

First Service Holding Limited 第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2107

Environmental, Social and Governance Report

2022



CONTENTS

| | |
|--|----|
| About this Report | 2 |
| About First Service | 3 |
| Board Statement | 5 |
| ESG Overview | 7 |
| Green Strategy and Management Vision | 7 |
| Stakeholder Communication | 8 |
| Identification of Material Issues | 9 |
| 1. Technological Living, Green Development | 10 |
| 1.1 Green Technology, Energy Operation | 10 |
| 1.2 Technological Innovation, Healthy Living | 15 |
| 1.3 Smart Community, Digital Connection | 18 |
| 2. Homelike Service, Harmony and Win-win | 20 |
| 2.1 Quality Concept, Homelike Service | 20 |
| 2.2 Listening Attentively and Solving Problems | 22 |
| 2.3 Community Linkage, Mutual Assistance | 24 |
| 2.4 Green Procurement, Harmony and Win-win | 26 |
| 3. Attracting Talents and Moving forward with Them | 28 |
| 3.1 Equal Employment and Rights and Interests Protection | 28 |
| 3.2 Development and Promotion for Employee Growth | 32 |
| 3.3 Safeguarding the Health and Safety of Employees | 34 |
| 4. Green Operation, Low Carbon and Environmental Protection | 35 |
| 4.1 Controlling Emissions to Make Water Clear and Sky Blue | 35 |
| 4.2 Energy Conservation and Consumption Reduction, Greenness and Low Carbon | 39 |
| 4.3 Natural Resources, Impact Reduction | 41 |
| 4.4 Active Response to Climate Change | 41 |
| 5. Compliance Operation, Honesty and Integrity | 42 |
| 6. Caring for the Community and Giving back to Society | 44 |
| APPENDIX | 48 |
| The Stock Exchange's Environmental, Social and Governance Reporting Guide Content Index | 48 |

About this Report

The Report is the third Environmental, Social and Governance (“ESG”) Report published by First Service Holding Limited (“Company”, the “Company”, “First Service” or “we”, together with its subsidiaries, collectively referred to as the “Group”), which provides an overview of the Company’s ESG management policies and performance and discusses the issues of concern to stakeholders based on these reporting principles of materiality, quantitative, balance and consistency. The statistical methods, key performance indicators or other relevant factors used in the Report are sustainable methods that can ensure the consistency of the Report.

SCOPE OF THE REPORT

The Company’s Environmental, Social and Governance Report is an annual report for the period from 1 January 2022 to 31 December 2022. Unless otherwise indicated, the information presented in the Report is the performance data for the year 2022. The Report mainly covers First Service Holding Limited and its branches whose principal place of operation is in China and its subsidiaries whose financial statements are consolidated into the Group’s financial statements. Compared with 2021, there are no significant changes in the scope of disclosure for this year. The environmental information covers part of 107 property management projects under the management of the Group, an increase of 19 compared with 2021.

REPORTING PRINCIPLES

The Report is prepared in accordance with the following reporting principles:

Materiality: A materiality assessment was conducted to identify material ESG issues, which are disclosed in the ESG Report;

Quantitative: Quantitative information on environmental and social areas is presented in the ESG Report, accompanied by a narrative, explaining its purpose, impacts, and giving comparative data in subsequent annual ESG reports where appropriate;

Consistency: The Report is our third ESG Report. Based on the previous ESG Reports, we use consistent methodologies to disclose ESG information, in a bid to allow for meaningful year-to-year comparisons.

BASIS OF PREPARATION

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

ACCESS TO AND RESPONSE TO THE REPORT

You can download the Chinese and English versions of the Report from the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.firstservice.hk). The Report is published in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail. If you have any comments or suggestions on our ESG performance, please send us an email to diyifuwu@firstservice.hk.

About First Service



First Service Holding Limited focuses on providing property management services and green living solutions that cover the full property life cycle.

Company Philosophy

Technological Living, Homelike Service

Company Mission

We position ourselves as a green technology + all living scenario industrial home operator. While catering to all stages of the property life cycle, we strive to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties.

Company Business

1. Property management services

We provide property developers, property owners and residents with a standard range of property management services, which primarily comprise cleaning, security, gardening and repair and maintenance. Our portfolio of properties under management includes residential and non-residential properties. Non-residential properties are properties not built for residential use and primarily include office buildings, government facilities, hotels, universities and industrial parks.

2. Green living solutions

We provide green living solutions to property developers, property owners and residents, including:

- (i) energy operation services;
- (ii) green technology consulting services
- (iii) systems installation services; and
- (iv) sales of AIRDINO systems.

About First Service

3. Value-added services

We provide value-added services to non-property owners and community value-added services to property owners and residents. Value-added services primarily comprise:

- (i) value-added services to non-property owners, including (a) sales assistance services and (b) preliminary planning and design consultancy services;
- (ii) community value-added services, including (a) parking space management services, (b) communal area leasing services and (c) home living services.

Awards & Honours

In 2022, CRIC Property Management and Shanghai E-House Real Estate Research Institute ranked us as one of the 2022 Top 100 Property Management Companies.

In 2022, we were selected by EH Consulting as the 2022 Customer Satisfaction Model Enterprise of China Property Management, 2022 Best Employer in Property Management in China, and won the Top20 list of 2022 Organizational Power of Chinese Property Enterprises and the Top33 list of 2022 Super Service Power of Chinese Property Enterprises.

We were also recognised as an Excellent Service Enterprise at the 2022 Blue Chip Property Top 100 Summit held by The Economic Observer in 2022.





BOARD STATEMENT

Board Statement

As a green technology + all living scenario industrial home operator, First Service focuses on providing property management services and green living solutions that cover the full property life cycle. While catering to all stages of the property life cycle, we strive to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties.

First Service practises the philosophy of "Technological Living, Homelike Service". We work with our stakeholders to make a positive impact on service quality, environmental protection, etc. Listening to stakeholders and responding to their requests promptly is the foundation of our long-term development. We maintain communication with stakeholders to enhance their understanding of our development and operation policies, and provide timely and effective feedback to their demands, in a bid to ensure that both parties can enhance the cooperative relations and develop together.

First Service is devoted to offering green living solutions in order to improve living conditions and uphold its commitment to environmental sustainability. We provide green technology consulting services, systems installation services, and energy operation services at different stages of the property life cycle. We have developed three generations of AIRDINO systems and built a green cloud platform, not only achieving economic benefits, but also creating good social and environmental benefits.

In terms of service quality management, First Service is committed to providing customers with quality guaranteed services and products, implementing an institutionalised quality control system, focusing on improving the quality of life of residential properties, and creating digitally connected, green and healthy living experiences. Attention is paid to the rights and interests, health and safety of employees. We strive to protect the legitimate rights and interests of employees and provide them with fair development and promotion channels. Efforts are made at the same time to reduce occupational safety risks, provide safe and comfortable working environment, and achieve finer team management.

We have emphasised the importance of environmental protection and control of emissions and discharges in daily operation and development. Efforts are made to reduce the impact on the environment in routine operations. We have implemented a three-level control system for environmental management to ensure the effective management of exhaust gas, wastewater and waste. In the meantime, energy saving technologies have been transformed to reduce energy consumption and improve energy use efficiency.

First Service cannot achieve sustainable development without the engagement and support of all stakeholders. We maintain communication with stakeholders and exchange views on major issues. Finally, we believe that we will make great strides forward and make steady progress in sustainable development.

ESG Overview

Green Strategy and Management Vision

First Service positions itself as a green technology + all living scenario industrial home operator. While catering to all stages of the property life cycle, we strive to provide our customers with digitally connected, green and healthy living experiences in residential and non-residential properties to fulfill the commitment of environmental sustainability, fulfill corporate social responsibilities, and realise the common development of economy, society and environment.

We provide property management services, with the aim to conserving resources and protecting the environment. We believe that our commitment to environmental values sets us apart and sharpens our competitive edge. We also have the expertise and experience needed to manage "green buildings" (properties that have been certified under the "Green Building Label" by the Ministry of Housing and Urban Rural Development and local administrative authorities) to help us promote eco-friendly and energy efficient development.

In addition to our property management services, we offer green living solutions that allow us to improve living conditions while upholding our commitment to environmental sustainability. They include energy operation services to provide central heating and central cooling with operation of energy stations as an alternative to government-operated centralised heating systems. We also provide green technology consulting and systems installation services, where we design and install energy systems to enhance indoor comfort.



ESG Overview

Stakeholder Communication

First Service fully attaches importance to and effectively responds to the expectations and demands of stakeholders, promotes social development with stakeholders and shares the fruits of development.

| Stakeholders | Demands and expectations | Communication and engagement mechanism | Corporate response |
|--------------------|---|--|---|
| Investors | <ul style="list-style-type: none"> To increase our market capitalisation and profitability To continuously improve our environmental and social responsibility performance | Shareholders' general meetings, information disclosures, and the Company's website | <ul style="list-style-type: none"> To publish reports regularly, disclose information truthfully and fully, and strive to improve performance and create profits To enhance corporate governance and risk management level, hold general meetings of shareholders, strengthen the management of investor relations, and continuously improve environmental and social responsibility management |
| Customers | <ul style="list-style-type: none"> High quality products and services To safeguard the legitimate rights and interests of customers | To sign contracts and agreements, and conduct customer satisfaction surveys | <ul style="list-style-type: none"> To provide digitally connected, green and healthy living experiences To optimise the customer service system and customer feedback and complaint mechanism |
| Employees | <ul style="list-style-type: none"> To guarantee employees' compensation and benefits To care for their safety and health To provide fair opportunities for promotion and development To improve communication mechanism | To sign labour contracts and conduct employee satisfaction surveys | <ul style="list-style-type: none"> To abide by the terms of labour contracts and optimise the compensation and benefits system To provide a safe and healthy working environment To open up competition channels and organise trainings for employees To provide equal communication channels and implement the communication mechanism |
| Governments | <ul style="list-style-type: none"> To comply with laws and regulations to ensure operational compliance, and carry out national policies | To attend government meetings | <ul style="list-style-type: none"> To strictly abide by the relevant laws and regulations, continuously strengthen compliance management, and respond to the relevant national policies |
| Suppliers | <ul style="list-style-type: none"> To cooperate with suppliers on the principles of integrity, fairness and justice to achieve mutual benefit and win-win results, and promote the industry development | To sign contracts and agreements, and hold regular tendering and bidding and supplier meetings | <ul style="list-style-type: none"> To actively perform contracts and agreements based on the business principles of openness and transparency, adopt open and transparent procurement model, and create a responsible supply chain |
| Community | <ul style="list-style-type: none"> To promote civilisation co-construction in communities To support public welfare undertakings and pay attention to social development | To organise community cultural activities and publicise and hold public welfare activities | <ul style="list-style-type: none"> To build harmonious and civilised communities To extensively develop and devote to public welfare undertakings |

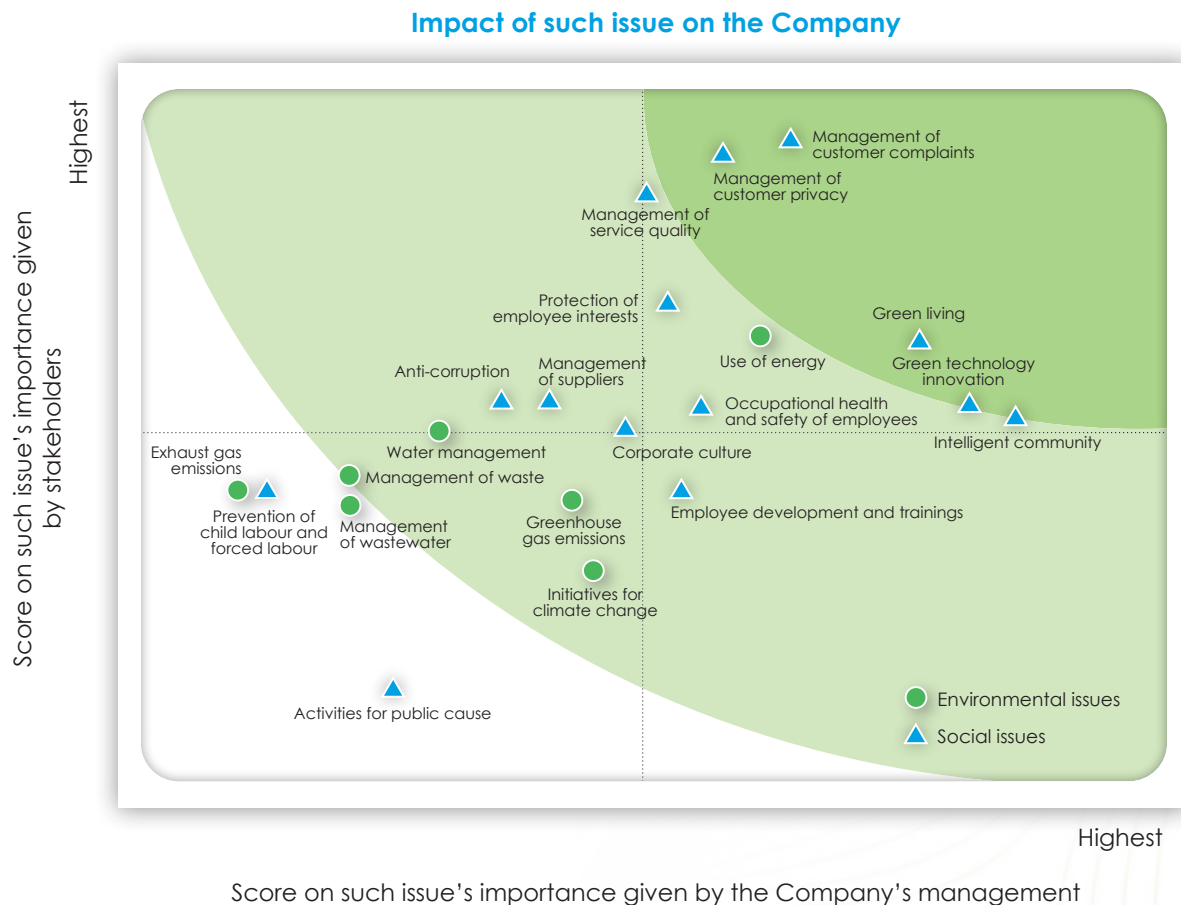
ESG Overview

Identification of Material Issues

In accordance with the ESG Reporting Guide of the Stock Exchange and with reference to the Global Reporting Initiative's procedures for materiality analysis, the Company collected issues of concern to key stakeholders through questionnaires, interviews and other forms, prioritised them via materiality analysis, identified its material environmental and social issues and disclosed them in the Report.

