

A-LIVING SMART CITY SERVICES CO., LTD.*

雅生活智慧城市服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 3319

** For identification purposes only*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

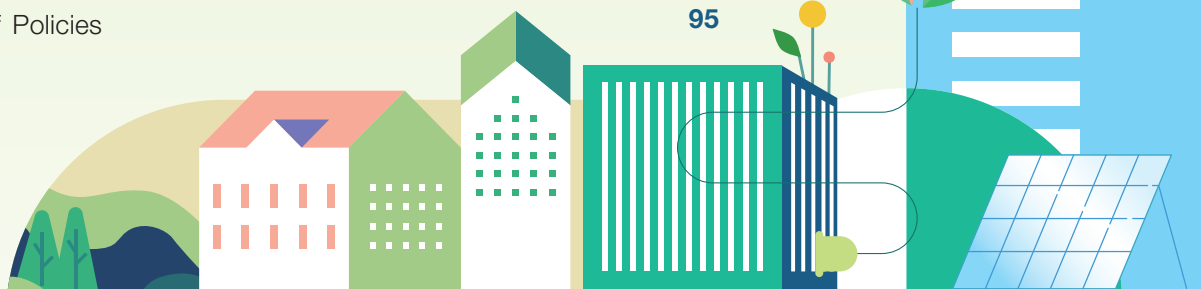
2022





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1 About the Report

1. OVERVIEW

A-Living Smart City Services Co., Ltd. (“A-Living” or the “Company”, together with its subsidiaries, the “Group”) is pleased to publish its 2022 Environmental, Social and Governance (“ESG”) Report (the “Report”), which is aimed at explaining the Group’s efforts and performance in ESG aspects in 2022 to address the expectations of stakeholders on the sustainable development and information disclosure of the Group and enhance their understanding of and confidence in the Group.

2. PREPARATION BASIS OF THE REPORT

The Report complies with all the “comply or explain” provisions in the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HK Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The content index for the ESG Reporting Guide is set out in Appendix II of the Report for easy reference of readers.

The Report is prepared in accordance with the principles of “Materiality”, “Quantitative”, “Balance” and “Consistency” in the ESG Reporting Guide of the Hong Kong Stock Exchange, with a view to fully reflecting the management conditions and work achievements of the Group in ESG aspects. The Report responds to the principle of “Materiality” through the analysis and evaluation of material issues, responds to the principle of “Quantitative” with the list of quantitative data, and ensures that the disclosure scope and reporting methods of the Report are generally consistent every year to respond to the principle of “Consistency”, while responding to the principle of “Balance” through the review of negative issues and poor performance.

3. SCOPE OF THE REPORT

The Report covers the Company and its wholly-owned subsidiaries and controlling subsidiaries. To enhance reporting comparability, information related to COVID-19 (the “pandemic”) is as at 31 December 2022.

Unless otherwise specified, the scope of the Report is consistent with that of the consolidated statements in the Company’s 2022 Annual Report (the “Reporting Period”, the “Year”, “2022”, “during the Year”), and should be read in conjunction with the Company’s 2022 Annual Report.

4. DESCRIPTION OF APPELLATIONS

To facilitate presentation and reading, unless otherwise specified, “A-Living” or the “Company” in the Report refers to A-Living Smart City Services Co., Ltd., the “Group” refers to the Company and its subsidiaries, and “Agile Holdings” refers to Agile Group Holdings Limited.

5. DATA SOURCE AND RELIABILITY STATEMENT

The data and cases in the Report are mainly derived from A-Living’s official documents, statistical reports and relevant public information. The Company undertakes that the Report contains no false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its content.

6. CONFIRMATION AND APPROVAL

The Company's Board of Directors (the "Board") and the senior management team have reviewed and approved the Report to ensure that the content of the Report contains no false records, misleading statements or material omissions.

7. ACCESS AND RESPONSE TO THE REPORT

The Report is prepared in Chinese and English respectively. In case of any discrepancies between the Chinese and English versions, the Chinese version prevails. The Report is available and can be downloaded from the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of the Company (www.agileliving.com.cn).

For further enquiries, comments or suggestions on the Report, please contact the Company by email at ir@agileliving.com.cn.





2 Chairman's Statement

Dear stakeholders,

We are pleased to publish the 2022 ESG Report of the Group to respond to the expectations of stakeholders on the performance of the Group in sustainable development management with detailed ESG performance and related achievements.

The year 2022 is the Group's 30th year of providing services to property owners and customers. Looking back on the past 30 years, the Group always fulfills the corporate mission of "lifelong caring for you, heartwarming service to city", adheres to the service-oriented original aspiration, continuously promotes the standardization and intelligent development of property services, improves service quality, and provides better service experience for property owners and customers. Based on the new starting point from the 30th anniversary, the Group, focusing on the "mission, vision and core value", continues to enhance its five core capabilities, namely capability of services and products, capability of market expansion, capability of technology operation, capability of integration and consolidation, and capability of efficient organization, by improving construction of service standardization system, listening to customers' voices, introducing smart service facilities and equipments, building an information-based operation platform, and empowering member companies and other measures, striving to be the most preferred service provider of property owners, enterprises and cities, contribute to urban development with refined management, and achieve a better living environment with quality services.

In 2022, the Group put forward the annual keyword of "stability, security, expansion, cooperation, competition and change". Facing the challenging external macro and market environment of the property management industry, all employees made concerted efforts to do a good job in service and compliant operation, continued to build a responsible supply chain, consolidated the achievements of integrity construction, and unswervingly achieved the sustainable development of the Group. During the Year, the Group continued to consolidate its core capabilities in service quality. With first-class service quality, a number of projects under the Group's management were awarded as industry benchmarks. With the development trend of informatization and intelligentization of the property management industry, the Group has established digital tools such as a shared organizational process platform to rapidly improve efficiency of project operation and service capabilities. At the same time, the city services segment has built a smart sanitation service system to assist the government to strengthen public service quality, optimize governance methods, and contribute to the national strategy of urban governance modernization.

With its leading management scale, diversified business layout, excellent service quality and brand influence, the Group was awarded the "1st of 2022 Top 100 Property Management Companies in terms of Operating Results in China", "2022 Leading Smart City Service Enterprise in China" and other industry honors. In addition, the Group was awarded the "3rd of the 2022 Top 100 Property Management Companies in China" again with comprehensive strength, steadily ranking among the tier-1 companies in the industry.

In 2022, the pandemic control in China has undergone a transformation from strict to relax. The Group joined hands with various parties to protect the health of property owners and ensure the order of living and production. In the three years of pandemic prevention and control, the Group has always firmly stood in the frontline to serve the primary level, scientifically and accurately carried out pandemic prevention works, and always protected the life and health of community residents, property owners and all employees. After the severe pandemic situation and the changes in prevention and control policies, the Group's employees stayed at their posts without fear of hardship to safeguard medical and living supplies for property owners and customers.

The Group has always attached great importance to the coordinated development of enterprises, put forward the goal of organizational construction and development of “enhancing internal strength, improving capabilities, promoting integration and strengthening development”, deepened the integration and empowerment with member companies, and strengthened the inter-organization connections with the Group’s Operation Management Centre as the management platform. At the same time, the Group continued to optimize the talent development system, carried out the “One in A Hundred Plan” and continued to promote various special talent training programs to consolidate the talent base for long-term development. During the Year, the Group comprehensively upgraded the corporate culture system, improved the communication channels for employees, strived to provide employees with broad development prospects, and delivered care to employees through various measures. In the future, the Group will pay more attention to the safety, career development, work satisfaction and happiness of employees.

While continuously increasing its commercial value, the Group also regards social and environmental values as its own responsibilities and missions. The Group conscientiously summarizes and learns the spirit of the report in 20th National Congress of the Communist Party of China. The important topic covering green development has far-reaching guiding significance for its own sustainable development strategy and the long-term development of the Group. In 2022, the Group continued to promote projects under management to adopt measures such as using clean energy and energy saving and consumption reducing equipments, building green communities, and advocating the concept of green living, so as to fulfil the national goal of “carbon dioxide peaking and carbon neutrality”. At the same time, the city services segment continued to provide services such as smart city integrated operation solutions for urban and rural areas, so as to improve the quality and governance of urban and rural environmental hygiene and facilitate the development of beautiful urban and rural areas. For the first time, the Group disclosed the Group’s climate-related risks and strategies with reference to the international guidelines of the Task Force on Climate-Related Financial Disclosure (TCFD), and further improved the standard level of ESG management.

The Group is committed to being a contributor of city construction and development, and a partner of customers, employees and business partners. With the motivation from the operation over 30 years, we successfully make steady progress and achieve long-term goals. In 2023, we will work hard to achieve stable and sustainable development. The Group will continue to deepen its business operations and work together with all partners and stakeholders to pursue sustainable development.

Chan Cheuk Hung/Huang Fengchao

Co-Chairman of the Board

Hong Kong, 28 March 2023



3 About A-Living



A-Living is positioned as a mid-to-high-end national comprehensive property management service provider. Founded in 1992 and headquartered in Guangzhou, it is listed on the Hong Kong Stock Exchange (stock code: 3319.HK) and ranked the 3rd among the Top 100 Property Management Companies in China by China Index Academy. With the corporate vision of “Becoming a preeminent quality service provider in China”, the Group is committed to providing property owners with high-quality and full-scenario services, continuously expanding its business coverage across the entire industry chain, and actively innovating and exploring the value-added services ecosystem. At present, the Group has four major business lines, namely property management services, property owners value-added services, city services and extended value-added services. The Group will continue to uphold the corporate mission of “lifelong caring for you, heartwarming service to city”, and create a happy living environment for every city and every individual with nationally leading service capabilities of all business portfolios, all scenarios and all along industry chains.

1. BUSINESS OVERVIEW

In 2022, the Group flexibly adjusted its business strategy according to actual situation to focus on its major businesses, comprehensively deepened brand integration, actively transformed and upgraded with the industry, increased its market expansion capabilities in various business portfolios, actively extended the layout of the industry chain, and further enhanced business diversification. So far, the Group has established a first-mover advantage in residential, public buildings, commercial and office buildings and other businesses, while deepening the layout in diversified service areas such as city services to form a balanced layout of all types of business and the entire industry chain. The Group actively expanded the market through major business segments, regional offices and member companies, focused on “horizontal expansion of business coverage and vertical exploration of service content”, strengthened and improved the service capabilities of “diversified, full-lifecycle and all-business portfolios”, created a number of benchmark projects, continued to deepen the improvement of product and service quality, deeply explored customer needs and provided diversified value-added services, and accelerated the growth of the Group in the market of housing inventory.



Property management services

Revenue of RMB10,029.2 million in 2022



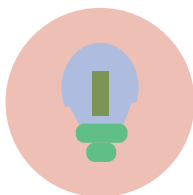
Property owners value-added services

Revenue of RMB2,320.0 million in 2022



City services

Revenue of RMB1,314.7 million in 2022

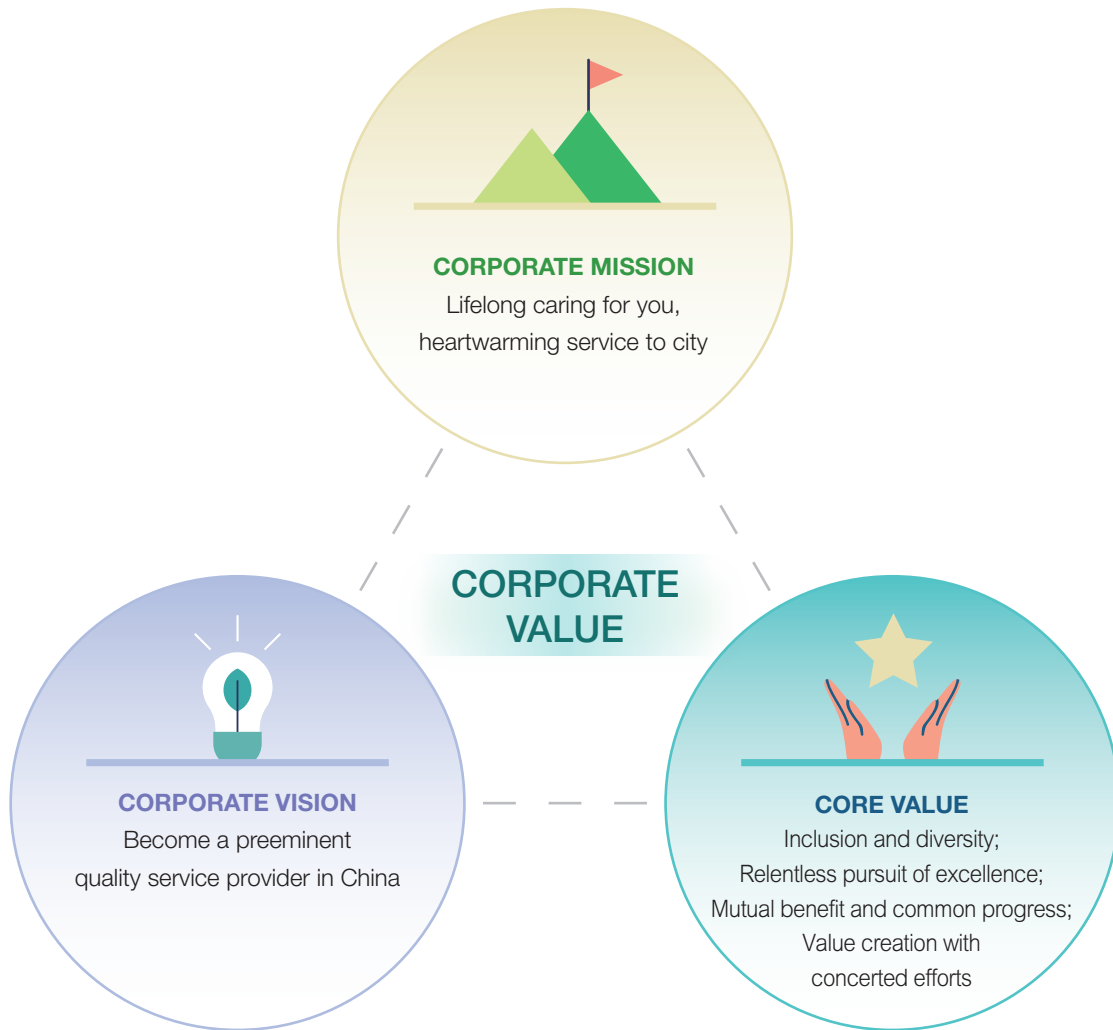


Extended value-added services

Revenue of RMB1,714.7 million in 2022



2. CORPORATE VALUE SYSTEM



4 Annual Key Performance

1. DESCRIPTION OF 2022

With the corporate vision of “Become a preeminent quality service provider in China”, the Group has actively developed the whole industry chain covering property management services, city services and property owners value-added services, focused on the post-acquisition integration of member companies, tapped the potential of living services, and actively integrated technology into service to promote industry upgrading. During the Year, while providing customers with quality services and expanding business, the Group actively adopted green operation and other measures to respond to the country’s goal of “carbon dioxide peaking and carbon neutrality”, cared for employees with sincerity and provided development opportunities to them, incorporated ESG risks into its corporate risk management system to further improve corporate ESG management, actively participated in social welfare activities and community governance communication, and further built an industry-leading sustainable development benchmark enterprise to achieve high-quality development of the Group.

As of 31 December 2022, the Group’s ESG management performance was as follows:

Economic Performance



Contracted GFA

731.5 million sq.m.



GFA under management

545.8 million sq.m.



Service projects

4,532



Coverage of service projects

31 provincial-level administrative regions



Total assets

RMB 22,702 million



Total equity

RMB 14,125 million



Revenue in 2022

RMB 15,379 million

Environmental Performance



Paper saved from green office in 2022

about 48,000 sheets



Year-on-year decrease in waste from value-added services companies in 2022

11%



GHG Emissions in 2022¹

241,910.62 tCO₂e



Total comprehensive energy consumption in 2022

319,727.36 MWh

¹ Total GHG emissions of scope I and scope II

Social Performance



Total tax paid in 2022
RMB517.0 million



Satisfaction score of complaint handling in 2022
95.7



Accumulated number of authorized invention patents
6



Employee caring activities in 2022
Over 300 sessions



Total hours of anti-corruption training in 2022
30,776 hours



Percentage of Directors participating in anti-corruption training in 2022
100%



Holding public welfare activities of the community in 2022
1,773 times



Total number of employees with disabilities
Over 300



Total hours of employees training in 2022
1,526,094.66 hours



Total person-time of employees trained in 2022
91,439



Total number of volunteer service participants in 2022
2,289



The number of female employees
43,731

ESG Rating



MSCI ESG Rating¹
BBB



Sustainalytics Rating²
ESG Regional Top Rated (Asia-Pacific)
ESG Industry Top Rated

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2. KEY ESG ACTIONS

The Group adheres to the sustainable development philosophy and actively responds to the sustainable development goals (SDGs) of the United Nations, facilitating the achievement of balanced development of economy, environment and society through business operations and value creation. In the daily operations and decision-making, the Group actively incorporates the concept of green development and puts it into practice, formulates ESG goals and supervision indicators applicable to the Group with reference to the SDGs highly relevant to the Group’s business development and actively takes actions to implement relevant ESG issues to continuously promote the sustainable development of the Group. The Report disclosed the Group’s ESG key actions and performance during the Reporting Period.

SUSTAINABLE DEVELOPMENT PHILOSOPHY AND GOVERNANCE

Key actions and performance of the Group during the Year

- Established a sustainable development governance system with clear responsibilities;
- Implemented the Risk Management Policy of A-Living Group and incorporate ESG risks into the enterprise’s comprehensive risk management and internal control system;
- Understood the expectations of various stakeholders and take timely actions to respond.

SDGs addressed



ADHERING TO CRAFTSMANSHIP AND IMPROVING SERVICES

Key actions and performance of the Group during the Year

- Promoted the “5-Star campaign” (“五分行動”) to refresh the community environment and comprehensively improved service quality;
- Carried out the “Sword Action” (“亮劍行動”) to strengthen service quality supervision of various projects;
- Built aggregate 66 benchmark property service projects;
- Satisfaction score of complaint handling was 95.7;
- Obtained aggregate 6 authorized invention patents and 23 authorized utility model patents.

SDGs addressed



CARING FOR EMPLOYEES WITH SINCERITY

Key actions and performance of the Group during the Year

- Improved three major training segments of Talent Development, Professional Empowerment as well as Learning, Research, Culture, and Publicity, and enriched employee training resources;
- Conducted 23,441 training sessions with 91,439 participants;
- Promoted multiple events featured occupational health and safety management system certification;
- Launched the employee caring activities “LOHAS Workplace” (“樂活職場”) to enrich employees’ life;
- Sorted out the “Zero-distance Communication: Guidelines on Two-way Communication Channel for A-Living’s Employees” (《溝通零距離：雅生活員工雙向溝通渠道指南》) to open up communication channels.

SDGs addressed



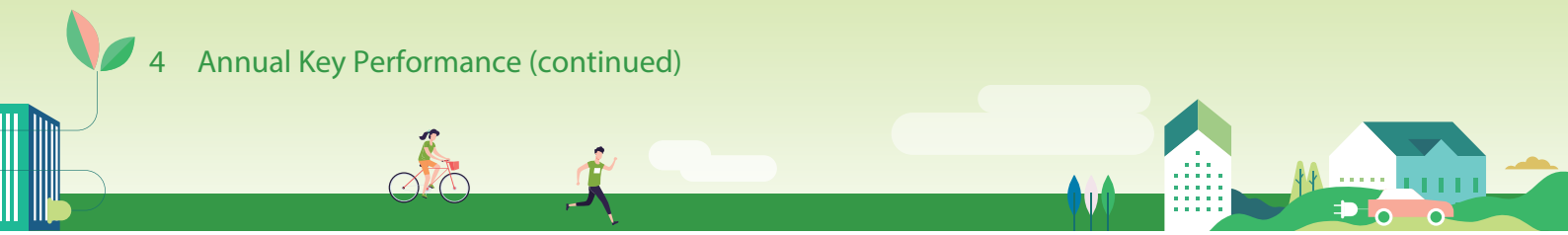
PROTECTING THE ENVIRONMENT DILIGENTLY AT ALL TIMES

Key actions and performance of the Group during the Year

- Promoted the realization of goals of energy saving, emission reduction, water conservation and waste reduction, and in active response to the national goal of “carbon dioxide peaking and carbon neutrality”;
- Established an environmental management system in compliance with ISO14001: 2015 standards;
- Promoted multiple projects to participate in energy management system certification;
- Advocated green operation, green office and green community;
- Actively responded to risks and opportunities of climate change with reference to the recommendations of TCFD.

SDGs addressed





COMPLIANT MANAGEMENT AND PERFORMING DUTIES WITH INTEGRITY

Key actions and performance of the Group during the Year

- Establish a system of disciplinary violations and whistleblower protection;
- Issued “A-Living Management Red Line”, “Ten Rules for Cadres” and “Code of Conduct for Employees” and other regulations;
- Regularly conducted business audits, completing 6 routine audits and 5 special audits;
- Continuously carried out anti-corruption trainings covering directors and employees. The total duration of anti-corruption trainings was 30,776 hours with 15,388 participants.

SDGs addressed



FAITHFUL COOPERATION TO ACHIEVE WIN-WIN RESULTS

Key actions and performance of the Group during the Year

- Strengthened the quality management of suppliers and improved the access and evaluation management processes;
- Practiced compliant procurement and strengthened supplier safety and social risk management. The signature rate of the Supplier Integrity Agreement reached 100%;
- Empowered member companies in internal management, finance, personnel, informatization, service quality, supplier management etc.;
- Strengthened the organizational integration and cohesion, and carried out 73 training sessions on service quality integration of member companies.

SDGs addressed



ALWAYS MAINTAINING ENTHUSIASM AND GIVING BACK TO SOCIETY

Key actions and performance of the Group during the Year

- Encouraged employees to participate in volunteer activities, with a total of 2,289 participants and 2,314 volunteer service hours;
- Assisted communities and sub-district offices in the prevention and control of the pandemic, completed over 7,000 nucleic acid tests throughout the Year, carried out over 30,000 times of disinfection, and fully protected the safety of over 2,200 projects and nearly one million property owners.

SDGs addressed



3. PERFORMANCE AND HONORS IN THE YEAR

With its excellent products and services, outstanding business performance as well as comprehensive and transparent communication with capital market, the Group has gained wide recognitions from capital market and the industry as evidenced by its successive inclusion in a number of indexes and winning of various industry awards. During the Reporting Period, the indexes in which the Group has been included and the awards it has received are mainly as follows:



Inclusion in Indexes

- Hang Seng Composite MidCap Index
- Eligible Stock of Shanghai-Hong Kong Stock Connect
- Eligible Stock of Shenzhen-Hong Kong Stock Connect
- MSCI China Index



Awards for the Year

- 2022 Top 2 Excellent Property Management Companies in ESG Development in China
- 2022 ESG Model Company
- 2022 Comprehensive Sustainable Value Company
- 2022 Best Employer in China's Property Management Industry
- 2022 Award of Model Company of Talent Management Culture in China
- Top 3 of the "2022 Top 100 Property Management Companies in China"
- The 1st of the "2022 Top 100 Property Management Companies in terms of Business Performance in China"
- Top 2 of the "2022 Top 100 Property Management Companies in Management Scale in China"
- 2022 Top 100 Leading Property Management Companies in terms of Growth Potential in China
- 2022 Top 100 Leading Property Management Companies in terms of Service Quality in China
- 2022 China's Leading Property Management Companies on Customer Satisfaction
- 2022 Top 2 Property Management Service Companies for Newly-added Contracted GFA in China
- 2022 Property Management Companies with Outstanding Performance
- 2022 Listed Property Management Companies in terms of Capital Market Excellence
- 2022 Top 2 Listed Property Management Companies in terms of Comprehensive Strength in China
- 2022 Top 100 Blue Chip Property Management Companies
- Top 10 of the "2022 Top 100 Property Management Companies in terms of Service Capacity"
- 2022 Top 2 Listed Property Management Companies in terms of Management Scale in China
- Top 2 of the "2022 Listed Property Management Companies in terms of Market Expansion in China"
- 2022 Top 3 of the Listed Property Management Company in China for Community Value-added Services
- Top 4 of the "2022 Listed Property Management Companies in terms of Growth Potential in China"
- 2022 Leading Brand in terms of Specialized Operation in Property Management Companies in China
- 2022 Top 10 Companies with Services Capability for Public Buildings
- 2022 Leading Smart City Service Enterprise in China



5 Sustainable Development Philosophy and Governance

RESPONSE IN THIS CHAPTER

Material Issues

- Sustainability risk management

SDGs



The Group has established a sound sustainable development governance system led by the Board and fully incorporated ESG considerations into major decisions to ensure the adequacy and effectiveness of sustainable development management. At the same time, the Group actively establishes a well-developed risk management organizational structure and risk management strategies, and conducts ESG risk assessment and supervision according to risk indicators to ensure the effectiveness of ESG risk management. In addition, the Group actively maintains good communication with various stakeholders and responds to their demands, so as to continuously promote the Group's ESG management and information disclosure.

