祈福生活服務
CLIFFORD MODERN LIVING

祈福生活服務控股有限公司
CLIFFORD MODERN LIVING HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3686

2022
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

CONTENTS

* English translation for reference only. Should there be any inconsistency between the Chinese and English version, the Chinese version should prevail.

ABOUT THIS REPORT

REPORT INTRODUCTION

Clifford Modern Living Holdings Limited (the "**Company**"), together with its subsidiaries (the "**Group**"), is delighted to release its 2022 Environmental, Social and Governance ("**ESG**") Report (the "**Report**"), aiming to present to stakeholders and the public the Group's system establishment and performance in environmental, social and governance aspects in 2022.

REPORT SCOPE

The Report covers the period from January 1, 2022, to December 31, 2022 (the "**Reporting Period**" or "**this year**").

Unless otherwise specified, the business scope covered by the Report is consistent with the annual report, including six main businesses, namely property management services, renovation and fitting-out services, retail services, off-campus training services, information technology services and ancillary living services.

DEFINITIONS OF TERMS

For the convenience of expression and reading, in this Report, Clifford Modern Living Holdings Limited is referred to as "Clifford Modern Living" and the "Company", depending on the context, and Clifford Modern Living Holdings Limited and its subsidiaries are collectively described as "the Group" or "we". As the Report involves a number of subsidiaries under Clifford Modern Living, for easier expression, unless otherwise stated, the following terms are defined as:

Property management services	refers to	Guangzhou Panyu Clifford Property Management Limited ("**Panyu Property Management Company**"), Foshan Clifford Property Management Limited ("**Foshan Property Management Company**")
Retail services	refers to	Guangzhou Clifford Trading Limited
Laundry services	refers to	Guangzhou Goodwash Laundry Limited
Information technology services	refers to	Guangzhou Clifford Communications Limited, Guangzhou Kejian Computer Technology Limited
Catering services	refers to	Guangzhou Shankang Catering Management Limited
Employment placement services	refers to	Guangzhou Welcome Employment Limited

REPORT PREPARATION STANDARD

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* ("**ESG Guide**") set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**HKEX**"). The Report strictly follows the four reporting principles of "materiality", "quantitative", "consistency" and "balance" specified in the *ESG Guide*, in an attempt to fully reflect the Group's management and performance in ESG aspects. The following methods are adopted in this Report to address the aforementioned four principles, i.e., we respond to the principle of "materiality" by analyzing and assessing material issues; respond to the principle of "quantitative" by preparing a list of quantitative data; respond to the principle of "consistency" by ensuring that the disclosure scope and reporting methods of the Report are consistently applied each year and that historical data are well comparable; and respond to the principle of "balance" by reviewing negative issues and poor performance.

DATA SOURCE AND RELIABILITY STATEMENT

The information and data in this Report are derived from official documents and statistical data within the Group or public data, and have been reviewed and approved by the internal supervision mechanism. The Board of Directors is responsible for the authenticity, accuracy and completeness of the Report.

PREFACE

In 2022, Clifford Modern Living further deepened its industry expertise to create economic benefits while pursuing sustainable development. In the face of the opportunities and challenges presented by the new era, Clifford Modern Living has been upholding its corporate mission of "leading industry development and creating a better lifestyle", and for this purpose, Clifford Modern Living constantly improves the service quality of each business segment, and strengthens humanistic care and environmental protection, in the hope of delivering positive value to the society.

CONSOLIDATING GOVERNANCE SYSTEM AND LAYING A SOLID FOUNDATION FOR SUSTAINABLE DEVELOPMENT

With the mission of "leading industry development and creating a better lifestyle", we actively acclimate to the sustainable development trend. For instance, we have established a clear and transparent ESG governance structure, kept implementing the "four-in-one" social responsibility system, and incorporated the concept of sustainability into our business decision-making and daily operations. Besides, we adhere to the bottom line of compliance operations, refine the anti-corruption and reporting mechanism, and actively carry out publicity and education on integrity, in an endeavor to foster a clean and honest enterprise atmosphere.

DELIVERING QUALITY SERVICE AND CREATING A COMFORTABLE LIVING ENVIRONMENT

Having "your best life partner" as our core philosophy, we are committed to providing our customers with high-standard integrated living services. This year, we made vigorous inputs in raising the quality of products and services in all segments. To be specific, we have upgraded service quality and broadened the scope of our offerings by optimizing the service system, improving the evaluation mechanism, providing customer care and innovating smart businesses. Meanwhile, we place a high priority on customers' health and safety and data privacy, so we strictly regulate information security management to make our customers feel safe, secure and at ease.

PROMOTING LOW-CARBON OPERATIONS FOR A GREEN ECOLOGY

Upholding the environmental protection concept that calls for harmonious coexistence between humanity and nature, we encourage green operations and green office, and advance ecological progress with sound energy and resource management. This year, we upgraded energy equipment and water system to cut down energy use and consumption and improve resource utilization; concurrently, we carried out waste classification and publicity campaigns to help community residents develop healthy, economical and low-carbon living habits. We are also highly concerned about the opportunities and challenges posed by climate change, so we make constant efforts to improve our contingency plans and management mechanisms for extreme weather and broaden the use of clean energy, in an effort to support the national goals of "carbon peaking and carbon neutrality".

JOINING HANDS WITH EMPLOYEES AND PARTNERS TO SHARE MUTUAL BENEFITS AND WIN-WIN RESULTS

We recognize that talents are valuable treasures and important foundation for an enterprise's long-term and stable development, so we adhere to the "people-oriented" idea and encourage the mutual promotion between Group development and employee growth. We place a premium on defending employees' rights and interests, and provide them with a fair and just work environment, democratic and transparent communication channels, diverse and comprehensive development platforms, as well as considerate and meticulous life care. It is anticipated that by doing such, the Group and the employees will grow and progress together. We also look to build mutually beneficial partnerships and actively engage in supplier management and communication as part of our efforts to create a sustainable supply chain.

FULFILLING CORPORATE SOCIAL RESPONSIBILITIES AND PASSING ON THE POWER OF PUBLIC WELFARE

In addition to offering high-quality services, we also actively fulfill our corporate social responsibilities and integrate the service spirit into social welfare undertakings. This year, we continued our efforts in pandemic prevention and control, community building and public welfare donations to contribute our strength to charity. In terms of pandemic prevention and control, we did everything we could to meet the basic living needs of residents, assisted with nucleic acid testing and picked up the elderly for vaccination, trying our best to build up a strong safety-defense-line for the communities; with regard to community building, we organized a series of cultural activities to increase the residents' sense of community involvement and belonging; as for donations for public welfare, we carried on the Group's tradition of donating books and clothes to children in mountainous areas, passing on the power of public welfare to the society.

In the future, the Group will continuously uphold the corporate core philosophy of being "your best life partner" in enhancing professional services, refining talent management, promoting green community operations and engaging in diversified public welfare undertakings. We will work with proprietors, tenants, consumers, the government or regulatory bodies, shareholders, suppliers, partners and employees to build a more harmonious and better humanistic living environment.

ANNUAL AWARDS AND RECOGNITIONS

This year, the Group received a number of industry awards for its outstanding performance in product responsibility, employment management and environmental protection, including the "Caring Company Award", "Good MPF Employer Award" and "Quality Property Management Award", etc.

No.	Unit	Award/Recognition	Awarding Organization
1		Caring Company	Hong Kong Council of Social Service
2	Clifford Modern Living Holdings Limited	Good MPF Employer	Mandatory Provident Fund Schemes Authority
3		Quality Property Management Award	Organizing Committee of Quality Chinese Real Estate Enterprises and Quality Property Management Awards
4		The 6th Executive Director Unit of Guangdong Property Management Industry Institute	Guangdong Property Management Industry Association
5	Guangzhou Panyu Clifford Property Management Limited	2022 Guangdong-Hong Kong-Macao Greater Bay Area Property Service Brand Enterprise	Guangdong Property Management Industry Association
6		2022 Guangdong Province Property Service Comprehensive Development Strength Enterprise	Guangdong Property Management Industry Association
7		2021 Guangzhou "Beautiful Home"Property Community(Awarded in 2022)	Housing & Urban- Rural Construction Bureau of Guangzhou Municipality
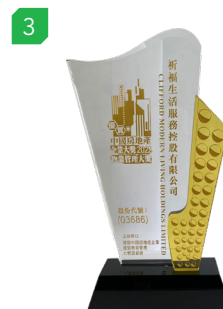
ANNUAL AWARDS AND RECOGNITIONS

No.	Unit	Award/Recognition	Awarding Organization
8		2021 Trustworthy Property Services Enterprise in Panyu District (Awarded in 2022)	Housing & Urban-Rural Construction Bureau of Panyu District of Guangzhou Municipality, Guangzhou Panyu Property Management Association
9	Guangzhou Panyu Clifford Property Management Limited	2021 Five Star Community in Guangzhou Panyu District (Awarded in 2022)	Housing & Urban-Rural Construction Bureau of Panyu District of Guangzhou Municipality, Guangzhou Public Security Bureau (Panyu Branch), Guangzhou Panyu Property Management Association
10		Special Contribution Enterprise	Guangzhou Property Management Association
11		Contributing Company in Pandemic Prevention and Control	Guangzhou Panyu Property Management Association
12		The 3rd Director Unit of Guangzhou Panyu Property Management Association	Guangzhou Panyu Property Management Institute
13	Foshan Clifford Property Management Limited	2021 Trustworthy Property Services Enterprise in Panyu District (Awarded in 2022)	Housing & Urban-Rural Construction Bureau of Panyu District of Guangzhou Municipality, Guangzhou Panyu Property Management Association

| No.	Unit	Award/Recognition	Awarding Organization
14		2021 Five Star Community in Guangzhou Panyu District (Awarded in 2022)	Housing & Urban-Rural Construction Bureau of Panyu District of Guangzhou Municipality, Guangzhou Public Security Bureau (Panyu Branch), Guangzhou Panyu Property Management Association
15		2021 Excellent Property Services Enterprise in Huadu District (Awarded in 2022)	Housing & Urban-Rural Construction Bureau of Huadu District of Guangzhou Municipality, Guangzhou Huadu Property Management Association
	Foshan Clifford Property Management Limited		
16		2021 Annual Contribution Award (Awarded in 2022)	Guangzhou Huadu Property Management Association
17		Excellent Anti-pandemic Property Project	Guangzhou Huadu Property Management Association
18		Zhaoqing Garden-Style Residential Community	Zhaoqing Urban Management Commission office
19		Zhaoqing Property Management Demonstration Community	Zhaoqing Real Estate Industry Association
20		Anti-pandemic Model Enterprise	Zhaoqing Real Industry Association
21	Guangzhou Welcome Employment Limited	2022 Excellent Member Unit	Guangzhou Family Service Association
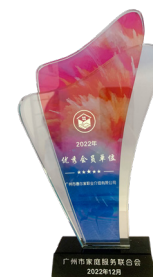
1 SUSTAINABILITY MANAGEMENT

Upholding the corporate mission of "leading industry development and creating a better lifestyle", the Group has established an effective and scientific ESG governance structure and social responsibility system. We maintain high ethical standards in daily management, and advance long-term and sound corporate development with excellent governance. By doing this, we commit ourselves to creating value for shareholders, customers, employees and other stakeholders with a goal of seeking coordinated development in the economic, social, and environmental spheres.

Under the core philosophy of being "your best life partner", the Group has developed a comprehensive corporate value system and persistently provides inclusive and butler-type living services for customers. We also continue to implement diversified business development strategies and gradually expand the scope of living services to progressively realize our corporate vision of "becoming the best living service provider in China" while creating a happy and fulfilling life for our customers.

The Group's Corporate Value System

CORPORATE MISSION
Leading industry development and creating a better lifestyle

CORPORATE SPIRIT
Exploring the unknown and dare to exceed; Creating value and realizing oneself

CORPORATE VISION
Becoming the best living service provider in China

CORPORATE VALUES
Responsibility, integrity, sharing and innovation

CORPORATE TENET
Honesty and pragmatism, and pursuit of excellence; Respect for individuals and contribute to the society

BUSINESS PHILOSOPHY
Having a worldwide view with innovation and scientific decision-making, uniting and enterprising to achieve win-win cooperation

CLIFFORD MODERN LIVING
THE CORE PHILOSOPHY OF THE COMPANY
Your best life partner

1.1 BOARD STATEMENT

Having incorporated the concept of sustainability into its daily operations and decision-making, the Group has established a sound and effective ESG management system, and made constant efforts to refine the multi-level ESG management structure to push the Board of Directors to play a leading role in ESG affairs. The Board of the Group takes part in managing and monitoring the potential social and environmental impacts of businesses and daily operations, developing ESG management policies, strategies and objectives, evaluating ESG-related risks, opportunities and material issues, regularly reviewing the implementation progress towards ESG objectives, and assessing the relevance of ESG objectives to the Group's business, so as to continuously promote the long-term steady development of the Company.

1.2 ESG STRATEGY

As a company's sustainability management is dependent on its ESG strategy, the Group has created a unique "Four-in-One" social responsibility system that incorporates environmental, social and governance considerations into every facet of daily management. With the aid of this system, we could direct the Group to constantly improve its services, build a better life for our residents and boost their qualities, and contribute to the public well-being, thus firmly advancing on the path to sustainability.

"Four-in-One"
Social Responsibility System

|			
Operate based on the industry attributes, constantly innovate services, inject "constant driving force" for the living services and raise the service standards in the industry;	Uphold the responsibility of making life better, build a better life, always think from the living needs of residents, and strive to meet the daily needs of residents in all aspects;	Exert professionalism to improve the cultural quality and physical fitness of residents through community management, off-campus training, and other methods; and	Devote in public welfare affairs and fulfil social responsibilities.

1.3 ESG GOVERNANCE SYSTEM

The Group attaches great importance to ESG management and has established a three-tier ESG governance structure consisting of the Board of Directors, ESG Committee and ESG Execution Management based on the development and ESG management needs, to clarify the responsibilities and obligations at each level.

