



绿建科技
GREEN BUILD TECHNOLOGY

2021

**SUSTAINABILITY
REPORT**

新时代城市运营商 CITY OPERATORS OF THE NEW ERA

About this report

This report is the Sustainability Report of Green Build Technology Limited (the “Company”) and its subsidiaries (collectively the “Group”). It is prepared on an annual basis and focuses on the Company's economic, social and environmental sustainability information. It covers the period from 1 January 2021 to 31 December 2021.

Download

As the report discloses sustainability performance to stakeholders, it can be downloaded from the official website of the Company at www.webgbt.com.

Statement

In order to be more objective, comprehensive, and focused on the Group's performance, this report presents the Group's sustainable development in terms of promoting economic growth, strengthening environmental protection, promoting social progress, and conducting on-the-spot investigations on the performance of the Group and screening and verification of the authenticity. During the preparation of the report, we obtained the opinions and suggestions from different parties, promoted understanding, communication and interaction between the Group and stakeholders and the public, and actively responded to the concerns of stakeholders to achieve sustainable development of the Group.

We would like to inform our stakeholders that we have prepared this report in accordance with the Global Reporting Initiative (“GRI”) Standards – Core Option, which was adopted due to its universal application and for its elaborated guidance on the disclosure of governance approaches, the environmental, social and economic performances and impact on organisations. The GRI Sustainability Reporting Guidelines provide a globally recognised framework for companies to measure and communicate their environmental, economic, social and governance performance. We have not sought external assurance for this report.

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Chief Executive Officer's Statement

On behalf of the Board of Directors, we are pleased to present to you the Sustainability Report for the Company. Thank you for your continued support for the Group.

2021 is destined to be a year worth remembering and recalling in the development history of the Group. The negative impact of the Covid-19 pandemic on the world economy has inevitably slowed economic development. However, with perseverance, we believe we can overcome these difficulties and adversity which would pave for our road ahead.

The Group has always been committed to deepening developments in the fields of urban construction, urban operation and urban renewal using the new model of "Upgrading, Investments, Financing, Construction and Operation Integration" to solve the social issue of old estate upgrading and to promote such model to meet the needs of the people's livelihood. We are committed to our ideals and beliefs to become a city operator in the new era despite the challenges in the external environment. We are always pursuing and constantly realising our growth. The Group cooperated with the Ministry of Housing and Urban-Rural Development and the National Development and Reform Commission to carry out research on new models for the upgrading of old estates, which attracted the participation of dozens of well-known domestic enterprises. The Group successfully applied the "Reconstruction, Investment, Financing and Operation Integrated" model on a consulting project for the upgrading of an old estate in the People's Republic of China (the "PRC" or "China"), which has won extensive attention, affirmation and praises from relevant government departments and the industry. We continue to focus our business on sustainable urban development in the energy conservation, environmental and protection industry and the improvement in the ecological environment of our cities.

2021 is the second year of the PRC's "14th Five-Year Plan". The national strategy has created new development opportunities for the Group as our strategic plan is highly consistent with the national development plans, which increases our confidence, affirms our development concepts and spurs us on to achieve our goals in the fields of urban construction, urban operation and urban upgrading industries. The transformation in the business model in old estates upgrading from the pure "energy-saving upgrading" model to the Group's "new era city operator" model shall lead to wider adoption of old estate upgrading using this new business model throughout the PRC. The improvement in future urban development structure will enable the Group to realise our development goals in a rapid, efficient and sustainable manner.

To integrate sustainable development into our business operations, the Board of Directors (the "Board") oversees the direction of the Group's sustainable development, determines the material ESG factors, and monitors the material ESG factors as part of the Group's long-term strategy

formulation. The Board also has the responsibility in setting the sustainability agenda and overseeing the sustainability performances of the Group. We strive to lead the industry by committing to being a trustworthy and respected organisation along with the Group's long-term strategic vision and commitment to sustainable development.

Improve infrastructure construction and promote enterprise progressive development

The projects of the Group include the comprehensive refurbishment of old residential estates, urban underground utility tunnel and other projects. Such projects require us to rapidly keep abreast with industry knowledge in order to provide comprehensive services to the market. This extensive market knowledge is established by fortifying the fundamentals in the local market before expanding to other provinces and even overseas markets. The Group's experiences in the development in sustainable projects lay the foundation for the rapid expansion of its business in the future.

Improve the environment's ecology to achieve sustainable development

Environment ecological issues have always triggered strong concerns from the public in China. This has resulted in an emphasis on ecological improvements and the comprehensive management of environmental pollution, which were vigorously implemented to strengthen environmental pollution prevention and control. Through a series of successful projects, the Group allows residents to share the fruits of urban development by changing people's lifestyles, promoting efficiency, and creating value. This effectively reduces energy and resource consumption, thereby improving the ecological environment and enabling the Group to achieve progressive development.

Actively fulfilling responsibilities and sharing development results

The motto of "enhancing urban development and establishing a centennial enterprise" is the key to the sustainable development of the Group. Our commitments to sustainable development involve enterprise quality improvement and progressive growth. The concept of innovation and excellence continue to drive us in providing quality projects to our cities. The Group aims to be a socially responsible organisation that fosters human spirit, promotes social harmony, and contributes to urban development.

The business philosophy of sustainable development lays the foundation for the healthy development of enterprises. The Group will continue to focus on innovation, to operate steadily and to contribute to economic growth, environmental protection and social progress with the aim of becoming a highly responsible and respected global outstanding enterprise.

Wu Xueying
Chief Executive Officer

Section 1 Sustainable Development Management

1.1 About the Group

1.1.1 What We Are Doing

The Company (Registration No. 200401338W) was established on 6 February 2004. It is a company incorporated and domiciled in Singapore and is a Mainboard listed company (stock trading code Y06). Currently, the subsidiaries in Singapore include GBT Investments Pte Ltd, Republic Property Management GRP Pte Ltd and Future City Development and Management GRP Pte Ltd; and subsidiaries in the People's Republic of China ("PRC") include Harbin Shengming Energy Saving and Technology Co., Ltd., Harbin Utility Tunnel Construction and Management Co., Ltd., Harbin Prevailing Municipal Engineering Co., Ltd, Harbin Superior Construction Materials Trading Co., Ltd., Harbin Utility Tunnel Phase Two Construction and Management Co., Ltd, and Harbin Vigorous Construction and Engineering Co. Ltd.

The registered office of the Company is at 24 Raffles Place, #20-03 Clifford Centre, Singapore 048621. The principal place of business of the Group is at 7 Hongjun Street, Nangang District, Harbin City, Heilongjiang Province, the People's Republic of China .

Since our establishment, our senior management team has participated in Harbin's top ten projects which have benefited many residents. Such projects include the underground utility tunnel projects and the energy-saving refurbishment of old residential estate project. The Group participated in the preparation of the national level "Evaluation Standard for Existing Building Transformation" and became the first entity participating in the country's old estate refurbishment demonstration project using green technology. The Group also won the bid for an insulation project and the first and second phase of underground utility tunnel projects in Harbin. In 2019, the Group participated in the comprehensive refurbishment of an old estate, the Gongle Estate, in Harbin city. The Group participated in numerous forums with the aim of promoting its business and improving industry knowledge. In 2020 and 2021, the Group provided consultancy services to Qitaihe city on the use of sustainable solutions for the comprehensive refurbishment of old estates in that city and also began earning maintenance income from phase one of its underground utility tunnel for related maintenance work performed.

Core business: The Group is committed to improving the urban environment and becoming a trustworthy and internationally respected organisation with the aim to lead the industry. In 2021, through scientific development concepts and technologies, we are committed to providing quality

work and services in areas such as improving our cities into liveable communities, constructing underground utility tunnels, sustainable urban infrastructure projects, and public-private partnership (“PPP”) construction related projects.

Based on the Group's business plans and taking into account urban development trends, we focus on the comprehensive refurbishment of the old estates into livable estates and the core strategic business of the underground utility tunnel. We actively explore the “refurbish-construct-operate” model in the operation and management of old estates and underground utility tunnels (post construction) through forming development strategy for the entire industry chain and thus, promoting the development of city transformation so as to contribute to the local economy and to achieve development of the grand blueprint of the “City Operators for the New Era”.