Based on the survey results and the situation of our peers, the materiality matrix of ESG issues for the year was developed as follows, which is the basis for the content disclosure of the Report and the direction for future sustainability management.

After communication with its stakeholders, the Company identified and prioritised material issues as follows.



1. Technological Living, Green Development

1.1 Green Technology, Energy Operation

First Service is devoted to offering green living solutions, helping customers achieve the “four-constant goals”, i.e. constant temperature (恒溫), constant humidity (恒濕), constant oxygen (恒氧) and constant quietness (恒靜), so as to improve living conditions and uphold its commitment to environmental sustainability. Our green technology consulting services, systems installation services, and energy operation services provided throughout various stages of the property life cycle. Multiple green living solutions have been integrated to save energy:

- ❖ Energy operation services: Energy operation services are provided through energy stations supporting residential communities for coordinating delivery of utilities such as central heating, central cooling and fresh air ventilation with the goal of stabilising living conditions within properties.
 - Accumulation of experience in energy services in multiple business formats
We adopt a multi-energy complementary energy system based on clean energy to provide customers with high standard and comfortable heating, cooling, domestic hot water and other energy uses to focus on the comprehensive utilisation of urban energy;
 - Coverage of energy data in China's four major climate zones
We collect energy data in regions that are bitterly cold and cold, and have hot summers and cold winters, as well as hot summers and warm winters, which facilitates the use of clean heating by local governments and brings high quality living experience for consumers;
 - Fine energy operation capability
Full-process services are provided to customers via a systematic, normalised and standardised operation system. A 24-hour hotline is available to satisfy customer needs and ensure the quality of operation services;

We were accredited as a technologically advanced small and medium-sized enterprise in Beijing.

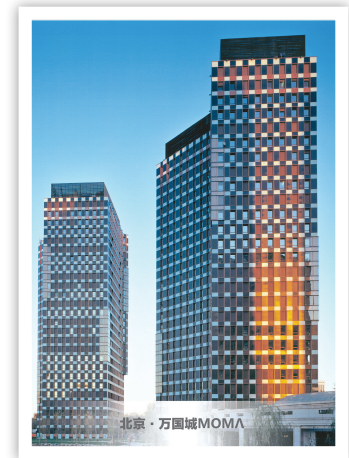
We were accredited as a high and new tech enterprise in Anhui Province.

We became a council member of the Professional Committee on Quality of Human Settlement Environment of China Association for Quality Inspection.

Our Nanjing Wanguofu MOMA Service Centre was recognised as the “Water-saving Community” in Nanjing.

Our Beijing Wanguocheng MOMA project was awarded the “2022 Beijing Energy Consumption Unit Energy Conservation and Technological Innovation Construction Award” and was listed as a typical excellent exemplar in the “2022 Business Climate Action Cases” jointly issued by the Centre for Environmental Education and Communications of Ministry of Ecology and Environment and C Team (大道應對氣候變化促進中心). Through leveraging our practical experience in constructing energy stations and operating green energy solutions, together with investing, remodelling, testing and operating the cooling equipment and system in old communities, apart from boosting energy consumption efficiency, we intelligentised and digitalised our automatic control system. The project is highly popular and provides practical experience for building energy conservation and industry carbon neutrality.

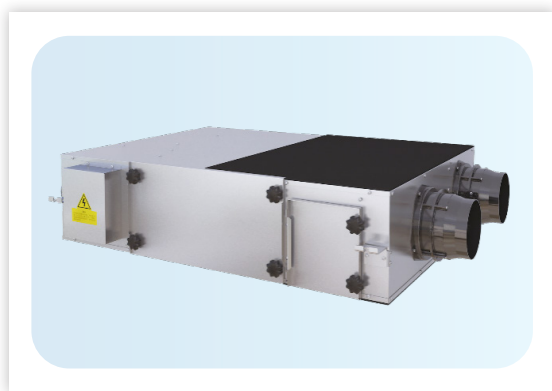
1. Technological Living, Green Development



- ❖ Green technology consulting and systems installation services: The Company analyses the characteristics of each property and provides tailor-made solutions related to the design and consulting, tendering and procurement, installation and/or operation of energy systems and Green Building Label applications.
 - We have a green cloud platform. With real-time remote monitoring and management, the advantages of Internet + smart energy have been brought into play. Big data analytics enable us to continuously optimise the energy supply scheme and improve the quality of operational hosting service.
 - Based on years of practical experience in green technology systems, the Company analyses the natural resources of the project location according to customer needs and project positioning and provides scientific and reasonable systematic solutions starting from passive and active energy conservation.
 - During the implementation of technology energy systems, we optimise the construction plan, give instructions on disclosure and training of key techniques, strictly control construction quality and fine-tune systems

1. Technological Living, Green Development

- ❖ AIRDINO systems: As a provider of integrated living solutions that cover the whole process, we have independently developed a number of building technology products based on our energy conservation technologies. We currently have three generations of AIRDINO systems:



AIRDINO No. 1 total heat recovery fresh air purifier

AIRDINO No. 1

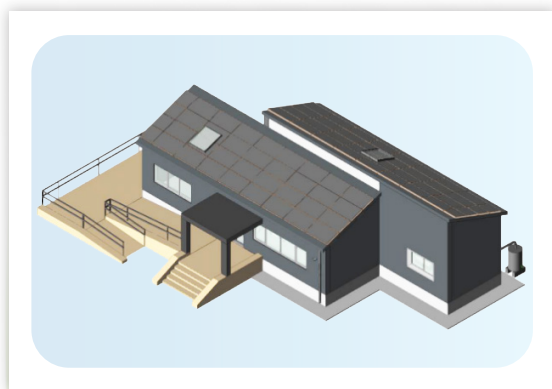
- fresh air filtration system, running on a clear principle and featuring simple operation, outstanding anti-haze effect and sufficient fresh air supply, can effectively reduce the impact of the indoor PM2.5 and other harmful substances on the indoor environment. The "Hanyang Mantingchun" project was honoured as a major demonstration project for the control of fine particulate matters and their combined pollutants during the 12th Five-Year Plan Period.

AIRDINO No. 2

- temperature and humidity independent control system creates an indoor environment with constant temperature (恒温), constant humidity (恒湿), constant oxygen (恒氧) and constant quietness (恒静). The highly integrated all-in-one machine overcomes the shortcomings of the combination of conventional air conditioners and fresh air fans, which can meet the demands for multiple functions and multiple application scenarios.



AIRDINO No. 2



AIRDINO No. 3

AIRDINO No. 3

- prefabricated net-zero energy building system, as China's first prefabricated net-zero energy modular integrated house, pays attention to the interaction between buildings and nature, and emphasises the unity of comfort, environment and energy. Passive technologies are used to reduce energy use in buildings, and energy is generated through rooftop solar photovoltaic systems. We strive to achieve a "net zero" goal in energy conservation of buildings. Intelligent home systems are adopted to create a "healthy" indoor environment. Standardised design, factory prefabrication, dry construction and other methods are adopted to achieve the goal of easy expansion, eco-friendly materials, convenient and efficient installation, easy moving, reuse, as well as zero transfer of pollutants. We aim to provide a comfortable, energy-saving, healthy and convenient living environment for residents.

1. Technological Living, Green Development

Some awards and honours won by AIRDINO No. 3




- ACTIVE HOUSE technology innovation award
- Indoor design award of the Elite Science & Technology Awards
- One of 2019 Top 10 Green Building Models of China Real Estate Manager Alliance
- Demonstration project of nearly-zero energy residential buildings under the "Nearly-zero energy building technology system and key technology development project" in the National Key Research and Development Program for the 13th Five-Year Plan
- Sino-US clean energy demonstration project
- Support from an open-ended fund of the China Industry Technology Innovation Strategic Alliance for Healthy Building

First Service set up the green cloud platform to centrally monitor the machinery and equipment in energy operation projects. When problems arise within our energy stations under operation, the green cloud platform allows us to detect and respond to problems raised by our customers. The cloud platform features quota management of energy consumption, which is a dimension for the platform to conduct quantitative management of project operation. Based on the horizontal and vertical comparison of energy consumption data of projects, a reasonable energy use benchmark is set to guide the energy use of projects. Data on the quota comes from the real-time energy consumption data collected by the cloud platform. The process to determine the quota is as follows:

- We will use energy consumption analog software to estimate the energy consumption of new projects, and this estimated value will be the quota in the first year;
- For projects that have been running for more than one year, we will calculate the energy consumption quota for the following year at the end or middle of each year based on the historical energy consumption data of the projects in previous years and the annual energy consumption of other similar projects in neighbouring areas, through our weighted algorithm for independent intellectual property rights;
- First Service's weighted algorithm is characterised by calculation with many indicators of projects, including average annual energy consumption, total repairs, energy bill collection rate, occupancy rate, outdoor climate fluctuations, effective repair rate, as well as changes in customer satisfaction rate. Therefore, the calculation results will be different according to the different weights set for energy consumption, energy bill collection rate and customer satisfaction;
- After the charging database and complaint database of the cloud platform and properties are connected, the artificial intelligence ("AI") algorithm can be used to automatically calculate the quota value every day. This work is currently being planned.

1. Technological Living, Green Development

In 2022, projects managed by the cloud platform not only achieved economic benefits, but also created good social and environmental benefits:

| | |
|---|---|
|  | saving electricity by 8,022,323.49 kWh |
|  | saving natural gas by 2,348,656.66 cubic metres, equivalent to 6,092.99 tonnes of standard coal |
|  | reducing carbon dioxide emissions by 14,968.66 tonnes, soot emissions by 60.80 tonnes, and sulfur dioxide emissions by 121.59 tonnes |

First Service practices green environmental protection concept. In the future, the Company will continuously focus on creating low-energy, healthy and comfortable living conditions, and improving the service capability of efficient, energy-saving, low-emission and professional operations. First Service constantly improves its own four-constant technology to achieve a more transparent building envelope system, better interaction between indoor and outdoor space, as well as a more convenient user experience while keeping the features of high comfort and low energy consumption.

First Service keeps a close eye on the national policies for green buildings and healthy buildings to seek development opportunities. At present, driven by the Ministry of Housing and Urban-Rural Development, the governments of many municipalities and provinces, including Beijing, Tianjin, Hebei, Henan and Shandong, have announced detailed financial subsidies to guide and encourage more constructors to participate in the construction of passive buildings. The construction and application of passive buildings in China's bitterly cold and cold climate zones will be the mainstream trend of future development of buildings. With the full popularisation of green buildings, we will continuously improve the system of basic-level green building technologies and study the implementation path of high-star green building technologies in the future. Great efforts will be made to develop green building products, further promote product integration, intelligence and other aspects, integrate green building and electromechanical technology we are good at with smart communities and smart homes, with a view to providing customers with more cost-effective overall solutions of residential products.



1. Technological Living, Green Development

In the meantime, the rich and complete green building system will provide strong support for the development of other businesses. In the future, we will rely on intelligent AI energy management platform to save energy and increase efficiency, strengthen the combination of green building system and “dual carbon” technology, and consolidate the market competitiveness of our technologies and products. Relying on the technology research and development (“R&D”) and product application of nearly zero energy buildings, the Company will accumulate the results of technology research and development and the experience in application of the results in projects, expand the technological innovation and product application in the field of healthy buildings, and build healthy buildings and healthy communities in practice.

