



# 2023

## **Environmental, Social and Governance Report**

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# About this Report

## Scope of the Report

This is the eighth environmental, social and governance ("ESG") report ("Report") issued by Huafa Property Services Group Company Limited ("Huafa Property Services" or the "Company"), which aims to provide a comprehensive and objective disclosure of the vision, strategies and practices of Huafa Property Services and its subsidiaries (the "Group") in relation to ESG issues from 1 January 2023 to 31 December 2023 to facilitate our stakeholders' understanding of the Company's sustainability performance. Unless otherwise indicated, the scope of this Report is consistent with the Company's 2023 Annual Report.

## Basis of Compilation

This Report is compiled in accordance with Appendix C2 of "Environmental, Social and Governance Reporting Guide" in the Rules Governing the Listing of Securities (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or the "HKEX"). The detailed index of the ESG Guide is set forth in the Appendix section of this Report for quick reference.

## Legal Policy Statement

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

## Source of Data

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

## Definitions

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

## Approval of the Report

This Report follows the Reporting Principles and was approved for publication by the board of directors of the Company on 28 February 2024.

## Access to the Report

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

## Information and Feedback

Should you have any questions or suggestions regarding this Report, please email us at [ir982@huafagroup.com](mailto:ir982@huafagroup.com).



# Chairman'S Statement

2023 is the opening year to fully implement the spirit of the 20th National Congress of China, as well as the transition year towards the "post-epidemic era" when social development returns to normal and rapid recovery. It also proves to be a year for the Company to forge ahead and fulfill down-to-earth work. This year, the Company focused on the overall orientation of "high-quality development guided by culture and powered by quality" and implemented the four core measures of "cultural cohesion, premium service, top-notch management, and satisfactory businesses" to create brand characteristics relying on excellent business capabilities and good reputation, achieving both rapid growth and high-quality development.

## Oriented to "high-quality development", we strive to achieve a new leap forward

The Company has steadily consolidated its own development, comprehensively deepened reforms, and taken multiple measures to support corporate development from multiple dimensions such as organizational restructuring, management and control model optimization, and collaboration reinforcement. In 2023, the Company undertook 118 new service projects across the country and successfully won the bid for the "second-tier" channel and venue project in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin, effectively building the corporate brand and helping to reach the top of the industry and move to the world stage. Based on the main responsibility and main business, the Company focused on diversified development, shored up value-added supporting businesses, implemented categorized policies, and achieved steady improvement in performance. As of the end of 2023, the Company had achieved a total revenue of RMB1,775.7 million, and won a number of honors including the "Ranking 16th among the 2023 Top 100 Property Services Enterprises in China", "Top 10 Chinese Listed Property Enterprises of State-owned Assets", and "The 6th Zhuhai Mayor's Quality Award".

## Oriented to "high-quality development", we step up service and accountability

The Company always keeps in mind its initial intention, and spares no efforts to empower a comfortable life for more people relying on the spirit of craftsmanship that strives for excellence and premium service. In 2023, the Company launched a special campaign of "setting, learning and becoming benchmarks", and carried out a benchmark selection campaign throughout the Company, forming a sound atmosphere of "catching up and surpassing others through learning". Taking initiatives such as "customer operation platform and smart community development", the Company innovatively used intelligent tools and means to provide online and offline smart community services for owners, gradually build a smart service ecosystem and service value chain, and steadily improve the digital service capability. The Company continued to ratchet up the linkage between the property company and community, and carried out special rectification actions for the legacy of such problems as Zhuhai Chunlei and South China Relay Baton to revitalize the customer experience. Meanwhile, it teamed up to create the activity brand of "Super Huafa Fans Festival" to provide high-quality and considerate community services and enhance user satisfaction.

## Oriented to "high-quality development", we consolidate new forces for growth

The Company insists on joining hands with every employee to promote common growth and development, strengthens the cultivation of talent team, implements refined management, optimizes the organization and talent allocation, attaches importance to talent training and development, and empowers the management and service improvement. In response to the government's call for enterprises to improve employees' professional skills, it continues to promote the development of a "learning oriented" workforce, and establishes an incentive mechanism that matches the business to motivate employees to learn. The Company and its partners form a strong alliance, complement each other in terms of strength, and achieve a win-win situation. Further, the Company and its partners promote to become an even more influential enterprise, actively empower the development of supply chain, constantly advocate and practice the transformation of multiple stakeholders into a community with a shared future, contributing to the robust development of the industry.

Looking forward, the Company will uphold its mission and shoulder responsibilities, persist in promoting the integration of enterprise reform, innovation, and development with social responsibilities, deliver an honorable corporate citizenship image, and unremittingly polish up the brand influence, innovation driving force, corporate contribution, and leadership of the Company.

Chairman of the Board





# About the Company

## Company Profile

Huafa Property Services Group Company Limited, listed on the Main Board of the Hong Kong Stock Exchange since 2008 with the stock code 00982.HK, is one of the eight listed companies controlled by Huafa Group. 40.68% of its shares is owned by Huafa Properties<sup>①</sup>. The Company's main business is to provide professional and high-quality property management services, hotel consulting services, and consulting services related to the planning and organization of conventions, exhibitions, conferences and events. Among them, Zhuhai Huafa Property provides property management services, Huajin International Convention provides exhibition planning related services, and Huajin Hotel Management provides hotel consulting related services.

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

Huafa Properties hold shares

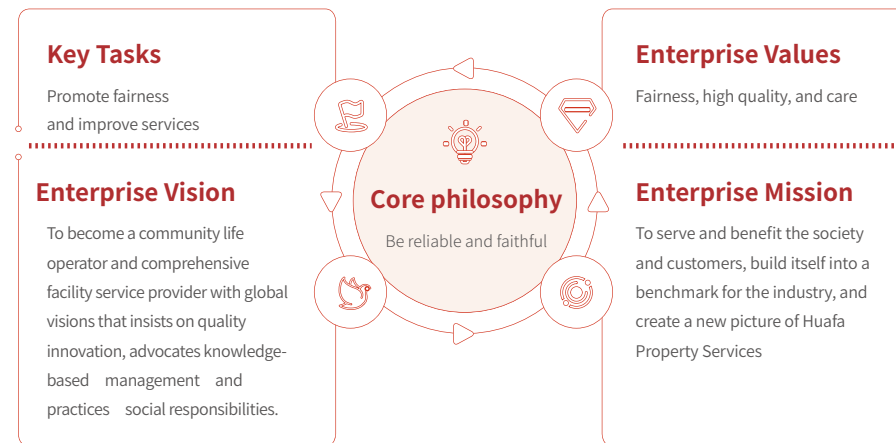
**40.68 %**

Listed on the Main Board of the Hong Kong Stock Exchange

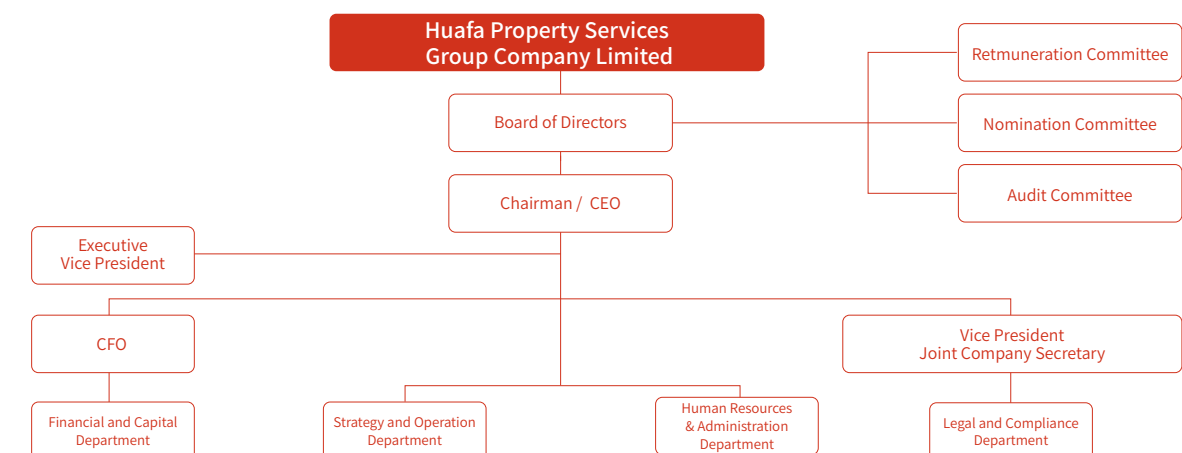
**2008**

Stock Code

**00982.HK**



## Organizational Structure



① According to the disclosure of interest form filed on 14 April 2023 by Huafa Properties, upon the purchase of 191,157,480 shares of the Company by Guang Jie Investment Limited, Huafa Properties was deemed to be interested in such 191,157,480 shares of the Company. Accordingly, Huafa Properties indirectly held an aggregate of 4,093,064,960 shares of the Company through Guang Jie Investment Limited and Huajin Investment Company Limited, accounting for 40.68% of the entire issued shares of the Company. Huafa Group is the ultimate controlling shareholder of the Company.



## Business Distribution

### Property Management Services

Zhuhai Huafa Property, a wholly-owned subsidiary of Huafa Property Services, provides a full-chain comprehensive service system integrating community services, environmental services, public facility operation and maintenance services, urban services, asset operation services, elevator installation and maintenance services, engineering construction services and intelligent construction services to owners, residents and property developers after 38 years of stable development. Zhuhai Huafa Property's gains mainly come from property management services, value-added services for owners and other value-added services.

#### Property Management Services

Zhuhai Huafa Property has been providing services in over 42 cities nationwide including Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan, Chongqing and Nanjing. As at 31 December 2023, it had 390 ongoing projects covering a total Gross Floor Area ("GFA") of about 60.64 million square meters and a total charged GFA of about 31.44 million square meters.

#### Value-Added Services for Owners

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

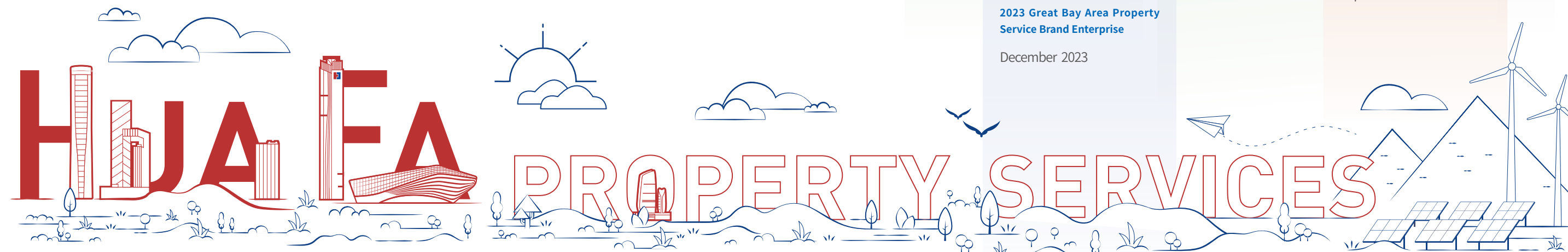
#### Other Value-Added Services

Zhuhai Huafa Property provides a variety of other value-added services covering public works management, building and electromechanical engineering, security and catering.

### Hotel Consulting and Exhibition Services

Under the increasingly competitive market condition, the Group focuses on the property management with careful cultivation. During the pandemic period, the profit of the hotel business dropped sharply due to the macro environment impacts. Therefore, the Group has tightened the investment in the hotel business according to the market condition, and will reevaluate the feasibility of investment in the hotel consulting and exhibition services business model combining with the latest market environment and industry development trends.

## Honors In 2023



# ESG Governance

The Company integrates sustainability into the management policies of the top management and oversees the strategies of ESG issues to create long-term value. In 2023, the Company insists on improving the internal sustainability governance, strengthening the control over environmental and social impacts of corporate development, and actively responding to the demands and expectations of stakeholders.

## Board Statement

The Company has established a scientific, professional and effective ESG governance mechanism, continuously strengthened the Board's oversight and engagement in the Company's ESG issues, and faithfully fulfilled corporate's social responsibilities to realize the long-term, balanced and high-quality sustainability of the Company.

## ESG Governance

The Board of the Company attaches high importance to the ESG practices. In accordance with the requirements of the Environmental, Social and Governance Reporting Guide issued by the HKEX, the Company gradually refines the ESG governance mechanism and continues to improve the ESG governance structure. As the highest decision-making body of the Company's ESG work, the Board of Directors shall be responsible for authorizing the management scope and program decisions, supervising ESG work, regularly evaluating the sustainable development framework.

## ESG Risk Management

The Company is highly concerned with the potential impacts brought by ESG-related risks and opportunities, adopts risk identification and response table output to identify, forecast and analyze ESG risks, continuously evaluates and manages ESG risks in the Company's operation process such as labor and employment risks, and climate risks. The Company has taken effective measures to actively cope with the risks, and formulated multiple internal policies including the Anti-corruption Policy, the Whistleblowing Policy, the Board Diversity Policy and the Board Nomination Policy.

## ESG Goal Management

The Company has incorporated sustainable development factors into our strategic planning, business models and decision-making processes, and set clear short-term, medium-term and long-term sustainable development goals. The Board monitors and reviews the effectiveness of the management approaches on a regular basis, including reviewing the Company's ESG performance, and adjusting corresponding action plans. Through the concerted efforts of core members of different departments and functional units, we have realized the effective implementation of the work in relation to energy conservation an emission reduction and other related strategies and goals.

## ESG Goal Review

In 2023, the Board focused on the reviewing of ESG core work and progress.

### 1 Management Compliance

Huafa Property Services adheres to the principles of corporate management according to law, operation compliance, good faith and integrity, improves the systems including Anti-corruption and Bribery Policy, Whistleblowing Policy, and reviews risks management and internal monitoring irregularly.

### 2 Energy Saving & Emission Reduction and Tackling of Climate Change

Huafa Property Services implements the action plans for "carbon peaking" and "carbon neutrality", proactively take measures to tackle climate change and pays close attention to the impact of climate change on its business operation.

### 3 Products and Services

The Company keeps upgrading the quality of its services through innovative technologies, intelligent services and individualized consideration to provide its customers with excellent living environment and experiences.

### 4 Employee Responsibility

Huafa Property Services also values employee health and growth, regards talents as valuable core competitiveness, and creates an equal, inclusive, healthy and safe working environment for its employees so that they can have stronger sense of happiness and belonging.

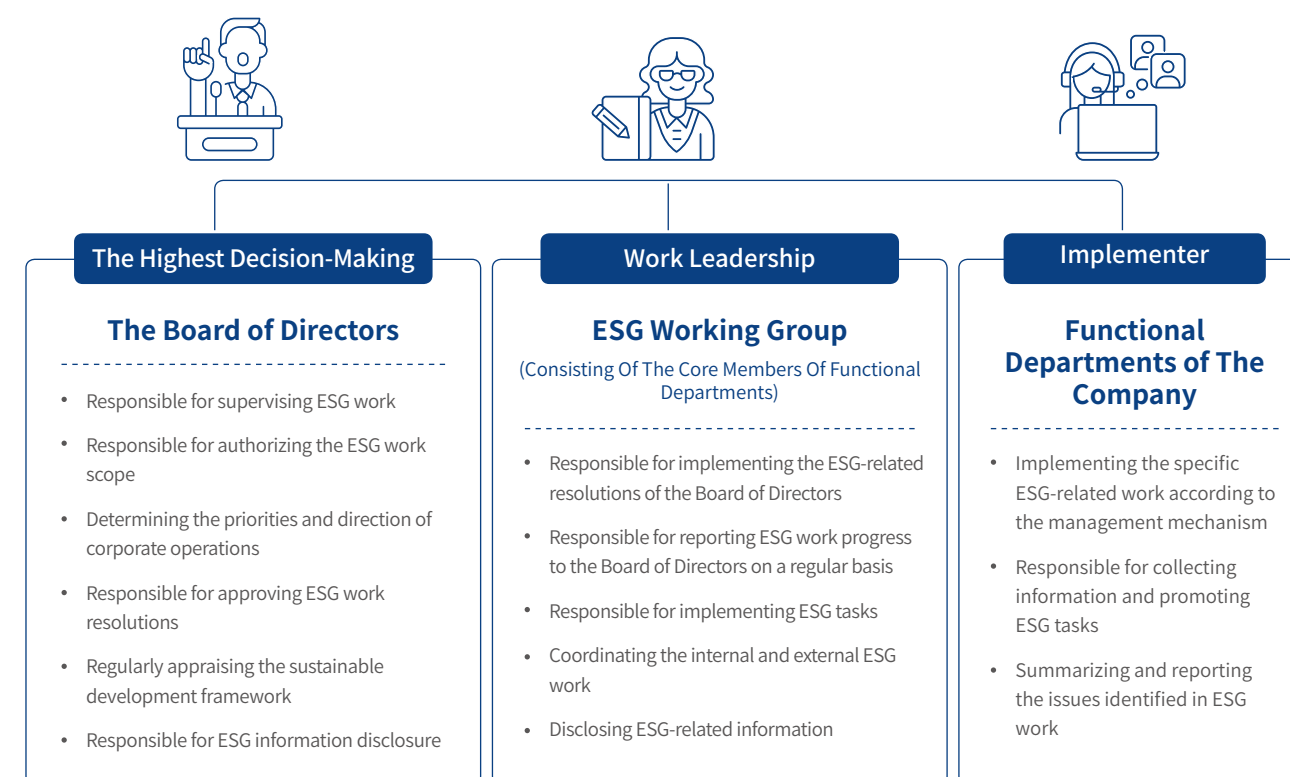
## ESG Management Policy

The Company always pursues sustainable development, develops the ESG management policy under the leadership of its management, lays down ESG policies, procedures and plans for all business, and addresses the needs and expectations of all stakeholders through cooperating with employees and other stakeholders. Therefore, the Company keeps perfecting the ESG management system, focuses on product quality, employee well-being, environmental protection, social welfare, etc., and insists on creating symbiotic value with its customers, suppliers, employees and other stakeholders.