ESG governance structure

ESG Working Level	Personnel Composition	Main Responsibilities
Highest Governance Body	Board of Directors	➢ assume full responsibility for the Group's ESG management policies, strategies and reporting; ➢ responsible for formulating ESG management policies, strategies and objectives, evaluate the risks, opportunities and material issues associated with ESG; ➢ ensure an appropriate and effective ESG management and internal monitoring system is in place; ➢ receive reports from ESG committee on major ESG issues and review ESG performance and accomplishments of the goals; and ➢ approve and sign off on the annual ESG report.
ESG Committee	Coordinated by the CEO Composed of relevant senior management	➢ develop and review the responsibilities, visions, strategies, structures, principles and policies regarding ESG issues of the Group; ➢ monitor the communication channels and methods between the Group and its stakeholders; ➢ analyze the major trends and identify related risks and opportunities regarding ESG, and assess the adequacy and effectiveness of ESG structure and business model of the Group; ➢ monitor the ESG performance of the Group; ➢ supervise the expenditure on corporate social responsibility of the Group; and ➢ review the annual ESG report of the Group, and submit it for the approval of Board of Directors.
ESG Execution Management	Composed of principal responsible persons and execution staff of each functional department and affiliated companies	➢ implement the resolutions of the Board of Directors and the ESG Committee; ➢ implement daily ESG management and report regularly to the ESG Committee on the work progress; and ➢ collect ESG-related information and data, and assist in the preparation of annual ESG report.
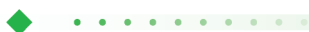
1.4 ESG RISK MANAGEMENT

Clifford Modern Living attaches great importance to the impact that ESG risks may have on the Group, and is proactive in identifying, assessing and responding to ESG risks. The Board of Directors is responsible for identifying potential ESG risks and opportunities, and makes timely recommendations to enhance ESG performance. To mitigate ESG risks and guide the direction of ESG management, the Group conducts materiality assessments on ESG issues and relevant analysis via expert assessments and board discussions. The Board is very concerned about the potential significant impacts of various ESG issues on the Group. Therefore, the Board reviews and updates ESG database every year, and approves and confirms the analysis results of this year's material issues.

In addition, the Group carries out regular risk assessments to ensure the adequacy and effectiveness of risk management (including ESG risk management) and internal control, and to provide solid grounds for the Group's development and the long-term benefits of our stakeholders. Further information about the Group's risk management and internal control can be found in the *Corporate Governance Report* section of this annual report.

1.5 ANTI-CORRUPTION AND BUSINESS ETHICS

The Group always advocates a corporate culture of integrity and resolutely eliminates all kinds of bribery, extortion, fraud, money laundering and unfair competition. While strictly complying with the *Anti-money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery* and other relevant laws and regulations, the Group has formulated and implemented internal control policies to define the business ethics-related behaviors of the Company's senior and middle management and all employees. This is done to urge all staff to comply with the law and to act with integrity, as part of our efforts to create an honest, clean and positive cultural atmosphere of honesty, integrity and positivity.

> **"** This year, there were no corruption cases filed and concluded against the Group and our employees.

1.5.1 Anti-corruption Mechanism

The Group resolutely puts an end to any form of corruption and fraud. To minimize fraudulent behavior, the Group requires all subsidiaries to sign the *Integrity Statement* with all partners and suppliers. In addition, the Board of Directors requires all subsidiaries to set up integrity clauses when signing contracts with external parties to prevent fraud and ensure the integrity of departments during the performance of contracts.

1.5.2 Reporting Mechanism and Processing Procedures

The Group keeps working to improve the reporting mechanism and sets up a variety of internal reporting channels, including on-site reporting, telephone reporting, email reporting, WeChat reporting, and website reporting. We also place complaint mailboxes at canteens, office spaces, bus stops, major project sites and other places of subsidiaries, to encourage employees and the public to report any disciplinary violations and illegal acts, and lower the possibilities of integrity risk events.

For any reports received, the Group has formulated the following procedures:

• The Group will first sort out the information and initiate the procedures of initial review, retrial, and approval once the reporting is received.

• Once the reported information is reviewed and the case is confirmed as improper, it will undergo formal investigation, following which an investigation report will be submitted to the Board and relevant departments.

• A case file management system will be established, and cases will be filed in detail following the principle of "one case, one file". We will then draw on past experiences to strengthen honesty and self-discipline management to avert future problems.

To effectively protect the rights and interests of whistle-blowers, the Group has formulated and strictly implemented whistle-blower protection initiatives and maintained high confidentiality of the reported information. Personnel involved in the case investigation is not allowed to disclose any case information without proper authorization, and investigators should withdraw if the case is related to their own interests or those of their close relatives.

"Principle of Confidentiality" in Whistle-blower Protection

• It is strictly prohibited to disclose the name, department, address or other information of the whistleblower.
• It is not allowed to present materials involving the personal information of whistle-blowers, such as whistle-blower letters, to the department or person under investigation.
• In the publication of reports and rewards to those who have successfully reported a case, unless with the consent from the whistle-blower, the whistle-blower's name and department shall not be disclosed explicitly or implicitly.

1.5.3 Integrity Promotion and Education

Employees' behaviors in their daily work are subject to the *Employee Handbook*, where the scope and ways of reporting anti-corruption incidents, the obligations of employees to cooperate, and the corresponding rewards and penalties are clearly stipulated to deepen employees' awareness of anti-corruption.

To strengthen anti-corruption publicity and promote integrity, the Group has put up anti-corruption posters at important places and opened a column on the internal OA (Office Automation) website to report violations of laws and regulations within the Group, in an endeavor to create a clean and positive atmosphere and build a firm line of integrity.

Meanwhile, the Group actively organizes specialized integrity training for staff at different levels and positions and all Board members to raise their awareness of integrity standards and risks, and to create a favorable atmosphere of "adhere to the bottom line of anti-corruption and carry forward the spirit of integrity".

Case	Online integrity training for new employees

The integrity training is a mandatory course for new employees of the Group. The training lectured on the integrity risks and prevention and control measures, supplemented by negative cases to alert employees to integrity requirements. Besides, it introduced the work scope of the Discipline Inspection Department and the contact information and channels for receiving reports and complaints, thus helping employees to enhance their awareness of integrity while building a strong first line of defence against corruption.

廉洁从业培训

Online integrity training for new employees

Case	Online training on integrity and self-discipline for management

In June 2022, Panyu Property Management Company conducted a special training on integrity and self-discipline for managerial staff (employees at supervisor level and above) with the theme of "preventing duty crimes and building a strong line of integrity". The training introduced the identification, sentencing criteria, typical cases and preventive measures related to duty crimes to caution management to uphold the bottom line of integrity and self-discipline and to strengthen their understanding of duty crimes as well as working with integrity.

预防职务犯罪 筑牢廉洁防线

Online training on integrity and self-discipline for managerial staff

2 STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT OF ESG ISSUES

The Group places a high value on communication and exchange with stakeholders and has created multi-level and highly flexible communication channels to listen to their demands and timely respond to their expectations. We have also concluded an ESG materiality matrix and a list of issues to serve as important references for the Group's future sustainability management.

2.1 STAKEHOLDER ENGAGEMENT MECHANISM

The Group recognizes that the support from stakeholders is the cornerstone for the Group's steady development and their opinions can help identify potential risks and opportunities facing the business. Therefore, we have set up a variety of communication channels, including reporting, opinion survey and platform building, to ensure a thorough and effective understanding of the needs of stakeholders and actively respond to them with practical actions.

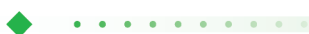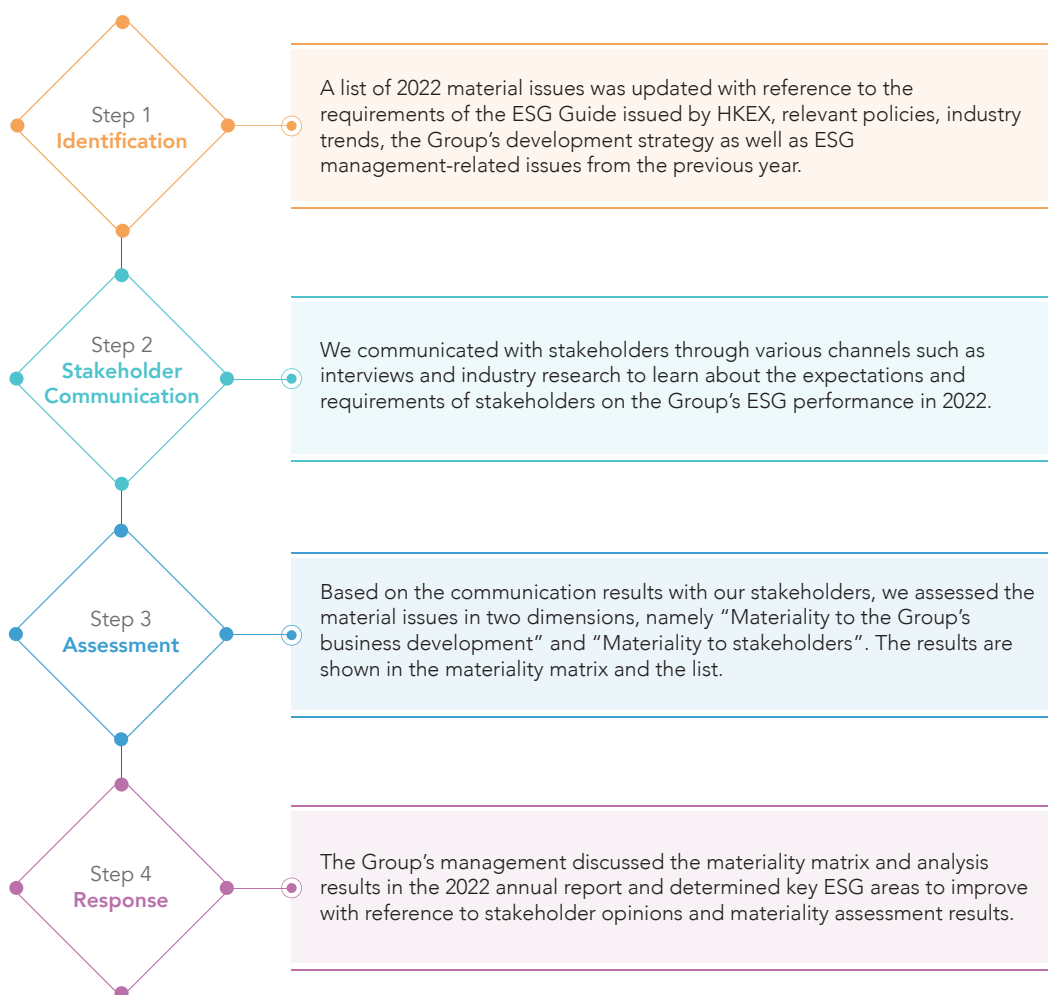| Stakeholders	Major Communication Channels	Main Demands	Communication and Response
Customers/Proprietors	• Property service center • Customer service hotline • Official website • Customer satisfaction survey • Official Weibo and WeChat • Customer interview • Regular patrol	• High-quality products and services • Customer information protection • Business integrity • Compliance operations	• Improve product and service quality • Apply information technology • Optimize internal control and risk management • Improve customer communication mechanism
Employees	• Intranet • Employee meeting • Employee email • Employee interview • Employee activity and training • Online survey	• Legitimate rights protection • Clear career pathway • Salary and benefits • Healthy and safe working environment	• Establish barrier-free communication channels for employees • Improve career promotion mechanism • Provide competitive salary • Strengthen safety management system
Governments and regulators	• Regular visit • Policy communication • Hosting of or attendance at meetings • Public event • Tax information submission	• Response to national policies • Compliance with laws and regulations • Lawful operations and tax payments • Employment promotion	• Adjust development strategy • Receive investigation and supervision • Strengthen anti-corruption and integrity practices • Actively participate in regional development

Stakeholders	Major Communication Channels	Main Demands	Communication and Response
Investors/ Shareholders	• Shareholder meetings • Financial report • Official website • Public reporting	• Financial performance • Sustainable profitability of the Group • Protection of rights and interests • Transparency of the Group	• Improve profitability • Enhance corporate value • Convene shareholders meetings • Disclose daily information
Suppliers and partners	• Direct communication and interview • Online survey • Supplier meeting • Annual review and evaluation • Bidding activity	• Win-win cooperation • Openness and fairness • Achievement of common growth	• Optimize project management • Improve supplier selection mechanism • Build a supplier communication platform
Community	• Activity cooperation • Interviews and surveys • Public reporting	• Community environment protection • Engagement in social welfare • Creation of a harmonious community • Promotion of community development	• Fully practice green operations • Carry out public welfare projects • Actively participate in community building • Provide high-quality cultural resources
Industry associations	• Regular visit • Activity cooperation • Hosting of or attendance at meetings	• Promotion of industrial development • Fair competition	• Exchange industry experience • Participate in industry events

2.2 MATERIALITY ASSESSMENT OF ESG ISSUES

The Group actively undertakes materiality assessment of ESG issues to get a timely and thorough understanding of the significance of each material ESG issue to the Group's businesses, associated risks and opportunities, and the concerns of stakeholders. Based on the assessment results, we take proactive steps to support ongoing improvement in the Group's ESG disclosure and the management of related issues.

Process of materiality assessment of ESG issues for the year:

Step	Description
Step 1 Identification	A list of 2022 material issues was updated with reference to the requirements of the ESG Guide issued by HKEX, relevant policies, industry trends, the Group's development strategy as well as ESG management-related issues from the previous year.
Step 2 Stakeholder Communication	We communicated with stakeholders through various channels such as interviews and industry research to learn about the expectations and requirements of stakeholders on the Group's ESG performance in 2022.
Step 3 Assessment	Based on the communication results with our stakeholders, we assessed the material issues in two dimensions, namely "Materiality to the Group's business development" and "Materiality to stakeholders". The results are shown in the materiality matrix and the list.
Step 4 Response	The Group's management discussed the materiality matrix and analysis results in the 2022 annual report and determined key ESG areas to improve with reference to stakeholder opinions and materiality assessment results.

