

2021 年度 環境、社會及管治報告

CHINA GEOTHERMAL INDUSTRY DEVELOPMENT GROUP LIMITED 2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



中國地熱能產業發展集團有限公司

CHINA GEOTHERMAL INDUSTRY DEVELOPMENT GROUP LIMITED

(於開曼群島註冊成立之有限公司)

股份代號：8128

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01 *About This Report*

This Report is the sixth Environmental, Social and Governance report (the "ESG Report") of China Geothermal Industry Development Group Ltd. (the "Company") together with its subsidiaries (the "Group" or "China Geothermal" or "we") for the year ended 31 December 2021. This ESG Report presents information regarding our ESG management approach, strategies, goals and progress. The information disclosed in this ESG Report is collected and collated through various channels, including the Group's internal policy documents and materials, feedback on the Group's implementation of ESG practices, and relevant information from stakeholder surveys regarding the Group's sustainable development practices. This ESG Report has been prepared in both Chinese and English and has been published on the website at www.hkexnews.hk of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company's website at www.cgsenergy.com.hk. If there is any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Scope Covered

In setting the scope of this ESG Report, we prudently choose the entities disclosed in the Report in consideration of the importance of the ratio of the income of the relevant entities to the total income of the Group for 2021 and include them in the scope of the Report. The reporting scope of this ESG Report mainly covers operating entities with the total revenue accounted for over 90% of the revenue of the Group in 2021. The employee information in this report is disclosed based on the total number of employees of the Group in 2021.

Compilation Basis

This report is prepared in accordance with the relevant provisions of the "Environmental, Social and Governance Reporting Guidelines" ("ESG Reporting Guidelines") in Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange, and with consideration of the key concerns of the Company's stakeholders and the Company's business characteristics.

Reporting Principles

The following basic principles are adopted during the preparation of the Report:

Materiality principle: The Company collects feedback from various stakeholders on the Company's sustainable development concerns, interests and expectations, and conducts materiality assessments. Through the final result of the materiality matrix, relevant important ESG issues for sustainable development can be identified for us to pay attention, and the corresponding policies, measures and performance are disclosed in the Report.

Quantitative principle: We disclosed environmental and social information in accordance with the requirements of the ESG Reporting Guidelines of the Stock Exchange, and disclosed the methods and assumptions used in the Report.

Balance Principle: The Report describes and analyzes the Group's environmental, social and governance information to readers in an unbiased manner and avoids factors that may improperly affect the content of the Report.

Consistency principle: Unless otherwise specified, the compilation method used in preparing the report is consistent with that of year 2020.

Approval and Release

The report was approved by the board of directors and was released on 31 May 2022.

Feedback

If you have any comments or questions about the contents of the report, please feel free to contact us by the following means:

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02 *Chairman's Statement*

The "14th Five-Year Plan" has clearly defined the goal of "carbon peaking and carbon neutrality", making a solemn promise to the world and mankind. China will increase its nationally determined contributions and make efforts to address climate change. This also means that our country's renewable energy will enter a new stage of development. Facing the market, the Company has made extensive efforts to increase revenue and reduce expenditure. With the full implementation of anti-epidemic and safety measures today, the Company insists on giving priority to saving and upholds the core strategy of the promotion of alternative energy for heating to carry out all aspects of the Company's work.

The series of HYY branded products of heating and cooling system can efficiently transport low-temperature heat energy (shallow geothermal energy, air energy) through electric energy which can generate heat required for heating, cooling and domestic hot water by using only one quarter of the electricity consumption of the traditional direct electric heating method and no emissions and zero pollution in the application region, thereby improving the quality of life of the people.

Looking back, the Company has withstood the challenges of investment and operating costs during the period of low heating energy prices and achieved steady development. The guarantee of the long-term and stable operation to customers shows the economic value of our system and its technology, the reliability of our system and quality of our heating and cooling products. Although there are special circumstances such as the epidemic today, which have affected our market promotion work but it is believed that it will be only a short downturn cycle. It is further verified that the promotion of the low-temperature geothermal energy as an alternative heating energy to the traditional energy according to the local conditions, which can avoid the risk of transporting dangerous traditional energy and the site required for coal storage, and achieve low heating costs and differential control. Using a simple and effective way to meet people's warmth and cooling needs and supply of domestic hot water for daily life and to preserve a beautiful environment. The double proof of

theory and practices makes the Company more confident in its future development.

In the face of changes in the world energy situation, the expected energy price trends and the epidemic prevention situation in the Mainland, the Company, as a responsible enterprise, actively disposed of assets to repay all loans which greatly reduced financial costs, so that the Company with less financial cost burden is able to cope with the changes and challenges in the future. The Company is full of hope for its future development.

To our country, we will implement epidemic prevention as required, and fully cooperate for the realization of the double-carbon goals. To the people, we contribute our part to making the living environment of human beings more comfortable and healthier. Pursuing to improve the quality of life of the people has always been our eternal goal.

徐生恒

Chairman

03 ESG Governance

Statement of the Board of Directors

As a responsible company, the Group makes every effort to meet the challenges of sustainable development, using its influence to further promote various sustainable development agendas, which cover our environmental and social issues. In terms of environmental, social and governance performance, we believe that a sound governance structure is essential. In order to practice effective management, we have established a comprehensive management system throughout our business to manage and respond to sustainable development risks and opportunities. The Board has overall responsibility for the management of the Group's ESG, and they review ESG performance annually by formulating ESG policies and indicators. In order to strengthen our daily management and practice, we have established an ESG working team to identify the Group's important issues in the environmental and social aspects through communication with stakeholders, and analyze and evaluate the results to assist us in formulating and supervising the relevant policies and measures. All departments are cooperated in the implementation of various policies and indicators in the daily operations.

ESG Governance Framework

Board of Directors

Oversee and monitor the Group's sustainable development strategy, management approach and performance.

Regularly discuss and review the Group's ESG risks and opportunities, performance and progress.

ESG Working Team

Assist in the formulation and review of the Group's sustainable development goals, priorities and indicators.

Assist in formulating policies and measures to promote goals and targets.

Monitor, review and evaluate ESG-related policies and practices.

Evaluate the progress and performance of the Company's ESG work and improve its effectiveness.

Report ESG performance to the Board.

Management

Implement the Company's environmental, social and governance measures in the departments' day-to-day operations.

Promote environmental, social and governance awareness in the departmental management.

04 Stakeholders' Participation

The Company believes that the basic premise of the environmental, social and governance report is that the reported information is relevant and important to its stakeholders. Therefore, it has been actively seeking opportunities to communicate with internal and external stakeholders and strive for the continuous cooperative dialogue. Through the following different communication channels, continuous multidirectional and candid communication with stakeholders is maintained so as to understand their key concerns about ESG issues. The Company will continue to ensure effective communication and maintain a good relationship with each stakeholder.