## ESG Management Structure

The Company adheres to the path of sustainable development, incorporates the ESG concept into the corporate development strategy, builds a clear and transparent ESG management structure and facilitates the sustainable development of the corporate business in order to implement and develop the ESG governance better.

As the highest decision-making body of the Company's ESG work, the Board of Directors is responsible for authorizing the management scope, program decisions, comprehensively supervising the ESG matters and fulfilling other corresponding duties. The Company's ESG working group consists of core members from all functional departments of the Company, which is responsible for implementing the ESG-related resolutions of the Board of Directors, reporting the implementation of ESG work to the Board of Directors on a regular basis and coordinating ESG management. All functional departments of the Company implement the specific matters of the ESG working group, and promote the implementation of ESG work.





# Communication with Stakeholders

The Company maintains communication and exchanges with stakeholders through multiple channels, and listens to and proactively addresses the expectations and demands of stakeholders, so as to achieve mutually beneficial interactions and to continuously create values for all stakeholders.

Stakeholders	Main Demand	Communication Methods
 <b>Governments and Regulators</b>	<ul style="list-style-type: none"> <li>Meeting regulatory compliance requirements</li> <li>Complying with laws and listing regulations</li> <li>Paying taxes in full and on time in accordance with the law</li> <li>Promoting regional economic development and employment</li> </ul>	<ul style="list-style-type: none"> <li>Public events</li> <li>Public disclosure of relevant information</li> <li>Reports on policy implementation</li> <li>Cooperate with the investigation conducted by government authorities</li> </ul>
 <b>Investors / Shareholders</b>	<ul style="list-style-type: none"> <li>Maintaining a stable return on investments</li> <li>Ensuring the transparent corporate information disclosure</li> <li>Protecting shareholders' investment rights and fair treatment</li> </ul>	<ul style="list-style-type: none"> <li>Shareholders' annual meetings and other general meetings</li> <li>Annual report, interim report, financial report, circular, announcement and other public information</li> <li>Corporate events</li> <li>Investor email</li> <li>Official website</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>Improving career training mechanism</li> <li>Providing competitive compensation and benefits</li> <li>Ensuring occupational health and safety</li> <li>Creating an equal and inclusive corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Employee meeting</li> <li>Employee activities</li> <li>Employee training</li> <li>Employee opinion survey</li> </ul>
 <b>Customers / Owners</b>	<ul style="list-style-type: none"> <li>Providing legal and high-quality services</li> <li>Maintaining a safe and pleasant environment</li> <li>Protecting customer privacy</li> <li>Ensuring compliant and responsible marketing</li> <li>Advocating the concept of green development</li> </ul>	<ul style="list-style-type: none"> <li>Email and customer service hotline</li> <li>Official website</li> <li>Customer satisfaction survey</li> <li>Owner meeting</li> <li>Community cultural activities</li> <li>Annual report, ESG report and other public information</li> </ul>

Stakeholders	Main Demand	Communication Methods
 <b>Suppliers / Contractors / Service Consultants</b>	<ul style="list-style-type: none"> <li>Strengthening routine communication</li> <li>Performing the contract in accordance with the law</li> <li>Practicing honest and trustworthy operations</li> <li>Building a responsible supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Direct communication and visit</li> <li>Annual review and assessment</li> <li>Bidding activities</li> </ul>
 <b>Industry Association / Chamber Of Commerce</b>	<ul style="list-style-type: none"> <li>Enterprise value and commercial ethics</li> <li>Strengthening communication and exchanges</li> <li>Formulating industry standards</li> </ul>	<ul style="list-style-type: none"> <li>Industry conference and exhibition</li> <li>Official website</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>Improving corporate transparency</li> <li>Fulfilling corporate social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Press conference</li> <li>Media interview</li> </ul>
 <b>Public Service and Community</b>	<ul style="list-style-type: none"> <li>Investing in public service and charity</li> <li>Persisting in green and low-carbon operation</li> <li>Safeguarding the safety and order of communities</li> <li>Promoting community cultural development</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation in public service activities</li> <li>Charity and social investment</li> <li>Interview and investigation</li> <li>Volunteer activities</li> <li>Charitable donation activities</li> </ul>



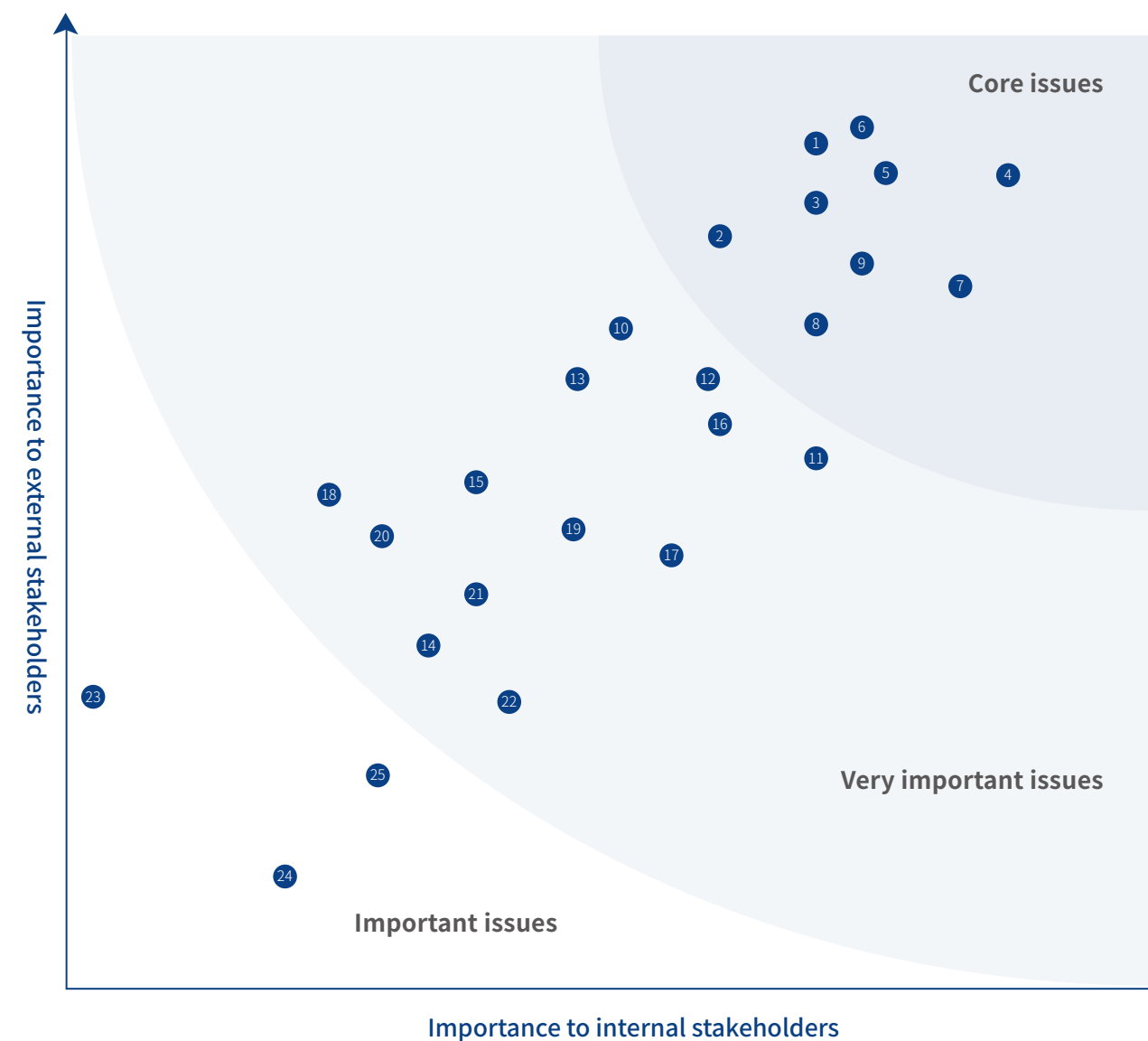
# Material Issue Analysis

The Company updates and continuously perfects the process of identifying and determining the materiality of ESG issues every year, carries out the materiality assessment of ESG issues, and comprehensively incorporates ESG issues into the corporate operation and management to strengthen the sustainable development management and practice.

In 2023, the Company engaged an independent professional institution to conduct a questionnaire survey for internal and external stakeholders to learn about their opinions and suggestions on the material issues of the Company's operation. It ranked ESG issues from the two dimensions of "importance to internal stakeholders" and "importance to external stakeholders" based on the analysis of the questionnaire survey conducted for stakeholders, and drew up a matrix of ESG material issues in 2023 to provide reference for the Company's ESG work and to address the expectations and demands of stakeholders better.

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

## Analysis of Material Issues for the ESG Report of Huafa Property



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





## Consolidating the Foundation for Sustainable Development

Focusing on improving the quality and efficiency of development, the Company optimizes corporate governance, improves the management system and control mode, prevents and mitigates major risks, and makes unremitting efforts to deliver better services and higher operating value.

### Response to SDGs





# Management Structure

The Company places a high value on improving the governance system, actively regulates the internal governance structure, transforming the comprehensive and continuous optimization of corporate governance model into a powerful synergy to promote high-quality development. Under the Board of Directors, there are the Audit Committee, the Remuneration Committee, and the Nomination Committee, which form a scientific and effective responsibility division and balancing mechanism so as to continuously improve its own operation and management. In 2023, the Company held one shareholders' meeting and four board meetings.

## Audit Committee

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

## Nomination Committee

The main responsibilities encompass reviewing the composition and development of the Board of Directors, developing the procedures for nomination and appointment of directors, and giving advice to the Board of Directors on director appointment and succession plans;and evaluating the independence of independent non-executive directors.

## Remuneration Committee

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

# Responsibilities of the Board of Directors

The Board of Directors of the Company is mainly responsible for determining development strategies, reviewing major issues, maintaining investor relations, and supervising and controlling risks of the Company. When appointing and electing members of the Board of Directors, the Company fully considers the diversified factors of the Board of Directors including gender, age, industry experience, professional experience, and educational background so as to provide professional leadership guarantee for the corporate development. The Company continues to be highly concerned with the proportion of female managers, and has set and achieved the management goal of "at least one member of the Board of Directors is a woman" in April 2023. During the Reporting Period, the Company's Board of Directors consisted of nine members, including six executive directors and three independent non-executive directors.

# Steady Operation

The Company considers operation according to law as the basic principle of operation, establishes and improves the integrity and compliance system, abides by business ethics, and achieves high-quality development by governing the enterprise according to laws and regulations.

# Compliance Management

In strict compliance with regulatory requirements of the Securities and Futures Ordinance (Laws of Hong Kong Cap. 571) introduced by the Hong Kong Securities and Futures Commission ("SFC"), Guidelines on Disclosure of Inside Information, Codes on Takeovers and Mergers and Share Repurchases, Appendix C1 Corporate Governance Code and Corporate Governance Guide for Boards and Directors introduced by HKEX, and other laws, regulations, policies and guides, the Company strengthens the responsibility for operation compliance and improves the operation compliance.

## Compliance Organization System

As the highest decision-making department of compliance management, the Board of Directors of the Company deliberates and approves major issues such as compliance system and departmental responsibilities. The core functional departments such as the Legal and Compliance Department have established and improved their compliance management, and jointly promoted the compliance development of the Company from the perspectives such as legal risk prevention and control, internal control, risk control, and compliance audit.

## Compliance Inspection and Assessment

The Company organizes compliance inspection and assessment, investigates various illegal and irregular behaviors, conducts inspections on legal risks and internal control risks, and issues opinions on rectification to realize closed-loop risk management and continuous improvement.

## Compliance Training

The Company conducts compliance training for employees to improve their awareness of compliance management. In 2023, Zhuhai Huafa Property held five training sessions on compliance for middle-level and front-line project personnel of the Company.



## Risk Management

The Company gives top priority to risk management and prevention and control, improves the internal control system and risk management mechanism on an annual basis, and is committed to establishing and improving risk management and its prevention system. The Company has formulated a risk identification and response table as a guiding document for risk management and control, identifying, predicting, and analyzing common risks, and taking effective measures to actively respond. The Audit Department of Zhuhai Huafa Property, as a supervision department, identifies major risks of the Company through various audit work to ensure effective operation of the internal control and management system. In 2023, Zhuhai Huafa Property completed the audit work 16 times, and improved and rectified the risks found in the audit, with the problem solving rate exceeding 90%.

### Internal Control System of Zhuhai Huafa Property:

Stage I	<p><b>Sort out existing policies</b></p> <p>Review the policies or regulations of the Company, the property industry and Hong Kong Stock Exchange, and make necessary corrections for any deficiency in the Company's existing policies.</p>
Stage II	<p><b>Carry out investigations and analyses</b></p> <p>Department conferences are organized to effectively identify the risks in business, and investigation conclusions on internal control risks are drawn based on the information and data of the investigations.</p>
Stage III	<p><b>Prepare the draft report on internal control</b></p> <p>An internal control risk assessment form is prepared according to the results of the investigations, and a draft report on preliminary internal control analysis is completed based on different priorities in internal control in different business processes.</p>
Stage IV	<p><b>Build the risk model</b></p> <p>The relevant indicators at different risk control points are analyzed and quantified, the risk level manual is compiled, and a planning model for internal control risk is built.</p>

## Anti-Corruption Management

The Company has formulated anti-corruption management policies such as the Anti-corruption Policy, Management Measures of Huafa Property Management Co., Ltd. for Handover of Gifts and Payments (Trial), and the Working Policy for Disciplinary Inspection, Intervention and Risk Control of Huafa Property Management Co., Ltd., which provide a solid institutional guarantee for strengthening anti-corruption and integrity work. Zhuhai Huafa Property has set up a leadership taskforce for integrity culture development and anti-corruption work, established and improved the anti-corruption leadership mechanism and working mechanism, and built a clean and honest internal environment.

### Strengthen Routine Supervision

The Company continues to expand its supervision and reporting ways, placing integrity service cards at the front desk of each regional company, business unit, and subsidiary for owners and customers to acquire on their own. It also set up QR codes for behavior supervision, reporting, and complaints filing, improving the channels for supervision and feedback. The Company has strengthened the supervision of key links such as bidding, and members of the Discipline Inspection Commission participated in the supervision of bidding work, improving the operational standardization of various procurement and engineering construction bidding work of the Company. This year, we have supervised 258 bids. In addition, Zhuhai Huafa Property strengthens supervision over key areas and positions, integrates the supervision resources from various functional departments, and ensures standardized management of key areas and key links, as well as the safety of personnel in key positions.



Integrity Supervision Card

### Adhere to the Principles of Integrity and Discipline

The Company always implements various training activities such as integrity education, values publicity, and corporate culture promotion, and consistently promotes culture development. The Company supervises the anti-corruption work and integrity and self-discipline situation of key personnel in key positions, requires them to sign the Letter of Commitment for Integrity, and comprehensively uses methods such as complaint letter and reporting, job evaluation, inspection and assessment to understand the ideological dynamics, work culture, and integrity and self-discipline of employees in a timely manner. It strengthens routine integrity education, conducts talks and reminders in time, and ensures the development of a clean and upright culture. In 2023, the Company did not experience any corruption lawsuits and conducted a total of 11 special training sessions on corporate culture for integrity education.

### Sound Protection Mechanism

The Company has formulated a Reporting Policy and provides multiple channels for receiving reports, including letters and visits, WeChat QR codes, email, call reports, etc., striving to protect the legitimate rights and interests of whistleblowers from infringement. The Company continues to normalize the complaint handling process. After receiving reports, the Company will designate special members for follow-up, promptly verify the incident, and maintain high confidentiality of the whistleblower's information to prevent potential vindictive acts.

### Anti-Unfair Competition

The Company strictly complies with the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations of Mainland China, encourages and protects fair competition, stops unfair competition behaviors, and protects the legitimate rights and interests of operators and consumers. The Company was not involved in any unfair competition litigation in 2023.

