



寶龍商業管理控股有限公司
**POWERLONG COMMERCIAL
MANAGEMENT HOLDINGS LIMITED**

Incorporated in the Cayman Islands with Limited Liability
Stock Code: 9909.HK



2023

ENVIRONMENTAL,
SOCIAL AND GOVERNANCE REPORT



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Reporting Description

Powerlong Commercial Management Holdings Limited (stock code: 9909.HK) (the “Company” or “Powerlong CM”) and its subsidiaries (together, the “Group”) is delighted to publish its fifth Environmental, Social and Governance Report (the “Report”).

The Report details the Group’s performance in terms of environmental, social and governance (“ESG”) and its future planning and goals. The Group has disclosed most of the key performance indicators with descriptions to establish baselines for assessment to facilitate comparisons. For details of the Group’s businesses, please refer to the *Annual Report 2023* of Powerlong CM.

Reporting Period and Scope

Unless otherwise specified, the Report covers the period between 1 January 2023 and 31 December 2023 (the “Reporting Period”), with part of the content suitably extended. The content of the Report is determined based on operational control, which covers all business sectors under the Group, including commercial operational services and residential property management services.

Reporting Guideline

The Report has been prepared in accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* (“ESG Reporting Guide”) contained in Appendix C2 to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (“Listing Rules”) issued by the Stock Exchange of Hong Kong Limited (“Stock Exchange”), and is based on the reporting principles of Materiality, Quantitative, Consistency and Balance. The contents covered herein comply with the disclosing requirements provided in the ESG Reporting Guide, the provisions of the “mandatory disclosure requirements” and the “comply or explain” set therein.

During the preparation of the Report, the Group applied the following reporting principles according to the *ESG Reporting Guide*:

- Materiality** The Group’s material issues for the Reporting Period were determined with reference to the 2023 materiality assessment results¹ from Powerlong Real Estate Management Holdings Limited (“Powerlong Holdings”), thereby the Report is prepared by focusing on the confirmed material issues;
- Quantisation** The standards and methods of the data calculation in the Report, the applicable assumptions and calculation tools are disclosed;
- Consistency** The preparation method of the Report is fundamentally consistent with the previous year, and the changes in the disclosure on the data reporting scope and calculation method are specifically explained;
- Balance** The Report provides an unbiased picture of the Group’s performance during the Reporting Period to avoid the selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

¹ Powerlong CM is a subsidiary of Powerlong Holdings. As the business nature and the reporting scope of the two companies are similar, the material issues for the Report were referenced from the 2023 materiality assessment results of Powerlong Holdings.

Reporting Declaration

The Report highlights the management process and emphasises on its materiality, quantisation, balance, and consistency to provide a comprehensive overview of the Group’s philosophies and policies. The Group guarantees the reliability, authenticity, objectivity, and timeliness of the Report, and is intended to strengthen communications with stakeholders through issuing the Report, so as to further promote sustainable development of the environment, society and economy. The disclosed content of the Report is determined by the results of stakeholder engagement processes. Please refer to the chapter “Responsibility Management” in the Report for details of the process.

Confirmation and Approval

The Company’s board of directors (the “Board”) has approved the Report on 26 March 2024 to ensure the contents of the Report is authentic, accurate and complete. The Board of Directors is responsible for the Group’s ESG strategy and report, and is responsible for assessing and determining the Group’s ESG-related risks to ensure the Group’s ESG risks and internal management and control system are implemented appropriately and effectively.

Report Availability and Feedback

The Report can be accessed and downloaded from the Company’s website at www.powerlongcm.com or the HKEXnews of the Stock Exchange at www.hkexnews.hk.

The Group welcomes any comments and suggestions regarding the Report or ESG-related matters through email at boardteam9909@powerlong.com.



Group Overview

As a subsidiary of Powerlong Holdings and a leading commercial operational service provider in the People's Republic of China ("PRC"), the Group focuses on the Yangtze River Delta region, especially city clusters with vast potentials for economic development. Based on local demand, it is committed to creating good city living. The Group has been offering commercial operation services to developers, tenants, and owners of retail commercial properties since 2007, while providing property management services to residential properties, office buildings and serviced apartments. and was successfully listed on the Main Board of the Stock Exchange on 30 December 2019, being the first commercial management operational service provider under an asset-light business model listed on the Stock Exchange.

With the corporate mission of "creating space full of love", the Group adheres to its corporate philosophy of "simple, truthful, prosper together, forward forever", with a view to becoming a well-respected, century-lasting and world-leading operator of city space, thereby creating more room for value enhancement for customers and investors on an ongoing basis.

Our Businesses

Commercial Operational Services

The Group's commercial operational services include full-chain services covering positioning, tenant sourcing, opening, operation and management for shopping malls and shopping streets, which primarily included:

Market research and positioning, tenant sourcing and opening preparation services to property developers or property owners during the preparation stage before the opening of retail commercial property;

Commercial operation and management services to property owners or tenants during the operation stage of a retail commercial property;

Property leasing services with respect to units located within the shopping streets and shopping malls.

The Group provides high-quality commercial operational services under its four brands, namely "Powerlong One Mall" (宝龙一城), "Powerlong City" (宝龙城), "Powerlong Plaza" (宝龙广场) and "Powerlong Land" (宝龙天地).

As at 31 December 2023, the Group's commercial operation team had approximately **4,016** team members

95 retail commercial properties in operation across the country

An aggregate gross floor area ("GFA"²) in operation of approximately **10.8** million square meters ("sq.m.")

Contracted to provide commercial operational services for **138** retail commercial properties

An aggregate contracted GFA of approximately **15.1** million sq.m.

² Unless otherwise specified, all "GFA" of commercial properties in the Report refers to areas including car parks.

The Group's brand enjoys considerable recognition in the markets where it operates, and has been awarded various types of honours in 2023, such as China Top 10 Commercial Real Estate Enterprises with Best Operations of the Year 2023 (2023 年中国商业地产运营十强企业) awarded by China Index Academy (中国指数研究院), the "Brand Influence Enterprises in 2023" (2023 年品牌影响力企业) awarded by Leju Financial Research Institute (乐居财经研究院), and the "Top 8 Retail Real Estate Enterprises with Comprehensive Strength in 2023" (2023 年度零售商业地产企业综合实力 Top 8) awarded by Winshang.com (赢商网).

Residential Property Management Services

The Group provides residential property management services for residential properties, office buildings and serviced apartments that cover various aspects as below:

Pre-sale management services to property developers during their pre-sale services, such as cleaning, security and maintenance of pre-sale display units and sales offices;

Property management services to property owners or property owners' associations at the post-delivery stages, such as security, cleaning, gardening, and repair and maintenance services;

Other value-added services to property owners, tenants or residents of properties under management, such as pre-delivery preparation and trash handling services, management services for common area, advertising space and car park.

As at 31 December 2023, the Group had **109** projects delivered of its residential property management services

Contracted to manage **147** projects

An aggregate GFA delivered of approximately **21.1** million sq.m.

An aggregate contracted GFA of approximately **31.2** million sq.m.



Responsibility Management

Statement of the Board

The Group understands the importance of good corporate governance, including governance of ESG-related issues that are crucial to sustainable development. The Group has been committed to integrating the concept of sustainable development with the Company's overall strategies, policies, and business plans. The Group has formed an ESG governance system with clear responsibilities by following the ESG governance system of Powerlong Holdings. Taking into account the nature of the Group's own businesses, an ESG Working Group has been set up to assist the Board of Directors in guiding and managing ESG-related work of the Group. The Board of Directors takes the responsibility of supervising and approving the management policies and strategies of ESG, which is also responsible for supervising ESG targets and reviewing the progress towards the ESG targets. Besides, it participates in identifying, evaluating, prioritising, and managing important ESG-related issues.

The Group views the assessment of ESG issues' materiality as a critical annual task to guarantee that it manages and improves its environmental, social, and governance performance. The Board carefully reviews and approves the results of the assessment, integrating key issues into the overall strategy of the Group while overseeing the management effectiveness and performance of these issues. In addition, we have a dedicated working team responsible for the development and implementation of relevant ESG policies and measures, and we report progress to the Board on a regular basis to ensure that substantial progress is made in advancing our sustainability objectives.

