



2022

Environmental,
Social and Governance Report

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About this Report

◎ Scope of the Report

This is the seventh environmental, social and governance (ESG) report (the "Report") issued by Huafa Property Services Group Company Limited ("Huafa Property Services" or the "Company"), which aims to provide a comprehensive and objective disclosure of the vision, strategies and practices of Huafa Property Services and its subsidiaries in relation to ESG issues from 1 January 2022 to 31 December 2022 to facilitate our stakeholders' understanding of the Company's sustainability performance. Unless otherwise indicated, the scope of this Report is consistent with the Company's 2022 Annual Report.

◎ Basis of Compilation

This report is compiled in accordance with Appendix 27 of "Environmental, Social and Governance Reporting Guide" in the Rules and Guidance governing the Listing of Securities (the "Main Board Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The detailed index of the ESG Guide is set forth in the Appendix section of this report for quick reference.

◎ Legal Policy Statement

Huafa Property Services Group Company Limited, registered in Bermuda, is listed on the Hong Kong Stock Exchange. As its major business substantially located in several regions of Mainland China, on the premise of the Company's compliance with the laws and policies of the above three places, this Report takes the laws and policies in the Hong Kong Special Administrative Region of China and Mainland China as the primary reference, and as to the content related to its major business, mainly refers to the laws and policies in Mainland China.

◎ Source of Data

This Report follows the principles of materiality, quantification, balance and consistency of the ESG Reporting Guide, and all data and cases are derived from the statistical reports, relevant documents and public information of Huafa Property Services. The Company confirms that this Report does not contain any false representations or misleading statements, and is responsible for the authenticity, accuracy and completeness of its content. Unless otherwise specified, the monetary amounts in this Report are denominated in RMB.

◎ Definitions

For the convenience of expression and reading, "Huafa Property Services" in this Report refers to Huafa Property Services Group Company Limited; "Huafa Group" refers to Zhuhai Huafa Group Company Limited; "Huafa Properties" refers to Zhuhai Huafa Properties Co., Ltd.; "Zhuhai Huafa Property" refers to Huafa Property Services Company Limited, an associated company; "Huajin Hotel Management" refers to Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited, a subsidiary of the Company; "Huajin International Convention" refers to Zhuhai Hengqin New Area Huajin International Convention Services Company Limited, a subsidiary of the Company; "We", "us" and the "Company" refer to Huafa Property Services Group Company Limited and its subsidiaries.

◎ Approval of the Report

This Report follows the materiality principle of the Environmental, Social and Governance Reporting Guide and was approved for publication by the board of directors of the Company on 29 March 2023.

◎ Access to the Report

This Report will be provided in both Traditional Chinese and English for readers' reference, and the electronic Chinese version of the Report is available on the website of the Hong Kong Stock Exchange ("HKEX") (www.hkexnews.hk).

◎ Information and Feedback

Should you have any questions or suggestions regarding this Report, please email us at ir982@huafagroup.com.





Board Statement

The Company has established an effective environmental, social and governance ("ESG") governance mechanism, strengthened the Board's oversight and engagement in the Company's ESG issues, and faithfully fulfilled corporate's social responsibilities to pursue long-term stable development.

ESG Governance

The Board of the Company attaches high importance to the ESG practices. In accordance with the requirements of the Environmental, Social and Governance Reporting Guide issued by the HKEX, the Company gradually refines the ESG governance mechanism and continues to improve the ESG governance structure. Huafa Property Services is committed to integrating ESG concepts into corporate governance, strictly abiding by ESG-related laws and regulations, attaching importance to assessing and managing environmental, social and governance risks in the Company's operations, and the senior management is responsible to monitor and implement corresponding risk management and internal control systems. In 2022, the Board of Huafa Property Services resolved to adopt a number of internal policies such as the Anti-corruption Policy, the Board Diversity Policy and the Board Nomination Policy to continuously improve the Company's ESG system and achieve more efficient and effective internal control management of the Company.

ESG Risk Management

The Company strives to ensure appropriate and effective ESG risk management in place and supervise the identification and evaluation of ESG and climate-related risks and opportunities. In addition to adhering to the concept of green operation, the Company also pays close attention to the occupational development and growth of employees. We promote internal talents with a fair and reasonable promotion mechanism and build reliable teams. While creating a stable working environment for employees, we also provide customers with superior services and optimal solutions.

ESG Goal Management

The Company has set clear short-term, medium-term and long-term sustainable development vision and goals. We have established relevant targets and corresponding strategies for energy saving and emission reduction, and incorporated sustainable development factors into our strategic planning, business models and decision-making processes, with our common efforts to achieve carbon peaking by 2030 and carbon neutrality by 2060. The Board monitors and reviews the effectiveness of the management approaches on a regular basis, including reviewing the Company's ESG performance, and adjusting corresponding action plans. Through the concerted efforts of core members of different departments and functional units, the Company has realized the effective implementation of the ESG policies. We strive to accomplish desirable ESG performance and contribute to achieving energy conservation and emission reduction goals.

Chairman's Statement

Looking back 2022, the Company has overcome difficulties and prioritized stability while pursuing innovation, and its total assets, operating income, total profits and tax contributions ranked in the forefront of Guangdong province's property service system. The Company was awarded a number of honors, and was fully recognized by the industry and its comprehensive strength and social influence were significantly improved.

Chairman of the Board

Steady growth amidst adversities.

This year we have witnessed the economic downturn and the plight of industries caused by the pandemic. While calmly coping with the challenges and risks, the Company has maintained its strategic direction and successfully accomplished various production and operation goals by putting great efforts in its operation. As the Company continues the trend of high-quality development, we focus on future growth and actively seek reform and transformation. We work at full stretch to build a leading player as the "Industry No.1". Driven by scientific and technological innovation and industry leadership, the Company has fulfilled transformation and upgrading, and embarks on a new stage for high-quality growth. As of 31 December 2022, the total revenue of the Company amounted to RMB1.599 billion, representing a year-on-year increase of 24.6%. Among which, the revenue from basic property services amounted to RMB1.049 billion, representing a year-on-year increase of 27.5%; the revenue from owner value-added service amounted to RMB172 million, representing a year-on-year increase of 51.9%; and the revenue from other value-added services amounted to RMB365 million, representing a year-on-year increase of 10.2%. The Company was also listed in the China Top 100 Property Service Enterprises for the fourth consecutive year, ranking 19th in 2022.

Boom stemming from a bedrock.

In this year, the Company consolidated its sustainable development, provided the real economy with all-round and full-chain services, and maintained its position as the "ballast stone" of urban industrial clusters. In 2022, the Company was awarded a number of honors such as the 2022 China Top 100 Leading Property Service Enterprises for Customer Satisfaction, the Most Valuable Property Enterprise in the 6th Golden Hong Kong Stocks Award, the No. 15 Property Services Brand in the Guangdong-Hong Kong-Macau Greater Bay Area of 2022 and many other honors. It has been professionally recognized by the property service market, with significant improvement of its role in commerce and trade in the real economy.

Premium service and diversified development.

During the year, the Company adhered to quality innovation, and established a high-standard service system; while continuously improving the satisfaction of owners, it promoted the development of the industry and fulfilled social responsibility. In addition, the Company proactively expanded the "City Butler" business, comprehensively upgraded "City Excellence + Service", and deeply explored the market demands for city service business. Also, it launched the on-site service in the park, and deeply promoted garbage classification, making a breakthrough in the efficiency of garbage classification and forming a pattern of diversified business development.

Technological innovation and optimal management.

In this year, the Company comprehensively and deeply promoted the construction of "three platforms and one center". By optimizing and improving the internal management platform, customer service platform, Internet of Things platform and integrated command center, we actively pushed forward the construction of "Technology +" information system, and upgraded the management and control capabilities, service quality and operational efficiency; under the concept of "knowledge management", we hold fast on the introduction of talents, respect and value talents, so as to strengthen and reinforce the management of the team backbone and the comprehensive management capacity of the management team. We are highly concerned with the construction of the echelon talent management and training system, the improvement of the human resources management system, and the efficiency of human resources management.

From 2021 to 2022, the Company has achieved high-quality transformation and upgrading. In the future, we will constantly uphold the concept of high-quality development and consolidate the foundation of sustainable development. Meanwhile, we will unrelentingly seek breakthroughs in stable development, strive to accomplish the goal of technological innovation and industry leadership, and spare no efforts to make further achievements and continue its success.



About the Company

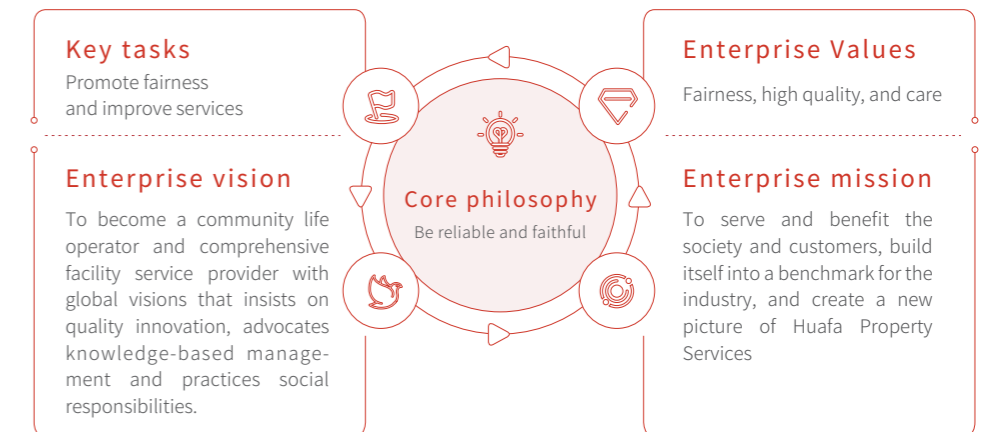
Company Profile

2008
Listed on the main board of the Hong Kong Stock Exchange

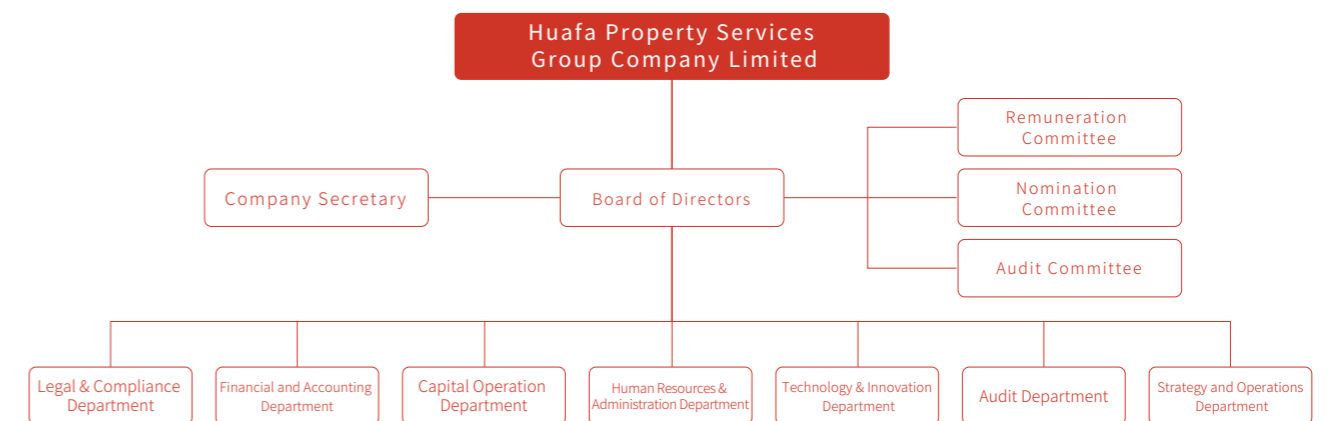
00982.HK
Stock Code

Huafa Property Services Group Company Limited ("Huafa Property Services"), listed on the main board of the Hong Kong Stock Exchange since 2008 with the stock code 00982.HK, is one of the nine listed companies controlled by Huafa Group. 38.78%^① of its shares is owned by Huafa Properties. The Company's main business is to provide professional and high-quality property management services, hotel consulting services, and consulting services related to the planning and organization of conventions exhibitions, conferences and events. Among them, Zhuhai Huafa Property provides property management services, Huajin International Convention provides exhibition planning related services, and Huajin Hotel Management provides hotel consulting related services.

Huafa Property Services is committed to developing high-quality services in all forms, and is striving to become a large-scale, comprehensive, modern and high-end service group with international competitiveness.



Organizational Structure



^① The Company announced the completion of changing the equity composition of indirect controlling shareholders on January 3, 2023. Zhuhai Huafa Properties is holding 3,901,907,480 shares of the Company through Guang Jie Investment Limited and Huajin Investment Company Limited, accounting for 38.78% of all shares that have been issued by the Company. Zhuhai Huafa Group Company Limited is still the ultimate controlling shareholder of the Company.



Main Business

Property management services

Zhuhai Huafa Property Management Service Co., Ltd., a wholly-owned subsidiary of Huafa Property Services, has become a full-chain comprehensive service system focusing on providing community services, environmental services, public facility operation and maintenance services, urban services, asset operation services, elevator installation and maintenance services, engineering construction services and intelligent construction services to owners, residents and property developers after 37 years of stable development. Zhuhai Huafa Property Management gains profit mainly from property management services, value-added services for owners and other value-added services.

Property management services

Zhuhai Huafa Property Management has been providing services in over 40 cities nationwide including Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan, Chongqing and Nanjing. As at December 31, 2022, it had 321 ongoing projects covering a total Gross Floor Area ("GFA") of about 51.82 million square meters and a total charged GFA of about 24.37 million square meters.

Value-added services for owners

Zhuhai Huafa Property Management upholds the philosophy of sustainable operation, devotes itself to becoming a state-level life operator, and provides a full range of community life services centering on domestic service, space operation and community new retail and integrated professional whole-chain services for owners.

Other value-added services

Zhuhai Huafa Property Management and its subsidiaries provide a variety of other value-added services covering municipal management, elevator engineering, security and catering.

Hotel consulting and exhibition services

After suspending hotel business and services, the Company concentrates on the development of hotel consulting services, and allocates its resources to main business centering on property management. Huajin Hotel Management, a wholly-owned subsidiary of the Company, has its presence in Dongao Island, Xiong'an New Area, Shaoxing, Zhejiang, and Nyingchi Prefecture, Tibet through high-end hotel projects.

Huajin International Convention, another wholly-owned subsidiary of the Company, takes over the mission in reform, takes the initiative to integrate resources, and seeks transformation and innovation. It has successfully held a series of forums including the one themed "New Economy Surged with New Driving Forces, a New Pattern of Development Formed in New Bay Area".



Honors in 2022

Zhitongcaijing, Tonghuashun Finance

- January 2022 The 6th Gold Hong Kong Stocks Award - Most Valuable Property Company
- December 2022 Most Valuable Real Estate and Property Services Company

Guangdong Enterprise Confederation

- June 2022 2022 Property Industry Demonstration Enterprise for Good Faith in Housing and Urban-rural Construction Sector

China Index Property Industry Institute

- December 2022 15th among 2022 Property Service Brand Enterprises in Guangdong-Hong Kong-Macao Greater Bay Area

Urban Development

- December 2022 40-year Better Life Service Provider in Real Estate and Property Management Sectors of China

Guangdong Provincial Department of Science and Technology

- September 2022 Zhuhai Huafa Municipal Integrated Service Co., Ltd. was awarded 2022 High-tech SME

Beijing China Index Academy

- April 2022 19th among China 2022 Top 100 Property Service Enterprises
- April 2022 China 2022 Excellent State-owned Property Service Enterprise
- April 2022 China 2022 Top 100 Leading Property Service Enterprises for Customer Satisfaction
- January 2023 China 2022 Top 13 Branding Communication Property Service Enterprise

Guangdong Property Management Industry Institute

- December 2022 16th among 2022 Guangdong Leading Property Service Enterprises for Comprehensive Development Strength
- December 2022 2022 Guangdong Property Service Enterprise Outstanding Contribution Award for "Assuming Social Responsibility and Supporting Social Employment"



Corporate Governance

The Company has always been committed to practicing development responsibility and continuously improving and standardizing internal governance centering on high-level corporate governance standards. It has been attaching importance to risk prevention, intensifying integrity governance, and advocating faithful and compliant operation, improving its overall governance and laying a solid foundation for its sustainable development. In 2022, the Company refined the risk management and control system, carried out internal audits and supervision and stepped up the development of the internal control system to boost its legal and compliant management, review the operation of systems, and reduce the risks in operation and management.