1.2 Technological Innovation, Healthy Living

First Service values technology R&D and innovation. It strives to find ways to conserve energy and concretise our innovation results through patent and copyright registration. We focus on creating low-energy, healthy and comfortable living conditions, and improving the service capability of efficient, energy-saving, low-emission and professional operations. We have formulated a green development plan around the two goals:

Green development plan

- Relying on rich experience in energy operation management and mature management team, we will continuously expand the operation services with regard to green building technology systems. Through the green cloud platform, we will strengthen the cross-regional and multi-project efficient management and improve the ability to use unattended equipment rooms, so as to achieve efficient green operation at low costs and contribute to energy conservation and emission reduction in China.
- An AI operation cloud platform was developed. AI analytics was conducted via the collection of historical data about operation of projects so as to optimise and improve equipment operation efficiency, reduce energy consumption and equipment operation cost, and reduce carbon dioxide emissions. In the future, it is planned to be applied in at least 16 projects.

First Service concentrates on the R&D of green technologies. In terms of R&D of green living solutions, we made the following progress during the year:

- (i) Development and deployment of the AI operation cloud platform, with procedures completed including framework building, AI algorithm modeling, AI model self-learning and training, AI model scheduling, AI model-based optimisation algorithms, and AI-based automatic fault identification. The Company has applied for two computer software copyrights. The platform has been connected to multiple projects and is undergoing the final functional testing before commercialisation;
- (ii) Upgrading our AIRDINO systems for passive houses, which has greatly reduced equipment noise, improved purification and dust removal efficiency, and perfected the control system, and has begun to be put into use in actual projects;
- (iii) Continuously improving the research and development of packaged radiant ceiling board, which has been perfected through verification in multiple sample projects to be well-integrated with prefabricated interior decoration products, greatly shortening the construction period, reducing construction costs, and effectively reducing carbon emissions during the decoration process;

1. Technological Living, Green Development

- (iv) Developing a new model of semi-centralised and semi-distributed “flexible” four-constant system, which, leveraging AIOT (the integration of AI and IoT technologies), smart home and our self-developed AIRDINO systems, solves the problems of difficulty in charging of a centralised four-constant system and the high failure rate and high costs at the later stage of a distributed four-constant system. It can further reduce energy consumption, carbon emissions and operating costs, as well as adapt to the diverse needs of customers more flexibly. The Company has applied for one utility model patent for the system;
- (v) Completing the R&D of a smart home control panel to realise the integration of a smart home panel, an air-conditioning control panel and an intercom access control panel, which achieves the interconnection of the community property service system and the smart home control system. We are also developing an integrated smart home panel based on HarmonyOS system.

The above R&D progress has laid a solid foundation for our future development in the green living solution market. The national dual-carbon targets give rise to important development opportunities for green technologies. We will keep an eye on this national strategy and continuously research and develop technology systems which help create comfortable and green residential communities, as well as healthy technological housing products that can achieve high comfort and low energy consumption. We will continuously refine our AIRDINO systems to improve their performance to meet the needs of customers. We will enhance energy saving efficiency by studying green technologies, including, among others, the interseasonal energy storage in connection with the ground-source heat pump system and the unattended technology in the energy room. Through exploring the use of IoT, big data and artificial intelligence technologies, we can achieve the efficient operation of energy stations. Meanwhile, efforts will be made to build and develop intelligent systems, such as developing an intelligent home platform, improving the control systems of our AIRDINO products and upgrading energy automatic control systems.

In 2022, the highlights of First Service's R&D and innovation are:

- ❖ All the development work of the unattended system based on big data and AI algorithm was completed in 2022. The system has been put into actual operation in 5 projects. It can cut energy consumption by 18%-35%, achieving satisfactory results in actual use. Currently, marketing has begun.
- ❖ The packaged radiant air-conditioning system can substantially shorten the installation period of radiant air conditioners and improve the product quality. In 2022, it began to be promoted and used in multiple projects. A stable product lineup has taken shape.

Packaged radiant panel is a heating and cooling end product which modulates the end of radiant air conditioners. It is mainly suitable for ceiling installation. The lower surface of the radiant panel is the gypsum board, and painting with emulsion is directly done on the radiant panel. It has the following features:

1. Fast installation: saving property owners' time and reducing cross operation with decoration;
2. Quick effect: Working immediately just like air conditioners for home use;
3. Temperature uniformity: No big temperature difference in rooms;
4. Humidity balance: Ensuring appropriate humidity in dry winter;
5. Clean air: Less dust in houses and good air quality after air purification;
6. Disinfection: Killing harmful substances in the air and inhibiting the growth of bacteria

1. Technological Living, Green Development

As of the end of 2022, the packaged radiant air-conditioning system was installed in six households. The typical case is a house in Beijing Wanguocheng community that covers a gross floor area of 142 sq. m. and was delivered in 2005 and where the family lived for 17 years. It is secondary decoration, in which the Company's latest household four-constant system was applied, with connection to Beijing's municipal heating network. It also installed a packaged radiant panel + air replacement system + photocatalytic sterilisation device. The indoor temperature can be controlled between 20-26°C, the humidity between 30-70%, the fresh air ventilation between 0.8-1 times/h, and the noise between 35-40 decibels, creating a healthy, comfortable and livable environment with constant temperature (恒温), constant humidity (恒湿), constant oxygen (恒氧) and constant quietness (恒静) throughout the year.

In the next step, we will promote the unattended system in the market, upgrade the product functions, and upgrade and optimise the packaged radiant air-conditioning system. In the future, we will make continuous efforts on technology research and development and product innovation to help realise smart, comfortable and healthy living.

First Service actively promotes the establishment of industry standard systems and boosts the sustainable development of green and healthy buildings:

- The draft of the Standard for Evaluation of Energy Positive Buildings has been completed for soliciting comments. First Service participated in the establishment of the standard. Others that jointly established the standard include the Chinese Society for Urban Studies and the China Academy of Building Research. Passive design enables energy-positive buildings to reduce cooling and heating requirements of buildings and improve the energy efficiency of active energy systems to achieve ultra-low energy consumption. On this basis, renewable energy is used to balance energy consumption in buildings and achieve an energy surplus. The standard was established to cut energy demand from the planning and design stage of a building. A type of renewable energy shall be selected according to the characteristics of the building itself and the resources in the place where the building is located. The potential of using the renewable energy in the building and its boundaries will be fully tapped to improve the energy conservation standards of the building.
- In 2022, the Company participated in the compilation of the Guide on Evaluation of Carbon Neutrality for Real Estate and Construction Enterprises, actively committed to the realisation of the national "dual carbon" goals.

We believe that intellectual property is essential to our continued success. So, while we focus on R&D, we also attach importance to intellectual property protection. An effective intellectual property management system was established to protect technology innovations. We strictly comply with the relevant laws and regulations, including the Civil Code, the Patent Law, the Trademark Law and the Copyright Law of the People's Republic of China. The unified and applicable Standard for Intellectual Property Management, an internal document, was laid down, which provides institutionalised rules and detailed provisions on the exploration, application, management and maintenance of intellectual property. The aim is to create a standardised management system and improve the efficiency of the management, use and maintenance of intellectual property.

The legal affairs centre is responsible for the management, maintenance, development guidance and use of intellectual property involved in the Company's business to avoid the risk of infringement. A person is responsible for the pre-application evaluation and application entrusting. We strengthen the routine management of intellectual property certificates and ledgers and update them regularly based on new additions. We guide and evaluate the internal use of intellectual property to avoid the risk of infringement. The centre will uniformly deal with intellectual property infringement.

1. Technological Living, Green Development

The measures taken by First Service to protect intellectual property rights and patented technology include:

- In terms of trademark protection, the registration of new trademarks started in time according to business needs, protection was carried out during confirmation, and timely renewal was handled before the expiration of the exclusive right. In order to avoid squatting, we carried out defensive registration and reasonably expanded the registration categories to similar categories.
- As far as copyright protection is concerned, we actively applied for copyright registration for all kinds of works such as fine art works to ensure that rights can be based on evidence.
- In the aspect of protection of patented technologies, an agency was entrusted for new technologies to submit patent applications, and protection was carried out in the process of confirmation. With respect to patented technologies, we protected our proprietary rights by paying annual fees, monitoring and cracking down on infringements, etc.

As of 31 December 2022, the Company was granted a total of 61 patents.

1.3 Smart Community, Digital Connection

First Service is committed to enhancing information technology systems and developing intelligent communities to provide customers with digitally connected smart services. We firmly believe that intelligent communities will help us continuously improve the quality of our services to better cater to the preferences and needs of our customers, and offer customised and fine services for customers to provide them with a better quality of life.

First Service intends to combine software platform and hardware upgrade to jointly facilitate the realisation of intelligent communities. On one hand, we will integrate functions, such as public notification, group purchase coordination, online shopping, repair and maintenance requests, payment of property management fees and intelligent control of incomings and outgoings, into a multi-functional online platform. On the other hand, we will centrally coordinate the collection of security and energy source data in residential communities, and build an Internet of Things platform with the help of access control and monitoring facilities, and hardware upgrade support of energy source data collection equipment. We also map out a plan for similar software and hardware upgrades to build an automated parking management system, an intelligent access control system, an intelligent security system and a remote equipment monitoring system to reduce our reliance on human labour and reduce the potential risk of human errors.

First Service has currently set up information systems for employees and property owners, including a green housekeeper app for employees and a green housekeeper app for property owners.

- ❖ The green housekeeper app for employees is mainly designed for internal use. It has featured various functions, including charging, monthly settlement, equipment and facilities inspection plan, work order processing and early warning, and order patrol inspection. With the analysis results from a decision analysis platform, it provides the management with an information-based tool to control the basic businesses. It allows managers to grasp the business situation via the decision analysis platform while improving the working efficiency of frontline employees.

1. Technological Living, Green Development

- ❖ As an entry carrier, the green housekeeper app for property owners supports online payment, online reporting, door opening via a cell phone, remote video monitoring and other functions, so as to allow property owners to report problems through the online platform amid the pandemic and have their problems handled and solved in time:
 - In terms of online reporting, the green housekeeper app for property owners can be used together with the app for employees based on standards for report management. For online reports submitted by property owners, the app for employees can receive a reminder of the work order and give a response to property owners immediately, which improves property owners' satisfaction with the property management services.
 - As for online payment, property owners can immediately pay the property management fee and parking management fee during 24 hours, which provides a solution for the property owners who have no time to pay the fees due to work, and increases the collection rate of property management fees.

Besides the basic apps, we will add an intelligent community app to increase convenience for property owners, providing customers with an intelligent and convenient tool for people scenarios (opening a door via cell phone, inviting a visitor, etc.), vehicle scenarios (intelligent parking, unattended service, etc.) and security monitoring (watching meta-videos in key points). We are building an intelligent access control system, an intelligent security system and a remote equipment monitoring system.

- Intelligent access control system: It will be more convenient for property owners to come in and go out of communities, improve the security level of the communities, and facilitate the intelligent, collaborative and unified property management.
- Intelligent security system: It will enhance the efficiency of quality inspection, ensure the quality of property management, and improve the security management system.
- Remote equipment monitoring system: It will reduce the cost of equipment inspection, improve the efficiency of equipment management, identify hidden defects in time, reduce incidents of emergencies, and ensure the safety of property owners.

2. Homelike Service, Harmony and Win-win

2.1 Quality Concept, Homelike Service

First Service is committed to providing customers with quality guaranteed services and products, implementing an institutionalised quality control system, focusing on improving the quality of life of residential properties, and creating digitally connected, green and healthy living experiences.

First Service has standardised its operations based on the requirements of the GB/T 19001-2016/ISO 9001:2015 certification for quality management, GB/T 24001-2016/ISO 14001:2015 certification for environmental management and ISO 45001:2018 certification for occupational health and safety that the Company passed. Moreover, we set satisfaction targets to monitor the on-site property management services in various regions and projects, and conducted satisfaction surveys to understand the needs of customers. According to the preliminary property management service contracts, we make a table of the property management service plan of the project every January to clarify the service standards and management standards of each department. One and a half years after new customers move to a new project, the Company will select at least one project in a city it enters and fill in the "Specialised workflow and standardised worksheet for selection of a quality project" to start creating a demonstration project.

As First Service recognises that community safety is the foundation of property management services, a range of measures are taken to ensure that safety issues are effectively managed. We formulated more than 30 work guidance documents, including the Standard for Risk Control, the Standard for Typhoon, Public Security Incident, Fire Safety, Water Outage and Fire Drill, the Standard for Post Management, the Standard for Management of the Monitoring Centre and the Standard for Inspection of Communities and Buildings. The documents involve all aspects of community safety, which makes safety management more institutionalised and systematic. Meanwhile, closed management is conducted for communities, and a 24-hour guard and access control system is set up for entrances and the central control room. Communities are inspected at least once every four hours. Fire drills are launched four times a year, so as to enhance the fire safety awareness of service centres' employees and improve their ability to deal with emergencies. The security risk ledger is sorted out and updated six months, and control measures are established accordingly.

The Company operates in eight dimensions, involving 401 operating standards, 44 standardised assignments, 10 CIS systems, 9 standardised work manuals, 1,334 training courses. Relying on complete systems and norms, it achieved property management quality goals.

In the future, First Service will improve community safety protection via quality improvement, red properties, online inspection, among others, and better offer customer services through online inspection in the dimensions of customer service and technological facilities on the green housekeeper app, and the use of WeCom for projects.

