

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

2023

BUILD HOME WITH HEART
CREATE FUTURE WITH ASPIRATION



KWG GROUP HOLDINGS

KWG GROUP HOLDINGS LIMITED

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

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Preface

In 2023, the real estate market was reshaped at an accelerated pace, bringing about numerous changes and challenges. In order to ensure the stable and sustainable development, the Group kept abreast of the overall condition of the national development, and capitalized on its years of steady operation and solid strength to actively explore new modes of real estate development, reduce the operational risks during the critical period of corporate transformation, contribute its efforts in stabilising the real estate market and maintaining confidence, so as to ensure the sustainable development of the Group. 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 at the end of 2023, the Group had a total of 118 certified green building projects and 31 projects which were undergoing the certification process in Mainland China. In 2022, 6 Superior Grade A and Grade A office building projects under KWG’s commercial office division, namely International Finance Place in Guangzhou, International Metropolis Plaza in Guangzhou, International Commercial Plaza in Guangzhou (North Tower), KWG Flourishing Biotech Square in Guangzhou, Colorland Centre in Nansha, Guangzhou and KWG Technology Innovation Centre in Guangzhou, were successfully selected as the first batch of “Zero Carbon Digital Intelligence Pilot Buildings” in China. 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

While supporting green and low-carbon development, the Group shoulders the corporate responsibility with its comprehensive strength, firmly implements the national decision of “ensuring the delivery of properties, protecting people’s livelihood, and ensuring stability”, stabilises customer confidence with high-quality delivery, and builds high-quality and mature indoor and outdoor ancillary facilities with high standards. The Group listens to the feedback of property owners to ensure their best experience in the comprehensive home purchase services, so that the property owners can have a better community life. With years of stable operation capabilities and strong strength, the Group actively explores new development models of real estate and strives to achieve high-quality and sustainable development. In the future, the Group will continue to uphold the mission of “Building Homes with Heart, Creating Future with Aspiration”, create high-standard delivery quality with ingenious design, establish industry benchmarks, and fulfill the expectations of the society, the government and customers with high-quality delivery and ancillary facilities, thus continuously contributing corporate wisdom and value to the society. While consolidating the customer confidence and satisfaction in the development and operation of real estate enterprises, the Group has not forgotten its original intention and worked with many public welfare organisations to proactively give back to the community.

The Group understands that talents are the core competitiveness of an enterprise and the key driving force for its sustainable development. The well-being and health of employees are the important support for the enterprise to make progress. We always pay close attention to the health and development of employees. To this end, we have implemented a series of health and safety management measures to provide employees with diversified services such as health checkups and mental health consultations. At the same time, in order to help employees’ personal growth, we have customised and improved the exclusive training plan of the Group to help employees improve their professional skills and comprehensive quality. We firmly believe that excellent employees are our valuable assets, and a sound training system is the best tool for their growth. In the future, we will uphold the people-oriented principle as always, so as to build a better future together.

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 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 2023 to 31 December 2023, 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, 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, together with another 16 projects, including the headquarters of KWG International Finance Place in Guangzhou, International Metropolis Plaza in Shanghai, M • Cube (Beijing), The Summit in Guangzhou, Chengdu U Fun, Oriental Bund in Foshan, Chengdu Yunshang Retreat, Shenzhen Grand Oasis, Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, W Hotel/W Serviced Apartments in Guangzhou and Beijing Uptown Riverside I, Guangzhou The Mulian Huadu, Emerald City in Nanning, M • Cube (Chengdu) and Chengdu International Commerce Place. For the reporting year, projects with features were selected for demonstrating the Group’s ESG performance in this report, including International Finance Place in Tongzhou, Beijing, the Core of Center in Beijing, KWG Centre in Tongzhou, Beijing, KWG Flourishing Biotech Square in Guangzhou, Landmark Arte Masterpiece in Guangzhou, KWG • Haya City and the Ap Lei Chau project 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

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Sustainable Development Governance

In 2023, in the face of the post-pandemic recovery of the economy, the real estate market showed resilience while stabilising at a low level. With the support of national macro policies, the overall market confidence gradually recovered. Facing such market environment, KWG adhered to the principle of sustainable development, improved the internal management mechanism, and enhanced the transparency of decision-making as well as the risk management. Under the sustainable development framework, we paid more attention to practicing ESG elements in our daily operations, focusing on the application of green buildings and environmentally friendly materials, and reducing energy consumption and carbon emissions. At the same time, the Group actively participated in social welfare undertakings, ensured the quality of property delivery, enhanced the corporate brand image and won the trust of customers. We firmly believe that sustainable development will continue to inject vitality into the Company, enabling us to adapt the market changes as well as achieve long-term stable development.

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



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

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, two shareholders' meetings and one sales launch were held.

Sustainable Development Governance

Special Topic

Global Luxury Property Conference in 2023: “To Inspire” the World Living Trend

Adhering to the brand philosophy of “Building Home with Heart, creating Future with Aspiration”, the Group has been deeply engaged in aesthetic design of residential building for 28 years, and has been committed to creating a wide range of architectural masterpieces for people to enjoy a better residential environment.

On 3 March 2023, the Group held the global press conference, “To Inspire” the World Living Trend (臻啓 世界新潮向)”, for the luxury residence product lines of “Zhen” series at W Hotel in Guangzhou. The guests presented at the conference not only included Mr. He Min (何敏), the general manager of marketing of KWG Group, Mr. Jin Yanlong (金艷龍), the general manager of South China region and other senior management, many new and old property owners, high-net-worth customers, partners and media representatives also attended. With “Zhen” as its most high-end product line, the Group has been dedicated to creating five major products, namely Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, Guangzhou One68, Chengdu Zhenyu and Hong Kong The Corniche, in terms of geographical location, art spatial design, and ancillary facilities, so as to create high-quality products for high-end talents and urban strivers at different levels.

The Group has demonstrated its deep cultivation and layout in the luxury residential market through the “Zhen” series brand, and at the same time, it has also conveyed to the outside world its determination to continue to innovate and pursue excellence. It is also a token of appreciation and outlook for the Group’s stakeholders who have long supported and trusted the Group. The Group will continue to actively respond to the concerns of various stakeholders. While displaying our brand image and product advantages through sales conferences, we have been committed to establishing closer ties with potential customers, partners and investors to promote the sustainable development of the Company.



Launching ceremony of “Zhen” Life



Landmark Arte Masterpiece in Guangzhou



Richmond Greenville in Guangzhou



Guangzhou One68



Chengdu Zhenyu



Hong Kong The Corniche

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

2023 TOP 20 Commercial Office Building Operators by Performance

KWG Commercial Asset Management Company



2

2023 TOP 20 Commercial Office Building Operators by Performance

KWG Commercial Asset Management Company



3

2023 TOP 28 Retail Commercial Real Estate Enterprises by Comprehensive Strength

Winshang.com



4

Mall China Shopping Mall Industry 2023 List of Excellent Enterprises for Marketing Planning

Mall China



5

2023 Top 100 Commercial Property Enterprises by Performance

KWG Commercial Asset Management Company



6

2022 Benchmark Commercial Projects

KWG M • CUBE (Chengdu)



7

“Young Business Benchmark Award of the Year” and “Culture and Artistic Pioneer Award of the Year”

KWG M • CUBE (Chengdu)



8

4-Star Tourist Hotel

Guangzhou Knowledge City
MUSTEL Hotel



9

2023 Most Popular Hotel

The Mulian Hotel of Bio-island
Guangzhou



Awards Received by KWG for the Year

10

The Most Popular Hotel

The Mulian Hotel of Chengdu Global Center



11

The Most Popular Hotel

Chengdu MUSTEL Hotel



12

Popularity Ranking of Ctrip Word of Mouth

The Mulian Hotel of Dayi County, Chengdu



13

2023 Star Hotel of the Year 2023 Most Popular Hotel of the Year 2023 Meituan Hotel Excellence Business Travel Hotel

The Mulian Hotel of Hangzhou Future Science Town



14

2023 Trip.com Best Partner of the Year

The Mulian Hotel Jinhai Lake, Shanghai



15

2023 Meituan Hotel Popular Hotel of the Year

The Mulian Hotel Suzhou High-speed North Railway Station



16

Most Popular Hotel in Beijing

The MUSTEL Hotel of Beijing Mentougou



17

2023 TOP 10 China Office Building Operators by Innovation Strength

Beijing International Financial Place



18

2023 Golden Lily Best Practice Case in Marketing Innovation Category

KWG • Ufun Walk (Guangzhou Nansha)



Awards Received by KWG for the Year

19 Mall China Shopping Mall Industry
2023 List of Outstanding Stars of
Merchant Empowerment
KWG • U Fun (Suzhou)



20 2023 Innovation Excellence for
Commercial Real Estate Operations
KWG • U Fun (Chengdu)



21 2023 South China Shopping Centre
Mainstream List
KWG • U Fun (Guangzhou
Knowledge City)



22 Mall China Shopping Mall Industry
2022 List of Excellent Stars –
List of Excellent New Media
Marketing Stars
KWG M • CUBE (Chengdu)



23 A Grade Canteen
Guangzhou Nanwai Experimental
School (廣州市南外實驗學校)



24 Guangzhou Safe and Civilized
Campus
Guangzhou Nanwai Experimental
School (廣州市南外實驗學校)



25 First Prize of Nansha District
Cantonese Rhythmic Exercise
Guangzhou Nanwai Experimental
School (廣州市南外實驗學校)

“粵韻操 嶺南情”2023年南沙區中小學生
粵韻操交流展示活動初賽結果

序 號	組 別	形 式	學 校 全 稱	指 導 老 師	等 級	是 否 入 圍 市 賽	優 秀 指 導 教 師 獎
1	小 學	學 習	廣 州 市 南 外 實 驗 學 校	孔 曉 慧	一 等 獎	是	是

26 Annual Best Word-of-Mouth Award
Guangzhou Nanwai Experimental
School (廣州市南外實驗學校)



27 Outstanding Organisation Award
Guangzhou Nanwai Experimental
School (廣州市南外實驗學校)



Awards Received by KWG for the Year

28

2023 10th Employer of Choice of Tourism Services Group

The Mulian Hotel Group



29

2023 Body and Soul Premium Resort Hotel

Trip.com Group



2023 ESG-related Awards

1

National Business Daily

ESG Value of the Year



2

Thinking Finance and Investor.org.cn

Outstanding Enterprise for ESG Practice of the Year



Awards Received by KWG for the Year

Awards and standards for sustainable development	Year	Achievements
MSCI ESG Ratings	2022 (The Latest Ratings)	 <p>MSCI ESG RATINGS</p> <p>RATING ACTION DATE: September 22, 2022 LAST REPORT UPDATE: February 21, 2023</p>
Sustainalytics ESG Green Finance Framework Evaluation	2021	 <p>SUSTAINALYTICS SECOND-PARTY OPINION</p>
Hong Kong Quality Assurance Agency (HKQAA) – “Green Finance Post-issuance Stage” Certificate	2021	 <p>GREEN & SUSTAINABLE FINANCE HKQAA</p>
Enterprise Asia’s Carbon Champion Programme	2022	 <p>CARBON CHAMPION</p> <p>“Carbon Reduction Guard International Certification” with a Rating of “Standard Level”</p>

