

Build **Home** with **Heart**
Create **Future** with **Aspiration**



2024

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT



合景泰富集團
KWG GROUP HOLDINGS

KWG GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability Stock Code : 1813

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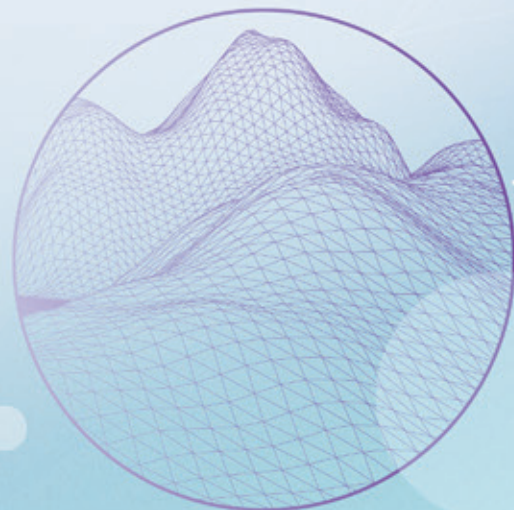
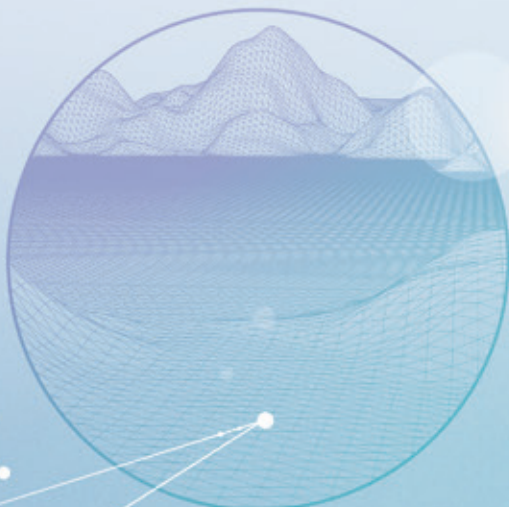
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Preface

In 2024, the structural evolution of the real estate industry has become increasingly evident, driving systemic transformation and development challenges. To achieve high-quality and sustainable operations, the Group has deeply integrated into national strategic initiatives. Leveraging its mature and stable operational system and resource advantages, it has innovatively established a new real estate development paradigm through multidimensional approaches. This effectively mitigates systemic risks during the industry's critical transition period, reinforces market expectations with its stabilizing function, and safeguards the long-term prosperity of the enterprise. As a property developer that attaches great importance to sustainable development, KWG Group Holdings Limited ("KWG" or the "Company", together with its subsidiaries, collectively the "Group") adheres to the philosophy of "building home with heart, creating future with aspiration", and provides customers with high-quality projects and services, so that they can enjoy an innovative and comfortable lifestyle. As early as in 2017, KWG Group officially transformed and upgraded into an integrated urban operator, focusing on sustainable urban development and operation in the future, exploring the sustainable development of cities and a better life, leading the green and healthy development of the industry, and achieving the Group's long-term goal of growing with the society together.

KWG is committed to improving its project quality, incorporating green elements by taking ESG-related sustainable development into strategic consideration in the process of design, planning, construction and operation, actively understanding environmental issues, social welfare topics and social development needs, exploring the sustainable urban development and operation in the future, putting sustainable elements into residential building design and property operation development, and building a green development ecology in a variety of scenarios for its partners, tenants, merchants and the public, thereby leading the trend of ESG innovation. The Group abides by the environmental protection policies and regulations of the relevant regions. While ensuring compliant development, the Group actively responds to the national goals of achieving "Carbon Peaking" by 2030 and becoming "Carbon Neutrality" by 2060, and lives up to the confident expectations of the Enterprise Asia's Carbon Champion Programme in 2022 for granting the "Carbon Reduction Guard Certification", being the first domestic real estate enterprise in China that received such certificate. The Group continues to strive for carbon emission reduction in the construction field, uses intelligent technology to actively design and create star-rated green buildings, sustainably purchases environmentally friendly building materials, creates a green and smart urban living, actively explores innovative financing methods for the enterprise in the green finance sector, and integrates the concept of "Living with green" into the design, construction and daily operation of more commercial and residential projects to build a green and healthy home model. As of the end of 2024, the Group had a total of 109 certified green building projects in mainland China, along with 41 projects undergoing the certification process. In 2024, KWG Group achieved multidimensional breakthroughs in sustainability and ESG, demonstrating its industry-leading value. The Group's KWG International Finance Place in Guangzhou was recognized as one of the "Top 50 Commercial Buildings in China 2024" for its green building standards and low-carbon operational system, earning recognition from the China Building Economy Summit Organizing Committee. The Group's commercial asset management platform was listed in the "Mall China ESG Sustainability Excellence Ranking", showcasing the effectiveness of its full-chain ESG management. In green design, Richmond Greenville in Guangzhou won the "Global Habitat Design Awards — Silver Award" for its eco-friendly spatial planning, setting a benchmark for low-carbon living. Meanwhile, Landmark Arte Masterpiece in Guangzhou received the "Impact Project Award" for its integration of new quality productive forces with ESG innovation, garnering high praise from mainstream media. These achievements reaffirm the Group's commitment to innovation-driven dual-carbon initiatives, continuously strengthening momentum for high-quality development. In addition, while helping the green and low-carbon transformation of the industry, the Group has joined hands with many institutional organisations to convey the concept of environmental protection to employees, brand merchants, consumers and residents, so as to improve the public's awareness of environmental protection and make the quality of living better with the benefits of green and low-carbon lifestyles.

Preface

In the ongoing pursuit of green and low-carbon development, the Group remains steadfast in its strategic commitment to social responsibility, fully aligning with the national policy directives of “ensuring project delivery, safeguarding livelihoods, and maintaining stability”. By establishing a comprehensive lifecycle service assurance system — featuring refined engineering quality control, standardized delivery processes, and intelligent community operations — the Group ensures precise alignment between project development and customer needs. It has also built a multidimensional customer feedback and response mechanism to guarantee a seamless quality experience from home purchase and contract signing to long-term living. Leveraging its continuously optimized product and service capabilities, the Group systematically advances the transformation of new real estate models, creating a sustainable development ecosystem encompassing green construction, low-carbon operations, and intelligent services. Looking ahead, we will remain committed to our core values of “Building Homes with Heart, Creating Future with Aspiration”, driving iterative product innovation through technological advancements and enhancing industry-wide resource integration. By setting benchmark development standards, we aim to lead the industry’s evolution while achieving strategic synergy between economic and social benefits. As we continue to reinforce market confidence, the Group is also deepening its public welfare initiatives, fulfilling corporate citizenship responsibilities through diverse approaches such as educational support and community co-development. Through high-quality development outcomes, we contribute to society, injecting sustainable momentum into urban renewal and livelihood enhancement.

The Group firmly believes that talent is the core competitive advantage and key driving force behind corporate development, while employees’ well-being and health are essential pillars of our progress. We place great emphasis on the health and growth of our employees by implementing comprehensive health and safety management measures, offering diverse services such as medical check-ups and psychological counseling to support their physical and mental well-being. At the same time, the Group has developed a well-structured internal training program to enhance employees’ professional skills and overall competencies, providing them with ample opportunities for growth. We are convinced that outstanding employees are the Company’s most valuable asset, and a well-established training system serves as their best partner in development. Looking ahead, the Group will remain committed to a people-oriented approach, continuously investing in employee development and working hand in hand with our team to create a brighter future.

In retrospect and prospect, the Group’s excellent performance in sustainable development has been well-recognised by the international capital market. In 2022, the Group was assigned the “BBB” level in the MSCI ESG rating. The Group’s performance in green building, product quality and safety, corporate behaviour and other dimensions is at the leading level in the industry. While obtaining this good rating, the Group beat the expectations by striving to achieve better sustainability performance. We have a deeper commitment and practice to sustainability, which is not only our solemn commitment to the society, but also our firm belief and guidelines of action. We will continue to optimise our business model and products, expand the scale of green buildings, reduce carbon emissions, and ensure product quality and safety. We are well aware that only with sustainable development as the core, an enterprise can achieve long-term value and fulfill its social responsibility, providing a strong and stable cornerstone for building a better living environment.

About This Report

This report has been prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). To provide the performance of the Group in the environmental, social and governance (“ESG”) aspects during 2024 in a transparent and open manner, this report is responding to the concerns and expectations of our stakeholders on the sustainable development of the Group. Hence it is published in an environmentally friendly manner and uploaded onto the websites of the Stock Exchange (www.hkexnews.hk) and the Group (www.kwggroupholdings.com). You are welcome to browse through the Group’s ESG reports of the current year and prior years.

The reporting scope of this report mainly covers property development, property investment, and hotel operation businesses operated by the Group from 1 January 2024 to 31 December 2024, which is in line with the financial year of the Group. The key performance indicators in environmental aspect are disclosed in this report covering the selected core operations. For this year, in order to enable the stakeholders understand the Group better, 5 projects, including the headquarters of International Finance Place in Guangzhou, International Metropolis Plaza in Shanghai, The Summit in Guangzhou, Richmond Greenville in Guangzhou and W Hotel/W Serviced Apartments in Guangzhou are replaced as compared to 2023, and 3 projects, including KWG Centre in Tongzhou, Beijing, Blooming River in Guangzhou and the Hong Kong Office Headquarters, are added in the disclosure, together with another 14 projects, including KWG Centre in Tongzhou, Beijing, KWG M • Cube (Beijing), Chengdu U Fun, Oriental Bund in Foshan, Chengdu Yunshang Retreat, Shenzhen Grand Oasis, Landmark Arte Masterpiece in Guangzhou, Beijing Uptown Riverside I, The Mulian Huadu, Emerald City in Nanning, KWG M • Cube (Chengdu), Chengdu International Commerce Place, Blooming River in Guangzhou and the Hong Kong Office Headquarters. For the reporting year, projects with features were selected for demonstrating the Group’s ESG performance in this report, including the Core of Center in Beijing, KWG Centre in Tongzhou, Beijing, Guangzhou Nanwai Experimental School (廣州市南外實驗學校) and The Corniche in Hong Kong. In the future, the Group will continue to enhance the transparency of ESG disclosure.

This report is prepared based on the reporting principles recommended in the Guide. It summarizes the Group’s ESG performance based on “Materiality”, “Quantitative”, “Balance” and “Consistency”.

About This Report

Reporting principle	The Group's response
Materiality	After collecting and analyzing the opinions of our internal and external stakeholders, the Group evaluates the materiality of each issue to the Group and our stakeholders, and formulates a materiality matrix to determine the key points of disclosure in this report, which are used as reference for our sustainable development objectives.
Quantitative	The information disclosed in this report comes from the Group's documents, data and statistics. The Board is responsible for the authenticity, accuracy and completeness of the content of this report. The report should disclose key performance indicators in a measurable manner. The standards, methods, and conversion factors used in the emissions and energy consumption disclosed in this report are compiled in accordance with the Guide.
Balance	Apart from disclosing the Group's sustainability performance, this report also explains the challenges encountered by the Group in sustainable development, and avoid selecting, omitting or presenting formats that may inappropriately influence the decision or judgment made by readers reading this report.
Consistency	The information collection and report format in this report is consistent with last year to the greatest extent so as to ensure the comparability of the information and with explanations for any changes made.

The Group attaches great importance to the communication with all stakeholders. If you have any suggestions or inquiries about the content of this report or KWG's sustainable development policies, please contact the Investor Relations Department in the following manners:

Investor Relations Department
KWG Group Holdings Limited
Room 1301, 13th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong

Fax: (852)2878 7091
Email: ir@kwggroupholdings.com

Sustainable Development Governance

In 2024, the real estate market demonstrated resilience amid post-pandemic economic recovery, with market confidence gradually rebounding. Upholding the principle of sustainable development, KWG Group optimized internal management, enhanced decision-making transparency, and strengthened risk management. The Group deeply integrated ESG elements into its daily operations, promoting green buildings and the use of environmentally friendly materials to reduce energy consumption and carbon emissions. At the same time, it actively participated in social welfare initiatives, ensured high-quality project delivery, and enhanced brand image and customer trust. We firmly believe that sustainable development will provide the Group with continuous momentum to adapt to market changes and achieve long-term, stable growth.

To put the philosophy of “building home with heart, creating future with aspiration” into practice, KWG is committed to improving its project quality, incorporating green elements by taking ESG-related sustainable development into strategic consideration in the process of design, planning, construction and operation, actively understanding environmental issues, social welfare topics and social development needs, exploring the sustainable urban development and operation in the future, and building a green development ecology in a variety of scenarios for its partners, tenants, merchants and the public, thereby leading the trend of ESG innovation.

In response to our future business development and in order to formulate more appropriate ESG-related policies and strategies, the Group analyses the materiality of various issues through independent third-party consultants for materiality assessment, and reviews the implementation progress at board meetings and annual ESG reports to ensure the ESG risk management and internal control are appropriate and effective.

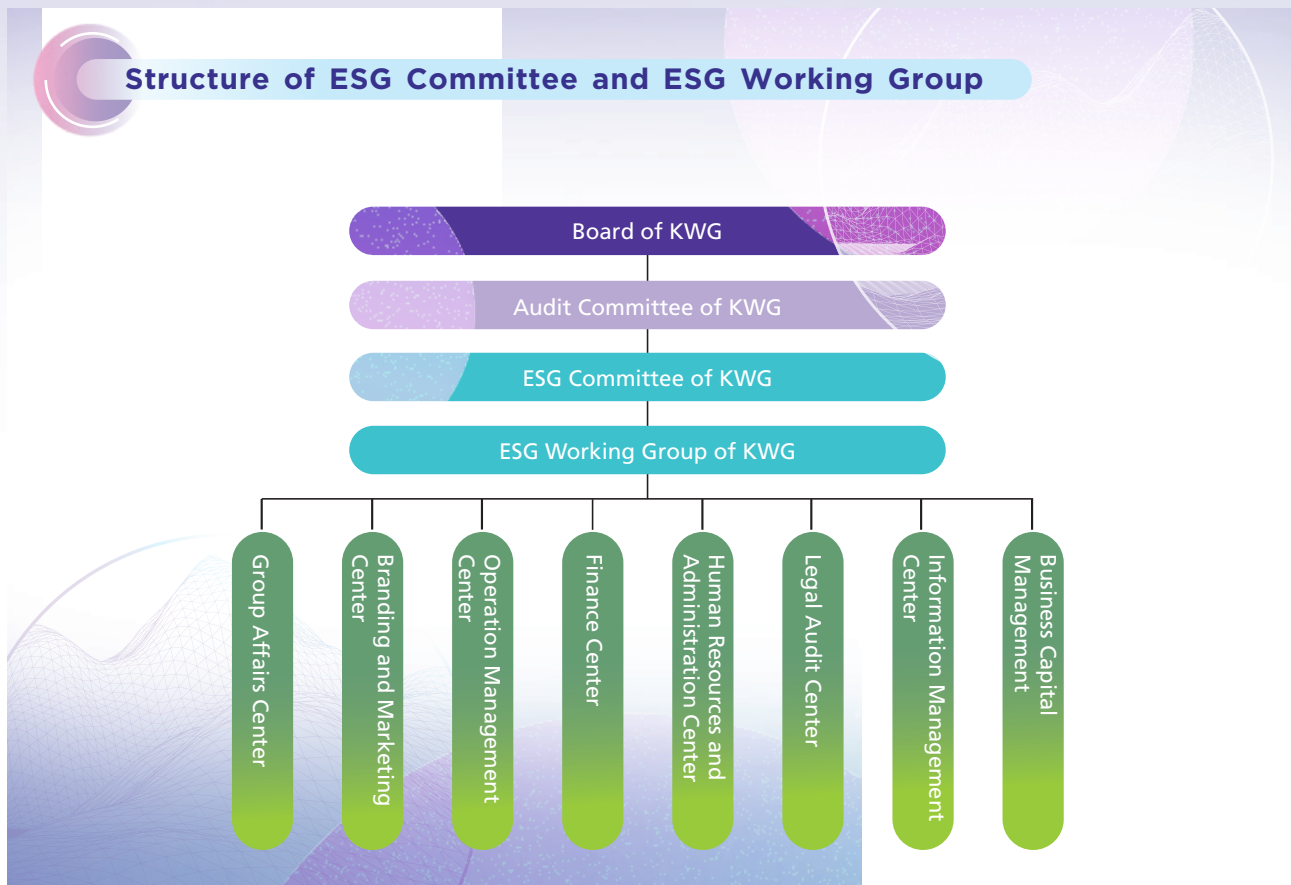
We will definitely go beyond our expectations in the future and build better futures for cities and for society with our concepts of better quality, green and harmonious living.

ESG Management of the Board

KWG strictly abides by the Listing Rules of the Hong Kong Stock Exchange and other applicable laws and regulations, continuously optimises the governance structure of the Board and improves the governance efficiency of the Company. As the highest decision-making level of the Company, the Board of the Group is responsible for making decisions and leading the strategic direction of sustainable development of the Company. The Board has authorised the Audit Committee to monitor the environmental, social and governance performance of the Group and adjust relevant development strategies in a timely manner. The Environmental, Social and Governance (ESG) Committee has been established under the Audit Committee to assist the Audit Committee in formulating ESG policies and reporting matters with reference to the requirements of the Listing Rules. The Group’s ESG Working Group, as the executive level, reports the implementation of relevant projects to the ESG Committee, and monitors the development progress of relevant ESG projects in various departments and centres to promote the implementation of ESG work. The Group effectively implements a top-down ESG management structure, and will continue to improve the relevant governance structure in the future to ensure the effectiveness of sustainable development management.

Sustainable Development Governance

Structure of ESG Committee and ESG Working Group



With reference to the Guide for Board and Directors: Leadership Role and Accountability in ESG published by the Stock Exchange in March 2020, the Board shall take leadership for and accountability in:

1. formulating the Group's ESG management approach, strategy and goal, establishing the terms of reference of the Group's ESG Committee (including composition, authority, scope of work and resources), conducting review of all ESG issues every year and reviewing ESG strategies and objectives based on the results;
2. overseeing the assessment of the Group's environmental and social impacts and all ethical issues, including (but not limited to) anti-corruption, information security within the Group, customer privacy, and anti-money laundering;
3. understanding the potential impact and related risks of ESG issues on the Group's operating model;
4. aligning with what investors and regulators expect and require;
5. enforcing a materiality assessment and reporting process to ensure actions are well followed through and implemented;
6. promoting top-to-down culture to ensure ESG considerations are part of the business decision-making process; and
7. reviewing and approving disclosures in the Group's ESG report.

Sustainable Development Governance

Key roles of ESG Committee under the Audit Committee are as follows:

- Developing and reviewing the statement on ESG matters for the Audit Committee's review and submitting to the Board for approval, including (i) the Board's oversight in ESG issues; (ii) the process used to identify, assess and manage key ESG issues; and (iii) the Board's review of progress made against ESG-related targets;
- Reviewing relevant ESG materiality issues that may affect the Group's operations and/or its strategy, such as relevant international standards and legislative requirements, assessing the impact of these issues on the Group's strategy, operations and reputation, and deciding whether and how to include them or reflect them in the Group's ESG policy;
- Setting appropriate ESG strategic goals, as well as short-term ESG-related KPIs and related targets, and overseeing ongoing reporting on these KPIs and targets, and reporting to the Audit Committee and submitting to the Board for approval;
- Advising the Audit Committee on the resources and funding required for ESG-related activities and submitting to the Board for approval;
- Monitoring the Group's ESG performance in compliance with regulatory requirements as well as requirement and expectations of the investors, and making recommendations to the Audit Committee and submitting the same to the Board;
- Ensuring that the Group's annual ESG report was prepared in accordance with Appendix C2 to the Listing Rules;
- Reviewing the terms of reference of the ESG Committee in due course to ensure consistency with Appendix C2 to the Listing Rules as amended; and
- Working and liaising with all other Board committees as necessary.

Key roles of the ESG Working Group are as follows:

- Joining hand with various business departments of the Company to promote the implementation of ESG work;
- Formulating the inter-departmental joint mechanism to effectively promote the progress of ESG work; and
- Making report to the ESG Committee on the progress of the ESG work of the relevant departments and asking for relevant resources.

Sustainable Development Governance

We will review the Board's policy on ESG governance in due course, so that the Board can obtain the most valuable ESG information through the most efficient channel, so as to make the best decision and long-term policy.

Hence, the Group includes sustainable development strategy in various scopes of works. The Group attaches great importance to the communication with various stakeholders and fully understand the views, concerns and advice of each stakeholder through different channels, including but not limited to publication of interim/annual reports, announcements on the Stock Exchange, announcements on the corporate website, interviews, press conferences or sharing sessions, and other diversified means of communication. We collect and organise the opinions of all parties in a timely manner, and take counter-measures to meet the reasonable expectations and demands of stakeholders with aims to grow together. During the reporting year, one shareholders' meetings were held.

Sustainable Development Governance

Special Topic

2024 “Forge Ahead to Create New Dreams with Determination” Steadily stride forward with diversified and in-depth development to jointly turn a new chapter of the city

Adhering to the brand philosophy of “Forge Ahead to Create New Dreams with Determination”, the Group has been committed to creating a wide range of architectural masterpieces for people to enjoy a better residential environment. In 2024, KWG continued its deep cultivation of diversified business formats in sectors such as real estate, commercial, commercial offices and hotels, and will build up the growth momentum while progressing steadily, so as to achieve mutual growth with the city with gratitude and fruitful results.

Real Estate Development of KWG

In September, the luxury residential projects of KWG, namely KWG Landmark Arte Masterpiece and KWG Richmond Greenville, were delivered beyond expectations, responding to the ardent expectations of all residents through multi-dimensional assurance measures. For example, 52 refined construction works have been carried out in KWG Richmond Greenville, setting a new benchmark for industry standards. Every detail in the construction project has been meticulously crafted, including 10 industry-leading refined façades, 5 groundbreaking refined civil engineering works, 10 refined electrical and mechanical works and 25 refined indoor construction works, which set an industry benchmark for quality delivery with its stringent standards.

Commercial Operation of KWG

In April, “Dream FUN Flying Season (理想FUN飛季)”, a scenario-based marketing IP of KWG, was relaunched after three years. With the synergistic efforts of 22 projects in seven cities and innovative contents from three major segments, another phenomenal marketing event was created. During the event, the total customer flow increased by 15% year-on-year, the total number of members increased by 30% year-on-year, the number of active consumer members increased by 50% year-on-year, and the total online exposure through multiple channels and platforms exceeded 18 million times.

In November, the third “KWG Super Fans Festival”, an original commercial IP of KWG, was launched. Through the three dimensions of new scenarios, new cooperations and new gameplays, the event achieved remarkable results with its fresh interactive scenarios and omni-channel consumption experience. During the event, the customer flow and sales of commercial projects nationwide increased steadily. The number of new members increased by 25% year-on-year, the amount of spending of members increased by 22% year-on-year and the number of consumer members increased by 10% year-on-year.

Commercial Office Operation of KWG

In May, the commercial office division of KWG joined hands with KWG Art Museum, the Wilber Foundation in Guangzhou and Vuitton’s LoVe to organize the “Children’s Dream Clothes Charity Show (童夢心衣公益展)”, which raised funds for children with serious illnesses by means of exhibitions, charity sales and auctions, bridging children with happiness and their dreams through the power of charity.

Sustainable Development Governance

Special Topic

Light Assets Operation of KWG

In May, The Mulian Hotel Group released a new membership system with four upgraded membership levels, namely Silver, Gold, Black Gold and Diamond, with an aim to provide enriched and more personalised service options to satisfy the needs and preferences of different users, hence offering them with a better accommodation experience.

In October, the Jadeite MUSTEL Hotel in Chengdu, a hotel specially designed for “Generation-Z youngsters”, was launched in Sichuan and Chongqing region, which also marked the debut of the MUSTEL ARTE brand, an upgraded version of MUSTEL, the hotel brand of the KWG Group integrating latest trends. Upholding the spirit of pioneering mindset and artistic genes, the hotel served as a trend setter and provided accommodation options for creative and fashionable travellers. Rooms were full booked immediately after its opening, highly sought-after by fans and celebrities.

As the saying goes, faith in the heart gives strength in action. 2024 was a year of progress with determination for KWG, which yielded fruitful returns. In the face of uncertainties and challenges, KWG drew on its courage and strength amidst changes, and continued to explore new heights of urban civilisation through its diversified and high-quality products and services, unlocking infinite possibilities for creating a better life, and outlining an affluent and promising future for the city together. Looking forward, KWG will adhere to the philosophy of “building home with heart, creating future with aspiration” to foster coexistence and co-prosperity with the development of the times, so as to grow with the city towards a new life. With a steady pace, innovative spirit and excellent quality, KWG will continue to “build the KWG dream of better lives for every household”, working together towards better new lives in 2025.



KWG • Richmond Greenville



The third “KWG Super Fans Festival” was launched



“Children’s Dream Clothes Charity Show (童夢心衣公益展)”



Jadeite MUSTEL Hotel in Chengdu



The “World Earth Day” Event



KWG • Landmark Arte Masterpiece

Sustainable Development Governance

Stakeholder	Concerned issue	Communication channel and response
Employees	<ul style="list-style-type: none"> employees' rights and benefits occupational health and safety career development and promotion path 	<ul style="list-style-type: none"> providing safe and healthy workplace trainings and workshops on safety knowledge encouraging employees to participate in internal and external trainings offering clear promotion ladder and necessary criteria
Customers and property owners	<ul style="list-style-type: none"> product quality and services service experience 	<ul style="list-style-type: none"> customers' satisfaction survey online service offering professional after-sales services customer activities
Suppliers	<ul style="list-style-type: none"> fair and competitive tender process corporate image and reputation complying with and performing contract 	<ul style="list-style-type: none"> conducting evaluation and investigation, regular work meetings conducting technology and quality assessment to tenders setting up engagement criteria and Practices plants inspection
Shareholders and investors	<ul style="list-style-type: none"> return and growth profitability disclosure on information of the Group 	<ul style="list-style-type: none"> general meetings periodic reports and announcements of the Group investor relations activities
Government authorities	<ul style="list-style-type: none"> compliance with laws and regulations paying tax in accordance with the law supporting economic development 	<ul style="list-style-type: none"> setting up policies for green office, construction and architecture executing and complying with national policies responding to government's policy to facilitate urban development
Community	<ul style="list-style-type: none"> public welfare environmental protection social people's livelihood 	<ul style="list-style-type: none"> actively participating in community projects and construction forming volunteer groups media communication
Media	<ul style="list-style-type: none"> observing commercial ethics transparency on operation 	<ul style="list-style-type: none"> regular disclosures of information maintaining close relationship

Awards Received by KWG for the Year

In addition to serving the well-being of our country, customers and shareholders, the Group also attaches great importance to the recognition on the Group in various sectors. We were honoured to receive several different awards during the year.



1

TOP 20 2024 Commercial Office Building Operators by Performance — TOP 10
(October 2024)
KWG Group



2

TOP 20 2024 Commercial Real Estate Enterprises by Management Capability Performance — Top 17
(October 2024)
KWG Group



3

TOP 28 Retail and Commercial Real Estate Enterprises by Comprehensive Strength in 2024
(December 2024)
KWG Group



4

TOP 38 in 2024 Top 100 Commercial Property Enterprises by Performance
(October 2024)
KWG Group



5

“Golden Coordinate” Award — Outstanding Commercial Real Estate Operator of the Year
(May 2024)
KWG Group



6

“Golden Coordinate” Award — Influential Scenario Marketing Case of the Year
(May 2024)
KWG Group



Awards Received by KWG for the Year



7

2024 Marketing Case Innovation Award

(August 2024)
KWG Group



8

Outstanding New Quality Productivity Enterprise of the Year

(December 2024)
KWG Group



9

Quality Delivery of Real Estate Enterprises of the Year 2024

(December 2024)
KWG Group



10

2024 Real Estate Outstanding Enterprise Performance

(April 2024)
KWG Group



11

Annual Excellent Enterprises with Delivery Power

(January 2024)
KWG Group



12

2024 Annual Innovation Performance in Commercial Real Estate Operation

(October 2024)
KWG • U Fun (Shanghai)



Awards Received by KWG for the Year



13 2024 Top 100 Outstanding Shopping Center Operation Project Teams in China
(December 2024)
Operations Team of KWG • U Fun (Shanghai)



14 Golden Sycamore Enterprises of the Year
(August 2024)
KWG Apartment



15 Global Habitat Design Awards — Silver Award
(June 2024)
Architectural Design | Sales Galleries
Architectural Design Category
Richmond Greenville in Guangzhou



16 2023 Top 30 High-Quality Commercial Projects
(January 2024)
KWG • U Fun (Suzhou)



17 Top 50 Popular Shopping Malls in the 2023 Q4 Winshang.com List
(February 2024)
KWG M • CUBE (Chengdu)



18 Mall China Golden Mall Awards 2023 Sales Star List — Sales Star List of New Media Marketing
(March 2024)
KWG • U Fun (Shanghai)



Awards Received by KWG for the Year



19 Commercial Office Asset Operations Performance Index (Top 30)

(May 2024)
KWG International Finance Place in Guangzhou



20 2024 Annual Innovation Performance in Commercial Real Estate Operation

(June 2024)
KWG • U Fun (Shanghai)



21 2024 CCFA Golden Lily Best Shopping Center Practice Case in Marketing Innovation Theme

★★★★
(July 2024)
KWG Chengdu Commercial
Chengdu U Fun & KWG M • Cube
(Chengdu)



22 Mall China Golden Mall Awards 2024 Outstanding Thematic Consumption Scenarios

(September 2024)
KWG • U Fun (Shanghai)



23 2024 New Landmark in China's Building Economy

(September 2024)
KWG International Finance Place in Beijing



24 2024 New Landmark in China's Building Economy

(January 2024)
International Metropolis Plaza in Shanghai



25 2024 China's Building Economy City Industry Value Benchmark Project

(September 2024)
KWG International Finance Place in Guangzhou



Awards Received by KWG for the Year

2024 ESG-related Awards



1

Xinkuaibo — Impact Project Award at Excellent New Quality Productivity Enterprise and ESG Development Conference

(September 2024)

Landmark Arte Masterpiece in Guangzhou



2

Mall China Golden Mall Awards 2024 ESG Sustainability Excellence List

(September 2024)

KWG Group



Awards and standards for sustainable development	Year	Achievements
MSCI ESG Ratings	2022 (Latest Ratings)	
Sustainalytics ESG Green Finance Framework Evaluation	2021	
Hong Kong Quality Assurance Agency (HKQAA) — “Green Finance Post-issuance Stage” Certificate	2021	
Enterprise Asia's Carbon Champion Programme	2022	<p>“Carbon Reduction Guard International Certification” with a rating of “Standard Level”</p>