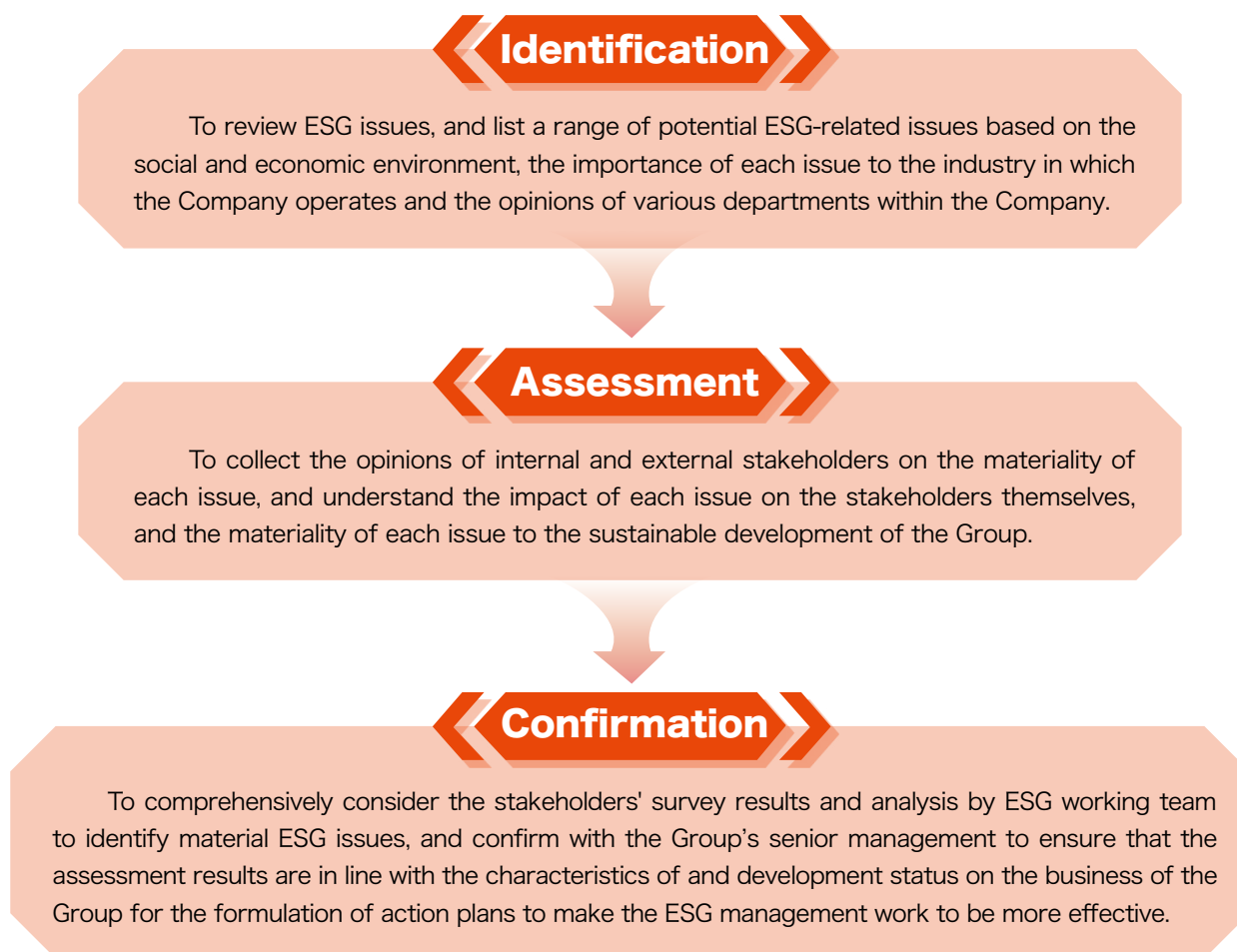
Stakeholders	Key concerns	Communication channels
Government and regulatory departments	<ul style="list-style-type: none"> - Compliance of rules and regulations - Epidemic prevention and control - Support the country's development policies in the industry sector - Innovative development 	<ul style="list-style-type: none"> - Participate in government meetings and receive policy documents - Participate in the declaration of government-supported project, etc. - Expert forum - Accept supervision and inspection of government departments at all levels
Investors/ Shareholders	<ul style="list-style-type: none"> - Return on investment - Corporate governance - Business development 	<ul style="list-style-type: none"> - Shareholders' meetings, HKEX announcement - the Company's financial report, annual report, ESG Report etc.
Employees	<ul style="list-style-type: none"> - Employee rights and benefits - Training and development - Epidemic prevention and control - Occupational health and safety 	<ul style="list-style-type: none"> - Staff Union, staff handbook - Performance appraisal mechanism - Various forms of training and promotion methods - Implementation of epidemic prevention and control monitoring mechanism - Caring for employee health

Customers	<ul style="list-style-type: none"> - Product quality and benefit - Customer benefit protection - Product stability, product maintenance and its timeliness 	<ul style="list-style-type: none"> - Pre-sales, sales, after-sale services - Customer Service Center, 24-hour hotline, follow-up visits - Spring and Autumn maintenance, satisfaction survey, etc.
Suppliers	<ul style="list-style-type: none"> - Fair and open procurement - Win-win cooperation - Protection of intellectual property rights - Ability to execute the contract 	<ul style="list-style-type: none"> - Procurement by price comparison - Select qualified suppliers - Suppliers evaluation - Contract negotiation
Constructors	<ul style="list-style-type: none"> - Work safety 	<ul style="list-style-type: none"> - Contracting, safety agreements, regular inspection etc.

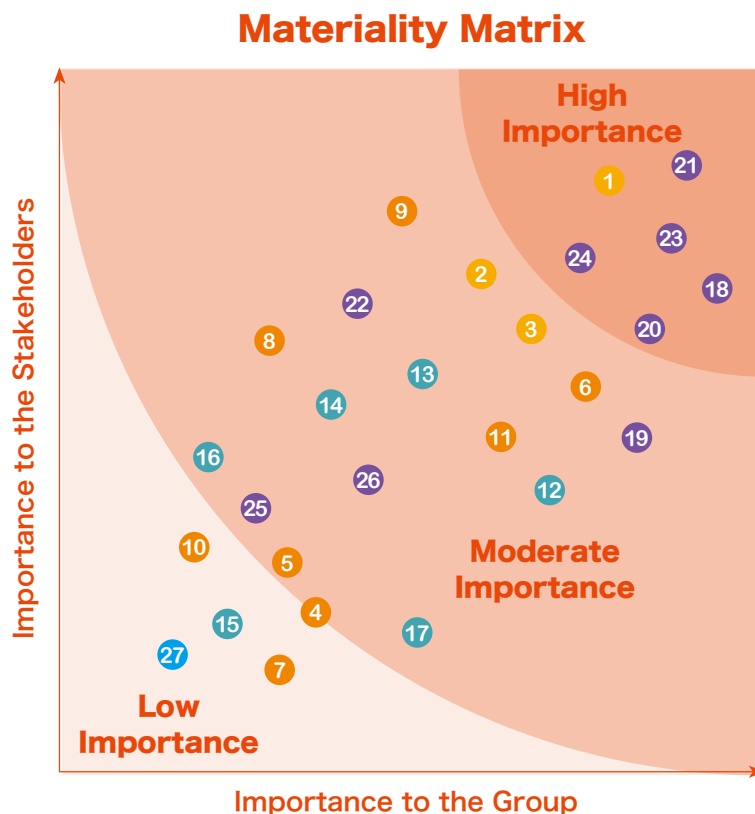
05 *Materiality Assessment*

In order to identify the issues that stakeholders are most concerned about and allow stakeholders to give their opinions on our sustainability performance, we conducted a materiality assessment in the form of a questionnaire survey, and invited internal and external stakeholders to give opinion on the importance of ESG issues to the stakeholders and the operation of the Group. These important or related issues will be varied to the changes in the business environment and stakeholder expectations; hence we regularly understand demands from various stakeholders through a variety of channels such as special questionnaires to identify ESG issues that are important to both the Company and stakeholders in the current business environment.

The following is our detailed procedure for determining material issues and report content:



This year, the Group collected and analyzed the feedback from stakeholders and listed them in the following materiality matrix to reflect their importance.