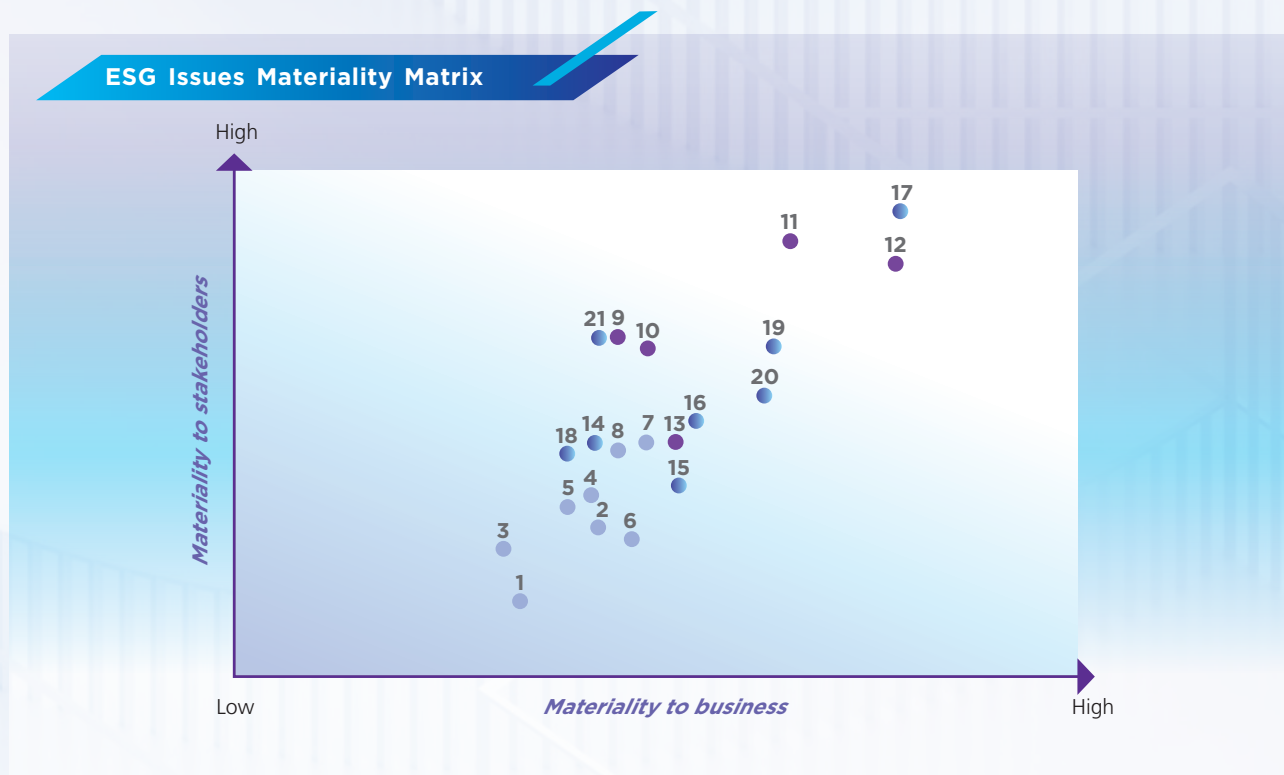
Materiality Assessment

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

Material ESG issues addressed by this section are

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

In 2022, 6 Superior Grade A and Grade A office building projects under KWG’s commercial office division, namely International Finance Place in Guangzhou, International Metropolis Plaza in Guangzhou, International Commercial Plaza (North Tower) in Guangzhou, KWG Flourishing Biotech Square in Guangzhou, Colorland Centre in Nansha, Guangzhou and KWG Technology Innovation Centre in Guangzhou, were successfully selected as the first batch of “Zero Carbon Digital Intelligence Pilot Buildings” in China. In 2023, 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” (《零碳數智樓宇節能降碳評定規範》) 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.

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, as of 2023, there are a total of 118 certified green building projects and 31 projects which are undergoing the certification process in Mainland China. 9 more projects are accredited as compared to that of 2022. 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. We also successfully issued a green senior note of principal amount of US\$378 million for a term of 5.25 years at a coupon rate of 6%.



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.

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 policies	Environmental measures
<p>Reduce electricity consumption</p> 	<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
<p>Reduce water usage</p> 	<ul style="list-style-type: none"> • 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

Special Topic

With the advancement and progress of society, water resources have become an increasingly major concern. The government calls for enterprises and individuals to participate in water conservation actions to achieve the sustainable development goals.

In 2023, under the background of the government's vigorous promotion of water conservation, all employees of the Group's real estate division in North China actively responded to it. The division not only promotes a series of water-saving measures internally but also reminds the staff, property owners and other visitors from time to time by posting water-saving posters in various areas such as toilets and pantries. Water conservation is an important part of achieving green office. While reducing costs and increasing efficiency as well as improving people's awareness of environmental protection, water conservation measures also have a profound impact on the sustainable development of the Company.

The Group has been actively advocating the concept of green office and is committed to promoting the practice of environmental protection and sustainable development. To further enhance the environmental protection of employees and promote the in-depth implementation of green office, the Group actively encourages project companies to hold relevant environmental protection knowledge contests.

From 17 to 21 April 2023, the Shenzhen regional company under the Group's real estate group carried out environmental protection publicity campaigns with the theme of "low consumption, high efficiency and green office". A series of activities were held to promote daily office energy-saving tips, environmental protection and energy-saving knowledge quizzes, and green workplace atmosphere creation. All these efforts increase the staff's awareness and attention to environmental protection and energy conservation, and help them better practise the concept of green office in work.



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

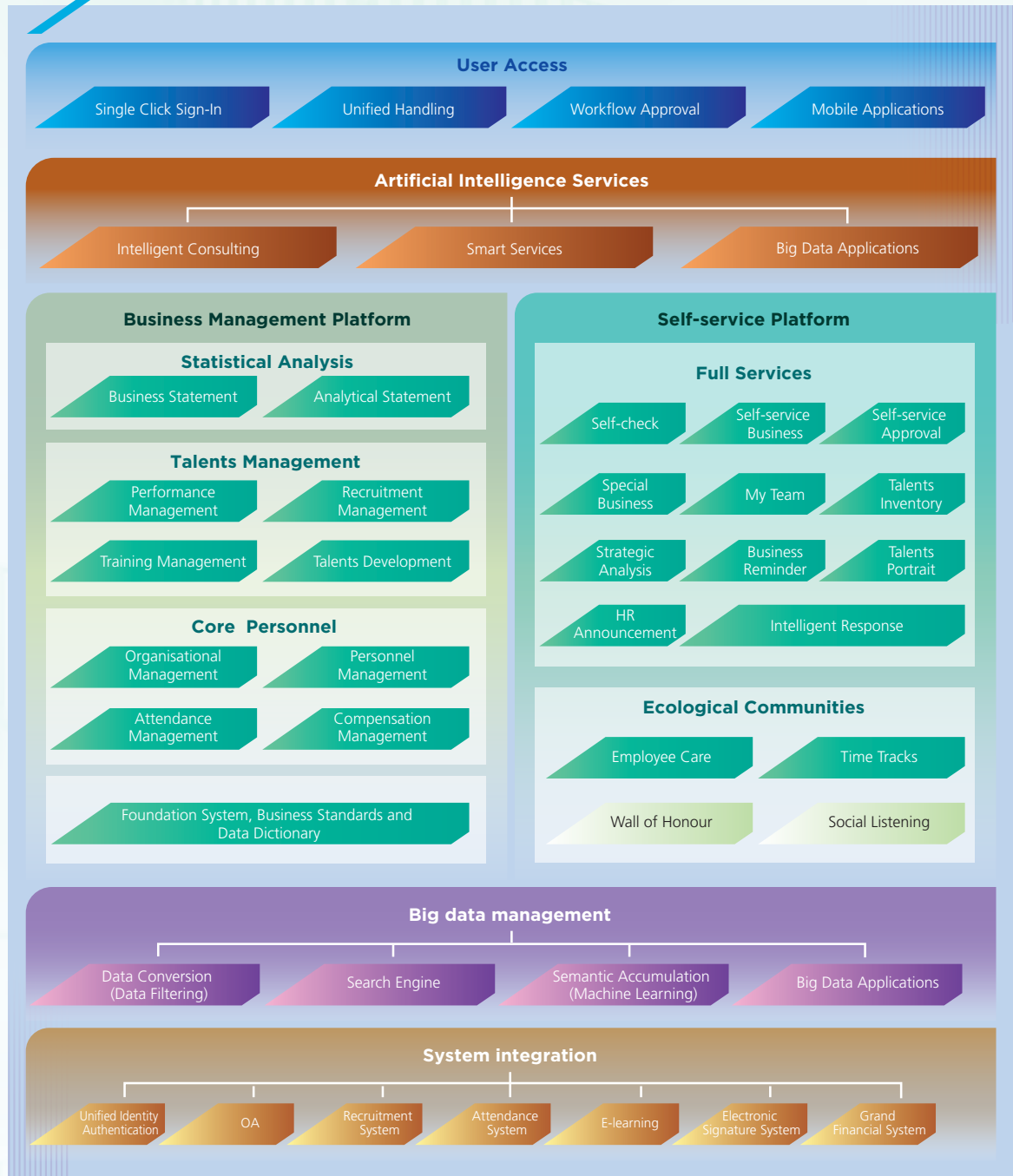
With SAP as the core structure, the digital management system integrates the procurement, cost, planning, sales, cost control, accounting and capital systems internally to achieve the online management and control of business and finance, including the total closed loop process management from payables 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.

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.

Functional Framework of Future KWG DHR System



“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. During the past 11.11 Shopping Festival events, we carried out the “Sweeten the Deals, Cash in on 11th” house purchases festival. Through “CoKWG Premium Houses”, we launched “11.11” house purchase activities such as an exclusive flash special house offer, “11.11” exclusive guaranteed lowest price, refund action for “cancelling house purchases within 7 days without reasons” and 1.5 times of commission incentives. The Group has upgraded its marketing model from digital marketing to digital intelligence marketing, making marketing more intelligent.

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 review this environmental policy in due course or at least every three years.

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.

1.6 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



“Caring for the Earth with Low Carbon Lifestyle (低碳環保關愛地球)” Campaign

绿色周一 健康合景
共素零碳未来



“Green Monday” Activity

Green Month Activity: Harmony and Coexistence, Lighting up the Source of Biodiversity

In April 2023, the headquarters of KWG Group launched its Green Month activity. To reduce white pollution, the Administration Department of KWG Group placed environmental protection tables in the common area on all floors of the headquarters of International Finance Place in Guangzhou and encouraged its staff to make full use of the degradable plastic bags placed there. At the same time, the Group has strengthened the recycling of waste plastics through the establishment of a gift redemption campaign, i.e. 10 plastic bottles for one box of biodegradable plastic bags. Reducing white pollution can alleviate the pressure on soil, water resources and ecosystems, improve soil quality and habitat conditions for animals, provide a better living environment for plants and animals, safeguard ecological balance and promote biodiversity.

In the meantime, with effect from 14 April 2023, the headquarters of KWG Group has promoted a new meal based on plant-based saturated fat and zero cholesterol meat for lunches served in the staff canteen on every Monday, in addition to the previous initiative of “Green Monday (素食週一)”, so as to encourage staff to reduce consumption of animal and animal products by changing their eating habits, and to reduce GHG emissions while enhancing the protection of animals and the diversity of the ecological system, thereby promoting sustainable development and a balanced ecosystem.