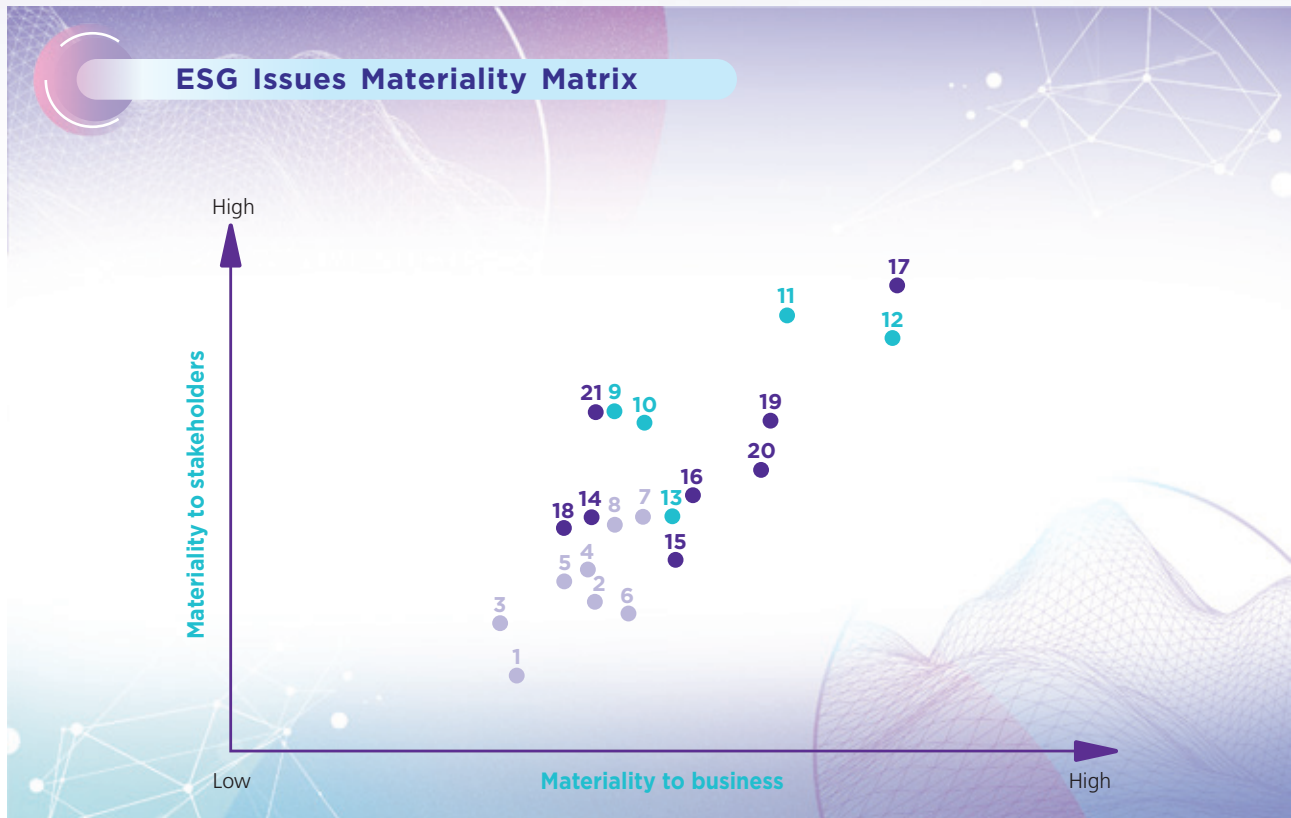
Materiality Assessment

According to the “Environmental, Social and Governance Reporting Code” and in order to determine the key points of disclosure in this report, the Group conducted a materiality assessment to weigh the materiality of each issue to the Group. The Group first identified the issues at the ESG aspects from operating activities and business features. The issues are set out as follows:

ESG Aspects	Issues Concerned
Aspect A1: Emissions	1. Air pollutant emissions
	2. Greenhouse gas emissions
	3. Waste management
Aspect A2: Use of Resources	4. Energy consumption
	5. Resources consumption
	6. Use of production materials
Aspect A3: The Environment and Natural Resources	7. Environmental and natural resources-related risks
Aspect A4: Climate Change	8. Climate risk management
Aspect B1: Employment	9. Equal opportunity
	10. Employee welfare
Aspect B2: Health and Safety	11. Occupational health and safety
Aspect B3: Development and Training	12. Employee development and training
Aspect B4: Labour Standards	13. Preventing child and forced labour
Aspect B5: Supply Chain Management	14. Supplier solicitation process
	15. Supplier evaluation process
Aspect B6: Product Responsibility	16. Customer privacy security
	17. Product quality
	18. Intellectual property rights
	19. Complaint management
Aspect B7: Anti-corruption	20. Anti-corruption
Aspect B8: Community Investment	21. Community participation

Materiality Assessment

The Group management will engage in communication with various stakeholders in the course of the operation to conduct external evaluation, and then discuss each issue internally and give scores according to the degree of relevance and materiality of the issues. Based on the results of internal and external analysis, the Group derives the following matrix of materiality based on the ranking of the issues by the two dimensions of “materiality to stakeholders” and “materiality to business”:











- | | | |
|---|---|------------------------------------|
| ● 1 Air pollutant emissions | ● 9 Equal opportunity | ● 14 Supplier solicitation process |
| ● 2 Greenhouse gas emissions | ● 10 Employee welfare | ● 15 Supplier evaluation process |
| ● 3 Waste management | ● 11 Occupational health and safety | ● 16 Customer privacy security |
| ● 4 Energy consumption | ● 12 Employee development and training | ● 17 Product quality |
| ● 5 Resources consumption | ● 13 Preventing child and forced labour | ● 18 Intellectual property rights |
| ● 6 Use of production materials | | ● 19 Complaint management |
| ● 7 Environmental and natural resources-related risks | | ● 20 Anti-corruption |
| ● 8 Climate risk management | | ● 21 Community participation |

Since the Group is principally engaged in property development, property investment, commercial shopping mall, office, hotel operation businesses, the quality of projects and services have significant weigh in the business, so material issues are concentrated in product quality, occupational health and safety, employee development and training and complaints management. The Group will take into consideration of the materiality matrix in making policy decisions, and allocate resources according to the materiality of each issue to better improve the long-term development strategy of the Group.

1. Environmental Governance and Related Policies

1. Environmental Governance and Related Policies

Material ESG issues addressed by this section are

1		Air pollutant emissions	5		Resources consumption
2		Greenhouse gas emissions	6		Use of production materials
3		Waste management	7		Environmental and natural resources related risks
4		Energy consumption	8		Climate risk management

SDGs issues addressed by this section are



The property industry is one of the industries with the largest carbon emissions in the world. The Group understands and agrees that to meet the challenges of sustainable development and climate change, every enterprise shall assume the responsibility in implementing the sustainable development policies and management. The Group includes ESG-related sustainability concepts in the design, planning, construction and operation process, and actively identifies environmental issues and social development demands in the process, strengthens the communication and cooperation with various stakeholders and devotes its efforts to develop a sustainable future community.

1.1 Green Building Certification

With the advancement of the "Carbon Peaking and Carbon Neutrality" goal, the concept of green sustainability has become a new guideline for China's economic development. In addition to the large volume of carbon emissions generated during the development and construction of a building, there are also very different energy efficiency and emission levels during the operation/occupancy phase after completion due to different designs. As an industry leader in the construction of green and smart buildings, the Group has always attached great importance on the philosophy of green development from building design to construction, and from building planning to project operation. In addition, we have enhanced the intelligent management of our buildings to improve their operational efficiency and reduce unnecessary energy consumption through technological means.

1. Environmental Governance and Related Policies

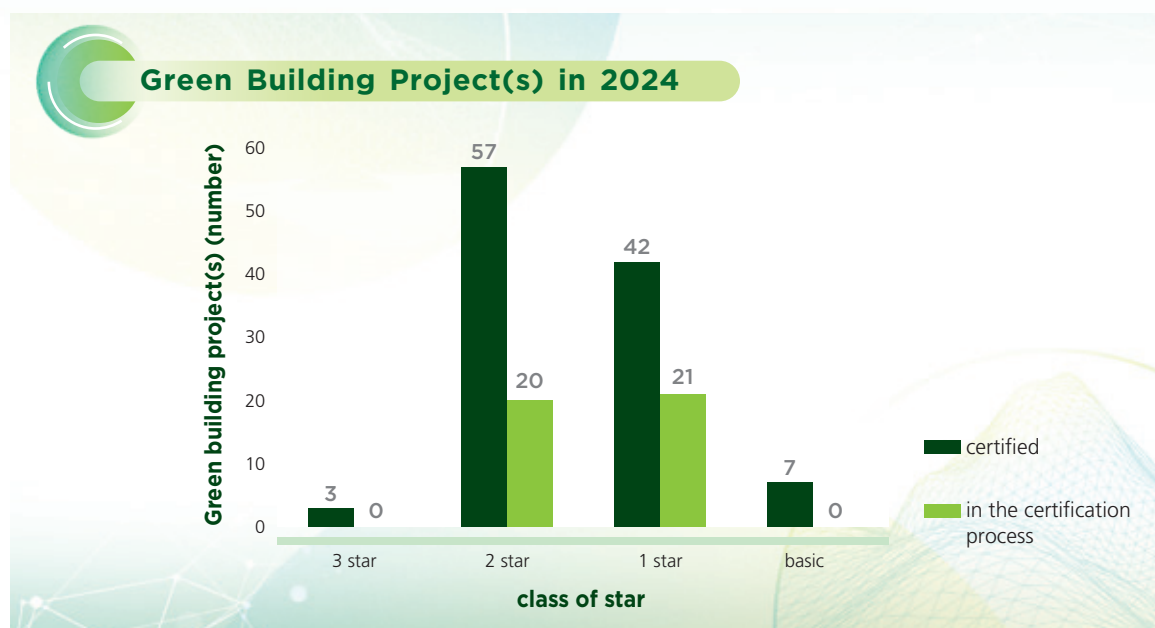


In 2024, we continued to deepen the practice of green building concepts and strived to create a more environmentally friendly and efficient building environment. Under the newly promulgated “Assessment Standards for Energy Conservation and Emission Reduction of Zero Carbon Digital Intelligent Buildings” (《零碳数智楼宇节能降碳评定规范》) during the Reporting Year, International Metropolis Plaza in Guangzhou, a commercial office project of the Group, was awarded the three-star rating of “Zero Carbon Digital Intelligence Pilot Buildings” based on its excellent comprehensive assessment. In the future, the Group will continue to practise the low-carbon concept and create more high-quality project products.



1. Environmental Governance and Related Policies

The Group creates high-quality green buildings in accordance with the “Assessment Standard for Green Building” (《綠色建築評價標準》) and other standards. At present, under the Group’s vigorous promotion of green and low-carbon buildings, In 2024, the Grand Oasis project received the China Green Building Certification Two-Star Standard. As of 2024, there are a total of 109 certified green building projects and 41 projects which are undergoing the certification process in Mainland China. 10 more projects are undergoing certification as compared to that of 2023. Moreover, the Group has been awarded the Green Building Certification (HKGBC BEAM Plus) Provisional Gold Rating by the Hong Kong Green Building Council for The Corniche project in Ap Lei Chau, Hong Kong, and excellence performance achieved in the areas of site and outdoor environment, energy use, indoor environmental quality, and water use, all with credits over 50%.



1.2 Green Finance Framework

Green finance refers to the economic activities to support environmental improvement, climate change response and resources saving and efficient utilisation, that is, financial services for, among others, project investment and financing, project operation and risk management in the fields of environmental protection, energy conservation, clean energy, green transport, green building, etc. to facilitate environmental protection and governance and guide the flow of resources from high-polluting and high-energy-consuming industries to sectors with advanced concepts and technologies.

Adhering to the concept of sustainable development, we officially released the “Green Financing Framework” in 2021, and engaged Sustainalytics, an independent third-party professional rating agency, who provided green certification for the framework and issued a second opinion to express its evaluation opinions, so as to prepare for the issuance of green bonds.


1.3 Green Office

KWG office building can best demonstrate the concept of green practices and environmental protection. Surrounded by the green park outside the office building and adjacent to the ecological environment, it provides employees with fresh air and a comfortable environment, so that employees can get close to the natural environment at any time, reduce fatigue and tension, and improve work efficiency.

1. Environmental Governance and Related Policies

Green building elements are also fully considered in the design and construction of the office building to ensure a comfortable office environment from the aspects of building orientation, window to wall ratio and natural lighting utilisation. In order to ensure indoor air quality, the Group's commercial office division complies with the international green building standards, and have built a 24-hour non-stop fresh air system in the office area, as well as a high-standard VAV air conditioning system with a haze removal effect of up to 93% to filter the indoor micro-particles such as PM2.5 and harmful gasses such as formaldehyde and benzene, so as to create a comfortable office environment for users. In addition, the office buildings under the Group's commercial office division adopt the 270° panoramic LOW-E quality glass, increasing the use of natural lighting to reduce the dependence on artificial lighting, while effectively eliminating outdoor noise and preventing wind and dust to ensure the high quality of the indoor environment. At the same time, the office buildings actively adopt facilities and equipment that meet environmental protection standards, including air purification equipment, intelligent elevator control system and sanitary ware that meet first-class environmental protection standards. The Group actively forges more high-quality green buildings. For details, please refer to the section headed "Green Buildings" in this report.

As an industry leader in green and smart buildings, in addition to project development and operation, the Group also pays attention to the use of resources and carbon emissions in its own offices, formulates a series of office management systems, and requires the Group's employees to follow in order to create a green and harmonious office. The Group hopes to bring the concept of environmental protection into daily office life, so that employees can clearly understand and identify the concept of green and low-carbon practices. The followings are some of the green office policies and measures implemented by the Group:

Environmental measures	
<div><div><div>Reduce electricity consumption</div><div></div></div><div><ul style="list-style-type: none">• For offices with air-conditioning, the temperature of the air conditioners should not be lower than 26°C in summer and should not be higher than 18°C in winter• The lighting in the respective office area after work must be confirmed to be switched off, only switch on emergency and lighting for monitoring, and set up a regular office inspection system• LED light is used in facade lighting of buildings instead of traditional high pressure floodlight• LED light is used in basement parking lot, and minimum lighting is turned on according to parking volume• Switch off the power of computer equipment and drinking machine after work• Only two lifts are reserved for operation from 22:00 p.m. to 7:00 a.m. on working days and all day on Saturdays and Sundays</div></div>	

1. Environmental Governance and Related Policies

Environmental measures

Reduce water usage



- Put up labels for water conservation near the sink in the pantry to remind employees to reduce water use
- Examine water valves, water taps and flush toilets on a regular basis to prevent water dripping and water leakage
- Install water-saving appliances such as sensor faucets

Reduce paper usage



- Encourage employees to make duplex copies and printing is automatically set to duplex mode
- Implement paperless office and encourage documents to be signed online
- Promote paperless meetings by transforming printed agenda to online agenda

Waste treatment



- Provide food waste bins, recyclable trash bins, non-recyclable trash bins and hazardous trash bins
- Provide professional treatment of electronic waste in accordance to statutory requirements and relevant guidelines
- Hire professional cleaning company(ies) to sort out and recycle garbage in accordance with government requirements

Reduce carbon emission



- Use first-grade oil fume purification equipment, which is maintained by professional maintenance personnel every quarter. After purification, the oil fume is discharged to the public oil fume pipeline, and then discharged into the air after reaching the emission standard
- Use online conference to substitute some of the business trips so as to reduce greenhouse gas emissions caused by travel

1. Environmental Governance and Related Policies

Special Topic

Cases: Guangzhou Nanwai Experimental School (廣州市南外實驗學校)**Putting Green Campus into Practices through multi-dimensional measures**■ **Waste Management and Disposal**

Guangzhou Nanwai Experimental School (廣州市南外實驗學校) attaches great importance to the management of hazardous and non-hazardous waste on campus. The teaching laboratories are used for teaching purposes only. The school has signed a contract in respect of the disposal of hazardous chemicals, and the relevant wastes were disposed of regularly in strict accordance with the requirements to ensure safe and compliant disposals and that no environmental pollution would be resulted therefrom. The Infirmary has signed the "Medical Waste Disposal Agreement" with a professional organisation for proper management of medical wastes, which effectively prevented potential environmental risks and practically safeguarded the health of teachers and students as well as the safety of the campus environment, demonstrating the school's prudent approach and high sense of responsibility towards waste management.

■ **Indoor and outdoor air quality control**

Adhering to the philosophy of creating a healthy learning environment for teachers and students, the school strictly manages its indoor and outdoor air quality. According to the professional "Indoor Air Quality Inspection Report (7 dormitories + 45 teaching buildings) (室內空氣品質檢測報告(7宿舍+45教學樓))", the school targetedly optimised the campus ventilation system and maintained regular maintenance of the air-conditioning equipment to ensure that the air quality would be up to standard. Through these measures, a comfortable and healthy teaching and living environment was created for teachers and students, enabling them to focus on teaching and learning in fresh air with enhanced quality of their school lives.



1. Environmental Governance and Related Policies

Special Topic

■ Environmental Protection and Ecological Conservation

The school pushed forward its work in relation to environmental protection and ecological conservation in multiple dimensions. On the one hand, the school conducted environmental education to popularise environmental protection knowledge through lessons and class meetings, so as to cultivate the awareness of environmental protection among teachers and students. It also implemented waste separation by setting up waste separation bins to guide proper disposal of rubbish. Through the implementation of greening measures in the campus and the transformation of abandoned land into planting gardens, coupled with the planting activities organized on Tree Planting Day, green areas have been increased effectively. On the other hand, the school promoted the use of energy-saving equipment, and educated teachers and students to save water and electricity and reduce waste of resources. Activities such as environmental handicrafts and knowledge quests were organised to reinforce the environmental practices. The school also divided the cleaning area according to different classes so that they can clean the campus regularly to keep it clean and tidy. Plants have been taken care of properly to maintain the ecological system of the campus. Through these all-rounded measures, the school has been building a green campus and ensuring that the concept of environmental protection will be deeply rooted in everyone's heart, so as to create a harmonious and beautiful campus environment.



1. Environmental Governance and Related Policies

Special Topic**Case Study: Environmental Management of KWG M • Cube (Chengdu)****Optimisation of Environment and Upgrade of Quality**

KWG M • Cube (Chengdu) has proactively taken multiple measures in respect of environmental management to improve the quality of projects. In 2024, to address the problem of mosquito breeding in spring and summer, the project team has added new anti-mosquito and anti-fly equipment at the main entrance and air vents of each floor, which are prone to mosquitoes and bugs, which effectively reduced the number of mosquitoes and bugs, thereby creating a more comfortable environment for the merchants and customers.



Meanwhile, to address the problem of poor drainage of the sewage pipes in the car park, the project team has carried out partial adjustments and renovations in mid-2024 to optimise the sewage pipes and pressure sewage pipes, which has improved the environment and air quality of the car park. These measures not only solved the actual environmental problems, but also demonstrated the project team's emphasis on environmental protection and sustainable development, hence enhanced the overall image and competitiveness of the project.

Smart office

The Group is constantly improving, keeping abreast of the times with new technologies and new thinking, and using innovative methods to improve business processes efficiency. At the same time, the technologies strengthen the internal control of the Group by improving the security of internal information, and reduce costs and increase efficiency through digitalised management.

SAP Financial System

With SAP as the core structure, the digital management system integrates the procurement, cost, planning, sales, cost control, accounting and capital systems internally to achieve the online management and control of business and finance, including the total closed loop process management from payables to payments based on contracts and the total online management from receivables to settlement based on housing resources. While improving efficiency and saving manpower, the SAP financial system ensures corporate internal monitoring. Its advantages include the total process management of standardising processes, strengthening cost payment control, standardising the management of claims, deductions, and deposits and margin, and improving accounting automation, realising the automatic generation of vouchers for reimbursement and cost payment, improving the process of monthly balance and accounting accuracy quality.

The SAP system is a sustainable system. All the data and parameters it collects serve as a reference and predictive function for future industry trends. To this end, the Group can adjust future business plans and sustainable development strategies to achieve new risk management level.

1. Environmental Governance and Related Policies

Human Resource System

Based on SAPHCM, we have established a new generation of human resources digital platform combining with the IBM innovative solutions. When meeting the rapid development of diversified businesses and supporting rapid organisational transformation, we have achieved the digital coordinated development of human resources, finance and materials. By simplifying business process and improving efficiency, on one hand, the human resources system highlights the value and standard of KWG in its rapid business expansion, and on the other hand, it helps analysing business data and discovers the value of the data and will be beneficial for business improvement.

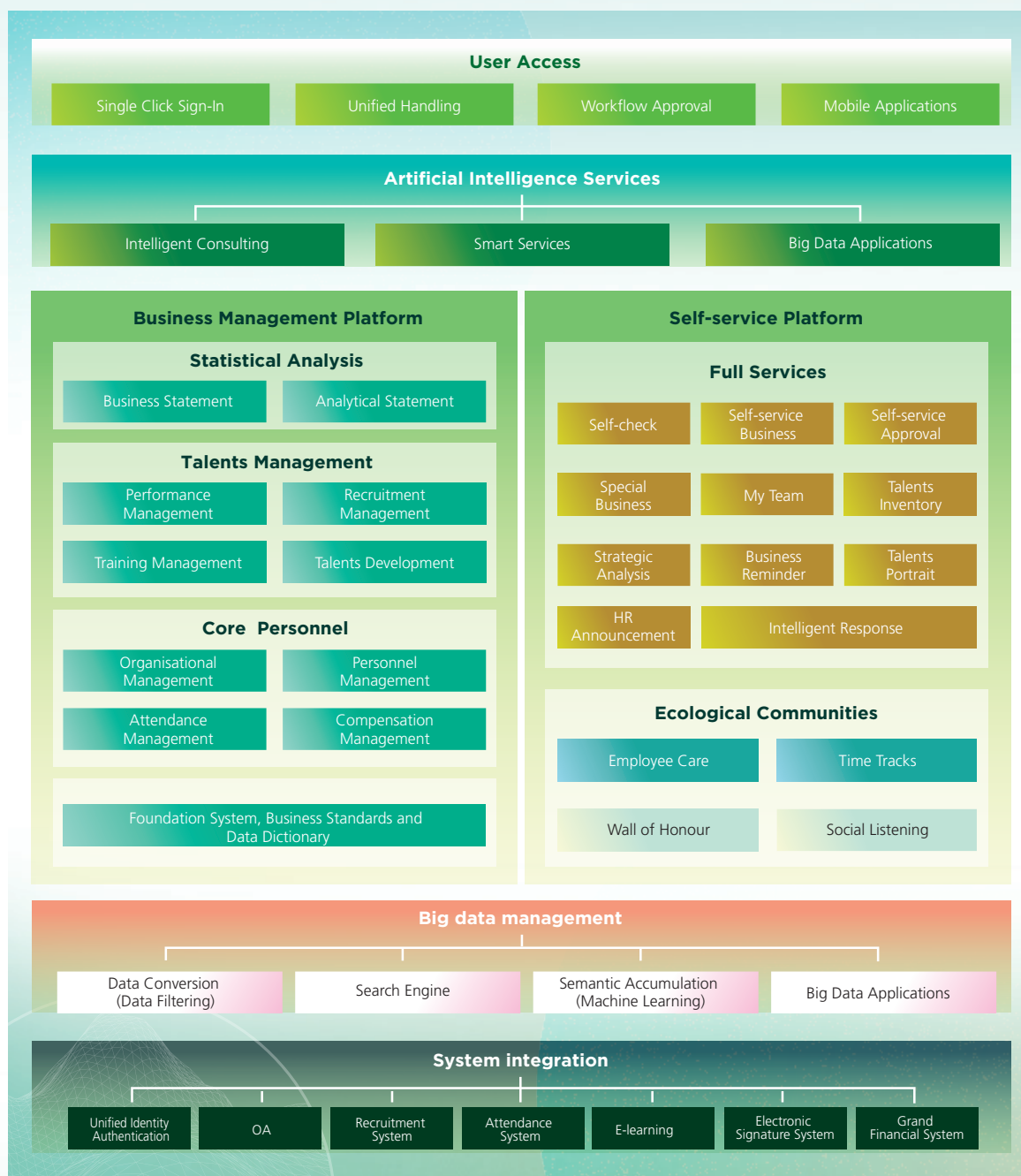
Special Topic

Case: Building an Advanced DHR Digital Platform Powered by Digital Transformation

The Group's human resources management division actively embraced the change of the times under the trend of corporate development empowered by digitalisation. As the millennials and post-95s, both being the main workforce in the future, are closely connected to social media and mobile phones, the application of digital technology in human resources management will help to enhance the Group's attractiveness to employees from these generations and boost its corporate competitiveness. In view of the rapid development of the Group's business with multiple segments, it has become increasingly difficult for the existing information platform to meet the relevant demands in various aspects. As such, the Group launched the DHR digital platform for human resources, striving to create a closed loop for digital management of human resources and empower the development of talents at all levels, thereby injecting strong momentum for the execution of corporate strategies, and driving the Company to march forward steadily amidst the wave of digitalisation.



1. Environmental Governance and Related Policies

Functional Framework of Future KWG DHR System

1. Environmental Governance and Related Policies

“CoKWG Premium Houses (一合好房)” App

In 2022, we have established the online house-selling platform “CoKWG Premium Houses” to explore the new mode of online marketing, and realised the functions such as pre-purchase marketing, video house tour, VR house tour, online house selection and online purchases, enabling users to complete the entire house purchase process without having to leave their home. In 2024, we coordinated key marketing milestones and developed sales strategies and plans. Through event coordination and policy support, we maximized resource efficiency and built marketing momentum. Key events such as the Spring Thunder Action, Storm Action, Super Hot Home Purchase Festival, Breakthrough Golden Autumn, and Warm Winter Action laid the foundation for breaking through or achieving sales success. At the same time, through platforms like Douyin, Toutiao, Xiaohongshu, WeChat Video Channel, and the WeChat Mini Program “CoKWG Premium Houses”, we achieved a breakthrough in promotional traffic scale through private-public domain collaboration and content ecosystem reconstruction. For example, from October to December 2024, the number of live broadcast sessions exceeded 1,837, with cumulative exposure of nearly 400,000 times. Online promotion generated approximately 3,000 posts, with a total exposure of about 2.1 million times, providing a low-cost promotional pathway for online marketing.

1.4 Environmental Policy

To actively respond to the government’s philosophy, actions and goals for environmental protection, we are committed to managing and mitigating the impact on the environment during our daily operations, and fulfilling our obligation as a corporate citizen. Specific environmental policies established by the Group include:

1. Assess the impact of business operations on the environment and set environmental protection goals to minimise the potential impact on the environment;
2. Advocate the use of environmentally friendly materials and new technologies in design, construction and daily operation;
3. Provide sufficient resources to set, oversee and regularly review the Group’s approach and targets of environmental protection;
4. Organise environmental education and training on a regular basis to enhance employees’ environmental awareness;
5. Take comprehensive consideration of environmental factors in formulating relevant policies for procurement management;
6. Encourage employees, contractors and suppliers to fulfill their responsibilities towards the environment and practise their commitment to environmental protection;
7. Formulate environmental protection policies and standards, and incorporate relevant industry experience in environmental protection into daily management;
8. Share the Group’s environmental protection policies and management strategies with partners including employees, contractors, suppliers, etc.

We will evaluate this environmental policy in due course or at least every three years.

1. Environmental Governance and Related Policies

Special Topic

Case Study: KWG Centre in Tongzhou, Beijing

Holistic Implementation of Waste Separation

With a focus on waste separation and management, the project team of KWG Centre in Tongzhou, Beijing made reasonable arrangement for the collection of waste in terms of time and routes. Scientific collection schedules and routes have been established based on the community's actual conditions. For instance, food waste were collected on a daily basis, while other waste types were collected at specified intervals

to enhance the collection efficiency. Collection procedures have been standardized such that waste collectors were required to collect waste after separation, prevent mixed collection, maintain cleanliness in the work area, and use sealed transport vehicles to avoid spillage.

The project team set up suitable sorting facilities within the community with waste separation collection points which house different types of bins with clear labeling.

The project promoted and disseminated waste separation knowledge through community bulletin boards, owner groups, community events etc. to guide residents on the correct way to sort and dispose of waste, thereby promoting waste separation in all aspects and enhancing the quality of the environment of the community.



1. Environmental Governance and Related Policies

1.5 Energy and Resources Policy

As consumers are increasingly concerned about green, environmental protection and health, the Group is fully aware that, as a property operator, focusing on the use of energy and green development is in line with China's "Carbon Peaking and Carbon Neutrality" goals, while helping the enterprise to reduce costs and increase efficiency and enhancing market competitiveness with high quality construction, thereby contributing to the sustainable development of the industry. The Group is committed to enhancing energy efficiency and minimising the use of energy. At the same time, the Group makes rational use of natural resources in its production and operation activities to minimise wastage of resources. In some of the projects, the Group has renewed and replanted depleted and disadvantaged plants to promote the recycling of resources and to protect the ecological environment.

Specific energy and resources policy include:

1. Take full consideration of energy efficiency in planning, design, construction and operation;
2. Encourage our partners to improve energy efficiency to reduce environmental impact;
3. Take full consideration of energy efficiency and impact on the environment in formulating procurement policies;
4. Develop and adopt advanced construction technology and office systems to improve the energy conservation efficiency of the Group;
5. Ensure adequate information and resources to set, oversee and regularly review energy policies and targets;
6. Conduct training on energy policy on a regular basis to enhance employees' awareness of energy conservation in daily work and life;
7. Comply with relevant legal requirements and adopt best practices in the industry in daily operations and services.

We will update this energy policy in due course or at least every three years.

1. Environmental Governance and Related Policies

Special Topic

Case Study: Energy Saving Measures of Chengdu International Commerce Place

The project team of Chengdu International Commerce Place actively practiced the concept of energy saving and consumption reduction, and improves the efficiency of energy utilisation through intelligent management measures. In terms of the management of air-conditioning system, the project team precisely adjusted the on- and off-time of the central air-conditioning equipment of M3 and M6 office buildings according to the local temperature every day, effectively reducing unnecessary energy consumption and saving electricity charges of RMB80,000. During the Spring Festival, the Labour Day, the National Day and other sub-long holidays, the project implemented energy-saving control measures for the 19 elevators of the office buildings, among which 13 elevators were reasonably shut down to reduce the number of elevators in operation, thereby further reduced electricity consumption and hence saving electricity charges of RMB10,000. These measures not only lowered the operating costs and reduced carbon emissions, but also demonstrated the project's emphasis on and commitment to energy conservation and environmental protection, making contributions to sustainable development.

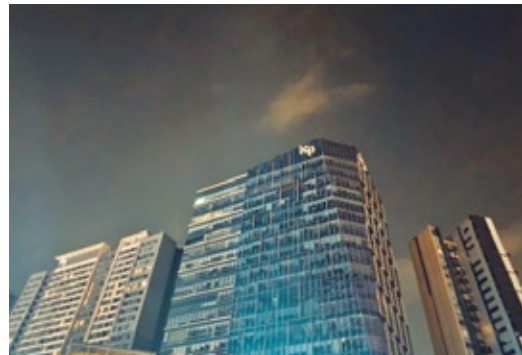
In addition, the project team actively implemented the concept of energy saving and consumption reduction, and has taken various measures to promote works in relation to energy saving and emission reduction. In terms of equipment upgrades, the M4 Apartment has installed new energy-saving water pumps for the upper and middle floors, which effectively improved water supply efficiency and reduced energy wastage. Sensor lights were installed in the floor pantry of the M6 office building, which were switched on or off automatically according to the activities of the staff, thus avoiding excessive standby lighting and saving a certain amount of electricity each year. In terms of environmental protection activities, the project actively participated in the "Earth Hour 2024" event to promote the concept of environmental protection and raise the staff's awareness of energy saving through the short lights-out activity. These energy-saving measures not only lowered the operating costs of the project, reduced carbon emissions and contributed to environmental protection, but also demonstrated the project's emphasis on and commitment to sustainable development.



New energy-saving water pumps shared by upper and middle floors of the M4 Apartment



Sensor lights were installed in floor pantry of the M6 office building



Earth Hour 2024

1. Environmental Governance and Related Policies

1.6 Biodiversity Policy

Mankind are not the only beings in the world. If certain members of the natural ecology disappear, it is likely to have a significant impact on all of our current comfortable living conditions. It is our duty to make our best efforts to preserve biodiversity. We commit to:

1. Encourage the Group to conduct site selection-related biodiversity assessments for new developments in which the Group has a controlling interest;
2. Not to conduct any operations/explorations/mining/drilling in World Heritage areas and International Union for Conservation of Nature category IV (IUCN-IV) Protected Areas;
3. Adopt mitigation hierarchical structure (avoidance, minimisation, restoration and offsetting) when conducting activities in areas with globally or nationally significant biodiversity;
4. Minimise the adverse impacts of business operations on biodiversity and ecosystems, including promoting the sustainable use of natural resources essential to biodiversity;
5. Support appropriate biodiversity and conservation programmes;
6. Improve the awareness of biodiversity and conservation of employees, customers, suppliers and those who have business dealings with the Group;
7. Facilitate ecosystem restoration in areas that have a significant impact on business operations.