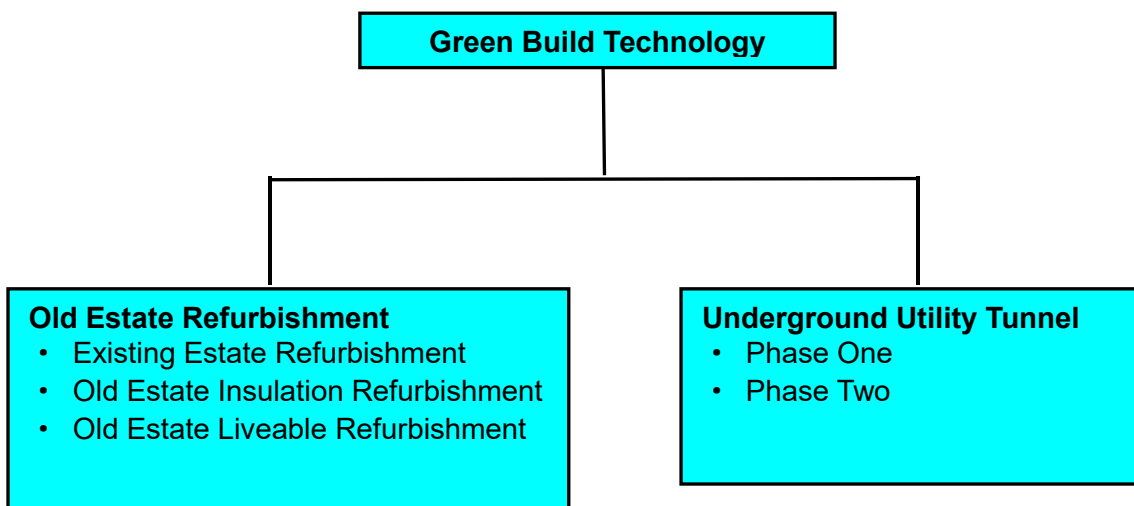


Chart 1-1 Principal business segments of the Group

1.1.2 Our Contributions to Society

(1) Participating in industry summits and leading the industry

The Group participated in national level preparation meetings and researches such as "Evaluation Standards for Existing Buildings", the research project of the National Science and Technology Support Program of the "12th Five-Year Plan", the research on the project of liveable renovation projects under the "13th Five-Year Plan", research on green energy-saving refurbishment projects and more than ten other academic researches and technology development which include the green building standard research, typical climate energy conservation and environmental protection technology application research, regional industrial economic development research, and research on new applications of the PPP model. At the same time, we were invited to participate in the International Cold Land Exposition, the

International Green Building and Building Energy Conservation Conference, the Green City-Green Industry Forum in Brandenburg, Germany, the International Green City Development Conference, and the Green City Construction and Development Conference, and Heilongjiang Province (Hong Kong) Economic and Trade Cooperation and Exchange. We were also involved in the national key research and development plan for initiating construction of residential buildings and functional upgrading technology system and integration demonstration, green building and green building materials standards and practices. We have been widely recognised in the energy conservation and environmental protection industry and PPP projects industry. In 2021, we participated in the "Thirteenth Five-Year" National Key R&D Program "Technical System and Integration Demonstration for Liveable upgrading and Functional Improvement of Existing Residential Buildings" forum organised by China Construction Technology Group, where we presented on the implementation status and the contents of the acceptance report of the demonstration projects we undertook. As a member of the preparation team, we participated in the compilation of the "Evaluation Standard for Liveable Renovation Effect of Existing Residential Buildings" with other experts.

(2) Industry-University research collaborations, bringing innovation ability to a higher level.

We worked with institutions such as China Academy of Building Research, Shanghai Academy of Building Research, Shenzhen Institute of Building Research, and other leading scientific research units where we extensively carry out researches on green building development and energy-saving building refurbishment. We also extensively cooperated with many national carbon emission agencies for energy conservation and environmental protection, and worked with the PPP Research Centre of the Ministry of Finance and PPP Institutes of University of Chinese Academy of Sciences by conducting in-depth research on the PPP projects. The various cooperations listed above have led to technology achievements.

(3) Building a financing platform and innovating investment and financing models

As a PPP model practitioner in our industry, the Group won bids for the insulation projects and underground utility tunnel projects under the PPP model in Harbin City. We formed a strategic partnership with China Everbright Holdings, China Everbright International, China Construction Bank, Bank of Communications, Harbin Bank and China Agricultural Bank, etc, and built a strong financing platform. Currently, we have successfully invested in Harbin's insulation refurbishment project and underground utility tunnel projects. We achieved advantages in the form of project investments and related financing management.

(4) Establishing industry benchmarks and stimulating economic development

The Group has always been committed to setting a benchmark in the industry, stimulating employment, developing upstream and downstream industries and making a major contribution to economic development. At the same time, we focus on talent training in the form of training our employees' business capabilities and management capabilities, and also fostering talents with different skills.

1.1.3 Corporate Culture

Corporate mission: to improve the urban environment and to build a centennial enterprise.

Corporate values: innovation-driven, smart-leading, hard-working, and first-class in our work.

Corporate spirit: pragmatism, innovation, openness and giving back to society with gratitude.

Employment culture: promote and reward excellence and loyalty in employees.

Corporate style: careful, rigorous, diligent, and responsible.

Corporate environment: mutual help, mutual love, mutual learning, mutual trust.

Corporate ethics: integrity, loyalty, filial piety, righteousness.

1.2 Performance review for 2021

In 2021, the COVID-19 pandemic continued raging around the world, resulting in slower recovery in social and economic activities. Many professions and trades were facing unprecedented difficulties and challenges. Notwithstanding this, the Group has not stopped moving forward. The main projects of the Group include the phase one of underground utility tunnel and the insulation projects, all of which are under the PPP model. Phase one of the underground utility tunnel was completed in FY2019 and is currently under cost finalisation. Upon the cost finalisation by the PRC government, the Group will manage and operate the underground utility tunnel project over a concession period of 25 years.

In 2020 and 2021, the Group provided consultancy services to Qitaihe city on the use of sustainable solutions for the comprehensive refurbishment of old estates in that city, and also began earning maintenance income from phase one of its underground utility tunnel for related maintenance work performed.

1.2.1 Underground Utility Tunnel

Phase One: In October 2015, Harbin Shengming Energy Saving and Technology Co., Ltd., a wholly-owned subsidiary of the Company, successfully won the bid for the project involving the construction of 12 km of underground utility tunnel project under the PPP model (the “Phase One project”). The total investment as at 31 December 2021 is approximately RMB 1.05 billion. The construction period was about 3 years starting from 19 October 2015. In 2018, the Group was contracted to complete a variation order for the installation of electrical wires and corbel. As at 31 December 2021, the Phase One project (including its variation order) has been completed and accepted by the PRC government, pending cost finalisation by the relevant government bodies. However, while the cost finalisation by the PRC government bodies is ongoing, the General Office of Harbin Municipal People's Government paid RMB85.2 million in government subsidies in FY2021. Barring any unforeseen circumstances, upon cost finalisation by the PRC government, the Group will manage and operate the underground utility tunnel project over a concession period of 25 years.

Phase Two: In August 2017, our subsidiary, Harbin Shengming Energy Saving and Technology Co., Ltd., successfully tendered for phase two of the underground utility tunnel project under the PPP model which is 12.623 kilometres long, with a total investment of about RMB 1.398 billion (the “Phase Two project”). The construction period of the Phase Two project was to be about 3 years, starting from 1 September 2017. The Group has commenced some construction work on the Phase Two project. However, financing from banks for this project has been affected by the borrowing ratios of local government exceeding the nationwide benchmark in the PRC. The local government is in discussions with the Group to acquire this project from the Group, and the Group has completed, with its main contractor and construction supervisor, and submitted, the preliminary review of the work which was carried out by the Group for the Phase Two project and for which the Group would want to bill. The Company will provide an update via SGXNET upon any further developments.

1.2.2 Old Estates Refurbishment Projects

On 26 February 2014, Harbin Shengming Energy Saving and Technology Co., Ltd., a wholly-owned subsidiary of the Company, undertook the national “Hebei Demonstration Project - Refurbishment of Hebei Community Estate using green technology”. The project involved 15 residential buildings with a total built-up area of 163,400 square metres. The project won the two-star standard under the “Evaluation Standard for Green Transformation of Existing Buildings”. This project has provided a good example in Heilongjiang Province and even the whole country.

In 2015, the Group won the bid for the insulation project in Xiangfang District, Daowai District and Hulan District of Harbin. The project for the refurbishment of Daowai District involved 22 tender sections, 85 buildings and a built-up area of 890,600 square metres. The ongoing project in the Xiangfang District involves 8 tender sections, 23 buildings and a built-up area of 201,700 square metres. The Hulan project involved 12 tender sections, 46 buildings and a built-up area of 319,800 square metres. In 2016, we completed the insulation project on existing old buildings of total built-up area 1.32 million square metres.

In 2018, we furthered our research on the comprehensive and liveable upgrading of the old estate and were invited to attend the “13th International Green Building and Building Energy Conservation Conference” and the “New Technology and Product Expo”. We also attended the “9th National Building Renovation Conference” and hosted the “Existing Building - Green and Liveable Refurbishment” summit forum.

In 2020 and 2021, the Group provided consultancy services to Qitaihe city on the use of sustainable solutions for the comprehensive refurbishment of old estates in that city.