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 review and update this waste management policy in due course or at least every three years.

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.

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.

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 advices 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.

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	<p>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</p>	<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.

Types of Risks	Impact Analysis	Risk Prevention and Mitigation Measures
<p>Chronic physical risk</p>	<p>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</p>	<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
<p>Transition risk</p>		
<p>Policy and legal risk</p>	<p>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</p>	<p>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</p>
<p>Technology risk</p>	<p>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</p>	<p>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</p>

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;
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.

Property 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 their bills and report property maintenance issues through the platform, which not only makes customers’ life more convenient, but also allows the property management department of the Group to conduct inspections and repairs 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.

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.

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.

Special Topic



KWG • U Fun (Chengdu)



Chengdu International Commerce Place

Waste Management and Rodent and Mosquito Control: A Two-pronged Approach to Protect Environmental Health




We attach importance to waste management, and handle and dispose of waste in a scientific and reasonable manner so as to minimise pollution to the environment. Meanwhile, we are also aware of the importance of rodent and mosquito control in waste management in preventing the spread of diseases. Therefore, we have adopted a series of measures, including posting garbage classification posters, regular waste removal, water management control, and so on, with a view to reducing the breeding and spread of pathogens and protecting environmental hygiene and public health.

Take the Chengdu International Commerce Place project as an example, in 2023, a professional pest control company was employed for effective control of the pest problem. The project carries out regular monthly comprehensive extermination of pests in the public areas of the shopping mall. During the period of high incidence of pests, the project has stepped up its extermination efforts and increased the frequency of extermination. The project mainly adopted various methods, such as placing antiseptic products, sticky boards, mosquito and fly papers and drug spraying, to control rodents, cockroaches, mosquitoes and flies in the project area. A total of 38 comprehensive disinfestations were completed throughout the year and were carried out in strict accordance with the scheme to ensure environmental hygiene and safety.

Likewise, the shopping mall project at KWG • U Fun (Chengdu) also places great emphasis on garbage classification and environmental protection measures. In order to raise staff's awareness of environmental protection and the accuracy of waste separation, the project has posted garbage classification notices along the freight routes and at waste dumps. This not only reminds staff of the correct way to dispose of waste, but also promotes the effective recovery and utilisation of resources, further protecting public health and the environment.

Looking Forward

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

Key Measures	
<p>Equipment Renewals and Replacements</p> 	<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.
<p>Installation of Intelligent System</p> 	<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
<p>Energy Efficiency in Lighting</p> 	<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**



- 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 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.

1.11 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.

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 Modeling (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%.

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

1.12 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 management. We actively respond to the call from the nation for green building development and continue to promote green building design work.

Showcase green developments

KWG Flourishing Biotech Square in Guangzhou (廣州合景科盛廣場) (One-star Green Building Standard)

The project is located at the core of Guangzhou International Bio-island, backed up by the biotechnology research and development and industrialisation advantages of Guangzhou International Bio-island, with double metro superstructures. It is a landmark office building on the island, and is in the core area of Guangzhou's future biotechnology industry highland and national biotechnology industry base. With total gross floor area of 1,872.55 sq.m., the project actively practises the low carbon and environmental protection concepts by adopting advanced construction techniques, energy-saving and environmental protection technologies and high-quality environmental protection materials to achieve electricity and water conservation, noise and emission reduction, and effective reduction of environmental pollution.

The project is equipped with the country's first underground recycled water plant with site area of approximately 10,000 sq.m., which can recycle 13,000 tons of wastewater. The project adopts the world's leading membrane separation technology to achieve recycled water resources and zero wastewater discharge, and the effluent is treated to water quality standard for urban miscellaneous water and is then used for island greening and flushing purposes. In addition, the project makes full use of recyclable construction materials and energy conservation and consumption reduction equipment, resulting in an energy saving rate of 51.53% with consumption rate of reusable and recycled building materials up to 12.39%.



The Core of Centre in Beijing (北京天匯廣場) (One-star Green Building Standard)

The project has total gross floor area of 311,686.15 sq.m. and is located in Shunyi New Town, at the intersection of Changjin Road and Tongshun Road in Shunyi. The project will provide approximately 100,000 sq.m. of commercial space, approximately 90,000 sq.m. of residential space, approximately 9,500 sq.m. of villas and site area more than 7,500 sq.m. of hotel, thereby creating a high-end commercial complex in Shunyi New Town.



The project adopts a green design in accordance with national and local standards for green buildings, with the residential building being designed on a one-star green building basis and the commercial building on a two-star green building basis. During the pre-evaluation period of the design phase of the green building construction plans, the project was awarded one-star certification, with excellence performance on both residential and public buildings in terms of resource conservation and environmental friendliness.

KWG Centre in Beijing (北京合景中心) (Two-star Green Building Standard)

The project is located in the core canal zone of Tongzhou District, 13 kilometers away from The China World Trade Centre in the west and 16 kilometers away from the Capital Airport in the north. It is the core hub and "bridgehead" connecting the Beijing-Tianjin-Hebei region and the Bohai Economic Rim in the eastern Beijing. With total gross floor area of 106,899.30 sq.m., the project is a mixed development of residential, commercial and office, of which the residential floor area is 61,512.15 sq.m., the office floor area is 26,474.23 sq.m., and the commercial use area is 18,912.92 sq.m. In terms of architectural structure, the office building is a frame-shear wall structure (框架-剪力墙结构), the apartment building is a shear wall structure, and the underground garage is a frame structure. The category of the building structure belongs to Category C, with 8 degree of the seismic intensity scale, and Category 3 of the designed services life (50 years).



KWG Centre in Beijing complies with stringent internal waste disposal management and environmental safety management regulations to ensure effective management of waste. The greening rate of the roof podium of the Phase 1 reaches 30%, with its general use of permeable pavement. The ground floor is equipped with a catering oil separator to treat the catering wastewater of the ground floor. The project is approved by the energy-saving assessment of the Beijing Municipal Commission of Development and Reform, the environmental impact assessment of the Beijing Municipal Environmental Protection Bureau and the water impact assessment of Beijing Water Authority.

Yancheng KWG Haya City (鹽城合景匯悅城) (Two-star Green Building Standard)

The project is located in National Hi-tech Industrial Development Zone in Yancheng. The plot is adjacent to Qingnian Road in the south, Zhenxing Road in the east, Huoju Road in the west and Guihua Road in the north. The aggregate site area of the plot is 236,711 sq.m., and the above-ground construction site area of the project is 230,139 sq.m. The plot of the project is divided from east to west by the current Chuangzhi Road into two plots. The site area of the west one is 129,847 sq.m., and the site area of the east one is 106,864 sq.m. The surrounding area is rich in water resources and convenient in transportation, providing outstanding external conditions for the commercial and residential space of the plot.

The scheme planning focuses on the continuous undulating spatial rhythm. For example, the residential area of the plot in the west is divided into 6 to 11 floors houses and 27 floors high-rise buildings from south to north, forming a spatial pattern of a slope of low at the south and high at the north, with abundant sunshine and rich green areas among the houses.

The greening rate of the project is 33%. Large-scale permeable bricks and rainwater collection ponds will be considered in the later landscape design. The ancillary facilities design is centralised to form a space of “community core” with the entrance of the community as the carrier and multi-points layout. From a point to an area, its façade and spacing are specially designed to break the uniform and stereotyped spatial image of the residential area. The quality of the residential area is improved by combining the design of landscape design and home route, to facilitate and benefit the residents, as well as bring more happiness to residential life.



Guangzhou Landmark Arte Masterpiece (廣州臻濶·名鑄) (Three-star Green Building Standard)



The project is a mixed development of residential and office located in Guangzhou International Finance City, one of the CBDs in the Golden Triangle of Guangzhou, with a site area of 30,946 sq.m. As one of the “Zhen” luxury residential products, the project is facing the Pearl River on the south, providing a spectacular river view. Four internationally renowned designers were invited to jointly create the project. Its enclosed layout maximises the building distance, landscape and lighting, ensuring that most apartments can enjoy the scenery of the Pearl River and beautiful gardens. Meanwhile, the glass curtain wall is decorated with aluminum plate structure. With its fashionable and eye-catching facade and fashion-forward design with dynamic lines, Landmark Arte Masterpiece becomes a dazzling star on the edge of the Pearl River.

The project has made remarkable achievements in the areas of green building, especially in the green building practices of B1-B3# office buildings and A1-A4# residential buildings, which have achieved remarkable results in energy saving and ecological greening. For the office areas such as the B1-B3# office buildings with a gross floor area of 55,565 sq.m., the energy saving efficiency of the buildings reached 53.30% in the “Certificate of Guangdong Province Three-star Green Building Standard” and the green area ratio is up to 35%. For the residential areas such as A1-A4# residential buildings with a gross floor area of 85,623 sq.m., the non-traditional water utilisation rate reached 97.85%. The energy saving efficiency rate is 61.2% and the greening rate is 35%.

The project uses environment-friendly materials as much as possible, and wastes are reused as much as possible during construction period to reduce waste discharge. The project’s greening design is a submerging garden created by a Japanese landscape gardening master. Its centre features a library surrounded by 360-degree window wall. The modern, stylish and artistic design allows the property owners enjoy and live in art.

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.



1.13 Smart Buildings

As an integrated urban operator, the Group is committed to creating smart buildings through the use of advanced information technology and intelligent management tools with superior technical capabilities and forward-looking strategies, so as to enhance the operational efficiency of buildings, provide customers with greater convenience and safety, and improve the comfort of living and working. As another masterpiece of the Group, smart buildings have once again demonstrated its foresight in the sustainable development of the industry.

Beijing International Financial Place (北京合景國際金融廣場) (2023 Best Model Case of Smart Building for Commercial Properties)

As a lakeside complex development project in the Bay Area of Beijing Municipal Administrative Centre, the project has total gross floor area of approximately 330,000 sq.m., and is located in the heart of the district, stretching from Binhe East Road in the north to Zhao Danyu Road (趙登禹路) in the south, and from Xishangyuan Road in the west to Shangyuan Beier Street in the east. The project embraces with the largest first-floor podium commercial package in the area — a 30,000 sq.m. waterfront art mall, which is connected to the neighbouring businesses and the two MTR stations through a corridor, providing the most convenient access to the offices in the district.



Beijing International Financial Place



Bamboo-like simple circular arc design

The project is designed by world-renowned Chinese architects with a strong sense of artistic design. The building adopts a bamboo-like simple circular arc design, which is intended for the Chinese traditional scrolls — bamboo scrolls, and at the same time, it incorporates the waterfront view into the office space, and the indoor use of double-layer LOW-E glass, and the full-glass curtain wall with 270° column-free corner windows, which allows people to have a glimpse of the canal view.

The project aims to enhance the operational efficiency of buildings by practising intelligent management and control of building facilities through an innovative mode of service delivery. The project is equipped with various ancillary facilities, including the 5A Intelligent Management System and the Smart Destination Dispatching System. It also offers a wide range of facilities, including a quality commercial plaza — the 15,000 sq.m. KWG • Ufun Walk, which is in close connection with the neighbouring commercial and office buildings through a corridor, thus enhancing the convenience of office and shopping in the district.