Corporate Governance

- 1 Company operation and financial status
- 2 Corporate governance mechanism
- 3 Sustainable development vision and strategy

Employment

- 4 Diversity and equal employment opportunity
- 5 Employment relationship and staff communication
- 6 Occupational safety and health
- 7 Staff training and development
- 8 Talented person retention
- 9 Staff salary
- 10 Staff welfare/recreational activity
- 11 Employment compliance

Environmental

- 12 Emissions (including sewage, greenhouse gases, waste gas)
- 13 Hazardous and non-hazardous waste treatment
- 14 Saving energy and water
- 15 Climate change
- 16 Environmental protection compliance
- 17 Environmental protection policy

Operation

- 18 Supplier management
- 19 Anti-corruption
- 20 Disaster contingency plans
- 21 Quality and safety of the products
- 22 Product development and innovation
- 23 After-sale service
- 24 Customers' opinion and complaints
- 25 Trademarks and patented technologies
- 26 Protect customers' private information

Community

- 27 Participate in public welfare activities

06 ESG Work

2021 ESG WORK SUMMARY/ HIGHLIGHTS

- In 2021, 50 projects of heat pump heating operation were undertaken by the Company, involving a construction area of 2.79 million square meters. Such clean heating reduced annual carbon dioxide emissions by approximately 85,000 tons.
- For the projects of Hejin Xingfuyuan (96 wells) and Langfang Airport Port (534 wells) constructed in 2021, using the drilling machinery driven by clean energy to replace drilling machinery driven by conventional fuel oil during the construction process, which reduced emissions during the construction period.
- In 2021, the HYY ground energy heating device using geothermal energy and the air heating product using air source that sold by the Company has all used the environmentally friendly type of R410A refrigerant.
- All suppliers are required to sign environmental protection and safety agreements with us to ensure that they comply with the relevant environmental protection and safety regulations in their production and operation.
- Strictly abide by the relevant local epidemic prevention and control measures and strengthen the management of offices and personnel. In 2021, there were no confirmed cases of employees.
- Encouraged employees to be vaccinated and carry out nucleic acid testing as required. Accepted supervision of professional organizations and no negative notice from the supervisory organizations was received in 2021.

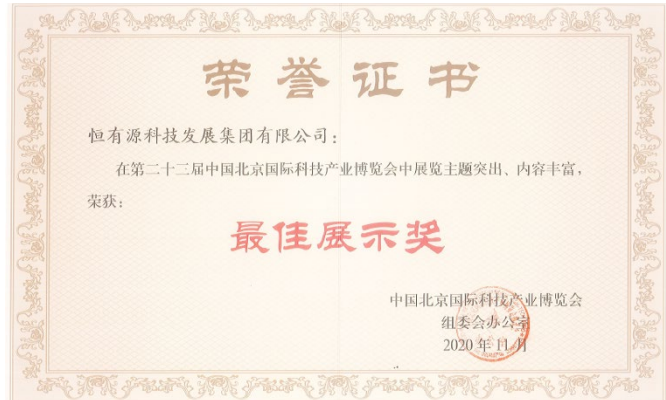
ESG TARGETS FOR 2022

- Strive to reduce GHG emissions (Scope 1 and 2) by 2% for 2022 versus 2021.
- Strive to reduce electricity consumption by 3% for 2022 versus 2021.
- Strive to reduce water consumption by 2% for 2022 versus 2021.
- Strive to reduce gasoline consumption by 1% for 2022 versus 2021.
- In 2022, strengthening the waste paper recycling with a recycling rate of over 85%.
- In 2022, the installed capacity margin of the newly designed machine room is not more than 1%.

ACTIONS FOR THE GOALS

- Fully implement the new standard GB55015-2021 issued by the Country on the "General Specification for Building Energy Conservation and Renewable Energy Utilization" : The total installed capacity of the unit is directly selected based on the air-conditioning cooling load value calculated according to the regulations, and must not be added otherwise to avoiding situation of big horse pulling small cart.
- Application of climate compensation and energy-saving measures in 2022: accelerate the application of the theoretical results of "climate compensation" in actual operation management, make full use of weather forecast information, and adjust operating parameters at any time according to climate changes, so as to maximize the energy efficiency of machinery units resulting in the saving of energy and reduction of energy consumption.
- Using energy-saving appliances and products. Strictly control the temperature of air conditioners used in offices to be set at not higher than 20 degrees in winter and not less than 26 degrees in summer. Encourage to open windows and use natural wind instead of using air conditioners. Turn off the power in time after work.
- Strengthen the inspection of the Company's water and electricity facilities to prevent leakage and irrational use. Strengthen the employees' awareness of energy saving and environmental protection.

07 Awards and Recognition



08 *Environmental Responsibility*

Climate Change

The actual impacts of climate change, including rising temperatures and frequent occurrence of extreme weather, not only directly affect the earth, but are also closely related to our human life. While climate change poses a great threat to us, it presents an even greater opportunity for our Company. We know carbon emissions from burning of fossil fuels are one of the main causes of climate change. Therefore, our Company is committed to promoting the use of shallow geothermal energy as a heating (cooling) alternative energy for building clean heating, which is an extremely effective method for reducing greenhouse gas emissions. From the data we have been operating for many years, it is proved that the effect of energy saving and emission reduction is remarkably obvious. Therefore, we will continue to use our own advantages to cooperate with our country and government to expand and promote the application of shallow geothermal energy, so as to guarantee warmth and cooling, which not only improve the people's living standards, but also reduce emissions, resulting to a win-win situation for the earth and human beings. Furthermore, we will be committed to the principles of green operation and green office with an aim to reducing the emissions from our operating activities in the course of our business operations. We will also actively advocate for each employee to pursue a green and low-carbon life, so that everyone can contribute within their own feasible scope.

In addition, we are aware of various operational risks brought about by climate change, including extreme weather, such as high temperature, heavy rain, storms, etc., as well as problems that may be caused by extreme weather, such as rising material prices and supply chain disruptions. We particularly pay special attention to the safety of employees. In the event of abnormal weather, we will follow specific measures in the daily operations to ensure that everyone can work in a safe and healthy environment. We will also continue to monitor weather changes, in the severe cold, rain and snow weather, we will suspend the outdoor construction work. In hot weather, we will distribute heatstroke prevention and cooling drugs and distribute subsidies to outdoor workers. In the projects we are responsible for operating, we will set the output capacity of the heating and cooling system according to weather

changes to ensure that the buildings we maintained keeping an ambient temperature that can work and live normally.

Green Enterprise

As a member of green enterprise, the Group focuses on promotion of shallow geothermal energy as an alternative energy source for heating (cooling), using renewable shallow geothermal energy to achieve zero combustion and emissions in the heating area, and efficiently reduce emissions generated from heating by traditional coal burning or from direct electric heating. We have committed to promoting this environmental protection business, advocating rational and effective use of energy and actively promotion of clean heating, which can effectively reduce pollution, solve haze problem and cooperate with the country for the blue sky defense battle.

From 2000 to 2021, HYY, a subsidiary of the Company, has promoted heating and cooling projects with renewable energy covering a total area of 21.07 million square meters, including central heating and cooling projects of 18.78 million square meters and household geothermal energy heating and cooling projects of 1.16 million square meters (11,466 households) and household air energy heating projects of 1.13 million square meters (9,360 households). The projects promoted can achieve an annual energy saving of 155,000 tons of standard coal, a replacement of conventional heating energy of 259,000 tons of standard coal. The annual reduction of carbon dioxide emission of 640,000 tons by clean heating.

As a company dedicated to promoting clean heating for buildings by utilization of clean energy to replace traditional heating energy with pollution and emission, we will continue to create values for the Company and use innovative thinking to play a role in our industry. In 2022, we will implement the following measures and solutions during our operations which will further strengthen the effect of energy-saving in our operation, thereby reducing various emissions caused by the heating (cooling) process.