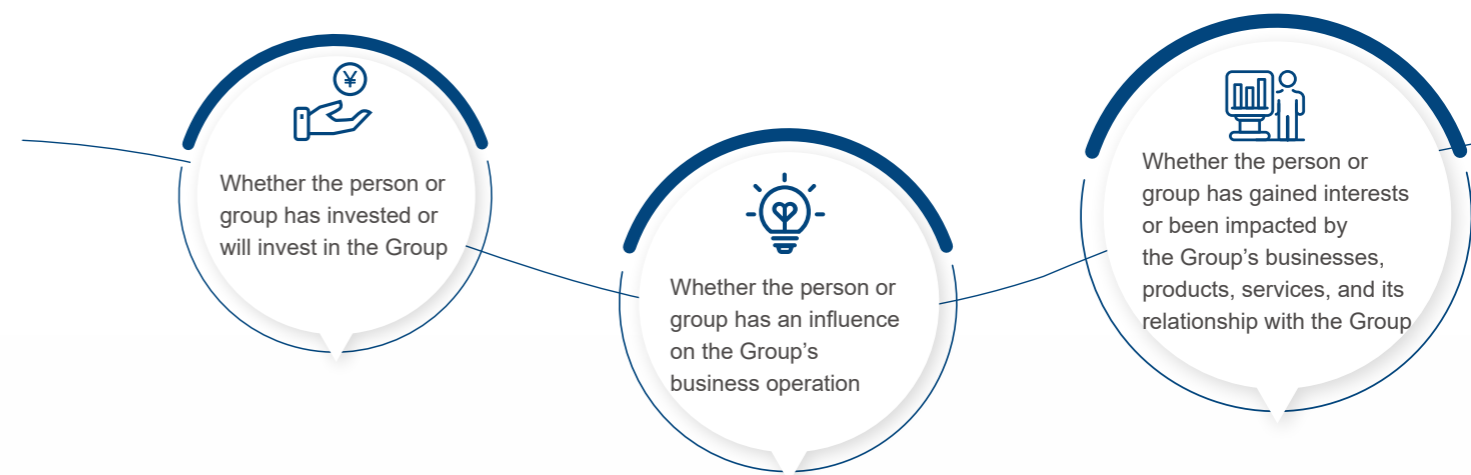
The Group has established a stringent risk management and internal control system. Through the establishment of a dedicated internal control department, the Group ensures effective identification and supervision on the Group's risks and internal controls, and submits reports directly to the Board for review and decision-making. We realise that integrating ESG risk management into our corporate development strategy is critical to the success of our business. Therefore, the Group is committed to establishing an appropriate and effective ESG risk management and internal control system. Through meticulous risk identification and assessment, the Group not only identifies key ESG risks, but also continuously monitors and improves the management strategy of these risks to ensure its sustainable development.









In the future, the Group will continuously improve its governance structure to ensure effective supervision and control of possible risks during operation, and it will continue to identify and analyse ESG risks and continuously optimise its ESG risk management and internal control system. At the same time, the Group will also set more detailed environmental goals and actively promote low-carbon operations, as well as help the Group to move steadily forward on the path of sustainable development.

Stakeholder Communication

The Group is keenly aware of the importance of effective communication with its stakeholders and considers it to be the key to driving the Group's sustainable development. Therefore, the Group identifies key stakeholders who have strong relationships with the Group's operation and communicates constantly with key stakeholders through various channels to proactively understand and respond to their demands and expectations. The Group firmly believes that effective communication with stakeholders can drive the sustainable development of Powerlong CM.

The Group determines whether the relevant person or group is a key stakeholder through the following three key points:






Key Stakeholders	Expectations and Requests	Frequency	Responses
 Government and regulators	<ul style="list-style-type: none"> Policy implementation Environmental protection Tax contribution Information disclosure 	Regular or irregular	<ul style="list-style-type: none"> Accept government supervision and inspection Green operation Proactive tax payment Disclosure of information on a regular basis
 Investors (Shareholders)	<ul style="list-style-type: none"> Return on investments Operational regulation Risk control Sustainable development 	Regular or irregular	<ul style="list-style-type: none"> Annual General Meeting Company website Delegations Investment banking forum Annual report and periodic reports Corporate communication One-on-one conference International roadshow
 Employees	<ul style="list-style-type: none"> Remuneration and benefits Career development Occupational health Equal opportunities 	Regular or irregular	<ul style="list-style-type: none"> Annual Meeting Employee training Employee physical examinations Employee activities
 Customers	<ul style="list-style-type: none"> Product and service quality Information protection Safety and environmental protection 	Irregular	<ul style="list-style-type: none"> Client satisfaction surveys Interactive activities with clients Waste separation and recycling Customer privacy protection policies Emergency and disaster relief drills
 Suppliers and partners	<ul style="list-style-type: none"> Business integrity Mutual benefit and win-win Transparency and equality 	Regular or irregular	<ul style="list-style-type: none"> Bidding policy Consider environmental and social factors in supplier reviews Supplier selection system
 Communities and the Public	<ul style="list-style-type: none"> Community environment Harmonious development Maintaining stability Poverty alleviation 	Irregular	<ul style="list-style-type: none"> Public donation Community activities Community building Rural revitalization
 Media	<ul style="list-style-type: none"> Timely communication 	Regular	<ul style="list-style-type: none"> Organise media events on a regular basis
 Commercial Tenants	<ul style="list-style-type: none"> Mutual benefit and win-win Timely communication Transparency and equality 	Regular or irregular	<ul style="list-style-type: none"> Examine and verify commercial tenants before settlement Commercial tenant activities Screening of commercial tenants

Materiality Assessment

In order to identify the most concerned ESG issues of key stakeholders to emphasis the disclosure of relevant information in the Report, the Group took reference from the 2023 materiality assessment results of Powerlong Holdings, and conducted the assessment based on two major dimensions namely “importance to the Group” and “importance to stakeholders”, to confirm material issues to be disclosed in the Group’s 2023 ESG report.

This assessment has led us to focus our reporting on ESG issues that have a significant impact on both the Group and its stakeholders to meet their needs for environmental and social information.

	 Environmental Issues	 Social Issues	 Governance Issues
Material issues	<ul style="list-style-type: none"> Development and operation of green projects Protection of ecological environment and natural resources Greening of surrounding areas of projects Energy use and conservation Water usage and conservation 	<ul style="list-style-type: none"> Product and service quality Protection of legitimate rights and interests of employees Compliance with statutory labour standards Health and safety of clients Supply chain management 	<ul style="list-style-type: none"> Social and economic compliance Corporate disclosure of compliance information Corporate operational risk and crisis handling mechanism
Other issues	<ul style="list-style-type: none"> Response to climate change Wastewater discharge and management Solid waste disposal and management Air emission and management Greenhouse Gas (“GHG”) emission and management 	<ul style="list-style-type: none"> Occupational health and safety Vocational development and training of employees Community investment and involvement in surrounding areas of projects Employment and employee welfare Client information protection 	<ul style="list-style-type: none"> Financial performance and investor interests Internal corporate anti-corruption Resistance to unethical commercial competition

The Group conducted the assessment by integrating Powerlong Holdings’ material issues and its own development strategy and business characteristics to obtain the above results of materiality assessment and identify 13 material issues, which stakeholders participating in the survey were most concerned about. In response to the key stakeholders’ information requests on the Group’s environmental and social aspects, the Report is in compliance with the information disclosure requirement of “mandatory disclosure” and “comply or explain” of the *ESG Reporting Guide* issued by the Stock Exchange, mainly focuses on these material issues and disclosed the relevant management measures and performance accordingly.



01

Operational Service Management

The Group strives to provide customers with products and services with the highest quality, and continuously upholds the philosophy of “customers always come first”, to constantly drive its sustainable development. Powerlong Holdings has established a brand management mechanism based on the *Brand Management Mechanism Compilation*, and the Group follows Powerlong Holdings’ management mechanism to ensure the Group constantly promotes a definite, clear, and consistent brand image. During the process of business operation, the Group does its best to follow Powerlong Holdings’ brand management mechanism, and strictly complies with the *Trademark Law of the PRC*, the *Law of the PRC on the Protection of Consumer Rights and Interests*, the *Advertising Law of the PRC*, the *Patent Law of the PRC*, and other relevant laws and regulations. Furthermore, the Group respects and protects the patents of its suppliers and partners, and the information obtained during its business activities is kept confidential to protect the intellectual property of the associated parties.

- Quality Customer Services
- Digital Operation
- Client Rights and Intellectual Property Protection
- Commercial Operation
- Property Management
- Supply Chain Management



Quality Customer Services

Quality services are the key to the Group's sustainable development. Therefore, to meet the customers' needs, the Group keeps optimizing and improving each detail throughout operation to provide high quality and attentive services, and part of the Group's subsidiaries have obtained ISO9001 certification of quality management system. To improve the quality of its products and services as well as to conduct detailed analysis on customers' expectations and needs across its business sectors, Powerlong CM conducted a series of surveys concerning quality of customer service during the Reporting Period, including but not limited to the following methods:



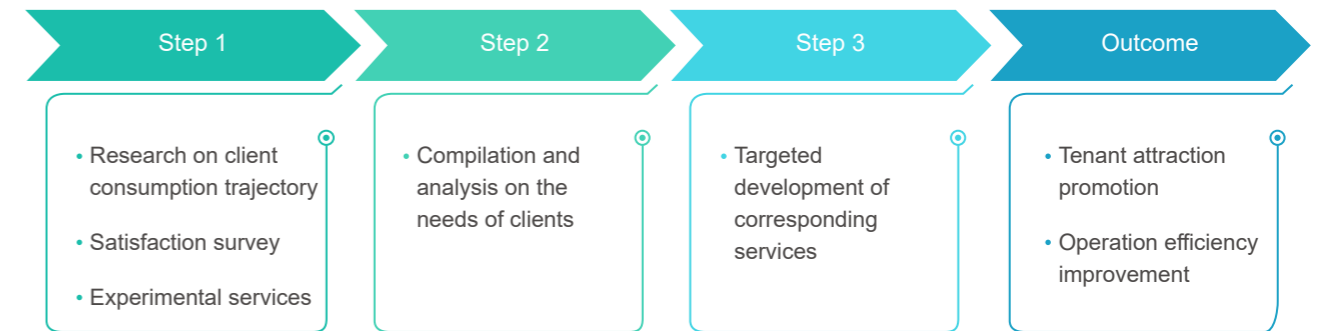
All customer service personnel in commercial operational and property management businesses are required to record in detail the complaints, suggestions and comments related to services from customers. The documented cases are forwarded to appropriate departments for timely follow-up and handling following the Customer Complaint Handling Process formulated by Powerlong CM to satisfy reasonable demands of customers and to show the Group's commitment and efforts to enhance the quality of customer services. During the Reporting Period, the Group received a total of 2,483 complaints related to products and services, of which 1,082 were related to commercial operational service and 1,401 were related to residential property management service. All complaints were resolved in a timely and reasonable manner.



