provide follow-up project management services for a local bankruptcy reorganization project "Tangmen Royal Villa". This state-owned enterprise has participated in local bankruptcy reorganization projects for many times with rich experience and successful cases, but its overall management ability is insufficient. The introduction of Greentown Management is mainly to complete the construction of the project by leveraging on the professional development and management ability. The project has restarted sales and realized positive flow of funds.

## 2 Helping to Repair the Balance Sheet

The chief economist of the Nomura Research Institute in Japan, Richard C. Koo, put forward the concept of "balance sheet recession". When asset returns are high, people are more inclined to increase leverage to obtain higher returns; however, in the case of declining asset returns, assets are less likely to appreciate, or even depreciate, which has implications for households, businesses and local governments.

For households, in the current downturn cycle, many may tend to prepay their mortgages to balance their liabilities. Meanwhile, the process of lowering interest rates based on policy will prompt households to repair their balance sheets;

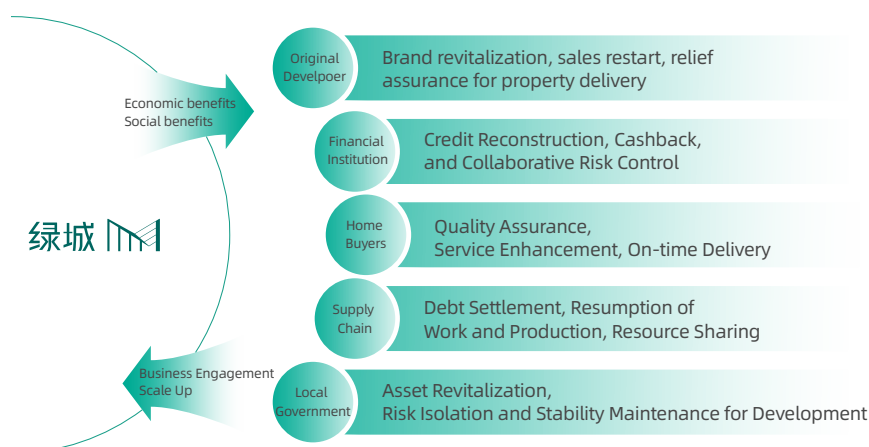
For real estate enterprises, many enterprises tend to strategically slow down the pace of land acquisition in an unstable market and focus on core first- and second-tier cities to repair their balance sheets to some extent;

For local governments, financial pressures of third- and fourth fourth-tier cities are mounting as the real estate enterprises focus on the first- and second second-tier cities, while urban investment enterprises' acquisition of land at a lower price has led to a rapid increase in liabilities;

As a listed company with the credit endorsement of the central state-owned enterprise, Greentown Management develops a business model that can help the government, enterprises and financial institutions repair their balance sheets and realize asset realization and even asset premiums by exporting brands, credits and resources with its attributes of the light asset model without liabilities. This is the logic that the project management enterprise fulfills its social mission and plays a significant role under the "Ensure the delivery of properties" policy.

## 3 Ensuring Completion and Delivery, Asset Price and Team Capacity

As a project management service provider, Greentown Management, when participating in the business of "ensuring the delivery of properties", can fully coordinate relationships between the original developer, owners, suppliers, financial institutions and government departments by relying on the seven core capabilities of corporate credit, brand asset, team capacity, knowledge system, client assets, supply chain, and financial cooperation, providing "safeguards" for multiple parties to "turn losses into wins".





For the original home buyers, the intervention of Greentown Management can help the project to be completed and delivered.

For project creditors and financial institutions, Greentown Management can help the project refresh its brand, restart sales, liquidate assets, withdraw money from market and realize asset preservation.

For the original developer and suppliers, Greentown Management retains the original team on merit, settles the debts of supply chain enterprises and promotes their active resumption of production, so as to realize the protection of the team, industry chain and social stability.

Meanwhile, for the local government, Greentown Management's participation in the project management and development of projects in distress and bailout projects can effectively avoid various conflicts brought about by the failure of properties delivery, activate social and economic production, and maintain social harmony and stability.

The "Ensure the delivery of properties" policy is both a business opportunity and a social responsibility. We are very fortunate that, as a pioneer and leader in the project management industry, we can do our best to respond to the "Ensure the delivery of properties" policy with our own exploration and experience, and work together with various stakeholders through the snow and wind to inject some warm colors into the industry that may be in the midst of winter. In the future, Greentown Management will continue to adhere to its original spirit, fulfill its mission, and continuously explore new business and new models, so as to play a greater value for clients, the industry and the society.

## II. To Make it Easy to Develop Projects Anywhere

In 2023, contrary to the downward trend of the real estate industry, the project management industry ushered in a year of scale explosion. The Central Economic Work Conference has repeatedly emphasized the need to promote the "three major projects" of the construction of government-subsidized housing, the building of public infrastructure for both normal and emergency use, and urban village renovation, which has become a window of opportunity for the development of the project management industry. Meanwhile, the solid advancement of the "Ensure the delivery of properties" policy provides extensive market opportunities for the project management industry. According to China Index Academy, in 2023, the overall newly expanded area in the project management industry exceeded 170 million square meters, an increase of more than 50% over the same period last year.

Preliminary statistics show that the number of branded real estate enterprises engaged in the project management business is close to 100. The industry has many new entrants and intensified competition. Against this background, Greentown Management has led the industry with a market share of over 20% for eight consecutive years. As the industry leader, Greentown Management knows that the overall development and prosperity of the industry is the prerequisite for the healthy growth of each enterprise, therefore, we always keep our mission "To make it easy to develop projects anywhere" in mind, and continue to share our experience to promote the overall healthy and high-quality development of the industry.

### **Developing and Refining Standards to Match Capacity to Scale**

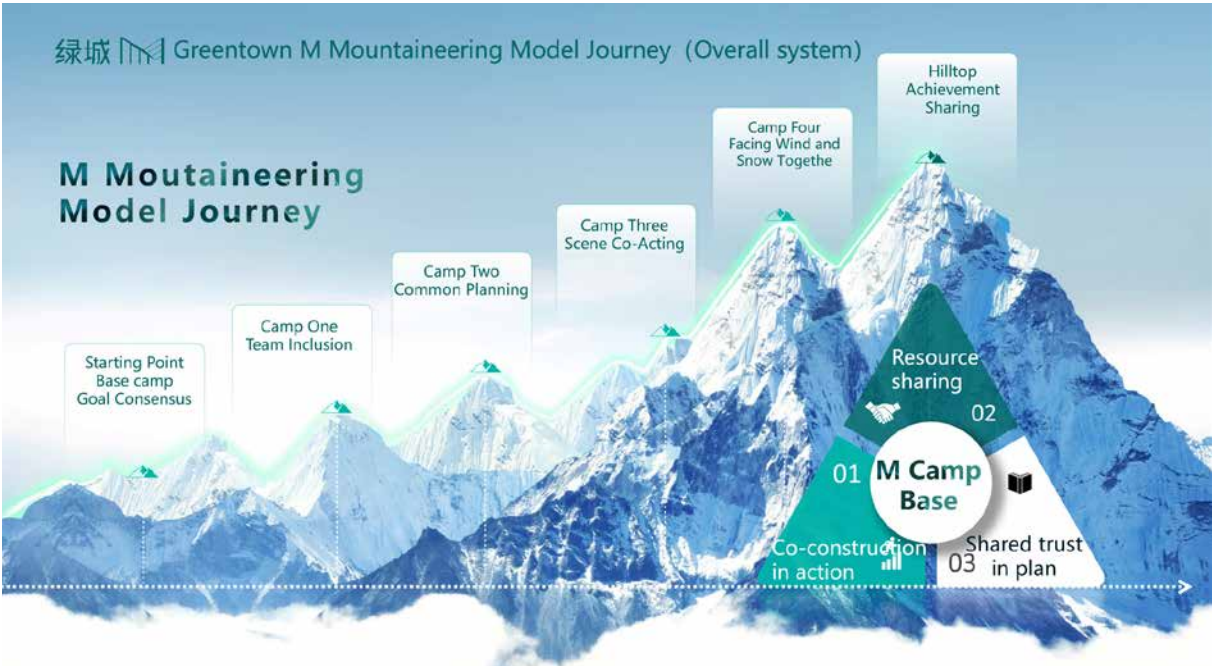
The project management industry has changed from a blue ocean to a red ocean, but Greentown Management's leading position has not been shaken at all. As of December 2023, Greentown Management's total contracted GFA of new project management projects was 35.28 million square meters, an increase of 25% over the same period last year, and the project management fee of new project management project was 10.37 billion yuan, an increase of 20.4% over the same period last year.

However, an industry where a single enterprise assumes a dominant position must not be a healthy industry. Greentown Management hopes that the project management industry can realize overall development. As a pioneer and leader in the industry, Greentown Management has the ability and confidence to promote the industry to develop a unified standard and methodology, and to facilitate the development and prosperity of the industry.

Therefore, on the third anniversary of the listing of Greentown Management, "M Climbing Model" was born. After 12 years in the project management industry and serving more than 1,300 projects, Greentown Management has formed a profound internal consensus: project management is like climbing, and the project management team is the one who helps the client to climb the mountain, but also the coach, the material support specialist, and the Sherpa. The "M Climbing Model" is the operation guide in the whole journey, the summary of the lessons learned from Greentown Management's 12 years of project management services, and the first standardized methodology in the current project management industry.

Its content can be divided into two major parts, one is to standardize the process nodes, including six camps, 23 service nodes, which are used to guide the project management practitioners and provide standard answers for the whole process of project management services.

The other part is a collection of questions to clarify the high sensitivity and pain points of the client in the process of project management cooperation, which can enable the project management service provider and the client to reduce the cognitive bias in the process of cooperation and quickly align the goals.



(Figure: Greentown Management's M Climbing Model)

## 2 Breaking Down Barriers with Open Source to Let Knowledge be the Ladder of Progress in the Industry

Open source, a term originating in the field of Internet technology, initially emerged in foreign countries, and its core essence is an open and shared approach to development. It can be said that those who really promote the development of the times are those great open-source contributors.

For example, Android's open source makes up the vast mobile ecosystem, driving the entire mobile era; Tesla's open source equalizes knowledge of underlying EV technology, reshaping the auto industry landscape; OpenAI's open source opens up patents and research to the public, pushing forward iterations of artificial intelligence.....

Greentown Management realizes that involution and seclusion will hinder the progress of the industry, and that openness is an important driving force for the progress of human civilization. on July 10, 2023, Greentown Management (09979.HK), the "first project management stock", held a celebration activity for the third anniversary of its listing in Hangzhou, and officially announced its "M Climbing model", taking the initiative to break the enterprise moat and starting the "open source revolution" for the whole industry.

**For the home buyer**, the quality of housing is no longer a "blind box". The open source of the M Climbing model allows each developer to obtain development and management capabilities, ensuring consistent product quality and improving the industry's "yield rate".

**For the client**, the experience sharing of Greentown Management can promote the process and standardization of the overall service level of the industry, thus providing greater certainty in the outcome of the project management and improving the business performance and client experience.

**For the industry**, the M Climbing model presents a set of "standard answer sheet" to the project management industry. It promotes the knowledge equity and technology universalization of the project management industry, and will lead the real estate development service into the era of standard industrialization and open a new development pattern.

### 3 Empowering Management to Keep the Client in Touch with the Progress

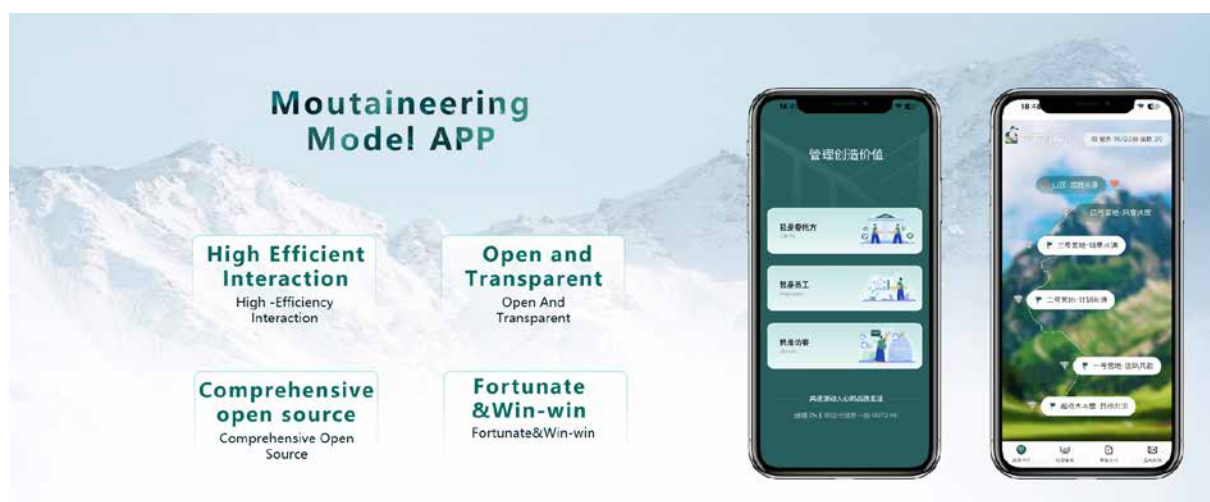
As an asset-light service provider, Greentown Management strives to share the achievements and values with all parties in the spirit of "altruism" while developing and expanding itself. As a result, the "'Greentown M' app", which uses the M Climbing Model as the knowledge base, was launched simultaneously.

To make the whole process of project management service more tangible and accessible in a digital and gamified way. How to accurately configure the team; how to conduct project positioning research scientifically; how to efficiently control costs; how to carry out risk monitoring and early warning..... all the questions people may have in the process of project management can be answered on the app, even if they are new to the industry.

The client users can also track the project in real time, including mutual visits and communication, team on board, positioning interviews, project sales, and finally team withdrawal. All 23 processes in project management are fully open to clients, homeowners, and employees.

Like ordering a takeaway, you can always check the process, like whether the restaurant finishes making the food, the distance of the food delivery worker, etc. The whole process is clearly visible, and you can also rate the restaurant and the food delivery worker after the service. In the "'Greentown M' app", the client can monitor the construction site 24/7 through the site camera, check various reports uploaded by the construction team in real time, and rate and give feedback about the work of the project management team at each node, thus truly realizing information transparency and symmetry, and making the management flatter and more efficient.

At the same time, the app shares the experience and knowledge of the M Climbing model to the whole society by setting up a visitor portal, thereby promoting the overall operational efficiency and service quality of the industry.



Looking back at the development of Greentown Management, from quality, brand, credit, finance, to platform. In the future, the "M Climbing Model" and the "Greentown M' app" will give more project management enterprises the power to improve the overall quality of the industry with a set of standardized service processes, to make it easy to develop projects anywhere and benefit the industry and related stakeholders as a whole.

### III. Union Promotes a Stronger Industry and a Better Success, and Leads Us to an Expecting Future

With more and more real estate enterprises announcing to take the project management, which has the attributes of light assets, anti-cyclicality and low liabilities, as an important strategic unit for transformation and development, Greentown Management, as the pioneer and leader in the industry, knows that only when the industry as a whole develops and prospers, every enterprise in it can grow healthily.

Against this background, Greentown Management joined hands with the industry's head enterprises to lead the establishment of the Asset Light Alliance, and under the leadership of China Real Estate Association, pushed forward the formal establishment of China Real Estate Association Project Management Sub-committee.

#### 1 Asset Light Alliance Opens a New Era of Co-competition

As early as 2020, Greentown Management took the lead in hosting a preparatory meeting for the Asset Light Alliance. In May 2021, Greentown Management held the first China Project Management Value Summit in Zhuhai, and formally set up the Asset Light Alliance in cooperation with leading project management enterprises such as Modern Green, CR Land, Gemdale Management, Agile Property Management and Central China Management. In 2023, in order to integrate more resources and build the industry chain and ecosystem of the project management industry, the Asset Light Alliance seeks new recruits from across the industry.

The formal establishment of the Asset Light Alliance signals a new era of competitive development, value creation and win-win cooperation for China's project management industry, with real estate enterprises moving from the initial state of one-man operation to the high-level stage of platform synergy and supply chain integration. The members of the Asset Light Alliance will empower as sharers, collaborate as co-builders, change as innovators, and pursue the value of "service", striving to create excellent value for customers through professional project management, realize the sublimation from material civilization to spiritual civilization to institutional civilization, and promote the healthy development of the industry.

The Asset Light Alliance, as an enabler to explore the new development model of real estate in the booming development of the project management industry, has effectively helped the project management industry to develop in a higher quality, more efficient and more sustainable way.



(image: The Scene of the Inauguration Ceremony of the Asset Light Alliance)

## 2 Establishing the Project Management Sub-committee and Move to a Whole New Stage

On November 22, 2023, the 14th China Real Estate Scientific Development Forum was successfully held, at which the China Real Estate Association Project Management Sub-committee was officially established.

Against the backdrop of significant changes in supply and demand in the real estate market and high-quality socio-economic development, the project management industry, which has the attributes of light assets, anti-cyclical and low liabilities, is a typical representative of the new development model, and will become an important direction for the future development of the real estate industry. At the same time, as an innovative business model, project management urgently needs to improve the relevant laws and regulations and industry standards.

Against this background, the China Real Estate Association has joined hands with the head project management enterprises to initiate the establishment of the Project Management Association, marking that the project management industry will be under the leadership of the official association, promote the industry's internal self-regulation, integrate more industrial resources, lead the development of a new model, and move towards a new stage of joint development.

In the future, the Project Management Sub-committee will work under the correct leadership of the China Real Estate Association, with the purpose of service, and be committed to conducting in-depth research to explore the model of the project management industry; carrying out research on related topics to prepare industry standards; formulating conventions for the project management industry to create a harmonious business environment; studying the successful experience of the project management to organize business learning and training; building a platform for communication and cooperation to provide diversified services for enterprises. The project management industry can contribute more to promoting the transformation of China's real estate to a new development model.



(image: Launching Ceremony of China Real Estate Association Project Management Sub-committee)

## 3 Exploring New Model and Undertaking New Mission

At an overall view of the situation, as the national economy entered a new period, the development stage, supply and demand, market structure and functional demand of the real estate have all experienced significant changes. Meanwhile, the transformation to new development model has become the Central Government's top-level guidance for the current real estate. As the Project Management Association established, Greentown Management, as a head enterprise, will assume greater responsibility.

On 23 November 2023, the Project Management Sub-Forum of the 14th China Real Estate Scientific Development Forum was successfully held by Greentown Management. The government officials and leaders of the association, industry experts, project

management enterprises representatives were brought together to discuss new models and developments.

After the establishment of the Project Management Association, Greentown Management actively organized industrial private sessions to achieve common consensuses on the expansion of the association, learning and communication, etc.; promoted visits and exchanges among project management enterprises, and led the preparation of three major texts, including model contract of the project management industry, industry convention and comprehensive capacity evaluation standards for project management enterprises. At present, the model contract and industry convention have been finalized and published, and the evaluation standards have been registered and entered the substantial preparation stage.



(圖為：組織代建分會成員赴信達地產交流)

Union promotes a stronger industry and a better success, and leads us to an expecting future. In the future, Greentown Management will give full play to its pioneering advantages and leading effects on the platform of China Real Estate Association Project Management Sub-committee, leading the industry to jointly explore the new development model of China's real estate. By uniting the practitioners of the project management industry, Greentown Management leads the industry to assume greater social responsibility and mission of the times and reconstruct industry credit and market confidence with new development model, writing a new chapter in the history of developing the real estate industry.

## IV. Talking with Leaders: Given the New Value and New Space, How did Greentown Management Make Profits with Light Assets?

(The article is the full text of an interview with Li Jun, Vice Chairman of the Board and Executive Director of Greentown Management, Conducted by China Index Academy in December 2023)

In recent years, as China's real estate has entered a period of in-depth adjustments, real estate enterprises were actively exploring new development model, the project management industry realized a rapid growth, and the branded real estate enterprises have all set up project management platforms to occupy the blue ocean. In the face of new changes, excellent project management enterprises continue to strengthen their capability and enhance new explorations in the project management field, in order to win a market favor. In the context, China Index Academy launched the "Series Interviews on the New Exploration of Real Estate Project Management Enterprises", which interviewed the executives from about 20 real estate project management enterprises to observe new practices for the industry's reference.

As the pioneer and leader of the asset-light development model in China, Greentown Management was listed on the Main Board of the Stock Exchange of Hong Kong (HKEX) in July 2020, with a market share of over 20% for seven consecutive years. As the first

project management stock in China, how does Greentown Management consider the development of the project management industry? How to advance its strategy in the continuously changing competitive environment? Li Jun, Executive Director of Greentown Management, has provided detailed analysis of these issues in the interview.

## The Value Logic of Project Management Helps Repair the Balance Sheet

The consensus of the value of project management is to act as a communicator of brand and management to help create value for clients with weak operational capabilities and brand influence. Certainly, the value changes with the economic environment and industry situation.

According to Li Jun, "During the downturn cycle of the return on assets (ROA) and the recession of the balance sheet of the society, the project management enterprises are free from liabilities pressure and may help enterprises, individual and even government platforms to repair their balance sheets, which represents the value of the project management industry in the current market environment."