1. BOARD STATEMENT

As the highest decision-making and supervisory body of ESG management, the Board attaches great importance to and comprehensively supervises and manages ESG matters, and is responsible for approving the Group's ESG management policies and strategies, fully incorporates the considerations on ESG into business decision-making, ensures that the Group has established appropriate ESG risk management and internal control mechanisms, and continuously updates and improves the sustainable development governance system. Meanwhile, the Board supervises and reviews the progress of ESG objectives, understands and manages ESG risks through regular meetings to ensure that the Group has sufficient and effective management capabilities in sustainable development matters.

2. SUSTAINABLE DEVELOPMENT GOVERNANCE SYSTEM

The sustainable development governance system set up by the Group takes the Board as the core to ensure that the Group has adequate and effective management capabilities on ESG issues. As the highest level of decision-making in ESG works, the Board is responsible for establishing appropriate risk management and internal control mechanisms for the Group and reviewing their effectiveness on a regular basis.

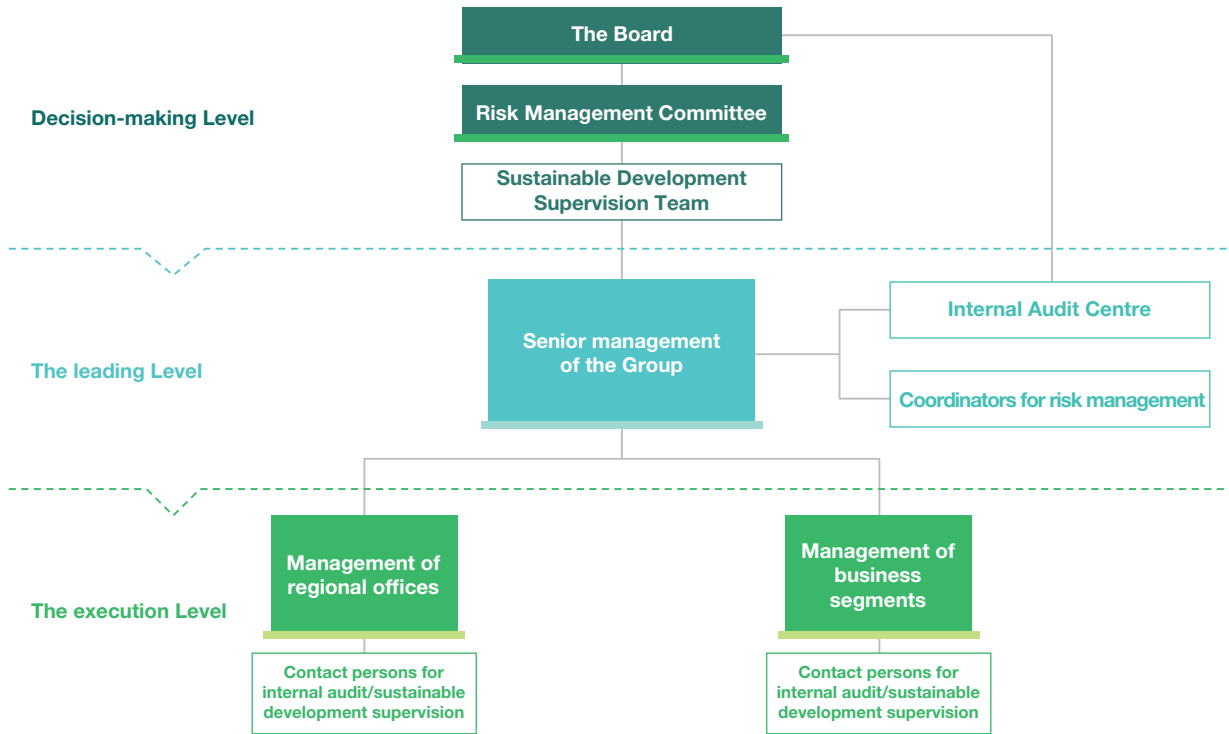
Under the leadership of the Board, the Risk Management Committee is responsible for the overall management of the Group's sustainable development, while its Sustainable Development Supervision Team is responsible for the follow-up and implementation of the specific sustainable development work of the Group. The Risk Management Committee and the Sustainable Development Supervision Team have been authorized by the Board to perform the Board's duties of the oversight of ESG issues within their terms of reference, including monitoring and reviewing the Group's policies and practices relating to risk management and internal control, supervising the implementation of the Group's ESG management policies and practices, urging the Group's business segments to set ESG management goals based on their operations, and regularly reviewing the reasonableness of those goals and the implementation of internal control measures, so as to ensure the ESG goals can be achieved. The Risk Management Committee and the Sustainable Development Supervision Team regularly report to the Board on the progress and recommendations in respect of the ESG issues above.

5 Sustainable Development Philosophy and Governance (continued)

During the Year, the Group convened 2 Board meetings to approve the meeting minutes of the Risk Management Committee related to ESG, 2 Risk Management Committee meetings, the agenda of which includes the report of annual ESG work, ESG risk management work plan, etc., 2 Sustainable Development Supervision Team meetings to report and discuss relevant ESG issues, ESG risk management work and the progress on the ESG report of the Year, etc.

The Group has incorporated ESG risks into its comprehensive corporate risk management system. The Internal Audit Centre, based on the risk management and internal control system, coordinates and initiates the risk assessment and response, supervises the implementation of relevant policies and reports to the Risk Management Committee on the control of material risks on a half-yearly basis. The Risk Management Committee is responsible for formulating the risk management framework, reviewing and evaluating the effectiveness of the framework, supervising and ensuring the effective implementation of risk control measures, and reporting to the Board on a regular basis.

The contact persons for internal audit/sustainable development of the Group's regional offices and business segments for risk control are responsible for executing and implementing the ESG management strategies formulated by the management and reviewing the progress in achieving ESG management goals continuously.



Sustainable Development Governance System of the Group





3. ESG RISK MANAGEMENT

The Group attaches great importance to ESG risk management and has established a well-developed risk management organizational structure and strategies, and incorporated ESG risks into its comprehensive corporate risk management and internal control system with reference to the International COSO Guidelines¹. At the same time, the Group has formulated the Risk Management Policy of A-Living Group to monitor and manage ESG risks by setting up risk indicators, and has continuously improved the “three lines of defence” of risk management to ensure the effectiveness of risk management. The Group’s Internal Audit Centre monitors and evaluates changes in ESG risks based on risk indicators, and reports the assessment results to the Risk Management Committee and the Board on a regular basis.

01 First line of defense Front-line business department

- To be responsible for formulating relevant risk response plans for the business, and implementing risk management measures such as the Company’s systems, regulations and guidelines;
- To pay attention to and report various risks in the business process, conduct self-inspection on the standardization of business execution and control defects, and implement rectification measures to improve defects and reduce risks.

02 Second line of defense Operation, legal, contract management, finance and other professional departments

- To formulate risk management strategies from a professional perspective, guide and supervise the implementation of risk management and control measures of front-line business departments;
- To comprehensively evaluate the effectiveness of risk management and control to promote the continuous improvement of risk management.

03 Third line of defense Internal Audit Centre of the Group

- To be responsible for promoting the construction of risk management system;
- To assist each unit to regularly assess the core operational risks, set early warning indicators, continuously monitor the data changes of indicators and issue risk warnings;
- To supervise all units to take effective rectification measures until the risk level returns to a reasonable range;
- To conduct special investigation and survey on major risk management vulnerabilities and propose optimization suggestions to the management.

“Three Lines of Defense” for the Group’s risk management

¹ The “COSO Guidelines” refers to the Guidelines on How to Apply Enterprise Risk Management to ESG-Related Risks, which was drafted by The Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in cooperation with the World Business Council for Sustainable Development (WBCSD) in 2018.



4. STAKEHOLDER ENGAGEMENT

The trust and support of stakeholders are the foundation for sustainable corporate development. The Group continues to improve its communication mechanism with stakeholders, maintain communication transparency and timely understands and responds to the expectations and demands of stakeholders through different channels and ways such as its 400 Customer Service Hotline, corporate WeChat official account, official website, meetings with suppliers, property owner satisfaction surveys and employee surveys and communication. On that basis, the Group has been optimizing its sustainable development strategies and plans in order to strengthen the benign relationship with stakeholders and realize win-win development.

1) Stakeholder

The Group's analysis of and responses to the expectations and demands of stakeholders in 2022 were as follows:

Stakeholder	Major communication way	Expectation and demand	Communication and response
Shareholders and investors	<ul style="list-style-type: none"> General meetings Presentations/roadshows Hotline/email for investor contact Corporate official website 	<ul style="list-style-type: none"> Financial performance Interest protection Corporate transparency Risk control 	<ul style="list-style-type: none"> Improve economic benefits Hold general meetings Routine information disclosure Optimize risk management and internal control systems
Government and regulatory authorities	<ul style="list-style-type: none"> Tax declaration Submission of regulatory information required by the relevant departments 	<ul style="list-style-type: none"> Comply with the law Pay taxes in accordance with the law Respond to government's calls Support local development 	<ul style="list-style-type: none"> Operate in compliance with the law Pay taxes in full on time Actively implement relevant policies Actively shoulder social responsibilities
Employees	<ul style="list-style-type: none"> Workers' Congress Office automation (OA) system of the Group Employee caring activities Opinion box for sending comments to the general manager Employee surveys 	<ul style="list-style-type: none"> Career development platform Training opportunities Remuneration and benefits Healthy and safe working environment The well-being and voice of employees 	<ul style="list-style-type: none"> Enhance career promotion mechanisms Establish employee training and education systems Competitive salary and benefits Equal communication and complaint mechanisms
Customers	<ul style="list-style-type: none"> 400 nationwide customer service hotlines Property management service satisfaction surveys Corporate WeChat official account Community activities 	<ul style="list-style-type: none"> Service Quality and Safety Customer service quality Customer information security Customer rights protection 	<ul style="list-style-type: none"> Develop a high-quality comprehensive service platform Improving operational efficiency and digital construction Network security and permission settings Compliant marketing



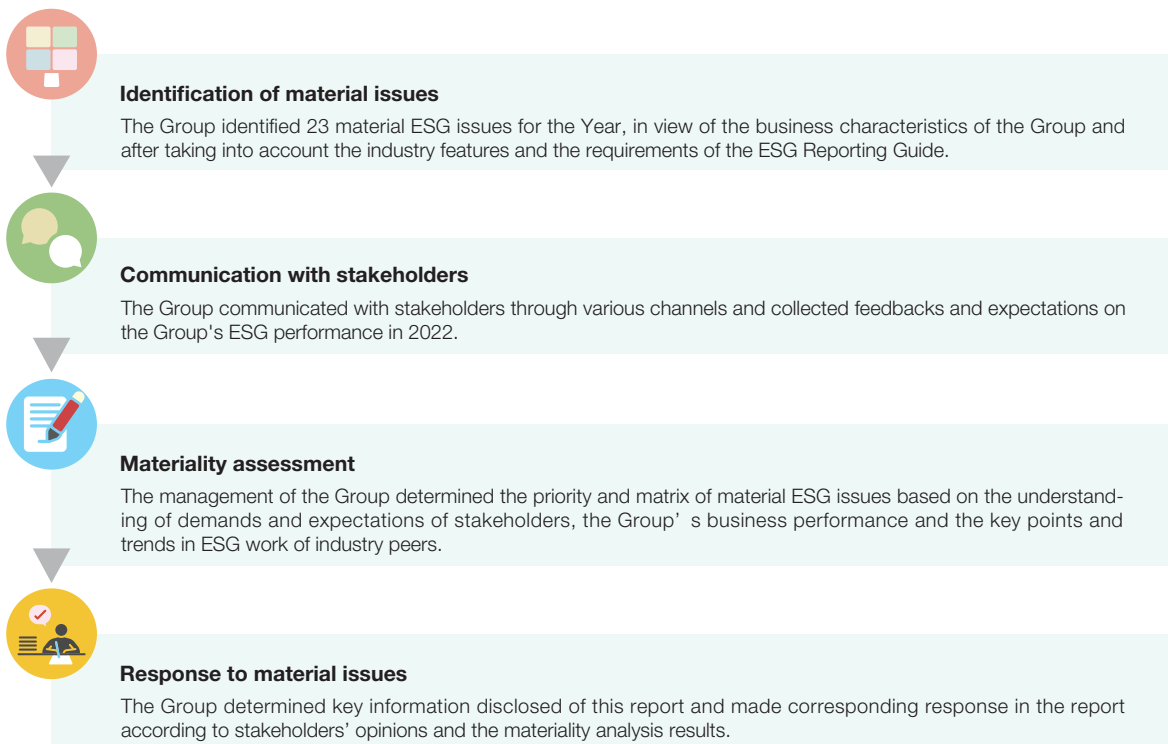


Stakeholder	Major communication way	Expectation and demand	Communication and response
Suppliers	<ul style="list-style-type: none"> Supplier engagement inspections Regular review of suppliers Supplier conferences 	<ul style="list-style-type: none"> Cooperation with integrity Win-win cooperation Business ethics and reputation Experience sharing 	<ul style="list-style-type: none"> Build responsible supply chains Promote daily communication Carry out cooperation Perform contracts dutifully
Business partners	<ul style="list-style-type: none"> Training sessions Communication meetings Corporate visits 	<ul style="list-style-type: none"> Synergy in marketing Resource sharing Improvement in management efficiency 	<ul style="list-style-type: none"> Establish synergetic marketing database Enable access to quality resources of the Group Empowerment and assistance from experts/professional teams
Society and the public	<ul style="list-style-type: none"> News coverage Corporate official website Corporate WeChat official account 	<ul style="list-style-type: none"> Focus on resources, energy and environment Care for the underprivileged Support charity Adhere to corporate responsibility 	<ul style="list-style-type: none"> Adhere to green operation Participate in targeted poverty alleviation Committed to charities Provide employment opportunities

2) MATERIALITY ASSESSMENT

The Group carries out materiality assessment for the purpose of timely and comprehensive understanding of the concerns of various stakeholders on the Group’s sustainable development management. It also actively takes countermeasures to further facilitate disclosure of the Group’s ESG information and ongoing improvement in the management standards of relevant issues.

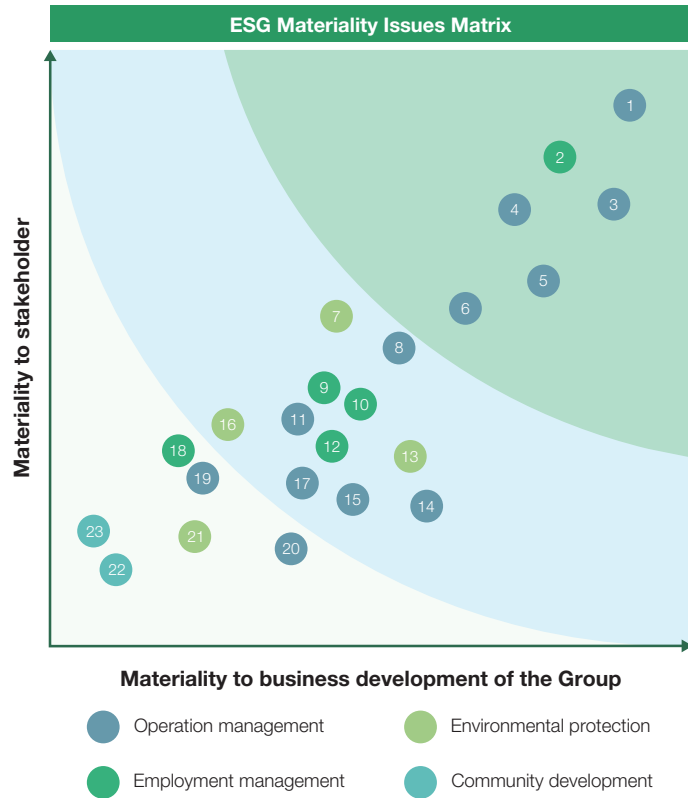
The materiality assessment on Environmental, Social and Governance issues of the Group during the Year covers the following steps:



5 Sustainable Development Philosophy and Governance (continued)

The results of materiality assessment on ESG issues of the Group for 2022 are as follows:

No.	Material issues	Materiality
1	Service quality and property owner satisfaction	Highly important issues
2	Protection of health and safety of employees	
3	Protection of safety and health of customers	
4	Information security and privacy protection	
5	Intelligent management and innovation	
6	Promotion of integrity culture and business ethics	
7	Water conservation	Moderately important issues
8	Sustainability risk management	
9	Training and development of employees	
10	Compliant employment and protection of rights and interests of employees	
11	Empowerment for partners	
12	Competitive compensation and incentive mechanisms	
13	Energy efficiency improvement	
14	Environmental and social risks management of supply chain	
15	Supplier access and assessment	
16	Address to climate change	
17	Protection of intellectual property rights	Generally important issues
18	Communication with and caring for employees	
19	Compliant marketing and operation	
20	Response to policies and communication with industry peers	
21	Waste management	
22	Community communication and integration	
23	Participation in charitable and voluntary activities	



The results of materiality assessment of the Year showed that stakeholders are more concerned about issues such as service quality and customer's satisfaction level, protection of health and safety of employees, and information security and privacy protection. This report has presented the Group's progress on each material issue during the Year in detail. Based on the results of this materiality assessment, the Group will continue to improve its ESG management and actively fulfill its corporate social responsibilities.



6 Adhering to Craftsmanship and Improving Services



KEY PERFORMANCE IN THIS CHAPTER



Establishing residential property service standards accumulatively:
153



Holding various community activities:
5,339



Resolution rate of customer complaints:
98%



Conducting training sessions on service quality management:
1,340



Satisfaction score of complaint handling:
95.7



RESPONSE IN THIS CHAPTER

Material Issues

- Service quality and property owner satisfaction
- Information security and privacy protection
- Intelligent management and innovation
- Protection of safety and health of customers
- Community communication and integration
- Compliant marketing and operation
- Response to policies and communication with industry peers

HKEX KPI

- B6 Product Responsibility: B6.2, B6.3, B6.5

SDGs



The Group adheres to the corporate mission of “lifelong caring for you, heartwarming service to city”, deeply understands and explores the customers’ needs, keeps improving service quality through focusing on standardization and informatization, creates a safe, harmonious and convenient community environment for customers, and provides comfortable diversified, customized property services and community value-added services. Meanwhile, the Group actively leverages scientific and technological means to lead the development of the industry, comprehensively builds smart communities and improves the quality of city services, providing customers with professional, intelligent and convenient quality services.



1. IMPROVEMENT IN PROPERTY SERVICE QUALITY

The Group attaches great importance to the management and improvement of property service quality, continuously builds a comprehensive standardized service system, and simultaneously creates excellent service quality and standards in multiple dimensions such as project management, environmental management, community security and order management and community culture building, through a variety of initiatives including special actions, proficiency trainings and the adoption of intelligent facilities and equipments, so as to facilitate the high-quality development of the property management industry.

1) Improvement of Property Service Quality

During the Year, the Group continued to optimize its service standardization system, provided employees with standardized professional trainings, built a team of high-quality service staff, optimized service quality management and improved service quality. At the same time, the Group carried out special actions such as "Sword Action" and "5-Star campaign" to refresh the customer service experience in terms of engineering, community environment and security, and held a variety of community activities to meet the personalized needs of customers and comprehensively improve the service quality and satisfaction rate of property owners.

Optimization of property service standard system

The Group strictly abides by the laws and regulations such as the Urban Real Estate Administration Law of the People's Republic of China and Regulations on Property Management. It formulates and implements internal service standardization documents such as the Standard of Management for Property Owners' Profile (《業戶畫像管理工作規範》), Red and Yellow Card Assessment System for Quality Control of the A-Living Group (《雅生活集團品質管控紅黃牌考核制度》), A-Living Three-level Quality Management Inspection System (《雅生活三級品質管理巡查制度》) and Standard of Visits for Property Owners (《業戶走訪工作規範》), constantly improve and standardize the evaluation standards and service codes of conduct for service quality to comprehensively improve service quality. Meanwhile, the Group continued to focus on the three-level organization and management system of group-region-project, and build a three-level comprehensive standardization system of "basic standards + general specifications + project operation manuals" to realize the hierarchical standardized management system with standards and rules issued by the Group and each region as well as focus on implementation of projects, effectively promote the standardized management and implementation of service quality across regions and in different environments. In 2022, the Group established a total of 153 residential property service standards, 6 operation standard brochures and 8 SOP manuals.

Training and empowerment of proficiency service quality

The Group adheres to the original aspiration of service and pursues the craftsmanship of quality, and enhances employees' proficiency in all aspects and reinforces high service quality through providing employees with professional vocational skills trainings including national laws and regulations, industry standards, group's standardization and specification requirements, building a training base, deepening employees' understanding of theoretical knowledge and enhancing their practical experience.



Standardized Professional Training

The Group attaches great importance to the professional development of front-line property employees, and provides them with abundant learning resources and training opportunities through the training platform "Ruixue" ("睿學") and specialized training in regional level, so as to enhance their professional quality and serve customers with professionalism and standardization. During the Year, the Group's property service business segment actively held the following types of trainings in various regions and projects:

Laws and regulations and industry standards training

- Carry out regular themed training on laws and regulations such as the Civil Code of the PRC, Regulations on Property Management and Law of the PRC on Penalties for Administration of Public Security;
- Conduct training for industry and internal standards such as Property Owner's Housing Inspection Standard Training, Commercial Housing Legal Knowledge Training and Basic Knowledge of Property Service Market Expansion.

Quality management training

- Carry out regular special training on quality standardization, introduce various service quality indicators such as service quality standardization and quality assessment standards, the standard of business visits and 400 Hotline handling inquiries.

Professional skills training

- Formulate a comprehensive skills training plan for front-line staff;
- Provide employees with regular training on professional skills such as engineering maintenance of facilities and equipment, emergency repair of circuit failure, fire emergency and emergency measures of power outages and water cuts;
- Regularly organize front-line professional employees to participate in professional skills competition.

Service quality integration training for member companies

- Strengthen the publicity and implementation of the Group's service concepts and requirements, and promote the integration of corporate culture.
- Share resources of quality management training and to build a professional training plan to empower member companies through the training platform "Ruixue".

Case: A-Living's representatives achieved excellent results in the professional skills competition of "Yangcheng Craftsman Cup"

In August 2022, the "Yangcheng Craftsmen Cup", the second vocational skills competition for the property management industry in Guangzhou, started the pre-competition training and selection competition. The delegation of Guangzhou Yuehua responded to the challenges calmly in the selection competition, which fully demonstrated the professionalism and spirit of the Group's property service professionals, and finally stood out from the 285 contestants of 42 property management companies and achieved good results.



Competition site of the "Yangcheng Craftsman Cup"

During the Year, the details of various training sessions were as follows:



Laws and regulations and industry standards training

344 sessions
6,452 attendees
1,407.5 hours in total



Quality management training

1,340 sessions
26,656 attendees
4,982 hours in total



Professional skills training

321 sessions
7,272 attendees
2,080 hours in total



Service quality integration training for member companies

73 sessions
559 attendees
640.5 hours in total

Building of training base

In 2022, the Group elaborately built training base of A-Living's South China regional office, providing a platform for exchange, learning and practice for engineering management, technical personnel and front-line service personnel to continuously improve the quality of property services. The training base was equipped with training rooms, practical operation areas, information rooms, integrated wiring training rooms, and lays major system equipment for property engineering maintenance, such as fire alarm system, closed circuit television system, road gate system, sub-supply strip system, integrated network wiring, etc. The practical operation system was equipped based on the projects of meeting the national property skills competition standard, in line with the latest engineering practical training content, and could meet the actual service needs of the residential community.



Opening ceremony of the training base



Visit of practical operation areas



5-Star Campaign

During the Year, the Group focused on customer satisfaction and continued to carry out the “5-Star Campaign”. Through multiple dimensions such as service image, community environment, facility and equipment maintenance, and order maintenance, the Group renovated the community space through the measures such as improving the image of service personnel and community environment, and comprehensively improved service quality, the comfort of living environment and the living experience of property owners. As of the end of the Reporting Period, the “5-Star Campaign” was launched in 717 residential projects across the country.

Case: Renovation of Community Landscape to Improve Community Environmental Quality

In 2022, in order to create a clean and comfortable living environment for the Tianjin Agile Chairman project operated by the Group, the front-line employees carried out the replantation of vacant patch for the landscape of the community. The Group completed the greening and renewal project of the landscape in the community through and planting new saplings to replace old ones with refined maintenance, which added vitality and further improved the environmental quality of the community.



Replace bare trees



Effects after rectification

Sword Action

During the Year, the Group carried out the “Sword Action” to strengthen the service quality inspection of various projects. The action focused on the five themes, namely “adhering to the bottom line, consolidating the foundation by good quality”, “5-Star campaign, quality improvement”, “Listening to client’s opinion, responding in closed-loop”, “career guidance, cultural inheritance” and “facility maintenance, risk control”, and established a three-level quality inspection system covering site quality improvement, employee training, facility and equipment maintenance, customer experience and evaluation, strengthened the comprehensive inspection of projects on a regular or irregular basis, supervised the management and improvement of project service quality, and strictly controlled risks, in order to complete the indicators set by the Group.

Benchmarking

The Group is committed to building service benchmark projects. Through upgrading the overall system of the monitoring centre and environmental protection system, ensuring the smooth operation of fire-fighting facilities and equipment, and standardizing service processes and requirements, the Group has launched benchmark projects, established a complete set of replicable standards for benchmark projects, improved the service quality and management level of the projects from all aspects, and is committed to becoming a benchmark company in the property service industry. Several projects under the management of the Group, including the China Art Museum, Shenzhen Civic Centre and Hainan Agile Clearwater Bay, were awarded the 2022 China Property Service Industry Demonstration Base. As of the end of the Reporting Period, the Group has built a total of 66 benchmark projects, which have been highly praised by customers and the industry.