Commercial Operation

As a leading commercial operational service supplier in China, the Group recognises that the provision of high quality and caring services is the key to satisfying customers' needs. The Group considers customers' satisfaction as the core of commercial property operation. The Group has implemented the "Customer-oriented Programme" for listening and responding to customers' demands on an on-going basis, so as to maintain close relationships with customers. The Group's commercial operational centre also engages with third-party institutions to carry out customer investigations for every commercial project, and takes corrective and preventive measures to enhance and adjust the service content and quality in accordance with the management and services-related comments and suggestions raised by customers.

The Group's procedures to improve operational efficiency of commercial properties are:



Case Pizhou Powerlong Plaza

With its spatial design with strong regional cultural characteristics, advanced brands with core strengths, and distinctive art exhibitions, Pizhou Powerlong Plaza, which opened on 22 December 2023, creates a new environment for clients to live and socialise. Pizhou Powerlong Plaza is located at the junction of Nanjing Road and Yanhu Road, the city's main artery. The project's own residences will welcome more than 3,800 middle- and high-end owners in the future, while the mature homes surrounding it will lock up over 70,000 inherent consumer groups. With the benefit of its central location, the project can reach more than 1.94 million clients throughout the entire city in 30 minutes.

The project's own residences will welcome more than **3,800** middle- and high-end owners in the future



Exterior of Pizhou Powerlong Plaza



Photos of Pizhou Powerlong Plaza's Opening Ceremony

Case

Jingdezhen Powerlong Plaza

On 14 October 2023, Jingdezhen, a pearl in northern Jiangxi, hosted a grand opening for the Powerlong Plaza. With an area of more than 210,000 square meters, Jingdezhen Powerlong Plaza is Powerlong CM's first commercial project in Jiangxi and the first city-level shopping centre in Jingdezhen, offering a carnival that is "beyond porcelain". Jingdezhen Powerlong Plaza is a dedicated city-level shopping centre in Jingdezhen that "discovers beauty beyond porcelain" by virtue of the diversified consumption mode that combines shopping and entertainment, natural ecological space, leisure and cultural activities, and a social scene. It does this by utilizing Powerlong Commercial Group's integrated operating capacity, revolutionizing the commercial sector with a ground-breaking strategy, and opening up possibilities for consumption through imaginative experiences.



Exterior of Jingdezhen Powerlong Plaza



Opening Ceremony of Powerlong Plaza



Digital Operation

The Group keeps looking into new technologies to improve corporate operating efficiency and to help with the intelligent transformation of the commercial ecosystem in its pursuit of sustainable development. Since 2018, the Group has developed close collaboration with its partners in a number of areas, working together on the exploration of smart retail and operations. We have formed collaborative investigations with Tencent in areas including digital payments, omni-regional marketing, and AI automation and control thanks to our technology-driven business development strategy. By working with our partners, we are not only building a digital AI workforce internally, but also upgrading our online and offline services to bring a better experience to millions of users across the region.

We began a new phase of strategic collaboration with our partners in 2023 to jointly investigate the commercial application scenarios of cutting-edge AI technologies, including data analytics, risk awareness, AI decision-making, and privacy computing. By working together, the Group will deepen the mining of data value, as well as promote the digital transformation of commercial operation from digitisation to AI application stage.

In the future, the Group will continue to develop the application value of AI and fully unleash its financial data decision-making capabilities in the digital transformation of the commercial assets sector, so as to jointly support the development of a smart commercial ecosystem and help realise the Group's sustainable development.

Property Management

The Group actively adopts owners' feedback on its services and continuously improves the quality of its property management. Some property management teams also provide the latest updates on community information to property owners through WeChat official accounts and other platforms in terms of weather forecast, travel guide, infrastructure maintenance status, and other thoughtful services to protect our owners' health and comfort. Besides, the Group regularly arranges fire drills to strengthen property owners' emergency response capabilities and to prevent potential hazards. The Group also organises diversified community activities for property owners, provides a platform for exchanges and creates a harmonious community atmosphere to enhance the living experience for its clients and to build a positive community culture.



Client Rights and Intellectual Property Protection

The Group respects the privacy of customers and their intellectual property rights. Customer data and information obtained during the course of business operation will only be used in providing services for customers, and it will not be disclosed to third-party organisations or be used for other purposes other than providing customer services without customers' consent.

The Group strictly complies with relevant laws and regulations including but not limited to the *Law of the PRC on the Protection of Consumer Rights and Interests* and the *Criminal Law of the PRC*, and has stipulated the process and precautions of handling important documents for employees in internal guidelines such as the *File Management Policy*, the *File Borrowing Policy* and the *Customer Information Security Management*, in which employees are required to treat customer data in strict confidence. Powerlong CM's customer information is attended by specified personnel. Confidential paper documents are properly placed in the storage room and digital version of customer information are encrypted to avoid data breaches. Customer information can only be accessed by authorised employees while the outsiders are prohibited to access. Additionally, the Group signs non-disclosure agreements with employees and provides regular training for them to enhance their awareness in personal data security, and to prevent employees from using, leaking, and selling customers' personal information illegally.

Furthermore, the Group spares no effort in safeguarding the patents of its suppliers and partners. It has developed and implemented the intellectual property rights management system, and have entrusted the Group's Legal Affairs Department to be responsible for managing intellectual property rights-related issues. The information obtained during business activities will be kept confidential to protect the intellectual property rights of the related parties. At the same time, the Group provides training regarding intellectual property rights in the induction training for new employees to introduce the Group's implementation of intellectual property rights and management methods, so as to enhance their awareness in protecting intellectual property rights. The Group also established the "No Fakes" model merchant alliance and regularly held training on "No Fakes" related contents. The Group also requires the brands operated by the tenants of all its commercial properties to obtain trademark registration certificates and closed loop authorisation. If the trademark registration certificates are not obtained in time, a monthly trademark authorisation guarantee is required. The merchandise sold in the stores must be consistent with the brand. Once any unauthorised merchandise is found, it is required to be removed from the shelves immediately.



Supply Chain Management

Suppliers play a vital role in the Group's commercial operational and property management businesses. Therefore, the Group adheres to the corporate values of symbiosis and win-win, focuses on continuous strategic alliances, establishes and continuously optimises and improves the supplier management mechanism, with a view to achieving comprehensive and effective supply chain management.

The Group adopts stringent criteria to select supplies with high qualities, and initiate collaborations with qualified suppliers. The Group has formulated internal procurement guidelines such as the *Cost Guidebook*, the *Regulations on Internal Supervision and Audit System* and the *Suppliers Approval Standards* and conduct procurement management according to the guidelines for all the suppliers to ensure the efficiency and quality of the supply chain. The guidelines provide clear stipulation of the criteria for shortlisting suppliers, and indicate that suppliers are subject to rigorous scrutiny before being included in the supplier list. To ensure the Group's service quality, only suppliers that have obtained marks higher than 70 are eligible to be shortlisted.

On the basis of aligning the Group's standards, the Group gives priority to those suppliers with outstanding environmental and social practices, and provide environmentally friendly products and services, thereby to further manage the social and environmental risks along the supply chain.

The Group also conducts regular suppliers' evaluation to ensure the service and product quality provided by suppliers meets the Group's standards. If the product or service quality of suppliers are found to be below the Group's acceptable standards, suppliers are required to make immediate improvements. At the same time, the Group has established diversified and reliable communication channels to maintain close liaison with suppliers. It allows the Group to strengthen collaborations and ensure effective communication of any possible significant delay or conflict, so as to minimise the chances of affecting the Group's service quality due to undesirable services from the supply chain.

The Group provides a fair, just and open platform for suppliers where all procurement is conducted in accordance with the Group's tendering policy. Strictly abiding by the Bidding Law of the PRC, the *Corruption-free Management Agreement* has been included in the contracts to set out duties and penalties of integrity management for both the Group and suppliers. Furthermore, the hotline for inspection and complaints has also been listed in the tender documents to encourage suppliers and other relevant parties to report any behaviour in corruption.