Richard C. Koo, the Chief Economist of Nomura Research Institute presented the concept of "Balance Sheet Recession". In a more accurate terms in the capital markets, it's called a downturn cycle of the ROA. A more common description is that the ROA is falling, and money is harder to make.

With a high ROA, people are more likely to borrow money to rise leverages, and thus to make more profits; while in the declining of ROA, assets are less likely to appreciate or even face depreciation, which will affect households, enterprises, and even local governments to a certain extent.

- For households, in the current downturn cycle, many may tend to prepay their mortgages to balance their liabilities. Meanwhile, the process of lowering interest rate based on policies will promote households to repair their balance sheets;
- For real estate enterprises, many enterprises tend to strategically slow down the pace of land acquisition in an unstable market, and focus on core first- and second-tier cities to repair their balance sheets to some extent;
- For local governments, financial pressures on third- and fourth-tier cities are mounting as the real estate enterprises focus on the first- and second-tier cities, while city investment enterprises' acquisition of land at a lower price has led to a rapid increase in liabilities;

Based on the attribute of asset-light, the project management enterprise has no liabilities in its business model and may help all parties to solve the problem of asset value, realize assets, and repair balance sheets. This is the underlying value logic of the project management industry in the current market environment.

## "Climbing Model" was Created Based on Three Drivers

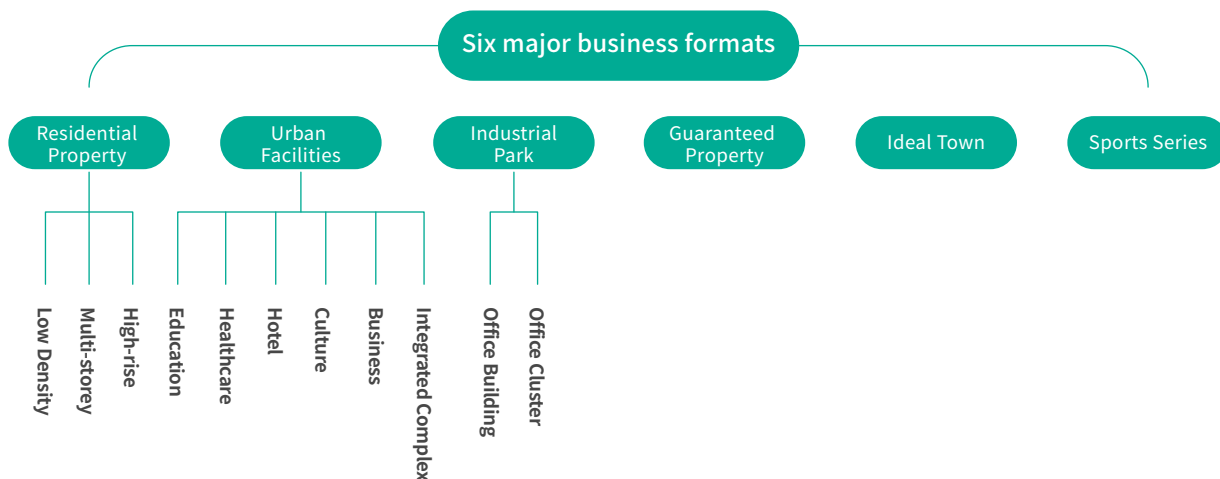
With the changing industry and market, there are more and more enterprises participating in the project management industry. Greentown Management with first-mover advantages has been adjusting its strategy with the changes in the market and strengthening its differentiated competitive advantages at different stages.

According to Li Jun, "Ten years ago, Greentown Management followed a product-driven strategy, and it's the C-end customers' preference of our products that makes us more favorable by our clients; After the listing in 2020, Greentown Management has followed a credit-driven strategy, leveraging our qualifications and credits to create value for clients; Now, Greentown Management is following a cognition-driven strategy, recognizing the essential logic of services and prioritizing customer needs."

From a more detailed perspective, these three drivers are not separated, but a process of continuously stacking enterprise advantages to strengthen Greentown Management's core competitiveness in responding to the market at different stages.

## Product-driven, Brand Favor from C-end to B-end

Based on the accumulation of Greentown products, Greentown Management, combined with years of exploration in the field of project management, has covered a wide range of property types and formed a product portfolio that suits the characteristics of project management.

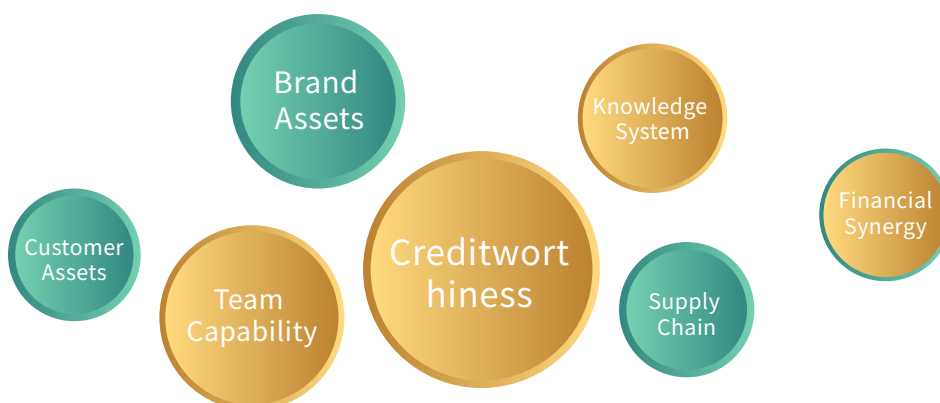


(image: Greentown Management Product Portfolio)

It is worth noting that, although products are Greentown's strengths, and also the initial core tool to open the project management market, **Greentown Management has been researching and innovating in the product side**, fully balancing policies, the market, the client's demand and the quality of the product, forming a richer range of products, stronger adaptability, and more diverse business, and converting innovative products into standardized products to make them applicable, easy to replicate, and easy to promote, and ultimately realizing the project management products competitiveness of "high production, good quality, and cost-effectiveness".

## Credit-driven, Empowering Clients with Credit Standing

Corporate credit is the major core ability of Greentown Management among its seven core abilities.



(image: Greentown Management Seven Core Abilities)

As the leader in the project management industry, Greentown Management inherits the brand gene of Greentown, and has been the leader in China's project management industry for the past seven years as recorded in data, possessing a strong brand reputation and market credibility.



Meanwhile, as a listed subsidiary of Greentown China, Greentown Management also owns the credit endorsement of the central state-owned enterprise, and its corporate credit and brand advantage are highlighted with years of market reputation and brand asset of Greentown. In current market environment, it is even more advantageous for cooperation with government departments, state-owned enterprises and central state-owned enterprises and financial institutions.

## Cognition-driven, the Moat of Greentown Management

According to Li Jun, "Cognition is the actual pain point for the project management industry. Since the project management industry belongs to service industry, real estate enterprises' development ability doesn't represent their project management ability; project management enterprises should deeply understand the needs of clients and meet their demands timely."

For the key investment segment of the real estate industry, the core competence and development logic is the ability to invest. It requires a fast turnover based on the right land acquisition, as quickly as once acquired the land in the morning, the construction has begun in the afternoon, as if carrying a red flag to climb a mountain – the faster, the better, the more honorable.

However, the underlying logic and the operational ideas of the project management industry with light assets is absolutely different. Therefore, Greentown Management has formally promoted the "Climbing Model" in this year.

## Climbing Model, Upgrading from the Cognition-driven Strategy

For Greentown Management, project management is like climbing, and the project management team is the one who helps the client to climb the mountain, but also the coach, the material support specialist, and the Sherpa.

If we compare the client's demand to climbing a mountain, the physical fitness, training, and supplies that need to be prepared are different for climbing Mount Qomolangma and Xiaohe Mountain in Hangzhou. A professional coach will not prepare oxygen cylinders for people who climb Xiaohe Mountain. Of course, in the process of climbing mountains, there are various problems. For example, if the client can't go on in the process of climbing, what should project management enterprises do? It is not the service logic of project management to push the client forward and saying, "there is no way back."

It is time for Greentown Management to analyze with its professional theory and model tools, to provide professional judgement and suggestions for the client. **If the client decides to go down the mountain, then Greentown Management will accompany the client to go down safely, and then help to solve problems for people in the industry chain. This is the service logic.**

In addition to specification on the nodes of the project management process, and guidance and answers to high sensitivity and pain points of clients in the process of project management cooperation, the core essence of the Climbing Model is to use the logic and cognition of service to solve problems for customers, always prioritize customers' demands, and understand, implement and track customers' demands.

"In the process of climbing, the customer walks in front of us, and any time he turns around and sees our smiling faces, while we mostly see the customer's cruel back," said Li Jun. Only by understanding this logic can we truly make good use of Climbing Model to do a good job in project management services.

## The Project Management is Expected to Expand and Greentown Management is Exploring Asset Light Model

"The scale of project management is expected to expand significantly in the following 3-5 years, and there are many opportunities for government subsidized housing, bailout projects under the "Ensure the delivery of properties" policy, and urban investment underpinning projects. Among these opportunities, Greentown Management adheres to the financial discipline of not making equity investments," said Li Jun.

## Large Scale Opportunities of Project Management

The downturn cycle of the real estate industry is giving birth to opportunities for the project management industry, and the golden development time of the industry has arrived. Opportunities in the project management market have continued to grow in recent years.

- Urban village renovation. Super-large and mega cities are actively promoting urban village renovation, providing some structural opportunities for the project management enterprises. China Index Academy predicts that the scale of urban villages to be renovated in 22 cities is about 1 billion square meters.

- Government-subsidized rental housing and allocated affordable housing opportunities. During the "14th Five-Year Plan", China plans to organize the construction of 8.7 million units of government-subsidized rental housing, of which about 60% has been completed so far, and it is predicted that there will still be about over 3 million units to be built in 2024-2025. In addition, in November 2023, the No.14 Document clearly proposed the allocated affordable housing. It is expected that there will be about 2 million units of allocated affordable housing to be constructed in the future based on the ration of 1.75 between allocated rental housing and allocated affordable housing in 2008-2018.

- 3 trillion in bailout projects scale. According to the judgment of Greentown Management, at present, the scale of bailout projects under the "Ensure the delivery of properties" policy have reached RMB 3 trillion.

- Urban investment underpinning projects opportunities. According to data from the China Index Academy, as of the end of the third quarter of 2023, local state-owned capitals have cumulatively acquired more than 1,200 residential lots in the market of sale of state-owned land-use rights in 2021-2022, of which more than 960 are still outstanding. In the future, under the background of converging land acquisition strategies of developers, the land acquisition of urban investment enterprises in the third- and fourth-tier cities has become an inevitable choice of the market, and the construction of these land lots has also become inevitable given the debt of urban investment enterprises. While the construction team and management team of each urban investment platform within the government system currently cannot support the development of such a large volume of projects, then it must rely on the project management enterprises with more development experience and management capabilities to build together.

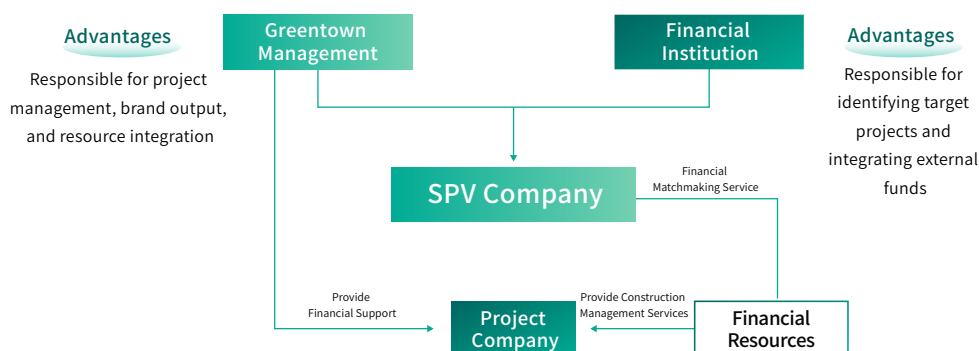
Then, in such a timing, in the next three to five years, the size and capacity of the project management market will grow up, representing a significant increase on the current basis.

## Adhering to the Project Management Model of Asset-Light and Zero Financial Contribution

Greentown Management adheres to the financial bottom line of no capital contribution in the project management process. But as the claims of "lack of money" of the client are increasing, how can the project management project be done with zero financial contribution?

**That is, providing financial matchmaking services and bringing financial institutions into projects.**

Greentown Management actively provides financial matchmaking services for projects with financing needs, and explores to set up joint venture companies with various types of capital owners to realize batch implementations.



(image:Financial Matchmaking Promotes the Project Management Model)

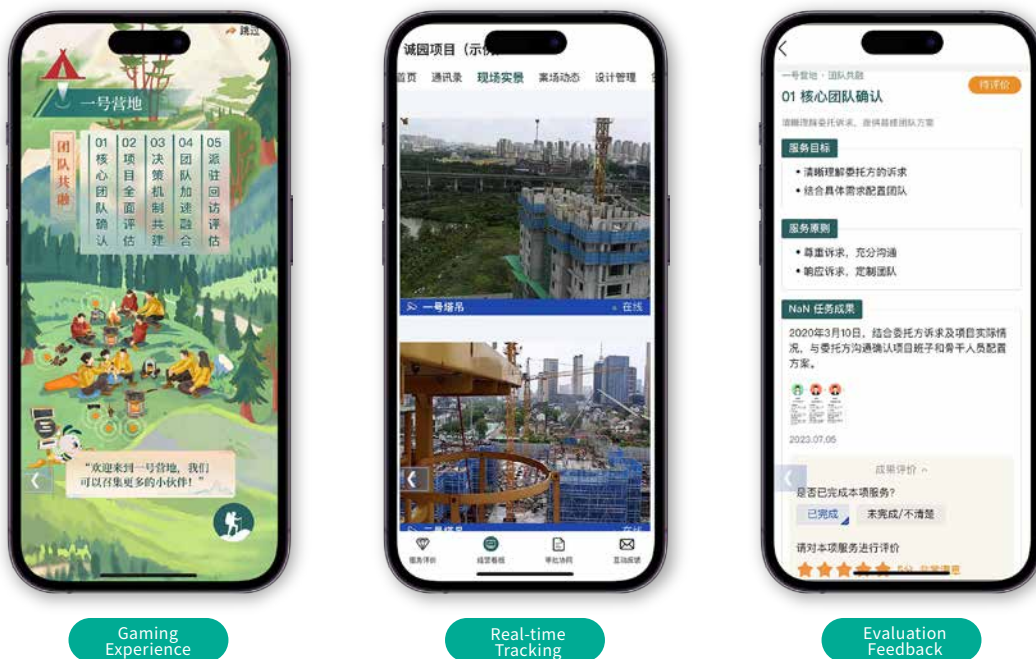
## 4 Ultimate Strategic Pursuit: Becoming an Open Platform Linking Resources from All Parties

"In the project management market, Greentown Management is fine to maintain a 20% market share. For the longer term, Greentown Management hopes to make an open platform in the future, realizing the strategic progression from quality establishment, brand premium, credit empowerment, to financial link and platform company," said Li Jun, when talking about the future development strategy of Greentown Management.

In the interview, Li Jun said that he is a high-frequency user of Ele.me, and has always wanted to introduce the transparent platform in the takeout industry into the project management. For example, Ele.me's customer demand, restaurants and delivery workers are diverse, but under a standardized logic, no matter how varied the level of the delivery workers, they can quickly get started on the platform and realize their value. This is because under a standardized and transparent platform system, the individual experience gap and knowledge accumulation can be wiped out.

The design of the Greentown Management's "Greentown M" app adheres to the same logic. From the mutual visit and communication of enterprises to the team on board, from the positioning interview to the project sales, and finally the team withdrawal, all the 23 processes of the entire project management are open to the clients and the project team, and the project nodes, plans, and results can be seen through the APP.

For example, if clients want to know the project progress, they don't need to visit the construction site, but can see the site scene directly in the APP; and they may directly click to view various operation data of the project, and can also rate the work of the project management team at each node, and make feedbacks.



(image:Interface of the "Greentown M" APP)

As a tool, the "Greentown M" APP has become a great pillar of the platform strategy of Greentown Management. After entering the platform model, the profit model of Greentown Management will also become more abundant. In addition to earning money from project management, it can also earn money on business flow, financial flow, and assets management.

Of course, it is a long-term process for Greentown Management to be a platform. In the process, it is necessary for the enterprise to further enhance the scale of business, refine and standardize each node, and realize scenario-based services such as the development, realization, holding and operating and value-added of assets, thus enhancing the service value of the company across industry chain.

# Greentown

COHESIVE  
FORCE



# I. Social Responsibility

Over the years, Greentown Management has actively fulfilled its social responsibility embedded in the business model. The business model encompasses three main categories: government-sponsored construction, commercial construction, and capital-sponsored construction. Among them, government-sponsored construction is a crucial manifestation of corporate social responsibility. Since its involvement in the redevelopment and resettlement construction of "urban villages" in Jianggan District in 2005, Greentown Management has embarked on the exploration of guaranteeing housing construction and diversified urban services, becoming the largest government-sponsored construction service provider in China.



## Achievements by the End of 2023:

Cumulatively delivered **53** million square meters of government-sponsored construction.

Improved living conditions for nearly **350,000** indigenous households.

Currently developing dream homes for nearly **220,000** indigenous households.



(Image: Greentown Management Government-led Area Layout and Construction in 2023)

## 1 High-Quality Resettlement Housing

Resettlement housing construction is a top priority for people's livelihood and a crucial component of urban renewal. Under the unwavering efforts of Greentown Management in government-sponsored construction, batches of high-quality, aesthetically pleasing, and well-equipped resettlement houses have been delivered successively. By showcasing urban culture through architecture, adopting the role of urban renewers, we continually explore a better life, resonate with the city, and create an ideal new home for the residents.

The government-led construction, as a crucial aspect of the company's operations, has always been highly valued. Greentown Management's government-led construction consistently focuses on delivering high-quality resettlement housing to fulfill the beautiful lives of the original residents. It actively participates in various types of affordable housing projects, including resettlement housing, co-owned property, public rental housing, and talent apartments.

### Case: 21 Greentown Management Projects Shortlisted for the "Most Beautiful Resettlement Housing" in Hangzhou

In the 2023 "Most Beautiful Resettlement Housing" selection in Hangzhou, 21 projects constructed by Greentown Management, such as the Shuiyun Fenghua Apartments resettlement housing in West Lake District, Banshan Mingfu resettlement housing in Gongshu District, and Wangshui Huating resettlement housing in Binjiang District, were shortlisted, accounting for one-third of the city.



▲ 江照华庭



▲ 棠润府



▲ 水韵枫桦



▲ 云西雅苑

(Image: Greentown Management shortlisted for Hangzhou's "Most Beautiful Resettlement Housing")

### Case: Qianjiang Century City Resettlement

Housing In 2023, with the approaching Hangzhou Asian Games, Qianjiang Century City, the main venue of the Asian Games, witnessed significant urban transformations. In the summer of 2023, the resettlement housing project in Qianjiang Century City, constructed by Greentown Management, was unveiled. It primarily accommodated relocated residents from six existing villages, with a total construction area of approximately 1.01 million square meters, providing housing for 5861 households. Like a shining galaxy, these projects perfectly refreshed the cityscape, allowing visitors to see a more beautiful city.



(Image: Qianjiang Century City Resettlement Housing Project)

As China's largest government-led construction service provider, Greentown Management not only engages in traditional resettlement housing but also participates in various types of affordable housing projects, including public rental housing, co-owned property, and talent apartments, consistently providing housing convenience for low-income groups and new urban residents.

#### **Case: Zhejiang's First Co-owned Property - Hangzhou Qinxiang Apartments**

In 2023, the grand delivery of Hangzhou Qinxiang Apartments, constructed by Greentown Management on behalf of the government, marked Zhejiang's first co-owned property. This project, serving as a demonstration model for exploring "co-owned property housing" in Hangzhou, is a crucial step in implementing people's livelihood security. It demonstrates care for the future life of the new youth. From the initial planning to the later construction, it has always been the focus of the Hangzhou Municipal Government. Greentown Management, taking into account the living habits of professionals, has deeply enhanced the construction from various dimensions such as building facades, landscape gardens, furnished public areas, homecoming ceremonies, and commercial facilities. This transformation has made Qinxiang Apartments a beautiful carrier of the city's elite lifestyle.



(Image: Hangzhou Qinxiang Apartments)

## 2 Responding to Three Major Projects

In December 2023, the Central Economic Work Conference pointed out the need to actively and prudently resolve real estate risks, meet the reasonable financing needs of different property ownership enterprises, promote the stable and healthy development of the real estate market, improve relevant fundamental systems, and accelerate the construction of a new model for real estate development.

In this context, Greentown Management actively responded to the requirements of the three major projects, accelerating the progress of affordable housing construction, "dual-use" public infrastructure construction, urban village transformation, and deepening its development in the urban service sector. It has also taken on the construction of more facilities such as schools, hospitals, museums, municipal squares, high-speed rail stations, providing comprehensive life services, including commercial, office, cultural, and recreational facilities, for residents and contributing to creating a more convenient city.

