



Fineland Living Services Group Limited
方圓生活服務集團有限公司

(formerly known as Fineland Real Estate Services Group Limited 方圓房地產服務集團有限公司)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9978)

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**
.....2023.....

THINK
MORE,
FOR YOU

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Fineland Living Services Group Limited (the “Company”, “Fineland Living Services”, or “we”) hereby presents its Environmental, Social and Governance (“ESG”) Report (hereinafter referred to as the “Report”). The Report provides not only a true reflection of the Company’s efforts to fulfil economic, environmental, and social responsibilities in the pursuit of sustainable development but also a response to material issues of concerns to stakeholders. The Company hopes to increase communication and contact with various stakeholders through the release of the Report.

REPORTING SCOPE

The Report covers the Group’s core business: the provision of real estate agency services and provision of professional property management services and value-added services for residential and commercial properties in the People’s Republic of China (the “PRC”).

REPORTING PERIOD

The Group’s Environmental, Social and Governance Report is an annual report and covers the period from 1 January 2023 to 31 December 2023.

REPORTING BASIS

The Report was prepared in accordance with the requirements of Appendix C2 “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guide”) to the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the “HKEX”). The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. During the process of preparing the Report, we summarised the Group’s performance in corporate and social responsibilities as per the principles of “Materiality, Quantitative, Balance, and Consistency”. Please refer to the table below for our understanding of and response to such reporting principles.

REPORTING PRINCIPLES

The Group disclosed its ESG performance following the principles of “materiality”, “quantitative”, “balance”, and “consistency” as set out in the ESG Reporting Guide.

Reporting principle	Definition	Our response
Materiality	The issues covered in the Report should reflect the significant impacts of the Group on the economy, environment, and society, or the scopes which might affect the assessments or decisions made by investors and other stakeholders.	Through continuous communication with investors and other stakeholders, combined with the Group’s strategic development and business operations, we can identify current material sustainability issues.
Quantitative	The Report should disclose key performance indicators (“KPIs”) and targets in a measurable manner.	The Group quantitatively discloses its environmental and social KPIs and targets as appropriate, and provides textual explanations on quantitative resources.
Balance	The Report should reflect fairly the overall sustainability performance of the Group.	The Group has explained in detail the sustainability issues that have a significant impact on the business, including the results achieved and the challenges it faces.
Consistency	The Group should use consistent disclosure principles for the preparation of the Report to allow for meaningful comparisons of ESG data over time.	The Group will ensure that the disclosure scope and reporting methods of the Report are generally consistent every year.

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SOURCE OF INFORMATION

The information disclosed in this Report is derived from the Group's formal documents, statistics, or public information. The Board of Directors (the "Board") is responsible for the truthfulness, accuracy, and completeness of the content contained herein.

APPROVAL OF THE REPORT

This Report was reviewed and confirmed by the Board on 30 April 2024 prior to approval for publication.

ACCESS TO THE REPORT

The Report is published in Chinese and English versions and is only available online unless specific requests for hard copies are received from the shareholders. In case of any discrepancy between the Chinese and English versions of the Report, the English version shall prevail. You may visit the Group's official website at www.finelandassets.com or the website of the HKEX at <https://www.hkexnews.hk/> for an electronic copy of the Report.

COMMENTS AND FEEDBACK

We welcome your feedback on the Report for our sustainability initiatives. Please contact us by email at ir@fydc.cn.

BOARD STATEMENT

The Board is responsible for assessing and identifying the ESG related risks of the Group and ensuring that appropriate and effective ESG risk management and internal control systems are in place. To achieve this goal, we maintain close communication and work with the management of the Company to identify and address significant ESG risk factors. Also concerned about the sustainable development of the Group, the Board works with the management of the Company to specify the sustainability strategy and set ESG related targets in light of the Group's operations.

In terms of corporate governance, we always endeavour to safeguard the rights and interests of our shareholders, employees, customers, and other stakeholders. The Board, its special committees, and other bodies have been established with clearly defined responsibilities and authorities, to form an effective mechanism of checks and balances. At the same time, we keep improving our corporate governance regime to ensure various decisions are science-based and transparent. The Company has established a comprehensive internal management system and risk control system to ensure the compliance and stability of its business operations. At the same time, the Company also actively maintains sound communications with its shareholders, investors and stakeholders to enhance its corporate governance.

With respect to environmental responsibility, we are keenly aware of the importance of environmental protection. A series of initiatives, such as energy conservation, emission reduction, and waste sorting, have been adopted to deal with environmental issues. Meanwhile, our employees are encouraged to participate in environmental protection activities, raise their environmental awareness, and do their part in green development together.

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On the front of social responsibility, we always uphold the concept of “serving and giving back to the community” to get actively involved in public welfare and social development programmes. We direct particular attention to vulnerable groups and provide them with necessary help and support. At the same time, we emphasise a people-oriented approach, focusing on the needs of our employees and customers. The Company values staff training and welfare, and provides a safe and comfortable working environment. In addition, the Company also actively participates in social welfare activities to give back to the community and demonstrate its sense of social responsibility.

As an integrated service provider of modern life with oriental characteristics, the Company has integrated the philosophy of “Thoughtful Services to Start a Better Life” into every aspect of its business. In the process of property services, the Company pays attention to details and provides personalised service solutions from the perspective of customers’ needs. Meanwhile, we are actively introducing new technologies and innovative methods to enhance service efficiency and quality, creating more value for our customers. We strive to become a leading integrated service provider in China, making positive contributions to the society and the environment.

This Report fully discloses the progress and effectiveness of the Company’s ESG work in 2023. As a responsible property management enterprise, we will unswervingly implement the ESG concept and contribute to building a better community and promoting social progress. By taking steps to strengthen ourselves and improve our ESG management system, we will realise stable development and do good to the public over the long run. The Board and all directors hereby guarantee that there are no false records, misleading statements, or material omissions in the content of this Report, and they are individually and jointly liable for its truthfulness, accuracy, and completeness.

ABOUT THE COMPANY

COMPANY PROFILE

The Company was incorporated as an exempted company in the Cayman Islands with limited liability. The address of its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at Unit B, 17/F., United Centre, 95 Queensway, Admiralty, Hong Kong.

The principal activities of the Group are the provision of real estate agency services, professional property management services, and value-added services for residential and commercial properties in the PRC.

The immediate holding company and ultimate holding company of the Company are Mansion Green Holdings Limited (“Mansion Green”) and Widethrive Investments Limited (“Widethrive Investments”), respectively, both were incorporated in the British Virgin Islands with limited liability. Directors consider that the Company is ultimately controlled by Mr. Fong Ming and Ms. Tse Lai Wa.