02

Creating a Green Environment Together

As a responsible company that emphasises sustainable development, the Group has taken serious steps to mitigate the environmental impact of its operations by incorporating green concepts into its commercial operations and property management. Based on strictly abiding by the laws and regulations related to environmental protection such as the *Environmental Protection Law of the PRC*, the *Law of the PRC on Environmental Impact Assessment*, the *Law of the PRC on Prevention and Control of Pollution from Environmental Noise*, the *Law of the PRC on the Prevention and Control of Environmental Pollution Caused by Solid Wastes* and the *Regulation on Urban Drainage and Sewage Treatment*, the Group has developed a series of policies and measures to reduce emissions of air pollutants and GHG, discharges into water and land, as well as generation of hazardous and non-hazardous wastes that are generated during the Group's business operation. In addition, the Group actively responds to the Sustainable Development Goals of the United Nations. Under the premise of complying with the goals set by Powerlong Holdings, combined with its own business strategies and development conditions, the Group takes energy saving, water saving, reduction of GHG emissions as well as reduction of waste as its environmental protection goals to constantly promote green development and contribute to achieving the national "Dual Carbon" goals of carbon peaking by 2030 and carbon neutrality by 2060.

- Reducing Emissions during Operation
- Sustainable Office
- Response to Climate Change



The Group has actively responded to and followed the Responding to Climate Change: China's Policies and Actions and other policies related to climate change. In accordance with aforementioned policies, the Group has formulated corresponding energy conservation and emission reduction plans and measures to improve system efficiency, optimise energy use, and reduce GHG emissions, so as to reduce the environmental impacts caused by the Group's business operation. Meanwhile, some of the Group's subsidiaries have established relevant contingency plans and conducted regular drills to cope with climate-related risks such as extreme weather to enhance the Group's ability to cope with climate change.

In terms of environmental management, the Group makes reference to national and local standards where its business operates, combines the requirements of ISO14001 Environmental Management System and considers the actual operation to formulate environmental policies. The Group continuously evaluates the progress of the implemented policies and related achievement for further improvement and identifying next steps. Through adopting the "PDCA"³ model, the Group has achieved sustainable improvement on its environmental performances. For details of the environmental performance, please refer to the "Performance Summary" section of the Report.

Reducing Emissions during Operation

In the operation process, the Group produces a certain amount of air pollutants, GHG and waste and uses energy and water resources. The Group focuses on reducing the impacts on environment caused by its own business activities and actively responds to potential influence of climate change on the Group's businesses. The Group introduces a sustainable operation model and contributes to reducing energy and resources consumption, air and GHG emissions through the implementation of various internal policies and mechanisms related to energy saving and emission reduction, so as to respond to climate change. Through developing internal management policies such as the *Guidelines for Energy Management*, the Group conducts comprehensive energy classification management in aspects such as lighting, heating, refrigeration, domestic water, and power distribution. The Group's operational projects practice delicacy management in their daily operations and appoint the engineering director to take responsibility of integrated energy management to ensure the realisation of energy saving and emission reduction targets.

Energy Saving

The Group achieves savings in energy consumption by replacing traditional fluorescent lights with LED lights in its commercial and property management projects and installing sound sensor, infrared and light sensors, as well as time controllers, to automatically adjust lighting systems, so as to improve energy efficiency. Escalators in some projects are also equipped with automatic sensors, which allow the escalators to enter idle mode when not in use. In addition, the Group reduces the consumption of resources during operation through installing a series of smart systems, including building automation systems at commercial projects to monitor temperature and brightness, and remotely control the lighting and air-conditioning systems according to the actual situation. The Group also actively enhances the management, maintenance and cleaning of equipment for the highest operating efficiency to reduce equipment energy consumption, so as to achieve the target of energy saving. In order to monitor environmental performances of the Group's projects more effectively and more comprehensively, the Group requires all projects to record their daily energy usage in air-conditioning, analyse the data, and optimise the operation mode of air-conditioning systems to achieve energy-saving.

³ That is, Plan (計劃), Do (執行), Check (評估), Act (優化).

Water Saving

The Group does not involve with any large-scale water usage during its operation due to its business nature. Also, all the operating Group-owned properties use municipal water, and thus the Group does not encounter any issues in sourcing water. Nonetheless, the Group is dedicated to reducing water consumption in the course of operation through a vast range of measures. In terms of commercial operation, the Group has installed self-closing faucets and automatic faucets in public washrooms and has equipped toilets with automated flushing systems. In terms of property management, the Group offers property owners with upgraded fire sprinkler systems which adopted more water-saving designs. The Group also conducts regular inspection and maintenance for fire and water pipelines to avoid waste of water resource, and arranges for repairs as soon as "running, leaking, dripping, or leaking" is found. In the future, the Group will continue to seek opportunities to improve water efficiency in the course of operations and make every effort to fulfil corporate sustainable responsibility.

Waste Sorting

In terms of waste management, the Group has established long-term partnerships with qualified waste recycling and handling operators to undergo systematic recycling and management of general wastes and hazardous wastes generated from commercial operational and property management businesses. Recycling bins of different waste types are placed at project sites, while waste segregation services are offered to each unit of apartments of the property management business. At the same time, the Group carries out environmental education programmes in the community from time to time, as well as organises recycling activities for materials such as unwanted clothing to improve environmental protection awareness of the community and promote sustainable development.



Sustainable Office

In order to enhance the practice of resources and energy saving in the office premises, the Group has advocated the concept of "green office" in offices across the country. The Group actively encourages employees to implement the policy of reducing, reusing, and recycling for paper, ink cartridges and other office wastes, so as to effectively minimise wastage of resources and reduce waste generation. To enhance the awareness of employees in environmental protection, the Group has developed and regularly reviews relevant guidelines and measures. These efforts not only show Powerlong CM's commitment to environmental protection, but also promote the green transformation of the Group's culture.

Measures for Sustainable Office



Lighting systems are turned off during lunch hours and non-working hours to reduce energy consumption;



Documents are uploaded on clouds to minimise the use of paper as much as possible;



Paper documents are replaced with digital documents for presentation to advocate the concept of paperless offices;



Paper recycling baskets are set up for employees to store used paper and advocate using paper at both sides;



Posters are placed on printers to remind employees to save paper;



Video conference or teleconference are carried out to minimise GHG emissions arising from business transportation and improve the efficiency of employees;



Employees are requested to take public transport as their priority during business trips to avoid unnecessary carbon emissions.



During the Reporting Period, the following material had been recycled from offices of Powerlong CM's property management business:



Paper

89.96 tonnes



Through the effective implementation of operation and office policy relating to energy saving and emission reduction, the Group wishes to raise employees' awareness on environmental issues as well as climate change issues, and proactively extend the concept of sustainability into their daily lives.

Response to Climate Change

In tackling the challenge of climate change, the Group recognises the environmental impact of its operations in terms of energy consumption, atmospheric emissions and GHG emissions. At the same time, the Group recognises that climate change may present both risks and opportunities for the Group's business operations.

In order to effectively manage risks and capitalise on potential opportunities, the Group has developed and implemented a series of internal policies and procedures aimed at identifying and evaluating climate-related risks, including the increased probability and frequency of occurrence of extreme weather events such as hurricanes, floods, etc., and the direct and indirect impacts of these factors on our business operations.



03

Valuing Human Resources

The Group views employees as one of the vital driving forces of its business development. Therefore, the Group continuously improves its human resources management system through formulating a series of people-oriented human resources management systems and regulations, and provides employees with appropriate training and resources while introducing diversified talents. The Group offers a platform for every employee to demonstrate their personal qualities, so that each employee can play to their own strengths. At the same time, the Group constantly cares for its employees and cultivates the sense of belonging on the corporate ethos of “Shared Devotion, Pathway, and Passion” to create a harmonious and pleasant working environment. The Group’s human resources team won the “2023 Best Human Resources Team” award in the 2023 HRoot Awards, demonstrating the Group’s forward-looking perspective and leading achievements in human resources management.

- Optimising Employment Management
- Health and Safety
- Occupational Training
- Probity and Integrity



The Group abides by with the *Company Law of the PRC*, the *Labour Law of the PRC*, the *Labour Contract Law of the PRC*, the *Law of the PRC on the Protection of Rights and Interests of Women* and the *Law of the PRC on the Protection of Minors*, and other relevant laws and regulations to ensure that it operates in a compliant manner. The Group also strictly enforces the detailed regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, development and training, and other benefits outlined in the *Human Resources Management System Compilation of Powerlong Commercial* formulated by Powerlong CM. In addition, the Group advocates an equal and diversified human resource management policy, and will not discriminate against employees based on race, nationality, ethnicity, gender and other factors. Through detailed policies, requirements and practices, the Group has been able to enhance employee satisfaction and loyalty while laying a solid human resources foundation for the Group's long-term development.

Optimising Employment Management

Emphasis on Talent Requisition

The Group believes that attracting, recruiting and retaining high-quality talents are crucial to achieve the Group's success. To provide equal opportunities for every job applicant, the Group upholds the principles of "Open Recruitment, Position Competition, Selected Hiring, Optimised Allocation" for the recruitment of talents. To ensure the abilities of job applicants are fully considered during the recruitment process, the Group has established an evaluation system considering its circumstances to objectively assess and appoint the candidates who meet the Group's requirements and drive the Group's development towards common goals and visions.