### Case: Accelerating Affordable Housing Construction

At the end of June 2023, the first resettlement housing project in the West Station Hub area, named Dumeng Yaju, was delivered. The project received widespread praise from various sectors of society due to its classic grey facade, aluminum panels on all four sides, and large-area glass curtain walls on the south side. To make the community more livable and warm, at the beginning of the project, the Greentown Management team conducted at least three rounds of surveys through questionnaires, door-to-door visits, and organized more than five rounds of project discussion and unit planning meetings. They respected residents' ideas and demands regarding unit layout, space, functionality, and transportation. Many details were optimized through these efforts, ultimately presenting a high-value resettlement housing that satisfied the residents and represented the city's image.



(Image: Dumeng Yaju Resettlement Housing Project, West Station Hub, Hangzhou)

### Case: Accelerating Public Infrastructure Construction

In 2023, the 30th anniversary of the approval of the national-level economic development zone coincided with the successful completion of the Hua Yun Science and Innovation Center constructed by Greentown Management. This project has significant implications for promoting industrial transformation and upgrading in Hangzhou and Qiantang District, enhancing development



momentum, and injecting new vitality into development. The Hua Yun Science and Innovation Center, characterized by its large scale, diverse functional formats, involvement of multiple participating units, complex building facades and structures, and high material and craftsmanship requirements, belongs to a more complex category among public construction projects. We adopted a "construction + whole process cost consulting + tracking audit" multiple-cost management model, allowing each participating unit to play to its strengths in its respective field of expertise. This approach enables mutual complementation and supervision in cross-functional work, managing the project's costs from multiple dimensions and ensuring efficient spending to advance public infrastructure construction.



(Image: Hua Yun Science and Innovation Center, Hangzhou)

### **Case: Urban Village Transformation**

In 2018, Hangzhou initiated the comprehensive demolition and reconstruction of the Shiqiao area, including the Yangjia Village as part of the transformation plan. Initially, Yangjia Village had relatively good conditions, with multi-story small buildings built by villagers themselves. Many families earned a significant income solely through rent each year. Therefore, the older residents were hesitant about the demolition. What eventually dispelled their concerns was the government's promotion of urban construction and, at that time, the urban investment company introduced Greentown Management as the project's construction management unit.

In 2020, the Yangjia community resettlement housing project on four plots (06, 08, 47, 21) officially commenced, planning a total of 66 demolished resettlement buildings with a total construction area of over 690,000 square meters. To enhance residents' satisfaction with the resettlement housing community, the district government introduced the "Sunshine Construction Management" model, allowing residents to form a "Village Supervision Group." This enabled the original residents to participate in the construction and management of the demolition and resettlement housing, alleviating doubts. The villagers expressed their confidence, saying, "Under the strict supervision of the Village Supervision Group, we are not worried about the quality of the houses. They are knowledgeable about construction themselves. In addition, they will propose modifications based on our needs. We are reassured leaving the supervision of the houses to them."

In 2023, the original Yangjiaqinyuan community will have taken shape, and residents will be able to move into their new dream homes once the peripheral roads and other municipal facilities are completed.



(Image: Yangjia Qinyuan Village Supervision Group at the project site)

### 3 Undertaking Social Welfare

Since its establishment, Greentown Management Group has consistently adhered to the simple principle of "building more good houses for more people," actively participating in urban construction, and emphasizing involvement in social welfare. Therefore, the company encourages employees to actively engage in social welfare, leveraging their strengths to contribute to public welfare initiatives.

#### **Case: Launch of the Party Building Brand "Tong Xin Yuan" by Greentown Management**

The theme of this event was "Welcoming the Asian Games, Building Integrity Together." At the event, pioneer party members of the company signed commitment pledges for integrity and self-discipline. To enrich the construction of the "Red House", the project party members were provided with books on integrity. The project leader of the Nanyang site also distributed Asian Games souvenirs to the children of the construction workers.

This event brought participating units and diverse individuals closer through interaction, enhanced relationships, and strengthened awareness of being the host of the Asian Games. In the future, Greentown Management will use the "Tong Xin Yuan" brand as a link, organizing and guiding all party members and the masses to play the role of a fortress in the fight and the model role of party members. They will take on the responsibility of pioneers with a more active attitude to fulfill their social mission and achieve win-win cooperation among all parties.



(Image: Caring for children - Public Welfare Activity)

### **Case: Anhua Homeland Resettlement Project in Quzhou**

This project is a future community in Jiuhua Township, located on the banks of Miaoyuan Creek in Kecheng District, Quzhou. It was primarily designed to relocate 127 households of Jiuhua Dahou Village, which urgently needed to move due to the mudslide disaster on June 4, 2020. It is also one of the key construction projects in Kecheng District, listed as a pilot project for the SUC United Nations Sustainable Community Standard. The government aims to create a "Ke City Sample" for the future community in the countryside, hoping it will become a pilot model for the province, the country, and even internationally.

Greentown Management follows the design concept based on the needs, fully researching traditional houses in western Zhejiang, extracting architectural essence, creating a Chinese-style building with a delicate appearance when viewed up close and an exquisite texture when viewed from afar. It also aligns with residents' habits, placing functional spaces such as integrated dining and living rooms, ground-floor bedrooms, terraces on the second and third floors, farm tool rooms, washing areas, and non-motorized vehicle parking spaces. The landscape design uses Greentown's consistent approach, planning two horizontal and one vertical axis to make life and scenery seamlessly compatible. The project leads in creating future scenes for neighborhoods, education, services, and governance. It incorporates humanization, ecologicalization, and digitalization concepts, resulting in a perfectly landed resettlement community with comfortable space, beautiful environment, and complete facilities.



(Image: Anhua Homeland Project, Quzhou)

### **Case: Creating a Meaningful Children's Day for Rural Children**

On Children's Day in 2023, to ensure that rural children could have a fun and special day, Greentown Management partnered with the Ai Yiqi Public Welfare Association in Jinhua City and the Changshan Township Social Work Station in Wucheng District, among other organizations, to organize the "Le Ju Cup" First Children's Creative Contest, focusing on woodworking. Woodworking is a traditional craft and a continuation of the "craftsman spirit" of the Chinese nation.

In the cultural auditorium of Changshan Township in Wucheng District, 30 children put on aprons, wore gloves, protective goggles, and other safety gear, transforming into little craftsmen. The large auditorium instantly turned into a joyful woodworking workshop. After more than an hour of effort, the children, using different tools, transformed their imagination into actual works. Unique and creative pencil holders were presented to everyone. Greentown Management hopes to let children learn hands-on skills, temper their willpower, experience the "craftsman spirit," and gain the joy and sense of accomplishment of hands-on work through direct perception, practical operation, and personal experience. It aims to provide loving education and interesting activities to enrich the colorful childhood of rural children.



(Image: Le Ju Cup Creative Contest for Children)

## II. People First

As an asset-light company, Greentown Management regards 'people' as its core asset. Maintaining and establishing a talent team is one of our key success factors. Over the past years, the Company has been practicing the "People First" concept, and firmly safeguarded employees' rights, interests, health, and safety, providing them with a harmonious, inclusive, and comfortable working environment. We also optimize the talent cultivation and development system, provide employees with a development platform to realize personal value, and actively promote professional training and education to help employees tap their potential in Greentown Management and develop together with the Company.

### 1 Employment and Labor Policy

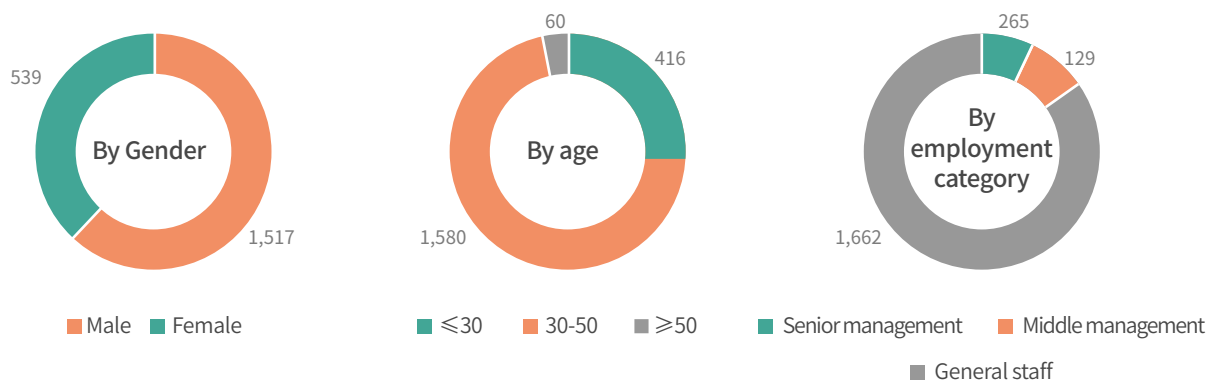
Greentown Management has always been committed to establishing an equal and diverse employment management system. We strictly abide by laws and regulations such as The Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Labor Rights Protection Law of the People's Republic of China, and internationally recognized human rights norms such as the International Labor Convention. In addition, we released the Personnel Operation Management Standards, Recruitment Management Standards, Training Management Standards, and other systems based on our actual situation to regulate employees' compensation, dismissal, recruitment, leave, health, training, and promotion, aiming to fully protect the rights and interests of employees, and establish an efficient and collaborative talent team.

According to the above laws and regulations, we adhere to equal treatment and non-discrimination during recruitment and employment. While providing equal employment and development opportunities for every employee, the Company considers the employees' professional background, cultural differences, and work experience to offer them suitable positions and growth paths. We firmly oppose employment discrimination and will not compromise equal employment and promotion opportunities for employees due to factors such as religious beliefs, nationality, race, gender, age, and marital status.

We conduct exit interviews to determine employees' reasons for resignation and make an internal evaluation to improve the Company's employee management system and HR policies.

The company implements "zero tolerance" measures on the employment of child labor and forced labor. The company regularly checks for the existence of child labor and forced labor. If any cases of child labor or forced labor are found, we will immediately stop the relevant activities, report to the management, and hand them over to relevant departments for processing. During the reporting period, we did not violate any laws and regulations related to the employment of child labor or forced labor.

In 2023, Greentown Management has a total of 2,056 employees. The number of employees by gender, age, and rank is shown in the figure below. The number of employees by employment type and region is detailed in Appendix 1 (ESG Key Performance Indicators B1.1). The information on employee turnover rates by gender, age, and region is provided in Appendix 2 (ESG Key Performance Indicators B1.2).



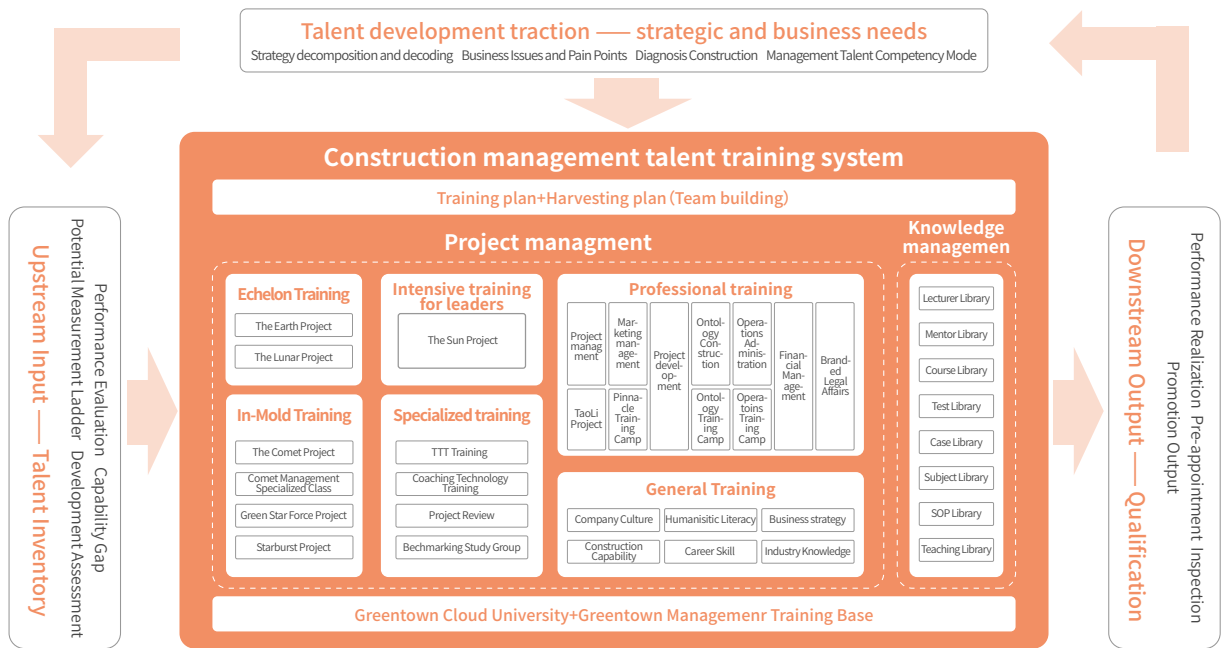
## 2 Professional Talent Development

Greentown Management is a learning organization and a systematic university, which is the fundamental consensus of the Greentown people. We focus on talent cultivation and development, improve the talent cultivation system, broaden the direction of employee development, and continuously improve the construction of the talent team through multi-channel and multi-level training plans. The Company has designed various training courses for different groups of employees, including new employees, grassroots employees, reserve talents, technical backbone, new cadres, and core managers, to help employees at all levels improve their all-round abilities. Greentown Management established a hierarchical training and development system, and employees receive comprehensive matrix training throughout their employment at the Company.

### (1) Greentown Management School

Greentown Management always regards employees as the only "noumenon." The Greentown Management School is the carrier of the Company's talent cultivation. Combining the Group's strategy and business development, the Company has established a growth system covering the whole life cycle of employees' career development. In addition, we have designed differentiated training and growth systems to suit different growth stages of employees. In 2022, the Company upgraded the Greentown Management School, striving to align the management of project management talent with the strategic and business needs and create a comprehensive talent training system.


## Panoramic View of Greentown Management Academy Training



(Image: Panoramic View of Greentown Management Academy Training)

Greentown Management adheres to people-oriented and competency-based talent cultivation. While fully considering the project management business models and scenarios, we pay attention to the learning and growth needs of employees at different levels and roles, combine learning and practice, and guide employees to effectively improve performance. With an employee-centered and problem-solving focus, we provide employees with a comprehensive online learning and growth platform, fully supporting their career growth and development.

### Training data for Greentown Management School in 2023

 <b>Echelon Training</b> 6 periods 213 persons  <b>4.94/5points</b>	 <b>Professional Training</b> 6 periods 213 persons  <b>4.80/5points</b>	 <b>New Employees Training</b> 6 periods 213 persons  <b>4.93/5points</b>	 <b>Star Fusion Training</b> 6 periods 213 persons  <b>4.87/5points</b>
 <b>Green Star Force Training</b> 7 periods 300 persons  <b>4.96/5points</b>	 <b>Large Course Training</b> 52 periods 16519 persons  <b>4.89/5points</b>	 <b>comprehension &amp; application</b> 8 periods 3820 persons	 <b>Hours per person</b> 48 hours /person/year

## Talent Assessment and Certification of Greentown Management School in 2023



### Talent Assessment

1309 persons



### Certifications

158 participants  
112 pass  
(Including 4 in preparation)

## System Construction of Greentown Management School in 2023



### Certified Lecturers

Principal Lecturers: 9  
Senior Lecturers: 28  
Junior Lecturers: 72  
Lecturers: 116



### Certified courses

Senior/Junior: 92 courses  
Primary: 134 courses



### Test Questions

New added: 735



### Course Research

New added: 84  
Accumulated: 304



### Business Case

New added: 134  
Accumulated: 407

(Image: Talent and System Construction of Greentown Management School in 2023)

In terms of knowledge precipitation, by December 2023, Greentown Management School had 226 certification courses, 407 business cases, and 304 research projects. The percentage of employees' training by gender and employment type is detailed in Appendix 2 (ESG Key Performance Indicators B3.1). The average hours each employee trained by gender and employment type are provided in Appendix 2 (ESG Key Performance Indicators B3.2).

### Case: Star Fusion Training

"Star Fusion" is a team-integration training program based on the characteristic mountaineering service model of Greentown M, which is set up for the clients, appointed personnel by Greentown Management, and project self-recruited personnel. It aims to systematically connect cognition, enhance mutual trust, promote integration, form a cohesive team around common project goals, and assist in solving project pain and difficulties. In 2023, a total of 5 sessions of "Star Fusion" training were conducted, with a total of 105 clients participating and an average satisfaction score of 4.87.



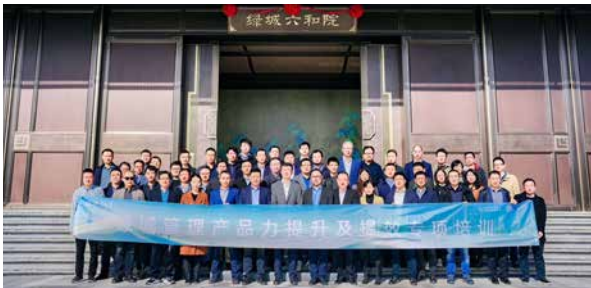
## Case: Star Anchor Training Camp

The Star Anchor Training Camp is a new media skills training program for frontline sales and marketing personnel, aimed at enhancing the marketing team's new media awareness, systematically learning and mastering new media marketing skills. The overall training is divided into two stages: short video training and live streaming training. Targeted guidance and review are provided to students from the aspects of user interface construction, optimization of short video content and direction, live streaming skills and scripts, scene construction, etc. 12 outstanding "star anchors" are selected as representatives of Greentown Management's new media anchors, which set a learning benchmark.



## Case: Product Power's Enhancement and Efficiency Improvement Special Class

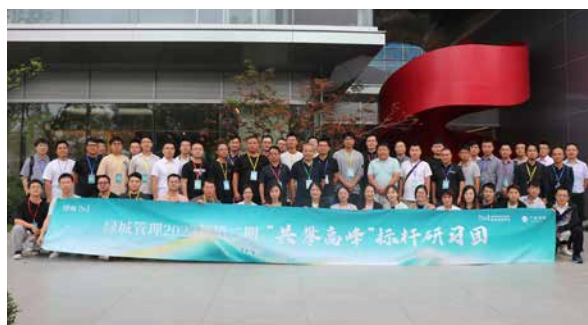
In order to implement the strategy of "M Mountaineering Model", improve the level of demonstration zone construction, and promote the practical experience of benchmark projects, the Greentown Management School carried out 2 periods of product power's enhancement and efficiency improvement special class in 2023. Excellent construction experience cases were shared and typical case reviews were summarized on the project site. After the class, trainees need to output their own project improvement and optimization plans.





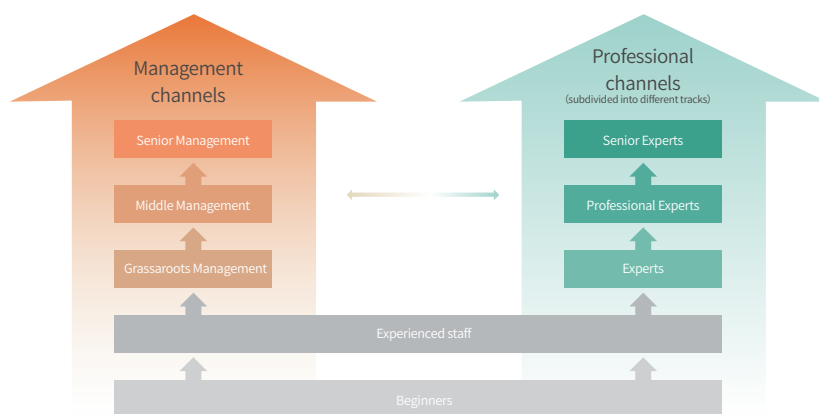
## Case: Benchmarking Study Team

In order to effectively improve the product management level, promote the excellent practical experience of benchmark projects, and strengthen the exchange and learning between projects, the Greentown Management School carried out 2 periods of "benchmarking study team" in 2023, organize the team visit commercial and government benchmark projects, and adopt a combination of learning and practicing, focusing on transforming the excellent experience into specific action plans to deal with existing difficulties and challenges.



## (2) Promotion System

Based on the project management talent ability model, Greentown Management sticks to the principle of fairness and openness. It has established a scientific and transparent employee promotion system to provide employees with fair and just career development opportunities and platforms to fully exploit their talents. Greentown Management provides two development paths for employees, i.e., the management channel and the professional channel. Employees can apply for promotion when meeting the job qualifications of the new position. Employees must pass the corresponding job certification to be promoted to a manager or above position.



(Image: Promotion Channel)

## **3 Employee Rights and Benefits**

Greentown Management attaches great importance to safeguarding employees' rights and benefits. In addition to the basic rights and interests guaranteed by laws and regulations, the Company fosters good corporate culture, builds development platforms, strengthens employee incentives, listens to employees, and safeguards employees' rights and interests to create an open, dynamic, and inclusive working environment, thus enhancing employees' sense of belonging and identity and generating a positive organizational atmosphere.