1.3 Corporate Governance and Management Methods

1.3.1 Corporate Structure

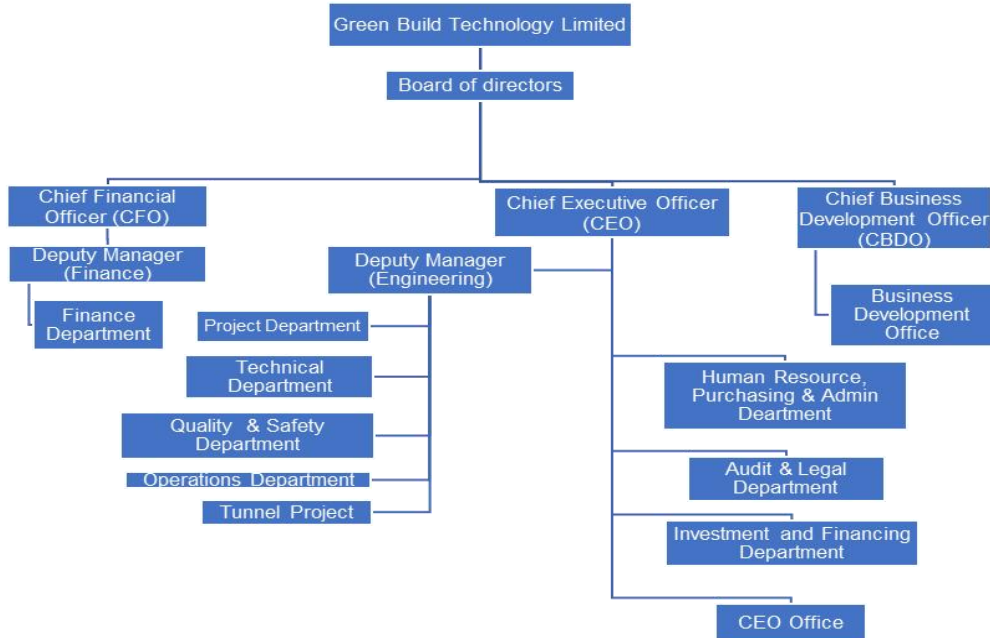


Chart 1-2 Corporate Structure as at the date of the Sustainability Report

1.3.2 Decision Making System

The Group has explored and established a modern enterprise system which constantly seeks to improve our decision-making mechanisms, to promote scientific and democratic decision-making, and to improve corporate governance. As a listed company, the Company's decision-making process mainly includes the following core elements:

The general meeting of shareholders is paramount to the Group.

The Board is entrusted by the shareholders and is responsible for the Group's strategic development and related decisions, including overseeing the direction of the Group's sustainable development.

The CEO is responsible for the day-to-day operations of the Group and is responsible for the Group's business performance.

The CFO is responsible for the overall finance and administrative functions of the Group.

The CBDO is responsible for the overall development of Group's business in the green technology sector and securing new sustainable development projects for the Group.

1.3.3 The Board

As at the date of this Sustainability Report, the Board comprises of the following Directors:

- ◆ Executive Director and Group CEO - Wu Xueying
- ◆ Executive Director and Group CFO - Chan Mang Ghoo
- ◆ Executive Director and Group CBDO - Li Mingyang
- ◆ Independent Director – Dong Congwen
- ◆ Independent Director – Ng Poh Khoo
- ◆ Independent Director – Soh Yeow Hwa

1.3.4 Management Team

As at the date of this Sustainability Report, the Management team comprises of the following:

- ◆ Executive Director and Group CEO - Wu Xueying
 - ◆ Executive Director and Group CFO - Chan Mang Ghoo
 - ◆ Executive Director and Group CBDO - Li Mingyang
 - ◆ Green Technology Division:
 - ▶ Deputy Manager (Finance) - Zhang Xiaohui
 - ▶ Deputy Manager (Engineering) - Sun Hong Lei

1.4 Sustainable Development Strategies and Goals

1.4.1 Sustainable Development Strategies

The Group has explored and formulated an industrial development path with its own characteristics, focusing on the coordinated development of construction, energy saving and urban infrastructure construction. We believe strongly in scientific and technological innovation, business model innovation, management innovation, and the organisation of domestic and foreign resources. We strengthen our existing business, then foster and develop new strategic businesses, and enhance our core competitiveness. At the same time, according to changes in the internal and external environment, we will further promote strategic transformation. We formulate and implement development strategies, eliminate imbalances in urban resource allocation, improve urban environment, promote green environmental protection, and establish an industrial ecosystem.

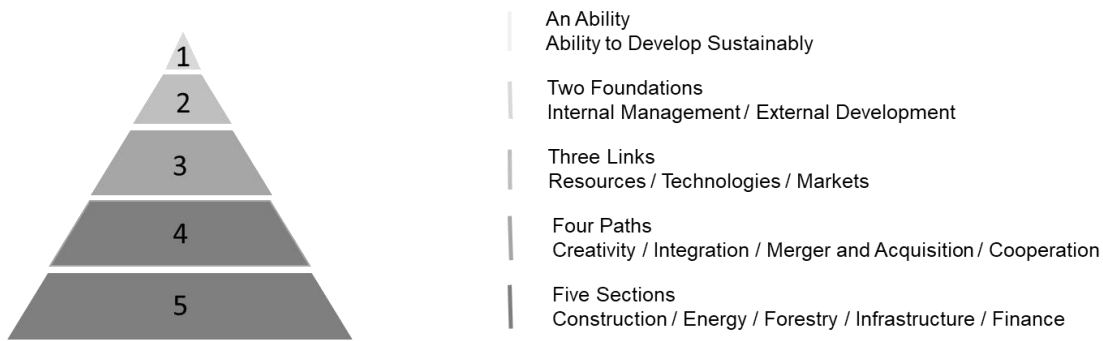


Chart 1-3 Sustainable Development Strategies

1.4.2 Corporate Vision

Corporate Vision: Building a Centennial Enterprise with the mission of “Improving the Urban Environment”, we are committed to becoming an internationally recognised listed company that is trustworthy and respected, and having a leading position in the industry with a wide influence.

The above corporate vision defines the action plan for the future development of the Group in the following aspects:

First - the openness of our business philosophy. We understand that our listing on the Singapore Exchange is not the end, but the starting point. To become a leading company internationally and globally, we share the growth value of the Company with investors, suppliers, strategic partners, and social stakeholders.

Second - the multidimensional nature of the development space. Firstly, our business began in China against the background of promoting environmental protection and improving environment for the city dwellers, reflecting our strong social responsibility. Secondly, we are advocates of environmental protection and promoters of industrial technological advancement for sustainable development. Through innovative research and development of green building and energy-saving technologies together with the development of a business model based on smart cities, we shall become an internationally respected company.

Third - long-term development goals. A trusted and respected corporate brand (and with such recognition on a global scale) indicates a long-term sustainable development philosophy and a strategic goal. The Group is committed to being a valuable corporate brand for China and the world.

Vision	With the mission of “Improving the Urban Environment and Building a Centennial Enterprise”, we are committed to becoming an internationally recognised listed group company that is trustworthy and respected, having a leading position and influence in the industry.
Key words	<ul style="list-style-type: none"> ● Based in China, facing the world ● Internationalised and global market ● Innovation and sustainable development
Action plan	<ul style="list-style-type: none"> ● Openness in business philosophy: internal + external ● Multidimensionality of development space: domestic market + international market ● Long-term development goals: becoming a centennial company + sustainable development

Chart 1-4 Company vision planning system

1.4.3 Sustainable Development Goals

Annual goal for 2021: The Group continues to carry out the “Green Action Plan” such as strengthening life cycle management, energy conservation, emission reduction and environmental protection work across all departments of our operations and project management. We will increase the promotion of energy conservation and emission reduction standards and measures. We will ensure all our departments and employees participate in energy saving and emission reduction. Based on the four dimensions of disclosure, cognition, management and leadership, we respond to and disclose our climate change strategy, management system, risks and opportunities, and carbon emission management performance accordingly. We support green developments that truly benefit the people and society.

Mid-term and long-term goals: The Group persists in improving the urban environment and creating a liveable city for the benefit of the people. We are committed to ecological and environmental protection that benefit mankind.

1.4.4 Material ESG Factors

The Group adopted the Global Reporting Initiative Framework and have in particular identified and prioritised the following material Environment, Social and Governance issues that are most material and relevant to the Group and its stakeholders.

- GRI 201 – Economic Performance
- GRI 307 – Environmental Compliance
- GRI 401 – Employment
- GRI 403 – Occupational Health and Safety

These issues are then linked to the overall strategy management and corporate social responsibility.

(A) Economic Performance

Stakeholders' impact: Financial performance is one of the key factors which affects our investors' and shareholders' confidence level.