Special Topic

Case Study: KWG Centre in Tongzhou, Beijing

Conservation of Valuable Trees and Optimisation of Community Ecology

The project team of KWG Centre in Tongzhou, Beijing focused on the conservation of valuable trees in the community and has adopted proactive and effective measures in this regard. Firstly, it has clearly defined the scope of conservation and put up protection signages around valuable trees to prohibit construction or other destructive behaviours within the protected areas, so as to ensure an undisturbed environment for the growth of trees.



At the same time, professional landscaping personnel were arranged to perform regular maintenance of trees, including trimming, watering, fertilizing, disease prevention and pest control, ensuring the healthy growth of the trees. These measures demonstrated this project's emphasis on and protection measures for the ecological environment, which not only helped to enhance the greening quality of the community, but also created a more beautiful and comfortable living environment for the residents, thereby realising the benign interaction between economic development and ecological protection, and contributing to sustainable development.

1. Environmental Governance and Related Policies

1.7 Waste Management Policy

We strive to effectively manage and reduce waste throughout our business operations through the design, construction and daily management of our buildings. Specific policies include:

1. Take comprehensive approach to evaluate the impact of wastes generated in various business activities, including daily office, building construction, demolition projects, and formulate relevant goals to improve the Group's waste;
2. Devise our internal standard requirements for waste management in accordance with relevant industry standards, and incorporate the best practices in the industry;
3. Formulate, oversee and regularly review the Group's waste management goals and targets;
4. Publish the relevant results of waste management to the public by disclosing the progress towards achieving the waste management target on an annual basis;
5. Take into account waste reduction as one of the factors in our procurement process, and encourage the use of recycled or upcycled materials;
6. Convey our waste management policies and requirements to our partners including employees, suppliers and cooperative entities;
7. Encourage employees, suppliers and cooperative units to reuse, recycle and upcycle, and reduce daily waste generation where feasible.

We will also evaluate and update this waste management policy in due course or at least every three years.

1. Environmental Governance and Related Policies

Special Topic

Case Study: Waste Separation of Chengdu Yunshang Retreat**Multi-dimensional Measure for Waste Separation and Environmental Governance**

The project team of Chengdu Yunshang Retreat actively implemented waste separation and has adopted various measures to press on with the relevant works. During the year, it set up two additional waste separation and collection sites, reasonably arranged the time and routes for waste collection, and formulated scientific collection schedules and routes. For instance, food waste were collected on a daily basis, while other waste types were collected at specified intervals to enhance the collection efficiency. Collection procedures have been standardized such that waste collectors were required to collect waste after sorting, prevent mixed collection, maintain cleanliness in the work area, and use sealed transport vehicles to avoid spillage.

At the same time, suitable sorting facilities were set up within the community with waste separation collection points which house different types of bins with clear labeling. In addition, the project promoted and disseminated waste separation knowledge through community bulletin boards, owner groups, community events etc. to guide residents on the correct way to sort and dispose of waste. These measures have effectively enhanced the quality of the environment of the community and promoted recycling and reuse of resources, demonstrating the project's emphasis on and commitment to environmental protection and sustainable development.



1. Environmental Governance and Related Policies

Special Topic

Case Study: Waste Recycling of Chengdu International Commerce Place**Actively put recycling and reuse of waste into practice**

The project team of Chengdu International Commerce Place actively implemented the concept of resource recycling and environmental protection, and has taken a number of measures to promote the management of waste and old materials. This project has set up a long-term recycling point for used lithium batteries to collect the waste batteries separately and hand them over to the environmental sanitation units for special treatment, which effectively prevented pollution to the environment caused by hazardous substances.



Meanwhile, the project actively promoted the management of recycling of waste and old materials. Firstly, it has set up a used A4 paper collection point for storing used A4 paper, which are used for daily drafts, affixing payment information, etc., thereby realising secondary use of paper. For the furniture discarded by owners or tenants of office buildings and apartments due to relocation, the project team actively liaises with other tenants of the building for internal repurposing of the furniture, which facilitated the reuse of furniture and reduce the disposal of waste furniture. These measures not only reduced wastage of resource, but also enhanced the environmental standards of the project, contributing to sustainable development.



1. Environmental Governance and Related Policies

1.8 Climate Change Policy

As a leading integrated urban operator in China, we endeavour to protect the environment and are committed to minimising the impact of all our activities on the environment. We will adopt the following principles:

1. Reduce carbon footprint by setting and implementing long-term carbon reduction targets;
2. Protect natural resources, save energy, reduce and recycle waste, in order to reduce pollution and carbon emissions;
3. Increase the use of renewable energy through in-site power generation, purchasing renewable energy and other feasible methods;
4. Conduct ongoing environmental improvement by setting environmental protection targets and indicators;
5. Take into consideration climate change factors in the procurement process and encourage the use of low-carbon and energy-efficient products and materials;
6. Educate and enhance the environmental protection awareness of employees, cooperative entities and contractors through regular training and convey relevant environmental protection policies through internal and external communication channels;
7. Develop appropriate operating procedures and measures to prevent or reduce the damage that climate change can cause to the Group, and seize the relevant opportunities brought about by climate change;
8. Comply with all relevant environmental protection laws and other relevant environmental protection requirements, and strive to achieve higher standards to the extent practicable;
9. Map out emergency management plans to respond to extreme weather events caused by climate change;
10. Strengthen response ability and oversee the impacts of climate change on our business and carbon management targets of the Group;
11. Engage with stakeholders such as employees, suppliers and local communities to convey the information of the impacts of climate change and the Group's climate change strategy to empower them to enhance their resilience to climate change.

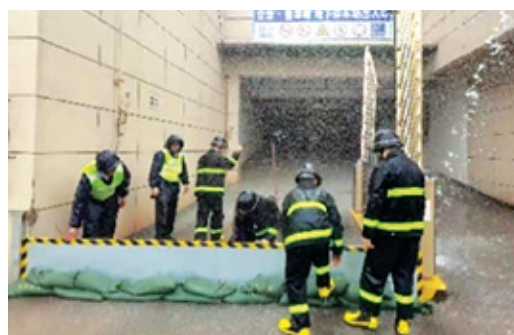
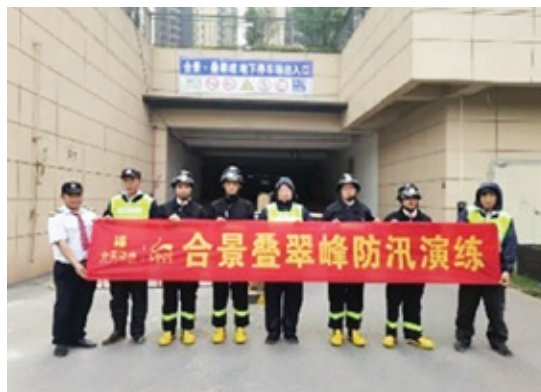
We will also review this climate change policy in due course or at least every three years.

1. Environmental Governance and Related Policies

Special Topic

Case Study: Emerald City in Nanning**Enhancement of Emergency Response Capabilities for Emergency Management of Flooding from an ESG Perspective**

In order to enhance the emergency response capability of the team, the Emerald City project launched training on handover of night shift personnels and the emergency response plan for prevention of typhoons and floodings. During the training, the handover process for night shift personnels and points to note were explained in detail to ensure accurate transfer of information and seamless handover of work. The training on emergency response plan for prevention of typhoons and floodings covered the preparation before the arrival of typhoons and floodings, the response during the arrival of typhoons and floodings, and the restoration work afterwards, including the preparation of materials, inspection of facilities and equipment, division of labour and cooperation of staff, and safety precautions, etc. Through these training, the staff's emergency response capabilities have been enhanced, laying a solid foundation for effectively responding to extreme weather conditions such as typhoons and floodings, as well as safeguarding the normal operation of the project and the safety of the staff.



1. Environmental Governance and Related Policies

Special Topic**Case Study: 2024 Flood Prevention Drill of KWG Center****Building a solid safety defence line: 2024 Emergency Response Drill for Prevention of Flooding of KWG Center**

On 6 May 2024, the project team of KWG Center successfully organized a flood prevention drill, with 35 staff members actively participating. The drill, organized by the emergency team of the project team, was well-prepared and executed in an orderly manner. All departments responded positively, cooperating seamlessly, and largely achieved the expected objectives. The drill strictly followed the flood prevention emergency plan, with each phase closely connected. Relevant personnel quickly began flood prevention guidance, effectively sealing off the machine rooms and tenant areas to prevent water ingress, promptly treating injured individuals, and methodically guiding tenants to safety.

Through this drill, staff awareness of safety precautions was significantly enhanced, and emergency response capabilities were effectively improved. The ability to respond to sudden flood-related incidents became more mature. Additionally, the emergency team's quick response skills and the collaborative emergency rescue capabilities of different departments were fully tested, leading to remarkable results from the drill.

Response to Climate Change

As a leading integrated urban operator, the Group has been actively responding to climate change. In addition to formulating and continuously improving its climate change policies, the Group has also taken practical actions in various project development and operation management, including but not limited to site layout, design and construction, and operation management, etc. The Group has made use of green and intelligent management methods to achieve the whole life cycle of green operation, optimise energy and resource management, and create a beautiful living space that is ecologically friendly and environmentally sustainable.

Governance

The Group's ESG Committee is responsible for overseeing climate-related issues and risks. It regularly obtains information from the ESG Working Group on the Company's response to climate change and considers climate change-related risk factors when formulating and improving the Company's development strategy. Our ESG Working Group, comprising senior management from different business segments, is responsible for overseeing the implementation of climate change initiatives by each division, assisting the ESG Committee in assessing the effectiveness of its climate strategy and initiatives, and reporting to the Audit Committee. The relevant ESG working groups will develop specific action measures in accordance with the relevant directives and implement cross-departmental collaboration where necessary.

1. Environmental Governance and Related Policies

To ensure the effectiveness of climate change management, our ESG Committee regularly monitors and reviews the Company's management policies and measures relating to climate change and the progress of implementation, and gives advice on risk management and reports to the Audit Committee, which in turn reports to the Board, in a bid to ensure that they are in line with the Group's strategic objectives and business needs, and to ensure the healthy operation of the Company's business.

Special Topic

Case Study: Environmental Management for Climate Change Risk of Chengdu U Fun

1. During the rainy season, the project reinforced the trees around the mall, prepared flood control sandbags and related materials, and promptly disinfected the public areas after heavy rainfall.
2. During the abnormal extreme high temperatures in August and September 2024, the electricity was in short supply. In response to this climate change, the project team formulated measures such as shutting off 1/4 of the parking lot lights, turning off outdoor water features, and switching off LED and other electrical equipment, so as to minimize electrical load and reduce energy consumption while ensuring the operation of the mall.



1. Environmental Governance and Related Policies

Strategy

The Group is fully aware of the actual and potential impacts of climate-related risks on our business, strategic planning and other aspects. During the reporting year, in order to better assess the impacts of climate change on our business, we used publicly available climate scenarios and related parameters published by the Intergovernmental Panel on Climate Change for analysis, and selected SSP1 ("Taking the Green Road"), and SSP5 ("Taking the Highway") from the Shared Socioeconomic Pathways (SSP), for the climate scenario analyses¹, which covered all the Company's operations. In future, we will continue to refine our strategic measures in the light of the impact of climate change risks and opportunities on our business development.

Types of Risks	Impact Analysis	Risk Prevention and Mitigation Measures
Physical Risk		
Acute physical risk	Short-term acute climate change events, such as heavy rainfall, floods or heat waves, may suspend work on the Company's property development projects, resulting in prolonged construction periods. The health and safety of workers may be threatened. Facilities and equipment of some of the projects under construction/completed may be damaged. Under these circumstances, the maintenance and operating costs of the Company will increase	<ul style="list-style-type: none"> At the site selection, development, design and construction stages of the project, we will actively consider green building factors and select the environmentally friendly suppliers. At the same time, we will strengthen safety training for construction personnel and establish a sound and effective early warning system to stop the relevant operations in times of acute inclement weather The Project Department pays special attention to rows, deep foundation pits, high slopes, construction barriers and material stockpiles outside the construction sites to prevent geological disasters such as landslides caused by construction works When the project is completed and in operation, we will regularly monitor environmental changes, conduct safety emergency drills and training in advance for flood and typhoon prevention, and increase procurement of green intelligent equipment according to the trend of climate change

¹ Shared Socioeconomic Pathways (SSP) information is made reference from the official information in the SSP database of the International Institute for Applied Systems Analysis (IIASA) as set out in the Hong Kong Stock Exchange's "Guidance on Climate Disclosures". SSP1 is a low emission scenario where companies face strict climate change policy interventions, and companies are more exposed to policy regulation and are more susceptible to Transition Risk. SSP5 is a high-emission scenario for enterprises facing no climate change policy intervention, in which the company is more exposed to acute and chronic physical risks from nature, and is more susceptible to Physical Risk.

1. Environmental Governance and Related Policies

Types of Risks	Impact Analysis	Risk Prevention and Mitigation Measures
Chronic physical risk	Long-term climate change, such as persistently high temperatures, may reduce people's willingness to travel, affect property sales and leasing and shopping mall marketing activities, as well as increase the frequency and duration of use of air-conditioning and other cooling facilities, and some aged equipment may need to be repaired or replaced, which will lead to an increase in the operating costs of the Company	<ul style="list-style-type: none"> During the hot season, the Group appropriately adjusts its sales and leasing strategies, strengthens its online marketing and virtual viewing services, and launches promotional activities to attract potential customers Adopt intelligent equipment to monitor and analyse the use of energy and resources, promote the concept of energy saving and environmental protection, and raise the awareness of energy saving among staff and customers The Group continuously monitors the structural and material conditions of buildings in hot weather and takes timely measures to do the maintenance Enhancement of emergency drills on high temperature weather for management staff
Transition risk		
Policy and legal risk	As the Chinese government has proposed the goal to achieve "carbon peak" by 2030 and become "carbon neutral" by 2060, and the construction industry has proposed requirements and standards for energy efficiency in buildings, the Group needs to update and implement relevant internal management measures in accordance with the relevant requirements	To keep abreast of the development of national and regional policies, laws and regulations, to strengthen communication and exchange with regulatory authorities and stakeholders, and to continuously improve our internal management policies and measures
Technology risk	Against the backdrop of the PRC's national goal of "Carbon Peaking and Carbon Neutrality", the Group has seen a gradual increase in the demand for improved energy utilisation and low carbon environmental protection technologies, which has resulted in an increase in the Group's additional construction costs for the procurement and replacement of facilities and equipment due to the change in demand. At the same time, if the Group needs to enhance the application of green and low-carbon technologies, the operating costs will increase	Increase the proportion of choosing green suppliers, strengthen the application of green building technologies and continuously enhance the consideration of green building elements in construction

1. Environmental Governance and Related Policies

Types of Risks	Impact Analysis	Risk Prevention and Mitigation Measures
Market Risk	As people become more aware of sustainability, the Group's green, low-carbon and environmentally-friendly performance is more likely to be noticed by stakeholders, which may affect the purchase rate, shopping mall foot traffic, etc., and create uncertainty for the Group's operating efficiency	Enhance the practice of green and low-carbon environmental protection behaviours, and actively publicise the Group's excellent ESG performance to strengthen the corporate green and low-carbon image
Reputation Risk	With the growing awareness of environmental protection through green and low-carbon lifestyles, there is a growing preference for low-carbon consumption. The services/products provided by the Group need to meet the changing consumer needs	Enhance the promotion of low-carbon environmental protection activities and publicise low-carbon environmental protection measures to strengthen the Group's reputation.

Risk Management

The Group actively responds to climate change by implementing a series of management measures in accordance with the development of projects, including but not limited to mitigating, transferring, accepting or controlling these climate-related risks. The Group has formulated and continuously improved relevant preventive and mitigation measures in accordance with the climate risks identified, with a view to achieving effective risk management.

Metrics and Targets

In accordance with national and regional policy dynamics and its own business, the Group has formulated the target of publishing the relevant data on the Company's GHG emissions pursuant to the relevant guidelines of the Stock Exchange to the public on an annual basis, with a view to optimising the management of GHG emissions data. In the future, the Group will continue to improve the relevant climate risk management metrics and targets to ensure the healthy and sustainable development of the enterprise.

1.9 Water Resources Management Policy

Water resources are one of the essential resources that the society depends on for survival, and the protection of water resources is of growing importance. We are committed to effectively managing water resources and reducing water consumption in our business operations.

Under the water management policy of the Group:

1. Design and adopt efficient water management measures in the construction, operation and maintenance of new and existing projects to constantly improve the Group's performance in water consumption;
2. Ensure adequate information on the use of water to set, oversee and regularly review water use policies and targets;
3. Comply with all legal requirements in relation to water resources and incorporate the best practices in the industry into our operations and services;

1. Environmental Governance and Related Policies

4. Adopt technologies, processes and systems that facilitate us to maintain a high-quality water supply to achieve desired goals; and
5. Increase tenant engagement and educate staff to encourage them to take responsible attitudes in the use of water.

We will update this water management policy in due course or at least every three years.

1.10 Green Living

The Group actively leverages its scale of operations and customer network to promote green lifestyles and actively promote related concepts through various community activities, collaborations, and technology applications. In addition, the Group will continue to implement the concept of sustainable operation and management, consider introducing intelligent and information technology tools to strengthen the data collection on energy consumption of buildings and facilities, so as to improve resources efficiency, and create a low-carbon and green life and business environment.

Based on the community design concept of a project, the Group has set up the facilities required by customers as far as possible within walking distance, such as schools, supermarkets, and recreational facilities, so that customers can more easily practise low-carbon life. In some projects, the Group even provides shuttle buses for customers to travel to and from the frequently accessed places. The Group hopes to give customers various transportation options to reduce the use of private cars, and encourage everyone to take public transportation without affecting the efficiency of transportation, thereby reducing the GHG emissions from transportation. In addition, project managers will visit households as scheduled, promote the relevant knowledge of energy conservation and emission reduction to the hands of each household owner, carry out energy conservation knowledge popularisation initiatives, so that the owners may understand the importance of energy conservation more deeply. Different projects will hold energy-saving related activities from time to time, such as fun games, public welfare movies, parent-child activities, etc., so that people from all ages can give a hand on energy conservation and environmental protection, and cultivate children's awareness of green environmental protection when they are young.

1. Environmental Governance and Related Policies

Special Topic**Case Study: Waste Separation of Chengdu U Fun****Optimisation and Implementation of Waste Separation System**

The project aimed to comprehensively upgrade the waste separation infrastructure with the core objective of “reduction at source and accurate recycling”. Through scientific planning of disposal points and the addition of standardized rubbish bins for four categories of waste (recyclables, hazardous waste, food waste and other waste) in all the public areas of the project, the project has effectively reduced the pressure on landfills and promoted the development of circular economy. In the future, it will continue to improve the point reward system and collaborate with third party recycling companies to establish a full-spectrum management system of “disposal-collection-treatment”, so as to promote routine environmentally-friendly behaviours and fulfil the commitment to low-carbon community governance.

**Customer Management**

The Group has been aware of the trend of smart technology for long and has introduced it into its business in 2018 by launching the “CoKWG” app to provide a one-stop smart service platform to all property owners and customers. At present, most of the customers pay bills, shop and provide feedback on issues through the platform, which not only makes customers’ life more convenient, but also allows the relevant department of the Group to conduct inspections and resolve the issues quickly, greatly reducing the time required for communication and the amount of resources used as a result.

As for the control of indoor temperature, the Group also has a set of stringent standards to provide customers with the most comfortable experience. Under normal circumstances, the temperature control of the Group project will depend on the indoor temperature conditions and changes, and the chilled water outflow temperature will be appropriately adjusted to formulate a reasonable energy-saving operation strategy, in a bid to reducing energy consumption of equipment operation. During the transition season, the restaurants in the Group’s projects will intermittently turn on the central air-conditioning unit to adjust the temperature during the dining periods, ensuring that the restaurant has a comfortable indoor temperature while reducing the running time of the main air-conditioning unit. Moreover, the Group will also regularly carry out air-conditioning water treatment and maintenance work, strictly control the water quality indicators of the water system, avoid stains affecting the effect of cold and heat exchange, strengthen the maintenance and management of equipment terminals, and replace cooling tower fillers, air-conditioning terminal equipment filter screens, and heat exchanger and conduct cleaning and maintenance thereon on time to improve energy efficiency and reduce energy consumption.

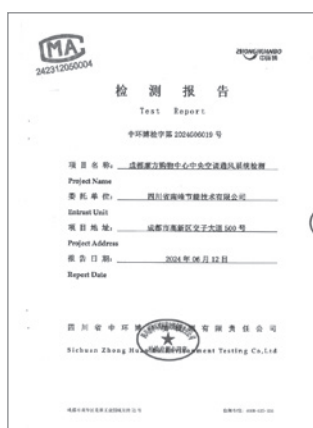
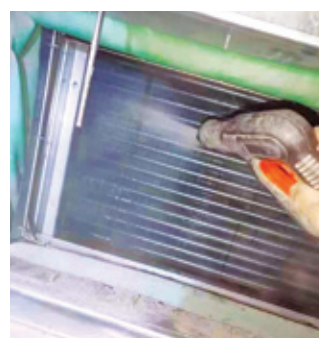
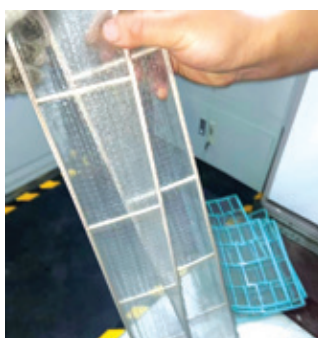
1. Environmental Governance and Related Policies

Although resources consumption cannot be avoided, however, if energy efficiency can be improved, unnecessary waste can also be reduced. Therefore, the Group has always put great efforts to conserve resources. In terms of electricity consumption, the responsible department will automatically turn on and turn off the equipment in accordance with the use schedule of the facility or equipment to reduce unnecessary power consumption. The lighting of all underground parking lots of the Group has fully installed LED lights. In the design of a four-storey parking lot, the lighting and air supply equipment will be turned on normally on the B2 and B3 floors during the daily operation of the building, while for B4 and B5 floors, which are less frequently used, minimum lighting will be turned on during non-busy hours, and additional lighting will be added during peak hours. After the daily business of the building is over, minimum lighting will be retained from zone to zone.

Special Topic

Case Study: Air Quality Management of KWG M • Cube (Chengdu)

1. Regularly clean the air conditioner filters and fins, and check the cleanliness of the intake and exhaust vents; perform a comprehensive cleaning of the air ducts annually and provide a testing report.
2. Clean the reusable air conditioner filters quarterly.
3. Clean the fins during seasonal changes.
4. Provide an air quality inspection report annually.

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1. Environmental Governance and Related Policies

Gas Emission and Waste Management

The Group strictly conducts treatment of the waste generated by the project, so as to minimise its impact on the environment, live in harmony with nature, and practise green life.

All restaurants in the Group's project use natural gas (12T) appliances and it is ensured that related emissions comply with national mandatory standards. In terms of wastewater treatment, the wastewater produced by the catering industry merchants under the projects must be treated by the merchant's grease trap and then discharged to the project's integrated grease pool. The wastewater from the master grease trap will undergo a three-stage separation of grease. The filtered oil residue will be discharged to the municipal pipeline after the treatment process. The Group has hired a professional cleaning company to clean and maintain the master grease trap every two months, and can increase the number of cleaning frequency based on actual conditions.

In terms of sewage, the sewage on the ground floor of the project will be directly discharged to the municipal pipeline through the installed sewage pipeline. For the sewage on underground floor, it will be discharged to the municipal pipeline through a special lifting device. The sewage discharge of all projects of the Group is all approved upon environmental protection review by municipal governments, using municipal pipelines to concentrate treatment on the sewage treatment plant. In addition, the Group will directly discharge the collected rainwater into the municipal rainwater pipe network through pipelines, and will not leak any sewage. The rainwater collected by some of the Group's projects will be used for irrigation, cleaning and other purposes.

For household waste, the Group has a recycling programme, and a professional outsourcing company is responsible for recycling, sorting, and transportation. The Group puts up posters in each building and hangs relevant slogans at the entrance of the community and the main roads of the park to promote recycling and green life, and create an environmentally-friendly atmosphere in the community. It also has different types of recycling bins, such as used clothes, waste papers, metal, and plastic. More waste now comes from express courier packaging, fast food packaging and food waste. The Group has already reduced the amount of wastes by promoting the recycling of the express packaging wastes and their reuses. In term of fast food packaging, the Group has made relevant publicities and encouraged tenants and residents to choose non-disposable tableware so that waste generation started to decrease from its source while food waste was treated by the professional outsourcing company.

1. Environmental Governance and Related Policies

Special Topic

Case Study: Waste Management of KWG M • Cube (Beijing)**Establishment of Intelligent Waste Separation System and Enhancement of Resource Recycling Efficiency**

This project systematically promoted the reform of its waste management based on the principles of “reduction, resources utilisation and elimination of hazardous waste”. Through the addition of 113 standardised waste separation points in its residential projects, the project has now covered the core area of the entire integrated project with ancillary intelligent recycling stations deployed. During 2024, the project focused on strengthening the special control of hazardous waste, driving a significant year-on-year decrease in the density of hazardous waste of 41%, and a simultaneous year-on-year decrease in the density of non-hazardous waste of 81%. In the future, the project will explore channels for recycling and commercialisation of wastes, so as to drive the transformation of the circular economy through technological innovation, and provide a replicable model for realising the building of a low-carbon community.



Special Topic

Case Study: Environmental Sanitation Management of Chengdu U Fun**Hygiene Prevention and Control and Safeguard of Health of the Community**

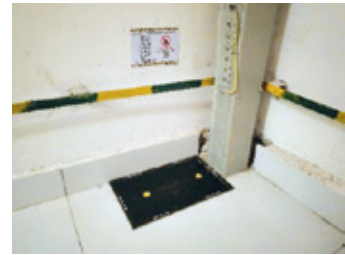
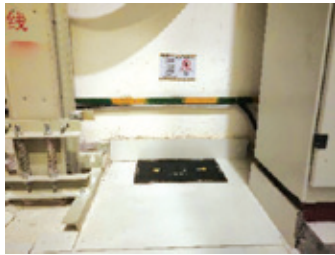
The project actively improved the hygiene prevention and control measures of the community by setting up four additional rodent and pest control points in key areas to effectively prevent the breeding and spread of rodents and pests and reduce the threat of vector organisms to residents' health. These measures demonstrated the project's emphasis on environmental hygiene and residents' health, which created a safer and more comfortable living environment for the community and enhanced the overall quality and competitiveness of the project.



1. Environmental Governance and Related Policies

Special Topic**Case Study: Environmental Management Measures of Chengdu International Commerce Place**





The project team of Chengdu International Commerce Place carried out monthly pest control operations in public areas in 2024, mainly using mouse traps, baited mouse houses, and other methods in equipment rooms and on rooftops to catch rodents. At the same time, the household garbage rooms and rubbish bin areas were sprayed with mosquito and flies repellents, supplemented by measures such as killing of mosquitoes and flies with the use of colorful sticky strips in the garbage rooms, cockroach extermination in public toilets and corridors (gel bait and powder extermination), etc., which have achieved sound extermination effect. Such extermination exercises have been carried out twice per month in January to March, 4 times per month in April to October, and twice per month in November to December, totaling 38 times during the year, which effectively reduced the risk of breeding of vector organisms and safeguarded the hygiene of the public environment and hence health of the residents.



1. Environmental Governance and Related Policies

Looking Forward

The Group will implement more energy conservation and emission reduction measures in the future, including

Key Measures	
Equipment Renewals and Replacements 	<ul style="list-style-type: none"> Regularly inspect the effectiveness and energy consumption of installed equipment and consider repairing or replacing equipment that is found to be severe energy consumption Replacement of energy-consuming equipment at the end of its life cycle through technical replacement, including central air-conditioning, water pumps, indoor lighting, BA local control, upgrading of indoor curtains to increase shading coefficient, etc.
Installation of Intelligent System 	<ul style="list-style-type: none"> Consider the installation of an intelligent energy management system for real-time monitoring and adjustment of energy usage in buildings Check the energy usage, identify areas of energy wastage and make improvement in a regular manner
Energy Efficiency in Lighting 	<ul style="list-style-type: none"> Consider the use of passive architectural designs for lighting, e.g. natural lighting Conversion of energy-efficient lighting for corridors on floors to LED lighting to save electricity consumption in the corridors Control the energy consumption of air-conditioner, and offices with air-conditioning should be set to a temperature of not less than 26°C in summer and not more than 18°C in winter Lighting in office areas and corridors should be switched off when people leave, and only emergency and surveillance lighting should be switched on
Energy and Resource Conservation Promotion 	<ul style="list-style-type: none"> Foster a green office culture and guiding staff to switch off lights, water dispensers and computers at the end of the working day Encourage staff to participate in waste reduction, reuse and recycling activities, and implementing effective waste separation and management Fully promote e-office, promote paperless office, revise scripts on the computer as far as possible, and make full use of electronic file transfers Advocate sufficient use and recycling of office supplies, e.g. re-fillable inks, toners should be reused For project companies with canteen operations, publicity and education against food wastage are carried out on a regular basis, and the "Empty Plate (光盤)" campaign is actively implemented

1. Environmental Governance and Related Policies

1.11 Green Construction

In all the projects of the Group, we always adhere to the concept of precision-quality construction and home-building with heart during the construction process, not only do we stringently control the construction process, but also safeguard the quality of the project at the final stage. The Group is in strict compliance with the "Construction Law of the People's Republic of China", the "Regulations on the Administration of Construction Project Environmental Protection", the "Environmental Protection Law of the People's Republic of China" and other laws and regulations. It is also committed to reducing the impact on the environment and the ecosystem during construction work with the implementation of the formulated policies, and employs advanced equipment, technology and environmentally-friendly construction materials in accordance with the management standards for construction sites.

Before the construction, the Group will conduct surveys on the construction site and its surrounding areas, and conduct inspections and assessments on environmental impact, pre-construction preparations, soil conditions, underground waterways, etc., to minimise the effects on the surrounding residents, ecology and environment, and to ensure that the project can be carried out at geologically stable area to avoid building collapse.

The Group has established construction procedures and standards in all aspects for the construction team to comply with, and each project will also be monitored by designated employees.

Construction Environment Monitoring

The Group has formulated construction rules for dust and noise, and is equipped with sensor to monitor possible environmental pollution during the construction process, so as to ensure timely response measures can be adopted to reduce the impact on the surrounding residents and the residential community. The Group has made careful consideration in terms of materials selection, construction process and mitigation equipment. Pre-fabricated concrete will be used in the construction site to reduce the mixing action on site and may significantly reduce dust generation. In addition, dust suppression devices such as sprinklers and fog guns are in place and measures like soil covering and solidification are adopted to reduce dust pollution. The vehicles responsible for transportation must be washed when entering and leaving the construction sites, and the slag earth vehicles must be transported in a closed manner, so that they will not cause significant environmental impact during transportation.

In terms of noise, the Group is in strict compliance with the "Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise", with rigid control over working hours at the construction sites and the use of low-noise equipment. Ambient noise in the construction sites conforms to the requirements of the "Environmental Quality Standard for Noise" GB3096-2008.

Water Resources Management

All of the Group's projects use municipal pipelines to obtain water, and water source is sanitary and reliable and does not have any problem. In addition, in accordance with the "Law of the People's Republic of China on the Prevention and Control of Water Pollution", the Group has actively adopted various measures to prevent and control water pollution caused during construction, including construction personnel will directly discharge part of the construction site wastewater for secondary use, and set up two wastewater pipelines of domestic sewage and industrial sewage. Industrial wastewater is discharged into the sewage treatment plant for further treatment, and domestic sewage is discharged to the municipal sewage pipe network to maintain water ecological resources. In addition, rainwater harvesting pools are being considered to set up in certain newly developed buildings such that resources can be recycled. In the meantime, some projects have adopted new wastewater treatment technologies to achieve self-recovery of water resources and reduce the use of external water sources.