### **(1) Build Corporate Culture**

We believe corporate culture is an essential and effective management tool. The Company regularly organizes the cultural benchmark, the "Green Star Ambassadors" selection campaign. We mobilize all affiliates and projects to discover and set more good examples. The Company promoted the "Bee Spirit" code of conduct and launched the "100 Small Acts of Greentown People" campaign and compiled the acts into a book to spread the altruistic and service spirit of Greentown Management. The Company also organizes cultural lecturer certification and training to strengthen corporate culture construction, enhance culture dissemination and practices of all units, and facilitate the corporate consensus within Greentown Management.

#### **Case: The Beauty of Greentown -- 100 Small Acts of Greentown People**

In 2023, Greentown Management continuously build a "Beauty of Greentown" corporate culture platform, collecting 100 small but shining acts of Greentown people. For example, the project general manager led the team to coordinate with multiple parties to overcome difficulties, and provide guarantees for the steady progress of projects; The manager of the engineering led an 8-person team to complete the engineering quality inspection of more than 250 ongoing projects in the group, orderly carry out various quality acceptance and risk investigation work before delivery, and timely eliminate many sensitive risk quality issues of clients.

### **(2) Build a Development Platform**

We are committed to implementing the "People First" concept throughout the development of Greentown Management, enhancing the brand influence and social recognition of Greentown Management, and creating an employer platform with solid competitiveness and development ability.

### **(3) Strengthen Employee Incentives**

Greentown Management advocates a management philosophy that values talent, creation, and human efficiency. According to our series of management systems, we provide employees with comprehensive incentives including fixed compensation, performance bonuses, year-end bonuses, and other variable compensation, as well as long-term incentives. We fully consider the job content and talent situation of the position and provide employees with rewards that match their abilities and efforts to ensure that the company's salary level and incentive mechanism maintain high market competitiveness and employee satisfaction.

Greentown Management has adopted equity incentive plans to reward and motivate management teams, outstanding backbone and key talents, and share their achievements with employees. In 2023, in order to implement the strategic measures of territorial deep cultivation, seize development opportunities, quickly occupy the market, provide targeted subsidies for frontline teams to expand their territory and upgrade their team, the Company established an "Urban Development Fund" to carry out new expansion of projects under branch office, and help incubate key cities.

### **(4) Heed to the Voices of Employees**

We encourage employees to actively express their aspirations. We have established a regular communication mechanism to collect

and follow employees' opinions. In addition, we hold Greentown Management Roast and May Day Symposium to perceive the aspirations of front-line employees to effectively address their needs and create an open and inclusive era of blessings.

### Case: May Day Symposium

From April to May of each year, the group and its subordinate units of Greentown Management will organize "May Day" employee symposium, focusing on team building, compensation and welfare, employee care, etc., to deeply listen to the voice of employees. We invite employees to give advice and suggestions, criticize the company's problems, and the management will respond on site to promote the common progress of the company and employees. After the symposium, the Company implemented phased management in the early, middle, and later stages to ensure comprehensive collection, timely tracking, and effective implementation of feedback.

In 2023, the Company adopted various forms such as roast conference, forum, debate contest, group building, teacher worship, etc., to talk about confusion and opinions, and actively offer more than 400 suggestions, including 209 effective proposals for "adding luster to the Greentown Management", 27% of which are lean operation, and 19% of which are group improvement. There are 226 effective proposals for "doing practical work", 32.3% of which are employee caring.



(Image: Greentown Management Roast)



(Image: Debate competitions, team building, symposiums, and teacher worship among various subsidiary companies)

To efficiently listen to the voices of employees and evaluate the effectiveness of management, Greentown Management will organize an anonymous survey of employee engagement every year. Through subjective scoring and open-ended questioning, we collect opinions and suggestions from employees, and objectively analyzes the results of engagement. The company will develop special action plans and implements improvements for the high-impact, low-satisfaction dimension and the high-frequency suggestions of employees, so as to continuously improve the organizational atmosphere. The 2023 engagement survey was organized in mid-September, covering 4114 employees, with an overall engagement rate of 95%, an increase of 1.5% compared to 2022, and a steady increase year by year.

Employee engagement behavior:



敬业度行为 | 95%

问题	完全同意	同意	基本同意	略有异议	不同意	完全不同意	得分	最佳雇主	绿城中国		
宣传 我会毫不犹豫地 向正在找工作的朋友推荐这家公司	75						17	5	93%	11	3
	76						18	5	94%	9	2
留任 我不会轻易离开这家公司	79						16	4	95%	11	2
	78						16	5	94%	15	2
努力 我所在的单位能够激励我每天努力工作	73						19	6	92%	8	2
	71						20	7	91%	6	2

Employee engagement dimensions:

敬业度	工作任务	合作	绩效管理	客户导向	多元化与包容	雇主品牌	决策	直接上级	职业发展机会	高层管理人员	工作/生活平衡	人员与配置	组织支持	授权/自主性	回报与认可	
95%	94%	94%	94%	94%	93%	93%	93%	93%	93%	92%	92%	92%	92%	91%	88%	
与对标体的差距																
最佳雇主	8	10	9	8	4	5	8	9	6	15	8	14	13	10	9	11
绿城中国	2	2	1	2	1	2	2	2	1	2	1	4	2	2	2	3

In addition, to comprehensively and objectively evaluate the cultural performance and work abilities of employees, Greentown Management will organize a 360 degree evaluation of the cultural values of all employees every year. Through subjective evaluation and open-ended questioning, we can obtain the matching degree of cultural values between employees and the company from superiors, colleagues and subordinates (sincerity and trustworthiness, open innovation, customer first, inclusiveness and collaboration, learning and introspection, value creation, quality first, and hard work), and subjective evaluations from others. Through the 360 degree evaluation results and face-to-face feedback, we can effectively help the evaluated person grow and develop, promote cultural identity and ability enhancement for all employees.

## (5) Protect Employees' Rights and Interests

The Company has set up multiple channels to collect employee feedback to safeguard employees' rights and interests.



## 4 Employee Care

Greentown Management insists on building an "all-around," "full-cycle," "interesting," and "warm" employee care system to create a warm atmosphere and enhance the cohesion and sense of belonging of employees. The Company has established the Greentown Management labor union as the centralized management unit for employee care. It is responsible for establishing and improving the Group's employee care system, organizing the Group headquarters' everyday employee care work, and inspecting the system implementation of the affiliates. The affiliates' labor unions and administrative departments will ensure various employee care timely delivered in accordance with the unified requirements of the Group.

### (1) Everyday Life Care

The Company provides employees with full-cycle care and benefits to create a warm organizational atmosphere.

#### Newlywed Congratulation

Employees will receive a congratulatory cash gift if they get married during the employment.

#### Congratulation on Having a Baby

If an employee or his/her spouse gives birth to a baby, he/she will receive congratulation presents and cash gift

### **Congratulation on Birthday**

Employees will receive birthday greetings including congratulation messages, cards, gifts, having a group birthday party etc.

### **Congratulation on Holiday**

In the Chinese New Year, Mid-Autumn Festival and other festivals, the Employees will receive festival gifts.

### **Front-line Employee Care**

The Company will provide appropriate benefits and subsidies to front-line employees and employees with difficulties, such as such as sending cool in summer and warmth in winter.

### **Charity Fund**

In case of the Employee (or his/her family members) suffering serious accidents or major illnesses, the employee may apply for assistance to the Charity Fund Committee in accordance with the Employee Charity Fund Management Regulations of Greentown China.

### **Working Environment**

The Company provides necessary fitness and entertainment facilities such as reading rooms, fitness rooms and baby care rooms according to the actual needs of each subsidiary.

### **Energy Supplements**

According to the site conditions and the actual needs of each subsidiary, the Company provides necessary afternoon tea and overtime snacks as appropriate.

## **(2) Care for Employees' Families**

In order to create a safe and comfortable working environment for employees, the company also provides a series of benefits for their families.

### **Medical Insurance for Family Members**

The Company provides supplementary commercial medical insurances for employees' children under the age of 18.

### **Physical Examination for Family Members**

Family members of employees will be arranged for physical examination in autumn every year. There are two places for employees who have worked for three years in the Company and four places for employees who have worked for six years in the Company. Through the health 360°platform designated by the company, they can choose a physical examination institution and enjoy the health 360°service.

### **Visit to Family Members with Serious Illness**

The Company will visit the employees' family members who have suffered a serious disease and undergone an operation.

### **Condolence for Loosing a Family Member**

The Company will arrange condolences and assist in the funeral arrangements as appropriate when employees lose family member.

### Interactive Activities

In conjunction with the festival, we will carry out activities such as employee family day activities and condolences to expatriate family members; we will organize parent-child activities on June 1, in which employees' children under 14 years old will participate and give holiday gifts.

### Discounts for Family Members

The Company shares the Greentown 's supplier resources with employees' family members, such as preferential prices for cars, insurances, plane tickets, and hotels.

## Case: Green City M Family Care Activity

On May 27, 2023, Greentown Management held the "Together Breath in Forest · Summer Camp Tour" parent-child activity at the Senling Camp in Hangzhou. More than 60 employees and their families participated. The activity is carried out in the form of parent-child hiking and parent-child interactive games, allowing employees and their families to get close to nature, and enjoy the parent-child time of mutual companionship amidst busy schedules.



## (3) Fun Activities

All departments organize various activities each quarter, such as marathons, cross-country cycling, and plank competition. Employees participate with great interest and enthusiasm and enjoy those activities.

## Case: Employee Basketball Game

To enrich the spiritual life of employees, improve their physical fitness, stimulate team cohesion and fighting spirit, the Greentown China League Committee and Green Management jointly held the 2023 "New Me Plan" Employee Basketball Game in September

2023. On September 19th, the final was held at the Basketball Hall of Hangzhou Workers' Cultural Center. Li Sen, Secretary of the Party Committee and Executive President of Greentown China, and Wang Junfeng, Secretary of the Party Committee and Executive President of Greentown Management, attended the opening of the final. More than 80 athletes and cheerleaders participated in the exciting competition, and more employees shared the joy of sports competition through online live streaming.



**Case: Greentown M Mountaineering Tour**

On April 15, 2023, the management team of Greentown M conducted the "Greentown M Mountaineering Journey · 2023 Climbing to the Peak Again" activity at Beigaofeng. This event is not only the opening of the "Green Youth" series of corporate culture themed activities, but also the promotion for the company's "Greentown M Mountaineering Service Manual".





## 5 Professional Talent Development

For light-asset service-oriented companies, talent is crucial for the process of enterprise role transformation. For construction enterprises, it is necessary to allocate talents sufficiently and reasonably in various aspects such as strategic decision-making, risk control, project lifecycle management, and reserve talent reserves in order to effectively promote the expansion and high-quality development of construction business.

Greentown Management has always attached great importance to talent development. The company's management has repeatedly stated at performance press conferences that the Company will continuously optimize its incentive system to lean towards frontline teams, and prioritize value creators. By attracting, retaining and motivating talented people, we can drive long-term and rapid growth of company performance. Against the backdrop of layoffs and salary cuts in the real estate industry in 2023, Greentown Management has adopted a series of measures to hire and optimize talent teams, attracted capable and resourceful real estate elites to enter this full-cycle and all-round-service platform. Through cooperation with urban partners and other construction agencies, we have promoted the healthy development of the entire construction industry and delivered satisfactory results to the company and society.

### Case: "Flowing Water Plan" - Internal Talent Introduction

At the beginning of 2023, to further strengthen the construction of the talent team for Greentown Management, increase the introduction of outstanding talents within Greentown system, and enrich the talent team for construction, Greentown Management launched the "Flowing Water Plan" special talent introduction plan.

For cadre positions, Greentown Management released recruitment posters both inside and outside Greentown China, welcoming eligible employees to participate in public recruitment. For professional positions, Greentown Management released recruitment requirements through the company's OA, recruitment portal, and other channels to attract employees from the Greentown system to submit or be recommended by various Greentown units.

In 2023, the proportion of personnel introduced by Greentown Management through the "Flowing Water Plan" reached 41% of the total number of recruitment, effectively improving the talent thickness of Greentown Management and supporting the rapid development of the national business of Greentown Management.

### Case: "Rivers Plan" - Multi-mode introduction of urban partners

In November 2023, to further promote the nationwide development of construction business, strengthen the deep cultivation and layout of key cities, and increase the introduction of excellent talents and teams with deep cultivation in the local area, Greentown Management officially launched the "Rivers Plan" to comprehensively introduce urban partners in key cities across the country through diversified cooperation models.

The target of the "Rivers Plan" was mainly outstanding regional/city/project elites or investment leaders in key cities across the country. It adopted three cooperation models: excellent talent introduction through onboarding cooperation, construction sharing platform through business cooperation, and recommending construction projects to Greentown management. It used ecological platforms to link resources and recruit partners with similar values to undertake projects. In addition, for these three cooperation models, Greentown Management has equipped them with competitive incentive mechanisms, and fully empowers the project through a sound management system, leading mountaineering service system, and digital honeycomb system, to achieve common development between the company and society.

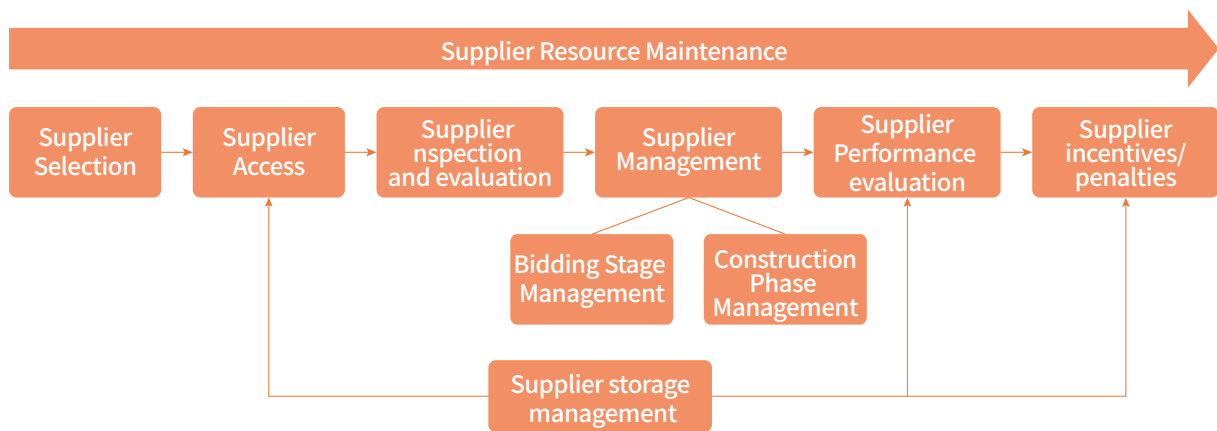


# III. Partner

## 1 suppliers

### (1) Supplier Management

Suppliers are indispensable partners on the development path of Greentown Management. To ensure the security and stability of the supply chain, the Company strictly abide by laws and regulations. We conduct regular supplier reviews to identify and prevent supply chain risks, and enhance supply chain resilience. In addition, we interpret the concept of win-win cooperation with a sense of responsibility, stimulate industrial vitality, strengthen supplier exchanges and training, and help promote the healthy development of the industry.



(Image: Supplier Lifecycle Management Process)

### Management Rules

We have established the Supplier Access Standards and Procedures, Construction Supplier Management Standards, Supplier Library Management Standards, Early-stage Project Management Measures for Whole-process Project Management, and Regional Supplier Library Management Standards (for Trial Implementation) to implement standardized procurement procedures and manage the whole life cycle of suppliers in a standardized and centralized way. Those systems specified requirements for all suppliers' life cycle links, and detailed provisions for supplier access conditions, pre-qualification, investigation & evaluation, management and evaluation at the bidding stage, and database management.

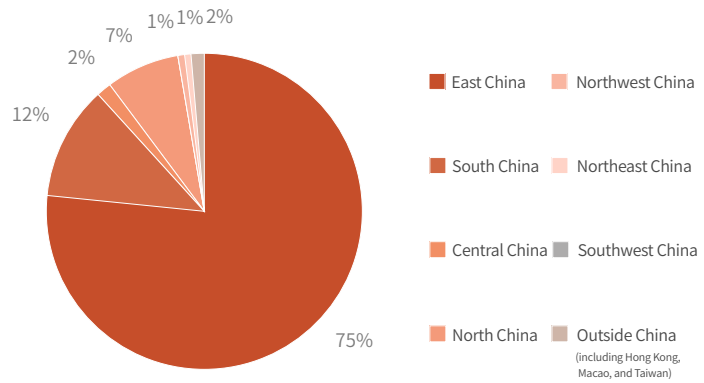
### Supplier Evaluation

The Company conducts supplier performance evaluations every year from the aspects of quality management, progress management, safety, and civilization management (including environmental protection, social responsibility, etc.), cost management, and management cooperation in accordance with the Key Supplier Performance Evaluation Form. The Company manages the suppliers in a hierarchical manner, and each year they are ranked up or down based on their performance evaluation scores and annual ranking.

In 2023, Greentown Management has cooperated with near 1,600 suppliers, covering a wide range, with a large quantity and excellent quality. We have formed a comprehensive supplier management and training system, with a series of control measures such as qualification admission, bidding and tendering, process management, grading and incentives. The Company conducts annual performance ratings on all cooperating suppliers, dynamically optimizes supplier resources, and eliminates the last 10% of suppliers.

## Regional distribution of suppliers

In 2023, we cooperated with near 1,600 qualified suppliers, including product, service, industry, and financial suppliers. The suppliers were concentrated in the eastern part of China, and the specific distribution is as follows (See Appendix II ESG Key Performance Indicator B5 for the number of suppliers by region):



(Image shows the regional distribution of suppliers)

## Green suppliers

When selecting suppliers, Greentown Management comprehensively considers the suppliers' social responsibility and environmental management initiatives, for instance, whether they use environmentally friendly materials and obtain the corresponding certification. The Company will veto any suppliers with major defects, hoping to urge the suppliers to strengthen efforts in social responsibility and environmental governance. The Company also attaches great importance to using office supplies to discharge its environmental and social responsibility; for example, we try to purchase environmentally, user-friendly, and highly cost-effective products.

## (2) Assisting Suppliers

### Supplier Training

Greentown Management attaches great importance to communication with suppliers, empowering each other, and timely conveying the latest concepts and requirements of Greentown Management for supply chain management. We have established a comprehensive supply chain planning and operation system, continuously communicating with suppliers to maintain stable cooperative relationships. The Company shares the group's knowledge training system with the assessed high-quality suppliers. The core management personnel and technical professions of the suppliers can participate in the training and certification of relevant knowledge and skills organized by the company to achieve common progress and growth.

At the project level, the management team of Greentown Management will conduct handover training to each supplier of the project. By creating a centralized handover model and supplementing it with explanations from engineering staff, the company's quality requirements, workmanship, and management details are passed on to each construction unit. At the same time, the project uses several forms such as conducting safety morning meeting to promote the concept of safe and civilized construction, remind the key points of safe construction, and ensure the safety of every staff from the supplier.

### Supplier Incentives

In every year, the company will evaluate and commend the excellent suppliers and project managers, and issue certificates and appointment letters. Excellent suppliers and excellent project managers can be upgraded to A-level or strategic suppliers.

A-level or strategic suppliers enjoy preferential access and the right to high quality and highly competitive price in the bidding process (specific terms refer to the bidding documents). With the permission of the client and the communication agreement, the A-level and B-level suppliers can be given differential preferences in terms of progress payment and performance guarantee.



(Image: Awarding Outstanding Suppliers in 2023 Construction Site Open Day)

### (3) Sunshine Procurement

#### Construction of large-scale procurement

In March 2023, the company established the Green Management Cost Procurement Committee, Construction Centralized Procurement Bidding Leadership Group, and Working Team to complete the construction of the Company's large-scale procurement system. A total of 14 procurement rules were released, and various units actively promoted transparent procurement. As of 2023, a total of 57 categories and 193 suppliers have completed strategic procurement. In addition, according to the development layout requirements of the construction and deep cultivation area of Green City Management, the company actively promotes the construction of local strategic procurement. As of now, the Company has completed the establishment of strategic procurement libraries in six provinces including Zhejiang and Jiangsu and signed contracts with 78 regional procurement and strategic procurement suppliers (9 consortium general contractors, 45 construction suppliers, and 24 preliminary suppliers), laying the foundation for project quality and efficiency.

