

Ling Yue Services Group Limited

領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2165

2024

ENVIRONMENTAL, SOCIAL, AND

GOVERNANCE REPORT



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Environmental, Social and Governance Report

ABOUT THIS REPORT

Ling Yue Services Group Limited (hereinafter referred to as the “**Company**”, together with its subsidiaries, the “**Group**” or “**we**”) is committed to delivering the best returns to its shareholders, as well as enhancing environmental and social values.

The Group is hereby pleased to present its Environmental, Social and Governance (“**ESG**”) report (“**ESG Report**”) during the year ended 31 December 2024 (the “**Year**”). With the ESG Report, it is hoped that stakeholders can have a more comprehensive understanding of the Group’s policies, measures and performances in various environmental and social aspects. As for the information on corporate governance, please refer to the Corporate Governance Report of the annual report.

Scope of the ESG Report

The ESG Report mainly describes the environmental and social policies of the Group’s business in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the People’s Republic of China (“**PRC**”)/Mainland China.

The Group has taken its top ten largest subsidiaries into consideration for the environmental key performance indicators (“**KPIs**”) calculation after considering their materiality to the operations of the Group.

Reporting Framework

The ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Code under Appendix C2 to the Listing Rules following all the reporting principles.

Materiality

The Group has determined the content of the ESG Report based on the results of the stakeholder engagement and materiality assessment as set out in the Stakeholder Engagement and Materiality Assessment. The ESG Report provides comprehensive coverage of the key ESG issues of concern to the Group’s stakeholders.

Quantitative

The environmental and social KPIs have been disclosed in the ESG Report. The criteria, methodology and references used to calculate the KPIs are set out in the ESG Report to provide stakeholders with a comprehensive understanding of the Group’s ESG performance.

Balance

The Group’s performance during the reporting period has been presented in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgments. Performance data is reported in a way that allows information users to see negative and positive year-on-year trends in impacts.

Consistency

The Group uses consistent reporting and calculation methods as far as reasonably practicable and details significant changes in data or methods in the corresponding chapters to achieve comparability of ESG performance.

Feedbacks and Contact

The Group values your feedback on the ESG Report and our sustainability performance. Should you have any advice, please feel free to send us your comments to the Group’s principal place of business in the PRC at 44/F, Tower A, Leading International Finance Center, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province.

ABOUT US

Ling Yue Services Group Limited was established in 2002 and is primarily focused on the southwestern region of China, with a strong presence in Sichuan. The Group actively promotes market-oriented operations and has developed a nationwide layout in core regions such as the Chengdu-Chongqing Economic Belt, Xinjiang, Central China, and the Greater Bay Area of Guangdong, Hong Kong, and Macau.

As one of the top 100 property service enterprises in China, the Group adheres to the brand concept of “Ling (領) as Home, Yue (悦) for Oneself” and upholds the core values of “Friendship, Companionship, and Warmheartedness.” Building on property services as its foundation, the Group utilises service platforms and smart technology to provide various property management services, diversified operational services, comprehensive facility management and urban services for different industries. It has become a modern service enterprise with a high brand position and influence in the industry.

Ling Yue Services Group Limited (Stock Code: 2165.HK) was listed on the Main Board of the Hong Kong Stock Exchange on July 12, 2021. The Hong Kong listing is an important milestone in the development history of the Group. As a property enterprise with a solid position in the western region, the Group will seize opportunities, proceed steadily, and continue to pursue higher-quality development, provide superior services, and deliver returns to shareholders and investors while giving back to society.

OUR APPROACH TO ESG

The Group believes that well-established ESG principles and practices will increase investment values and provide long-term returns to stakeholders. We value the opinions of the stakeholders and review our level of sustainability to identify areas of improvement for environmental and social performance to look for areas of improvement.

Board Statement

The Board serves as the highest decision-making body for the Group's ESG efforts and holds ultimate responsibility for overseeing and managing material ESG issues. With support from the management team, the Board is principally responsible for establishing the Group's overarching ESG vision, direction, and strategy. This includes monitoring and reviewing the Group's ESG performance to ensure alignment with the Board's ESG vision and overseeing the coordination of various departments to ensure that the Group's operations and practices align with its ESG strategies.

Recognising the importance of addressing ESG issues that are significant to both the Group and its stakeholders, the Board has engaged an ESG consulting firm to conduct a materiality assessment. This assessment is used to identify key ESG issues through stakeholder surveys and by considering industry-specific concerns with the help of materiality maps and professional advice. The Board is fully informed about the results of this process and remains committed to regularly reviewing stakeholder engagement channels and exercises to ensure their effectiveness.