During the Reporting Period, the Company did not report any irregularities concerning its products and services that have a significant impact on itself. The Company's business does not involve advertising, labelling and other matters. None of our products sold or shipped are subject to recalls for safety and health reasons.

2. Homelike Service, Harmony and Win-win

In 2022, we continued to operate with craftsmanship and made fundamental quality improvements to our property services. A number of projects received recognition by property owners and the government and won a number of accolades across Northwest China, Central China and North China and other regions.

Beijing Modern MOMA Service Centre was recognised as the "2022 Residential Property Service Benchmark Project in China".

Xiantao Mantingchun MOMA Service Centre was recognised as a "Beautiful Home Community" in Hubei Province.

Changsha Binjiang Mantingchun MOMA Service Centre was recognised as a "Five-Star Property Service Project" in Hunan Province.

Huangshi Mantangyue MOMA Service Centre was recognised as a "Five-Star Property Service Enterprise in Huangshi".

Yiyang Dahan Longyuntai Service Centre was recognised as a "Garden-style Residential Area in Yiyang".

Beijing Manting Qingyun Service Centre was recognised as an "Excellent Property Service Enterprise" in Haidian District.



2. Homelike Service, Harmony and Win-win

2.2 Listening Attentively and Solving Problems

Customer Services

First Service focuses on building a good customer relationship. We carefully listen to customers' opinions and suggestions to optimise our services.

First Service has established a comprehensive customer service management mechanism, with customer service as first-level dimension, customer management, order maintenance and environmental management as second-level dimensions, and customer relationship maintenance, community cultural activities, customer requests and so forth as third-level dimensions. Responsibilities were divided according to work items, timing and frequency, and mechanisms for supervision, rewards and punishments, and accountability were in place.

The headquarters and each project are responsible for providing customer services at different stages. The headquarters of the Company is responsible for the establishment, revision, training and introduction of systems. Customer satisfaction surveys are conducted, with data analysed and measures for the next stage developed to improve customer satisfaction. Customer service management systems at all levels have been established, and actions are taken to evaluate and continuously improve the customer service ability. We maintain the relationship with key customers, including making a maintenance plan, supervising the maintenance plan and supervising the handling of complaints from key customers. We are responsible for coordinating the management of community relations, including the arrangement of annual community cultural activities and the theme planning of dynamic and static community cultural activities. We optimise the operation plan, track and analyse customer service data, and improve the service strategy based on the analysis results of operation data. The Company conducts service innovation and R&D with regional companies and projects, and promote the achievements within the Company.

Project staff is responsible for maintaining customer relationships, collecting customer information, handling customer complaints, collecting property management fees, improving customer satisfaction, organising community cultural activities, etc.

Complaint Handling

First Service sets up a variety of channels to receive complaints, and opens up the path for communication with customers. Complaints are classified by level into level-1 major complaints, level-2 serious complaints and level-3 general complaints. Complaints are classified by channel into complaints from online platforms, mailbox, front desk, 400 hotline, phone calls, green housekeeper system and media, respectively.

A national service hotline 400 is available. The Company conducts management via the Standard for Quality Management at 400 Call Centre and the Standard for 12-level Performance Management at 400 Call Centre. We give a reply on the working platform by answering phone calls and receiving customer requests on site. According to the customer complaint management standard, we receive, record, deal with, follow up, close, pay a return visit to, give feedback and conduct analysis and evaluation on customer requests. Complaints about the Company shall be recorded into APH within 10 minutes of receipt of the complaints, and those about service centres shall be recorded into the green housekeeper system within 10 minutes. All complaints must be recorded. The person in charge of a service centre is responsible for reviewing the handling processes

2. Homelike Service, Harmony and Win-win

and results of complaints about the service centre and the Company. The head of a regional company is responsible for reviewing the abnormal closure of complaints about service centres and the Company, and handling, following up and closing the escalated complaints about service centres and the Company. The general manager of First Service has the responsibility over review of the handling processes and results of complaints about the Company and review of abnormal management of such complaints. Time limit for handling customer complaints: Level-1 major complaints shall be handled within 15 days, with a reply to be given on the day of receipt of complaints and a solution to be determined within 3 days. If such complaints can be handled within 30 minutes, the Company must immediately assign persons to handle them. Level-2 serious complaints shall be handled within 7 days, with a reply to be given on the day of receipt of complaints and a solution to be determined within 2 days. If such complaints can be handled within 30 minutes, it must immediately assign persons to handle them. Level-3 general complaints shall be handled within 1-3 days, with a reply to be given on the day of receipt of complaints and a solution to be determined within 2 days. A form of relevant complaints will be established on the working platform, and the complaints will be reported to the relevant person in charge for follow-up and return visits. In 2022, the Company received a total of 1,964 complaints, all of which were properly handled.

Customer Satisfaction

First Service, which attaches great importance to customer satisfaction, obtains real feedback from customers through various surveys. The Company conducts customer satisfaction surveys via preliminary preparation, investigation, data evaluation, report publication, rectification and return visits and so forth in a variety of forms, including phone calls, WeChat and visits, in order to understand customer requests at all stages (run-in period, stable period, old property owners) and obtain the information about customer satisfaction on our products and services. An objective and authentic evaluation on the overall quality of products and services will be provided, and a comprehensive evaluation report will be generated.

The customer satisfaction survey is conducted on a quarterly basis via phone calls to measure customers' level of satisfaction with the service provided by service centres of First Service that have served customers for at least six months. The sampling ratio in the first, second and third quarters was over 2%, the proportion of service centres in the total households under management. In the fourth quarter, an external agency was engaged to conduct a survey and the sampling ratio was over 5%. The surveys were conducted in the dimensions of customer services (including customer demands and response time to customers' enquiries), order maintenance (including visitor control and vehicle management), science and technology facilities (including property maintenance and public area maintenance), environmental management (including cleaning, greenness and disinfection in public areas), and community cultural activities (including customer engagement). The Company will announce the overall satisfaction results and the results in each dimension on a quarterly basis. It will share data, conduct analysis, establish measures and follow up the rectification by service centres. The goal of the satisfaction survey is to identify the problems of service centres under management in customer relationship maintenance, field management, service quality and other aspects, which needs to be further improved.

In 2022, the green housekeeper system updated and improved customer reporting for repair, ensuring the convenient, timely and accurate recording of customer demands. Specific measures were set to fix customer problems in time and improve customer satisfaction.

2. Homelike Service, Harmony and Win-win

Customer Privacy Protection

First Service is aware of the importance of customer privacy and information security, and has established a complete system to effectively protect customer privacy and security. The Company formulated the Management Standard on Customer Data to protect customer data, and the Standard on Usage Rules for Customers' Facial Recognition to protect customer data and their portrait rights. The Company formulated the Server Management Standard, the Standard for Information-based Equipment Room Management and the Standard for Emergencies Relating to Information-based Infrastructure. We defined the control process and registration form of personnel entering and leaving the computer room, the process and form of server inspection, the process of system emergencies, as well as the operation and maintenance reports. We also clarified the management standard and process of the classification, establishment, storage, management, update and maintenance of the owners' data. In the information system, there is a separate permission for the control of the viewing of customer information, and customer privacy is protected through the permission system. For confidential customer information we collected while providing property management services, we require employees to request prior approval from the relevant customer service manager before reviewing or destroying files. We sign confidentiality agreements with all employees to prevent disclosure of customer information. In the meantime, we have installed anti-virus and firewall software in our office system to prevent data attacks, leakages and tampering, and we upgrade such software from time to time and carry out regular inspections to detect viruses. In the future, we will make further efforts to protect the privacy of customers and encrypt the electronic archives of each customer, with an instant password available only after an approval. In addition, WeCom should be used to replace individual WeChat accounts for communication with customers, so as to prevent the risk of information leakage during the transfer of private managers.

2.3 Community Linkage, Mutual Assistance

First Service actively promotes Party building activities in communities and keeps close contact with community members. Currently, regional companies have established many service centres, including the service centres of Hefei Modern MOMA, Wanguocheng MOMA, Xiantao Mantingchun MOMA, Wuhan Hanyang Wanguocheng MOMA, Jiujiang Mantingchun MOMA, Jiujiang Chaoyangli MOMA and Huizhou Shangpinwan MOMA, some of which have become "red properties led by Party building". The companies mainly hold Party building activities in communities and some set up their Party branches, hold Party member meetings, exchange views on advanced knowledge and direction, and absorb employees that meet the requirements for Party membership and are Party activists.

In 2022, First Service attached great importance to the prevention and control of COVID-19 pandemic and was at the front line to offer property management services, which provided a reliable guarantee for the health and safety of property owners. Measures taken to control the spread of the pandemic are as follows:

- Daily disinfection: First Service disinfected frequently-contacted points in communities several times a day. Our scientific and technological innovation capacity was brought into full play to upgrade the mist forest system to atomise disinfectants. Our self-made ultrasonic disinfecting atomiser disinfected pedestrian passageways, roads, people in and out, vehicles and trash cans, greatly improving the disinfection efficiency.
- Strict community control: Closed management was carried out for each community, and several of the entrances and exits were closed according to the size of the community. Vehicles and visitors must be registered, and visitors who failed to meet certain requirements were discouraged from entering the community. In addition, a temperature measuring point was set up at each entrance and exit to monitor the body temperature of people. If there is anything unusual, it must be reported immediately.

2. Homelike Service, Harmony and Win-win

- Anti-pandemic publicity: The Company publicised anti-pandemic knowledge online and offline through property owners' group chats, WeChat Moments, elevators and other platforms.
- Heart-warming tips: Paper towels were added to the elevator cars and elevator keys, while door handles and other tiny places were disinfected repeatedly, in order to reduce the chance of cross infections. As it was inconvenient for property owners to go out, the Company helped them purchase daily supplies to solve the problems in the "last 100 metres".

Nanchang Modern MOMA New City Service Centre was recognised as the "Excellent Project for the Prevention and Control of COVID-19 Pandemic in the Property Service Industry" in Nanchang.

Weihai Wanghai Mingju Service Centre received the "Third Prize for Red Property Pandemic Prevention and Control Property Project" in Weihai.

Jinan Longquan Garden Service Centre was recognised as the "COVID-19 Pandemic Control Pioneer Volunteer Team".

Weihai Wendengfengshan Yuyuan Service Centre was accredited as the "Advanced Group Organization in Fighting against COVID-19 Pandemic".

Qingdao Jinri Homeland Service Centre received the "Second Prize for Supporting Community Development".



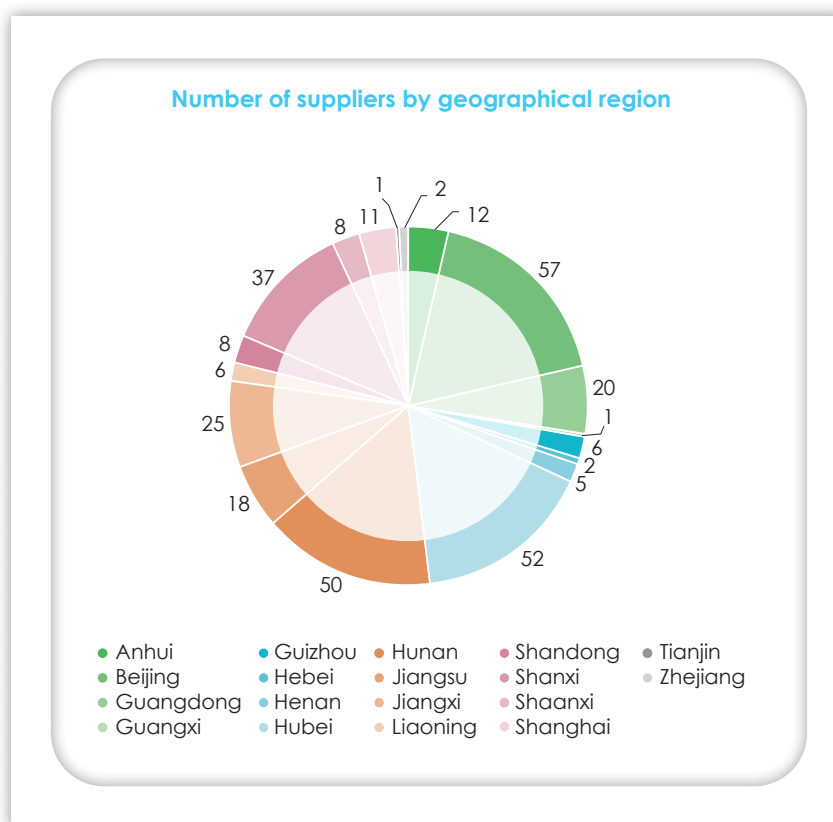
2. Homelike Service, Harmony and Win-win

2.4 Green Procurement, Harmony and Win-win

First Service strives to forge long-term partnerships with suppliers to provide customers with quality services and create a mutually beneficial and win-win future.