FY2021 Performance: Based on the unaudited results announcement for the financial year ended 31 December 2021 ("FY2021") dated 1 April 2022, the Group's revenue of RMB16.4 million for FY2021 was mainly derived from project consultancy services in relation to the refurbishment of old estates, maintenance services and trading of construction materials. The net profit after tax attributable to equity holders of the Company was RM5.9 million for FY2021 as compared to RMB2.6 million for the corresponding financial year ended 31 December 2020.

Commitment and Targets: Strive to secure more sustainable development projects, reduce administrative expenses and strengthen financial performances.

(B) Environmental Compliance

Stakeholders' impact: Non-compliance with China's country-wide and the local government's environmental rules and regulations will result in fines and disciplinary actions.

FY2021 Performance: Full compliance with China's country-wide and local government's environmental rules and regulations

Commitment and Targets: Maintain full compliance with China's country-wide and local government's environmental rules and regulations

(C) Employment

Stakeholders' impact: Fair and merit-based employment practices are important to our employees as they affect our ability to attract, retain and develop local talents under the direct hire of the Group's offices and operations.

FY2021 Performance: (i) Same performance evaluation methods regardless of gender and domicile; (ii) internal transfer opportunities for staff to unleash their potential in posts that may be

more suitable for them; and (iii) training courses and programs relevant to individual's job scope sponsored by the Group.

Commitment and Targets: Provide training courses relevant to the job scopes of staff and organise activities for the employees to boost their morale and loyalty, and to foster closer working relationships with one another.

(D) Occupational Health and Safety

Stakeholders' impact: Workplace health and safety practices are important to our employees and the employees of our contractors in reducing workplace's hazards, work related injuries and ill-health.

FY2021 Performance: (i) formulate occupational health and safety management system based on legal requirements and recognised risk management practices; (ii) educate and train employees in the respective occupational health and safety measures; (iii) supervise employees in adhering to the occupational health and safety measures; and (iv) implement safe distancing and work from home measures in the wake of the COVID-19 pandemic. The Group has reported no accidents on our project sites since 2018.

Commitment and Targets: Strive to ensure our employees and subcontractors adhere strictly to safety protocols. All necessary safety orientations and training are conducted at the work sites. We aim for zero accidents at the work sites and are pleased to report that there have been no accidents on our project sites since 2018.

1.5 Sustainable Development Opportunities and Risks

(1) Eliminate the imbalance of urban resource allocation

Opportunity: The industry policy guides the development of the upgrading requirements of old estates into both energy-saving and liveable estates. Such developments change with time, responding to the calls of the government and to meet the growing needs of the people. The old estates are generally constructed with low standards and requirements. The problems of aging buildings, inadequate supporting facilities, limited areas for greenery, and insufficient parking spaces are prominent. At the same time, due to the lack of sound management and supervision mechanism, there are serious problems in these old estates such as illegal construction of facilities, crowded and poorly maintained facilities, limited car-park space, etc.

Risk: Residents may be entrenched in their ways and old practices, and may be reluctant to participate in the refurbishment of old estates.

Measures taken in response: Cooperate with the community and residents to explain the content and the benefits of such refurbishment exercises. We need to explain the new property management mechanism, the amount of capital contribution per household, and the benefits arising from the refurbishment exercises. In addition, we need to establish a “community of interest” relationship with the residents.

(2) Improvement of urban environment

Opportunity: Policies supporting urban construction. Harbin is a pilot city for the underground utility tunnel project. In addition, the market for comprehensive refurbishment of old estates is large.

Risk: New competitors in the industry have sprung up and the competition will increase with new entrants to the market.

Measures taken in response: Enhance technical capabilities, establish industry standards and pioneering improved operation and maintenance management in the industry.

(3) Promote Environmental Protection

Opportunity: The global demand for greener environmental and sustainable developments serves to ensure sustainability of resources for future generations.

Risk: Organisation may use non-renewable resources.

Measures taken in response: During the construction of our projects, we seek to use advanced and environmentally friendly technologies that reduce energy consumption and pollution. We seek to improve the utilisation rate of clean energy and renewable energy through the use of energy-saving technologies. To reduce manufacturing and operating costs, we cooperate with upstream and downstream suppliers in the supply chain to jointly create a green supply chain that enhances efficiency and competitiveness of the value chain.

(4) Establish an industry ecosystem

Opportunity: All projects are government policy-oriented with huge market potential.

Risk: The form of the tender, being the PPP model, is relatively new in China and accordingly, the rules and regulations may not be very well defined as all parties involved in the PPP model projects have no precedent to refer to.

Measures taken in response: We train talents with the relevant skills for the industry; set industry standards and set benchmarks; accumulate experience in exploration, integrate upstream and downstream industrial resources, and establish a sound industrial development ecosystem. At

the same time, we consolidate resources and participate in projects with the aim to improve local economic development that in turn reduce poverty, improve household income and revitalise rural areas.

1.6 Stakeholders Involvement

Stakeholders' involvement has always been the focus of the Group's sustainable development management. The Group works closely with various stakeholders to actively listen to their needs so as to optimise the efficiencies and effectiveness of the management.

Stakeholders	Communication and Interaction
Residents	<ul style="list-style-type: none"> • Develop questionnaires • Owners committee
Employee	<ul style="list-style-type: none"> • Trade union representative meetings • Party branch meetings
Government agency	<ul style="list-style-type: none"> • Government policy communication meetings • Government project special report meetings
Supplier	<ul style="list-style-type: none"> • Supplier review and appraisal meetings • Supplier contract and signing ceremony • Supplier Training Conferences
Industry/standards association	<ul style="list-style-type: none"> • Industry forums • Standard seminars
Media	<ul style="list-style-type: none"> • Special interviews • Inviting the media to participate in the major conferences of the Group • Social media promotions
Financial institution	<ul style="list-style-type: none"> • Investment and financing meetings • Major corporate events • Auditing
Other NGOs and society	<ul style="list-style-type: none"> • Participation in community projects • Participation in NGO meetings

In the above-mentioned stakeholder participation activities, the Group actively seeks to understand the expectations, requirements and suggestions of all parties, and adjusts the Company's sustainable development goals accordingly by responding timely and effectively.

Section 2 Sustainable Business Systems and Service Models

2.1 Old Estates Refurbishment Projects

2.1.1 Background

The comprehensive refurbishment project of the old residential estates forms an important part of the nation-wide implementation of the revolutionary strategy for energy production and consumption. It is therefore important to accelerate the construction of ecological friendly cities which is an effective means to promote energy conservation, reduce emission, and cope with climate change. The Company is of the view that the refurbishment of old estates are important urban projects, which can afford society with benefits as people living in the refurbished estates would now enjoy better living conditions. At the same time, it has significant support for accelerating the improvement of public services, infrastructure, innovation and development, resources and environment, and promoting the development of energy-saving and emission-reduction service-related industries.

China attaches great importance to this development. It issued a strategic policy on strengthening energy conservation and emission reduction. In 2013, the “Green Building Action Plan” was issued requiring that no less than 65% of the northern heating areas should implement energy efficiency standards by 2015. In 2016, the Ministry of Housing and Urban-Rural Development issued the “Notice to Prepare a Reserve List of Energy-saving and Liveable Refurbishment of Existing Estates Projects”. In 2017, the Ministry of Housing and Urban-Rural Development issued the “Building Energy Conservation and Green Building Development - 13th Five-Year Plan” which required continuous promotion of comprehensive refurbishment of old estates into energy-saving and liveable estates through energy-saving refurbishment such as insulation, installing security and heating systems, and upgrading of water pipes, drainage, electricity and other infrastructure. In 2019, Premier Li Keqiang of China presided over the convening of an executive meeting of the State Council to deploy and promote the refurbishments of old urban estates to meet the expectations of the people by improving their living conditions and in determining measures to be implemented to complete the related refurbishment work.

Although Harbin City has implemented the energy-saving refurbishment of existing buildings since the “11th Five-Year Plan”, the market for refurbishing existing non-energy-saving residential buildings is still relatively large with approximately 50 million square metres of built-up area requiring such refurbishments. The old estates are inherently lacking in heating during

winter, environment configuration and parking infrastructure. The old estates are also faced with problems such as water-leakages in homes, poor parking space for vehicles and poor living environment.

2.1.2 Business Systems and Refurbishment Models

Business System

The new concept: from the public operation by the government → market-oriented, enterprise-oriented industrialisation, market-oriented operation concept.

(从政府单一主体的公共运营→市场为导向、企业为主体的产业化、市场化运营理念。)

The new model: Changing the mode for refurbishment, forming a comprehensive system, and three-dimensional full value chain for old estates refurbishment.

(跳出为改造而改造的单点模式，形成系统、综合、立体的全价值链改造模式。)

The new model: Refurbish → Construct → Operate (构建改造→建设→运营)

Reconstruction content: “Refurbish” – existing infrastructure; “Construct” – functional and liveable service projects; “Operate” – comprehensive management and refurbishment projects using smart community platform, providing residents with quality services and environment.