Smart Destination Dispatching System

1.14 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 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.

Special Topic



Office Buildings joined the “Earth Hour” campaign

Succulent Plant Micro-landscape Planting Event



“Tree Adoption” scheme

In 2023, by continuously promoting the green and low-carbon concept of the “Ideal Green Living Festival”, KWG Commercial Asset Management Company under the Group joined hands with 21 commercial and office projects in seven first- and second-tier cities, including Beijing, Shanghai, Guangzhou, Foshan, Chengdu, Suzhou and Nanning, to organise the “Dream FUN Flying Season (理想FUN飛季)” themed activities from April to June during the year, combining the festivals such as Earth Day on 22nd April, International Labour Day on 1st May, World No Tobacco Day on 31st May, International Children’s Day on 1st June and Dragon Boat Festival on 22nd June. Cross-industry partners such as Fei Mayi under Paypal and multi-brand commercial parties are cooperated with the Group to organised six Fun events to promote the ideal concept of urban living in terms of low-carbon, environmentally friendly, charity and sustainable to its employees, tenants and consumers.

The “Dream FUN Flying Season (理想FUN飛季)” was further co-ordinated by the headquarters of KWG Group with Fei Mayi, which adopted a combined online and offline approach to launch a sustainable environmental recycling campaign to draw users’ attention to the topic of environmental protection. For offline approach, the office projects under the Group’s commercial office division organised a variety of green and low-carbon themed activities. On the occasion of Earth Day on 22th April, a number of office projects under the Group’s commercial office division, including International Finance Place in Guangxi, KWG Flourishing Biotech Square in Guangzhou, International Finance Place in Guangzhou, International Commercial Plaza (North Tower) in Guangzhou and International Metropolis Plaza in Guangzhou, organised a themed campaign called “Embracing Green Idealistic Lifestyle (擁抱綠色理想樂活)” during the period from 17 April to 22 April 2023. During the campaign period, the offices actively engaged their tenants in a variety of activities to promote environmental protection, such as setting up a “Love Book Corner” to collect old books in exchange for green plants, giving low-carbon gifts to tenants, and organising a rubbish sorting game.

Special Topic



International Finance Place in Guangxi



KWG Flourishing Biotech Square in Guangzhou



International Finance Place in Guangzhou



International Commercial Plaza (North Tower) in Guangzhou



International Metropolis Plaza in Guangzhou

At the same time, KWG Commercial Asset Management Company under the Group launched the “Clothes Up and Go (衣起發光)” used-clothes recycling campaign online through the Paypal app, advocating tenants, employees and consumers to exchange their used clothes for tree seedlings and planting trees to have soil consolidation and to protect a beautiful earth.

Special Topic



The “Clothes Up and Go (衣起發光)” used-clothes recycling campaign

1.15 Protection of Cultural Relics and Old Trees in Urban Redevelopment

The Group’s Urban Redevelopment Team is committed to helping the city grow vibrantly. In exploring ways to enhance the vitality of our cities, we have come up with a solution that comprises eight key elements, namely scientific planning, integration of industries and cities, business-friendly and livable, intelligent technology, convenient living, convenient transportation, ecological greenery and cultural heritage. In modern community building, the Group places special emphasis on cultural heritage to enhance people’s sense of well-being and belonging. The Group has also developed its own logic system and, in the course of practice, it has placed emphasis on traditional festivals, public space and the preservation of old trees, so as to make villages and communities more lively.

Nangang Project:

The project is located at Nangang Street, Huangpu District, which is part of the Huangpu Port Economic Zone. It enjoys a unique geographical location with the scenic Dongjiang River in the south and the Shabu community in the west featuring strong community atmosphere. The Shunan Xia Pu Village of Xintang Town, a place full of countryside chill, is located in the east, while the bustling Huangpu East Road is in the north, which constitutes an important gateway of Guangzhou to Dongguan as well as a highly strategic node.

Under the joint scrutiny of the Culture, Radio, Television and Tourism Bureau of Huangpu District, Guangzhou Municipality and other relevant government departments, the project has been included in the heritage conservation list, which entrusts it with the important task of preserving the traditional style buildings of high cultural value in core areas. This aims to foster a positive cultural conservation atmosphere, safeguard China's rich historical and cultural heritage, and respect the uniqueness of its traditional architectural arts. After in-depth research, the project plans to preserve municipal heritage, district heritage and representative traditional style of architecture in the area, and to publicly display some of the district heritage as relics, as well as relocate and conserve some of the traditional style of architecture.

The project not only attaches importance to the conservation of historical buildings, but also focuses on the conservation of rare and old trees. According to the "Special Chapter on Urban Conservation for the Old Village Reform Project in Namgang (South), Namgang Street, Huangpu District (《黃埔區南崗街南崗(南片)舊村改制項目城市數目保護專章》)", the number of old trees registered in the district is in the four-digit range, and these old trees are not only part of the natural heritage, but also an important resource for public education and environmental conservation. Through professional conservation measures, these valuable old trees will be preserved to provide opportunities for the public to learn and appreciate the beauty of nature.

Through targeted transformation and forward-looking planning for the Namgang project by the Group's Urban Redevelopment Team, while fully protecting the historical and cultural heritage of Namgang Village, we believe that it will promote the deep integration of culture and local economic development, and inject new vitality and development opportunities into Namgang Village.

1.16 Environmental Performance

	2023 ^{(1) (3) (4)}	2022 ^{(2) (3) (4)}
Types of emissions⁽⁵⁾	Emissions during the reporting period (kg)	
Sulphur oxides (SOx)	1.57	1.10
Nitrogen oxides (NOx)	674.94	386.72
Particulate matter	39.12	24.22
Scope⁽⁶⁾	Carbon dioxide equivalent emissions during the reporting period (kg)	
(I) Direct greenhouse gas ("GHG") Emissions and reduction	3,484,631.74	1,453,196.21 ⁽⁵⁾
(II) Energy Indirect GHG Emissions	15,827,680.16	15,892,419.05
(III) Other Indirect GHG Emissions	507,472.16	453,637.00
GHG emissions in total	19,819,784.06	17,799,252.26
Intensity of GHG (carbon dioxide equivalent(kg)/employee)	9,663.47	3,512.43
Types of waste⁽⁷⁾	Volume during the reporting period	
Hazardous waste (tonne)	0.22	1.16
Intensity of hazardous waste (tonne/employee)	0.0001	0.0002
Non-hazardous waste (tonne)	147.89	166.92
Intensity of non-hazardous waste (tonne/employee)	0.07211	0.03294
Use of energy^{(5) (6) (8)}	Energy consumption during the reporting period (KWh in'000s)	
Petrol	72.66	225.09
Diesel	306.57	179.13
Liquefied petroleum gas	0.00	73.60
Electricity	26,675.94	27,504.18
Natural gas	13,931.86	4,510.35
Energy consumption in total	40,987.02	32,492.35
Intensity of energy consumption (KWh in'000s/employee)	19.98	6.41
Use of resources⁽⁹⁾	Energy consumption during the reporting period (KWh in'000s)	
Water consumption in total (cubic metre)	888,555.91	802,812.54
Intensity of water consumption (cubic metre/employee)	433.23	158.42
Total packaging material used (tonne)	0.83	0.54
Intensity of packaging material used (tonne/employee)	0.0004	0.0001

Notes:

- (1) 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 International Commercial Plaza in Chengdu. 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.
- (2) In 2022, key performance indicators on the environment cover the following projects: the headquarters of International Finance Place in Guangzhou, the Hong Kong headquarters of International Commerce Centre in Hong Kong, Shanghai International Metropolitan Plaza, Beijing M • Cube, the Summit in Guangzhou, Chengdu U Fun, Oriental Bund in Foshan, Emerald City in Nanning, Chengdu Yunshang Retreat, Grand Oasis in Shenzhen, Guangzhou the Mulian Huadu, the Cosmos Chongqing, the Swan Harbor Park in Suzhou, the Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, W Hotel/W Serviced Apartments in Guangzhou and Uptown Riverside I in Beijing. A total of 17 projects were disclosed. In 2022, water and electricity charges for Beijing M • Cube and Chengdu U Fun are borne by the management and tenants and are not used or charged by the Group and are therefore not included in the calculation. Water consumption in the Hong Kong headquarters of International Commerce Centre in Hong Kong is responsible by the management company and is therefore not included in the calculation.
- (3) During the year, the Group has used the same conversion method and factors as 2022. The conversion method and factors are primarily derived from "Appendix 2: Reporting Guidance on Environmental KPIs (Revision)" issued by the Stock Exchange in March 2022 Appendix 2: Reporting Guidance on Environmental KPIs (Revision), 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, the Group's emission of sulphur oxides (SOx) increased as a result of the increase in the consumption of natural gas by the project canteens due to the Group's business development needs. In addition, W Hotel/W Serviced Apartments in Guangzhou increased the use of diesel-fuelled public light buses for transporting customers, resulting in an increase in nitrogen oxides (NOx) and particulate matter (PM) emissions, and an increase in diesel energy consumption as compared to 2022.
- (6) During the year, the projects under KWG Commercial Management Company operated in a normal manner due to entering a stage of post epidemic era. Natural gas consumption in the canteens of Shanghai International Metropolitan Plaza, Chengdu U Fun, W Hotel/W Serviced Apartments in Guangzhou and Guangzhou the Mulian Huadu increased, resulting in increase in "Direct GHG Emissions and reduction" and energy consumption in terms of gas as compared to 2022.

- (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, no private cars fuelled by unleaded petrol were used in Oriental Bund in Foshan. As such, the energy consumption in terms of petrol was lower than that of 2022. W Hotel/ W Serviced Apartments in Guangzhou did not use liquefied petroleum gas (LPG) as fuel for private trucks, therefore the energy consumption in terms of LPG for the year was zero.
- (9) Regarding the use of resources, in respect of the use of water resources, the Group's water consumption has increased as compared to 2022 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

Material ESG issues addressed by this section are

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

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.

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. For example, The Mulian Hotel Group has actively launched school and enterprise recruiting activities in Beijing, Shanghai, Guangzhou and Chengdu targeting at frontline operation positions of hotel projects, 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.

Corporate Culture Seminar: 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 strengthens the communication between the management and junior staff, so as to understand their working conditions,



KWG M • Cube (Beijing)
Shopping Mall

living conditions and personal development needs, thereby providing them with better opportunities for career development and support for their daily lives, and enabling them to have a deeper understanding of the Company's culture and development strategies.

In 2023, the Group's commercial division organised cultural seminars to provide a platform for staff to share their ideas and opinions freely. During the seminars, staff members actively expressed their views and suggestions on the departments and projects in which they worked. Some staff members put forward their views on problems encountered in their work. They hoped to contribute more to the Company's business development by improving the workflow and work efficiency.



KWG Centre in Tongzhou, Beijing

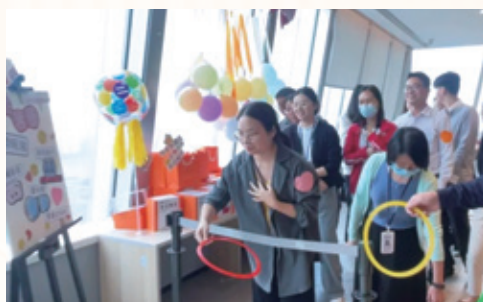


KWG M • Cube (Chengdu) Shopping Mall

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.