To ensure that ESG management is on the right track, the Board oversees the coordination of departmental efforts to meet their respective ESG targets. Progress in ESG matters is shared transparently with stakeholders, primarily through the Group's annual ESG Report. This approach reflects the Board's commitment to maintaining accountability and continuous improvement in ESG performance.

Stakeholder Engagement

The Group views sustainability as an opportunity to drive corporate growth, reduce environmental impact, and support the communities where it operates. Recognising the importance of sustainability to its stakeholders, the Group believes that constructive dialogue and collaboration with stakeholders are essential to fostering mutually beneficial relationships. During the reporting year, the Group has undertaken significant efforts to ensure that stakeholder value is integrated into its business operations.

Environmental, Social and Governance Report

The Group understands the importance of addressing stakeholders' priorities and concerns to achieve sustainable development and continuous improvement. Regular engagement activities are conducted with key stakeholder groups, including shareholders, investors, employees, customers, and suppliers, to objectively evaluate material areas. The Group also engages with the community and regulatory bodies as needed.

Through these stakeholder engagement efforts, the Group aims to provide stakeholders with a deeper understanding of its vision and objectives while incorporating their feedback into its operations. This approach ensures that the Group remains responsive to stakeholder concerns and aligned with its sustainability goals.

Stakeholder groups	Material issues concerning stakeholders	Engagement channels
Government and regulators	<ul style="list-style-type: none"> Compliance with national policies, laws and regulations Support for local economic growth Contribution to local employment Tax payment in full and on time 	<ul style="list-style-type: none"> Government official documents Government official website announcement
Shareholders and investors	<ul style="list-style-type: none"> Returns Compliant operation Rise in company value Transparency information and effective communication 	<ul style="list-style-type: none"> Shareholders conferences Email, telephone communication and company website
Partners	<ul style="list-style-type: none"> Operation with integrity Equal Rivalry Performance of contracts Mutual benefit and win-win result 	<ul style="list-style-type: none"> Exchanges and discussions Engagement and cooperation
Customers	<ul style="list-style-type: none"> Outstanding products and services Performance of contracts Operation with integrity 	<ul style="list-style-type: none"> Customer service centre and hotlines Calling for feedback
Environmental regulatory departments	<ul style="list-style-type: none"> Compliant emission Energy-saving and emission reduction Ecosystem protection Rational use of water 	<ul style="list-style-type: none"> Communicate with the locals
Industry	<ul style="list-style-type: none"> Drive industry development Participate in industry forums 	<ul style="list-style-type: none"> Visits and inspections
Employees	<ul style="list-style-type: none"> Protection of rights Occupational health and safety Remunerations and benefits Career development Humanity cares 	<ul style="list-style-type: none"> Employee communication meetings House journal and intranet Training and workshop Employee activities
Community and the public	<ul style="list-style-type: none"> Improve community environment Participate in charity Information transparency 	<ul style="list-style-type: none"> Company website Company announcements Community communication meeting

To ensure the relevance and accuracy of this ESG Report in reflecting the Group's environmental and social performance, the Group conducted a materiality assessment to identify ESG issues material to its business operations and stakeholders. An internal stakeholder survey was carried out to rate and prioritise ESG issues based on the level of concern expressed by stakeholders. With professional guidance from an ESG consulting firm, the Group also considered key ESG issues relevant to the industry by referring to materiality maps from recognised external organisations¹. 4 material issues have been identified and are discussed in detail in this ESG Report.

The process to Determine Material Issues

Step 1: Identification of Material Issues

The Group identified sustainability issues relevant to its environmental and social impacts and performance through industry research, materiality maps from MSCI and SASB, and peer benchmarking. Based on these findings, questionnaires were prepared for stakeholders to assess the significance of these issues.

Step 2: Ranking of Material Issues

Stakeholder surveys were conducted to prioritise the identified material issues. The results of the survey were used to rank the issues based on their perceived importance.