Materiality Matrix and List of Material ESG Issues for the Year
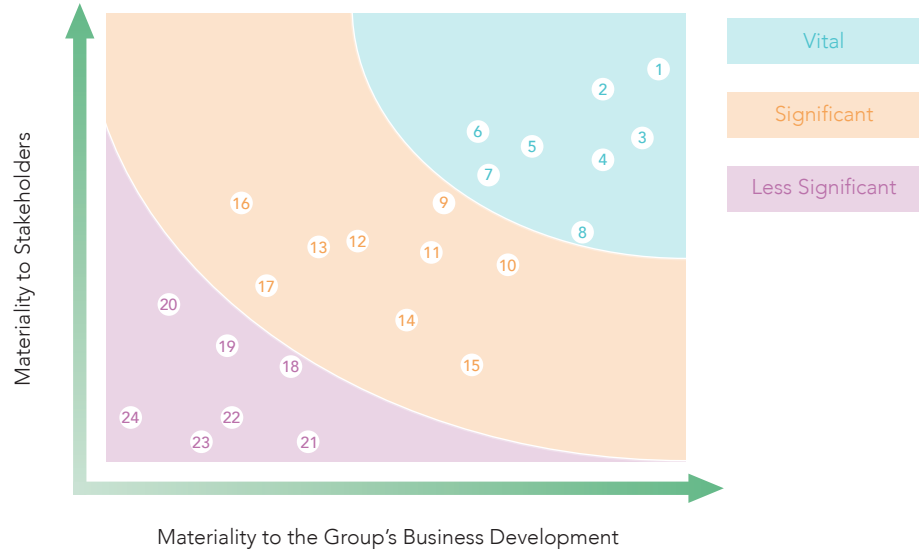
Vital		Significant		Less significant	
1	Service and product quality	9	Promotion of Smart Services	18	Sewage and waste disposal
2	Customer health and safety	10	Sustainability management of supply chain	19	Community development
3	Customer satisfaction and complaint handling	11	Green operations	20	Participation in social welfare activities
4	Compliance operation and anti-corruption	12	Employee salary and benefits	21	Maintenance and protection of intellectual property rights
5	Customer privacy and information security	13	Staff training and promotion	22	Conservation of water resources
6	Employee health and safety	14	Energy consumption	23	Responsible marketing and promotion
7	Food safety	15	Awareness of addressing climate change	24	Exhaust gas and greenhouse gas emissions
8	Enhancement of corporate internal governance	16	Diversified recruitment and team building		
		17	Labor rights protection		

3 UTMOST SINCERITY FOR QUALITY SERVICES

Adhering to the core philosophy of being "your best living partner", the Group provides high-quality and multi-dimensional living services for customers with the utmost sincerity and honesty. We keep strengthening management and control over service quality by driving the transition toward business intelligence and protecting intellectual property rights, in a bid to upgrade service quality with professional competence. Also, we pay full attention to customer health and safety and privacy protection, take customer feedback and suggestions seriously, and identify their actual needs while safeguarding their legitimate rights and interests, so as to enhance customer satisfaction.

3.1 IMPROVEMENT OF PRODUCT AND SERVICE QUALITY

With the goal of "providing customers with more convenient services and creating a better living environment", the Group strictly complies with the *Urban Real Estate Administration Law of the People's Republic of China*, the *Product Quality Law of the People's Republic of China* and the *Regulation on Property Management* and relevant laws and regulations. We keep improving the service quality of each business segment, striving to provide a high-quality and efficient service experience for our customers.

3.1.1 Quality Assurance of Property Management Services

The property management services of the Group uphold the philosophy of "providing customer-oriented services and striving for excellence". We continue to raise service standards and quality by improving and upgrading quality standards, quality supervision mechanisms, professional training, environmental quality and service care.

- **Rigorous quality standards:** Continue to improve the property management service quality mechanism, and establish high-level and practical property management standards by formulating and implementing internal management systems such as the *Management Policy of Customer Service Department* and standardizing the working procedures of property business. Among them, Panyu Property Management Company has obtained ISO 9001 Quality Management System Certification, ISO 14001 Environmental Management System Certification and ISO 45001 Occupational Health and Safety Management System Certification.

Quality Management System Certification

Environmental Management System Certification

Occupational Health and Safety Management System Certification

- **Quality supervision mechanism:**

  ✓ Consistently optimize the quality supervision mechanism, including performing daily supervision of each post in the community through the SkyEye video surveillance system and the establishment of a butler inspection mechanism, so as to discover and make up for the service deficiencies in time; and

  ✓ Assign special staff to regularly supervise and inspect the work of each department and position to ensure the quality of property management service.

- **Regular home visits:** Arrange customer service representatives in each district to visit owners at regular intervals to get a timely and dynamic understanding of the owners' opinions, evaluations and demands for property management services, so as to continuously improve the quality of property management services.

- **More professional training:** Provide more training for property management staff on professional knowledge and skills, policies and regulations, comprehensive business, work safety knowledge, etc.

- **Environmental quality improvement:**

  ✓ Introduce advanced cleaning machines such as sweepers, floor scrubbers and high-pressure cleaning tankers to clean roads and green belts every day;

  ✓ Strengthen the cleaning and maintenance of public facilities and equipment, regularly clean and polish the red brick area and road surface so that public facilities are always refreshed and clean;

  ✓ Completely renovate the greening vegetation in residential gardens and streets, clean up the worn-out and unkempt ground cover, and redesign and replant suitable species to enrich the mix and diversity of plants; and

  ✓ Carry out staff self-inspections, cleaning foreman inspections and director random inspections to ensure a clean and tidy community environment.

- **Attentive customer care:**

  ✓ Prioritize customer care to ensure quality property management, and provide diversified and caring services for owners, i.e., placing stone benches in the community so that owners can have a place to rest after exercise; and

  ✓ Spend time with the elderly during holidays, send them back home and provide free medical services to co-build a friendly and warm community.

Case	"Accompanying the Aged" - bringing warmth to those living alone

In February 2022, Clifford Bayview carried on the "Accompanying the Aged" campaign. Staff from the Group visited the elderly living alone during the Chinese New Year to send the Group's New Year wishes and tender solicitude, and help clean houses, delivering warmth to them during the chilly Chinese New Year.

Visit the elderly living alone

Clean up for the elderly

3.1.2 Quality Assurance of Retail Services

While strictly complying with applicable laws and regulations such as the *Work Safety Law of the People's Republic of China*, the retail services of the Group has formulated and implemented internal management systems such as the *Management Policy of Commodity Access* and the *Operation Manual of Clifford Supermarket*, which clearly define the requirements on commodity supply chain management, commodity quality, service modes, and returns and exchanges, striving to provide customers with convenient and high-quality service experience.

- Form a dedicated team in charge of commodity supply chain management, and impose strict requirements on supplier access, commodity acceptance, supplier evaluation and appraisal, etc. to ensure commodity quality from the source.

- Develop a source traceability system for fresh food by introducing "Lengkutong" app (the quality and safety traceability system for refrigerated and frozen food) to systematically manage and register the origin of goods, supplier information, and stock-in and stock-out records, which realizes closed-loop traceability of goods.

- Formulate the *Management Code for Near-Expired Goods* with effective expiration date management mechanism, which requires to remove the near-expired goods, check all commodities every day before the opening time, clean up abnormal goods, such as broken-packaged and deteriorated commodities, in order to welcome customers with a fresh, clean and hygienic profile and fully guarantee the quality of the commodities on sale.

All retail stores check the expiration date of the fresh, low-temperature preserved goods and other commodities with short shelf life every day.

Check the expiration date of goods with long shelf life of more than half a year every month.

Good found near the expiration date, spoiled or damaged shall be immediately removed from the shelves.

Expiration date management mechanism

- Strictly abide by the Law on the Protection of Consumer Rights and Interests and other provisions, and formulate relevant processing procedures for refunds or exchanges. If a product is returned for quality reasons, we will first examine its quality. Once the quality fault is confirmed, we will arrange for replacement or reimbursement and destroy the returned products.

> ❝ This year, we did not recall any products for safety and health reasons.

3.1.3 Quality Assurance of Information Technology Services Project

The information technology services of the Group strictly abides by the *Product Quality Law of the People's Republic of China, the Regulations on the Quality Management of Construction Projects* and other applicable laws and regulations, and have developed a series of internal systems such as the *Project Quality Control Mechanism* and the *Project Management Center Work Specifications*, to standardize the management of the entire process from design scheme transfer through equipment purchase, equipment issue/receipt, construction management to after-sales handover. We strictly control the quality of products in all aspects, attempting to provide customers with high-standard and efficient products and services.

The Engineering Project Inspection Team of the Group's information technology services is responsible for overseeing the project quality, project progress and equipment procurement through monthly inspection and irregular spot checks, and reporting the inspection results to management. Should any issues occur, employees involved will be punished according to the severity of the case to guarantee project quality. The quality supervision mechanism of the information technology services is as follows:

Pre-construction: The inspector shall check the construction site and qualifications & business scope of construction units. Should any non-conformance items identified, the project will not be allowed to be commenced. In addition, the inspector shall review the engineering design to ensure it is reasonable and in compliance with related standards.

Under construction: The inspector must check the engineering quality based on the supervision plan, with focuses on concealed works and the consistency with original drawings, and monitor the quality of engineering equipment by checking the equipment certificates, testing reports and material quality.

Post-construction: The inspector shall re-check the engineering quality upon acceptance by the owner or the Supervision Unit, and assess the engineering quality to ensure qualified construction project.

3.1.4 Quality Assurance of Laundry Services

Adhering to the business philosophy of "service first, customer foremost" and our service commitment of "customer in my mind, quality in my hand", the laundry services of the Group keeps improving the service management policies & measures and optimizing laundry technologies to improve customer experience and empower higher service level with enhanced management capacity and professional skills.

- Develop the *Management Manual of Guangzhou Goodwash Laundry Limited, the Hygiene Management Rules, the Requirements on Production Materials Standards* and other internal policies to specify requirements on quality standards, hygiene management, production safety management, post operating rules. Through these efforts, we aim to ensure service quality.

- Establish a vertical quality management accountability system, which implements an upward accountability mechanism from foreman to factory managers and downward assessment mechanism from factory managers to foreman. Management personnel at all levels should strengthen on-site management and supervision, and discuss the quality management and improvement measures in time, so as to continuously improve the service level.

- Purchase advanced foreign devices like ironers and folders, apply intelligent laundry technologies and employee skilled workers and professional and technical talents, to ensure satisfactory laundry services that meet relevant quality requirements.

- Set uniform requirements on the qualification and selection of detergents and laundry method to ensure laundry quality while avoiding damage to the clothes.

3.1.5 Quality Assurance of Catering Services

The catering services of the Group pays close attention to food hygiene and safety. It strictly abides by the *Food Safety Law of the People's Republic of China*, and keeps improving management requirements of food safety by developing and implementing a series of internal management policies, such as *Daily Management Policy of Food and Beverage and Operation and Management Manual of Food Safety*. Besides, the catering services adopts a quantitative and hierarchical management mechanism on food hygiene and strictly manage raw materials procurement, food processing, environment and equipment, in an effort to provide healthy and safe catering services to customers.

Meanwhile, we require that all employees for catering services are supported by food safety certificates. Canteen staff are required to hold health certificate, food safety worker certificate and food safety training certificate and pass the qualification check, centralized physical examinations and written examinations to ensure food safety.

We have also established a top-down normalized inspection system at all levels, comprising monthly inspection by the Safety & Quality Department, unscheduled inspection by catering service foreman and daily pre- and post-work check by the Catering Service Operation Department, and targeted corrective measures will be taken accordingly to minimize potential risks and ensure all-round safety related to food, hygiene and equipment. In addition, we actively cooperate for the on-site inspections by government authorities, such as sub-district fire brigade, sub-district catering department, market regulation administration, and implement a smart supervision model of "Internet + kitchen", to ensure transparent and safe catering services.

As of December 31, 2022, the catering services has obtained multiple ISO certifications such as environmental management, occupational health and safety management, quality management and food safety management.

ISO certifications

Environmental Management System Certification

Occupational Health and Safety Management Certification

Quality Management System Certification

Food Safety Management System Certification

Hazard Analysis and Critical Control Point Certification

Case	Internet + kitchen smart supervision model

The catering services of the Group has introduced the smart supervision model of "Internet + kitchen", which provides livestreaming presentation of the kitchen through video and Internet technology, enabling online real-time supervision on the operations of kitchen staff and protecting the food safety with digital means.
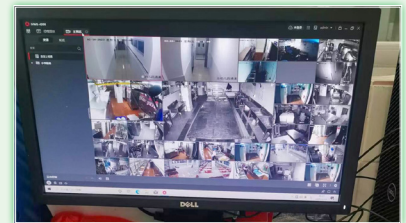
Surveillance image of Internet + kitchen

3.2 PROTECTION OF CUSTOMER RIGHTS AND INTERESTS

The Group respects and safeguards the legitimate rights and interests of customers. We take various measures, such as strengthening community safety control, responding to customers' demands in a timely manner, practicing responsible marketing and implementing information security management, to protect customers' health and safety, information security and consumption rights while providing secure and reliable services.

3.2.1 Customer Health and Safety

Attaching great importance to customer health and safety, the Group strictly complies with the *Work Safety Law of the People's Republic of China*, the *Fire Protection Law of the People's Republic of China* and the *Regulations of the People's Republic of China on Property Management*, and has formulated the *Policy on Work Safety Management* and other internal policies, in which safety goals, work safety responsibilities, safety education and training, safety inspections and other safety requirements are specified, to guard the health and safety of customers.

Work safety management system

The Group has established a sound work safety management system as follows:
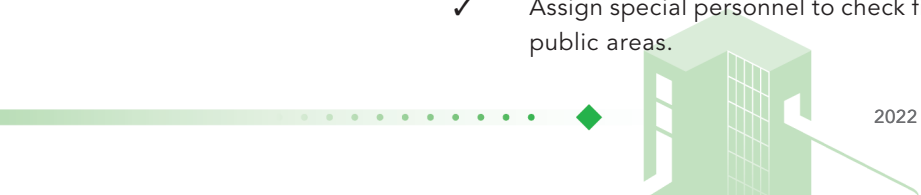
Policy	Main contents
Policy on Safety Target Management	Break down work safety targets and indicators and assign them to all departments in the form of letter of safety target responsibility, and assess the implementation results every half year.
Policy on Management of Work Safety Responsibility	Carry out work safety responsibility system in each department with the general manager working as the principal responsible person. Leaders at all levels, employees and functional departments shall all be responsible for the safety within their work scope.
Policy on Management of Safety Education and Training	Specify contents such as onboarding safety education for new employees, safety training for general manager and production vice manager, specialized training for safety personnel, pre-work resumption safety education, job-transfer training and training for special operation workers.
Safety Inspection Policy	Organize two comprehensive safety inspections, two seasonal inspections and at least one professional inspection every year, and conduct daily inspections on work sites.
Emergency Management Policy	Establish an emergency plan system including comprehensive emergency plans, special emergency plans (such as fire-fighting and disaster relief, special operation accident rescue, and flood prevention), on-site disposal plans and organize an emergency rescue drill every six months.
Policy on Management of Safety Performance Evaluation	Set up a leading group and task force on safety performance evaluation, organize safety standardization performance evaluation at least once a year, and rectify unqualified items in a timely manner.

Policy	Main contents
Policy on Fire Safety Management	Prohibit fireworks and post warning signs across the entire area, install fire-fighting supplies and conduct regular fire-fighting drills. Operators at each position are responsible for monitoring the electrical components of the equipment to prevent fires.
Policy on Management of Work Safety Meeting	Establish a safety work conference system including company-level and department-level safety conferences, departmental pre-work meetings and production site meetings to learn and exchange knowledge on work safety laws & regulations, safety accident cases, and production process operations.