During the period from January to December 2023, 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 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 colorful 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.



All-round Health Care Campaign: Caring for Staff's Eyes, Mouth and Body

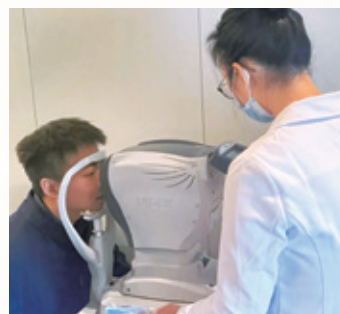
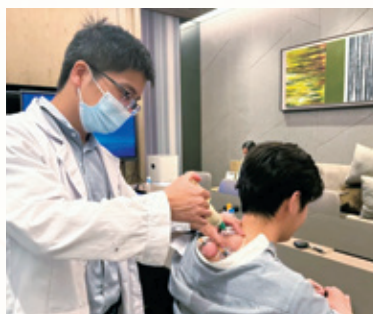
In 2023, the Property Group under the Group joined hands with professional medical institutions to organise a series of health care activities, including dental and ophthalmology seminars and free Chinese medical check, providing comprehensive health care to its employees at headquarters or in the region. In the ophthalmology seminar, ophthalmologists from professional medical organisations talked about the prevention and early detection of eye diseases, and how to maintain good eyesight through daily adjustments and proper eye care. Meanwhile, the dental seminar focused on oral health, where dentists introduced in detail the prevention and treatment of oral diseases and other daily oral care knowledge.



In order to enable the staff to better understand their health conditions, the Group also invited Chinese medicine experts to conduct on-site consultations. The experts carefully asked each employee about his or her physical condition and, taking into account seasonal characteristics and individual physique, gave them personalised health advice and treatment plans.



At the same time, we also provide relevant seasonal products as gifts to safeguard the physical and mental health of our employees during special seasons. For instance, we send our frontline staff cool treats during high temperatures and ginger tea during the change of winter seasons.



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

The Group attaches great importance to the DEI culture and has 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 March 8, 2023, on the occasion of the International Women's Day, The Mulian Hotel Group under the Group, Long-term Rental Apartment Shared Offices and C22 Coffee held a staff appreciation activity to thank the hard work of female employees and to send sincere blessings and generous benefits to them. During the event, the Group prepared generous benefits and organised a series of creative activities to demonstrate the Company's care. In particular, the Group's Light Assets Headquarters presented thermos cups to all female employees, and The Mulian Hotel Group presented frontline employees with daily necessities such as milk and rice, showing the female employees its care and respect. In addition, the relevant divisions of the Group organised caring activities for frontline staff in the form of tea talks and seminars, allowing them to spend this special day in a relaxed and pleasant atmosphere.

In addition, on the occasion of Mother's Day on 14 May, the Group organised a Mother's Day activity at the Headquarters, where fresh flowers and afternoon tea with various kinds of pastries were prepared for the female staff to show their humanistic concern.



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 has been launched for certain projects this year to strengthen inter-departmental communication and cooperation among employees and improve their professional knowledge and capabilities.

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.

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 preemployment 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:

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.

Soft skills improvement training

Leadership and business etiquette training

In March 2023, the Group invited experts and instructors in the industry to carry out a two-day leadership and business etiquette training camp for the management personnel and reserve echelon forces of the Innovation Business Department and KWG Apartment, covering 15 staff. The course content covered communication skills, teamwork, decision-making capabilities and other aspects. Through various forms such as theoretical explanations, case analysis and practical exercises, employees could fully master the core elements of leadership and business etiquette.

Focusing on the personal development needs of employees, the training camp not only provided them with customised training plans and feedback mechanisms, but also deepened their understanding of effective managers through team games and simulation team building. These activities aimed to strengthen the overall awareness and coordination ability of employees, and create an efficient team based on performance, which facilitated the personal growth of employees while laying a solid foundation for the cooperation and development of the team.



Structured Thinking • Efficient Thinking and Expression Training



In September 2023, the Group adopted an offline model to conduct 3-hour themed training activities for 50 employees of its Innovation Business Department, 20 junior and middle-level employees under the long-term rental apartment project, and 25 employees from the back-end and operation departments of the hotel business segment. Through the training, employees mastered the concept of structured thinking, learnt to communicate with customers with structured thinking and understand customer needs and expectations in order to improve work efficiency and performance.

Customer service skills training

Training on “Sales Champion” series courses



In 2023, the Group’s real estate group launched “Sales Champion” series courses monthly to enhance the sales team’s ability to strengthen various sales techniques according to customer needs. 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.

The implementation of the series of courses has achieved remarkable results. The participants can better grasp customer needs and improve sales performance in actual work. At the same time, customer feedback has also improved significantly, customer satisfaction and loyalty have also been improved, laying a solid foundation for the long-term development of the Company.

Industrial value enhancement and system reconstruction training camp



In June 2023, the Group, with a combination of online and offline modes, carried out a 3-hour industrial value enhancement and system reconstruction training camp for a total of 85 employees, among which 50 employees from the Innovation Business Department, 10 marketing and operation personnel from the long-term rental apartment business segment and 25 investment and operation personnel of the hotel business segment, so as to start a unique business perspective of asset management and operation. While allowing employees to expand their business knowledge,

the Group encouraged employees to think about problems from the perspective of customers and understand their needs and expectations. Based on this, the Group sought multi-dimensional cooperation opportunities to provide more considerate and professional services and improve customer satisfaction.

Special Action for Improving Service Quality

In March and April 2023, The Mulian Hotel Group, a project of the Group, invited professional lecturers to conduct two special training sessions on the theme of "Service Principles" for 200 front-line operation colleagues and management personnel from the Front Office Department, the Guest Room Department, the Marketing and Sales Department and the Food and Beverage Department to strengthen employees' understanding of hotel service etiquette, service team building, customer complaint handling and other service aspects.

After the training, employees paid attention to the sincere communication with customers through the internal training practise in the hotel, and implemented the training content in the hotel service management, so that the high-quality service etiquette won the reputation of customers and improved the hotel service experience.



Professional skills training

Special training on “Marketing Operations Improvement Action”

Since April 2023, each region of the Group’s real estate group has carried out a series of monthly training activities “Operation Power Improvement Action”. Excellent lecturers in each region have 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, and helped them better respond to market challenges and improve performance.



Training series of engineering school & professional college



In 2023, the Western Region Engineering Management Department of the real estate group under the Group carried out a series of training activities on professional skills training 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 enhance their skills and empower them through the explanation and analysis of actual cases of projects in various cities and regions, and the analysis and explanation of regional market research, so that cross-departmental employees could learn professional knowledge, including but not limited to national and local policy updates, project management and design concepts, cost management and construction application processes, etc., so that relevant trained employees of the real estate group could comprehensively improve their professional quality and better respond to challenges at work.

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 realizing 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.

Engineer Cultural Festival: Creating Excellent Quality of Engineering

In October 2023, the Group's real estate project in Chengdu-Chongqing region held the "Engineer Culture Festival", aiming to improve engineering quality management and encourage outstanding performance of front-line engineers. In this selection, the engineer Mr. Liao, Mr. Yu and the engineering manager Mr. Zhang showed their dedication, unity and tenacity, and contributed to the success of the project, such as ensuring the



resumption of work of the projects under construction, promote the final rectification of projects, solve the various checkpoints and legacy problems of the projects to be delivered, and ensure the acceptance of each sub-item (Personal protection and fire quality supervision plan, etc.).

By commending outstanding engineers, the Group conveys its core values of valuing employees and customers. The Engineer Culture Festival, as an important employee activity, helps to stimulate the innovation spirit and work enthusiasm of employees, and improve the 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.

Teachers' Day and Lecturer Glory Season: Inheriting Wisdom and Empowering the Future

In September 2023, on the occasion of the Teachers' Day and taking into account the construction of training resources in 2023, the Group's headquarters and various regions reviewed and selected 16 "Group Honorary Lecturers" to thank them for spreading knowledge and wisdom to employees within the Company in terms of engineering management, customer service, real estate operation management and marketing planning.

Excellent lecturers are not only the disseminators of knowledge, but also the inheritors of corporate culture and the enlighteners of wisdom. Through their experience and knowledge, they help employees better master professional skills, improve comprehensive quality, and make important contributions to the development of the Company. We believe that with the joint efforts of the Group and excellent lecturers, the Company will usher in a better future.



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.

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 two years (2021 to 2023) is 0, and the number of working days lost due to work-related injuries this year is 14 day (2021: 298 days; 2022: 229 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.



Project Safety Risk Management Process

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.

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

Type of occupational safety measures	Descriptions	Purpose
	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
	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.

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 2023, 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, encourage people to quit smoking, and 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 2023, certain regional projects of the Group's real estate group organised health promotion activities for employees from time to time, including but not limited to fitness activities such as shuttlecock, badminton and mountain climbing, to help employees relieve work pressure, relax themselves and improve their physical fitness and immunity. At the same time, these activities help reduce occupational diseases and health problems caused by long-term stress and fatigue, and also strengthen team cooperation and cohesion among employees.



In 2023, 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, conducted a total of 7 emergency drills in 2023. 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

Safety Production Education Activities



We actively cooperate with relevant government departments such as the Emergency Management Bureau and the Urban Management And Law Enforcement to carry out safety risk investigation and carry out review on the effectiveness of various safety equipment. We also regularly check the effectiveness of equipment, such as checking property fire equipment and maintaining relevant equipment in a timely manner. We comprehensively ensure the safety and health of all groups of people.

Cases

Comprehensive Emergency Drill of Residential Complex: Shield of Life

In 2023, Beijing Tongzhou KWG Centre, a property of the Group, held a series of comprehensive emergency drills through practical operations and simulation exercises, aiming to improve employees' ability to respond to emergencies such as fire, flood and violence.

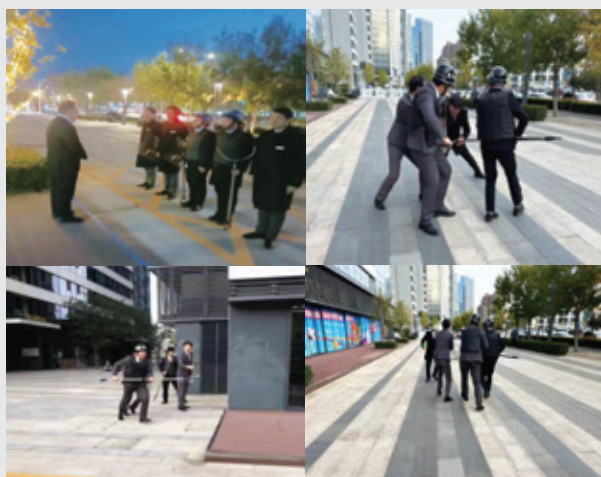
In the fire drills, employees posted posters of fire safety knowledge in advance at eye-catching locations in the premises to improve the property owners' awareness of fire safety. Employees also mastered the correct methods to cope with fire and evacuation techniques through practical exercises, and improved their fire safety awareness. Through flood prevention drills, employees learned about measures to deal with natural disasters and strengthened their ability to respond to flood control emergencies. At the same time, employees also learned the basic procedures and skills to deal with violent incidents through anti-riot drills, which enhanced their self-protection capabilities. The drill also served as a test for the project safety management level and emergency response capabilities, laying a solid foundation for ensuring the safety of employees and property owners.