In addition to meeting the minimum compliance requirements, the Group is actively shaping a progressive corporate culture through a range of human resources strategies, such as fair recruitment practices, employee development programs and diversity and inclusion initiatives.

In order to protect labour rights and avoid the occurrence of child labour and forced labour, the Group strictly complies with the *Labour Law of the PRC*, the *Provisions on the Prohibition of Using Child Labour* and other national and local laws and regulations. The Group reviews the age of all job applicants so as to forbid the recruitment of child labour, and if any case related to child labour recruitment is found, it will be dealt with in accordance with the requirements in laws and regulations. The Group also prohibits any form of forced labour. Furthermore, hired employees are required to submit a written report at least three days in advance before they propose a termination of the labour contract during the probation period. If the employee is found not to meet the employment conditions, violate laws and regulations, or violate the Group's rules and regulations and labour discipline during the probation period, the Group can also unilaterally terminate the labour contract. During the Report Period, the Group received no case involving recruitment of child labour or forced labour.



Competitive Remuneration and Benefits

The Group deeply understands the importance of employee well-being to its sustainable development and is therefore committed to building a fair, just, respectful and caring working environment. The Group respects the thoughts of employees and has made every effort to understand and satisfy employees' needs by communicating with them through various channels. Regular meetings with employees are held for employees to voice out their opinions and demands and for the Group to provide feasible solutions for employees' problems encountered at work and to support employees' career growth.

In terms of remuneration management, the Group has implemented a series of policies to ensure that employees' remunerations are consistent with their contributions. The basic salary, performance bonus, special bonus, and welfare subsidy make up the four primary components of an employee's remuneration. The basic salary, paid on a monthly basis, is based on position value, job duties, rank and performance. Performance bonuses, typically distributed in one big payment prior to the spring break, are determined by the effectiveness of the Company, centre/departmental assessments, individual performance, and service time. Special bonuses are given in response to the completion of particular tasks or objectives for different positions. In addition, the Group provides a range of welfare subsidies, including statutory benefits and working meals.

The Group offers a comprehensive welfare system for its employees, including annual leave, sick leave, marriage leave, maternity leave, paternity leave, and parental leave, as well as welfare benefits such as social insurance, working meal subsidies and medical check-ups for employees. The Group has arranged pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund for its employees in accordance with relevant national laws and regulations. It has also assumed the portion payable by the Company, with the Company paying the individual portion on behalf of the employees and deducting it from their salary.

The Group has also formulated a series of policies in respect of remuneration and benefits, including remuneration principles, composition of remuneration, adjustment of basic salary, calculation and payment of remuneration, statutory benefits, working meals, medical check-ups for employees, calculation of vacation pay and allocation of performance incentives. Through the development and implementation of these policies, we aim to protect the rights and interests of our employees and enhance their motivation and satisfaction.

Case

Mountain-Hiking for Team Building

On 19 March 2023, the management of the Group's headquarters and the national project managers embarked on a mountain-hiking activity for team building. The 9.909 kilometres of mountain-hiking not only improved communication and understanding among team members, but also deepened their awareness of the corporate culture and enhanced teamwork and cohesion. Team members planted a loquat tree while hiking as a sign of the success of the hike and their faith in the future. The activity promoted the Group's sustainable development by showcasing the Group's strong sense of social responsibility and profound understanding of environmental protection.



All Participants



Tree Planting by Employees

Health and Safety

Employees' health and safety is the foundation of the Group's development. The Group is dedicated to providing comprehensive protection for employees, and has established a series of regulations on the basis of the *Law of the PRC on the Prevention and Control of Occupational Diseases* and the *Regulation on Work Safety Permits*. The Group has set out various requirements in terms of safety precautions and management to ensure the health and safety of employees, and has always maintained its commitment to creating a safe and healthy working environment.

Safe Working Environment

The Group constantly cares about employees' health whilst developing its business and adheres to the principle of "Precaution First and Combined with Treatment" for the prevention of occupational diseases. The Group ensures the health and safety of its employees by implementing classified management and comprehensive treatment measures. As such, the Group provides annual medical check-ups for employees, showing its continuous concern and commitment to the well-being of its employees.

Safeguarding Employee Health

In order to ensure that the occupational health and safety of its employees are adequately protected, the Group strictly complies with relevant national laws and regulations and has formulated a series of policies internally. On the basis of the implementation of the *Labour Law*, *Marriage Law*, *Population and Family Planning Law*, *Work Injury Insurance Regulations*, *Insurance Law*, and other laws and regulations, Powerlong CM makes sure that its employees enjoy their legal rights and makes appropriate adjustments to its internal management practices accordingly, taking into account the unique circumstances and the implementation methods and relevant policies of its various locations.

We have adopted a series of monitoring methods for occupational health and safety to protect the lives and health of our employees, including regular occupational health and safety training, safety inspections and hazard investigations, safety incident reporting and handling, safety performance appraisal, safety communication and feedback, safety equipment and protective measures, safety management policies and procedures, and regular safety meetings. Through these methods, Powerlong CM aims to provide a safe working environment and improve employees' safety awareness and self-protection ability, so as to reduce the occurrence of safety incidents. In respect of the occupational health and safety performance of its employees, the Group has proactively launched various initiatives to continuously improve the safety awareness and self-protection capabilities of its employees through safety inspection and hazard investigation, safety incident reporting and handling, and safety performance appraisal, with a view to realising continuous improvement in the occupational health and safety performance of its employees. Powerlong CM has implemented a number of measures to safeguard the physical and mental health of its employees, such as offering health check-up services, creating health profiles, disseminating health-related information, offering psychological consultation services, setting up employee care mechanisms, and offering employee mental health training. These measures aim to assist employees in resolving psychological issues, enhancing psychological quality and stress tolerance, helping them understand their own physical conditions, and raising standards of health.

The Group safeguards the occupational health and safety of employees in all aspects:



Medical check-ups are offered to new joiners



Job duties are appropriately allocated for employees with occupational contraindications and allergies



Regular medical check-ups are arranged for employees who are exposed to toxic and hazardous materials



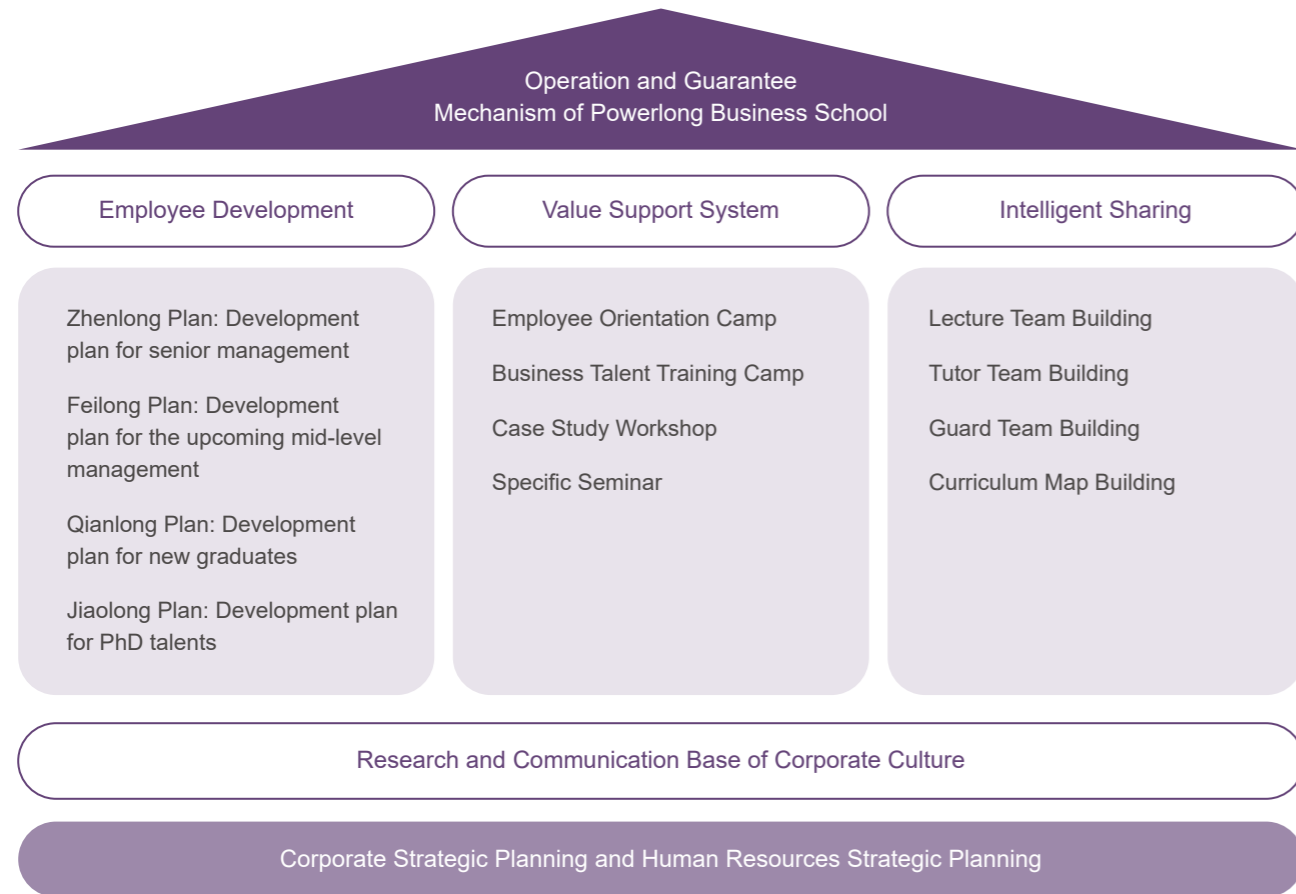
Active treatment for patients diagnosed with occupational diseases is provided