Multi-dimensional safety protection system

Our property management services have established a multi-dimensional safety protection system combining technologies, personnel and equipment to secure the community:

- **Sentry box management:**

  ✓ Set up security posts in the community;

  ✓ Apply a license plate recognition system to identify and manage incoming and outgoing vehicles in the community;

  ✓ Install thorny wire cages on fences around the community and build solid brick walls in partial areas for anti-thief purpose; and

  ✓ Arrange guards at sidewalks and motorbike corridors and strictly check the access certificates.

- **Surveillance management:**

  ✓ Expand the patrolling area and increase patrolling frequency and arm guards with shoulder flashing lights and alarm lights to awe criminals;

  ✓ Install surveillance cameras to cover the entire area of underground parking lots, and properly store the surveillance records;

  ✓ Turn on the SkyEye video surveillance system round-the-clock; and

  ✓ Install a patrol system to realize electronic patrol management.

- **Facilities management:**

  ✓ Arrange 24-hour safety inspections on various facilities and devices, such as elevator, pump room and electric room; and

  ✓ Assign special personnel to check fire control facilities & equipment in the stores and public areas.

- **Training drills:**

  ✓ Carry out safety publicity and training for frontline staff, and carry out employee safety examination to consolidate the safety education results; and

  ✓ Organize regular fire safety publicity activities and fire drills to publicize fire safety knowledge to customers and improve our ability to deal with fire incidents.

- **Emergency management:**

  ✓ Develop the *Clifford Property Emergency Response Plan* to standardize the process of handling emergency incidents such as fire, gale, earthquake, power failure and gas leakage; and

  ✓ Set up a specialized fire brigade equipped with professional equipment such as fire-extinguishing water tanker, fire-fighting clothing, pressurized air breathing apparatus, chain saw, fire hose and hydraulic giant, to provide professional emergency safety protection.

- **Construction management:** Strictly implement the construction plan as scheduled, divide the work reasonably by sections and groups, and improve the protective and warning facilities to reduce the risks caused by the accidental access of vehicles or pedestrians.

Checking elevators

Patrolling at night

Case | **Monthly fire inspection to safeguard the community**

In November 2022, the Group carried out a monthly fire inspection at Clifford Wonderland on key facilities & equipment such as fire-fighting equipment, fire-fighting access and key equipment room in the community, and immediately rectified the problems found, so as to eliminate potential safety hazards and maintain community safety.

Checking fire pumps

All-round safety patrolling

The Group has set up the Safety & Quality Department, which conducts monthly inspections on the safety management of each business segment to investigate and eliminate potential safety hazards. The Safety & Quality Department will distribute the inspection results through the patrolling e-form system, and require relevant departments to conduct in-depth analysis of the problems for targeted corrective actions. In addition, employees who violate safety and quality management norms will be punished as appropriate to strengthen their awareness and responsibility relating to safety management.

Property management services	Safety & quality management matters for Engineering Department, Customer Service Department, Transportation Department, Security Department, Fire Brigade, Gardening Department and Sanitation Department
Retail services	Fire safety, equipment safety, quality of goods, sanitation and hygiene, etc.
Laundry services	Fire safety, work safety, post-based performance, service quality, customer complaints, etc.
Catering services	Fire safety, work safety, food safety, kitchen management, warehouse management, pantry management, etc.

Patrolling matters of Safety & Quality Department

3.2.2 Customer Relationship Management

The Group maintains customer relationship with care and keeps in touch with customers through various channels. In addition, we listen to the voice of customers on products & services, continuously optimize the customer complaint mechanism, respond to customers' demands in a timely manner, and keep improving the quality of products & services to enhance customer satisfaction.

Diversified communication channels

We conduct customer demand survey and satisfaction survey in ways such as property owners' forum, on-site questionnaire, WeChat opinions collecting, online survey and customer visit to get insights into customers' demands. Moreover, we will make targeted improvements according to customers' feedbacks to ensure better product and service quality. This year, the Group's overall customer satisfaction score reached 95.22%.
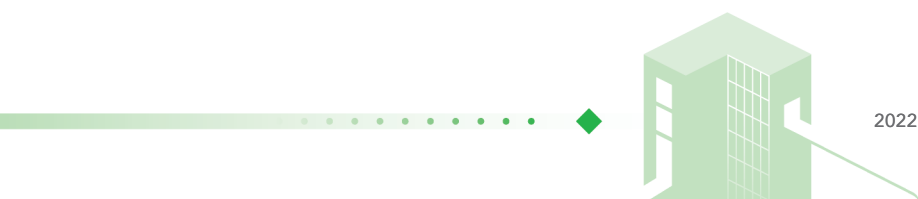
Response to customer needs

The Group has formulated and implemented the *Policy on Customer Complaint Management* and other internal policies, in which the complaint handling process, complaint classification, reward and punishment requirements are clearly specified. We have established various complaint channels, including letters, fax, emails, hotlines and WeChat public accounts, to receive customer comments and complaints. In response to customer complaints, we determine the level and corresponding acceptance process based on the content, channel, type and severity of the complaint to ensure that the customer is reassured and the complaint is effectively verified and handled in the shortest time.

- **Property management services:** Investigate the incident within 48 hours, and reply to customers within 72 hours.

- **Retail services:** Handle and follow up the incident within 24 hours to ensure that customers' feedbacks are properly handled.

- **Information technology services:** Establish the *Management Policy of After-sales Service Department*, which stipulates that if the complaint is ascertained, the customer service personnel should contact the technician immediately, and the technician must reply to the customer within half an hour. The service frequency and customer satisfaction of customer service personnel are included in the year-end performance and promotion appraisals to improve their service quality.

- **Catering services:** Launch an investigation once related feedbacks & suggestions are received within 48 hours and make a prompt response within 72 hours.

- **Laundry services:** Provide quick response within 24 hours and follow up on customers' demands on laundry services.

3.2.3 Responsible Marketing

With commitment to responsible marketing, the Group strictly evaluates and controls the legality, authenticity and rationality of information and materials used for advertising, promoting and marketing in accordance with the *Advertising Law of the People's Republic of China*, and other related laws & regulations and code of practice. Information and materials are allowed to be released to the public only when they are approved. We strictly prohibit releasing deceptive and misleading marketing information and materials to effectively protect the legitimate rights and interests of customers.

In addition, the Group develops and implements the *Group Image System Manual*, to standardize the use of Clifford VI system and set up standardized formal language and systematic visual symbols. Also, it requires all business segments to use standardized fonts, colors and other brand elements in line with the VI system guidelines, to reduce the risk of improper use of marketing materials.

3.2.4 Customer Information and Privacy Protection

Pursuant to the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* and the *Cybersecurity Law of the People's Republic of China* and other related laws & regulations, the Group has established the *Confidentiality Policy on Owners' Information*. We are committed to ensuring customer information security by taking management and technology means

The Group has established sound management codes for customer information and privacy protection and set clear standards for business flows such as collection, maintenance and retrieval of customer materials, minimizing the disclosure risk of customer information and privacy.

Management codes for customer information and privacy protection

- Customer materials are classified and archived in the designated filing room; only customer service personnel shall be allowed to enter the archives room.
- Graded access permission is applied to avoid arbitrary spread of customer information, based on which, files are graded and put in different places in accordance with the files' department affiliation and importance to ensure no information access beyond the permission grade. Besides, no employee, including the director is granted the permission to export the electronic information of proprietors from the computer in bulk.
- Employees shall log in to the data system through their own account and password. And the data access log will be kept to track employees' access records to proprietors' information.
- Personnel responsible for managing or accessing the confidential information of the Group must sign a confidentiality agreement to ensure the security of the information.

The Group has formulated emergency plans for incidents such as the disclosure of customers' personal data. Upon receiving a complaint, the customer service department should immediately organize an internal investigation team for the case, including viewing the surveillance video in the archives room and checking the operation of the employees' computer system. If employees are found to disclose confidential information of the Group, they will be punished as appropriate. If the information disclosure is serious, the employee involved will be handed over to judicial authorities.

In addition, the Group pays attention to the publicity and education of customer information and privacy protection. We emphasize the importance of information protection in daily training, require employees to abide by code of ethics, help raise their legal awareness, and resist firmly the disclosure and sale of customer materials.

3.3 PROMOTION OF SMART SERVICES

Committed to promotion of smart services, the Group makes forward-looking layout in technological innovation and digital transformation, and applies the latest disruptive technologies to each business segment. We hope to realize management breakthrough, costs control and sustainable development by applying advanced technologies and innovations.

The Group values smart property management services and aims to build a smart community through auto spraying system, property management system, smart elevator, smart access control and smart parking. In addition, the Group applies intelligent equipment such as IoT monitoring system, SkyEye video surveillance system and security patrolling system to strengthen safety management and reduce safety risks in communities.

Auto spraying system
- Install auto spraying system to improve the watering efficiency of green areas and save labor costs.

Property management system
- Provide functions including household data management, issuing of pass card, tracking of comments & complaints and data statistics to enable intelligent and digital property management services..

IoT monitoring system
- Install the system in the domestic water pump room and fire pump room, enabling sending of real-time alarms to the mobile APP of property management personnel, to shorten the service response time and ensure water supply safety.

Smart elevator
- Install the elevator AI blocking system which will sound an alarm and notify property security personnel if any electric scooter enters the elevator, ensuring safety in the community.
- The elevator is equipped with the bluetooth control function, which allows owner stotake the elevator via mobile APP, without the need to press the elevator buttons.

SkyEye video surveillance system
- Install high-definition surveillance cameras equipped with face recognition equipment at key locations in the community, greatly improving the safety level.
- Incase of any abnormality, related data will be sent to the public security system for verification, to identify criminals and enhance owners' sense of security.

Security patrolling system
- Set up multiple patrol lines and distribute tasks automatically based on characteristics of the community and actual work of the Security Department. Security personnel on duty can use the mobile APP of the system to take and complete the patrolling task, enhancing safety control in the community by scientific means.

Smart property management services in community
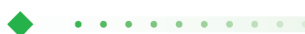
In addition to promotion of smart property management services, our information technology services has also formulated diversified business strategies to continuously expand the scope of smart business, in an effort to provide all-round smart services to customers through technological innovation. The smart security integrated management platform and the smart building equipment monitoring and management platform are such cases to monitor the high-rise littering, save energy and reduce consumption.

3.4 INTELLECTUAL PROPERTY PROTECTION

The Group adheres to the intellectual property management policy of "continuous improvement and innovation". In compliance with the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China,* the *Trademark Law of the People's Republic of China* and other related laws & regulations, we have developed and implemented the *Intellectual Property Management Manual*, the *Reward and Punishment Policy on Intellectual Property*, the *Training Policy on Intellectual Property* and other internal policies, in which intellectual property management structure and responsibilities at all levels are clearly specified, to regulate intellectual property matters efficiently. In addition, the Group grants material and spiritual rewards to employees for creating, protecting and using intellectual property, to drive the continuous innovation and development of intellectual property and improve the level of creation, management, application and protection of intellectual property.

To improve employees' theoretical knowledge and practical skills related to intellectual property, the Group has launched training activities covering laws & regulations, management policies, standards and operating instructions on intellectual property to employees at all levels. Meanwhile, we adopt professional assessments to reduce intellectual property risks caused by lack of relevant knowledge.

- Intellectual property training at company level: The training is undertaken by HR Department and supported by the Intellectual Property Department, covering intellectual property related laws & regulations, institutional standards, basic knowledge and company rules & policies and process.

- Intellectual property training at department level: The training is given by department heads, covering intellectual property related process and operating instructions of the department.

- Daily training: The HR Department is responsible for making annual intellectual property training plans, determining the training contents and supervising the implementation of the plans. Each unit shall make and implement its own annual intellectual property training plans to shoulder responsibilities with practical actions. The Intellectual Property Department and the HR Department can make full use of exhibitions, posters and intellectual property columns to spread intellectual property knowledge among all employees.

> 66 This year, the Group was granted 4 utility model patents.

4 PEOPLE-ORIENTED PHILOSOPHY FOR EMPLOYEE DEVELOPMENT

Talents are the cornerstone and most valuable asset for the sustainable development of enterprises. The Group always adheres to the people-oriented concept to ensure employment compliance, and continuously optimizes employees' development and promotion path for co-growth. Meanwhile, the Group attaches great importance to the physical and mental health of employees, listens to and cares for them, building a mutually-beneficial mode for shared development.

4.1 EMPLOYEE RECRUITMENT AND INTERESTS

Pursuant to the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other relevant laws & regulations, the Group has formulated and implemented a series of internal policies, including the *Operation Code of Human Resource and Administration Department* and the *Recruitment Rules*, which provide clear norms on employment. These internal policies are designed to build an open and transparent recruitment environment, an equal and inclusive workplace, and a scientific and reasonable compensation and welfare system, so as to fully protect the legitimate rights and interests of employees.
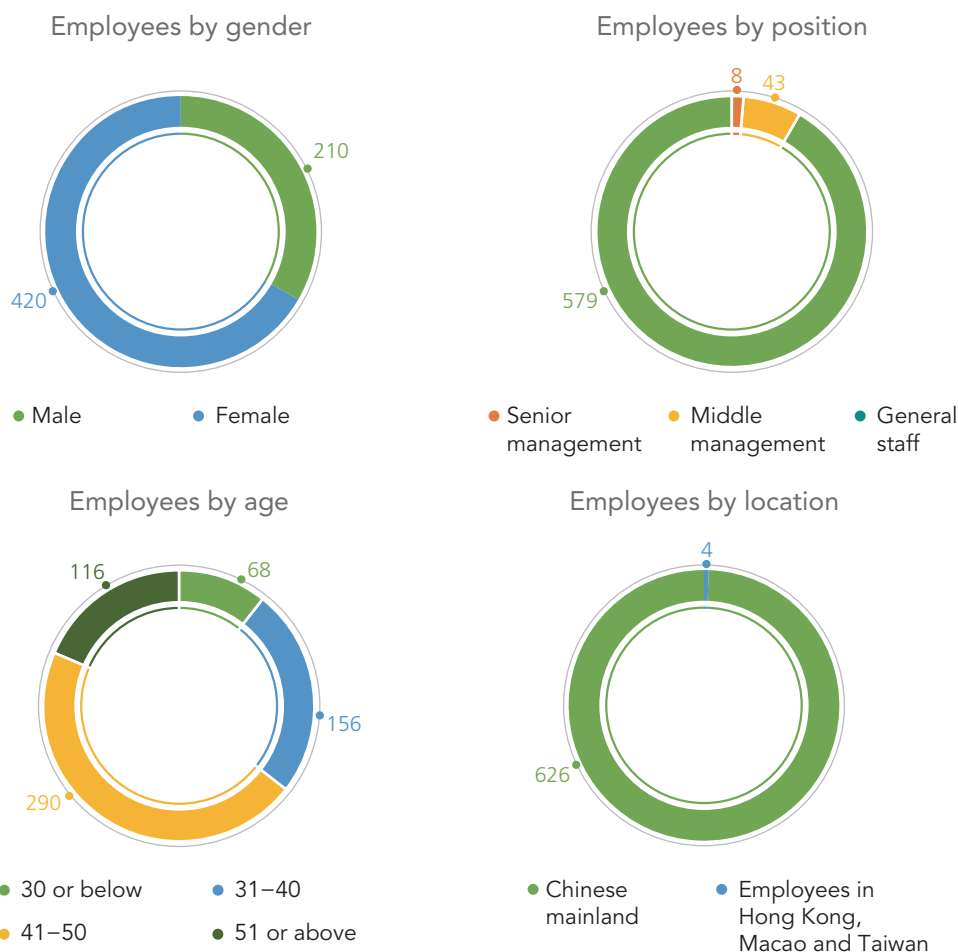
4.1.1 Recruitment Management

With the principle of "non-bias, fairness, and openness", the Group keeps improving the talent recruitment and organizes various and well-timed recruitment activities on demand, to recruit the most suitable talents and optimize human resource structure.

