

Ling Yue Services Group Limited
領悅服務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2165

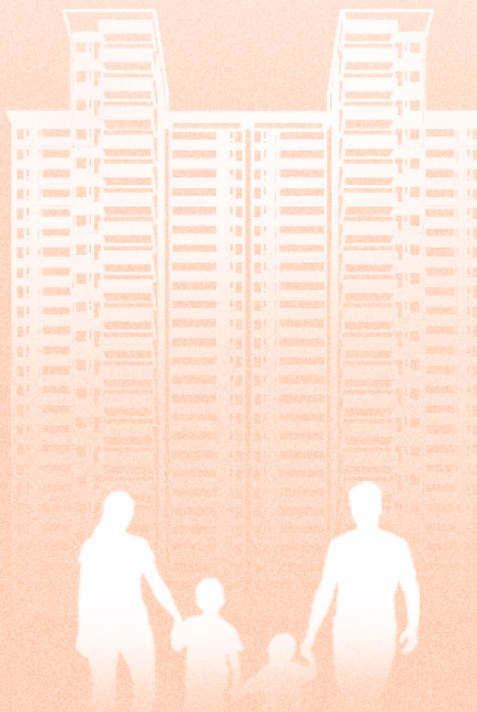
2025

**ENVIRONMENTAL, SOCIAL, AND
GOVERNANCE REPORT**



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Environmental, Social and Governance Report

ABOUT THIS REPORT

Ling Yue Services Group Limited (hereinafter referred to as the “**Company**”, together with its subsidiaries, the “**Group**” or “**we**”) is committed to delivering the best returns to its shareholders, as well as enhancing environmental and social values.

The Group is hereby pleased to present its Environmental, Social and Governance (“**ESG**”) report (“**ESG Report**”) during the year ended 31 December 2025 (the “**Year**”). With the ESG Report, it is hoped that stakeholders can have a more comprehensive understanding of the Group’s policies, measures and performances in various environmental and social aspects. As for the information on corporate governance, please refer to the Corporate Governance Report of the annual report.

Scope of the ESG Report

The ESG Report mainly describes the environmental and social policies of the Group’s business in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in the People’s Republic of China (“**PRC**”)/Mainland China.

The Group has taken its top ten largest subsidiaries into consideration for the environmental key performance indicators (“**KPIs**”) calculation after considering their materiality to the operations of the Group.

Reporting Framework

The ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Code under Appendix C2 to the Listing Rules, following all the reporting principles.

Materiality

The Group has determined the content of the ESG Report based on the results of the stakeholder engagement and materiality assessment as set out in Stakeholder Engagement and Materiality Assessment. The ESG Report provides comprehensive coverage of the key ESG issues of concern to the Group’s stakeholders.

Quantitative

The environmental and social KPIs have been disclosed in the ESG Report. The criteria, methodology and references used to calculate the KPIs are set out in the ESG Report to provide stakeholders with a comprehensive understanding of the Group’s ESG performance.

Balance

The Group’s performance during the reporting period has been presented in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgments. Performance data is reported in a way that allows information users to see negative and positive year-on-year trends in impacts.

Consistency

The Group uses consistent reporting and calculation methods as far as reasonably practicable and details significant changes in data or methods in the corresponding chapters to achieve comparability of ESG performance.

Feedbacks and Contact

The Group values your feedback on the ESG Report and our sustainability performance. Should you have any advice, please feel free to send us your comments to the Group’s principal place of business in the PRC at 44/F, Tower A, Leading International Finance Centre, No. 151, 2nd Tianfu Street, Gaoxin District, Chengdu, Sichuan Province.

ABOUT US

Ling Yue Services Group Limited was established in 2002 and is primarily focused on the southwestern region of China, with a strong presence in Sichuan. The Group actively promotes market-oriented operations and has developed a nationwide layout in core regions such as the Chengdu-Chongqing Economic Belt, Xinjiang, Central China, and the Greater Bay Area of Guangdong, Hong Kong, and Macau.

As one of the top 100 property service enterprises in China, the Group adheres to the brand concept of “Ling (領) as Home, Yue (悦) for Oneself” and upholds the core values of “Friendship, Companionship, and Warmheartedness.” Building on property services as its foundation, the Group utilizes service platforms and smart technology to provide various property management services, diversified operational services, comprehensive facility management and urban services for different industries. It has become a modern service enterprise with a high brand position and influence in the industry.

Ling Yue Services Group Limited (Stock Code: 2165.HK) was listed on the Main Board of the Hong Kong Stock Exchange on July 12, 2021. The Hong Kong listing is an important milestone in the development history of the Group. As a property enterprise with a solid position in the western region, the Group will seize opportunities, proceed steadily, and continue to pursue higher-quality development, provide superior services, and deliver returns to shareholders and investors while giving back to society.

OUR APPROACH TO ESG

The Group believes that well-established ESG principles and practices will increase investment values and provide long-term returns to stakeholders. We value the opinions of the stakeholders and review our level of sustainability to identify areas of improvement for environmental and social performance to look for areas of improvement.

Board Statement

The Board serves as the highest decision-making body for the Group’s ESG efforts and holds ultimate responsibility for overseeing and managing material ESG issues. With support from the management team, the Board is principally responsible for establishing the Group’s overarching ESG vision, direction, and strategy. This includes monitoring and reviewing the Group’s ESG performance to ensure alignment with the Board’s ESG vision and overseeing the coordination of various departments to ensure that the Group’s operations and practices align with its ESG strategies.

Recognising the importance of addressing ESG issues that are significant to both the Group and its stakeholders, the Board has engaged an ESG consulting firm to conduct a materiality assessment. This assessment is used to identify key ESG issues through stakeholder surveys and by considering industry-specific concerns with the help of materiality maps and professional advice. The Board is fully informed about the results of this process and remains committed to regularly reviewing stakeholder engagement channels and exercises to ensure their effectiveness.