Its suppliers can be divided into 1) purchasing suppliers: who provide engineering materials, engineering tools, consumables for MOMA system, office supplies, cleaning materials, administrative welfare, materials about brand and image, etc.; 2) service outsourcers: who are service labour outsourcers and engineering labour outsourcers; 3) testing suppliers: who offer testing services for electrical fire fighting equipment, elevators, domestic water, lightning protection, high voltage equipment, boilers, fire extinguishers, etc.

The total number of suppliers included by First Service in the list of suppliers reached 321 in 2022, all of which come from China. The specific number of suppliers by geographical region is shown in the table below:



First Service laid down the Material Procurement Standard and determined the effective supplier selection and bidding process. Importance has been attached to the environmental and social responsibility performance of suppliers. We verified the organisational structure, honours and qualification certificates of suppliers, such as ISO quality system and management system certifications. Field investigations into the projects were made to check whether they have professional construction ability and construction site management ability, construction technology, civilised construction ability and so forth. The use of eco-friendly and green new materials, new processes and new technologies is a plus.

2. Homelike Service, Harmony and Win-win

Supplier screening includes pre-review of data (review on websites such as Qcc.com, Qixin.com, etc.), prequalification (registered capital, qualification certificate, quality control system, peer performance), evaluation and on-site data review, process evaluation (contract performance quality, adaptability), annual evaluation (360-degree evaluation, twice/year) and other dimensions, from which star-level management is carried out. The bottom 10% suppliers will be eliminated every year. All the 321 suppliers were evaluated accordingly in 2022.

First Service strictly evaluates the service quality of suppliers and actively identifies possible environmental and social risks. In accordance with the Standard for the Management of Suppliers, the 'five threes' work centre (purchase centre) assigns regions and service centres to conduct 360-degree evaluation on core suppliers (mainly from customer comfort and safety, such as order maintenance, daily cleaning, garden maintenance, four-pest killing, garbage removal, elevator maintenance, fire safety and water tank cleaning). The annual evaluation is conducted semi-annually. Service centres evaluate service outsourcers from their service quality on a monthly, quarterly basis. The 'five threes' work centre periodically communicates with corporate, regional strategic suppliers to assess their cooperation to reduce performance risks. Purchasing suppliers are assessed in terms of the quality of their single service.

We select backup suppliers to fill in for the suppliers that are found with violations or in the event of emergencies. The Company's service centres evaluate suppliers' contract performance on a monthly basis as there may be environmental and social risks in the process of contract performance and send a warning notice and a correction letter to suppliers in case of any problems. It selects at least three corporate, regional strategic suppliers in each region (such as order maintenance, daily cleaning, garden maintenance, elevator maintenance), signs strategic contracts with them and collects on a certain performance bond. The Company's headquarters conducts patrol inspections every six months, and the audit department carries out audits from time to time. Moreover, the Company organises semi-annual, annual supplier rating activities and convenes annual supplier conferences, during which it awards honorary certificates to outstanding suppliers who will be exempted from the payment of bid security, have their contracts renewed and be prioritised for bid winning, etc. to encourage them to actively perform their contracts. We take into account the environmental performance of products when selecting suppliers, in a bid to ensure that the products to be purchased meet the relevant environmental protection indicators, and prioritise the purchase of eco-friendly products under the same conditions.

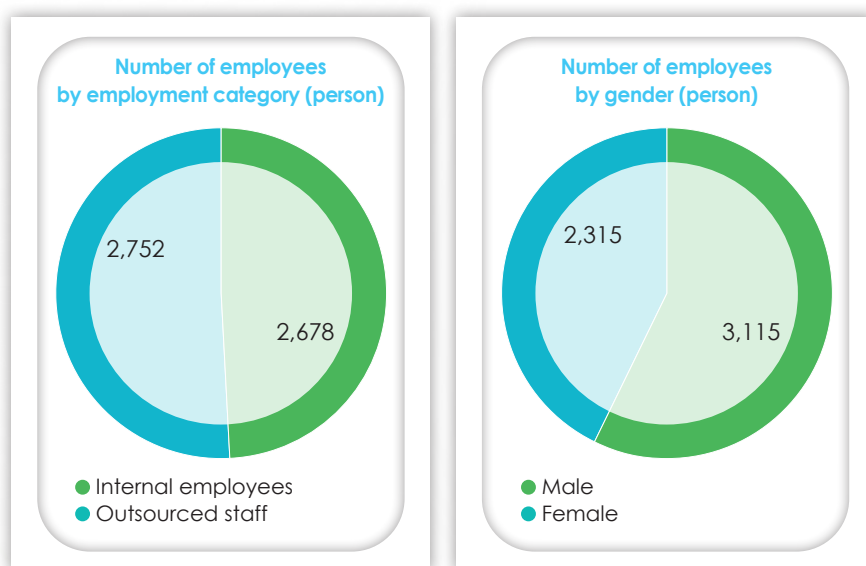
3. Attracting Talents and Moving forward with Them

3.1 Equal Employment and Rights and Interests Protection

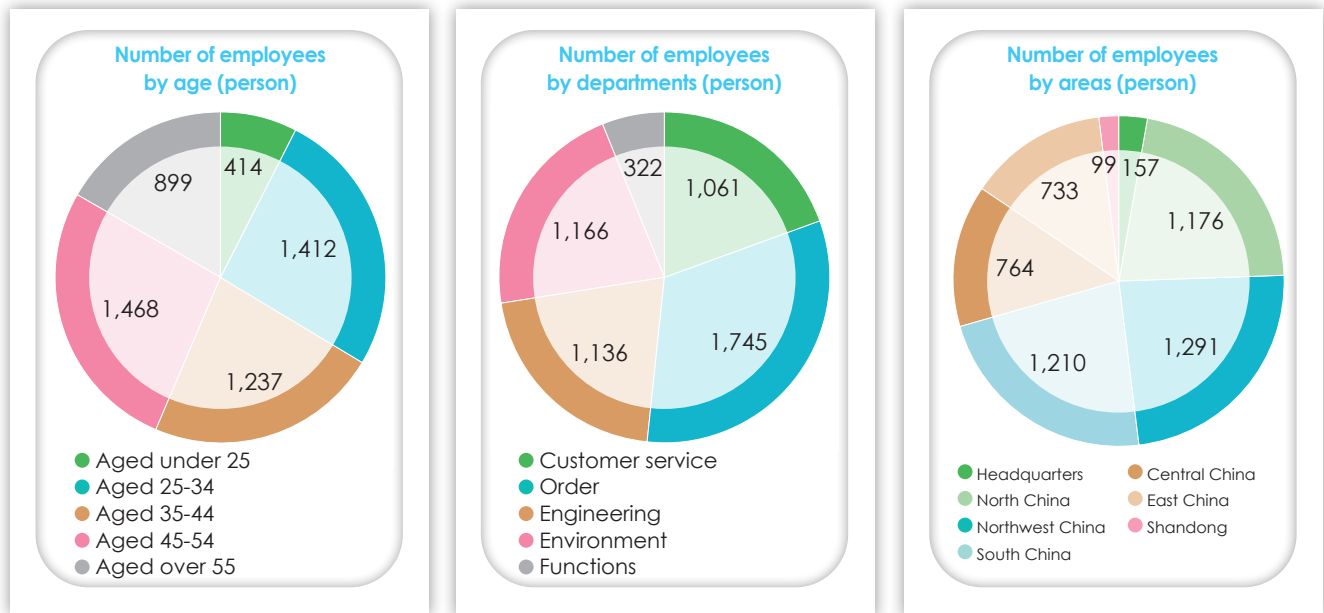
First Service strives to guarantee the rights and duties of employees, and continuously improves the human resources management system and process.

The Company strictly complies with the national laws and regulations, including the Labour Law, the Labour Contract Law, the Social Security Law and the Regulations on Management of Housing Provident Fund, based on which we laid down about 20 relevant operating standards, including the Standard on Management of Employee Relationships, the Standard on Management of Trainings, the Standard on Management of Job Competitions, the Standard on Management of Jobs, the Standard on Management of Attendance, the Standard on Management of Employment and the Standard on Management of Rewards and Punishments, as a move to actively promote the sound development of the human resources management system. The standards on management of employment, employee relationships, job competitions and performance were updated according to the actual work during the Reporting Period.

The Company had a total of 5,430 employees as of 31 December 2022. During the year, there were 366 new middle managers, including 198 internally promoted managers and 168 externally hired managers. There were 53 interns, of which 2 were retained after graduation. The number of employees by type is as follows:



3. Attracting Talents and Moving forward with Them



We manage employment and dismissal in accordance with the Standard on Management of Employment, the Standard on Management of Employee Relationships and other standards. Our internal management standards have been optimised with reference to the standards of our peers. The Company adheres to the principles of equality, fairness, simplicity and focus in recruitment and acquisition, and prohibits discrimination in all dimensions, providing talent guarantee for its development. After new employees join us, we help them integrate into us quickly through onboarding, orientation system, co-training and other ways. Child labour is strictly prohibited. We make it clear in our operating standards that minors under the age of 16 must not be employed. In the early stage of recruitment, we strictly review the ID card and household registration information of applicants, including whether an applicant is under 16 years old and whether there is an inconsistency in the name and avatar, in a bid to prevent the recruitment of minors under the age of 16. For employees who have left, we regularly find out about their work. Employees who resigned can re-join the Company via normal channels three months after leaving (with reference to employment of new workers), while employees who were fired due to violation of rules and regulations will not be re-employed.

3. Attracting Talents and Moving forward with Them

| Indicators | | 2022 |
|---|------------------------|-------|
| Employee turnover rate by gender | Male | 38.1% |
| | Female | 35.6% |
| Employee turnover rate by age group | Under 25 years old | 61.8% |
| | 25-34 years old | 36.7% |
| | 35-44 years old | 28.3% |
| | 45-54 years old | 30.9% |
| | 55 years old and above | 38.6% |
| Employee turnover rate by geographical region | Headquarters | 32.3% |
| | North China | 31.2% |
| | Northwest China | 37.2% |
| | South China | 43.2% |
| | Central China | 33.7% |
| | East China | 39.8% |
| | Shandong | 22.7% |

We believe that the long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented (i) the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide the Company with core talent pools in the long run; (ii) the "Talented Leaders Scheme" (將才計劃) to hunt and bring in mature business and management talents from external source; (iii) the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff; (iv) the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system; and (v) the "Long March Plan" (長征計劃) to focus on the long-term growth of employees, for which we create an environment of compliance and dedication, are concerned about the vitality of core talents, and establish employee care groups and performance coaching groups to carry out employee care and performance coaching. We draw concerns on employees across the Group, which contributes to our service culture, and improve internal talent flow mechanism. In addition, we design a performance-linked value evaluation mechanism and incentive accountability system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior managements and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain a rapid and healthy development for our Company.

First Service provides available various communication channels to listen to employees. The Company has established and improved the mechanism of protecting employees' rights and interests and receiving their suggestions and opinions by setting up a suggestion box, a hotline, an email and other internal communication channels. The activities we organised include meetings with representative employees, communication meetings, collection of reasonable proposals and employee satisfaction surveys. In addition, the Company has clearly stipulated that communication meetings should be held at least once every six months to receive the suggestions of employees and establish a good communication channel between employees and itself.

3. Attracting Talents and Moving forward with Them

First Service adheres to a people-oriented approach and provides effective care and protection to its employees. We strive to protect employees' benefits and welfare, including compensation, working hours, equal opportunity, diversity and anti-discrimination. We give equal pay for equal work to ensure the equality between men and women. Child labour and forced labour are strictly prohibited. We ensure that employees of different nationalities, races, genders, religious beliefs and cultural backgrounds enjoy equal employment opportunities and labour security.

The Company entitles employees to take a personal leave, sick leave, work-related injury leave, annual leave, marriage leave, maternity leave, prenatal check-up leave, breastfeeding leave, funeral leave, seniority leave and other welfare and non-welfare leaves in accordance with the Labour Law and the attendance management standard. Employees can apply for a leave according to their own situation and take a leave after getting the approval. Employees are entitled to holidays during their tenure in the Company according to national laws and regulations.

Besides the basic salary, the Company gives out performance bonuses determined based on monthly performance of employees, and seniority allowance which increases with the seniority of employees, as well as allowances for communications, transportation, training, clothing, dining, etc.

In terms of the protection of employees' rights and interests, all the Company's human resources-related work standards are open to all employees. At the same time, it listens to employees via 400 call centre, internal forums, WeChat groups, anti-fraud reporting hotline and other channels. The Standard on Care for Employees has been established, in which the Company divides employee care according to the entire employee lifecycle into birthday care, marriage care, family care, maternity care, holiday care, anniversary care, health care, training care, consumption care, as well as reward care. This makes employees feel the warmth in the Company.

As far as its fight against child labour and forced labour concerned, child labour is not allowed in the Company. The Company verifies the identity and age of applicants and check the database on a monthly basis to see if an applicant is a minor. The Company has not found any child labour or forced labour. If found, we will stop it immediately and punish the persons responsible.

During the Reporting Period, the Company was found with no child labour or forced labour, and there was no labour dispute caused by violations of laws and regulations.

3. Attracting Talents and Moving forward with Them

3.2 Development and Promotion for Employee Growth

First Service is committed to providing employees with clear channels for promotion and development. The Company launches a series of training programmes for employees, with the aim to achieving the common development with employees and enhancing its core competitiveness.