Benefits of refurbishment: Firstly, old estates refurbishment helps to increase energy-saving standards in buildings and increase effectiveness during heating in winter, which would result in the reduction in the number of small polluted boilers used. Secondly, old estates refurbishment provides a basis for using clean and renewable energy. Thirdly, it brings about significant economic benefits to society and to the country.

2.1.3 Cases

(1) National Demonstration Project - Hebai Estate Refurbishment Project using Green Technology

On 26 February 2014, the National “12th Five-Year Plan” Task Force approved Harbin Shengming Energy Saving and Technology Co., Ltd., a subsidiary of the Company, to undertake the upgrading of Hebai Estates using green technology. This became a demonstration project for comprehensive refurbishment of old estates.

Hebai Community is located in Daoli District, adjacent to Qunli Development Zone, and was completed in 1999. The residential area covers an area of 141,800 square metres, with a total construction built-up area of 290,000 square metres and consisting of 28 residential buildings. The buildings in this estate were run-down with most of the buildings having leaking roof-tops during wet seasons, and doors and windows damaged. These run-down buildings consumed large amount of energy during winter as the heating network of the estate were poorly insulated resulting in high consumption of coal energy. The centralised garden of the estate was overgrown with weeds with unstable ground that collapsed frequently. The centralised garden was identified as a dangerous zone that required urgent refurbishment to eliminate safety hazards.

15 of the residential buildings in Hebai Estate underwent comprehensive refurbishment with green technology where insulation refurbishment was carried out using the highest energy saving standard for cold regions. The estate was equipped with clean energy equipment such as solar panels and natural gas heating elements during the refurbishment. Such equipment helps to reduce the reliance on coal for heating during winter. The comprehensive refurbished estate has resulted in reduction in energy consumption in buildings and pollution caused by coal heating. It has also prolonged the life of buildings and significantly improved living standards. The successful refurbishment of the demonstration project has provided a new standard for future comprehensive refurbishment of old estates.

(2) Old Estates Refurbishment

In 2015, the Group won the tender to refurbish 1.32 million square metres of insulation refurbishment for estates located at Xiangfang District, Daowai District and Hulan District in Harbin city.

	Daowai District	Xiangfang District	Hulan District
Block	85	23	46
Area ('000)	809.6	201.7	319.8

Chart 2-1 Insulation Project

The Group took the lead in proposing a new form of refurbishment for old estates known as the “1+N” refurbishment of old estates which involve energy saving insulation upgrading, integrating the concept of liveable community into old estates, constructing of underground car parks and providing the upgraded estates with services such as security, kindergarten, medical care and old-age care.

The “1+N” refurbishment of old estates is a comprehensive refurbishment of old estates where “1” is the energy-saving insulation upgrading of old buildings while “N” can include one or more of the following upgrading: community and environmental improvement, underground car parks, improved water supply and drainage system, installation of elevators, functional and liveable properties, etc.

The environmental, economic and social benefits in terms of energy conservation, emission reduction, environmental improvement, urban image enhancement, social harmony and reduction in government financial pressure, arising from the 1+N comprehensive refurbishment of old estates, is anticipated to give rise to policies that would promote the refurbishment of old estates on a large scale basis. Such actions will bring about a cluster development of the old estates refurbishment industry resulting in an overall economic expansion, increase in government tax revenue, and improvement in job creation and income.

In 2021 and 2021, the Group provided consultancy services to Qitaihe city on the use of sustainable solutions for the comprehensive refurbishment of old estates in that city.

2.1.4 Sustainability

As of 2019, there is an estimated built-up area of 210 million square metres of old buildings in Harbin, of which 151 million square metres of built-up area are residential buildings and 59 million square metres of built-up area are public buildings. Out of the 151 million square metres of built-up area of residential buildings, 46 million square metres of built-up area are non-energy efficient buildings. This presents a huge market for the Group for the 1+N refurbishment of non-energy efficient buildings. With the energy, motivation and past projects experiences of our experienced management team and our innovative design team, the Group expects to participate in the 1+N refurbishments of these non-energy efficient estates.

2.2 Underground Utility Tunnel Project

2.2.1 Background

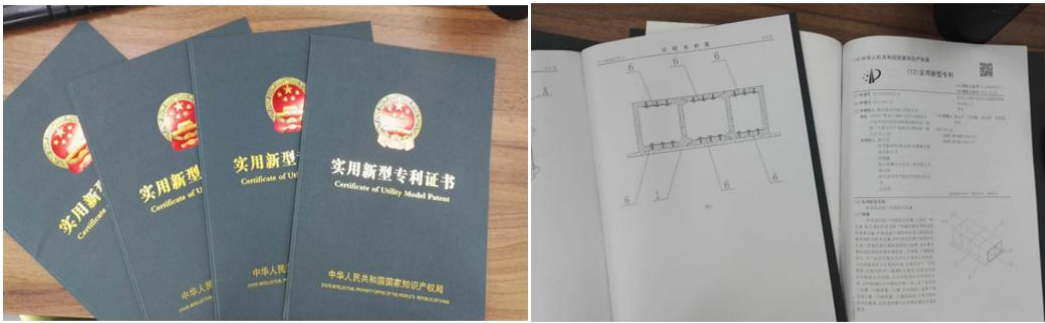
The urban underground utility tunnel is built underground to carry utilities network for the transportation of material, energy and information for the whole city such as fibre-optics, water pipes, gas pipes, steam, telephone lines, electricity cables, television network, etc. Underground utility tunnels, with the use of underground space, are widely viewed as more sustainable than

the traditional direct burial trenches as the latter often gives rise to the digging and the refilling of land surface and thus leads to pollution, waste of resources and traffic jams.

In 2015, as part of the China-wide top ten pilot cities for underground utility tunnel projects, Harbin launched its first batch of urban underground utility tunnel projects under the PPP model with a total length of 25.5 km. The Group won the tender for the Phase One project. The project was split into two locations in Harbin City, namely the Hanan area which includes: Hanan 9th Road, Hanan 12th Avenue, Hanan 15th Road, Hanan, Seventeen roads, and the Linkong which includes the Third Avenue and the Sixth Road. In 2018, through another government tender, the Group was further contracted to complete a variation order to install electrical cables and corbel in the Phase One project. As at 31 December 2021, the Phase One project(including its variation order) has been completed and accepted by the PRC government, pending cost finalisation by the relevant government bodies. However, while the cost finalisation by the PRC government bodies is ongoing, the General Office of Harbin Municipal People's Government paid RMB85.2 million in government subsidies in 2021. Barring any unforeseen circumstances, upon cost finalisation by the PRC government, the Group will manage and operate the underground utility tunnel project over a concession period of 25 years.

In 2017, Harbin tendered out the second batch of underground utility tunnel projects where the Group won the tender to the Phase Two project, also under the PPP model. The Phase Two project is split into two locations, namely the Hanan area which includes: 8th Avenue in Hanan, 5th Road in Hanan, Hanan 13th Road, Hanan 17th Road and Yungu Avenue, and the Linkong area which includes the Second Avenue, Linyi 4th Road, and Linkong 7th Road. The Group has commenced some construction work on the Phase Two project. However, financing from banks for this project has been affected by the borrowing ratios of local government exceeding the nationwide benchmark in the PRC. The local government is in discussions with the Group to acquire this project from the Group, and the Group has completed, with its main contractor and construction supervisor, and submitted, the preliminary review of the work which was carried out by the Group for the Phase Two project and for which the Group would want to bill. The Company will provide an update via SGXNET upon any further developments.

2.2.2 Industry leader



New model patent certificate

Research and technical achievements

2.2.3 Sustainability

The underground utility tunnel project is viewed as a “100-year” project and it is of great significance for ensuring urban security, improving urban engineering, and promoting urban intensive and efficient transformation. Being one of the top ten cities selected by China for its initial batches of underground utility tunnels pilot projects, Harbin has tendered out two batches of underground utility tunnels bearing a total length of 65 km, of which the Group has won two tenders to the Phase One project and the Phase Two project, for the construction of the underground utility tunnels of total length of about 24 km in Harbin city. Upon the completion of the underground utility tunnels projects, there will be an operation period of 20 to 25 years. In addition, the underground utility tunnel is expected to be used for a hundred years.

- (1) A hundred year project. The underground utility tunnel is constructed with the goal to operate it for 100 years.
- (2) A hundred years of quality and efficiency: The underground utility tunnel is designed to last for 100 years. It is designed to be durable so as to optimise costs and to reduce the maintenance costs during the operation period.

The Group has been at the forefront of the industry in PPP projects. We are the practitioner of the first batch of underground utility tunnel projects under the PPP model in the country. We are also the only project company in Harbin to have won both the Phase One project and Phase Two project. We will spare no effort to set the benchmark based on our underground utility tunnel projects in China.