To ensure that ESG management is on the right track, the Board oversees the coordination of departmental efforts to meet their respective ESG targets. Progress in ESG matters is shared transparently with stakeholders, primarily through the Group’s annual ESG Report. This approach reflects the Board’s commitment to maintaining accountability and continuous improvement in ESG performance.

Stakeholder Engagement

The Group views sustainability as an opportunity to drive corporate growth, reduce environmental impact, and support the communities where it operates. Recognising the importance of sustainability to its stakeholders, the Group believes that constructive dialogue and collaboration with stakeholders are essential to fostering mutually beneficial relationships. During the reporting year, the Group has undertaken significant efforts to ensure that stakeholder value is integrated into its business operations.

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The Group understands the importance of addressing stakeholders' priorities and concerns to achieve sustainable development and continuous improvement. Regular engagement activities are conducted with key stakeholder groups, including shareholders, investors, employees, customers, and suppliers, to objectively evaluate material areas. The Group also engages with the community and regulatory bodies as needed.

Through these stakeholder engagement efforts, the Group aims to provide stakeholders with a deeper understanding of its vision and objectives while incorporating their feedback into its operations. This approach ensures that the Group remains responsive to stakeholder concerns and aligned with its sustainability goals.

Stakeholder groups	Material issues concerning stakeholders	Engagement channels
Government and regulators	<ul style="list-style-type: none"> Compliance with national policies, laws and regulations Support for local economic growth Contribution to local employment Tax payment in full and on time 	<ul style="list-style-type: none"> Government official documents Government official website announcement
Shareholders and investors	<ul style="list-style-type: none"> Returns Compliant operation Rise in company value Transparency information and effective communication 	<ul style="list-style-type: none"> Shareholders conferences Email, telephone communication and company website
Partners	<ul style="list-style-type: none"> Operation with integrity Equal Rivalry Performance of contracts Mutual benefit and win-win result 	<ul style="list-style-type: none"> Exchanges and discussions Engagement and cooperation
Customers	<ul style="list-style-type: none"> Outstanding products and services Performance of contracts Operation with integrity 	<ul style="list-style-type: none"> Customer service centre and hotlines Calling for feedback
Environment	<ul style="list-style-type: none"> Compliant emission Energy-saving and emission reduction Ecosystem protection Rational use of water 	<ul style="list-style-type: none"> Communicate with the locals
Industry	<ul style="list-style-type: none"> Drive industry development Participate in industry forums 	<ul style="list-style-type: none"> Visits and inspections
Employees	<ul style="list-style-type: none"> Protection of rights Occupational health and safety Remunerations and benefits Career development Humanity cares 	<ul style="list-style-type: none"> Employee communication meetings House journal and intranet Training and workshop Employee activities
Community and the public	<ul style="list-style-type: none"> Improve the community environment Participate in charity Information transparency 	<ul style="list-style-type: none"> Company website Company announcements Community communication meeting

To ensure the relevance and accuracy of this ESG Report in reflecting the Group's environmental and social performance, the Group conducted a materiality assessment to identify ESG issues material to its business operations and stakeholders. As a result, 10 material issues have been identified and are discussed in detail in this ESG Report.

Environment	Labour Practices	Operational
Environmental Compliance Water Management	Occupational Health and Safety Employees' Remuneration and Benefits	Customer Service Management
Waste Management Energy Consumption Climate Change	Training and Development	

ENVIRONMENT

The Group complies strictly with all applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, as well as other local environmental requirements. To support this commitment, the Group has implemented a comprehensive environmental management system and achieved ISO 14001:2015 certification. We actively promote environmental conservation and compliance among employees and customers through various initiatives and measures. The Group is committed to contributing to a greener future through proactive environmental management. During the Year, the Group did not record any material violations of relevant environmental laws and regulations.

Waste Management

The Group generates primarily non-hazardous waste from its daily operations, with only a small amount of hazardous waste, such as toner cartridges and lamps, being produced. Both hazardous and non-hazardous waste are collected and handled by qualified cleaning companies.

As most waste is generated in office settings, the Group has implemented green office practices to reduce waste and conserve resources. Employees are encouraged to recycle materials such as paper, metals, plastics, toner cartridges, and ink cartridges. Additionally, the Group promotes the reuse of stationery items like envelopes and folders. To further minimise waste, the Group opts for reusable, recyclable, and refillable office products, such as refillable pens and reusable toner cartridges, instead of disposable alternatives.

The Group also organises environmental activities, including initiatives like "No Plastic Bottles Day," to promote its green office policies.

Use of Resources

The Group's operations require the consumption of resources, with electricity being the primary energy source and water being used for property management activities. At the beginning of the Year, the Group set targets to reduce monthly average electricity consumption below RMB0.14 per square meter and monthly average water consumption below RMB0.018 per square meter. Both targets were successfully achieved, with monthly average electricity consumption and water consumption reduced to RMB0.12 per square meter and RMB0.013 per square meter, respectively.

To maximise energy efficiency and reduce waste, the Group has adopted several measures:

- **Lighting:** The Group turns off landscape spotlights after 11 PM, optimises lighting arrangements in parking areas, and installs time-controlled and sound-controlled switches for lobby and hallway lighting.
- **Air Conditioning:** The office air conditioning temperature is set at or above 26°C in summer and at or below 18°C in winter. Employees are encouraged to turn off unnecessary lights, air conditioning, and heaters.

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- **Energy-Efficient Lighting:** The Group replaced existing single-illuminance LED lamps and regular light bulbs with radar-sensing dual-illuminance LED lamps during the Year to enhance energy efficiency in its properties.