Step 3: Verification and Establishment of Materiality Matrix

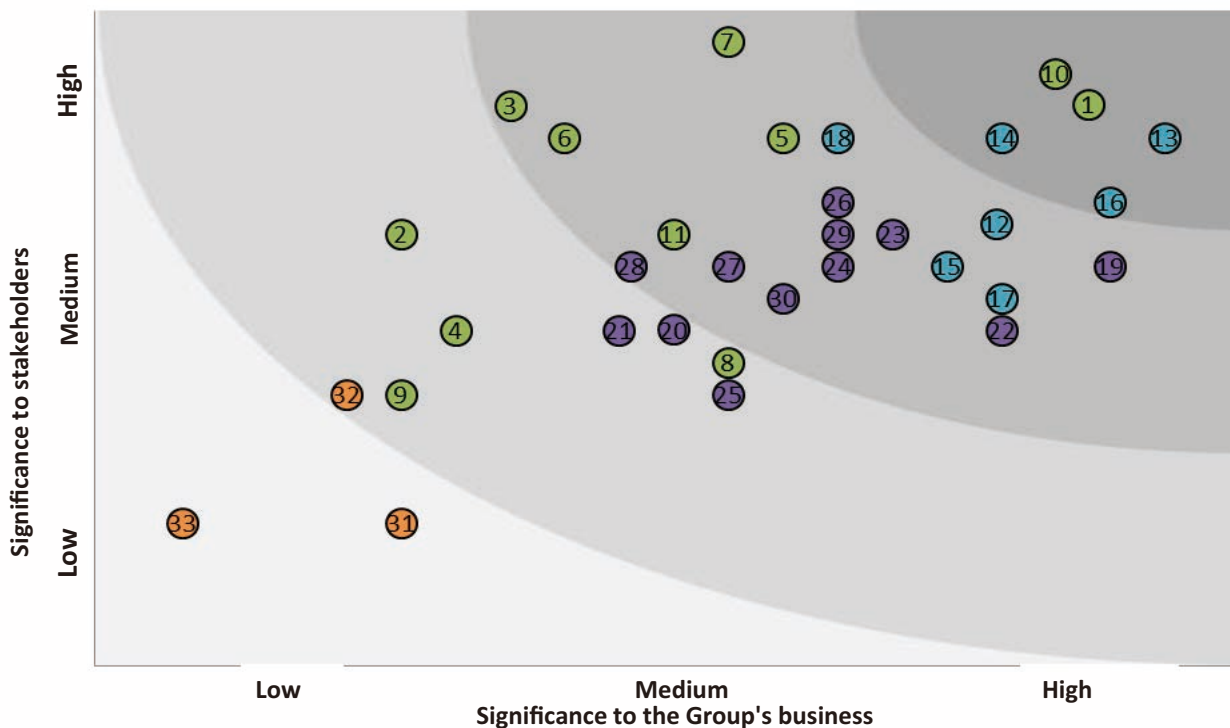
The Group collected and analysed the survey data, assigning risk-based weightings to each issue. This process resulted in a two-dimensional materiality matrix that represents the importance of each issue to stakeholders and its relevance to the Group's business. The results were reviewed and validated through consultation with internal management and external experts.

Step 4: Reporting

The ESG Report includes disclosures on management policies and relevant data for each material issue. Feedback from stakeholders is regularly collected to review and update material issues, ensuring alignment with the Group's sustainability strategy over time.

¹ The materiality maps referenced in the assessment include the ESG Industry Materiality Map and the SASB Materiality Map provided by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB), respectively.

2024 Materiality Matrix



Environment		Labor Practices		Operational		Community Investment	
1.	Environmental Compliance*	12.	Employment Compliance	19.	Operational Compliance	31.	Charity Development
2.	Fleet Emissions Management	13.	Employees' Remuneration and Benefits*	20.	Managing Environmental Risks of Supply Chain	32.	Promotion of Community Poverty Alleviation
3.	Wastewater Management	14.	Employees' Working Hours and Rest Period*	21.	Managing Social Risks of Supply Chain		
4.	Greenhouse Gas Emission	15.	Diversity and Equal Opportunity	22.	Procurement Practices		
5.	Waste Management	16.	Occupational Health and Safety*	23.	Quality Management		
6.	Energy Consumption	17.	Training and Education	24.	Customer Health and Safety		
7.	Use of Water Resources	18.	Prevention of Child Labor and Forced Labor	25.	Responsible Sales and Marketing		
8.	Green Office			26.	Customer Service Management		
9.	Responding to Climate Change			27.	Intellectual Property Protection		
10.	Prevention and Handling of Environmental Incidents*			28.	Information Security		
11.	Green Building			29.	Customer Privacy Protection		
				30.	Anti-Corruption		

* This year's material ESG issues.

ENVIRONMENT

Climate change has increasingly become a critical concern for businesses, presenting potential risks and challenges to operations. While the Group's property management business does not have significant direct impacts on the environment and natural resources, we recognise the potential indirect impacts that may arise from our operations. The Group is committed to contributing to a greener future through proactive environmental management.

The Group complies strictly with all applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, as well as other local environmental requirements. To support this commitment, the Group has implemented a comprehensive environmental management system and achieved ISO 14001:2015 certification. We actively promote environmental conservation and compliance among employees and customers through various initiatives and measures.