The Group persistently maintains alertness on safety during daily operations, including regular organisation of engineering training, facility and equipment maintenance training and inspection on fire-fighting equipment and safety signs to ensure the effective operation of safety facilities. The Group also arranges fire drills and fire safety education for employees to participate in, with the aim to strengthen their emergency preparedness. Furthermore, to safeguard employees' health and safety in office premises, the Group also provides supplies such as face masks, sanitiser and first-aid kits for employees, and disinfects the offices every morning and evening to minimise the risk of illness.



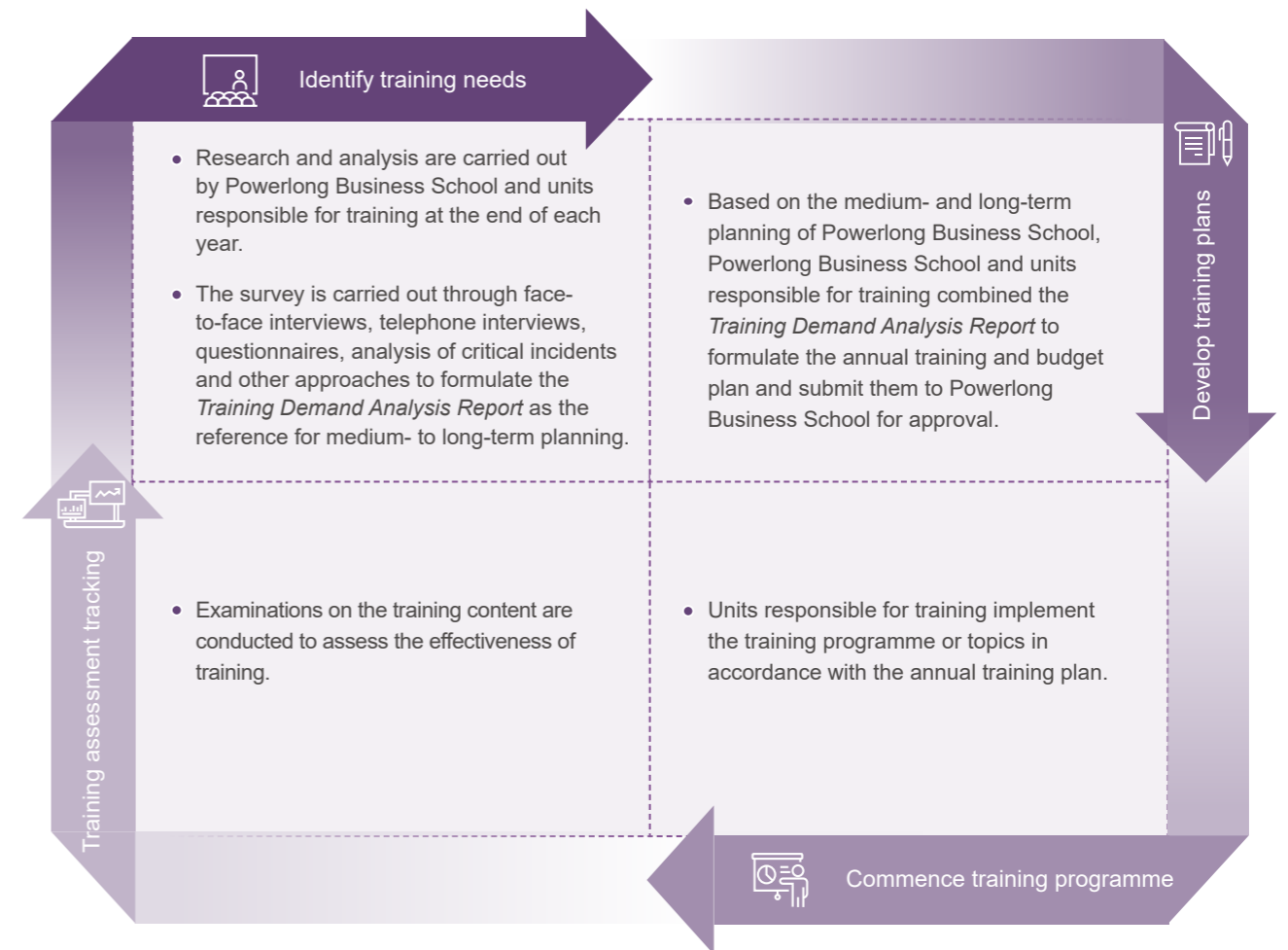
Occupational Training

The Group believes that employees' specialties, experiences, and professional development could contribute to the business development of the Group. The Group has established a special training system to provide diversified themed training for employees from different professions and at different positions from top to down. The training system mainly consists of "Four Talent Development Plans" which include "Zhenlong Plan", "Feilong Plan", "Qianlong Plan" and "Jiaolong Plan", business training, vocational skills training, new employee training and others. According to the training forms, the programmes could be classified into intensive lecture training, internal seminars, internal intensive training camps, online self-paced learning, field trips and others to fully develop competence of talents at all levels, and to provide employees with opportunities for growth and development. Meanwhile, the Group has also established the online learning platform and the learning credits management system for employees, encouraging and pressuring them to take the initiative to learn new skills and further develop their own worth in order to jointly advance the growth of the Group and its workforce.



The Group's training system is operated in accordance with the international standardised project management process outlined in the ISO10015 Quality Management, achieving a closed-loop operation.

The Group has established a robust training system:



Apart from general employees' training, the Group also provides specialised training for employees from different business sectors to enhance employees' professional knowledge. With to the purpose of improving the property management service quality, the Group has established a three-tier training system for the property management business based on the concept of "Centre, City, Project". The three-tier management system requires service teams across the country to formulate topics, such as business etiquette and reception manners, for daily "30-minute training" according to daily operations and work planning while combining the *Ten Standards for Powerlong Property* and the *Residential Property Management System*. Classes and fieldwork are arranged for every unit based on the formulated topics to ensure daily operation and service quality of the Group. The Group has also set up an online training platform and has organised video training programme regularly for different business sectors to improve training efficiency. During the Reporting Period, the Group conducted employee training in accordance with the *Human Resources Management System*. The occupational training system comprised three major categories, namely standardised training, ladder training and professional skills upgrading training, covering corporate culture training, professional training and management competency training and other aspects, in order to further improve the comprehensive abilities of the employees.



Case

Powerlong Operating Team Training Camp

On 11 June 2023, the Group launched the 2023 Powerlong Operating Team Training Camp, which is the Group's annual key training programme. Through the president's personal planning and instruction, the program seeks to develop 20 high-potential employees into exceptional operation and management specialists, which will aid in enhancing project operation. With a wide range of intense training components, including practical training and industry exchanges, the programme aims to improve employees' competency. The training camp's launch showed the Group's focus on developing potential and established a strong talent base for the Group's long-term development.

Program seeks to develop **20** high-potential employees into exceptional operation and management specialists



President's Opening Speech



At the Training Camp

Probity and Integrity




Upholding the highest standards of professional ethics and business integrity, the Group requires all employees to be honest and self-disciplined in their daily work. The Group complies with the *Criminal Law of the PRC*, the *Anti-Money Laundering Law of the PRC*, the *Prevention of Bribery Ordinance* in Hong Kong, China, and other laws and regulations, and has formulated the *Employee Integrity Self-discipline Rules* which clearly stipulates that all employees are subject to the aforesaid rules to resolutely resist any forms of bribery, extortion, taxation fraud, money laundering and other behaviours.

All new joiners must attend a training programme related to integrity and self-discipline to strengthen their anti-corruption awareness. Furthermore, to ensure all tendering and procurement are carried out in compliance with laws and regulations, employees of managers and above in all departments, as well as all employees from the Procurement Department and the Tendering Department must sign the *Employee Integrity and Discipline Agreement*, while all relevant suppliers and contractors must also sign the *Letter of Assurance on Integrity and Compliance* before bidding and undertaking businesses.