Case Study: HVAC Intelligent Energy Management System

The Group utilises Internet of Things (IoT), big data, and deep learning technologies to build a technical energy-saving system. This system integrates IoT perception, computing engines, control centres, and digital twins to optimise energy efficiency. Constructing fitting curves for human body temperature, equipment operation, and spatial airflow, it enables real-time monitoring and adjustments to control logic and operational coordination. The system determines optimal thermal and humidity conditions, allowing HVAC equipment to achieve energy-saving and emission reduction goals. This approach reduces energy consumption costs and transforms HVAC systems into a new profit centre, achieving an energy-saving rate of 20–30% for air conditioning systems.

Case Study: Energy-Saving Basement Lighting Retrofit Project

This project involved retrofitting the property's basement lighting system to improve energy efficiency. By integrating core technologies such as sensors, modules, and cloud services, the project enabled full lighting control based on the time of day. The system supports energy consumption statistics, allows for remote control of the lighting system, and is highly intelligent. This initiative demonstrates the Group's commitment to energy efficiency.

To reduce water consumption, the Group has implemented measures such as:

- Installing time-controlled switches for artificial fountains.
- Regularly maintaining water-related facilities and equipment, including precipitation wells, pumps, and high-pressure water guns.
- Reducing water pressure to the lowest practical level.
- Conducting regular leakage tests on concealed piping to identify hidden leaks.
- Installing sensor taps and adjusting tap flow rates in public restrooms.

During the Year, the Group encountered no issues in sourcing water that was fit for purpose.

Climate Change

Awareness of climate change continues to grow and is one of the most discussed topics among companies. In response, climate change considerations are integrated into the Group's core strategy, and climate-related risk assessments are strengthened to comprehensively evaluate material effects on the business. This supports the development of targeted mitigation measures. Starting from the Year, the Group will disclose climate-related information aligned with the four-pillar framework — Governance, Strategy, Risk Management, and Metrics & Targets — in accordance with Appendix C2 of the Listing Rules.

Governance

To ensure effective management of climate change, the Group has established a governance structure with the Board of Directors as the highest decision-making body. The Board fully fulfils its responsibility by undertaking the duties of deliberation, decision-making, and oversight regarding the Group's sustainable development policies and strategies.

The Board integrates related topics into the agenda of its regular meetings at least once a year to review climate-related risks and opportunities faced by the Group and assess whether senior management has taken adequate measures to address the impact of climate change on the Group. The Board also annually reviews and monitors progress toward targets and performance, making revisions as necessary. Furthermore, when overseeing the Group's strategies, major transactional decisions, risk management processes, and relevant policies, the Board proactively incorporates identified climate-related risks and opportunities into evaluations as needed and specifically considers trade-offs associated with such risks and opportunities.

To enhance the Board members' understanding of and capacity to address climate change issues, the Group encourages the Directors to develop and update their relevant knowledge and skills. This includes organising internal training sessions as appropriate, and facilitating their participation in climate-related training programs and seminars delivered by external professional institutions. These initiatives are designed to strengthen the Board members' comprehension of and ability to respond to climate change matters, as well as to keep them follow the latest developments and trends in climate-related risks and opportunities.

Meanwhile, the Board has delegated the function of implementing and coordinating climate-related matters to senior management. Senior management integrates climate risks into the overall risk management processes and systems, ensuring the Group can proactively identify potential risks, make effective decisions, and actively coordinate business units in formulating and advancing climate action plans.

Through this clearly structured and well-defined climate governance framework, the Group is better equipped to systematically address the challenges posed by climate change, providing a solid foundation for long-term sustainable development.

Strategy

The Group is committed to strengthening its operational resilience against climate change and fostering an environmentally responsible business. To achieve this, the Group has refined its risk assessment processes to systematically evaluate potential climate impacts across its operations and value chain. This analysis enables the identification and development of optimal mitigation measures.

During the Year, the Group undertook its first comprehensive climate scenario analysis to gain a deeper understanding of, and to better prepare for, the potential impacts of climate change. This analysis encompassed both physical and transition risks, as well as associated opportunities, with each category undergoing a detailed process of screening and evaluation.

- **Physical risks:** Risks arise from the direct environmental consequences of climate change, such as damage from sudden extreme weather events or the gradual degradation of assets due to persistent climatic shifts.
- **Transition Risks:** Risks related to the economic and societal adjustments toward a low-carbon future, encompassing financial challenges posed by new regulations, technological advancements, legal actions, and evolving market dynamics.

To comprehensively assess the climate-related risks and opportunities that may arise during its business development, the Group considered various global temperature rise pathways, changes in climate policies, and time horizons of impact. Therefore, the Group utilised published scenario models and parameters from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) and the Phase 5 public release of the Network for Greening the Financial System (NGFS). In the climate scenario analysis, it is assumed that the Group's existing mitigation measures, assets and operation location remain the same, while the time horizon covers short-term (2030), medium-term (2040), and long-term (2050). The scenarios and the time horizon selected not only align with the Group's operational budgeting cycle and strategic business planning cycle, but also remain consistent with the Hong Kong government's target of "achieving carbon neutrality by 2050".

Methodology and Scope

Scope	Same as the reporting boundary, which covers all principal operating activities of the Group's core businesses in the provision of property management services, value-added services to non-property owners and community value-added services for residential and non-residential properties in PRC.
Scenario Used	<p>IPCC for physical risks analysis:</p> <ul style="list-style-type: none">• SSP 1–2.6: Global warming exceeds 2.0°C, global transitions remain broadly aligned with historical trends. It is characterised by stringent regulations, resulting in severe transition risks for businesses, while physical risks remain notable.• SSP 5–8.5: Global warming exceeds 4°C, with governments acting slowly and mitigation efforts stalled — coupled with a lack of climate policies across many jurisdictions — impacts will become far more extreme, exposing businesses to significantly greater physical risks, both immediate and long-term. <p>NGFS for transition risks analysis:</p> <ul style="list-style-type: none">• Net Zero 2050: Strict climate policies are adopted early to curb global warming at 1.5°C and achieve global net-zero CO₂ emissions around 2050, driven by reduced energy demand and the development of low-carbon technologies.• Current Policies: Only current policies remain in place; greenhouse gas emissions will continue to rise, pushing global warming above 3°C and resulting in severe physical risks.