#### Release 14 Recruitment and Procurement Policies

Functional Center	Release Date	File Name
Product Research and Development Center (7 items)	2023/3/8	Greentown Management Procurement Management Standards
	2023/3/8	Greentown Management Supplier Management System
	2023/3/31	Greentown Management Research and Development Design Procurement Management Standards
	2023/3/31	Greentown Management Research and Development Design Supplier Management Standards
	2023/4/10	Application of Collective Procurement Results for Materials and Equipment and Supplier Management Measures
	2023/4/13	Construction Supplier Management Standards
	2023/4/23	Construction Project Cost Consulting Supplier Management Standards

Functional Center	Release Date	File Name
Financial Capital Center	2023/4/7	Financial Management Supplier and Procurement Management Standards
Marketing Service Center	2023/4/14	Greentown Management Marketing Procurement and Supplier Management Standards
Operations Center	2023/4/26	Digital Supplier Management Standards
Corporate Administration Center	2023/5/18	The Core Construction Supplier and Procurement Management Standards
	2023/5/19	Administrative Supplier and Procurement Management Standards
Customer Research Center	2023/5/24	Greentown Management Customer Research Procurement and Supplier Management Standards
Board Office	2023/6/15	Board Office Supplier and Procurement Management Standards

#### Sunshine Procurement Full Coverage

序号	采购过程	采购计划	采购方式	采购负责人	招标模式
1	示范区标准化专项研究	示范区标准化...	直接委托	王已航	线下招标
2	集采白皮书咨询	集采白皮书咨询	招标	周明	线上招标
3	绿城管理集团食堂装修项目招标	绿城管理集团...	招标	陈吉	线上招标
4	绿城管理本体薪酬共享项目采购	绿城管理本体...	招标	周元	线上招标
5	绿城管理节点计划管理系统采购	绿城管理节点...	邀请招标	宋兴鹏	线上招标
6	绿城管理经营计划系统项目招标立项	绿城管理经营...	邀请招标	卢晓君	线上招标

As of now, Greentown Management has completed the signing of strategic agreements with hundreds of centralized suppliers. All centralized suppliers are high-quality suppliers that have undergone layer by layer screening and meet the attributes of business. In terms of efficiency, approving and scheduling production through green channels can save time. In terms of price, it can avoid intermediaries earning price differences and effectively save costs for the client. The entrance doors/courtyard doors, waterproof materials, elevators, air conditioning, cabinets, etc. in Greentown Management are 5% -10% lower than those in conventional bidding procurement. The exterior wall coatings, switch panels, ceramic tiles, bathroom hardware, etc. are 20% -30% lower than those in conventional bidding procurement.

## Information Construction

In 2023, Greentown Management actively explores the combination of procurement and digitization, integrates various systems, and breaks down data barriers in procurement standards, supplier management, material supply and other business modules. It efficiently integrates upstream and downstream information of the supply chain into the procurement process, realizing digital management across all scenarios, from procurement planning to bidding, non-bidding, contracts, projects, suppliers, evaluation experts, bidding agents, orders, logistics, payment, supervision, etc.

On June 30, 2023, the development of the large-scale procurement information system was completed, achieving online bidding for all professional lines (construction & non-construction) of the Company.



(Image: Sunshine Procurement Platform)

On June 19, 2023, the development of the centralized procurement information push system was completed. The project's centralized procurement information can be sent to the supplier unit via SMS, achieving synchronization of information between the supply and demand sides, and helping to improve the application of project centralized procurement.

## Industry Associations

Greentown Management is well aware that the prosperity of the Company cannot be separated from the development of the industry. The company has long adhered to maintaining the competitive order of the industry, promoting the healthy development of the industry, and is committed to leading the construction industry towards a high growth track of "co-construction, sharing, and co-prosperity".

Cooperation leads to strength, victory and long-term success On November 22, 2023, the 14th China Real Estate Science Development Forum was held in Hangzhou, and the China Real Estate Industry Association Construction Branch was officially established. Mr. Zhang Yadong, Co-Chairman of the Board of Directors of Greentown Management, has been appointed as the President of the Construction Association, and Mr. Li Jun, Vice Chairman and Executive Director of the Board of Directors of Greentown Management, has been appointed as the Executive President of the Construction Association.

The official establishment of the Construction Association signifies that under the leadership of the official association, the construction industry will promote internal self-discipline, graft more industrial resources, lead new development models, and enter a new stage of joint development.



(Image: Appointment Ceremony of the Construction Branch of the China Real Estate Industry Association)

Mr. Zhang Yadong, President of the Construction Association, stated that the Association will take service as its purpose, conduct in-depth research, and explore the construction industry model; Conduct research on relevant topics and formulate industry standards; Develop industry conventions for construction and create a harmonious business environment; Research successful experience in construction, organize business learning and training; Build a communication and cooperation platform to provide diversified services for enterprises.



(Image: Appointment Ceremony of the Construction Branch of the China Real Estate Industry Association)

# Greentown

## DEVELOPMENT STRENGTH



# I. Sustainable Development Management

Greentown Management is dedicated to realizing the strategic vision of becoming China's largest real estate development service provider. It shoulders the responsibility of promoting the construction industry and sustainable development, leading by example by integrating elements of sustainable development into corporate strategic development and daily operational management. Greentown Management consistently practices the concept of sustainable development, continually advancing and optimizing environmental, social, and governance (ESG) management. Regular reviews of ESG performance are conducted, and strategies and policies are formulated. Research is conducted on specific ESG issues to progressively enhance ESG management levels and responsible practices. In the future, we plan to elevate the concept of sustainable development to the strategic level of the company and incorporate it into the overall business development plan, promoting the concept throughout the entire business value chain.

## 1 Company ESG Architecture

Greentown Management places high importance on sustainable development, incorporating ESG considerations into its governance structure. This facilitates continuous management and monitoring of the sustainable development performance of Greentown Management, maximizing both business and social value. We have established a sustainable development governance structure consisting of a Board of Directors, Environmental, Social, and Governance (ESG) Committee, and ESG Working Group, forming a three-tier governance structure.

### Board of Directors

Our Board of Directors is responsible for formulating sustainable development strategies and goals, overseeing their implementation, and fulfilling Greentown Management's responsibilities to shareholders and society. The board supervises corporate governance practices and procedures, maintains an effective risk management and internal control system, and reviews the company's environmental, social, and governance reports.

### Environmental, Social, and Governance (ESG) Committee

The Board of Directors oversees and manages the company's ESG governance through the ESG Committee, which is responsible for sustainable development strategy, progress, and performance. The ESG Committee formulates and reviews the company's environmental, social, and governance responsibilities, vision, goals, strategies, frameworks, principles, and policies. It also oversees the important assessment process to ensure the effective implementation of environmental, social, and governance policies approved by the Board of Directors.

The ESG Committee holds at least one meeting annually, with additional meetings convened as necessary. It guides and reviews the formulation of ESG management guidelines and strategies, closely monitors the implementation and effectiveness of ESG policies and initiatives, and reviews the company's annual ESG reports and other related disclosures.

### Environmental, Social, and Governance (ESG) Working Group

The ESG Committee establishes an Environmental, Social, and Governance (ESG) Working Group to assist in coordinating and managing the company's ESG matters. This group collaborates with various departments within the company, covering strategic development, supply chain, administration and project management, environmental and occupational health and



safety, human resources, patents, legal, finance, and more. The working group, composed of key functional departments and units involved in ESG matters, takes the lead in designing ESG action plans, regularly discussing issues encountered in the implementation process, and reporting to the management. Significant matters are reported to the Environmental, Social, and Governance Committee and the Board of Directors as needed.

## Board of Directors' ESG Responsibilities

The Board of Directors is explicitly responsible for environmental, social, and governance risk management and disclosure. It establishes an overall sustainable development governance and oversight policy. The Environmental, Social, and Governance (ESG) Committee organizes and convenes meetings related to promoting sustainable development work as needed. It further enhances collaboration within the Environmental, Social, and Governance Working Group and provides suggestions for improvement to achieve continuous benefits for the company's development and stakeholders. Additionally, we establish routine communication and disclosure mechanisms for sustainable development information externally and release information promptly in response to regulatory requirements and stakeholder expectations. The efficient and robust sustainable development governance structure will assist the Board of Directors in comprehensive supervision of the company's sustainable development management, from decision-making and communication to actual execution.

Furthermore, the Board of Directors actively promotes the integration of sustainable development into business operations. Building upon the existing risk management system, the company strengthens the identification and assessment of risks related to sustainable development. Through discussions and research by the management, the company identifies new challenges and opportunities. In the future, the governance team, led by the Board of Directors, will continue to supervise the establishment and implementation of risk response measures, evaluate the relevance of various risks to the company's business, and ensure effective alignment between sustainable development and business development.

## Board of Directors' Diversity

Greentown Management adheres to a diversity policy for the Board of Directors to strengthen its diversity. By considering various factors, including but not limited to gender, age, education background, professional experience, skills and knowledge, industry experience, race and ethnicity, cultural background, and other relevant factors, we aim to achieve diversity on the board. We believe that this approach will promote diversity and balance in the perspectives, experiences, and viewpoints of the board, enhancing its ability to cope with a complex environment and achieve balance and sustainable development.

As of the end of 2023, the Greentown Management Board of Directors consists of eight members, including three executive directors, two non-executive directors, and three independent non-executive directors.

# II. Compliance Operation

Greentown Management adheres to the principle of compliance operation and regards it as the cornerstone of sustainable development. The company strictly complies with the provisions of the relevant laws of the countries and regions in which it operates in terms of compliance operation, environmental protection, occupational health, etc., abides by business ethics, and upholds the principle of honesty and dedication, law-abidingness, fair competition, and trusted business operations. The Company has continuously improved its compliance management system and established the Compliance Management System, which

clearly defines the ethical standards and compliance requirements that the company should comply with when carrying out various businesses, penetrating the awareness and concept of compliance into all aspects and the entire process of operation and management activities, and realizing the active identification and management of compliance risks.

## **Anti-corruption and Integrity**

We strictly comply with the Anti-Unfair Competition Law of the People's Republic of China, the Interim Regulations on Prohibition of Commercial Bribery, and other laws and regulations, and we are committed to upholding the spirit of professionalism, integrity and honesty in all business transactions and cooperation, and firmly oppose all bribery and fraudulent behaviors that deviate from the social order.

We set up the Employees Integrity and Self-discipline Management System, and Anti-corruption Reporting and Reward System, promoted the implementation of the internal audit portal system, and initially realized the multi-channel reporting and feedback processing mechanism. We encourage our employees to report any violation of laws and regulations or the Code of Conduct for Employees by managers or other employees, or any fraud or behavior that is detrimental to the interests of Greentown Management. We accept supervision and reporting by our employees, customers, and the community through email, telephone and other channels, and also provide incentives to informants who provide valuable reporting clues. Upon receipt of a report, the company will conduct timely monitoring and investigation and follow up with the reported incident to draw a conclusion. All reports are independently investigated by designated compliance officers, and appropriate disciplinary or preventive measures are taken to address any issues identified. In 2023, the company had no corruption proceedings.

In order to further strengthen the compliance awareness of the directors and employees and to enable the effective implementation of the company's relevant compliance policies, during the Reporting Period, we organized anti-corruption compliance trainings for our directors and employees, jointly promoting the culture of corporate compliance.

## **Intellectual Property Management**

Greentown Management is keenly aware of the importance of establishing and protecting intellectual property, and strictly complies with the "Patent Law of the People's Republic of China", "Trademark Law of the People's Republic of China", "Copyright Law of the People's Republic of China" and other laws and regulations on intellectual property protection. The company has formulated the "Management Measures for Intellectual Property" in light of its own reality to standardize the intellectual property and patents management, and has built up a mechanism for the maintenance and protection of the patents and trademarks, and other intangible assets to actively protect the core rights and interests of the company in the areas of patents, trademarks, copyrights and commercial secrets. We have a professional intellectual property team to realize the whole process management of intellectual property; we actively carry out intellectual property training to strengthen employees' awareness of intellectual property protection and confidentiality.

By the end of 2023, Greentown Management has 167 trademarks, 116 patents and 12 copyrights, with another 42 trademarks and 19 patents in the application process.

Greentown Management continuously strengthens self-protection of intellectual property. We actively promote and popularize the basic knowledge of intellectual property as well as the requirements of laws and regulations to enhance employees' awareness of intellectual property protection, create intellectual property management ledgers and files to strengthen management and protection of intellectual property, and address disputes related to the company's intellectual property and provide legal consultation and legal opinions for the development of intellectual property. For external infringements, such as the use of patents, trademarks, copyrights, commercial secrets, and other intellectual property achievements, we take legal defense methods such as sending letters, complaints, and lawsuits.

We not only focus on the protection of our own intellectual property, but also respect the intellectual property of others. Any infringement of others' intellectual property is prohibited, and if there is any infringement found, it will be sent to the department of misuse in the form of a work contact sheet to request rectification of the relevant department. We will employ an external consultant unit to carry out the work in the form of external inspections and internal control. In 2023, the company had no lawsuit or dispute incidents due to infringement of others' intellectual property.

### **3 Audit Supervision**

In compliance with the requirements of the "Corporate Governance Code" and the "Corporate Governance Report", Greentown Management regards quality audits as a necessary means of self-inspection and correction, and has set up an audit and monitoring line under the Office of the Board of Directors to implement the annual audit plan and carry out internal control monitoring, and regularly perform relevant internal and external audits to promptly identify potential risks in all aspects of the quality management life cycle and comprehensively push forward the rectification.



(Figure: Internal Control System Workflow)

In 2023, in order to promote the standardized management and the integration and high-quality development of discipline, audit and supervision of Greentown Management, and strengthen the system of discipline, audit and supervision, we carried out the discipline, audit and supervision work conference and thematic training.

In terms of internal audit, in 2023, Greentown Management further refined and standardized the comprehensive internal audit supervision procedures and optimized the Internal Audit Management Standards, Comprehensive Internal Audit Supervision Standard Working Procedures, Internal Audit Files Management Measures, Compliance Audit Consulting Service Units Management Standards, and other systems. In 2023, a total of 3 project management subsidiaries and 5 regional companies were audited and rectified. In terms of internal control monitoring, Greentown Management regularly assessed the construction and operation of internal controls of various subsidiaries, and carried out integrity education and promotion and implementation while performing audit.

## **III. Services**

As the pioneer of the 4.0 system of real estate development project management, Greentown Management insists on the core values of "quality, reliance, value and share", focuses on customer needs, improves the management ability of customer service, constantly standardizes the customer service standards, comprehensively improves the satisfaction of the customers and the brand reputation, and enhances the quality of service in the B-end and C-end to continuously create value for customers.

# 1 Service for B-end Customers

As the leading enterprise in asset-light model, Greentown Management has always led the industry development with advanced business model and forward-looking strategic layout. For B-end customers, Greentown Management improves development efficiency and creates stable operating value for B-end customers by building a standardized system for the project management industry.

## (1) M Climbing Model

On July 10, 2023, on the third anniversary of the listing of Greentown Management, Wang Junfeng, CEO of Greentown Management, formally introduced and publicly released the "M Climbing Model", which is a B-end customer service guide that covers 28 years of real estate expertise of Greentown China and 12 years of experience in project management service of Greentown Management.

The "M Climbing Model" compares the whole process of the project management service and customer service to a mountain climbing journey, clarifies the nodes, objectives and positions of each service, emphasizes "sharing failures and successes" with the customer, and provides high-quality customized services. The "M Climbing Model" includes six major camps and 23 service nodes, to guide the project management team to establish strong trusts with the clients during the whole process of the service and ensure the degree of the project operation delivery with the standardized and streamlined professional services to improve customers' experiences and satisfactions.

The "M Climbing Model" is divided into two parts, one is to standardize process nodes, used to guide the project management practitioners and provide the standard answer to the whole process of the project management services; and the other part is a collection of questions, to answer clients' high-sensitivity and pain points in the cooperation process of the project management, so as to allow both parties to lower the cognitive bias during the cooperation process, to ensure that both parties do not get lost towards the common goal, and to continue to correct the bias in the process of climbing up to the right target, and ultimately achieving a win-win situation in the cooperation. Taking the second phase of "Team Integration" as an example, the phase lists five issues that enterprises are most concerned about, including how to deploy the team, how to build an efficient team, how to jointly build a communication and decision-making mechanism, how to improve the team's communication and integration, and how to assess and evaluate the project team. All the best solutions have been provided with detailed descriptions.



(Figure: Climbing Model Process Nodes)

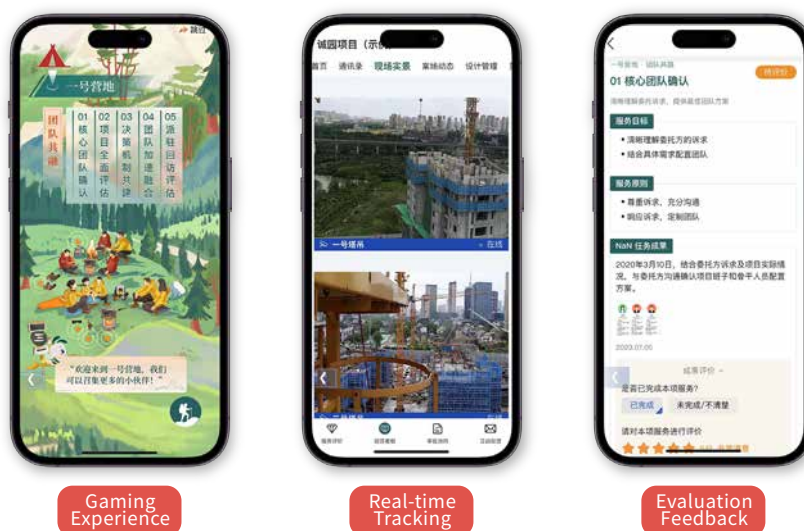
As a service industry, the project management industry embodies a different underlying logic from that of traditional real estate development. Focusing on satisfying the clients' diversified and customized demands is the key to the project management industry. The "M Climbing Model" of Greentown Management emphasizes the close interaction and efficient collaboration between the client and the project management team, avoiding detours in the project construction process and creating greater value for the client.

In addition to highlights like standardizing nodes of project management process, guiding and solving clients' highly sensitive points and pain points in the project management cooperation process, the core of "M Climbing Model" is using service-based logic and understanding to help customers solve problems, prioritizing customers' demands all the time, and understanding, fulfilling as well as tracking customers' demands.

## (2) "Greentown M" app

The "M Climbing Model" is launched in tandem with the "Greentown M" app, which covers three type of users including clients, employees and visitors. The app renders the entire project management service journey more tangible and accessible through digitized and gamified approaches. The app offers model responses and guidance to such problems that may arise during the project management process as how to accurately assemble teams, how to identify project positioning scientifically, how to streamline cost management, and how to implement risk monitoring and early warning. The client also has real-time access to the project progress, and can monitor the construction site 24/7 through the site camera, check various reports uploaded by the construction team in real time, and rate and give feedback about the work of the project management team at each node, thus truly realizing information transparency and symmetry, and facilitating a flatter, more efficient management structure. Meanwhile, the app shares the experience and knowledge of the M Climbing model to the whole society by setting up a visitor portal, thereby promoting the overall operational efficiency and service quality of the industry.

- Providing better service for clients: having enabled instant evaluation across 23 service touchpoints, presenting project operation dashboards, and delivering a convenient and comprehensive digital project management service experience to clients;
- Bringing a new working method for managers at all levels: having developed 14 management themes, covering more than 400 operational indicators, managers at all levels need to step up to adapt to digital management methods and improve their management efficiency;
- Publicizing Greentown Management to visitors (potential customers): inviting clients into the cockpit experience mode where they can gain firsthand experience on Greentown's operational management capabilities, thereby bolstering their trust, and facilitating contract signing.



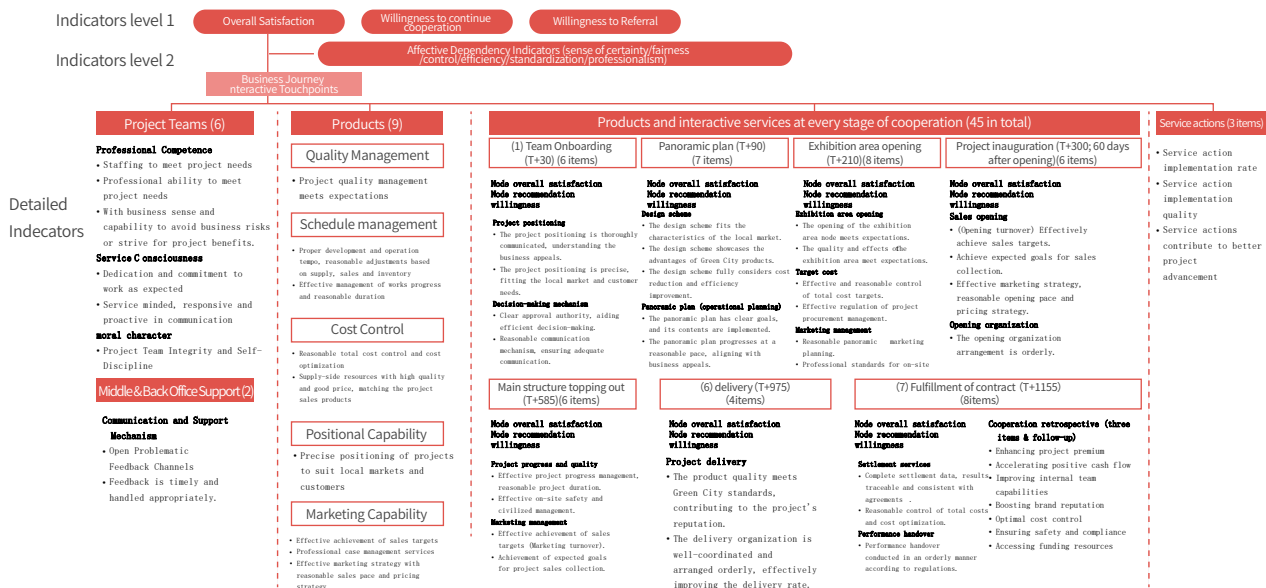
(Figure : Interface of the "Greentown M" APP)

### (3) Client Satisfaction

The client satisfaction survey is aimed at understanding the alignment between customers' expectation and their actual experience. We can obtain such indicators as customer satisfaction on service, defects in products or services, willingness to cooperate again, and referral rates through continuous quantitative research, so as to identify key problems faced by internal and external customers and find quick and effective solutions.