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COMPANY HONOURS

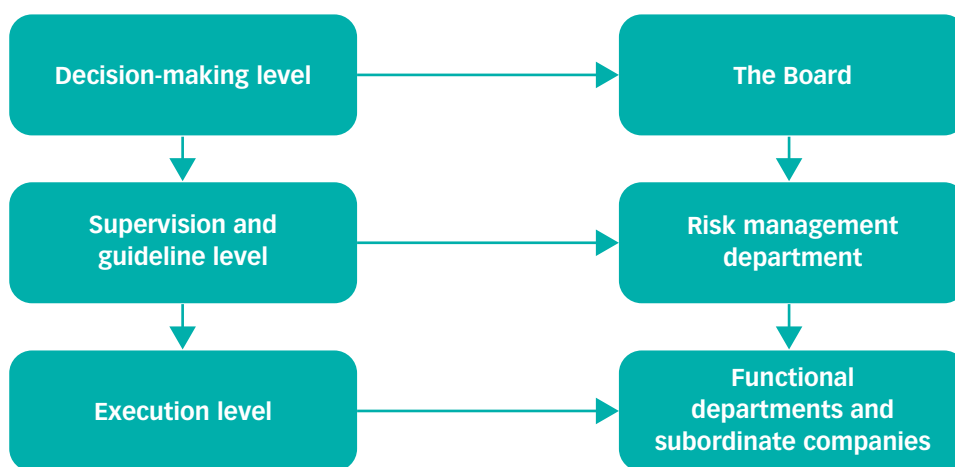
Award	Awarding institution
AAA-grade Credit Enterprise in the Enterprise Credit Evaluation	China Association of Small and Medium Enterprises
Membership Certificate	China Association of Small and Medium Enterprises
Well-known Property Enterprise in Guangdong-Hong Kong-Macao Greater Bay Area	Leju Finance and house.leju.com
2023 Property Service Enterprise with Comprehensive Development Strength in Guangdong Province	Guangdong Property Management Industry Institute
2023 Socially Responsible Enterprise: Employment Promotion	Guangdong Property Management Industry Institute
2023 Well-known Property Enterprise in Guangdong-Hong Kong-Macao Greater Bay Area	Guangdong Property Management Industry Institute
2023 Enterprise with Comprehensive Development Strength	Guangdong Property Management Industry Institute
Model Member of Guangdong Property Management Industry Institute	Guangdong Property Management Industry Institute
Enterprise of Integrity	Guangdong Property Management Industry Institute
Excellent Organizer at China International Transportation and Logistics Expo	Guangzhou Property Management Association
Model Member of Jiangmen Property Management Association selected in celebration of the 20th anniversary of the association	Jiangmen Property Management Association
Guangzhou Yunshan Shiyi Residential Complex — 2023 Residential Complexes with Branded Property Service in Guangzhou	Guangzhou Municipal Housing and Urban-Rural Development Bureau
Huayu Shui'an Residential Complex — Residential Complex at First-class Service Standard	Guangzhou Municipal Housing and Urban-Rural Development Bureau
Zhanjiang Yunshan Shiyi Residential Complex — Zhanjiang Garden-style Residential Quarter	Urban Administration and Comprehensive Law Enforcement Bureau of Zhanjiang Municipality
Daxue Shiguangyuan Residential Complex — 2022 4-Star Residential Quarter in Panyu District	Housing and Urban-rural Development Bureau Panyu District, Public Security Bureau (Panyu Branch) and Guangzhou Panyu Property Management Institute

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ESG GOVERNANCE

Always guided by its deep understanding of environmental, social, and governance (ESG), Finland Living Services has established a comprehensive and sophisticated risk management regime to address various risks effectively. To ensure effective ESG management, our ESG governance structure, comprising the Board, risk management department, respective functional departments, and subordinate companies, has been established to promote ESG management and disclosure. The Board, the ultimate decision-making body of the Group, is responsible for the Group’s ESG governance work as a whole. The risk management department, serving on the supervision and coordination level, is responsible for implementing ESG governance strategy, coordinating ESG matters, compiling ESG reports, and reporting relevant work progress to the Board on a regular basis. In its regular identification and assessment of material risks, the Company pays particular attention to ESG related risks, which involve environmental sustainability, social responsibility fulfilment, and corporate governance structure, among other aspects. After in-depth identification and assessment, the Company identified a number of potential climate change risks and formulated targeted response strategies for the Year. Each functional department or subordinate company, serving on the execution level, is responsible for implementing plans set up by the risk management department and reporting on the relevant work progress and data. To ensure robust operations in the face of these challenges, the Company will continue to strengthen ESG risk management in the hopes of creating greater value for society and the environment.

Sustainability Governance Framework of Finland Living Services



STAKEHOLDER COMMUNICATION

The Group emphasises the participation of its stakeholders, including, among others, employees, customers, third party real estate agencies that cooperate with the Group, shareholders, and regulators. All of them have a substantial impact on the success of the Group’s business or activities. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the workplace and under community to which the Group belongs.

In compiling the Report, the Group consulted its internal stakeholders to monitor and manage its impact on all aspects of the environment and society. In addition, the Group has established various engagement channels for its stakeholders to express their concerns regarding the Group’s operation so the Group may further understand and address their concerns. With this understanding, the Group believes that stakeholders may have a considerable level of influence in developing sustainability strategies and fulfilling social responsibilities, which is the basis for the Group’s strategy formulation and decision-making.

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Stakeholders	Issues of concern	Engagement channels
Government	<p>Compliance with laws and regulations</p> <p>Proper tax payment</p> <p>Promote regional economic development and employment</p>	<p>On-site inspections and checks</p> <p>Research and discussion through work conferences as well as work reports preparation and submission for approval</p>
Shareholders and investors	<p>Risk management</p> <p>Return on investment</p> <p>Information disclosure and transparency</p> <p>Protection of interests and fair treatment of shareholders</p>	<p>Annual general meeting and other shareholder meetings</p> <p>Annual and interim reports, announcements and circulars</p> <p>Websites, both of the Company and the HKEX</p> <p>Company contact information</p>
Employees	<p>Safeguard the rights and interests of employees</p> <p>Working environment</p> <p>Career development opportunities</p> <p>Occupational health and safety</p> <p>Staff salary, benefits and well-being</p>	<p>Training, seminars and briefing sessions</p> <p>Entertainment, cultural, sports and other activities</p> <p>Intranet, emails and notices</p> <p>Meetings and conferences</p>
Customers	<p>Safe and high-quality products and services</p> <p>Stable relationship</p> <p>Integrity</p> <p>Reputation, brands and market demands</p>	<p>Company website and bulletin board</p> <p>Meetings, Emails and satisfaction surveys via phone calls</p> <p>Service hotline</p> <p>Industry exhibitions</p> <p>Mobile application</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Issues of concern	Engagement channels
Partners	<ul style="list-style-type: none"> Long-term partnership Honest cooperation Fairness and openness Information sharing Risk reduction 	<ul style="list-style-type: none"> Business meetings, supplier conferences and phone calls Regular meetings Review and assessment Tendering process Strategic cooperation
Industry peers/ Industry associations	<ul style="list-style-type: none"> Experience sharing Cooperation Fair competition 	<ul style="list-style-type: none"> Industry conferences Site visits and field trips
Market regulators	<ul style="list-style-type: none"> Compliance with laws and regulations Information disclosure 	<ul style="list-style-type: none"> Annual and interim reports, announcements and circulars and other published documents Seminars
Public and communities	<ul style="list-style-type: none"> Community involvement Career opportunities Social responsibilities 	<ul style="list-style-type: none"> Volunteering Charity and social investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group attaches importance to the materiality assessment of ESG issues for the purpose of promptly and comprehensively understanding the materiality of each issue to the business development of the Group and expectations of stakeholders, in order to facilitate the Group’s effective disclosure of ESG information and continuous improvement to the management level of relevant issues.

The materiality assessment on ESG issues of the Group during the Reporting Period covers the following steps:

Step 1	The Group identified the following 20 issues in accordance with the disclosure requirements set out in the ESG Reporting Guide and based on the business characteristics and daily operation of the Group. These issues are considered to have impacts on the environment and society during our operation.
Step 2	Based on the understanding of the demands and expectations of stakeholders during daily operation, the Group determined the materiality of ESG issues by benchmarking the key points and trend of ESG work of industry peers.
Step 3	Based on the results of the materiality assessment, the Group discussed and determined the key disclosure of the Report for the Reporting Period and the key points for improvement in the future ESG work of the Group.

MATRIX OF MATERIAL ISSUES:

We categorise issues into three levels by importance, with the issues of high materiality concentrated in the upper-right area of the diagram, the issues of moderate materiality in the middle area, and the issues of low materiality in the lower-left area.

According to the results of assessment, 7 topics are regarded as the most concerned issues of the Group and its stakeholders. While taking into account environmental and social responsibilities, the Group will pay more attention to the above areas, and strive to achieve continuous improvement and sustainable business development.



Environmental Aspects		Social Aspects	Governance Aspects
1. Emissions	5. Employee benefits and remuneration	11. Health & safety of the customers/property owners	16. Business compliance and standardization
2. Use of resources	6. Employee development and training	12. Product and service quality	17. Anti-corruption and anti-money laundering
3. Environment and natural resources	7. Physical and mental health of employees	13. Protection of intellectual property rights	18. ESG supervision
4. Climate change	8. Labour standards	14. Information security protection	19. ESG risk management
	9. Supply chain management	15. Charity and community services	20. Communication about ESG issues
	10. Customer relationship management		

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QUALITY SERVICES

PROVIDING HIGH-QUALITY, PROFESSIONAL SERVICES

The Group adheres to the “people-oriented and service first” principle of service, the service philosophy of “thinking more for you, lighting up your better life”, and the service tenet of “meeting what customers need”. Proceeding from the needs of property owners, we emphasise standard services, solidify the service foundation, and enrich the service coverage. By enhancing service quality constantly with sincerity, we do everything possible to provide customers with high-quality, thoughtful, timely, and considerate services.