Section 3 Sustainable Operations

3.1 Compliance Operation

3.1.1 Operation Systems Development

(1) Background

Compliance management is not only the guarantee for the survival of enterprises, but also the foundation for the long-term healthy development of enterprises, which can bring about long-term economic benefits. The compliance management of enterprises, which is related to social welfare and the long-term development of enterprises, requires effective supervision and attention from all relevant parties.

(2) Method and practice

Adhering to business ethics and complying with international conventions and laws and regulations is the cornerstone of the Group's global compliance operations. The core philosophy of the Group is always upheld. We embed compliance requirements into the Company's policies, systems and processes, and train our professional teams to perform compliant operations, advocate fair competition, and oppose any form of corruption and commercial bribery.

(3) Compliance Management

The Group always adheres to compliance management and integrates compliance requirements into the Group's daily operations. We actively conduct compliance exchanges with relevant government authorities, obtain approvals and necessary licenses, and conduct routine and compliance communication with other stakeholders continuously so as to increase transparency, enhance mutual understanding and trust, and jointly create "strict compliance" based on a benign business environment.

The corporate legal department provides legal guidance on compliance issues such as setting up of a compliance system, ensuring business compliance, intellectual property protection, anti-bribery, anti-corruption, and human resources management, and assisting departments in conducting compliance activities by identifying, evaluating, and complying with the requirements.

At the same time, we insist on good faith management and have a “zero tolerance” attitude towards bribery and corruption. We strengthen the education of employees' moral and legal compliance. We require all employees to learn and sign the "Employee Code of Conduct" and "Integrity Practice Book" and pass the examination. Externally, we focus on informing our suppliers of our stance towards bribery and corruption and incorporate relevant requirements into supplier contracts. Our discipline inspection department provides complaint channels to encourage informed reporting of violations.

3.1.2 Culture Development

In the process of development, we focus on the management and the cultivation of corporate culture. We achieve this by organising various cultural activities, increase cultural propaganda, and enhance the cohesiveness of employees with culture.

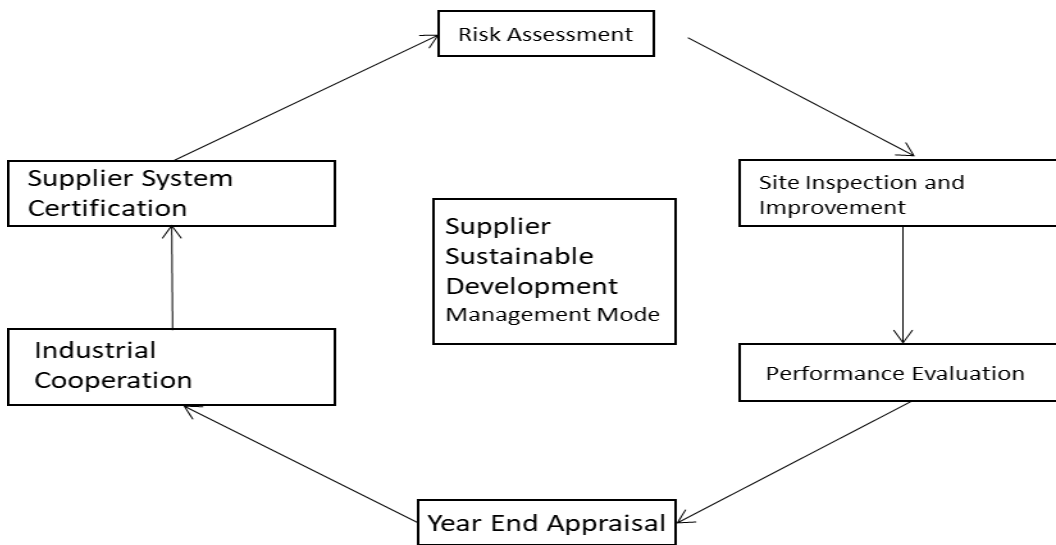
In 2021, the Group organised a total of 29 training sessions in various areas for our employees, such as skills and technical training. We have also organised a walking competition which provided the opportunity to foster closer working relationships amongst employees and deepen their sense of belonging with the Group. The competition also provided opportunities for employees to exercise and be encouraged to adopt a more disciplined and dutiful mindset.

The Group believes that it is important to organise activities for employees as part of building a harmonious enterprise where cultural exchange and ideological integration can be shared by the employees. Such activities also enrich employees' lives and stimulating work enthusiasm. They also offer opportunities to strengthen and improve their physiques. Through the holding of fun activities, all employees will be able to make positive contributions to the Group with stronger physical fitness, vigorous spirit, and passion.

3.1.3 Sustainable supply chain management

The sustainable development of the supply chain involves issues such as labour, health and safety, environmental protection, business ethics and management systems, which affect the sustainable development of the entire industry. The Group integrates sustainable development into procurement operations and processes, integrates into the supplier life cycle, and continuously improves and effectively monitors and controls risks through the traction of suppliers.

We seek to integrate sustainable development into our projects and production processes and therefore increase the Group’s competitiveness, productivity and innovation opportunities.



3.1.4 Corporate Accolades

- ◆ From 2015 to 2016, as the only enterprise representative in the PRC, the Group participated in the preparation of the national “Evaluation Standard for Green Refurbishment of Existing Buildings”, "Implementation Guide for Green Refurbishment of Existing Buildings", "Technical Rules for Green Refurbishment of Existing Buildings" and "Research and Demonstration Project for Green Refurbishment of Existing Residential Buildings in Climate Areas".
- ◆ From 2016 to 2017, Harbin Underground Utility Tunnel Operation and Management Co. Ltd., a subsidiary of the Company, won the honorary title of “Worker Pioneer” in Harbin for two consecutive years.
- ◆ In 2016, the comprehensive refurbishment of Hebai estate using green technology in Harbin has won us the two-star green building design identification certificate.
- ◆ In 2018, the Group participated in the preparation of the “National Technical Regulations for Low-Energy Refurbishment of Existing Residential Buildings” and "Technical Regulations for the Installation of Elevators in Existing Residential Buildings".
- ◆ In 2021, the Group participated in the compilation of the "Evaluation Standard for Liveable Renovation Effect of Existing Residential Buildings" with other experts.

3.2 Employee Development

3.2.1 Employee Diversity

The Group's employees are the main force behind the Group achieving sustainable development, and also an important factor in our ability to remain competitive and continue to lead. As the competition among enterprises will become increasingly fierce, the competition of enterprises is not only the competition of market, technology and knowledge but also the competition of talents. Therefore, knowing how to let employees fully exert their own value and how to create a harmonious working atmosphere for employees have become important topics of concern for the Group. While the Group continues to grow, we focus on the career development of employees, providing a variety of value channels for diversified employees to help employees achieve personal value.

At present, the Group has a total of around 54 employees, of which there are 28 technicians, putting the ratio of non-technician employees to technicians as 5:5; the ratio of all male to female employees is 7:3; the ratio of male to female for high level management is 1:2. At the same time, we pay great attention to caring for female employees and helping them to develop their careers. On 8th March 2021, the Group sent flowers and holiday gifts to all female employees to celebrate International Women's Day.

Many employees of different ages, from different regions, and different professions form a big family of the Group. We develop and implement our diversification goals in all aspects of personal characteristics and commonality.

3.2.2 Employee Rights

The Group has always adhered to the International Convention on Economic, Social and Cultural Rights, the Convention on the Elimination of Discrimination in Employment and Occupation, and other international conventions ratified by the Chinese government, the Labour Law of the PRC, and the Labour Contract Law of the PRC. The Group ensures that its employment procedures and policies comply with the relevant employment laws, regulations, and systems, including the Labour Contract Management Measures and Overseas Employment Management Measures, employment contract management, wage insurance and welfare, provision of leave (including but not limited to parental leave), performance appraisal and vocational training. We adhere to the principles of equality, justice, and transparency to recruit employees who are the best fit for the relevant job, and strive to establish a harmonious and stable relationship with our employees.

3.2.3 Improvement on Welfare System

The Group has taken further action in the financial year under review to improve its employees' performance appraisal and salary review policy, and now aims to link work productivity and performance of its employees with their remuneration. The Group has also taken relevant steps to fulfil the requirements of the "Social Insurance Law of the People's Republic of China" by steadily encouraging the participation rate of employees' social insurance, improving the supplementary medical insurance system, so as to protect the vital interests of employees.

3.2.4 Open for Communication

The Group fully respects each employee's rights and interests, and is open to discussions with employees on major matters which affect them. It has allowed the establishment of trade union.

3.2.5 Participation and supervision

By clarifying the various functions, organisational systems and working systems of the staff congress, we improve the transparency of the Group's affairs. At the same time, the Group has established a variety of channels for communication with employees, adheres to the democratic procedures, conducts multi-level communication and exchanges through employee representatives' symposiums and interactions, and encourages employees to participate in production management. At the same time, through feedback from employees, meetings with employees and other avenues, take the initiative to understand employees' perceptions and appeals to the Company and explore and analyse the reasons behind the same, provide constructive solutions, promote management improvement, and let employees love and respect their work.