In terms of promotion, employees can be promoted to a higher position via competition. The Company laid down the Standard on Management of Jobs, in which it defines 12 levels of positions, provides a dual channel development path and position promotion criteria, clarifies the frequency of job competitions, applicants' necessary qualifications, evaluation criteria, the panel of judges and the competition process, and defines four main responsibilities for employees at different positions in the headquarters, regional companies and service centres. Employees are promoted according to the 12-level system consisting of management positions and professional positions assessed through evaluation, performance appraisal, competition, acting and so forth. In 2022, 198 of our employees were promoted, accounting for 54% of the total. In the future, we will seek improvements in employee evaluation and probation.

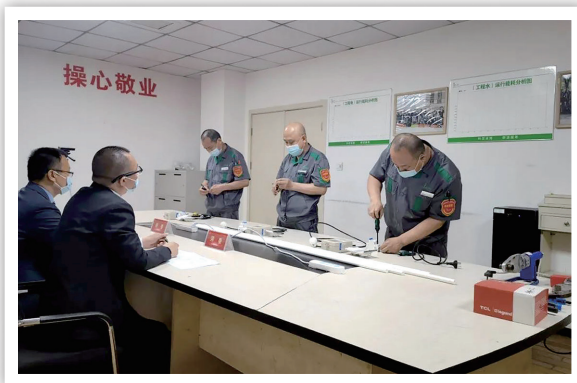
In terms of talent training, First Service insists on the 'five talents' strategy. A scientific talent training mechanism was established to train professionals according to the Company's development strategy and business, which will enhance its core competitiveness. Great emphasis is placed on employees' training. In 2022, the Company completed 12,320 offline training sessions with a total of 6,244 training hours and 5,430 participants. The training covers safety education, work standards, professional competence, general competence, management ability, etc., with an aim to promote the growth of employees, empower the business, and improve the efficiency.

| Training for employees | | Percentage of employees trained to the total employees as of the end of the period | Average training hours completed per employee (hour) |
|---------------------------|--|--|--|
| By gender | | | |
| Male | | 100% | 186 |
| Female | | 100% | 186 |
| By rank | | | |
| Leadership and management | | 100% | 196 |
| Backbone | | 100% | 180 |

3. Attracting Talents and Moving forward with Them

In 2022, First Service's headquarters organised many camps, including Nebula Camp (星雲營) for project managers, Feng He Special Training Camp (風禾特訓營) for human resources system, Starlight Camp (星光營) about science and technology facilities, Spark Camp (星火營) about customer service, New Hire Camp (星秀營), and Feng He Reading Club (風禾讀書會). It held 87 training sessions on the Civil Code, management system standards like three ISO standards, production safety, waste sorting and other empowerment trainings. With upgraded professional courses, it improved itself, consolidated the foundation, carried forward intelligent business' culture, etc. to deepen its presence in the field of professional services. It held a series of training activities to enhance staff's professional competence in management, improved the service quality, and made staff keep improving to improve the service level.

In 2022, the Company uploaded a total of 319 courses to its training cloud platform called Green Science and Technology Management Institute (First Service), with more than 10,000 hours of learning for employees.



3. Attracting Talents and Moving forward with Them

3.3 Safeguarding the Health and Safety of Employees

First Service attaches great importance to the health and safety of employees. We strictly comply with the relevant laws and regulations, including the Fire Protection Law of the People's Republic of China and the Law on Prevention and Treatment of Occupational Diseases of the PRC, based on which we take a series of measures to ensure the health and safety of employees. The Company considers hiring employees under the age of 60 and requires suppliers to purchase commercial insurance for their employees. Employees are required to undergo a medical examination when joining the Company to ensure that they physically fit for the job. At the same time, the Company arranges an annual physical examination for employees who have been on the job for more than 1 year to check their health condition in time.

In terms of prevention of work-related injury, employees will receive training on operational safety and risk points when joining the Company, and it will regularly conduct training and publicity on risk events. For high-risk operations, suppliers need to hold relevant certificates. For instance, confined space operations require a confined space certificate, and external wall maintenance requires an aloft work certificate and the purchase of commercial insurance. Work-related injuries occurred to employees during the Reporting Period. After work-related injuries occurred, the employees were treated as soon as possible. Meanwhile, the Company protected the legitimate rights and interests of employees through work-related injury insurance and third-party liability insurance, and reduced its losses.

High-temperature subsidies are given to employees and heatstroke prevention and cooling supplies are distributed to them in summer. In winter, the Company provides thick and warm gear and shortens shifting time for outdoor workers to their health and safety.

During the Reporting Period, there were neither violations related to providing a safe working environment and protecting employees from occupational hazards, nor work-related fatalities in the Company, but there were 1,785 lost days due to work injury. There were also no work-related deaths in 2021 and 2020.

4. Green Operation, Low Carbon and Environmental Protection

4.1 Controlling Emissions to Make Water Clear and Sky Blue

Controlling pollutant emissions is a priority of First Service. The Company strictly complies with the relevant laws and regulations, including the Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China, the Law on the Prevention and Control of Water Pollution of the People's Republic of China and the Law on the Prevention and Control of Environmental Pollution by Solid Wastes of the People's Republic of China, based on which it laid down a range of standards, including the Standard for Energy Management, the Standard for Management of Hazardous Substances and Non-hazardous Substances, the Standard for Water Cleaning and Maintenance, and the Standard for Professional Environmental Management Process and Standardisation, in order to establish a sound emission and discharge management mechanism and ensure the effective management of exhaust gas, wastewater and waste. In addition, the Company has formulated and implemented standards, including Standard for Professional Environmental Management Process and Standardisation and Standard for Management of Hazardous Substances and Non-hazardous Substances, in order to better control pollutants.

The Company implements a three-level management and control system for environmental management, in which the Operations Management Center of the headquarters plays a leading role, while the Operations Management Department of the regional company coordinates and the Environmental Management Department of the Service Center is responsible for the overall implementation.

- Headquarters: Formulating, improving and optimising the environmental management system, arranging regional companies to promote the implementation of the standard system, conducting monthly evaluation on the implementation, overseeing contract performance every six months, and completing the rectification for discovered problems every year;
- Regions: Monitoring and managing contract performance for projects every month according to the Company's processes and standards, organising regular training on the environmental management of projects to correct errors, drawing up rectification plans and overseeing the completion of rectification;
- Projects: Responsible for conducting environmental management for service centres, overseeing and evaluating environmental management for subcontractors, formulating environmental contingency plans according to the characteristics of projects and organising training and implementation.

The Company continuously promotes the concept of energy conservation, consumption reduction and environmental protection to reduce emissions from the source. Promoting the management of emissions and discharges and waste and environmental protection is our long-term goal, with which we will finally realise a circular economy and embark on the path of sustainable development.

Management of Greenhouse Gas Emissions and Air Emissions

The air emissions generated during the operation of the Company mainly come from natural gas combustion, building heating and hot water heating. In addition, the air emissions are the exhaust gas emitted by company cars and employees' cars. A series of measures were taken to reduce air emissions and greenhouse gas emissions: Gas-fired boilers have been upgraded for energy conservation to increase the utilisation rate of resources and reduce air emissions. Employees are encouraged to take buses, subways and other green means to go on a business trip and commute between their homes and places of work. Due to the absence of procedures to collect data about use of petrol and natural gas, the Company did not calculate direct greenhouse gas emissions in 2022. We will gradually establish relevant procedures and disclose data in the coming years. In 2022, the indirect greenhouse gas emissions generated by the Company were 34,269.02 tonnes of carbon dioxide equivalents, with the intensity of 1.61 kg of CO₂ per square metre of properties under management.

4. Green Operation, Low Carbon and Environmental Protection

In 2022, we laid down internal control standards that are stricter than national and local standards according to our own situation, including the Standard for Energy Management, the Standard for Management of Hazardous Substances and Non-hazardous Substances, and the Standard for Water Cleaning and Maintenance. At present, we have adopted a variety of measures to control pollutant emissions and discharges, including upgrading old equipment to improve the secondary utilisation rate and process and reuse recyclable emissions and discharges to reduce the production of pollutants. We will monitor pollutants by ourselves or entrust a qualified third party to monitor the pollutants. Pollutants will be effectively monitored through online monitoring, internal monitoring, external monitoring and other methods, with the aim to achieve effective monitoring and timely adjustment of the level of pollution and prevent excessive discharge of pollutants.

Wastewater Management

The wastewater produced by the Company mainly includes domestic wastewater, septic tank effluent and wastewater generated from cleaning and during equipment operation in equipment rooms, which was discharged via rainwater-wastewater separation in municipal pipelines. Our wastewater management measures are mainly recycling design schemes about the treatment and collection of reclaimed water and rainwater. During the year, some projects realised the coverage with the rainwater collection system, and used landscape water and rainwater after collection and treatment for toilet flushing and irrigation. Garden landscape water is easy to produce algae and dust deposition in summer. Since 2021, we have recycled garden landscape water after algae removal and filtration. By fully collecting all kinds of water sources for irrigation and cleaning after secondary treatment, we improve the secondary utilisation rate of water sources, and realise the efficient recycling of wastewater.

In terms of wastewater treatment, the Company's headquarters has conducted research on the treatment of wastewater in MBR grease traps. The technology can effectively degrade the wastewater in grease traps to make it colourless, tasteless and odourless. It can purify the wastewater, reduce the cleaning of the grease traps, cut operating costs and reduce wastewater pollution. As a process to collect data about wastewater discharge was being established and improved, the Company will gradually improve the relevant statistical process and disclose the data in the future. In the future, we will continuously pay attention to wastewater discharge, improve wastewater utilisation technology, and realise efficient recycling of wastewater.

Waste Management

With great importance attached to waste management, we compiled the Standard for Management of Hazardous Substances and Non-Hazardous Substances to define the responsibilities during collection and disposal, and guide projects under management to establish and improve criteria for the disposal of hazardous substances. The hazardous substances generated by employees in offices and property owners in daily life will be disposed of collectively, in order to reduce the negative environmental impact of waste as much as possible.

4. Green Operation, Low Carbon and Environmental Protection

The hazardous waste defined by the Company according to the National Catalogue of Hazardous Wastes is the waste that causes direct or potential harm to human health or natural environment and should be specially recovered and disposed of by qualified disposers. The hazardous waste generated by property owners during property management includes used batteries, waste toner cartridges and ink cartridges, used oil, used coolant, waste ink and paint, waste cleaning agents (including packaging containers), waste oil resistant gloves (finger cots), waste oil rag, waste fluorescent lamp tubes, waste pen refills, waste hazardous chemical containers, and waste drugs. The non-hazardous waste generated by property owners during property management includes waste plastics, waste paper, waste wires, scrap metal and other substances suitable for recycling and resource utilization, as well as construction waste, slag, vegetable and fruit waste (vegetable roots, leaves, pericarp and seeds, etc.) and other non-recyclable wastes that need to be transported and disposed of by qualified environmental sanitation departments. As a process to collect data about discharges of waste was being further improved in 2022, the Company did not make relevant statistics. We will gradually improve the relevant process and disclose the data in the coming years.

| | |
|--------------------------|---|
| <p>Collection</p> | <ul style="list-style-type: none"> ➤ The engineering department is responsible for the classification and collection of waste lamps and building materials in service centres, and hands them over to the environmental management department for disposal every day. ➤ Goods, materials, equipment, tools and other substances that are replaced with new ones or scrapped by each department shall be recycled and controlled by the environmental management department. Each department should make statistical records of classification and recycling, and hand them over to cleaners of the environmental management department at any time. ➤ The special substances in the warehouse shall be classified and recorded, and shall be handed over to the environmental management department for cleaning at any time. ➤ Other departments are responsible for the control and management of waste generated in their respective areas. When cleaning buildings, the environmental management department's cleaners shall collect the classified substances of each department and record the classification. ➤ The environmental management department shall dispose of, monitor and manage all the waste in service centres. It is responsible for the provision and management of facilities and equipment in public areas and material rooms. ➤ The environmental management department is also responsible for the inspection of public areas and construction areas, as well as publicity and guidance for tenants, so as to enhance their environmental awareness and environmental protection awareness. |
|--------------------------|---|

4. Green Operation, Low Carbon and Environmental Protection

| | | |
|-----------|---------------|--|
| Disposal | Hazardous | <ul style="list-style-type: none"> ➤ All departments shall collect and store substances according to their properties. Incompatible substances that have not been safely disposed of shall not be collected and stored together. The points where hazardous substances are placed shall have functions, such as sun protection, rain protection and loss prevention. ➤ All departments shall not dump or spill hazardous substances when transporting them. Barbarous loading and unloading is strictly prohibited. ➤ The environmental management department shall, in accordance with the relevant laws and regulations, entrust a unit with a "hazardous waste permit" to dispose of hazardous substances. The information operations department signs a contract with the entrusted unit to clarify the requirements and responsibilities of waste disposal. Each handover of hazardous substances should be recorded. |
| | Non-hazardous | <ul style="list-style-type: none"> ➤ Designated collection points: All departments strictly classify and store waste in designated points according to the types of the substances produced. The waste should be transported to the waste transfer station in time and stored in separate areas. All departments are responsible for the classification of the transported substances. ➤ Classification containers: Eye-catching distinguishing signs and usage instructions should be posted. Each collection point must place at least three containers for different substances and ensure that substances are handed over during the time when they are being received. ➤ Substance recovery efficiency: The environmental management department disposes of waste substances regularly every day, and all departments and cleaners jointly check whether waste is classified. The department that generates the waste will be responsible for sorting if the waste is not classified as required, otherwise it will not be received. |
| Recycling | | <ul style="list-style-type: none"> ➤ Goods, materials, equipment, tools and other substances that are replaced with new ones or scrapped by each department shall be recycled and controlled by the environmental management department. Each department should make statistical records of classification and recycling, and hand them over to cleaners of the environmental management department at any time. ➤ The special substances in the warehouse shall be classified and recorded, and shall be handed over to the environmental management department for cleaning at any time. ➤ Other departments are responsible for the control and management of waste generated in their respective areas. When cleaning buildings, the environmental management department's cleaners shall collect the classified substances of each department and record the classification. |

4. Green Operation, Low Carbon and Environmental Protection

In the future, we will pay more attention to management standards for the emission and discharge of hazardous waste and provide more detailed guidance to projects and workers in understanding and management of hazardous waste. The Company's headquarters will step up efforts on the formulation of management standards for the emission and discharge of hazardous waste, and strengthen the training of employees. It will establish management standards for the emission and discharge of waste that will be recognised and managed by all people. In order to ensure that the disposal of waste will not pollute the environment and cause pollution, the Company will plan zero inventory and shared warehouses for the waste emission and discharge in the process of property management, so as to reduce the backlog and waste, enable the mutual use of secondhand equipment to improve reutilisation value, and achieve the purpose of generating less waste.