Ensuring the Quality of Services

The Group has established a comprehensive “5D” quality monitoring system to ensure the quality of services offered to customers.

- The 400 customer service hotline is available on a 24-hour basis to receive calls about quality supervision, and complaint tickets are generated and forwarded to project teams for handling and closure.
- The Quality Inspection System app, an IT-enabled management means, allows the Group to set daily, weekly, monthly, quarterly, and annual inspection tasks according to the quality control standards. Using the app and its snapshot feature, the property service centre inspects all kinds of quality matters along the inspection route and corrects quality issues revealed by complaint tickets, so as to exercise more timely control over the quality of project services. The headquarters and service centre of the Group can monitor and make statistics of the completion rates of inspections and the rectification results of quality complaint tickets through the back-office system, and notify and assess the projects with low completion rates of inspection and rectification.
- Remote monitoring and management is supported. The integrated control centre monitors online the service etiquette and code of conduct of project personnel in key positions around the clock. It monitors remotely or spot-checks in real time how offline quality complaint tickets and related violations are actually handled.
- Joint inspections are conducted. The headquarters of the Group carries out regular and irregular random checks on project services, sends inspection findings to the projects concerned for rectification and feedback within prescribed time limits, and closes complaint tickets after relevant issues are handled properly, so as to achieve the purpose of quality control.
- A diversity of online and offline training programmes are provided to empower the implementation of projects and improve the skills of service personnel, both of which are essential for ensuring service quality.

Customer Satisfaction Survey

The Company meets what customers need, wins their satisfaction with thoughtful services, listens to their voices through various channels from multiple dimensions, and gains deep insights into the needs of property owners, thus raising service standards constantly. In doing so, we go all out to furnish property owners with a diversity of high-quality, personalised property services.

In 2023, the combination of online and offline means such as customer interview, satisfaction survey via the 400 customer service hotline, WeChat official account of the Company, and the app of the Group was used to gain insights into the needs of property owners, cover all possible management loopholes, and address related issues in a closed-loop manner, with a view to better reaching out to customers and creating greater value for them.

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In 2023, 74,573 property owners were interviewed face-to-face, which covered all projects and registered a customer satisfaction rate of 98.64%. To make customer satisfaction surveying a more science-based process, urge butlers to be “always at your service”, and avoid fraud in business, the Company invited 2,000 property owners to take the butler service quality survey via the 400 customer service hotline throughout the year, 95.89% of whom felt happy about the butler services.

In case of matters with low satisfaction ratings or complained about, tickets are generated, butlers dispatch tickets to the responsible persons for handling, and feedback is solicited from the customers concerned after tickets are closed, ensuring service standards can actually materialise.

Establishing Multiple Channels for Customer Complaints

A 400 national call command centre has been set up to answer service hotline calls, manage the WeChat official account, and create and follow up tickets in the intelligent community system when receiving, among other things, requests for repair, reports, complaints, and suggestions from property owners. After tickets are closed, callbacks and ratings will be performed to ensure issue tracking in a closed-loop manner.

Each project strictly implements the following requirements: the 400 service hotline number, corporate WeChat account QR code of butlers, and other contact information are placed prominently at property service areas; online one-to-one communication is made; customer requests are registered in the form of tickets; and the project service centre arranges the designated personnel responsible to review how the closed tickets have been actually handled.

The Company coordinates business inspections across the board. It tightens requirements for the management of the customer interfaces through frequent spot checks to ensure that all records of communication with customers, visits to customers, and tickets are followed up by the designated personnel.

The Customer Service Day activity is organised, in which all managerial personnel go to the front line to fully understand customer needs, answer their questions, respond to their requests, and help property owners solve their problems, thus fulfilling management responsibilities.

Putting Online an Intelligent Platform

An intelligent platform for remote equipment monitoring has been established to realise regional intensive equipment management, enhance on-site equipment monitoring and maintenance, and deal with equipment emergencies at a faster speed. At the same time, the EBA System Operation and Maintenance Management Measures (EBA系統運維管理辦法) has been formulated and applied to some projects so far.

In 2023, we continued to make fire protection more intelligent. To date, our fire fighting system supports the function of automatic alarm at the initial stage of fire, can work in sync with the alarms of the fire centre, and is directly connected to the fire reporting telephone line of the fire department, automatic fire suppression control cabinets, fire alarm broadcasting system, etc. Once a fire occurs, the internal system can immediately trigger the alarms in the area of fire and display the location of fire or area code on the alarm equipment in the fire centre. Upon receiving the alarm, the management personnel will immediately activate the contingency plan, which sets out a series of actions, such as responding to and dealing with the fire alarm in the first place, organising the safe evacuation of personnel efficiently, enabling the automatic fire suppression control cabinets, closing fire doors to seal off the area of fire, automatically spraying water or extinguishing agents to extinguish the fire, and activating fire pumps and automatic fume extractors simultaneously.

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SECURITY MANAGEMENT

Employee health and safety is the top consideration of the Group. We have developed a series of safety management policies and operating procedures for the purpose of ensuring the safety of our customers, employees, and the public. We provide security patrolling and monitoring services around the clock and put in place an emergency response mechanism to deal with emergencies.

Work Safety Management

The Group keeps building a safety management system to fulfil work safety responsibilities. We have signed a letter of responsibility for work safety, to honour our commitment to workplace safety. The breakdown of responsibilities and obligations for work safety into the smallest unit enables our employees to develop a sense of safety and responsibility. A number of work safety management policies which we finished revising in July 2023, including the Work Safety Management Policy (安全生產管理制度) and the Emergency Management Measures (突發事件管理辦法), have systematically regulated the management of the safety-related work, established a sophisticated work safety framework, and recruited a work safety team, whose head is the deputy director of the quality management centre and members are project leaders. Additionally, the following working mechanisms are in place:

- We implement laws, regulations, policies, and guidelines on work safety, relay and implement the in-house rules and policies on work safety, and supervise and inspect their implementation;
- We formulate and implement work safety plans, guidelines and objectives on a regular basis, and make suggestions or recommendations for improvement in this regard;
- We organise internal training for work safety. Specifically, heads of units in charge of work safety are arranged to attend training and get appraised on a regular basis. Safety training programmes provided by the Company include the training sessions for personnel in breach of internal rules and policies, the pre-service training sessions for special operation personnel to ensure they are certified, and the training sessions for personnel resuming work and transferred to other jobs;
- We carry out work safety inspections on a regular basis. For example, the quality safety inspection is conducted every quarter, urging employees to comply with the work safety policies and operating procedures. Besides, work safety equipment and tools such as fire fighting systems are checked as prescribed;
- We provide guidance on labour protection at production sites. In case of an emergency, production activities may be suspended, and relevant company leaders will be immediately organised to handle the situation properly;
- In the event of casualties, we will promptly assist the competent authorities to investigate and address relevant accidents, make statistics of, analyse, and report on them, and formulate measures to prevent the further escalation and recurrence of similar accidents.

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Management of Safety Hazards

The Company carries out regular fire drills, elevator rescue drills, and flood preparedness drills in a bid to control risks related to property management, fire protection, security, and infrastructure safety. Meanwhile, we cooperate with various government organs and neighbourhood committees on safety-related education and training, such as the safety management of e-bikes and the release of safety tips during holidays. We always put the personal safety of customers in the first place of business administration, and have purchased public liability insurance and employer liability insurance for the projects under management and employees, so as to ensure the best protection of the safety and interests of customers and employees at project sites and in the workplace.