## Investor Communication

The Company is committed to protecting the interests of investors, ensuring smooth communication channels for investors, and sharing the achievements of corporate development with investors. The Company strictly complies with the regulations of HKEX and SFC on information disclosure of listed companies, ensuring that information disclosure is true, accurate, complete, and timely. It releases interim and annual performance reports, continuously updates relevant dynamic information on its official website and HKEX website, and set corporate governance as an independent section of its official website in 2023, publicly disclosing business management information, effectively improving shareholder awareness of the Company, and enhancing corporate transparency while promoting positive interaction with shareholders.





## Delivering Quality Services with Sincerity

The Company firmly believes that customers are important resources for the enterprise, strives to ensure that every customer enjoys a safe and convenient living environment through intelligent services and personalized care, and continuously promotes the upgrading of service quality. The Company persists in technological innovation and focuses on the development of smart communities, with a view to boosting customer experience in all aspects and dimensions.

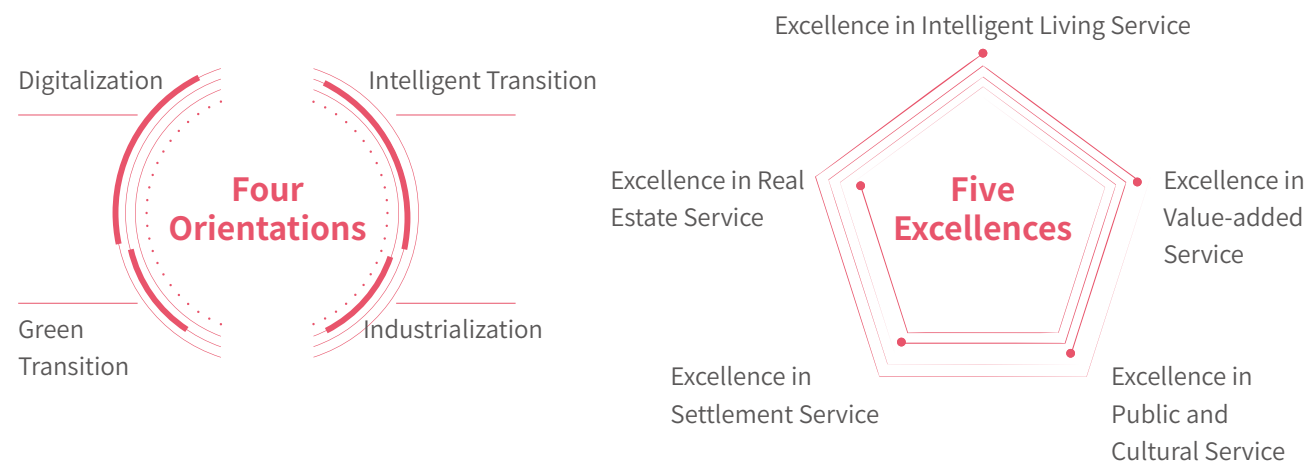
### Response to SDGs





# Provide Considerate Services

The Company strictly observes the Civil Code of the People's Republic of China, Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and the Regulation of the People's Republic of China on Realty Management of Mainland China, practices the "Four Orientations and Five Excellences" service system, meets customer expectations and needs relying on excellent product quality and service, and comprehensively improves customer experience.



## Build a Service Quality System

- Total inspection activities carried out by Zhuhai Huafa Property in 2023: **27**
- Number of issues Zhuhai Huafa Property identified and resolved: **682**
- Number of inspection summary meetings held by Zhuhai Huafa Property: **4**

The Company focuses on improving service quality, and has passed the ISO 9001 quality management system certification. It issued guidance documents such as Actions to Deliver Benchmark Quality and Plan of Huafa Property on the Implementation and Management of Housekeepers with Star-Rated Customer Service to promote effective implementation of the service system. In conjunction with the third-party satisfaction and mysterious customer survey, the Company adjusted and improved the quality assessment system and updated the Quality Control Rate Inspection Standard of Huafa Property.

The Company adopted the "Headquarters-Region-Project" three-level assessment model, and jointly constructed the joint inspection model of quality through the internal multi-department linkage. In 2023, Zhuhai Huafa Property carried out 27 inspection activities, found and solved 682 problems, and held 4 inspection summary meetings, significantly improving the service quality of each area/region and project.



The Company Passed ISO 9001 Quality Management System Certification

# Focus on Customer Experience Improvement

The Company established a housekeeper echelon system, carried out a number of empowerment trainings, strengthened the service abilities of customer service staff, implemented a series of activities of "setting, learning, and becoming benchmarks" within the enterprise, and carried out multi-dimensional "benchmark" selection to promote steady improvement of the overall service capability. In addition, the Company held a series of activities and took measures to enhance service capabilities, covering multiple key areas such as community activities, safety management services, environmental improvement, and the upgrading and improvement of the owner home returning routes, so as to improve customers' living experience and quality of life.

## Case: Hold Themed Activities to Boost Customer Life Experience

From September to October 2023, Zhuhai Huafa Property held "Super Huafa Fans Festival" across the country, and owners could participate in various activities such as double-festival party, sports meeting, and garden party. More than 130 events have been held, with a total of 31,300 owners participating offline. On top of that, the number of online viewers reached more than 45,000, and the customer satisfaction reached 100%.





**Case** Improve the Home Returning Routes to Optimize the Living Environment of Customers

Since March 2023, Zhuhai Huafa Property and Huafa Properties have launched the "Spring Thunder Action" in an all-round way "in the name of rejuvenation and with the wish of delivering whole-hearted service", and implemented it by centering on the rectification and upgrading of 96 key projects in the region and the "double-value package" for renovation and rejuvenation of the owner home returning routes in Zhuhai. By the end of 2023, more than 70 major upgrading projects had been completed, and the renovation and rejuvenation work of the remaining 39 home returning routes are nearing completion.



# Safeguard Customer Rights and Interests

The Company is highly concerned with customer safety and privacy protection, strives to establish open and transparent communication channels, and maintains a responsible marketing attitude, ensuring that the interests of customers are fully safeguarded.

## Make Every Effort to Ensure Customer Privacy

The Company meticulously abides by the Personal Data (Privacy) Ordinance of Hong Kong (Cap. 486, Laws of Hong Kong) and the Data Security Law of the People's Republic of China, the Regulations on Critical Information Infrastructure Security Protection, the Code on Personal Information Security and other local laws and regulations of Mainland China, persists in execution of relevant systems such as Information Security Management System of Huafa Property and Information Technology Risk Management Regulations, and has added four information security guidance documents including the Information Security System and Guidelines of Huafa Property Management Co., Ltd. and Information Security Reinforcement Guidelines of Huafa Property Management Co., Ltd. to ensure comprehensive security of customer information. The Company signed a Confidentiality Agreement with every employee, made a network emergency plan, and conducted regular security inspection and security training to guarantee the privacy security of customers.



Site of Information Security Training of Zhuhai Huafa Property Conducted

## Responsible Marketing

The Company carries on accurately and actively transmitting corporate information, improving brand awareness and reputation, and implementing the Branding Management System for Huafa Property Management and other specifications to ensure that the publicity content is true, objective and legal. This year, the Company carried out responsible marketing-themed training to enhance all employees' awareness of branding compliance, strengthen the team's implementation of standard publicity, and enable customers to better understand the Company's services at the same time.



## Maintain Customer Communication Rights

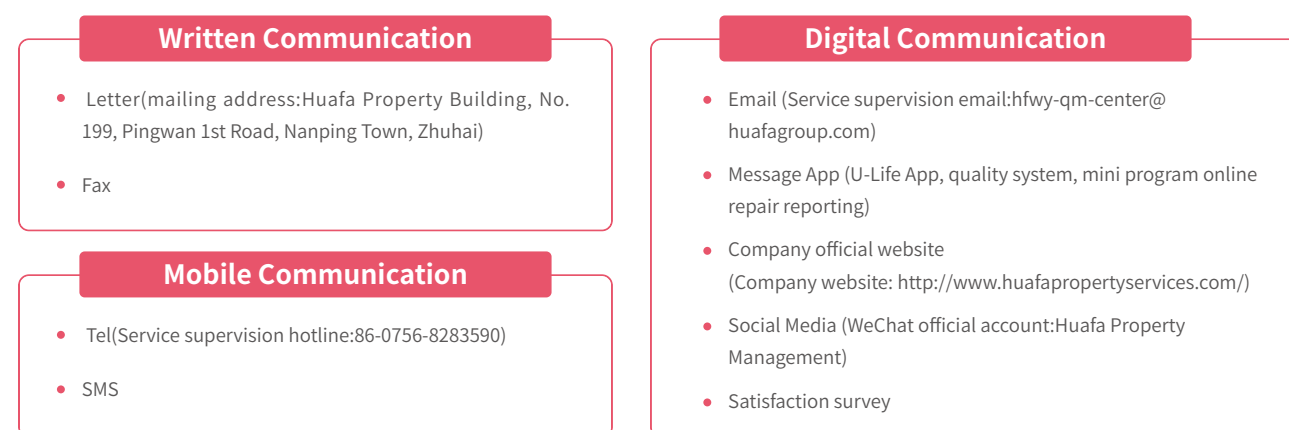
To gain an in-depth insight into customer needs, we actively improve the communication process, and strengthen interaction and trust with customers. The Company refines the communication guide, and ensures through multi-channel communication that the customer complaints are handled quickly and effectively and feedback is provided in a timely manner to meet customer needs in an all-round way.

### Guarantee Customers' Communication Rights

The Company continuously pays attention to customers' needs, and follows the key internal rules and regulations such as the Information Disclosure Management System (2022 Revision), Information Exchange and Communication Control Procedures and Data Analysis and Improvement Control Procedures of Zhuhai Huafa Property. It has implemented and maintained detailed instructions on signage setting, patrolling, self-inspection, visits, and problem rectification, with the aim of further improving the customer communication process and optimizing the service content. It also strictly controls the service quality to continuously improve customer satisfaction.

### Build Diverse Communication Channels

The Company is committed to providing standardized, high-quality and intelligent service experience, maintaining smooth communication channels with customers, and strengthening the operation and management of communication platforms to ensure prompt responses to customers' questions. The Company will record customer problems in detail, deeply analyze their causes, take effective measures to solve problems quickly, and report the progress and results to customers in time.



### Actively Handle Complaints from the Perspective of the Owners

The Company follows the Complaint Handling Operating Procedures and other systems, clarifies the complaint service standards and assessment mechanisms in various scenarios, and continuously optimizes the complaint handling process. Zhuhai Huafa Property has appointed dedicated employees at the headquarters responsible for answering the service supervision hotline. After received, complaints will be transferred to the corresponding department/project immediately, and will be handled within three working days. Then, a return visit will be completed within one week after the handling process is completed. Handling timeout will be reported according to the nature of the complaint. As of 31 December 2023, the Company had accepted 752 customer appeals, and the completion rate reached 100%.

### Conduct Routine Satisfaction Survey

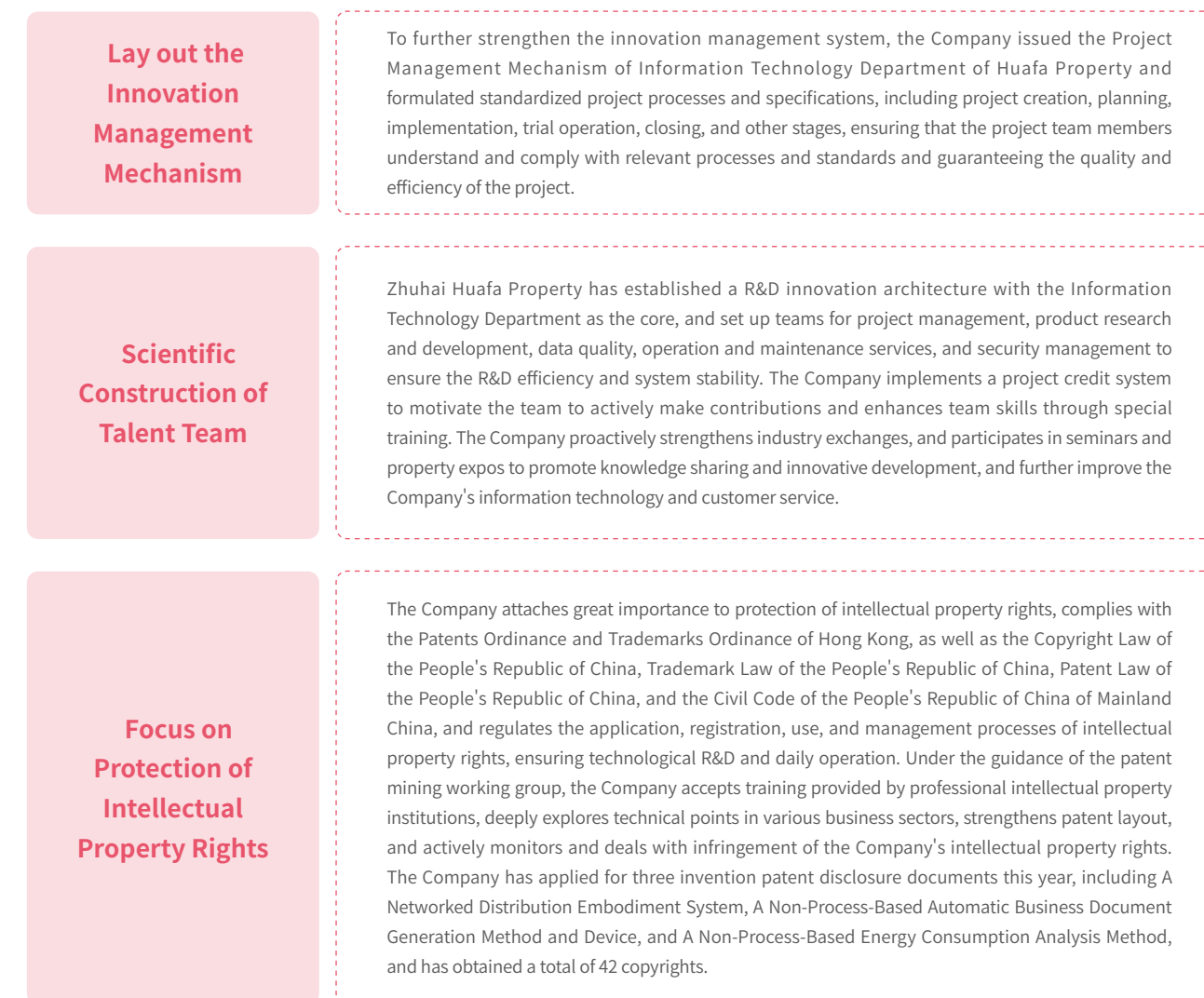
This year, the Company introduced a third-party institution to conduct customer satisfaction surveys. It is committed to keeping pace with the industry, striving to capture customer feedback comprehensively, listening to customer opinions and suggestions, and enhancing the effects of interaction and contact. As of 31 December 2023, the Company's customer satisfaction rate had reached 79%.

## Adhere to Technological Innovation

The Company actively integrates technological innovation and development strategies, and increases investment in technological research and development to improve the innovation management system. The Company focuses on the construction of customer service platform and internal management platform, promotes the information construction of professional subsidiaries, and uses technologies to improve the community life by creating intelligent services and smart communities.

### Grasp the Innovative Direction for Technological Innovation

The Company regards scientific and technological innovation management as an important driving factor for future development, and has built an innovation management system meeting the corporate development needs by formulating a standardized innovation management mechanism, building an innovative talent team, and insisting on independent intellectual property R&D.



## Build an Innovation Platform by System Upgrade

The Company integrated various cutting-edge high-tech, and upgraded the internal information systems, to construct a digital property service model. In 2023, the Company further adopted the lean management concept, optimized and restructured the property service process, and achieved cost reduction and efficiency increase through the innovation of the service process and mechanism, thereby ensuring high quality development of the business.

### 2023 Information System Optimization Projects

#### Financial Sharing Platform

The financial sharing platform has been launched and promoted in the headquarters, four major regions, subsidiaries, and other units. Through financial sharing construction, the business and finance standard improvement, financial operation efficiency improvement, financial organization transformation and enhanced financial control have been realized, facilitating the Company's rapid business development.

#### Parking Lot Renovation

Zhuhai Huafa Property successfully renovated 44 parking lots nationwide in 2023. After the renovation, the Company has effectively improved the traffic efficiency of the parking lot and the satisfaction of owners, as well as the standardization and efficiency of the parking lot management.

#### Iterative Optimization of Charging Management

The iterative optimization project for version 1.6.2 of the charging management platform has been completed, and fee approval management and charge sharing and order assignment management have been implemented in conjunction with the financial sharing platform, achieving normalization of the approval process and visualization of approval nodes. It assisted in improving financial risk control, ensuring the revenue integrity, and enhancing the overall efficiency of business and finance.

#### Customer Operation Platform

Centering on the "customer-housekeeper" dual-centers, the Company has completed the comprehensive construction and nationwide promotion of the first and second phases of the customer operation platform, implementing the core functions such as online management of customer profiles, customer portraits, customer relationship management, customer service data analysis, issue and repair reporting through official WeChat account of the enterprise, employee work to-do desk, and online management of the entire fees collection process.