Sustainable Development Goals (SDGs) of the United Nations

8 DECENT WORK AND ECONOMIC GROWTH



Governance Framework

The Company spares no efforts to maintain high-standard corporate governance and firmly believes that sound corporate governance is essential to the sustainable development and steady performance growth of the Company. Under the Board of Directors, there are three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to supervise the specific affairs of the Company, and to strive to continuously improve the Company's corporate governance and form an effective corporate governance structure. In 2022, the Company held two shareholders' meetings and four board meetings.

Audit Committee

It assists the Board of Directors in reviewing internal monitoring policies and audit plans, as well as supervising the Company's possible misconduct in financial reporting, internal monitoring and other aspects.

Remuneration Committee

It examines and discusses the remuneration of certain executive directors, non-executive directors and Senior Management members, and the remuneration policies and structures of all directors and Senior Management members, as well as gives advice to the Board of Directors; develops transparent procedures for the formulation of remuneration policies and structures, and ensures reasonable remuneration of directors and Senior Management members.

Nomination Committee

It reviews the composition and development of the Board of Directors, develops the procedures for nomination and appointment of directors, and gives advice to the Board of Directors on director appointment and succession plans; and evaluates the independence of independent non-executive directors.

Compliance Operation

As a company listed on the main board of HKEX, the Company highlights the importance of compliance operation to maintaining proper daily business operation. In strict compliance with regulatory requirements, including the Guidelines on Disclosure of Inside Information, the Codes on Takeovers and Mergers and Share Repurchases and the Securities and Futures Ordinance (Laws of Hong Kong Cap. 571) introduced by the Hong Kong Securities and Futures Commission ("SFC")^②, Appendix XIV Corporate Governance Code and Corporate Governance Guide for Boards and Directors introduced by HKEX and other laws, regulations, policies and guides, the Company gives priority to the standardization of corporate governance, keeps practicing its compliant operation by refining compliance policies, developing compliance systems and offering compliance training, so as to ensure faithful and compliance operation.

Refining compliance policies

With reference to the existing litigation cases related to the industry, Zhuhai Huafa Property Management sorted out and optimized the relevant compliance management and made instructions on litigation cases. It has formulated and released multiple operation instructions to solve common management problems encountered by the project management division.

Developing compliance systems

Risk control, legal and audit departments of Zhuhai Huafa Property Management worked together to develop a compliant management mechanism integrating systematic control, service, supervision and guarantee systems that covers not only legal risk prevention and control but also internal control, risk control, compliance and audit.

Providing compliance training

Regarding the risks encountered in contract review and litigation case handling and issues prone to disputes in daily management, Zhuhai Huafa Property Management provided training on legal affairs of different themes. In 2022, it arranged eight training sessions on law and regulation compliance to project managers and ordinary front-line employees, providing all-around legal support for its business development. Every year, Huafa Property Services hosts training on HKEX's Listing Rules to members of the Board, company secretaries, Senior Management members and legal personnel.



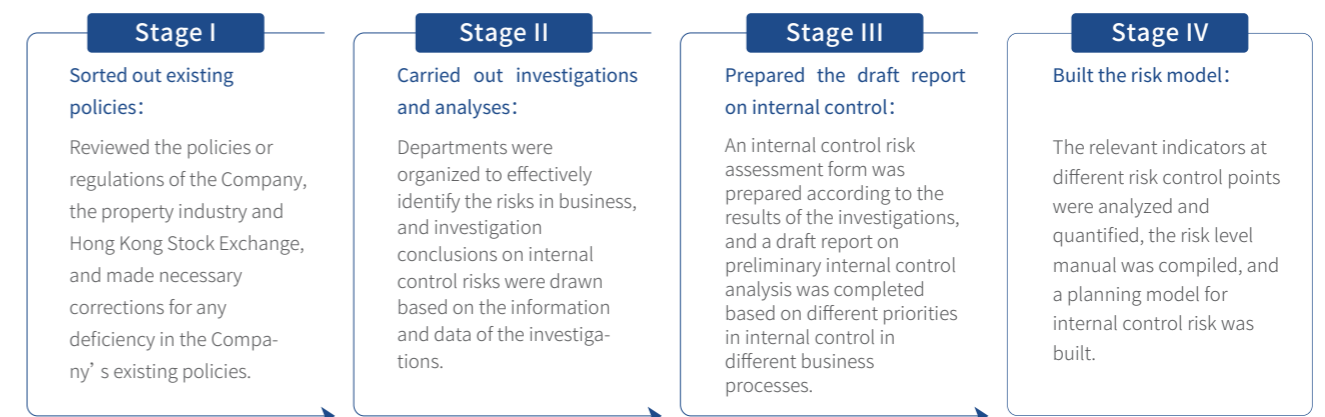
Training on Labor Dispute Settlement

Risk Management

The Company also attaches great importance to risk management and internal control. By establishing a comprehensive internal control management system, intensifying supervisory and service functions and deepening the implementation of the management system, it identifies, measures, analyzes and assesses all risks that may occur to the Company and takes appropriate and effective measures in time to prevent and control such risks.

The Board of Directors of the Company inspects and updates the Company's risk status and risk severity on a regular basis, and assesses the effectiveness of risk management and internal monitoring policies annually. The Review Committee of the Company assists the Board of Directors in managing the design, implementation and supervision of the Company's risk management and supervision policies. The Audit Department of the Company carries out routine audits to guard all business operations of the Company. In 2022, the Company implemented its audit plan on schedule and carried out ten audits. For audit findings, it organized the units involved to study and determine remedial measures, and keep advancing the rectification.

Zhuhai Huafa Property Management established the internal control system in 2022



^② Hong Kong Securities and Futures Commission, referred to as "SFC".

Rights and Interests of Investors

The Company discloses its operation information to shareholders and investors in a timely and accurate manner following the principle of "truthfulness and reliability". As required by HKEX and SFC, the Company promptly updates the information on connected transactions, releases interim and annual performance reports, keeps disclosing its latest news on its official website and the website of HKEX, and continuously enhances its capability of compliant operation.

Committed to facilitating communication with shareholders, the Company has been taking the initiative to make communication in the capital market effectively. By proactively exchanging opinions on industry development with shareholders, investors, fund managers, analysts and institutions of privately offered funds through all-around and multi-dimensional channels, we have established steady and sound relationships with our partners.



2021 Annual Results Release

Responsibilities of the Board of Directors

The Company is in full conviction that its development will be better improved through the effective performance of the Board of Directors to achieve its strategic goals. The Board of Directors of the Company is mainly responsible for determining development strategies, reviewing major issues, maintaining investor relations, and supervising and controlling risks.

During the reporting period, the Company's Board of Directors consisted of nine members, including five executive directors, one non-executive director and three independent non-executive directors.

The Company vigorously implements the Board diversity policy to diversify the industry experience, work background and other qualities of its Board members. In line with the Board diversity policy, the Nomination Committee reviews the structure, size and composition of the Board of Directors annually, and makes recommendations to the Board of Directors on relevant changes when appropriate, so as to comply with the Company's corporate policy and ensure the balanced and diversified composition of the Board. When evaluating the composition of the Board, the Nomination Committee puts a new premium on diversity at all levels by taking into account various factors including but not limited to gender, age, cultural and educational background, ethnicity, professional qualification, skill, knowledge, industry and regional experience, and length of service.

Number of independent non-executive directors

2020	3
2021	3
2022	3

Number of executive directors

2020	4
2021	4
2022	5

Developing Integrity Culture

The Company continues to enhance its integrity culture, strengthens ideological guidance, improves its management policies, and strictly abides by laws and regulations such as the Prevention of Bribery Ordinance of Hong Kong (Laws of Hong Kong Cap. 201) and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Laws of Hong Kong Cap. 615) in Hong Kong, as well as the Company Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Interim Provisions on Prohibition of Commercial Bribery in Chinese mainland. It constantly seeks to improve the integrity rules and regulations, strengthen its internal supervision, accountability and reporting policy, and step up integrity education and training, to raise the integrity awareness of its employees and build a integrity culture.

Anti-Corruption Management

To maintain a good corporate image and prevent corruption and property losses in business dealings, the leadership of Huafa Property Management has set up a taskforce for integrity culture development and anti-corruption work, and further established and improved the leadership and working mechanism for integrity and anti-corruption work to facilitate the building of a corruption punishment and prevention system. The leadership of Huafa Property Management has also collated the integrity risks of key positions, and carried out targeted special inspections together with audit, human resources, finance, quality management center and other departments from time to time. An integrity risk prevention and control mechanism featuring clear risk definitions, effective measures and timely warnings has been established. As at the end of the Reporting Period, the Company and its employees have not been involved in any closed legal proceedings related to corruption.



Integrity Supervision

The Company continuously intensifies its supervision and restraint, and has prepared integrity service cards to be placed at the front desk of each region, business unit, subsidiary and project for owners. In addition, it also conducts regular inspections on key positions and supervises integrity throughout the whole business process; for new partners of the year, the coordination department of the Company's business lines will issue the Letter of Huafa Property Management on Establishing a Disciplinary Inspection Information Exchange Mechanism and the integrity service card to each partner to create an integrity culture and a corporate atmosphere that advocates integrity and sound governance.

Integrity Education

The Company continues to implement disciplinary education and integrity education and carries out case-based education and publicity with typical individuals and events around, so as to raise the awareness of all employees about integrity and create a positive working atmosphere for honesty and integrity. Huafa Property Management carries out the "Discipline Education and Learning Month" activity every year, which covers all directors, leaders above the middle level and personnel in key positions. Through the education activities such as intensive study and discussion, watching integrity educational videos and visiting integrity education base, the Company improves the effectiveness of promoting remediation with case study by encouraging its leaders to respect and observe discipline. In 2022, Huafa Property Management hosted a total of 28 special education and training sessions.

The Company's innovative form of integrity education in 2022

- Mobilizing the employees to learn through the combination of visits, themed education, study and seminars and self-study
- Carrying out integrity activities through family culture education on the family member gathering day
- Enhancing targeted and timely integrity education through the combination of online and offline channels

The Mobilization Meeting of "Discipline Education and Learning Month" Activity of Huafa Property Management in 2022

Case

On August 14, 2022, the leadership of Huafa Property Management held the mobilization meeting for the discipline education and learning month themed "Promoting Fairness, Improving Quality and Achieving Great Success". A total of over 5,000 people at the manager level and above attended the meeting via online and offline channels. The meeting conveyed the main theme of the Company's discipline education and learning month with a focus on strengthening the building of work style. Attendees of the meeting were organized to watch the educational film *The Harm of Greed - A Warning Record of Violations of Discipline and Law by Grassroots Cadres*, which achieved sound education results.



Whistleblower Protection

The Discipline Inspection Office of the Company receives whistleblower's report. To standardize the report handling procedures, the Discipline Inspection Office organizes the study of reporting-related work requirements on a regular basis, such as the working rules of disciplinary departments for reporting and accusation, and the protection of whistleblowers. Over the years, there has never been infringement or damage to the rights and interests of whistleblowers due to reporting in the Company.

Reporting channels

The Company provides a number of reporting channels for internal employees and external personnel to report any violation of integrity and discipline, such as hotline, email, mailbox for letter and QR code.

Protection of whistleblower information

The Company standardizes the report handling procedures and strictly protects the information of whistleblowers. The Discipline Inspection Office designates special personnel for management to effectively protect the interests of whistleblowers and prevent retaliation against whistleblowers.





Responsibility Management

Responsibility Management Policy

The Company upholds the concept of sustainable development and places equal importance on sustainable development and long-term business growth. We actively advocates ESG sustainable development plans, fully evaluates ESG risks related to the Company's operations, and strengthens relevant risk management and internal control systems. Besides, the Company strictly abides by environmental and social laws and regulations, including but not limited to those related to environment, employment relations, employee health and occupational safety, anti-corruption, etc. The Company actively promotes corporate governance, facilitates the steady development of community development, environmental protection and employee rights, and maintains a sound, stable long-term relationship with investors, governments, customers, public service organizations, suppliers and other stakeholders.

Responsibility Management Structure

To better implement and develop ESG governance, the Company has incorporated ESG into corporate decision-making and operations. As the highest decision-making body of the Company's ESG work, the Board of Directors is responsible for authorizing the management scope and program decisions, supervising ESG work, regularly evaluating the sustainable development framework, and fully assessing the potential ESG risks in the Company's business operations. The Company has set up an ESG working group consisting of the core members of each functional department. The ESG working group is responsible for implementing the ESG-related resolutions of the Board of Directors, regularly reporting to the Board of Directors on the progress of ESG tasks, coordinating ESG management, and disclosing relevant information. Each functional department of the Company implements the specific matters of the ESG working group, facilitates ESG tasks, and collects information on the issues occurring in daily work.



Communication with Stakeholders

The Company attaches importance to the opinions of stakeholders, maintains close communication with them to understand their issues and concerns, respond to their questions and demands, and achieve mutual development.

Stakeholders	Main demand	Communication methods
<p>Governments and regulators</p>	<ul style="list-style-type: none"> Meeting regulatory compliance requirements Complying with laws and listing regulations Paying taxes in full and on time in accordance with the law Promoting regional economic development and employment 	<ul style="list-style-type: none"> Public events Public disclosure of relevant information Reports on policy implementation Cooperate with the investigation conducted by government authorities
<p>Investors/shareholders</p>	<ul style="list-style-type: none"> Maintaining a stable return on investments Ensuring the transparent corporate information disclosure Protecting shareholders' investment rights and fair treatment 	<ul style="list-style-type: none"> Shareholders' annual meetings and other general meetings Annual report, interim report, financial report, circular and other public information Corporate events Investor email Official website
<p>Employees</p>	<ul style="list-style-type: none"> Improving career training mechanism Providing competitive compensation and benefits Ensuring occupational health and safety Creating an equal and inclusive corporate culture 	<ul style="list-style-type: none"> Employee meeting Employee activities Employee training Employee opinion survey
<p>Customers/owners</p>	<ul style="list-style-type: none"> Providing legal and high-quality services Maintaining a safe and pleasant environment Protecting customer privacy Ensuring compliant and responsible marketing Advocating the concept of green development 	<ul style="list-style-type: none"> Email and customer service hotline Official website Customer satisfaction survey Owner meeting Community cultural activities Annual report, ESG report and other public information
<p>Suppliers and business partners</p>	<ul style="list-style-type: none"> Strengthening routine communication Performing the contract in accordance with the law Practicing honest and trustworthy operations Building a responsible supply chain 	<ul style="list-style-type: none"> Direct communication and visit Annual review and assessment Bidding activities Industry conference and exhibition
<p>Media</p>	<ul style="list-style-type: none"> Improving corporate transparency Fulfilling corporate social responsibilities 	<ul style="list-style-type: none"> Press conference Media interview
<p>Public service and community</p>	<ul style="list-style-type: none"> Investing in public service and charity Persisting in green and low-carbon operation Safeguarding the safety and order of communities Promoting community cultural development 	<ul style="list-style-type: none"> Cooperation in public service activities Charity and social investment Interview and investigation Volunteer activities Charitable donation activities



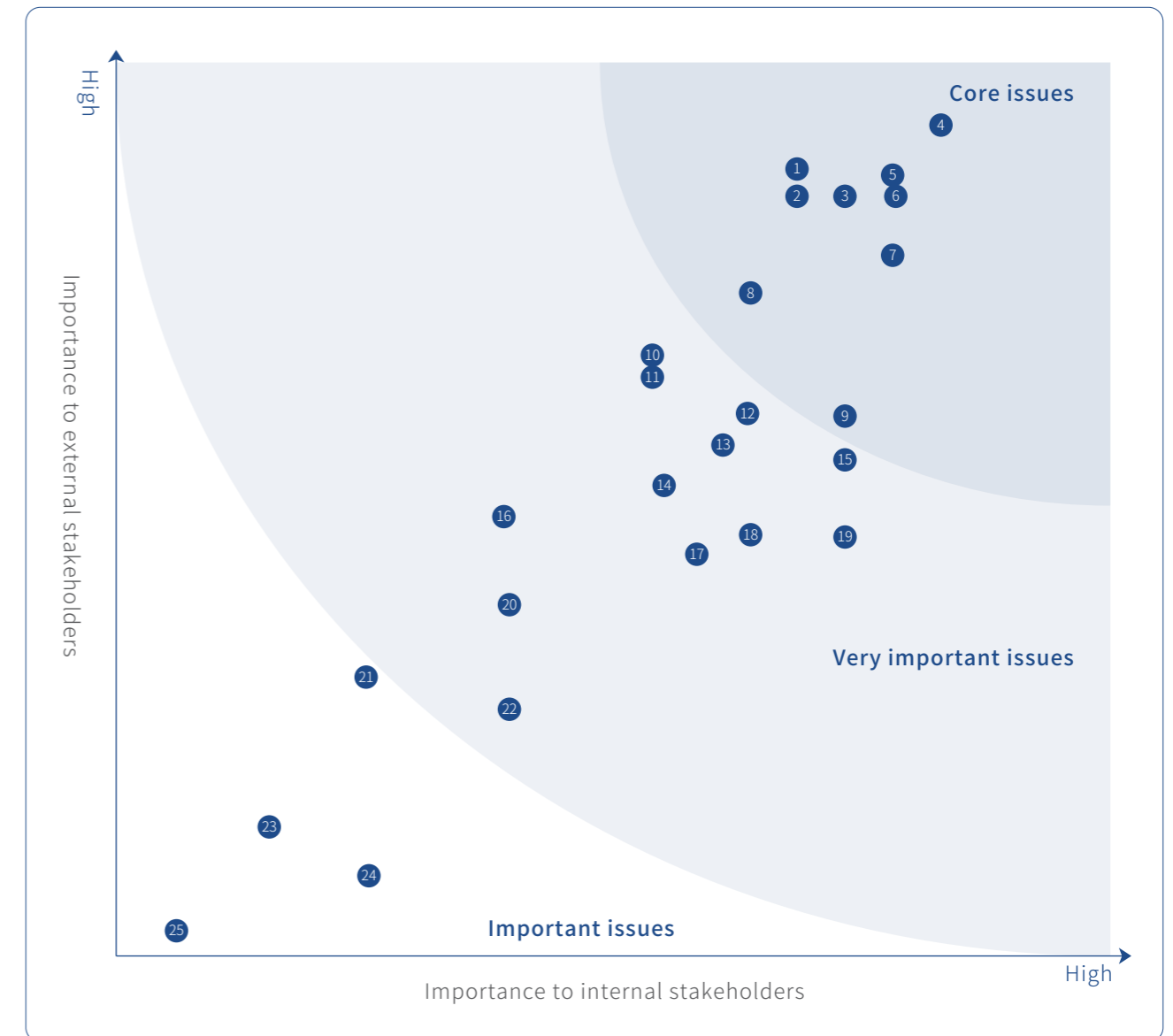
Management of Material Issues

Based on the work content in 2022 and the opinions provided by external consultants, the Company has evaluated the ESG material issues for the year. We selected and updated the list of ESG material issues in 2022 by reviewing the material issues in 2021 and taking into consideration the Company's business development and operation in 2022, with reference to the ESG management practice of peers.