3.2.6 Platform Development

The Group adheres to the modern enterprise concept, allows for talent improvement by conducting training, paying attention to the development needs of employees at different stages of their career, and providing a platform for employees to realise their capabilities. The Group adheres to the principle of promoting and rewarding excellence and loyalty in employees, and establishes a democratic, open, competitive, and merit-based talent selection mechanism, striving to create a good environment and atmosphere where employees' talents are nurtured and allowed to flourish. We attach great importance to the career planning of employees, and strive to provide employees with independent, smooth and stable career development paths.

3.3 Strengthen Corporate Safety Operations

Safety Training: Starting from the concept of "people-oriented, safety first", the Group has adopted various forms of safety training to enable employees to internalise the importance of safety for themselves and others. The Group continually improves and refines its safety management system, to ensure that employees are working in a safe environment. Closely combining employee job requirements and safety training requirements, a safety training course system covering all employees was crafted. At the same time, the Group continuously explores innovative training methods, continuously improving the quality, efficiency and relevance of its safety training, effectively controlling various risks that may arise in the production process.

Safe Production: The Group continues to place utmost importance in ensuring safe production, highlighting key areas, strengthening management on high-risk issues, providing a safer working environment, and striving to build first-class operational safety management capabilities. We organised safety responsibility programmes for all employees, carried out activities such as safety production month and safety lectures, to increase and solidify the employees' safety awareness.

Case: In order to ensure that the Group carries out its projects with high standards and consistency, the Group has put in place certain standard operation procedures. Since July 2017, the Executive Directors based in China would also personally visit the work sites, and on multiple occasions, made arrangements for the Sub-organisation Quality and Safety Supervision Department, Discipline Inspection and Supervision Department, and other relevant departments to conduct joint inspections of work sites, endeavouring to strengthen safety and quality management and supervision, enhance safety and quality sensitivity, catch any potential weak links, strengthen and improve measures to ensure safety and quality. At the same time, we firmly establish the "red line" awareness of quality and safety, implement responsibility at all levels, rectify the hidden dangers of inspections within a time limit, implement them in a timely and careful manner, with reference to having a pragmatic approach to the same.

The outbreak of COVID-19 has prompted the Group to take extra precautions for all its employees such as the use of face masks at work and the practice of social distancing and more flexible work from home programs.

Safety culture construction: Safety management is the foundation of a company's sustainable development. We firmly established the core value concept of "Safety first. Responsible behaviour matters." We regard safe operation as the lifeline of an enterprise's development. We

continuously improve the safety production security system, strengthen the safety management of personnel, production processes and emergency response, and strive to build an intrinsically safe enterprise.

3.4 Vigorously Apply Technological Innovation

Scientific and technological innovation is the strategic engine for sustainable development of enterprises. We are driven by scientific and technological innovation, and together with Harbin Municipal Engineering Design Institute, Harbin Institute of Technology, Harbin Forestry University, Harbin Highway Engineering Co., Ltd. and other related institutions, have been committed to the development and research of underground utility tunnel technology. Combining the experiences of the various parties, we have carried out research and exploration, tackled the common and key issues of the underground utility tunnel, quickly mastering the core technology, continuously improving the technical level of the underground utility tunnel, innovated and developed the prefabricated assembly system, and obtained the patent for the prefabricated assembly system related to the construction of underground utility tunnel.

3.5 Social Responsibilities

Economic Growth: In 2021, with the COVID-19 pandemic continuing to rage around the world and the stagnation in social and economic activities, different professions and trades are facing unprecedented difficulties and challenges. The Group has not stopped moving forward. The Group continues to focus on reform and innovation, conducting in-depth research in the field of urban development industry, making continuous efforts to improve the level of corporate management, and making preparations for market development post pandemic. We unswervingly promote refurbishment and upgrading, which is the new norm for green construction that adapts to economic development. We will adhere to the principle of steady development, implement resources, market, internationalisation and innovation strategies, focus on restructuring, complementing shortfalls, reducing costs, preventing risks, paying more attention to business layout and structural optimisation, and to deepening corporate reforms and paying more attention to open cooperation. We place more emphasis on science and technology, management's innovation and business model innovation, pay more attention to green and low-carbon development, promote steady economic growth, and strive to become a domestic outstanding enterprise.

Environmental protection: With global warming, reducing greenhouse gas emissions and protecting the environment has become one of the core global issues that humans need to address today. The Group is actively exploring effective ways to deal with climate change, reduce greenhouse gas emissions, and reduce energy consumption.

The Group has always been a positive respondent to environmental protection. We help society reduce energy consumption through contract energy management technology and green building materials, while also focusing on reducing the direct impact of our own business activities on the environment.

Case: In March 2013, the Group started the pilot project in contract energy management, and completed the first phase pilot project of energy conservation renovation on 30 June 2013. The on-site inspection and tracking measurement by the authoritative third-party departments such as China Classification Society Quality Certification Company, indicated that the LED energy-saving light source used in the renovation project is better than the original energy-saving lamps, with energy consumption is reduced by 80%.

Social progress: Enterprises are rooted in the society, and giving back to the society is the responsibility of the Company. The Group will promote the common development of economy and society as the ultimate goal of the enterprise, pay attention to people's livelihood and social progress, expand joint ventures and cooperation, enhance regional development capabilities, serve community construction, and strive to promote the harmonious development of the economy and society. While comprehensively improving urban functions and promoting new urbanisation construction, we aim to have mutually beneficial collaborations, and/or joint ventures with state-owned capital, social capital and foreign capital. We also work with local suppliers and contractors to create jobs, drive the development of related industries, give back to local people, and promote local development and social progress.

Section 4 Sustainable Liveable City

4.1 Liveable Cities Development

4.1.1 Liveable Cities Refurbishment Plans

Liveable comprehensive refurbishment projects are important to the society as benefits to the community are huge, ranging from improving the livelihood of the owners, generating huge savings in resources, and the consolidation of property management resources. The Group aims to do the following:

step 1: to aim to complete the refurbishment of the non-energy-saving residential buildings in Harbin;

step 2: to gradually consolidate the industrial chain and expand the business scope from the design, construction, materials, equipment supply, and other industries; and

step 3: to obtain long-term profit through follow-up business services, and establish multi-format, multi-model, group-oriented operation service companies.

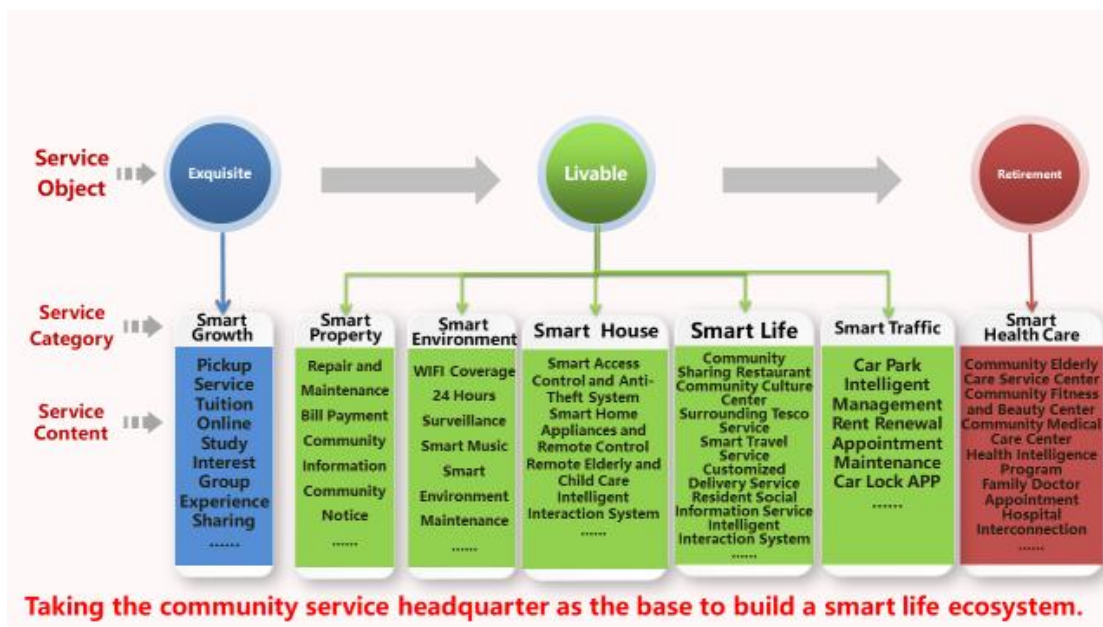
4.1.2 Underground Utility Tunnel Plans

(1) The construction of the underground utility tunnel is the key to ensuring the sustainable development of the city, inspiring the vitality of the market, and creating a new economic growth point. This is not only the development requirement of the “smart” city, but also lead to “stable growth, reform, and benefit of the people.” As the only project company in Harbin that has won both the first and second phases of the project, the Group has an absolute advantage in terms of construction management experience and related construction know-how. The Phase One project has been completed and is currently undergoing cost finalisation. Upon cost finalisation of the Phase One project, the Group will manage and operate the underground utility tunnel project over a concession period of 25 years. The Group has commenced some construction work on the Phase Two project. However, financing from banks for this project has been affected by the borrowing ratios of local government exceeding nationwide benchmark in the PRC. The local government is in discussions with the Group to acquire this project from the Group, and the Group has completed, with its main contractor and construction supervisor, and submitted, the preliminary review of the work which was carried out by the Group for the Phase Two project and for which the Group would want to bill. The Company will provide an update via SGXNET upon any further developments.