1. Application of climate compensation energy saving measures

In 2022, it is planned to fully apply climate compensation measures to the Company's operating projects or energy engineering construction projects, linking the indicators of weather changes (mainly outdoor ambient temperature) with the process controls related to system operation, and automatically compensate the corresponding adjustment amount to

achieve the purpose of energy saving or improving the product quality.

In the project design stage, the energy supply system presets technical measures for climate compensation, so that the relevant systems or equipment have the technical conditions to set the temperature according to the outdoor air temperature adjustment system.

In the project implementation stage, the relevant installation and adjustment of the system climate compensation module will be completed according to the design requirements.

In the project operation stage, proper technical training will be provided to operation management personnel, adjust the settings of the climate compensation system according to the different areas and functional requirements of the project, so that the system control can ensure the normal heating and cooling of the project while achieving the energy saving effect and bringing the benefits of energy saving and emission reduction.

2. Strictly implementation of the newly issued national standard GB55015

The Company will strictly implement the provision of article 3.2.8 of the national standard GB55015 "General Specification for Building Energy Conservation and Renewable Energy Utilization" in the design of all participating projects: The total installed capacity of motor-compression type chiller unit must be directly selected according to the air conditioning cooling load value calculated according to the requirement of article 3.2.1 in this standard and must not be added otherwise. Under designed conditions, if specifications of the unit fails to meet the requirements of the calculated cooling load, the ratio of the selected total installed capacity of the unit to the calculated cooling load must not be greater than 1.1.

3. Actively develop the application of multi-energy complementary methods for clean heating of buildings

We will actively work with partners to develop the solar thermal+air source heat pump system, using the relatively stable air source heat pump as the primary heating and supplemented with the solar thermal as the auxiliary. Its main characteristics is to use the advantages of the free solar heat which can greatly save the operation costs of heating.

At the same time, we try our best to practice green operations to ensure the future responsibilities and opportunities of the company and society. The Group attaches great importance to the long-term sustainability of the environment and communities where it

operates. Therefore, it is committed to promoting sustainable development plans by strictly controlling its emissions and resource consumption in daily operations, and complying with all relevant environmental laws and regulations in P.R. China in its daily operations, including but not limited to "Environmental Protection Law of the People's Republic of China", "Energy Conservation Law of the People's Republic of China", "Environmental Prevention and Control Law of Solid Waste Pollution of the People's Republic of China", "Air Pollution Prevention and Control Law of the People's Republic of China", "Water Pollution Prevention and Control Law of the People's Republic of China", "Water and Soil Conservation Law of the People's Republic of China", and "Renewable Energy Law of the People's Republic of China". According to the ISO14001 international environmental management standard, we regularly identify the update of environmental protection laws and regulations in the country and the project area where we operate to ensure that the Company's policies, systems and measures are fully complied with the relevant requirements. In addition, the Company has also actively adopted various measures to build a corporate culture that focuses on sustainable development, and promotes the relevant corporate culture by various environmental protection measures in different aspects that covers office operations, project management, and project operations.

Green Construction

Our various environmental protection practices in the process of project design, construction and operation minimize the impact on the environment and natural resources. In terms of project construction, the construction process is required to be carried out in strict accordance with the "Evaluation Standards for Green Construction Engineering", "Guidelines for Green Construction", "Environmental Noise Emission Standards for Construction Sites", "Environmental and Hygiene Standards for Construction Sites", etc. It is required to strictly abide by the relevant construction regulations and standard requirements during the construction process. Regular work meeting on "civilized construction and environmental protection at the construction site" will be held and the environmental protection management and inspection measures for construction site will be implemented, and strictly treats various emissions to reduce the impact on the surrounding environment. At the same time, the Group's environmental protection policies, objectives and indicators are formulated to achieve harmony between construction and the environment, and to meet the requirements of environmental management standards.

Table 1 below mainly describes the various emission and waste control measures taken during construction, with the purpose of minimizing the impact on the environment during the construction process.

Table 1: Preventive and control measures taken during the construction process

Type	Emission Source	Name of pollutants	Preventive measures
Air pollutant	Construction period	Flying dust	<p>The main roads on the construction site will be hardened. Cover the exposed parts, spray water on the roads of the construction area to reduce dust, and it is strictly forbidden to temporarily and randomly abandon the earth and mud.</p> <p>Enclosed transportation vehicles engaged in the transportation of earth and mud. Transportation vehicles shall be cleaned up at the exit of the project site.</p> <p>For the drilling and engineering work, special equipment for wellhead spraying and dust reduction is added, and dust reduction devices such as fog cannons are installed in the field.</p>
	Construction period	Carbon dioxide, nitrous oxide	Use electric construction tools, not use fuel facilities as possible as it could to avoid pollutant discharge; when fuel oil equipment cannot be avoided, adopt low-emission equipment which meets requirements of environmental protection.
	Commissioning period	Hydro-fluorocarbons	Apply cooling medium with low global warming potential (GWP); all cooling medium shall be filled before the equipment delivery out of the factory to avoid leakage in filling operation on construction site.
Noise pollution	Construction period		<p>Provide training to construction personnel for civilized construction and strengthen the management of man-made noise.</p> <p>Strictly control the noise when using the equipment.</p> <p>During construction, it is necessary to carry out operations in accordance with construction operation noise control measures, and try to avoid carrying out construction work at night.</p>

Type	Emission Source	Name of pollutants	Preventive measures
Water pollutant	Construction period Domestic sewage	CODCr BOD5 SS Ammonia nitrogen	The site is equipped with secondary sedimentation tanks and other facilities to treat sewage and it is discharged to the municipal sewage pipe network through compliant sewage discharge facilities after treatment.
	Construction period Washing wastewater	SS	Disallow external discharge, set up temporary sedimentation tank, re-use it for reducing dust and suppressing dust after treatment.
Solid waste	Construction Period Solid waste	Construction solid waste	Classify solid waste for stacking and authorize qualified disposal unit to gather and dispose the solid wastes on the basis of classification, not abandon them randomly. Hazardous solid waste is classified and sealed storage, and entrusted to the sanitation department for unified treatment. Strengthen the recycling of construction waste.
		Waste mud	Set up mud pit, periodically hand the waste mud to environmental sanitation department for clearing. Reasonably dispose it rather than abandon it randomly.
		Domestic garbage	Gather domestic garbage on the basis of classification, hand them to environmental sanitation department for treatment, reasonably dispose it rather than abandon it randomly.
Noise	Construction machinery and equipment		Reasonably plan construction time, formulate construction plan, select low-noise equipment and implement operation in a closed environment.

In the course of our operations, we generate certain direct or indirect air emissions. Direct air emissions mainly come from diesel fuel used for generators and drilling rigs in the construction process and refrigerants used in the maintenance services projects. Most of the

refrigerants we used are environmentally friendly models, and the use of non-environmentally friendly refrigerants is mainly for provision of maintenance services to some customers whose equipment in use is still old models which cannot use environmentally friendly refrigerants. Therefore, when we contact these customers, we will also make suggestions and encourage the replacement of environmentally friendly equipment.