## Improve the Innovation Environment by Intelligent Communities

The Company is dedicated to creating smart communities, focusing on providing safe and comfortable user experiences. By integrating the Internet of Things and artificial intelligence technology, the Company has achieved the construction of multi-functional smart communities such as intelligent transportation, security and defenses, energy consumption, equipment, and life services, and has continuously made innovation in the construction of smart communities. The Construction of a Smart Community Management and Control Platform Integrating "Vision, Management, Control and Prevention" has been successfully included in "National Smart Enterprise Innovation Practice Cases" sponsored by China Enterprise Confederation, further reflecting its high recognition in the expertise field.

#### Intelligent Pedestrian Traffic

The Company introduced the unimpeded traffic and intelligent elevator calling system to achieve "contactless" travel. By combining smart access with AI facial recognition, residents can easily and safely enter buildings without using keys or access cards, enhancing the convenience and happiness in daily life.

#### Intelligent Vehicle Traffic

Quickly identify customers' vehicles and pulling-over vehicles, quickly pass and pay, and simplify the payment process through a unified parking platform, improving standardized vehicle management and travel efficiency of customers.

#### Intelligent Security

Cameras have been installed in public areas and key security areas, and the community is monitored in real time through the large intelligent screen to quickly respond to abnormalities and report alarms. The Company has effectively built a "network" of the community security, achieving all-round control of community security and services, ensuring the personal and property safety of customers in all aspects, and improving the quality of property services and customer satisfaction.

#### Smart Spray

The mode of photovoltaic power supply + soil monitoring + automatic sprinkler is adopted to replace the traditional artificial watering, thus ensuring scientific garden maintenance and reducing the frequency of greening maintenance, which not only saves the manpower cost but also reduces unwanted energy consumption.

#### Intelligent Equipment Management

In terms of equipment and facility management, establish and improve the electronic archives of equipment, and manage the whole life cycle of purchase, use, maintenance, repair and scrap records to realize the traceability of equipment information in all respects. Monitor real-time equipment operation status, and simultaneously report the equipment operation status according to the threshold set in the background. Inspect equipment through the Internet of Things platform. The platform can generate equipment running status report regularly, replacing the traditional manual equipment inspection, reducing manpower cost and the workload.

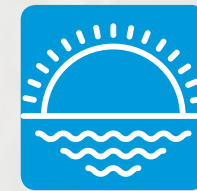
#### Intelligent Energy Consumption Management

Such measures are taken to reduce the energy consumption of the community, including adopting LED radar sensor lamps to replace the ordinary fluorescent lamps, installing lighting economizers and adding pump frequency conversion.

#### Life Service

The "Huayou" mini-program has been updated, and the value-added services platform for communities has been created to provide customers with more benefits.





## Green Development and Environmental Protection

The Company actively promotes the realization of the goal of "carbon peaking and carbon neutrality", deeply analyzes and evaluates the impact of the Company's business on the environment, and formulates various energy conservation and emission reduction strategies. The Company has established a sophisticated environmental management model, continuously improves the strategies for climate change, promotes green operation, and proactively publicizes green culture to ensure substantial progress in environmental protection and jointly protect the blue sea and sky.

### Response to SDGs





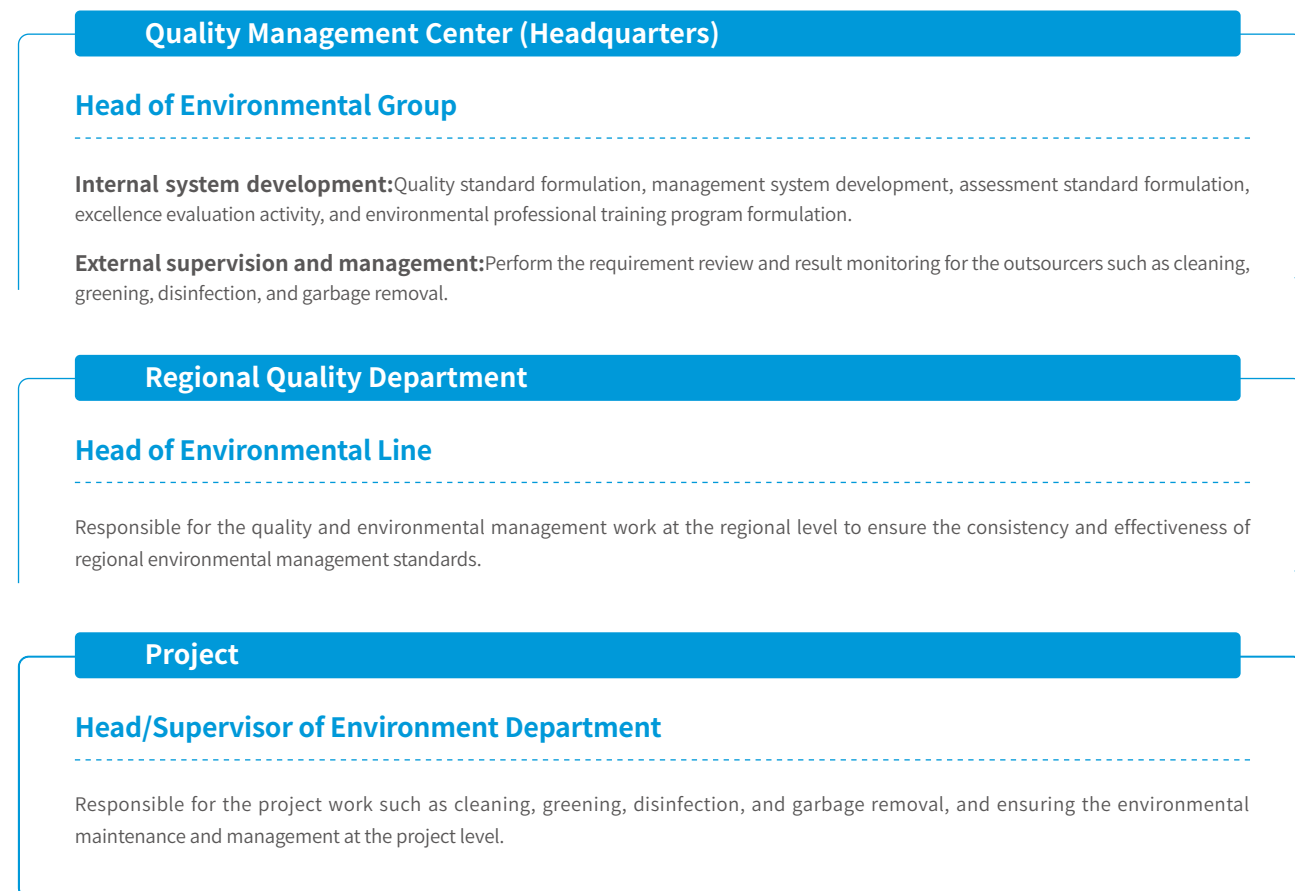
# Improve Environmental Management

The Company upholds the concept of green and sustainable development and strictly complies with the local laws and regulations in Mainland China such as the Environmental Law of the People's Republic of China, as well as a series of guidelines such as Control Procedures for Organizational Environment and Requirements of Related Parties, Control Procedures for Identification and Evaluation of Environmental Factors, and the Control Procedures for Exerting Influence on Related Party Environment, so as to minimize the negative impact on the environment during operation. The Company implements a three-level environmental control mode, and ensures effective implementation of environmental protection measures through professional management and supervision at different levels. The Company has obtained the ISO 14001 environmental management system certificate, and no environmental protection violation was recorded in 2023.

In 2023, the number of environmental protection violations

**0**

## Three-Level Control Mode



# Response to Climate Change

To implement the "carbon peaking" and "carbon neutrality" action plan, the Company actively takes measures to deal with climate change, pays close attention to the impact on its own operation by climate change, integrates the impact by climate change into the Company's decision-making, strengthens the control of greenhouse gas emissions, continuously tracks the policy changes and operational risks related to climate change, fully identifies and responds to potential climate risks and opportunities, and provides green power for social green and low-carbon development.

## Reduction of Greenhouse Gas Emissions

The Company strictly abides by the Environmental Protection Law of the People's Republic of China in Mainland China and the Air Pollution Control Ordinance (Cap. 311, Laws of Hong Kong) and other relevant laws and regulations, and has updated the Risk Identification System and Guidelines and improved the Company's Vehicle Reform Program of Zhuhai Huafa Group and the canteen management measures so as to promote the reduction of greenhouse gas emissions through more efficient measures.

The Company has established a comprehensive emission management and supervision system and regularly monitors and analyzes greenhouse gas data to ensure effective implementation of the emission reduction measures. The Company's greenhouse gas emissions mainly come from the fuel consumption in the operation of the fleet under the public works management and maintenance services, as well as the consumption of natural gas and liquefied petroleum gas in the canteens operations. The Company actively implements relevant energy-saving measures and environmental protection training to further reduce greenhouse gas emissions and promote the popularization and practice of environmental awareness.



Actively Promote the Use of Electric Vehicles in the Park



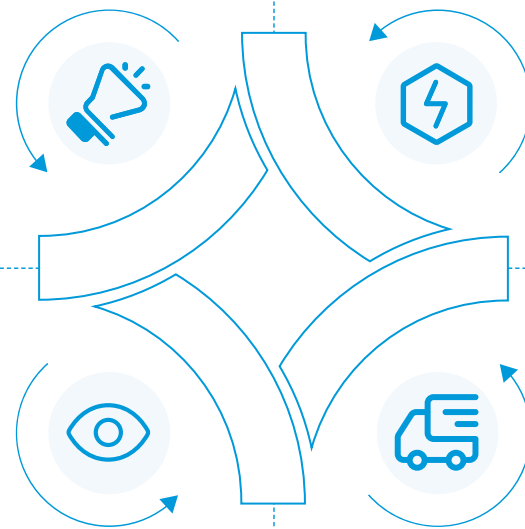
## Emission Reduction Measures

### Environmental Protection Publicity

- Put up posters and display boards to publicize the hazards of pollutants.
- Enhance employees' awareness of and engagement in energy conservation and emission reduction through regular training and education activities.
- Promote green travel and low-carbon lifestyle.

### Energy Management

- Use renewable energy in canteens and other key areas to reduce fossil energy consumption.
- Implement energy use standards in canteens and key areas of operation to ensure efficient use of energy.



### Emission Supervision

- Develop a pollutant discharge monitoring system and refine the management assessment system for various pollutants.
- Regularly check the implementation of assessment indicators for emission reduction targets.
- Monitor and give timely feedback on emission management.

### Transportation Management

- Promote the use of electric vehicles and energy-saving equipment and reduce the use of traditional fossil fuels.
- Carefully manage the Company's fleet and optimize the scheduling to reduce unwanted trips and emissions.
- Regularly update old equipment and adopt efficient energy conversion technology to reduce greenhouse gas emissions.

## Develop Green Buildings

The Company embraces the new opportunities for the development of green buildings, constantly strengthens the R&D strength of green buildings, and introduces low-carbon devices such as charging piles into some projects to enhance the urban sustainable development capacity. The Company actively develops new energy projects, with a view to providing users with a greener and more efficient building environment by using renewable energy and reducing the negative impact on the environment.

### Case | Comprehensively Promote the Project of Charging Piles for New Energy Vehicles and Improve the Environmental Benefits of Buildings

To make it convenient for people to travel without worrying about battery endurance, Zhuhai Huafa Building Mechanical and Electrical Engineering Company vigorously promoted the installation project of charging pile facilities for new energy vehicles, and built Zhuhai's first integrated three-dimensional parking building of "PV systems coupled with battery storage and EV charging stations". A five-storey three-dimensional open parking lot was built, covering an area of about 10,000 m<sup>2</sup>, providing more than 600 parking spaces in total, of which 120 were designed for new energy vehicles, including supercharging, fast charging, and slow charging facilities, with a charging power of 1,837 KW, showcasing the Company's commitment to and practical actions in the green and low-carbon urban development.



### Case | Create Photovoltaic "Personal Housekeeper" Service and Empower Urban Green and Low-Carbon Development

Zhuhai Huafa Building Mechanical and Electrical Engineering Company responded to the call of Zhuhai Municipal Government to promote photovoltaic power generation, actively participated in new energy business, and undertook the operation and maintenance services of distributed photovoltaic power generation projects of Huafa New Energy Construction and Operation Co., Ltd. The project involves Zhuhai and surrounding cities, including Zhuhai Jinpin Company, Luoding Experimental Middle School, Foshan Huaxin Color Printing Factory, Foshan Xin Huan Bao Factory, Zhuhai Zhigu Yuanxin Park, etc. The total installation capacity is about 220 MW, which promotes sustainable development of the photovoltaic industry.





Zhuhai Center Tower Obtained LEED Green Building Certificate from U.S. Green Building Council



Zhuhai Tower Property Service Center Obtained ESG evaluation certificate

The Company actively identifies and responds to the long-term risks and opportunities of climate change related to assets and services, and forms a risk identification and response table to cope with the changes brought about by climate change in a timely manner, facilitating the attainment of "carbon peaking and carbon neutrality".

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

## Identify Risks and Opportunities

The Company actively responds to the challenges brought by climate change, and refers to the suggestions of the Task Force on Climate-related Financial Disclosures (TCFD) to carry out climate change management in the four aspects of governance, strategy, risk management, and indicators and objectives, and take practical actions to deal with climate change.



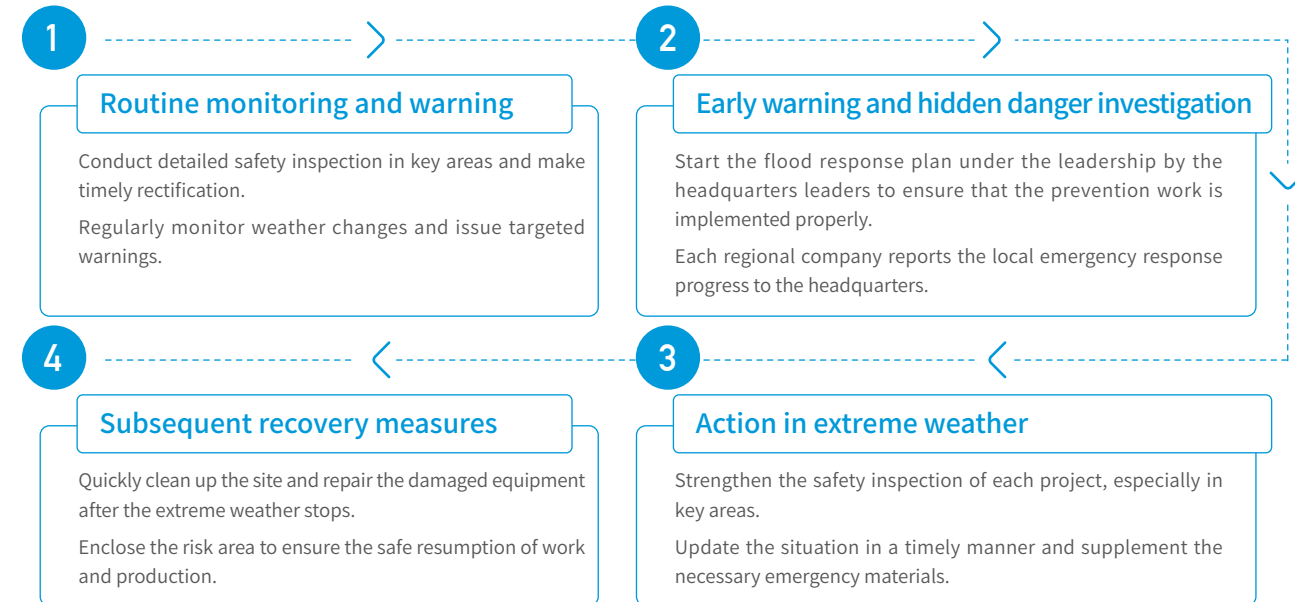
## Response to Extreme Weather

As one of the major challenges in the world, climate change has led to frequent extreme weather events such as strong wind, high rainfall, and flood. In response to these challenges, the Company cooperated with professional third-party work safety institutions, comprehensively improved and revised the Emergency Response Plan System of Huafa Property Management Company Limited. For unexpected circumstances such as snowstorms that may occur in the northern region, the Company has specially prepared the Special Emergency Plan for Blizzard Prevention in the Northern Region to guide all personnel to respond quickly and effectively when emergencies occur.

The Company has prepared well-rounded countermeasures against extreme weather. After receiving the relevant warning messages, it will quickly convene an emergency meeting on wind and flood response, set up an emergency response leading group, and define responsibilities to ensure the rapid and orderly implementation of various response measures.



## Response Process



### Case Face Typhoon Saola and Make Every Effort to Ensure Safety of Owners

On 2 September 2023, the strong Typhoon Saola No. 9 landed in the coastal area of Jinwan District, Zhuhai City. In the face of the unexpected bad weather, after receiving the white warning signal of typhoon on 30 August, the Company held a special safety work meeting promptly under the leadership of Huafa Group and Huafa Properties to uniformly deploy typhoon response work, and guided all levels of relevant units in Guangdong to carry out various defense work quickly and effectively. Furthermore, the Company organized a special inspection team to carry out pre-flood inspection, prepare emergency materials for wind and flood response, and investigate potential safety hazards one by one. In the meanwhile, the Company transmitted the warning information of wind and flood response to the owners, and fully guaranteed the rapid production resumption and normal life recovery of the owners after the typhoon.