In 2023, Greentown Management developed a client service evaluation system model and indicator system for the full lifecycle of client management, covering various touchpoints in the business journey such as project teams, middle- and back-office support, products, and products and interactive service at various cooperation stages, and service actions, with a total of 74 indicators. In addition, based on the system model, Greentown Management conducted surveys widely on a total of 14 strategic clients in 2023, including top 10 clients in terms of project management fees, regional strategic customers, and Leju projects within and outside the province, and urban investment businesses. In the annual survey, the evaluation of these strategic clients is relatively high, showing an overall positive trend. They accepted and appreciated the offline one-to-one visit, and expressed that this one-to-one visit can deliver clients' voice to the Group in the first place.

### Commissioners' Service Evaluation System Model and Indicator System (Panorama)



(Figure : Original images and editable PPT files to be provided by Deloitte)

## 2 Service for C-end customers

### (1) "Fortunate Community"

In 2023, Greentown Management summarized its project service experience and continued to build and enrich the "M Fortunate Community". This is Greentown Management's unique service system for better life, which establishes a three-in-one system with the meaning of "Life, Living, Growth". With customer value as its starting point, the system combines the core concept of "Life, Living, Growth", offers flexible, customized, and differentiated services and integrates "fortunateness" into products and daily life, thereby transforming its service into little happiness in this era. Greentown Management provides living buildings, quality lifestyle, and valuable growth to customers through flexible, customized and differentiated services, thereby creating its unique community system.

## Living

Drawing deeply from Green City's management philosophy in product development, we emphasize three perspectives: the craftsanship exemplar, wholehearted home guardianship, and rejuvenating future living. Through customized, professional, and differentiated flexible services, we aim to create high-quality products.

## Life

It integrates thinking about life in the planning process of the community and builds a more comprehensive on-scene life service system through the three dimensions of "fortune creation experience", "fortune life courtesy" and "fortune friend and neighbor time" to bring more imagination for a better life.



## Grow

Taking the community as the starting point, we connect education, recycling, investment, finance, industry and other quality resources to form an ecological system from the community to the society, so that more people can experience the beauty and abundance of life in the common construction and sharing of the community.

(Figure: Interpretation of "Life, Living, Growth" of the "Fortunate Community" (Editable PPT files to be provided by Deloitte))

In recent years, our customers' focus and demand for home have been progressively broadened from tangible spaces like apartment interiors and community clubhouses to a greater emphasis on interaction with and interestingness of landscape. Greentown Management has responded to this evolving trend by developing the unique M-LIFE community landscape series that offers our customers an all-season, all-age diverse quality community life through introducing "3 series + 9 themes + 36 landscape modules", aiming to make homeowners feel happy from the moment they step into the community.

### [3 major series + 9 main themes]

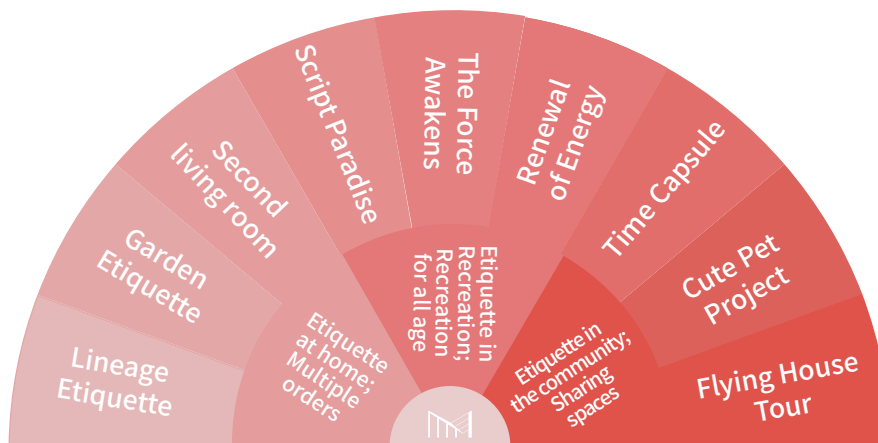


Figure: M-life community chassis system in the "Fortunate Community" (newly added slide in PPT-P1)

### Case Study: The fivefold homecoming rituals in "M-LIFE Fortunate Community"

(The layout here needs editing. There's no need to highlight it and the illustrations can be compressed) Designed especially for those who are accustomed to walking home, the "Welcome Home" series connects at least five landscape modules: open neighborhoods facing municipal interface, ceremonial entrances connecting the outside and the community, two courtyards featuring both aesthetics and private enjoyment, welcoming avenues dotted with light and shadow, and unit entrances with distinctiveness and social interaction. Additionally, customers who choose to wander through the community on their way home will have access to more outdoor facilities along the way which they can interact with and enjoy.

## ► Open neighborhoods – secure and comfortable pedestrian neighborhoods

As the first module of the "Welcome Home" series, the open neighborhood is designed with customers' feelings and community atmosphere in mind, aiming to create a more relaxing and enjoyable urban recreational area. Pedestrian crossings for open neighborhoods and municipal walkways were added along the municipal boundary to keep the openness and vitality of the neighborhoods.



(Figure : Optical Valley Central City Construction and Investment and Greentown Management · Trees Villa in Wuhan.)

## ► Two courtyards – Landscape space enclosed by corridors echoing the layout of "Four water currents return to the Hall"

Behind the ceremonial entrance are two courtyards that follow the ancient Chinese architectural plane layout. Based on the siheyuan, the two courtyards are divided into the front courtyard and the second courtyard. The front courtyard is typically an open space used for receiving guests and hosting events, while the second courtyard is a more private residential area.



(Figure : Spatial analysis of two courtyards)

## ► Unit entrance – Homecoming landscape node with a sense of ceremony and territory

From open neighborhoods to unit entrances, a sense of stability is enhanced progressively. The unit entrance landscapes with distinctiveness and light social interaction can provide a space for residents in the unit buildings to develop good neighborly relations. A ceremonial homecoming landscape can be arranged outside the entrance lobby of the unit. The landscape walls marked with block and unit numbers are very friendly to visitors. Small landscape space can also be established on both sides, allowing residents to take a short rest nearby. The distribution of garden plants at unit entrance will undoubtedly be more diverse than that in other places of the community. A flowering tree presents seasonal changes, while various grass flowers and perennial herbs and plants are planted in patches, creating a tapestry of heights.

Regardless of where one lives, a close neighborhood and a secure living environment are most homeowners' pursuits of ideal life. The fivefold homecoming rituals of "M-LIFE Fortunate Community" is an art of scene transformation, as well as an expression of scenes that meet the homeowners' future life demands.

## ► Ceremonial entrance – combining distinctiveness and a sense of dignity and serving as the main entrance to the community for welcoming owners home

The ceremonial entrance consists of the front courtyard at the main entrance and the interior space, performing functions such as access identification, traffic dispersion, and community security. It is the first station welcoming owners home and the first courteous reception for visitors. From dropping off to entering the community, the ceremonial entrance offers an explicit or implicit "hotel-style drop-off" experience with a sense of dignity instead of simply pulling over the curb.



(Figure : Greentown Management and Bin Jiang Management · Poetic Orient by the River in Jiangmen)

## ► Welcoming avenue – a barrier-free and comfortable way home

Across the second courtyard lies the welcoming avenue module, interwoven by the main and secondary roads of the community. The main road connected by fire roads, is the fastest and the most efficient way to get home. The jogging track set on the main road meets homeowners' need for doing exercise in the neighborhood. Large trees and flowering trees are planted on both sides of the road, providing shade and coolness in the summer. The walking paths, as part of the secondary road system, are scattered freely between buildings, satisfying leisure needs while also connecting more vibrant nodes within the community.



(Figure : Geer Lvcheng in Zhuohe Town, Weifang)



(Figure : Greentown · Riverview Garden in Tongxiang)



## (2) Customer Service

Greentown Management is committed to providing customers with surprise experience beyond satisfaction. We develop diversified business, promote the application of smart technologies, and ensure product quality and service standards. We uphold the "customer first" principle, continuously collect customer feedback, and strive to provide multi-dimensional guarantees for customers to enhance customer satisfaction.

### Customer Satisfaction

"People-oriented and customer-first" principle has long been Greentown Management's service philosophy since its establishment. Serving as a service industry, the project management industry connects B-end customers with C-end customers, requiring a more tailored and balanced approach to meet both ends' different demands. For this purpose, Greentown Management has established customer research systems with characteristics of project management. In 2023, focusing on deep customer insights, product R&D and innovation, community planning, refined design, and other aspects, Greentown Management promoted relevant functions to respond to customer needs, collaborate with supply chain partners from the Group, regional institutions, projects, customer research institutions, and design institutes, to jointly build an inspiring quality life. We are committed to using more refined customer research to enhance product and service capabilities, thereby creating greater value for both B-end and C-end customers.

In 2023, Greentown Management officially released the "White Paper on Research of C-end Customers in Project Management" after the survey targeting at 29 key cities nationwide, more than 3,000 families of homeowners, and potential customers. Through immersive observation and interviews, the paper analyzes the perspective on life and house purchasing, product needs, touchpoint systems, service experiences, and pain points of customers. Additionally, it conducts specialized analysis on trends of demand changes, customers in the third- and fourth-tier key cities, and young customers. As a result, the paper brings more innovative and inspiring ideas to development of the Company and the project management business from an elaborate and focused perspective, presenting a deeper understanding of customers. Meanwhile, the Group held an in-house interpretation meeting for all staff. Employees from all functional centers, secondary units, and project companies attended the meeting for learning.

In 2023, Greentown Management carried out a C-end customer satisfaction survey, covering 5,093 homeowners across 92 projects of 21 secondary management units, with a sampling proportion of 23.2%. The C-end customer satisfaction survey scored 91 points in 2023, remaining flat from 2022 and well above the industry average. Through continuous research on C-end customer needs, Greentown Management has gained insights into the sensitive points and pain points of homeowners. Better understanding and satisfaction of C-end homeowners can enable clients to achieve higher selling rate and product premium, and create better economic and social benefits. According to statistics, up till now, Greentown Management has accumulated a group of over 1.8 million high-end homeowners across 120 cities nationwide and served more than 1,000 groups of diversified clients, including governments, state-owned enterprises, local urban investment companies, financial institutions, and private enterprises. The substantial customer asset not only injects strong momentum into Greentown Management's sustainable development but also demonstrates the recognition and reputation gained by Greentown Management with its consistent adherence to the "customer first" principle in linking B-end and C-end customers.

### Complaint Handling

Greentown Management has established a sound complaint channel and management mechanism. All customers can contact us via nationwide service hotline 95059 to make complaints or offer suggestions. Customers can lodge complaints offline at the project's sales office or property service centers, and make online complaints through the project service hotline and property service hotline, the company's service hotline 95059, complaint mailbox, or the official WeChat message column. In line with the principle of compliance with the law, reasonableness and rationality, Greentown Management follows up on homeowner's calls through the 95059 customer service center system, with the management and control from the Group, secondary units, and project companies, to jointly supervise and follow up on the effective resolution of customer complaints, and confirm that the issues raised by customers have been properly addressed through follow-up phone calls. In 2023, the closure rate of customer complaints for the Greentown Management Group reached 96%.



Figure: 95059 Customer Service Center (Original images to be provided by Deloitte)

### (3) Responsible Marketing

Greentown Management has always upheld the idea of "responsible marketing" to continuously improve the brand value of the company and has formulated marketing systems such as "Supplier Management Standards in Marketing Service System", "Project Operations Manual - Service", "Project Operations Manual - Marketing", and "Compensation and Performance Management Standards for Project Marketing Teams", which guide the company to create competitive advantages and ensure stable and sound development of the Company's marketing efforts.

#### Customer Privacy Protection

Greentown Management places great emphasis on customer privacy security and data protection. It strictly adheres to such laws and regulations and standards as "Data Security Law of the People's Republic of China", "Personal Information Protection Law of the People's Republic of China", and "Personal Information Security Specification (GB/T 35273-2020)", and has established related systems such as the "Computer Information Security Management Standards" and "Management Standards on Informatization" to strengthen cybersecurity construction at the management level, continuously intensify internal information security management, and effectively protect consumer data and privacy.

#### Distinctive Marketing

Greentown Management strictly adheres to the requirements of the "Advertisement Law of the People's Republic of China" and the "Administrative Measures for the Sale of Real Estate" and other laws and regulations to conduct marketing activities in a reasonable and compliant manner. We have established a series of compliant marketing management policies, including the "Supplier Management Standards in Marketing Service System", "Marketing Procurement and Supplier Management Standards of Greentown Management", "Marketing Expense Management Standards", and "Compensation and Performance Management Standards for Project Marketing Teams" to standardize the Company's marketing procedures and ensure the accuracy, authenticity, and legality of marketing activities and publicity materials.

In 2023, Greentown Management combined online and offline channels to promote the comprehensive implementation of marketing activities across all projects. From macro to micro perspectives, and from ideals to daily life, Greentown Management fully demonstrated various themes of marketing activities, significantly enhancing marketing effectiveness and the Company's brand awareness.

## ► Humanistic Marketing

### Case Study: 2023 "Dolphin Plan"

In July 2023, Greentown's "Dolphin Plan" kicked off in various communities. The "Dolphin Plan" will invite kids of homeowners to become adorable "little dolphins" and receive professional swimming training. Starting with holding breath, breathing techniques, and kicking, the children will gradually overcome their fear of water, fully tap into their athletic potential, and enhance their physical fitness and cardiovascular health.

"We want every child in the communities of Greentown Management to learn to swim." This is a simple wish made by Song Weiping, the founder of Greentown Group. Based on the wish, the "Dolphin Plan", a nationwide free summer swimming program for children of Greentown Management's homeowners, was born. The "Dolphin Plan" is now in its fifteenth year since being officially launched in 2009.

Looking back on the 14-year journey of the "Dolphin Plan", Greentown Management has invested thousands of employees and over RMB100 million in the plan. The plan has spanned over 70 cities and more than 200 communities across the country. More than 170,000 kids of homeowners have learned to swim, and can freely explore the azure blue world.

For youngsters, the "Dolphin Plan" is not only a way to awaken the azure summer days but also a chance to gain multidimensional interesting experience and learning opportunities. The plan creates a growth platform for children, broadening their horizons through diverse and rich activities, and allowing them to step into a broader world and become more courageous and independent. For Greentown Management, the "Dolphin Plan" is a platform where youngsters can learn the spirit of sports during the height of summer, and it is also a core initiative of the progressive implementation of people-centered better life.



(Original images to be provided by Deloitte)

## Case Study: Red Leaf Initiative

In 2009, during the Double Ninth Festival, Greentown Management launched the "Red Leaf Initiative" for the first time. As an annual exclusive service for elderly homeowners, Greentown Management's "Red Leaf Initiative" has now entered its fifteenth year. Greentown Management is experienced in continuously providing love and companionship for the elderly. With the band influence, Greentown Management tirelessly advocates for its homeowners and society at large to focus on and care for the elderly and is committed to creating a premium and warm later year for them.

Sincere Garden, jointly developed by China Communications Construction and Greentown Management, inherits the essence of the "Red Leaf Initiative" and focuses on the culture of "respecting, esteeming, loving, and assisting the elderly". On October 21, 2023, a series of heartwarming activities titled "Poetic Double Ninth, Warmth in Sincere Garden" were held to deliver gifts to the elderly.

A bowl of longevity noodles, as an important part of the "Red Leaf Initiative", conveys Greentown Management's enduring love and respect for the elderly in its communities.



(Original images provided by Deloitte)

To enhance the health awareness, quality of life, and physical fitness of the elderly, Greentown Management provides free physical check-ups and health consultations for the elderly in its communities, and also disseminates daily health-related knowledge to the elderly. With attentive and meticulous care and service, Greentown Management protects the elderly's physical and mental health, allowing them to truly feel warm companionship of family.



(Original images provided by Deloitte)

To enhance the festival experience for the elderly in the community during the Double Ninth Festival, Sincere Garden organized a series of events including poetry recitation, Mongolian dances, and cucurbit flute duets to send the elderly in the community deep blessings and good wishes. Desserts, tea and beverages were also prepared on-site to enrich everyone's Double Ninth Festival experience.

## ► Digital Marketing

In April 2023, the Douyin live broadcast competition held by Greentown's Guangzhou Jiangfu Begonia Project achieved complete success. A total of 26 celebrities participated in the live broadcast, with a total live broadcast duration of 54 hours, covering 154,000 fans, 29,632 viewers, 4,770 comments, and a total exposure of 265,000.



(Original images provided by Deloitte)

Additionally, the Rare Villa - Aristocratic Privilege Project developed by Tangshan City Building has conducted a total of 790 live broadcasts throughout the year (from 08:30 to 11:00, 13:00 to 15:30, and 18:30 to 21:00). Up till now, it has accumulated 3,579 followers, has released 339 works, and has achieved a total of RMB28 million in direct and indirect sales through live broadcast. Many customers have strengthened their purchasing confidence by repeatedly visiting the live broadcast room.

# IV. Product Strength

## 1 Quality as Foundation

Quality has always been the belief and foundation of Greentown Management. Inheriting the quality genes of Greentown, Greentown Management directly incorporates "quality" as one of the core values of the company.

### (1) Comprehensive Quality Assessment System

In 2023, our quality assessment system was fully implemented, focusing more on customer quality-sensitive points, full-cycle quality risk control, and innovative applications of technology management than in the past.

#### New evaluation project

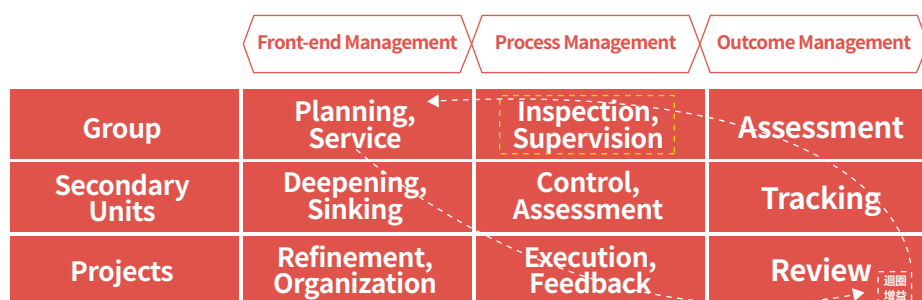
In 2023, our evaluation system added special assessment content such as foundation, doors and windows, and pre-assessment. Due to the implementation of pre-delivery assessments, assisting projects in early detection of delivery risks and defects, the annual delivery assessment average increased by 0.57% compared to 2022.

Additionally, in 2023, through the Group's strong management and control throughout the year, there was a noticeable improvement in quality issues that customers were concerned about. The annual deduction rate for guaranteed items was 17.37%, a decrease of 5.63% compared to 2022.

## Optimized Assessment Orientation

We will continue to optimize and upgrade our assessment system for partners, strictly control customer complaint risks, adhere to delivery quality, grasp assessment applications, persist in transitioning towards a customer satisfaction-oriented approach, and enhance delivery quality. We will gradually improve the four newly added special assessments, incorporating them into the annual assessment system, which will further encourage and promote the application of project industry technology. With process assessment as the main axis, we will link the four special assessments to achieve full-cycle coverage.

Leveraging the group's three-tier control framework for subsidiaries and projects, we will permeate quality management throughout the front end, process, and outcome stages of project construction. This will result in a comprehensive 3x3 control system, ensuring seamless coordination, tight integration, and effective collaboration among various work units, with a focus on avoiding redundancy.



## (2) Quexing Workshop

In 2023, we rapidly advanced the research and practical application of Quexing Workshop, making it an effective tool for promoting marketing. As of the end of the reporting period, out of the 25 key A/B grade projects that the company closely followed, 21 projects completed planning reviews, and 13 projects were successfully implemented. A total of 37 projects were successfully launched throughout the year.

### Case: Launch of New Quexing Workshop

On September 20, 2023, Greentown Management's 12th national Quexing Open Day officially kicked off at the main venue, Greentown · Tongxiang Heyuan. Nearly 50 projects nationwide gradually opened their construction sites, welcoming clients, homeowners, media, and various sectors of society in their most authentic state.

To systematically showcase and demonstrate Greentown Management's technical standards, construction requirements, delivery standards, etc., this year, we upgraded and created the "Quexing Workshop" based on the model system. From the customer's perspective, we focus on customer needs, emphasize customer experience, ensuring that all details not only meet regulatory requirements but also embody the "customer-first" philosophy in every aspect of the project. Going forward, all new projects under Greentown Management will be implemented in accordance with the requirements of the Quexing Workshop, aiming to establish it as a quality label with distinctive Greentown Management characteristics.