During the Reporting Period, the Company reported no violations of the laws and regulations on environmental protection that have a significant impact on itself.

4.2 Energy Conservation and Consumption Reduction, Greenness and Low Carbon

First Service actively promotes energy conservation and emission reduction, and follows the concept of green development and greenness and low carbon. An effective energy management system has been established. At the same time, the Company makes technological transformation for energy conservation to reduce energy consumption and improve energy utilisation efficiency. The Company has formulated the Standard for Energy Management, the Standard for Operation and Maintenance of Power Supply and Distribution System, the Standard for Operation and Maintenance of Heating, Ventilation and Air Conditioning System, the Standard for Operation and Maintenance of Water Supply and Drainage System, the Standard for Lighting Management in Communal Areas, the Standard for Operation of Ceiling System and the Standard for Commissioning and Acceptance of Energy system to institutionalise energy management and raise employees' awareness of energy conservation and consumption reduction.

The main energy and resources consumed during the operation of First Service include electricity, gasoline, natural gas and water. Gasoline is mainly consumed by company cars, natural gas is mainly used for heating individual projects and canteens in office buildings, and electricity is used in the Company's office work, equipment operation and so on. The water consumed by the Company is all from the municipal water supply network, with no issue in sourcing water. No packaging materials are involved in the operation of the Company.

| Indicators | 2022 | 2021 |
|---|---------------|---------------|
| The Company's electricity consumption | | |
| Electricity consumption (kWh) | 56,169,518.13 | 52,673,276.96 |
| Electricity consumption intensity (kWh/sq. m. of properties under management) | 2.64 | 3.05 |
| The Company's water consumption | | |
| Water consumption (cubic metre) | 661,259.57 | 1,144,856.16 |
| Water consumption intensity (cubic metre/sq. m. of properties under management) | 0.031 | 0.066 |

4. Green Operation, Low Carbon and Environmental Protection

First Service seeks to achieve a more efficient energy use and green and low-carbon development that saves energy and reduces emissions. The Company actively responds to the government's pledge to accelerate the green and low-carbon development made for the 14th Five-Year Plan, in a bid to contribute to carbon neutrality and peak carbon dioxide emissions. The Company's goal in energy and water management is to improve the efficient utilisation of energy and water resources, and to maximise the environmental and economic benefits of energy and water resources under the premise of satisfying business activities.

We require projects to prioritise the use of energy-saving construction equipment and tools, reasonably use the natural conditions in the construction site for lighting and ventilation, and prioritise the use of natural resources, in a bid to achieve the target. In the office areas, we adjusted the temperature of air conditioners depending on the weather, turned off air conditioners in time when no one was present, and closed the doors and windows when air conditioners were working. In non-working hours, on weekends and during holidays, security guards patrolled the office areas every hour to ensure that lights and air conditioners were turned off in unmanned areas. Only one elevator worked in non-working hours. For projects equipped with equipment to meet cooling and heating needs, the headquarters will test the operating state of the system equipment in the cooling season and heating season, troubleshoot the operating problems in time, and improve the operating efficiency to reduce unnecessary energy consumption. In 2022, we replaced lights in the garages of 5 regional companies' service centres with radar motion sensor lights, with a total of 7,248 tubes used, which is estimated to save 90,400.62 kWh of electricity per month.

First Service values water resources management and adopts corresponding measures to save water, such as:

- Irrigation water: Seedlings were watered reasonably based on the precipitation situation in different regions, different seedling growth habits in different locations, replanting and split planting arrangement, and soil moisture.
- Cleaning water: Water facilities and/or stone-paved roads are cleaned with high-pressure water guns and single disc floor cleaners as well as big scrubbing brushes. Direct flushing with water pipes is strictly prohibited.
- Under the condition that residential environment is not affected, the cleaning frequency of water facilities can be appropriately reduced and water from such facilities can be used as irrigation water.
- Scientific metrology and water-saving devices: Water meters should be installed in communal areas as soon as possible to make effective measurement. Sprinklers must be installed in water outlets. Direct watering with water pipes is strictly prohibited. According to the terrain and the distribution of green plots, mobile brackets with impact-drive sprinklers, ground-inserted micro-sprayers and micro-spraying hoses should be reasonably installed to ensure that the coverage of effective energy-efficient sprinkler irrigation is not less than 60% of the green area.

4. Green Operation, Low Carbon and Environmental Protection

4.3 Natural Resources, Impact Reduction

As the nature of First Service's business is property management, its business activities do not involve high consumption of natural resources or have significant impact on the environment. The Company is well aware of the possible impact of its day-to-day business operations on the environment and implements three-level control (headquarters, regions and projects):

- Headquarters: Formulating, improving and optimising the environmental management system, arranging regional companies to promote the implementation of the standard system, conducting monthly evaluation on the implementation, overseeing contract performance every six months, and completing the rectification for discovered problems every year.
- Regional companies: Monitoring and managing contract performance for projects every month according to the Company's processes and standards, organising regular training on the environmental management of projects to correct errors, drawing up rectification plans and overseeing the completion of rectification.
- Projects:
 1. Responsible for the specific implementation of environmental management in service centres;
 2. Responsible for the supervision and evaluation of the environmental management of each subcontractor;
 3. Responsible for formulating environmental emergency response plans according to the characteristics of projects, and organising training and implementation.

The Company carries out and manages work by clarifying corresponding responsibilities for different levels, and pays more attention to and takes more actions to solve environmental problems. We will step up efforts to improve our environmental management system and comply with all applicable environmental laws and regulations, hoping to contribute to the common environmental protection cause of mankind.

4.4 Active Response to Climate Change

The Company has been paying attention to the opportunities and challenges brought by sustainable development and climate change, as well as the latest development policies of green buildings and healthy buildings. With the full popularisation of green buildings, the Company will continuously improve the system of basic-level green building technologies and study the implementation path of high-star green building technologies in the future. In response to the challenge of carbon neutrality, we actively undertake the corporate social responsibilities for addressing climate change, take effective measures to address the challenges brought about by climate change, and seize the historical opportunity of developing a low-carbon economy, hoping to occupy the strategic commanding heights of future competition among enterprises and achieve our own sustainable development. In terms of the management of green buildings, we will rely on our self-developed AI operation cloud platform and unattended system, and make use of the Internet of Things, big data and artificial intelligence technology to realise the "digitalised" and "intelligent" energy management in the projects under management, so as to significantly improve the management level and energy saving potential. As far as energy conservation and carbon reduction are concerned, continuous efforts will be made to develop a ground-source heat pump system to achieve interseasonal energy storage for the air conditioning system of buildings, in a bid to significantly reduce the use of fossil energy in energy consumption of the air conditioning system. Meanwhile, the research and development on AIRDINO No. 3 netzero-energy prefabricated building system will continue, and we will publicise healthy buildings and healthy communities based on concepts and standards of healthy buildings.

5. Compliance Operation, Honesty and Integrity

First Service resolutely cracks down on all forms of corruption and actively fosters a culture of integrity. The Company strictly complies with the relevant laws and regulations, including the Criminal Law of the People's Republic of China and the Anti-unfair Competition Law of the People's Republic of China, and constantly improves its anti-corruption management mechanisms and systems. The Standard for Supervision and Audit formulated by the Company has come into force. The audit centre supervises all employees practising the intelligent business' culture in accordance with relevant national laws and regulations, the intelligent business' culture, and operating standards. At the corporate management level, the Company clarifies "four stages" and "five don'ts" principle in its manual of intelligent business's culture. It makes clear internal work and responsibilities related to anti-corruption and anti-money laundering, and enhances employees' awareness of anti-corruption. At the supplier management level, the Company signs integrity pledges before initiating tenders, clarifying the red lines that are forbidden to touch and investigating legal liabilities.

| Four stages | Five don'ts principle |
|--|--|
| <ul style="list-style-type: none"> • Preventing problems: Publicise the culture of integrity, establish anti-fraud standards (audit process and accountability measures), and carry out reporting policies (whistleblower protection and incentive measures) • Finding out problems: Maintain complaint channels and receive reports; collect clues during routine audits and proactively detect fraud incidents • Solving problems: Conduct anti-fraud audits according to corporate culture and standards and cooperate with judicial organs • Preventing problems: Auditors will update the training system with cases that arise, integrity training | <ul style="list-style-type: none"> • Do not abuse positions: Do not be self-seeking, and do not encroach on the interests of the state, the Company or customers • Do not go to wrong parties: Do not go to parties held by suppliers • Do not be greedy for illegal money: Do not embezzle money, and do not extort or accept bribes • Do not receive gifts presented with purposes: No gifts, treats, kickbacks, etc • Do not be crazy to seek selfish desires: Do not allow or drop a hint to a designated partner to pay or reimburse any expenses for yourself or your relatives |

5. Compliance Operation, Honesty and Integrity

First Service has set up multiple channels for receiving anti-corruption reports and strictly protects the privacy of whistleblowers. Whistleblowers can report suspected corruption incidents through a hotline, emails, letters, official WeChat accounts and other channels. Whistleblowers can report directly to the audit centre, or report fraud directly to the President's office. After receiving a report, the audit centre is responsible for evaluating information and clues about fraud, preparing a supervision and audit plan, and submitting it to the President for review. Following the approval, a special audit team will be established to conduct investigations. After supervision and audit, the audit centre puts forward handling suggestions based on the audit results, and prepares the Supervision and Audit Report of First Service that will be submitted to the Audit Committee for review. The audit centre organises and coordinates the work with the functional centre, regional companies and projects according to the instructions on the results of the Supervision and Audit Report, and takes actions based on the audit results. For real-name reports, the Company will give the whistleblower a clear reply. The Company has clear confidentiality criteria for auditors and no-fault reporting criteria for whistleblowers, so as to strictly protect the privacy of whistleblowers. According to the confidentiality criteria for auditors, any external unit or individual is strictly prohibited from accessing the personal information of the whistleblower and the person being reported, report content and other sensitive information. In principle, the acceptor shall maintain one-to-one communication with the whistleblower. The report content shall only be informed to the superior. The investigation plan shall be designed to protect the whistleblower to the maximum extent. The investigation will be terminated automatically if the information of the whistleblower may be leaked. As stipulated in the no-fault reporting criteria for whistleblowers, regardless of whether the findings of the investigation are true or not, the whistleblower shall not be given administrative sanctions or financial penalties, nor shall the whistleblower be deprived of the rights for purchasing, cooperation, award evaluation, promotion, incentives, etc., nor shall he/she be retaliated against.

First Service will advance the fight against corruption in the future. The Company will focus on checking whether employees have touched red lines that violate laws and regulations, continuously oversee on the integrity and self-discipline of its employees, and provide audit supervision and services for the internal management and business development of the Group. Moreover, the Company will strengthen the publicity of corporate culture of integrity, update fraud cases and courseware to set up a case library and a perfect training system, and carry out anti-fraud training in each project. Actions will be taken to increase audit methods for anti-fraud and exchange experience and cooperate with other leading listed companies in the Enterprise Anti-Fraud Alliance. An audit monitoring system will be established on the basis of the optimisation of an information-based financial system, in a bid to prevent risks.

During the Reporting Period, there were no violations that had a significant impact on the Company, and no corruption or embezzlement incidents occurred.