Its climate-related initiatives are integrated into its daily business operations. Currently, no portion of these expenditures is separately identifiable as being specifically for climate-related risks or opportunities, and therefore, the Group cannot provide quantified data on the current or expected financial impacts. Regarding cross-industry climate metrics, data remains dispersed across its operations and is subject to high measurement uncertainty. Consequently, such information cannot currently be obtained in a manner that is both reasonable and cost-effective.

Nevertheless, the Group has identified the core implications of key climate risks and opportunities and provided detailed qualitative disclosures in the tables below. The Group are also actively enhancing its internal data integration and modelling capabilities to progressively improve the disclosure of such quantitative information.

The following 5 climate-related risks and opportunities have been identified from assessment and analysis under the selected high/low carbon scenarios and time horizon (2030–2050). Detailed qualitative assessment results for these risks and opportunities are presented in the tables below.

Types of Risk	Key Affected Area	Materiality Level ^{note 1}			Impact on Business Model and Value Chain	Impact on Financial Performance
		Short term	Medium Term	Long Term		
Physical Risks						
Acute	Extreme Weather Events	The Group's operation sites and projects in the PRC			<ul style="list-style-type: none"> • Operation Disruption: Interruption to daily business operations, as well as manpower shortage at operation sites caused by impeded employee commuting, leading to the inability to carry out core business normally. • Personnel Safety: Extreme weather poses threats to the safety of employee commuting, transportation and field operations. • Supply Chain: Due to the regionalisation of suppliers, high technical barriers, and increased bargaining power, the demand for weather-resistant special materials and specialised maintenance services in high-risk areas has led to an increase in procurement premiums, urgent transportation fees, and collaborative urgent fees for the Group, resulting in a passive rise in procurement and collaboration costs. • Brand Reputation: Inadequate disaster response may trigger negative media coverage, adversely affecting the sales of high-end projects. 	<ul style="list-style-type: none"> • Property costs: Continuous high temperatures may lead to water supply shortages, and the renovation of landscape irrigation systems may increase operational and maintenance pressures. • Operation Cost: Business operation is interrupted by climate disasters, resulting in an increase in emergency maintenance costs and variable operation costs. • Revenue Loss: The suspension of operation sites and delayed service delivery directly led to the decline of business revenue and the reduction of core business income.

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Types of Risk	Key Affected Area	Materiality Level <small>note 1</small>			Impact on Business Model and Value Chain	Impact on Financial Performance
		Short term	Medium Term	Long Term		
Chronic	Change in Precipitation Patterns				<ul style="list-style-type: none"> Operation adjustment: Community operation needs to invest in water-saving facilities to ensure water supply and the homeowner experience. Operation and maintenance: The renovation of landscape irrigation systems increases the pressure of operation and maintenance. Customer relationship: High water-consuming facilities (such as swimming pools and water features) have been closed due to water restrictions, resulting in an increase in customer complaint rates for high-end projects. 	<ul style="list-style-type: none"> Insurance Premium Pressure: Elevated fire risk caused by drought drives up project insurance premiums and even leads to insurance refusal in some regions. Operating costs: The introduction of water-saving facilities requires a cost investment, leading to an increase in project operating costs.
Transition Risks						
Stringent Policies and Regulatory Trends	The Group's operation sites and projects in the PRC				<ul style="list-style-type: none"> Operation management: Potential renovation needs for old equipment in existing property management projects; Business management: Adopting/deploying new practical operations and processes for compliance, policies requiring compliance actions such as green certification and carbon accounting, and restructuring the business management system; Supply Chain: Upstream high-emission equipment and service providers face elimination due to shrinking market demand, forcing a shift to low-emission alternatives such as clean energy and energy-saving equipment. This transition is expected to increase procurement costs along the upstream value chain. 	<ul style="list-style-type: none"> Capital Expenditure: Project energy efficiency retrofitting and equipment upgrade will lead to an increase in capital expenditure. Compliance Cost: Regular compliance audits are required, and professional consulting institutions need to be hired to provide technical support, resulting in additional consulting, certification and audit fees.

Types of Opportunities	Key Affected Area	Materiality Level ^{note 1}			Impact on Business Model and Value Chain	Impact on Financial Performance
		Short term	Medium Term	Long Term		
Opportunities						
Operation Energy Efficiency Optimisation	The Group's operation sites and projects in the PRC				<ul style="list-style-type: none"> Energy Independence: Reduce reliance on traditional power grid energy and enhance operational resilience. Energy Optimisation: Optimise energy consumption in daily operation and project execution through energy-saving systems. 	<ul style="list-style-type: none"> Utility Cost Saving: Lower electricity expenses drive the improvement of the operating profit margin.

¹ Materiality Definitions

light colour: Handle through standard existing processes;

regular colour: Need to be monitored consistently;

dark color: Require management strategy planning and implementation tracking.

Mitigation Measures of Risks and Opportunities Assessment Result:

Types of Risks	Mitigation Measures
Extreme Weather Events	<ul style="list-style-type: none"> Establish clear operational guidelines for typhoons, heavy rain, and extreme weather conditions. Implement special work arrangements promptly to ensure employee safety and business continuity.
Change in Precipitation Patterns	<ul style="list-style-type: none"> Enhance climate control systems in the supply chain. Develop and implement operational standards for handling emergencies or abnormal situations based on the types of risks and disasters that exist in various projects.
Stringent Policies and Regulatory Trends	<ul style="list-style-type: none"> Continuously monitor policy trends toward sustainable and eco-friendly products. Maintain flexible supplier and brand partnerships to adapt product offerings.