Green office

The main resources consumed by the Group's daily office operations are electricity, water, gasoline, natural gas, paper, etc. The Group has been focusing on the environmental issues and committed to operate in a more environmentally friendly and energy-saving manner, advocating the 6R principles of environmental protection:

- 1) Reduce
- 2) Reuse
- 3) Recycle
- 4) Replace
- 5) Repair
- 6) Refuse

The Group continues to encourage and promote different measures to achieve energy conservation, recycling and reducing waste, including:

- ▶ Reduce the standby time of office electronic and electrical equipment, and encourage the shutdown of electronic equipment that not in use for a long time
- ▶ In terms of lighting, lighting will be used according to the actual situation and it is required to turn off the lights when people leave to avoid lighting permanently be switched on with no people inside
- ▶ Sort and dispose of recyclable items
- ▶ Purchase energy-saving certified products and gradually phase out equipment and products with low energy efficiency grades and replace them with energy-saving type
- ▶ Encourages the rational use of air conditioners according to actual weather conditions to avoid setting the temperature to be too low or too high, which will cause waste of energy. Encourage to open windows and use natural wind instead of using air conditioners when the weather is not hot

- ▶ Save paper and reduce printing and use double-sided printing as much as possible, reuse paper with single-sided printing
- ▶ Educate employees on the knowledge of water conservation to improve water conservation awareness, and ensure that the tap is closed when not in use
 - ▶ Use durable tableware and try to avoid using disposable tableware
 - ▶ Try to repair damaged electrical appliances or items and reduce discarding
 - ▶ Encourage employees to use public transportation when commuting
 - ▶ Trees are planted in the office park, and encourage employees to plant small potted plants indoors, which can help reduce emissions and improve air quality

A1 Emissions

In 2021, the air pollutants (including sulfur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM") generated by the Group mainly come from the natural gas used by the Company's canteen and the gasoline for business vehicles. Specifically, the Group's emissions of SOx, NOx and PM were approximately 0.2 kg, 155 kg and 14.3 kg respectively.

In 2021, the Group's greenhouse gas emissions mainly come from fossil fuel combustion and electricity consumption. The total greenhouse gas emissions of Scope 1 (direct emissions) and Scope 2 (indirect energy emissions) are approximately 34,227 metric tons of carbon dioxide equivalent and 889 metric tons of carbon dioxide equivalent, respectively. The Group's total greenhouse gas emissions are approximately 35,116 metric tons of carbon dioxide equivalents, and the emission intensity per thousand Hong Kong dollars in revenue was approximately 0.199 metric tons of carbon dioxide equivalents.

In 2021, the Company's total greenhouse gas emissions in Scope 1 (direct emissions) recorded an increase of approximately 59.2% as compared to that of 2020. The reason for the increase is mainly attributable to the newly addition of maintenance projects, resulted by the market promotion made in 2021, which mainly involved the provision of maintenance services for the refrigeration and heat pump rooms and the replenishment and replacement of refrigerants is one of the major tasks. Since these projects of which most of the machinery units currently used by the customers still using the non-environmentally friendly R22 refrigerant, thus causing a significant increase in greenhouse gas emissions. As these customers are currently using the old models which cannot use the environmentally friendly refrigerant within a short time. In our follow-up work, we will actively recommend these customers to gradually replace and upgrade the machinery units so as to using environmentally friendly refrigerants. In addition, no significant amount of hazardous waste was recorded during the year under review.

The total emissions of the Group in 2021 are summarized in Table 2 below.

Table 2: Information about the emissions by the Group in 2021

Type		Unit	2021	2020
A1.1 Emissions				
	NOx	Kg	155	230.5
	SOx	Kg	0.2	0.3
	PM	Kg	14.3	21.4
A1.2 Greenhouse gas emissions				
	Scope 1 (Diesel, natural gas, gasoline, refrigerant)	Tonnes of CO ₂ e	34,227	21,506
	Scope 2 (Electricity)	Tonnes of CO ₂ e	889	872

The reporting of the above data in relation to the emissions and greenhouse gas emissions are mainly based on the Appendix II : Reporting Guidance on Environmental KPIs of How to Prepare an ESG Report issued by the Stock Exchange.

A2 Use of resources

In 2021, the major resources consumed by the Group are electricity, gasoline, diesel, water and paper. In view of the nature of its business, the Group did not use much of the packaging materials during the year under review. In order to effectively manage its resources consumption, the Group has assessed the long-term sustainability of its energy and other resource consumption practices, strives to select solutions that can minimize its impact on the environment to a greater extent, and continues to promote energy-saving habits and measures. The Group's resources used in 2021 are summarized in Table 3 below.

Table 3: Information about the use of resources by the Group in 2021

Type		Unit	2021	2020	
A1.3 Hazardous waste produced					
	Batteries	Total	Pcs.	23	78
	Fluorescent Tubes	Total	Pcs.	3	79

Type			Unit	2021	2020
	Toner Cartridges (Recycled)	Total	Pcs.	8	20
A1.4 Non-hazardous waste produced					
	General Solid Waste (Landfilled)	Total	Tonnes	28	32.5
		Intensity	Tonnes/ HK\$'000 income	0.0001	0.0001
	Paper	Total	Kg	1,816.2	2,112.2
			Kg/ HK\$'000 income	0.0103	0.0092
A2.1 Direct and Indirect Energy Consumption by Type					
	Diesel	Total	Liter	55,206	42,793
		Intensity	Liter/ HK\$'000 income	0.312	0.185
	Gasoline	Total	Liter	16,435	22,513
		Intensity	Liter/ HK\$'000 income	0.093	0.098
	Natural gas	Total	M ³	2,562	2,357
		Intensity	M ³ / HK\$'000 income	0.0145	0.0102
	Total Indirect Energy Consumption (Purchased Electricity)	Total	kWh	922,517	910,576
		Intensity	kWh/ HK\$'000 income	5.2168	3.9442
A2.2 Water Consumption					
	Water Consumption ²	Total	Tonnes	10,776	8,696
		Intensity	Tonnes/ HK\$'000 income	0.0609	0.0377

1. The reporting of the above data in relation to the use of resources is mainly based on the Appendix II : Reporting Guidance on Environmental KPIs of How to Prepare an ESG Report issued by the Stock Exchange.

2. Due to the water consumed of the leased office in Hong Kong is controlled by the building management company and no water meter is installed. Therefore, the water consumption data cannot be provided.

In 2021, in respect of the use of resources, both gasoline and paper consumption were reduced with a decrease ranging from approximately 14% to 27%. The Company has actively implemented control measures so as to achieving the reduction in the use of resources. In 2021, due to the influence of the epidemic, the Company responded to the government's call to manage personnel travel as well as the strengthening on the management of the use of business vehicles, resulting in a decline of gasoline consumption for the Company's cars. In addition, some meetings have been changed to be held by video conferencing and through the establishment of WeChat groups for work, documents can be released in the form of file sharing which can avoid using paper for printing as previously done for release of document in the past.

In 2022, the Company will further implement paperless measures, and will strengthen the promotion of reducing document printing. Amongst of which, most documents are required to be archived in digital form and they are not required to be printed for retention. Instead, they will be archived in the form of scanning or taking photos to generate electronic files, thereby reducing paper usage.

In 2021, in respect of energy consumption, increases of diesel, electricity, water, and natural gas were recorded, ranging from approximately 1%-29%. We have carefully analyzed the situation in order to find out the reasons and take specific follow-up measures.

Diesel is mainly used in the course of the construction of geothermal energy collection wells. According to the analysis, 50 geothermal energy collection wells were completed in 2021 as compared with 30 wells completed in the same period of 2020. The well construction work increased by approximately 40% in 2021 which causing the diesel consumption increased.

As for the increase in water consumption, after inquiries made with various parties, the reason for the increase was mainly attributable to the Company has strengthened the cleaning of public spaces such as office parks and toilets due to the epidemic. In addition, the number of employees who dine in at the canteen instead of going outside for dining greatly increased during the epidemic period which has also led to the increase in water consumption and natural gas.

In 2021, as influenced by the epidemic, the utilization rate of electronic equipment has greatly increased due to more video conferencing methods are used. In addition, new equipment were added, such as disinfection cabinets, which has also increased power consumption.