Case:

Serving the Event Venue of Beijing Winter Olympics — Taizicheng Snow Town in Chongli District

In 2022, the service team of the Group in the venue of Beijing Winter Olympics made concerted efforts to complete the daily works, with tacit cooperation and clear division of labor, such as snow and ice removal, hygiene and disinfection, pandemic prevention and control, and matching of service supplies around within the venues, so as to effectively maintain the daily operation of the facilities in the Taizicheng Snow Town in Chongli District, one of the Winter Olympics venues, and ensure the orderly operation of the Winter Olympics competitions. The service team of the Group is committed to delivering a satisfactory performance of zero new confirmed case of the COVID-19 pandemic and heart-warming service to the country and the whole world, demonstrating the quality of “Gold Service”.



The service team of the Group in the Winter Olympics venues

2) Engineering Management

The quality of engineering management is an important part of the quality of property services. The Group continuously improves the internal management system of engineering management, formulates and implements internal regulations such as Public Equipment and Facilities Management Regulations, the Central Air Conditioner Operation and Maintenance Procedures, the Dereliction of Duty and Accountability Management Measures for Elevator Repair and Maintenance Monitoring and the Operation and Maintenance Procedures for the Power Supply and Distribution System, so as to standardize the maintenance and repair work process and management of public utility equipments in the community and ensure the normal operation of facilities and equipments.

The Group conducts remote and real-time monitoring of the operation status of the facilities and equipments through the EBA system (building facilities and energy consumption management system), which utilizes the Internet of Things technology to realize the functions of pressure detection, water-level alarm, equipment operation status monitoring, etc., and timely notify engineering staff to repair and maintain large-scale facilities and equipment with malfunction, such as air conditioners and elevators, to ensure the normal operation of equipment and maintain the quality of property owners' daily life.



EBA Management System

3) Community Environmental Management

The management level of community environment significantly affects customer satisfaction. The Group continues to strengthen community environmental management, improve internal work procedures and requirements for greening maintenance, prevention and control of plant diseases and pests, daily cleaning, waterscape maintenance, waste disposal and other work, and strictly implement them to achieve higher level of standardization of community environmental management. In the meantime, the Group actively utilizes mechanical automation equipment such as intelligent cleaning sweepers and reinforces training for environmental management staff to comprehensively improve the communities' environmental management level. In addition, in actively response to the property owners' demands for a beautiful and comfortable living environment, the Group complies with the national policy requirements for environmental protection. At present, more than one-third of the projects under management of the Group have carried out and implemented environmental protection measures such as waste sorting.

Case: Renovation of waterscape in La Cite Greenville Zhongshan

In April 2022, the Group carried out renovation and renewal of the waterscape pool of nearly 3,000 sq.m. in La Cite Greenville Zhongshan in South China. In the action, more than 2,000 aquatic plants were replanted through the dredging of waterways and pits to re-establish the water recirculation pump system, and distributed ornamental fish such as koi into the pool after recovering of water quality, which was highly praised by residents.



New waterscape of La Cite Greenville Zhongshan

4) Community Safety and Order Management

The Group attaches great importance to the safety of property owners' lives and properties, takes the protection of community safety and order as its lifeblood, formulates and implements a series of internal regulations, such as Regulations on Fire Safety Management, Regulations on Handling Emergencies or Abnormal Incidents and other relevant regulations. The Group strengthens community safety and order management through strictly implementing pandemic control measures, formulating emergency plans such as fire prevention, conducting fire safety inspections, installing CCTV to monitor throwing objects from high altitude, and preventing and responding to disasters such as extreme weather.



Normalized Control and Prevention Measures of the Pandemic

Before December of the Year, in response to the recurrent outbreaks of the COVID-19 pandemic across the country, the Group actively complies with the government's pandemic prevention policies and the deployment of community pandemic prevention and control, strengthened pandemic prevention management and relevant publicity, and actively cooperated with the government to maintain the front line of defense to protect the lives and health of property owners.

Case: The Group made concerted efforts to fight against pandemic to safeguard health in Southern China

In 2022, during key period of prevention and control in the severe and complicated pandemic situation, the Group efficiently implemented pandemic prevention works in all projects in Southern China, and carried out work in an orderly manner, such as temperature measurement, community entrance management, cleaning and disinfection, material distribution, cleaning and sorting of household garbage, etc. All employees made their best to implement heart-warming and timely pandemic prevention measures, resolutely built a solid frontline of defense for group prevention and treatment, and effectively protected the health and safety of property owners with considerate services and sincere attitude, which won praise and good reputation from property owners.



The Group made concerted efforts to fight against pandemic in the communities of South China

At the same time, in order to solve the urgent problem of material shortage for property owners who are in quarantine, the property management staff of the Group collected the owners' demand in a timely manner and assumed the heavy responsibility for distributing and delivering materials to ensure the food supply and normal life of property owners. Since December 2022, the Group has timely adjusted the pandemic prevention and control policies and measures for communities and other projects in accordance with the Notice on Further Optimizing and Implementing the Prevention and Control Measures of COVID-19, and carried out comprehensive disinfection in the workplace. Meanwhile, the Group provided property owners with necessary pandemic prevention materials such as antigen test kits, and cooperated with the government to publicize the knowledge of pandemic prevention and in-home treatment to help property owners respond to the pandemic in a scientific manner.

Community Safety and Order Management

In 2022, the Group continued to upgrade community security equipment, and substantially improved security capability and safety of the communities in South China with the combination of combined with new technologies such as big data and Internet of Things, by installing installed CCTV to monitor throwing objects from high altitude, building digital monitoring facilities and applying non-inductive access equipment.

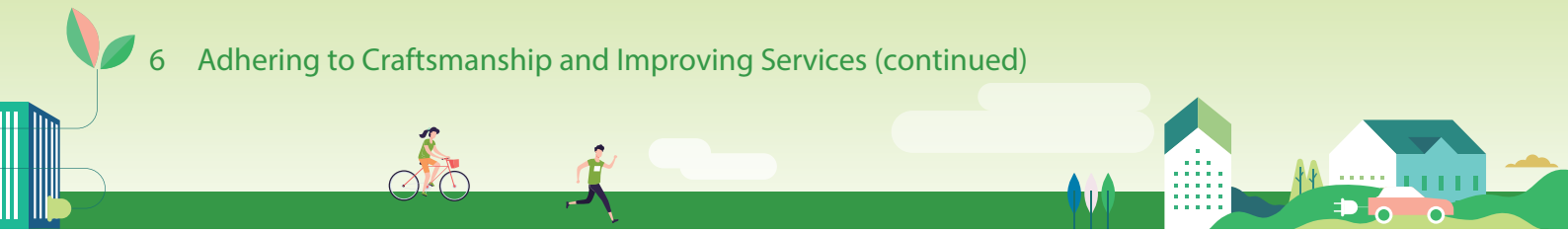
In addition, The Group has been improving its internal management system in relation to fire safety such as the Regulations on Fire Safety Management to regulate the procedures and standards of fire safety works. At the same time, the Group conducted fire safety drills, popularized fire safety emergency knowledge and other activities to enhance the community's emergency response capabilities to deal with fire safety emergencies. Meanwhile, the Group carried out rectification actions on the parking and safety management of non-motor vehicles, and unified the parking locations of electric vehicles through daily inspections; Property owners are prohibited from placing their electric vehicles in upper floors of buildings and elevators, and fire-fighting facilities such as fire extinguishers are equipped in the vicinity of non-motor vehicle charging piles to prevent safety hazards of electric vehicles and ensure the living safety of property owners.

Case: Joint fire drills on 119 National Firefighting Day to consolidate community firewall

In November 2022, more than 300 communities of the Group across the country cooperated with local fire departments to carry out special actions such as fire emergency drills, hazard inspection, and waste cleaning in hallways, during which, the Group invited property owners to participate in simulated fire-fighting, learn about fire engines and other fire-fighting facilities and equipment, and take part in safety knowledge publicity and education, so as to promote fire-fighting knowledge and skills such as fire using safety at home, fire emergency response, fire escape and self-rescue, comprehensively improve the fire safety level of the community, and build firewalls for the communities.



Fire drill on 119 Firefighting Day



Flood Control Emergency Management

The Group has formulated a number of internal systems such as the Flood Control Emergency Plan to constantly standardize the preparation workflow of emergency rescue to deal with extreme weather such as flood, typhoons and rainstorms. After the release of the extreme weather forecast, the Group will promptly carry out hazard inspection, dredge the drainage network, and prepare of emergency materials and equipment to effectively respond to extreme weather and reduce the possible impact on property owners.

Case: Staff in the South China region swung into action immediately and launched the first-level emergency plan to fully protect property owners

In May 2022, heavy rains threaten many places in Southern China. All projects in South China region of the Group immediately launched the first-level emergency plan according to meteorological warning information, orderly deployed special flood prevention plans, conducted flood prevention materials preparation, equipment and facilities maintenance, safety and risk investigation in public areas, and issued rainstorm warning to property owners, so as to reduce the impact on property owners and daily operations. The front-line personnel worked together to build a dam and fully safeguarded the life and property safety of property owners, which was well received and appreciated by property owners.



Emergency preparedness before rainstorm



Dam anti-backfilling in rainstorm

5) Build Communities Full of Vitality

The Group continues to create a warm, comfortable and animate community environment for property owners, organizes a variety of community activities to promote interaction and communication in neighborhoods, continuously improving the construction of a harmonious and friendly community. In 2022, the Group organized 5,339 community activities in total with themes including but not limited to health, family bonding, art and festival celebrating, etc.



Case: “Made by Me+” Children’s Art Festival to explore “The Secret in Xiaoya’s Castle”

In 2022, the Group carried out the “Made by Me+” community children’s art festival with the theme of “The Secret in Xiaoya’s Castle” to encourage children to discover the power of nature through observation, imagination, perception, exploration and other methods. The activity was carried out online mainly with offline activity supplemented, encouraging children to enter the fairy tale’s world, drawing creative paintings combining natural plants and artistic works around the “pigment of nature”, and conducting selection and display. The event covered 118 projects, attracting a total of 3,085 participants and receiving active participation and high praise from property owners.



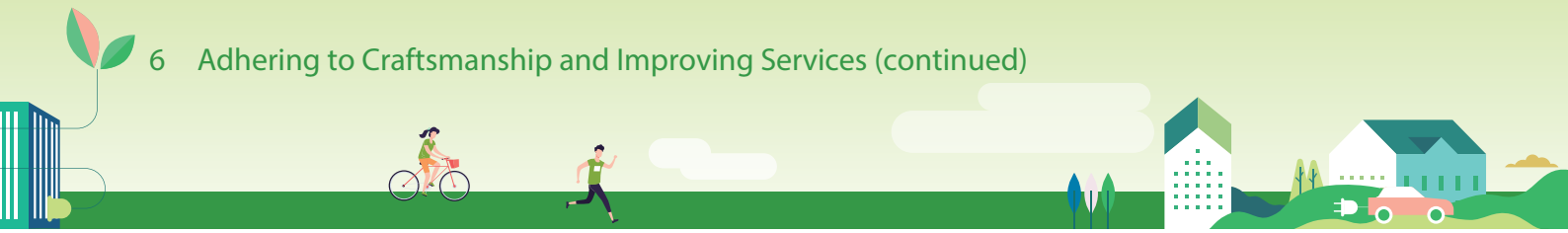
“Made by Me+” children’s art festival

Case: To celebrate the Mid-Autumn Festival and admire the full moon

In 2022, the Group executed the “Celebrating Activity of the Mid-Autumn Festival”, which included visiting the elderly who live alone in the community and distributing festive gifts, etc. The Group also initiated the park tour activity and held activities such as mooncake making, traditional ancient fair, fun mini games, and camping and moonlight viewing. 166 projects joined these theme activities with a total of 27,397 participants in 514 activities, receiving praise and recognition from a large number of property owners.



Activity Site for Celebrating the Mid-Autumn Festival



In addition, with the trend of the aging population, the Group actively renovated communities to provide more convenient and comfortable living services for elderly owners. As at 31 December 2022, various projects served by the Group, including Chengdu Agile Garden, Tengchong Yunnan Yuanxiang*, Chengdu Boya Garden*, Chongqing Agile Haoyuan* and Chongqing Agile International Garden*, have introduced elderly canteens, elderly activity centres, chess rooms, table tennis rooms, libraries and other facilities in communities to solve the social and eating problems of elderly owners so that they can be cared for and enjoy the life in the community.



elderly activity centre



library



chess room

2. INTELLIGENT AND DIVERSIFIED SERVICES

While providing diversified quality services to communities and property owners, the Group continued to focus on property owners' expectations and needs for smart city and intelligent community services. Moreover, the Group grasped the trend of intelligent property management, and deployed smart city services and diversified value-added services to provide property owners with the most convenient, high-quality and enjoyable living services.

In 2022, the Group effectively improved its efficiency by upgrading and transforming the intelligent operation and management platform through technology, sorting out and integrating the major living scenarios involved in the Group's business, and interconnecting the Group's internal OA system, contract system, financial system and other major systems by virtue of information technologies such as the Internet, cloud computing and the Internet of Things. In addition, the Group made significant progress in digital construction during the Year. We have further improved the construction of organizational processes sharing platform such as the production and operation management system, accelerated the construction of technological professional operation platform and digital city platform, comprehensively improved management efficiency and service efficiency, and improved service quality with digital construction.

1) Smart City Services

Based on the "4+X" service system, the Group's city services business segment focuses on the overall layout of "comprehensive sanitation and full coverage", and is guided by the intelligent city sanitation service system and standards. Based on the diversified combination of ecological elements such as population, space, resources and environment, the Group continues to innovate product systems and improve service standards, and build a "3C" product series covering three major fields, namely City, County and Countryside, to further focus on the service integration model of rural living environment improvement, integrated municipal services, etc. With its philosophy of "Satisfy residents and reassure government", relying on the mature integrated sanitation business system, the Group's city services segment continued to pilot new business such as water and marine cleaning, infrastructure management and maintenance, smart public toilets, and smart garbage field management. It has entered the integrated municipal services market, continuously providing environmental and health management services with high-quality and high-standard, and creating a suitable city environment for citizens.



During the Year, the Group continued to improve the management efficiency of city services through the asset management platform and the smart city sanitation information management service platform, etc., to promote the smart city services process.

Asset Management Platform



- The asset management platform can realize the full-cycle management of assets, including basic information, changes, operation and maintenance, usage, count and financial analysis of the assets, etc.
- The Group can analyze the usage information of sanitation vehicle through the asset management platform, strengthen the management of vehicle repair and maintenance, and achieves asset transparency and refined management, to improve the asset utilization rate and the fineness of city service management.

Smart City Sanitation Information Management Service Platform



- A-Living Mingri Environmental Development Co., Ltd. (“Mingri Environmental”), a subsidiary of the Group, has independently developed a smart city sanitation information management service platform, which can integrate various Internet of Things and positioning technologies. Through the establishment of a unified information management system, the platform has realized real-time management and monitoring of the whole process of waste sorting, refuse collection, refuse transportation and sorting and disposal of people, vehicles, materials and matters in the sanitation service process, so that problems in the sanitation operation can be timely identified and quickly solved, and the quality of sanitation operation can be comprehensively improved.

In addition, to improve the service quality of the city service business, the Group actively participated in the application and certification of relevant qualification certificates, built the city service benchmark projects, explored diversified city service models, actively deployed the national market and continued to develop the efficient solutions for the joint governance of cities, to contribute to the urban construction in China.



Certifications

While focusing on city services, the Group also pays attention to service quality, and actively applies for various certifications and qualifications. The Group has obtained certifications and qualifications such as the High-altitude Operation Enterprise Service Qualification Certificate, ISO9001 Quality Management System Certification, Environmental Hygiene and Cleaning Service Enterprise Qualification Certificate, and Urban Environmental Cleaning and Maintenance Service Standardization Qualification.

Integrated Municipal Service

The Group has won the bids for a number of integrated municipal service projects, such as the urban-rural integration of Xi'an aviation base area and Yongqing County, to provide integrated high-standard high-quality city services and refresh the city's image.

Nationwide Layout

During the Year, the Group actively expanded the regional layout of city services by entering a number of national key cities such as Shenzhen City of Guangdong Province, Wenchang City of Hainan Province, Huanggang City of Hubei Province and Datong City of Shaanxi Province, accelerating the process of promoting the national layout.

Future Outlook

In the future, the Group will fully explore the experience and resource advantages of public buildings services, position itself as the mid-to-high end of the value chain of city comprehensive services, further polish service products, form efficient city governance solutions, and actively participate in the new process of urban construction and development in China.

Case:

The Group strived to build a benchmark city service project and set a model for the industry

The Group's city service segment has built a model project of quality benchmark — Longjing project, improving the service quality of Longjing project by measures such as carrying out the "exposed garbage removal action", enhancement of cleaning service, improvement of the public toilets service quality and renovation of urban garbage bins. A total of 715 employees participated in this benchmark project building, carried out 235 environmental hygiene improvement activities, removed and transported 171.5 tonnes of exposed garbage, and replaced nearly 500 new vertical garbage bins for 32 communities in the city. At the same time, the project improved the quality of public toilet service through establishing archives for public toilets and repair and replace equipment timely.

The benchmark project comprehensively strengthened centralized governance and long-term management mechanism, improved operational efficiency, facilitated the institutionalization and standardization of urban and rural environmental hygiene improvement, and strived to create a beautiful and livable environment for Longjing urban and rural areas, and set an example for the industry.



City Cleaning Site of Project Longjing

2) Smart Community and Property Management Services

In 2022, the Group continued to make use of information technologies such as the Internet of Things, artificial intelligence and big data, and actively cooperated with technology giants to create and upgrade digital platforms such as production and operation management platform and professional technology operation platform (A-Steward), further upgraded its intelligent service ledgers and job order system, strengthened the digital management of service quality, effectively improved the level of community intelligence, and promoted the improvement of property service quality. In addition, the Group continued to strengthen the promotion of smart systems such as A-Steward smart space mini-program, intelligent community access system and reverse car searching system, to enable more property owners to enjoy a smart lifestyle and obtain the most convenient smart living experience.

Production and Operation Management Platform

The production and operation management platform takes planning and job orders as the main line, and the equipment and facility ledger as the basis. Through the data visualization board of the platform, the standardized management of daily operation can be realized, which will help improve the whole process management and monitoring of project service quality, and further promote the improvement of service quality. As of 31 December 2022, the production and operation management system have been launched on a total of 481 projects, a total of 9,966 operation plans have been formulated, and 3,862,679 operation job orders have been completed with an overall completion rate of 92.2%.

Professional Technology Operation Platform (A-Steward)

In 2022, the Group launched the A-Steward data platform to strengthen synergy of its business, data and ecology by planning and building the project master data and business middle platform (order centre) , service job orders, application of A-Steward App, Lexianghui shopping platform and other business ecosystems. The platform can effectively focus on customer needs and experience, match and integrate customer acquisition with corresponding service, connect ecological enterprise services, and collect all-round data through business middle platform and data middle platform, to realize the Group’s data asset management, drive value-add to existing business, and empower downstream data.

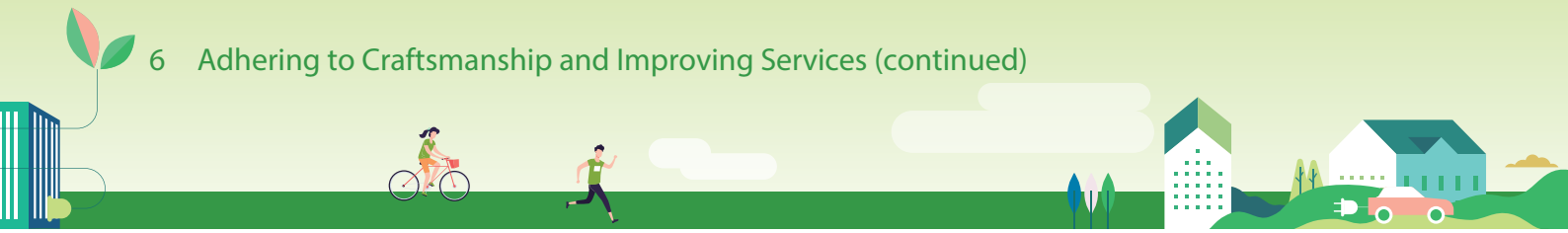
As of the end of the Reporting Period, the Group has completed A-Steward basic master data platform for two major business portfolios, residential properties and commercial and office buildings, covering approximately 824 projects. Meanwhile, Lexianghui shopping platform was launched in August 2022, covering all regions and 180 member companies across the country. In addition, the Group further upgraded the smart service job order system of the platform, such as maintenance, consultation, service and complaint, to effectively improve the service quality control of property management services and achieve efficient supervision of the overall operation of the project.

A-Steward smart space mini-program



Designed for smart building clients, A-Steward smart space mini-program system provides commercial office space services to C-end users, supports multiple functions such as staggered hour parking, valet parking, temporary parking and toll and meeting appointment, which can meet the parking needs of 6,000 persons, providing convenience for office life of customers.





Intelligent community access system

- The intelligent community access system consists of intelligent access system, AI video surveillance system, intelligent parking system and other segments;
- This system and the AI video surveillance system provide a convenient, fast and safe living environment for residents in the community, and improves the experience of property owners in integrating life and intelligence;
- It provides important assistance in community security, access control, contactless access, verification and identification, temperature measurement and warning. As of the end of the Reporting Period, it has been in operation in approximately 102 projects across the country, achieving independent access for property owners, self-service access for visitors, and improving the safety of access management;
- To further improve the living experience of property owners, the Group upgraded the intelligent parking system, improved the effect of vehicle identification and operational convenience, and made the travel of property owners more convenient. The system has been piloted in about 20 projects in Southern China and Eastern China, and will be gradually promoted to the whole country.



3) Diversified Property Owners Value-added Services

The Group explores the living needs of property owners of different age groups, strives to innovate and expand diversified community living services, and continues to promote the innovation of diversified value-added services for property owners. The Group focuses on diversified community value-added services such as homecare services, home improvement services, leasing and sales services, retail business and space operation, and explores service models for different business portfolios, such as the linkage between housekeeping and property management services, and the integration of on-site maintenance and housekeeping, to enrich the diversification and convenience of value-added services, and implement measures to improve the quality of value-added services, so as to provide customers with comprehensive living services and meet customer needs.

During the Year, in order to comprehensively improve the quality of diversified value-added services to property owners, the Group formulated and implemented the Public Resources Product Manual to further clarify service standards, standardised advertising and promotion procedures, regularly evaluated cooperative suppliers, and assessed the professional skills of service personnel. At the same time, the Group has established a digital ledger in the public resource management system to realize visualized operation and management of data such as full occupancy rate, long-term cooperation and resource revitalization utilization rate, and effectively improve the ability of resource utilisation and contract performance management and control. As of the end of the Reporting Period, the digital ledger covered 439 projects.



Public Resource Product Manual

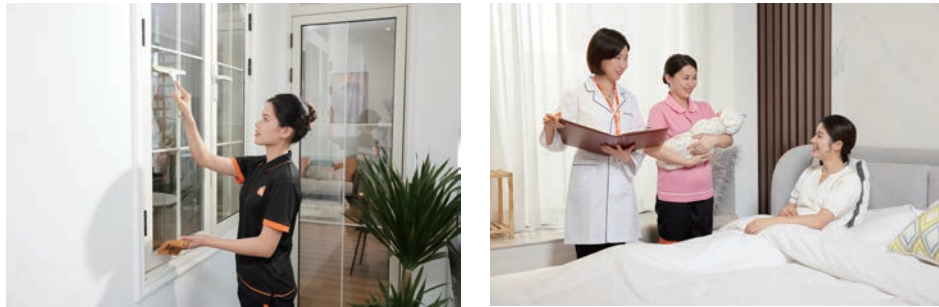


Digital ledger visualisation interface



Further Innovation of “Property Management Services + Housekeeping Services”

In 2022, under the brand of “51 Home Service (51家庭管家)”, the Group promoted the service model of “property management services + housekeeping services” to more communities, providing property owners with housekeeping services such as high-end cleaning, maternal and child care, elderly care and home care. In addition, during the pandemic, the Group carried out community disinfection in an orderly manner to effectively prevent the spread of the virus and provide property owners with more guaranteed, convenient and safe living services. As of 31 December 2022, this service model has been promoted to nearly 100 residential projects under management.