During the Year, the Group did not record any material violations of relevant environmental laws and regulations.

Emissions Management

Due to the nature of the Group's business, no water pollutants are generated through operations. Additionally, as the Group does not use vehicles, there are no significant air pollutant emissions.

The main sources of the Group's greenhouse gas (GHG) emissions include:

- Direct GHG emissions from refrigeration and air conditioning equipment.
- Energy indirect GHG emissions from electricity consumption.
- Other indirect GHG emissions from business air travel and water treatment.

To minimise GHG emissions, the Group encourages staff to choose direct flights for unavoidable business trips to reduce emissions from air travel. For information and communications technology (ICT) equipment, the Group prioritises purchasing devices with Energy Efficiency Labels.

The Group believes that strategies to save energy, water, and other resources are essential to reducing GHG emissions and waste generation.

Waste Management

The Group generates primarily non-hazardous waste from its daily operations, with only a small amount of hazardous waste, such as toner cartridges and lamps, being produced. Both hazardous and non-hazardous waste are collected and handled by qualified cleaning companies.

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As most waste is generated in office settings, the Group has implemented green office practices to reduce waste and conserve resources. Employees are encouraged to recycle materials such as paper, metals, plastics, toner cartridges, and ink cartridges. Additionally, the Group promotes the reuse of stationery items like envelopes and folders. To further minimise waste, the Group opts for reusable, recyclable, and refillable office products, such as refillable pens and reusable toner cartridges, instead of disposable alternatives.

The Group also organises environmental activities, including initiatives like “No Plastic Bottles Day,” to promote its green office policies.

Use of Resources

The Group's operations require the consumption of resources, with electricity being the primary energy source and water being used for property management activities. At the beginning of the Year, the Group set targets to reduce monthly average electricity consumption from RMB0.15 per square meter to RMB0.14 per square meter and monthly average water consumption from RMB0.020 per square meter to RMB0.018 per square meter. During the Year, both targets were successfully achieved, with monthly average electricity consumption and water consumption reduced to RMB0.12 per square meter and RMB0.013 per square meter, respectively.

To maximise energy efficiency and reduce waste, the Group has adopted several measures:

- **Lighting:** The Group turns off landscape spotlights after 11 PM, optimises lighting arrangements in parking areas, and installs time-controlled and sound-controlled switches for lobby and hallway lighting.
- **Air Conditioning:** The office air conditioning temperature is set at or above 26°C in summer and at or below 18°C in winter. Employees are encouraged to turn off unnecessary lights, air conditioning, and heaters.
- **Energy-Efficient Lighting:** The Group replaced existing single-illuminance LED lamps and regular light bulbs with radar-sensing dual-illuminance LED lamps during the Year to enhance energy efficiency in its properties.

Case Study: HVAC Intelligent Energy Management System

The Group utilises the Internet of Things (IoT), big data, and deep learning technologies to build a technical energy-saving system. This system integrates IoT perception, computing engines, control centres, and digital twins to optimise energy efficiency. Constructing fitting curves for human body temperature, equipment operation, and spatial airflow, enables real-time monitoring and adjustments to control logic and operational coordination. The system determines optimal thermal and humidity conditions, allowing HVAC equipment to achieve energy-saving and emission-reduction goals. This approach reduces energy consumption costs and transforms HVAC systems into a new profit centre, achieving an energy-saving rate of 20–30% for air conditioning systems.

Case Study: Energy-Saving Basement Lighting Retrofit Project

This project involved retrofitting the property's basement lighting system to improve energy efficiency. By integrating core technologies such as sensors, modules, and cloud services, the project enabled full lighting control based on the time of day. The system supports energy consumption statistics, allows for remote control of the lighting system, and is highly intelligent. This initiative demonstrates the Group's commitment to energy efficiency.

To reduce water consumption, the Group has implemented measures such as:

- Installing time-controlled switches for artificial fountains.
- Regularly maintaining water-related facilities and equipment, including precipitation wells, pumps, and high-pressure water guns.
- Reducing water pressure to the lowest practical level.
- Conducting regular leakage tests on concealed piping to identify hidden leaks.
- Installing sensor taps and adjusting tap flow rates in public restrooms.

During the Year, the Group encountered no issues in sourcing water that was fit for purpose.

Responding to Climate Change

The Group recognises the importance of identifying and managing risks associated with climate change. Physical risks, such as increased frequency and severity of extreme weather events (e.g., storms, typhoons, and flooding), could lead to higher operation and maintenance costs, increased insurance premiums, and potential health and safety risks for employees.