The Company learned about the opinions and suggestions of stakeholders on the material issues of the Company's operation through questionnaire survey in line with the materiality principle. It ranked ESG issues from the two dimensions of "importance to the Company" and "importance to stakeholders" based on the analysis of the questionnaire survey, and drew up a table of ESG material issues in 2022 to provide reference for the Company's ESG work.

Importance	Ranking	Category	Issue
Core issues	1	Social	Service quality and customer satisfaction
	2	Governance	Anti-corruption
	3	Social	Protection of customer information and privacy
	4	Social	Customer health and safety
	5	Governance	Commercial ethics
	6	Social	Occupational health and safety of employees
	7	Social	Employee rights and care
	8	Social	Improvement of employment systems and measures
	9	Social	Employee training and development
Very important issues	10	Social	Community welfare and social services
	11	Social	Community integration and development
	12	Social	Prevention of child labor and forced labor
	13	Social	Responsible supply chain management
	14	Social	Protection of intellectual property rights
	15	Environmental	Waste management
	16	Social	Employee diversity and equal opportunities
	17	Social	Industry development and service innovation
Important issues	18	Environmental	Green operations
	19	Environmental	Waste water management
	20	Environmental	Energy management
	21	Environmental	Waste gas emission management
	22	Environmental	Water resources management
	23	Environmental	Reduction of greenhouse gas emissions
	24	Environmental	Response to climate change
	25	Environmental	Land use and ecological balance

Material issue analysis



- | | | | |
|--|--|---|--|
| 1 Occupational health and safety of employees | 8 Employee training and development | 15 Community welfare and social services | 22 Waste gas emission management |
| 2 Employee rights and care | 9 Improvement of employment systems and measures | 16 Wastewater management | 23 Response to climate change |
| 3 Commercial ethics | 10 Employee diversity and equal opportunities | 17 Waste management | 24 Reduction of greenhouse gas emissions |
| 4 Service quality and customer satisfaction | 11 Industry development and service innovation | 18 Protection of intellectual property rights | 25 Land use and ecological balance |
| 5 Anti-corruption | 12 Prevention of child labor and forced labor | 19 Community integration and development | |
| 6 Protection of customer information and privacy | 13 Responsible supply chain management | 20 Energy management | |
| 7 Customer health and safety | 14 Green operations | 21 Water resources management | |



Economic Responsibility

The Company attaches great importance to communication with all parties, and actively assumes economic responsibilities. It adheres to client-centric, fully pays attention to client expectations and demands, and is committed to providing clients with premium service experience. Meanwhile, the Company builds a high-quality development platform, firmly sticks to the development concept of win-win cooperation, and realizes the synergistic and high-quality development of the industrial chain through business extension and external cooperation.

Sustainable Development Goals (SDGs) of the United Nations

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



Customer Service

The Company strictly follows the local laws and regulations of Mainland China, such as the Civil Code of the People's Republic of China, the Protection of Consumer Rights and Interests of the People's Republic of China, and the Property Management Regulations, deeply explores the core needs of customers, and upgrades the core service capabilities in all aspects and chains. The Company uses data analysis to achieve refined management, fully improve service efficiency and enhance customer service experience.

Service Quality

The Company gains an insight into the core needs of customers, focuses on service quality control, scrupulously observes the requirements of "service improvement" and devotes itself to creating a "Five Cares" service model. In 2022, the Company kicked off regular and continuous special service improvement activities throughout the country, fundamentally analyzing and tapping the potential core needs of customers, and creating first-class, high-quality, branded, intelligent and high-standard property services.



Service Quality System

Guided by customer needs, the Company effectively meets the core needs of customers, improves the service process of the whole chain, and carries out several special actions such as "45 quality activities" and "customer-oriented quality focus action". It implements the lean management system evaluation policy, deepens the concept of "quality" and comprehensively upgrades quality standards. Quality Red Line Standards for Huafa Property Management, the Eighth Edition of Residential Quality Assessment Standard and the Third Edition of Sales Center Quality Assessment Standard and other documents have been issued to push ahead the implementation of high-quality services.

The Company has improved the quality control system and formed a three-level assessment model of "headquarters-region-project". It has carried out various forms of quality assessment through regional quality self-inspection, remote quality system inspection, mysterious customers' visits and quality spot checks. Huafa Property Management ranked first in the satisfaction survey of property service in Zhuhai in 2022. This is the third consecutive year that Huafa Property Management won this award since the China Property Service Satisfaction Survey was launched in 2020.



Quality Conference Scene

Improve Customer Experience

In order to improve the quality of life and happiness of customers, the Company listens carefully to customers' voices, improves service quality and service processes, and regularly carries out special campaign to enhance service quality. In an effort to further improve the service capacity of the staff, the Company regularly conducts professional training activities on quality service, and goes to all lengths to provide customers with ideal experience from all aspects.

2022 Annual Service Enhancement Campaign

Case

Huafa Property Management deeply taps the real needs of customers, conducts research and discussion on key issues in a timely and efficient manner, brings the research results back to their respective areas in time, and actively puts improvement plans into action. In the meantime, Huafa Property Management has carried out a series of campaign of "service enhancement", covering four major aspects: customer service, security, environmental improvement, equipment and facilities, and is committed to providing customers with faster and more accurate services.



Service Enhancement Campaign - Creation of Century City Benchmark



Service Enhancement Campaign - Huafa Environmental Renovation of Aquatic Villa

Responsible Marketing

The Company proactively communicates accurate and positive information, conveys the development strategy and service concept of the enterprise to the whole society, and enhances the recognition and reputation of the Company from the outside world. The Company clarifies the scope of content, review process, management process and responsible departments of the publicity, and has formulated the Branding Management System for Huafa Property Management and other regulations and guidelines to ensure the authenticity, objectivity and legality of the relevant information in the publicity process.

The Company has always insisted on regular standardized training for the publicity team, raised the awareness of standardized publicity, to ensure the scientificity, rigor and authenticity in the publicity process, and further assist customers in getting a full picture of the service content of the Company.



Customer Communication

The Company deeply analyses customer needs, improves service quality, and constantly establishes comprehensive trust with customers. In order to maintain a high-quality working mode, the Company has developed a series of guidelines for customer communication, improved the workflow of customer communication. It has always handled customer complaints with timely and quick response, effectively guaranteed customer service quality, and constantly enriched communication channels to enhance the customer communication and service experience from multiple angles and in an all-around way.

Guarantee Service Quality

The Company has formulated a series of guidelines for signage, patrolling, self-inspection, visits and problem rectification on the basis of satisfying customer needs, as well as internal rules and regulations such as Information Disclosure Management System (2022 Revision) of Huafa Property Services, Information Exchange and Communication Control Procedures and Data Analysis and Improvement Control Procedures of Huafa Property Management to improve customer communication workflow, optimize service content and control service quality.

Enrich Communication Channels

The Company has set up a quality system customer appeal platform. It ensures that customer queries are replied in the first time and customer-related problems are recorded in detail. It analyses the causes, takes decisive measures, solves problems quickly, returns the processing results to customers in time, and obtains customer feedback. It endeavors to effectively provide standardized, quality and intelligent services. In addition, the Company regularly conducts customer satisfaction surveys with questionnaires, and has opened various communication channels such as service hotline, HUAFA You+ APP and SMS questionnaire survey to keep in close touch with customers.

Major Customer Communication Channels

- Questionnaire survey - Customer satisfaction survey
- Service supervision hotline - Keep communication with customers and solve customers' problems in time
- HUAFA YOU+ APP - Platform for information communication, satisfaction survey, and complaint and suggestion
- SMS survey - Customer satisfaction survey, notice, announcement and warm reminder
- Quality system customer appeal platform - Complaint and suggestion platform

Customer Complaint Handling

The Company places a high value on customer opinions and proactively improves the customer complaint handling system and process, and enhances customer experience. The Company has established a number of complaint handling systems, including Complaint Handling Operating Procedures, to clarify the complaint service specifications and assessment mechanisms for each scenario and optimize the complaint handling experience. In addition, the Company constantly optimizes the closed-loop complaint handling mechanism and to ensure the responsibility for the whole process of complaint handling and timely resolution of problems.

2022

The complaint closed rate of the Company reached

100%

Customer Safety

The Company meticulously complies with the Personal Data (Privacy) Ordinance of Hong Kong (Cap. 486, Laws of Hong Kong) and the Data Security Law of the People's Republic of China, the Regulations on Critical Information Infrastructure Security Protection, the Code on Personal Information Security and other local laws and regulations of Mainland China, and holds fast on the concept of customer information security first. It has established an information technology risk management mechanism, and laid down the Information Technology Management Measures (2022 Edition) of Huafa Property Services and the Information Technology Data Management Regulations and the Information Technology Risk Management Regulations of Huafa Property Management, to fully protect the information security of customers. In 2022, the Company passed the certification of ISO 9001 quality management system.



Ensure Customer Safety

The Company scrupulously observes the laws and regulations, such as the Work Safety Law of the People's Republic of China, the Fire Control Law of the People's Republic of China, has set up a comprehensive, standardized and efficient safety management mechanism, and has regulated specific operational guidelines. Also, it has efficiently pushed ahead various promotional and educational activities, developed safety production defense lines, and strived to sufficiently guarantee customer health and safety. In 2022, there were no negative events affecting customers' health and safety.

The Company unveils safety publicity day activities on the 1st and 15th of each month, and publicizes knowledge containing domestic safety and fire safety with high frequency, in all-around and multi-angle ways by means of posters, electronic screens, televisions and bulletin boards, so as to raise the safety awareness of the public. The Company conducts quarterly safety lectures, and cooperates with local neighborhood committees, fire units to promote and explain various safety knowledge to owners, residents, vendors and employees.

Protection of Customer Privacy

The Company is highly concerned with the confidentiality of customer information, and has always adhered to the concept of strictly protecting customer information security. It has set up an information technology management mechanism, developed the Information Disclosure Management System (2022 Revision) of Huafa Property Services, the Information Technology Data Management Charter and the Information Technology Risk Management Regulations of Huafa Property Management, and successively issued Operation Management System of Huafa Property, Information Technology Operation Management Regulations and Information Security Management System of Huafa Property, Information Security Management Regulations, Information Technology Data Management Regulations and Information Technology Risk Management Regulations to fully protect information security. The Company signed the Confidentiality Agreement with every employee to ensure the information security of various business information, customer information, technical secrets and other related aspects during the operation of the Company. In 2022, the Company obtained the ISO 27001 information security management certificate. We effectively guaranteed customer information security and improved service efficiency.

Community Living

By capitalizing on data analysis, the Company realizes refined management, improves service efficiency, carries out special community cultural activities, and creates a harmonious and friendly community atmosphere. In 2022, Huafa Property Management has created about 100 action plans in four categories, including regional equipment introduction and transformation, environmental renovation, security equipment placement and patrol route optimization to improve the quality of community life from multiple angles and in all aspects.

Improve Community Environment

In 2022, the Company has fully unveiled the campaign of renovation and improvement, and invested a large amount of money to renovate the communities, improve the quality of the community environment and living services, and optimize the service process.

Community Environmental Improvement Activities of Huafa New Town, Zhuhai

Case

Huafa New Town Community, Zhuhai carried out comprehensive renovation and improvement. The deep renovation for the community from the customer home returning line to the activity space with hundreds of items covering corridor bridges, landscape, pavilions, tables and chairs, and fitness facilities, has made the community look brand-new. The renovation of the community not only improves the life quality of the owners, but also further completes the community environment improvement, realizing the improvement of the whole chain service quality and the leap of the community life quality.



Wooden board of the park's corridor bridge

Maintain Facilities and Equipment with Care

Huafa Property Management has developed "three-standard system" management documents, and prepared the plans and requirements such as Annual Maintenance Plan of Facilities and Equipment, Annual Overhaul Plan of Facilities and Equipment, and Account Management of Facilities and Equipment for each project, and deployed monthly implementation, to ensure that on-site facilities and equipment always maintain the best state of use.

Routine Maintenance and Repair of Community Equipment

Case

In order to fully satisfy the owners' demand for electricity and water, Huafa Property Management carries out daily maintenance of community facilities according to the "three-standard system" management requirements. Engineers of various projects work tirelessly in major equipment rooms day after day, conduct daily inspections of facilities and equipment, carefully maintain and eliminate hidden hazards, to ensure safety and the economic and efficient operation of equipment.



Inspection Rounds of Power Distribution Room



Inspection Rounds of Elevator Machine Room



Enrich Community Activities

In order to enrich the owners' daily life experience, the Company has held a series of community activities. It improves the service quality while creating a positive community culture, to enhance the owner's life experience, greatly meet their various needs and build the Huafa property service brand.

Mid-Autumn Festival activities

Case

In order to create a warm atmosphere in the community and further enrich the daily activities, Zhuhai Huafa Property Management held the community tour activity during Mid-Autumn Festival – "the Moon Send My Missing Through One Thousand Miles". Community owners actively participated in various themed folk activities, appreciated the connotation of traditional culture, and enjoyed the happiness of friendship, family affection and reunion. The atmosphere was harmonious and pleasant, and it was well received by the owners.



Mid-Autumn Festival activities

Technological Innovation

In recent years, under the background of the country's innovation-driven development strategy, the Company follows the rapid development trend in the era of big data, insists on integrating technological innovation into the Company's development strategy, empowers the development of intelligent property services with science and technology, and comprehensively enhances the customer living experience. The Company continues to increase investment in technological research and development, improves the innovation management system, promotes the construction of information systems and enhances information service capacity. It has created intelligent service experience and smart community, and benefited the community and customers with technology.

Management System Innovation

The Company regards its innovation management work as a significant driving force for the future development. By virtue of the standardization of innovation management workflow, the construction of innovation talent system and the insistence on independent intellectual property research and development, the Company has established an innovation management system that meets the development needs of the Company, formed a healthy corporate atmosphere that focuses on innovation and attaches importance to research and development, driven the smooth and rapid improvement of innovation research and development, and promoted the continued improvement of the Company's information technology and customer service.

Management Mechanism Innovation

The Company is highly concerned with the research and development of technological innovation, and has formulated a series of internal policies and systems, such as the Information Technology Management Measures of Huafa Property Services Group Co., Ltd. (Edition 2022), the Management System of Huafa Property Information Technology Project, and the Management Regulations of Information Technology Project, and other internal policies and systems, as well as declaration, promotion and incentive mechanisms of technological inventions, which constitute a complete innovation management mechanism. It implements standardized management for the whole process of project creation, demand exploration, design, research and development, implementation, testing, launch and operation and maintenance, in a bid to provide sufficient guarantee for the digital property services with information technology.