4.2 Smart City and Ecosystem Development

In the future development process, we will establish a smart platform for community construction, property management, and integrate the operation rights of convenience service facilities, parking charge rights, logistics self-raising facilities, and venue rental fees. Focusing on property services, we will carry out home-based services such as housekeeping, maintenance, installation, sales and purchase, provide small meals, and form a new model for sustainable development of multiple industries.

Using next-generation information technology (such as the Internet, cloud computing, mobile apps, and information intelligent terminals) and through automatic perception, timely transmission, timely release, information resource integration and sharing of various types of information related to residents' lives, the aim is to achieve the digitisation, networking, intelligence, interaction and coordination of the seven elements of “food, housing, transportation, travel, shopping, entertainment and health” to become the main ways for residents to work and live, and ultimately providing residents with a safer, more convenient, more comfortable and more pleasant living environment. It is our goal to improve the welfare of the residents living in the refurbished city.



4.3 Society Improvement

The Group consciously fulfils its corporate social responsibilities, develops with its partners, grows with the community, and strives to better the society as a whole. At the same time, in the course of business, we pay attention to fulfilling our responsibilities, actively integrating into local communities, participating in various social welfare undertakings, promoting the coordinated development of the local economy, environment and society, and striving to win the respect and trust of the international community and local parties.

The development of the Company's main business enables residents to enjoy a more complete living environment and related supporting service facilities. At the same time, in the creation of a “smart” community, residents enjoy convenient and efficient intelligent services. The strategic development plan of the Group’s stems from the desire to contribute to environmental protection and to create a smart living environment based on the available resources. We will promote green and energy-saving consumption, continue to increase our pollution-reduction efforts, build on the concept of low-carbon construction, persist in saving land, energy and materials to build resource-friendly and environmentally-friendly liveable cities. This will be a major contribution to sustainable development.

Section 5 Others

5.1 Economic value distributed

The following table provides a summary of economic value distributed in FY2021 based on GRI's disclosure categories:

FY2021 (unaudited)	RMB'000
Operating costs (COGS and administration expenses)	18,723
Employees compensation and benefits	2,832
Payment of bank loan interests	39,270
Total Economic Value Distributed	60,825

5.2 Defined Benefit Plan, Obligations and Other Retirement Plans

The Group makes monthly contributions to the employees' compulsory saving / retirement funds, as mandated by the local government in Singapore and the PRC respectively. These funds are social security systems which tackle our employees' financial concerns regarding healthcare, home ownership, family protection and asset enhancement. Contribution rates for employers vary depending on the country jurisdiction. As our companies are set up in Singapore and the PRC, we follow different schemes and their corresponding employer's contribution rates:

- Singapore – Central Provident Fund (“CPF”)
- The PRC – Five social insurance and one housing fund (“五险一金”)

Outlook 2022

In 2022, we continue to carry out the “Green Action Plan”, strengthen the life cycle management, embed energy conservation, emission reduction and environmental protection work in all departments of the group's operations and project management, and increase the promotion of energy conservation and emission reduction standards and measures. We stay focused on energy saving and emission reduction in the whole process and ensure the Group continuously reduces costs and increase efficiency.

We will continue to stay committed to the “Green Action Plan”, where we will also focus on waste reduction during the construction of our projects so as to ensure the Group continuously reduces costs and increases efficiency. The Group is committed to updating the public on our climate change strategy, management system, risks and opportunities, and carbon emission management performance. We practise green development that truly benefits the people and the society. While the Group is optimistic of its green technology business and projects as the market for its energy conservation services and sustainable development solution is immensely huge in China, it believes that the ability to obtain and/or refinance the appropriate level of financing in due course and the successful containment of COVID-19, among others, would be crucial in securing and ensuring the smooth undertaking of such projects.

The Group has also taken a new strategic approach of partnering state-owned enterprises in a bid to secure more sustainable development projects in 2022 as state-owned enterprises have innate advantages in securing such projects. The Group remains optimistic of its green technology business and projects as the market for its energy conservation services is untapped and huge in Northern China. At this juncture, the Group wishes to highlight that COVID-19 cases in the PRC have recently increased in light of the Delta and Omicron variant and there have been lockdowns and travel restrictions imposed in the PRC. In Harbin, measures have also been taken to curb the spread of the virus, which have recently included a semi-shutdown of the Harbin city. As such, the ability to procure working capital and/or the appropriate level of financing as well as improving macro conditions (such as improving COVID-19 situation) would be key to securing these projects.

Appendix - GRI Content Index

Category	Disclosure	Description	Page Reference and Remarks
GRI 102: General Disclosures	102-1 *	Name of the organisation	What we are doing (Page 7)
	102-2 *	Activities, brands, products, and services	What we are doing (Page 7)
	102-3 *	Location of headquarters	What we are doing (Page 7)
	102-4 *	Location of operations	What we are doing (Page 7)
	102-5 *	Ownership and legal form	What we are doing (Page 7)
	102-6 *	Markets served	What we are doing (Page 7)
	102-7 *	Scale of the organization	Employee development (Page 30)
	102-8 *	Information on employees and other workers	Employee development (Page 30)
	102-9 *	Supply chain	Sustainable supply chain management (Page 28)
	102-10 *	Significant changes to the organisation and its supply chain	None
	102-11 *	Precautionary Principle or approach	Sustainable development goals (Page 16)
	102-12 *	External initiatives	Society Improvement (Page 37)
	102-13 *	Membership of associations	None
GRI 102: Strategy	102-14 *	Statement from senior decision-maker	Chief Executive Officer's Statement (Page 4)
GRI 102: Ethics and Integrity	102-16 *	Values, principles, standards, and norms of behaviour	Corporate Vision (Page 15)
GRI 102: Governance	102-18 *	Governance structure	Corporate Structure (Page 13)

Category	Disclosure	Description	Page Reference and Remarks
GRI 102: Stakeholder Engagement	102-40 *	List of stakeholder groups	Stakeholders Involvement (Page 20)
	102-41 *	Collective bargaining agreements	None
	102-42 *	Identifying and selecting stakeholders	Stakeholder Involvement (Page 20)
	102-43 *	Approach to stakeholder engagement	Stakeholder Involvement (Page 20)
	102-44 *	Key topics and concerns raised	Stakeholder Involvement (Page 20)
GRI 102: Reporting Practice	102-45 *	Entities included in the consolidated financial statements	What we are doing (Page 7)
	102-46 *	Defining report content and topic Boundaries	Material ESG Factors (Page 16)
	102-47 *	List of material topics	Material ESG Factors (Page 16)
	102-48 *	Restatements of information	None
	102-49 *	Changes in reporting	None
	102-50 *	Reporting period	1.1.2021 to 31.12.2021 (Page 1)
	102-51 *	Date of most recent report	31 December 2020
	102-52 *	Reporting cycle	About this report (Page 1)

Category	Disclosure	Description	Page Reference and Remarks
GRI 102: Reporting Practice	102-53 *	Contact point for questions regarding the report	Contact information (Page 1)
	102-54 *	Claims of reporting in accordance with the GRI Standards	Core options
	102-55 *	GRI content index	GRI content index (Page 40 to 43)
	102-56 *	External Assurance	None
GRI 201: Economic Performance	DMA	Disclosure of Management Approach	Page 17
	201-1	Direct economic value generated and distributed	Direct economic value distributed (Page 38)
	201-2	Financial implications and other risks and opportunities due to climate change	None
	201-3	Defined benefit plan obligations and other retirement plans	Defined benefit plan obligations and other retirement plans (Page 38)
	201-4	Financial assistance received from government	None

Category	Disclosure	Description	Page Reference and Remarks
GRI 307: Environmental Compliance	DMA	Disclosure of Management Approach	Promote environmental protection (Page 19)
	307-1	Non-compliance with environmental laws and regulations	Zero non-compliance incident
GRI 401: Employment	DMA	Disclosure of Management Approach	Employment development (Page 30)
	401-1	New employee hires and employee turnover	Employment development (Page 30)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment development (Page 30) Defined benefit plan, obligations and other retirement plans (Page 38)
	401-3	Parental leave	Employment development (Page 30)

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