1. Environmental Governance and Related Policies

Wastes

The Group is committed to reducing waste generated during project development and construction. The measures taken and the results achieved are as follows:

1. Formulate material supply plan:

In the early stage of the project, types and amount of materials required during construction is considered and procurement is carried out in accordance with the plan to avoid wastage resulted from excessive procurement and unreasonable usage. During the procurement process, materials applied in all projects must meet the national environmental standards such as the "Code for Indoor Environmental Pollution Control of Civil Building Engineering (GB50325)", and the limit of hazardous substances in indoor decoration and decoration materials is absolutely in line with the "Indoor decorating and refurbishing materials-Limit of Harmful Substances of Interior Architectural Coatings (GB18582-2008)" and the "Limits of Radionuclides in Building Materials (GB6566)", and its impact on indoor air quality also meets the requirements of the "Standards for Indoor Air Quality (GB/T18883)". The Group strictly prohibits the use of construction materials and products banned by the government or specified to be phased out, and certified green construction materials are preferred as much as possible.

In accordance with Article 4.2.1 of the "Code for Design of Concrete Structures (GB50010-2010)", the Group's concrete structures are all made of grade III steel, namely HRB400 steel bars, and no hot-rolled ribbed steel bars below 400MPa are used. The application of high strength steel bars can achieve the effect of saving materials and energy. In addition, the full use of pre-fabricated concrete, pre-produced laminated panels and pre-fabricated full concrete exterior walls can not only reduce noise and dust pollution at construction sites, but also save resources and reduce material loss.






2. Promote new construction technology:

Led by Building Information Modelling (BIM), the Group comprehensively use fabricated technology, aluminium mould technology, full-temperature concrete exterior walls, grout dry construction, thin plastering, and fabricated interiors in construction and interspersed construction technology, etc. In addition, concealed transportation and pre-installation of construction materials are arranged to avoid construction refuse generated due to the destruction and damage that occurred during the transportation, storage and installation. The precision of installation and construction has also been heightened through regular staff training to avoid garbage produced from demolition and revamping. In the future, the Group will invest more resources to strengthen the organisation and management of building construction, efforts have been made to constantly improve management standards and enhance the environmental awareness of construction workers as well as reduce waste of construction materials and avoid production of massive refuse from rework due to poor construction quality.

3. Recycle waste materials:

While the Group minimises waste materials generation, and at the same time, construction refuse have been recycled and processed, and those unrecyclable materials are commissioned to professional collectors for further treatment. Currently, the volume of waste generated by our projects is below the industry average, while the recycling rate of construction refuse is over 70%.

1. Environmental Governance and Related Policies

Type of waste	Waste treatment method
Slag earth 	<ul style="list-style-type: none"> Reused for road construction, pile foundation filling, ground foundation
Rejected wood 	<ul style="list-style-type: none"> Wood without obvious damage is directly reused for reconstruction Severely damaged wooden components are sold as raw materials for wood recycled panels or paper making
Rejected steel, rejected reinforcing bar and other rejected metal materials 	<ul style="list-style-type: none"> Direct reuse or processing
Rejected construction concrete and masonry 	<ul style="list-style-type: none"> Produce concrete and mortar of corresponding strength level or prepare building materials such as blocks, wallboards, and floor tiles Bone made from waste masonry is added with curing materials, and then used for highway pavement base layer
Waste water 	<ul style="list-style-type: none"> Implement rain and sewage diversion to ensure that sewage is discharged to municipal sewage pipes and rainwater is discharged into municipal rainwater pipes Sewage is discharged after concentrated sedimentation and become harmless to the environment

1. Environmental Governance and Related Policies

1.12 Green Buildings

The Group incorporates the concept of sustainable development into every aspect of business, from project site selection, property design, project construction to property delivery. We actively respond to the call from the nation for green building development and continue to promote green building design work.

Showcase green developments

Parcel 6005 of The KWG Core of Center in Beijing (One-star Green Building Standard)

The KWG Core of Center in Beijing is a large-scale mixed-use property development project. Located near the Niulanshan Community on Tongshun Road in the Shunyi District of Beijing, Parcel 6005 of the project has a total building area of 27,900 square meters and will be developed into commercial, office and residential spaces. The architectural design is modern and sophisticated, with a diverse range of commercial offerings, smart and comfortable office environments, and well-appointed residential amenities. The surrounding area is well-served by high-quality educational resources and convenient living options, making it an ideal location for both urban living and business activities.

The project development of Parcel 6005 adheres to national and local green building standards, achieving a building energy efficiency rate of 75.0%, a solar water heating system coverage rate of 87.7%, a green space ratio of 30.0%, and a reuse ratio of building materials at 6.2%. These indicators demonstrate the building's excellent performance in energy conservation, environmental protection, and resource utilization.



1. Environmental Governance and Related Policies

Parcel 6001 of The KWG Core of Center in Beijing (Two-star Green Building Standard)

The KWG Core of Center in Beijing is a large-scale mixed-use property development project. Parcel 6001 of the project is located at the intersection of Changjin Road and Tongshun Road in Shunyi District. The development is planned as a comprehensive commercial complex covering 102,000 square meters, which will include a shopping center, themed commercial streets, and a star-rated hotel. The project is set to introduce over 100 brands and establish the "U Fun" commercial brand, thereby elevating the area's commercial offerings and infrastructure.

The project development of Parcel 6001 adheres to national and local green building standards, achieving a building energy efficiency rate of 65.0%, a non-traditional water source utilization rate of 13.4%, a green space ratio of 30.0%, and an utilization ratio of recyclable building materials of 10.4%. These indicators demonstrate the building's excellent performance in energy conservation, water saving, resource recycling, and environmental protection, aligning with the principles of green building design.



1. Environmental Governance and Related Policies

Parcel 1108 of The KWG Core of Center in Beijing (One-star Green Building Standard)

The KWG Core of Center in Beijing is a large-scale mixed-use property development project. It is a comprehensive development project that integrates commercial, office and residential functions. Parcel 1108 of the project is located in the Shunyi New City and spans a total building area of 99,800 square meters. The design is modern, with a strong emphasis on green building standards, aiming to create an energy-efficient, environmentally friendly urban space.

The project adheres to national and local green building standards, demonstrating outstanding performance in energy efficiency, water conservation, material recycling, and environmental protection. Key indicators such as energy-saving rate, non-traditional water source utilization rate, green space ratio, and the proportion of recyclable materials all meet high standards, reflecting the core values of green building.



1. Environmental Governance and Related Policies

The Corniche in Hong Kong (香港凱玥) (Provisional Gold rating under BEAM Plus New Buildings)

With total gross floor area of 35,400 sq.m., the project is located in the centre of the southern Hong Kong Island, close to the South Island Line (East), which enjoys favourable planning and rich natural environmental resources, such as beaches, harbours and mountains. The planning and positioning of Ap Lei Chau where the project located mainly focuses on high-end residential, with comprehensive planning for education, medical care, commerce and other living facilities. South Horizons Station and Lidong Station are established in Ap Lei Chau on the South Island Line (East) of MTR.



The project has been recognised by the Hong Kong Green Building Council (HKGBC) in the areas of site and outdoor environment, energy use, indoor environmental quality and water use, and has scored more than 50% in the corresponding green building certification (HKGBC BEAM Plus). With a green coverage rate of 70% and 16 charging spaces for electric vehicles, the clubhouse includes a library, a fitness room, a children's playroom, and indoor and outdoor swimming pools to enhance the physical and mental health of residents. The project is also equipped with waste recycling bins and property management measures to reduce resources, as well as arrangements for contingency measures against typhoons and other disasters.



1. Environmental Governance and Related Policies

1.13 Promotion of Green Activities

To deepen and extend the concept of green and low-carbon living, during the year, the Group actively participated in the “Earth Hour” campaign for two consecutive years, upholding the spirit of continuous concern for environmental protection and contributing to the sustainable development of the planet. The projects under the Group’s commercial office division, including International Finance Place in Guangzhou, International Finance Place in Guangxi, International Metropolis Plaza in Shanghai, KWG Centre in Tongzhou, Beijing and Shenzhen Grand Oasis, organised the “Earth Hour” campaign to switch off the lights for one hour. Of these projects, KWG Centre in Tongzhou, Beijing and Shenzhen Grand Oasis are expected to save 457 kWh and 55 kWh of electricity respectively by switching off the lights for the entire office building.

In addition, in order to enhance people’s awareness of environmental protection, on the occasion of the Tree-planting Day, International Metropolis Plaza in Shanghai under the Group’s commercial office division organised a succulent plant micro-landscape planting event to allow tenants and staff to promote the concept of environmental protection and contribute to energy saving and emission reduction through practical actions. Meanwhile, the KWG M • Cube (Beijing) shopping centre project arranged 15 staff members to participate in the “Tree Adoption” scheme on the Tree Planting Day, so that they could understand the growth process of trees and learn how to protect them, which also helped them to enhance their awareness of environmental protection.

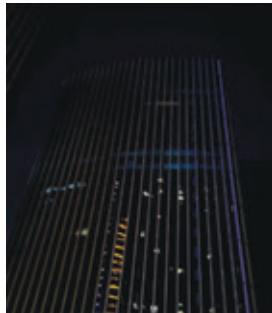
1. Environmental Governance and Related Policies

Special Topic

Case Study: KWG Centre in Beijing

The “Earth Hour” Event

The “Earth Hour” event on 23 March 2024, was organized in response to World Wildlife Fund (WWF)’s call to combat global climate change, aiming to reduce carbon emissions through energy-saving actions. From 8:00 PM to 9:00 PM that evening, the entire office building turned off its lights for one hour. Although this one-hour gesture may seem small, it can collectively create a powerful impact in changing the world and contributing to the planet’s sustainable development. The event can save 457 kWh of electricity, further supporting environmental protection efforts.



Special Topic

Case Study: Guangzhou Nanwai Experimental School

Nanwai Experimental School: Planting Trees for Building a Green Future for the School Campus

In March 2024, Guangzhou Nanwai Experimental School hosted its third Tree Planting Day event, an environmental initiative that engaged 1,400 participants, including council members, staff, students, and parents. Together, they planted over 40 saplings across the campus, each representing the shared vision of the school community for a greener environment and reflecting the school’s strong commitment to environmental education. We eagerly anticipate these young trees thriving in the years to come, transforming into a lush forest that will enhance the campus with vibrant greenery. This event was not just a tree planting activity, but an opportunity to foster environmental awareness in students and deepen their respect for nature. We are confident that, under the nurturing light of knowledge and care, these students will grow as robustly as the saplings they planted. When we look back on this forest in the future, we will see a campus that is even greener, livelier, and more full of vitality than today!



1. Environmental Governance and Related Policies

Special Topic

Case: Fostering High-quality Circle Culture and Environmental Consensus for a Sustainable Future

- **the Earth Hour**

Various office buildings under KWG's commercial office division — Speak Up for the Future with our Environmental Protection Efforts (以環保之名為未來發聲)

- **"Dream FUN Flying Season (理想FUN飛季)"**

Various office buildings under KWG's commercial office division — "Yes! Chill Lives"

- **CHILLMORE Air Quality Improvement Plan**

Shanghai International Metropolitan Plaza — Embrace Green lifestyle, Co-living with the City and the Environment

- **World Earth Day**

Various office buildings under KWG's commercial office division — Book Recycling Programme, keep up the "green" motivations in the city



- **World No Tobacco Day**

Various office buildings under KWG's commercial office division — Join Hands to Build Smoke-free Green Buildings

- **City Forest Programme**

International Commercial Plaza (North Tower) in Guangzhou — In-depth Exploration of the Meaning of Environmental Protection through Games

1. Environmental Governance and Related Policies

1.14 Environmental Performance

	2024 ^{(1) (3) (4)}	2023 ^{(2) (3) (4)}
Types of emissions⁽⁵⁾	Emissions during the reporting period (kg)	
Sulphur oxides (SOx)	1.39	1.57
Nitrogen oxides (NOx)	670.16	674.94
Particulate matter	27.67	39.12
Scope⁽⁶⁾	Carbon dioxide equivalent emissions during the reporting period (kg)	
(I) Direct greenhouse gas ("GHG") Emissions and reduction	2,319,735.71	3,484,631.74
(II) Energy Indirect GHG Emissions	14,660,335.56	15,827,680.16
(III) Other Indirect GHG Emissions	408,492.97	507,472.16
Total GHG emissions	17,388,564.24	19,819,784.06
Intensity of GHG (carbon dioxide equivalent(kg)/employee)	9,522.76	9,663.47
Types of waste⁽⁷⁾	Volume during the reporting period	
Hazardous waste (tonne)	0.24	0.22
Intensity of hazardous waste (tonne/employee)	0.0001	0.0001
Non-hazardous waste (tonne)	102.62	147.89
Intensity of non-hazardous waste (tonne/employee)	0.05620	0.07211
Use of energy^{(5) (6) (8)}		
Petrol	202.69	72.66
Diesel	194.65	306.57
Liquefied petroleum gas	59.3	0.00
Electricity	26,329.63	26,675.94
Natural gas	7,350.00	13,931.86
Energy consumption in total	34,136.27	40,987.02
Intensity of energy consumption (KWh in'000s/employee)	18.69	19.98
Use of resources⁽⁹⁾	Energy consumption during the reporting period (KWh in'000s)	
Water consumption in total (cubic metre)	870,257.07	888,555.91
Intensity of water consumption (cubic metre/employee)	476.59	433.23
Total packaging material used (tonne)	0.45	0.83
Intensity of packaging material used (tonne/employee)	0.0002	0.0004

1. Environmental Governance and Related Policies

Notes:

- (1) In 2024, key performance indicators on the environment cover the following projects: KWG Centre in Tongzhou, Beijing, KWG M • Cube (Beijing), Chengdu U Fun, Oriental Bund in Foshan, Chengdu Yunshang Retreat, Shenzhen Grand Oasis, Landmark Arte Masterpiece in Guangzhou, Beijing Uptown Riverside I, The Mulian Huadu, Emerald City in Nanning, KWG M • Cube (Chengdu), Chengdu International Commerce Place, Blooming River in Guangzhou and the Hong Kong Office Headquarters. A total of 14 projects were disclosed. For this year, in order to enable the stakeholders to understand the Group better, 5 projects, including the headquarters of International Finance Place in Guangzhou, Shanghai International Metropolitan Plaza, the Summit in Guangzhou, Richmond Greenville in Guangzhou and W Hotel/W Serviced Apartments in Guangzhou, are replaced as compared to 2023, and 3 projects, including KWG Centre in Tongzhou, Beijing, Blooming River in Guangzhou and the Hong Kong Office Headquarters are added in the disclosure.
- (2) In 2023, key performance indicators on the environment cover the following projects: the headquarters of International Finance Place in Guangzhou, Shanghai International Metropolitan Plaza, KWG M • Cube (Beijing), the Summit in Guangzhou, Chengdu U Fun, Oriental Bund in Foshan, Chengdu Yunshang Retreat, Grand Oasis in Shenzhen, the Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, W Hotel/W Serviced Apartments in Guangzhou, Uptown Riverside I in Beijing, Guangzhou the Mulian Huadu, Emerald City in Nanning KWG M • Cube (Chengdu) and Chengdu International Commerce Place. A total of 16 projects were disclosed. For this year, in order to enable the stakeholders understand the Group better, 3 projects, including the Hong Kong Headquarters, The Cosmos Chongqing and Suzhou The Swan Harbor Park, are replaced as compared to 2022, and 2 projects, including M • CUBE (Chengdu) and Chengdu International Commerce Place are added in the disclosure.
- (3) During the year, the Group has used the same data conversion method and factors as 2023. The data conversion method and factors are primarily derived from "Appendix 2: Reporting Guidance on Environmental KPIs (Revision)" issued by the Stock Exchange in March 2022, the Ecology and Environment Bureau of the People's Republic of China, the Energy Data Manual issued by the International Energy Agency, and the Emission Factor Greenhouse Gas Checklist from the United States Energy Information Administration and the United States Environmental Protection Agency.
- (4) Indicators used in the intensity of GHG, the intensity of hazardous waste, the intensity of non-hazardous waste, the intensity of energy consumption, the intensity of water consumption and the intensity of packaging material used are based on the average number of employees at the beginning of the reporting period and at the end of the reporting period.
- (5) Nitrogen oxide and sulphur oxide emissions are mainly generated from the emissions of vehicle owned by the Group and the natural gas used in project canteens of the Group. During the year, Chengdu Yunshang Retreat provided a new daily shuttle service for its property owners, resulting in an increase in fuel consumption from unleaded petrol-fuelled minibuses for transporting customers and hence an increase in petrol energy consumption as compared to 2023.
- (6) During the year, the commercial assets management projects under the Group operated in a normal manner. Natural gas consumption in the canteens of Chengdu International Commerce Place and Chengdu U Fun decreased, resulting in a decrease in the direct GHG emissions and reduction as well as energy consumption in terms of gas as compared to 2023. As a result of the replacement of battery equipment of Blooming River in Guangzhou and the optimization of the generator testing plan of KWG M • Cube (Chengdu), the diesel energy consumption for the year has decreased as compared to 2023.




1. Environmental Governance and Related Policies

- (7) The Group's hazardous waste was mainly office electronic waste, batteries, lamps and light bulbs generated in the course of the office operations, while non-hazardous waste was mainly kitchen waste, paper, office stationery, gardening waste and packaging materials, etc. During the year, the reduction in hazardous waste was mainly due to the reduction in the replacement of batteries, lamps and light bulbs in the operation of projects. The decrease in non-hazardous waste was mainly attributable to the reduction in paper consumption as a result of the adoption of paper reuse and paperless operation as far as possible in the operating projects, and the reduction in the amount of non-hazardous waste generated from kitchen waste in the project canteens due to the reduction in the amount of food waste generated as a result of the active promotion of smart dining practices such as the "Empty Plate (光盤)" campaign.
- (8) During the year, due to the change in business development, liquefied petroleum gas (LPG) was used as a type of fuel in Chengdu Yunshang Retreat, resulting in an increase in LPG energy consumption for the year as compared to 2023.
- (9) Regarding the use of resources, in respect of the use of water resources, the Group's water consumption has decreased as compared to 2023 due to the increase in the disclosed projects. The Group did not encounter difficulties in obtaining water resources. Regarding the use of packaging materials, there was an increase in the consumption of packaging materials due to the increase in the number of activities of business management projects and stakeholder exchanges during the year.

2. Care for Our Employees and Interests of Employment

2. Care for Our Employees and Interests of Employment

Material ESG issues addressed by this section are

9		Equal opportunity	12		Employee development and training
10		Employee welfare	13		Preventing child and forced labour
11		Occupational health and safety			

SDGs issues addressed by this section are



The Group has all along been considering our employees as the Group's most valuable assets and we are convinced that only high calibre talents of the Group can maintain good competitiveness and promote sustainable development. We strictly abide by the laws and regulations such as the "Labour Law of the People's Republic of China" and the "Labour Contract Law of the People's Republic of China" for our recruitment practices and management. The Group formulated staff handbook about employee recruitment (employment and induction management, labour contract management), remuneration package, performance appraisals and other requirements available to employees any time for information purpose, employment standards regulation and employees' rights and obligations, in a bid to strive to create a fair and energetic working environment for employees.

The Group understands and respects different cultures. We adhere to the principle of equal employment so that employees can enjoy fair and reasonable employment and competitive opportunities. When arranging jobs and repositioning, the Group provides equal opportunity to all employees regardless of gender, age, ethnicity, nationality, native place, race, religion, political affiliation, sexual orientation, marital status and other aspects of diversity and will not treat different backgrounds or identities differently. The Group conducts performance appraisals with employees every year. During the process, based on employees' work performance and work performance indicators in the past year, they have more in-depth and detailed discussions with employees. The Group is also glad to receive employees' opinions and feedback to be used for improving future business and staff policies and directions. After the performance appraisal, the Group will nominate suitable employees for promotion and salary increase with the principle of equality and anti-discrimination, regardless of their age, nationality, race, gender, marital status, disability, or religious beliefs. As long as the employees have the corresponding job ability, they will receive corresponding treatment.

2. Care for Our Employees and Interests of Employment

The Group will regularly review our salary and welfare policies and systems in accordance with market and economic changes, so as to provide competitive salary levels in the industry, attract external talents and provide internal employees with fair, reasonable and highly motivating benefits. In addition to the basic five insurances and one housing fund (五險一金), paid annual leave and other benefits, we also provide employees with commercial add-on insurance, annual physical examination, working meal subsidies, transportation subsidies, expatriating subsidies, holiday subsidies and other subsidies to enhance employees' sense of belongings.

In terms of employee recruitment, the Group has gathered talents from all walks of life through various recruitment methods such as social recruiting and school recruiting, so as to create a beautiful living environment with the wisdom of its staff. We strictly abide by the "Provisions on Prohibition of Child Labour" and standards which are also clearly set out in internal staff handbook. All new employees are required to fill in the "Job Application Form" and submit authentic and legal academic qualifications, certificates and other identification documents related to the employment position for inspection upon induction and orientation. The Group will also collect and verify the employee's identity card and residential registration information when conducting recruitment screening. If an employee fails to produce or submit in time the aforesaid documents, resulting in the Group's inability to go through the employment procedures, the Group has the right to postpone or terminate the employment. In addition, any misrepresentation of personal particulars or use of identification document belonging to another person shall be deemed as fraud and the employment of the offender shall be forthwith terminated, regardless of the length of his/her service with the Group and any special conditions. At the same time, the Group reserves all rights in relation to economic and legal liabilities, depending on the consequences and loss resulting from such fraud. The Group has not identified any non-compliance in relation to child labour and forced labour so far.

2. Care for Our Employees and Interests of Employment

Corporate Culture Seminar Activity: Listening to the Voices of Employees

The Group actively pays attention to the needs and welfare of its employees. By organising regular cultural seminars, the Group listens to the voices and suggestions of its employees and strengthened the exchange and communication between management and junior staff, so as to understand the working conditions, living conditions and personal development needs of its employees, thereby providing them with better opportunities for career development and support for their daily lives, and enabling them to have a better understanding of the Company's culture and development strategies.



KWG Centre in Tongzhou, Beijing



KWG M • Cube (Chengdu)

In 2024, the Group's commercial projects such as KWG M • Cube (Chengdu), KWG Centre in Tongzhou, Beijing, Chengdu U Fun Shopping Mall and Chengdu International Commerce Place organised cultural seminars to provide a platform for employees to freely share their ideas and opinions. During the seminars, staff were encouraged to speak freely and raise their opinions and suggestions on the departments and projects in which they worked. Listening to cross-department communication opinions and suggestions helped to enhance integration of teams via higher participation and recognition from team members, open up the communication channels between the management of the project team and staff, ensure the smooth flow of information, and increase the staff's confidence and sense of responsibility.

2. Care for Our Employees and Interests of Employment

Multicultural Festival Celebration and Heartwarming Birthday Party: Building Harmonious Families Together

The well-being of the employees is always our concern and the Group has been introducing various benefits and activities to create a warm and harmonious working environment for the employees.

In 2024, every traditional Chinese festival such as the Dragon Boat Festival, the Mid-Autumn Festival and the Double Seventh Festival, as well as traditional Western festivals such as Thanksgiving, Halloween and Christmas, the Headquarters of the Property Group, Eastern China Region, Northwest China Region, Northern China Region, Southwest China Region and Southern China Region under the Group organised elaborate activities, not only providing exquisite snacks, but also preparing exciting activities and generous gifts for the staff to show their care and appreciation. Besides, the Group holds regular birthday parties for employees who have their birthdays in the same month, so that they can feel the caring and warmth of the Group. Such delicate care not only strengthened the employees' sense of belonging, but also stimulated their enthusiasm for work, which in turn contributed to the Group's prosperity and development.



Caring for Well-being of Staff: Protecting Staff at All Levels

The Group pays constant attention to the well-being of its employees and their families, providing knowledge protection in various areas and ensuring better livelihood protection for its employees.

In 2024, the Group's company in Eastern China Region collaborated with the street police force stationed in the area to launch an autumn anti-fraud publicity campaign. Anti-fraud publicity representatives from the police force were invited to conduct a seminar for the Company. The seminar vividly demonstrated fraud scenarios through pictures and videos, which allowed employees to understand fraudulent tactics more intuitively, enhanced their ability to recognise and prevent different fraudulent tactics to protect the safety of their properties.



In November 2024, in order to enhance employees' knowledge regarding financial investment and wealth management and to avoid financial fraud, the Property Group under the Group joined hands with GF Securities to organise a seminar titled "Wealth Management Choice and Precautions" at the headquarters of International Finance Place in Guangzhou. The seminar adopted a combination of theoretical knowledge demonstration and case analyses to teach employees knowledge about financial investment, wealth management and prevention of financial fraud based on actual conditions in daily lives.

2. Care for Our Employees and Interests of Employment

All-round Health Care Campaign

In 2024, the Property Group under the Group joined hands with professional medical institutions to organise a series of health care activities, including special health check-up and welfare activity, dental seminars and free medical consultations, and free consultations with Chinese medicine practitioners, providing comprehensive health care to its employees at headquarters or in the region. In the special health check-up and welfare activity, employees of the Group enjoyed free hawk-eye inspection, received comprehensive medical reports and customised travel protection benefits. Meanwhile, the dental seminar and free medical consultation aimed to enhance the staff's knowledge about oral health and the prevention of oral diseases. Free oral check-ups were provided on-site, and staff were given in-store dental cleaning cards and oral care gift packs.



In order to enable the staff to better understand their health conditions, the Group also invited Guangdong Provincial Hospital of Chinese Medicine to jointly organise a free medical consultation session. Doctors and experts from the Provincial Hospital of Chinese Medicine conducted "observation, auscultation, interrogation and palpation" on the staff joining the activity one by one. By taking their pulses, observing their tongue coatings and facial complexions, precise judgements were made on their health conditions and individual recuperate plans have been formulated. Meanwhile, the doctors also provided acupuncture, moxibustion and other therapeutic experience for employees with cervical vertebrae and lumbar vertebrae discomfort and adhesive capsulitis as well as those who need to stand for a prolonged period of time.

At the same time, we also provided relevant seasonal products as gifts to safeguard the physical and mental health of our employees during special seasons. For instance, we sent our frontline staff cool treats during high temperatures, heat relief tea during the change of autumn seasons, special tea with chrysanthemum, wolfberry and cassia seed in autumn, and ginger tea during the change of winter seasons.

2. Care for Our Employees and Interests of Employment

Women's Day and Mother's Day Dedication Programmes: Honouring the Unique Woman

The Group attaches great importance to the culture of diversity, equality and inclusion, where employees from all backgrounds can receive friendly acceptance and support in the workplace, thus enabling them to express their opinions freely and give full play to their abilities. The Group has also been actively fostering a fair and inclusive working environment, respecting and caring for female employees, promoting employee diversity and equal opportunities, and fostering the sustainable development of the enterprise.



On 8 March 2024, on the occasion of the International Women's Day, the Property Group under the Group and the respective regional companies organised their own festive gift distribution activities for the Women's Day. Among which, the Group's property headquarters customised exquisite gift packs and delicious cake rolls produced by the staff restaurant, while the Shenzhen Company held a festive activity under the theme of "Goddesses will be Surrounded by Flowers and Shine in All Ages (歲月同輝·花伴女神)", presenting female employees with small gifts to enhance their charm and sophistication, so that they can feel the care and respect of the Company. Besides, The Mulian Hotel Group held a tea talk and distributed gifts to female employees, sending sincere blessings and generous benefits to female employees.

In addition, on the eve of the Mother's Day (i.e. 12 May), the Shenzhen Company of the Property Group under the Group organised a series of cultural activities to express its love and gratitude to mothers and show its care for the female employees of the Company through on-site handicrafts, food tasting and other activities, which enriched the cultural lives of the staff, enlivening the working atmosphere, and sending the Company's best wishes to the working mothers and their families.



2. Care for Our Employees and Interests of Employment

Sustainability and Labour Relations

2.1 Development and Training

Striving for employee development and training system

We always pay attention to the cultivation and development of talents in the process of promoting the development of the enterprise. We firmly believe in the talent training concept of organic development, with culture running through it, creating an open and fair talent development system for high-potential talents, and establishing “fine training” and “application-centric” internal development platform. The Group’s Human Resources Department has successively launched the KWG New Emerging Force Programme (合新力計劃), KWG Motive Programme (合動力計劃), and KWG Tripod Programme (合鼎計劃), the three major talent development brands. While creating a working environment where hard work and challenges coexist, it also provides employees with training and learning opportunities throughout their career development to help them activate the “organic combat power” of the KWG people. Internal trainer programme was launched for certain projects at the beginning of 2023 to strengthen inter-departmental communication and cooperation among employees and improve their professional knowledge and capabilities. This plan was further expanded in 2024 to the Group’s nation-wide regional companies and commercial office projects. Through the organization of training and certification for Gold Medal Internal Trainers, we have expanded the training team for internal trainers in the future.

Special Topic



Internal Trainer Programme

At present, the three major talent development brands have achieved prominent performance. Taking the KWG New Emerging Force Management Training Program as an example, six training mechanisms have been established, attracting graduates from major domestic and foreign universities with dreams and fighting spirit to join KWG.

In order to ensure the quality of talents, the Group also carries out activities such as interview for completion of probationary period and confirmation of employment, debriefing and fixing positions, course examination, curriculum design and on-site task practise for employees to help us better understand their skills and career planning, so that we can reasonably allocate work and resources. At the same time, we provide employees with sufficient training and learning opportunities to improve their professional skills and knowledge, and contribute to their personal growth and development.

2. Care for Our Employees and Interests of Employment

We always regard talents as one of the most valuable assets of the Group, attaches great importance to the cultivation of human resources and the overall development of employees, and has always been thinking about how to create a better and broader growth space for talents. In the future, the Group will regard the growth of talents as the growth field of enterprise development, continue to take culture as the core, lead the innovation of talent mechanism and the construction of talent system, and create the most competitive and developmental career platform for employees, so that employees can grow with us together.

During the reporting year, we implemented a series of trainings to enhance employees' knowledge and skills related to job responsibilities and internal culture. The following lists three types of employees for targeted training, namely new recruits, front line employees and back-end employees.

New Recruits

Every new recruit must undergo pre-employment induction orientation, which includes teaching new employees the knowledge and skills necessary to complete their work to ensure that they can quickly integrate into the Group and improve work efficiency. At the same time, the Group will also explain the corporate culture, job responsibilities, management system, administrative personnel, labour discipline and other topics to employees in details to establish employees' sense of belongings to the Group.

Front Line Employees

The Group will provide them with special training on professional skills, including customer service procedures, standard operating procedures, computer system operations, safety operations, emergency handling and other topics. Through training, front line staff can respond to various customers and emergencies more efficiently, and calmly face all difficulties in work. Through the computer system operation and safe operation training organised by the Group, not only can employees become more familiar with a variety of newly developed computer software, and use electronic tools to communicate with colleagues more proficiently, but also improve the Group's overall operating efficiency and performance.

Back-end Employees

We provide various professional skills training, including rules and procedures of the Group, national laws and regulations, business etiquette, administrative management, marketing operation management and other topics. Since the professionalism of back-end staff is an indispensable part of the Group's operations, through training, back-end staff can become more familiar with the laws and regulations within their business and responsibilities, avoid accidentally breaking any laws and regulations, and maintain the business etiquette and the image of the Group in communicating with stakeholders.