**Quexing Workshop, consisting of 7 themed workshops and 32 Quexing spaces, serves as a platform showcasing Greentown Management's dedicated considerations for customer experience:**

- Addressing homeowners' concerns about leakage and cracking, we introduced the Leak Prevention Workshop and Crack Prevention Workshop. With six leak prevention safeguards, 55 leak prevention craftsmanship requirements, 6 crack prevention guarantees, and 84 crack prevention craftsmanship requirements, we aim to construct an impenetrable defense for residential quality.
- In response to the current homebuyers' focus on delivery quality, we introduced the Delivery Workshop, adopting a "what you see is what you get" approach. Fully considering homeowners' acceptance experiences and decoration needs, we created four experiential spaces to comprehensively present the future home's appearance in a real-life setting.
- Addressing homeowners' concerns about product aesthetics and common area amenities, we established the Facade Workshop, Basement Workshop, and Public Area Workshop. These workshops standardize quality details, creating a safe, convenient, aesthetically pleasing, and ceremonious living experience.
- To facilitate better communication with general contractors and supervisory units, Greentown Management requires the establishment of centralized workshops before the main building reaches the zero level. This ensures on-site construction adheres to Greentown standards, leaving no quality detail overlooked.

In addition to the seven themed workshops showcasing meticulous craftsmanship, the widely used "Smart Construction" system, applied in most projects, utilizes mobile internet, the Internet of Things (IoT), BIM, and other management tools. Covering 13 management modules, this system empowers the entire project construction process, enhancing the overall quality of projects. During the main venue of the site open day at Greentown · Tongxiang Heyuan, attendees could view the backstage data dashboard of the Smart Construction system on a large screen. By scanning the QR code on-site, they could experience the new "Greentown M" app, allowing them to stay informed about the site situation while sitting in the office.

### (3) Site Open Day

The annual Site Open Day serves as a concentrated expression of Greentown Management's quality culture. Dozens of construction sites nationwide showcase product quality, management standards, and craftsmanship in their "barefaced" state, welcoming scrutiny from clients, homebuyers, media, and the general public with an open mindset.

On September 20, 2023, Greentown Management's 12th national Quexing Open Day officially commenced at the main venue, Greentown · Tongxiang Heyuan. Over the course of one month, construction site fences across the country would gradually be opened, presenting the projects in their most authentic state to clients, homeowners, media, and various sectors of society.

In the industry context of "guaranteed building delivery," Greentown Management persists in hosting site open activities to showcase meticulous craftsmanship, lean management, and the delivery of beautiful homes for homeowners. This reinforces the realization of our operational values, instills confidence in the industry's development, and highlights our leading position and mission as a leading construction company.

#### **Case: Site Open Day for the Government-Led Hangzhou Xiaoshan Linpu Project**

During the open day for the Hangzhou Xiaoshan Linpu project, the project department received more than 300 visitors, including government leaders, construction department officials, community resettlement homeowners, surrounding villagers, and other professionals from the industry. Throughout the event, we demonstrated Greentown Management's standardized and regulated project construction process for government-led projects, showcasing our commitment to improving the quality of resettlement housing products.



(image: scenes of government and functional department visits)

## Case: Craftsmanship Experience

In contrast to previous site open day events, this year, to meet the diverse needs of different age groups of homeowners, a craftsmanship experience activity was organized specifically for younger homeowners. Professional engineers were invited to explain the basic knowledge and technology of construction to parents and children. Under the guidance of these engineers, participants had hands-on experiences such as traditional Chinese joinery, fostering the manual skills and architectural interest of young homeowners.

For the current young homebuyers, a "Construction Site Market" was set up on-site. A rock band was invited, and various activities, including food, entertainment, handicrafts, and craftsmanship exhibitions, were integrated to create an atmosphere of fun, relaxation, and joy, catering to the interests of the younger demographic.



## 2 Human-Centered Design

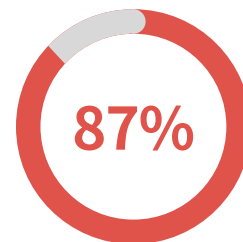
In the design phase, Greentown Management adheres to the spirit of humanistic idealism. Leveraging the strong capabilities and professional expertise of the Greentown brand, along with over 20 years of accumulated experience, we combine the common needs of clients with the individual characteristics of different projects to achieve value creation.

### (1) Following Professional Design Principles

#### Monitoring Design Efficiency

Efficiency In 2023, we completed the review of 89 commercial agency construction projects, with 102 review sessions (8 for government-led construction projects). After excluding 43 projects, including those in the pre-evaluation phase, projects with collaborative planning, engineering agency construction projects, public construction projects, existing relief projects, re-evaluations, and pre-evaluation projects, a total of 46 projects entered the assessment scope. Among them, 40 projects had a review duration within 35 days, and the first-round closed-loop review rate after project positioning was 87% (40/46 = 87%), with an average duration of 23 days.

#### Achievement of Project Design Efficiency



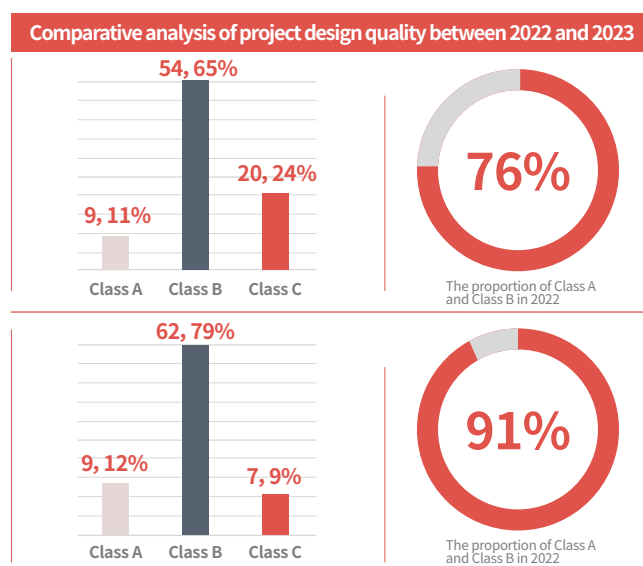
Out of 46 projects entering the assessment path, 40 projects successfully completed the scheme review on time. The overall on-time completion rate of assessment nodes is 87%.



## Enhancing Design Quality

In 2023, the architectural design scheme review quality of the group was as follows: Class A projects: 100% from in-house suppliers. Class B projects: 77% from in-house suppliers. Class C projects: No in-house suppliers.

Compared to the 76% combined quality ratio for Class A and B schemes in 2022, the quality ratio for Class A and B schemes in 2023 increased to 91%. This indicates an improvement in design quality.



## (2) Explore the All-Age Skywalk

Creating an all-age skywalk and exploring more diverse community scenes is a significant topic for Greentown Management in 2023. We believe that the current forms of communities are evolving, with people increasingly desiring public interaction while preserving private spaces. Therefore, more important than designing spaces is fostering connections between people. The skywalk, as the link between indoor spaces and the community, plays a crucial role in inspiring community vitality. In our skywalks, we have carefully developed two categories, six themes, and 39 modules to enhance the quality of life for residents of all ages in the community, transforming buildings into not just living spaces but warm and delightful places.

We deeply consider the lifestyle habits and emotional needs of residents in different age groups, striving to create an "all-age fun zone." From children running and laughing to young adults enjoying an active lifestyle, and to the elderly enjoying leisure, we enrich the content of life, allowing everyone to find their own joy in this open, comfortable, and healthy space.

### Case: Happiness Sharing, Joyful Growth

Many of our homeowners are families of the 80s and 90s, and their demand for children's themed spaces is higher. Therefore, Greentown Management incorporates more creativity into the "Storyland" themed skywalk, creating a realm of sixfold happiness, including play, sports, physical testing, cognition, immersion learning, and audio-visual experiences. Regardless of the weather, this space is always there to guard the joy of children, offering them a colorful and imaginative childhood.



(image: Jiangyin Canal Project One elevated level)

### Case: Caring for the Elderly, Enjoying Life

Compared to younger individuals, the elderly who spend extended periods at home often have higher demands for community activity spaces. Within Greentown Management's community, a tailor-made "Energetic Renewal" themed elevated level for the elderly has been created. It includes modules such as a light sports field, a chess and leisure bar, and a Maple Leaf Club, becoming a go-to place for the daily activities of the elderly.



(image:Greentown · Xishuangbanna Chunjiang Mingyue Project elevated level)

### (3) Finding the Interior Design Tips for Quexing community

In 2023, Greentown Management made significant innovations in the field of interior decoration, forming the "2-5-7" system: incorporating 2 major needs, 5 storage systems, and 7 scene creations. Together, they build an ideal indoor living scenario, integrated into the "Quexing Community" system, forming a three-in-one comprehensive community system of "landscape - overhead layer - interior decoration." Currently, the innovative results of the "2-5-7" interior decoration have been applied in multiple projects of Greentown Management.

#### ► 2 Major Needs

According to the "Greentown Management C-end Customer Research White Paper," the data shows that as home life scenes continue to evolve, homebuyers' demands for living have shifted from early functional practicality to include aesthetics, emotions, and values. To precisely control and respond agilely to lifestyle trends is a core component of Greentown Management's competitiveness. In residential interior decoration design, we focus not only on the "residents' living behavior" but also on the "living item space," exploring the essence of quality living.



► **5 Storage Systems**

Research on "residential pain points and key points of house types" shows that when the underlying logic of quality is satisfied, homebuyers' first concern is the planning of storage space. Greentown Management understands that the study of storage systems not only needs to solve the pain points of homeowners' families but also needs to match the overall display of indoor space. The 5 storage systems, from the dynamic of entrance storage to the sophistication of kitchen and bathroom storage, interpret "space magic," bringing an orderly and aesthetically pleasing home.

► **7 Scene Creations**

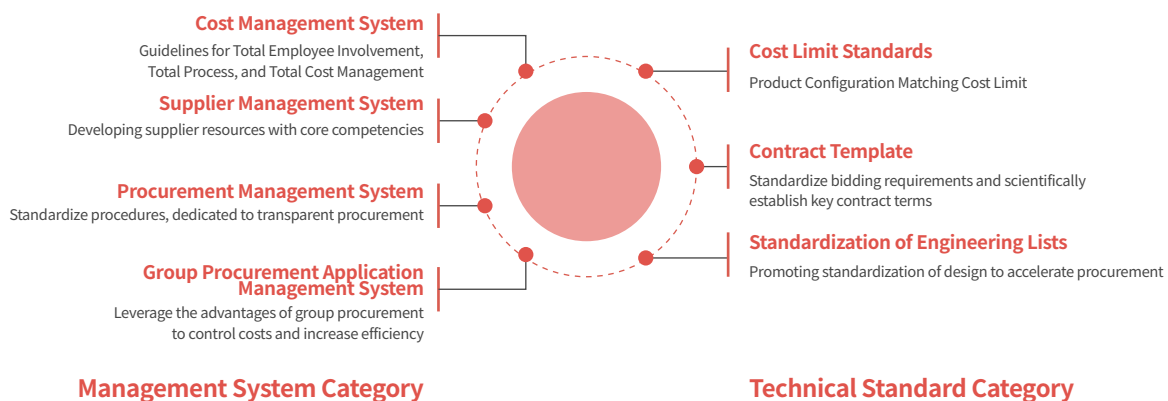
In specialized research for third- and fourth-tier cities and Z-generation customers, it was found that 83% of the customer base consists of people born in the 1980s and 1990s. Traditional layouts like north-south transparency, square patterns, and functional zoning are not enough to truly impress them. Therefore, Greentown Management has introduced 7 scene creations for interior decoration, presenting an ideal home that harbors vitality and change, satisfying the needs of different family members at different stages. These include: integrated social space, diverse interactive kitchen, versatile M space, thematic children's room, all-functional master bedroom, composite situational bay window, and functional sunlit space. The details presented by the "2-5-7" numbers reveal Greentown Management's deep thinking on the evolution of future products and the high-quality lifestyle. In interior decoration design, Greentown Management always positions itself from the perspective of residents, focuses on the actual needs of life, anticipates the spatial sense and growth of family members, allowing homes to carry more beautiful scenes.

## **B Cost Reduction and Efficiency Improvement**

In the theme of "Speculating rather than Residence," as the gap between land and property prices narrows year by year, the real estate industry has entered a "micro-profit era," placing higher demands on cost management: on the one hand, it must "save"; on the other hand, it must "generate income" to maximize project profits. As a service industry, our goal is to help customers climb to new heights. Leveraging years of industry experience and knowledge, Greentown Management has formed a management mechanism that focuses on the realization of customer value as the main goal, covering all staff, the entire process, and the entire cost.

► **Establishment of a Comprehensive Knowledge System**

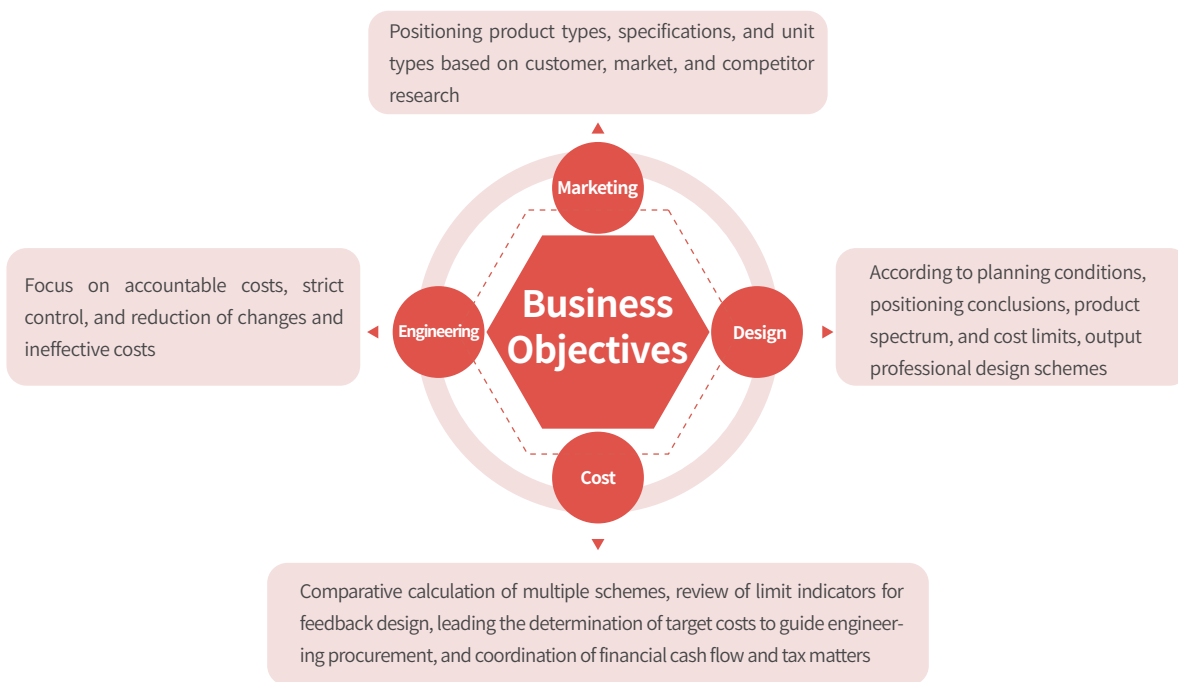
Greentown Management's cost management has summarized more than ten years of experience in cost management by an expert team, forming a massive knowledge system and baseline standards, establishing multiple cost management systems to ensure that cost management does not take unnecessary detours.



➤ **Organization Mechanism for full participation**

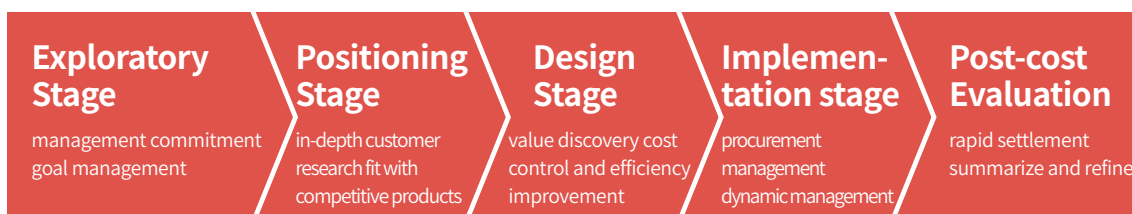
Involving All Staff Centered around the organizational concept of "winning at the front desk, strengthening in the middle, and refining at the back," Greentown Management's cost system has also established a three-level control system, coordinating around goal-specific division of labor.

It is worth mentioning that, regardless of the level, cost management at Greentown Management is never the responsibility of a single position but a cross-functional linkage with design, engineering, marketing, and other functional systems, breaking down barriers and working around the overall operational goals of the project.



➤ **Standardized Process Management**

For each project, Greentown Management incorporates cost management throughout the entire project life cycle, ensuring control actions are implemented at each stage to guarantee operational success.



➤ **Comprehensive Information System Coverage**

Greentown Management has launched the "Greentown M" app to achieve end-to-end information management for property development. In terms of cost, multiple systems such as cost estimation software and a sunshine procurement platform have been launched, making frontline work more convenient and functional management more efficient.

We always believe that cost management is not about blindly reducing costs but starting from business operations. Through the mechanism of all staff, the entire process, and the entire cost, we adhere to the cornerstone of quality, creating a beautiful home for homeowners, helping clients realize value returns, fostering mutual trust and mutual benefit with suppliers, and achieving multiple wins.

Greentown

# Environmental Force



# I. Green Building

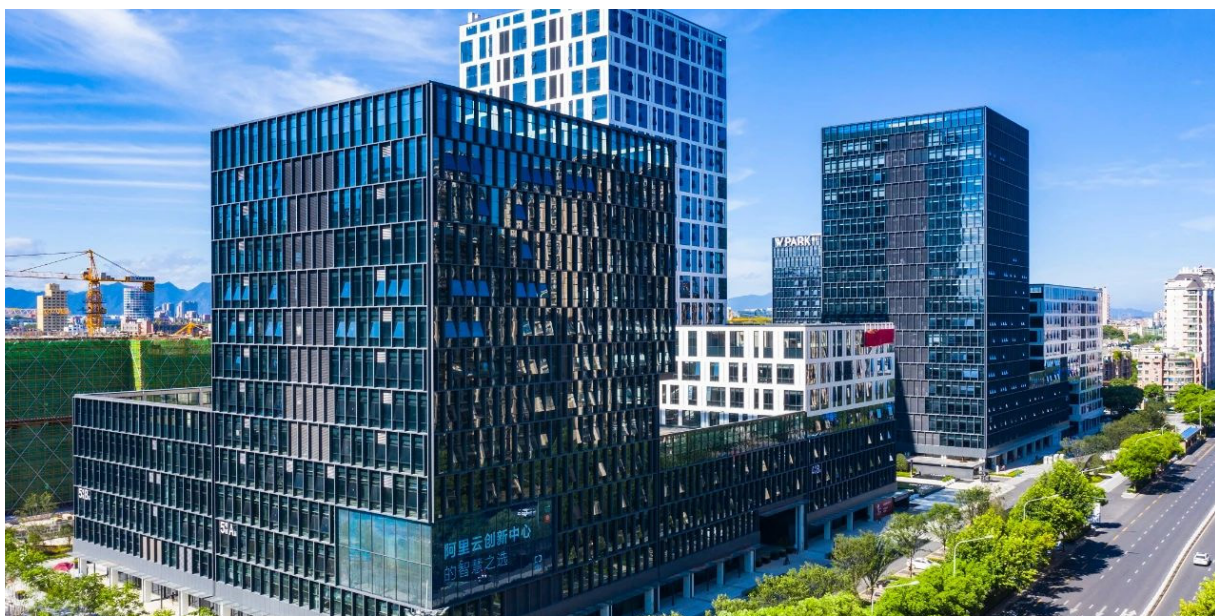
We insist on being promoters and leaders in green building, promptly aligning with national and local standards for green building, such as the "Green Building Evaluation Standard" and "Zhejiang Province Green Building Regulations," and promoting the green design and construction of buildings.

## 1 Green Design

As a leader in the construction industry, Greentown Management emphasizes the concept of green modern design. We customize designs based on the site's surface features, climate conditions, vegetation coverage, and composition. On the one hand, we maximize the use of natural ventilation, lighting, and topography, preserving the natural colors. On the other hand, through scientific design and complementary regional advantages, we compensate for the inherent deficiencies of the site, restoring a green, ecological, comfortable, and modern living experience for residents.

### Case: Jinhua Information Industry Park

Located in the core area of southern Jinhua, the Jinhua Information Industry Park has a total construction area of 250,000 square meters, covering 5A-grade standard office buildings, SOHO talent apartments, and other product formats. The goal is to create a green, smart, and information-based park, accommodating diverse architectural concepts. In the construction process, Greentown Management meticulously addresses safety, functionality, and aesthetics in various aspects, carefully plans and reviews various usage scenarios, and conducts multiple rounds of scrutiny. From material samples to process samples, after careful selection, the highest-quality materials are chosen. Every step of material acceptance and on-site construction processes is strictly controlled. The project has received numerous honors, including China's "Green Building" certification, the U.S. Green Building "LEED" certification, the "Qianjiang Cup" Quality Project, and National Quality Engineering awards. Greentown Management, from a city perspective, has delivered a quality performance beyond the client's imagination throughout the project's conceptual planning, scheme design, and overall construction process.