Talent Management Innovation

Zhuhai Huafa Property Management has set up an excellent constitutional structure for R&D innovation, taking the Information Technology Department as the core organization of the Company's innovation management. It is fitted with five taskforces, including project management, product R&D, data quality, operation and maintenance service and security management, to undertake the functions of project management, product management, data management, operation and maintenance management, and security management, respectively, providing strong support for R&D quality and achievements, and ensuring system stability and reliability as well as information security of the Company.

Protection of Intellectual Property Rights

The Company encourages employees to respect and protect the value of intellectual property rights while actively innovating, and strictly follows the Patents Ordinance (Cap. 514, Laws of Hong Kong), and the Trademarks Ordinance (Cap. 559, Laws of Hong Kong) of Hong Kong and local laws and regulations related to intellectual property rights in Mainland China, such as the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, and the Infringement Liability in the Civil Code of the People's Republic of China. It has formulated and implemented relevant internal policies and systems, clarified job responsibilities, and standardized the process of application, registration, use and file management of intellectual property rights, to guarantee technology research and development, business development and daily operations of the Company. In addition, the Company has reinforced monitoring and investigation of infringement of its intellectual property rights to ensure timely detection and handling of any infringement and effectively protect the Company's interests.

Thanks to a well-equipped innovation management system and a sophisticated organizational structure for R&D and innovation, the Company has achieved fruitful innovation results. By the end of 2022, the Company has obtained a total of 5 national patents for utility model technologies and more than 40 software copyrights including enterprise resource planning ("ERP") charging management system, comprehensive quality management system and integrated command system.



Information System Construction

The Company attaches importance to the improvement of technological enhancement, and actively taps into technologies such as 5G, Internet, Internet of Things, cloud computing, big data, and artificial intelligence to build a new model of digital property service, enhance the internal management, provide safe and reliable services for customers and stakeholders, and maximize the service value of digital property. In 2022, the Company optimized and reconstructed a number of existing property service processes, and modified and practiced the service processes and mechanisms to help the Company further reduce costs and improve efficiency.

Zhuhai Huafa Property Management launched the "Technology+" project in 2019, focusing on the construction of information system in four aspects: "people, finance, material and affairs".

Information System Optimization Project in 2022

Property service charging system

To add the functions of statements of accounts receivable and statements of net receipts, optimize the billing process of tax system, etc., break down the collection barrier, realize online collection function, optimize collection tools, and apply these innovative technologies to all projects under management.

Parking system

To build a unified management platform for parking lots, and uniformly supervise parking data, resources and rules, and interconnect the systems to realize the closed-loop management of parking lot operation and optimize the access experience and efficiency.

Customer service platform

To build a unified customer service platform, improve customer portraits, gain insight into customer needs, improve service tools, and enhance the digital service capability.

Financial Sharing Center

To promote the integration of business and finance in various aspects, such as shared operation management, electronic image management, electronic file management, and master data management, and continuously build and improve the financial sharing center to enhance the digital level of financial management.

By the end of 2022
The "Technology+" project
System construction
has been completed

26

Smart Community Construction

By increasing investment in technological innovation, the Company has brought more convenient and intelligent community service experience to the owners. Zhuhai Huafa Property Management has completed the pilot project of smart community, and gradually upgraded from traditional property services to intelligent property services, significantly improving the service level and quality of the property and improving the safety and comfort of the owners' lives.

Based on the Internet of Things and artificial intelligence technology, Zhuhai Huafa Property Management has built a smart community management and control platform integrating "vision, management, control and prevention" in the pilot project, covering a number of service scenarios such as intelligent pedestrian and vehicle traffic, voice elevator control, intelligent security, intelligent monitoring, intelligent warning, life service, which achieves unified management and multi-party linkage of equipment, personnel and events, and provides customers with a combination of online and offline intelligent community services. The company conducts intelligent analysis and judgment of abnormal conditions and owners/tenants' needs identified in the community, and gradually transforms passive property services into forward-looking property services.

Intelligent Pedestrian traffic

Based on the comfort and convenience of the customers' home returning route, the design realizes the unimpeded traffic of the pedestrian system and the visual cloud intercom for "contactless" travel. The customer can call the elevator directly to the current floor intelligently and enjoy a safe and convenient intelligent life.

Intelligent Vehicle Traffic

Quickly identify the owner's vehicles and pulling-over vehicles, quickly pass and pay, and improve the standardized management of vehicles and travel efficiency.

Intelligent Security

Install cameras in public areas and key security areas, view the situation of the community through the large intelligent screen, grasp the community security dynamics in real time, carry out real-time alarm for abnormal conditions, effectively build a "network" of the community security, achieve all-round control of community security and services, ensure the personal and property safety of customers in all directions, and improve the quality of property services and customer satisfaction.

Equipment and Facility Management

Establish and improve the electronic archives of equipment, and manage the whole life cycle of purchase, use, maintenance, repair and scrap records to realize the traceability of equipment information in all respects.

Monitor real-time equipment operation status, automatically inspect equipment through the Internet of Things platform, and read meters by transforming smart meter points.

Life Service

Develop the "Huayou" mini-program and "U-Life" app, allowing customers to report matters and repairs, pay bills, shopping and contact housekeepers online to make owners' lives more convenient and efficient.



Cooperative Development

Under the development concept of win-win cooperation, the Company strives to create a more open and collaborative ecological platform, and continuously establishes win-win interaction with partners. The Company actively carries out cooperation and exchanges, achieves the synergistic development of the industrial chain through its own business extension and external cooperation, makes progress together with its partners, and enhances the influence of the property service industry. Also, the Company continues to improve the supply chain management system, urge suppliers to fulfill social responsibilities and strengthen the internal management system.

Partnership

The Company focuses on property services, actively maximize the advantages of its main business, and strengthens communication with upstream and downstream partners in the value chain to drive synergistic development of the industrial chain. In 2022, the Company capitalized on the strength of its main business and joined with Huafa Properties, which focuses on real estate development business, in an effort to help Huafa Properties enhance its product, service and brand strength.



As an important subsidiary of Huafa Group, the Company focuses on the "five-in-one" industrial integrated service system of Huafa Group and actively prepares for the property operation in the industrial park, including security, value-added services and engineering services.

Digital Telecom Business

- Cooperate with the community promotion of communication services such as D.Phone broadband fiber and phone package;
- Cooperate with D.Phone Tailongji and Zhuhai UP+ to sell all kinds of digital electronics, household appliances and daily necessities, rice, flour, grain and oil and other full categories of products on "Huayou" mini-program;
- According to its characteristics, each regional company is fully connected with D.Phone to carry out communication services, cell phone retailing and other services.

Others

- Cooperate with the sales and promotion of Huafa Properties vegetable and fruit and agricultural bases in various projects;
- Cooperate with the sales and promotion of critical illness insurance, annuity insurance and other insurance products of Hengqin Life Insurance in the community;
- Cooperate with Huafa Auto to carry out in-store car wash service and other auto derivatives retail business;
- Cooperate with Readzone in the retail business of cultural and creative goods and promote community activities.

Supply Chain Management

The Company is committed to establishing a fair and efficient supply chain, establishing an online procurement platform, formulating a number of internal policies and systems, and conducting an all-round, full-process and full-cycle evaluation of suppliers in terms of their business indicators, compliance records, quality system and business reputation, to ensure that the selected suppliers match the Company's quality standards. The Company attaches great importance to the environmental and social responsibilities of suppliers, and organically combines with the process of supply chain management, and integrates into supplier development, cooperation selection, cooperation transaction, performance evaluation, performance improvement and other links to guide suppliers to carry out environmental and social responsibility management, actively promote the construction of responsible supply chain, and strengthen the foundation of sustainable development.

Strengthen Management System

The Company gives top priority to the safety and stability of the supply chain, keeps a close watch on the identification and prevention of supply chain risks, establishes a standardized supply chain management system, formulates and abides by the Procurement Management System, and makes timely update and adjustment according to the development needs of the Company. In order to further improve the efficiency and quality of procurement, the Company composes and optimizes all kinds of documents, and standardizes and templates key documents such as procurement requirements, bidding documents and procurement contracts, to reduce the difficulties, and various risks to improve the compliance of procurement. In terms of the supplier structure, the Company further optimizes it through the analysis and management of procurement categories, combined with the characteristics of supplier market resources of regional companies or city companies. In 2022, Huafa Property Management took cost reduction and efficiency increase as the core task, initially established the strategic supplier system, and actively eliminated unqualified suppliers in combination with the update of supplier evaluation system, so that the procurement proportion of high-quality suppliers increased significantly. As regards the construction of integrity procurement, the Company requires all procurement personnel to sign the Commitment Letter of Integrity every year, to practice with integrity, put the interests of the Company in the first place, and strictly ensure the compliance and rationality of the procurement workflow and its related documents.

The Company has established a strict supplier selection and access process, and conducted a preliminary review of all potential suppliers registered through the procurement system. For suppliers which pass the preliminary examination, the Company will conduct on-site inspection or supplier investigation to deeply understand the Company's ability, management process and other factors, and then issue the Supplier Inspection/Investigation Approval Form to the supplier professional committee for approval. Those which are evaluated as qualified will be included in the supplier list, and unqualified suppliers will not be recommended and inspected within one year in principle.

The Company has established a strict supplier evaluation and exit procedure. The Company conducts evaluation on all suppliers every year and conducts irregular evaluation when suppliers have major problems. For suppliers which fail the evaluation, the Company terminates the cooperation immediately and will not resume cooperation within 2 years. Moreover, the payment risk of unpaid items is evaluated.

Advocate Responsible Procurement

The Company has been committed to building a responsible supply chain, constantly reinforcing the social responsibility management of suppliers, focusing on the performance of suppliers in environmental protection and occupational health, setting a veto power clause for critical risks such as major environmental pollution and occupational safety accidents, and requiring suppliers to use environmentally friendly materials as much as possible on the premise of ensuring quality requirements, in order to demonstrate the Company's commitment to the concept of responsible supply chain.

In the supplier access process, the Company interviews supplier managements and their employees to verify access conditions such as occupational health. In the meantime, the Company requires suppliers to submit qualification information during the access audit, and gives priority to suppliers who have passed the management system certification.

Environmental Responsibility

The Company prioritizes environmental protection when actively practice environmental, social and management initiatives. The Company actively studies the goal of “carbon peaking and carbon neutrality” , clearly determines the impact on the environment by considering its own business characteristics, and proactively formulates measures for energy conservation and emission reduction. In addition, we carry out green operations, promote green culture, and gradually improve various measures to deal with climate change.

Sustainable Development Goals (SDGs) of the United Nations



Green Operations

The Company upholds the concept of green development and strictly complies with local laws and regulations in Mainland China, such as the Environmental Law of the People's Republic of China. Meanwhile, in order to actively respond to the green and low-carbon transformation, the Company continuously pays attention to energy and resource management and has developed relevant internal regulations, such as the Control Procedures for Organizational Environment and Requirements of Related Parties, the Control Procedures for Identification and Evaluation of Environmental Factors and the Control Procedures for Exerting Influence on Related Party Environment, to minimize the impact on the environment and achieve green production. The Company has obtained ISO 14001 environmental management system certification, and no environmental violation penalties occurred in 2022.

Energy Management

The Company advocates energy saving and carbon emission reduction and strives to achieve sustainable operations. As guided by local laws and regulations of Mainland China, such as the Energy Conservation Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China, it improves the corresponding energy management system and endeavors to reduce the corresponding carbon emissions. The Company has set up energy-saving and emission-reduction targets, gave full play to digital tools, and strived to reduce energy consumption during operations. In the meantime, it takes a number of energy-saving and environmental protection measures at the operation sites to achieve more accurate and efficient management and reinforce energy management quality.

Energy Category	2020	2021	2022 ^③
Total Energy Consumption (MWh)	13,142.53	3,376.27	5,012.15 ^④
Direct Energy Consumption (MWh)	/	2,459.38	4,078.40
Indirect Energy Consumption (MWh)	/	916.89	933.75

Energy Management Measures

We improve the management system of energy conservation and emission reduction

- We improve the energy management system and control the energy consumption equipment in the office premises.
- We standardize the use of air conditioning facilities in the office premises, such as a set of below 26°C in summer.
- We standardize the purchase criteria of energy-consuming equipment in local office areas, such as choosing low power and low energy consumption equipment as possible while ensuring efficient operation.
- We strengthen the supervision and assessment of the energy management process.

Energy-consuming Equipment Improvement

- We improve obsolete energy-consuming equipment, such as replacement and intelligent improvement of obsolete air conditioning facilities, to achieve energy efficiency improvement of energy-consuming equipment.
- We increase the proportion of new energy equipment, such as promoting the use of new energy vehicles in the Company.
- We promote the use of energy-saving and efficient devices in the office premises, such as LED energy-saving lamps.
- We participate in early project intervention and propose energy-saving equipment selection to construction units.
- We strengthen the investment of resources in energy saving and emission reduction, such as enhancing the management system of energy-consuming equipment control and registration, and regularly inspecting, maintaining and updating equipment.

Supervision and Planning of Energy Conservation and Emission Reduction

- We augment the identification and monitoring of emission sources, promptly alert and strengthen management for abnormal emission fluctuations.
- We develop corresponding short-term and long-term emission reduction plans, evaluate the results of emission reduction programs implemented in a timely manner, and revise the emission reduction plans and programs.

③ The statistical scope of environmental data in 2022 covered headquarters, city companies and subordinate companies.

④ Compared with 2021, the statistical scope of environmental data in 2022 has been expanded. In 2021, the statistical scope covered only the headquarters, and in 2022, the statistical scope covered data from the headquarters, city companies and subordinate companies, so the environmental data increased greatly.

Electricity Saving Initiatives

We control the temperatures of indoor air conditioners

We use energy-saving lighting

We install an automatic power-off switch in the tea room

We use electrical appliances with the environmental friendly label

Some elevators are shut down during non-working hours to reduce power consumption

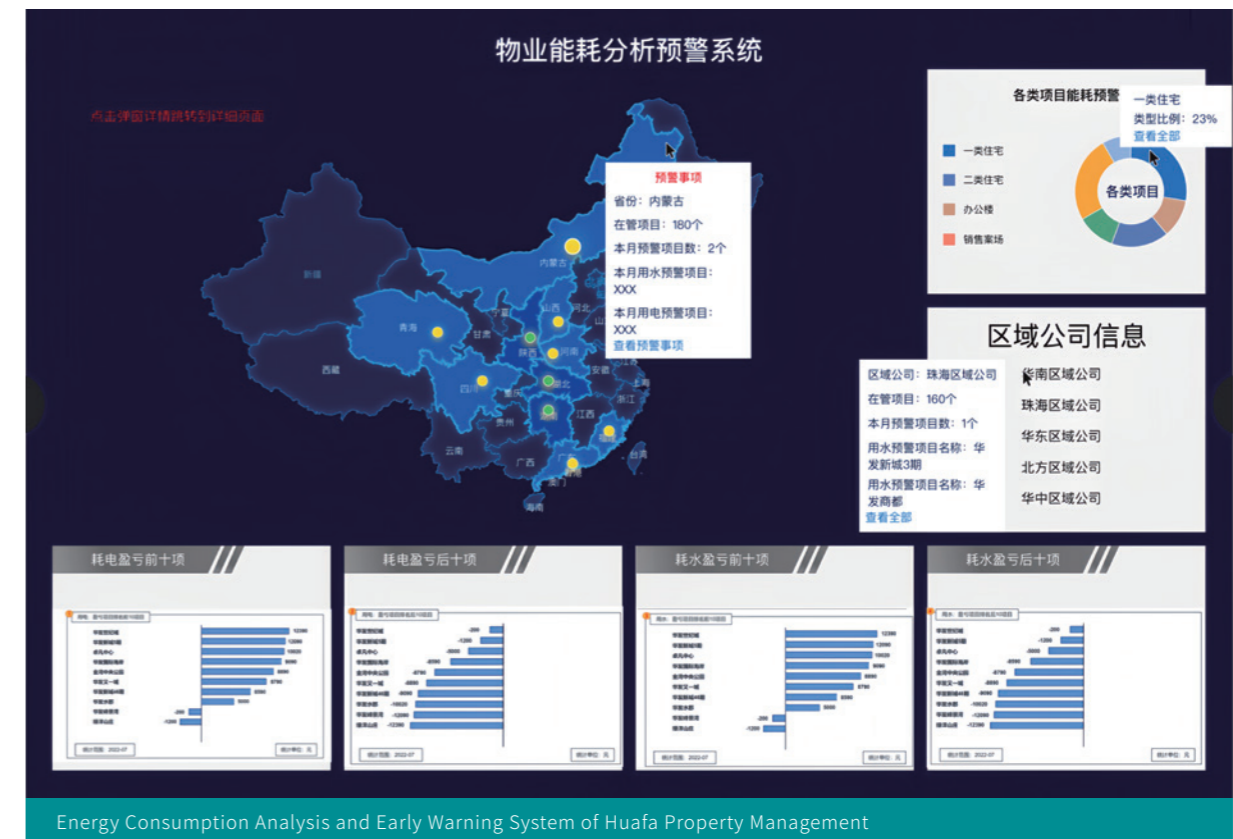
We regularly adjust equipment operation parameters to ensure the equipment runs economically and efficiently

We post reminders for our staff to switch off devices before their departure

Zhuhai Huafa Property Management Builds Energy Management System

Case

In 2022, Zhuhai Huafa Property Management began to build an intelligent energy management system. After the completion of the system, the meter data can be viewed online to meet the actual operation needs of the project, which facilitates the front-line staff's operation of the project and improves their work efficiency. In addition, the system is equipped with one control cabin and four reports to help the Company realize the refined management of project utility usage.