Types of Opportunities	Response Measures
Operation Energy Efficiency Optimisation	<ul style="list-style-type: none"> Promote distributed photovoltaic (PV) + energy storage projects to increase the proportion of renewable energy in the power supply; Install an intelligent energy consumption monitoring system to adjust power load in real time and reduce power consumption during peak hours.

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While the Group has not yet established a dedicated climate transition plan, the Group has implemented the abovementioned mitigation measures to address potential adverse impacts, utilising internal funding and existing human resources. The Group has also explicitly identified the material Scope 3 categories relevant to the Group, as well as established climate-related targets during the Year to fully advance its decarbonisation and climate resilience efforts.

During the Year, the Group did not have any separately identifiable capital expenditure, financing or investment dedicated to climate-related risks and opportunities. In addition, the Group has implemented the mitigation and response measures disclosed in the previous reporting period across all operating locations.

Despite these proactive actions, the Group faces key uncertainties that may constrain the effective implementation of its future climate resilience plans. These include the uncertain pace of global and regional climate policy updates, shifting consumer demand for sustainable products, the evolving pace and severity of physical climate change impacts, and the unclear timing and stringency of future climate-related regulatory requirements applicable to the Group. Nevertheless, the Group believes it has a robust capacity to adjust and adapt its strategy and business model to address climate change across the short, medium and long term. This adaptive capacity is embedded in the Group's ongoing strategic planning and operational management, enabling timely adjustments to business priorities, operational processes and value chain collaboration in response to evolving climate risks, regulatory changes and market dynamics.

Risk Management

The Group has integrated the identification, assessment, prioritisation, and management of climate-related risks and opportunities into its broader risk management framework. This integration embeds climate considerations into daily operations and ensures effective responses to climate change challenges. As these processes align with its existing risk management structure, no significant changes were made to the process during the Year.

Throughout the processes, the Group considers parameters such as asset location and type, historical exposure to extreme weather and energy consumption patterns. Climate data from the publicly available scenario sources, as well as internal data such as utility consumption records and operational incident logs, are utilised. Below is a summary of the climate risk and opportunity management process of the Group:

1. Identification

The Group conducts research on climate change trends, domestic and international industry developments, and technological changes and carries out peer benchmarking. The Group also perform climate-related scenario analysis, taking into account its operational conditions and business characteristics. The resulting list identifies and describes the physical and transition risks, as well as potential opportunities, affecting the Group's operations.
2. Evaluation

The Group conducts a comprehensive assessment of climate-related risks and opportunities by analysing their potential impact on its business model, value chain, and financial performance, as well as evaluating the likelihood and magnitude of these factors.
3. Prioritisation

Based on the assessment results, the Group prioritises identified climate-related risks and opportunities according to their severity and urgency, with a particular focus on those posing high likelihood and high impact.

4. Monitoring

Based on the identification and assessment of risks and opportunities, the Group's management considers and implements corresponding response and capture strategies, with regular reviews to monitor their effectiveness. The results of this identification, assessment, and management process are reported to the Board on a periodic basis to strengthen its oversight and ensure the effective implementation of all climate-related measures.

Metrics and Targets

Guided by global climate commitments, the Group places significant emphasis on aligning its operations with Hong Kong's regional decarbonisation targets. To align with these climate frameworks, the Group continuously evaluates its ESG performance indicators and has established the reduction targets in energy and water consumption, and these management objectives that reflect the exigencies of these prevailing frameworks. While these targets have not yet been subjected to independent third-party verification, nor were they derived from a sectoral decarbonisation approach, the Board conducts annual reviews of progress to gauge performance and determine the need for adjustments. Furthermore, the Board is dedicated to enhancing the governance mechanisms surrounding the formulation, evaluation, and verification of these targets to uphold the transparency and integrity of the Group's decarbonization journey.

To achieve measurable emissions reductions, the Group is focusing on substantial decarbonization by improving energy efficiency and optimising operational processes. At present, the Group has no immediate plans to utilise carbon credits for offsetting purposes. However, the Group remains attentive to evolving market dynamics and regulatory frameworks surrounding carbon credits, poised to leverage such instruments as a supplementary mechanism to support its long-term carbon neutrality objectives when the time is appropriate.

The Group conducted greenhouse gas (GHG) identification, assessment, and verification during the Year to effectively manage its emissions. Scope 1 and Scope 2 emissions are calculated in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*. Concurrently, in line with the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*, the Group identified Scope 3 GHG emission categories in the current year. Based on the review and analysis of its business operations, and after considering factors such as emission scale, data availability, and stakeholder concerns, the Group ultimately identified three key categories closely related to its activities as the focus for Scope 3 GHG accounting, which is

Category 1: Purchased goods and services;

Category 5: Waste generated in operations;

Category 6: Business travel.

For GHG emissions of the Group during the Year, please refer to the KEY PERFORMANCE INDICATORS chapter.

At present, the market maturity and industry adoption of carbon pricing mechanisms are still insufficient to have a direct and material financial impact on the Group's operations. Consequently, carbon pricing has not yet been integrated into its decision-making process. Meanwhile, in line with the current remuneration policy and industry characteristics, its compensation structure remains focused on core business performance and long-term value creation, and climate-related factors have not been incorporated into executive or staff incentives.

Going forward, the Group will continue to monitor developments in carbon pricing mechanisms and climate-related performance indicators. The Group will assess the feasibility of integrating these considerations into both strategic decision-making and remuneration policies once conditions become more mature and aligned with its operational context.