As of December 31, 2022, the Group had 630 employees in total, and the employee structure by gender, position, age, location is as follows:

Employees by gender

210
420

- Male
- Female

Employees by position

8   43
579

- Senior management
- Middle management
- General staff

Employees by age

116   68
156
290

- 30 or below
- 31–40
- 41–50
- 51 or above

Employees by location

4
626

- Chinese mainland
- Employees in Hong Kong, Macao and Taiwan

4.1.2 Compliant Employment

The Group strictly abides by laws & regulations such as the *Law of the People's Republic of China on the Protection of Minors*, the *Provisions on the Prohibition of Using Child Labor* and the *International Labor Convention*, formulates and implements internal management policies such as the *Employee Handbook*, in which the contract management, working hours and vacations of employees are clearly specified, to protect the human rights and legitimate rights & interests of employees. We will verify the valid identification of each applicant by various means throughout the recruitment, employment review and onboarding process, to ensure that no child labor is recruited. At the same time, the Group strictly prohibits forced labor. Every employee is entitled to day off in accordance with local laws & regulations and the Group's policies. We never force employees to work overtime. Employees who really need to work overtime will be given appropriate time off or compensation, to protect their due rights and interests. In case of any child labor or forced labor, the Group will investigate in time, make rectification, and hold the derelict personnel accountable.

> " This year, there were no forced labor, child labor or major labor dispute events in the Group.

4.1.3 Equal Opportunities, Diversity and Anti-discrimination

Adhering to the principle of equal employment, the Group is committed to building a diversified and inclusive corporate culture. In the recruitment process, except for setting clear educational requirements, the Group allows no discrimination against the candidates' skin color, nationality, gender, age, ethnicity, marital status, religious belief, household registration and other factors, aiming to provide an inclusive and mutually beneficial platform for employees with different backgrounds. Meanwhile, the Group provides the disabled and veterans with suitable jobs based on job vacancies, and offers equal benefits and capability-based treatment.

> **❝** This year, the Group did not receive any complaints about infringement of employees' rights and interests.

4.1.4 Salary and benefits

In terms of salary and benefits, the Group sets employees' salaries and bonuses based on factors such as market level, position value, employees' capability and work performance, striving to provide employees with fair, scientific, reasonable and competitive salary. Moreover, the Group has developed internal incentive policies such as the *Incentive Plan for Management Efficiency* and the *Profit Sharing Plan for New Business Development*, and provides rewards and recognition to employees based on their performance to retain talents.

The Group also provides a sound welfare system for all employees. In addition to the basic statutory benefits including pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, housing provident fund, statutory holidays and paid annual leave, the Group also provides internal benefits such as internal commuting, employee physical examination, group health insurance, year-end double salary, cancer fund, hospitalization solatium, grants for employees' children in difficulty, pandemic supplies, birthday benefits, holiday benefits, meal allowance and workday snacks. And we actively organize festival celebrations to enhance employees' sense of belonging.

4.2 EMPLOYEE TRAINING AND DEVELOPMENT

The Group always puts people first and values the growth and career development of all employees. The Group has established comprehensive employee training and career promotion mechanisms, which are under ongoing improvement based on business development and employees' personal preference to facilitate the growth and accomplishment for all employees.

> **❝** The Group carried out 330 training sessions in total, with average 10.64 training hours completed per employee.

4.2.1 Employee Training

The Group has formulated and implemented the *Training Management System*, which clearly defines training structure, types, divisions and responsibilities. This is to help employees quickly adapt to the job requirements and put their knowledge and abilities into use. The Group has established a comprehensive training network led by the general manager, and executed by the HR Department and all business departments at different levels, forming a multi-level and multi-dimensional training system covering all levels and positions of the Group to help promote professional skills and comprehensive quality of employees. The Group's training system mainly includes:

Training	Participant	Contents and objectives
Onboarding training	New comers	The training is aimed at helping new comers quickly get familiar with their jobs and integrate into our corporate culture, covering the Group's policies, professional ethics, professional norms and operating instructions for office equipment and facilities.
Business Professional knowledge training	Professional technical employees	The training covers various professional skills to help employees improve their business level and quality. Moreover, we have set up online on-the-job training to widen employees' career development path.
Vocational qualification certificate training	Employees needing qualification certificates	The training is organized by professional institutions or relevant national departments to enrich the professional knowledge of employees, such as the Food Safety Manager Certificate, Fire Fighting Facilities Operator Certificate (Intermediate) and Property Manager Certificate.
Corporate system and procedure training	All employees	The training covers learning materials related to policies and management process of the Group to improve employees' daily office work efficiency.
Training of soft skills and professional quality	All employees	The soft skills training is carried out in the form of online video, including communication skills, work reporting and business document writing.

Case   Apprenticeship training for property management personnel

Joining hands with Panyu Vocational Training Center, the HR Department of Panyu Property Management Company carried out an apprenticeship training program to help trainees acquire the Property Manager Certificate (Advanced Skilled Worker) and Property Manager Certificate (Medium Skilled Worker). This training program has effectively improved property management personnel' services with more professional qualifications, and strengthened their practical skills and comprehensive quality.

Apprenticeship training

4.2.2 Assessment and Promotion

The Group believes that assessment can help employees achieve better performance in ways that lead to a job promotion. In 2022, the Group further refined the performance assessment system, where the performance of general employees and managers was assessed in a holistic way.

- General employees are assessed periodically according to their performance in technical skills, business competencies and working achievement; and

- Core managers are assessed according to their capabilities in business operation, communication, policy-making, innovation and risk control in addition to the above factors.

After the assessment, the Group will talk with employees and determine their performance bonus based on the assessment results. For employees who violate relevant work procedures or cause adverse effects, the Group will impose penalties on them according to relevant policies and dismiss those causing serious problems.

In addition, the Group provides employees with the opportunities of internal promotion and job transfer, to unleash their potentials and optimize personnel structure. Latest information on job vacancies is available on the internal office platform. Our employees can deliver a speech and participate in the interview to apply for vacant jobs. The Group selects nominees based on business demands and their performance. The results will be announced publicly to ensure the openness and transparency of the process.

4.3 EMPLOYEE HEALTH AND SAFETY

The Group highly values the health and safety of employees. In strict compliance with laws & regulations such as the *Fire Protection Law of the People's Republic of China*, the *Work Safety Law of the People's Republic of China,* the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, and *Regulation on Work-Related Injury Insurance*, the Group has formulated and implemented a series of safety- related policies, including the *Policy on Safety Target Management*, the *Policy on Management of Work Safety Responsibility*, the *Policy on Fire Safety Management* and the *Policy on Work-related Injury Management*, in which issues such as safety targets, distribution of safety responsibility and fire protection management are clearly specified. Moreover, we keep improving the above policies to prevent and reduce safety-related accidents from the source, and safeguard the health and safety of employees.

4.3.1 Safety Training and Protection Measures

The Group organizes safety-related training and drills of diversified forms on a regular basis based on the actual needs of each business segment, to create a safe workplace and raise the employees' safety awareness and self-rescue ability.

- Carry out at least two fire drills by each business segment every year and check the effect of drills. Problems identified in the drills will be analyzed and revised, and emergency plans will be improved in a timely manner.

- Organize regular training on the emergency plan, emergency knowledge, first-aid skills and escape skills to improve employees' safety awareness and emergency handling skills.

- Organize diversified safety training and occupational health seminars regularly to improve employees' self-protection skills and health awareness.

> **"** This year, the Group organized a total of 30 safety drills, covering 538 employees.

Case	Fire drill

On November 15, 2022, the Group organized fire drills at Clifford Bayview. All personnel present accomplished the rescue tasks such as fire extinction and evacuation in the drills, and made the right responses. The drill not only tested the fire emergency handling ability of all personnel and the operation of the firefighting facilities at Clifford Bayview, but also raised employees' fire safety awareness and enhanced their self-rescue and evacuation ability.

Fire drill

Besides, the Group takes a series of safety protection measures for employees' health and safety, including but not limited to the following:

- Strictly requiring and supervising each business segment to implement an emergency command system, establishing an emergency rescue team, and strengthening the provision of emergency supplies and emergency protection;

- Providing employees with post-related protective equipment according to their job nature. Supplies are provided and are replaced regularly, including protective gloves, non-slip shoes, goggles, insulating gloves and insulating shoes, and safety helmets; and

- On the basis of purchasing work-related injury insurance stipulated by the country, we purchase additional employer liability insurance, health insurance and other commercial insurance for employees. We also strengthen the implementation of the work-related injury liability system to actively prevent work-related accidents.

4.3.2 Protection against COVID-19

2022 was a bumpy year that witnessed a complex and volatile COVID-19 pandemic. In active response to government's pandemic prevention policies and requirements, the Group has taken a series of actions to fight against the pandemic and safeguard employees' health and safety, including but not limited to distributing care gifts, labor protection supplies and medicines, conducting internal investigation and health monitoring, providing guidelines on meal arrangements and setting up temporary interview areas.

Besides, the Group has promptly updated its internal pandemic prevention practices subject to the adjustment of national and local pandemic prevention policies since December 2022. Infected employees were allowed to rest at home or work remotely. The Group also popularized anti-pandemic information via video among employees to protect their mental and physical health.

4.4 EMPLOYEE COMMUNICATION AND CARE

Realizing the importance of mutual communication with and humanistic care for employees, the Group establishes smooth communication channels, provides timely help to employees in need, and organizes a variety of care activities, striving to build a harmonious workplace to enhance their satisfaction and sense of belonging.

4.4.1 Open Communication

The Group builds a multi-dimensional, open, and convenient communication mechanism containing general manager's mailbox and complaint hotlines, for employees to provide feedback at any time. Meanwhile, the Group regularly organizes employee communication activities. In the forms of "newcomer interviews" "resigning employee interviews" and "employee seminars", we timely understand the problems faced by employees in their work and daily life as well as the underlying reasons for their resignation. This helps us solve and respond to relevant problems efficiently and improve our human resource management with timely and targeted measures.

4.4.2 Assistance to Employees in Need

The Group cares about the health and living conditions of employees and their families. Diversified assistance funds have been established to ease employees' financial burden in medical care and health. This year, the Group spared no effort to assist employees amid difficult times as in the past, by offering allowance, pensions, and cancer relief subsidiaries for employees, and providing scholarships for their children.

Clifford Employee Cancer Relief Fund

Clifford Employee Cancer Relief Fund established by the Group bears 50% of the medical expenses paid by the employee suffering from cancer. In 2022, two employees of the Group fell ill, and the Fund paid RMB 26,975.26 for their treatments, greatly reducing the burden on them and their families.

Clifford Scholarship for the Children of Employees in Difficulties

The Group established the "Scholarship for the Children of Employees in Difficulties" to provide financial assistance to the children of employees who cannot complete their studies due to family financial difficulties, helping them grow up healthily under the care of the Group. In 2022, the Group provided scholarships of a total of RMB 30,000 for the children of 4 employees.

4.4.3 Employee Care Activities

To alleviate work pressure and promote work-life balance, the Group actively carries out various team building activities such as outings to enrich employees' lives and enhance their sense of belonging and recognition of the Group's corporate culture.

Case	Case: Various team building activities

In October and November 2022, Foshan Property Management Company of the Group organized a series of team building activities, such as visiting Xiangwo Mountain, Zhanqi Tower, Tianlu Mountain and other scenic spots. This brought all employees together to experience beautiful scenery and tasty farm food and relieved their work pressure. Moreover, the cooperation and communication between employees have been enhanced as well as the unity and cohesion of employees.

Group photo at Xiangwo Mountain

Group photo at Zhanqi Tower

5 LOW CARBON FOR GREEN ECOLOGY

The Group embeds the concept of harmonious coexistence of human and nature and practices green, low-carbon and sustainable operations, pursuing environmental, social, and economic benefits in a coordinated manner. We advocate green operations and green office, minimizing the potential impacts on ecological environment and natural resources. We also proactively address climate challenges and contribute to ecological progress.

5.1 GREEN OPERATIONS

In strict compliance with the *Environmental Protection Law of the People's Republic of China*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes*, the *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* and other laws and regulations, the Group has set four targets in respect of reducing emissions and waste, improving energy efficiency and water efficiency. The Group strengthens the management of emissions, waste, energy consumption and carbon emission, water resources, and practices green office, thus working towards the targets. Meanwhile, the philosophy of green development is incorporated into our daily operation to escort the green and low-carbon operation journey.

Emissions reduction target

- Promoting energy-efficient equipment and apparatus to reduce greenhouse gas emissions from energy; and
- Increasing the number of electric buses and community charging piles to widen the application of clean energy and further contribute to the national "carbon peaking and carbon neutrality" goals.

Discharge reduction target

- Properly handling hazardous waste and actively engaging in domestic garbage sorting to realize the reduction, resource utilization, and harmless processing of waste.

Energy efficiency target

- Improving energy efficiency by utilizing energy-saving technologies and monitoring electricity consumption; and
- Advocating the concept of green office, strengthening green office management, and reducing unnecessary energy consumption.

Water efficiency target

- Optimizing water-saving appliances and water use plans, monitoring and analyzing water consumption by intelligent methods to decrease water loss and improve water efficiency; and
- Reinforcing water-saving promotion, strengthening the assessment of responsibility for water efficiency target to raise the water-saving awareness.

5.1.1 Emissions Management

1) Exhaust Emissions

The exhaust emissions generated by the Group largely derived from the combustion of fuels used in our corporate vehicles of different business segments and exhaust smoke from boilers in the laundry. We actively promoted green operations, put green development into practice, and reduced emissions of nitrogen oxides, sulfur oxides, and particulates through the following measures.