Consumers may also shift preferences toward sustainable lifestyles, and regulatory mandates on products and services may evolve, creating transitional risks. These risks may require the Group to adopt a sustainable business model, resulting in increased operational costs, such as switching to energy-efficient lighting or increasing greenery within operational premises. Regulatory changes may also necessitate new processes, further impacting operating costs.

To address climate-related risks, the Group continuously reviews updates to policies and regulations in its operating regions. The Group engages with internal and external stakeholders to identify and assess potential risks. To mitigate physical risks like extreme weather, the Group has implemented emergency plans to ensure timely measures are communicated to employees and personnel. Regular evacuation drills are conducted to prepare for such events. The Group also regularly reviews and enhances its climate change and energy policies to align with evolving climate-related challenges.

The Group has implemented various measures to reduce its environmental impact and address climate-related challenges. In terms of GHG emissions, the Group is committed to reducing emissions by lowering air conditioning usage. For waste management, the Group strives to minimise waste generation and actively promotes the concept of waste reduction at the source to residents in managed residential areas.

EMPLOYMENT

Recruiting and retaining engaged talent is essential for the sustainable growth of the Group. The Group is committed to fostering a safe, healthy, and productive working environment while supporting employee career development to help them reach their full potential.

Recruitment and Compensation

The Group's recruitment, promotion, compensation, and dismissal procedures are governed by relevant laws and regulations, including but not limited to the Labour Law of the PRC. The Group sources talent from various channels, such as universities, third-party recruitment agencies, and other businesses. During recruitment, interviews and background checks are conducted for suitable candidates to ensure they meet the required job criteria. Identity information is verified to prevent child labour. If child labour is identified, the Group will investigate thoroughly and immediately dismiss the relevant employees.

For employee dismissals, the Group aims to identify and manage turnover-related issues and may conduct exit interviews to better understand the reasons for employee departures. The Group continuously monitors staff turnover to detect and address potential issues. During the Year, no cases of child labour were identified.

The Group offers a competitive compensation package aligned with the Provisions on Minimum Wages of the PRC. A performance-based reward system has been established for both management and junior staff. Performance appraisals are conducted monthly, quarterly, and annually to evaluate employees' attributes and job performance. Salaries are adjusted periodically based on appraisal results. The Human Resources Administrative Center participates in the Group's performance goal-setting process, oversees the development of individual performance criteria, and coordinates performance evaluations.

To further motivate employees, the Group provides incentive measures such as performance-based bonuses, special bonuses for high customer satisfaction, high collection rates, successful business development, and promotion opportunities. These measures encourage employees to pursue career advancement and align their efforts with the Group's goals.

Rights and Benefits

The Group fully complies with relevant laws and regulations, including but not limited to the Labour Law of the PRC and the Social Insurance Law of the PRC, to ensure employee rights and benefits. Employment contracts clearly outline work location, job position, and working hours to prevent forced labour. If forced labour is discovered, the Group will thoroughly investigate and dismiss the relevant employees immediately. During the Year, no cases of forced labour were identified.

The Group contributes to the "Five Insurances and One Fund" for employees and provides various types of leave, including marriage leave, maternity leave, sick leave, funeral leave, work injury leave, and other statutory holidays in accordance with government regulations. Additional benefits include transportation allowances, meal allowances, housing allowances, computer allowances, holiday gifts, marriage gifts, and group activities. Employees also enjoy paid leave, such as annual leave, sick leave, and family visit leave, in addition to statutory holidays.

Anti-Discrimination

The Group is dedicated to maintaining a workplace free from discrimination by complying with relevant laws and regulations, including but not limited to the Law of the PRC on the Protection of Women's Rights and Interests and the Law of the PRC on the Protection of Disabled Persons. The Group ensures fair treatment and equal opportunities for all employees and candidates in recruitment, promotion, transfers, training, remuneration, and benefits, regardless of race, gender, age, religion, belief, marital status, or fertility status.

To reinforce these principles, the Group organises Equal Opportunities Training Workshops to introduce anti-discrimination ordinances and raise awareness among employees. During the Year, no material non-compliance with labour-related laws and regulations or complaints regarding workplace discrimination or harassment were identified.

Health and Safety

Ensuring employee health and safety is a top priority for the Group. The Group strictly adheres to relevant laws and regulations, including but not limited to the Law of the PRC on the Prevention and Treatment of Occupational Diseases. The Group has obtained ISO 45001:2018 Occupational Health and Safety Management System Certification, demonstrating its commitment to maintaining a safe working environment.