The Group has established a variety of clear complaint-handling channels, including an internal whistleblowing hotline, an email address, and a specialised system for complaints and proposals. The "400 Sunshine Hotline" has been established to handle complaints and reports. With the aim to strengthen internal supervision within the Group, employees are encouraged to raise any complaints or comments concerning the Group's internal management. The Group has developed a protection policy in accordance with relevant laws and regulations, so as to ensure the independence and confidentiality of all whistleblowing and complaint processes, and that the informants will not be subjected to illegal retaliation or discrimination due to their participation in legal reports or investigations. Employees may file complaints through the aforementioned whistleblowing channels in the event of unlawful retaliation or discrimination, and the Group shall handle the complaints seriously.

During the Reporting Period, the Group did not receive any cases of corruption lawsuits related to the Group and its employees.

Channels for Whistleblowing

-  Whistleblowing Hotline: 400-111-1238 (working hours 9:00-18:00)
-  Email: sy@powerlong.com
-  Address for Complaints and Proposals: Powerlong Building, No. 1399 Xinzhen Road, Minhang District, Shanghai, China

04

Sincerely Giving Back to the Society

The Group strives to contribute to the communities related to its business operations to fulfil its corporate social responsibility. A broad spectrum of operation-related internal management policies on community communications has been formulated and implemented. In addition to corporate public welfare and charity work, the Group also practices the commitment of "Growing with the City" and strengthens its connections with communities through the operation of various projects to promote sustainable development of communities. The Group's community investment activities cover aspects such as rural revitalisation, disaster rescue, social care, cultural education, medical and health care, and environmental protection. The Group hopes to contribute to the development of the local area and to promote sustainable development in the community through its operations and charitable donations in the regions of various projects. During the Reporting Period, the Group contributed charitable donations through Powerlong Group Development Co., Ltd. and its subsidiaries ("**Powerlong Group**"), of approximately RMB 315 thousand.

○ Public Services

○ Community Investment



Public Services

In terms of public services and charity, the Group is committed to helping the underprivileged, enhancing social well-being and promoting harmonious social development. By means of rational planning and efficient implementation, the Group ensures that the resources allocated to charitable activities are fully employed, thereby enhancing their impact, in line with the maximisation of benefits philosophy. At the same time, the Group actively undertakes social responsibilities and cares about social development issues, giving back to the community through charitable activities, and promoting social harmony. The Group places a strong emphasis on providing recipient groups with ongoing attention during its charity endeavours in order to guarantee the efficiency of the aid and to adapt the assistance measures in accordance with their needs.

Community Investment

In terms of community investment, the Group actively explores sustainable business development paths and focuses on environmental protection and sustainable utilisation of resources when launching its business to ensure the long-term benefits of its investment projects. Meanwhile, the Group encourages community members to participate in the investment decision-making process and to build long-term partnerships with the community based on respect for local culture and customs. To guarantee the transparency and fairness of investment projects, the Group adheres to the fair competition principle when engaging in community investment practices.



Performance Summary

The statistical data and calculation methods used in the Report have been properly presented. The environmental data in this section covers properties held and operated by the Group. Unless otherwise specified, the data provided in this section refers to the annual consolidated data of the corresponding year. During the Reporting Period, the Group further improved its data collection and statistical system, thus there were differences for some data as compared with the previous year.

Quality Customer Service

Client satisfaction:

Indicators	2023	2022	Unit
Average customer satisfaction of the commercial sector	95.5	96.2	%
Average resident satisfaction of the residential property management centre	93.4	87.3	%
Number of received complaints related to products and services	2,483	2,956	Number of cases

Green Development

Emissions

Atmospheric pollutants⁴:

Indicators	2023	2022	Unit
Nitrogen oxides (NO _x)	6.63	6.32	Tonne
Sulphur oxides (SO _x)	0.0328	0.84	Tonne
Particulates Matter (PM)	0.0074	0.003	Tonne

⁴ The air emission data were calculated in accordance with the emission sources, fuel consumption, the *Technical Guidelines for the Preparation of Air Pollution Emission Inventory from Road Motor Vehicles (Trial)* and the *Technical Guidelines for the Preparation of Emissions Inventory from Non-road Mobile Source (Trial)* in Mainland China, as well as the *Manual of the Accounting Methods and Coefficients of Boiler Pollution* issued by the Ministry of Ecology and Environment of the PRC. The data of air emissions from non-mobile sources during the Reporting Period only include air emissions caused by the direct use of boilers from projects, and do not include other appliances such as cooking appliances; the emission data from road mobile sources and non-road mobile sources include the emission resulted from natural gas, petrol and diesel used by related facilities.

GHG emissions:

Indicators	2023	2022	Unit
Total GHG emissions ⁵	379,725.66	345,825.64	Tonne CO ₂
Direct emissions (Scope 1) ⁶	6,615.10	8,577.83	Tonne CO ₂
Indirect emissions (Scope 2) ⁷	373,110.55	337,507.71	Tonne CO ₂
Reduced GHG emissions by owned trees ⁸	239.41	259.90	Tonne CO ₂
Total GHG emissions per thousand RMB income from property rental and management services (Scope 1 and Scope 2) ⁹	0.14	0.14	Tonne CO ₂

Produced non-hazardous wastes:

Indicators	2023	2022	Unit
Total non-hazardous waste generation ¹⁰	3,830.66	4,620.44	Tonne
Domestic waste	2,785.61	3,807.89	Tonne
Food waste	1,045.04	812.55	Tonne
Non-hazardous waste generation per thousand RMB income from property rental and management services	0.001	0.002	Tonne

⁵ The Company has adopted the method of "rights of operation and control" to define the organisational boundary in terms of the statistics and reporting of GHG. Scope 1 and Scope 2 emissions were calculated in accordance with the emission sources and fuel consumption, as well as the relevant conversion factors from the *Guideline on Accounting Methods and Reporting of GHG Emissions of Land Transport Enterprises (Trial)*, and the *Guidelines on Accounting Methods and Reporting of GHG Emissions of Enterprises in Other Industrial Sectors (Trial)* in Mainland China.

⁶ The data of direct GHG emissions were calculated in accordance with stationary source, road mobile sources, non-road mobile sources, and the *Guidelines on the GHG Emission Accounting and Reporting for Public Building Operation Units (Enterprises) (Trial)* and the *Guideline on Accounting Methods and Reporting of GHG Emissions of Land Transport Enterprises (Trial)* from Mainland China.

⁷ The data of indirect GHG emissions were calculated in accordance with the national grid average emission factors published by the Ministry of Ecology and Environment of the PRC. In particular, the grid emission factor used for 2022 to 2023 refers to the *Notice on the Management of Greenhouse Gas Emission Reports of Enterprises in the Power Generation Industry for 2023-2025*; the grid emission factor used for 2021 refers to the *Guidance for Accounting and Reporting Corporate Greenhouse Gas Emissions for Power Generation Facilities*.

⁸ This refers to the total amount of GHG reduction by trees owned by the Company with the height of 5 metres or above. The GHG emission reduction data were calculated based on the relevant conversion factors in the *Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong*.

⁹ The type of income comes from the rental of investment properties and property management services.

¹⁰ The statistic and calculation scope of general waste excludes the waste generated by merchants in commercial malls, office tenants, and residents; the statistic and calculation scope of food waste excludes waste generated by restaurants in commercial malls, office tenants, and residents.

Produced hazardous waste:

Indicators	2023	2022	Unit
Total produced amount of hazardous waste ¹¹	6.47	13.31	Tonne
Electronic waste	2.30	2.19	Tonne
Waste battery	1.21	2.18	Tonne
Waste lamp containing mercury	2.42	6.13	Tonne
Printer cartridge	0.29	0.42	Tonne
Chemical container	0.25	2.39	Tonne
Hazardous waste generation per thousand RMB income from property rental and management services	0.000003	0.000005	Tonne

Wastewater discharge:¹²

Indicators	2023	2022	Unit
Wastewater discharge	4,642,389.19	7,210,639.19	Tonne

Emissions and discharge compliance:

Indicators	2023	2022	Unit
Number of cases involving the illegal discharge of pollutants into the environment	0	0	Case

¹¹ Please refer to Appendix II, Guidance on Reporting of Environmental Key Performance Indicators of the Hong Kong Stock Exchange's How to Prepare an Environmental, Social and Governance Report for classification of hazardous waste.

¹² The data for the total amount of wastewater discharged were calculated in accordance with the total water usage and related conversion coefficient provided by the *Manual of the Accounting Methods and Coefficients of Life Sources Pollution*.

Resource Use

Energy consumption:¹³

Indicators	2023	2022	Unit
Total energy consumption	646,740.07	634,656.99	MWh
Natural gas	32,948.02	42,664.14	MWh
Gasoline	55.21	51.79	MWh
Diesel	68.17	133.77	MWh
Purchased electricity	613,668.67	591,807.30	MWh
Energy consumption per thousand RMB income from property rental and management services	0.25	0.25	MWh

Water consumption:

Indicators	2023	2022	Unit
Total water usage ¹⁴	5,158,210.21	8,011,821.32	m ³
Consumption of municipal water (tap water)	4,825,416.28	7,598,913.32	m ³
Consumption of circulating water (reclaimed water and cooling water)	332,793.93	412,908.00	m ³
Amount of water discharged into the natural environment after self-pretreatment and meeting discharge standard	554,958.00	686,317.32	m ³
Total water consumption ¹⁵	4,270,458.28	6,912,596.00	m ³
Water consumption per thousand RMB income from property rental and management services	1.62	3.14	m ³

¹³ The energy consumption data were calculated in accordance with the amount of purchased electricity and consumed natural gas, petrol and diesel, as well as relevant conversion factors from the Guidelines on Accounting Methods and Reporting of GHG Emissions of Enterprises in Other Industrial Sectors (Trial) issued by the National Development, Reform Commission of the PRC and the International Energy Agency.