6. Caring for the Community and Giving back to Society

Since its establishment in 1999, First Service has been committed to giving back to the society and fulfilling its social responsibilities. Upholding the philosophy of “Technological Living, Homelike Service”, we spare no effort to integrate our quality services into the community and hope to promote more advanced service concepts to public welfare. In 2022, we strove to improve the property management service level and enrich the service content. Moreover, we actively participated in social welfare projects. We recognise that there is a long way to go on the road to public welfare. We will make unswerving efforts to light up hope with public welfare and hold public welfare activities annually. Efforts will be stepped up to explore new forms and new goals.

First Service strives to build a harmonious community culture and improve the quality of life and happiness of property owners through various cultural activities. A complete management system for cultural activities has been set up. The Standard for Community Cultural Activities under the ‘Love My Home’ Campaign was released and revised. The headquarters established the operation management centre, regional companies set up the operation management department, and the customer service division of each service centre assigned a person in charge of community cultural activities. The organs at all levels cooperate with each other to hold static and dynamic community cultural activities every year to enhance the positive interaction with customers and enhance customer satisfaction.

In 2022, a total of 569 community-related activities were held in First Service's projects across the country, with the creation of atmosphere for new community scenes, theme activity planning, innovation in the interaction of large-scale song and dance evening parties and the emotional output of reunion. The activities included the first community “neighborhood festival”, “Children's love for the Party, Red inheritance”, and “children's club in summer”, among others, bringing high-quality community cultural life.

First Service actively participated in public welfare undertakings and achieved good social responses. In the future, we will keep devoting ourselves to public welfare undertakings, pay attention to social needs and fulfill social responsibilities.

Case: “Love My Home” Campaign

As for “Love My Home” Campaign, the headquarters organise monthly and quarterly activities, while regional companies hold monthly activities for the convenience of people, quarterly property owners' meetings, open days for equipment rooms, civilised dog breeding, fire safety publicity, etc. Regional companies review cultural activities in communities on a monthly basis and share the activities, and conduct a spot check on cultural activities and customer awareness rate, after which the headquarters re-check them.

6. Caring for the Community and Giving back to Society

1. Earth Hour

First Service held a series of green and environmental protection activities themed on Earth Hour in March 2022:

- ❖ “Waste utilisation, unlimited creativity”: A service centre organised a DIY parent-child handcrafting activity. The private manager invited parents and children to participate in the activity through telephone, WeChat, door-to-door visits and other ways 3 days in advance. Waste cartons, milk boxes, milk cartons, pop cans, bottle caps, all kinds of bottles, etc. were creatively made into robots, cars, cartoon characters, small pencil holders and vases by children and parents. Finally, the service centre evaluated the creative products and rewarded the most creative families with small gifts.
- ❖ “I add color to the home”: A service centre bought small saplings and flower seeds in advance, and prepared tools such as small shovels, gloves and watering cans. It invited the children and their parents to plant in the community, name the plants and hang nameplates, and led the children to water the flowers and plants in the community, enabling them to aware the importance of environmental protection.
- ❖ According to the actual situation, the service centre stopped the advertisements on buildings and roof light bands in the community, and called on property owners and merchants to turn off unnecessary lights, neon lights and other power-consuming products for one hour.

2. Happy Flea Market

In April 2022, First Service held an activity themed on “Happy Flea Market” to realise the efficient flow of idle goods, improve the hands-on skills of children, and enhance the harmonious family atmosphere of property owners.

- ❖ Small bazaar: A week in advance, the private manager invited property owners and their children to participate in the bazaar. Old toys, handicrafts and ornaments were sorted and placed. Children learned to design posters and taglines, and actively displayed their own goods for exchange or trading.
- ❖ Replacement of goods: Some goods cannot be priced or traded, but can be exchanged barter for barter. For example, children of different ages were encouraged to exchange or give toys to improve the use rate of toys.

3. Clean Home, Civilisation Co-building

In May 2022, First Service launched “Clean Home, Civilisation Co-building” with Party members as the vanguard of voluntary service activities. A service centre sent Party employees and ordinary employees, property owners, Party volunteers and others to pick up litters in public places and remove illegally posted ads in communities. They undertook thorough cleaning in the community and buildings, cleaned graffiti and illegally posted ads, cleaned up sanitary dead angles, removed white trash, etc. to improve dirty, messy and bad places and make them clean, neat and nice-looking. Through this activity, First Service improved the dedication consciousness and civilised behaviour of employees and property owners, and promoted the new civilisation style of harmonious coexistence between man and nature.

6. Caring for the Community and Giving back to Society

4. Quiet Environment during Gaokao Season

In June 2022, First Service carried out a series of activities to ensure the living environment of students preparing for college entrance examination, in order to create a good learning atmosphere for these students.

- ❖ “Warm contact”: The 400-808-6100 service supervision hotline is a special service hotline for the students. In case of emergencies, customers can call the 400 service hotline for request handling besides contacting private managers.
- ❖ “Warm customer service”: ① It informed customers with students of communities' noise control measures during the exam preparation period via WeChat or phone calls and understood whether customers had special needs during this period. The private manager would sort out the reasonable needs and coordinate with relevant departments to satisfy the needs, and improve the customer information ledger. ② The Company posted warm reminders offline and arranged private managers to push warm reminders and posters online, in order to advocate a quiet life during the exam preparation period.
- ❖ “Warm order”: ① During the senior high school entrance examination and college entrance examination, we checked and improved the signs of no honking in the parking lot of the community to ensure that the arterial road and entrances and exits remain unblocked, and there was no illegal parking and personnel congestion; ② We assigned persons to guide incoming and outgoing vehicles during morning and evening peak hours to alleviate traffic jam.
- ❖ “Warm environment”: ① The cleaner should select a place far away from the window area of a house for handover, and the morning shift cleaner should pay attention to keeping voice down in operation and conversation. ② Strict controls were exercised over the timing of lawn pruning as it is noisy. Pruning was avoided on weekends.

5. Children's Club

In August 2022, we launched the summer camp themed on “Children's Club”, and prepared a variety of activities for children to experience, in order to enrich the summer life of children.

- ❖ In a little housekeepers' camp, children experienced the maintenance of flowers and plants, learned community maintenance and beautified the community in person. A fire safety class enabled children to understand fire equipment and learn operation skills. In a sharing class, children learned reception etiquette for calls and visits.
- ❖ A camouflage military training camp allowed children to experience military culture, strengthen physical fitness, develop their discipline, standardise behaviour, build a good temperament, and enhance their sense of collective honour, hands-on ability, disciplinary independence and communication ability.
- ❖ We relived parent-child games in childhood and set up mixed teams to play points games, such as beanbag game and hoop rolling, so as to enhance parent-child affection and stickiness among property owners and improve their experience.

6. Caring for the Community and Giving back to Society

6. Green Run

In November 2022, First Service launched a green run, in a bid to call for green exercises and advocate healthy life. The headquarters posted on the official WeChat account regarding the green run one week in advance. Each service centre forwarded the post about the offline green run in the Moments five days in advance. Private managers invited property owners to sign up for the green run through telephone, WeChat, door-to-door visits, etc. First Service took part in the MOMA Box Adventure campaign and activities about donations of funds and supplies, cool summer and charitable sale. In addition, First Service held a Christmas carnival. Before Christmas, the private manager of each building invited interested owners to participate in the hand making of DIY Christmas decorations by phone calls, text messages, etc. Employees of service centres used the finished works as Christmas decorations. Service centres purchased apples on the Green Selection Platform. On Christmas Eve, employees presented apples to owners through door-to-door visits, main entrances and exits, etc. Employees of service centres dressed in Santa Claus costumes, distributed candies to children at the main entrances and exits or the front desk of service centres, and posed for photos.

In 2023, community cultural activities under the "Love My Home" Campaign will be themed on greenness and environmental protection, and Party building, and conducted on a monthly and quarterly basis. A review will be conducted on cultural activities in communities on a quarterly basis, which will be shared in regions. Regional companies will regularly conduct a spot check on community cultural activities and customer awareness rate, after which the headquarters re-check them.



APPENDIX

The Stock Exchange's Environmental, Social and Governance Reporting Guide Content Index

| Environmental, Society and Governance Reporting Guide | | Report Content |
|---|--|---|
| Subject Area A. Environmental | | |
| Aspect A1: Emissions | | |
| A1 | 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 generation of hazardous and non-hazardous waste. | 4.1 Controlling Emissions to Make Water Clear and Sky Blue |
| A1.1 | The types of emissions and respective emissions data. | 4.1 Controlling Emissions to Make Water Clear and Sky Blue |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 4.1 Controlling Emissions to Make Water Clear and Sky Blue |
| A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Explained |
| A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Explained |
| A1.5 | Description of emission target(s) set and steps taken to achieve them. | 4.1 Controlling Emissions to Make Water Clear and Sky Blue |
| A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | 4.1 Controlling Emissions to Make Water Clear and Sky Blue |
| Aspect A2: Use of Resources | | |
| A2 | General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. | 4.2 Energy Conservation and Consumption Reduction, Greenness and Low Carbon |
| A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | 4.2 Energy Conservation and Consumption Reduction, Greenness and Low Carbon |
| A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 4.2 Energy Conservation and Consumption Reduction, Greenness and Low Carbon |

APPENDIX

| Environmental, Society and Governance Reporting Guide | | Report Content |
|---|---|---|
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | 4.2 Energy Conservation and Consumption Reduction, Greenness and Low Carbon |
| 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. | 4.2 Energy Conservation and Consumption Reduction, Greenness and Low Carbon |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | N/A |
| Aspect A3: The Environmental and Natural Resources | | |
| A3 | General Disclosure Policies on minimising the issuer's significant impacts on the environmental and natural resources. | 4.3 Natural Resources, Impact Reduction |
| A3.1 | Description of the significant impacts of activities on the environmental and natural resources and the actions taken to manage them. | 4.3 Natural Resources, Impact Reduction |
| Aspect A4: Climate Change | | |
| A4 | General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | 4.4 Active Response to Climate Change |
| A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | 4.4 Active Response to Climate Change |
| Subject Area B. Social | | |
| Employment and Labour Practices | | |
| Aspect B1: Employment | | |
| B1 | 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. | 3.1 Equal Employment and Rights and Interests Protection |
| B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | 3.1 Equal Employment and Rights and Interests Protection |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | 3.1 Equal Employment and Rights and Interests Protection |

APPENDIX

| Environmental, Society and Governance Reporting Guide | | Report Content |
|---|--|--|
| Aspect B2: Health and Safety | | |
| B2 | 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. | 3.3 Safeguarding the Health and Safety of Employees |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | 3.3 Safeguarding the Health and Safety of Employees |
| B2.2 | Lost days due to work injury. | 3.3 Safeguarding the Health and Safety of Employees |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | 3.3 Safeguarding the Health and Safety of Employees |
| Aspect B3: Development and Training | | |
| B3 | General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 3.2 Development and Promotion for Employee Growth |
| B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | 3.2 Development and Promotion for Employee Growth |
| B3.2 | The average training hours completed per employee by gender and employee category. | 3.2 Development and Promotion for Employee Growth |
| Aspect B4: Labour Standards | | |
| B4 | 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. | 3.1 Equal Employment and Rights and Interests Protection |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | 3.1 Equal Employment and Rights and Interests Protection |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | 3.1 Equal Employment and Rights and Interests Protection |

APPENDIX

| Environmental, Society and Governance Reporting Guide | | Report Content |
|---|---|--|
| Operating Practices | | |
| Aspect B5: Supply Chain Management | | |
| B5 | General Disclosure Policies on managing environmental and social risks of the supply chain. | 2.4 Green Procurement, Harmony and Win-win |
| B5.1 | Number of suppliers by geographical region. | 2.4 Green Procurement, Harmony and Win-win |
| 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. | 2.4 Green Procurement, Harmony and Win-win |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | 2.4 Green Procurement, Harmony and Win-win |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | 2.4 Green Procurement, Harmony and Win-win |
| Aspect B6: Product Responsibility | | |
| B6 | 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. | 2. Homelike Service, Harmony and Win-win |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | N/A |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | 2.2 Listening Attentively and Solving Problems |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 1.2 Technological Innovation, Healthy Living |
| B6.4 | Description of quality assurance process and recall procedures. | 2.1 Quality Concept, Homelike Service |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | 2.2 Listening Attentively and Solving Problems |

APPENDIX

| Environmental, Society and Governance Reporting Guide | | Report Content |
|---|--|--|
| Aspect B7: Anti-corruption | | |
| B7 | 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. | 5. Compliance Operation, Honesty and Integrity |
| B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | 5. Compliance Operation, Honesty and Integrity |
| B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | 5. Compliance Operation, Honesty and Integrity |
| B7.3 | Description of anti-corruption training provided to directors and staff. | 5. Compliance Operation, Honesty and Integrity |
| Community | | |
| Aspect B8: Community Investment | | |
| B8 | General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 6. Caring for the Community and Giving back to Society |
| B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | 6. Caring for the Community and Giving back to Society |
| B8.2 | Resources contributed (e.g. money or time) to the focus area. | 6. Caring for the Community and Giving back to Society |



First Service Holding Limited
第一服务控股有限公司

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