In addition to the training of knowledge and skills of job responsibilities, the Group will also provide specific development training for employees based on their own expertise and abilities, so that they have a broader development space. These include:

2. Care for Our Employees and Interests of Employment

Types of training	Purpose of training
Special promotion training for the Group's development reserve echelon	Cultivate the Group's development reserve echelon includes corporate culture, career development, leadership and other abilities. Strengthen their self-awareness and build a high-performing team. The training includes learning about national and local policy updates, real estate development and operation professional knowledge, soft skills improvement, internal inter-departmental professional knowledge exchange and learning, customer service skills professional guidance, etc.
Integrity and moral construction training	Establish a clean and honest atmosphere in the Group and standardise the code of conduct for employees, instill the spirit of anti-corruption and anti-money laundering, and ensure the confidentiality of personnel information inside and outside the Group. Make truth-seeking and pragmatism become the norm for employees' actions. In the near future, we will also compile certain training materials related to our suppliers and contractors and require our employees to receive training so that the Group can have a higher ethical supply chain.
Risk management and control training	Enhance the risk warning and management awareness of the Group's management, and teach them to prepare for the foreseeable risks.

In order to better carry out various trainings for different types of employees, the Group has launched the one-stop digital learning community online platform "KWG Cloud Academy" covering all-age employees since August 2022. Through logging in to the relevant platform, employees can immediately obtain professional knowledge of various business segments including real estate management, commercial asset management and urban renewal as well as guidance opinions from internal and external experts of the Group. With the help of scenario-based, personalised and efficient learning models, employees can realise fragmented, cross-departmental and multi-field cross-border knowledge learning, improve their professional quality, business knowledge and skills, and contribute to the high-quality development of the Group. During the reporting year, the Group's Human Resources and Administration Department posted the monthly articles on performance, management and literacy published on KWG Academy to the WeChat official account "KWG Unity", so that employees of all business segments can learn management and communication skills in relevant courses so as to improve their soft skills.

In addition to the online learning platform, various business segments of the Group also carried out various offline training activities. These training activities cover a number of areas, including but not limited to corporate governance, self-improvement skills, supply chain management, etc., providing employees with more in-depth learning and exchange opportunities. The activities also focus on practical and application, covering the improvement of soft skills, customer service skills and professional skills. In addition, the Group also encourages employees to participate in various industry training and certification examinations to improve the comprehensive quality and competitiveness of employees and facilitate the high-quality development of the Company.

2. Care for Our Employees and Interests of Employment

Soft skills improvement training

Service Etiquette Training

In November 2024, the Group organized a 3-hour service etiquette training session for all 479 employees in the hotel sector. The training focused on professional grooming standards, etiquette and politeness, and telephone etiquette. Through a combination of theoretical instruction, role-playing, and hands-on practice, the course effectively enhanced employees' professional image and service quality. Key topics included dress code, polite language, and proper telephone answering procedures, reinforcing employees' customer service awareness and communication skills. The training resulted in a significant improvement in employees' adherence to etiquette standards and a marked enhancement in customer service quality, providing strong support for shaping a professional service image and boosting customer satisfaction



General Manager Training Camp

In June 2024, the Group hosted a 16-hour specialized training camp for 14 hotel branch general managers, focusing on three key areas: leadership, revenue management, and new media operations. The training combined real-world case studies, scenario simulations, and practical exercises to enhance the general managers' market insight, decision-making effectiveness, and revenue control skills. It also emphasized optimizing resource allocation and cost management while incorporating strategies for new media operations to boost brand visibility and customer conversion. The camp aimed to develop versatile management talents, foster high-performing teams, and deepen the understanding of core business functions, providing strategic support for the sustainable growth of hotel projects.



2. Care for Our Employees and Interests of Employment

Customer service skills training

Training Courses under the “Sales Champion” Series

Since 2023, the Group’s Property Group launched “Sales Champion” series courses monthly. The course was taught by senior experts from various regional sales departments of the Group. Through practical case analysis and role-playing, the participants could better understand and master customer needs and improve their sales skills and negotiation ability. The training content includes but not limited to customer demand analysis and positioning, sales skills improvement, customer service and relationship management, etc. In 2024, the Group continued to organise marketing trainings under the “Sales Champion” series. Each of the Group’s regional companies carried out 2 to 4 sessions of training each month, totalling 75 training courses under this series with a total of 46 training hours and a total of 4,062 staff participated in the training. The Group also conducted monthly, quarterly and annual reviews to maximise the internal conversion of the “Sales Champion” resources, working together to drive sales results and achieve targets.



Special Action for Improving Service Quality – “Business Etiquette Series Courses”

In August 2024, the Property Group under the Group invited professional property lecturers to conduct a special training under theme of “Marketing Image and Etiquette”. The training provided one-on-one guidance on professional image and on-site reception etiquette skills in terms of dressing, make-up and body gestures, thereby shaping the professional image of the marketing team and helping to improve the quality of on-site reception services.



2. Care for Our Employees and Interests of Employment

Professional skills training

Special training on “Marketing Operations Improvement Action”

Since April 2023, each regional company of the Group's Property Group has carried out a series of monthly training activities titled “Operations Improvement Action”. During the trainings, excellent lecturers shared systematic knowledge such as core marketing concepts, real estate products and marketing, key elements of real estate sales and customer source expansion channels to improve employees' professional skills and knowledge in real estate marketing and management, helping them to better respond to market challenges and improve performance. In 2024, 26 training sessions were organised under the “Operations Improvement Action” series with a total of 27.6 training hours and a total of 737 staff participated in the trainings.



Trainings under the “Craftsmanship Series (匠心堂)” and “Professional College Series” of Engineering School

In 2024, the engineering division of the operational management department of the Property Group under the Group carried out a series of training activities on professional skills for employees from time to time, aiming to strengthen their understanding and mastery of all aspects of real estate development and project operation, so as to better promote project development and enhance the market competitiveness of the Company.



The training invited professional lecturers to explain and analyse actual cases of projects in various cities and regions, so that cross-departmental employees could learn professional knowledge, including but not limited to engineering problems encountered in project development, standards of quality control in engineering procedures, and management requirements of various processes before project delivery, etc., enabling relevant trained employees of the Property Group to refresh their knowledge, comprehensively improve their professional quality and better respond to challenges at work.

2. Care for Our Employees and Interests of Employment

“Enhanced Foundation Programme (強基計劃)” Series of Courses

Commencing from September 2024, the Group’s real estate group launched a new series of training activities — the “Enhanced Foundation Program” series of courses. By inviting lecturers from different departments and professional areas to provide employees with training on the



latest industry developments and professional knowledge from different perspectives such as, among others, finance, engineering and marketing, which are involved in various important aspects of the entire lifecycle of development of a real estate project, the Group aims to strengthen their understanding and mastery of various aspects of real estate development and project operation, so as to better promote the development of projects and enhance the competitiveness of the enterprise in the market.

Meticulously establishing an excellent employee selection and incentive mechanism

The Group is well aware that the sustainable development of an enterprise is inseparable from the continuous support of talents. The Group values and cares for its employees and provides them with a platform for showing their talents and realising their values. We have adopted a series of incentive measures to stimulate the enthusiasm and creativity of employees and ensure that the Group maintains a leading position in the fierce market competition. The Group’s real estate group organises outstanding employee selection and commendation activities, including but not limited to excellent marketing personnel, training lecturers, outstanding employees from different departments, excellent teams, etc. For example, we select regional excellent marketing personnel every month, and set up a brand marketing centre honour list to motivate them to continue to give full play to their expertise and achieve better results in their respective fields. In addition, in order to explore internal potential talents and build a talent echelon, certain projects of the Group’s commercial office regularly organise and carry out talent review activities, and at the same time give outstanding employees the opportunity to commend and promote. In order to encourage employees, some regions of the real estate group also hold incentive and caring activities when the employees are striving for performance of a project or on special holidays.

2. Care for Our Employees and Interests of Employment

Engineer Cultural Festival: Creating Excellent Quality of Engineering

In July 2024, the Group's real estate group held the 2024 "Engineer Culture Festival", aiming to recognise the professional craftsmanship, cohesion and steadfast dedication of the Group's engineers, and their excellent performance in setting a corporate exemplary model of "ensuring delivery and stabilising confidence". During the year, the Engineer Culture Festival, as a promotional campaign, was held in various locations across the country with the joint "online + offline" approach, in order to pass down the three standards and five qualities of engineers from KWG Group. A total of 18 outstanding engineers from different projects were recognised at the Engineer Culture Festival.

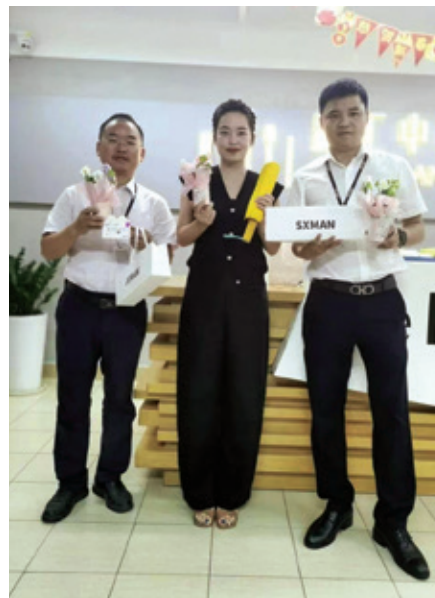


By recognizing outstanding engineers, the Group conveys its core value of valuing employees and customers. As an important employee activity, the Engineer Culture Festival helps to stimulate the innovation spirit and work enthusiasm of employees, and improve cohesion and combat effectiveness of the team. In the future, the Company will continue to strengthen employee training and incentives, and continuously improve employee activities such as Engineer Cultural Festival to inject impetus into sustainable development.

2. Care for Our Employees and Interests of Employment

Teacher's Day Appreciation and Celebration Event

In September 2024, in celebration of Teacher's Day, the South China division of the Group held the Teacher's Day Appreciation and Celebration Event for certified internal trainers and instructors in the region to show gratitude for their sharing and teaching efforts in the region over the past year. Despite their busy schedules, they made time to prepare for lessons and shared their valuable insights and experiences. Meanwhile, the North China division also hosted the Teacher's Day Appreciation and New Internal Trainer Certification Ceremony, where it presented certificates, badges and tailor-made Teacher's Day gifts to 10 certified internal trainers and 8 regional lecturers in the local region. These events aimed to express our heartfelt thanks to the trainers and instructors who play the roles as ambassadors of corporate culture, conveyors of professional knowledge and key drivers of employee development. Their efforts have been instrumental in cultivating core business personnel and high-calibre talents for the Group's development.



2.2 Occupational Health and Safety of Labour

The Group attaches great importance to the occupational safety and health of employees. In order to ensure that every employee can work in a safe environment, on the basis of complying with the laws and regulations of various regions, an internal safety responsibility system has been established and continuously improved, which is implemented in daily work. Regular safety training activities are held to improve employees' safety awareness and emergency response capabilities, so as to provide employees with a healthy and safe working environment.

2. Care for Our Employees and Interests of Employment

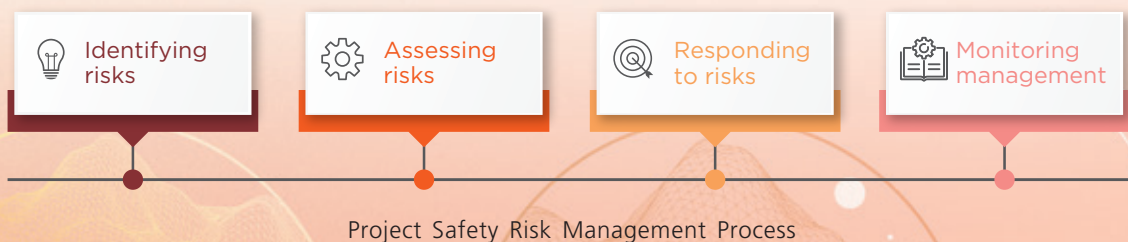
Governance according to regulations and safety first

We strictly abide by the “Safety Production Law of the People’s Republic of China” and “Regulations on Work-related Injury Insurance” and other laws and regulations related to labour safety and health. Please refer to the section headed “Related Laws and Regulations” for more information. Adhering to the safety management policy of safety first, we have formulated and continuously improved a number of safety management systems based on ISO18001 and ISO45001 occupational health and safety management systems and other standards, which stipulate the safety management contents for each management level, and are applicable to the safety management activities involved in all business operations of the Group. These safety policies apply to (including but not limited to) employees, construction workers, merchants/tenants, property owners, suppliers and contractors to create a safe and comfortable living environment for them. The number of fatalities due to work in each of the current and past three years (2021 to 2024) is 0, and the number of working days lost due to work-related injuries this year is 37 day (2022: 229 days; 2023: 14 days). During the year, the Group actively implemented work-related injury prevention measures to reduce the occurrence of work-related accidents, and some employees chose to apply for annual leave for rehabilitation treatment, and did not apply for work-related injury verification. Therefore, the number of working days lost due to work-related injuries during the year decreased. In the future, the Group will continue to improve safety management measures to ensure the safety of employees.

The Group has a relatively complete safety management system and implements a production safety responsibility system. In production and operation activities, all management departments and personnel have corresponding safety management responsibilities to achieve accountability at all levels. The Group regularly monitors the formulation and implementation of the Company’s health and safety strategy. All relevant departments standardise the operation process from the dimensions of safety risk assessment and prevention, safety hazard elimination inspection, emergency rescue management, etc., such as the correct wearing and use of labour protective equipment, according to the rules and regulations such as “Staff Handbook — Health and Safety” and “Quality and Safety Management Measures” formulated by the Human Resources Department. In case of any emergency that directly endangers personal safety, employees have the right to stop working or evacuate the workplace after taking possible emergency measures.

Intelligent risk control and safety foundation

The Group implements intelligent control of safety and risk management and engages registered safety engineers or other professionals. Based on multiple factors such as economic, social value and market risks, the Group analyses the safety risks faced by different business projects one by one using appropriate methods to identify all risks that may have an impact on the projects. For the identified risks, we conduct in-depth assessment to quantify the possibility and loss of risks, clarify the priority and importance of each risk, so as to provide a basis for the decision-making and improvement of safety management. Based on the results of risk assessment, we will formulate targeted risk response strategies, including but not limited to risk aversion and transfer, to ensure that the impact is minimised. At the same time, in order to ensure the effectiveness of the above risk control process, the Group implements regular monitoring and management, and various departments coordinate and inspect the safety facilities and equipment of the project and the effectiveness of existing safety measures, so as to timely discover and correct potential safety risks and ensure the safety and health of project personnel.



2. Care for Our Employees and Interests of Employment

For construction projects, the safety officer of the project company is responsible for safety management to effectively monitor and manage construction safety. Responsible employees will identify and evaluate the occupational safety and health risks in the workplace and strive to provide a zero-hazard working environment according to the level of risk hazards. For projects with higher risks, the project department needs to supervise the construction unit to prepare relevant safety management plans. After internal review, the plans must be implemented on the construction site. In addition, the project safety officer of the Group will carry out regular project inspections, including safety protection, safe use of electricity, mechanical equipment, on-site fire protection, and material stacking, so as to discover and correct adverse safety measures in a timely manner, prevent problems and eliminate potential safety hazards. For certain property development projects, the project site safety management team conducts daily safety inspections on the construction site to ensure the safety of construction personnel and property.

For other operating projects, such as commercial and office projects, safety risk identification and management are equally important. In daily operation, the safety officer of the project company regularly checks the potential safety hazards in the office environment and work process, reminds employees of the rectification of unsafe behaviours, ensures that employees understand and follow the safety operation procedures, and regularly holds relevant safety drills, such as waterproof and explosion-proof drills, to improve employees' awareness of safety risks. In addition to daily operational risks, the Group has also formulated emergency plans for the protection of customer safety and conducted regular fire drills to respond to emergencies.

Formulating goals and reviewing management

In order to ensure the safety of workers in projects under construction, the Group has set long-term safety production targets and conducts regular reviews. Please refer to the section headed "Civilised constructing" for details.

Construction safety and responsibility first

The Group strictly complies with the Construction Law of the People's Republic of China, the Labour Law of the People's Republic of China, the Provisions on Construction Site Management of Construction Projects and other laws and regulations to ensure the safety production and quality of the construction industry. We internally formulated a construction site safety management system, and invested resources to improve the management in terms of personnel behaviour, construction environment, tools and equipment. The safety responsible personnel of the project department cooperates with the safety responsible personnel of suppliers, contractors and other partners to comprehensively ensure labour safety. For details of the improvement of safety awareness and protection measures of construction workers, please refer to the section headed "Civilised Constructing".

Occupational health and safety protection

The Group strictly complies with the Fire Control Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Treatment of Occupational Diseases and other laws and regulations to ensure the health and safety of employees. The Group ensures the health and safety of employees through various ways such as policy formulation and facility renovation. For example, the Group attaches great importance to the occupational health of employees, and arranges health examinations for all employees every year. Since 2015, the Group provided insurance coverage to all employees against business accident and critical disease.

2. Care for Our Employees and Interests of Employment

Type of occupational safety measures	Descriptions	Purpose
Medical treatment	Conduct first-aid knowledge promotion and training	Let employees master the safety production knowledge required for work, improve safety production skills, and enhance accident prevention and emergency response capabilities
Insurance	Apply for social insurance for employees in accordance with local government regulations, maintain additional commercial insurance, and assist in work-related injury verification and claims declaration	Protect employees' rights and interests at work and prepare for all emergencies
Employee health	Provide free medical examinations for employees	Ensure the health of employees, provide them with an objective description of their physical condition and tips on hidden health hazards
	Office environment improvement	<p>In terms of water use, lighting and sound, we improved the health and well-being of employees through architectural design improvement.</p> <ul style="list-style-type: none"> • Installed smart mechanical ventilation devices to enhance indoor air circulation; • Installed panoramic glass and used natural lighting as much as possible to ensure office lighting; • Set up independent conference rooms and other meeting spaces to improve the acoustic environment

2. Care for Our Employees and Interests of Employment

Type of occupational safety measures	Descriptions	Purpose
	Emergency drill training activities	We regularly organise professionals to conduct emergency drills and training activities for employees to enhance their ability to respond to emergencies, including fire, flood, explosion and other emergencies, in order to enhance their safety awareness.
	Set up warning and reminder signs	"No smoking" and anti-skid signs are placed in eye-catching locations in the project office area to ensure the safety of personnel.
	Carrying out health promotion activities	Regularly organise activities such as hiking, badminton and running to build and promote green lifestyles, provide healthy books and magazines, place green plants in the building space to increase employees' contact with nature, encourage employees to communicate and discuss health problems, improve employees' mental health status, and reduce the occurrence of occupational diseases and health problems.

2. Care for Our Employees and Interests of Employment

Cases

“Dream FUN Flying Season (理想FUN飛季)” Series of Activities: “Smoke-free Plan for Happy Life” World Smoke-free Day Activity”

On 31 May 2024, the commercial and office projects of the Group including International Finance Place in Guangxi, International Metropolitan Plaza in Guangzhou and KWG Flourishing Biotech Square in Guangzhou, launched a smoke-free initiative to tenants and employees to raise public awareness of smoking hazards, mutually build green smoke-free buildings, create a healthy and safe working and business environment to encourage people to quit smoking. Furthermore, the initiative aims to create a smoke-free, clean and healthy working and public environment. The Group actively undertakes social responsibilities and always prioritises the health of employees and the safety and well-being of the public.



Cases

Health Promotion Activities: Vitalization with Sports to Protect the Health and Safety of Employees

In 2024, various regional companies of the Group's real estate group organised health promotion activities for employees, including but not limited to fitness activities such as badminton and basketball games, to help employees relieve work pressure, relax themselves and improve their physical fitness and immunity. For example, the companies in Southern China region held the Summer Games, namely Rising Challenges with a “Basketball” and Standing Out with “Badminton” in May, the South China Region and the Co-operative Bank held the “Rising Challenges and Making Friends with a Basketball” games in the projects of the Company in August, and the Ufun Walk, Shanghai held the “Skate Endlessly”, a limited version of skating party in the city in June. These activities help reduce occupational diseases and health problems of employees caused by long-term stress and fatigue, and also strengthen team cooperation and cohesion among employees.



2. Care for Our Employees and Interests of Employment

In 2024, the Group invited professional fire teams or other professional safety training management team personnel to organise large-scale comprehensive emergency drills in a number of residential projects, office buildings and shopping malls, covering fire drills, flood prevention drills, explosion-proof drills, fire emergency evacuation, elevator entrapment drills, water running drills and other safety knowledge promotion activities, to protect the health and safety of employees, tenants and other groups. For example, International Commercial Plaza in Chengdu, a commercial project of the Group, carried out a total of 12 potential safety risk investigations and one flood prevention drill in 2024. At the same time, we also regularly carry out safety production education activities, publicise and implement the safety production management system to prevent accidents and improve employees' occupational health and safety awareness.

Cases

2024 Fire Safety Training and Education Program

In February and August 2024, two sessions of fire safety training were conducted for all 479 employees in the hotel sector, totaling 8 hours. The program aimed to enhance fire safety awareness, promote essential fire safety knowledge, and improve emergency response capabilities in the event of an incident. The training included theoretical instruction, hands-on practice, and scenario simulations, focusing on the use of fire extinguishers, escape techniques, and evacuation procedures. Employees were equipped with self-rescue and mutual aid skills, enabling them to



efficiently guide guests to safety in emergencies like fires. The training also emphasized fire prevention and hazard identification, reinforcing the Company's commitment to maintaining a safe operational environment and fostering a secure, stable workplace.

2. Care for Our Employees and Interests of Employment

Cases

Emergency Drill of Shopping Malls: Shield of Life

On 7 November 2024, KWG M • CUBE (Chengdu) held large-scale fire-safety emergency response drills for all employees and tenants to enhance their awareness of fire hazards and improve their emergency response and self-rescue ability in case of fire. The fire drills strictly followed the established procedures and division of responsibilities in the emergency rescue plan, and the participants were fully committed to the exercise, and all parties worked closely together to guide all the participants to the designated evacuation meeting point in a safe, rapid and orderly manner in the shortest possible time.

Through these fire emergency drills, all the employees have deeply understood the importance of fire safety, and also practically mastered the basic skills and knowledge of fire emergency response. The drills have provided the tenants with a solid protection for the safety of operation, and created a more harmonious, safe shopping and living environment for the consumers at large.

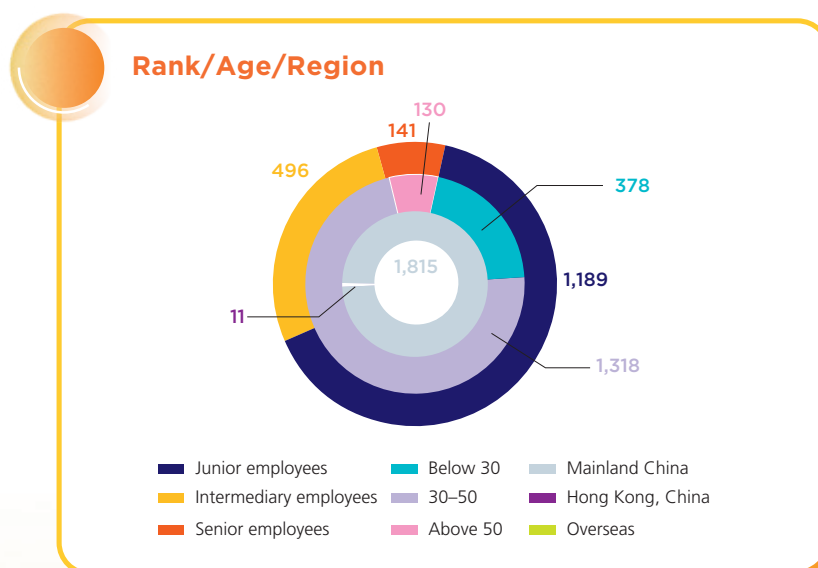
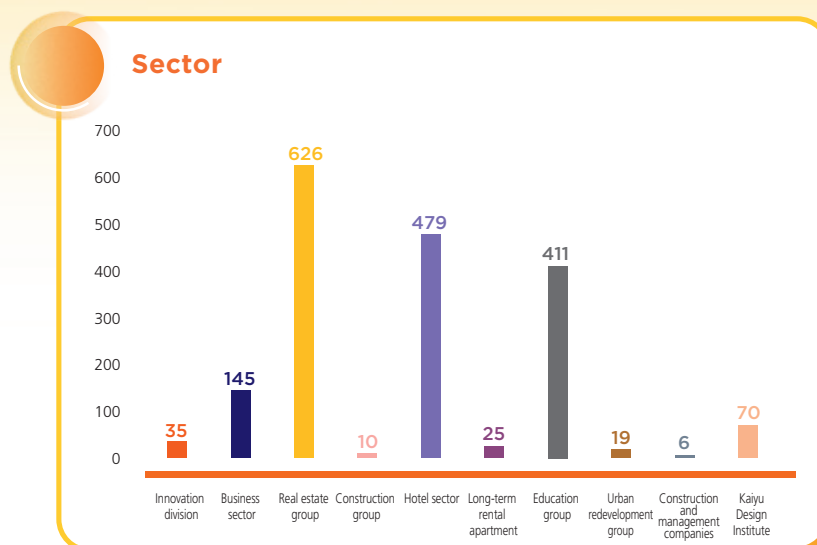
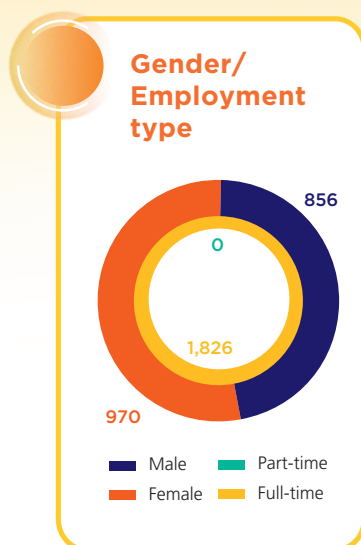


KWG M • CUBE (Chengdu)

2. Care for Our Employees and Interests of Employment

2.3 Information on the Group's Employees

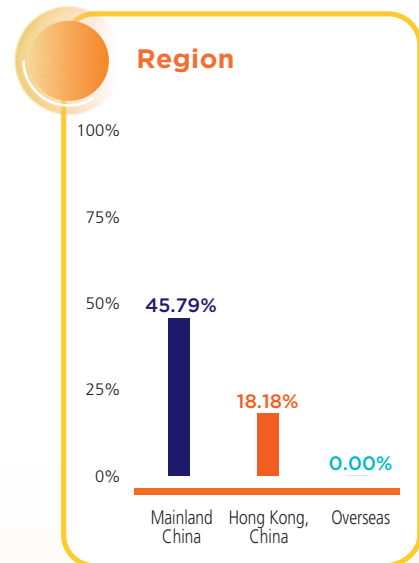
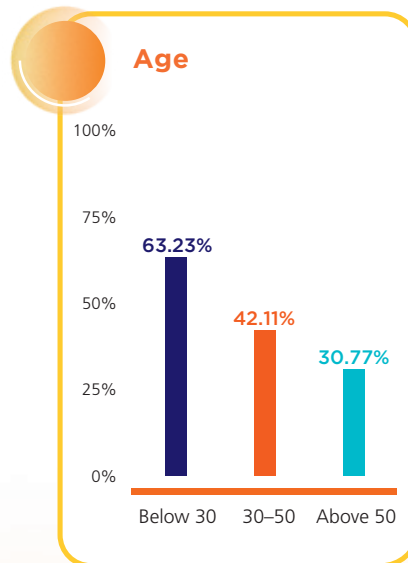
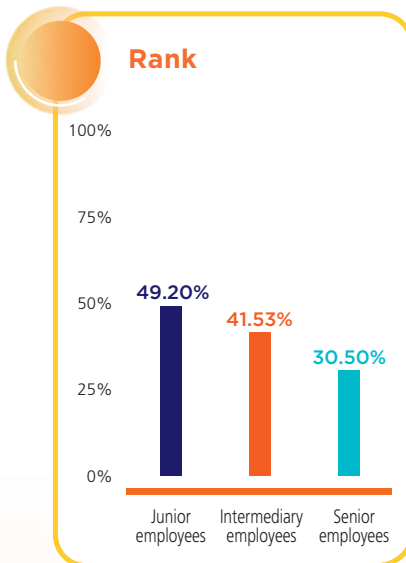
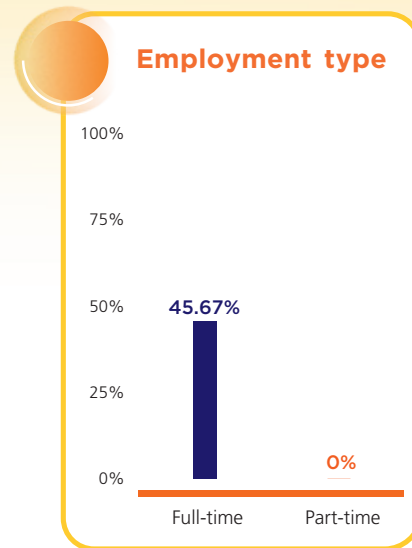
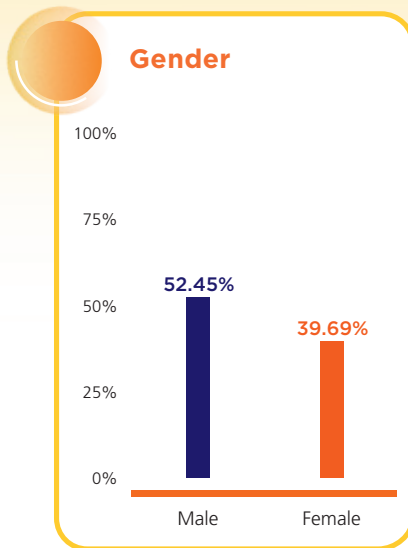
As at 31 December 2024, the total number of employees of the Group was 1,826, broken down by category as follows:



2. Care for Our Employees and Interests of Employment

Turnover Rates of the Group's Employees

During the year, the overall turnover rate of the employees was 45.67%, broken down by category as follows:

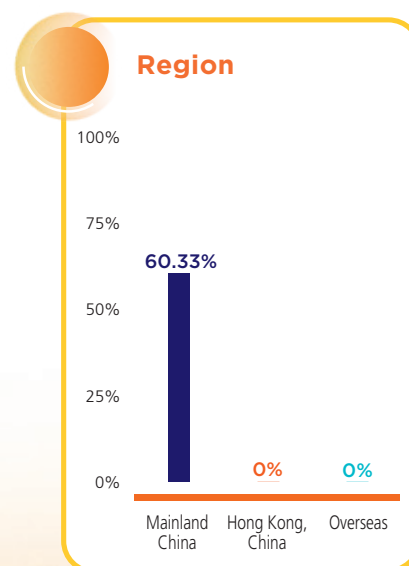
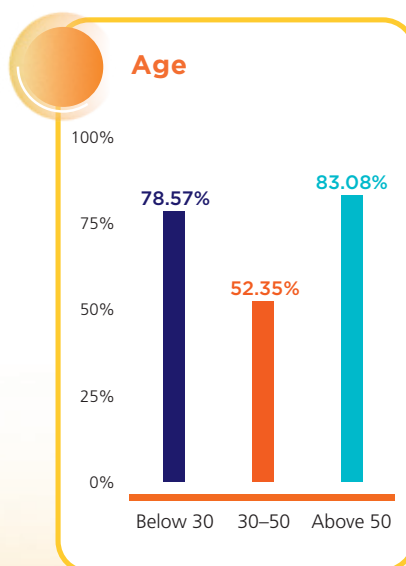
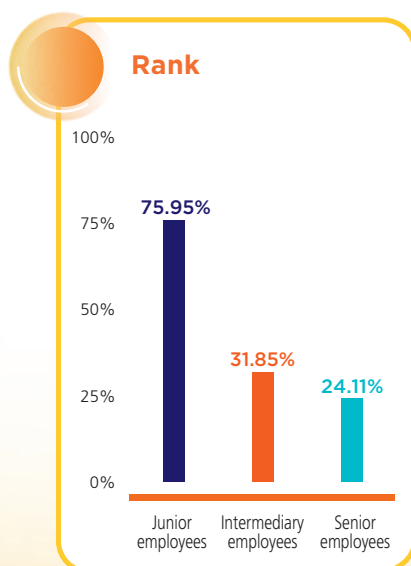
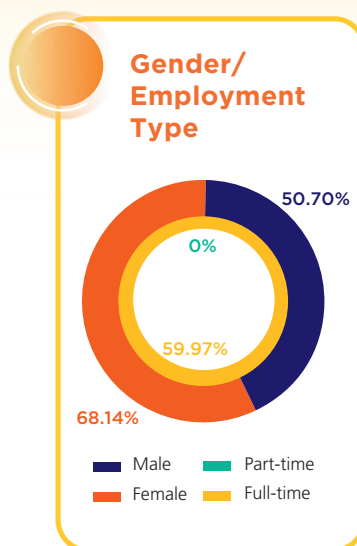


2. Care for Our Employees and Interests of Employment

Number and Percentage of the Group's Employees Trained

Upholding the equality policy, the Group treats different types of employees equally, provides every employee with the most suitable training for their work and endeavours to offer all employees training opportunities.