Service Model of “Property Management Services + Housekeeping Services”

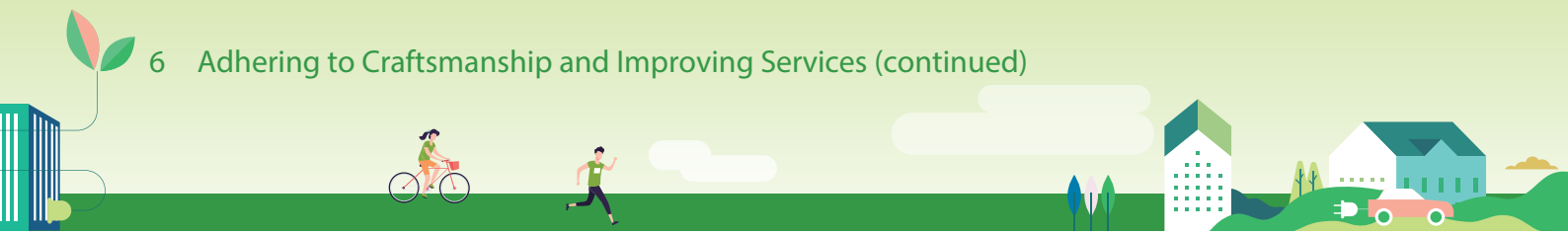
Professional Home Maintenance Services

The Group continued to develop C-end professional home maintenance services with Chongqing Zhuomuniao Network Technology Co., Ltd. (重慶啄木鳥網路科技有限公司), providing home appliance maintenance, cleaning and other on-site services for customers. The on-site maintenance staff have been equipped with tool boxes, exclusive tooling, full professional training and unified on-site service standards, and been built as a professional maintenance team to meet the needs of property owners. The Group has enriched its homeware business product line for the future development and expansion in existing market. In addition, the charging standard of such cooperative service is unified, open and transparent nationwide without hidden consumption, which better protects the informed rights and interests of property owners.



Zhuomuniao On-site Home Maintenance





3. CUSTOMER RIGHTS PROTECTION

During the Year, the Group continued to make efforts to protect customer’s rights and interests, took multiple measures to respond to customer demands timely, and strived to improve customer satisfaction. At the same time, the Group continued to enrich customer complaint channels, implemented the standard process of customer complaint feedback, conducted customer satisfaction surveys, strengthened communication and cooperation with property owners, to improve customer satisfaction rate steadily.

1) In-time Response to Demands

In order to receive feedbacks from property owners and customers and provide corresponding solutions in a timely manner, the Group continues to optimise customer complaint channels and handling procedures. According to the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests and other relevant provisions, the Group formulated and implemented the Customer Demands Management Work Procedures, the 400 Complaint Handling and Reward and Punishment Measures, the Work Procedures of Customer Satisfaction Survey and other internal regulations relating to complaints, which set out clear work procedures and responsibilities for employees to ensure that the complaints and suggestions of property owners and customers can be timely reported and followed up, and to enhance the timeliness of complaint handling and customer satisfaction rate.

Complaint handling channels and process

In 2022, the Group continued to broaden the channels for receiving customer appeals and feedback, and has established multiple channels including calls, letters, correspondences, emails, visits, referrals from service staff of A-Living, A-Steward App and 400 integrated command centre to receive customers’ complaint. Additionally, the Group regularly held Property Service Manager Reception Day on a monthly basis to directly listen to customers’ demands in person and efficiently receive property owners’ opinions and solve their problems. For customers from online shopping platform “Lexianghui”, the Group continued to improve the after-sales service of “Lexianghui”, deal with online customers’ problems quickly through online customer service function, and consistently improve the property owners’ experience of using the online shopping mall.

Case: Listen to the Voices of Property Owners via the Manager Reception Day Activity

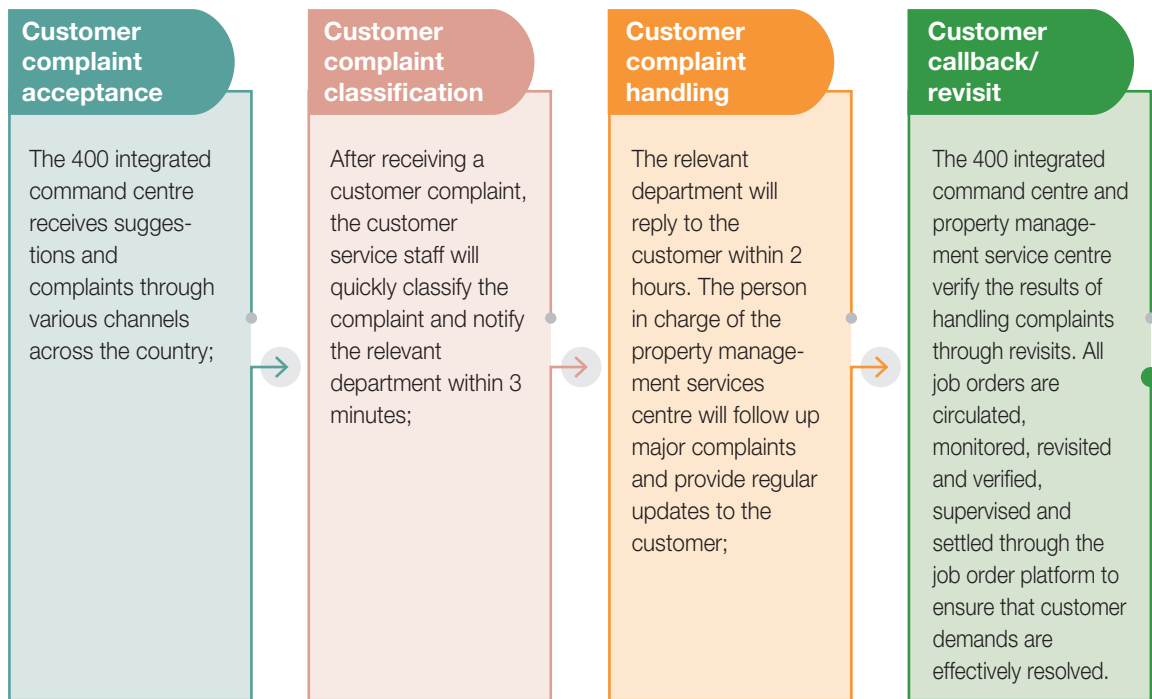
In 2022, in order to listen to the voices of property owners, meet the needs of property owners and effectively solve their problems, the Group held a monthly manager reception day in Hainan region, collected and recorded the demands and suggestions in detail, sorted out, solved and summarized the problems of property owners. This activity improved the effective matching of property services with the needs of property owners and received unanimous appreciation from property owners.



Manager Reception Day

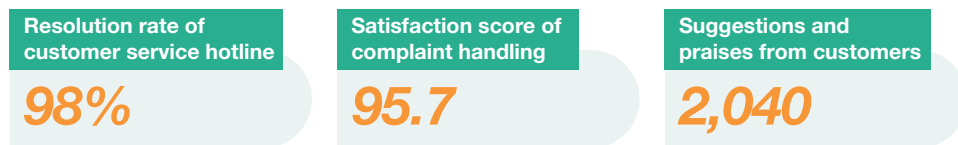


During the Year, the Group continued to upgrade the 400 integrated command centre, connecting the cloud call system of the 400 integrated command centre with the knowledge base and comprehensively improving the work efficiency of client servicing staff. The average daily complaints and feedback received by client servicing staff increased by 30%, and the average acceptance time was shortened by 25%. The 400 integrated command centre is responsible for the whole follow-up and handling process of complaints from customers through various channels, verifying the results of complaint handling through revisits, and supervision and settlement. The specific process is as follows:



Customer complaint handling process of the 400 integrated command centre

As of 31 December 2022, the 400 integrated command centre received approximately 241,100 calls from property owners in total, including 47,600 repair requests, 107,800 service requests, 83,700 consulting calls and 2,040 suggestions or praises. The handling results are as follows:



At the same time, to ensure the orderly and efficient collection and processing of customer complaints, suggestions and feedbacks and effectively protect the rights and interests of customers, the Group formulated and implemented the Reward and Punishment Measures for Handling of Complaints of A-Living (《雅生活物業訴求處理獎懲辦法》), Management Measures for Employee Rewards and Accountability, “Yellow, Red, and Black” Appraisal System in the Integrated Command Centre (《集成指揮中心「黃紅黑」考核體系》) and other systems and documents, which set out requirements for supervising the customer service quality, job order processing efficiency and quality and risk warning of projects, and resolve customers’ complaints timely and effectively.



2) Enhance Customers' Satisfaction

The Group adheres to provide customers with quality, timely and comprehensive services, keeps abreast of customers' appeals through customer satisfaction surveys and continuously improves its service quality.

Satisfaction survey of integrated command centre

In 2022, the Group's 400 integrated command centre collaborated with regional offices and property management service centres to conduct a customer satisfaction survey by ways of telephone communication, A-Steward App feeds, online code scanning, short message service inter-linkage and in-door visits, etc. The survey involved 322 service centres. During the Year, satisfaction survey was conducted by using eight major indicators, namely order management, environmental management, project management, customer service, complaint handling and community culture, pandemic prevention and control and VIP customer survey. The survey took property owners from projects in stable and mature stages as a focus and the property owners from projects in the run-in stage as a supplementary. As of 31 December 2022, the Group collected a total of about 52,000 satisfaction questionnaires from property owners, which helped the Group better understand property owners' demands, analyze the difficulties in service provision and enhance property owners' satisfaction. Based on the results of satisfaction survey, the Group outputs monthly research and analysis reports to deeply understand the common concerns of property owners and identify the key direction of enhancement to improve service quality.

Samples of satisfaction survey

about **52,000**

Invite property owners to act as "service inspectors"

In 2022, the Group has continuously invited volunteer property owners to act as "service inspectors", making joint efforts in community construction and governance. The "service inspectors" focus on community security, service of steward and customer service staff, greening and cleaning and other special topics, conduct multi-dimensional quality investigations through photographing, written comments and other methods, and address suggestions for the Group's property management services. In 2022, 4,752 voluntary property owners registered to be service inspectors, and 774 property owners were selected for service inspections after training, covering 26 provinces and 402 communities. Based on the inspection results of "service inspectors", the Group dispatched 4,134 special rectification tasks accumulatively, with a completion rate of 93.1%.

Special rectification tasks

4,134

Completion rate of rectification

93.1%

4. CUSTOMERS' INFORMATION SECURITY AND PRIVACY PROTECTION

The Group strictly abides by the Personal Information Protection Law of People's Republic of China (《中華人民共和國個人信息保護法》), and has formulated and implemented internal information management systems such as the Information System Security and Operation Management Policy, the Information System User Account and Authority Management and the Network Security Management Regulation to specify work procedures and responsibilities related to customer privacy and personal information protection. At the same time, the Group timely updated its internal policies related to personal information, such as the Management System for Safety of Sensitive Privacy Data within Information System (《信息系統個人敏感數據安全管理系統》) and the User Privacy Policy of the A-Steward App to further standardize and manage customers' information, enhancing protection of customers' information and preventing information disclosure.

The Group has introduced a number of measures to ensure the customers' information security and privacy, including but not limited to:

Access Review

The access restriction for each business unit at all levels and each office system should be configured by level, business scope, position and user, etc. according to the approved right and responsibility. The permission and change of access are subject to approval process.

Information Encryption

Storing user password of each business system with encryption, encrypting the key data information content with special execution privileges to ensure data security and changing the passwords regularly according to the password strategy to enhance information security.

Self-inspection of Information Security Risks

Regularly analyze and output security reports, including security threat information, security incident handling and security risks etc., thus effectively forming a periodic security self-inspection mechanism.

Intensified Protection of Sensitive Data

Enhance the control of data collection, transmission, processing and destruction in the use of business systems, desensitize users' private data in business systems, and reduce data security risks.

Personal Information Use Agreement Reminder

The Personal Information Use Agreement will pop up to remind customers. The agreement covers how the A-Steward APP collects, uses, processes and stores users' personal information to ensure customers' usage and application scope of their personal information.

In 2022, the Group did not identify any information security incident relating to consumer and user privacy data leakage or loss, or illegal information system access or attack and delivered an annual system non-failure rate of nearly 100%.



5. INTELLECTUAL PROPERTY RIGHTS MANAGEMENT

The Group respects and protects the value of intellectual property while encouraging employees to innovate actively and strictly abides by laws and regulations relating to the intellectual property, 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 Tort Liability Law of the People's Republic of China. It has formulated and implemented a number of internal management regulations and policies, including the Administrative Measures on Legal Affairs of A-Living Group and Trademark Affairs Management Measures, to clarify the responsibilities of the intellectual property management departments, standardize the process of application, registration, use and the archives management of intellectual property, and provide guarantee for the Group's technological R&D, business expansion and daily operation. At the same time, the Group strengthens the monitoring and investigation on the infringement of its intellectual property rights, so as to timely discover and deal with the infringement and effectively protect the interests of the Group.

As at 31 December 2022, the Group had obtained aggregate 6 authorized invention patents, 7 design patents, 23 authorized utility model patents, 71 software copyrights and patents and 184 registered trademarks.

6. SUPPORTING INDUSTRY DEVELOPMENT

In 2022, the Group continued to cooperate with external enterprises in informatization and digitalization construction, and joint hands with technology enterprises to build information systems such as smart operation platforms, promoting the informatization construction of property services and the intelligent development of the industry. The Group actively participated in activities such as experience sharing of digital construction in the industry, shared digital construction ideas and practical reference experience with its peers, and led the mutual high-quality development of the industry. It also participated in the formulation of industry standards for residential property service standards and promoted the development of the industry in various aspects.

Case:

Establishment of Yachang Technology to Build an Intelligent Parking Operation Platform

In June 2022, the Group and Zhongchang Technology Co., Ltd. (眾暢科技有限公司) jointly established a joint venture company, Yachang Technology (Wuxi) Co., Ltd. (雅暢科技(無錫)有限公司) ("Yachang Technology"), to create the community intelligent parking operation platform, thus vigorously improving the informatization, standardisation and intensification level of community parking operation and management as well as service quality. This cooperation will complement the resources of both parties, give full play to their respective resource advantages, improve the unified management level of parking lots, and improve of the management efficiency of parking lot in the property management industry.



Case:

“C10 Round table” Empowers the Property Management Industry to Deepen Digitalization

In June 2022, the “C10 Round table” property management service event was held in Guangzhou. The Group gathered together with the digital leaders of its peers to conduct in-depth exchanges on the digital construction of property management. During the event, the Group’s representatives delivered a keynote speech on “Digital Implementation of Property Services and Value Realization of Ding Talk”, shared the results of the implementation of digital solutions in the property management industry, which was recognized and affirmed by the participants, injecting a strong boost to the digital construction of the industry and promoting the digital transformation and upgrading of the industry.



The site of “C10 Round table”

In addition, during the Year, the Group continued to actively participate in the standard formulation of safety production, service specification and green property to promote healthy, green and high-standard development of the industry. Among them, Regulations on Safety Production Standardisation of Property Service Enterprises (《物業服務企業安全生產標準化規範》) (T-GDPAWS 9-2022) compiled by the Group was published on 13 April 2022, which provides clear guidance on the construction of safety production standardisation for property service enterprises. At the same time, based on its operational experience, the Group continued to promote the compilation of group standard documents for service quality such as Residential Property Management Service Regulations (《住宅物業服務規範》) and the Guidelines on Green Property Management (《綠色物業管理導則》) to further promote the green and high-quality development of the property management industry.



7 Caring for Employees with Sincerity

KEY PERFORMANCE IN THIS CHAPTER



Number of employee training sessions:
23,441



Employee training satisfaction:
9.6 points



Online courses on “Ruixue”
training platform:
3,357 courses



Training satisfaction of “Ruixue”
online training platform:
96.5%

RESPONSE IN THIS CHAPTER

Material Issues

- Protection of health and safety of employees
- Compliant employment and protection of rights and interests of employees
- Training and development of employees
- Competitive compensation and incentive mechanisms
- Communication with and caring for employees

HKEX KPIs

B1 Employment: B1.1
B2 Health and Safety: B2.3
B3 Development and Training: B3.1, B3.2
B4 Labour Standards: B4.1, B4.2

SDGs



The Group actively implements the management philosophy of putting people first and has established a sound human resource management system to protect the basic rights and interests of employees. The Group actively organizes trainings and team-building activities and strives to provide employees with a broad development platform boasting equal development opportunities to promote the ongoing progress of the team. It strengthens the construction of a diversified and inclusive corporate culture, and creates a healthy, safe and pleasant working environment for employees through various employee welfare policies and comforting activities. The Group completed the 2022 employee satisfaction survey and listened to the voice of employees to integrate the needs of employees into its business development.

In 2022, the Group won important awards such as “2022 Best Employer in China Property Management Industry (2022 中国物業管理行業最佳僱主),” “2022 China Talent and Culture Management Model Award (2022中國人才管理文化典範大獎),” “2022 Best Employer in Shixiseng” and “First Resources 2022 Human Resources Pioneer Employer (第一資源 2022人力資源先鋒僱主),” demonstrating the Group’s strength in development, attraction and management of talents.

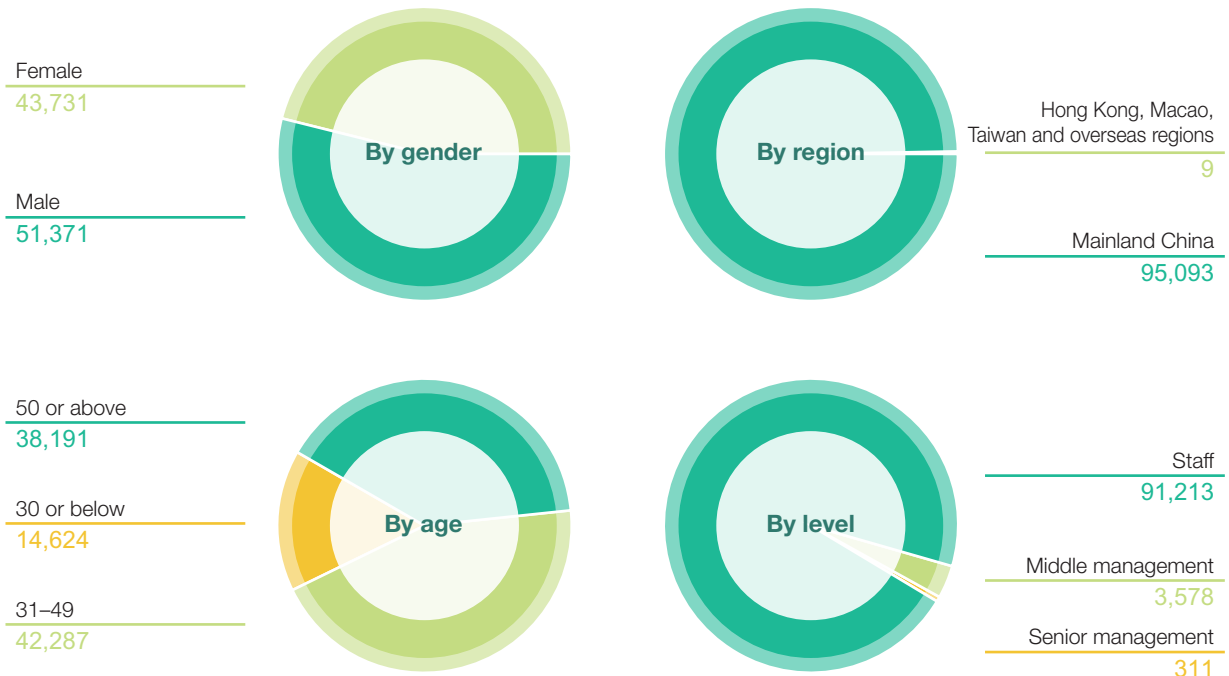


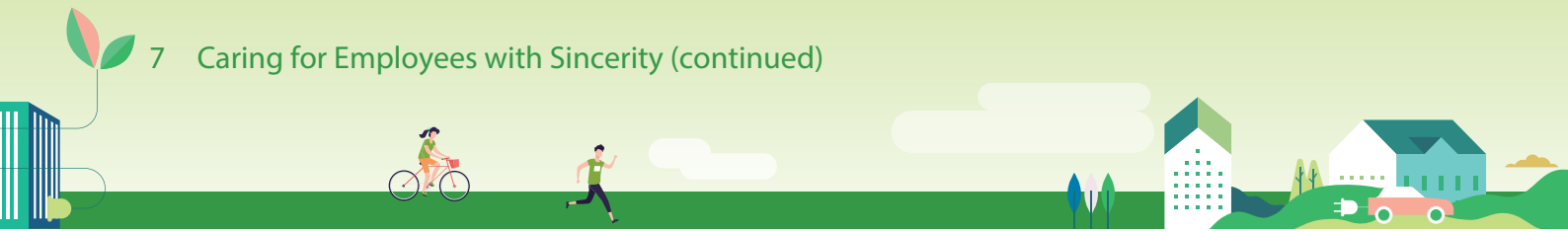
Certificate of “2022 Best Employer in China Property Management Industry”



Poster of “2022 Best Employer in Shixiseng”

As at 31 December 2022, the Group had a total of 95,102 employees and the employee category by gender, age group, geographical region and job level were as follows:





1. RIGHTS AND INTERESTS OF EMPLOYEES

The Group strictly abides by the relevant laws and regulations where it operates, including the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》), the Law of the People’s Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and the Provisions on the Prohibition of Using Child Labor (《禁止使用童工規定》). It actively takes measures to fully protect the legitimate rights and interests of employees in the workplace regarding recruitment, promotion, resignation, working hours, compensation and benefits, and social insurance etc.

1) Compliant Employment

The Group respects and complies with the ten principles of the International Labour Organisation and the United Nations Global Compact in core operations, formulates and implements the Labor Contract Management Policy and other internal rules on employment management, continuously improves the selection and employment mechanism in an open, fair, impartial and merit-based manner, enhances the process standard of selection, employment, probation appraisal and transferred to other positions, and continuously enriches the communication and interaction channels of employees to fully protect the legitimate rights and interests of employees. In addition, the Group resolutely prohibits child labor and forced labor, ensures anti-discrimination in employment and firmly resists harassment, abuse and other improper behaviors, so as to actively respond to eight basic conventions of the International Labour Organisation, including the Convention on Employment and Occupational Discrimination (《就業和職業歧視公約》), the Convention on the Prohibition of Child Labour (《禁止童工勞動公約》) and the Convention on the Abolition of Forced Labour (《廢止強迫勞動公約》).

During the Reporting Period, the Group had no child labor, forced labor and workplace discrimination problems.

Recruitment

The Group has formulated and implemented internal management systems, such as the Recruitment Management Policy, Recruitment and Interview Management Measures (《招聘面試管理辦法》), to clarify the recruitment requirements, procedures and standards and ensure a fair, impartial and open recruitment. The Group verifies the identity of each employee through legal identity document, background investigation and other methods in all aspects such as employee recruitment, on-boarding approval and on-boarding. If any employee is found to be under legal working age or have provided false identity information, the Group will immediately terminate employment with him/her. The Group enters into internship agreements, labor contracts or employment contracts with all employees according to the types of employees, specifying the legitimate rights and interests of employers and employees, and conducts fair employment according to the job requirements, personal capabilities and other standards. Candidates and employees shall not be discriminated due to ethnicity, race, nationality, gender, religion, age, sexual orientation, political affiliation, marital status and other social identities.

Employment

In the course of employment, the Group eliminates forced labor and the extension of working hours. The Group’s Human Resources and Administration Centre strengthens the management of working hours through monthly attendance report and provides overtime compensation as required. The Group has established an internal communication mechanism for employees and a whistle-blower protection system. For any forced labor found, the Group will commence internal investigation and hold accountable any delinquent personnel, and will compensate the employees suffered forced labor. For flexible staffing, the Group enters into the “Part-time Employment Contract” (《非全日制勞動合同》) with individuals and the “Business Outsourcing Contract” (《業務外包合同》) with outsourcing service providers in accordance with laws and regulations, and provides employer liability insurance in accordance with regulations to protect the legitimate rights and interests of contractors.



Resignation

The Group has established a comprehensive employee dismissal communication and investigation mechanism. For employees who voluntarily resign, on the one hand, the Group's Human Resources and Administration Centre and business departments should communicate with employees and retain them in accordance with the Resignation Management Policy. For example, the Group will give full assistance and support to the employees who resigns due to change of residential address or family life. On the other hand, the Group respects employees' freedom of choice, and conducts resignation communication, contract termination and other work procedures with employees in accordance with the Personnel Management Regulations, and provides medical examinations and compensation for resignation in accordance with relevant national laws and regulations.

To support the rapid growth of its business, on the one hand, the Group advocates a diversified and inclusive talent reserve and development strategy, actively recruits talents through campus recruitment, public recruitment and other channels, continuously optimizes the employee structure, promotes the diversified composition of employees by gender, age, region and educational background, so as to support sufficient talent resources for transformation, upgrade and development of the Group. On the other hand, the Group advocates an inclusive workplace and actively provides employment opportunities and corresponding social benefits for people with disabilities, retired people, veterans and elderly migrant workers (such as those over 45 years old with agricultural households and high school degree or below), so that they have the opportunity to exert their own labor value and receive adequate labor protection.

During the Year, the Group has employed over 300 disabled people, over 160 veterans, nearly 1,500 elderly migrant workers, and provided re-employment opportunities for at least 1,300 retirees.

2) Compensation and Benefits

The Group put importance on the construction of compensation and benefits mechanism and has formulated and implemented the internal measures such as the Employee Handbook and the Employee Benefit Management Policy, to guarantee the legitimate rights and interests of employees in written format including remuneration, legal social insurance, rest time and public holidays. At the same time, the Group provides employees with various welfare subsidies, and actively organises a variety of employee comfort activities.

In terms of compensation, the Group has integrated a variable performance-based component into remuneration of all employees with reference to the average level of the industry and its internal compensation system. The Group provides appropriate incentives to talents with outstanding performance in accordance with the performance-based incentives mechanism, to effectively motivate and ensure the stability of outstanding talents.