EMPLOYMENT

Recruiting and retaining engaged talent is essential for the sustainable growth of the Group. The Group is committed to fostering a safe, healthy, and productive working environment while supporting employee career development to help them reach their full potential.

Recruitment and Compensation

The Group's recruitment, promotion, compensation, and dismissal procedures are governed by relevant laws and regulations, including but not limited to the Labour Law of the PRC. The Group sources talent from various channels, such as universities, third-party recruitment agencies, and other businesses. During recruitment, interviews and background checks are conducted for suitable candidates to ensure they meet the required job criteria. Identity information is verified to prevent child labour. If child labour is identified, the Group will investigate thoroughly and immediately dismiss the relevant employees.

For employee dismissals, the Group aims to identify and manage turnover-related issues and may conduct exit interviews to better understand the reasons for employee departures. The Group continuously monitors staff turnover to detect and address potential issues. During the Year, no cases of child labour were identified.

The Group offers a competitive compensation package aligned with the Provisions on Minimum Wages of the PRC. A performance-based reward system has been established for both management and junior staff. Performance appraisals are conducted monthly, quarterly, and annually to evaluate employees' attributes and job performance. Salaries are adjusted periodically based on appraisal results. The Human Resources Administrative Centre participates in the Group's performance goal-setting process, oversees the development of individual performance criteria, and coordinates performance evaluations.

To further motivate employees, the Group provides incentive measures such as performance-based bonuses, special bonuses for high customer satisfaction, high collection rates, successful business development, and promotion opportunities. These measures encourage employees to pursue career advancement and align their efforts with the Group's goals.

Rights and Benefits

The Group fully complies with relevant laws and regulations, including but not limited to the Labour Law of the PRC and the Social Insurance Law of the PRC, to ensure employee rights and benefits. Employment contracts clearly outline work location, job position, and working hours to prevent forced labour. If forced labour is discovered, the Group will thoroughly investigate and dismiss the relevant employees immediately. During the Year, no cases of forced labour were identified.

The Group contributes to the "Five Insurances and One Fund" for employees and provides various types of leave, including marriage leave, maternity leave, sick leave, funeral leave, work injury leave, and other statutory holidays in accordance with government regulations. Additional benefits include transportation allowances, meal allowances, housing allowances, computer allowances, holiday gifts, marriage gifts, and group activities. Employees also enjoy paid leave, such as annual leave, sick leave, and family visit leave, in addition to statutory holidays.

Anti-Discrimination

The Group is dedicated to maintaining a workplace free from discrimination by complying with relevant laws and regulations, including but not limited to the Law of the PRC on the Protection of Women's Rights and Interests and the Law of the PRC on the Protection of Disabled Persons. The Group ensures fair treatment and equal opportunities for all employees and candidates in recruitment, promotion, transfers, training, remuneration, and benefits, regardless of race, gender, age, religion, belief, marital status, or fertility status.

To reinforce these principles, the Group organises Equal Opportunities Training Workshops to introduce anti-discrimination ordinances and raise awareness among employees. During the Year, no material non-compliance with labour-related laws and regulations or complaints regarding workplace discrimination or harassment were identified.

Health and Safety

Ensuring employee health and safety is a top priority for the Group. The Group strictly adheres to relevant laws and regulations, including but not limited to the Law of the PRC on the Prevention and Treatment of Occupational Diseases. The Group has obtained ISO 45001:2018 Occupational Health and Safety Management System Certification, demonstrating its commitment to maintaining a safe working environment.

The Group regularly organises occupational health and safety training to raise employee awareness and improve safety management, accident prevention, and emergency response capabilities. During the Year, training on general occupational health and safety knowledge was provided to employees.

In 2025, the Group conducted over 500 emergency drills, safety training sessions, and safety inspections, safeguarding the security of more than 150,000 property owners' assets. Additionally, the Group maintains a clear system for recording work-related injuries.

During the Year, there were 120 lost days due to work-related injuries, with no work-related fatalities reported in the past three years.

Training and Development

Providing training and development opportunities is essential for sustainable business growth. The Group conducts regular employee performance appraisals to provide feedback, identify areas for improvement, and address training needs. Internal promotions are prioritised over external hiring to support employee development.

The Group offers ongoing training programs to enhance employee skills and knowledge. Training programs such as Ling Jiang (領將), Ling Chen (領辰), Yue Jiang (悦將), Yue Chen (悦辰) and Qiang Bing (強兵) are provided to frontline service teams to develop internal talent. These programs focus on management development and have benefited over 200 employees through 5,000 training sessions during the Year. Each year, the Group plans and delivers more than 40 courses.

New employees participate in a training and mentoring program, where mentors provide guidance to help them integrate into their roles and the corporate culture. Employees are trained to follow standardised operational procedures to ensure high service quality and efficiency.

The Group also implements a human resource succession plan to identify and prepare employees for more challenging roles. During the Year, employees received training in property management, service requirements, market trends, business communication, customer demands, and risk management. Employees are encouraged to participate in external training programs, with subsidies provided to support their professional development.

OPERATING PRACTICES

Effective management of environmental, social, and economic performance throughout daily operations is a core value of the Group. The Group is committed to sustainable development by maintaining close relationships with its suppliers and adhering to high standards in its operations and business conduct.

Supply Chain Management

The Group highly values its partnerships with suppliers and aims to promote sustainable development collectively. To enhance operational efficiency and minimise ESG risks throughout the supply chain, the Group has implemented a tender procurement management system to ensure effective procurement processes.

For the selection of new contractors and suppliers, the Group uses an evaluation and review mechanism that verifies supplier compliance and product quality. This process includes reviewing basic profiles, credit certifications, and other documentation of potential contractors and suppliers. Contracts signed with contractors and suppliers clearly outline the Group's expectations, policies, and requirements, including a safety management guideline that mandates a safe working environment and adequate training, information, and supervision for supplier employees. Existing contractors and suppliers are regularly evaluated based on criteria such as price and quality, and unqualified suppliers are removed to maintain the quality of the Group's products and services. Confidentiality is strictly enforced; employees are prohibited from disclosing procurement-related information without proper approval.