09 *Social Responsibility*

B1 Employment

The Group regards talents as its valuable assets and the main driving force to the success and sustainable development of the Group. The Group advocates equality of personality, encourages healthy competition for personal development, and realizes that promising people have their own values. It adheres to the concept of diversity, harmony and openness, and continues to implement and abide by local labour laws and regulations, including Hong Kong's "Employment Ordinance," Provident Fund Scheme Regulations", Minimum Wage Regulations", and "Occupational Safety and Health Regulations", etc., and the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China" and the other relevant laws and regulations within the territory of China. We have formulated internal rules and guidelines, such as "Human Resource Management Measures", "Staff Remuneration Management System", "Expatriate Staff Management Measures", "Overtime Management System", and "Employee Leave System", which were regularly reviewed and updated from time to time.

Compensation and Dismissal

The Group has also complied the "Employee Handbook", "Staff Remuneration Management System", "Appraisal Management Measures" and other systems. In determination of the salary level of employees will mainly base on the social average wage level of each position, the employee's job level, qualifications, skills, performance and other factors. Employees with outstanding performance will be selected and rewarded every year.

The termination of the employment contract is strictly handled in accordance with the internal dismissal management system and procedures and all relevant laws and regulations as well as on a reasonable and legal basis. The Group strictly prohibits dismissal of employees by any illegal or unreasonable means.

Recruitment and Promotion

The Group is committed to providing equal employment and promotion opportunities to

all qualified personnel, regardless of race, complexion, religion, nationality, disability, gender, age, marital status, etc. All applicants must go through a series of rigorous selection process during the recruitment process, including professional skills written test, comprehensive ability test and to be interviewed by supervisor before they will be formally hired.

For promotion, the Group makes reference to market standards and business development needs, and provides fair promotion opportunities to qualified employees who have outstanding performance and contribution to the Group.

Working Hours and Rest Period

The Group arranges reasonable working hours and rest period for its employees in accordance with local applicable laws, including the "Provisions of the State Council on Working Hours of Employees" and the "Employment Ordinance" of Hong Kong. The working hours of each employee have been specified in their employment contracts. The Group has established an "Attendance Management System" to monitor the working hours of each employee. In addition to the basic paid annual leave and statutory holidays prescribed by the local government, employees can also enjoy additional leave, such as marriage leave, maternity leave and compassionate leave.

Other Benefits and Welfare

In accordance with the government provisions, the Company provides social insurance including pension, medical, unemployment, work-related injury and childbirth for contracted employees of the Group or its subsidiary companies in Mainland. The staff in Hong Kong has a mandatory provident fund scheme as required and various medical and labour insurance schemes are also maintained.

The workforce by gender, employment type, age group and geographical region for 2021 are summarized in Table 4 below.

Table 4: Information about the Group's workforce by gender, employment type, age group and geographical region for 2021

KPI		Unit	2021	2020
B1.1	Total workforce by gender			
	Male	No. of staff	386	401
	Female	No. of staff	89	83

KPI		Unit	2021	2020
Total workforce by employment type				
	Full-time	No. of staff	381	400
	Part-time	No. of staff	94	84
Total workforce by age group				
	Age below 30	No. of staff	21	28
	Age 30-39	No. of staff	107	115
	Age 40-49	No. of staff	104	104
	Age 50-59	No. of staff	170	174
	Age above 60	No. of staff	73	63
Total workforce by geographical region				
	P.R. China	No. of staff	440	451
	Hong Kong	No. of staff	35	33
Total workforce by category				
	Senior Management	No. of staff	13	19
	Middle Management	No. of staff	19	22
	Non-management	No. of staff	443	443

The employee turnover rate of the Group in 2021 by gender, age group and region are summarized in Table 5 below.

Table 5: Information about the Group's employee turnover rate by gender, age group and geographical region for 2021

KPI		Unit	2021	2020
B1.2	Employee turnover rate by gender			
	Male	%	21.22	14.50
	Female	%	25.83	31.97
Employee turnover rate by age group				
	Age below 30	%	27.59	45.10
	Age 30-39	%	25.17	17.86
	Age 40-49	%	22.39	20.61
	Age 50-59	%	19.81	8.90

KPI	Unit	2021	2020
Age above 60	%	20.65	19.23
Employee turnover rate by region			
P.R. China	%	22.81	17.85
Hong Kong	%	12.50	21.43

The number and rate of work-related fatalities and lost days due to work injury of the Group in 2021 are summarized in Table 6 below.

Table 6: Information about the number and rate of work-related fatalities and lost days due to work injury

KPI	Unit	2021	2020	2019
B2.1 Number and rate of work-related fatalities	No. of staff/%	0	0	0
B2.2 Lost days due to work injury	Days	0	80	0

Diversity Policy

We have adopted a board diversity policy (the "Board Diversity Policy"), which sets out the objectives and means of achieving and maintaining board diversity. The Board Diversity Policy stipulates that the Company shall endeavour to ensure that members of the Board have the appropriate skills, expertise and diverse perspectives to support the execution of our business strategy. Pursuant to the Board Diversity Policy, selection of director candidates will be based on a range of diversity perspectives, including but not limited to skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender. At the same time, we also adhere to the principle of diversity in our human resource management.

B2 Employees' Health and Safety

The Company attaches high importance to operation safety, complies and implements the relevant national laws and regulations, such as "Production Safety Law of the People's Republic of China", "Fire Control Law of the People's Republic of China", "Regulation on Work-Related Injury Insurance" etc., emphasizing that the person in charge of each

department is the first responsible personnel for safety. A comprehensive set of "Safety Management System" has been formulated and has engaged safety director responsible for the supervision and inspection of various safety tasks. In addition to various medical insurance and work-related injury insurance in accordance with national regulations, it has also passed the certification of the ISO45001 occupational health and safety management system and established a safety management system.

On 10 June 2021, the 29th meeting of the Standing Committee of the 13th National People's Congress of the People's Republic of China passed the new version of the "Production Safety Law of the People's Republic of China" (hereinafter referred to as the "New Safety Production Law") effective on 1 September 2021. In order to deeply study and understand the New Safety Production Law, HHY Group conducted a training seminar on relevant laws and regulations on 10 September 2021,

To this end, as a production and operation unit, HHY Group responded quickly and carried out a high-quality training seminar for all employees of various departments within the Company. During the period, the person in charge of the relevant fields of the Company has lectured different topics, such as "the history of changes in law", "safety precautions of production and operation units", "employees' rights and obligations of safe production", "supervision and management of safe production", "emergency rescue and investigation measures of production safety accidents", and "legal responsibility". All the topics focus on safety education and training for front-line practitioners in order to ensure that employees have the necessary safety production knowledge and they are familiar with the relevant safety production rules and regulations and safety operation procedures, master the safety operation skills of particular position, understand the emergency response measures, and acknowledge their rights and obligations in safety production. It also clearly stated that employees who are not passed in the safety production education and training shall not be employed.

In addition, according to different jobs and natures, safety protection measures are implemented for employees, and labour protection appliances are regularly distributed. High-temperature allowances and heatstroke prevention and cooling medicines will be issued every summer to employees working outdoor with high-temperature environments to ensure the health and safety of employees and regular physical examination will be organized for employees. In view of the particularity of the Company's business, "Safety Responsibility Letter" and "Safety Agreement" will be signed with the installation and construction company for every project. During the construction process, special personnel

will be assigned to conduct safety inspections and random inspections, etc., and promptly rectify hidden safety hazards in order to ensuring production safety first and people-oriented. Regular safety inspections on the projects and all office area will be carried out which can effectively prevent from happening of all kinds of safety incidents. During the year, no safety incident occurred.