In 2022, the Group launched a comprehensive remuneration system optimization project, mainly focusing on the regional competitiveness of the remuneration level of front-line employees and enhancing remuneration incentives; Meanwhile, the Group has enhanced the remuneration incentives for front-line employees, market development employees and project managers, improved market competitiveness of employee remuneration and effectively strengthened the self-motivation of employee through sorting out the remuneration status of front-line personnel, comprehensively analyzing their regional coefficient and market level, strengthening the consistency between fixed remuneration and the market level.



2. TRAINING AND DEVELOPMENT

The Group attaches great importance to the development and training of talent team internally. It has formulated and implemented the Learning and Development Management Policy, the Management Measures for the Learning and Development of New Employees, the Management Measures for the Learning and Development of Graduates, the Management Measures for Position Coaches, the Management Measures for External Learning and On-the-job Training of Employees (《員工外派學習及在職深造管理辦法》) and other internal policies. Based on its development strategy and direction, the Group incorporates employee training and development into its corporate values and strategies, and refines the training plans and requirements for employees at all levels, with the purpose of building a talent pool that matches its business development direction.

In 2022, the Group carried out a total of 23,441 training programs with 91,439 participants. The total training hours of employees reached 1,526,094.66 hours, with an average satisfaction score of 9.6 points. The training data by gender and job level of employees is set out below:

	Employee category	Training rate (%)	Average training hours (hours/person)
By gender	Male	54.56%	15.73
	Female	45.44%	16.42
By job level	Senior management	0.33%	14.96
	Middle management	3.84%	20.57
	Staff	95.83%	15.87

At the same time, the Group encourages employees to continuously improve their professional knowledge through external learning, supports all employees to obtain the required qualification certificates for their positions, receive re-education and pursue higher degrees, and supports senior management to participate in management training such as MBA and EMBA, so as to better empower the organization and promote the continuous improvement of the Group's business operations. In addition, the Group has listed qualification certificates in detail for employees, and will bear the relevant training and examination fees for employees who have obtained the qualification certificates.

1) Improving the training system

Adhering to the core concept of "Lifelong Learning, Pursuit of Excellence", the Group constantly improves the training system covering all employees, formulates and implements the Training Management Policy (《培訓管理制度》) and other internal training related policies, and establishes the A-Living Learning and Development Centre (i.e. A-Living Institute) in 2018 to provide sufficient talent reserve for the rapid growth of the Group's business and achieve the mutual development of employees and the Group.

In 2022, A-Living Institute upgraded its system and proposed a five-year development plan to serve the Group's strategy, aiming to optimize the allocation and combination of various training resources to ensure that the skills and experience of talents at all levels and positions are fully improved. A-Living Institute continued to improve the three major segments of "Talent Development", "Professional Empowerment" as well as "Learning, Research, Culture, and Publicity", to enhance leadership training for core management talents and advance skill development for business backbones, and comprehensively facilitate the implementation of the Group's strategies and the dissemination of corporate culture.

2) Key training achievements

Talent Development

The Talent Development segment of A-Living Institute is composed of the “Chumang Program (初芒計劃),” “Hongyi Program (弘毅計劃),” “Gongxing Program (躬行計劃),” “Taolue Program (韜略計劃),” and “LOHAS π program (樂活π),” focusing on the training of core management talents and business backbones to build a “growth-oriented” organisation, enlarge the talent pool with high quality, and upgrade the talent training system.

“Chumang Program (初芒計劃)” Training for project supervisors

“Chumang Program (初芒計劃)” mainly focuses on high-potential and on-the-job project supervisors, and implements a training plan covering three major stages, namely empowerment, competition and practice, aiming to stimulate their sense of progress and responsibility, and improve their ability to transfer roles, improve thinking, refine business and promote communication with others.

When employees become project supervisors through recommendation, competition and post competition report, the regional offices of the Group offered special trainings for new supervisors through offline training and online courses, combing theory and practice, involving more than ten learning topics to help them adapt their jobs quickly. As at December 2022, this program has covered more than 500 employees and more than 1,000 project supervisors accumulatively.



Training site of “Chumang Program (初芒計劃)”

“Hongyi Program (弘毅計劃)”

Project manager training, selection of excellent project managers

“Hongyi Program (弘毅計劃)” mainly focuses on high-potential and on-the-job project managers, aiming to cultivate their ability to maintain operation, improve quality, expand business, and lead teams. In 2022, “Hongyi Program (弘毅計劃)” completed a three-stage training plan with more than 400 project managers reserved, effectively consolidating the backbone force of the Group’s project management.

During the year, the Group launched the classic “One in Hundred Plan” program, which is one of the key projects of the “Hongyi Program (弘毅計劃)” aiming to interconnect the whole process of talent review, selection, cultivation, empowerment, reserve, evaluation and appointment. More than 4,000 project managers participated in the program and 30 of whom were selected as excellent project managers featuring “results, summary and dedication”.

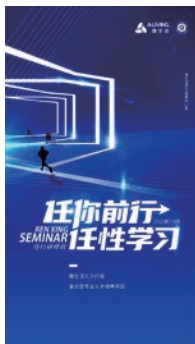


“One in Hundred Plan”: passing the torch through the one in a hundred

Empowerment by Profession Training

During the year, Professional Empowerment segment of A-Living Institute focused on professional training such as human resources & administration, legal and contracts, aiming to enable employees to have a deep understanding of the Group’s business needs, improve their professional ability to solve key problems and business pain points, and support business development.

Professional training on human resources and administration



In order to cultivate multi-skilled human resources and administration professionals, the Group has carried out the “Renxing Seminar”. Through the experience sharing of internal lecturers and curriculum development, 5 training sessions were conducted for more than 150 employees in the professional line of human resources and administration, with 674 participants and an average satisfaction score of 9.6.

Poster of the “Renxing Seminar”

Professional training on legal contracts



Poster of the professional training on legal contracts

In 2022, in order to standardize contract drafting, address difficulties in contract review and contract risk points, the Group organized professional legal contract training, covering more than 300 business-related clerks nationwide. This effort aimed to enhance employees' capabilities and awareness of standardized contract operations and further improve the efficiency of legal contract management.

The Learning, Research, Culture, and Publicity segment

The Learning, Research, Culture, and Publicity segment mainly includes the construction of training platform and teacher system, and school-enterprise strategic cooperation, aiming to enrich and integrate various learning and training resources, upgrade the organizational learning and development system, and enhance corporate competitiveness and team cohesion.

Construction of Online Training Platform

In 2022, the Group continued to promote the construction of online training system, and further expanded the learning resources such as the training platform "Ruixue" ("睿學") as well as the WeChat official account "A-Living Time" ("小雅時光"), to actively provide all employees with diversified and convenient resource options.

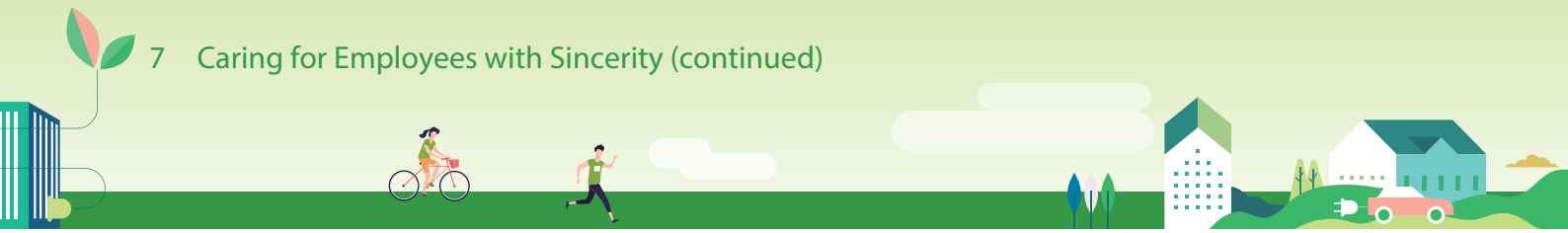
During the year, more than 600 new courses were launched on the online training platform "Ruixue" ("睿學"). The course library and catalogue of the platform were updated and were reasonably divided into four categories, namely general, professional, management and talents, to enrich the course resources and facilitate employees to quickly offline and online search for relevant courses. At the same time, in order to promote the mutual growth of employees and member companies in different regions, the training platform "Ruixue" ("睿學") also customised a dedicated course library for each region, and jointly built and shared learning resources with member companies through the DingTalk system.

As at 31 December 2022, there were 3,357 online courses (including internal and external courses) on the "Ruixue" ("睿學") training platform. The total duration of online learning for trainees was 85,084 hours, with an average of 4.69 hours per employee. The activation rate reached 96%, and the satisfaction rate was 96.5%. The platform won the "Excellent Learning Project Operation Award of the 14th Boao Award in 2022" by online-edu (線上教育信息網).



Interface of "Ruixue" ("睿學") training platform





As a communication channel for internal employees, WeChat official account “A-Living Time” (“小雅時光”) continued to focus on the “putting people first” organizational culture concept and built an official communication platform for corporate culture with A-Living’s characteristics. Through the three major segments, namely the “beauty of life” for showing corporate culture, the “Lifelong Learning” for learning organizations and the “meeting with you” for talent introduction, we comprehensively built an information interactive platform for culture promotion, employee communication, learning and growth, and talent training and published 100 articles accumulatively throughout the year. During the Year, the official account was awarded the Silver Award of “The Voice of the Most Beautiful Communication” and the Second Prize of Innovation Achievements in Corporate Culture Practice by China Culture Administration Association.



Interface of WeChat official account “A-Living Time” (“小雅時光”)

The Construction of the Faculty System

In order to further enrich training resources and enhance the internal motivation for talent development, the Group proactively promotes the construction of internal trainer system, and relies on A-Living Institute to promote the internal trainer training and qualification certification. Meanwhile, the Group has formulated and implemented the Internal Trainer Management Measures to clarify the work responsibilities, selection and appointment standards, promotion standards and incentives of internal trainers, so as to activate the internal knowledge sharing, transformation, sedimentation and management of the Group, further improve personnel efficiency and enable the continuous growth of the Group’s business performance. During the Year, the Group had a total of 338 internal trainers, with 331,204 hours of training for internal trainers.

School-Enterprise Strategic Cooperation

The Group continues to strengthen school-enterprise cooperation, promote the deep integration between industry and academia, and proactively cooperate with various colleges and universities to cultivate management talents in the field of property. At present, the Group has carried out strategic cooperation in talent cultivation with several scientific research institutions and universities such as Fudan University and Guangzhou University to enrich the Group’s talent reserve and accumulate rich expert resources for various training programs for employees.



Case:

School-Enterprise Cooperation with Wuhan College of Arts & Sciences

In June 2022, the companies in Central China and Wuhan College of Arts & Science jointly signed a school-enterprise cooperation agreement, which was a in-depth cooperation agreement besides the one in 2017 to address joint school-running. This cooperation focused more on the cultivation of compound and application-oriented talents, helping the Group to build a young and dynamic management team.

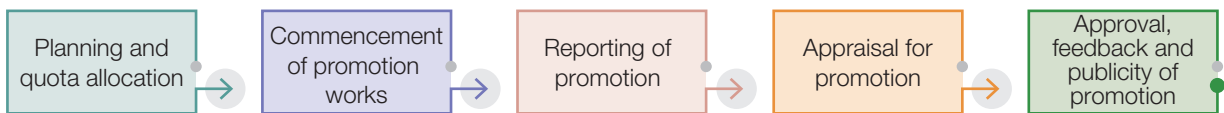


Photo of signing a cooperation agreement with Wuhan College of Arts & Sciences

3. PERFORMANCE APPRAISAL AND PROMOTION

In order to stimulate the enthusiasm of employees and enrich the talent pool for strategic development, the Group has formulated and updated the Promotion Management Policy and the Internal Competition Management Measures and other internal management policies, which clearly set out the standards for performance appraisal, promotion process and assessment of employees and other specific matters, and adhere to the appointment mechanism of “promoting the competent persons, demoting the incompetent persons, and replacing the mediocre persons” to standardize talent promotion management.

The Group followed the talent selection principles of “combination of ability and integrity, competitive selection and person-post matching” and conducted overall assessment on talent from different aspects, such as years of service, qualifications, annual work performance and contributions and degree of matching with new posts, and the assessment results would be used as one of the bases for annual performance assessment and promotion of the employees. Promotion for employees of the Group is divided into regular promotion and irregular promotion. Regular promotion is applicable to all posts related to management posts and professional posts, and irregular promotion is made according to the actual needs of the Company, departments and projects. Standard assessment process and assessment methods have been set for both types of promotion to ensure that all employees enjoy equal promotion opportunities and that the employees’ capabilities are in line with their post requirements.



Regular promotion process



Meanwhile, the Group encourages internal talent organic mobility through talent review, internal competition, job rotation and secondment continuously so as to fully utilize talents resources. It helps employees break career bottlenecks and seek occupational breakthroughs to achieve the maximal and optimal allocation and utilization of human resources. The Group also fully accepts qualified returning employees, formulates and implements the Management Measures for Returning Employees (《回流人員管理辦法》) and encourages former employees who have worked in the Group to reapply for working in the Group to achieve effective supplement to the Group's talent team.

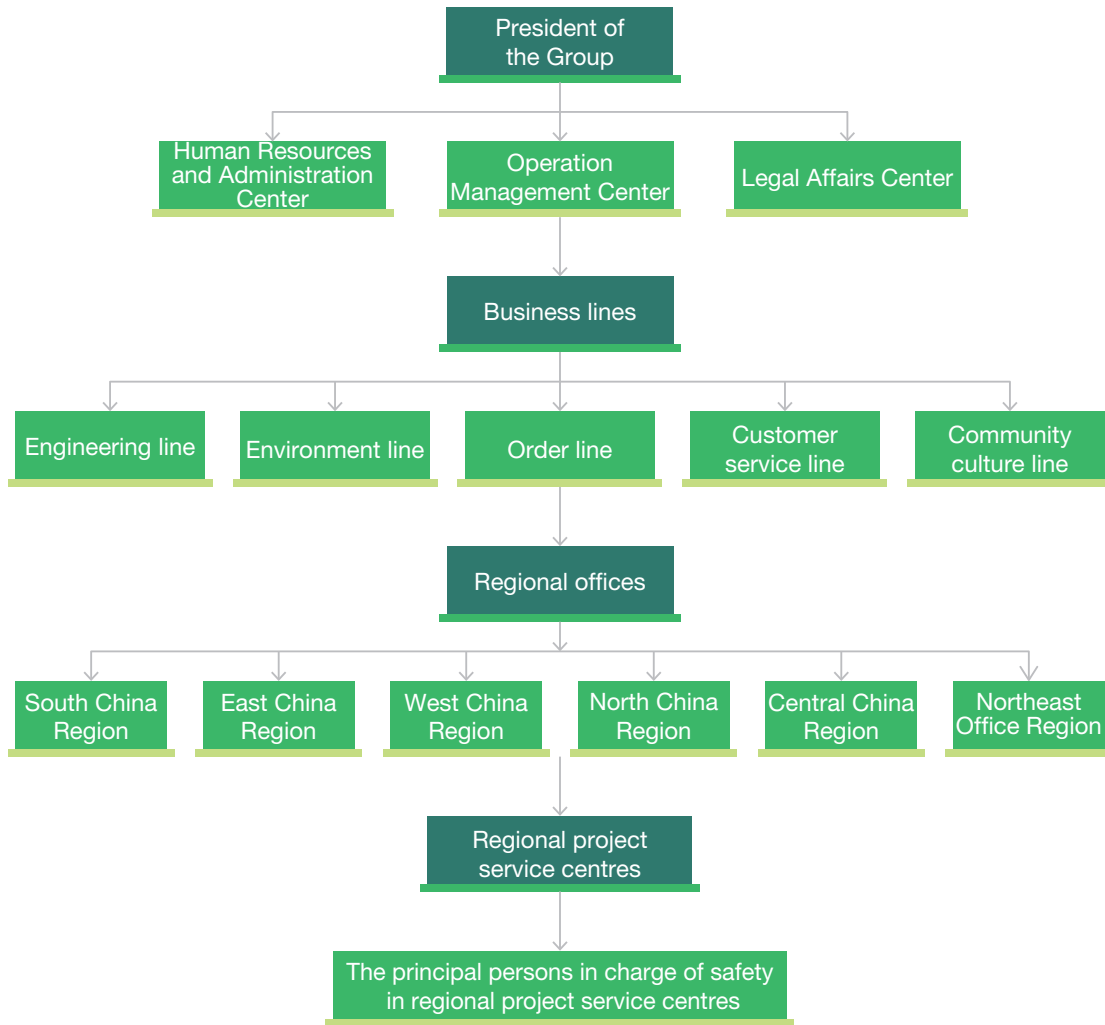
4. OCCUPATIONAL HEALTH AND SAFETY

To safeguard the occupational health and safety of employees, the Group strictly complies with the Law of the People's Republic of China on Work Safety and other relevant laws and regulations, formulates the Occupational Health Management Measures, the Work-related Injury Management Measures and the Operation Safety Management Regulations and other internal H&S policies to defines Group-wide responsibilities for safety management (apply to contractors). Furthermore, H&S policies are all enforced with regular auditing to ensure the compliance and effectiveness of the system. The Group strictly implements supervision and inspection, and proactively carries out safety education and security training to prevent safety incidents and create a healthy and safe working environment for employees.

1) Safety Management Structure

The Group adhered to the occupational health and safety management policy of “categorized management and comprehensive governance with focus on prevention and control” and has established a three-level Health & Safety management structure ranging from the Group to regional offices and then to project level. All business units are required to form their respective occupational Health & Safety management team to carry out occupational hazard reporting, risk factor identification and other relevant tasks, in order to constantly optimize occupational Health & Safety management. The responsibilities of each level of the three-level safety management structure are as follows:

- Group level: H&S strategy and performance is managed by CEO of the Group by coordinating and guiding the work related to employee health and safety. Professional lines such as engineering, environment, order, customer and community culture are set up by the operation management centre, together with the human resources and administration centre and the legal affairs centre, and the safety management requirements of each professional line shall be specified;
- Regional level: according to the local business operation, each regional office of the Group formulates safety management priorities, sets up safety supervision organizations, and irregularly investigates safety hazards;
- Project level: Each regional project service centre serves as the executive body, and the person-in-charge has to implement and execute various tasks specified in the safety management structure to ensure the safety of operation and employees.



Three-level Safety Management Structure

2) Health and Safety Management Goals and Performance

The Group attaches great importance to health and safety management, and effectively ensures the implementation of health and safety management by setting health and safety management goals and indicators, signing the “Safety Production Responsibility Letter” with the heads of operating units at all levels, and regularly assessing and reviewing health and safety management related work. During the Reporting Period, no major safety liability incidents occurred in the Group.

- **Health and Safety Management Targets**

The Group has set up a target to improve H&S performance of zero major safety liability accident.



- **Health and Safety Management Indicators**

The Group incorporates health and safety management risks into its risk management database and sets risk warning indicators, including the number of work-related fatalities and the number of working days lost due to work injury, and covers all employees of the Group (contractors included). The implementation of this indicator shall be reported to the Risk Management Committee of the Group on a regular basis and subject to its supervision. In case of work-related accidents, the Group requires the department where the accident occurred to strictly implement the work-related accident handling process, and shall not treat its official employees or contractors differently, and has zero tolerance for delay and concealment of work-related accidents.

- **Health & safety performance has been set as a factor in executive compensation.**

The Group assesses the implementation of risk warning indicators for health and safety management on an annual basis. The improvement in Healthy & Safety performance is linked with the compensation of the Group's president, senior management and persons in charge of each operating unit. The Group also requires persons in charge of each operating unit to sign the Production Safety Liability Statement to clarify the main body responsible for health and safety and strengthen the safety awareness of the management. In terms of safety operation, the Group conducts quarterly assessments on personnel in relevant positions from multiple dimensions such as security, elevators and fire control to effectively promote the investigation and management of safety hazards.

- **Regular review of health and safety management**

The Group regularly conducts comprehensive review of the health and safety-related systems of all businesses and the implementation results to support its Health & Safety targets, and conducts third-party assessment supported by analytical evaluation of key risks across all operations, and urges relevant departments to carry out special rectification of safety risks to avoid health and safety accidents to the greatest extent.

3) Health and Safety Management System Certification

The Group proactively promotes the certification of various systems of health and safety management to continuously improve the standardized management of internal health and safety work. During the Year, a number of projects of the Group had obtained ISO45001:2018 Occupational Health and Safety Management System Certification and GB/T45001-2020 Certification. The Group will continuously promote safety management system certification in all relevant operations including different regional offices and member companies.



ISO45001:2018 Certificate



GB/T45001-2020 Certificate

4) Health and safety protection measures

The Group has formulated and implemented internal management systems such as the Occupational Health Management Measures, the System for Comforting Sick Employees, the Regulations on Management of Operation Safety Inspection, the System for Fire Safety Management System, the Handling Procedures for Emergency or Abnormal Situations, and the Emergency Plans for Work Safety and Natural Disasters, which clearly regulate the occupational health and safety protection measures, handling methods, reporting requirements, and reward and punishment standards for all employees of the Group including contractors. In specific work, the Group earnestly implements various occupational health and safety management measures, including health and safety training, strengthening safety inspection, and formulating emergency plans for various emergencies such as fire, earthquake, rainstorm and flood, to protect the safety and health of all employees.

- **Health and Safety Training**

The Group actively carries out various safety production education and training, including special safety training for all employees and specific positions, and continuously improves employees' self-protection awareness and skills through regular safety and emergency drills.

During the Year, in order to prevent accidents and minimize physical injuries, the Group has carried out a number of training drills on the treatment of emergency diseases and fire emergency drills in various places across the country, effectively improving the self-protection ability of employees in the event of emergency safety incidents.



On-site Drills on the Treatment of
Emergency Diseases

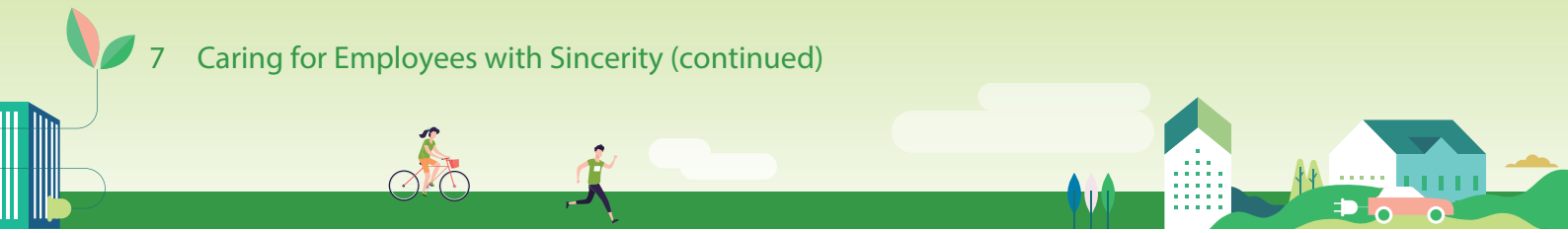


On-site Drills on Fire Emergency

- **Ensuring Safety of Contractors**

The Group continuously refines the safety management requirements for all employees and provides sufficient security for contractors. The Group purchases liability insurance for city service contractors, and actively assists them to obtain commercial insurance compensation in case of work-related accidents. In addition, the Group provides all contractors with necessary labor protection supplies, and arranges pre-job professional training for all environmental, engineering and order contractors, and conducts at least one safety operation training per week.





In order to ensure that the safety management of contractors implemented by the outsourcing entity is in place, the Group requires it to establish comprehensive training content and courses in accordance with the requirements of on-site actual work and the agreed terms of the Business Outsourcing Contract, and carry out health examinations for contractors. The Group also regularly checks the training and health examination records to reduce the safety risks of contractors.

Provision rate of labor protection supplies

100%

Coverage rate of safety operation training

100%

• COVID-19 Prevention

In order to cooperate with the national normalized prevention and control of COVID-19, the Group has established a top-down pandemic prevention and control system, formulated and implemented the “A-Living Group Emergency Plan for Pandemic Prevention and Control”, and sorted out safety protection guidelines. In order to ensure the normal operation of business and reduce the risk of infection of employees, the Group encourages eligible employees to work from home and promotes online communication for meetings with more than 10 persons, etc. At the same time, the Group conveyed COVID-19 prevention knowledge to employees through the “Xiaoya Care Hotline” and timely perceived employees’ psychological pressure and bad emotions.

At the same time, the Group purchased and distributed pandemic prevention materials for the regions with temporary shortage of materials due to the pandemic through various channels as soon as possible to ensure the basic living needs of employees. In addition, in order to ensure the safe resumption of work and production of employees, the Group also provides sufficient self-protection supplies and guidelines for returning employees to ensure the health and safety of every employee during their employment.



Office Pandemic Prevention Guidelines



Psychological Counseling for Employees



5. COMMUNICATION WITH AND CARING FOR EMPLOYEES

The Group always advocates employee participation and democratic communication, and has established a variety of communication mechanisms to listen to employees' voices, including corporate WeChat, mailbox, office system, employee representative meeting, employee symposium, etc. In order to strengthen democratic management, the Group encourages companies in each region to effectively protect the basic rights and interests of employees by establishing trade unions and signing collective agreements with employees. In 2022, a total of 3,078 employees of the Group joined the trade unions established in each region, accounting for 3.24% of all employees.