Safety is one of the core preconditions for the stable development of enterprises. The Company attaches great importance to safety inspections and has established a sound system to ensure that specific safety inspections are carried out every quarter or at key points of time:

- A regular safety inspection mechanism. The content under safety review includes but is not limited to: the implementation of safety training, the operations of safety facilities, the implementation of safety policies, and the response to and records of safety accidents. After identifying and reviewing the risk-related content, we are able to discover potential safety hazards in a timely manner and take appropriate corrective measures.
- An emergency reporting and response mechanism. The Company has arranged professional teams and functional departments to take charge of security emergency response, conducts drills to activate security emergency response procedures on a regular basis, and clearly sets out responsible persons, corrective measures, and time limits for rectification. Meanwhile, a follow-up mechanism has been put in place to ensure that corrective measures are effectively implemented and results of rectification are fed back in a timely manner.
- Specific safety inspections. Specific safety inspections are organised prior to major festivals, sensitive periods, and particular weather conditions like typhoon season, flood season, and damp season, to comprehensively screen possible safety risks and check facilities and equipment used to maintain community stability and living needs of property owners. These inspections aim to enhance safety assurance during festivals and holidays, thus creating a safe and harmonious environment for staff and the public.

Preliminary statistics indicate that the Company carried out comprehensive cyclical self-inspection and self-correction four times and specific security inspection prior to major festivals and sensitive periods six times; approximately 200 hidden hazards including illegal renovation and blocked fire exits were identified in public areas (equipment and facilities), renovation and construction areas, and commercial operation areas; and all of these hazards have been rectified by property management personnel or responsible persons.



Public facility inspection



Inspection of e-bike charging facilities

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Security Awareness Training

The Company emphasises and reinforces training on workplace safety to address safety risks and emergencies. Such training is concentrated in the following areas:

- Training on safety laws/regulations and work safety management policies: The Company ensures that employees understand and comply with work safety-related laws and regulations, such as the Work Safety Law (安全生産法) and the Fire Protection Law (消防法), disseminates and fulfils the legal responsibilities and obligations in the process of property management and services, and prompts staff members to attach greater importance to safety management. Besides, a work safety responsibility system, work safety rules and policies, and relevant operating procedures are in place to ensure that employees are clear about their respective work safety responsibilities and operating requirements.
- Fire safety training: The training about basic firefighting knowledge and skills, including causes of fire, preventive measures, use of fire extinguishers, and fire evacuation, better prepares employees for fire emergencies.
- Emergency response training: The training about response to various emergencies, including natural disasters and man-made accidents like earthquakes, floods, and fires, gives employees life-saving skills to help themselves and others in emergency situations.
- Safety training for operations in confined spaces: The training teaches employees about the definition and characteristics of confined spaces and how to identify potential risks in confined space operations, such as oxygen deficit, accumulation of toxic/hazardous gases, and inflammables & explosives. The Company has formulated and trained employees to comply with the safety operation procedures for confined spaces, including preparations before operations, monitoring during operations, and cleaning up after operations.
- Safety inspection and potential hazards screening training: Employees are trained on how to conduct safety inspections and identify and address safety concerns and potential hazards in a timely manner, ensuring the safety and stability of the property management process.
- Personal safety and labour protection training: The training teaches employees the basic knowledge of personal safety and labour protection on a regular basis, including the correct use of safety measures and protection supplies, to ensure the health and safety of employees in the workplace.

Case:

In 2023, the Company carried out a total of 313 emergency drills, which consisted of 87 fire drills, 82 elevator rescue drills, 76 flood prevention drills, and 68 anti-riot drills. These drills further prepared employees for emergency response and examined the reserve of emergency supplies, interdepartmental coordination and cooperation, and project team cohesion. As a result, 16 fire and flood emergencies were handled properly across the Company throughout the year, ensuring the personal and property safety of property owners.



Fire fighting scene at a fire drill for property owners

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Customer Information Protection

The Group strictly protects the privacy of its customers by implementing various management measures. The Guidelines on the Management of Archives in Property Service Centre (物業服務中心檔案管理工作指引) has been formulated, under which paper materials on customer information should be stored in locked file cabinets or file rooms under the supervision of dedicated staff, borrowing customer files and contracts must undergo a rigid approval process, and encrypted files should be returned in a timely manner. Meanwhile, the Notice on Strengthening the Management of Project and Customer Information (關於加強項目客戶信息數據管理工作的通知) has been issued, requiring that employees' proprietary accounts cannot be shared and should be protected with passwords and that electronic customer files must be encrypted before they are transferred.

Security of Internal Information

To ensure the security in network information, we have imposed strict requirements on suppliers in respect of software copyrights, system security, user privacy, product technology, and functionality when inviting tenders for and constructing the property service billing, e-invoice, and other business systems. As the property service billing system and e-invoice system store important data of property owners such as personal information, property information, and payment records, we have deployed professional servers and network security equipment and adopted isolated storage measures to avoid information leakage or theft.

We have implemented multiple identity verification mechanisms for users who access our business systems, including online identity verification and system account verification. As to mobile terminal operations such as online bill payment, invoicing, and reporting of incidents and repairs, we have signed privacy agreements with our customers to further safeguard their privacy rights.

We have also established a rigid system access control mechanism whereby personal accounts are created for and used by relevant employees for system login. Personal accounts are managed according to the preset system privileges, to prevent unauthorised access effectively.

Before a business system goes live, we will organise integrated training for system usage and information security training to inform employees of their responsibilities for account usage and improve their knowledge and understanding of information security. This helps to instil more discipline and a sense of responsibility in employees, thereby reducing the incidence of non-compliance.

PUBLIC RELATIONS AND COMMUNITY ENGAGEMENT

The Group actively establishes good public relations with the community by participating in community activities and public welfare programmes. In 2023, we took a number of initiatives such as celebrating traditional Chinese festivals, organising an abundance of cultural activities, and providing thoughtful and convenient social services in the public interest, which helped to promote community development, enrich the lives of community residents, and create a neighbourhood culture with oriental characteristics.

Party Building Efforts

With reference to the Plan for Building an Urban and Rural Community Service System during the 14th Five-Year Plan Period (十四五城鄉社區服務體系建設規則), the Company has relied on Party organisations to provide community-based property management services, thus making solid progress towards Party building. A community governance system featuring resident participation has formed under the leadership of Party building. In doing so, we work to build community property services into a platform of service for the primary-level Party organisations.

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The Company explores ways to hold joint Party building activities for the well-being of the public. By teaming up with sub-district offices, police stations, urban management departments, neighbourhood committees, and other organs and taking into account the actual project conditions, the Group mobilises resources to help address common problems in community management and matters of concern to residents through negotiation. For example, we provide community-based property management services under the Party's leadership to promote the spirit of revolution through community services. To celebrate revolutionary festivals such as the CPC Founding Day and the National Day, the Company has organised a number of revolution-themed activities like touring, movie-watching, and reading corners in pilot communities, thus realising the close combination of property management services with community governance and education on the history of revolution.



A singing competition held with the Nansha Party branch to promote Party building

Community Services

In addition to basic property services, we take the initiative to provide a variety of services for the convenience of community residents such as home appliance maintenance, laundry, and free clinics. By doing so, we take good care of property owners as a socially responsible enterprise.

During the Year, the Company organised activities in a number of communities to serve residents' daily needs, such as small household appliance maintenance, floor mat cleaning, and e-bike cleaning. These activities were well received by community residents, because they greatly facilitated their daily lives.

Building a New Chinese-style Community Culture

The "wisdom of modern oriental living" is the essence of the Company's corporate culture. We attach great importance to the fostering of a community culture with excellent cultural traditions. Holiday celebrations and parent-child activities are held to help enrich the lives of community residents, strengthen neighbourhood communication, and create a community culture advocating the traditional oriental lifestyle.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Garden Party in Celebration of the Mid-Autumn Festival

In the celebration of the upcoming Mid-Autumn Festival and National Day, the Company on 29 September 2023 organised and coordinated many residential communities to take part in a garden party with the theme of moon appreciation, a tradition important to the Chinese culture. At the party, residents could make mooncakes, appreciated lanterns, and guessed lantern riddles to celebrate the festival together.



A garden party in celebration of the Mid-Autumn Festival

Large-scale Cultural Evening

At the end of 2023, the Yushan Shiyi residential complex in Guangzhou organised a large-scale cultural evening to celebrate the upcoming New Year. In addition to a grand art performance of Chaoshan Yingge, a Chinese folk dance, the two-hour evening party also presented other splendid programmes, including poetry recitation, chorus, street dance, walk show, instrument playing, and live painting to nearby residents and tenants. Besides, there were a number of lucky draws sponsored by the Company and the property owner committee. This event brought together property owners to show their talent and have a great time. The hustle and bustle at the activity site warmed up the chill of the winter night.