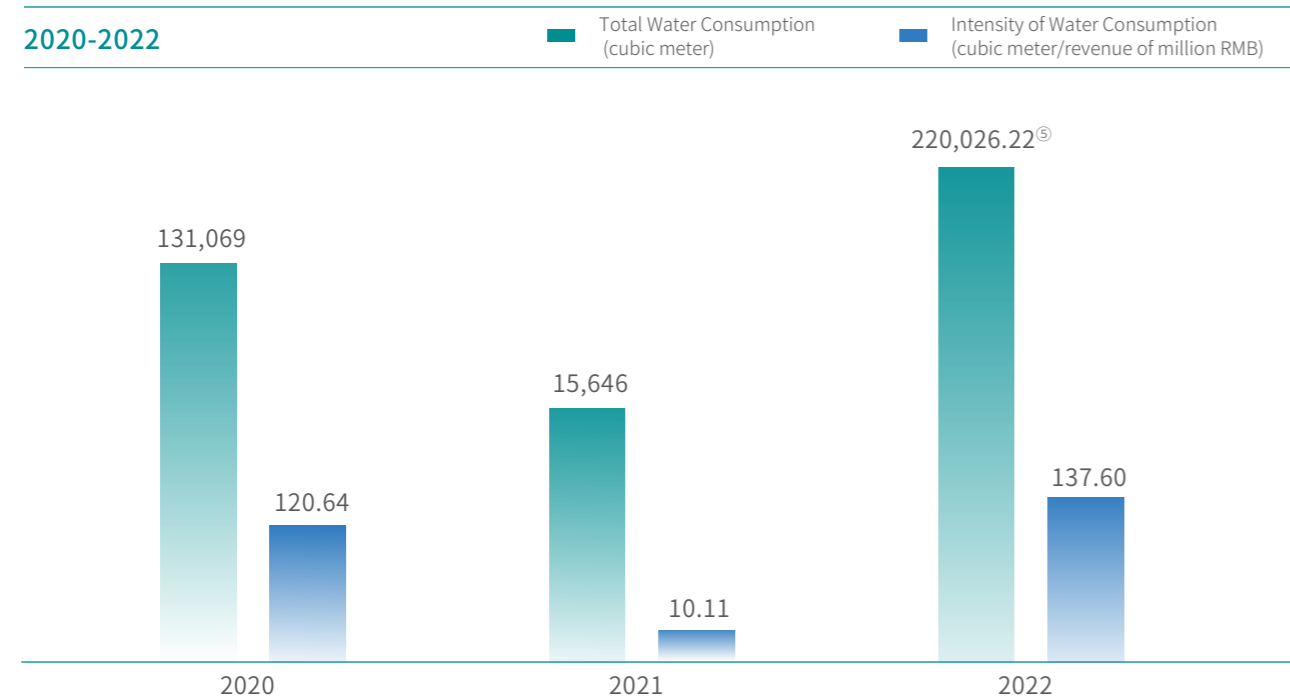


Energy Consumption Analysis and Early Warning System of Huafa Property Management



Water Resources Management

The Company scrupulously observes local laws and regulations of Mainland China such as the Water Pollution Prevention Law of the People's Republic of China, suppresses unreasonable water demand, and promotes water conservation on the premise of ensuring normal business operation. The Company mainly uses water supplied by the government, which mainly involves the water consumption for daily service, property water consumption, office water consumption, and ecowater consumption. There is no difficulty in obtaining the appropriate water source. We have defined various daily water management measures, such as posting "water saving" posters in offices, and using water filters instead of bottled drinking water to further improve water efficiency. We aim at the efficient use of water resource, stick to the concept of sustainable development, and improve the efficiency of water resources use.



Water Resources Management Initiatives

- | | | |
|---|---|--|
| <p>Training & Publicity</p> <ul style="list-style-type: none"> We enhance staff awareness of water conservation and adhere to regular water conservation campaigns. We post water-saving related signs in water-using places. We set up models of water saving and carry out publicity accordingly. | <p>Promotion of Water-saving Equipment</p> <ul style="list-style-type: none"> We promote the use of water-saving appliances. We replace and repair dripping equipment in time. We promote rainwater collection and recycling. Under the condition of guaranteeing normal production and operation, we try to choose water-using equipment with small diameter pipes. We recycle old materials and transform them into water-saving equipment. | <p>Strengthen Supervision</p> <ul style="list-style-type: none"> We regularly check the implementation of water-saving measures. We strengthen the assessment on water conservation. We give timely feedback of saved water consumption. We improve the publicity and training of water conservation. |
|---|---|--|

^⑤ Compared with 2021, the statistical scope of environmental data in 2022 has been expanded. In 2021, the statistical scope covered only the headquarters, and in 2022, the statistical scope covered data from the headquarters, city companies and subordinate companies. In addition, the municipal management company under Huafa Property Management, which has large business water consumption, has led to an increase in the total water consumption of the Company.

Emission Management

The Company actively responds to the national "carbon peaking and carbon neutrality" policy, and is committed to addressing climate change. In strict compliance with local laws and regulations of Mainland China, such as the Environmental Protection Law of the People's Republic of China, it has gradually perfected rules and regulations, such as the Risk Identification Management System, and made a contribution to carbon emission reduction and air pollutant emission reduction in the most effective way.

Emission Category	2020	2021	2022 ^⑥
Oxynitride (kg)	/	75,140.06	5,558.93
Oxysulfide (kg)	/	144.76	6.68
Particulate matter (kg)	/	6,109.45	411.83

Pollutant Emission

The Company's pollutant emissions mainly come from various fuel consumption during the operation of the fleet under the property management service, as well as the consumption of natural gas and liquefied petroleum gas in the canteens of the operating places. In 2022, the Company formulated the Public Vehicle Reform Program of Zhuhai Huafa Group to further regulate the Company's vehicle system and reduce the pollutant emissions generated by the fleet. The Company refines canteen management methods, promotes the use of clean energy, reduces dependence on fossil resources and further reduces pollutant emissions. In addition, the Company pays attention to the improvement of employees' awareness of energy conservation and emission reduction, conducts regular training on energy conservation and emission reduction, and pushes ahead the publicity of pollutant emission reduction.

- | | |
|--|--|
| <p>Promotion Emission Reduction Equipment</p> <ul style="list-style-type: none"> We promote the use of clean energy and reduce pollutant emissions caused by fossil energy. We promote the use of electric vehicles and energy-saving equipment to reduce dependence on fossil resources. We efficiently replace the equipment that produces pollutants, improve energy conversion efficiency, and reduce pollutant emissions. | <p>Environmental Protection Publicity</p> <ul style="list-style-type: none"> We put up posters and display boards to publicize the hazards of pollutants. We raise employees' awareness of the hazards of pollutants. We conduct training on pollutant emissions reduction. |
| <p>Emission Supervision and Assessment</p> <ul style="list-style-type: none"> We form a pollutant discharge monitoring system and refine the management assessment system for various pollutants. We improve the Company fleet management system and use public vehicles reasonably. We refine the Company canteen management system and promote the use of clean energy. | <p>Emission Management and Supervision</p> <ul style="list-style-type: none"> We regularly check the implementation of assessment indicators for emission reduction targets. We monitor the implementation of pollutant emissions. We give timely feedback on the effectiveness of measures to reduce pollutant emissions. |

Greenhouse Gas Emissions

By formulating the Public Vehicle Reform Program of Zhuhai Huafa Group, the Company standardizes the vehicle use management system, coordinates vehicle scheduling, and achieves the rational use of public vehicles. In 2022, the Company refined the vehicle management regulations, achieved the effective use and allocation of public vehicle resources, and helped reduce carbon emissions; By standardizing the management of canteens, supervised the daily operation of canteens at all levels; by promoting the use of natural gas clean energy, the Company reduced carbon emissions as much as possible while ensuring the normal operation and production.

^⑥ In 2022, Zhuhai Huafa Property Management greatly reduced the use of fuel-consuming vehicles and replaced them with new energy vehicles, so the related pollutant emissions were greatly reduced.



Transformation and Management of Carbon Emission Facilities

- We promote the use of electric vehicles to reduce emissions.
- We reasonably arrange the frequency of public vehicle use and promote green travel.
- We promote the use of clean energy in canteens to reduce fossil energy carbon emissions.
- We promote the use of solar hot water and photovoltaic lighting facilities.

Low-carbon Operation and Promotion

- Posters on green and low-carbon travel are displayed in offices to actively promote low-carbon operations.
- We regularly carry out energy-saving and carbon emission reduction publicity activities.
- We regularly conduct low-carbon management training.

Carbon Emission Management and Assessment

- We improve the Company's fleet management system, clarify vehicle acquisition requirements, and follow the principle of "public vehicles for public use, be approved before use".
- We improve the canteen management system, clarify and standardize canteen energy use requirements.
- We monitor carbon emissions and assess the implementation of emission reduction plans based on monthly fleet and canteen energy consumption.

Strengthen Management and Supervision

- We reinforce the supervision of carbon emission management assessment.
- We monitor the emission data of carbon emission sources in a timely manner.
- We give timely feedback on the implementation and effectiveness of emission reduction measures.

Waste Management

The Company carefully complies with the local laws and regulations of Mainland China, such as the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, and formulates relevant internal regulations, such as the Management Regulations for Domestic Waste Classification and the Management Regulations for Waste and Emissions. In terms of waste management, the Company focuses on waste reduction and actively promotes measures such as recycling and reuse to reduce the negative impact on the environment. We strictly abide by the regulations on the disposal of hazardous wastes in the location of each project, and entrust suppliers and qualified institutions to recycle hazardous wastes. The waste generated from the office operation of each business unit is mainly toner and office paper. In order to further improve waste management, Zhuhai Huafa Property Management carried out 40 training sessions on plastic restriction and emission reduction in 2022, reduced the generation of waste through special activities such as plastic restriction activities and garbage classification, and realized the reuse of resources. In 2022, Zhuhai Huafa Property Management implemented a series of measures such as controlling the amount of office supplies and recycling materials, which greatly reduced the total amount of non-hazardous waste compared with 2021.

Indicator	2020	2021	2022
Total Hazardous Waste (Tons)	0.12	0.07	0.14 ^⑦
Intensity of Hazardous Waste (tons/revenue of million RMB)	0.00011	0.000045	0.000088

Indicator	2020	2021	2022 ^⑧
Total Non-Hazardous Waste (Tons)	46.97	155.50	93.71
Intensity of Non-Hazardous Waste (tons/revenue of million RMB)	0.043	0.10	0.059

^⑦ Compared with 2021 and previous years, the statistical scope of environmental data in 2022 has been expanded, covering headquarters, city companies and subordinate companies, so the environmental data has increased greatly.

^⑧ In 2022, Zhuhai Huafa Property Management implemented a series of measures, such as controlling the number of office supplies and recycling materials, which greatly reduced the total amount of non-hazardous waste compared with the same period of the previous year.

Waste Management Action

Conduct Regular Training

- We regularly carry out training on plastic restriction and garbage classification.
- We raise employees' awareness of garbage classification and restriction of plastics use.

Carry Out Special Activities

- In 2022, we carried out a total of 73 garbage classification activities.
- In 2022, we reduced disposable products by 40%.

Publicity of Emission Reduction Responsibility

- We carry out waste emission reduction publicity in the community and popularize low-carbon knowledge.
- We post recycling signs in the work area to reduce pollutant emission sources.

Zhuhai Huafa Property Management, as a professional comprehensive service operator, has built a smart platform by focusing on one main line, giving full play to two guides, implementing three measures, launching green activities of garbage classification in Nanping Town and R&F Industrial Park, and built a garbage classification pattern with full chain improvement, all-around coverage and engagement of the whole society.

Highlight a main line and improve the classification system

We highlight the major goal of waste classification reduction and recycling, and ensure recycling and harmlessness in terminal treatment.

Carry out three measures to create a co-working atmosphere

Firstly, we give impetus to popularization and education to make garbage classification a consensus of the whole society; Secondly, we create an online and offline promotion strategies through diversified promotional campaigns; Thirdly, we supervise and guide to ensure high quality and efficiency of classification.

Create a platform and build intelligent management

Relying on the intelligent environmental sanitation integrated command system, Zhuhai Huafa Property Management makes full use of the iteration and upgrade of the Internet of Things, mobile Internet, big data, and cloud computing so as to create an "intelligent supervision platform for the whole life cycle of garbage classification", effectively improving the refined and intelligent management of garbage classification and reducing the operating cost of sanitation.

Response to Climate Change

With its deepening influence, climate change has currently become one of the greatest challenges to society. In order to cope with climate change, the Company further revised the extreme climate part of the emergency response plan. In order to actively help achieve the goal of "carbon peaking and carbon neutrality", the Company further disclosed the impact of climate change on its operation and the countermeasures with reference to the framework of the Task Force on Climate-related Financial Disclosures ("TCFD"), continuously optimized the climate risk management structure, and deeply implemented the sustainable development strategy.

Committed to Promoting the "Double Carbon Goals"

The Company actively responds to the national "double carbon goals" policy and scrupulously complies with local laws and regulations such as the Environmental Protection Law of the People's Republic of China to ensure that the Company's greenhouse gas emissions meet the requirements of the relevant laws and regulations of the governments of Mainland China by 2030. It is committed to achieving the goal of carbon neutrality in its operations by 2060, continuously enhances the energy efficiency, and boosts the on-site work efficiency with advanced technology. Also, the Company fosters management reformation and maintains efficient management and operation. The greenhouse gas emissions of the Company in 2022 were 69,111.57 tons.

Greenhouse Gas Emissions	2020	2021	2022 ^⑨
Total Greenhouse Gas Emissions (tons of carbon dioxide equivalent)	8,626.11	1,360.24	69,111.57
Direct Greenhouse Gas Emissions Scope 1 (tons of carbon dioxide equivalent)	575.22	622.88	68,579.05
Indirect Greenhouse Gas Emissions Scope 2 (tons of carbon dioxide equivalent)	8,050.89	737.36	532.52
Greenhouse Gas Emissions Per Revenue of Million RMB (tons of carbon dioxide equivalent/ revenue of million RMB)	7.94	0.88	43.22

The Company is actively responding to government initiatives across Mainland China and plans to follow the requirements of Mainland China governments to reduce emissions and ensure that greenhouse gas emissions meet the increasingly stringent regulatory requirements of Mainland China government by 2030, and expects to achieve carbon neutrality in its operations by 2060. The Company is committed to continuously improving energy efficiency, leveraging professional knowledge to drive efficiency improvements, maintaining efficient management, and preserving the Company's reputation.

In order to give incentive to the "double carbon goals" and actively respond to climate change, the Company identified a series of medium- and long-term climate risks and opportunities related to property services.

	Risks	Opportunities
Short Term (0-1 year)	Physical risks caused by extreme weather events Skills and capabilities required for implementing climate strategies	New technologies can improve the operation and energy efficiency
Medium Term (5 years)	Transitional risk: Implementation of low-carbon policies for the operation Transitional risk: The supply and demand of certain commodities, products and services may change with increasing concerns about climate-related risks and opportunities	Market transformation towards low-carbon economic sources in the place where businesses are carried out to meet the targets of local governments on the carbon emissions reduction Opportunities arising from driving factors to transformation
Medium to Long Term (over 5 years)	Transitional risk: Potential implementation of new regulations and policies Transitional risk: The development and use of emerging technologies may increase operating costs and reduce the competitiveness of the Group Transitional risk: Changes in the views of customers or communities on the Group's contributions to low-carbon economic transformation or its losses may affect the reputation of the Group	Transition towards low-carbon economy and markets to achieve the de-carbon target of governments Opportunities arising from driving factors to transformation Becoming a pioneer in the industry and building a relevant reputation and unique brand

⑨ Compared with 2021 and previous years, the statistical scope of environmental data in 2022 has been expanded, covering that from headquarters, city companies and subordinate companies, so the environmental data has increased greatly.