In order to ensure the health and safety of employees' diets, the Company has its own canteen which has obtained food safety and sanitation permits in accordance with the food safety standards of the catering industry, and strictly performed physical examinations for the staff in the canteen, all of them would hold health certificates.

In 2021, the Company has strictly adopted epidemic prevention and control measures, and in accordance with the government's epidemic prevention and control requirements, actively investigate the epidemic-related areas or the circulation trajectory of confirmed cases, relevant areas and personnel. During the holidays, strictly manage the travel of staff to depart from and return to Beijing. COVID-19 test is performed strictly in accordance with government requirements when entering and leaving Beijing so as to cooperate with the town security office and the city management office for the inspection. Various report forms of epidemic prevention and control were made in accordance with the requirements of the of Science and Technology Bureau, the Economic and Information Bureau, and the Market Supervision Bureau. In addition, the Company actively encouraged and coordinated the employees get vaccinated with a rate of more than 90% of the staff completed the basic vaccination and more than 80% of the staff completed the booster vaccination. With the joint efforts of everyone, no employee was infected which has achieved a phased victory against COVID-19.



The Group actively promotes the dissemination of the Company's core values among managers at all levels who plays an important role as an example and guidance. At the same time, we firmly promote the corporate culture at the general staff level, and through various trainings and cultural activities for employees, it strengthens employees' sense of responsibility, crisis awareness and team awareness, so that every employee can become a carrier and practitioner of corporate culture.

B3 Development and Training for Employees

The Group enriches all professional strengths by introducing high-end talents, continuously reinforces talents reserve and constructs hierarchical talent teams, advances establishment of a learning organization and reinforces the concept of lifelong learning; targeted training and appropriate use of employees to strengthen the cultivation of project management talents and technical talents. The Group fully understands that talents are its most important asset, and is committed to pre-employment training, on-the-job training, and recommending employees to research and take examinations to ensure their personal careers are closely linked to the Company's development. The Group designs and arranges suitable training courses for its newly hired and current employees. For newly hired employees, the Group provides comprehensive induction training, which covers company culture, business processes, work safety requirements, management policies and the development philosophy of the Group. For the existing employees, the Group provides appropriate jobs-related training programs from time to time to improve skills, technology, product and technological knowledge, and to understand related industry quality standards and workplace safety standards and other different trainings.

Affected by the epidemic in 2021, while actively responding to epidemic prevention and control, the Group strives to ensure that employees receive on-the-job training. In 2021, 360 employees of the Group received approximately 2,085 hours of training. The main training results in 2021 are as follows:

(1) Organized training for new employees, which mainly included company introduction, study of employee handbook, safety education, etc., and 130 people have passed the examination, with a passing rate of 100%.

(2) Organized all employees to participate in special online education and training

on novel coronavirus epidemic prevention, garbage classification, etc., so as to increase awareness of prevention and control, promote green life, and cultivate a good working and living condition.

(3) Organized fire safety knowledge, food safety and hygiene training, education and examinations, practical operation of firefighting facilities, escape drills and other related activities, with attendance of more than 156 person-times and the examination pass rate was 100%.

(4) Organized the relevant anti-corruption training for directors and employees.

(5) Organized engineering construction professionals, technical workers, refrigeration installation and maintenance personnel, electricians, welders and other special types of workers, pre-job training for important positions to meet the Company's production and work needs. 74 people have taken examinations and obtained certificates. The rate of employment with certificate reached 100%.



Information about the percentage of employees trained and the average training hours completed by gender, employee category in 2021 are summarized in Table 7 below.

Table 7: Information about the percentage of employees trained and the average training hours completed by gender, employee category

KPI		Unit	2021	2020
B3.1	The percentage of employees trained by gender			
	Male	%	75.83	78.83
	Female	%	24.17	21.17
	The percentage of employees trained by employee category			
	Senior Management	%	2.50	5.11
	Middle Management	%	3.89	13.14
	Non-management	%	93.61	81.75
B3.2	The average training hours completed per employee by gender			
	Male	Hours	4.10	7.05
	Female	Hours	5.79	9.14
	The average training hours completed per employee by category			
	Senior Management	Hours	4.01	9.64
	Middle Management	Hours	4.27	21.40
	Non-management	Hours	4.43	6.61

The reporting of the above training rate and average training hours are mainly based on the Appendix III : Guidelines for Reporting, Social Key Performance Indicators of How to Prepare an ESG Report issued by the Stock Exchange.

B4 Labour Standards

Prohibition of Child Labour and Forced Labour

The Group resolutely combats illegal child labour and forced labour, and ensures that job-seekers can be employed legally. The human resources department of the Group requires all employees to provide valid identification documents before confirming employment and is responsible for monitoring and ensuring the compliance of laws and regulations with regard to the prohibition of child labour and forced labour. In 2021, the Group did not have any incidents of child labour or forced labour, and has complied with relevant laws and regulations on the prevention of child labour and forced labour.

10 *Operation Management*

B5 Supply Chain Management

In order to ensure stable product quality and provide customers with top-quality project engineering and services, the Company has formulated a series of management measures for the procurement of production and engineering materials, such as "Purchasing Management System", "Price Management System of Procurement Department", "Material Quality Inspection", "Material Management System", etc.

In order to regulate the implementation of procurement behavior and the management of suppliers, the Company has formulated the "Qualified Supplier Management System of the Procurement Department" and "Qualified Supplier Performance Evaluation Standards" in accordance with the requirements of the ISO9001 quality control system. In the early stage of supplier evaluation, site visits are required to inspect the supplier's relevant corporate qualifications, verify the company's scale, production status, warehouse conditions, etc., and submit the summary data to the Company's special qualified supplier evaluation team for qualification evaluation. A qualified supplier must be a supplier that has passed the Company's assessment in terms of legal business license, product quality, qualification, production and supply capabilities, and quality control system. The Company preferentially selects environmentally-friendly and energy-saving products and enterprises that have passed environmental system certification and have a strong sense of innovation as qualified suppliers, and will regularly evaluate qualified suppliers. For those with major defects, the supplier will not be listed on the list of qualified suppliers. The equipment, accessories and materials used by the Company are provided by qualified suppliers approved by the Company, and the Company regularly conducts random inspections on the performance of the purchased materials. The Company regularly conducts quality inspections and satisfaction surveys on the projects that are already in operation and timely updates and adjusts the products provided according to the needs of users.

Table 8 : Information about suppliers by geographical region

	KPI	Unit	2021	2020
B5.1	Number of suppliers by geographical region			
	P.R. China	No.	114	120

B6 Product Responsibility

We are committed to designing, producing and selling high-quality products to users, and provide product series that can meet the needs of different customers. We provide customers with excellent services in all aspects from the pre-sales, sales and after-sales processes, and are committed to complying with the "Product Quality Law of the People's Republic of China", "Consumer Rights Protection Law of the People's Republic of China", "Beijing Construction Project Quality Regulations", "Advertising Law of the People's Republic of China" and other regulations.

In order to better serve our customers, the Company has set up a 24-hour hotline to accept customers' service requests, and give timely response of system failures reported by the customers in accordance with service agreements. At the same time, we have established client archives file to analyze service information. Various service specifications and procedures have been formulated, and the service process and service quality are inspected and tracked to ensure that the service quality meets the requirements of the standards and procedures. Based on the different natures of the clients, it customizes different service products, such as machine room on-duty service, energy saving operation service. Moreover, it provides system overhauling in transition season (in every spring and autumn) according to service agreements. Our Company has carried out activities along this policy and achieved very good results. In 2021, there is no product was recalled due to safety and health reasons.