The cultural evening themed on Chaoshan Yingge, a Chinese folk dance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Getting Involved in Public Interest Programmes

Serve as the environmental protection ambassador. In 2023, the Company focused its publicity efforts offline. For example, a series of garbage sorting posters were put up in each management project to promote waste sorting. While integrating environmental awareness into our day-to-day management, we cooperated with sub-district offices and neighbourhood committees to carry out waste sorting advocacy many times.



Introduction to the kitchen waste collection and transport practice under property management projects

Voluntary blood donation. On 11 August 2023, the Company mobilised its employees at the Hedong Village and Dajing Village renewal project in Baihedong Sub-district, Liwan District to donate blood, showing their love for others and giving back to society with concrete actions.



A group photo of GM Liu Chunlei and his team at the blood donation site

Generous donation for rural revitalisation. In November 2023, Licheng Sub-district Office of Zengcheng District People's Government, Guangzhou issued a certificate of honour to the Company for its generous donation to the "Guangzhou in Action" rural revitalisation initiative in Licheng Sub-district on 30 June 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CORPORATE GOVERNANCE

ENHANCED RISK MANAGEMENT AND CONTROL

To further enhance its competitive edge in and response to operational risk management, the Company has formulated a number of in-house policies taking into account various types of risks that might arise from the business process and the actual conditions of different departments, which include the Crisis Handling Procedures (危機事件處理流程), the Measures for Managing Risk Control Liaisons (風險控制對接人管理辦法), the Operational Risk Control Policy of Fineland E-Life Service for Projects (Version 1.0) (方圓現代生活項目運營風險控制管理制度(1.0)), the Environmental Management Policy of Fineland E-Life Service (方圓現代生活環境管理制度), and the Safety Management Policy of Fineland E-Life Service (Version 1.0) (方圓現代生活安全管理制度(V1.0)).

These documents cover various aspects of risk management from risk identification and assessment to risk control and monitoring. As the Company emphasises, projects should strengthen risk monitoring and forewarning in their daily operations, and respond quickly to risks when they occur, thereby reducing potential losses caused therefrom.

KEY AREAS OF WORK

The Company regularly identifies and assesses material risks to ensure stable and sustainable operations. The assessment is based on a variety of factors, including changes in the market environment, updates in policies and regulations, and the Company's internal operating conditions. The assessment process encompasses data collection, risk identification, risk analysis and evaluation, and development of response strategies, among other steps.

In 2023, we paid particular attention to the impact on our business exerted by such factors as changes in the macroeconomic situation, competition pattern in the industry, and the evolution of customer needs in the course of assessment. For example, after in-depth analyses, we identified major risk types such as market risk and operational risk, and assessed the potential losses they could cause to the Company. The assessment results showed that the Company's overall risk level remained within a manageable range despite some challenges.

Based on the assessment results, we formulated targeted risk management measures and contingency plans to enhance our capacity for risk response. In the future, our risk monitoring and forewarning mechanisms will be strengthened to ensure that we can grow steadily amid the complex and volatile market.

INTEGRITY IN THE WORKPLACE

The Group attaches great importance to anti-corruption. In accordance with the pertinent laws and regulations in China such as the Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) and the Anti-Money Laundering Law of the PRC (中華人民共和國反洗錢法), we have formulated the Internal Audit Management Policy (內部審計管理制度), the Audit and Supervision Accountability Policy (審計監察問責制度), the Guidelines for Audit and Supervision of the Tendering Process (招標過程審計監督工作指引), and the Exit Audit Management Policy (離任審計管理制度). Meanwhile, we have carried out a number of specialised activities to implement anti-corruption requirements and strengthened supervision around the prevention & control of epidemic-prone diseases and the exercise of power. During the Reporting Period, there were no legal cases regarding corrupt practices brought against the Group or its employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Practice of Integrity

Prevention predominates over crackdown: Before employees are recruited, we conduct in-depth background checks to ensure high-integrity candidates are selected from the beginning. When employees join us, they are required to sign the Integrity and Compliance Agreement, which clearly defines the code of conduct. At the same time, we require employees to proactively declare their transactions with companies within the Group, financial links with suppliers, and family relationships with other persons within the Group, to safeguard the interests of the Company. The gifts in cash and in kind that are received due to business or work and cannot be returned should be handed in and registered to ensure transparency and compliance. In addition, the Company has established whistle-blowing channels through which employees and suppliers could report any corrupt behaviours found, and get protected and rewarded accordingly. With these specific measures, the Company aims to create a clean corporate culture and ensure sound development.

External cooperation norms: We sign integrity agreements with suppliers and conduct regular inspections and exchanges to ensure that both parties comply with such agreements. In addition, we also make use of authoritative platforms such as the Enterprise Anti-Fraud Alliance of China and the Guangdong-Hong Kong-Macao Greater Bay Area Corporate Supervision Alliance to carry out in-depth learning and exchange sessions with industry peers, share with them the blacklists of dishonest employees and suppliers, and build a firewall against risks together. With these steps, we are committed to creating a fair, transparent, and clean business environment.

Risk prevention measures:

- Business processes are spot-checked to ensure operational compliance;
- Specific inspections are conducted on key areas and critical positions;
- Integrity education is intensified to raise awareness of integrity among all employees. These measures enable us to effectively prevent integrity risks, thus laying a solid foundation for our sound development.

Establishment of supervision channels: The Company attaches great importance to corruption reporting by providing safe and effective whistle-blowing channels for employees and external stakeholders to jointly maintain the clean image of the Company. Whistle-blowing channels, including the telephone hotline and postal box to receive complaints, are made internally known at places of prominence such as the customer reception and bulletin board to ensure that employees and external stakeholders (like suppliers) can reflect their problems conveniently. Besides, a number of means including internal training, meetings, and OA announcements are used to make sure that employees are fully aware of and understand the whistle-blowing mechanism. At the same time, the Company keeps the personal information of whistle-blowers strictly confidential to protect their safety and privacy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case:

Pushing integrity reminders to employees, suppliers, and partners prior to major festivals such as Mid-Autumn Festival and Chinese New Year.

To prevent integrity problems during the Mid-Autumn Festival as part of the integrity culture building efforts, the Company in September 2023 decided to push OA announcements containing integrity reminders to all employees of the Group and to suppliers and partners via the electronic communications network. These integrity reminders effectively bolstered the integrity awareness of employees, suppliers, and partners, thus reducing the incidence of corruption issues. At the same time, they also cemented communication and cooperation between the Company and its suppliers and partners, which was conducive to the image and reputation of the Company.

Integrity training for new employees

To ensure that employees establish the correct concept of integrity from the very beginning, Fineland Living Services has required new recruits to attend integrity training within the first month of their employment. In 2023, 487 new employees received integrity training, and all of them passed follow-up exams upon the end of training, pledging that they would act in good faith in their future work.

SOCIAL RESPONSIBILITIES

The Group always regards human resources as the primary resource. Pursuing a people-oriented approach, we respect, train, and incentivise employees to improve their performance. With the focus of human resources management placed on talent training, we create multiple development paths for employees and keep optimising personnel management policies in light of the Group's actual developments, which provides an institutional basis and standards for the management of human resources including employees.