- To reduce gasoline usage and exhaust emissions, the Group's property management services actively transforms transportation fleet and corporate vehicles, replacing traditional fuel vehicles with hybrid and electric vehicles.

Case	Hybrid and electric bus fleets

The Group's fleet actively responded to the national call for energy conservation and emission reduction. We gradually replaced fuel vehicles with low-carbon, environmentally friendly, noise-free hybrid and electric buses, which are more comfortable. A large number of safe, reliable, green and convenient fast charging piles were introduced to reduce energy consumption and exhaust emissions from traditional vehicles, cut greenhouse gas emissions and improve air quality of local communities. As of December 31, 2022, the Group had 30 electric buses, accounting for 75% of the total number of buses in Clifford Estates Community.

Hybrid and electric bus fleets

- The laundry services selects natural gas as boiler fuel, which is a clean energy, greatly reducing the emissions of harmful substances, such as particulates and hydrogen sulfide during the combustion process. The pollutant emission concentration met the requirements of the *Emission Standard of Air Pollutants for Boilers* (GB 13271–2014), and the exhaust emission met 100% of the standards in 2022.

2) **Sewage Treatment**
Laundry services
The Group's laundry services produce sewage in daily operations, which is purified by the professional sewage treatment system in the laundry. Purification procedures include sedimentation, acid hydrolysis, tertiary biochemistry and phosphorus removal processes, with a maximum capacity of 400 tonnes of effluent in a single day. The Group also monitors the sewage discharge of the laundry services by taking the following measures:

- Using non-phosphorus detergents to cut phosphorus emissions at source.

- Ensuring the smooth operation of phosphorus removal equipment to eliminate the small amounts of phosphorus emissions from other detergents.

- Sewage treatment equipment is operated and maintained by professionals received training and with required certificates. The Group also invests in upgrading the sewage treatment equipment to improve biochemical processing efficiency.

- Sewage discharge data is uploaded to the automatic monitoring system for pollution sources in Guangzhou so as to monitor the discharge at all time.

- Hiring qualified third parties for sample tests at sewage outfalls, to make sure the treated sewage meets the discharge standard.

- Chemical reagent waste generated in the sewage monitoring process is collectively stored and then handed over to a professional environmental protection company for disposal.

Sewage online monitors

Sewage phosphorus removal equipment

Property management services

The Group's property management services classify wastewater into domestic sewage and rainwater to ensure that different types of wastewater can be treated accurately and effectively.

- Domestic sewage: domestic wastewater, production wastewater generated in office activities and the area it belongs to are collectively discharged to the Company's sewage treatment station.

- Rainwater: rainwater is concentrated in the oil-water separation tank by dedicated underground pipelines, and after passing the separation treatment and on-site inspection, the rainwater well is free of oil pollution and then discharged to the sewage system.

Retail services

The Group stipulates that the sewage generated in the daily operations of our supermarkets, convenience stores and fresh food markets under the retail services must be treated by sewage pipes. It is strictly prohibited to directly discharge the sewage to rainwater wells to avoid adverse effects on the environment. In addition, merchants of cooked food and meat products in retail services carry out oil and residue treatment on sewage before discharge.

5.1.2 Waste Treatment

Following the principles of reduction, resource utilization, and harmless processing, we have formulated relevant internal policies on waste management and put into practice measures concerning collection, disposal and comprehensive utilization of waste during our operation. We give priority to the comprehensive utilization of reusable solid wastes, and classify hazardous waste from general waste according to the *National Catalogue of Hazardous Wastes*, separating them properly in the collection, storage, utilization and disposal. Hazardous waste is handled by certified third-party recyclers to ensure effective management of wastes and avoid environmental pollution. For chemical liquid waste, according to the *Regulations on the Control over Safety of Dangerous Chemicals*, waste engine oil, waste diesel oil and waste lubricating oil shall not be directly discharged into sewers, and shall be stored in sealed buckets and handed over to recyclers for disposal.

This year, the Group continued to manage the online monitoring equipment for pollution sources and established basic equipment information files to ensure the stable operation of the monitoring equipment and the effective transmission of monitoring data.

With the guidance of the Guangzhou Municipal Government and Panyu District Government, the Group formulates waste sorting management system in compliance with the *Guangzhou Domestic Waste Classification Guidance*. We actively carried out waste sorting and effectively managed the drop-off and disposal of waste. As of December 31, 2022, the Group had 175 garbage sorting stations.

Property management services

- Setting up a garbage sorting leading group to coordinate relevant work.
- Providing training for employees in cleaning departments to improve their knowledge of waste sorting and avoid mixed waste collection.
- Organizing a series of garbage sorting campaigns together with sub-district offices and neighborhood committees, to raise local residents' awareness on waste sorting.
- Setting garbage sorting bins across the community and creating well-designed waste sorting guides. We regularly arrange dedicated personnel to put up the guides next to the bins, encouraging residents to develop a good habit of properly sorting household garbage.
- Collecting and disposing hazardous and kitchen waste in a unified manner to reduce the environmental pollution in the community.

Waste sorting training for cleaners

Waste sorting poster

Case   **Waste sorting campaigns**

In order to raise local residents' awareness on waste sorting, the Group's property management services launched various types of waste sorting campaigns including lectures, games, and on-site instructions. By doing so, residents furthered their understanding of the importance and standard of waste sorting.

On-site instruction
about waste sorting

Waste sorting campaigns
for local residents

Catering services

- Setting up a garbage sorting leading group, clarifying the responsible department and specific responsibilities and formulating internal policies such as the Operation Standard for Waste Sorting and the Daily Management Policy of Waste Sorting to regulate the drop-off, collection and disposal of garbage by types.
- Implementing the management and disposal of domestic waste sorting in daily operations, and hiring qualified companies to dispose of hazardous and kitchen waste to ensure the waste disposal in compliance with laws and regulations.

Retail services

- Setting up recycling bins for different kinds of wastes and providing training for relevant staff.
- Putting up signs of plastic bag charges to encourage customers to reduce the use of plastics and reduce waste at the source.

5.1.3 Energy Consumption and Carbon Emission Management

The Group strictly abides by the *Energy Conservation Law of the People's Republic of China,* the *Circular Economy Promotion Law of the People's Republic of China* and other laws and regulations. Following the development direction of improving energy efficiency, we have formulated internal policies, such as the *Policy on Management of Energy Conservation and Consumption Reduction*, the *Policy on Management of Energy, Electricity and Water Conservation* and the *Operations Code of Human Resources Department*. By integrating the concept of energy conservation into operation, we aim to reduce energy consumption and carbon emissions, to further explore the transition to low carbon.

Property management services

In accordance with the *Notice on the National Campaign to Promote Energy Conservation by the General Office of the State Council*, the Group's property management services takes a series of measures to save energy and reduce carbon emissions, including updating equipment, improving energy management, and disseminating knowledge about energy conservation, striving to build a better community in energy saving. In doing so, we take one step further on the green journey of property management services.

- The lighting equipment adopts new LED energy-saving lamps, while solar lighting lamps are used in remote areas of the community. Lamps with automatic timer switches and sound activated lights are installed in public areas;

- Real-time monitoring of operation status of fire-fighting fans, generator sets and water collection well pumps through network platform to prevent unnecessary electricity consumption due to incorrect operation;

- Regularly perform statistics on the electricity consumption data of each area, and arrange personnel for maintenance in a timely manner if abnormal electricity consumption is found;

- Adopt smart building systems including building automation systems, smart lighting systems, and power monitoring systems to reduce energy consumption and carbon emissions while controlling operating costs;

- Strengthen the management of vehicle fuel consumption, and promptly scrap the vehicles with high fuel consumption and substandard environmental indicators; and

- Increase the promotion of energy conservation and consumption reduction, and post relevant slogans on the community bulletin boards and in offices.

Case | **Replacing emergency lights with energy-saving lamps in underground garages**

In 2022 Q4, the Group's property management services renovated the emergency lighting system in underground garages of Dynamic Garden and Yihu Bay, replacing the existing ordinary 40W lights with 3W/15W radar sensor LED lamps. As a result, approximately 600 lamps were replaced for better electricity efficiency and safety.
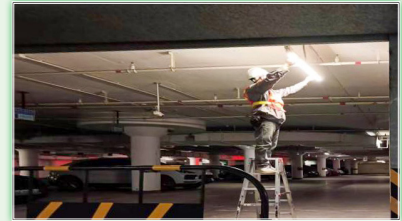
Emergency lighting system
under renovation

In addition, the Group improves access to green mobility by installing safe, reliable, green and convenient fast charging piles, and introducing shared electric vehicles and other supplementary modes of transportation to the community. This year, the Group installed 50 new charging piles and 600 terminal charging ports in total.

Charging piles

Other services

- The Group's laundry services take multiple measures to manage energy conservation and consumption:
    - ✓ The high-power electrical machines used in the laundry are equipped with frequency converters. Old lamps in this area are replaced with energy-saving LED lamps of high luminous efficacy;
    - ✓ The high-power motor of the ventilation system is equipped with a time controller to avoid unnecessary energy consumption;
    - ✓ It is required to manually set the water level, mode, duration for washing and temperature for drying based on the amount of clothes, instead of directly adopting the pre-setting procedure, to avoid wasting water, electricity, gas and other resources; and
    - ✓ We power off inactive machines to save energy.

- All canteens under the Group's catering services are required to make monthly energy budgets to refine energy management. In addition, the management of water and power consumption is in the charge of the responsible person in each area whose income is linked with energy consumption in this area. In doing so, employees' awareness of energy conservation can be improved.

- The retail services of the Group has installed closed glass and air curtains beside and above escalators in supermarkets according to the geographical location to reduce the loss of central air-conditioning and save electricity.

5.1.4 Water Resources Management

Adhering to the target of improving water efficiency, the Group implements water-saving measures in line with the relevant requirements stated in the *Policy on Management of Energy, Electricity and Water Conservation*. The measures include but are not limited to:

- Establishing a system of responsibility resting with leaders of the property management services; bearing in mind the target, the leaders set annual goal and schedule of water saving, and each department puts into practice monthly. The water-saving target is included into the staff evaluation system and assessed regularly.

- Regular taking of water meter readings by staff to monitor and analyze water consumption. New detectors were purchased and used. If abnormal water usage is found, we will arrange immediate checks on the pipe network and take effective measures to prevent leakage.

•   Setting up an operation schedule for waterscape facilities in the community to prohibit continuous operation of waterscape facilities for 24 hours. Water supplement for waterscape is detected by an infrared detection device, with water supplied through an automatic circulating system. In doing so, the waste of water is minimized.

•   Introducing ground surface with water absorption capacity to the community. We give priority to using rainwater or recycled water as water for greening, promote water-saving irrigation methods such as sprinkler irrigation, micro-irrigation, drip irrigation, and automatic spraying, and strictly prohibit the use of tap water for irrigation. High-efficiency sprinklers are used to irrigate the roadside green belt.

•   Using a large custom-made water collection tank for the laundry services to collect condensate water from various steam heating equipment in the washing room and cooling water for dry cleaning machines. The recovered condensed water is used for linen pre-washing and main washing to improve the utilization rate of water resources.

This year, the Group encountered no difficulties in accessing water resources.

Case	Automatic spraying devices used in green belt improves water efficiency

In compliance with the method of opening the source and regulating the flow, Clifford Landmark of the Group installed automatic spraying devices in July 2022 to increase water efficiency. As a result, water consumption reduced nearly 200 tons compared with the same period in 2021.

Installing the automatic spraying device

Concept design of irrigation by automatic spraying devices

Case	Effective cleaning by a large sprinkler truck

This year, Foshan Property Management Company introduced a large sprinkler truck for irrigating and cleaning in the community. Characterized by high water pressure and faster water flow, it is of high efficiency in automatic irrigating and washing the floor of public areas, resulting in saving water costs of RMB 131,414 in total.

Heavy sprinkler trucks in irrigating and cleaning

5.1.5 Noise Management

The noise generated by the Group mainly comes from the daily operations of equipment and vehicles. To reduce the impact of noise, the Group prioritizes the use of low-noise and low-vibration equipment when constructing, renewing and expanding production equipment. We adopt sound insulation covers, sound insulation rooms and mufflers to reduce noise. Besides, all our vehicles are equipped with compliant appliances in accordance with national regulations to avoid affecting the surrounding environment. Apart from optimizing equipment specifications, the Group also clearly stipulates that no noise-generating constructions or renovation activities should be carried out on public holidays, festivals and holidays and at night.

This year, the Group's laundry services took multiple measures to reduce the noise from running equipment, including renovating sewage treatment equipment and regularly maintaining the production equipment, aiming to minimize the impact on surrounding environment.

Renovation of sewage treatment equipment
Using submersible jet aerators with compact structure that are easy to install, to mitigate the negative environmental impact caused by noise.

Maintenance of equipment production
Regularly maintaining the components and parts, such as fixing screws and using lubricant, to ensure the smooth operation of equipment and further reduce the noise.

Measures taken by the laundry services to reduce noise

5.2 GREEN OFFICE

The Group advocates "green office and low-carbon lifestyle", creating a culture of energy conservation at workplace, and raising employees' awareness of green office, green lifestyle, and green consumption. The Group also promotes low-carbon administration and green mobility, including saving water, power, office consumables and adopting green mobility, to support energy conservation and emissions reduction.

Saving water at workplace 💧

- Post water-saving signs in public water usage areas, such as tea rooms and toilets, and apply water-saving devices such as sensor faucets, water tanks; and
- The Administration Department regularly checks whether water pipes and other facilities are leaking in offices, tea rooms and toilets and immediately reports leaks to the Engineering Department for disposal.

Saving power at workplace ⚡

- All lights, computers, printers and other office equipment should be turned off before the end of the work day;
- Hallway lights only maintain the level of illumination. Turn off local lights during lunch break, and promote energy-saving lamps; and
- Set reasonable temperature for air conditioners at offices, and the last one out should turn off the air conditioners.

Saving office consumables 📑

- Encourage to print on both sides of paper and recycle the used one-sided paper;
- Promote paperless offices. Specifically, encourage employees to use telecommuting system, communicate work and transfer documents online, and do not print unnecessary documents;
- Encourage employees to bring water glass, instead of using bottled water, to reduce the frequency of using disposable products;
- Reduce the frequency of using benzene-containing solvent products, such as glue and correction fluid, and use paper clips and staples instead; and
- Use rechargeable batteries instead of primary batteries.

Advocating green mobility 🚌

- Encourage employees to commute by taking bus or riding bicycles;
- Share official vehicles for same destinations or close destinations; and
- Make proper vehicle schedules, and strengthen the management of oil fees, bridge fees and maintenance fees.