In 2022, the Group understood the thoughts of employees, listened to their opinions, and effectively integrated their needs by sorting out the “Zero Distance Communication: A Guide to Two-way Communication Channels for the Employees of A-Living” to stimulate their cohesiveness and sense of belonging. With the cooperation of various departments, the Human Resources and Administration Centre of the Group conducts telephone interviews with front-line employees on a monthly basis to understand the needs of employees and the implementation of employee care measures in a timely manner, and releases information such as corporate culture activities, learning and consulting, talent training and employee care activities through “A-Living Time” to create a good, harmonious and interactive corporate culture atmosphere.

In addition, in 2022, the Group continued to conduct satisfaction surveys for employees, actively listened to employees' opinions and suggestions, and continued to optimize internal management according to the survey results, striving to establish a satisfactory workplace environment for employees.

During the Year, the Group launched the “Joyful Workplace” employee care activities. “Joyful Workplace” started from the “incentive dimension” of employees, focusing on the four dimensions of employees' sense of safety, happiness, achievement and value, and took employee care as the starting point, and carried out a series of employee care activities including “A-Living + LOGO” design competition, reading activities, canteen and dormitory renovation, October gathering, the Mid-Autumn Festival offering, tea party, democratic life meeting, sports meeting, birthday party and heatstroke reduction and temperature reduction, with a total of more than 300 activities and more than 15,000 participants, which greatly promoted the harmonious relationship between employees and was conducive to forming an active and loving working atmosphere.



Photos of “Joyful Workplace” Employee Care Series Activities (partial list)



8 Protecting the Environment Diligently at All Times



KEY PERFORMANCE IN THIS CHAPTER



Achievements of Community Commercial Service Company:
Comprehensive energy consumption intensity decreased by **10%** compared to 2021, water consumption intensity decreased by **8%** compared to 2021



Several projects have passed the environmental management system certification and energy management system certification



Saving about **48,000** sheets of paper and practicing green office



Sorted out **20** emergency plans in response to weather changes



RESPONSE IN THIS CHAPTER

Material Issues

- Water conservation
- Energy efficiency improvement
- Address to climate change
- Waste management

HKEX KPIs

A1 Emissions: A1.5, A1.6
A2 Use of Resources: A2.3, A2.4
A3 The Environment and Natural Resources: A3.1
A4 Climate Change: A4.1

SDGs



The Group firmly believes that harmonious and friendly relationship with the environment is an important theme of sustainable development. The Group constantly explores green and low-carbon operation methods in its daily business operations, continuously optimizes and improves the environmental management system, formulates and implements the objectives of energy conservation and emission reduction, water conservation and waste reduction, actively integrates the concept of sustainable development into city and community services, and continuously improves the Group's ability to respond to climate change to respond to the national goal of "carbon dioxide peaking and carbon neutrality" and contribute to the construction of ecological civilization.



1. GREEN OPERATION

The Group has always adhered to the operating concept of green and environmental protection, and further optimized the internal environmental management system of the Group by continuously improving the management of energy, water resources and waste, incorporating the intensity of water use, purchased electricity and fuel use into the Group's risk assessment indicators and conducting regular review. In addition, the Group continued to implement measures such as energy consumption control, use of water-saving appliances, and promote waste recycling, so as to promote the realisation of energy conservation, emission reduction, water conservation, waste reduction and other goals, and help the Group seize new opportunities for low-carbon development.

1) Environmental Management System

The Group attaches great importance to mitigating the possible impact of business operations on the environment, strictly abides by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other applicable laws and regulations, and has formulated and implemented internal management policies such as the Public Energy Consumption Management Regulations, Management Measures for Energy Conservation and Consumption Reduction, and Work Procedures for Collection and Disposal of Domestic Garbage to clarify the responsibilities, work requirements and detailed rules of each responsible department of environmental management. Meanwhile, in order to strengthen the Standardization of environmental management, a number of projects of the Group have obtained the ISO14001: 2015 environmental management system certification, and has gradually promoted it to projects in various regions. The business department regularly reviews the management performance of each project in environmental work such as energy consumption and water consumption.

2) Energy Management

The Group strictly abides by the policies and requirements of energy consumption management of the region where its business operations are located. While regularly updating the Public Energy Consumption Management Regulations and other internal policies, the Group requires that all specific projects should implement energy conservation and emission reduction plan, record public energy consumption, analyze and make comparison of energy consumption in regular basis, and examine any irregular use of energy with timely solving and follow-up, thus reducing energy waste and achieving the Group's reduction targets. In addition, the Group actively participates in the declaration of energy management system certification, and a number of projects have obtained the certification to continuously improve the Group's internal energy management system and enhance the effectiveness of the Group's energy management.



ISO14001: 2015 Environmental Management System Certificate obtained (partial list)



Energy Management System Certificate (partial list)



Goals of energy conservation and emission reduction

The Group integrates the concept of "innovation, environmental protection, convenience and technology" into its operations. To fulfil the operational objective of low energy consumption, great comfort and sustainability, the Group further enhances energy efficiency, reduces greenhouse gas emissions and minimizes any adverse impact brought by its production and operations on the environment.



To attain the goals of energy conservation and emission reduction and to reduce the potential impacts of its business operations in all respects on the environment, the Group has adopted measures for energy conservation and emission reduction, which include but are not limited to:

Launching Energy Consumption Management Platform

- The energy consumption management platform was launched to comprehensively compare the energy consumption of each project through data mining and analysis technology to provide effective data support for energy conservation and emission reduction. At the same time, the power distribution room unattended robots and hardware data collection technology such as IoT were combined to make energy consumption monitoring more accurate and stable.

Use of garage smart lighting system

- The Group piloted the smart lighting system in the underground garage, added sensors to detect the location of vehicles, estimated the direction of vehicle flow through AI algorithm, and shortened the lighting time in the garage by using the wireless lighting function of light tubes to save energy and reduce consumption.

Promoting energy-saving transformation in public areas

- Use energy-saving lamps such as sound control and radar sensing in all public areas;
- Promote energy-saving transformation of facilities and equipment in the community.

Investment and use of energy conservation and emission reduction funds

- Ensure that the Group invests reasonable funds in energy conservation and emission reduction, properly arranges and implements the use of relevant funds, and effectively carries out energy conservation and emission reduction work.

Promoting the use of clean energy

- Promoting the use of clean energy in projects, such as using clean energy-driven vehicles and photovoltaic power generation devices, to reduce carbon emissions.

Strengthening the supervision and assessment of energy conservation and emission reduction

- The Group comprehensively strengthened the supervision and assessment of energy conservation and emission reduction, combined energy conservation and emission reduction with engineering quality, safety, efficiency and other indicators, and further improved the energy consumption assessment and evaluation system.

During the Year, the Group's community commercial service company adopted the above-mentioned measures to achieve a 10% year-on-year decrease of comprehensive energy consumption intensity. During the year, other business segments of the Group also actively implemented energy conservation and emission reduction measures such as the use of clean energy and the promotion of the use of energy consumption management platform to help the Group achieve its energy conservation and emission reduction goals.

Case: Deploying new energy operation vehicles to reduce energy consumption and environmental pollution

In 2022, the Group purchased 50 new energy operating vehicles for some city service projects, which is expected to reduce fuel consumption of RMB100,000 per month for a single project, effectively improve the efficiency of environmental protection, reduce project operation costs, help achieve the goal of energy conservation and emission reduction, and also improve the city's appearance.



New energy operating vehicles

3) Water Resources Management

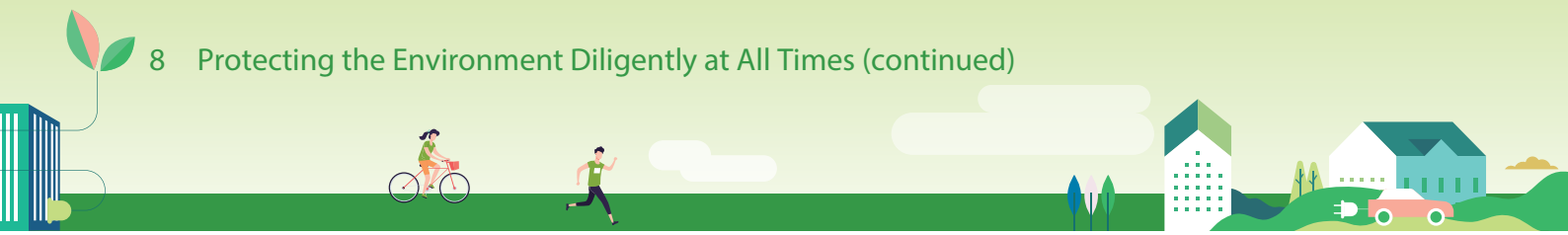
The Group rigorously abides by the Law of the People's Republic of China on the Prevention and Control of Water Pollution and the sewage discharge standards of the places where it operates, and has formulated water conservation goals and taken multiple measures to continuously promote the implementation of water-saving goals and achieve resource conservation. Municipal water supply networks are the major source of the Group's water. The Group's water consumption is primarily for office use and greening use. Certain projects utilize the nearby river water in irrigation for greening. There are no issue in sourcing water appropriate for uses.



Water conservation goals

The Group proactively enhances its stakeholders' awareness of water conservation, and improves its water use efficiency and reduces the waste of water resources by preferential adoption of water-saving appliances, strengthening the daily maintenance and management of water-consuming facilities and equipment, and promoting water recycling.





To achieve the water conservation goals, the water conservation management measures adopted by the Group include but are not limited to:



Routine inspection

The Group arranges routine inspection, cleaning, and repair and maintenance for the water tanks to ensure normal operation and avoid waste of water resources such as dripping, leakage and running.



Promoting the use of water-saving appliances

The Group advocates the use of water-saving appliances, collects data on the consumption of water resources and adjusts the consumption of circulating water in the heating system in real time according to the ambient temperature, thus improving the utilization rate of water resources.



Training and publicity

The Group adopts measures such as posting signs and posters in relation to water saving near water-consuming areas to promote water conservation, cultivate awareness of water conservation of employees and property owners and promote the achievement of water conservation goals through joint efforts of multiple parties.

During the Year, the Group’s community commercial service company adopted the above water-saving measures, resulting in a year-on-year decrease of 8% in water resources consumption intensity; Other business segments also actively promoted the achievement of the Group’s water conservation goals by implementing various water conservation measures such as the use of water-saving appliances and the promotion of water conservation among employees.

Case: Transformation of domestic water supply pump set of Agile Garden Heyuan Project



Water pump set after transformation

During the Year, the Group’s Agile Garden Heyuan Project adopted a three-level medium pump technology with no negative pressure to transform the domestic water supply pump set to effectively reduce conditions such as running, leakage, spillage of water resources. Such measure is expected to save 60,000 kWh of electricity per year.





4) WASTE MANAGEMENT

Strictly following the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes and relevant laws and regulations, the Group formulated internal regulations such as Waste Management Measures, Domestic Waste Classification Work Regulations, and continued to refine the classification and management of waste to promote the reduction, recycling and reuse of wastes in communities and office areas. At the same time, the Group has set waste reduction targets, actively advocated all stakeholders to participate in activities such as waste sorting and green office, and enhanced their awareness of waste recycling to effectively reduce waste emissions.



Waste reduction goals

The Group reduces wastes through plastic ban and waste reduction campaign, etc., and advocates waste sorting to achieve reuse of resources.

To achieve the waste reduction goals, the waste reduction management initiatives adopted by the Group include but are not limited to:

Setting intelligent waste sorting machines

Some operating projects are equipped with intelligent waste sorting machines, which provide certain subsidies for the recycling of solids such as glass, metals, plastics, encouraging property owners to participate in waste sorting and recycling.

Publicizing waste sorting

Organizing various waste sorting publicity activities to encourage employees and property owners to participate in waste sorting.

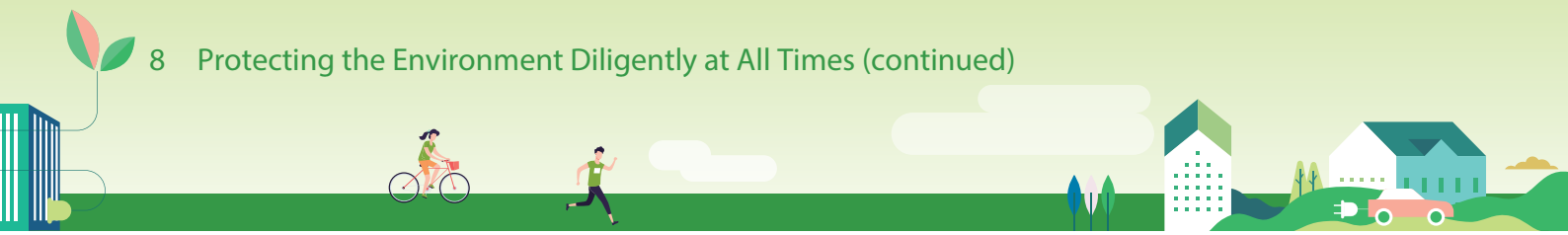
Staff waste management

Regular checks on the effectiveness of waste reduction and recycling of employees, such as spot checks on the implementation of reducing the use of disposable items and green office by employees, etc.

Reuse of waste materials

We use waste materials such as waste tires and vases to decorate the landscape of the community.





In 2022, the Group's community commercial service company adopted a number of measures and achieved an 11% year-on-year reduction in waste emission. In addition, a number of projects of the Group have won industry awards in the field of waste sorting, such as Agile Garden Foshan Project won the title of Model Unit of Waste Sorting in Chancheng District, Shenzhen Kingkey Phoenix Impression Project won the title of Green Community of Waste Sorting, and Agile Garden Huadu Project won the title of Environmental Protection Pioneer of Waste Sorting in Huadu District.



Waste Sorting Honors and Awards (partial list)

Case: Popularize refuse classification knowledge to help build a beautiful countryside

In October 2022, in response to the national strategy of rural revitalization, improving the quality of waste treatment and improving the rural ecological environment, the Group cooperated with the village and township departments of Suining County to popularize the knowledge of refuse classification in local rural areas. Based on the actual situation of the villages and towns in Suining County, with the theme of "Proper Refuse classification and Co-construction of Beautiful Suining", the Group combined with the case sharing, popularized the methods and significance of refuse classification to local villagers in a way of explaining profound theories in simple terms. At the same time, the Group set up display boards and distributed brochures at the site of refuse classification, and showed the villagers the specific operating process of refuse classification and effectively facilitated the construction of beautiful villages.



Refuse classification science popularization site



5) GREEN OFFICE PRACTICES

Advocating green office concept, the Group continues to optimize its internal systems, promotes paperless office and encourages employees to save office supplies to mitigate environmental pollution caused by office waste. Employees' awareness of environmental protection is enhanced as a result of the Group's constant efforts to publicize environmental protection concept to them. The green office measures taken by the Group include but are not limited to:



Paperless Office, Paper Saving

- Use recycled paper for unimportant document printing;
- Use network sharing as much as possible to reduce printing;
- Use the internal network office platform to conduct online approval process, data archiving and other office processes to reduce paper consumption;
- Promote electronic signature of contracts to reduce the use of paper contracts;
- During the year, we saved approximately 48,000 sheets of paper through the above-mentioned paperless office initiatives.



Advocate online meetings to reduce carbon emissions

- Actively promote online meetings to reduce carbon emissions from business travel.



Turn off lights and power off in time after work

- Unlit lights and power off in unoccupied rooms;
- Appropriate use of power-saving mode such as sleeping or shutdown of computers when not in use for a long time.



Reduce the use of disposable items

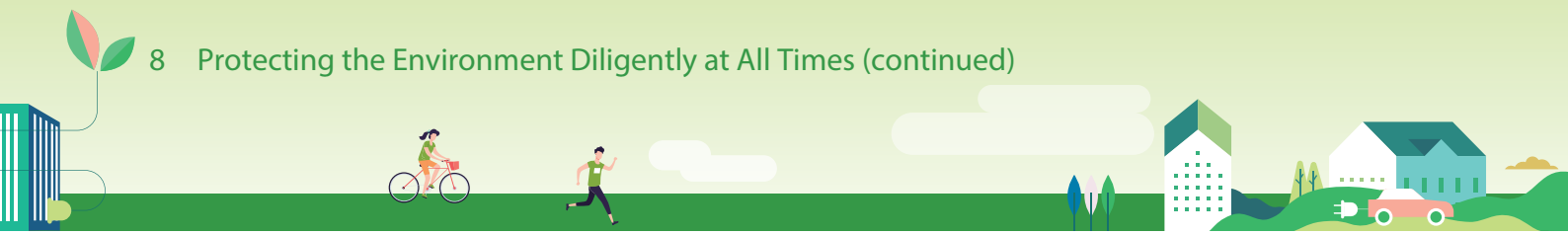
- Reduce the use of plastic bags and replace them with eco-friendly bags;
- Bring your own cups to reduce the use of disposable items such as paper cups.



Saving electricity for air conditioning

- Switch off air conditioners 30 minutes before leaving;
- Air conditioners are controlled for energy saving, and the temperature of air conditioners is set at no less than 26°C in summer and no more than 20°C in winter.





2. GREEN CITIES AND COMMUNITIES

Committed to building a sustainable urban ecological environment, the Group continuously provides professional and high-quality service, actively maintains and improves the ecological environment of urban and rural areas and communities, and encourages property owners and residents to participate in environmental protection by organizing environmental protection knowledge publicizing and other activities to further promote the construction of green communities and ecological civilization.

During the year, the Group further developed city services, providing sanitation and comprehensive municipal services in multiple urban scenarios, and helping to improve the quality and governance of environmental hygiene. Among them, the Group’s urban service cleaning project promotes the “sweeping twice and full-day clean-keeping” model (i.e. implementing sweeping twice every day in morning and afternoon, and full-day tour clean-keeping) to improve the city appearance. In addition, the Group actively introduced world-leading microbial technologies and products for environmental control to purify toxic gases such as hydrogen sulphide, contributing to the construction of beautiful green cities and villages.

Case: Anci Project in Langfang City implemented the “sweeping twice and full-day clean-keeping” model

The Anci Project in Langfang City operated by the Group has implemented the “sweeping twice and full-day clean-keeping” model and the “no garbage on the ground” management model in urban environmental management to ensure the clean and tidy urban environment. In addition, the Group has set up garbage bins for all farmers, and appointed cleaners to transport garbage in a timely manner, so as to achieve full closure of the garbage collection process, daily cleaning of garbage, meet the requirements of “no garbage on the ground”, and effectively improve the cleanliness level of the local public health environment.



Cleaning work site of Anci Project in Langfang City



In terms of green communities, the Group attaches great importance to joining hands with property owners and tenants and other parties to participate in green environmental protection, and regularly organizes green publicity and activities such as power saving, water saving and refuse classification to jointly protect the green and environmental protection of the community environment.

Case:

Holding Environmental Classroom to Encourage Property Owners to Build a Green Home

During the Year, the Group continued to carry out the “Little Guardians of Environmental Protection” classroom for refuse classification in the western region of the Group. The children of property owners took the lead to learn refuse classification knowledge and participate in refuse classification actions, actively guided the property owners to establish refuse classification awareness, encouraged the property owners to participate in refuse classification, protect the green home, and realize the normalization of refuse classification.



The Class Site of “Little Guardians of Environmental Protection”



3. ADDRESSING CLIMATE CHANGE

The Group understands that climate change poses both risks and opportunities to its business, and has always put climate change as one of its priorities. During the Year, the Group made reference to the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) for the first time to further clarify the Group’s climate-related financial impacts and countermeasures, so as to enhance the transparency of the Group’s sustainability-related information. At the same time, the Group adopts a systematic approach to identify, evaluate and manage climate-related risks in business operations, continuously improves climate-related risk prevention strategies and capacity building, and actively grasps the opportunities brought by climate change.



1) **Governance: Overseeing climate-related risks and opportunities**

The Board attaches great importance to and fully participates in climate change risk management related issues, considers climate change factors in a timely manner in the process of making major decisions such as corporate development strategies, and regularly reviews the progress of climate change related targets. The Risk Management Committee and the Sustainability Steering Group are responsible for formulating and reviewing policies related to climate change, monitoring and evaluating the effectiveness of climate risk management in the Group's operations, and reporting to the Board on a regular basis.

2) **Strategy: Impact of climate-related risks and opportunities on sustainability approach and financial planning**

Risk Response

Physical risks that the Group may face mainly include: extreme heavy rainfall, typhoon, earthquake, extremely cold and hot weather, and climate warming that result in stranded assets. The possible impacts of the aforementioned risks on the Group's daily operations include: interruption of daily operation services, damage to facilities and equipment in the community, and the need to consume a large amount of manpower and materials to compensate for climate caused damage.

At the same time, the transformation risks that the Group may face mainly include: policies and legal risks, such as the promulgation of national carbon reduction policies, and the tightening of energy-related laws and regulations. The Group also identified market and technical risks, such as the increase in the use of renewable energy and the increase in market demand for properties with environmental protection and climate resilience.

In order to reduce the potential impact of climate change, the Group has made the following pre-works:

- The Company formulated and implemented internal systems such as the Emergency Plan Framework Guidelines, the Flood Control Emergency Plan, the Earthquake Disaster Emergency Plan and the Ledger of Emergency Materials for Flood Control, and completed 20 emergency plans to respond to weather changes and different situations to enhance the dynamic and flexible response of enterprises to extreme weather.
- The Company actively organized employees to participate in professional knowledge training and drills in response to extreme weather, timely supplemented emergency materials, repaired facilities and equipment, and reminded employees and customers of the risks related to weather changes to reduce the impact of extreme weather.
- The Company always pays attention to regulatory and policy requirements, analyzes and understands the latest policy requirements and adjusts business strategies to promote green operation and sustainable development.

Seizing opportunities

In the context of climate change, with the promotion of the national goal of “carbon dioxide peaking and carbon neutrality”, the Group may usher in new opportunities for green and low-carbon property development, including green city services and increasing demand for more climate-sensitive property management services. In order to seize the opportunities brought by climate change, the Group actively adopts measures such as energy-saving transformation of high-energy-consuming equipment to adapt to the changes in the market trend of low-carbon development and energy-saving technology innovation.

3) Risk Management: Identifying, Assessing and Managing Climate-Related Risks

In accordance with the “A-Living Group Risk Management System”, the Group has incorporated climate-related risks into the Group’s comprehensive risk management and internal control system. It regularly monitors and evaluates the changes to improve the effectiveness of climate-related risk management. The specific processes are as follows:

- Screening risk points: Based on the survey results of internal and external stakeholders, the Group preliminarily collected and identified climate-related risks and formed a risk list by reviewing peer information, studying the characteristics and current status of the industry in which the Group operates, analyzing the main business characteristics and business processes of the Group, and sorting out regional climate disasters;
- Identifying and assessing risks: Inviting business departments to conduct interviews to discuss the current situation and discuss the Group’s identification and assessment of climate risks;
- Analyzing effects on business: Each business segment analyzes and evaluates the impact of various climate risks on the business based on business development;
- Proposing improvement measures: Proposing feasible solutions and countermeasures against the major climate risks assessed, and identifying development opportunities.

4) Metrics and Targets: Metrics and Targets for Assessing and Managing Climate-Related Risks and Opportunities

In 2022, the Group continued to adopt various measures to promote the realization of green goals such as energy conservation and emission reduction, water conservation and waste reduction, and fully considered the correlation between these goals and climate change risks. In addition, the Group continued to disclose the emission data of Scope 1 and Scope 2 of greenhouse gas and enhance the transparency of emission indicators.



9 Faithful Cooperation to Achieve Win-win Results

KEY PERFORMANCE IN THIS CHAPTER



Total number of suppliers:
2,829



Trainings on quality management
and trainings on professional quality
improvement for member companies:
73

RESPONSE IN THIS CHAPTER

Material Issues

- Supplier access and assessment
- Empowerment for partners
- Environmental and social risks management of supply chain

HKEX KPI

B5 Supply Chain Management: B5.2, B5.3, B5.4

SDGs



The Group has long been committed to building a stable and long-term cooperative relationship with its partners, focusing on establishing a responsible supply chain, ensuring the service quality of suppliers and actively promoting the sustainable development of its partners and the fulfilment of social responsibilities. At the same time, the Group attaches great importance to the integration and post-acquisition empowerment of its member companies, providing them with comprehensive empowerment support in information system, operation management, market expansion and other areas as required for their development, and adhering to the guidance of corporate culture to promote mutual assistance and support among business entities and facilitate common development.

1. SUPPLIER MANAGEMENT

Strictly complying with the Tendering and Bidding Law of the People's Republic of China as well as other laws and regulations, the Group clearly regulates the whole-process management for suppliers, which covers bid invitation for procurement, selection and assessment to ensure impartial introduction of suppliers and the quality of their supply. Meanwhile, the Group actively propels the construction of a sustainable supply chain, and gives priority to suppliers with environmental, quality and occupational health certifications to strengthen the environmental and social risk management of the supply chain. In addition, the Group advocates transparent procurement to ensure the openness, fairness and impartiality in bidding invitation for procurement decisions, and maintains sound partnerships with suppliers and strives to achieve win-win results with all parties.

As at 31 December 2022, the Group's supplier management requirements cover a total of 2,829 suppliers of property management services, property owners value-added services and city services, all of whom operate in Mainland China.