PEOPLE-ORIENTED FOR SYMBIOSIS AND WIN-WIN COOPERATION

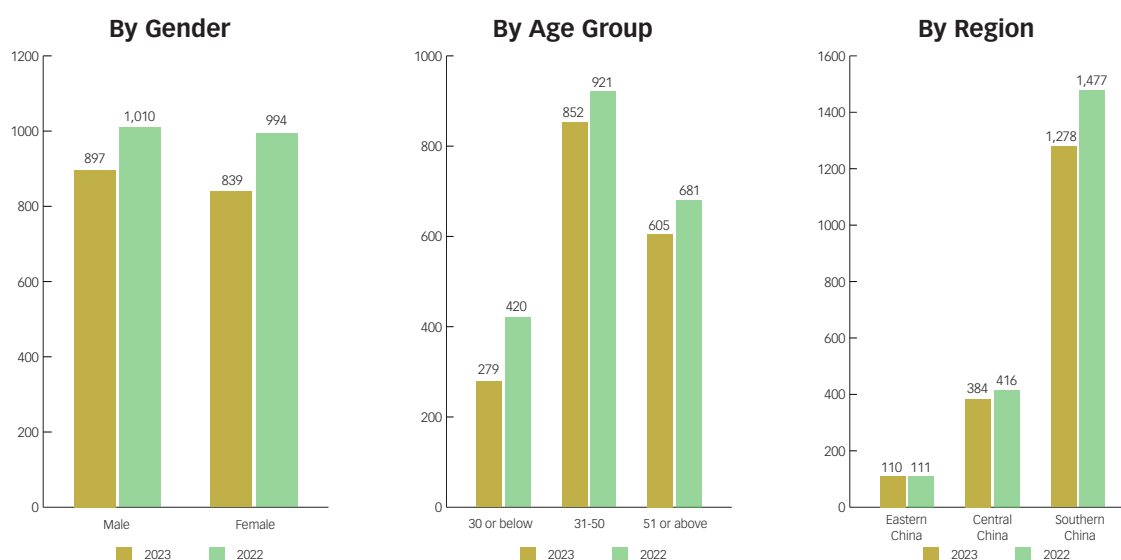
Fineland Living Services implements a recruitment system in strict accordance with the Human Resource Management Policy (人力資源管理制度). Currently, we hire employees through internal recruitment, online recruitment, and other channels, and obtain information on job seekers by placing job advertisements in headhunter groups. In the recruitment process, the human resources department takes effective procedures to verify applicants' age and inspect their identification documents and valid proof of identity before making any hires. Employment contracts and other records documenting all relevant details of employees are properly maintained for verification by the relevant statutory body upon request. Employees are not appraised on the basis of their colour, nationality, gender, age, religious faith, marital status, maternity status, etc. Suitable candidates are selected after multiple rounds of interviews and their pay grades are approved through internal processes. Employees are encouraged to transfer their posts internally, where appropriate. In addition, the Group strictly prohibits "the use of child labour and the non-compliant employment of underage workers" in the Human Resource Management Policy (方圓生活服務集團人力資源管理制度).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Attracting Top Talents

To maintain a talent pool, enhance the educational level of project personnel, improve the workforce hierarchy, and increase the reserve of project management personnel, we hired four management trainees by way of campus recruitment in mid-February 2023. After joining the Company, these management trainees received tutoring from the business support centre, were circulated among different departments, shared what they had done, and made reports to the headquarters on a regular basis.

As of the end of 2023, the Group had a workforce of 1,736 persons, all of whom were full-time employees. Of them, 839, or 48%, were female and 897, or 52%, were male. A breakdown of employees by gender, age group and region is set out below:



Employee Health and Safety

The Group attaches great importance to the physical and mental health of its employees by providing them with a comprehensive set of health and safety protection measures. In 2023, we arranged employees to take health check-ups and organised staff activities. The Administrative Management Policy of the Group (方圓生活服務集團行政管理制), which consists of the Security and Confidentiality Policy (安全保密制), the Office Environment Management Rules (辦公環境管理規定), the Staff Dormitory Management Rules (員工宿舍管理規定), and the Staff Canteen Management Rules (員工食堂管理規定), has been formulated to set up relevant standards, thus raising safety awareness among staff, strengthening employee safety management, and guaranteeing workplace safety effectively.

From the perspective of protection of female employees, the Group strictly implements the maternity leave management provisions for female workers who comply with the national family planning policy in accordance with the Regulations on Maternity Insurance for Employees of Guangdong Province (廣東省職工生育保險規定) and the Regulations on Population and Family Planning of Guangdong Province (廣東省人口與計劃生育條例) (in the case of regions outside Guangdong Province, local policy requirements shall prevail). For the female employees who comply with the national family planning policy for abortion leave and leave for birth control measures, the pertinent laws, regulations, and policies of the State and the places of operation shall be implemented. The lactating female employees are entitled to one hour of paid breastfeeding time per day until their babies reach one year of age, and maternity allowances are paid in accordance with national regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We are committed to providing a comfortable and safe working environment for our employees and protecting them against occupational hazards. The measures including but not limited to the following:

- Providing our employees with regular health check-ups at the cost of the Group;
- Conducting safety checks regularly to ensure that the safety measures are implemented;
- Interacting with the community to carry out fire drills and training regularly;
- Paying attention to the physical and mental health of our employees and carrying out staff-caring activities regularly;
- Advocating the importance of work safety by arranging office safety inspections, fire inspections, and fire drills regularly.

During the Reporting Period, the Group complied with the PRC laws in relation to workplace safety in all material respects and didn't incur any incidents which materially and adversely affected our operations.

Employee Salary, Benefits, and Promotion

In accordance with the Employee Performance Management Measures (員工績效管理辦法), the Group conducts monthly, quarterly, and annual performance appraisals on employees taking into account the characteristics of different positions, and applies the performance appraisal results in many aspects of work such as the distribution of merit pay, promotion and salary adjustment, training and development, selection of model workers, and performance counselling. Pursuant to the Employee Rewards and Punishments Management Policy (員工獎懲管理制度), rewards and punishments are given to eligible employees; model workers are selected every year to commend the teams and individuals who have outstanding performance, actively practice the Company's mission and values, and continue to create value for the Company, in the hopes of motivating them to build on their track record of success.

As per the provisions for employee benefits in the Human Resources Management Policy (人力資源管理制度), the Group buys its employees social security insurance and housing provident fund in accordance with the pertinent laws and regulations, distributes seniority allowances to them, and arranges them for annual health check-ups. Meanwhile, we open staff canteens in the service centre or disburse meal subsidies to employees. Besides, we pay employees high-temperature allowances in line with the policies and criteria of the State and various regions. Front-line employees of Fineland Real Estate Services Group Limited and Guangzhou Fineland E-Life Service Co., Ltd. are entitled to accommodation benefits as per the approved standards.

To motivate employees and increase the talent reserve, the Group according to the requirements for promotion management set out in the Human Resource Management Policy (人力資源管理制度), regularly conducts an inventory of internal personnel and provides targeted training and multi-track development paths for key position holders. At the same time, we have formulated and implemented the Employee Performance Management Measures (員工績效管理辦法), the Quarterly and Annual Organisational Performance Appraisal Programme for Project Leaders (項目負責人季度及年度組織績效考核方案), the Merit/Demerit-based Appraisal Standards for Grassroots Employees (基層員工加減分考核標準), and the Fineland Butler Service Management Policy and Star-level Reward and Assessment Measures (方圓管家管理制度與星級專項獎勵考核辦法). Additionally, we have devised appraisal standards and rules for employees at all levels and in different positions, and tie the appraisal results to merit pays/bonuses and promotions of employees on a regular basis.

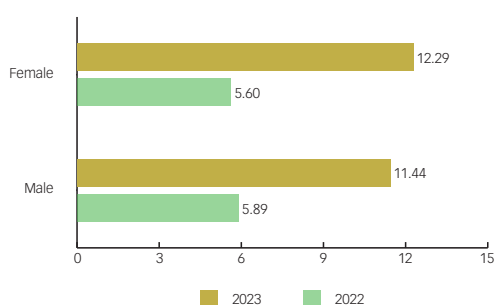
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Training and Development

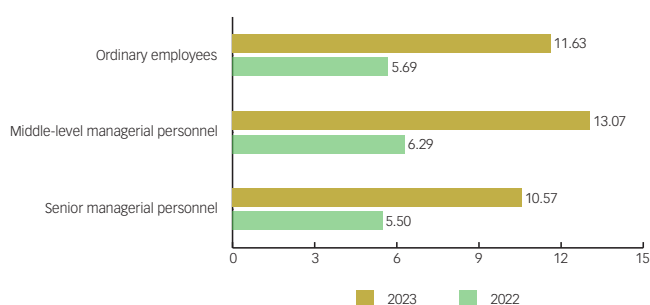
The Group regards its employees as invaluable assets. The Group has established employee training management rules to provide guidelines for the planning of training sessions to improve the skills and competency of employees and fulfil the needs for corporate development. The Group emphasises the development of employees and has implemented a training programme for employees tailored to their skillsets for them to leverage on their expertise. The Group provides in-house training to employees and from time to time engages external service providers, with the aim of providing training appropriate for employees.