Case	"Earth Hour 2022"

In order to raise employees' environmental awareness, on March 26, 2022, the Group actively responded to the call of the World Wide Fund for Nature (WWF) and led all business segments to participate in "Earth Hour 2022". Unnecessary lighting, power-consuming equipment and products were turned off in all office areas and stores between 20:30 and 21:30 that night. In doing so, we promoted the concept of energy saving and emission reduction concept to employees, demonstrating our determination of saving energy and reducing consumption.

"Earth Hour 2022" poster

5.3 ENVIRONMENTAL PROTECTION AND RESPONSE TO CLIMATE CHANGE

Protecting environment and addressing climate change have become a social consensus. The Group values environmental protection and natural ecology, and plays an active role in building a fairly good ecological environment. Preventing soil pollution and ramping up efforts in greening of living areas are some of the measures we have taken to achieve this. Besides, we actively identify and respond to climate-related risks, and take proactive measures to slow down climate change throughout operations, contributing to "carbon peaking and carbon neutrality" goals.

5.3.1 Environmental Protection and Natural Resources Conservation

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Wild Animal Protection Law of the People's Republic of China,* the *Outline of Nature Conservation of the People's Republic of China,* the *Regulations of Guangzhou Municipality on Urban Greening* and other laws and regulations, striving to reduce the potential effects on biodiversity and natural ecological environment brought by business activities. For example, the property management services uses pesticides cautiously to reduce environmental pollution; the laundry and the retail services cooperate with government bodies in environmental impact assessment work to ensure all work procedures are in line with national requirements on environmental pollution.

Case	"Birds for Pests", Safeguard Community Ecology

The Group tries to adopt the "Birds for Pests" approach to biological pest control, focusing on the import of insectivorous beneficials such as black grackles, white headed bulbuls, woodpeckers, black thrushes, kingfishers and hydrophobic eyes to control leaf-eating pests, in order to protect the healthy growth of plants in the area, keep the ecological environment of the community as unpolluted as possible, and provide a good habitat for birds to protect bird diversity.

Clifford Estate Ecology

5.3.2 Response to Climate Change

Climate-related risk management is one of the Group's focuses of concern. The Group actively identifies and assesses climate-related risks in daily operations. The Group is fully aware that climate change may impose negative impacts on employees, assets, supply chains and business operations. For example, typhoons, rainstorms, heatwaves, drought and other extreme weather events due to climate change may lead to increased service difficulties, reduced service response, higher energy consumption in the communities and office buildings, greater operating costs and lower revenues. In order to alleviate the impact on business operations posed by extreme weather and other climate risks, the Group has taken corresponding measures. Specifically, our business segments have formulated detailed extreme weather emergency plans in accordance with the *Law of the People's Republic of China on Response to Emergencies*, such as the *Clifford Property Emergency Response Plan*, the *Policy of Clifford Property on Work Safety and Fire Safety Management*, and the *Retail Sector Work Safety Policy*. Besides, the property management services has set up an extreme weather emergency rescue team, which is responsible for implementing extreme weather emergency rescue plans.

Emergency measures taken by property management services under extreme weather

- Pre-extreme weather:
  - ✓ Organize emergency drills to prepare for the rainy season, with participation from all departments, so as to assess and hone abilities of each department to respond and handle emergencies;
  - ✓ To prepare for the flooding, the general manager organizes department leaders to hold department meetings, set up teams for flood prevention and emergency rescue, and make flood prevention plans;
  - ✓ Check whether safety helmets, raincoats and other flood-prevention equipment are equipped, and set flood barriers and sandbags at the entrance and exit of low-lying garages;
  - ✓ Clean the rooftop of each building, drainage ditches and pipes in the community on a regular basis, ensuring the smooth water drainage;
  - ✓ Maintain key facilities periodically, such as garages, machine rooms, and collector wells, to keep them in normal operation; and
  - ✓ Carry out various forms of safety education activities, strengthen communication with employees and proprietors, and improve self-prevention awareness of employees and proprietors.
- During extreme weather:
  - ✓ Foremen, directors, managers and the employee on duty have to be on standby. They are also required to check road conditions in advance, organize staff to clean up, set up warning signs in important areas, and seal the disaster site with warning lines and protective nets; and
  - ✓ Carry out close inspection to areas with potential to leak, report immediately for water leakage and water logging, and take emergency measures to handle it in a timely manner.

Flood barriers

Sandbags

# 6 COOPERATION WITH PARTNERS FOR MUTUAL BENEFITS

The Group strives to develop mutually beneficial partnership with suppliers for win-win results. The Group continues to improve supply chain management, pay attention to environmental and social risks of the supply chain and adhere to transparent procurement. The Group also values the communication with suppliers for a sustainable supply chain.

6.1 SUPPLIER MANAGEMENT

The Group strictly complies with the *Bidding Law of the People's Republic of China* and other laws and regulations. We have formulated internal management policies, such as the *Supplier Management Policy*, the *Policy on Supplier Evaluation Management*, and the *Supplier Qualification Requirements*, in which supplier selection, evaluation, assessment, and elimination are clarified for better supplier management.

6.1.1 Supplier Selection

The Group sets up a panel for selecting suppliers. Following the principles of openness, fairness, justice, integrity, competitiveness and efficiency, the panel evaluates key indicators of potential suppliers such as business qualification, financial status and previous performance. The major process is as follows:
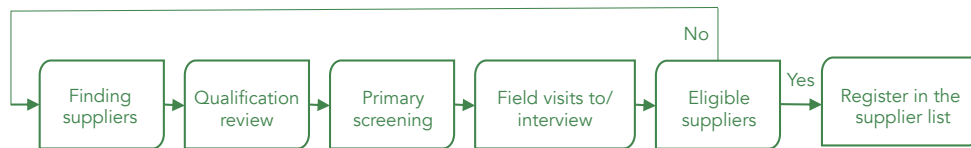
6.1.2 Supplier Evaluation and Assessment

The Group establishes a special team for supplier review to evaluate product quality, contract performance, service quality and service attitude annually. The performance of the suppliers is scored comprehensively and the suppliers are divided into four grades: A, B, C, and D:

➢ A-grade suppliers: Priority should be given when it comes to procurement, and suppliers under this category are listed as framework agreement suppliers or price memorandum suppliers;

➢ B-grade suppliers: Normal transaction is permitted;

➢ C-grade suppliers: Order quantity should be reduced; and

➢ D-grade suppliers: The transaction is terminated and the option of supplier in the procurement system is disabled.

In addition, the Group establishes a strict supplier elimination mechanism. In case of bribery, cheat, fraud, corruption, serious breach of contract or other acts detrimental to the Group, the relevant supplier will never be engaged.

6.2 MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS OF THE SUPPLY CHAIN

In order to comprehensively manage and enhance the social responsibility performance of suppliers, and promote the healthy and sustainable development of supply chain, the Group integrates environmental and social risks such as environmental qualification, health and safety management into supplier evaluation and assessment process, and takes the following measures:

- Priority should be given to suppliers who obtained green enterprise certification, hazardous substance process management certification, HSE management system certification and other certifications. The Group also advocate suppliers to use environmental-friendly materials or products;

- Conduct field investigation, environmental assessment (e.g., sewage discharge and wastewater treatment), and sample trial, to strictly control the environmental risks of suppliers; and

- Assess the certifications obtained by suppliers such as occupational health and safety management system, environmental management system certification, and quality management system certification on a regular basis annually, and include the assessment results into annual comprehensive evaluation.

6.3 RESPONSIBLE PROCUREMENT

The Group highly values the integrity of suppliers, and firmly prohibits all forms of corruption and fraud. It has formulated and implemented the *Policy on Management of Supplier Integrity Inspection*, to regulate supplier management and guarantee the compliance and transparency of procurement.

- We sign the *Integrity Agreement* with our suppliers, aiming to develop honest business relation with suppliers and business partners;

- We carry out anti-corruption supervision and inspection on abnormal suppliers and procurement behaviors; and

- We set up two different departments for supplier development and supplier selection, respectively, and adopted separation of duties and rotating posts to prevent corruption loopholes.

6.4 SUPPLIER COMMUNICATION

The Group values communication with suppliers and is committed to achieving mutual development and common progress with suppliers. The Group establishes multiple communication channels, aiming to detect and solve problems during the cooperation with suppliers, enhance mutual trust and develop a sustainable cooperative relationship.

- Communicating with suppliers via phone, email, field visit, conference, etc.;
- Organizing communication meetings with suppliers and merchants, and new product release meetings on a regular basis;
- Providing the Supplier Handbook for new retail services suppliers, in which the project content, requirements, time line, required documents, specification of approval procedures, and notices are clarified for more efficient communication and processing; and
- Launching SMP supplier portal website for suppliers, which covers tendering information searching, supplier application, and bidding process, helping to digitalize and standardize communication with suppliers

Communication channels with suppliers

7 COMMITMENT TO PUBLIC WELFARE FOR A HARMONIOUS SOCIETY

While focusing on business development, the Group strives to participate in charitable events and assumes social responsibility. This year, the Group fully supported in community pandemic prevention by sticking to the fundamental requirements of pandemic prevention to ensure the safety of the community. In addition, the Group organized a series of community cultural activities to create a warm community atmosphere for proprietors. The Group also encourages employees to engage in volunteer activities and be an obliging person. Upholding the purpose of "gratefulness, service, enthusiasm, compassion" and the principle of "starting from the enterprise forwards to the society", the volunteers team launched various activities in accordance with the *Rules of Clifford Modern Living's Volunteer Team*, contributing to the construction build of a more harmonious society.

> " This year, 3,677 employees participated in volunteer activities.

7.1 JOINT EFFORTS AGAINST THE PANDEMIC

The Group highly values the pandemic trends and the control progress, and implements local anti-pandemic policies in strict accordance with the government's pandemic prevention requirements. This year, the Group continued to participate in various anti-pandemic activities, such as nucleic acid testing, COVID-19 vaccination, and serving people in quarantine, to meet the residents' daily needs and safeguard their health.

Case	Distributing "Lianhua Qingwen" capsules to fight against the pandemic

In mid-February 2022, the Group set up a Clifford Special Assistance Team in cooperation with Clifford Hong Kong Club, faced with the severe pandemic situation in Hong Kong. The Team addressed the issue of "difficulty in purchasing medicine" for members of both locations by giving out "Lianhua Qingwen" capsules, delivering the warmth from the Group for joint efforts against the pandemic.

Distributing "Lianhua Qingwen" capsules to members of Clifford Hong Kong Club

Case	The elderly got vaccinated against COVID-19 by shuttle bus

This year, to support pandemic prevention and control for nationwide immunity, the Group provided shuttle buses for people over 60 years old at the Clifford Bayview Project to get vaccinated against COVID-19 at designated vaccination stations. With this shuttle service and the help of volunteers who accompanied and guided them, we made it more convenient and removed the last hurdle for the elderly to get vaccinated, making them feel more secure and cared for much like in a family.

The shuttle bus for vaccination

Volunteers accompany the elderly for vaccination

7.2 HARMONIOUS COMMUNITY WITH COLOURFUL ACTIVITIES

With a focus on community culture, the Group constantly creates a healthy, sunny, pleasant and harmonious community cultural atmosphere and promote community integration for shared benefits by introducing diversified community activities such as art appreciation, parent-children interaction, knowledge popularization and convenience services.

Case	Parent-child activity – "Science & Art Day"

On September 24, 2022, the Group held the "Science & Art Day", a parent-child activity, in Clifford Estates to foster children's interest in art. The activity provided dessert making, dance teaching, art direction, scientific experiment interaction, among others, to effectively enhance emotional exchange between parents and children and improve residential owners' sense of belonging. All of these activities were well received by parents and children.

"Science & Art Day"

| Case | "Learning from Fire Heroes" |

On June 25, 2022, the Group held the parent-children activity "Learning from Fire Heroes" together with the local fire station, attracting more than 70 residents to join. The activity included demonstration of fire-fighting equipment, fire-fighting courses, interactive experience, and visits to firemen's dormitories, effectively enhancing the feeling between parents and children and enriching children's knowledge.

Children are taking fire-fighting courses

Group photo

| Case | Clifford Estates Community Service Day |

On October 22, 2022, the Group held the Clifford Estates Community Service Day themed on caring for residents in the Clifford Estates community. The services included free medical treatments, horticultural planting and maintenance skills, free testing of electric vehicles/bicycles, free haircuts, free maintenance of household appliances, key making, fan cleaning, and removing mites from beddings. This activity met the owners' demands for daily life, making them feel warm care from property management services, and laying a solid foundation for a harmonious and civilized community environment.

Clifford Estates Community Service Day

| Case | Free clinical services for owners' health |

In 2022, the Group held several free clinical services in Clifford Estates, including such theme activities as the Glaucoma Day, the Ear Care Day, the Nurses' Day, the Teeth Care Day, and nursing services. The Group invited professional medical teams to provide free health consultation and basic diagnosis for community residents, thereby protecting the owners' health in an all-round manner.

Providing free clinical services

7.3 Devoted Contribution to the Society at Large

The Group actively promotes public welfare through charitable endeavors in many forms. This year, the Group continued to organize public charity activities such as mobile library, donating books with love, and donating clothing with love, fulfilling the corporate social responsibility.

Case	Mobile library

This year, to create a positive reading atmosphere, the Group continued to carry out the mobile library activity in the community in cooperation with the Guangzhou Library. With convenient book borrowing or returning services for residents, this activity expanded their scope of knowledge and enriched spare times of parents and children, realizing the close-range "Library". In 2022, the Group held a total of 17 mobile library activities, serving a total of 833 people, and 19,797 books were borrowed with 8,735 books returned.

Mobile library activity

Case	Donating books with love

On June 7, 2022, the Group organized the one-month "Donating books with love" campaign to create more learning opportunities for children in mountainous areas. During the campaign, the employees sorted, classified, counted and registered books donated by employees, owners and neighbouring citizens, and sent the collected books to underprivileged mountainous areas. This gave children there the chance to feel the power of knowledge. A total of 28,675 books have been donated, and a total of 60 volunteers participated in this activity.