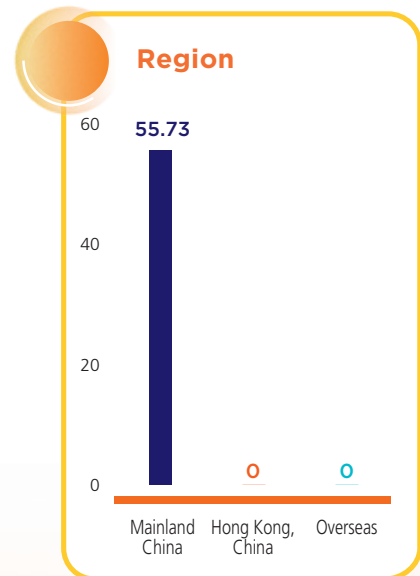
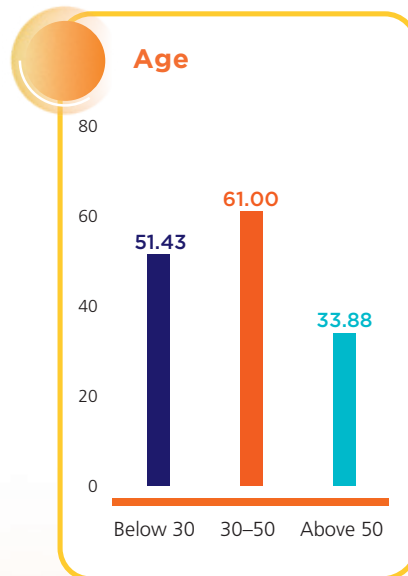
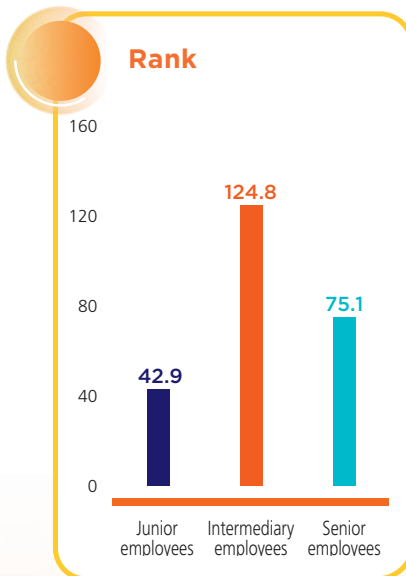
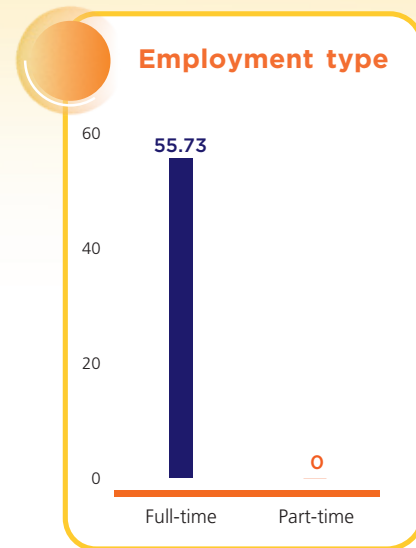
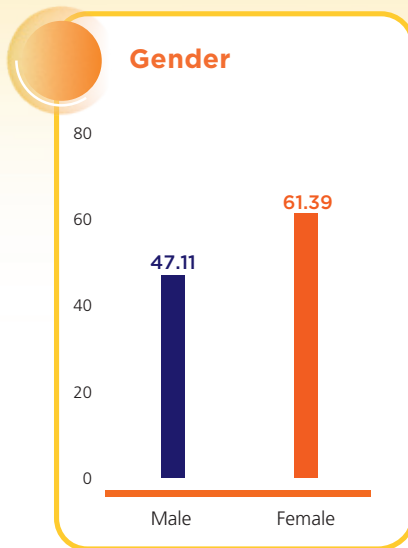
During the year, the percentage of the total number of employees trained was 59.97%. Other training percentages are as follows:



2. Care for Our Employees and Interests of Employment

Training Hours of the Group's Employees








During the year, the overall training hours of employees totalled 61,024 hours and the average training hours in general were 55.73 hours, broken down by category as follows:



3. Operation Management of the Group

3. Operation Management of the Group

Material ESG issues addressed by this section are

14		Supplier solicitation process	18		Intellectual property rights
15		Supplier evaluation process	19		Complaint management
16		Customer privacy security	20		Anti-corruption
17		Product quality			

SDGs issues addressed by this section are



3.1 Supply Chain Management

Regarding the behaviour of suppliers, the Group currently formulated relevant systems such as the Supplier Management System (《供應商管理制度》) and Penalty Management Measures on Suppliers' Default (《供應商違約處罰管理辦法》), which include contents relevant to environmental and social risks, so as to facilitate suppliers to perform contracts and social obligations and evaluation of the various risks of suppliers in the whole process of cooperation. We will take active action to terminate the cooperation with suppliers who fail to meet the qualifications of evaluation, or who break the bottom line set by the Group.

First of all, in order to ensure that suppliers can fulfill their responsibilities in the environmental and social aspects, the Supplier Management System of the Group sets out that in sourcing the suppliers, in principle, only suppliers from internationally renowned brands or the top ten suppliers in the industry are considered. Such suppliers are usually enterprises above designated size, which can meet the requirements of government authorities and industries in terms of compliance.

3. Operation Management of the Group

After passing the preliminary assessment when a supplier shortlisted for inspection, the Group will focus on its compliance inspection, such as reviewing its safety production licence, pollution discharge permit, and employee social security payment, and for supplier who is subject to administrative penalties by environmental protection departments, we will inspect the rectification results to ensure that the problems have been resolved. At the same time, site visits will be conducted to evaluate its production scale, product quality and actual management standard. During the supplying process, we will conduct inspections from time to time to review the compliance of the materials supplied during the production process, such as the production operating environment, quality control process, labour protection of workers, and waste discharge and issue specific reports to urge suppliers to rectify related issues, so as to ensure that suppliers can supply qualified products stably. After several rounds of goods delivery evaluations, suppliers with good performance will be invited to join the Group's supplier list. The Group will also regularly monitor the suppliers in the main database and conduct an overall evaluation of the suppliers who supply goods in November each year, specifically in quality, delivery time and service. Suppliers whose evaluation results are excellent or qualified will subject to contract renewal, while those with unqualified evaluation results will be suspended, and the suspension period will not be less than two years. The supplier whose evaluation result is listed as "prohibited" will be blacklisted, and other circumstances of including in the blacklist and never be considered are as follows:

1. In the process of bidding or contract performance, there are violations of regulations or laws such as collusion, fraud, and bribery;
2. Serious non-cooperation in major links such as marketing display, delivery process, and property rights handling, causing relatively substantial losses or effects to the Group; and
3. Suppliers that have been notified by the government or industry organisations or exposed by the media due to quality issues.

The Group attaches great importance to the impact of supply chain products on the environment, and also has mandatory requirements for supplier compliance, such as cooperating merchants need to possess pollution discharge permits and safety production permits. In addition to some mandatory requirements, we also encourage suppliers to apply for certifications such as ISO9001, ISO14001, and ISO45001, and suppliers will identify and control risks in accordance with their system management requirements to minimise the impact of production on the environment. When issuing bids or signing procurement contracts with suppliers, the Group will clearly specify the environmental protection indicators (including mandatory national standards, industry standards, and local regulations) that products are required to meet, such as formaldehyde emissions, and radionuclide limits. The materials used indoors will also further specify the standards that the raw materials must meet in order to prompt suppliers to use more environmentally friendly materials to produce products.

Depending on the situation, the Group will conduct unannounced inspections from time to time every year to evaluate its system operation performance. The inspection items cover production and operation environment, labour protection, maintenance and operation of environmental protection equipment, pollution discharge permits, waste disposal, etc. Any of the above will affect the opportunities for cooperation with the Group. For example, when materials arrive on site every year and when conducting supplier factory inspection, the supplier's products and raw materials are taken and sent to a third-party inspection agency recognised by the government for testing so as to ensure the environmental protection indicators of its products or raw materials meet the contractual agreement.

3. Operation Management of the Group

The Group attaches great importance to supply chain management and continuously improves the level of supply chain management. We regularly carry out relevant training activities for employees to enhance their professional management skills, while optimising costs and enhancing overall competitiveness, so as to lay a solid foundation for the sustainable development of the Company. Each business segment of the Group held activities to strengthen employees' supply chain management capabilities from time to time. The training content includes but is not limited to bidding and procurement, construction management and cost management. Employees can systematically learn the theoretical knowledge and practical skills of supply chain management, understand the overall operation of the supply chain and facilitate cross-departmental and cross-field cooperation, so as to improve the overall operational efficiency of the Company.



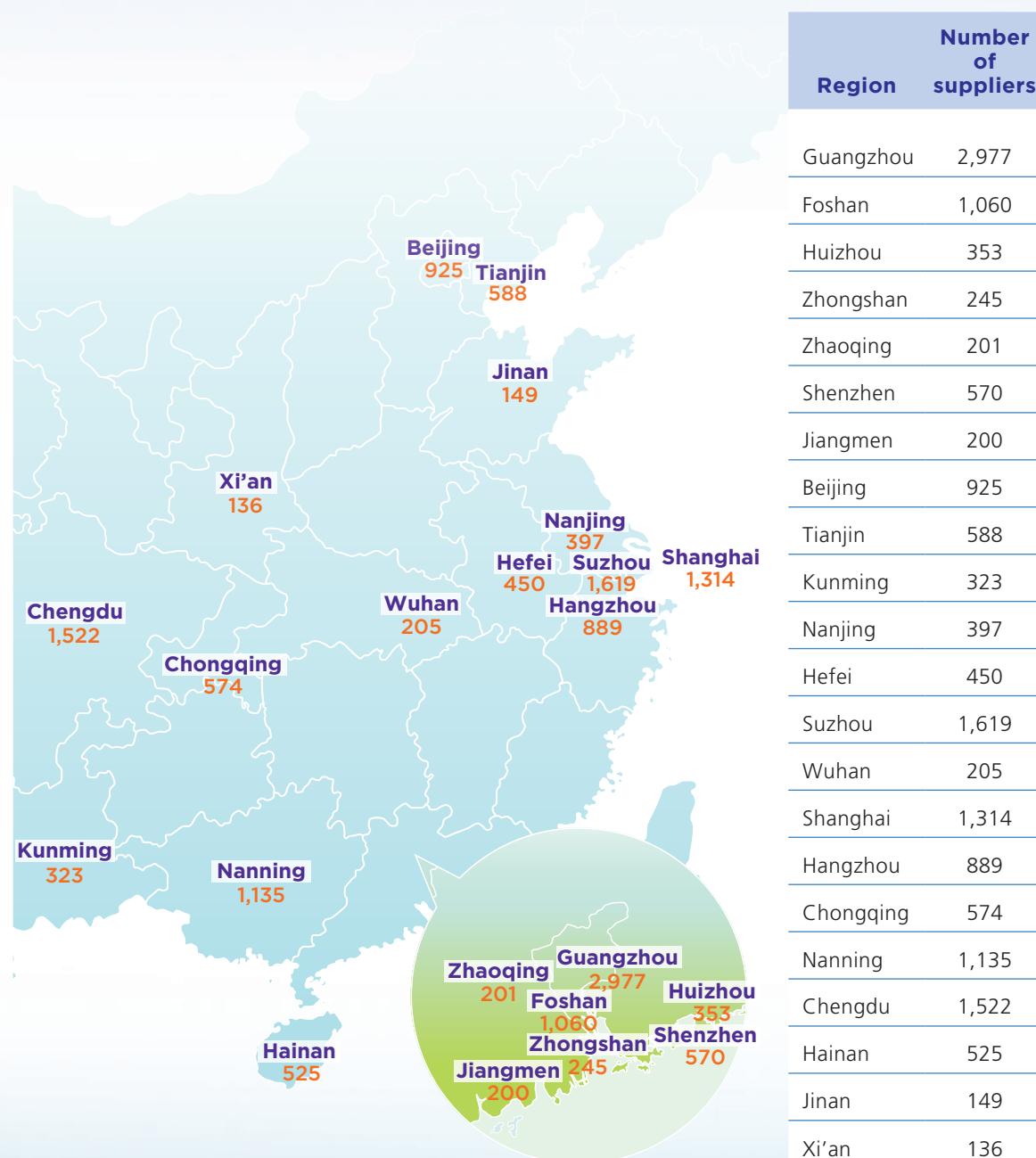
Training on Supply Chain Management System Requirements

On 15 October 2024, the Brand Marketing Department of KWG M • CUBE (Beijing) organized internal training on the Bidding and Procurement System 3.0 designed by the Group. The lecturers covered various areas such as the bidding and procurement process of the Group, changes in the new bidding and procurement rules, the appropriate adjustments to the existing practices for the KWG M • CUBE (Beijing) Project in line with the new rules, and important details to consider in subsequent bidding and procurement process. The training helped the Brand Marketing Department to understand the bidding and procurement system and relevant new rules of the Group, while building a solid foundation for future bidding activities in 2025.



3. Operation Management of the Group

The Group will comprehensively consider the transportation distance of suppliers and their service capacity coverage to divide the supplier provision regions. In 2024, the number of suppliers was 16,357, which are contractors providing construction, materials, equipment and construction services. The number of suppliers in each region is as follows:



● Region of suppliers
(province/city)

● Quantity

3. Operation Management of the Group

3.2 Risk Management

Anti-corruption Management

During the year, zero fraud cases of the employees were concluded. Since its establishment, the Supervision Center is adhered to the anti-fraudulent work philosophy of "Prevention Comes First, Combat Comes Second (預防為主、打擊為輔)", constantly innovated working means and methods, and formed a set of supervision models with KWG features, including the improvement, promotion and implementation, and joint supervision of the prevention work system, as well as specific combat case handling, and the deterrent effect caused by internal and external linkages. A brief summary is as follows:

Continuous apply and optimise anti-fraud system:

Complaints and reporting related systems and comprehensive reporting channels, supervision and management systems and relevant articles, employee handbooks, integrity responsibility agreement, administrative regulations for conflict of interest of the employees, management measures for receipt of gifts and rewards, signing binding agreements on integrity with suppliers.

Continuous carry out a wide range of professional integrity courses:

Create online and offline courses, and conduct general training for management, employees, suppliers. Carry out lecture tours for the in-depth promotion of knowledge to the marketing line which is with higher risks of fraud, produce case warning videos and integrity micro films and invite external lecturers from public security bodies to conduct lectures to form the deterrent effect.

Carry out work coordination and management connection with key business lines:

Promote rectification through investigation and promote regulation through prevention, as well as carry out work coordination and management connection with the tender and procurement, engineering, and marketing lines through the investigation of typical cases. Strengthen the prevention of integrity risk in all aspects through the joint supervision model, streamlining suppliers in respect of tenders and procurement, supervision of the engineering panorama plans, and supervision of the marketing of properties when they are launched for sale.

3. Operation Management of the Group

Business and grassroots dissecting by regional expatriating:

Expatriate personnel in different regions, establish a regular communication mechanism with the management, participate in local management meetings, form a model of "frequent communication and active participation", understand the latest policies and trends of business departments in a timely manner, identify new fraud incidents, and take preventive measures in a timely manner to reduce the possibility of risks. Secret visits and investigate on projects for the ordinary, increase information sources, obtain reliable information in a timely manner, stifle fraud cases in a timely manner, and locate the stolen properties and recover the loss in a timely manner in case of fraud, to avoid greater losses to the Company.

Establish a real estate enterprise alliance and make joint effort against fraud:

Organise and establish the Greater Bay Area Enterprise Supervision Alliance, communicate regularly, and understand the advanced experience in preventing fraud risks in the industry. Form a blacklist system, share the list of dishonest employees and suppliers, and avoid certain risks to the Company due to the recruitment or cooperation of such personnel and suppliers.

Improving the whistle-blowing system by adopting internal precautionary measures

Taking the Employee Handbook (《員工手冊》), Employee Integrity Responsibility Letter (《員工廉潔責任書》), Integrity Agreement (《廉潔協議》), Responsible Incident Handling System (《責任事故處理制度》), Reward and Protection System for Whistle-blowing (《舉報獎勵及保護制度》), Management System on Employee's Conflict of Interest (《員工利益衝突管理制度》), Management System for Integrity Review of Employees in Key Positions of KWG Group (《合景泰富集團關鍵崗位員工任職廉潔審查管理制度》) and Supervision Management System (《監察管理制度》) as the mainstay, based on the implementation rules as annexes and other documents and the actual situation of the Group, KWG sorted out the original management system in all-round aspects. Under the premise of meeting the internal precautionary requirements, KWG focused on management innovation, established anti-fraud precautionary measures suitable to the Group, specified the responsibilities and authorities of the personnel of the relevant departments, carried out comprehensive management, encouraged all employees to participate, and established precautionary system measures to restrict, connect and restrain each other.

3. Operation Management of the Group



Tip-off channels:	
Tip-off telephone:	020-38109152
Tip-off e-mail:	jubao@kwggroupholdings.com
Official website for tip-off channel:	http://www.kwggroupholdings.com/contact/report.html

Regardless of job position level, business sector, department and division, all employees of the Group shall undergo training on integrity held by the Group. Participants were all employees from each business line of the Group, with each employee attending an average of 2 training sessions. The themes and content of the training have been explained in different scopes pinpointing dishonest behaviours, hoping to instil the concept of honesty and pragmatism deeply into all levels of the Group.

In addition, the Group releases the series of posters of "Unity Bookmark" on the WeChat official account "KWG Unity" every week. Taking "Everyone is a manager" as the starting point and "Daily records for managers" as the purpose, the Group shares the key points for improving personal leadership, team leadership and corporate management and operation, so that organisations and teams at all levels can learn by heart the compliant and legal operations, and implement the concept into daily operations, resolutely fight against corruption, and facilitate the stable development of the Company.

The Group has set up the public account "KWG Inspection" to spread KWG's corporate culture of "Integrity and Awakening" and held seminars, with a view that employees can perform deep self-reflection regarding integrity, awakening, and self-discipline, so as to solve any emerging problems before they become significant and to improve work performance. At the same time, the Group continuously strengthens the anti-corruption awareness of employees and strengthens employee management through various training methods such as videos and lectures from time to time.

3. Operation Management of the Group

Cases

Special Training Activities on Risk and Internal Control Management

In 2024, in order to further strengthen anti-corruption management and improve the integrity awareness of all employees, the Group launched a series of anti-corruption courses on the “KWG Unity” learning platform used by all employees. These courses are designed for employees in various business segments, not only covering anti-corruption-related knowledge, but also conducting in-depth analysis based on actual cases. In order to ensure the learning effectiveness of employees, the Group requires employees to watch and check in on time to ensure that every employee can deeply understand the importance of anti-corruption and enhance their awareness of self-prevention.

The Group attaches great importance to anti-corruption and provides a platform for employees to systematically learn anti-corruption knowledge and improve their professional ethics. Through continuous efforts, the Group expects to establish a more clean and transparent working environment and promote the healthy development of the Company.

On 16 August 2024, the Group conducted a 3-hour special training on financial risk management for all 35 employees of the Innovation Business Department, 25 employees of the long-term rental apartment business segment projects and all 479 employees of the Mulian Hotel Group under the KWG Group. through a combination of online and offline modes to improve employees’ awareness of internal risk management, eliminate favoritism and fraud in the Group’s operations and build a clean “firewall”.



3. Operation Management of the Group

Audit Risk and Internal Control Management

The Group attaches importance to the internal control of the enterprise and the cultivation of employees' compliance awareness. In order to further enhance the effectiveness of audit risk management, the Group has organised a series of relevant training activities for its staff internally to improve their financial knowledge and analytical skills. These help to improve the business performance of the Company while reducing the possibility of audit risks arising from inadequate financial knowledge or misuse.

Training on Financial Internal Control Code and Tax Inspection



In April 2024, the Financial Center of the Group organized two specialized training sessions to strengthen financial operations and boost the professionalism of the entire finance team. These sessions standardized key financial internal controls and provided a summary and review of the tax audit in 2023. New features and emerging trends in tax audits were analysed for the sharing and discussion of response measures. Furthermore, the North China Financial Center of the Group conducted monthly and quarterly special financial inspection training in 2024, thereby enhancing management practices and project quality from a financial standpoint.

3. Operation Management of the Group

Special Training on Compliance and Risk Management

In July 2024, the Group's Human Resources (Overall) Department-Administration Group launched a series of professional courses in the Northern China region to provide training on compliance risks. The instructor's specialised course was titled as "Chop, Seal and File Management", which explained the daily applicable procedures of chops, seals and files, and provided training lectures in four aspects, namely, chops and seals for daily filing use, chops and seals for daily contract use and for daily settlement use, as well as file management, so as to enhance risk awareness and strengthen internal control and management.



3.3 Idea Sharing on Party Building

The general Party's branch of KWG Group is established in 2019. In the past four years, the Party Building work has been guided in an orderly manner through the establishment of standardised Party Building organisations.

KWG System actively responded to the call for "Red Property Leading by Party Building (黨建引領紅色物業)" and created the "Sunflower Community 1234 Party Building Work System (向日葵社區1234黨建工作體系)". Party Building work can be fully integrated with government work, business operation, corporate culture, talent training, and integrity forming, and the development of enterprises can be actively empowered.

Adhering to the spirit of implementing the strategic ideology of Party building in the new era, in the new year, we will not forget our original intention to follow the Party. We will actively communicate and cooperate with regional Party committees and carry out regular and featured people-oriented service activities. We will work in a practical way for the people and contribute to the innovation and dissemination of red culture.

In the future, KWG Group will continue to gather red momentum with the Party building brand, adhere to the leadership of Party building and service orientation, and work in a practical way for the people. The development of the Company would be empowered, and its own productivity, competitiveness and cohesion would be comprehensively enhanced leading by Party Building. At the new era of socialism, KWG Group adheres to its original aspiration, continues to implement the spirit of the Party, and creates infinite possibilities for creating a better life in the city.

3. Operation Management of the Group

3.4 Quality and Safety

Quality Control

In order to ensure the engineering quality of the Group's projects, the Group formulated the "Construction Quality Supervision Report Contents" in accordance with the "Regulations on Quality Management of Construction Projects" issued by the State Council, which regulates the engineering quality supervision system, engineering project management, internal control procedures, project planning, quality management requirements for construction, supervision, acceptance, warranty, etc. During the construction process, the Group will regularly call and hold meetings with supervisors, material suppliers, etc., to understand the latest project progress, quality and safety and other important issues, so as to facilitate follow-up and supervision. The responsible department of the Group will also regularly make an inspection tour to the project site so as to inspect the quality and safety risks of the project on site.

During the year, among the total number of products sold or shipped, the number of products subject to recalls for safety and health reasons was zero.

The Group's quality and safety supervision and management system is divided into three parts, namely, the "Construction Project Management and Control Regulations of the Group", "Third-party Construction Project Assessment System" and "City Company Appraisal".

1. Construction Project Management and Control Regulations of the Group

The Construction Project Management and Control Regulations of the Group cover six small segments as follows:

Management and control requirements for the supervision of construction projects of the Group

The construction project management department of the Group will issue supervision and administration letters in relation to the progress, quality, safety and other risks arising from the management process of city companies and project departments.

Management and control requirements for the red line issues of construction projects

Including construction project quality and safety and civilization. The red line issues of "construction project quality" include, among others, the situation that the concrete level is lower than the design requirement during the construction process of concrete pouring of main structures, and the presence of stress cracks in concrete slab floors and walls. The red line issues of "safety and civilization" include the commencement of construction without the review and approval for the special plan or without any expert testimony for the construction projects with subdivisional units and works with greater risks, or the possible occurrence of incidents due to the failure of implementation of plans, the use of tower cranes and construction elevators without any inspection and tests carried out by relevant professional institutions, or the continuous use of tower cranes and construction elevators in spite of any major hidden dangers that may lead to accidents.

3. Operation Management of the Group

Regulations on project management conduct

Key concerns include the “Regulations on Quality Management of Concrete” and the “Regulations on the Management of Six Control and Six Inspection of Leak Prevention Engineering”. Management and control measures include carrying out tests for the concrete strength and constructive rebound value of structures on a sample basis, as well as water spraying and closed water tests on a sample basis.

Management and control requirements for the rate of closure due to on-site issues

Punish and report for criticism according to the rectification situation.

Management and control requirements for materials

During the third-party process assessment and the Group's unannounced inspections, if a large number of fake and substandard construction materials are found or the construction materials are found to be not under the brand agreed in the contracts, the relevant city company and project will be punished.

Management and control requirements for major events

Major events include, among others, the accidents occurred which did not fulfill the general and above quality and safety standard as required by relevant national laws and regulations, and the events that exposed by the media or caused adverse impacts due to construction project quality and safety issues. Upon the occurrence of a major event, the city company shall immediately report to the Group's construction project management department simultaneously, which will require the city company to provide a solution within the prescribed time (no more than 3 days) based on the severity and difficulty of addressing the event.

2. *Third-party Construction Project Assessment System*

The assessment system covers the main body, underground, decoration, pre-delivery and delivery. Assessment of the main body, underground and decoration will be carried out about once a quarter. Each city company is required to truthfully submit the section of the bidding and project list for the current assessment to the Group's construction project management department 14 days before each assessment.

3. *City Company Appraisal Reward and Punishment*

The Group ranks and rewards and punishes the city companies based on the comprehensive scores of their projects under inspection every quarter.

3. Operation Management of the Group

When the property is delivered, the Group will first conduct internal quality verification process, and then check the quality of the property project on site again together with the owner. The Group will prepare the "Completion Acceptance Recording Form", "Commercial Housing Manual", "Commercial Housing Quality Assurance" and "House Handover Form" to be checked and accepted by the customer. The Group adopts a one-family-one-dossier system, so that each owner's house undergoes three rounds of simulated acceptance before delivery. At the same time, we have four major quality controls and five 100% assurance to ensure precision quality, which are:

1. 100% actual measurement — to ensure that all parts of each unit can be inspected;
2. in place, and problems can be solved in time; 100% floor slab caisson water storage test — we carry out water spray inspection on each slab, and conduct a 24-hour water storage test on each occasion to prevent water leakage and water seepage problems;
3. 100% water spray test on external windows — after the installation of the external windows is completed, perform a water spray test on each external window, check the surroundings of the external windows to ensure that leakage is eliminated, and record the files;
4. 100% elimination of major problems and systemic problems; and
5. 100% household acceptance.

In addition, the Group has a comprehensive maintenance management system during the warranty period, and strives to standardise the repair processing process of customers, so as to improve the efficiency and quality of warranty. The warranty period of the project is from the completion date stipulated in the "Construction Management Contract" to the time limit stipulated in the "Construction Law of the People's Republic of China" or contractually agreed, or from the date of delivery agreed in the "Commercial Housing Sales Contract" to the expiration date of the guarantee period for the quality of different parts of the house stipulated in the "Commercial Housing Quality Guarantee". The Group will undertake the quality assurance responsibility thereon.

When customers complaint about project quality or services, we will pay attention and handle them solemnly. The Group has a complete customer complaint management process in place, which clearly explains the responsibility planning and handling methods of various relevant departments, including customer relationship management department, legal department, and brand department. The repair or complaint content are entered into the system, and then send the repair content to the city warranty office and city customer service department by post. After the repair is completed, a random inspection of the satisfaction of each household will be conducted. In addition, the customer relationship management department will hold regular maintenance meetings every half a month, regularly sort out the cases of maintenance upgrades and complaints, check the system maintenance data of the city company for statistical analysis, and urge the city real estate company to conduct random inspections of vacant properties and inspection tour of yet-to-deliver properties. The Group will hold a maintenance review appraisal meeting every six months. Each department must delegate representatives to attend to follow up and analyse the maintenance data, organise case reviews, review customer satisfaction and customer complaint management procedures to improve better services and products and thus enhancing corporate image.

3. Operation Management of the Group

Civilised Constructing

Construction parties and its safety is the core of the entire supply chain management. Construction party should comply with our Supplier and Builder Code of Business Conduct and Safety Policies and Requirements. In order to maintain a high level of safety management, we continue to maintain close communication with the construction party to ensure that the scope of its operation achieves safety performance and complies with all relevant laws, regulations and guidelines. In addition, we also specify the terms of compliance and the consequences of breach in the contract, and supervise the whole process of construction. To reduce safety risks, construction parties with excellent safety records will be given priority to construction contracts.

In order to improve the safety management level of the Group and align with the Chinese government's consistent policy of improving construction safety and quality, we are committed to reducing construction-related diseases and accidents, and providing a safe and healthy working environment for all employees and construction workers. The Group is actively establishing a customised integrated management system based on the ISO45001: 2018 occupational health and safety management standard on the group level and its subsidiaries. The Group expects to implement the system in our engineering construction both in Hong Kong and Mainland China in short term, so as to gain further national and international recognition in the field of safety and quality. All of the goals we set for last year have been successfully achieved, and our goals for 2024 are consistent with those for last year. Other specific long-term goals are as follows:

3. Operation Management of the Group

Long-term goals**Minimise accident rates for construction parties' employees**

Goal:

Group employee accident rate should not exceed 0.040 leave due to work-related injuries per employee per year



2024 results:
ACHIEVED



2024 results:
ACHIEVED

Minimise accident rates for construction parties' employees

Goal:

The accident rates for construction parties' employees should be less than 0.5 notifiable accidents per 100,000 man-hours

Promote safety and health awareness among construction workers

Goal:

Provide one safety training for all construction workers, and provide no less than one emergency drill training every year



2024 results:
ACHIEVED



2024 results:
ACHIEVED

Promote safety and health awareness to construction parties

Goal:

Provide at least 50% of the construction parties' management personnel with safety training organised by the Group to meet the needs of management personnel

Promote occupational safety and health in the workplace

Goal:

Conduct safety inspections for each workplace at least once a month



2024 results:
ACHIEVED



2024 results:
ACHIEVED

Arrange engineering project personnel to receive external training so as to enhance health and safety knowledge

Goal:

Hold at least 6 external safety training courses for engineering project personnel and office staff every year

3. Operation Management of the Group

We specify safety and related regulatory requirements for all construction units in order to enhance safety culture, performance assessment and improvement, emergency response management, control regulations and related guidelines. The Group's management conducts regular safety and environmental inspections over construction works under progress to check the on-site safety management system and management evaluation system so as to identify potential hazards.

We insist on providing clear and practical guidelines for our employees and construction parties' workers, and have always strictly followed the relevant guidelines, thereby enhancing the Group's occupational safety and health standards. We regularly review our safety objectives, indicators and effectiveness, and track our safety performance for continuous improvement.