### Case Defend against Blizzard at Four Places

In 2023, many places in the north suffered severe snowfall weather which had not been seen in the past decade, and all employees of Huafa Property in the northern area jointly launched a "defense battle" of snow removal. Before the snowstorm approached, the personnel of each project in the northern region deployed warm-keeping work in advance and implemented cold and freezing prevention measures for each project. During the snowstorm, the backbone personnel of each project was on duty 24 hours a day, and all employees were on duty to remove snow, creating a safe passage for owners at the first time.





# Implement Green Operation

On the basis of following the commitment to green operation, the Company actively responds to the national call for green development, and reduces energy consumption and environmental pollution through efficient energy use and optimization of the waste treatment process. The Company implements a strict water resources management strategy to ensure the sustainable utilization of water resources, which reflects the Company's efforts on environmental protection.

## Energy Consumption Management

In strict accordance with the local laws and regulations in Mainland China such as the Energy Conservation Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China, the Company has formulated the Energy Management Manual, established energy policies, targets, and indicators, and promoted continuous improvement of the energy performance and environmental management system. The Company has established an intelligent energy management system, achieved refined management of utility usage, optimized energy consumption, and effectively promoted the realization of energy-saving goals. The Company has obtained ISO 50001 energy management system certificate.

The Company has implemented a series of energy conservation and environmental protection measures in its operation premises. Under the guidance of the headquarters, it has carried out long-term control from equipment operation, lighting renovation, air-conditioning temperature control, time start-stop adjustment, power consumption management of office area, gate security positions, staff dormitory, and staff canteen, monthly water and power consumption analysis, and other measures to achieve the purpose of reducing consumption. In 2023, the power consumption of the Company's projects across the country was 55,138,400 kWh.



Photovoltaic Facility Installation for Park Street Lamps



Installation of Energy-saving Lamps in Basement

## Waste Management

The Company proactively complies with the local laws and regulations of Mainland China, such as the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Notice of Guangdong Provincial Department of Housing and Urban-Rural Development on Printing and Distributing the Guidelines for Domestic Waste Classification in Major Places, and Regulations on the Management of Domestic Waste Classification in Zhuhai Special Economic Zone, and has formulated internal regulations such as the Management Regulations for Domestic Waste Classification and Management Regulations for Waste and Emissions, and is committed to the reduction, recovery and recycling of waste. The Company has organized a leading group for the classification of domestic waste in communities, and established a complete waste classification assessment mechanism to actively implement and promote waste classification. In dealing with hazardous waste, the Company entrusted qualified suppliers and institutions to handle waste professionally in strict accordance with the local regulations where the projects operate.

### Community Garbage Disposal Process:



Following the "one-two-three" working idea, the Company optimized the garbage classification pattern with the engagement of the whole society, and created a number of garbage classification demonstration projects. Zhuhai Huafa Public Works Integrated Service Co., Ltd. received many awards such as the title of "Top Ten Environmental Sanitation (Garbage Classification) Enterprises in Zhuhai".

#### Work idea of "one-two-three":

##### Highlight a main line and improve the classification system

- Highlight the major goal of waste classification reduction and recycling.

##### Give full play to two leaderships and promote the reduction of source

- Adhere to the leadership of government agencies and community .
- Insist on guiding members to play a leading role in domestic waste classification.

##### Take three measures to create a cooperation atmosphere

- Carry out education for the public to turn garbage classification into a public consensus.
- Implement multi-channel promotion and combine online and offline means.
- Strengthen supervision and guidance to ensure high efficiency and high quality of the classification work.

##### Create a platform and build intelligent management

- By using the intelligent environmental sanitation command system, Internet of Things, mobile Internet, big data, cloud computing, and other technologies, we created an "intelligent supervision platform for the whole life cycle of garbage classification" to improve the refined and intelligent management of waste classification and reduce the operating cost of sanitation.





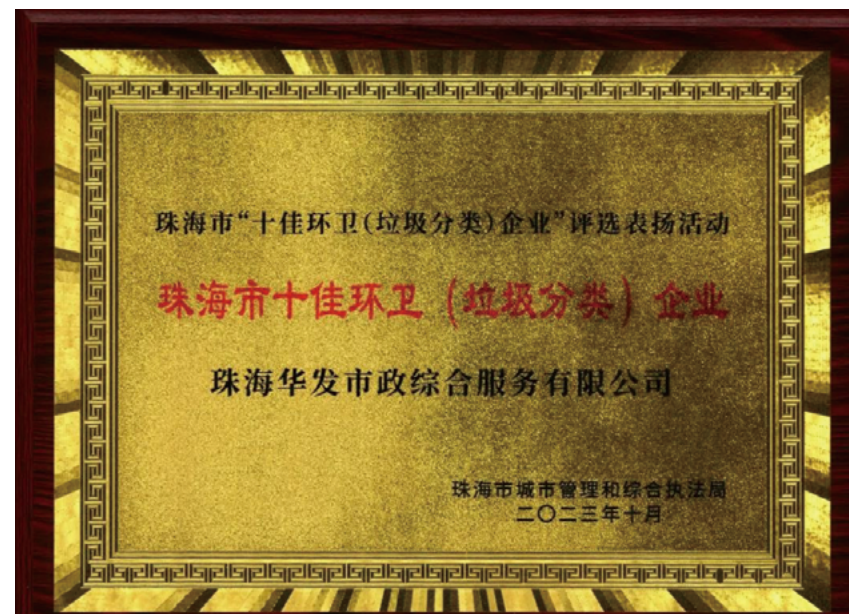
The Company organized employees to visit the garbage classification education base and held garbage classification training and meetings. In 2023, Zhuhai Huafa Property conducted a total of 149 garbage classification-related training sessions, with a total of 6,230 employees participating in the training. The garbage classification-related promotion activities covered more than 123,000 employees, and we organized 87 garbage classification activities, with a total of more than 3,800 participants.



Door-to-Door Promotion of Garbage Classification Knowledge



Carry out Garbage Classification Training Activity



Zhuhai Huafa Public Works Integrated Service Co., Ltd. Awarded "Top Ten Environmental Sanitation (Garbage Classification) Enterprises in Zhuhai"

## Water Resources Management

The Company scrupulously observes local laws and regulations of Mainland China such as the Water Pollution Prevention and Control Law of the People's Republic of China, and has launched the Energy Conservation Plan for Public Water Use in Communities, further improving the recycling rate of water resources and strengthening the management and optimization of water resource utilization. The Company's water consumption mainly includes daily service, property maintenance, office space, and green belt, for which water is stably supplied by government water supply channels to ensure the reliability of water sources. To improve water efficiency, the Company promotes water conservation in various workplaces, such as posting water conservation posters, using water filters instead of bottled water, reclaiming and utilizing rainwater, and using artificial lake water for green belt watering, committed to limiting unwanted water demand and advocating for water resource conservation and protection while maintaining normal business operation. In 2023, the water consumption was 2.01 million tons in the projects nationwide.

### Water Resources Management Measures:

<p><b>Strengthen Water Conservation Supervision and Feedback</b></p>	<p>Regularly check the implementation of water conservation measures to ensure effective implementation</p> <p>Strengthen the assessment of water conservation and ensure active engagement of all departments and employees</p> <p>Give timely feedback of water conservation achievements and optimize water conservation measures</p>
<p><b>Recycling of Water Resources and Updating of Water Conservation Technology</b></p>	<p>Widely popularize the efficient water conservation appliances and technologies such as clean and closed water outlet and green sprinkler irrigation, and ensure their use in various scenarios</p> <p>Repair or replace the leaking equipment in a timely manner to reduce water waste</p> <p>Recycle the replaced water of landscape pool or swimming pool, rainwater, and shoveled snowfall to reduce the dependence on tap water</p>
<p><b>Training and Publicity</b></p>	<p>Organize regular publicity activities and training sessions on water conservation to enhance employees' awareness of water conservation</p> <p>Post water conservation signs at conspicuous positions of water-using places to remind and guide water conservation</p> <p>Establish and popularize excellent practices and models of water conservation</p>



Convert Artificial Lake Water to Ecowater



Rainwater Reclamation and Recycling



# Publicize Green Culture

By promoting green office, and organizing employees to participate in abundant environmental protection public welfare activities, the Company enhances the overall awareness of environmental protection, and conveys the concept of environmental protection to the public, driving more people to join the environmental protection cause.

## Create a Green Office Environment

The Company strictly implements the local laws and regulations in Mainland China such as the Environmental Protection Law of the People's Republic of China and the Energy Conservation Law of the People's Republic of China, and has formulated the Office Management Regulations, aiming to improve the use efficiency of office supplies and develop green and low-carbon working modes.

### Green office initiatives:

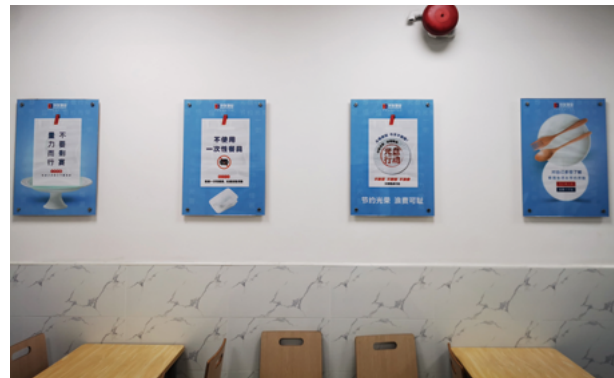
#### Energy conservation and consumption reduction

We advocate developing the good habit of turning off the lights and equipment in the office space when leaving, and preventing the phenomenon of "forgetting to turn off lights".

We choose high-efficiency and low-energy office equipment such as energy-saving photocopiers and printers.

We encourage employees to adopt environmentally friendly travel methods and reduce the use of private cars.

We put up water conservation signs to reduce waste of water resources.



Put up Environmental Protection Signs in the Canteen

#### Reduce waste

We minimize the use of disposable items as much as possible, promote the reuse and recycling of office supplies, and encourage employees to bring their own water cups.

#### Advocate for electronic working method

We promote paperless office, reduce the use of paper documents, and adopt double-sided printing or duplication.



Paper Saving-Related Label

# Carry out Environmental Protection Activities

The Company is committed to enhancing environmental awareness and has repeatedly issued the Proposal for Thrifty Economy, calling on employees to conserve resources and resist excessive consumption. In order to enhance public awareness of environmental protection, the Company has actively carried out a series of publicity activities to promote the concept of natural ecological protection and civilization.

### Case Garbage Classification Activity Combined with Calligraphy Art at Beishan Community, Jointly Creating an Environmental Protection Community Atmosphere

In order to carry forward traditional culture and improve the quality of community environment, Zhuhai Huafa Municipal Integrated Service Co., Ltd. collaborated with the Residents' Committee of Beishan Community, Nanping Town, Xiangzhou District, Zhuhai City, and, under the guidance of the Nanping Town Domestic Waste Classification Work Leading Group, held a garbage classification-themed activity combining calligraphy at the Beishan Courtyard, titled "Garbage Classification Brings 'Blessings' - Writing a New Atmosphere". This activity aims to enhance the environmental protection awareness of the community residents and create a good community atmosphere of "everyone implements garbage classification and classifies garbage for everyone".







## Work Together and Gather Forces for Development

The Company insists on sharing development achievements with the society, giving back to the society by assuming responsibility, put a new premium on employee value, and creating a favorable internal environment for employee growth and development. Moreover, the Company establishes extensive and close cooperative relationships with all walks of life, continuously dedicating itself to social welfare undertakings, and promoting social harmony relying on its own capacity.

### Response to SDGs





# Create a Harmonious Workplace

The Company regards talents as a valuable core competitiveness, creates an equal, inclusive, healthy and safe working environment for employees, builds a diversified talent development training system, and works together with employees to create a bright future.

## Protect Basic Rights and Interests

The Company strictly abides by national and local laws and regulations, establishes labor relationships based on the principles of legitimacy and fairness, equality and voluntariness, consensus through consultation, and honesty and credit, and respects and protects the rights and interests of employees.

## Promote Compliant Employment

During the recruitment and employment process, the Company strictly complies with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China of Mainland China, and relevant labor laws and regulations in Hong Kong, such as the Employment Ordinance (Cap. 57, Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282, Laws of Hong Kong), the Occupational Safety and Health Ordinance (Cap. 509, Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 527, Laws of Hong Kong), formulate the internal policies and systems such as the Employee Handbook, Employee Reward and Punishment Management System, and Remuneration Management Measures of Zhuhai Huafa Property to provide employees with comprehensive employment, compensation, and benefits. The Company strictly prohibits the employment of child labor and forced labor, and there have been no incidents of use of child labor or forced labor during the Reporting Period.

The Company protects the legitimate rights and interests of employees in accordance with the law, respects their basic rights and interests such as freedom of association, collective bargaining, minimum wage, and maximum working hours. In 2023, Zhuhai Huafa Property carried out a series of training sessions on Labor Risk Prevention and Employee Relationship Management Case Sharing, and empowered projects and strengthened risk control by sharing labor cases and experience.

## Encourage Diversity and Inclusiveness

The Company proactively advocates for a culture of diversity, equality, and inclusiveness, complies with the Labor Law of the People's Republic of China of Mainland China, as well as the Sex Discrimination Ordinance (Cap. 480, Laws of Hong Kong), the Disability Discrimination Ordinance (Cap. 487, Laws of Hong Kong), the Race Discrimination Ordinance (Cap. 602, Laws of Hong Kong), the Family Status Discrimination Ordinance (Cap. 527, Laws of Hong Kong), and issues internal circulars from time to time such as Standardizing the Release of Recruitment Information, requiring relevant departments to avoid discriminatory behavior in the recruitment and employment process with respect to gender, age, household registration, religious beliefs, marital status, health status, and other factors.

In 2023, Zhuhai Huafa Property actively participated in the job fairs for the disabled and various employer trainings to improve the employment and management of the disabled, actively employed disabled employees, paid employment security funds for the disabled according to law, and won the honorary award of exemplary organization for helping the disabled issued by the Disabled Person Work Committee of People's Government of Xiangzhou District, Zhuhai in May of the same year. At present, there are 26 disabled employees, more than 400 veterans, and some military officers among the employees of Zhuhai Huafa Property.



Honored as a "Model Enterprise Supporting the Army"

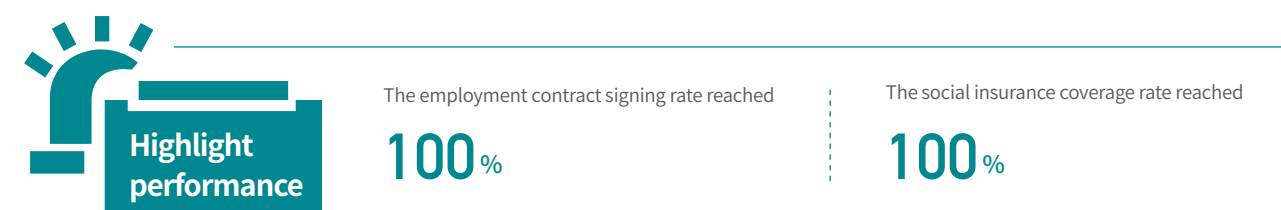


Participated in Employment Assistance Activity

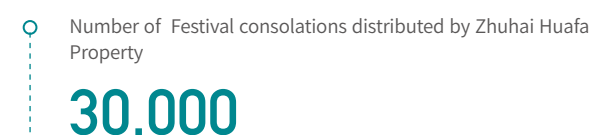
## Implement Remuneration and Benefits

The Company has established a comprehensive remuneration and benefits management system and a scientific and efficient performance evaluation and assessment mechanism, practicing the value principle of "linking the remuneration with the value created and contribution made by an employee for the enterprise", and providing employees with competitive remuneration and benefits in the market.

The Company regularly reviews its remuneration and reward plans according to the internal remuneration system. In 2023, Zhuhai Huafa Property formulated and implemented a performance bonus assessment plan for ordinary employees, fully mobilizing their enthusiasm and subjective initiative, leveraging the incentive effect of the remuneration and performance system on talents, and continuously attracting and retaining high-caliber talents.



The Company continues to pay attention to the well-being of its employees, provides welfare guarantees covering medical care, childbirth, family, housing, festivals, transportation, and other aspects, organizes various personal allowance applications and talent introduction, and assists employees in handling government subsidies or tax refunds, effectively enhancing their sense of happiness. In 2023, Zhuhai Huafa Property distributed more than 30,000 holiday gifts and conducted the "Deliver Coolness in Summer and Warmth in Winter" activity, investing nearly RMB100,000 to make every employee feel love and care from the Company.





## Employee Welfare

**Statutory welfare** Five insurances and housing fund, that is, pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund.

**Unique corporate welfare** **Huafa Property Services:** birthday gift voucher, labor insurance, group medical insurance, annual health checkup. **Zhuhai Huafa Property:** enterprise annuity, communication allowance, transportation allowance, summer heat protection allowance, holiday allowance.