Response to Extreme Weather

Climate change is one of the biggest global challenges in current society. In recent years, extreme weather such as strong winds, heavy rainfall and floods have frequently been seen in the news. During this period, the logistics and warehousing in the areas stricken by extreme climate were affected to varying degrees. In order to better cope with extreme climate, the Company has further conducted a preliminary study on the possible climate in the future, amended the extreme weather section of the Company's emergency response plan and identified the physical risks associated with extreme weather and the areas that need further improvement.

Based on many years' experiences in fighting typhoons and our scientific and sound anti-typhoon work plan, upon the receipt of typhoon warning, the Company will make plans and take actions in advance by arranging various tasks in an orderly, comprehensive and rapid manner. By holding emergency meetings on wind and flood prevention work, establishing emergency leadership groups, deploy various emergency work, clarifying the division of responsibilities, implement information release, emergency material preparation, strengthen duty and other preventive work to ensure that all work is carried out in an orderly and effective manner.

Heavy snowstorms often strike northern China in winter, under such weather, even if the outdoor temperature drops to minus 10 degrees Celsius, the staff of Huafa Properties persists in melting ice and removing snow in the face of the wind and snow, hoping to create a safe travel and clean living environment for the owners with quick and efficient actions.

Governance

We incorporate ESG issues into corporate decisions.

Strategy

We analyze the risks of each kind of climate.
We identify opportunities and risks of low-carbon transition.

Risk Control

We prepare for low-carbon transition.
We prepare measures to deal with climate risks.
Risk Management Committee evaluates ESG risks.

Objective

We create value in the process of a low-carbon transformation.
We reduce waste, carbon emissions and water consumption.

Preventing Typhoon "Ma-on" of Zhuhai Huafa Property Management

Case 

After receiving the blue warning message of Typhoon "Ma-on" in August 2022, the Zhongshan District Branch of Zhuhai Huafa Property Management immediately convened an emergency meeting on typhoon prevention, set up an emergency leadership group, deployed emergency response preparation, and defined the division of labor, emergency on-duty personnel and contact information, ensuring that all typhoon prevention work was carried out in an effective and orderly manner. Information release, emergency materials preparation, typhoon prevention preparation, guard reinforcement and other preventive work were implemented in succession.



Green Culture

The Company actively practices the national requirements of green development. While reducing its own carbon emissions, it advocates green office, undertakes environmental protection publicity activities, and calls on more people to live a low-carbon life with practical actions to promote environmental protection development.

Green Office

As guided by the concept of sustainable management, the Company actively supports the "double carbon goals" policy, strictly conforms with local laws and regulations in Mainland China, such as the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China. Under the premise of ensuring the normal operation of the business, the Company has developed the Office Management Regulations to improve the utilization efficiency of office supplies, gradually improve the green and low-carbon office mode, and promote low-carbon travel.

Office Paper

- We monitor our waste by referring to the monthly reports of Secure Information Disposal Services Limited ("SSID").
- We put the double-sided paper into red bags for recycling, and the recycling company regularly collects wastepaper for recycling.
- We encourage paperless offices to minimize paper printing.
- We consider reminding our clients or staff in emails to minimize email printing, to reduce paper consumption.



Toner

- We store the used toner cartridges of printers and arrange for suppliers to recycle the cartridges regularly.
- We encourage paperless offices to reduce the use of toner.

Office Furniture

- We check and make a record on the conditions of all office furniture, and repair and maintain them regularly.
- We donate some depreciated furniture to charitable organizations.



Computers, Stationery & Battery

- We adopt the most advanced computer equipment for business needs and donate those old computers, which are still more than adequate for daily use to non-profit organizations.
- We monitor the stationery consumption and reduce the waste of highlighters consumptions.
- We store the used batteries and recycle them.

Environmental Protection Publicity

The Company has continuously bolstered the publicity of environmental protection, and has repeatedly published the Proposal for Thrifty Economy to remind all employees to save resources and resist excessive consumption. Simultaneously, in order to further enhance public awareness of environmental protection, Zhuhai Huafa Property Management has repeatedly kicked off a number of publicity activities on "adhering to garbage classification, building a green environment together" and holding fast on the concept of protecting natural ecological civilization.

4th Green Backbone Professional Training of Zhuhai Huafa Property Management

Case

In order to consolidate the standardized construction and management of professional teams, carry out green backbone training, and improve the expertise of green backbone, Zhuhai Huafa Property Management carried out on-site training in designated communities in various regions, covering plant variety identification, plant pest control, plant pruning technology, green maintenance points and seedling technology analysis, so as to enhance the professional skills of our backbone and service quality.



The Activity of "The New Fashion of Garbage Classification, The New Style of Civilization" Launched by Zhuhai Huafa Property Management

Case

Under the guidance of the Waste Classification Office of Nanping Town, Xiangzhou District, Zhuhai, Zhuhai Huafa Property Management, together with the Guangsheng Community Neighborhood Committee of Nanping Town, Xiangzhou District, Zhuhai, organized volunteers within their jurisdiction to carry out the publicity activities of waste classification on May 14, 2022, in an effort to push forward with the publicity of garbage classification knowledge and raise the public awareness of garbage classification.



Social Responsibility

Bearing in mind the mission and the role as a state-owned enterprise, the Group takes the initiative to undertake social responsibility and devotes itself to building a better society. Insisting on putting people first, the Group attaches importance to the protection of employees' rights and interests. Not only do we safeguard employees' safety and health, but also create a positive internal environment for their growth and development. Besides, the Group actively participates in social construction and is engaged in cultural and public service activities that benefit various groups of people, enrich the lives of our clients' communities, and help disadvantaged groups of the society. We have been taking practical actions to help the development of the city and society.

Sustainable Development Goals (SDGs) of the United Nations





Employee Responsibility

The Group put a new premium on the development of talents which is regarded as an important driving force for the development of the Group, and is committed to establishing a sound and sophisticated employment system. To attract all kinds of outstanding talents and enhance employees' sense of achievement, happiness and belonging, the company has been making efforts to create a healthy, safe and comfortable working environment and atmosphere for employees, improve the employee welfare system, continuously put resources to support the growth and development of employees, and provide a variety of themed activities.

Employees' Rights and Benefits

The Group strictly complies with national and local laws and regulations and establishes labor relations based on the principles of legality, fairness, voluntariness, consensus, and honesty. The Group protects the rights and interests of employees at work and on leave in accordance with relevant regulations, safeguards fair development opportunities for employees and defends the legitimate rights and interests of employees. The Group continues to optimize its internal policies and measures and to regularly review their effectiveness to ensure prompt responses to employees' needs and create a diverse, fair work environment for them.

Compliant Employment and Management

The Group's compliance employment and management system is not limited to complying with local laws and regulations where it operates. It also focuses on protecting the interests and rights of our employees and establishing a platform where they can bring their talents into full play. The Group's recruitment and employment process strictly conforms with the relevant labor laws and regulations in Hong Kong, such as the Employment Ordinance (Cap. 57, Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282, Laws of Hong Kong), the Occupational Safety and Health Ordinance (Cap. 509, Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 527, Laws of Hong Kong) and the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China of Mainland China. We strictly prevent child and forced labor. We have also formulated and revised the Human Resources Management Measures of Huafa Property Services and the Employee Handbook, Employee Reward and Punishment Management System and Remuneration Management Measures of Zhuhai Huafa Property Management. These policies and measures regulate employee recruitment, compensation and benefits, and other compliant employment efforts and provide an adequate regulatory basis for the handling of non-compliance cases.

Equal Opportunities and Anti-discrimination

In addition to strictly complying with the Sex Discrimination Ordinance (Cap. 480, Laws of Hong Kong), the Disability Discrimination Ordinance (Cap. 487, Laws of Hong Kong), the Race Discrimination Ordinance (Cap. 602, Laws of Hong Kong), the Family Status Discrimination Ordinance (Cap. 527, Laws of Hong Kong), the Labor Law of the People's Republic of China of Mainland China and the Company's internal policies and systems, the Group also issues internal circulars from time to time such as Standardizing the Release of Recruitment Information, requiring relevant departments to avoid discriminatory behavior in the recruitment and employment process with respect to gender, age, household registration, religious beliefs, marital status, health status, and other factors.

Number of employees by type (persons)	2020	2021	2022	Number of employees by gender (persons)	2020	2021	2022
Number of full-time employees	6,795	8,346	8,548	Number of male employees	3,983	4,783	4,964
Number of short-term contracts / part-time employees	0	0	0	Number of female employees	2,812	3,563	3,584

Number of employees by rank (persons)	2020	2021	2022	Number of employees by age (persons)	2020	2021	2022
Senior management	13	36	45	29 or below	1,874	2,294	2,252
Middle management	99	105	106	30-49	3,709	4,410	4,443
Other employees	6,683	8,205	8,397	50 or above	1,212	1,642	1,853

Employee turnover	2020	2021	2022	Number of employee turnover by gender (persons)	2020	2021	2022
Number of employees lost (Persons)	2,780	3,450	3,838	Number of male employee turnover	1,762	2,099	2,273
Turnover (%)	29.03	29.25	30.99	Number of female employee turnover	1,018	1,351	1,565

Number of employee turnover by age (persons)	2020	2021	2022	Number of employee turnover by region (persons)	2020	2021	2022
Number of lost employees aged 29 or under	1,045	1,536	1,519	Number of lost employees in Mainland China	2,779	3,441	3,835
Number of lost employees aged 30-49	1,311	1,499	1,599	Number of lost employees in Hong Kong, Macau, and Taiwan	1	9	3
Number of lost employees aged 50 or above	424	415	720	Number of lost employees in other regions	0	0	0

Remuneration and benefits

Based on the value principle that "remuneration must be linked to the value and contribution that employees create for the Group" and the leverage principle that "the remuneration structure is externally competitive, internally motivating and generally economical", the Group provides employees with competitive compensation and benefits, which include salaries, commissions, bonuses, and other allowances. Salary includes monthly salary and year-end performance salary. Year-end performance salary is a short-term incentive bonus reflecting the performances of the Group, departments and individual employees and the incentives of the compensation. The Group reviews its remunerations and incentive plans on a regular basis and makes optimizations when necessary to maintain the competitiveness of the remuneration packages. Employee promotions and salaries are determined based on performance, experience, and market trends.

2022
The employment
contract signing rate

100%

Social insurance
coverage rate

100%

Employee welfare	
Statutory welfare	five insurances and housing fund, that is pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund.
Unique corporate welfare	Huafa Property Services: birthday gift voucher, labor insurance, group medical insurance, annual health checkup. Zhuhai Huafa Property Management: enterprise annuity, communication allowance, transportation allowance, summer heat protection allowance, holiday allowance, single child allowance.

Development and Training

The Group has set up diversified incentive programs for staff development, such as Incentive Program for Business Development of Huafa Property, Special Incentive Program for Community Operation of Huafa Property, Incentive Scheme for Lean Management Improvement Proposals, Incentive Program for Fee Clearance of Huafa Property, and Incentive Program for Employees to Obtain Relevant Technical Skills and Vocational Qualifications among other internal policies and systems. Through cash rewards and other approaches, we attempt to encourage all employees to actively participate in business development and value-added services and daily operations of the Company, and to drive employees to propose lean management improvements. In addition, we offer employees reimbursement of training courses and examination fees to encourage them to get job-related qualifications.

Democratic Communication

With an emphasis on developing a democratic atmosphere, the Group continues to devote to improving the communication channels for employees. We listen to employees and try our best to solve the problems they come across in daily work and life. In the fiscal year of 2022, the Group held democratic events such as staff congresses. In addition, the Group maintained communication with the employees through labor unions, made survey calls to the employees from time to time, held on-site communication seminars for the employees, tried to learn about their difficulties and ideas about the Group, and assisted them in safeguarding their legal rights and interests.

Health and Safety

The Group places a high value on the occupational health and safety of its employees. It has developed a comprehensive management system for safety management, accident prevention, emergency response plans and employees' occupational health, while continuing to standardize employees' occupational health and safety education and training in order to improve the Group's ability to cope with risks, prevent accidents, reduce the occurrence of occupational accidents, and protect employees from occupational hazards. In 2022, the Group passed two occupational health and safety management system certifications, namely GB/T 45001-2020 and ISO 45001:2018.

The Group always pays close attention to the mental health of its employees. When we find negative emotions in the employees, we contact them immediately to learn about the root causes, and provide psychological guidance for the problems.

Production Safety Management

The Group is continuously committed to creating a safe and healthy working environment. We provide all-around and multi-level control of safety production by building a three-level management mechanism for production safety. The Group has a production safety committee, with the executive director as the director, the president and key leaders as the deputy directors, and members including the company's management team, top leaders of departments at the headquarters and of subordinate companies. As the highest management body of the company's production safety, the product safety committee leads the safety management groups of the secondary and tertiary units to form a well-established production safety management system.

The Group has established correlative safety management systems covering 6 aspects, namely organization, systems, responsibility, control, training and guarantee, and developed 12 tasks of safety management. Based on these, the Group has designed a well-rounded safety management process covering personnel safety management, risk and hidden hazard identification, hidden hazard investigation and remediation, emergency handling, production safety responsibility system assessment and other aspects.



The Group passed two occupational health and safety management system certifications, namely GB/T 45001-2020 and ISO 45001:2018



Personnel safety management

The Group signs a safety responsibility letter with its employees when they join the Group, so as to clarify their responsibilities, and then conducts safety training and assessment for them before they are allowed to work. Regular training and assessment will continue to be conducted during the term of work to ensure that all employees always keep safety in mind.

Risk and hidden hazard identification

The Group regularly conducts risk surveys and hazard source identification, evaluates and classifies the identified risks, and formulates corresponding risk control measures.

Hidden hazard inspection and remediation

The Group regularly conducts hidden hazard inspection and briefing of it, formulates plans for emerging dangers, and manages and corrects them for acceptance in a timely manner.

Emergency disposal capability

The Group has developed an emergency plan system consisting of a comprehensive emergency plan, special emergency plan and on-site disposal plan, and has formulated a total of 38 plans for special emergency response and on-site disposal that are integrated with management for different business modes. Each unit can carry out emergency disposal according to the type of special emergency response plan and on-site disposal plan. The Group carries out emergency drills for various types of emergencies according to the emergency response plan and for key contents. In 2022, the Group conducted a total of 634 emergency drills for emergencies, firefighting, typhoon and flood prevention, with 11,880 real-time participants.

Production safety responsibility system assessment

To ensure all safety duties are performed, the Group formulates assessments for safety production, signs safety responsibility letters with all departments and employees, conducts regular inspections and assessments and announces the results, and carries out supervision and rectification work for departments and employees who fail in the assessment.



Production Safety Training

Production safety training is an important part of the company's production safety management system. In 2022, the Group conducted a total of 1,958 training courses, online and offline, with a total of 35,229 real-time participants, and a total of 390 production safety educational films, with a total of 9,496 person-times participating.

Project Management Offices of Zhuhai Huafa Property Management Conducted Fire Safety Drills

Case

The project management offices of Zhuhai Huafa Property Management rolled out firefighting drills in June 2022 to enhance the awareness of firefighting among all staff and improve their firefighting skills.

In the fire safety knowledge courses, employees of all management offices learned carefully, having improved their awareness and knowledge of fire safety. In the fire safety drills, they carried out the rescue, escape and firefighting practices in a well-prepared and orderly way in a simulated fire scenario, comprehensively having reinforced their firefighting skills.