Fire drill



Flood prevention drill



Anti-riot drill



Anti-riot drill

Cases

Safety Emergency Drills in Business Districts: Creating a Safe Consumption Environment



KWG • UFun
(Guangzhou Knowledge City)



KWG • UFun (Chengdu)



KWG • M • CUBE (Chengdu)

In 2023, various commercial projects of the Group held a series of safety emergency drills from time to time, including but not limited to shopping malls such as KWG • UFun (Guangzhou Knowledge City), KWG • UFun (Chengdu), KWG • UFun (Foshan), KWG • M • CUBE (Beijing) and KWG • M • CUBE (Chengdu).

In response to the flood season from May to August, the safety management personnel of the shopping malls inspected the effectiveness of drainage equipment, and also organised employees to conduct flood prevention drills to familiarise themselves with the flood prevention emergency response process and measures. In addition, the shopping malls also held a number of fire drills, invited professional fire teams to improve employees' awareness of fire safety by guiding employees to learn the steps of using fire extinguishers properly and mastering the evacuation procedures. Through these activities, employees have improved their ability to respond to emergencies. In case of emergencies, we can quickly guide the customers to evacuate in an orderly manner and build a solid safety defence line.



KWG • UFun (Foshan)



KWG • M • CUBE (Beijing)

Cases

Fire Training and Drills for Office Buildings: Fire Guards in Office Environment

From October to December 2023, the Group's commercial offices International Finance Place in Guangzhou, KWG Flourishing Biotech Square in Guangzhou and International Metropolis Plaza in Guangzhou carried out annual fire and emergency evacuation drills to test the effectiveness of the fire protection facilities of the buildings, while improving the inter-departmental cooperation ability and fire safety awareness of office staff of the buildings, enhancing the emergency response ability and self-protection ability, mastering the fire evacuation skills, and ensuring the safety of office staff.



International Finance Place in Guangzhou



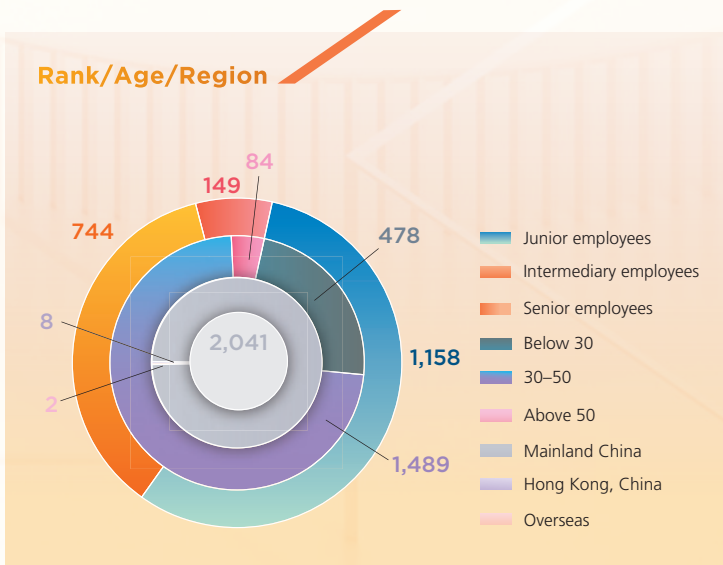
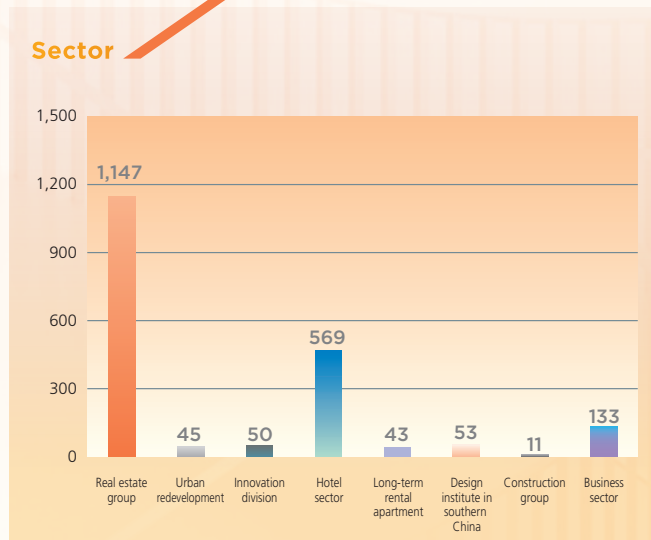
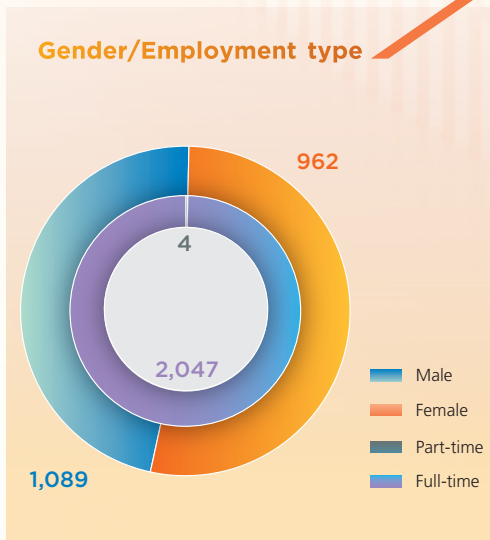
KWG Flourishing Biotech Square in Guangzhou



International Metropolis Plaza in Guangzhou

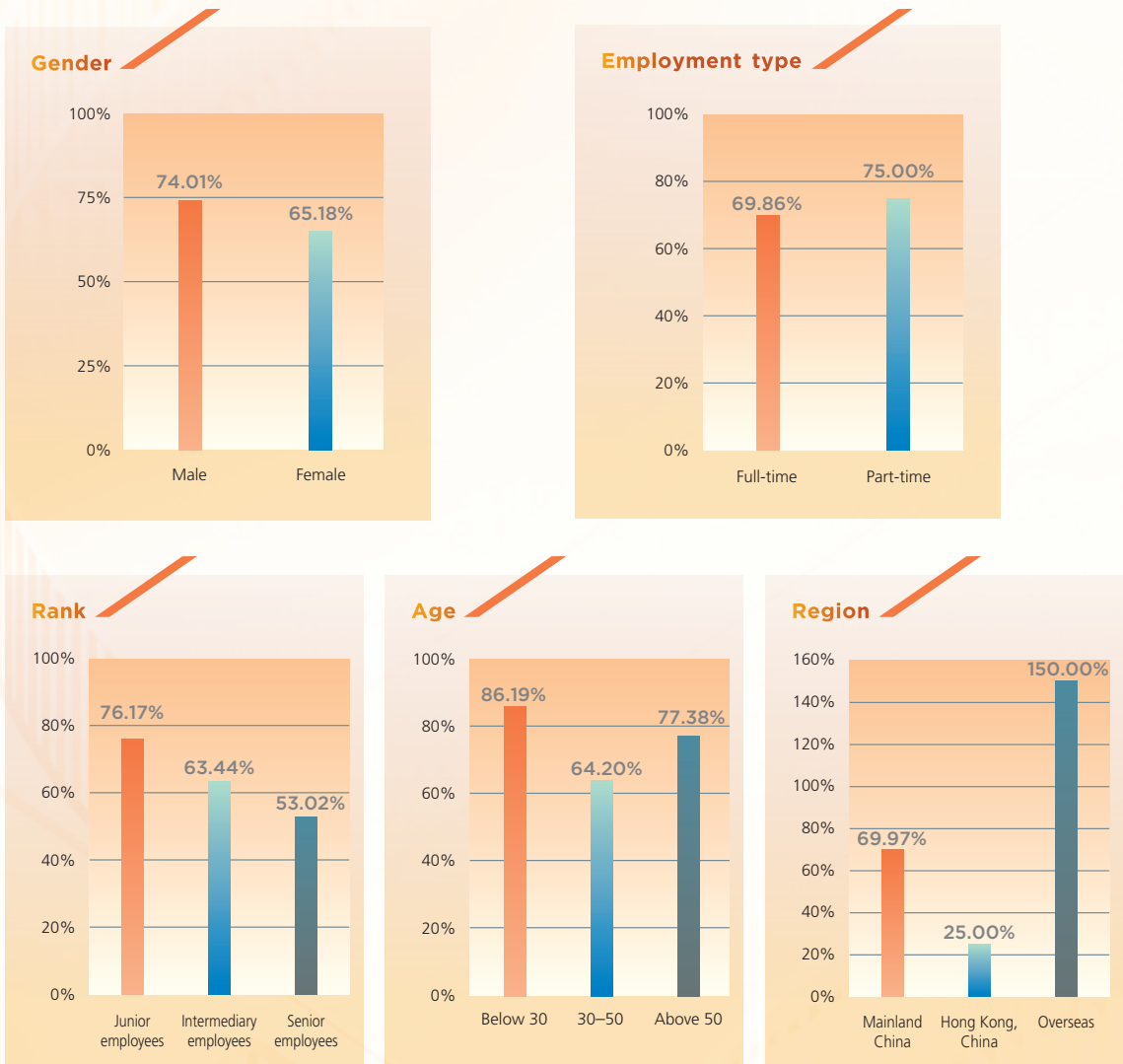
2.3 Information on the Group's Employees

As at 31 December 2023, the total number of employees of the Group was 2,051, broken down by category as follows:



Turnover Rates of the Group's Employees

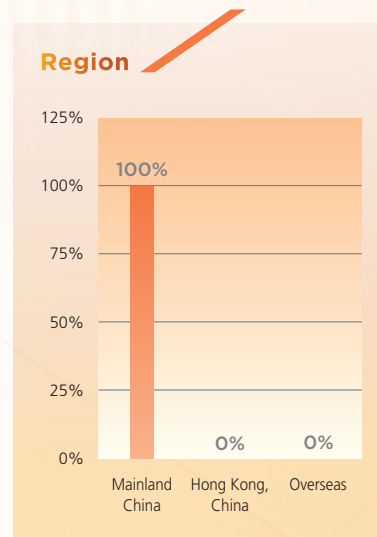
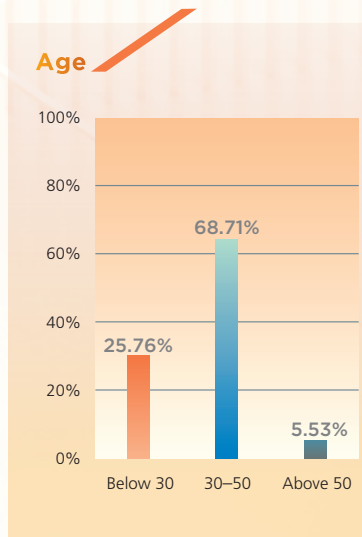
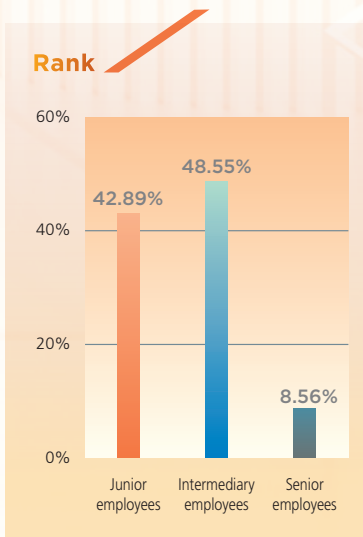
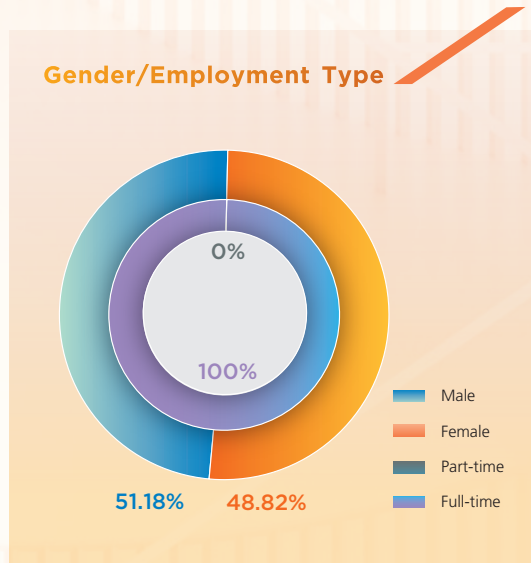
During the year, the overall turnover rate of the employees was 69.87%, broken down by category as follows:



Number and Percentage of the Group's Employees Trained

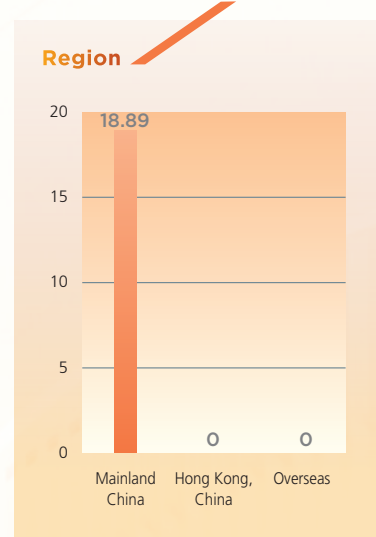
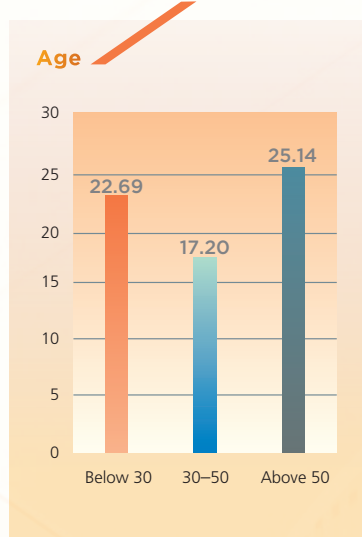
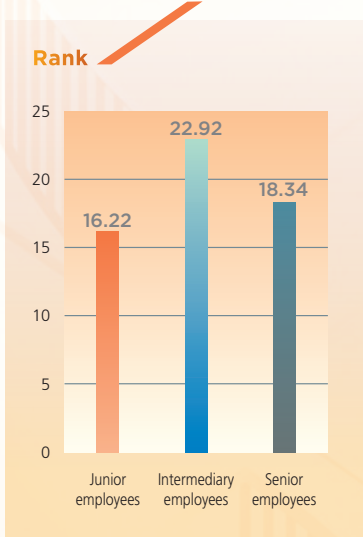
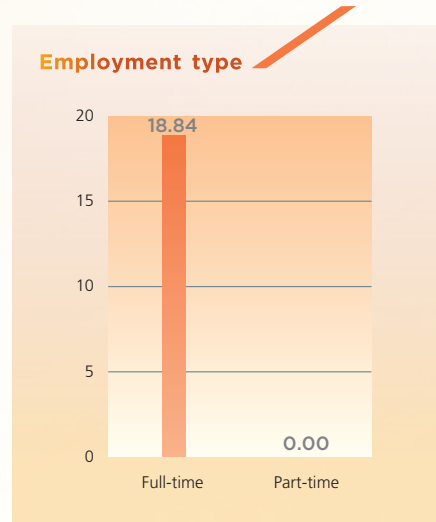
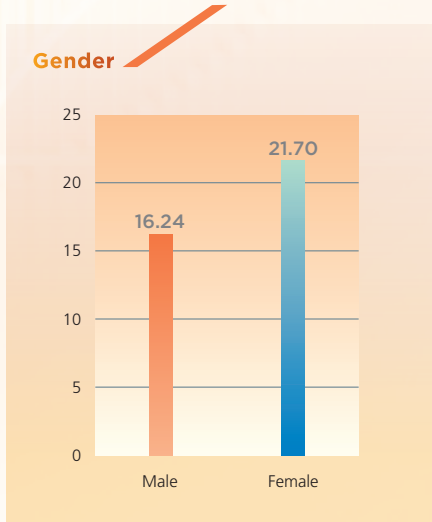
Upholding the equality policy, the Group treats different types of employees equally, provides every employee with the most suitable training for their work and endeavours to offer all employees training opportunities.

During the year, the percentage of the total number of employees trained was 72.31%. Other training percentages are as follows:





Training Hours of the Group's Employees

During the year, the overall training hours of employees totalled 38,563 hours and the average training hours in general were 18.80 hours, broken down by category as follows:



3. Operation Management of the Group

Material ESG issues addressed by this section are

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

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, our Supplier Management System 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.

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.

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. In 2023, the real estate group 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.

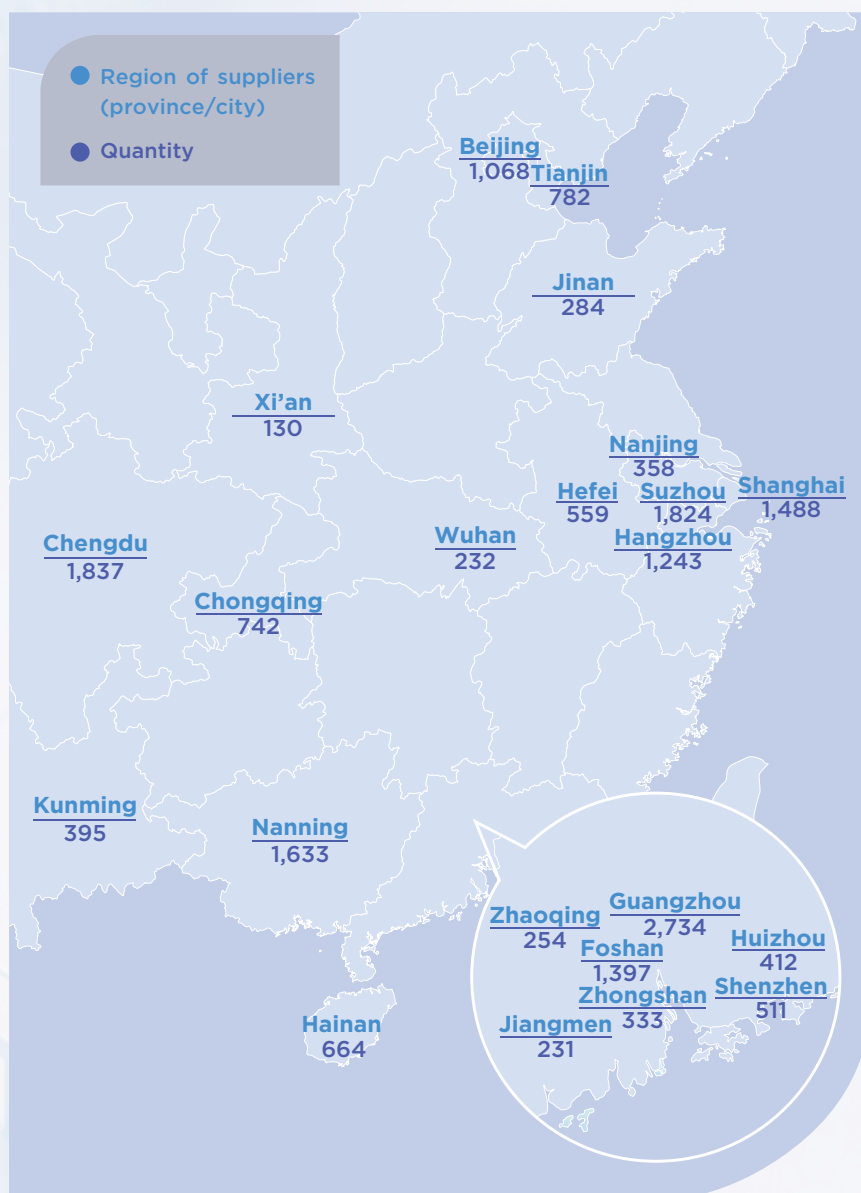


Supply chain management capacity building training activities

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 2023, the number of suppliers was 19,111, which are contractors providing construction, materials, equipment and construction services. The number of suppliers in each region is as follows:

Region	Number of suppliers
Guangzhou	2,734
Foshan	1,397
Huizhou	412
Zhongshan	333
Zhaoqing	254
Shenzhen	511
Jiangmen	231
Beijing	1,068
Tianjin	782
Kunming	395
Nanjing	358
Hefei	559
Suzhou	1,824
Wuhan	232
Shanghai	1,488
Hangzhou	1,243
Chongqing	742
Nanning	1,633
Chengdu	1,837
Hainan	664
Jinan	284
Xi'an	130



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:

<p>Continuous apply and optimise anti-fraud system:</p>	<p>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.</p>
<p>Continuous carry out a wide range of professional integrity courses:</p>	<p>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.</p>
<p>Carry out work coordination and management connection with key business lines:</p>	<p>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.</p>

<p>Business and grassroots dissecting by regional expatriating:</p>	<p>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, recruit more information officers, 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.</p>
<p>Establish a real estate enterprise alliance and make joint effort against fraud:</p>	<p>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.</p>

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.

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.

Cases

Special Training Activities on Risk and Internal Control Management

In 2023, 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.

In May 2023, The Mulian Hotel Group under the Group adopted a combination of online and offline modes to carry out special training activities on risk and internal control management for all 500 employees of the hotel. Through the sharing of actual cases, the senior manager of internal control of the Group enabled employees to understand the key points of internal control management of the hotel, strengthened the internal control management thinking of all employees, held the bottom line of integrity, and consolidated the foundation of long-term risk compliance management.

On 29 August 2023, the Group conducted a 4-hour special training on risk and internal control management for all 50 employees of the Innovation Business Department and 43 employees of the long-term rental apartment business segment projects 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”.



Audit Risk 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.

Special Training on Basic Financial Analysis of Innovation Business Department & KWG Apartment

On 23 May 2023, the senior financial manager of the Innovation Business Department of the Group conducted a 3-hour empowerment training for reserve management personnel and top business cadres including 15 staff from the long-term rental apartment business projects and 50 employees from the Innovation Business Department. Through the training on analysis of financial statements, the trainees learned how to plan and balance the annual business objectives from the breakeven point, and cultivated non-financial management personnel to apply financial analysis to the management thinking in business operations, so that all employees can take into account financial compliance and financial risks in business decisions, so as to promote the close cooperation among various business lines, improve corporate income and reduce compliance risks.



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.