Site for Conducting "Deliver Coolness in Summer" Activity

## Adhere to Democratic Management

The Company fully guarantees the right to information, participation, and expression of employees, builds a communication bridge between employees and management, and provides an effective way for the Company's management to listen to the voices of front-line employees and understand the situation of ordinary employees. In 2023, Zhuhai Huafa Property revised the rules and regulations of the Trade Union Member Meeting, clarifying the communication mechanism for union members.

The Company collects information about employee difficulties and personal suggestions through democratic events such as democratic meeting, staff congress, on-site communication seminar for employees, as well as irregular survey calls to employees and employee satisfaction surveys. This year, Zhuhai Huafa Property held a total of 4 seminars.

Number of seminars conducted by Zhuhai Huafa Property in 2023  
**4**

## Attach Importance to Supporting Employees with Difficulty

The Company leverages the organization role of the trade union and strives to fix the difficulties encountered by employees in their work and life. The Company comprehensively understands the situation of employees in difficulty and their families through methods such as phone call, face-to-face interview, home visit, or file access, carries out employee assistance and support activities, and actively gives support to employees who get married, give birth, or fall ill.

In 2023, Zhuhai Huafa Property gave support to a total of 395 employees, with the amount of support funds of RMB399,000, supported 8 employees in difficult living conditions with the amount of assistance funds of RMB16,000, and provided serious illness mutual aid funds to 22 employees, with a total amount of RMB110,000. Zhuhai Huafa Property helped 11 employees obtain learning allowances from the Golden Autumn Scholarship program of the Zhuhai Federation of Trade Unions, and also assisted 40 employees in applying for educational allowances "learning and realizing dreams" from the Zhuhai Federation of Trade Unions.

## Carry out Employee Activities

Zhuhai Huafa Property carries out various sports competitions, fishing activity, yoga training classes, autumn outings, and other cultural and sports activities, continuously enriching the leisure life of employees, improving their happiness, and helping employees balance work and life.



The 6th Session of Yoga Course



Autumn Outing Activity

Number of employees supported by Zhuhai Huafa Property

**395**

Number of employees received the learning allowances from the Golden Autumn Scholarship program of the Zhuhai Federation of Trade Unions

**11**

Number of employees received

**40**

Total amount of help provided by Zhuhai Huafa Property amounted to

**RMB110,000**





## Focus on Occupational Health and Safety

The Company strictly abides by national laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Work Safety Law of the People's Republic of China, and the Regulations of the People's Republic of China on Work-Related Injury Insurance, continuously improves the management of employees' occupational health and other aspects, provides work-related injury prevention training and regular physical examinations for employees, and establishes occupational health records for employees to control occupational hazards and ensure the physical and mental health of employees.

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



## Employee Development and Improvement

To promote the common growth of the employees and the Company, the Company has established a complete employee training and development system, and built a talent team that adapts to business development. The Company has formulated internal policy systems such as the Training and Talent Development Plan, Incentive Program for Employees to Obtain Relevant Technical Skills and Vocational Qualifications, Incentive Program for Business Development of Huafa Property, Special Incentive Program for Community Operation of Huafa Property, Incentive Scheme for Lean Management Improvement Proposals, and Incentive Program for Fee Clearance of Huafa Property, and established and improved the training management mechanism and employee development incentive mechanism, encouraging employees to actively obtain job-related qualifications. In 2023, Zhuhai Huafa Property received a total of 221 certificates and reward declarations, and the newly added monthly allowance amount exceeded RMB40,000.

Total number of certificates received by Zhuhai Huafa Properties

221

The amount of new monthly subsidies to employees exceeds

RMB 40,000

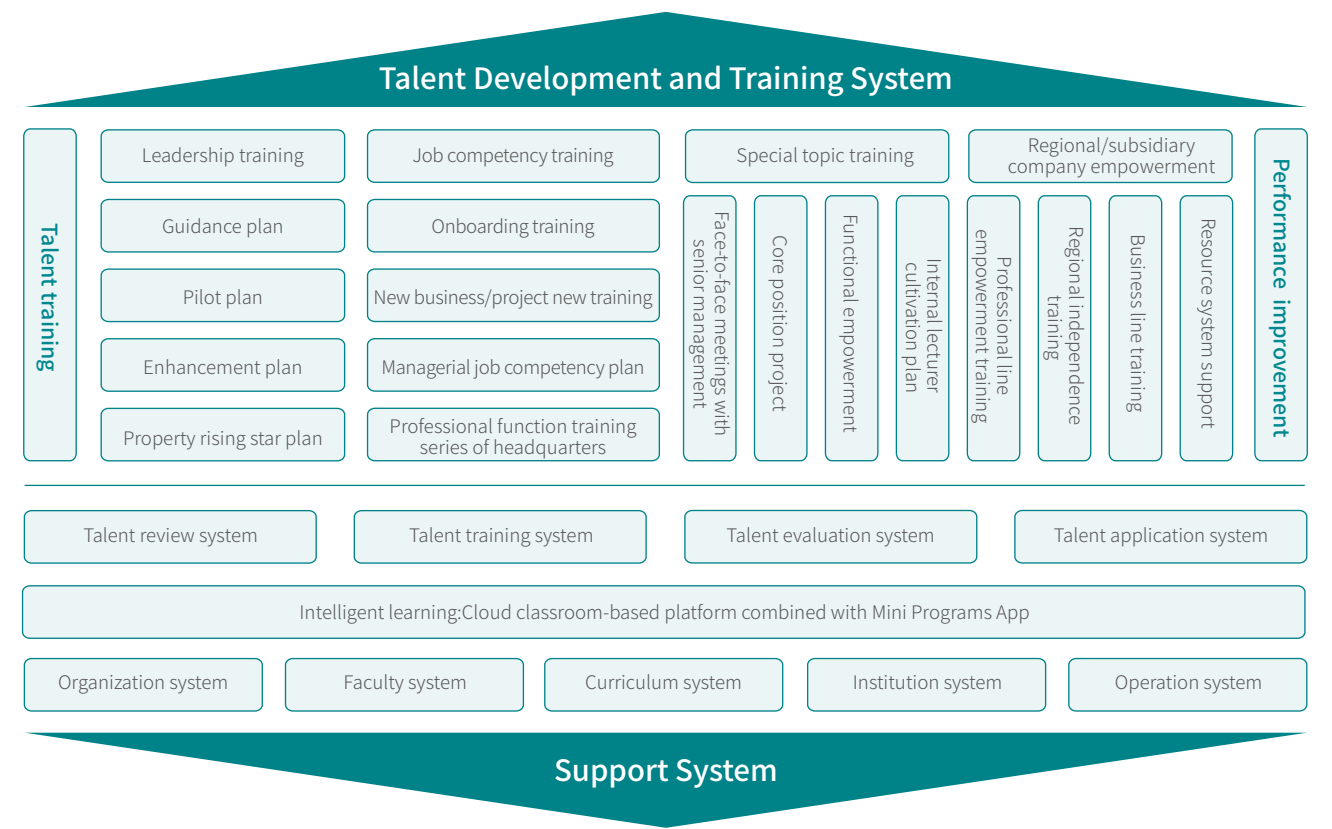
## Build a Promotion and Development System

The Company has established a career development system that runs through all businesses and covers all employees according to the corporate development goals, the need for business upgrading and the employee growth plan, and also provides fair and transparent promotion opportunities for employees at all positions and levels. Zhuhai Huafa Property encourages employees to continuously improve their education qualifications and skills through special themed training on professional skills, and gives priority to qualified employees.

In order to promote the identification, appointment, and development of talents, in 2023, Zhuhai Huafa Property carried out staffing review work, sorted out the current talents reserve situation of the Company through comprehensive assessment, interview and inspection, performance evaluation results, and analysis of strengths and weaknesses, identified targets for long-term training, provided training courses and promotion opportunities, and gave employees more suggestions on career planning to help them achieve professional growth and long-term development.

## Strengthen Grassroots Talent Training

The Company has established a sound talent development and training system, and continues to improve the echelon-based talent training program. For talents in such fields as operation, commercial office and public construction, and management, the Company has conducted four major types of training: leadership training, job responsibilities-related targeted training, special themed training, and regional and subsidiary empowerment training, helping key talents improve their management capacities, professional quality, and technical skills.



This year, Zhuhai Huafa Property carried out talent development and training programs such as special training for service capacity improvement, internal training lecturer training program, new manager training of the enhancement plan, and new employee onboarding training, helping employees discover their potentials and create greater value jointly with the Company.

**Case** Implement Special Training to Enhance Employee Service Capabilities

In October 2023, Zhuhai Huafa Property responded to the government's training campaign of "One Million Targets" and actively carried out offline training on related themes such as corporate culture, professional competence, job expertise, labor costs, and labor risk control, forming a normalized training mechanism. The empowerment content includes quality improvement courses such as Human Resource Management for Non-HR Managers and Public Presentation and Expression Skills. The grassroots service capacity improvement action has accumulated a total of 1,076 class hours, covering 2,501 trainees. The service abilities of employees of grass-roots positions have been comprehensively improved through the cultivation and empowerment of employees in various grassroots positions with respect to the employees' professional image, capacities and skills.

Site of the Grassroots Service Capacity Improvement Action Lecture



**Case** Creating Internal Courses and Cultivating Instructors to Enrich the Company's Training Resources

In June 2023, Zhuhai Huafa Property organized and carried out an internal course development and instructor training program, invited an external professional institution to guide internal instructors in developing courses through experience sharing and other methods, added new professional courses such as customer service, environment, engineering pre-introduction, and safety management, generating 46 professional business courses and further enriching the Company's knowledge base.



Site of Internal Instructor Course Development Training

**Case** Promote the Enhancement Plan to Enhance the Abilities of New Managers

According to the 2023 Action Plan for "New Manager Training Camp" in the Enhancement Plan, Zhuhai Huafa Property focused on promoting the training camp for new managers, and centered on the "Three-Ability Model" of "management competence, professional skills, and professional competence". The learning content is divided into three modules: enhancing management knowledge, enhancing professional skills, and consolidating professional competence. The methods such as the credits system, group management, and graduation reporting were adopted to achieve online and offline linkage, and internal instructors were combined with classrooms to run through the curriculum and action learning, focusing on accelerating the ability improvement of new managers.



Site of 2023 New Manager Training Camp of Enhancement Plan

**Case** Upgrade New Employee Training to Deepen Employee Identification

Zhuhai Huafa Property strengthened the cultural integration training for new employees this year, issued a New Employee Onboarding Handbook to new employees, updated the course content of new employee onboarding training, added follow-up interview between the project leader and new employees and other onboarding care, and set up Cloud School new employee assessment indicators to help new employees understand the corporate culture in a timely manner and quickly adapt to their job roles.

The affiliated companies allowed employees to have a deep understanding of the development process of the Company's corporate culture, enhance their sense of identification and belonging to the Company by playing corporate advertising videos, giving lectures by instructors, playing original songs such as My Colleagues in Property, introducing excellent deeds, sharing feelings, etc.



New Employee on Boarding Training Site

**Support Cooperation Planning with Colleges and Universities**

Zhuhai Huafa Property continues to expand the cooperation mode and expand the scale of cooperation with colleges and universities. On the basis of maintaining cooperation with Zhuhai City Polytechnic, we discussed cooperations with Guangzhou University and Guangzhou College of Technology and Business, signed a school-enterprise cooperation agreement with Guangzhou College of Technology and Business and jointly built a school-enterprise joint talent training base, and won the title of Guangdong, Hong Kong and Macao College Student Employment Practice Base issued by Zhuhai Youth Employment Promotion Association, strengthening the employer brand of Zhuhai Huafa Property. In 2023, Zhuhai Huafa Property conducted 7 campus job fairs.



Awarding Ceremony of "Guangdong, Hong Kong and Macao College Student Employment Practice Base"



2024 Graduates Supply and Demand Meeting of Guangzhou College of Technology and Business



# Work Safety Management

The Company always puts work safety at the top of all its work, strictly complies with the Work Safety Law of the People's Republic of China and other laws and regulations of Mainland China, improves the relevant rules and regulations of occupational health and safety management of the Company, implements routine supervision and inspection, comprehensively consolidate the work safety, and creates a safe, healthy and comfortable workplace for employees. The Group has established 6 safety management systems containing organization, regulation, responsibility, control, training and guarantee, and developed 12 tasks of safety management. Based on these, the Group has designed a well-rounded safety management process covering personnel safety management, risk and hidden hazard identification, hidden hazard investigation and remediation, emergency handling, work safety responsibility system assessment and other aspects.



## Improve Safety Management Systems

### Strictly comply with laws and regulations

Zhuhai Huafa Property strictly abides by the Work Safety Law of the People's Republic of China, Fire Protection Law of the People's Republic of China, Regulations on Safety Supervision of Special Equipment, and other laws and regulations, and comprehensively sorts out the safety management systems in conjunction with third-party professional institutions.

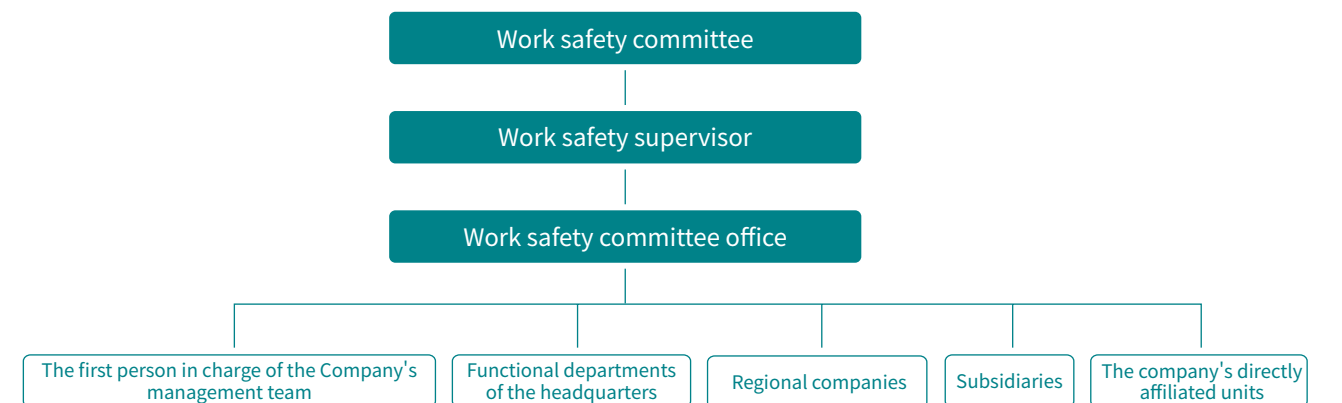
### A new safety management system has been added

It added safety management policies such as the Requirements for Fire Safety Management of Street Shops and Catering Kitchens, Fire Safety Management System of Huafa Property, Fire Safety Management System of High-rise Civil Buildings, Use Safety Management System of Canteen Gas and Electric Cookware in Huafa Property, and the Safety Management System of Special Equipment in Huafa Property, ensuring that business operation complies with regulatory requirements.

## Establish a Sound Safety Management Structure

The work safety committee is the highest management body for work safety of Zhuhai Huafa Property, where the Chairman acts as the director, the President, and the head of work safety serve as Deputy Directors, and the members include the first persons in charge of the Company's management team, functional departments of the headquarters, regional companies, subsidiaries, and the Company's directly affiliated units. A work safety committee office is established under the work safety committee to guide, supervise, manage, and inspect the internal work safety of the Company. In 2023, Zhuhai Huafa Property additionally appointed a work safety supervisor to cooperate with the work safety committee office and the first person in charge of various regional companies or departments, forming a comprehensive work safety management system.

### Management Structure



## Implement the Work Safety Responsibility System

Zhuhai Huafa Property adheres to the work requirements of "Taking responsibility at every level, everyone has their own responsibilities, and each should bear their own responsibilities". It has revised the Measures for Assessment of Work Safety Responsibility System of Huafa Property Services Group Company Limited and added the "One Vote Veto" system, which affects qualifications for various types of rewards of relevant responsible units or departments and responsible persons in the same year, the qualifications of work safety responsible persons for advanced individual and excellence evaluation as well as promotion in the same year, as well as the qualification for their positions of the department heads, further clarifying the Company's work safety red line indicators and reward and punishment system. In addition, Zhuhai Huafa Property has established a work safety responsibility system, conducted quarterly assessments of regional companies, subsidiaries, and directly managed units of the Company, announced the assessment results and punishment results through quarterly work safety meetings, and synchronously applied the assessment results to the performance assessment of various units and organizations.

## Accelerate the Construction of Hazard Management

In terms of safety risk control, Zhuhai Huafa Property has formulated systems such as Major Hazard Source Monitoring and Major Safety Hazard Management System, Safety Production Risk Graded Control and Management System, and Safety Production Inspection and Hazard Rectification. Based on the mechanism of "one line and three steps", the Company adopts the form of "four no's and two directly's" and "project self-inspection and self-correction - regional company review - company headquarters spot check", combined with key area safety inspection, special safety inspection, and monthly inspection, to conduct comprehensive safety hazard investigation work in the managed areas. Zhuhai Huafa Property did not experience any work safety responsibility accidents in 2023.