1) Supplier Access and Assessment

The Group has formulated and implemented internal policies such as Procurement Supplier Management Procedures, Procurement Bidding Management Procedures and Management Specifications for A-Living Centralized Procurement Platform to regulate the whole-process supplier management, evaluate and assess the qualification performance of suppliers in a regular manner and ensure that suppliers provide quality services and products. The Group's supplier access and assessment mainly includes:

Admission assessment

- The Group has established a supplier admission assessment team to conduct comprehensive evaluations based on the operating conditions, quality management systems, industry qualifications, and contract performance of suppliers and other indicators when suppliers are enlisted, and carry out reputation review, qualification review, and on-site evaluation;
- The Group has established a database of qualified suppliers after assessment.

Comprehensive evaluation

- The Group conducts monthly performance evaluations, quarterly quality inspections, and annual comprehensive performance appraisals on suppliers;
- The assessment for suppliers covers the satisfaction level, pass rate of sampling inspections, complaints received by 400 customer service hotline, contract or bidding breaches and other dimensions;
- The Group classifies suppliers into three categories according to the assessment results: excellent, qualified, and eliminated, and implements hierarchical supplier management.

Dynamic Management

- The Group conducts dynamic management on suppliers and updates the supplier database in a timely manner each year;
- Suppliers that have been included in the eliminated supplier list can be re-engaged only after rectification as required by the Group;
- As to blacklisted suppliers which had issues such as fraud, bribery and major safety incidents, the Group will remove them from the supplier database and cease cooperation with them.

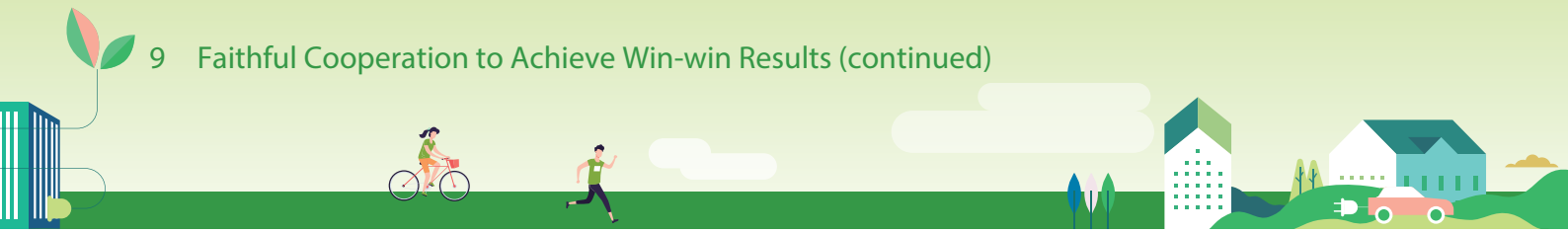
2) Sustainable Supply Chain

The Group continues to strengthen the construction of a sustainable supply chain and improve the management and risk control of suppliers in ESG aspects, including supplier health and safety management, cooperative business ethics, environmental qualifications, etc.

Supply Chain Security and Social Risk Management

The Group continuously strengthens the consideration of environmental and social risk factors of suppliers, fully considers a supplier's performance in environmental and social responsibilities in all links including supplier admission and assessment, and fully considers their performance in environmental protection material standards, protection of employees' rights and interests, quality control, etc. The Group gives preference to suppliers with environmental, quality and occupational health and safety certifications to ensure that the products and materials used meet or exceed the national environmental protection and health standards, thus improving the service and product quality.





For the management of environmental-related risks, the Group selects eco-friendly materials and technologies. For the home improvement service, the Group cooperates mainly with industry-renowned brands, and the materials it uses are far above national environmental protection standards. At the same time, the furniture business selects environmental cleaning agents and applies the technology of clothes drying by reheating to effectively reduce the adverse impact on the environment in the procurement process.

Promoting Compliant Procurement

The Group strictly regulates the bid invitation and bidding process as well as procurement process, clarifies the code of conduct for the employees involved in bidding invitation and resolutely prohibits under-the-table operations. Adhering to the principle of openness and transparency of bidding and procurement, the Group ensures open, fair and just decisions on bid invitation through an open bid invitation information disclosure process, requires all suppliers to sign Integrity Agreements and regularly verifies the compliance and effectiveness of anti-corruption policies. Meanwhile, the Group provides suppliers with periodical integrity training, to ensure that both parties are honest in the procurement process. In addition, the Group has established and publicized the whistleblowing channels for suppliers to prevent corruption and ensure compliance of the entire procurement process.

3) Communication with Suppliers

The Group places emphasis on communication with suppliers and is committed to establishing a close partnership to achieve win-win results. It regularly communicates with suppliers through internet phone calls, on-site visits and conferences and other means, and implements a supplier complaint and feedback mechanism to protect the rights and interests of suppliers. The Group and its suppliers fully integrated their respective resources and strengths, thus facilitating the continuous expansion of the business scale of both parties.

Case: Cooperate with Charging Pile Equipment Suppliers to Build Safe Charging Communities



Cooperation photo with charging pile suppliers

In December 2022, the Group reached an in-depth cooperation with a number of charging pile equipment suppliers on non-motor vehicle public charging projects. Through long-term and in-depth cooperation and communication, both parties solved the pain points in the operation of non-motor vehicle charging piles in the community, standardized the safety management and cooperation model of community properties at the execution level, formed a close and good cooperation relationship to achieve mutual benefits.



2. EMPOWERING MEMBER COMPANIES

Under the development guidance of “Strong Capability • Significant Integration”, the Group actively explores the integrated development model, attaches great importance to the integration and post-acquisition empowerment of member companies, and continues to strengthen the information flow, resource sharing, organizational integration and collaborative management among member companies, so as to achieve full connection of business, resources and talents and support the high-quality development of the Group. Oriented to resources on the one hand, the Group injects resources into its member companies through such approaches as resources sharing, collaborative expansion, informatization output and management empowerment to assist them in enhancing efficiency. Oriented to development on the other hand, the Group establishes a sound incentive mechanism and continues to improve its post-acquisition management system, with a view to achieving the common development goals of “guaranteeing growth, controlling risk and improving compliance”.



During the Year, the Group keeps improving the management system of each region and member company as well as operational efficiency and governance level. Member companies were empowered by the Group through training and interactions, on-site inspections and other forms, in respect of internal management, finance, personnel, information, service quality, supplier management, etc., to further facilitate coordinated development.

System Construction

The Company formulated and implemented six post-investment management systems, including the Interim Regulations for the Operation of Management in Connection with Property Member Companies, the Administrative Measures for Information Reporting of Property Member Companies (Trial), the Rules of Procedures for the Post-acquisition Management Committee of Property Member Companies, the Guidelines for the Management of Third-Party Companies, the Measures for the Emergency Response to Major Events of Member Companies and the Provisions on the Management of Franchised Property Projects, to standardize the integrated governance of post-acquisition companies.

Standardization Management

The Group optimized the organizational structure of its member companies, improved the management system for regions and member companies, promoted standardization construction, and improved operational efficiency and governance level. For example, we established a special docking mechanism between each functional centre and member companies to enhance organizational capacity building and special empowerment.

Business Synergy

The Group provided business technology collaboration support for member companies, and cooperated with relevant business departments to provide project operation consultation and guidance for member companies, such as parking lot operation, old community property management, sewage treatment of waste landfill, etc.

Supplier Management

The Group continued to promote the use of the centralized procurement platform for city services, and facilitate the collaborative office and warehousing systems to help enterprises shorten the procurement cycle, reduce procurement costs and improve procurement efficiency.

Cultural Integration

The Group comprehensively upgraded the corporate culture concept system, achieved management collaboration and resource sharing with member companies through benchmarking learning and empowerment training, and further promoted the organizational integration of self-operated regions and member companies.

Financial System Upgrade

The Group will upgrade its financial system and empower its member companies to standardize and unify the financial accounting management of A-Living, and empower the Group's post-investment financial management and business collaborative development.

Information Management

The Group developed various information systems and made them available to its member companies to improve their information management efficiency, such as Dalian Mingri, Huifeng Qingxuan and Shaanxi Mingtang have established links with A-Living in Ding Talk platform to achieve cross-organizational communication. Shaanxi Mingtang, Shandong Hongtai and Dalian Yimei have launched the warehousing system, and Shanghai Kerui has launched and promoted the use of the charging system of WeCom platform to improve the operation and management efficiency of member companies.

Service Quality Management

The Group pays attention to the service quality of member companies and promotes the upgrading of service level through professional training. During the Year, the Group carried out 73 sessions of quality management trainings and professional quality improvement trainings for member companies, including quality trainings such as three standard management systems and special training camp for service quality, professional quality improvement trainings such as improvement of professional image and application of business etiquette, speech and presentation skills.



Case: Learning Seminar Held by the Human Resources and Administrative System on “Strong Capability • Significant Integration”

In August 2022, the human resources and administration system of the Group and its member companies jointly organized benchmarking learning and seminars around the two core directions of “strong capability • significant integration”.

The human resources and administration system of the Group and its member companies carried out immersive benchmarking learning and in-depth discussion and communication with the theme of “Huawei Human Resources Management System and Practice”. On this basis, a seminar was conducted to brainstorm on the critical and difficult issues faced in the work of the human resources and administration system, output solutions, and accelerate and promote the integration of the organization. In addition, the head of the human resources and administration system of the Group and its member companies further integrated and work together through the experience exchange and learning of the benchmark project, the Southern Han Imperial Mausoleums Museum in Guangzhou, to promote the high-quality and rapid development of service quality.



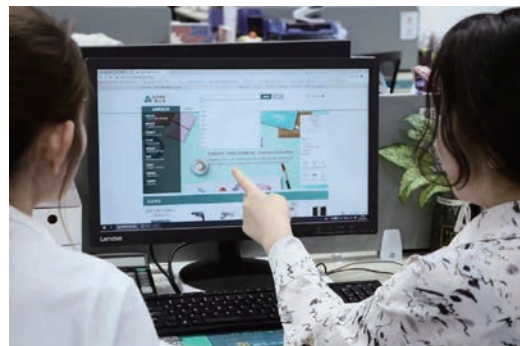
immersive benchmarking learning



Photo of co-creation seminar activities

Case: Technology Empowers Member Companies to Accelerate Integration

In April 2022, Shandong Hongtai Property Development Company Limited (“Shandong Hongtai”), a member company of the Group, launched the A-Living Centralized Procurement Platform to match the existing management model of the member companies, effectively control procurement business and reduce procurement costs. Meanwhile, the Group organized a special exchange meeting to complete the online test of the platform and provide comprehensive operation guidelines to help it connect resources in all aspects of the supply chain, so as to further accelerate the pace of integration between the Group and its member companies.



Shandong Hongtai launched the A-Living Centralized Procurement Platform

10 Compliant Management and Performing Duties with Integrity

KEY PERFORMANCE IN THIS CHAPTER



Completed business audit:
6 regular audits and **5** special audits



Total hours of anti-corruption trainings:
30,776 hours



Number of persons attending
anti-corruption trainings:
15,388 persons

RESPONSE IN THIS CHAPTER

Material Issues

- Compliant marketing and operation
- Promotion of integrity culture and business ethics

HKEX KPI

B7 Anti-corruption: B7.1, B7.2, B7.3

SDGs



Integrity and law-abiding shall be the foundation of business operation. The Group strictly abides by the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Prohibiting Commercial Bribery, the Anti-Monopoly Law of the People's Republic of China and other relevant laws and regulations. It also continuously improves the Group's governance structure, improves the anti-corruption and anti-corruption and internal audit supervision mechanism, and integrates the concept of integrity and honesty into all aspects of the Group's business operations. We resolutely prevent bribery, extortion, fraud and money laundering, and create an honest and clean business environment.

1. ENHANCING CORPORATE GOVERNANCE

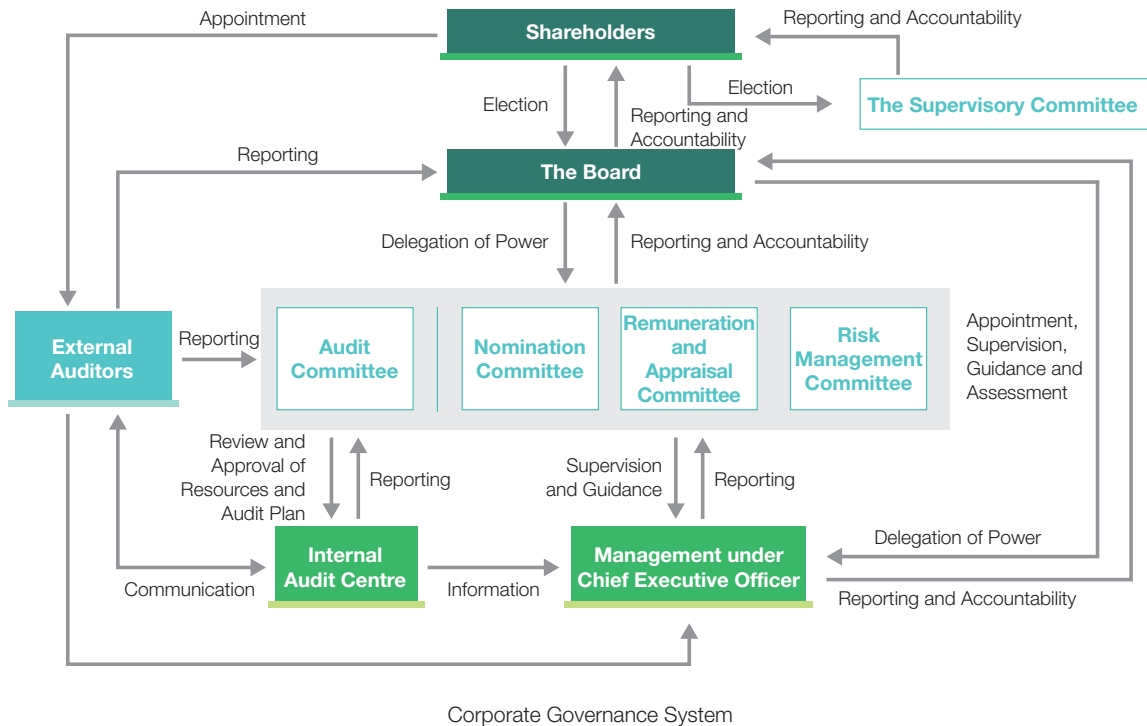
Applying itself to reasonable and efficient corporate governance, the Group strictly complies with the Company Law of the People's Republic of China and the principles and code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, ensures that the Group has established a sound governance structure, has been continuously improving its anti-corruption policies, internal and external whistleblowing channels and the policies related to whistleblower protection to secure the long-term sustainable development of the Company.

The Board believes that sound governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as value of shareholders of the Company. The Board has adopted and reviewed corporate governance practices in light of the regulatory requirements and the needs of the Company. The Group is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.



1) Governance Structure

The Group has set up four Board committees, including the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee and Risk Management Committee, which jointly monitor the implementation of corporate governance, supervise and make recommendations on the Company’s development strategy and objectives, supervise and control operating and financial performance, oversee matters subject to public disclosure, and assess whether the performance of the management meets the Company’s strategic objectives. The Audit Committee consists of three independent non-executive directors. They are mainly responsible for reviewing the accounting policies, monitoring the performance of the Company’s external auditors and Internal Audit Centre, reviewing financial information, and overseeing the financial reporting system, risk management system and internal control system, considering and reviewing the resources, qualifications and experience of employees of the Company’s accounting and financial reporting function. The major duties of the Nomination Committee are to review the Board composition, to identify individuals suitably qualified to become Board members, to make recommendations to the Board on the appointment, reappointment and succession planning of Directors, to assess the independence of independent non-executive Directors and to review the Board diversity policy and the nomination policy of the Company. The Remuneration and Appraisal Committee reviews the Company’s policy and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy, and regularly reviews the remuneration of Directors and Senior Management related to sustainable development. The Risk Management Committee is responsible for formulating the risk management framework, reviewing and evaluating the effectiveness of the Group’s risk management framework, supervising and ensuring the effective implementation of risk control measures, and reporting to the Board on a regular basis.



To ensure the effectiveness and independence of corporate governance, the composition of the Board comprises independent non-executive directors and their extensive experience has made significant contributions to the enhancement of the decision-making capability of the Board and the achievement of a sustainable and balanced development of the Group. They bring impartial views and opinions on major decisions such as corporate strategy, performance and control measures, and take the lead to address potential conflicts of interest. In addition, the Group continuously improved the diversity of the Board. As at 31 December 2022, female directors accounted for 14.3% of the Board, and 3 directors had more than 5 years of professional experience in risk management, which helped to enrich the risk management skills of the Board.

2) Anti-corruption Policies

Thoroughly complying with the Anti-Money Laundering Law of the People's Republic of China and other applicable laws and regulations, the Group has formulated such strict bribery and anti-corruption policy as follows: Anti-corruption Policy, Management Measures for Employee Rewards and Accountability, Implementation Measures for Accountability Inquiry for Operation and Management, and Confidentiality Policy, which is applicable to all employees of the Group. These policies detail formal policy on anti-corruption, bribery and anti-money laundering for the links of prevention, control, feedback, etc.

The Group stipulates that the person in charge of each subsidiary shall take the primary responsibilities for anti-corruption actions and he/she is required to regularly sort out and review the integrity risks of the subsidiary. According to the nature and influence of employees' violations of anti-corruption disciplines, the Group specifies the definitions and corresponding punishments for violations of disciplines and the performance pay may be deducted with reference to the Management Measures for Employee Rewards and Accountability. Those suspected of committing a crime will be handed over to judicial organs.

Meanwhile, the Group' Financial Centre is responsible for raising, application, balancing and allocation of the Company's funds, and supervises the performance of obligations by employees and suppliers regarding anti-money laundering, anti-terrorist financing and anti-improper profit activities, so as to ensure the overall compliance during operations.

3) Reporting of Disciplinary Violations and Whistleblower Protection Mechanism

The Group has established various channels for reporting integrity violations. Employees can report violations through official website, emails, tip-offs hotlines or letters. For the clues received, the Group will register and distribute them as soon as possible. The contractor will contact the whistleblowers in a timely manner, give priority to handling and take targeted measures in case of emergency, and give a monetary reward of no less than RMB2,000 to the whistleblower for the verified reports. In addition, in August 2022, the Group has opened a president's mailbox, and any corruption reporting information such as misconduct, violation of the Company's rules and regulations or suspected corruption can be directly sent to the president.

In order to protect the rights and interests of whistleblowers, the Group's Anti-corruption Policy stipulates that the information of whistleblowers shall be confidential and strictly protected by the Group's Anti-corruption Policy whether the alleged misconduct is verified or not. Besides, the Group prohibits the investigated units and the reported individuals from retaliating against the whistleblowers. Once identified, the relevant personnel will be demoted, transferred to other positions, given serious demerits, dismissed or handed over to public security organs as appropriate.

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.





2. REGULATING ANTI-CORRUPTION CONDUCT

To further regulate the anti-corruption conduct, the Group strictly implements various anti-corruption initiatives, regularly collects information related to the conduct of integrity of its management personnel and requires all senior management to sign the Letter of Responsibility for Integrity Management to ensure the implementation of integrity management in the unit. In the meantime, the Group requires new employees to sign the Employee Integrity Commitment when they are onboard to make commitments to their integrity behavior and shall receive education on integrity in practice in their daily operations to learn and understand the definition, whistle-blowing methods and accountability procedures of corruption acts set out in the Staff Manual. In addition, the Group organizes all the attendees to take an anti-corruption oath in the year-end summary conference of each year, further enhancing the employees' awareness of integrity and dedication.

At the same time, the Group requires all cooperative third-party service providers to enter into the contracts in accordance with the Contract Management Rules and sign an Integrity Agreement, requiring them to undertake to comply with the national laws and regulations and the systems related to the Group's integrity management and provide reporting mailbox and reporting hotlines to ensure mutual supervision in the course of contract performance and strengthen integrity and self-discipline.

Case: Taking an Anti-corruption Oath at the Annual Work Planning Meeting

On 18 January 2022, at the annual work planning meeting, the President of the Group led all the participating personnel to take an anti-corruption oath, and urged all the employees of the Group to be strict with themselves, adhere to anti-corruption, and internalize anti-corruption practice in the heart and externalize anti-corruption practice in the action.



Anti-corruption oath

3. RAISING INTEGRITY AWARENESS

The Group proactively builds a culture and atmosphere of performing duties with integrity. The Group organizes integrity training on specific topics every year, and continuously enriches training and promotes resources. During the Year, the Group conducted a total of 3 anti-corruption training sessions covering Directors and all employees to guide employees at all levels to strengthen self-discipline, including anti-corruption training for Directors with a total of 16 hours, and organized special integrity training sessions for management at each region to strengthen the managements awareness of integrity; for core management talents, the Company issued the "A-Living Management Red Line", "Ten Rules for Cadres" and "Code of Conduct for Employees" and other regulations, advocated cadres to set an example, and took the lead in creating an honest and uncorrupted working atmosphere.

Number of employees attending anti-corruption trainings

15,380 persons

Total hours of employees attending anti-corruption trainings

30,760 hours

Total hours of directors attending anti-corruption trainings

16 hours

Anti-corruption trainings of the Group



Case: “Building an Excellent South China” Management Integrity Training

In March 2022, the Group carried out an integrity training with the theme of “Building an Excellent South China” in South China region. The leaders of the Audit and Supervision Centre gave a lecture on site, and 800 managers including regional presidents, vice presidents and regional heads participated in the training. The training activity achieved good results, which helped urge employees to strictly and conscientiously perform their duties and firmly establish the ideological defense line of integrity and self-discipline.



Integrity training in South China region

In addition, in order to further promote the integrity and win-win cooperation environment in the industry, the Group actively participates in the anti-corruption alliance and gives full play to its influence as a standing council member unit of the China Enterprise Anti-Fraud Alliance and a member unit of the Trust and Integrity Enterprise Alliance. Through continuous optimization of its own anti-corruption policies and self-discipline of behavior, the Group strives to become a model and example of integrity in the industry and lead the development of China’s business civilization.

4. STRENGTHENING INTERNAL AUDIT

The Group formulated and implemented the Internal Audit Management Policy, the Internal Audit Policy for Post-acquisition Management and other internal policies, specified the scope of internal audit, continuously improved the internal control and self-assessment mechanism, reward and punishment rules, stipulated a clear-cut division of responsibilities of the Group’s internal audit department and the audited units, and implemented the standardization and normalization of the audit procedures.

During the Year, under the guidance of the Audit Committee, the Internal Audit Centre of the Group conducted 6 regular audits and 5 special audits in the areas of human resources and administration, quality services, project fees, market expansion and value-added services, and conducted random inspections on projects from time to time to timely investigate and deal with potential violations of integrity; the inspection and evaluation of the group audit scope covers all operations, including all business lines, investment and financing management activities of the Group and its specialized companies. In particular, in order to ensure the implementation of the Group’s integrity management policies, a regular audit involves reviewing the compliance of each unit with the Anti-corruption Policy and other business ethics and standards to further reduce the risk of fraud and commercial bribery, maintain the Group’s business reputation of “integrity and honesty”, and protect the rights and interests of the Group and all stakeholders.

11 Always Maintaining Enthusiasm and Giving Back to Society

KEY PERFORMANCE IN THIS CHAPTER



Total number of employees participating in voluntary services:
2,289 persons



Total hours of participating in voluntary services:
2,314 hours



Number of public welfare activities:
over 1,773



Carrying out **over 7,000** nucleic acid tests and **over 30,000** disinfection work

RESPONSE IN THIS CHAPTER

Material Issues

- Community communication and integration
- Participation in charitable and voluntary activities

HKEX KPI

B8 Community Investment: B8.1, B8.2

SDGs



The Group always carries a sincere heart, consciously carries forward the spirit of the times, initiatively undertakes corporate social responsibility, and strives to achieve the unity of social value and its own value. During the Year, the Group continued to actively carry out and implement initiatives such as normalized pandemic management, public benefit and charity, voluntary service and community care to promote positive interaction between the enterprise and the society, and it was committed to promoting the harmonious development of the society. In 2022, the Group carried out more than 1,773 social public welfare activities, with a total of 2,289 employees participating in volunteer services, and the employees participated in a total of 2,314 hours of volunteer services, with the public welfare footprint covering the whole country.

1. OVERCOMING CHALLENGES AND UNDERTAKING RESPONSIBILITIES

In 2022, when facing the challenges of sporadic pandemic in many places across the country, the Group faced the difficulty and actively adopted various measures to build a strong defense line against the pandemic and flood and protect the safety of the lives and properties of employees and property owners with care and love.

With the ever-changing situation of pandemic prevention and control in China, the Group actively cooperated with national and local policies, insisted on being stationed at the front line of pandemic prevention and control in the community, and supported the pandemic prevention and control with practical actions by establishing an emergency response team for pandemic prevention and control, formulating the Group's guidelines related to COVID-19 prevention and control, standardizing the handling process of emergencies and abnormal situations, and providing anti-pandemic materials for the communities.

In 2022, the Group's projects led property owners to complete more than 7,000 nucleic acid tests and more than 30,000 disinfection work in an orderly and efficient manner in accordance with the pandemic prevention and control requirements of national and local governments, fully safeguarding the safety of nearly one million property owners of the Group's over 2,200 projects under management, which received wide attention and praise from local government agencies, social media and property owners.