Category	Contents	Frequency
Onboarding training	Safety knowledge and pre-job skills training for new employees. New employees need to pass the assessment before they can start work.	When the employee is onboarding
Professional training	Safety management training: The Group's safety committee leaders and full-time safety administrators attend external safety management training every year and obtain relevant qualification certificates. Safety administrator training: Safety administrators at all levels are organized to attend safety management skills training.	Annually
General training	Employees should know and learn knowledge of safety management, and promote the company's safety culture through the "production safety bulletin board", "three safety implementations" and other ways.	Monthly
Skill training	Special safety skills training for various jobs' operation safety based on the site situation and the key and difficult points of each position to further standardize the operation process of employees.	Monthly
Special training	Promote the new Work Safety Law of the People's Republic of China, the Fire Safety Law of the People's Republic of China and other laws and regulations, learn about the General Secretary Xi's Important Remarks on Production Safety, and provide pre-holiday safety training, traffic safety training, disaster prevention and mitigation training.	Irregular
Knowledge competition	Online and offline safety knowledge competition in the "Production Safety Month" every year.	Annually
Case studies	Report the typical cases in the daily safety management of each unit and the accident cases occurring in other units and industries in meetings, work groups and work briefings on a regular basis, and organize all employees to analyze typical cases and learn by comparison.	Monthly

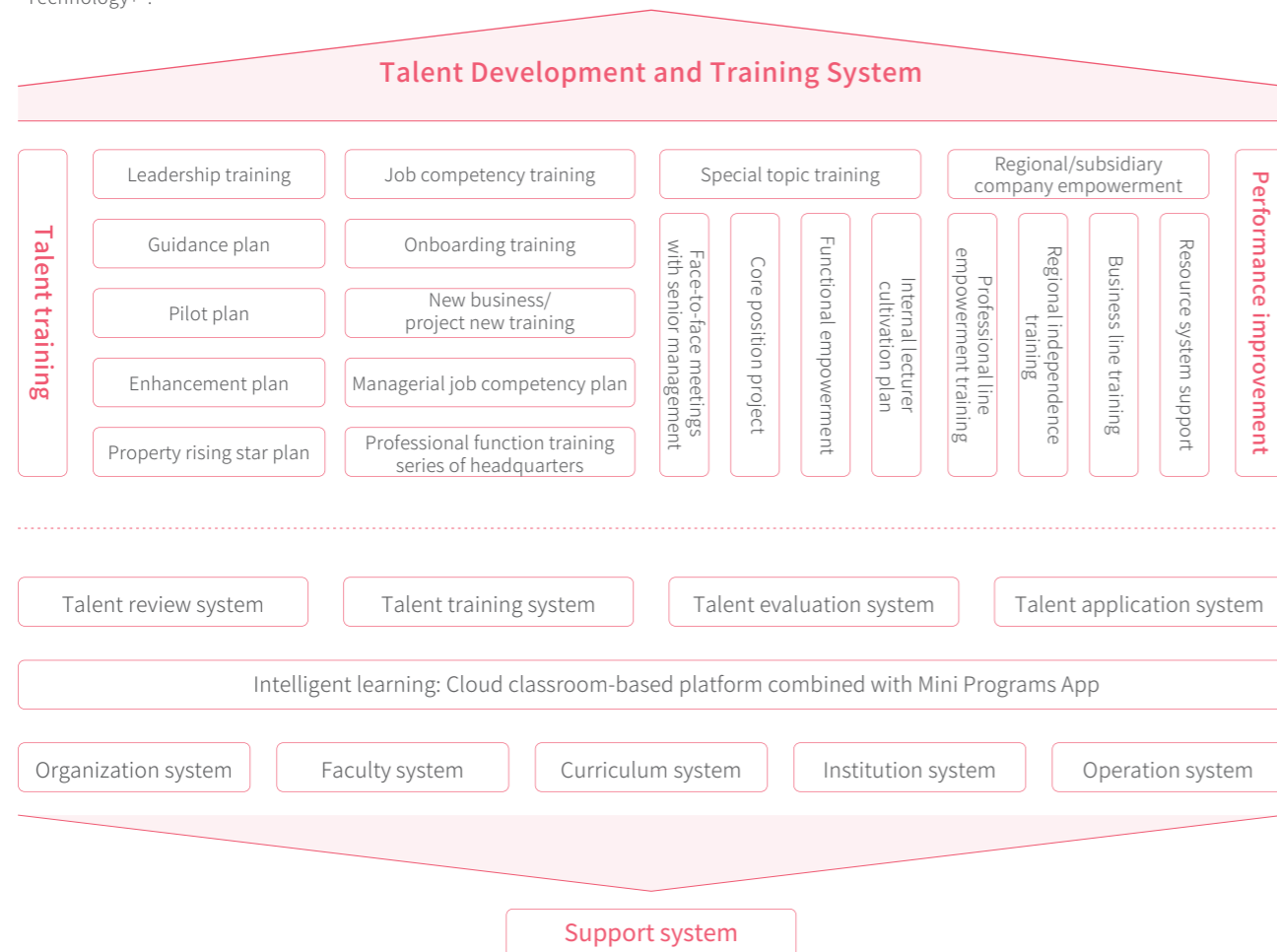
Career Development

The Company gives top priority to the cultivation of talent, makes great efforts to provide broad development space for talents, and has established a perfect recruitment, promotion, development and training system to encourage employees to keep learning and improve themselves. According to the corporate development goals, the need for business upgrading and the employee growth plan, the Company has built a career development system that runs through the whole business and covers all employees. The Company adopts an appropriate career development mechanism to match the professional and management abilities of employees, and provides training courses and promotion opportunities according to the overall quality, performance, working competence and work results of employees, so as to help them achieve professional growth and long-term development.

Training System

The Company is in full conviction that the transmission of professional knowledge and management skills will help to promote the development of the property service industry. The Company focuses on the training of talents in such fields as operation, commercial office and public construction, and management, which are of great value to the Company, and has prepared Training and Talent Development Plan to cultivate a new generation of employees, and enhance their professional knowledge and skills.

The talent development and training of the Company is mainly divided into four categories, which are leadership training, job competency training, special topic training, and regional and subsidiary company empowerment training. To ensure that the training achieves the expected results, the Company continuously improves the talent development system, identifies the target talents by talent review, trains and promotes the talents, and brings them into full play. In the future, the Company will continue to innovate and optimize the training system by means of "Technology+".

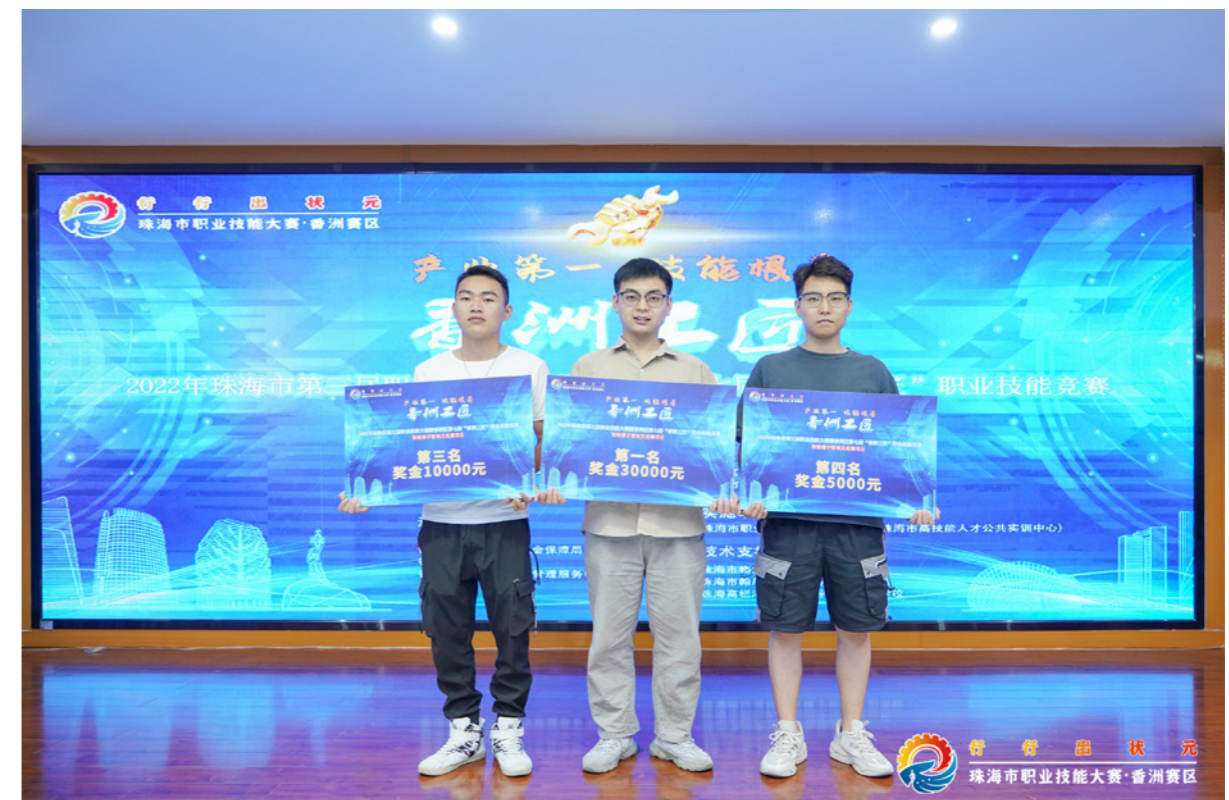


In 2022, the Company unveiled seven categories of talent development and training programs, including the training management system building program, echelon management talent program, property manager training camp program, headquarters empowerment training program, industry development lectures, headquarters functional capacity enhancement program and enterprise culture promotion program. These programs have met the learning needs of the executives for business environment and industry development trends, as well as the needs of the regional and subsidiary companies for improving the management abilities of middle and junior managers.

Employees of Zhuhai Huafa Property Management Stood Out in the Third Vocational Skills Competition of Zhuhai City

Case

In the final of the "Third Vocational Skills Competition of Zhuhai City in 2022 and the Seventh Xiangzhou Craftsman Vocational Skills Competition of Xiangzhou District" held in September 2022, the participants of Zhuhai Huafa Property Management won the first, third and fourth place. The Company believes in knowledge-based management, has formed a strong learning culture during its long-term corporate development, and will continue to put more effort in talent training in the new era.



Employee training	Unit	2020	2021	2022
Total number of employees trained	Persons	5,767	7,096	7,264
Percentage of employees trained	%	84.87	85.02	84.98
Average training hours per employee	Hour	21.22	29.76	40.79

Percentage of employees trained by gender	Unit	2020	2021	2022
Male employees	%	58.64	57.00	58.08
Female employees	%	41.36	43.00	41.92

Percentage of employees trained by employee category	Unit	2020	2021	2022
Senior management	%	0.19	0.42	0.45
Middle management	%	1.46	1.32	1.27
Other employees	%	98.37	98.27	98.29

Average training hours of employees trained by gender	Unit	2020	2021	2022
Average training hours of male employees	Hour	21.23	29.60	40.80
Average training hours of female employees	Hour	21.20	29.97	40.78

Average training hours of employees trained by employee category	Unit	2020	2021	2022
Senior management	Hour	21.15	29.17	35.20
Middle management	Hour	20.98	31.04	41.25
Other employees	Hour	21.22	29.74	40.81

Promotion Channels

The Company provides a fair and transparent promotion mechanism for employees at all positions and levels to ensure the stable and efficient operation of the talents team of the Company. When the Company releases promotion opportunities, each hiring department can recommend candidates, submit promotion applications and personal evaluation reports with assessment results and work performance as the basis for promotion applications. The Company encourages employees to learn from their work and continuously improve their job skills, and gives priority to qualified employees. On this basis, the Company has also established an incentive system that combines promotion, rewards and punishment to offer employees more career-planning suggestions and guide them to concentrate on and stay passionate about their work.

Care about Employees

The Company prioritizes the happiness of its employees and regards care about employees as an important task. For a long time, the Company has constantly strengthened its efforts to help employees in difficulty, encouraged the subsidiaries to improve their employee support system and policies, and regularly carried out activities to express its care. The Company advocates the work-life balance of employees, actively rolls out abundant leisure-time activities to enrich the employees' lives, focuses on creating a positive living and working environment, help employees relieve their work pressure, and enhances their sense of belonging.

Supporting Employees with Difficulty

In order to better promote the healthy and harmonious development of the Company and enhance the cohesion and centripetal force of the Company, the Company keeps conducting assistance and support activities for employees. For employees who get married, give birth or fall ill, the Company expresses sympathy proactively. In 2022, the Company gave support to more than 300 employees in total, and the amount of support funds was more than RMB300,000. For employees whose immediate family members suffer from severe health problems, the Company provides assistance to them. In 2022, the Company supported more than 20 employees in total, and the amount of assistance funds was more than RMB100,000.

According to the requirements of the Zhuhai State-owned Assets Supervision and Administration Commission, Zhuhai Federation of Trade Unions and other superior authorities, Zhuhai Huafa Property Management has incorporated the employees with lower income levels into the list of assistance targets. In 2022, it helped more than ten employees in total, and provided them with cash subsidies to enhance their actual income levels.

Additionally, the Company is highly concerned about the education problems of the children of ordinary employees in difficulty and helps them apply for the study subsidy provided by the Golden Autumn Scholarship program of the Zhuhai Federation of Trade Unions. In 2022, it helped two employees complete the applications and assisted their children in obtaining about RMB20,000 in education subsidies.

Work-life Balance

After work, the Company kicks off a variety of leisure-time activities, including recreational and sports activities such as the Chinese New Year Gala and sports meetings to enhance the cohesion and sense of belonging of employees. The Company also conducts garden parties, salons for singles, spring and autumn outings to help employees release their work pressure in a pleasant atmosphere, improve the relationship among colleagues and improve their communication.

"From Home to Home" Series of Employee Activities

Case 

Zhuhai Huafa Property Management has held a series of "From Home to Home" activities to let the family members of employees have a full picture of the company, allowing them to gain a thorough understanding of the company's operation and development through the online collection of family photos, family member gathering day, and face-to-face meetings between family members and company executives.



In 2022, Huajin Hotel Management proactively hosted abundant activities to enrich the spare-time life of its employees.



Festival greetings:

The team-building activity on the Mid-Autumn Festival, celebrating New Year's Day, Labor Day, Dragon Boat Festival and Mid-Autumn Festival, providing trade union gifts to employees



Sports and Fitness:

employees participated in the staff sports meeting of Huafa Group

Social Welfare

The Company adheres to the concept of sharing the development results and is committed to creating a beautiful and harmonious social environment. While actively developing its main business, the Company focuses on maintaining a mutually beneficial and supportive relationship with all parties in the society, and also proactively fulfills its social responsibilities as an enterprise. The Company is bound up with putting public service into practice, assumes the responsibilities given by the country and the era, and keeps giving incentive to public service programs to give back wholeheartedly to the community and the society.

The Company encourages all employees to actively participate in voluntary activities and has laid down the Special Incentive Measures for Voluntary Service Vanguard of Huafa Property Management in 2022. It encourages its employees to respond to the call of relevant superior authorities, carries out voluntary activities such as civilized traffic, and inspires employees to fulfill their social responsibilities.

The Company actively takes up public service activities in the community to provide much-needed support to the residents. In 2022, the Company conducted voluntary activities with various themes, such as visiting the elderly living alone, organizing free medical consultation and haircuts, community recreational activities, and traditional festival activities. The number of employees participating in the public service reached 900, and the total hours of volunteer service reached 5,300.

"Season of Assisting the Elderly" of Zhuhai Huafa Property Management

Case

The values of "integrity, quality and care" of Zhuhai Huafa Property Management have exerted a subtle influence on every employee. In 2022, Zhuhai Huafa Property Management rolled out the activity "Season of Assisting the Elderly", and organized the cleaning personnel to clean rooms, wash dishes and do chores for the elderly, allowing them to truly feel the concern of the Company for the owners.



Blood Donation of Zhuhai Huafa Property Management, demonstrating the Role of a State-owned Enterprise

Case

From March to April 2022, more than 80 employees of Zhuhai Huafa Property Management actively responded to the call and participated in the blood donation activities, contributing to the blood supply in Zhuhai, Shanghai, Beijing and other areas, and demonstrating the role of a state-owned enterprise in the practice of public service.