Donating books with love

Case	Donating clothes and spreading love to mountainous areas

On December 21, 2022, the Group launched the campaign to donate clothes and spread love to mountainous areas. This activity adopted "Internet +" form such as online ordering and pick-up services to collect the clothes donated by community residents, thus reducing the risk of pandemic spread arising from personnel gathering, and enhancing the collection efficiency. A total of 3,250 kg of clothes were donated to Nizha Village, Riwoche Town, Riwoche County, Chamdo, Tibet. Local volunteers distributed these clothes to the villagers in need, spreading love to people in poor areas.
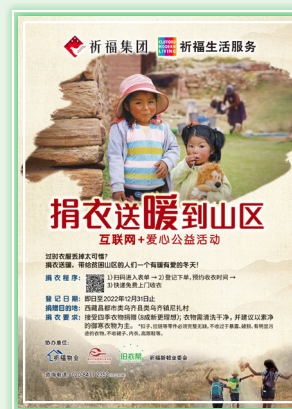
The activity poster

APPENDIX I: POLICY LIST

ESG Indicator	National Policies	Internal Policies
A. Environment	*Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes* *Evaluation Standard for Green Construction of Building* *Environmental Protection Law of the People's Republic of China* *Atmospheric Pollution Prevention and Control Law of the People's Republic of China* *Law of the People's Republic of China on Prevention and Control of Water Pollution* *Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise* *Energy Conservation Law of the People's Republic of China* *Circular Economy Promotion Law of the People's Republic of China* *Wild Animal Protection Law of the People's Republic of China* *Outline of Nature Conservation of the People's Republic of China* *Emission Standard of Air Pollutants for Boilers* *Regulations on the Control over Safety of Dangerous Chemicals Natural Protection Program* *Law of the People's Republic of China on Response to Emergencies*	*Policy on Management of Energy Conservation and Consumption Reduction* *Policy on Management of Energy, Electricity and Water Conservation* *Rules on Waste Sorting Management*
B1. Employment	*Labor Law of the People's Republic of China* *Labor Contract Law of the People's Republic of China* *Employment Promotion Law of the People's Republic of China* *Social Insurance Law of the People's Republic of China* *Provisions on the Prohibition of Using Child Labor* *Law of the People's Republic of China on the Protection of Minors* *International Labor Convention*	*Employee Handbook* *Incentive Plan for Management Efficiency* *Profit Sharing Plan for New Business Development* *Recruitment Rules* *Training Management Policy* *Measures for Talent Introduction* *Operation Code of Human Resource and Administration Department*

ESG Indicator	National Policies	Internal Policies
B2. Health and Safety	Labor Law of the People's Republic of China Fire Protection Law of the People's Republic of China Work Safety Law of the People's Republic of China Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases Regulation on Work-Related Injury Insurance Regulations of the People's Republic of China on Property Management	Policy on Work Safety Management Work Safety Rules and Procedures Policy on Work-related Injury Management Policy on Safety Target Management Policy on Management of Work Safety Responsibility Policy on Management of Safety Education and Training Safety Inspection Policy Emergency Management Policy Policy on Management of Safety Performance Evaluation Policy on Fire Safety Management Policy on Management of Work Safety Meeting Clifford Property Emergency Response Plan Policy of Clifford Property on Work Safety and Fire Safety Management Retail Sector Work Safety Policy
B5. Supply Chain Management	Bidding Law of the People's Republic of China Regulation on the Implementation of the Bidding Law of the People's Republic of China	Supplier Management Policy Policy on Supplier Evaluation Management Policy on Management of Supplier Integrity Inspection Procurement Management Policy Supplier Qualification Requirements

ESG Indicator	National Policies	Internal Policies
B6. Product Responsibility	Civil Code of the People's Republic of China Trademark Law of the People's Republic of China Copyright Law of the People's Republic of China Advertising Law of the People's Republic of China Patent Law of the People's Republic of China Product Quality Law of the People's Republic of China Law of the People's Republic of China on the Protection of Consumer Rights and Interests Cybersecurity Law of the People's Republic of China Urban Real Estate Administration Law of the People's Republic of China Product Quality Law of the People's Republic of China Regulations on Property Management Regulations on the Quality Management of Construction Projects Opinions of the General Office of the State Council on Promoting the Sustainable and Sound Development of the Construction Industry Food Safety Law of the People's Republic of China	Intellectual Property Management Manual Reward and Punishment Policy on Intellectual Property Training Policy on Intellectual Property Rules on Owners' Archives Management Policy on Customer Complaint Management Complaint Follow-up and Handling Process Emergency Response Plan Rules on Shelf Life of Goods Policy on Management of Responsibilities of Operation Department Project Quality Control Mechanism Confidentiality Policy on Owners' Information Policy on Corporate Research and Development Reserves Project Management Center Work Specifications Management Policy of After-sales Service Department Management Policy of Customer Service Department Management Policy of Commodity Access Operation Manual of Clifford Supermarket Management Code for Near-Expired Goods Management Manual of Guangzhou Goodwash Laundry Limited Hygiene Management Rules Requirements on Production Materials Standards Daily Management Policy of Food and Beverage Operation Management Manual of Food Safety Group Image System Manual
B7. Anti-corruption	Company Law of the People's Republic of China Anti-money Laundering Law of the People's Republic of China Anti-Monopoly Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China Interim Provisions on Banning Commercial Bribery	Integrity Training for New Employees
B8. Community Investment		Rules of Clifford Modern Living's Volunteer Team

APPENDIX II:
KEY PERFORMANCE LIST

ENVIRONMENTAL KEY PERFORMANCE LIST

ESG Indicator	Unit	2022
A1.1 The types of emissions and related emission data		
Nitrogen oxides	Kilogram	87.99
Sulfur oxides	Kilogram	0.31
Particulate matter	Kilogram	6.41
A1.2 Greenhouse gas emissions and intensity		
Total greenhouse gas emissions (Scope 1 + Scope 2, carbon dioxide equivalent emissions)	Ton of carbon dioxide	6,528.84
Greenhouse gas emission intensity	Ton of carbon dioxide/ RMB' operating income	0.02
Scope 1 (carbon dioxide equivalent emissions)	Ton of carbon dioxide	718.52
Scope 2 (carbon dioxide equivalent emissions)	Ton of carbon dioxide	5,810.32
A1.3 Hazardous waste		
Hazardous waste	Kilogram	889.15
Hazardous waste intensity	Kilogram/RMB'000 operating income	0.00232
A1.4 Non-hazardous waste		
Non-hazardous waste	Kilogram	502,907.31
Non-hazardous waste intensity	Kilogram/RMB'000 operating income	1.31
A2.1 Total energy consumption and density		
Direct energy consumption	Gigajoule	11,705.79
Indirect energy consumption	Gigajoule	36,001.99
Total energy consumption	Gigajoule	47,707.78
Energy density	Gigajoule/RMB'000 operating income	0.12
A2.2 Total water consumption and density		
Water consumption	Cubic meter	163,975.22
Water consumption intensity	Cubic meter/RMB'000 operating income	0.43
A2.5 Packaging materials		
Plastic bag	Ton	9.99

APPENDIX II: KEY PERFORMANCE LIST

Note:

1) The collection period of environmental data covers January 1, 2022 to December 31, 2022. The scope of collection includes:

   • Energy consumption of group headquarters, office areas of business segments, subordinate supermarkets, fresh food markets, convenience stores and laundry;

   • Energy consumption of corporate vehicles and transportation vehicles at group headquarters and each business segment;

2) The disclosed values of emission data in A1.1 are obtained from the consumption of gasoline and diesel by the Group and each business segment. The relevant emission factors refer to the Reporting guidance on Environmental KPIs of the Stock Exchange.

3) The disclosed values of greenhouse gas emissions in A1.2 are obtained from the consumption of gasoline, diesel, natural gas, and purchased electricity. The emission factors in Scope 1 are calculated with reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Public Construction Operators (Enterprises) (Trial) issued by the General Office of the National Development and Reform Commission; the greenhouse gas data in Scope 2 are attributed to the purchased electricity. The greenhouse gas emission factors of power grid in China refer to the Enterprise Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities (2022 Revision), while those in Hong Kong refer to the Reporting guidance on Environmental KPIs of the Hong Kong Stock Exchange.

4) The non-hazardous waste of the Group in A1.4 is waste from office areas, such as office waste, office paper and kitchen waste.

5) The energy consumption value in A2.1 derives from the use of gasoline, diesel, natural gas and purchased electricity. The energy consumption factors refer to the General Rules for Calculation of the Comprehensive Energy Consumption (GB2589–2020).

6) The water consumption of the Group in A2.2 mainly comes from the operation of various business segments and offices.

7) The plastic bags used by the Group in A2.5 are mainly from the paid plastic shopping bags provided to customers by the supermarkets in retail services segment, the plastic packaging bags used in laundry services and Plastic bags used in catering services.

SOCIAL KEY PERFORMANCE LIST

ESG Indicator		Unit	2022
B1. Employment			
B1.1 Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region			
Total number of employees		Person	630
By gender	Male employees	Person	210
	Female employees	Person	420
By grade	Senior management	Person	8
	Middle management	Person	43
	General employees	Person	579
By type	Full-time employees	Person	607
	Part-time employees	Person	0
	Contract employees	Person	23
By age	Employees aged 30 and below	Person	68
	Employees aged between 31 and 40	Person	156
	Employees aged between 41 and 50	Person	290
	Employees aged 50 years and above	Person	116
By region	Employees in mainland China	Person	626
	Employees in Hong Kong, Macao, Taiwan and Overseas	Person	4

ESG Indicator		Unit	2022
B1.2 Employee turnover rate by gender, age group and geographical region			
Turnover rate		%	29.69
By gender	Male employees	%	33.75
	Female employees	%	27.46
By age	Employees aged 30 and below	%	50.72
	Employees aged between 31 and 40	%	27.10
	Employees aged between 41 and 50	%	24.48
	Employees aged 50 years and above	%	27.50
By region	Employees in mainland China	%	29.82
	Employees in Hong Kong, Macao, Taiwan and Overseas	%	0.00
B2. Health and Safety			
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year[1]			
	Number of work-related fatalities	Person	0
	Rate of work-related fatalities	%	0
B2.2 Lost days due to work injury			
	Total days lost due to work-related injuries	Day	201
B2.3 Occupational health and safety measures adopted			
	Annual Health Check up	Person	509
	Number of safety drills (including fire drills)	Time	30
	Number and percentage of participants in safety drills	Person/%	538/85.40
B3. Development and Training			
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)			
Percentage of employees trained		%	90.79
By gender	Male employees	%	88.10
	Female employees	%	92.14
By type	Senior management	%	87.50
	Middle management	%	83.72
	General employees	%	91.36

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[1]	Number and rate of work-related fatalities occurred in 2020 and 2021 are 1 and 0.16%, 1 and 0.15%, respectively.

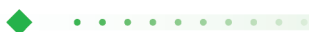| ESG Indicator		Unit	2022
B3.2 The average number of hours of training hours completed by each employee by gender and employee category			
Total training hours of employees[2]		Hour	384.5
By gender	Male employees	Hour	10.84
	Female employees	Hour	10.55
By category	Senior management	Hour	13.96
	Middle management	Hour	19.31
	General employees	Hour	10.01
B5. Supplier Management			
B5.1 Number of suppliers by geographical region			
	Total number of suppliers	Nr.	781
	Mainland China	Nr.	772
	Hong Kong, Macao and Taiwan regions	Nr.	8
	Overseas	Nr.	1
B5.2 Number of suppliers whose policies are implemented			
	Number of suppliers that have implemented the policy	Nr.	781
B6. Product Responsibility			
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons			
	Product recycling	Ton	0
B6.2 Number of products and service related complaints received and how they are dealt with			
	Number of customer complaints received	Time	1,899
	Customer satisfaction	%	95.22
B6.3 Observing and protecting intellectual property rights			
	Number of patents applied for	Case	8
	Number of patents granted	Case	4

2   Figures are the total length of training time.

ESG Indicator	Unit	2022
B7. Anti-corruption		
B7.1 Number of concluded corruption lawsuits brought against the issuer or its employees during the reporting period and the outcomes of the cases		
Number of corruption lawsuits filed or concluded	Case	0
B8. Community Investment		
B8.2 Resources contributed to the focus area		
Public welfare investment	RMB	3,000
Number of employees participating in volunteer activities	Person/time	3,677

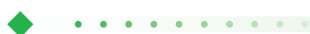# APPENDIX III: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Aspects, General Disclosures and KPIs	Descriptions	Sections
Aspect 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. *Note: Air emissions include NOx, SOx and other pollutants regulated under national laws and regulations.* *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.* *Hazardous wastes are those defined by national regulations.*	Low Carbon for Green Ecology
KPI A1.1	The types of emissions and respective emissions data.	Appendix II: Key Performance List
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II: Key Performance List
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II: Key Performance List
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix II: Key Performance List
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Low Carbon for Green Ecology
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Low Carbon for Green Ecology

Aspects, General Disclosures and KPIs	Descriptions	Sections
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.*	Low Carbon for Green Ecology
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix II: Key Performance List
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix II: Key Performance List
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Low Carbon for Green Ecology
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Low Carbon for Green Ecology
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix II: Key Performance List
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Low Carbon for Green Ecology
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Low Carbon for Green Ecology
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Low Carbon for Green Ecology
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Low Carbon for Green Ecology
Aspect 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.	People-Oriented Philosophy for Employee Development
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	People-Oriented Philosophy for Employee Development Appendix II: Key Performance List
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix II: Key Performance List

Aspects, General Disclosures and KPIs	Descriptions	Sections
Aspect B2. Health and Safety		
General Disclosure	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.	People-Oriented Philosophy for Employee Development
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix II: Key Performance List
KPI B2.2	Lost days due to work injury.	Appendix II: Key Performance List
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-Oriented Philosophy for Employee Development Appendix II: Key Performance List
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note: Training refers to vocational training. It may include internal and external courses paid by the employer.*	People-Oriented Philosophy for Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix II: Key Performance List
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix II: Key Performance List
Aspect B4: Labor 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 labor.	People-Oriented Philosophy for Employee Development
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	People-Oriented Philosophy for Employee Development
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	People-Oriented Philosophy for Employee Development

Aspects, General Disclosures and KPIs	Descriptions	Sections
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Cooperation with Partners for Mutual Benefits
KPI B5.1	Number of suppliers by geographical region.	Appendix II: Key Performance List
KPI 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.	Cooperation with Partners for Mutual Benefits Appendix II: Key Performance List
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Cooperation with Partners for Mutual Benefits
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Cooperation with Partners for Mutual Benefits
Aspect 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, labeling and privacy matters relating to products and services provided and methods of redress.	Utmost Sincerity for Quality Services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Appendix II: Key Performance List
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Utmost Sincerity for Quality Services Appendix II: Key Performance List
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Utmost Sincerity for Quality Services Appendix II: Key Performance List
KPI B6.4	Description of quality assurance process and recall procedures.	Utmost Sincerity for Quality Services
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Utmost Sincerity for Quality Services

Aspects, General Disclosures and KPIs	Descriptions	Sections
Aspect 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.	Sustainability Management
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Sustainability Management Appendix II: Key Performance List
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Sustainability Management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Sustainability Management
Aspect B8. Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Commitment to Public Welfare for a Harmonious Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Commitment to Public Welfare for a Harmonious Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Commitment to Public Welfare for a Harmonious Society Appendix II: Key Performance List