In 2023, the Group provided various types of training that totalled 14,175 hours to 1,201 employees. Of them, 701 were male employees and 501 were female employees; and 157 were management members and 1,045 were non-management employees.

Average employee training hours by gender



Average employee training hours by rank



BUILDING SUSTAINABLE SUPPLY CHAIN TO OPTIMISE SUPPLIER MANAGEMENT

To promote the sound development of the supply chain, Fineland Living Services, with guidance from the ISO14001 environmental management system, ISO45001 occupational safety system, and ISO9001 quality management system, has established a supplier access mechanism, which focuses on energy conservation and emission reduction, cost reduction and efficiency enhancement, the use of eco-friendly materials, and the development of standardised lists, and has formulated a number of management policies, including the Bidding and Procurement Management Policy (招標採購管理制度) and the Supplier Management Policy (供應商管理制度), to optimise the procurement process and standardise bidding behaviour, ensure that cooperative suppliers comply with the requirements of the Company for business development, and avoid or reduce the risks possible derived from cooperation.

The Group requires all cooperative suppliers to sign integrity agreements. Suppliers shall neither overstep the red lines in any form nor provide cash, gifts, services, or disguised bribes to the procurement personnel in an attempt to seek undue benefits for the Company. We set out in the procurement policies a sophisticated bidding process that is transparent, standardised, and fair to avoid potential loopholes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supplier Procurement Policy

Following the principles of transparency, impartiality, fairness, and integrity, the Group has formulated a detailed tendering procurement management policy to regulate the access and assessment of suppliers. Every month, we will formulate a supplier inspection plan and conduct field inspections on new suppliers, with a focus on the assessment of their reputation, service quality, qualifications, experience and performance, financial standing, and contract performance ability. Meanwhile, we also require suppliers to provide construction qualifications, safety qualifications, performance descriptions, financial statements, corporate reputation, and other necessary documents, purchase insurance for employees, and prepare and approve construction safety plans before commencement of works. In response to the policies for environmental protection and emission reduction, the Group carries out the rainwater and sewage shunting projects in old residential complexes, and regularly cleans and empties sewage tanks, septic tanks, oil separators, and pipes that are easily clogged. We arrange qualified suppliers to implement these projects, and check whether wastewater discharges can meet relevant standards. As to community noise management, we actively seek the views and appeals of community residents, schedule construction timetables reasonably, encourage contractors to adopt construction protection measures and implement contingency plans, require purchasing eco-friendly materials and processes and regulating the noise level by means of on-site inspection and verification. Eligible contractors will be included in the roster of qualified suppliers and matched with appropriate business cooperation opportunities.

Only suppliers on the roster are eligible to participate in the business tendering process. When inviting tenders, we will make sure that at least three suppliers will participate in the bidding process to guarantee fair competition. The bid opening, evaluation, and negotiation processes will be conducted under the joint supervision of multiple departments to ensure fairness. All procurement activities follow the principle of “approval before procurement” to strictly control the procurement process.

In addition, the Group also attaches great importance to environmental protection. When choosing products, we give priority to the eco-friendly ones, ensure that the procurement process is free of safety hazards such as pollutants discharged above the prescribed levels, check whether there are environmental labelling, certification, and identification of environmental and quality risks from production activities, and work to identify, evaluate, and control major sources of danger, all of which aim to ensure that there will be no accidents detrimental to human health and safety.

Supply Chain Management

In terms of supplier management, the Group complies with the principle of fairness and impartiality and takes into account sustainability factors. All suppliers must undergo a stringent access control process, in which their reputation, service quality, qualifications, experience and performance, financial standing, and contract performance ability are evaluated comprehensively. Those who are qualified will be included in the supplier pool and participate in the procurement tendering of the Company. The entire tendering process follows the principles of standardisation, transparency, and fairness. The winning suppliers will sign contracts and carry out business cooperation with the Company. During the cooperation period, we will strictly perform contracts and carry out dynamic supplier management, assessment, and evaluation.

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There are about 418 qualified suppliers (including 266 conventional suppliers and 152 diversified business partners) in the supplier pool, which is dynamically managed. Suppliers in business cooperation with the Company will be assessed and evaluated in terms of service quality and contract performance ability at fixed time points such as mid-year and year-end, with the superior ones selected and the inferior ones eliminated according to the assessment results. In doing so, we guarantee the stable service quality and contract performance ability of cooperative suppliers, to facilitate our smooth business development.

In 2023, we carried out two contract performance assessments of suppliers in business cooperation for the middle and end of the year, using online questionnaires to assess both projects and suppliers. The annual assessment covered 65 projects and 147 suppliers, registering an overall pass rate of 95.42%. The assessment results show that suppliers are generally satisfied about their partnerships with us.

Improving Rules and Policies in Relation to the Protection of IPRs

Fineland Living Services attaches great importance to the management of intellectual property rights (IPRs) by forming a strong protective screen in four dimensions, that is, patents, copyrights, trademarks, and anti-unfair competition. We have established a strict IPRs review and maintenance process to ensure timely protection of innovations. For key areas, we regularly take specific initiatives to crack down on infringements and maintain market order. In the area of copyrights, a focused attention is paid to the registration and protection of original works. As to trademarks, the Company has successfully registered and retained a stable number of core trademarks. In addition, we actively combat unfair competition to maintain a level playing field. These steps have provided a solid IPR safeguard for the Company's robust development.

Case:

While protecting its own rights and interests, Fineland Living Services works to avoid infringing on others' IPRs. To this end, the Company conducts regular IPR training, which covers various aspects of content such as laws and regulations, patents, trademarks, and copyrights and teaches how to avoid IPR infringement in the workplace. These training sessions enhance awareness of IPRs among employees and protect the Company from the risk of infringement effectively, thus providing a strong guarantee for sound development.

Publicity texts and pictures on the Company's official website undergo risk screening to ensure that related content is legal and compliant and avoid tort liabilities or administrative penalties.

After a comprehensive and detailed risk screening against the publicity texts and pictures on the Company's official website, we have proposed modifications to the terms found not in line with the advertising laws and regulations and ensure that they don't infringe on others' IPRs, so as to effectively avoid possible tort liabilities or administrative penalties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SAVING ENERGY AND CUTTING EMISSIONS FOR GREEN DEVELOPMENT

The Group is committed to environmental protection and has adopted and implemented measures to meet the goals and targets for environmental protection. Our core subsidiary in property management service segment has obtained the certification of ISO 14001: 2015 Environmental Management System. The Group thoroughly implements the PRC environmental laws and regulations including the Circular Economy Promotion Law of the PRC (中華人民共和國循環經濟促進法), the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), and the Law on the Prevention and Control of Atmospheric Pollution of the PRC (中華人民共和國大氣污染防治法). In practice, we regulate the technical process, engineering construction, and operation management of solidification/stabilisation of fly ash from domestic waste incineration, to prevent the fly ash from causing environmental pollution, realise the safe treatment of fly ash, and safeguard people's health. Meanwhile, we strictly abide by the Powdered Activated Carbon for the Purification of Flue Gas from Domestic Refuse Incineration (生活垃圾焚燒煙氣淨化用粉狀活性炭), regulate the treatment of leachate from domestic waste, and ensure that the treatment and disposal of all wastes comply with the requirements of national and local environmental laws and regulations while guaranteeing the quality, safety, and reliable operation of projects.

USE OF RESOURCES

The Group places high priority on the efficient use of resources. The major resources consumed in our operations are electricity, natural gas, and water used in buildings managed by us, fuel consumed by our vehicles, and paper used in our offices. We actively advocate green procurement, strive to reduce the generation of pollutants at source, and keep optimising our energy conservation and cost reduction measures. To this end, we prioritise selecting energy-efficient technologies and equipment, and develop science-based energy use plans to ensure the efficient and rational energy consumption.

The Group conducts regular energy management training to raise the energy-saving awareness and skills among employees constantly. At the same time, we have established a continuous improvement mechanism to meet the latest requirements for environmental protection and sustainable development. By assessing the effectiveness of our policies and management systems from time to time, we are able to make timely adjustments and improvements to ensure that our practices are always in line with the goals of environmental protection and sustainability.