The Group regularly organises occupational health and safety training to raise employee awareness and improve safety management, accident prevention, and emergency response capabilities. During the Year, training on general occupational health and safety knowledge was provided to employees.

In 2024, the Group conducted over 500 emergency drills, safety training sessions, and safety inspections, safeguarding the security of more than 150,000 property owners' assets. Additionally, the Group maintains a clear system for recording work-related injuries.

During the Year, there were 248 lost days due to work-related injuries, with no work-related fatalities reported in the past three years.

Training and Development

Providing training and development opportunities is essential for sustainable business growth. The Group conducts regular employee performance appraisals to provide feedback, identify areas for improvement, and address training needs. Internal promotions are prioritised over external hiring to support employee development.

The Group offers ongoing training programs to enhance employee skills and knowledge. Training programs such as Ling Jiang (領將), Ling Chen (領辰), Yue Jiang (悅將), Yue Chen (悅辰) and Qiang Bing (強兵) are provided to frontline service teams to develop internal talent. These programs focus on management development and benefited over 200 employees through 5,000 training sessions during the Year. Each year, the Group plans and delivers more than 40 courses.

New employees participate in a training and mentoring program, where mentors provide guidance to help them integrate into their roles and the corporate culture. Employees are trained to follow standardised operational procedures to ensure high service quality and efficiency.

The Group also implements a human resource succession plan to identify and prepare employees for more challenging roles. During the Year, employees received training in property management, service requirements, market trends, business communication, customer demands, and risk management. Employees are encouraged to participate in external training programs, with subsidies provided to support their professional development.

OPERATING PRACTICES

Effective management of environmental, social, and economic performance throughout daily operations is a core value of the Group. The Group is committed to sustainable development by maintaining close relationships with its suppliers and adhering to high standards in its operations and business conduct.

Supply Chain Management

The Group highly values its partnerships with suppliers and aims to promote sustainable development collectively. To enhance operational efficiency and minimise ESG risks throughout the supply chain, the Group has implemented a tender procurement management system to ensure effective procurement processes.

For the selection of new contractors and suppliers, the Group uses an evaluation and review mechanism that verifies supplier compliance and product quality. This process includes reviewing basic profiles, credit certifications, and other documentation of potential contractors and suppliers. Contracts signed with contractors and suppliers clearly outline the Group's expectations, policies, and requirements, including a safety management guideline that mandates a safe working environment and adequate training, information, and supervision for supplier employees. Existing contractors and suppliers are regularly evaluated based on criteria such as price and quality, and unqualified suppliers are removed to maintain the quality of the Group's products and services. Confidentiality is strictly enforced; employees are prohibited from disclosing procurement-related information without proper approval.

The Group actively monitors environmental and social risks in its supply chain. Specific personnel are assigned to track developments in local supply chain policies and identify potential risks. Suppliers with strong environmental and social performance in areas such as energy conservation, occupational health and safety, supply chain management, and anti-corruption are given priority. Suppliers with certifications or international recognition are highly valued, while those involved in major corruption or safety incidents are downgraded.

To promote sustainability, the Group implements green procurement practices and encourages the use of eco-friendly products. Priority is given to products with water or energy-efficiency labels, minimal packaging, longer lifespans, or recyclable materials. Additionally, the Group selects suppliers with shorter delivery times and distances to reduce carbon emissions from transportation. Employees are reminded to use older products first to avoid waste caused by expiration.

During the Year, the Group worked with a total of 113 major suppliers, categorised by region as follows:

Number of Suppliers	2024
North China	7
South China	7
Southwest China	92
Northwest China	7

Service Quality and Customer Health and Safety

The Group recognises the importance of quality control to its long-term business development. By maintaining high service standards and ensuring customer health and safety, the Group achieves responsible operations. Policies and measures have been adopted to enhance service quality and safeguard customer health and safety within the Group's property management businesses. Due to the nature of its operations, the Group is not involved in advertising, product labelling, or product recall matters.

The Group has established a customer relationship management system and obtained ISO 9001:2015 Quality Management System Certification, which provides guidance for quality control in daily operations. A professional quality control team is responsible for maintaining service standards, standardising procedures, and supervising service quality. Customer satisfaction is assessed annually across all properties under management, and the results are incorporated into the performance evaluations of project and regional companies.

To improve customer experience and service, the Group operates a service hotline where customers can make inquiries, lodge complaints, and provide feedback. These issues are addressed promptly to ensure effective solutions. Customers can also request repair and maintenance services and provide feedback via the Shi Xiang Yue (時相悅) mobile application or the Group's WeChat official account. The Group has implemented customer reporting and complaint management practice guidelines and a call centre management system to standardise the handling of complaints. Complaints are recorded, categorised by nature and importance, and assigned to the relevant department for resolution. During the Year, the Group received 66 complaints, all of which were handled in accordance with these procedures.