(image:Jinhua Information Industry Park)

### Case: 2023 Zhejiang Landscape Architecture Society - Excellent Landscape Engineering Award

Yiwu Feifeng community integrates traditional garden features, creating four main theme gardens: "Water Garden, Mountain Garden, Painting Garden, and Poetry Garden." This forms a unique landscape space, establishing a "garden within a garden." Meanwhile, Hangzhou Gaoting Mingyuan takes into account the needs of both the middle-aged and elderly population as well as children. It incorporates an all-age amusement park, a sunny lawn, distinctive landscape pergolas, and an entrance feature wall. Under the meticulous craftsmanship of Greentown Management, each resettlement housing project has become a new type of resettlement community that balances humanization, aesthetics, practicality, greenery, interactivity, culture, and modernity. These communities fully realize their positive social and economic benefits, helping more indigenous residents achieve their dream of comfortable living.



(image:Yiwu Feifeng community)

## Green Construction

To create green residences, Greentown Management focuses on the core principles of "Fortune + Green + Health," utilizing the "Green Smart System Product Configuration Standard" to establish a green and healthy product system. The company values green construction and environmental protection, actively promoting the use of green materials to reduce resource waste, create green spaces, and fulfill its responsibility for sustainable development. In the actual construction process, we adapt to local conditions, search for green, energy-efficient, and efficient building materials, minimizing the impact of construction and the building itself on the local natural environment, and creating an architectural aesthetics that breathes with nature.

In 2023, Greentown Management had 88 new construction projects in progress, with 48 projects adopting industrialized technologies such as aluminum formwork, climbing frames, precast concrete (PC), and all-concrete exterior walls, accounting for 54.5%. This represents a 37% increase from the previous year. The industrialized application gradually improved measured results and reduced leakage risks. Through the use of aluminum formwork, windowsills, anti-step in wet areas, beams, and exterior facade lines are completed in one step, reducing costs and increasing efficiency.

### **Case: Gaoting Mingyuan Resettlement Housing Community in Gongshu District**

Gaoting Mingyuan was completed in January 2023. It innovatively changed the traditional external insulation system to an internal insulation system, using FC insulation materials for indoor floors to solve the problems of facade peeling and hollow surfaces in a large number of resettlement houses. As a sponge city construction demonstration project in Gongshu District, the community effectively controls urban rainfall runoff, creating a symbiotic and harmonious coexistence between people and nature.



(image:Gaoting Mingyuan in Hangzhou)

### **Case: Feihong Huating Resettlement Housing Community in Xiaoshan District**

Feihong Huating was resettled and completed in May 2023. The community incorporates green and energy-saving technologies, such as rainwater collection and reuse systems, air-source heat pump systems, and energy-saving life pump zone-variable frequency water supply. These technologies contribute to creating a modern and simple living environment. The project was honored with the "West Lake Cup Award" for quality construction in Hangzhou city's construction engineering.



(image:Feihong Huating in Hangzhou)



## II. Green Office

### 1 Emission Management

Greentown Management manages the disposal and discharge of greenhouse gas, exhaust gas, wastewater, and solid waste in strict accordance with the Environmental Protection Law of the People's Republic of China and other relevant laws and regulations to meet the local regulatory requirements. The Company advocates energy conservation and responds actively to the government's call to control the discharge of waste gas, wastewater, and solid waste, to minimize the impact of various pollutants on the ecological environment.

#### Greenhouse Gas

In response to the "carbon peak" and "carbon neutrality" goals, the Company has shifted project management online and keeps electronic design data to reduce paper use. We have set up slogans in the office to advocate energy conservation and environmental protection actions, such as setting a proper air conditioning temperature and using double-sided printing.

#### Greenhouse Gases

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>➤ Scope 1 Greenhouse Gases</li><li>➤ Emissions: 220.18 tonnes</li><li>➤ Emission intensity: 0.06 tonnes/million RMB in Revenue</li></ul> | <ul style="list-style-type: none"><li>➤ Scope 2 Greenhouse Gases</li><li>➤ Emissions: 363,881.00tonnes</li><li>➤ Emission intensity: 110.18 tonnes/million RMB in Revenue</li></ul> |
|--|---|

#### Exhaust Gas and Wastewater

The exhaust gas of the Company primarily comes from the administrative use of vehicles. In 2023, the Company continued to advocate green travel and increased the use of new energy vehicles. The wastewater generated by the Company is mainly domestic sewage, which flows into the municipal sewer system for centralized urban sewage treatment. The Company actively implements various water-saving measures to reduce water use and, thus, wastewater discharge.

#### Waste Gas and Waste Water

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>➤ Waste Gas (NOX, SOX, PM)</li><li>➤ Emissions: 0.06 tonnes</li><li>➤ Emission intensity: 0.00tonnes/million RMB in Revenue</li></ul> | <ul style="list-style-type: none"><li>➤ Waste Water</li><li>➤ Emissions: 1,131 tonnes</li><li>➤ Emission intensity: 0.34 tonnes/million RMB in Revenue</li></ul> |
|---|--|

## Solid Waste

The solid waste generated by the Company is mainly office consumables such as paper, office appliances, and lamps. According to the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution and the Measures for Administration of Prevention and Control of Environmental Pollution from Electronic Wastes, the Company set up a centralized station to collect hazardous waste, such as ink cartridges, waste light bulbs and used batteries, and arranges qualified cooperative manufacturers to deal with the solid waste.

### Solid Waste

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>▶ Fluorescent Lamp 14kg</li><li>▶ Waste Batteries 21 kg</li><li>▶ Waste Paper 2.55 tonnes</li><li>▶ Waste Toner Cartridges 127 kg</li></ul> | <ul style="list-style-type: none"><li>▶ Solid Waste</li><li>▶ Emissions: 2.72 tonnes</li><li>▶ Emission intensity: 0.00/million RMB in Revenue</li></ul> |
|---|--|

## 2 Resource Utilization

The Company's primary energy consumption is mainly gasoline, while its secondary energy is mainly electricity. Water consumption concentrates primarily in administrative offices, obtained through municipal water. In 2023, the Company did not encounter any problems in obtaining water resources. Our products do not need packaging materials. We abide by the Energy Conservation Law of the People's Republic of China, try to improve employees' awareness of energy conservation, and enhance energy conservation management in the workplace to reduce energy and water consumption as much as possible.

We further optimized energy utilization in 2023 with an expanded operation scale and increased operating revenue. In 2023, the Company consumed: 559.01 KWh of electricity; 68.87 tonnes of gasoline, equivalent to 857.2 KWh of energy consumption. Thus, the total energy consumption was 1416.21 KWh, with a consumption density of 0.43 KWh/million yuan (operating revenue). The Company consumed 2002 tonnes of water, with a consumption density of 0.61 tonnes/million yuan.

### Resource Consumption

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>▶ Energy Consumption Intensity<br/>0.43 kWh/million RMB in Revenue</li></ul> | <ul style="list-style-type: none"><li>▶ Water Consumption Intensity<br/>0.60 tonnes/million RMB in Revenue</li></ul> |
|--|--|

The company is fully aware of its social responsibility for environmental protection and resource conservation, actively exploring green management models to scientifically achieve our business goals and sustainable development. We strictly abide by national and industry environmental protection laws and regulations, practice the green concept and low-carbon development in daily operations, and improve environmental performance in areas such as energy conservation, water conservation, and reducing waste emissions. In 2023, we made the following efforts:

## Green Office



- ▶ Turn off office lighting, air conditioning, and computers and other electrical equipment at any time after work
- ▶ Promote double-sided printing of documents, set up waste paper boxes, and effectively utilize waste paper
- ▶ The faucet design of the office building adopts EU standards to reduce water output
- ▶ Continuously improve the integration of approval processes based on the OA platform to practice intelligent office work
- ▶ Encourage the purchase of new energy vehicles and encourage employees to take public transportation

## Energy Saving



- ▶ Optimize the air conditioning host system: fully utilize natural ventilation in spring and autumn, reduce air conditioning operation time, reduce energy consumption, and thus lower carbon emissions indicators
- ▶ Install limit switches in equipment rooms with many lighting fixtures to avoid constant lighting and waste of electrical energy

## Water Saving



- ▶ Enhance environmental awareness: Emphasize water conservation and rational use in regular meetings
- ▶ Use an intelligent sensing flushing system in the bathroom and use water-saving faucet to control the water output and eliminate waste
- ▶ Reasonably set up a rainwater collection and utilization system, and use the collected rainwater within the allowable range for construction sites, dust control, green sprinkler irrigation, and road irrigation

## Energy Saving and Environmental Protection Goal

To promote the continuous improvement of Greentown Management in the environmental aspect, based on the national development plan and operational status, we have set energy conservation and emission reduction goals in the following five aspects and formulated relevant measures to ensure the achievement of the goals. We will continuously review the completion status of the goals and continue to promote the sustainable development of the enterprise.

## Emission Target

- Establish scientific and perfect carbon emission historical data management, and carry out analysis work to enhance carbon emission data management capabilities.
- In terms of carbon emission management in its own operations, increase the application of low-carbon technologies and expand the proportion of product design with low-carbon concepts.
- Reduce own and industrial chain carbon emissions through various carbon emission measures.

## Waste Reduction Target

- Intensify various waste reduction measures and continue to reduce waste discharge intensity.
- Continue to explore and actively implement waste reduction measures in its own operations, while strengthening the management of contractors' waste.

## Energy Use Efficiency Targets

- Strengthen energy management, enhance energy efficiency, and continuously reduce energy intensity.
- In our own operations, actively adopt appliances with lower energy consumption, promote and implement the concept of green office.
- In product design, continue to explore low-energy consumption product designs and increase the proportion of products designed with low energy consumption.

## Water Use Efficiency Targets

- Gradually increase investment in water-saving processes and technologies, improve water efficiency and reduce water consumption intensity.
- In terms of its own operation, actively explore the introduction of water-saving facilities and water treatment technologies.
- In terms of product design, increase the proportion of water-saving design products.

## Green Building Commitments and Targets

- Strengthen green building management capabilities, continue to invest in green building technology and green building construction, and increase the proportion of green building products.
- Improve green building life cycle management capabilities, continuously explore new green building technologies, and strengthen the research and development of green building technologies.

## 4 Climate Change and Response

Climate change is currently a prominent global challenge, not only related to natural ecosystems, but also an important guarantee for sustainable development of human economy and society. Achieving carbon neutrality in the whole society has become an inevitable development trend in the future.

As a leading enterprise that focuses on climate change and green development, we actively explore the economic opportunities and challenges that climate change may bring to enterprises, respond to China's 2060 carbon neutrality commitment, integrate climate change measures into the entire lifecycle of product design, material procurement, project construction, and operation, and seek economic models to address climate change risks. At the same time, we will leverage our own and partner strengths, actively share typical experiences in addressing climate change, and call on all sectors of society to contribute to addressing climate change together.

In terms of the initiative, our EHS department is constantly monitoring climate change and promptly identifying potential risk factors such as project shutdowns, asset damage, and personnel casualties that may arise from climate change or extreme weather. The EHS department has also developed an EHS Management Rules internally, which standardizes management measures related to emergency preparedness and response, in order to minimize the negative impact caused by extreme weather. In addition, all departments will regularly conduct safety inspections to comprehensively identify potential risk points caused by climate change and actively eliminate various safety hazards.

# I Appendix

## Appendix I – Index of the Environmental, Social and Governance Reporting Guide

Aspect	Description	Location
<b>A. Environment</b>		
<b>Aspect A1: Discharge</b>		
General disclosure	Information relating to waste gas and greenhouse gas discharge, sewage to water and land, hazardous and non-hazardous waste generation, etc.: (a) Policies; and (b) Comply with laws and regulations that have a significant impact on issuers	Environmental Force
A1.1	Types of emissions and respective emissions data.	Data Statistics
A1.2	Total GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Data Statistics
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Data Statistics
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Data Statistics
A1.5	Description of emission targets devised and steps taken to achieve the targets.	Environmental Force
A1.6	Description of how hazardous and non-hazardous wastes are handled, targets devised for wastes reduction and steps taken to achieve the targets.	Environmental Force
<b>Aspect A2: Resource Use</b>		
General disclosure	Policies on the effective use of resources including energy, water and other raw materials.	Environmental Force
A2.1	Direct and/or indirect energy consumption (e.g. electricity, gas and oil) by type in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Data Statistics
A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility).	Data Statistics

Aspect	Description	Location
A2.3	Description of targets devised for energy use efficiency initiatives and steps taken to achieve the targets.	Environmental Force
A2.4	Description of whether there is any issue in sourcing water, targets devised for water use efficiency initiatives and steps taken to achieve the targets.	Environmental Force
A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	Data Statistics
<b>Aspect A3: Environment and Natural Resources</b>		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Force
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Force
<b>Aspect A4: Climate Change</b>		
General disclosure	Policies on identification and mitigation of significant climate related issues which have impacted, and those which may impact, the issuer.	Environmental Force
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Force
<b>B. Society</b>		
<b>Aspect B1: Employment</b>		
General disclosure	Information relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, Cohesive Force, diversity, antidiscrimination, and other benefits and welfare on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Cohesive Force
B1.1	Total workforce by gender, employment type, age group and geographical region.	Data Statistics
B1.2	Employee turnover rate by gender, age group and geographical region.	Data Statistics
<b>Aspect B2: Health and Safety</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Cohesive Force
B2.1	Number and rate of work-related fatalities in the past 3 years (including the reporting year).	Data Statistics
B2.2	Lost days due to work injury.	Data Statistics
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Cohesive Force

Aspect	Description	Location
<b>Aspect B3: Development and Training</b>		
General disclosure	Policies on improving employee's knowledge and skills for discharging duties at work. Description of training activities.	Cohesive Force
B3.1	The percentage of employees trained by gender and employee category (e.g. senior and intermediate management).	Data Statistics
B3.2	The average training hours completed per employee by gender and employee category.	Data Statistics
<b>Aspect B4: Labor Code</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	Cohesive Force
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Cohesive Force
B4.2	Description of steps taken to eliminate the situation when discovered.	Cohesive Force
<b>Aspect B5: Supply chain management</b>		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Cohesive Force
B5.1	Number of suppliers by geographical region.	Data Statistics Cohesive Force
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Cohesive Force
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Cohesive Force
B5.4	Description of practices used to promote environmental preferable products and services when selecting suppliers, and how they are implemented and monitored.	Cohesive Force
<b>Aspect B6: Product responsibility</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Development Strength
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Data Statistics
B6.2	Number of products and service related complaints received and how they are dealt with.	Development Strength Data Statistics
B6.3	Description of practices relating to observing and protecting intellectual property rights	Development Strength

Aspect	Description	Location
B6.4	Description of quality assurance process and recall procedures.	Development Strength
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Development Strength
<b>Aspect B7: Anti-corruption</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Development Strength
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.	Development Strength
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Development Strength
B7.3	Description of anti-corruption training provided to directors and staff.	Development Strength Data Statistics
<b>Aspect B8: CommCohesive Force investment</b>		
General disclosure	Policies on commCohesive Force engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.	Cohesive Force
B8.1	Focus areas of contribution (e.g. education, environment, labor needs, health, culture and sports).	Cohesive Force
B8.2	Resources contributed (e.g. money or time) to the focus area.	Cohesive Force Data Statistics

## Appendix II – ESG Key Performance Indicators

Environment			
Category	Unit	2022	2023
<b>A1 Emission</b>			
<b>A1.1 Types of emissions and related emission data</b>			
Total exhaust gas emissions	tonnes	0.03	0.06
NOX emissions	tonnes	0.03	0.06
PM emissions	tonnes	0.00	0.00
SOX emissions	tonnes	0.00	0.00



Category	Unit	2022	2023
<b>A1.2 Total greenhouse gas emissions and intensities</b>			
Direct greenhouse gas emissions (Scope 1)	tonnes	86.75	220.18
Direct greenhouse gas emissions per million RMB of revenue	tonnes / million RMB revenue	0.0327	0.06
Indirect greenhouse gas emissions (Scope 2)	tonnes	230,768.78	363,881.04
Indirect greenhouse gas emissions per million RMB of revenue	tonnes / million RMB revenue	86.8862	110.18
Total greenhouse gas emissions (Scope 1 & Scope 2)	tonnes	230,855.53	364,101.22
Total greenhouse gas emissions per million RMB of revenue	tonnes / million RMB revenue	86.9188	110.25
<b>A1.3 Total hazardous waste emissions and intensities</b>			
Total hazardous waste emissions	tonnes	0.12	0.17
Total hazardous waste emissions per million RMB of revenue	tonnes / million RMB revenue	0.00	0.00
<b>A1.4 Total non-hazardous waste emissions and intensities</b>			
Total non-hazardous waste emissions	tonnes	2.41	2.55
Total non-hazardous waste emissions per million RMB of revenue	tonnes / million RMB revenue	0.00	0.00
<b>A2 Resource consumption</b>			
<b>A2.1 Energy usage and density</b>			
Electricity	'000kWh	330.80	559.01
Natural gas	m3	0.00	0.00
Gasoline	tonnes	28.17	68.87
Gasoline (Electricity Equivalent)	'000kWh	350.62	857.20
Total energy consumption	'000kWh	681.42	1416.21
Energy consumption per million RMB of revenue	'000 / million RMB revenue	0.26	0.42
<b>A2.2 Water consumption</b>			
Office water	tonnes	11,937.00	2,002
Water consumption per million RMB of revenue	tonnes / million RMB revenue	4.49	0.61

Category	Unit	2022	2023
<b>A2.5 Packaging Materials</b>			
Inner packaging material	tonnes	0.00	0.00
Outer packaging material	tonnes	0.00	0.00

<b>Society</b>			
Data	Category	2022	2023
<b>B1 Employment</b>			
<b>B1.1 Number of employees: by gender, employment type, age group and region</b>			
Headcount <sup>1</sup>	Headcount	1,529	2,056
Gender	Male	1,158	1,517
	Female	371	539
Age	Under 30	378	416
	30-50	1,116	1,580
	Above 50	35	60
Region	Zhejiang Province	1,071	978
	Non-Zhejiang Province	458	1,078
Employee category	Senior management	93	265
	Middle management	108	129
	General staff	1,328	1,662
Employment category	Full-time	1,529	2,056
	Part-time	146	115
	Contract employee	0	0

Only full-time employees included.

Data	Category	2022	2023
<b>B1.2 Employee turnover rate by gender, age group and region</b>			
Employee turnover rate		3.53%	11.84%
Gender	Male	3.97%	11.13%
	Female	2.16%	13.76%
Age	Under 30	0.26%	12.24%
	30-50	4.66%	11.83%
	Above 50	0.00%	9.09%
Region	Zhejiang Province	1.21%	10.02%
	Non-Zhejiang Province	8.95%	14.17%
<b>B2 Health and Safety</b>			
<b>B2.1 The number and rate of work-related fatalities in each of the past three years (including the reporting year)</b>			
Work injury	Number of work-related fatalities	0	0
	Rate of work-related fatalities	0	0
<b>B2.2 Lost days due to work injury</b>			
Work injury	Lost days due to work injury	0	0
<b>B3 Development and training</b>			
<b>B3.1 Percentage of employees trained by gender and employee category</b>			
Gender	Male	99.64%	87.28%
	Female	98.57%	83.86%
Employee category	Senior management	100.00%	100.00%
	Middle management	100.00%	100.00%
	General staff	99.36%	86.38%
<b>B3.2 Average number of hours of training completed by each employee by gender and employee category</b>			
Gender	Male	75.82	62.00
	Female	56.15	45.00

Data	Category	2022	2023
Employee category	Senior management	43.08	41.00
	Middle management	81.88	52.00
	General staff	78.72	61.00
<b>B5 Supply chain management</b>			
<b>B5.1 Number of suppliers by region</b>			
Region	Eastern China	1,248	1,192
	Southern China	193	184
	Central China	25	24
	Northern China	111	106
	North-western China	6	6
	North-eastern China	4	3
	South-western China	19	19
	Outside China (including Hong Kong, Macau and Taiwan)	26	24
<b>B6 Product Responsibility</b>			
<b>B6.1 Percentage of total product sold or shipped subject to recall for safety and health reasons</b>			
Percentage of total products sold or shipped subject to recalls for safety and health reasons	Percentage	0	0
<b>B6.2 Number of complaints received about products and services</b>			
Product and Service Complaints	Number	103	147
<b>B7 Anti-corruption</b>			
<b>B7.1 The number and outcome of corruption lawsuits brought against the issuer or its employees and concluded during the reporting period</b>			
Corruption Litigation Cases	Number	0	0
<b>B8 CommCohesive Force Investment</b>			
<b>B8.2 Resources (e.g. money or time) expended in the area of focus</b>			
Resources (time) expended in the area of dedicated contribution	Hour	3	10
Resources (money) expended in the area of dedicated contribution	Million	1	0