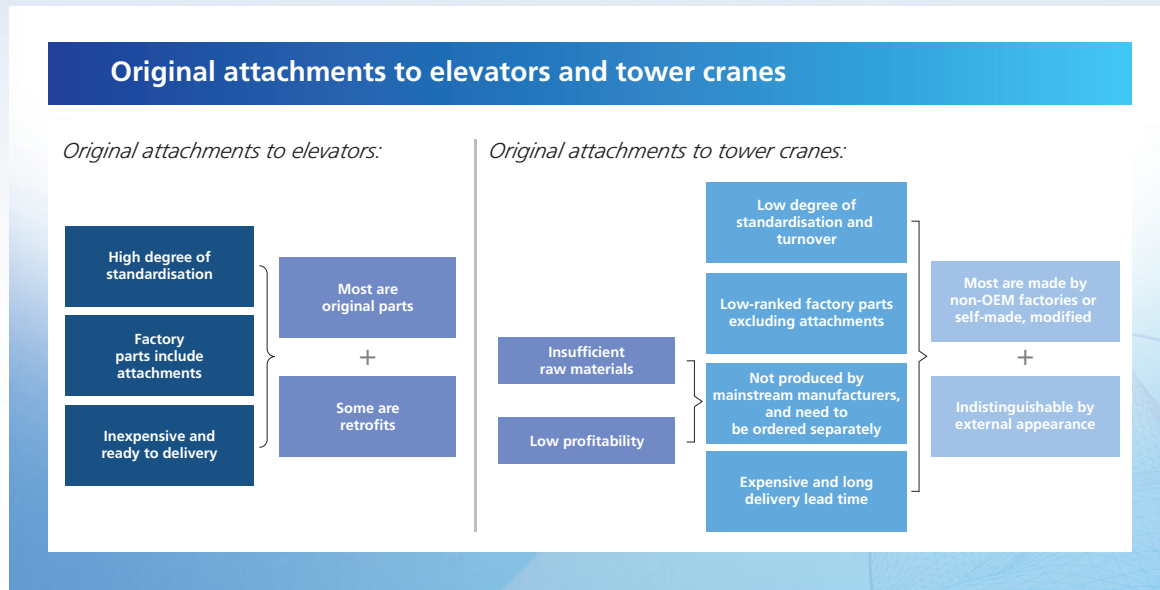
The Group is committed to building a safety culture in all aspects, ensuring that employees reflect consistent attitudes, beliefs and practices. From front line workers, environmental and health and safety professionals, to construction management, senior management and the Board, we have established clear and well-defined lines of responsibilities to build a robust safety culture through effective leadership. The Group continues to promote internal health and safety awareness, supervises the implementation of the site management system, and discusses safety issues and plans to prevent hazards. Safety performance data including accident statistics and compliance assessment will be regularly submitted to the Group's management for review. Relevant suggestions will be put forward according to the actual situation, so as to improve the level of health and safety and eliminate hidden dangers.

Heavy Mechanical Equipment Control

Modern construction projects rely on heavy machinery, the conditions and maintenance of which are critical in terms of efficiency, schedule, and site safety. The Group owns nearly 500 heavy machinery and equipment, and has registered the relevant information of every one of them, including the item number and name, model, manufacturer, ownership (if it is a leased equipment), installation and maintenance unit, production licence number, date of manufacture, the city, company and project that it is for, etc. If there is any problem with the machinery, the investigation unit could track the responsibility based on the above information. In addition, in order to record the repair history of the equipment, the dates of installation approval and installation, last maintenance, and manufacture of the fall arrester for lifts and elevators, etc., will be recorded in the ledger in details, so that relevant personnel can check it out anytime.

In order to effectively implement the safety management of heavy machinery, the Group has prepared relevant training materials. The content includes casualties caused by heavy machinery in China in recent years, so as to enable our construction workers to be vigilant. And we explain the reasons for the accidents, including the original hidden dangers that attach to elevators and tower cranes as follows.

3. Operation Management of the Group



In order to allow construction workers to have an easier understanding of the actual ways to improve machinery safety on site, we introduce the following “Six-step Approach” conceptual framework, so that all personnel can follow the laws before, during and after the use of machinery. The specific stages are:

Key session	Work content	Responsible unit	Management measures
Special plan	The main contractor shall organise a professional installation dismantling unit to prepare the plan, which shall be reviewed and approved by the supervisor. An expert testimony shall be carried out based on the scale.	Main contractor	(1) Proposal approval form (2) Expert testimony table (if any)

3. Operation Management of the Group

Key session	Work content	Responsible unit	Management measures
Equipment installation	<p>(1) File for approval;</p> <p>(2) Before the equipment enters the site, the supervisor and the main contractor shall carry out inspection for acceptance of the equipment, in order to determine the equipment's useful life, model and compliance of the safety devices of the main structural components;</p> <p>(3) The installation personnel shall be certified with his/her certificates, and shall communicate with the technical personnel of the installation unit for handover;</p> <p>(4) Set up isolation warning tapes;</p> <p>(5) The supervisor and the safety management personnel of the main contractor shall carry out onsite supervision activities and upload videos in relation to such activities to the relevant work group;</p> <p>(6) Party A shall carry out inspection at least once every half-day in respect of the supervision activities conducted by the supervisor of the main contractor;</p> <p>(7) Special time periods: special attention shall be paid to construction intervals such as noon;</p> <p>(8) After the completion of installation, relevant parties shall be organised to carry out inspection for acceptance.</p>	Supervisor	<p>(1) Table of records for the inspection for acceptance of the equipment to be entered the site</p> <p>(2) Records for the education and handover to the installation personnel</p> <p>(3) Records for onsite</p> <p>(4) Table of records for installation and inspection for acceptance</p>

3. Operation Management of the Group

Key session	Work content	Responsible unit	Management measures
Registration procedures	<ul style="list-style-type: none"> (1) Inspection and tests conducted by special inspection institutes; (2) File of registration for use. 	Main contractor	<ul style="list-style-type: none"> (1) Inspection and testing reports (2) Registration certificate for use
Tower crane's lifting and addition of mast sections	<ul style="list-style-type: none"> (1) Inspection for acceptance shall be carried out for the mast sections of the bidding entering the site, in order to ensure model consistency; (2) The personnel responsible for the addition of mast sections shall be certified with his/her certificates, and shall communicate with the technical personnel of the installation unit for handover; (3) Set up isolation warning tapes; (4) The supervisor and the safety management personnel of the main contractor shall carry out onsite supervision activities and upload videos in relation to such activities to the relevant work group; (5) The personnel of Part A shall carry out inspection at least once every half-day in respect of the supervision activities conducted by the supervisor of the main contractor; (6) Special time periods: Special attention shall be paid to construction intervals such as noon; (7) After the completion of addition of mast sections, relevant parties shall be organised to carry out inspection for acceptance. 	Supervisor of the main contractor	<ul style="list-style-type: none"> (1) Records for the education and handover to the installation personnel (2) Records for onsite supervision activities (3) Table of records for installation (addition of mast sections) and inspection for acceptance

3. Operation Management of the Group

Key session	Work content	Responsible unit	Management measures
Use and repair and maintenance	<ul style="list-style-type: none"> (1) Fingerprint or face recognition devices should be installed on construction elevators; (2) The equipment operator shall be certified with his/her certificates, and shall receive regular education for handover; (3) Regular repair and maintenance shall be carried out and the personnel responsible for repair and maintenance shall receive education for handover; (4) The personnel responsible for repair and maintenance must take photos of sign-in records at critical points of the equipment. 	Main contractor	<ul style="list-style-type: none"> (1) Table of records for handover (2) Table of records for repair and maintenance (3) Photos of sign-in records for repair and maintenance at critical points

3. Operation Management of the Group

Key session	Work content	Responsible unit	Management measures
Dismantling from the site	<ul style="list-style-type: none"> (1) File for approval; (2) Before the dismantling of the equipment, procedures for dismantling notification shall be completed; (3) The personnel responsible for dismantling shall be certified with his/her certificates, and shall communicate with the technical personnel of the installation and dismantling unit for handover; (4) Set up isolation warning tapes; (5) The supervisor and the safety management personnel of the main contractor shall carry out onsite supervision activities and upload videos in relation to such activities to the relevant work group; (6) Party A shall carry out inspection at least once every half-day in respect of the supervision activities conducted by the supervisor of the main contractor; (7) Special time periods: special attention shall be paid to construction intervals such as noon. 	Supervisor of the main contractor	<ul style="list-style-type: none"> (1) Records for the education and handover to the personnel responsible for installation and dismantling (2) Records for onsite supervision activities

At the same time, we practise adding information technology to the using of heavy machinery to achieve hook visualisation and face recognition system, so that managers and operators can monitor machinery operations in real time and in an all-round manner. By using face recognition, we ensure the identity of the operator and prevent the driver from being impersonated.

3. Operation Management of the Group

Special Topic

Hook visualisation

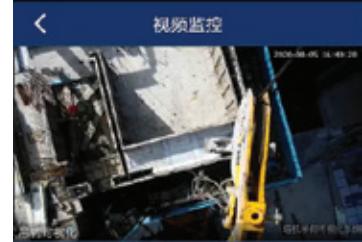
Realise real-time monitoring in all-round aspects, and reduce the risk in hoisting operations.



Driver's cab visualisation



Monitoring visualisation



Mobile phone visualisation

Face recognition system

Ensure that equipment operators were licensed for operation to reduce the risk of equipment operation.



Ensuring the operator was licensed



Driver face recognition system



Driver of construction elevator face recognition system

3. Operation Management of the Group

Even though the five items of equipment property rights, leasing, installation and dismantling, maintenance, and labour services (operating drivers and sling workers) can be performed by five units theoretically, however, the Group implements the “Five in One”, that is, the five items are all conducted by the same unit, which has the following advantages in terms of safety and efficiency:

1. It is conducive to unified management of special operators and training of operation and maintenance expertise;
2. It is conducive to the monitoring of the safe operation of the equipment, improving the effectiveness of equipment maintenance, and integrating management of one machine and one file;
3. It is conducive to the cooperation and assurance of equipment installation and dismantling, and lifting-up;
4. It is conducive to the accountability division for equipment failure or accident.

Main Engineering Process Safety Assessment and Inspection

The Group evaluates construction projects regularly, and also ensures that all civilised construction items required are implemented. Scores are given according to the degree of implementation of individual items, so that both the Group and the construction unit can improve the degree of civilized construction according to the evaluation results. Specific items include: project manager, construction unit, person-in-charge, supervision unit, dust control, site clearance after construction, safety promotion, brand promotion, on-site fire protection, material fire protection, fire protection management, limb openings, material control, protective sheds, working at heights, construction plans, deformation monitoring, well wall support, drainage measures, safety protection, foundation well support, template bracket, steel pipe scaffold, climbing frame, unloading platform, template and scaffolding, tower crane, material hoist, construction elevator, construction equipment, temporary entry of mechanical equipment, mechanical equipment, external power protection, power-distribution switch box, distribution lines, and safe electricity use.

The entire process above is implemented in accordance with the “Quality and Safety Supervision and Management System”, and each item has detailed definitions and guidelines. For example, the requirements for material control include, “for materials entering the site for the first time, the project supervision unit and the construction unit must notify the relevant professional engineers of the project engineering department of Party A to participate in the site inspection. The professional engineer of the project engineering department of Party A shall not be absent. After the inspection, the parties involved should confirm by signature. Finally, it will be aggregated to the internal engineer of the project department of Party A for filing.” Other prohibited items are as follows:

1. Special plans for sub-projects with high risk are not approved, or constructed without expert verification, or accidents may occur if the plans are not implemented;
2. Tower cranes and construction elevators that have not been tested by relevant professional institutions are in use, or that have major hidden dangers which may lead to accidents are still in use;

3. Operation Management of the Group

3. Non-licensed personnel engaged in special operations such as electric welding, lifting and hoisting, being electrician, or construction workers carried out work with fire but have not obtained fire working permits;
4. Failure to conduct third-party foundation wells monitoring as required, unreasonable frequency of monitoring, and failure to take measures when monitoring data exceeds the early warning value;
5. Remove the support system of formwork in advance before the concrete reach the allowable strength;
6. The support system or the floor-mounted unloading platform is connected to the outer frame;
7. The cantilevered layer of the cantilevered external scaffolding and the bottom of the climbing scaffolding are not closed with hard materials, or the scaffolding is connected to the wall and the scissor bracing is discontinuously set or dismantled in advance which has violated the regulations;
8. There is no fire prevention water system at the construction site and living area, or the fire prevention water system is delayed in the construction stage or the fire prevention water cannot be used normally.

The “Quality and Safety Supervision and Management System” stipulates the inspection frequency, inspection scope, and closing rate and time of violations. If the relevant personnel fails to reach the set closing rate within the time limit, they will be interviewed and penalised. Such details are all due to the extremely complex construction process. If we do not check them one by one in a checklist mode, it will also pose a serious threat to the construction quality and the safety of construction workers even if there is only one careless omission.

In terms of training construction workers, we use various teaching and promotional materials. For example, the “Standardisation Album of Safe and Civilised Construction of Projects” contains detailed information on safety management, safe and civilised construction, safety protection, construction machinery, high-altitude operation machinery, construction electricity, foundation well engineering, template and scaffolding engineering, fire safety and others items that must be followed or the way of implementation, in order to make it fully understandable by construction workers.

3. Operation Management of the Group

The photographs contained therein are listed below for reference.

Category of Project	Range for Staffing	Staffing Standard
Staffing for construction projects and decoration projects are based on floor area	Below 10,000 m ²	No less than 1 personnel
	10,000 m ² –50,000 m ²	No less than 2 personnel
	Over 50,000 m ²	No less than 3 personnel, and designated production safety management personnel are staffed by profession

Standard for the staffing of designated production safety management personnel for projects by main contractors

Category of subcontracting	Range for Staffing	Staffing Standard
Professional contractor	/	At least 1 personnel, and subject to increase depending on the amount of work and the extent of construction risk of the sub-projects undertaken
Labour service subcontractor	Less than 50 construction workers	1 personnel
	50–200 construction workers	2 personnel
	Over 200 construction workers	Shall be 3 personnel, and subject to increase depending on the amount of work and the extent of construction risk of the sub-projects undertaken, and shall not be less than 5% of construction workers

3. Operation Management of the Group

Standard for the staffing of designated production safety management personnel for projects by subcontractors



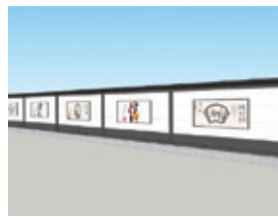
Gatehouse-style doors



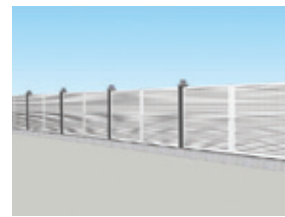
Fences at main exits and entrances



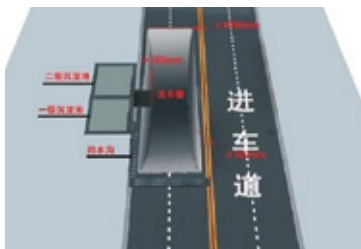
Movable prefabricated PVC windshield



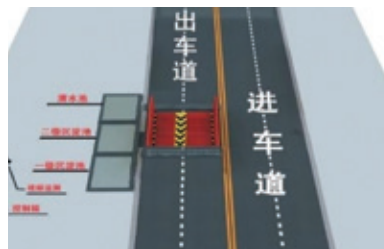
Prefabricated steel structure windshield



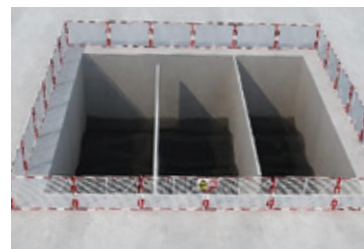
Fabricated and perforated sheet metal windshield



Schematic diagram of cast-in-place car wash tank



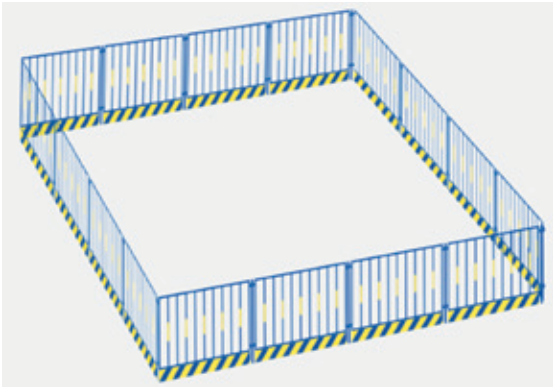
Schematic diagram of automatic washing equipment



Schematic diagram of sedimentation tank

3. Operation Management of the Group

Standard for the staffing of designated production safety management personnel for projects by subcontractors



Divided material storage area

材料标识牌			
名 称		进场日期	
规 格		进场数量	
生产厂家		标识人	
检 验 和 试 验 状 态			

Material identification plate



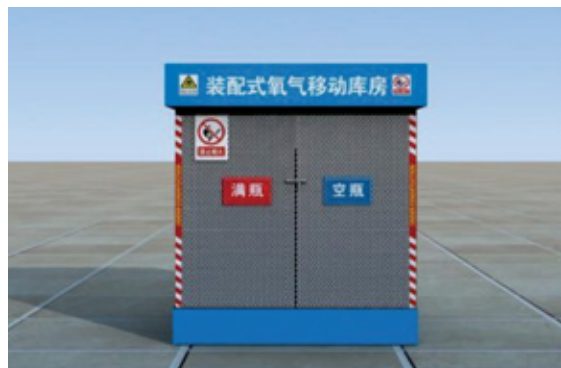
Rebar stacking rack



Material stacking rack



Material recovery tank



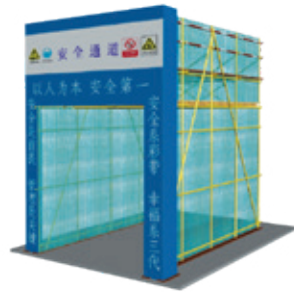
Gas cylinder storage warehouse

3. Operation Management of the Group

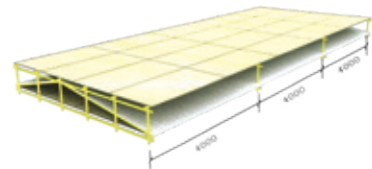
Standard for the staffing of designated production safety management personnel for projects by subcontractors



Instrumental safe passage



Temporary safe passage



Anti-smashing shed



3. Operation Management of the Group

Standard for the staffing of designated production safety management personnel for projects by subcontractors



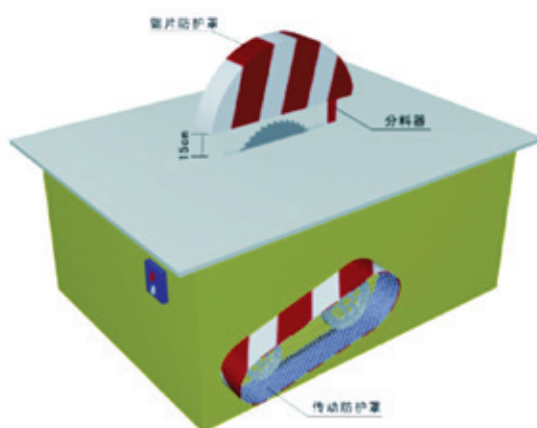
Equipment number and acceptance mark



Setting up rain-proof and anti-smashing sheds



Cutter guard



Cutter guard



Belt guard



Protection for rebar straightening

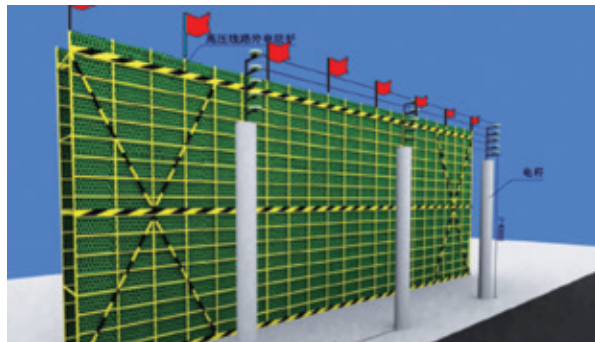
3. Operation Management of the Group

Standard for the staffing of designated production safety management personnel for projects by subcontractors

Protection for transformer



Protection for box transformer



Protection for high voltage line

3. Operation Management of the Group

Work notice before and during holidays

During holidays such as Chinese New Year, National Day and Labour Day, most of the operations on construction sites will be temporarily suspended, and most construction workers will also leave their posts taking a rest. Therefore, the construction sites and construction operations must be inspected and properly handled before the leave. The Group will also give notice with specific requirements including:

1. Keep vigilant on production safety at all times, and further enhance red line and bottom line awareness.
2. The deputy general managers of engineering and the key persons in charge of the projects in each company in various cities shall research on and arrange the safety work in person during holidays, effectively strengthen the organisation and leadership of the production safety work during holidays, and define the production safety responsibilities of each position and employee.
3. Each project shall supervise the main contractor and the supervision entities shall carry out safety education and safety disclosure at all levels, and strengthen workers' safety awareness during holidays.
4. Each project shall maintain close communication with local competent authorities, and strictly implement various management requirements of relevant authorities during holidays.
5. Conduct examination on safety risk prevention and control and hidden danger before holidays, seriously carry out safety inspections before Labour Day, and focus on examining the implementation of safety measures for high-risk operations such as large-scale mechanical equipment (tower cranes, construction elevators), temporary use of electricity, scaffolding, climbing frames, template bracket systems and foundation well supports; the maintenance, completeness and effectiveness of fire prevention control facilities at construction sites and living areas; the implementation of safety management for fire prevention operation to ensure that various hidden dangers are rectified and controlled.
6. During holidays, all project sites must keep fully closed, arrange more security manpower, implement anti-theft measures, strictly prohibit unauthorised persons from entering construction sites, and access registration is required for visiting relatives and friends.
7. Enhanced safety management measures shall be implemented during holidays. During the holidays, tower cranes and construction elevators are prohibited from being installed, jacked up and dismantled. Advance or delay arrangements shall be adjusted according to the actual situation. If installment and dismantle is needed for projects, it must be reported to the Engineering Management Department of the Group in advance. Scaffold erection and dismantling, climbing frame climbing and dismantling and fire operation are required to be planned in advance, and the operation can be arranged after the approval by persons-in-charge of the owners, the supervision entities and general contractors who shall assign designated persons to perform on-site supervision during the operation process.
8. The management of electricity use and fire prevention control shall be strengthened in the construction area, living area, office area and exhibition area.

3. Operation Management of the Group

In addition, the Group has formulated a full-fledged safety management system, such as the “Quality and Safety Supervision and Management System”, “Group Safety and Quality Management Red Line Management Regulations”, “Notice on Establishing and Improving the Safety Production Accident Express Reporting Mechanism”. The Group requires companies and projects in each city to continuously strengthen their responsibility for production safety. By focusing on resolutely curbing safety accidents, and adhering to the combination of comprehensive inspection and strict management, the Group carried out a large-scale inspection of safety production through the combination of project self-inspection, spot inspection on companies in each city and group inspection. Focusing on in-depth management of major safety hazards, the Group eliminates any occurrence of production safety violations, strictly implementing various safety prevention responsibilities and measures, and preventing various types of accident.

KWG Group’s Safety Production Management System, which covers all aspects of construction, is including:

1. Safety management organisation and responsibilities: adhere to the policy of “prioritising safety and life; prevention first, safe development”, pursue the goal of zero injury, zero accident, and zero death, and require all members of the Group to do well and take the due safety responsibilities.
2. Requirements for the staffing of safety management personnel: indicate the minimum number of safety management personnel according to the scale of the construction, and increase according to the amount of work and the degree of construction risk of the sub-projects undertaken, and regularly review the relevant requirements, with the goal of appropriately increase the quantity and quality of safety management personnel.
3. Safety education and training management: specify the requirements and content of the training, and review regularly in order to increase the depth and intensity according to the realistic situation.
4. Hazard source identification, risk assessment and control: all personnel must fully consider the risk in the past, present and future that may occur due to various factors to ensure comprehensive identification of potential risks; according to “Provisions on Safety Management of Sub-item Projects with Greater Risk” (Order of the MOHURD [2018] No. 37), relevant laws and regulations, the latest and best operation recommendations in the industry, the Group continues to promote risk identification and advance deployment, fully considers the adverse effects on personnel and property, environment and resources, and enterprises and the Health Safety and Environment Management System.
5. Safety inspection and early warning management: clarify the method and density of safety inspections, and review in a timely manner and increase inspection efforts in the future; after the inspection, a Hazardous Rectification Notice should be issued for identified safety hazards; the responsible unit should implement the rectification in accordance with the principle of “five determinations” (determination of the plan, the measures, the person for rectification, the source of funds, and the time limit for rectification), and the inspection unit or authorised unit should review the rectification of hidden dangers.

3. Operation Management of the Group

6. Safety “gate closure”: in any situation involving urgent and major safety hazards, it is clear that managers at all levels must immediately rule out the hidden danger parts, and the unit must not resume work until the rectification is completed and passed safety re-inspection. After the rectification of the part is completed, the unit can be resume work after the inspection being accepted, and the rectification is archived for future reference. The Group will follow up to investigate the cause of the incident, the process of discovery and solutions, and take appropriate sanctions against relevant personnel or hold relevant construction parties accountable.

In response to extreme weather such as typhoons and heavy rainfall, the Group requires each project to continue to improve emergency plans, investigates emergency safeguard measures. To ensure the safety of personnel and property, the Group does a good job in emergency preparations including ensuring the sufficient rescue equipment and materials, and timely grasping meteorological and disaster warning information.

6X Refined Construction System

On the basis of iteration of the traditional craftsmanship, KWG adopts the “6X Refined Construction System” to manage construction in a scientific manner, and improve the quality and value of houses from multiple dimensions such as on-site operation control, process inter-leaving efficiency improvement, and safe and civilised construction. Meanwhile, the building layout is deeply considered, and the different space available for use in the residence are “redesigned”.

The “6” in the 6X Refined Construction System represents the 6 major basic items, including aluminium moulds, scaffolds, fully cast-in-place external walls + plaster-free, high-precision cutting blocks (thin blocks coated with a thin-layer of plaster), electromechanical precise pre-burial, and interspersed construction. The application of the 6X Refined Construction System can speed up the overall construction period, such that we are allowed to have more sufficient time for construction, so as to control the quality of key processes with higher quality requirements such as fine decoration and landscaping, which is one of the advantages of the 6X Refined Construction System. In addition, as the system uses high-precision moulds such as aluminium moulds, its turnover is also relatively high. Not only can it avoid plastering, but it can also save many building materials such as wood and mortar, which is also advantageous in terms of energy conservation and environmental protection.

3. Operation Management of the Group

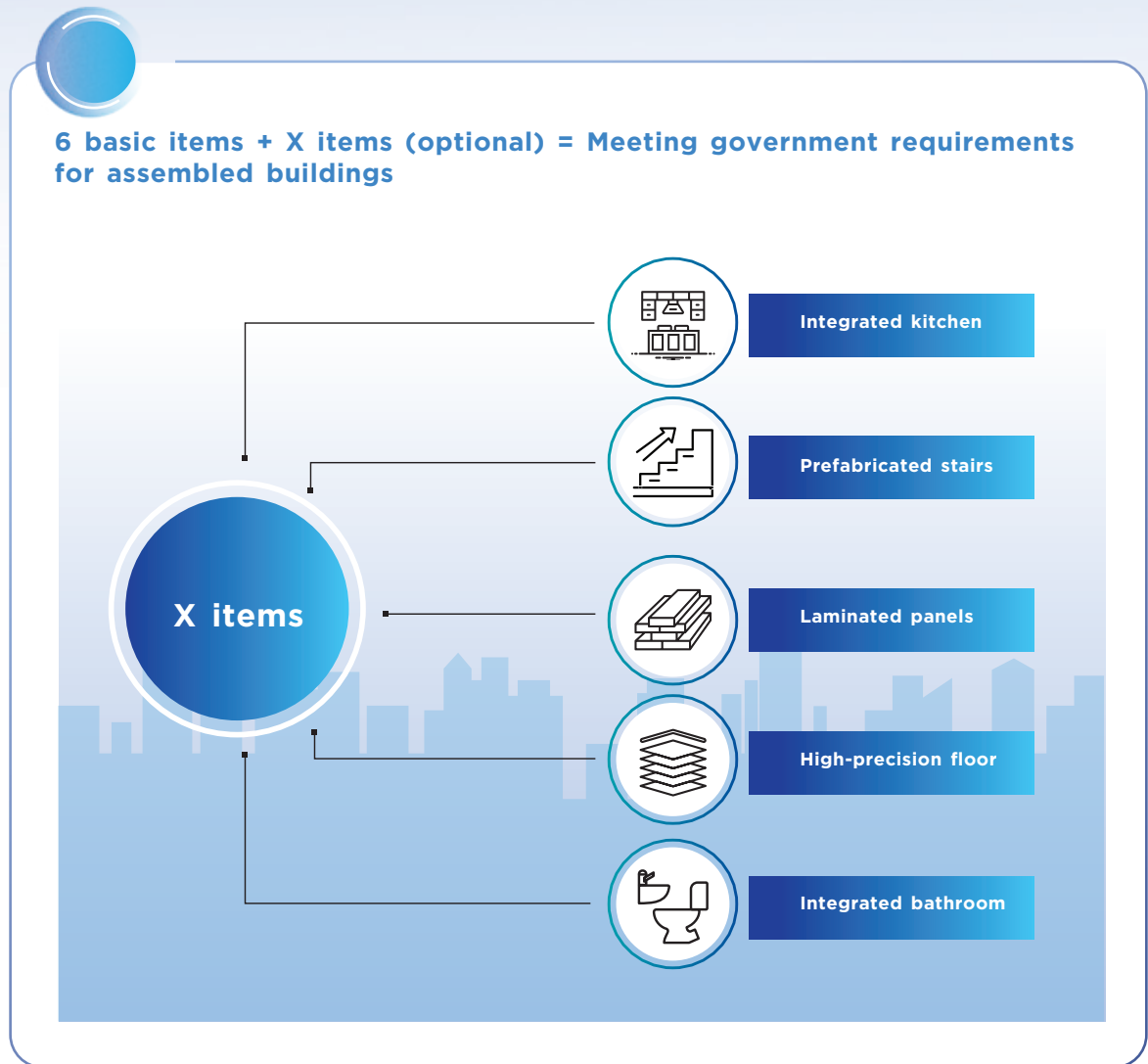
The advantages of the 6X Refined Construction System are mainly reflected in the following aspects:

1. To achieve zero leakage and zero hollow drums, reduce construction costs such as maintenance and even the cost of home purchases by property owners;
2. Rapid construction to help property owners get the property in advance;
3. Save wood, mortar and other materials, and be green and environmentally friendly.

KWG 6X Refined Construction System



3. Operation Management of the Group

**Customer service***Property development*

The Group understands the importance of customers, so we often want to better understand customers' opinions and communicate with them in the business process to meet their needs. We manage all stages, including pre-design, marketing, simulation acceptance and pre-delivery management, house entry and after moving-in, so we often hold online and offline activities to communicate with customers.

3. Operation Management of the Group

In 2024, the Group actively responded to the policy of “guaranteeing delivery of properties and stabilizing people’s livelihood”. By optimizing product quality and delivery capabilities, the Group delivered approximately 13,000 units of properties with a total gross floor area of approximately 1.235 million sq.m., including key projects such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, Canton Financial Center, Hong Kong The Corniche, Foshan Oriental Bund, Shenzhen Grand Oasis. Among these, projects such as Guangzhou Landmark Arte Masterpiece and Guangzhou Richmond Greenville have set industry benchmarks with 52 meticulous construction standards.

On this basis, the Group adhered to use selected high-quality construction materials in the interior of residential projects to improve infrastructure such as electricity, tap water, natural gas and heating and ventilation, as well as to equip outdoor with comprehensive residential supporting facilities including educational facilities, commercial facilities, greening facilities, sports facilities and safety facilities, so as to provide property owners with excellent living experience. In the process of house inspection, property owners are accompanied by staff to give them sufficient time to check the quality of the project. If there is any deficiency, the relevant staff will register immediately and will contact the quick repair team to rectify the problems as soon as possible to ensure the owner’s home purchase experience.