Opinions and Complaints

For customer opinion and complaints, a dedicated 24-hour customer service center is set up to ensure that the call request is unblocked. Customer requests and complaints will specially be followed up and visits will be made to ensure that problems are resolved reasonably and effectively. In 2021, the Company's customer service hotline recorded 2,084 calls, mainly for repair requests, which have been properly handled. There was one complaint

case. Customer satisfaction has also been greatly improved due to the establishment of a 24-hour customer service center. In the spring and autumn of 2021, the personnel of property service and after-sales maintenance inspected and repaired the customers' systems and conducted satisfaction survey at the same time. Customer satisfaction rate is over 95%.

Privacy Protection

The Group attaches great importance to protecting the privacy and rights of customers, and has formulated its internal policies, including file management. Personal data collected from customers will only be used for defined purposes. All employees must comply with relevant requirements. Without the authorization of customers, it is strictly forbidden to disclose any confidential information.

Protection of Intellectual Property Rights

The shallow geothermal energy collection technology independently developed by the Company has obtained 36 invention patents and 10 new type patents. The Group implements strict management system on intellectual property rights, and also ensures the protection of its legitimate rights and interests through legal registration.

B7 Anti-corruption

The Company strictly abides by the relevant anti-corruption and bribery laws, regulations and policies in the places where it operates, including "Anti-Corruption Law of the People's Republic of China", "Anti-Money Laundering Law of the People's Republic of China", and the Hong Kong "Anti-Bribery Ordinance", etc., and actively carry out anti-corruption internal control management and risk prevention, adopt a "zero tolerance" attitude towards illegal acts such as bribery, extortion, fraud and deception. The Group advocates that every employee shall be honest and law-abiding, incorruptible and honest in his work, and practice good professional ethics. In 2021, the Group had no violations of laws or disciplines, and no lawsuits related to corruption occurred throughout the year.

Regarding tender procurement that is prone to corruption, the Company strictly adopts monitoring measures and establishes a tender review team to ensure that the tender process is fair, open and just. The employees who work honestly, reject suppliers' gifts or dinners, and persuade the suppliers not doing that would be rewarded accordingly.

The Group also strengthened anti-bribery and anti-corruption training for employees to

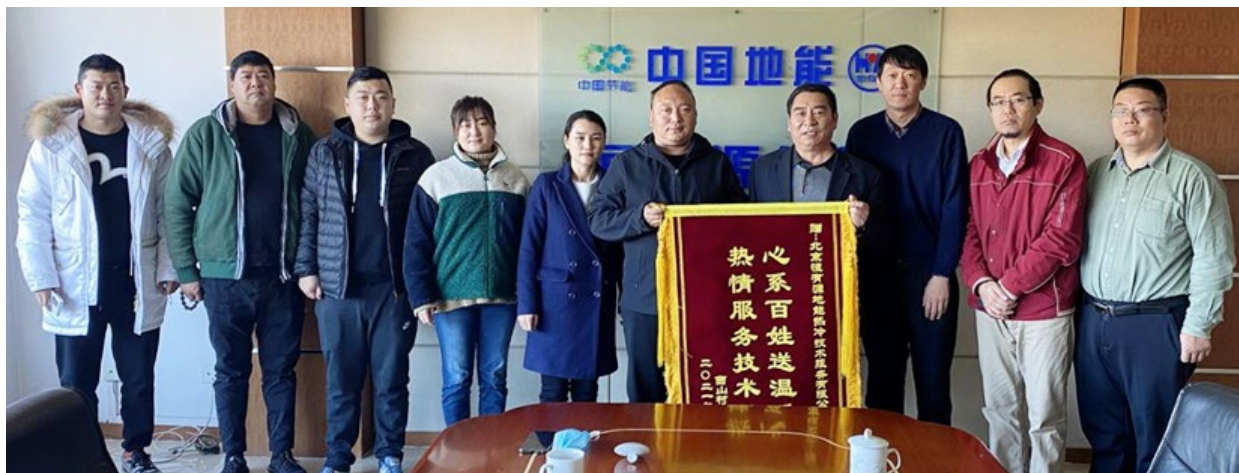
enhance the awareness of anti-corruption and upholding integrity. At the same time, the Group has internal reporting channels for employees to report any suspicious misconduct in writing. The Group investigates any suspicious or illegal behaviour to protect the interests of the Group. If the Group proves any criminal conduct, the management of the Group will immediately report to the relevant regulatory agency or law enforcement agency when it deems necessary.

B8 Community Investment

Consistently Serving the Community

2021 is an extraordinary year. While people around the world kept fighting the epidemic, the anomalous climate has brought new challenges to Beijing. Under the influence of continuous heavy rain and abnormal active cold front, winter came earlier than anticipated in Beijing this year. In order to ensure that our customers can spend the entire heating season safely and comfortably, every leader and employee of HYY Group work overtime to maintain the normal operation of the equipment, and all the time pay attention to the operation status of each unit. We strive for the best to provide quality services to each user.

At the beginning of November 2021, Beijing has been hit by a strong cold front, strong winds and sleet caused the temperature to drop below zero drastically. With sufficient preparations and precautions made by HYY Group, our customers have received stable and high quality services. On 9 November 2021, Yang Wanling, manager of Xishan Village Committee of Haidian District, visited HYY Group and held a meeting with the leaders of the Group. At the beginning of the meeting, Mr. Yang of Xishan Village Committee affirmed the work and services provided by the Group, and presented a pennant in recognition of the



contribution. At the same time, the Group is committed to guarantee the subsequent heating work and providing quality services as always. Our Company also fully understands that the heating is an important livelihood project, so we promise to respond proactively to the request from hotline of the town government and complete the task better and faster.

Poverty Alleviation and Student Assistance

HHY Group, a subsidiary of the Company, responded to the call of China Energy Conservation and Environmental Protection Group, with a vision of “2017 Dream for University, Flying with Hope”, a student aid activity. According to the special arrangement of Chairman Liu Dashan of Energy Conservation Group, since 2017, we have supported the two siblings, Geng Haili and Geng Yinghai from Song County of Henan Province by paying RMB20,000 per year for their education expenses in support for their completion of higher education (including the postgraduate level). In 2017, Geng Haili and Geng Yinghai studied at Xinyang Normal University and Luoyang Normal University respectively and determined to become teachers of the nation and contribute to the society.

In order to further implement the guiding ideology, “the goal of assisting students to become talent”, put forward by Chairman Liu Dashan of the Energy Conservation Group, and to encourage the siblings to have an optimistic attitude towards life and a diligent and studious spirit. Chairman Xu Shengheng of the Group also arranged the relevant personnel to design a series of program aimed to help them to broaden horizons, gain knowledge, develop stamina and sustain learning. In the summer of 2018 and 2019, Geng Haili and Geng Yinghai came to Beijing office to carry out work-study activities. HHY Group provided each of the siblings with a brand new laptop in August 2018 for their work-study activities and academic needs. HHY Group also provided the siblings a monthly study allowance of RMB500.

In 2021, Geng Haili and Geng Yinghai have successfully completed their university courses and graduated. The younger brother, Geng Yinghai returned to his hometown of Song County to serve as a teacher, and fulfilling his teaching aspiration. At the same time, he gives back to the society with practical actions. He hopes to provide local children under poverty with learning opportunities and nurture them with his own experience and knowledge. The elder sister, Geng Haili continued her studies and was successfully admitted to the School of Marxism at Renmin University of China, where she continued to study for a foreign Marxist postgraduate study. In order to continue support of Geng Haili’s further study, we promised to continue to provide her with an annual study fee of RMB10,000 as an encouragement and our support.



In 2021, the total charity donation of the Group is approximately RMB13,000.