The Group actively monitors environmental and social risks in its supply chain. Specific personnel are assigned to track developments in local supply chain policies and identify potential risks. Suppliers with strong environmental and social performance in areas such as energy conservation, occupational health and safety, supply chain management, and anti-corruption are given priority. Suppliers with certifications or international recognition are highly valued, while those involved in major corruption or safety incidents are downgraded.

To promote sustainability, the Group implements green procurement practices and encourages the use of eco-friendly products. Priority is given to products with water or energy efficiency labels, minimal packaging, longer lifespans, or recyclable materials. Additionally, the Group selects suppliers with shorter delivery times and distances to reduce carbon emissions from transportation. Employees are reminded to use older products first to avoid waste caused by expiration.

During the Year, the Group worked with a total of 65 major suppliers, categorised by region as follows:

Number of Suppliers	2025
Northeast China	5
East China	1
South China	6
Southwest China	52
Northwest China	1

Service Quality and Customer Health and Safety

The Group recognises the importance of quality control to its long-term business development. By maintaining high service standards and ensuring customer health and safety, the Group achieves responsible operations. Policies and measures have been adopted to enhance service quality and safeguard customer health and safety within the Group's property management businesses. Due to the nature of its operations, the Group is not involved in advertising, product labelling, or product recall matters.

The Group has established a customer relationship management system and obtained ISO 9001:2015 Quality Management System Certification, which provides guidance for quality control in daily operations. A professional quality control team is responsible for maintaining service standards, standardising procedures, and supervising service quality. Customer satisfaction is assessed annually across all properties under management, and the results are incorporated into the performance evaluations of project and regional companies.

To improve customer experience and service, the Group operates a service hotline where customers can make inquiries, lodge complaints, and provide feedback. These issues are addressed promptly to ensure effective solutions. Customers can also request repair and maintenance services and provide feedback via the Shi Xiang Yue (時相悅) mobile application or the Group's WeChat official account. The Group has implemented customer reporting and complaint management practice guidelines and a call centre management system to standardise the handling of complaints. Complaints are recorded, categorised by nature and importance, and assigned to the relevant department for resolution. During the Year, the Group received 66 complaints, all of which were handled in accordance with these procedures.

To ensure the properties it manages do not pose health or safety risks, the Group provides security services and conducts regular inspections, repairs, and maintenance of facilities, including lifts, escalators, central air conditioning systems, fire and safety systems (e.g., fire extinguishers, alarms), security equipment (e.g., gates, fences, cameras), and utility systems (e.g., generators, power distribution, water supply, and drainage).

Protection of Privacy and Intellectual Property Rights

The Group prioritises the protection of customer and employee information and strives to eliminate data security risks by complying with relevant laws and regulations, such as the Personal Information Protection Law of the PRC.

Internal control measures have been adopted to safeguard both internal and external data, including customer information collected through the Group's systems. Customers are informed of the terms and conditions, and their consent is obtained before data collection. Strict access controls are in place for physical server rooms and online systems to ensure only authorised employees can access sensitive data. Employees are required to log into the intranet to view private data, and software installations are subject to approval to prevent intellectual property violations. Confidentiality clauses are included in employment and confidentiality agreements with employees.

The Group conducts regular data backup and restoration tests, uses firewalls, and deploys user behaviour management systems to enhance data security. Anti-virus software is installed and updated periodically, with routine inspections conducted to detect potential intrusions. All incoming data is scanned to ensure it is virus-free.

To safeguard intellectual property rights, the Group requires employees to comply with laws and regulations such as the Copyright Law of the PRC, the Patent Law of the PRC, and the Trademark Law of the PRC. Confidentiality and non-competition agreements are used to protect intellectual property. All computers are equipped with licensed software to ensure compliance.

Anti-Corruption

The Group operates with the highest standards of business integrity and ethics, fostering a culture of honesty and transparency. During the Year, no cases of bribery, extortion, fraud, or money laundering were reported or prosecuted.

The Group complies with laws and regulations, including but not limited to the Criminal Law and the Anti-Money Laundering Law of the PRC, and has implemented internal policies such as employee conduct assessment management, gift management, and conflict of interest declarations. These policies outline integrity requirements and codes of conduct for employees. Violations may result in penalties, including demotion, pay cuts, or termination, depending on the severity of the misconduct. The Group also reduces corruption risks during tenders by rejecting fraudulent bidders, requiring honest conduct agreements, and implementing strict controls.

Throughout the Year, the Group organised anti-corruption activities and training for employees, including integrity education, case-sharing sessions, and knowledge tests on common corporate economic crimes. Online training was provided to all employees.

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The Group has also established an internal whistleblowing policy, encouraging employees to report incidents of bribery, extortion, fraud, or money laundering through email or hotline channels.

COMMUNITY

The Group believes that contributing to society and supporting the common good are integral to its values. Alongside business development, the Group remains committed to assisting those in need and fostering community ties. To strengthen connections within the community, the Group organised over 28 theme activities during the Year, with an investment amount of RMB2,656,099, employee participation of 5,166, and participation duration of 537,318 hours.