Case: We can't give up resisting the "pandemic" and shall ensure the supply of materials

In November 2022, confirmed COVID-19 cases were reported at the Dashi Lishui Blue Sky Project in Panyu District, Guangzhou operated by the Group. The property management personnel of the project timely checked the reserve of materials, deployed the Group's resources to ensure the purchase of living materials for the property owners, and provided the property owners with special, nutritious and comprehensive material packages. At the same time, property housekeepers provided home purchase and delivery services for isolated householders and elderly householders to meet the basic living needs of property owners, which were highly praised by property owners.



Love Packages



Material distribution



Case: Material assistance to fight the "pandemic" together

In August 2022, the pandemic situation in South China was severe. The Group cared about the property owners and the society, donating more than 500 books and toys to the quarantine point in Li'an Town, Hainan Province, and sending more than 300 boxes of caring materials to the front-line workers in the County Centre for Disease Control and Prevention, so as to work together with the community with the strong momentum of "fighting against the pandemic together and overcoming difficulties".



Property management employees are fighting against the "pandemic" together



Charitable donations from property owners in the community



2. BUILDING HARMONIOUS COMMUNITIES TOGETHER

The Group continued to strengthen the construction of community governance system by creating a red community with co-construction, co-governance and sharing. Through the establishment of a new model of combining Party building with residents' autonomy and cooperating with property owners to fight against the pandemic, the Group strengthened the standardization and construction of community management, increased the participation of property owners in community public affairs management, effectively realized the positive interaction between community governance and residents' autonomy, and built a bridge for communication between the property owners and companies.

Case: New model of combining Party building with resident' autonomy

During the Year, the Tongxiang Greenland Smart City project operated by the Group led the cultivation of social organizations to participate in community governance, launched the community communication space "Common Family and Good Neighbourhood Station", and encouraged residents to carry out activities such as patriotic education, environmental protection communication, mass discussion etc. to fully mobilize residents' awareness of grassroots autonomy. The project also held community cultural activities such as Dragon Boat Festival and National Day Parade to promote the integration of community residents.



Mass discussion in
"Common Family and Good Neighbourhood Station"



Community Cultural Activities
during Dragon Boat Festival

Case: Innovating a New Model of Community Service through "Joint Construction of Five Parties"

During the Year, the Group's La Cite Greenville Zhongshan project established a working model of "Joint Construction of Five Parties" through the leadership and organization of the community Party committees, active cooperation of the property management companies and active participation of members and cadres of the Party and volunteers of the Party, which effectively improved community management and service quality. Under this innovative service model, through providing quality and convenient services and carrying out Party building activities, the communities and property management companies also let residents truly feel the care of the Party organization, which promoted the "integration of people's hearts".



Photos of some activities

3. SHARING WARMTH AND DELIVERING KINDNESS

While focusing on its own development and striving to build high-quality services, the Group continues to make a contribution to public welfare. The Group's Former Township Party Branch continued to focus on the theme of "Delivering Exquisite Life Services with Innovation Powered by the Spirits of the Party" and lead the employees to actively carry out public welfare activities such as "Safeguarding Beautiful Coastline" to fulfil the corporate social responsibilities.

Case: Hainan Clearwater Bay Project Charity Beach Clean-up

In 2022, in order to enhance the environmental protection awareness of the property owners to cherish the ocean and actively contribute to the protection of the marine ecology, the Group's Clearwater Bay Haijing Xintian project launched the public welfare beach cleaning activity, "Safeguarding Beautiful Coastline", to jointly build a beautiful marine environment with the property owners, which improved the environmental protection awareness of the property owners, promoted the harmonious relationship between the property manage company and the property owners, and created a warm community atmosphere.



The site of public welfare beach cleaning activity

Case: Caring for Veterans

12 April 2022 marked the 77th anniversary of the victory in the War of Resistance. The Yunnan Former Township Party Branch of the Group gathered volunteers and caring owners to hold activities to comfort the war veterans, and presented gifts, flowers and condolence flags to the veterans, expressing high respect for the revolutionary predecessors and demonstrating the Group's social responsibility and heart for public welfare.



Group photos of condolences to veterans of the War of Resistance

Appendix I: Key Performance Indicators in 2022

ENVIRONMENTAL KPIS

ESG indicators	Unit	Figure
A1.1 The types of emissions and respective emissions data		
Sulfur oxides ¹	kg	5.61
Nitrogen oxides ²	kg	3,196.63
Particulate matter ³	kg	267.73
A1.2 Direct and energy indirect greenhouse gas emissions		
Total greenhouse gas emissions ⁴	tons of CO ₂ equivalent	241,910.62
Greenhouse gas emissions (Scope 1) ⁵	tons of CO ₂ equivalent	11,393.44
Greenhouse gas emissions (Scope 2) ⁶	tons of CO ₂ equivalent	230,517.18
A1.3 Hazardous waste produced⁷		
Waste lamp tube	number	47,680
Waste batteries generated	ton	88.56
A1.4 Total non-hazardous waste produced		
Office domestic garbage produced	ton	843.04
A2.1 Direct and indirect energy consumption by type in total and intensity⁸		
Total energy consumption	MWh	319,727.36
Energy consumption intensity	MWh/'000 m ²	0.70
Direct energy consumption	MWh	41,362.84
Indirect energy consumption	MWh	278,364.52
Gasoline consumption	MWh	6,206.06
Diesel consumption	MWh	30,873.57
Liquefied petroleum gas	MWh	168.13
Pipeline natural gas	MWh	4,115.08
Purchased electricity	MWh	278,364.52
A2.2 Water consumption in total and intensity		
Total water consumption	m ³	12,705,627.78
Total water consumption intensity	m ³ /'000 m ²	27.69

Notes on environmental KPIs:

The period of data collection was from 1 January to 31 December 2022, with data collection covering headquarter office of the Group, 6 headquarters of regional offices, the headquarters of member companies of 3 business segments, and 528 projects' office areas, non public areas, and all non-outsourced staff canteens.

1. Emissions of sulphur oxides are generated from liquefied petroleum gas and official vehicles, and the emission factors are primarily based on the Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange;
2. Emissions of nitrogen oxides are generated from pipeline natural gas, liquefied petroleum gas and official vehicles, and the emission factors are primarily based on the Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange. The heating value factors for liquefied petroleum gas are based on the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Public Building Operating Enterprises (Trial) (《公共建築運營企業溫室氣體排放核算方法和報告指南(試行)》) issued by the General Office of the National Development and Reform Commission of the PRC in 2015; the emission factors for natural gas are based on the Pollutants Discharge Coefficients and Material Accounting Methods Applicable for Industries not Subject to Pollutants Discharge Permitting Administration (Trial) (《未納入排污許可管理行業適用的係數物料衡算方法(試行)》) issued by the Ministry of Ecology and Environment of the PRC in 2017;
3. Emissions of particulate matter are generated from official vehicles, and the emission factors are primarily based on the Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange;
4. Total greenhouse gas emissions include direct greenhouse gas emissions and indirect greenhouse gas emissions;
5. Direct greenhouse gas emissions are generated from uses of diesel, gasoline, liquefied petroleum gas and pipeline natural gas, and the energy emission factors are based on the Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange;
6. Indirect greenhouse gas emissions are generated from purchased electricity, and the greenhouse gas emission factors for purchased electricity are based on the Baseline Emission Factor of China's Regional Power Grids for 2019 (《2019年度中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environment of the PRC;
7. According to the business nature and actual operations of the Group, the wastes were mainly generated from property management service projects and office environment, and no wastes covered in the National Catalogue of Hazardous Wastes of the People's Republic of China were generated;
8. Total energy consumption includes the total energy consumption generated by gasoline, diesel, liquefied petroleum gas, pipeline natural gas and purchased electricity, and the heating value factors for direct energy are based on the Accounting Methods and Reporting Guidelines for Greenhouse Gas Emissions of Public Building Operating Enterprises (Trial) issued by the General Office of the National Development and Reform Commission of the PRC in 2015.



SOCIAL KPIS

ESG indicators		Unit	Figure
B1 Employment			
B1.1 Total workforce by gender, employment type, age group and geographical region			
Total number of employees		Person	95,102
By gender	Male	Person	51,371
	Female	Person	43,731
By age group	30 or below	Person	14,624
	31–49	Person	42,287
	50 or above	Person	38,191
By level	Senior management	Person	311
	Middle management	Person	3,578
	Staff	Person	91,213
By geographical region	Mainland China	Person	95,093
	Hong Kong, Macao and Taiwan, and overseas	Person	9
B1.2 Employee turnover rate by gender, age group and geographical region¹			
Total turnover rate		%	34.05
By gender	Male	%	17.75
	Female	%	16.30
By age group	30 or below	%	9.58
	31–49	%	11.56
	50 or above	%	12.91
By region	Mainland China	%	34.05
	Hong Kong, Macao and Taiwan, and overseas	%	0.001
B2 Health and Safety²			
B2.1 Number and percentage of work-related fatalities			
2022		Person; %	0; 0
2021		Person; %	1; 0.001
2020		Person; %	1; 0.002
B2.2 Lost days due to work injury			
Lost days due to work injury		Day	1,245

ESG indicators		Unit	Figure
B3 Development and Training			
B3.1 The percentage of employees trained by gender and employee category³			
By gender	Male	%	54.56
	Female	%	45.44
By level	Staff	%	0.33
	Middle management	%	3.84
	Senior management	%	95.83
B3.2 The average training hours completed per employee by gender and employee category⁴			
By gender	Male	Hour	15.73
	Female	Hour	16.42
By level	Senior management	Hour	14.96
	Middle management	Hour	20.57
	Staff	Hour	15.87
B5 Suppliers Management			
B5.1 Number of suppliers by geographical region			
Region	Mainland China	Number	2,829
	Eastern China	Number	481
	Southern China	Number	1,246
	Western China	Number	440
	Northern China	Number	241
	Central China	Number	350
	Northeast China	Number	71
	Hong Kong, Macao and Taiwan, and overseas	Number	0
B6 Product Responsibility			
B6.2 Number of products and service related complaints received⁵			
Number of complaints received		Number	15,838
Percentage of customer complaints dealt with		%	98





ESG indicators		Unit	Figure
B7 Anti-corruption			
B7.1 Number of concluded legal cases regarding corrupt practices and the outcomes of the cases			
Number of concluded legal cases regarding corrupt practices		Case	0
B7.3 Anti-corruption training provided to directors and staff			
Number of training participants	Directors	Person	8
	Staff	Person	15,380
Training hours	Directors	Hour	16
	Staff	Hour	30,760
B8 Community Investment			
B8.2 Resources contributed to the focus area			
Money contributed to the focus area		RMB	435,262
Manpower contributed to the focus area		Person	2,289

Notes on social KPIs:

1. The employee turnover rate is calculated based on: $\text{Turnover rate (per category)} = \frac{\text{Employees in the specified category leaving employment}}{\text{Number of employees}}$;
2. The health and safety data covers all A-Living employees, and the remaining social KPIs cover A-Living and its subsidiaries;
3. The percentage of employees trained is calculated based on: $\text{Percentage of employees trained} = \frac{\text{Employees in the specified category who took part in training}}{\text{Employees who took part in training}}$;
4. The average training hours completed by employees is calculated based on: $\text{Average training hours completed by employees} = \frac{\text{Total number of training hours completed by employees in the specified category}}{\text{Number of employees in the specified category}}$;
5. The number of complaints increased in 2022 compared to 2021 as a result of the addition of several new projects and user numbers, and the addition of the "A-Steward" App channel to receive complaint information.



Appendix II: Content Index for the ESG Reporting Guide

ESG Indicators		Disclosure	Corresponding Section
A1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix I Key Performance Indicators in 2022
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I Key Performance Indicators in 2022
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I Key Performance Indicators in 2022
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I Key Performance Indicators in 2022
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A1.6	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I Key Performance Indicators in 2022
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I Key Performance Indicators in 2022
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. / The Group is a non-production enterprise, which does not use packaging material	



Appendix II: Content Index for the ESG Reporting Guide (continued)

ESG Indicators		Disclosure	Corresponding Section
A3 General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	VIII. Protecting the Environment Diligently at All Times
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	VIII. Protecting the Environment Diligently at All Times
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	VII. Caring for Employees with Sincerity
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	VII. Caring for Employees with Sincerity
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix I Key Performance Indicators in 2022
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	VII. Caring for Employees with Sincerity
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	Appendix I Key Performance Indicators in 2022
B2.2	Lost days due to work injury.	Disclosed	Appendix I Key Performance Indicators in 2022
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	VII. Caring for Employees with Sincerity
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	VII. Caring for Employees with Sincerity
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix I Key Performance Indicators in 2022
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Appendix I Key Performance Indicators in 2022

ESG Indicators		Disclosure	Corresponding Section
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	VII. Caring for Employees with Sincerity
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	VII. Caring for Employees with Sincerity
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	VII. Caring for Employees with Sincerity
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	IX. Faithful Cooperation to Achieve Win-win Results
B5.1	Number of suppliers by geographical region.	Disclosed	IX. Faithful Cooperation to Achieve Win-win Results
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	IX. Faithful Cooperation to Achieve Win-win Results
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	IX. Faithful Cooperation to Achieve Win-win Results
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	IX. Faithful Cooperation to Achieve Win-win Results
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Disclosed	VI. Adhering to Craftsmanship and Improving Services
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. / The Group is a non-production enterprise, which does not produce products subjects to recalls for safety and health reasons	
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	VI. Adhering to Craftsmanship and Improving Services
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	VI. Adhering to Craftsmanship and Improving Services



Appendix II: Content Index for the ESG Reporting Guide (continued)

ESG Indicators		Disclosure	Corresponding Section
B6.4	Description of quality assurance process and recall procedures.	Not applicable. / The Group is a non-production enterprise, which does not involve quality assurance and recall procedures	
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	VI. Adhering to Craftsmanship and Improving Services
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	X. Compliant Management and Performing Duties with Integrity
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Appendix I Key Performance Indicators in 2022
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	X. Compliant Management and Performing Duties with Integrity
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	X. Compliant Management and Performing Duties with Integrity
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	XI. Always Maintaining Enthusiasm and Giving Back to Society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	XI. Always Maintaining Enthusiasm and Giving Back to Society
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	XI. Always Maintaining Enthusiasm and Giving Back to Society

Appendix III: List of Policies

ESG Indicators	Compliance with Laws	Internal Policies
	Environmental Protection Law of the People's Republic of China	
	Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution	
	Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution	
	Law of the People's Republic of China on Prevention and Control of Water Pollution	
	Marine Environment Protection Law of the People's Republic of China	
	Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	Flood Control Emergency Plan
	Environmental Impact Assessment Law of the People's Republic of China	Earthquake Disaster Emergency Plan
	Technical Policy for Prevention and Control of Hazardous Waste Pollution	Ledger of Flood Control Emergency Materials
A1 Emissions	Regulations on the Administration of City Appearance and Environmental Sanitation of Cities	Waste Management Measures
A2 Use of Resources	Regulations on the Administration of Construction Project Environmental Protection (2017 Revision)	Work Procedures for Collection and Disposal of Domestic Garbage
A3 The Environment and Natural Resources	Administrative Regulations of the People's Republic of China on the Prevention of Marine Environment Pollution Caused by Land-based Pollutants	Public Energy Consumption Management Regulations
A4 Climate Change	National Catalogue of Hazardous Wastes	Management Measures and Procedures for Water and Electricity Consumption
	Measures on the Management of Hazardous Waste Manifests	Management Measures for Energy Saving and Consumption Reduction
	Regulations on Urban Water Conservation Management	Management Measures for Oil Consumption by Vehicles
	Measures on the Administration of Automatic Monitoring of Pollution Sources	Regulations on Waste Water Dumping in Environmental Protection Operations
	Administrative Measures for Urban Living Garbage Management Measures for Saving Electricity	Regulations on Leachate Treatment
	Comprehensive Work Plan for Energy Conservation and Emission Reduction during the 14th Five-Year Period	Domestic Waste Classification Work Regulations
	Work Plan for Controlling Greenhouse Gas Emissions during the 14th Five-Year Period	

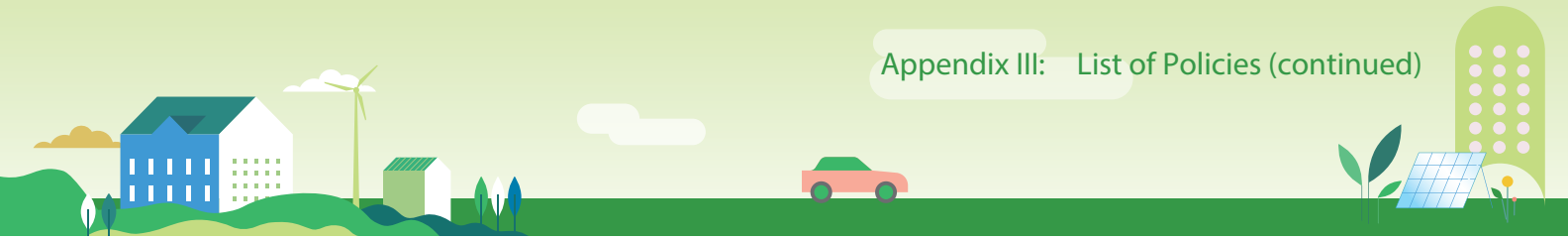


ESG Indicators	Compliance with Laws	Internal Policies
<p>B1 Employment</p> <p>B2 Health and Safety</p> <p>B3 Development and Training</p> <p>B4 Labour Standards</p>	<p>Labour Law of the People’s Republic of China</p> <p>Labour Contract Law of the People’s Republic of China</p> <p>Law of the People’s Republic of China on Promotion of Employment</p> <p>Social Insurance Law of the People’s Republic of China</p> <p>Law of the People’s Republic of China on Prevention and Control of Occupational Diseases</p> <p>Law of the People’s Republic of China on Work Safety</p> <p>Fire Protection Law of the People’s Republic of China</p> <p>Emergency Response Law of the People’s Republic of China</p> <p>Trade Union Law of the People’s Republic of China</p> <p>Regulations of the People’s Republic of China on Punishments in Public Order and Security Administration</p> <p>Law of the People’s Republic of China on the Protection of Women’s Rights and Interests</p> <p>Law of the People’s Republic of China on the Protection of Minors</p> <p>Regulations on Work-Related Injury Insurance of the People’s Republic of China</p> <p>Regulations on Reporting, Investigation and Handling of Work Safety Accidents</p> <p>Regulations on the Safety Management of Hazardous Chemicals</p> <p>Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions</p> <p>Interim Provisions on Investigation and Treatment of Hidden Dangers in Work Safety Accidents</p> <p>Provisions on the Supervision and Administration of Occupational Health at Work Sites</p> <p>Regulations on Safety Supervision of Special Equipment</p> <p>Special Provisions on the Labor Protection of Female Employees</p> <p>Provisions on Minimum Wages</p> <p>Prohibition of Using Child Labor</p>	<p>Disease Outbreak Prevention and Control Emergency Plan of A-Living Group</p> <p>Internal Trainer Management Measures</p> <p>Management Measures for Position Coaches</p> <p>Management Measures for the Learning and Development of New Employees</p> <p>Learning and Development Management Policy</p> <p>Barrier-free Facilities Safety Management Regulations</p> <p>Emergency Preparation and Emergency Response Control Procedures</p> <p>Operation Safety Management Regulations</p> <p>Elevator Maintenance Supervision and Management Regulations</p> <p>Emergency Handling Procedures for Engineering Accidents</p> <p>Special Incident Reporting Procedures</p> <p>Related Party Management and Control Procedures</p> <p>Employee Physical Examination Management Measures</p> <p>Measures for the Management of Work-related Injuries</p> <p>Policy for Corporate Certificates and Licenses</p> <p>Occupational Health Management Measures</p> <p>Internal Competition Management Measures</p> <p>Promotion Management Policy</p> <p>Management Measures for Internal Personnel Changes</p> <p>Attendance Management Policy</p> <p>Retirement Management Policy</p> <p>Probation Appraisal Management Policy</p> <p>On-boarding Management Policy</p> <p>Labor Contract Management Policy</p> <p>Recruitment Management Policy</p> <p>Training Management System</p> <p>Employee Benefit Management Policy</p> <p>System for Visiting sick employees</p> <p>Management Measures for External Learning and On-the-job Training of Employees</p> <p>Management Measures for the Learning and Development of Graduates</p> <p>LOHAS π Management Policy of A-Living Group</p> <p>Policy on the Appointment of Directors, Supervisors and Senior Management of A-Living Group</p> <p>Management Measures for Expatriates (Trial)</p>

ESG Indicators	Compliance with Laws	Internal Policies
<p>B5 Supply Chain Management</p>	<p>Tendering and Bidding Law of the People's Republic of China Government Procurement Law of the People's Republic of China</p>	<p>Supplier Management Measures Operational Guidelines for the Introduction of Suppliers and Contract Signing Procurement Management Policy Procurement Supplier Management Procedures Procurement Tendering Management Procedures Procurement Tendering Management System Articles Procurement Regulations Management Regulations for A-Living Centralized Procurement Platform Operation Procedures of A-Living Centralized Procurement Platform Service Supplier Management Policy Management Regulations for Work Handover between Old Suppliers and New Suppliers of Outsourcing Services Supervision Work Procedures for Environmental Outsourcing Homecare Services Partners Management Measures Home Improvement Services Tendering Management Measures Management Measures for Operational Procurement of City Service Projects Management Measures for Tendering and Bidding of Extended Projects in City Service Markets Management Measures for City Service Project Tendering Management Policy on Project Warehouse Supplies</p>



ESG Indicators	Compliance with Laws	Internal Policies
<p>B6 Product Responsibility</p>	<p>The Civil Code of the People's Republic of China Law of the People's Republic of China on Urban Real Estate Administration Law of the People's Republic of China on the Protection of Consumer Rights and Interests Tort Law of the People's Republic of China Cybersecurity Law of the People's Republic of China Advertising Law of the People's Republic of China Construction Law of the People's Republic of China Regulations of the People's Republic of China on Property Management Copyright Law of the People's Republic of China Trademark Law of the People's Republic of China Patent Law of the People's Republic of China</p>	<p>Management Standards for Owners' Profile Red and Yellow Card Appraisal System for Quality Control of A-Living Group A-Living Three-level Quality Management Inspection System Code of Practice for Home Visit Reward and Punishment Measures for Handling of Complaints of A-Living User Privacy Policy Confidentiality Policy Information System Security and Operation Management Policy Information System User Account and Authority Management Information System Disaster Recovery Policy Information System Error and Accident Handling Standards Machine Room Management Policy Data Backup and Recovery Policy Property Service Standardization Manual (Quality Operation) Property Takeover and Acceptance Management Regulations Guidelines on Post-acquisition Empowerment Work Provisional Regulations on the Operation of Management in Connection with Property Member Companies Administrative Measures for Information Reporting of Property Member Companies (Trial) Rules of Procedure for the Post-acquisition Management Committee of Property Members Companies Management Guidelines for Third-Party Companies Emergency Response Measures for Major Events of Member Companies Property Franchise Project Management Regulations Management Measures for Property Management Service Quality of Commercial Office Building Projects (Interim) Sales Centre Standardization Management Manual Monitoring and Measurement Control Procedures for Services and Provision Process Monitoring and Measurement Control Procedures for Corrective and Provision Process Procedures for Corrective and Preventive Measures Public Facilities and Equipment Management Regulations Operation and Maintenance Procedures for the Power Supply and Distribution System Central Air Conditioner Operation and Maintenance Procedures</p>



ESG Indicators	Compliance with Laws	Internal Policies
		Dereliction of Duty and Accountability Management Measures for Elevator Repair and Maintenance Monitoring Equipment Room Inspection Management Procedures Fire Safety Management Work Procedures Customer Demands Management Work Procedures 400 Hotline Complaint Handling and Reward and Punishment Measures Customer Satisfaction Survey Work Procedures Network Security Management Standards Work Procedures for Customer Profile Management Administrative Measures on Legal Affairs of A-Living Group Trademark Affairs Management Measures Standardization Manual for Trademark Property Indicators for Comprehensive Evaluation of Project Site Quality Quality, Environmental, Occupational Health and Safety Management System Management Manual Quality, Environmental, Occupational Health and Safety Management System Public Standardization Manual Intellectual Property Management Policy Information System Password Management Policy Management System for Safety of Sensitive Privacy Data within Information System Training on Property Acceptance Standards for Property Owners Training on Legal Knowledge of Commodity Housing Basic Knowledge of Property Market Development Professional Training on Market Development Lines Management Measures for Financial Controllers of Member Companies (Trial)
B7 Anti-corruption	Company Law of the People's Republic of China Anti-Unfair Competition Law of the People's Republic of China Anti-Monopoly Law of the People's Republic of China Anti-Money Laundering Law of the People's Republic of China Interim Provisions on Prohibiting Commercial Bribery	Management Measures for Employee Rewards and Accountability Integrity Policy (2021 Revision) Implementation Measures for Accountability Inquiry of Operation and Management (2021 Revision) Internal Audit Policy for Post-acquisition Management (Trial) Internal Audit Management Policy Audit Management Policy for Term of Office and Departure Dereliction of Duty and Accountability Management Measures (2021 Revision) Code of Business Conduct of Agile Risk Management Policy of A-Living Group (2021 Edition)