The Group actively cooperates with and effectively implements the waste sorting system so as to enhance the recycling of resources with a series of measures such as improving the resource recovery regime and raising the recycling rate. Meanwhile, we also work closely with residential complexes to diversify the content of environmental education, with the aim of raising the environmental awareness among residents and employees and getting them actively involved in environmental protection initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMISSIONS

The types of emissions involved in operations of the Company include domestic wastewater, domestic oil fumes, household waste, carbon emissions, etc., all of which meet national and local emission standards. In strict accordance with the national laws and regulations related to energy conservation, the Group has formulated the Engineering Operation and Maintenance Management Policy (工程運維管理制度) to build a sound engineering operation and maintenance (O&M) management system, which standardises the management of water and electricity use and reduces the average monthly energy consumption to achieve energy use control while ensuring the quality of services. By assessing the effectiveness of relevant policies and management systems from time to time, we make timely adjustments and improvements to ensure consistent compliance with the requirements for environmental protection and sustainable development.

Indicator	Unit	2023
Non-hazardous waste	tonne	16.27
Hazardous waste	tonne	14.53
Non-hazardous waste generation intensity	tonne/million sq.m	1.14
Hazardous waste generation intensity	tonne/million sq.m	1.02

ENERGY-SAVING MEASURES

The Group's carbon emissions are mainly generated by the use of electricity during daily operation. With the goal of low-carbon development, we adopt and optimise energy conservation and consumption reduction measures in our daily operation, prioritise selecting energy-efficient technologies and equipment, and develop science-based energy use plans to ensure efficient and rational energy consumption.

Lighting Retrofits

LED or radar induction LED lamps are installed in basements to ensure that lights are turned off when they're not needed, thus reducing the energy consumption of lighting during times of inactivity. Besides, time-control devices are added to lighting equipment, which allows for the minimum light level at night and reduces the lighting time all day long.

Water-saving Retrofits

Rainwater harvesting systems such as constructing artificial lakes are deployed to collect rainwater for greening irrigation and cleaning of public areas. Water drained from basements, if meeting related standards, is used for greening irrigation and cleaning of public areas, which will enable the Group to use less water more efficiently.

ADDRESSING CLIMATE CHANGE

Acutely aware of the far-reaching impact of climate change on the global ecology and society, the Group is therefore committed to mitigating such impact through a range of strategies and actions and continually enhancing its adaptability and resilience to climate-related consequences.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Management

We have established detailed internal risk management processes and procedures to identify, assess and manage major risks like ESG-related risks facing the group effectively.

The Board plays a central role in the overall risk management and internal control systems. It establishes and maintains an effective risk management and internal control mechanism, and conducts comprehensive reviews of its effectiveness on a regular basis.

The management of the Company is responsible for implementing the procedures approved by the Board to closely monitor compliance with such procedures. Besides, the audit committee of the Company reviews the risk areas and assesses the feasibility and effectiveness of relevant procedures at least once a year.

Thanks to the above sound risk management process, we believe physical risks and transition risks arising from climate change could hardly bring significant impacts to the Group's business. As a supporter of the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"), we have comprehensively assessed the potential climate related risks and identified the rising mean temperature and increasing severity and likelihood of extreme weather events such as rainstorms, floods, fires, and heatwaves as major physical risks impacting our daily operations.

The Group's risk management department is responsible for identifying and assessing any climate-related risks to which the Group's operations are exposed and for updating the Board with the latest news and developments on climate regulations and industry benchmarks, so as to help the Company make well-informed decisions.

To effectively respond to climate-related risks, the Group has implemented a series of emergency response mechanisms, which include formulating emergency response plans, carrying out regular drills and training, and cooperating with other key stakeholders. In addition, we have also taken out adequate natural disaster insurance against extreme weather events to ensure that our operations are supported and restored in a timely manner in the event of unforeseen climatic events.

In the future, we will continue to identify business activities that possibly impact the environment and develop targeted measures for improvement, so as to further prevent the potential negative impact of our operations on climate change.

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APPENDIX

1. Environmental Aspects

No. of KPI	KPI	Unit	2023	2022
A1.1 Emissions	Nitrogen oxides (NOx) ¹	kg	8.56	23.03
	Sulphur dioxide (Sox) ²	kg	0.12	0.15
	Particulate matter (PM) ³	kg	0.82	1.1
A1.2 Greenhouse gas emissions	Scope 1 direct emissions	tonne of equivalent CO ₂ emission	166.89	158.05
	Scope 2 indirect emissions	tonne of equivalent CO ₂ emission	7,038.52	7,465.56
	Total	tonne of equivalent CO ₂ emission	7,205.41	7,623.61
	Intensity	tonne of equivalent CO ₂ emission/ Revenue RMB\$'000	0.0141	0.0149
A2.1 Energy consumption	Unleaded gasoline	kWh	70,795.29	57,518.26
	Diesel	kWh	0.00	6,400.54
	Natural gas	kWh	619,502.58	736,521.42
	Purchased electricity	kWh	12,341,781.61	12,236,616.00
	Total	kWh	13,032,079.48	13,037,056.22
	Intensity	kWh/Revenue RMB\$'000	30.59	25.47
A2.2 Water consumption	Total water consumption	tonne	679,808.68	568,976.00
	Intensity	thousand tonnes/ Revenue RMB\$'000	1.60	1.11

1. Nitrogen Oxide (NOX) emissions (g) = mileage travelled (km) x emission factor (0.885 g/km).

2. Sulfur Oxide (SOX) emissions (g) = Fuel Consumption Unit x emission Factor (0.885 g/km).

3. Particulate emissions (g) = mileage travelled (km) x emission factor (0.885 g/km).

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2. Social Aspects

No. of KPI	KPI	Unit	2023	2022
B1.1 Total number of employees	By gender			
	Male	person	897	1,010
	Female	person	839	994
	By employment type			
	Full-time	person	1,736	2,002
	Part-time	person	–	2
	By age group			
	30 or below	person	279	402
	31-50	person	852	921
	51 or above	person	605	681
	By geographical region			
	Eastern China	person	110	111
	Central China	person	348	416
Southern China	person	1,278	1,477	
B1.2 Employee turnover rate⁴	Turnover rate by gender			
	Male	%	43%	47%
	Female	%	43%	46%
	Turnover rate by age group			
	30 or below	%	53%	52%
	31-50	%	37%	42%
	51 or above	%	44%	48%
	By geographical region			
	Eastern China	%	44%	–
	Central China	%	64%	–
Southern China	%	29%	–	

4. Turnover rate = number of employees left in such category in Year 2023/(number of employees in such category at the end of Year 2023 + number of employees left in such category in Year 2023) * 100.

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No. of KPI	KPI	Unit	2023	2022
B2.1 Work-related fatalities	Number and rate			
	Number of work-related fatalities	person	Nil	Nil
	Rate of work-related fatalities	%	Nil	Nil
B2.2 Number of working days lost due to work injury	Number of working days lost due to work injury	day	299	262
B3.1 Percentage of trained employees⁵	Percentage of trained employees	%	100	100
	By gender			
	Male	%	100	100
	Female	%	100	100
	By employment category			
	Ordinary	%	100	100
	Middle	%	100	100
	Senior	%	100	100

5. Average percentage of employees trained in the relevant category = total number of employees trained in the specific category/total number of employees in the specific category * 100.

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No. of KPI	KPI	Unit	2023	2022
B3.2 Average training hours completed per employee	Average training hours completed per employee	hour	11.8	10.84
	By gender			
	Male	hour	11.4	13.9
	Female	hour	12.3	7.74
	By employment category			
	Normal	hour	11.6	7.93
	Middle	hour	13.1	8.98
	Senior	hour	10.6	5.45
B5.1 Number of suppliers	Number of suppliers by geographical region			
	the PRC	supplier	1,110	1,162
B6.2 Number of complaints about products and services	Number of complaints about service received	case	Nil	Nil
B7.1 Legal cases in relation to corruption	Number of legal cases in relation to corruption filed and concluded	case	Nil	Nil
B8.2 Community investment	Total amount of donation	RMB	761,077	579,040