Appendix

ESG Regulations, Laws and Policies (including but not limited to the following laws and regulations)

ESG Indicators	Area	Laws and Regulations	Internal Policies		
Environment	In Mainland China	Environmental Protection Law of the People's Republic of China	Quality, Environment, Occupational Health and Safety Management Manual		
		Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution	Control Procedures for Imposing Influence on the Environment of Related Parties		
		Atmospheric Pollution Prevention and Control Law of the People's Republic of China	Control Procedures on Testing on Environment, Occupational Health and Safety		
		Law of the People's Republic of China on Prevention and Control of Water Pollution	Control Procedures on Environment, Occupational Health and Safe Operation		
		Marine Environmental Protection Law of the People's Republic of China	Control Procedures on Organizational environment and Requirements on Related Parties		
		Regulations of the People's Republic of China on the Management of Prevention and Control of Pollution Damage to the Marine Environment by Land-based Pollutants	Environmental Factors Identification and Evaluation Management Procedures		
		Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste	Domestic Waste Classification Management Protocols		
		Measures for the Administration of Pollutant Discharge Permits (Trial)	Waste and Emissions Management Protocols		
		Directory of National Hazardous Wastes			
		Measures on the Management of Hazardous Waste Manifests			
		Work Plan for Controlling Greenhouse Gas Emissions During the 13th Five-Year Plan Period			
		B1 Employment	In Hong Kong	Hong Kong Employment Ordinance (Cap. 57 of the Laws of Hong Kong)	Measures for Human Resources Management (2022 Revision)
				Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)	Employee Handbook
				Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)	Attendance and Leave System
Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)	Employee Leave Management System				
Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)	Employee Recruitment, Onboarding and Probationary Systems				
In Mainland China	Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)		Attendance and Leave Management		
	Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong)		Code of Conduct for Employees		
	Mandatory Provident Fund Schemes Ordinance (Cap. 527 of the Laws of Hong Kong)		Administrative Measures for the Re-employment of Retirees		
	Labor Law of the People's Republic of China				
	Labor Contract Law of the People's Republic of China				
B2 Health and Safety	In Mainland China	Law of the People's Republic of China on Promotion of Employment			
		Social Insurance Law of the People's Republic of China			
		Labor Law of the People's Republic of China	Safety Production Management System Documents		
		Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	Emergency Response Plan System		
		Work Safety Law of the People's Republic of China	System of Safety Accident Report, Investigation and Treatment		
		Fire Protection Law of the People's Republic of China	Emergency Rescue Management System		
		Emergency Response Law of the People's Republic of China	Fire Safety Management System for High-rise Buildings		
		Regulations on the Safety Management of Hazardous Chemicals	Fire Safety Management System		
		Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents	Safety Production Inspection and Hazard Rectification		
		Interim Provisions on the Investigation and Control of Work Safety Accidents	Major Hazard Monitoring and Major Safety Hazard Management System		
		Regulations of the People's Republic of China on Work-Related Injury Insurance	Safety Production Risk Graded Control and Management System		
			Occupational Health Measures and Management System		
			Labor Protection Supplies Allocation and Use Management System		
			Work Safety Accident Management System		
	Administrative Measures for the Investigation and Assessment of Work-related Injuries/Disability Evaluation				

ESG Indicators	Area	Laws and Regulations	Internal Policies	
B3 Development and Training	In Hong Kong	Not Applicable	Employee Reward and Punishment Management System	
			Employee Training and Development System	
			Employee Regularization, Promotion, Demotion, Salary Adjustment and Transfer System	
B4 Labor Standards	In Hong Kong	Employment of Children Regulations (Cap.57B of the Laws of Hong Kong)	Measures for Human Resources Management	
		Hong Kong Employment Ordinance (Cap. 57 of the Laws of Hong Kong)	Human Resources Planning System	
		Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)	Labor Relations Management Regulations	
	In Mainland China	Labor Law of the People's Republic of China		
		Social Insurance Law of the People's Republic of China		
B5 Supply Chain Management	In Mainland China	Labor Contract Law of the People's Republic of China		
		Provisions on Prohibition of Child Labor		
		Law of the People's Republic of China on the Protection of Minors		
B6 Product Responsibility	In Mainland China	The Bidding Law of the People's Republic of China	Procurement Management Measures	
		Anti-Unfair Competition Law of the People's Republic of China		
	In Hong Kong	Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong)	Information Disclosure Management System	
		Patents Ordinance (Cap. 514 of the Laws of Hong Kong)	Information Technology Management Measures	
		Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong)	Risk Identification and Control Management Regulations	
		Civil Code of the People's Republic of China	Regulations on Reporting and Management of Dispute and Litigation Cases	
		Price Law of the People's Republic of China		
		Measures for the Management of Property Service Charge		
		Measures on the Special Funds for Residence Maintenance		
		Interim Measures for Bid-Inviting and Bidding Management of Preliminary Realty Management of the Ministry of Construction		
Product Quality Law of the People's Republic of China				
B7 Anti-corruption	In Mainland China	Law of the People's Republic of China on the Protection of Consumer Rights and Interests		
		Advertising Law of the People's Republic of China		
		Trademark Law of the People's Republic of China		
		Regulations on Quality Management of Construction Projects		
		Regulation on Realty Management		
		Regulations on the Management of Urban and Rural Domestic Waste in Guangdong Province		
		Regulations on Property Management of Guangdong Province		
		In Hong Kong	Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)	Incorruptible Practice Commitment of Huafa Property
			Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615 of the Laws of Hong Kong)	Administrative Measures for Handover of Gifts and Payments of Huafa Property Management Company Limited (Trial)
		In Mainland China	Company Law of the People's Republic of China	Discipline Inspection, Intervention and Risk Control System of Huafa Property Management Company Limited
			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	
Charity Law of the People's Republic of China				
B8 Community Investment	In Mainland China			



Key Performance Indicators (KPIs)

Scope	ESG Indicator	Unit	2020	2021	2022	
A.Environmental^⑩						
A1 Emissions	A1.1The Types of Emissions and Respective Emissions Data^⑪					
	Oxynitride	kg	/	75,140.06	5,558.93 ^⑫	
	Oxysulfide	kg	/	144.76	6.68	
	Particulate matter	kg	/	6,109.45	411.83	
	A1.2Greenhouse Gas Emissions and Intensity^⑬					
	Total greenhouse gas emissions	tons of carbon dioxide equivalent		8,626.11	1,360.24	69,111.57
	Direct greenhouse gas emissions(Scope 1) ^⑭	tons of carbon dioxide equivalent		575.22	622.88	68,579.05
	Indirect greenhouse gas emissions(Scope 2) ^⑮	tons of carbon dioxide equivalent		8,050.89	737.36	532.52
	Greenhouse gas emissions per million RMB ^⑯	tons of carbon dioxide equivalent/ million RMB		7.94	0.88	43.22
	A1.3Total Hazardous Waste Produced and Intensity					
	Total hazardous waste	Tons		0.12	0.07	0.14
	Hazardous waste intensity	Tons/ million RMB		0.00011	0.000045	0.000088
	Waste toner cartridges	Tons		/	/	0.028
	Printer cartridges	Tons		/	/	0.11
	Discarded batteries	Tons		/	/	0.003
	A1.4Total Non-hazardous Waste Produced and Intensity					
	Total non-hazardous waste	Tons		46.97	155.50	93.71 ^⑰
	Non-hazardous waste intensity	Tons/ million RMB		0.043	0.100	0.059
	Office paper usage	Tons		/	0.78	3.34
	Kitchen waste	Tons		/	/	18.40
A2 Use of Resources	A2.1 Direct and/or Indirect Energy Consumption by Type in Total and Intensity^⑱					
	Total energy consumption	MWh		13,142.53	3,376.27	5,012.15
	Energy consumption intensity	MWh/ million RMB		12.10	2.18	3.14
	Direct energy consumption	MWh		/	2,459.38	4,078.40
	Indirect energy consumption	MWh		/	916.89	933.75
	Total diesel consumption	liter		/	225,027.71	336,062.91
	Total gasoline consumption	liter		/	/	86,252.07
	Total consumption of Liquefied Petroleum Gas	Tons		/	24.60	3.14
	Total consumption of Natural Gas	CBM		/	12,000	3,120
	Pipeline gas consumption	CBM		/	/	5.43
	Total electricity consumption (purchased electricity)	MWh		/	916.89	933.75
	A2.2 Water Consumption in Total and Intensity					
	Total water consumption	CBM		131,069	15,646	220,026.22 ^⑲
	Water consumption intensity	CBM/ million RMB		120.64	10.11	137.60

⑩ The environmental data covering the Company's office area (including headquarters, city companies and subsidiaries of Zhuhai Huafa Property Management). As the scope of statistics has expanded compared to that of 2020 and 2021, environmental data has increased to a certain extent.

⑪ The emission data are mainly derived from oxynitride, oxysulfide and particulate matter generated by the Company's official vehicles and business vehicles, and the calculation method refers to the document Appendix II: Reporting Guidance on Environmental KPIs issued by the HKEX.

⑫ In 2022, the Company increased its use of new energy vehicles, resulting in lower emissions.

⑬ Greenhouse gas emissions only refer to carbon dioxide emissions, excluding other types of greenhouse gases such as methane, nitrous oxide, etc.

⑭ Scope 1: greenhouse gas emissions are mainly derived from direct greenhouse emissions (e.g. gasoline, diesel, etc.) caused by the consumption of fossil fuels in the Company's operations, by adopting the formula as follows: CO₂ emissions from fossil fuel combustion = fuel consumption × low calorific value × carbon content per calorific value × fuel carbon oxidation rate × 44/12.

Scope	ESG Indicator	Unit	2020	2021	2022	
B.Social^⑳						
B1 Employment	B1.1Total Number and Percentage of Employees by Gender, Employment Type, Age Group and Geographical Region					
	Total number of employees	Person		6,795	8,346	8,548
	Number of employees by gender					
	Number of male employees	Person		3,983	4,783	4,964
	Percentage of male employees	%		58.62	57.31	58.07
	Number of female employees	Person		2,812	3,563	3,584
	Percentage of female employees	%		41.38	42.69	41.93
	Number of employees by employment type					
	Number of full-time employees	Person		6,795	8,346	8,548
	Percentage of full-time employees	%		100	100	100
	Number of Short-term contract/part-time workers	Person		0	0	0
	Percentage of Short-term contract/part-time workers	%		0	0	0
	Number of employees by rank					
	Senior management	Person		13	36	45
	Percentage of senior management	%		0.19	0.43	0.53
	Middle management	Person		99	105	106
	Percentage of middle management	%		1.46	1.26	1.24
	Other employees ^㉑	Person		6,683	8,205	8,397
	Percentage of other employees	%		98.35	98.31	98.23
	Number of employees by age group					
	Number of employees aged 29 or below	Person		1,874	2,294	2,252
	Percentage of employees aged 29 or below	%		27.58	27.49	26.35
	Number of employees aged 30-49	Person		3,709	4,410	4,443
	Percentage of employees aged 30-49	%		54.58	52.84	51.98
	Number of employees aged 50 or above	Person		1,212	1,642	1,853
	Percentage of employees aged 50 or above	%		17.84	19.67	21.68
	Number of employees by geographical region					
Number of employees in Mainland China	Person		6,785	8,341	8,543	
Percentage of employees in Mainland China	%		99.85	99.94	99.94	
Number of employees in Hong Kong, Macau and Taiwan	Person		10	5	5	
Percentage of employees in Hong Kong, Macau and Taiwan	%		0.15	0.06	0.06	
Number of employees in overseas	Person		0	0	0	
Percentage of employees in overseas	%		0	0	0	

⑱ Scope 2: greenhouse gas emissions are mainly derived from indirect greenhouse gas emissions generated by consumption of the purchased electricity in the Company's operation process, and the calculation method refers to the document Appendix II: Reporting Guidance on Environmental KPIs issued by the HKEX. In 2020 and 2021 it was calculated with reference to the General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises and the China Regional Power Grid Baseline Emission Factors for Emission Reduction Project, while the emission factors in 2022 were calculated based on the General guideline of the greenhouse gas emissions accounting and reporting for Enterprises in Other Industrial Industries.

⑲ All density data for the years 2020 and 2021 are based on revenue per million Hong Kong dollars, and for the year 2022, the basic unit is RMB per million, the same below.

⑰ In 2022, Zhuhai Huafa Property Management implemented a series of measures such as controlling the amount of office supplies and recycling and reusing materials, so that the total amount of non-hazardous waste was significantly reduced compared with 2021.

⑱ Direct energy consumption (unit: MWh) is calculated from gasoline, diesel and other related direct energy consumption; Indirect energy consumption (unit: MWh) is calculated from the conversion of purchased electricity, and the calculation method refers to the General Principles of Comprehensive Energy Consumption Calculation (GB2589-2020).

⑲ In 2021, the statistical scope covered only the headquarters, and in 2022, the statistical scope included data from the headquarters, city companies and subordinate companies. In addition, the large water consumption of municipal management companies led to an increase in the total amount of water consumption.

㉑ The social data in 2022 covers the data of the Company and its subsidiaries (including the data of companies and subsidiaries in various cities of Zhuhai Huafa Property Management), which is expanded compared with 2021 and 2021, and some data for 2020 and 2021 are supplemented and updated.

㉑ Other employees include ordinary employees and front-line staff.



Scope	ESG Indicator	Unit	2020	2021	2022
B1 Employment	B1.2 Total Number of Employees Loss by Gender, Age Group and Geographical Region^②				
	Total number of employees Loss	Person	2,780	3,450	3,838
	Turnover of employees Loss	%	29.03	29.25	30.99
	Number of employees loss by gender				
	Number of male employees Loss	Person	1,762	2,099	2,273
	Number of female employees Loss	Person	1,018	1,351	1,565
	Number of employees loss by age group				
	Number of employees loss aged at 29 and below	Person	1,045	1,536	1,519
	Number of employees loss aged at 30-49	Person	1,311	1,499	1,599
	Number of employees loss aged at 50 or above	Person	424	415	720
	Number of employees loss by geographical region				
	Number of employees loss in Mainland China	Person	2,779	3,441	3,835
	Number of employees loss in Hong Kong, Macau and Taiwan	Person	1	9	3
	Number of employees loss in other regions	Person	0	0	0
B2 Health and Safety	B2.1 Number of Work-related Fatalities Occurred in the Past Three Years Including the Reporting Year				
	Number of work-related fatalities	Person	0	0	0
	B2.2 Lost Days Due to Work Injury				
	Times of work injuries	Time	38	35	36
Lost days due to work injury	Day	1,871	2,621	2,397	
B3 Development and Training ^③	B3.1 Percentage of Trained Employees by Gender and Employment Type				
	Total number of trained employees	Person	5,767	7,096	7,264
	Percentage of trained employees	%	84.87	85.02	84.98
	Percentage of trained employees by gender				
	Male employees	%	58.64	57.00	58.08
	Female employees	%	41.36	43.00	41.92
	Percentage of trained employees by employment type				
	Senior management	%	0.19	0.42	0.45
	Middle management	%	1.46	1.32	1.27
	Other employees	%	98.37	98.27	98.29
	B3.2 Training Hours of Employees by Gender and Employment Type				
	Total training hours of employees	Hour	21.22	29.76	40.79
	Average training hours of employees by gender ^③				
	Average training hours of male employees	Hour	21.23	29.60	40.80
	Average training hours of female employees	Hour	21.20	29.97	40.78
	Average training hours of employees by employment type				
	Senior management	Hour	21.15	29.17	35.20
Middle management	Hour	20.98	31.04	41.25	
Other employees	Hour	21.22	29.74	40.81	

② Turnover = Number of employees loss during the year / (Number of employees loss in the year + Number of employees loss at the end of the year).

③ B3 The methodology for calculating training-related data is set out in the document Appendix III: Reporting Guidance on Environmental KPIs issued by HKEX.

Scope	ESG Indicator	Unit	2020	2021	2022
B5 Supply Chain Management	B5.1 Number of Suppliers by Geographical Region				
	Number of Suppliers in Zhuhai	Nos	154	191	229
	Number of suppliers in North China	Nos	80	115	162
	Number of suppliers in East China	Nos	39	49	87
	Number of suppliers in Central China	Nos	44	68	164
	Number of suppliers in South China	Nos	31	57	92
	Number of Suppliers for Direct Business (in Linzhi)	Nos	4	4	10
	Number of suppliers in Hong Kong, Macau, Taiwan and overseas	Nos	0	0	0
	Total number of suppliers	Nos	352	484	744
	B6 Product Responsibility	B6.2 Number of Products and Service Related Complaints Received and How They are Dealt With			
Number of products and service related complaints received		Time	1,658	2,527	2,989
B7 Anti-corruption	B7.1 Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Issuer or Its Employees During the Reporting Period				
	Number of corruption lawsuits	case	0	0	0
	B7.3 Anti-corruption Training Provided to Directors and Other Employees				
	Number of trained persons	Person	2,514	2,611	2,811
	Number of trained persons by employment type				
	Number of trained senior management	Person	14	11	11
	Number of trained employees	Person	2,500	2,600	2,800
Total training hours of employees by employment type					
	Training hours of senior management	Hour	56	53	54
	Training hours of employees	Hour	7,500	7,800	8,400
B8 Community Investment	B8.2 Resources contributed to the focus area				
	The total amount of public service investment	RMB Ten thousand	7.56	/	0.86
	Number of employees participating in charity/volunteer activities	Person	200	378	900
	Hours of volunteer activities	Hour	1,433	2,646	5,300



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^④ "A2.5 The total amount of packaging materials used in finished products (in tons) and, if applicable, the proportion per unit of production" does not apply to the Company;
"B6.1 The percentage of the total number of products sold or shipped that must be recycled for safety and health reasons" does not apply to the Company.

Feedback Form

Dear readers,

Thank you for reading the 2022 ESG Report of Huafa Property Services Group Company Limited. We sincerely hope that you could evaluate this Report and provide valuable comments to help us make continuous improvement.

Your comments on this Report: (Please tick ✓ where appropriate)

- Do you think this Report has highlighted the important information about the Company in terms of environmental, social and governance?

Very Good Good Average Poor Very poor
- Do you think the information and indicators disclosed in this Report are clear, accurate and complete?

Very Good Good Average Poor Very poor
- Do you think the content arrangement and style design of the Report are convenient for reading?

Very Good Good Average Poor Very poor

What information do you think you need to know is not reflected in the Report?

Do you have any other suggestions for us regarding future issuance of environmental, social and governance report?





華發物業
Huafa Property

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