¹⁴ Total water usage includes the consumption of municipal water (tap water) and circulating water (reclaimed water and cooling water).

¹⁵ Total water consumption refers to the consumption of municipal water (tap water) excluding the amount of water discharged into the natural environment after pre-treatment by the Group.

Mitigating Natural and Environmental Impact

Amount of recycled waste materials during operation:

Indicators	2023	2022	Unit
Recycled paper	89.96	73.92	Tonne
Recycled plastic bottle	26.15	48.16	Tonne
Recycled metal	12.78	13.53	Tonne
Recycled glass bottle	5.49	8.80	Tonne

Environmental greening:

Indicators	2023	2022	Unit
Owned trees with the height of 5 meters or above	10,409	10,900	Tree

Environmental compliance:

Indicators	2023	2022	Unit
Number of cases involving damage to the natural environment	0	0	Case

Caring for Employees

Employment

Employee composition:

Indicators	2023	2022	Unit
Total number of employees	5,798	5,726	Person
By gender			
Male	3,704	3,584	Person
Female	2,094	2,142	Person
By age			
Above 50	257	255	Person
41-50	1,210	1,085	Person
31-40	2,541	2,525	Person
21-30	1,771	1,850	Person
20 or below	19	11	Person
By educational background			
Master's Degree and above	56	65	Person
Bachelor's Degree	1,576	1,475	Person
College Degree	2,258	2,178	Person
Secondary school	765	747	Person
Other	1,143	1,261	Person
By region			
Mainland China	5,798	5,726	Person
Hong Kong, China or other regions	0	0	Person
By employment type			
Full-time	5,798	5,726	Person
Part-time	0	0	Person

Employee turnover:¹⁶

Indicators	2023	2022	Unit
Employee turnover rate	42.65	40.48	%
By gender			
Male	41.55	40.86	%
Female	44.60	39.85	%
By age			
Above 50	29.57	43.46	%
41-50	30.17	37.03	%
31-40	39.00	36.92	%
21-30	58.27	45.46	%
20 or below	47.37	78.85	%
By region			
Mainland China	42.65	40.48	%
Hong Kong, China or other regions	0	0	%

¹⁶ The employee turnover rates were calculated according to "the number of turnovers in the specified category / (the number of employees in the specified category + the number of turnovers in the specified category)".

Development and Training

Employee training:

Indicators	2023	2022	Unit
Person-times of employees receiving training related to career development ¹⁷			
Male	2,763	2,423	Person-time
Female	2,197	1,324	Person-time
Senior level	394	239	Person-time
Middle level	679	736	Person-time
General employees	4,291	3,568	Person-time

Indicators	2023	2022	Unit
Average number of hours per employee attended career development-related training ¹⁸			
Male	21.75	22.11	Hours
Female	14.16	24.35	Hours
Senior level	15.90	91.24	Hours
Middle level	22.53	55.39	Hours
General employees	14.93	19.45	Hours

Employee safety:

Indicators	2023	2022	2021	Unit
Number of work-related fatalities	0	0	0	Person
Number of work-related injuries that led to employees not being able to attend work	0	0	0	Person
Lost days due to work injury	0	0	0	Person

¹⁷ According to the statistical system of the Group, the calculation unit of trained employees was "person-times", and the Group does not have the statics of the total number of trained employees in the unit "person". The Group will consider the improvement of the statistical system in the future and future improvement of the statistical system calculate and disclose the data of the percentage of trained employees in "person".

¹⁸ The average number of hours per employee attended career development-related training was calculated according to the formula: average training hours completed per employees by category = total training hours completed by employees under that category / total number of employees under that category.

Professional Ethics and Business Integrity

Indicators	2023	2022	Unit
Number of cases involving bribery, extortion, fraud, and money laundering	0	0	Case

Supply Chain Management

Indicators	2023	2022	Unit
Number of suppliers by region			
Mainland China	125	107	Number of suppliers
Hong Kong, China or other regions	0	0	Number of suppliers
Number of suppliers to whom the practice has been implemented	125	107	Number of suppliers

Caring for the Society

Community investment/Public charity:

Indicators	2023	2022	Unit
Amount of money invested for community ¹⁹	315	25,896	RMB'000

¹⁹ Including charitable and other donations made by the Group.

Content Index of the ESG Reporting Guide of the Stock Exchange

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks
Mandatory Disclosure Requirements		
Governance Structure	A statement from the Board containing the following elements: (i) a disclosure of the Board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Responsibility Management – Statement of the Board
Reporting Principles	Describe or explain how the reporting principles were applied in the ESG report Materiality: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	Reporting Description – Reporting Guideline
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Description – Reporting Period and Scope
"Comply or Explain" Provisions		
A. Environmental		
Aspect A1: Emissions	General Disclosure Regarding air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non hazardous waste: (a) the policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Creating a Green Environment Together - Reducing Emissions during Operation Creating a Green Environment Together - Sustainable Office

Subject Areas, Aspects, General Disclosures and KPIs		Location of Disclosure or Remarks		
A. Environmental				
Aspect A1: Emissions	A1.1	The types of emissions and respective emissions data.	Performance Summary	
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		
	A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		
	A1.5	Description of emissions target(s) set and steps taken to achieve them.		Creating a Green Environment Together - Reducing Emissions during Operation
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.		Creating a Green Environment Together - Sustainable Office The Group is actively mapping and analysing the current state of environmental performance to lay the foundation for setting emission target(s) and waste reduction target(s), and plans to disclose them in the future.
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Creating a Green Environment Together - Reducing Emissions during Operation Creating a Green Environment Together - Sustainable Office		
Aspect A2: Use of Resources	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Summary	
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Creating a Green Environment Together - Reducing Emissions during Operation	
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Creating a Green Environment Together - Sustainable Office The Group is actively mapping and analysing the current state of environmental performance to lay the foundation for setting energy use efficiency target(s) and water efficiency target(s), and plans to disclose them in the future.	
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Due to the Group's business nature, matters related to packaging materials are not applicable to the Group.	

Subject Areas, Aspects, General Disclosures and KPIs			Location of Disclosure or Remarks
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Creating a Green Environment Together - Reducing Emissions during Operation
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Creating a Green Environment Together - Sustainable Office
Aspect A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responsibility Management – Statement of the Board
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Creating a Green Environment Together - Reducing Emissions during Operation Creating a Green Environment Together - Sustainable Office
B. Social			
Aspect B1: Employment	General Disclosure	Regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare: (a) the policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Valuing Human Resources – Optimising Employment Management
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Summary
	B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety	General Disclosure	Regarding providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Valuing Human Resources – Health and Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Summary
	B2.2	Lost days due to work injury.	
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Valuing Human Resources – Health and Safety
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Valuing Human Resources – Occupational Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Summary
	B3.2	The average training hours completed per employee by gender and employee category.	Performance Summary

Subject Areas, Aspects, General Disclosures and KPIs			Location of Disclosure or Remarks
Aspect B4: Labour Standards	General Disclosure	Regarding preventing child and forced labour: (a) the policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Valuing Human Resources – Optimising Employment Management
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Valuing Human Resources – Optimising Employment Management
	B4.2	Description of steps taken to eliminate such practices when discovered.	Valuing Human Resources – Optimising Employment Management
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operational Service Management – Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Performance Summary
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operational Service Management – Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operational Service Management – Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operational Service Management – Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure	Regarding health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress: (a) the policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Operational Service Management – Quality Customer Services Operations Service Management – Commercial Operation Operational Service Management – Property Management Operational Service Management – Client Rights and Intellectual Property Protection
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to the Group's business nature, this is not applicable to the Group.
	B6.2	Number of products and service related complaints received and how they are dealt with.	Performance Summary Operational Service Management – Quality Customer Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operational Service Management – Client Rights and Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	Operational Service Management – Quality Customer Services
			Operational Service Management – Commercial Operation Recall procedure is not applicable to the Group due to the Group's business nature.

Subject Areas, Aspects, General Disclosures and KPIs			Location of Disclosure or Remarks
Aspect B6: Product Responsibility	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Operational Service Management – Client Rights and Intellectual Property Protection
Aspect B7: Anti-corruption	General Disclosure	Regarding bribery, extortion, fraud and money laundering: (a) the policies; and (b) information on compliance with relevant laws and regulations that have a significant impact on the issuer.	Valuing Human Resources – Probity and Integrity
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Performance Summary
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Valuing Human Resources – Probity and Integrity
	B7.3	Description of anti-corruption training provided to directors and staff.	Valuing Human Resources – Probity and Integrity
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Sincerely Giving Back to the Society
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Sincerely Giving Back to the Society
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Sincerely Giving Back to the Society

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