○ Number of work safety responsibility accidents occurred at Zhuhai Huafa Property

0



## Safety Inspection Mechanism and Form

### Mechanism of "one line and three steps"

Adhere to the uncompromisable red line that "development must not come at the cost of sacrificing human life", and carry out investigation, sorting, and elimination work.

**Investigation:** Carry out hazard investigation and rectification, combining regular investigation and irregular investigation.

**Sorting:** Summarize, sort, and classify the problems found during inspection, and develop a hazard rectification plan.

**Exclusion:** Update and improve the Risk Point and Hazard Identification and Evaluation Registration Form every quarter to promptly eliminate various safety hazards.

### Form of "four no's and two directly's"

In the process of routine and special inspection, the two safety inspection methods, directly going to the grass-roots level and directly aiming at the site, are adopted for inspection without sending a notice or prior notice, listening to a report, requiring company and reception.



2023 Lecture on Major Hazard Investigation



Inspection by Leaders of Work Safety Committee

## Publicity of Safety Education and Training

To enhance employees' safety awareness, Zhuhai Huafa Property adopts diversified training forms such as organizing "Work Safety Month" activities and safety knowledge contests to popularize safety knowledge to employees and promote the importance of safe production and operation. In 2023, Zhuhai Huafa Property conducted a total of 15 offline training sessions, with 2,426 participants. The units at all levels conducted a total of 7,929 online and offline training sessions, with a total of 98,082 participants; employees were organized to watch 845 work safety educational films, with a total of 21,687 participants.



## Build an Emergency Management Platform

Zhuhai Huafa Property has improved and revised the Emergency Response Plan System of Huafa Property Services Group Company Limited, requiring the units at all levels to optimize their own special emergency response plans and on-site disposal plans to ensure that all personnel can respond quickly and effectively when emergencies occur, and reduce the loss of life and property. Zhuhai Huafa Property implements the emergency duty system, sets up a 24-hour emergency line, and strictly implements the duty system for leading cadres during holidays, special periods, key periods, and typhoons and rainstorms to ensure that emergencies are handled in a timely manner. According to the emergency response plan, Zhuhai Huafa Property carried out emergency drills such as fire drills, wind and flood prevention drills, high temperature drills, disaster prevention and mitigation drills, and riot drills. A total of 1,418 drills were carried out in 2023, with a total of 24,509 participants.

In terms of safety management of special equipment, Zhuhai Huafa Property has carried out special supervision and inspection to ensure that the principal responsibilities of elevator users are implemented, and the maintenance quality and other tasks of elevator guide rails, speed limiters, safety tongs, and other major components are implemented. Regarding anti-terrorism security, Zhuhai Huafa Property assisted in anti-terrorism emergency drills. For example, it conducted a scenario simulation drill to simulate on-site disposal of a suspicious explosive at Nanwan Huafa Mall.



Hold a Fire Drill



Carry out an Explosive Prevention Drill



## Types and Specific Content of Work Safety Training:

Type	Content
<b>Onboarding Training</b>	<ul style="list-style-type: none"> <li>The headquarters prepared all kinds of training materials related to work safety, and followed up and recorded the work safety training of new employees at the headquarters. Meanwhile, all the subordinate units completed the pre-job training for new employees as required, with a completion rate of 100%.</li> </ul>
<b>Backbone Training</b>	<ul style="list-style-type: none"> <li>The headquarters of Zhuhai Huafa Property held centralized professional training on safety management task force, greening task force, and cleaning task force, and the training courses included basic knowledge of work safety, basic knowledge of fire safety, professional skills, operation safety management skills, and emergency handling.</li> </ul>
<b>Professional Training</b>	<ul style="list-style-type: none"> <li>Safety management training: The safety committee leaders and dedicated safety administrators of Zhuhai Huafa Property attend external safety management training every year and obtain relevant qualification certificates.</li> <li>Safety administrator training: Safety administrators at all levels are organized to attend safety management skills training.</li> </ul>
<b>Standard operation training of positions</b>	<ul style="list-style-type: none"> <li>Special safety skills training for various jobs' operation safety based on the site situation and the key and difficult points of each position are carried out to further standardize the operation process of employees.</li> </ul>
<b>Special Training</b>	<ul style="list-style-type: none"> <li>The training documents are forwarded online and employees are required to study them carefully; on-site teaching, watching various educational films, and inviting experts to give lectures are adopted offline.</li> </ul>
<b>Knowledge Competition</b>	<ul style="list-style-type: none"> <li>Carry out work safety and fire safety competitions and fire skills competitions online and offline, effectively creating an atmosphere of work safety and fire safety.</li> </ul>
<b>Typical Case Study</b>	<ul style="list-style-type: none"> <li>Report the typical cases in the daily safety management of each unit and the accident cases occurring in other units and industries in meetings, work groups and work briefings on a regular basis, and organize all employees to analyze typical cases and learn by comparison.</li> </ul>
<b>Daily Safety Training</b>	<ul style="list-style-type: none"> <li>Safety management fundamentals, and the safety knowledge such as fire safety, electric bicycle safety, prevention of throwing objects from high altitude, and civilized dog raising is publicized at high frequency, in all dimensions and from various perspectives through "work safety bulletin board", safety publicity activities, banners and posters, with a view to further enhancing the work safety awareness of employees and wide customers.</li> </ul>
<b>Online Question Answering</b>	<ul style="list-style-type: none"> <li>According to the knowledge database of work safety and fire safety issued by the safety committee office of Zhuhai Huafa Property, the new employees are assessed on the work safety knowledge by answering questions online, and each employee is required to receive online assessment on a regular basis to effectively consolidate the knowledge of work safety.</li> </ul>

### Case Invite External Lecturers for Training and In-depth Study of Safety Regulations

In 2023, Zhuhai Huafa Property invited safety lecturers from third-party professional institutions of safety management to carry out publicity and training on the Work Safety Law of the People's Republic of China, the Regulations on Work Safety in Guangdong Province, and the Regulations on Work Safety in Zhuhai Special Economic Zone (hereinafter referred to as "one law and two regulations"), and enabled employees to deeply understand the meaning of "one law and two regulations" and raise the awareness of "no small matter in work safety" through comparative study and case analysis.



### Case Promote Safety Publicity in Communities and Improve Safety Awareness of Owners

Zhuhai Huafa Property actively promoted relevant work in communities by working with fire brigades, neighborhood committees, and other units through the "Safety Publicity Day" on the 1st and 15th of each month and the "Safety Lecture" every quarter, and intensively publicized the safety prevention and fire safety knowledge such as work safety policies and regulations, emergency avoidance, self-rescue and mutual-rescue methods, gas safety, and dog raising safety to owners and the masses, effectively implementing the responsibility of enterprise safety publicity and boosting the safety awareness of the general public.





# Win-win Cooperation with Partners

Adhering to the concept of win-win cooperation, the Company fully integrates the concept of sustainable development into supply chain management, focuses on the normalization and professionalism of supplier management process, actively implements sunshine procurement, strives to promote the growth of suppliers, and constantly promotes the sustainable development of supply chain.

## Normalize Supplier Management

Zhuhai Huafa Property has formulated a series of policies such as Procurement Management Measures and Supplier Management Policy, and formed a three-level management structure with the leadership by the supplier professional committee, main line management by the cost and bidding procurement center, and participation by various functional departments. In 2023, the Company's supplier relationship management system launched new functions including contract and report optimization on the basis of optimizing demand investigation, further promoting the transparency of supplier management.

The Company follows the principle of open, fair and just procurement, carries out whole life cycle management of suppliers, and standardizes the whole process of supplier selection, access, evaluation, and withdrawal to ensure stable and orderly development of the supply chain.

### Supplier Access(Multiple Rounds Of Review)

Conduct a preliminary examination of all potential suppliers registered through the procurement system.

Implement on-the-spot investigation or supplier survey of suppliers who have passed the preliminary examination.

Submit the Supplier Investigation/Survey Approval Form to the supplier professional committee for approval. If a supplier is assessed as qualified, it will be listed in the supplier list. If it is unqualified, it will not be recommended or investigated for one year in principle.

### Evaluation Management

Conduct regular evaluation on all suppliers on an annual basis, and carry out irregular evaluation in case of finding any major problems with suppliers.

### Withdrawal Mechanism

For the unqualified suppliers, the Company terminates the cooperation in a timely manner, and will not resume the cooperation within 2 years. The payment risks of unpaid amount are evaluated at the same time.

The Company realizes resource integration of suppliers by such means as annual supplier performance evaluation. In particular, the environmental responsibility and social responsibility of suppliers are regarded as one of the key contents of supplier performance review and improvement. For example, in the supplier access process, the Company will interview the supplier management and its employees, verify the access conditions such as occupational health, and require suppliers to submit qualification certification documents, giving priority to suppliers who have passed the management system certification.

Zhuhai Huafa Property has set a one-vote veto clause for key major risks such as major environmental pollution and occupational safety accidents, and requires suppliers to use environmentally friendly materials as much as possible on the premise of meeting quality requirements, so as to demonstrate the Company's adherence to the concept of responsible supply chain. In 2023, Zhuhai Huafa Property started the annual evaluation work of more than 600 suppliers, covering the evaluation dimensions such as the supplier's business indicators, compliance records, quality system, business reputation, and environmental and social responsibilities, tracking the supplier's ESG performance and continuously reducing the supply chain ESG risk.

## Implement Sunshine Procurement

The Company is committed to building a responsible supply chain, and putting an end to corruption in procurement in accordance with relevant laws and regulations such as the Contract Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, and Interim Provisions on Banning Commercial Bribery, and the Company's honest governance regulations. Every year, the Company requires all procurement personnel to sign the Commitment Letter of Integrity, clarifies the responsibilities and obligations of both parties, and strictly ensures the compliance of procurement workflow and related documents. The Company signed the Sunshine Procurement Agreement with suppliers to enhance their awareness of honesty and anti-corruption. All the suppliers of Zhuhai Huafa Property had signed the terms of honesty, integrity, and confidentiality by the end of the reporting period.

Zhuhai Huafa Property actively established a discipline inspection information exchange mechanism, and carried out joint supervision and ensured that suppliers and procurement personnel practiced with integrity and realized sunshine procurement by providing the discipline inspection phone number in the procurement contract and sending the Letter of Huafa Property on Establishing a Discipline Inspection Information Exchange Mechanism to the partners.

## Promote Supplier Growth

As developing itself, the Company also attaches importance to empowering supplier partners, helping suppliers understand and follow up the changes in the industry, and better improve and enhance the awareness of sustainable management and comprehensive performance ability. Zhuhai Huafa Property adopts face-to-face communication to communicate and exchange opinions with suppliers on practical issues that suppliers care about, such as the Company's procurement policy, service coordination requirements, collaborative operation, and payment settlement, with a view to effectively improving the work and work efficiency of both parties.

## Dedicated to Social Welfare

The Company focuses on serving the community and developing public utilities such as poverty alleviation, emergency rescue, and crisis relief, participates in community construction, and encourages employees to enthusiastically participate in public welfare activities to enhance people's well-being and spread the positive energy in society through practical actions.

## Organize Community Activities

The Company pays attention to the development of community culture and insists on taking provision of considerate service as the constant initial intention. The Company regularly carries out social service activities (e.g., cleaning vehicles, repairing small household appliances for free, visiting the solitary elderly), community recreational activities (such as community sports meetings), traditional festival activities, and other themed activities in the communities under its management to convey the warmth of the neighbors and extend the happiness of "Huafa Style".





**Case**

**Organize Community Cultural Activities to Provide Considerate Services for Owners**

On 5 February 2023, the projects in Zhuhai, represented by Zhuhai Huafa Century City and Zhuhai Huafa New Town, proactively provided considerate services for the owners, and carried out the community cultural activities of celebrating the Lantern Festival with the theme of "Blessings Come to the Door, Happily Celebrating Lantern Festival". This community cultural activity of celebrating the Lantern Festival included characteristic booths, interactive games, and characteristic activities of celebrating the Lantern Festival, and the live studio of blessing was opened.



**Case**

**Hold the First Community Sports Meeting and Advocate Healthy Lifestyle**

In December 2023, Zhuhai Huafa Property held the first community sports meeting in Xiangzhou District, Zhuhai, enriching the entertainment life of residents. The theme of this community sports meeting is "Civilized Community, Full of Energy", with four major events set up: table tennis, badminton, basketball, and fun sports. More than 3,000 residents from over 130 communities in 10 towns (sub-districts) of Xiangzhou District participated in the sports meeting.



## Fulfill Social Responsibility

While energetically developing its main business, the Company attaches importance to maintaining a good relationship of mutual benefit and mutual assistance with all sectors of society and actively fulfills its corporate social responsibility. It encourages all employees to respond to the call of higher authorities and actively participate in volunteer activities.

In 2023, Zhuhai Huafa Property purchased saplings to plant trees for multiple local communities as a public benefit activity, participated in volunteer service activities such as Zhuhai Marathon and voluntary blood donation activity, and typhoon disaster relief, established convenience service posts, etc., and more than 1,200 employees participated in public welfare activities, with over 7,600 hours of voluntary service in total.

Number of employees involved in public welfare activities

**1,200+**

Cumulative hours of volunteer service

**7,600+**

**Case**

**Conduct Tree Planting and Forest Protection Activities to Improve the Quality of Living Environment**

On 15 March 2023, Zhuhai Huafa Property organized all members of the company to carry out various activities on the theme of Arbor Day in the projects under their jurisdiction in combination with the actual work and in conjunction with the communities, owners and other co-construction partners, and they planted a total of over 8,000 saplings.



Conduct Typhoon Disaster Relief and Resumption of Production



Photo of Zhuhai Marathon Volunteers



# Appendix

## ESG Regulations, Laws and Policies

ESG Indicators	Area	Laws And Regulations	Internal Policies
Environment	In Mainland China	Environmental Protection Law of the People's Republic of China	Quality, Environment, Occupational Health and Safety Management Manual
		Law of the People's Republic of China on Environmental Impact Assessment	Control Procedures for Imposing Influence on the Environment of Related Parties
		Energy Conservation Law of the People's Republic of China	Control Procedures on Testing on Environment, Occupational Health and Safety
		Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution	Control Procedures on Environment, Occupational Health and Safe Operation
		Atmospheric Pollution Prevention and Control Law of the People's Republic of China	
		Law of the People's Republic of China on Prevention and Control of Water Pollution	Environmental Factors Identification and Evaluation Management Procedures
		Marine Environmental Protection Law of the People's Republic of China	Domestic Waste Classification Management Protocols
		Regulations of the People's Republic of China on the Management of Prevention and Control of Pollution Damage to the Marine Environment by Land-based Pollutants	Waste and Emissions Management Protocols
		Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste	Energy Management Manual
		Measures for the Administration of Pollutant Discharge Permits (Trial)	
Directory of National Hazardous Wastes			
Measures on the Management of Hazardous Waste Manifests			
Work Plan for Controlling Greenhouse Gas Emissions During the 13th Five-Year Plan Period			
B1 Employment	In Hong Kong	Hong Kong Employment Ordinance (Cap. 57 of the Laws of Hong Kong)	Employee Handbook
		Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)	Employee Reward and Punishment Management System
		Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)	Remuneration Management Measures of Zhuhai Huafa Property.
		Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)	Training and Talent Development Plan
		Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)	Incentive Program for Employees to Obtain Relevant Technical Skills and Vocational Qualifications
	In Mainland China	Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)	Incentive Program for Business Development of Huafa Property
		Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong)	Special Incentive Program for Community Operation of Huafa Property
		Mandatory Provident Fund Schemes Ordinance (Cap. 527 of the Laws of Hong Kong)	Incentive Scheme for Lean Management Improvement Proposals
		Labor Law of the People's Republic of China	Incentive Program for Fee Clearance of Huafa Property
		Labor Contract Law of the People's Republic of China	Attendance and Leave System
In Mainland China	Law of the People's Republic of China on Promotion of Employment	Employee Leave Management System	
	Social Insurance Law of the People's Republic of China	Employee Recruitment, Onboarding and Probationary Systems	
		Attendance and Leave Management	
		Code of Conduct for Employees	
		Administrative Measures for the Re-employment of Retirees	
B2 Health and Safety	In Mainland China	Labor Law of the People's Republic of China	Fire Safety Management Requirements for Kitchens of Shops and Restaurants with Street Frontages
		Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	Fire Safety Management System of Huafa Property
		Work Safety Law of the People's Republic of China	Fire Safety Management System for High-rise Civil Buildings
		Fire Protection Law of the People's Republic of China	Management System for Safe Use of Fuel Gas and Electric Cooking Appliances in the Canteen of Huafa Property
		Road Traffic Safety Law of the People's Republic of China	Safety Management System for Special Equipment of Huafa Property
		Special Equipment Safety Law of the People's Republic of China	Assessment Methods of Production Safety Responsibility System of Huafa Property Management Company Limited
		Emergency Response Law of the People's Republic of China	Major Hazard Monitoring and Major Safety Hazard Management System
		Regulations on the Safety Management of Hazardous Chemicals	Safety Production Risk Graded Control and Management System
		Regulation on Work Safety Permits	Safety Production Inspection and Hazard Rectification
		Measures for the Administration of Contingency Plans for Work Safety Accidents	Emergency Response Plan System of Huafa Property Management Company Limited
Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents	Safety Production Management System Documents		
Interim Provisions on the Investigation and Control of Work Safety Accidents	Emergency Response Plan System		
Regulations of the People's Republic of China on Work-Related Injury Insurance	System of Safety Accident Report, Investigation and Treatment		