KWG Group takes each and every one of its valued customers sincerely by providing value-added services such as renovation, sale and purchase, leasing and parking space sales to its customers. A dedicated after-sales service team is set up for each project to improve maintenance handling efficiency and service standards. The Group has launched the “Smart Customer Service” digital service platform, which can provide online delivery, online report for repair and event booking services to cater for its customer needs in all aspects.

To ensure that all service measures are effectively implemented, the Group has established a comprehensive customer service monitoring system: through management tools such as the 400 customer service monitoring hotline, in-depth interviews with customers, mystery customer unannounced inspections to monitor each key service-related aspect and maintain good service quality by taking standardised and professional actions to enhance customers’ recognition of KWG’s service quality on a constant basis.

Commercial Operations

As an integrated urban CBD operator in China, the Group has successfully established its business presence in the core commercial districts of first-tier, new first-tier and second-tier cities, including Beijing, Shanghai, Guangzhou, Chengdu, Suzhou, Foshan and Nanning. As of 31 December 2024, the Group has 36 investment projects that have commenced operation, including 14 shopping malls, 13 hotels and 9 office buildings.

3. Operation Management of the Group

The Group has always been customer-oriented and highly values the feedback and opinions of each customer. In the face of customer complaints, relevant staff will listen to relevant problems and deficiencies with a humble and professional attitude, and deeply understand customers' dissatisfaction and expectations. Whether it is about product quality, service experience or facility problems, the Group will take them seriously and will not overlook any details. In response to relevant problems, the Group conducts internal investigation and verification to identify the problems as soon as possible and clarify the responsibilities. Once it is confirmed that it is a fault or problem of the Group, the Group will take immediate remedial measures and publicly apologise to customers. To ensure customer satisfaction, the Group will coordinate resources across departments to provide solutions, including but not limited to the replacement of goods, optimisation of services, maintenance of facilities, etc. At the same time, the Group will also maintain close communication with customers to ensure that problems are properly resolved and continue to track feedback until customers are satisfied.

In addition, the Group will learn from each complaint for internal reflection and improvement. Whether it is about employee training, service process or facility maintenance, relevant operation projects will be optimised and improved according to customer feedback. For major or repeated complaints, the project management will make more comprehensive strategic adjustments and improvements according to the problems, continuously improve customer satisfaction, and further consolidate and enhance brand image and customer loyalty.

During the reporting year, the Group's commercial operational projects received a total of 719 customer complaints, including 86 complaints related to shopping malls, 239 complaints related to office buildings, 393 complaints related to apartments and one complaint related to logistics parks. The above complaints are all daily general operation complaints, and there are no complaints related to major issues. For relevant complaints, the Group will actively respond to the needs of customers. For hotel projects, there were no direct complaints. For complaints related to hotel projects received from third-party operation platforms, the Group will timely adjust relevant adverse measures based on residents' opinions and strengthen employee training.

Malls

The Group successfully developed product lines of three major shopping mall, namely "UFun", "M • Cube" and "Ufun Walk". The "UFun" series is positioned as a fashionable, healthy and refined "Lohas" lifestyle covering all commercial aspects,. The "M • Cube" series is positioned as youthful and personalized lifestyle of "modern and fashionable". The "Ufun Walk" series is designed to create a leisure and convenient commercial space with the community as the core.

In response to the needs of customer groups in different regions, the Group created diversified business scenarios to meet customer demands and improve their satisfaction and loyalty. In 2024, the rise of new consumption trends drove the continuous expansion of the roles and boundaries of commercial spaces such as shopping centres. Consumers are no longer content with satisfying basic needs like food and drink, but are looking for commercial spaces that are easy to explore, fun to visit and even "better attuned to their preferences." From single-purpose shopping destinations to consumption hubs that fulfil emotional needs, operators of commercial spaces have to consider the question of how they can embrace the changes ahead. For the commercial asset management business, the Group focuses on extending the functionality of commercial spaces, so that our malls are more than just places to shop, but also vivid manifestations of the ideal way and attitude of living. Through a series of anniversary celebrations, we blend innovative emotional storytelling with the spatial expression of commercial properties to break down the barriers between content and physical space in a way that is desired by young consumers, which allows us to communicate emotions to them, offer distinctive lifestyle and shopping experiences, and garner customer recognition and support for our brand.

3. Operation Management of the Group

Special Topics

“Dream FUN Flying Season (理想FUN飛季)” themed activities

In April 2024, by continuing “Dream FUN Flying Season (理想FUN飛季)” themed activities, KWG Commercial Asset Management Company under the Group joined hands with “Qiao Qiao Park”, a designer’s collective IP from Dongshankou, Guangdong Province, to create a series of themed activities through the innovation of the contents of the three major sections of “YES, CHILLFUN”, “YES, CHILLLIVE”, and “YES, CHILLMORE”. From a variety of thematic scenarios to brand-new forms of activities, all of them presented the contents with a great sense of relaxation, and conveyed a super CHILL attitude of life in all aspects to customers entering the venue.

In conjunction with 22 projects in seven cities, “Dream FUN Flying Season (理想FUN飛季)” themed activities created different experiences of CHILL life for consumers. For example, the first launch of “CHILLCHILL Newspaper Kiosk”, giant seesaws, time-limited art shop and other interesting offline activity scenarios in KWG • Ufun Walk (Shanghai) brought immersive experience; in KWG M • CUBE (Chengdu), the CHILLCHILL Paradise Fashionable Pet Street Friends Club and CHILLMORE Recycling Programme for family cute pets were launched, creating new bases for people and pets to get along with each another by focusing on the needs of people and pets for interaction and socialization. KWG • U Fun (Suzhou) organised the CHILL Life Basketball Competition for sports lovers; KWG • U Fun (Guangzhou Knowledge City) even focused on interacting with local parent-child family customer group, launching the Wooden Fun Wild Study Tour and the Little U Family Housekeeper Experience Day; besides, the three major KWG • U Fun projects in Southern China connected the local community through a variety of activities such as concerts, fun fairs, and running duck race based on the commercial attributes of the community, fostering a new lifestyle experience.



This “Dream FUN Flying Season (理想FUN飛季)” achieved an increase of 15% in total customer flow, an increase of 30% in total membership, and an increase of 50% in the number of consumer active members year-on-year.

3. Operation Management of the Group

Special Topics

“KWG Super Fans Festival” Themed Activity

On 08–11 November 2024, the 3rd “KWG Super Fans Festival”, the Group’s original commercial IP, was commenced. Through the three dimensions of new scenarios, new linkages and new ways of playing, the campaign was highly recognised by customers by virtue of its fully-fresh interactive scenarios and full-channel consumption experience.

The Group successfully increased the number of members through brand IP. During the campaign period, the Group’s commercial projects saw a steady increase in customer flow and sales, with an increase of 25% in membership additions, an increase of 22% in membership spending and an increase of 10% in the number of spending members year-on-year.

*Office buildings*

As a leading commercial real estate operator in the industry, the Group’s commercial and office projects cover the Greater Bay Area, the Yangtze River Delta Region, as well as the Bohai Rim and other important urban economic zones in Central and Western China. Based on the location advantages, the Group has created three high-end office building brands, namely IFP (International Finance Place), IMP (International Metropolitan Plaza) and ICP (International Commerce Place) in various regions. As of 31 December 2024, the Group had 9 office building projects in operation covering both first-tier and second-tier cities, including 1 Super Grade A commercial office building (International Finance Place in Guangzhou) and 2 Grade A commercial office buildings (International Metropolitan Plaza in Guangzhou and International Commercial Plaza (North Tower) in Guangzhou). In the future, the Group will continue to build more Grade A and Super Grade A office buildings based on geographical location, supporting facilities, architectural design, interior decoration, air conditioning system and security system, so as to provide customers with a better and more comprehensive service experience.

3. Operation Management of the Group

The Group's office buildings have always provided customers with a perfect high-quality office experience. Located in high-quality urban areas and business districts, they are equipped with comprehensive supporting business and living facilities, such as fitness sports and catering facilities, to meet the relaxation and entertainment needs of guests and employees. In addition, in terms of architectural design and decoration, top designers from all over the world are invited to use high-end and environmentally friendly decoration materials to achieve high-end atmosphere in the façade with open and bright internal space in order to provide a comfortable environment. In terms of the installation of supporting systems, the office building is equipped with intelligent circulating ventilation and air-conditioning systems, building automation and security alarm systems, as well as efficient elevator equipment, allowing visitors (tenants (merchants) and employees) to shorten the average waiting time. In terms of security, the Group's commercial and office projects are usually managed by experienced and reputable first-class property service companies, equipped with intelligent and practical property management software and 24-hour security services to protect the safety of people.

As a leading office building expert in the industry, a number of Fortune 500 companies and well-known domestic enterprises and brands have been attracted to set up their offices in the office buildings under the Group's commercial office division based on the characteristics of different regions, industrial bases and policy guidance. The Group firmly believes that high-quality services can ensure stable operation, including but not limited to service professionalism, response speed, service quality, service attitude, service facilities, safety assurance, innovative services and green environmental protection. In 2024, the Group's commercial and office division held a range of industry exchanges and tenant (merchant) engagement activities such as themed lectures and salon events, channel promotion sessions, business intermediary meetings, brand project marketing conferences, channel exchange meetings, ecology and environmental protection exhibitions and interactive sessions, festival interactive days, and various sports and social gatherings and competitions, to strengthen the communication and interaction with tenants (merchants), understand the interests and needs of tenants, and win the reputation and trust of customers.

Special Topics

“Dream FUN Flying Season (理想FUN飛季)” Series of Activities: “YES, CHILLMORE Recycling Programme”

In April 2024, the Group's commercial asset management division, KWG Commercial Asset Management Company, joined hands with the eco-lifestyle brand “Fei Mayi” to launch the “YES~CHILLMORE Recycling Programme” at the 22 projects in 7 cities, thereby promoting the sharing of used books, disseminating knowledge by recycling practices, and giving new destinations for household idling used clothes. On 22 April, the global Earth Day, KWG Commercial Asset Management Company's office projects carried out the “Sustainably less ‘Plastics’ Action” to encourage tenants, companies and K•One members under the projects to practice “CHILLMORE Sustainable Living”. From 24 to 30 April, International Metropolis Plaza in Shanghai launched an environmental exhibition with the theme of “Enhancing Air Quality in Office Life”, and worked with tenant members to create recycled items using scrap or used goods and recycled materials.



3. Operation Management of the Group

Special Topics

**“Urban Forest Initiative”**

On 21 June 2024, the Group’s commercial asset management division hosted an exclusive tenant event, the “Urban Forest Initiative”, at Guangzhou ICP (North Tower). The event featured an educational exhibit on environmental sustainability, with a special keynote by international expert Sunny Lee. Building tenants participated in an eco-themed salon, engaging in ESG-Bcorp board games and coffee grounds crafting workshops — immersing themselves in sustainability through interactive experiences.

Special Topics

In 2024, the office projects of the Group’s commercial asset management division, based on the concept of innovative services and from the perspective of tenants’ needs in various aspects such as culture, sports and socializing, reasonably deployed a variety of resources such as manpower, material and financial resources to organize a series of events to enrich the leisure life of tenants, including, but not limited to, festive celebrations, cultural exchanges, sports and fitness activities, knowledge-sharing activities and charity events. For example, International Finance Place in Guangzhou organised the “Love and Care, Rescue is at Hand” first-aid training campaign, International Place in Guangxi organised the “Eager FANS Come Together With You” fun run activity in Liusha Park, and KWG Flourishing Biotech Square in Guangzhou organised the “Spring Day with Dopamine” badminton exchange campaign, and so on. Through organising a variety of activities, the Group’s commercial and office projects attracted and engaged many tenants (merchants) and employees of the Group to participate, which enhanced exchanges and cooperation with each other, and enabled tenants (merchants) and employees of the Group to better integrate into the cultural atmosphere of the offices.



In 2024, the office projects of the Group’s commercial asset management division organized and planned more than 200 community activities in respect of its office projects, covering such colorful themes as the Beginning of Spring, the Earth Day, the Dragon Boat Festival, Summer Health Activity, the Mid-Autumn Festival, and Christmas. With creative interactions and heartwarming services, the Group continuously enhanced the cultural ambience among the building space, expanded the social circle of tenants, and continued to inject vitality into the commercial life.

3. Operation Management of the Group

Hotels

Since the commencement of the Group's hotel operation business in 2007, the Group has continued to promote the internationalisation of the hotel image, management specialisation and service standardisation according to the characteristics and service targets of the cities located. As of 2024, the Group's proprietary brand, the Mulian, currently operates 13 self-owned hotels, with an additional 7 franchised properties. The Group's hotel projects (including those under construction) are located in first-tier, new first-tier and second-tier cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Suzhou, Hangzhou and Xi'an. Meanwhile, the Group cooperated with a number of reputable hotel groups to build international brand hotels (such as W Hotel Guangzhou, W Hotel Chengdu, Conrad Guangzhou, Four Points by Sheraton Guangzhou Dongpu and Courtyard by Marriott Suzhou Mudu). Relying on its exclusive art design experience and international hotel operation experience, the Group has also established its own hotel brand, The Mulian Hotel.

The Group's Mulian Hotel Management Group currently operates four brand series, namely The Mulian Hotel, a brand meeting the high-end vacation and affordable luxury business needs, MUSTEL, a trendy design hotel brand for Generation Z young people, MORDIN, a high-end five-star business hotel, and SAISON, a luxury urban art hotel, covering Guangzhou, Hangzhou, Chengdu, Suzhou, Shenzhen, Wuhan, Xi'an and other cities. Targeting different business scenarios and service targets, the Group actively creates a unique hotel ecological industrial chain to make the vacation of staying customers more comfortable and convenient. The opening of Chengdu MUSTEL Hotel in October 2024 marked the debut of MUSTELARTE, the upgraded version of the MUSTEL brand, design of which is inspired by pioneering awareness and artistic DNA, providing trend-setting indicators and accommodation options for creative and stylish traveler groups.

3. Operation Management of the Group

The Mulian Hotel Management Group is committed to providing excellent customer services, with six-sense services as the core, including hearing, perception, taste, touch, vision and smell. It provides all-round care and pays attention to detail and personalised needs to ensure that the guests are comfortable and convenient during their stay. The hotel is equipped with high-quality hardware facilities, such as natural and skin-friendly cleaning supplies and cotton textiles for check-in customers. At the same time, the hotel pays attention to humanised services and interactions and communications with guests, including but not limited to providing special festive food and preparing breakfast for guests staying in the hotel. When customers are in need, the hotel will provide relevant items available for borrowing or use in a timely manner to solve customers' problems.

The Mulian Hotel Management Group has always been committed to providing meticulous and quality customer services, which has enabled us to maintain a high occupancy rate. In Q1 2024, particularly, the Mulian Hotel at Chengdu Global Center and MUSTEL Hotel had achieved consistently full occupancy, and the GMV of the MUSTEL Hotel at Chengdu Global Center recorded steady growth during the same period.



The Mulian Hotel in Chengdu Global Centre



MUSTEL Hotel in Chengdu Global Centre

During the Year, no illegal incidents that had a significant impact on the Group regarding the health and safety, advertising, labelling and privacy issues related to the Group's products and services were identified.

In the future, KWG Group will remain adhering to the goal of satisfying and surpassing the needs of its customers and continuously improve its service details to provide our customers with a more attentive, reassuring and warm service experience, with an aim to create an environmentally friendly, healthy and beautiful residential environment with high quality services.

3. Operation Management of the Group

Consumer Data Protection, Privacy Policy and Intellectual Property

The Group has created five membership levels starting with the “Jade”, one of the Buddhist treasures, with tourmaline at the top, followed by “agate”, “amber”, “topaz” and “white jade”. Members can gain growth value through consumption under the Group, and can also enjoy free benefits, consumption discounts, cash packages, birthday privileges and points privileges by their rankings.

The data stored in communication or membership system will be properly handled by the Group. The personal data and privacy of customers are protected by the “General Principles of the Civil Law of the People’s Republic of China” and other laws and regulations that protect the right to use and privacy of personal data. In accordance with the internal “Basic Requirements for the Confidential Management of Documents”, the Group will provide comprehensive privacy protection by putting the customers’ interests first to ensure that all owner information is managed uniformly by each project service centre and available for inspection by relevant information management personnel only. Without prior consent, no customer information may be disclosed to third parties. The Group also regularly provides employees with confidentiality education and training to improve confidentiality awareness and corresponding measures under the prevalence of modern technology.

While conduct marketing on projects, the Group will ensure sales and advertising information are in compliance with the relevant laws and regulations, including the “Advertising Law of the People’s Republic of China”. In the course of internal training, the Group often reminds front line employees of the regulations on responsible marketing, and also sets clear guidelines for reception procedures and sales vocabulary to ensure that the marketing content is credible and authentic. In addition, the Group also attaches great importance to the protection of intellectual property rights. During the course of business, including project development, material procurement, technology quotation, project marketing, whenever external resources technology, software, text, portrait and other intellectual property rights are used, the procedures of inspection, inquiry and purchase must be carried out in accordance with the intellectual property management system. In addition, the Group’s design department has gathered talents from various sectors. The Group’s architectural and product designs are all original, in which many advanced designs both domestically and abroad are used. We will make good use of intellectual property rights to protect the Group’s intangible assets and regularly monitor whether there are similar designs on the market. Below sets forth the Group’s requirements for the protection of intellectual property rights:

- When creating a new brand, our Company will register its trademark, and the Administration Department will be responsible for managing the trademark registration and other related work
- For certain technologies that are not suitable for patent application, the Human Resources Department of our Company will protect them in the form of trade secrets. For example, our Company will sign confidentiality agreements with its employees and other third parties to control the scope of the flow of confidential information and to control the confidentiality of confidential information
- Regarding the images and fonts used for external promotion, the Branding Department of our Company will sign cooperation agreements with relevant organisations to require our internal personnel and suppliers to use only the resources for which our Company has purchased the copyright, and will provide training and carry out promotion regularly, so as to avoid any involvement in copyright disputes

4. Charity and Community Involvement

4. Charity and Community Involvement

Material ESG issue addressed by this section is

21



Community participation

SDGs Issues addressed by this section are



While developing steadily, the Group actively performs its social responsibility and devotes itself into welfare undertakings. The Group has created a digitalised charity platform for everyone's participation with easy access via mobile through a new and innovative public welfare model. Children's growth, art education and spiritual care have long been focused on, the Group emphasises the sustainable development public welfare model of "art and beauty" and "diversity and co-creation". Established in 2013, KWG Art Museum under the Group aims to focus on children's growth, art education and spiritual care. Over the past decade, KWG Art Museum has cooperated with a number of charities to form a multi-industry, multi-group participation and diverse mutual-creation public welfare model with art as the medium. It is committed to bringing public welfare directly to the people and organizations in genuine needs, and to fostering a wider impact through the sharing of art and beauty, in an effort to ensure the relay in sustainable public welfare. In 2021, KWG Art Museum, together with organisations such as Guangzhou Charity Federation, the Guangdong-Hong Kong-Macao Greater Bay Area AGC Promotion Association (粵港澳大灣區動漫促進會), and Guangdong Koi Moe Animation and Comic Technology Co., Ltd. (廣東錦鯉萌動漫科技有限公司), launched the "KWG Art Museum — Love Hat Action (合景藝述館—愛心彩帽行動)", sharing heartwarming care and raising funds for seriously ill children's groups through soliciting, painting and donating artistic color hats for children with serious illnesses, and have been recognized by people from all walks of life in the society. Our "Love Hat Action of KWG Art Museum" won the Top Digital Annual Special Award for digital public welfare innovation, and won the "11th Philanthropy Festival — Annual Public Welfare Innovation Award" issued by China Philanthropy.

In 2022, KWG Art Museum, together with organisations such as Guangzhou Charity Federation, carried out the themed activity of "Little Wishes Full House, Colours Come True" and the project of "Little Wishes, Goodness Warms Ten Thousand Families", to gather little drops of love into a ray of light to illuminate every little wish of seriously ill children. In 2023, the Company strengthened its efforts in charity and expanded the love spirit of supporting children. On the occasion of the China Charity Day, the Company, together with Wilber Foundation in Guangzhou and Vuitton's LoVe Project, held a 4-day activity "Love Together Charity Exhibition" from 5 September to 8 September, raising funds for seriously ill children and hearing-impaired painters through charity painting exhibition and charity sale. A total of 212 transactions were recorded in this charity sale and all the funds raised will be used to help and care for relevant special groups.

4. Charity and Community Involvement

From 27 to 29 May 2024, the Commercial Office Division of the Group, in collaboration with KWG Art Gallery, Guangzhou Wilber Foundation, and Vuitton's LoVe, hosted a charity event at International Finance Place in Guangzhou, KWG Fangyuan • Ufun Walk (Nansha), KWG • U Fun (Guangzhou Knowledge City) for two consecutive years, spreading love and hope. This year's theme, "Children's Dream & Heartwarming Charity Exhibition", featured art exhibitions, charity sales, and auctions, raising funds to support orphans, underprivileged children, and children with disabilities or in distress. Through the power of philanthropy, the initiative sought to build a bridge to their dreams and illuminate their future with hope.



"Children's Dream Clothes Charity Exhibition"



Exhibition Part II — Children's Dream Wish Wall

In addition, during the reporting year, the Group's commercial and office projects actively performed its corporate social responsibility and devoted itself into welfare undertakings. On 27 December 2024, the "Charity Night of KWG Group's commercial and office projects" was held at the W Hotel in Guangzhou. The "Harmony and Coexistence — A Voice for the Sustainable Future" Charity Night event was jointly organized by the Group with the corporate representatives of the core tenants of the five major commercial and office projects of KWG Group in Guangzhou region (International Finance Place, International Metropolitan Plaza, International Commercial Plaza (North Tower), KWG Flourishing Biotech Square and Colorland Centre). The representatives, together with the Maitian Education Foundation in Guangdong Province and the relevant charitable entrepreneurs, attended the event and celebrated it in favor of the charity purpose. The Charity Night was consistently arranged with the element of "acoustic wave". The children from the "Music • Boundless Scheme (樂 • 無界計劃)" charity orchestra were invited to perform a heavenly chorus, conveying the voice of gratitude and hope. The "Music • Boundless Scheme (樂 • 無界計劃)" is a charity project set up by Boundless Art (無界藝術) for people with special needs. The performance consisted of children with special needs, such as children living in urban villages and mentally disabled children. The children at the event presented unforgettable chorus of unadorned and touching songs which conveyed kindness and strength. The performance also gave the guests an opportunity to participate in the public welfare in close proximity to provide direct help to the performing children. In the most important charity auction session of the gala dinner, the lots included artworks from rural children provided by Maitian Education Foundation in Guangdong Province, artworks from artists donated by KWG Group's commercial and office projects, and donations from caring corporations such as Harvest Wealth, Melitian Law Firm, Keeppley Toy Building Blocks, Heyuan Restaurant, and AliceYu Designer Studio. All proceeds from the charity auction will be donated to the Maitian Education Foundation for the use of its "Rainbow Bag" Project. Maitian Education Foundation focuses on improving the educational environment of children in impoverished areas, and supporting them through a series of charity programmes in the hope that every child can happily receive education and become a free, independent individual with the motivation and power to act for the public welfare.



Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2024
Environment	<ol style="list-style-type: none"> 1. The Environmental Protection Law of the People's Republic of China 2. The Law of the People's Republic of China on Environmental Impact Assessment 3. The Law of the People's Republic of China on Prevention and Control of Environmental Noise Pollution 4. The Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on Prevention and Control of Water Pollution 5. The Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes 6. The Regulations on the Administration of Construction Project Environmental Protection 7. National Catalogue of Hazardous Wastes 8. The Water Pollution Control Ordinance of Hong Kong 9. The Waste Disposal Ordinance of Hong Kong 10. The Environmental Protection Regulations of Guangdong Province 11. The Regulation on the Prevention and Control of Environmental Pollution by Solid Waste of Guangdong Province 12. The Regulation on Energy Conservation in Civil Buildings 13. The Regulation on the Safety Administration of Dangerous Chemicals and others
Employment	<ol style="list-style-type: none"> 1. The Labour Law of the People's Republic of China 2. The Labour Contract Law of the People's Republic of China 3. The Employment Promotion Law of the People's Republic of China 4. The Law of the People's Republic of China on the Protection of Disabled Persons, the Social Insurance Law of the People's Republic of China 5. The Employment Ordinance of Hong Kong 6. The Employees' Compensation of Hong Kong 7. The Minimum Wage Ordinance of Hong Kong 8. The Employees' Compensation Ordinance of Hong Kong 9. The Disability Discrimination Ordinance of Hong Kong and others

Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2024
Health and safety	<ol style="list-style-type: none"> 1. The Production Safety Law of the People's Republic of China — establishing a security management system, inspection standards, management requirements of the Group 2. The Administrative Regulations on Production Safety of Construction Works — establishing safety protection standards and specifying inspection standards of the Group 3. The Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases — arranging medical checkups, training, and living area disinfection for workers 4. The Provisions on the Supervision and Administration of Occupational Health at Work Sites — regular canteen hygiene inspection and disinfection 5. The Fire Control Law of the People's Republic of China — regular fire inspection and drills 6. The Environmental Protection Law of the People's Republic of China — controlling waste water, waste and dust 7. The Labour Law of the People's Republic of China — signing a labour contract 8. The Criminal Law of the People's Republic of China — implementing safety requirements in accordance with regulations, and giving warnings and penalties for safety violations 9. The Constitution of the People's Republic of China — implementing safety requirements in accordance with regulations, and giving warnings and penalties for safety violations 10. Measures for the Administration of Contingency Plans for Work Safety Incidents — establishing emergency plans and arranging regular drills 11. The Construction Law of the People's Republic of China — establishing the Group's safety cost investment and audit requirements, system safety protection standards, and specifying inspection standards 12. The Special Equipment Safety Law of the People's Republic of China — focusing on the management of large machinery 13. The Regulation on Work Safety Licenses — prohibiting construction without a permit strictly 14. The Flood Control Regulation of the People's Republic of China — implementing typhoon and flood control annually 15. The Supervision and Administration of Labour Protective Articles — arranging distribution and inspection of safety equipment for workers

Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2024
Product liability	<ol style="list-style-type: none"> 1. The Production Safety Law of the People's Republic of China 2. The Fire Control Law of the People's Republic of China 3. The Constitution of the People's Republic of China 4. The Criminal Law of the People's Republic of China 5. The Construction Law of the People's Republic of China 6. Safety Production Management Regulations for the Major Person of Construction Companies, the Person in Charge of the Project and Full-time Production Safety Management Personnel 7. Standard for Safety Inspection of Building Construction 8. Management Measures for the Safety of Segments of Construction Projects With Potentially Greater Danger 9. Measures for Coordination between Administrative Law Enforcement and Criminal Justice for Work Safety 10. Regulations on Safety Production Management of Construction Projects
Anti-corruption	<ol style="list-style-type: none"> 1. The Anti-Money Laundering Law of the People's Republic of China 2. The Criminal Law of the People's Republic of China 3. The Anti-Unfair Competition Law of the People's Republic of China 4. The Bidding Law of the People's Republic of China 5. The Regulation on the Implementation of the Bidding Law of the People's Republic of China 6. The Provisions on Engineering Projects Which Must Be Subject to Bidding and others

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Subject Areas, Aspects, General Disclosures and KPIs			Corresponding chapter of this report
A. Environmental			
Aspect A1: Emissions	General Disclosure		1. Environmental governance and related policies
	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.		
	<i>Note: Air emissions include NO_x, SO_x and other pollutants regulated under national laws and regulations.</i>		
	<i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i>		
	<i>Hazardous wastes are those defined by national regulations.</i>		
KPI A1.1	The types of emissions and respective emissions data.	1.16 Environmental performance	
KPI 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).	1.16 Environmental performance	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1.16 Environmental performance	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	1.16 Environmental performance	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	1. Environmental governance and related policies	
KPI 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.	1.7 Waste Management Policy	

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Subject Areas, Aspects, General Disclosures and KPIs	Corresponding chapter of this report
Aspect A2: Use of Resources	<div data-bbox="427 420 1125 636"> <p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p> </div> <div data-bbox="1145 420 1428 517"> <p>1. Environmental governance and related policies</p> </div> <div data-bbox="427 657 1125 786"> <p>KPI 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).</p> </div> <div data-bbox="1145 657 1428 722"> <p>1.16 Environmental performance</p> </div> <div data-bbox="427 808 1125 873"> <p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p> </div> <div data-bbox="1145 808 1428 873"> <p>1.16 Environmental performance</p> </div> <div data-bbox="427 894 1125 959"> <p>KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p> </div> <div data-bbox="1145 894 1428 959"> <p>1.5 Energy and Resources Policy</p> </div> <div data-bbox="427 980 1125 1110"> <p>KPI 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.</p> </div> <div data-bbox="1145 980 1428 1045"> <p>1.5 Energy and Resources Policy</p> </div> <div data-bbox="427 1131 1125 1228"> <p>KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p> </div> <div data-bbox="1145 1131 1428 1196"> <p>1.16 Environmental performance</p> </div>
Aspect A3: The Environment and Natural Resources	<div data-bbox="427 1276 1125 1405"> <p>General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources.</p> </div> <div data-bbox="1145 1276 1428 1373"> <p>1. Environmental governance and related policies</p> </div> <div data-bbox="427 1427 1125 1552"> <p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p> </div> <div data-bbox="1145 1427 1428 1491"> <p>1.5 Energy and Resources Policy</p> </div>

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter of this report
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure	2. Care for our employees and interests
	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.	
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	2.3 Information on the Group's employees
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	2.3 Information on the Group's employees
Aspect B2: Health and Safety	General Disclosure	2.2 Occupational health and safety of labour
	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.	
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	2.2 Occupational health and safety of labour
	KPI B2.2 Lost days due to work injury.	2.2 Occupational health and safety of labour
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	2.2 Occupational health and safety of labour

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter of this report	
Aspect B3: Development and Training	General Disclosure	2.1	Development and training
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		
	<i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>		
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	2.3	Information on the Group's employees
	KPI B3.2 The average training hours completed per employee by gender and employee category.	2.3	Information on the Group's employees
Aspect B4: Labour Standards	General Disclosure	2.	Care for our employees and interests
	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.		
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	2.	Care for our employees and interests
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	2.	Care for our employees and interests

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Operating Practices				
Aspect B5: Supply Chain Management	General Disclosure		3.1	Supply chain management
	Policies on managing environmental and social risks of the supply chain.			
	KPI B5.1	Number of suppliers by geographical region.	3.1	Supply chain management
	KPI 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.	3.1	Supply chain management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.1	Supply chain management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.1	Supply chain management

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Subject Areas, Aspects, General Disclosures and KPIs	Corresponding chapter of this report
Aspect B6: Product Responsibility	<p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p> <p>KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.</p> <p>KPI B6.2 Number of products and service related complaints received and how they are dealt with.</p> <p>KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.</p> <p>KPI B6.4 Description of quality assurance process and recall procedures.</p> <p>KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.</p>
Aspect B7: Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to bribery, extortion, fraud and money laundering.</p> <p>KPI 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.</p> <p>KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.</p> <p>KPI B7.3 Description of anti-corruption training provided to directors and staff.</p>

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter of this report	
Community			
Aspect B8: Community Investment	General Disclosure		4. Charity and Community Involvement
	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.		
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4. Charity and Community Involvement
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	4. Charity and Community Involvement
Part D: Climate-Related Disclosures			
Climate-Related Disclosures			
(I) Governance		1.8	Climate change policy
(II) Strategy		1.8	Climate change policy
(III) Risk Management		1.8	Climate change policy
(IV) Indicators and Targets		1.16	Environmental performance

KWG GROUP HOLDINGS LIMITED