KEY PERFORMANCE INDICATORS

Environmental Indicators	Unit	2025	2024
Emissions			
Total GHG emissions <i>Note (i)(v)</i>	tonnes CO ₂ e	45,876	24,872
Scope 1 Direct GHG emissions <i>Note (ii)</i>	tonnes CO ₂ e	-1	2,264
Scope 2 Indirect GHG emissions <i>Note (iii)</i>	tonnes CO ₂ e	45,204	21,990
Scope 3 Other indirect GHG emissions <i>Note (iv)</i>	tonnes CO ₂ e	674	618
Intensity	tonnes CO ₂ e/ '000 m ² GFA	3.33	1.60
Waste			
Total amount of non-hazardous waste	kg	1,830	330
Intensity	kg/'000 m ² GFA	0.08	0.02
Total amount of hazardous waste	kg	787	158
Intensity	kg/'000 m ² GFA	0.05	0.01
Resources Consumption			
Water consumption	m ³	1,842,832	1,545,145
Intensity	m ³ /'000 m ² GFA	133.94	99.26
Energy consumption	MWh	85,194	77,903
Direct consumption	MWh	0	0
Indirect consumption	MWh	85,194	77,903
Intensity	MWh/'000 m ² GFA	6.19	5.00

Notes:

- (i) The calculation of carbon emissions is based on Appendix 2 "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong ("**Appendix 2**"). The Group inventory includes carbon dioxide, hydrofluorocarbon methane and nitrous oxide. For ease of reading and understanding, the greenhouse gas emissions data are presented in carbon dioxide equivalent (CO₂e).
- (ii) Scope 1 includes emissions from the use of refrigerants and carbon reduction brought by tree planting. The calculation method and emission factors used are from Appendix 2.
- (iii) Scope 2 includes emissions from purchased electricity. The calculation method is from Appendix 2. The emission factors used are from the "Average Carbon Dioxide Emission Factor of China Regional Power Grid" and the "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the National Development and Reform Commission of the PRC ("**NDRC**").
- (iv) Scope 3 includes emissions from water processing, paper waste disposed of at landfills and business air travel. The calculation method is from Appendix 2. The emission factor used are from "Study on Energy Consumption of Urban Water Supply System in China" published by Tsinghua University, "Statistical analysis and quantitative identification of the law of energy consumption in urban sewage treatment plants in China" published by Tsinghua University and National Urban Water and Drainage Engineering Technology Research Center, Appendix 2 and the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator.
- (v) The Group uses an operational control approach for GHG emission accounting. This methodology defines the accounting scope based on the Group's authority to enforce operational policies across its business activities, which more accurately reflects its actual responsibilities in carbon emission management, helps strengthen GHG emission monitoring and governance, and ensures that accounting outcomes align with its sustainability goals.

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Social Indicators	2025	2024
Total Workforce		
Total	1,738	2,826
By gender		
Male	856	1,358
Female	882	1,468
By employment type		
Full-time	1,738	2,862
Part-time	0	0
By age		
<30	187	319
30–50	719	1,430
>50	832	1,077
By geographical region		
Central China	0	0
South China	106	118
Southwest China	1,402	2,292
Northwest China	154	303
Northeast China	76	113
Employee Turnover Rate (%) Note (i)		
Total	36%	41%
By gender		
Male	38%	41%
Female	35%	41%
By age		
<30	56%	61%
30–50	27%	32%
>50	43%	47%
Training and Development		
Training Hour (Percentage)		
Total	24 (100%)	24 (100%)
By gender		
Male	24 (100%)	24 (100%)
Female	24 (100%)	24 (100%)
By employment category		
Senior	24 (100%)	24 (100%)
Middle	24 (100%)	24 (100%)
Junior	24 (100%)	24 (100%)

Note:

- (i) The calculation of employee turnover rate and percentage of employees trained is based on Appendix 3 "Reporting Guidance on Social KPIs" issued by the Stock Exchange of Hong Kong.

HKEX ESG REPORTING CODE CONTENT INDEX

Aspects, General Disclosure and KPIs

	Description	Section
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste.	Environment
A1.1	The types of emissions and respective emissions data.	Emissions Management
A1.2	Repealed 1 January 2025	/
A1.3	Total hazardous waste produced and intensity.	Key Performance Indicators
A1.4	Total non-hazardous waste produced and intensity.	Key Performance Indicators
A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of the reduction target(s) set and steps taken to achieve them.	Waste Management
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Key Performance Indicators
A2.2	Water consumption in total and intensity.	Key Performance Indicators
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
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.	Use of Resources
A2.5	Total packaging material used for finished products and per unit produced.	The Group's business does not involve the use of packaging materials.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment

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Aspects, General Disclosure and KPIs

	Description	Section
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Performance Indicators
B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health And Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health And Safety
B2.2	Lost days due to work injury.	Health And Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health And Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment
B3.1	The percentage of employees trained by gender and employee category.	Training and Development
B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Recruitment and Compensation, Rights and Benefits
B4.2	Description of steps taken to eliminate such practices when discovered.	Recruitment and Compensation, Rights and Benefits

**Aspects,
General
Disclosure
and KPIs**

Description

Section

B5 Supply Chain Management

General Disclosure Policies on managing environmental and social risks of the supply chain. Supply Chain Management

B5.1 Number of suppliers by geographical region. Supply Chain Management

B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. 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. 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. Supply Chain Management

B6 Product Responsibility

General Disclosure Information on:
(a) the policies; and
(b) compliance with relevant laws and regulations that have a significant impact on the issuer
relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Operating Practices

B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons. The Group's business does not involve in product recall.

B6.2 Number of products and service-related complaints received and how they are dealt with. Service Quality and Customer Health and Safety

B6.3 Description of practices relating to observing and protecting intellectual property rights. Protection of Privacy and Intellectual Property Right

B6.4 Description of quality assurance process and recall procedures. Service Quality and Customer Health and Safety

B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored. Protection of Privacy and Intellectual Property Right

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Aspects, General Disclosure and KPIs

	Description	Section
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
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.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
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.	Community
B8.1	Focus areas of contribution.	Community
B8.2	Resources contributed to the focus area.	Community