To ensure the properties it manages do not pose health or safety risks, the Group provides security services and conducts regular inspections, repairs, and maintenance of facilities, including lifts, escalators, central air conditioning systems, fire and safety systems (e.g., fire extinguishers, alarms), security equipment (e.g., gates, fences, cameras), and utility systems (e.g., generators, power distribution, water supply, and drainage).

Protection of Privacy and Intellectual Property Rights

The Group prioritises the protection of customer and employee information and strives to eliminate data security risks by complying with relevant laws and regulations, such as the Personal Information Protection Law of the PRC.

Internal control measures have been adopted to safeguard both internal and external data, including customer information collected through the Group's systems. Customers are informed of the terms and conditions, and their consent is obtained before data collection. Strict access controls are in place for physical server rooms and online systems to ensure that only authorised employees can access sensitive data. Employees are required to log into the intranet to view private data, and software installations are subject to approval to prevent intellectual property violations. Confidentiality clauses are included in employment and confidentiality agreements with employees.

The Group conducts regular data backup and restoration tests, uses firewalls, and deploys user behaviour management systems to enhance data security. Anti-virus software is installed and updated periodically, with routine inspections conducted to detect potential intrusions. All incoming data is scanned to ensure it is virus-free.

To safeguard intellectual property rights, the Group requires employees to comply with laws and regulations such as the Copyright Law of the PRC, the Patent Law of the PRC, and the Trademark Law of the PRC. Confidentiality and non-competition agreements are used to protect intellectual property. All computers are equipped with licensed software to ensure compliance.

Anti-Corruption

The Group operates with the highest standards of business integrity and ethics, fostering a culture of honesty and transparency. During the Year, no cases of bribery, extortion, fraud, or money laundering were reported or prosecuted.

The Group complies with laws and regulations, including but not limited to the Criminal Law and the Anti-Money Laundering Law of the PRC, and has implemented internal policies such as employee conduct assessment management, gift management, and conflict of interest declarations. These policies outline integrity requirements and codes of conduct for employees. Violations may result in penalties, including demotion, pay cuts, or termination, depending on the severity of the misconduct. The Group also reduces corruption risks during tenders by rejecting fraudulent bidders, requiring honest conduct agreements, and implementing strict controls.

Throughout the Year, the Group organised anti-corruption activities and training for employees, including integrity education, case-sharing sessions, and knowledge tests on common corporate economic crimes. Online training was provided to all employees.

The Group has also established an internal whistleblowing policy, encouraging employees to report incidents of bribery, extortion, fraud, or money laundering through email or hotline channels.

COMMUNITY

The Group believes that contributing to society and supporting the common good are integral to its values. Alongside business development, the Group remains committed to assisting those in need and fostering community ties. To strengthen connections within the community, the Group organised over 200 cultural activities during the Year, including “Summer Joy Season” (夏日歡樂季), “Spring Flower Decoration” (春日鮮花妝點), and “Warm Drinks Giveaway in Winter” (冬日暖飲奉送), among others.

KEY PERFORMANCE INDICATORS

Environmental Indicators	Unit	2024	2023
Emissions			
Total GHG emissions <i>Note (i)</i>	tonnes CO ₂ e	24,872	38,622
Scope 1 Direct GHG emissions <i>Note (ii)</i>	tonnes CO ₂ e	2,264	29
Scope 2 Indirect GHG emissions <i>Note (iii)</i>	tonnes CO ₂ e	21,990	38,176
Scope 3 Other indirect GHG emissions <i>Note (iv)</i>	tonnes CO ₂ e	618	416
Intensity	tonnes CO ₂ e/ '000 m ² GFA	1.60	1.67
Waste			
Total amount of non-hazardous waste	kg	330	114
Intensity	kg/'000 m ² GFA	0.02	0.005
Total amount of hazardous waste	kg	158	344
Intensity	kg/'000 m ² GFA	0.01	0.01
Resources Consumption			
Water consumption	m ³	1,545,145	861,255
Intensity	m ³ /'000 m ² GFA	99.26	37.17
Energy consumption	MWh	77,903	65,429
Direct consumption	MWh	0	0
Indirect consumption <i>Note (v)</i>	MWh	77,903	65,429
Intensity	MWh/'000 m ² GFA	5.00	2.82

Notes:

- (i) The calculation of carbon emissions is based on Appendix 2 "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong ("Appendix 2"). The Group inventory includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, the greenhouse gas emissions data is presented in carbon dioxide equivalent (CO₂e).
- (ii) Scope 1 includes emissions from the use of refrigerants. The calculation method and emission factors used are from Appendix 2.
- (iii) Scope 2 includes emissions from purchased electricity. The calculation method is from Appendix 2. The emission factors used are from the "Average Carbon Dioxide Emission Factor of China Regional Power Grid" and the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the National Development and Reform Commission of the PRC ("NDRC").
- (iv) Scope 3 includes emissions from water processing, paper waste disposed of at landfills and business air travel. The calculation method is from Appendix 2. The emission factors used are from "Study on Energy Consumption of Urban Water Supply System in China" published by Tsinghua University, "Statistical Analysis and Quantitative Identification of the Law of energy consumption in urban sewage treatment plants in China" published by Tsinghua University and National Urban Water and Drainage Engineering Technology Research Center, Appendix 2 and the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator.
- (v) Indirect energy consumption is based on the actual amount of purchased electricity.

Social Indicators	2024	2023
Total Workforce		
Total	5,768	5,644
By gender		
Male	2,770	2,689
Female	2,998	2,955
By employment type		
Full-time	5,768	5,644
Part-time	0	0
By age		
<30	651	1,241
30–50	2,919	3,048
>50	2,198	1,355
By geographical region		
Central China	229	219
South China	146	238
Southwest China	215	4,582
Northwest China	4,557	493
North China	621	112
Employee Turnover Rate (%) Note (i)		
Total	41%	65%
By gender		
Male	41%	69%
Female	41%	60%
By age		
<30	61%	73%
30–50	32%	42%
>50	47%	107%
Training and Development		
Training Hour (Percentage)		
Total	24 (100%)	22 (100%)
By gender		
Male	24 (100%)	22 (100%)
Female	24 (100%)	22 (100%)
By employment category		
Senior	24 (100%)	22 (100%)
Middle	24 (100%)	22 (100%)
Junior	24 (100%)	22 (100%)

Note:

- (i) The calculation of employee turnover rate and percentage of employees trained are based on Appendix 3 "Reporting Guidance on Social KPIs" issued by the Stock Exchange of Hong Kong.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure and KPIs	Description	Section
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment
A1.1	The types of emissions and respective emissions data.	Emissions Management
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Key Performance Indicators
A1.3	Total hazardous waste produced and intensity.	Key Performance Indicators
A1.4	Total non-hazardous waste produced and intensity.	Key Performance Indicators
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Key Performance Indicators
A2.2	Water consumption in total and intensity.	Key Performance Indicators
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
A2.5	Total packaging material used for finished products and per unit produced.	The Group's business does not involve the use of packaging materials.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment

Aspects, General Disclosure and KPIs	Description	Section
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Performance Indicators
B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health And Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health And Safety
B2.2	Lost days due to work injury.	Health And Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health And Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment
B3.1	The percentage of employees trained by gender and employee category.	Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Recruitment and Compensation, Rights and Benefits
B4.2	Description of steps taken to eliminate such practices when discovered.	Recruitment and Compensation, Rights and Benefits

Aspects, General Disclosure and KPIs

Description

Section

B5 Supply Chain Management

General Disclosure Policies on managing environmental and social risks of the supply chain. Supply Chain Management

B5.1 Number of suppliers by geographical region. Supply Chain Management

B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. Supply Chain Management

B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. Supply Chain Management

B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. Supply Chain Management

B6 Product Responsibility

General Disclosure Information on:
(a) the policies; and
(b) compliance with relevant laws and regulations that have a significant impact on the issuer
relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Operating Practices

B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. The Group's business is not involved in product recall.

B6.2 Number of products and service-related complaints received and how they are dealt with. Service Quality and Customer Health and Safety

B6.3 Description of practices relating to observing and protecting intellectual property rights. Protection of Privacy and Intellectual Property Rights

B6.4 Description of quality assurance process and recall procedures. Service Quality and Customer Health and Safety

B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored. Protection of Privacy and Intellectual Property Rights

**Aspects,
General
Disclosure
and KPIs**

Description

Section

B7 Anti-corruption

General

Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to bribery, extortion, fraud and money laundering.

Anti-corruption

B7.1

Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.

Anti-corruption

B7.2

Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.

Anti-corruption

B7.3

Description of anti-corruption training provided to directors and staff.

Anti-corruption

B8 Community Investment

General

Disclosure

Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.

Community

B8.1

Focus areas of contribution.

Community

B8.2

Resources contributed to the focus area.

Community