ESG Indicators	Area	Laws And Regulations	Internal Policies
B3 Development and Training	In Hong Kong		Emergency Rescue Management System
			Fire Safety Management System for High-rise Buildings
			Fire Safety Management System
			Safety Production Risk Graded Control and Management System
			Occupational Health Measures and Management System
			Labor Protection Supplies Allocation and Use Management System
			Work Safety Accident Management System
			Administrative Measures for the Investigation and Assessment of Work-related Injuries/Disability Evaluation
			Training and Talent Development Plan
			Incentive Program for Employees to Obtain Relevant Technical Skills and Vocational Qualifications
B4 Labor Standards	In Hong Kong	Employment of Children Regulations (Cap.57B of the Laws of Hong Kong)	Human Resources Planning System
		Hong Kong Employment Ordinance (Cap. 57 of the Laws of Hong Kong)	Labor Relations Management Regulations
		Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)	Employee Training and Development System
	In Mainland China	Labor Law of the People's Republic of China	Employee Regularization, Promotion, Demotion, Salary Adjustment and Transfer System
		Social Insurance Law of the People's Republic of China	
		Labor Contract Law of the People's Republic of China	
		Provisions on Prohibition of Child Labor	
		Law of the People's Republic of China on the Protection of Minors	
B5 Supply Chain Management	In Mainland China	The Bidding Law of the People's Republic of China	Procurement Management Measures
		Anti-Unfair Competition Law of the People's Republic of China	
	In Hong Kong	Personal Data (Privacy) Ordinance (Cap. 486)	HFQEHWSW-FW03 Regulations on Reporting and Management of Dispute and Litigation Cases
		Patents Ordinance (Cap. 514 of the Laws of Hong Kong)	HFQEHWSW-FW02 Risk Identification and Control Management Regulations
		Trade Marks Ordinance (Cap. 559 of the Laws of Hong Kong)	
B6 Product Responsibility	In Mainland China	Civil Code of the People's Republic of China	
		Price Law of the People's Republic of China	
		Measures for the Management of Property Service Charge	
		Measures on the Special Funds for Residence Maintenance	
		Interim Measures for Bid-Inviting and Bidding Management of Preliminary Realty Management	
		Product Quality Law of the People's Republic of China	
		Law of the People's Republic of China on the Protection of Consumer Rights and Interests	
		Advertising Law of the People's Republic of China	
		Trademark Law of the People's Republic of China	
		Regulations on Quality Management of Construction Projects	
Regulation on Realty Management			
Measures for the Management of Urban Domestic Waste			
Regulations on the Management of Urban and Rural Domestic Waste in Guangdong Province			
Regulations on Property Management of Guangdong Province			
B7 Anti-corruption	In Hong Kong	Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)	Incorruptible Practice Commitment of Huafa Property
		Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 615 of the Laws of Hong Kong)	Administrative Measures for Handover of Gifts and Payments of Huafa Property Management Company Limited (Trial)
		Company Law of the People's Republic of China	Discipline Inspection, Intervention and Risk Control System of Huafa Property Management Company Limited
	In Mainland China	Anti-Money Laundering Law of the People's Republic of China	Anti-corruption Policy
		Anti-Monopoly Law of the People's Republic of China	Whistleblowing Policy
		Anti-Unfair Competition Law of the People's Republic of China	
		Interim Provisions on Banning Commercial Bribery	
B8 Community Investment Employment	In Mainland China	Charity Law of the People's Republic of China	/



# Key Performance Indicators (KPIs)

Scope	ESG Indicator	Unit	2021	2022	2023
<b>A. Environmental<sup>②</sup></b>					
A1 Emissions	<b>A1.1 The Types of Emissions and Respective Emissions Data<sup>③</sup></b>				
	Oxynitride	kg	75,140.06	5,123.83 <sup>④</sup>	7,499.98
	Oxysulfide	kg	144.76	6.68	7.68
	Particulate matter	kg	6,109.45	467.06 <sup>⑤</sup>	656.58
	<b>A1.2 Greenhouse Gas Emissions and Intensity<sup>⑥</sup></b>				
	Total greenhouse gas emissions	tons of carbon dioxide equivalent	1,360.24	69,111.57	487,507.58
	Direct greenhouse gas emissions (Scope 1) <sup>⑦</sup>	tons of carbon dioxide equivalent	622.88	68,579.05	487,040.86 <sup>⑧</sup>
	Indirect greenhouse gas emissions (Scope 2) <sup>⑨</sup>	tons of carbon dioxide equivalent	737.36	532.52	466.72
	Greenhouse gas emissions	tons of carbon dioxide equivalent/million operating income in RMB	0.88	43.22	274.54
	<b>A1.3 Total Hazardous Waste Produced and Intensity</b>				
	Total hazardous waste	Tons	0.07	0.14	0.20
	Hazardous waste intensity	Tons/million operating income in RMB	0.000045	0.000088	0.00011
	Waste toner cartridges	Tons	/	0.028	0.083
	Printer cartridges	Tons	/	0.11	0.11
	Discarded batteries	Tons	/	0.003	0.003
	<b>A1.4 Total Non-hazardous Waste Produced and Intensity</b>				
	Total non-hazardous waste	Tons	155.5	93.71	76.76
	Non-hazardous waste intensity	Tons/million operating income in RMB	0.100	0.059	0.04
Office paper usage	Tons	779	3.34	3.78	
Kitchen waste	Tons	/	18.40	26.30	
A2 Use of Resources	<b>A2.1 Direct and/or Indirect Energy Consumption by Type in Total and Intensity<sup>⑩</sup></b>				
	Total energy consumption	MWh	3,376.27	5,012.15	5,801.77
	Energy consumption intensity	KWh/million operating income in RMB	2.18	3.14	3.27

② The environmental data covering the Company's office area (including headquarters, and city companies) and subsidiaries of Zhuhai Huafa Property.

③ The emission data are mainly derived from oxynitride, oxysulfide and particulate matter generated by the Company's official vehicles and business vehicles, and the calculation method refers to the document Appendix II:Reporting Guidance on Environmental KPIs issued by the HKEX.

④ Due to the update of statistical data caliber for 2023, the data for 2022 is adjusted simultaneously. The updated version of data should prevail.

⑤ Due to the update of statistical data caliber for 2023, the data for 2022 is adjusted simultaneously. The updated version of data should prevail.

⑥ Greenhouse gas emissions only refer to carbon dioxide emissions, excluding other types of greenhouse gases such as methane, nitrous oxide, etc.

⑦ Scope 1:greenhouse gas emissions are mainly derived from direct greenhouse emissions (e.g. gasoline, diesel, etc.) caused by the consumption of fossil fuels in the Company's operations, by adopting the formula as follows:CO2 emissions from fossil fuel combustion = fuel consumption × low calorific value × carbon content per calorific value × fuel carbon oxidation rate × 44/12.

⑧ Due to significant increase in the Company's natural gas and piped gas usage ,the GHG emissions increased sharply in 2023.

⑨ Scope 2:greenhouse gas emissions are mainly derived from indirect greenhouse gas emissions generated by consumption of the purchased electricity in the Company's operation process, and the calculation method refers to the document Appendix II:Reporting Guidance on Environmental KPIs issued by the HKEX. In 2021 it was calculated with reference to the General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises and the China Regional Power Grid Baseline Emission Factors for Emission Reduction Project, while the emission factors in 2022 and 2023 were calculated based on the General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Enterprises in Other Industrial Industries.

⑩ Direct energy consumption (unit:KWh) is calculated from gasoline, diesel and other related direct energy consumption;indirect energy consumption (unit:KWh) is calculated from the conversion of purchased electricity, and the calculation method refers to the General Principles of Comprehensive Energy Consumption Calculation GB2589-2020.

Scope	ESG Indicator	Unit	2021	2022	2023
A2 Use of Resources	Direct energy consumption	MWh	2,459.38	4,078.40	4,983.40
	Indirect energy consumption	MWh	916.89	933.75	818.37
	Total diesel consumption	liter	225,027.71	336,062.91	424,038.53
	Total gasoline consumption	liter	/	86,252.07	57,890.31
	Total consumption of Liquefied Petroleum Gas	Tons	24.60	3.14	3.08
	Total consumption of Natural Gas	CBM	12,000	3,120	19,232 <sup>⑪</sup>
	Pipeline gas consumption	CBM	/	5.43	10,000
	Total electricity consumption (purchased electricity)	MWh	916.89	933.75	818.37
	<b>A2.2 Water Consumption in Total and Intensity</b>				
	Total water consumption	CBM	15,646	220,026.22	198,441.00
Water consumption intensity	CBM/million operating income in RMB	10.11	137.60	111.75	
<b>B. Social<sup>⑫</sup></b>					
<b>B1.1 Total Number and Percentage of Employees by Gender, Employment Type, Age Group and Geographical Region</b>					
Total number of employees		Person	8,346	8,548	9,193
<b>Number of employees by gender</b>					
Number of male employees		Person	4,783	4,964	5,555
Percentage of male employees		%	57.31	58.07	60.43
Number of female employees		Person	3,563	3,584	3,638
Percentage of female employees		%	42.69	41.93	39.57
<b>Number of employees by employment type</b>					
Number of full-time employees		Person	8,346	8,548	9,193
Percentage of full-time employees		%	100	100	100
Number of short-term contract/part-time workers		Person	0	0	0
Percentage of short-term contract/part-time workers		%	0	0	0
<b>Number of employees by rank</b>					
Senior management		Person	36	45	46
Percentage of senior management		%	0.43	0.53	0.50
Middle management		Person	105	106	101
Percentage of middle management		%	1.26	1.24	1.10
Other employees <sup>⑬</sup>		Person	8,205	8,397	9,046
Percentage of other employees		%	98.31	98.23	98.40
<b>Number of employees by age group</b>					
Number of employees aged 29 or below		Person	2,294	2,252	2,627
Percentage of employees aged 29 or below		%	27.49	26.35	28.58

⑪ Due to the rapid growth of catering companies, which all used natural gas for cooking meals, the consumption of natural gas increased sharply in 2023.

⑫ The social data in 2023 covers the data of the Company and its subsidiaries (including the data of city companies and subsidiaries of Zhuhai Huafa Property)

⑬ Other employees include ordinary employees and front-line staff.



Scope	ESG Indicator	Unit	2021	2022	2023	
B1 Employment	Number of employees aged 30-49	Person	4,410	4,443	4,692	
	Percentage of employees aged 30-49	%	52.84	51.98	51.04	
	Number of employees aged 50 or above	Person	1,642	1,853	1,874	
	Percentage of employees aged 50 or above	%	19.67	21.68	20.38	
	<b>Number of employees by geographical region</b>					
	Number of employees in Mainland China	Person	8,341	8,543	9,187	
	Percentage of employees in Mainland China	%	99.94	99.94	99.93	
	Number of employees in Hong Kong, Macau and Taiwan	Person	5	5	6	
	Percentage of employees in Hong Kong, Macau and Taiwan	%	0.06	0.06	0.07	
	<b>B1.2 Total Number of Employees Loss by Gender, Age Group and Geographical Region</b>					
	Total number of employees loss	Person	3,450	3,838	4,338	
	Turnover of employees loss	%	29.25	30.99	32.11	
	<b>Number of employees loss by gender</b>					
	Number of male employees loss	Person	2,099	2,273	2,502	
	Number of female employees loss	Person	1,351	1,565	1,836	
	<b>Number of employees loss by age group</b>					
	Number of employees loss aged at 29 and below	Person	1,536	1,519	1,781	
	Number of employees loss aged at 30-49	Person	1,499	1,599	1,697	
	Number of employees loss aged at 50 or above	Person	415	720	860	
	<b>Number of employees loss by geographical region</b>					
	Number of employees loss in Mainland China	Person	3,441	3,835	4,334	
	Number of employees loss in Hong Kong, Macau and Taiwan	Person	9	3	4	
	Number of employees loss in other regions	Person	0	0	0	
B2 Health and Safety	<b>B2.1 Number of Work-related Fatalities Occurred in the Past Three Years Including the Reporting Year</b>					
	Number of work-related fatalities	Person	0	0	1	
	<b>B2.2 Lost Days Due to Work Injury</b>					
	Times of work injuries	Time	35	36	22	
	Lost days due to work injury	Day	2,621	2,397	1,312	
B3 Development and Training <sup>(1)</sup>	<b>B3.1 Percentage of Trained Employees by Gender and Employment Type</b>					
	Total number of trained employees	Person	7,096	7,264	7,793	
	Percentage of trained employees	%	85.02	84.98	84.77	
	<b>Percentage of trained employees by gender</b>					
	Male employees	%	57.00	58.08	58.00	
	Female employees	%	43.00	41.92	42.00	
	<b>Percentage of trained employees by employment type</b>					
	Senior management	%	0.42	0.45	0.47	
Middle management	%	1.32	1.27	1.09		

Scope	ESG Indicator	Unit	2021	2022	2023		
B3 Development and Training <sup>(1)</sup>	Other employees	%	98.27	98.29	98.43		
	<b>B3.2 Training Hours of Employees by Gender and Employment Type</b>						
	Total training hours of employees	Hour	26.76	40.79	51.00		
	<b>Average training hours of employees by gender</b>						
	Average training hours of male employees	Hour	29.60	40.80	48.85		
	Average training hours of female employees	Hour	29.97	40.78	54.28		
	<b>Average training hours of employees by employment type</b>						
	Senior management	Hour	29.17	35.20	48.26		
	Middle management	Hour	31.04	41.25	50.50		
	Other employees	Hour	29.74	40.81	51.00		
	B5 Supply Chain Management	<b>B5.1 Number of Suppliers by Geographical Region</b>					
		Number of Suppliers in Zhuhai	Nos	191	229	232	
		Number of suppliers in North China	Nos	115	162	152	
		Number of suppliers in East China	Nos	49	87	90	
		Number of suppliers in Central China	Nos	68	164	153	
Number of suppliers in South China		Nos	57	92	75		
Number of Suppliers for Direct Business (in Linzhi)		Nos	4	10	24		
Number of suppliers in Hong Kong, Macau, Taiwan and overseas		Nos	0	0	0		
Total number of suppliers		Nos	484	744	726		
B6 Product Responsibility		<b>B6.2 Number of Products and Service Related Complaints Received and How They are Dealt With</b>					
	Number of products and service related complaints received	Time	2,527	2,989	3,280		
B7 Anti-corruption	<b>B7.1 Number of Concluded Legal Cases Regarding Corrupt Practices Brought Against the Issuer or Its Employees During the Reporting Period</b>						
	Number of corruption lawsuits	case	0	0	0		
	<b>B7.3 Anti-corruption Training Provided to Senior Management and Other Employees</b>						
	Number of trained persons	Person	2,611	2,811	3,017		
	<b>Number of trained persons by employment type</b>						
	Number of trained senior management	Person	11	11	15		
	Number of trained employees	Person	2,600	2,800	3,002		
B8 Community Investment	<b>Total training hours of employees by employment type</b>						
	Training hours of senior management	Hour	53	54	78		
	Training hours of employees	Hour	7,800	8,400	9,616		
	<b>B8.2 Resources contributed to the focus area</b>						
	Total amount of investments in communities	RMB <sup>(2)</sup>	/	8,600	80,000		
	Number of employees participating in charity/volunteer activities	Person-time	378	900	1,200		
	Hours of volunteer activities	Hour	2,646	5,300	7,600		

<sup>(1)</sup> B3 The methodology for calculating training-related data is set out in the document Appendix III: Reporting Guidance on Social KPIs issued by HKEX.

<sup>(2)</sup> The currency for measurement is RMB.



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<sup>16</sup> "A2.5 The total amount of packaging materials used in finished products (in tons) and, if applicable, the proportion per unit of production" does not apply to the Company; "B6.1 The percentage of the total number of products sold or shipped that must be recycled for safety and health reasons" does not apply to the Company.

## Feedback Form

Dear readers,

Thank you for reading the 2023 ESG Report of Huafa Property Services Group Company Limited. We sincerely hope that you could evaluate this Report and provide valuable comments to help us make continuous improvement.

### Your Comments On This Report:(Please Tick Where Appropriate)

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

- Very good     Good     Average     Poor     very poor

2、 Do you think the information and indicators disclosed in this Report are clear, accurate and complete?

- Very good     Good     Average     Poor     very poor

3、 Do you think the content arrangement and style design of the Report are convenient for reading?

- Very good     Good     Average     Poor     very poor

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

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

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