Red Market: Establishment of the Party Building Brand of Party Service “I am here to serve” in Wanqingsha Town



In 2023, we cooperated with the Communist Party Committee of Wanqingsha Town, Nansha District, and held the kick-off ceremony of the Party building brand of Party Service “I am here to serve” in Wanqingsha Town, Nansha District and the “July 1st” Red Market activity, where the red market was grandly opened. With the internal driving force of the Party building brand of “I am here to serve”, we will continue to provide further resident services for nearly 300 local residents, including but not limited to free health clinic volunteer services, agricultural technology popularisation, policy publicity services, rural revitalization, etc., to improve service efficiency, work in a practical way for the public, and help the high-quality economic and social development of Nansha.

Red Heartwarming Activity: Visiting the Old Party members and the Public in Need



In 2023, under the leadership of the Party Committee of Wanqingsha Town, Nansha District, we held heartwarming activities for 6 old Party members and the public who were in difficulties and disabled. We visited their living environment and donated them household electrical appliances, rice cookers, breakfast makers, New Year’s grocery and daily necessities. We will not forget the original intention of the red revolution and will work hard to the happiness of the Party and the people.

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.

3.4 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.

<p>Management and control requirements for the red line issues of construction projects</p>	<p>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.</p>
<p>Regulations on project management conduct</p>	<p>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.</p>
<p>Management and control requirements for the rate of closure due to on-site issues</p>	<p>Punish and report for criticism according to the rectification situation.</p>
<p>Management and control requirements for materials</p>	<p>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.</p>
<p>Management and control requirements for major events</p>	<p>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.</p>

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.

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 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.

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:

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



2023 results:
ACHIEVED



2023 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



2023 results:
ACHIEVED



2023 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



2023 results:
ACHIEVED



2023 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

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.

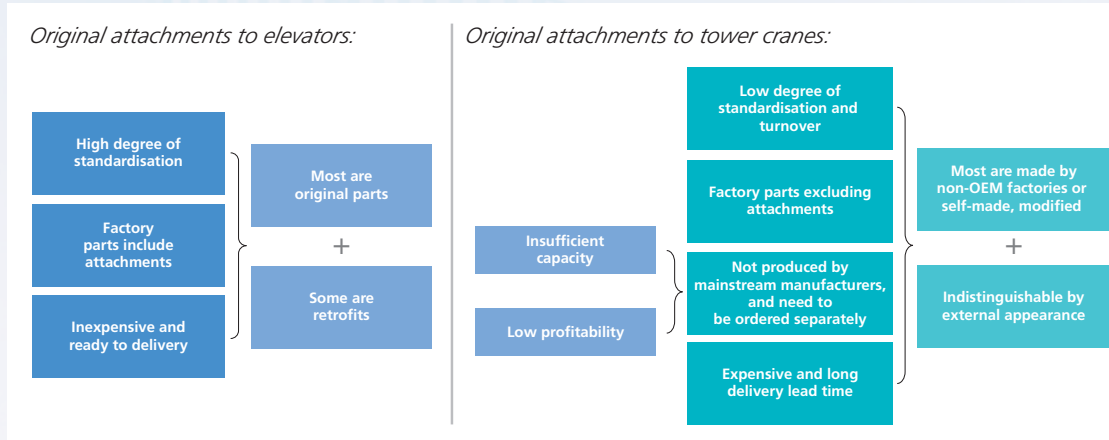
The Group is committed to building a safety culture in all aspects, ensuring that employees reflect consistent attitudes, beliefs and practices. From front line workers, environmental and health and safety professionals, to construction management, senior management and the Board, we have established 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.

Original attachments to elevators and tower cranes



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)

Key session	Work content	Responsible unit	Management measures
<p>Equipment installation</p>	<ul style="list-style-type: none"> (1) File for approval; (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; (3) The installation personnel shall be certified with his/her certificates, and shall communicate with the technical personnel of the installation 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; (8) After the completion of installation, relevant parties shall be organised to carry out inspection for acceptance. 	<p>Supervisor</p>	<ul style="list-style-type: none"> (1) Table of records for the inspection for acceptance of the equipment to be entered the site (2) Records for the education and handover to the installation personnel (3) Records for onsite (4) Table of records for installation and inspection for acceptance

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

Key session	Work content	Responsible unit	Management measures
<p>Use and repair and maintenance</p>	<p>(1) Fingerprint or face recognition devices should be installed on construction elevators;</p> <p>(2) The equipment operator shall be certified with his/her certificates, and shall receive regular education for handover;</p> <p>(3) Regular repair and maintenance shall be carried out and the personnel responsible for repair and maintenance shall receive education for handover;</p> <p>(4) The personnel responsible for repair and maintenance must take photos of sign-in records at critical points of the equipment.</p>	<p>Main contractor</p>	<p>(1) Table of records for handover</p> <p>(2) Table of records for repair and maintenance</p> <p>(3) Photos of sign-in records for repair and maintenance at critical points</p>

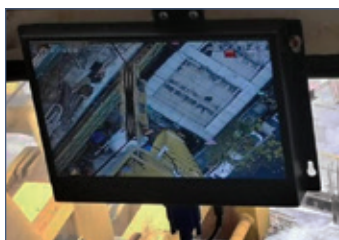
Key session	Work content	Responsible unit	Management measures
<p>Dismantling from the site</p>	<ul style="list-style-type: none"> (1) File for approval; (2) Before the dismantling of the equipment, procedures for dismantling notification shall be completed; (3) The personnel responsible for dismantling 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. 	<p>Supervisor of the main contractor</p>	<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.

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

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. Non-licenced 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.

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.

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



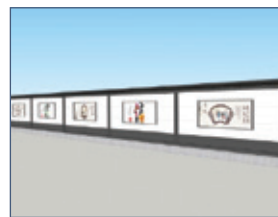
Gatehouse-style doors



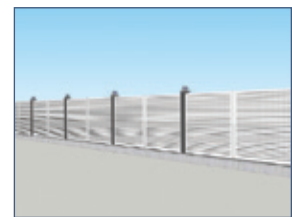
Fences at main exits and entrances



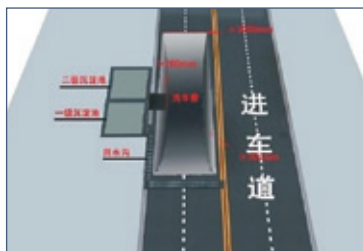
Movable prefabricated PVC windshield



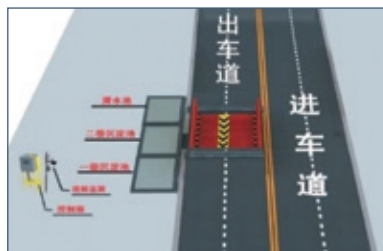
Prefabricated steel structure windshield



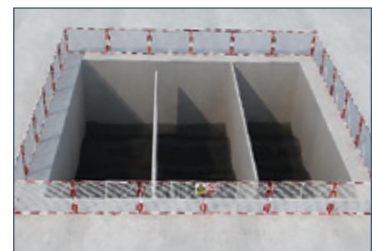
Fabricated and perforated sheet metal windshield



Schematic diagram of cast-in-place car wash tank

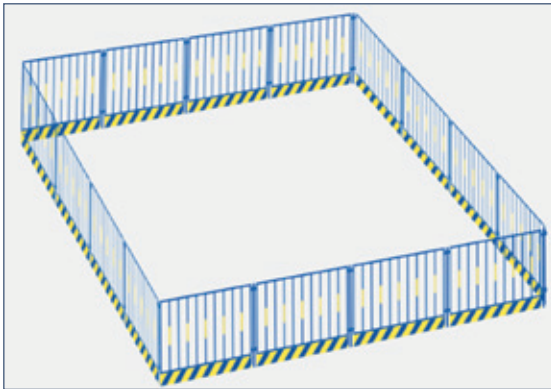


Schematic diagram of automatic washing equipment



Schematic diagram of sedimentation tank

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



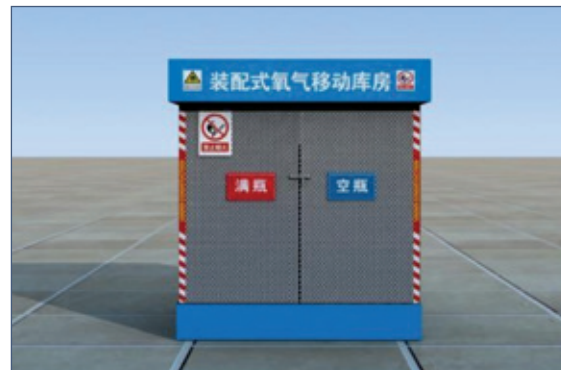
Rebar stacking rack



Material stacking rack



Material recovery tank

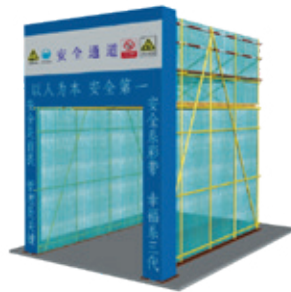


Gas cylinder storage warehouse

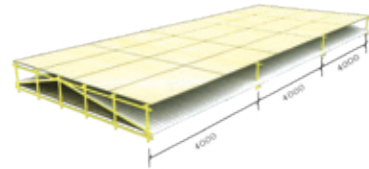
Standard for the staffing of designated production safety management personnel for projects by subcontractors



Instrumental safe passage



Temporary safe passage



Anti-smashing shed



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



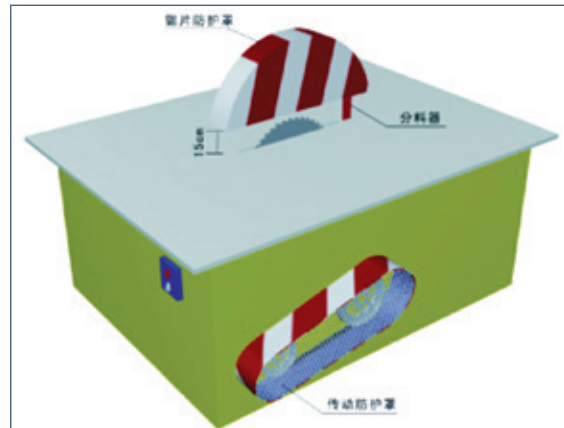
Equipment number and acceptance mark



Setting up rain-proof and anti-smashing sheds



Cutter guard



Cutter guard



Belt guard



Protection for rebar straightening

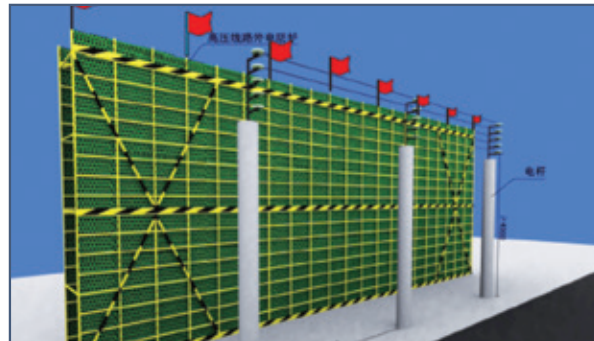
Standard for the staffing of designated production safety management personnel for projects by subcontractors



Protection for transformer



Protection for box transformer



Protection for high voltage line

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.

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.

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

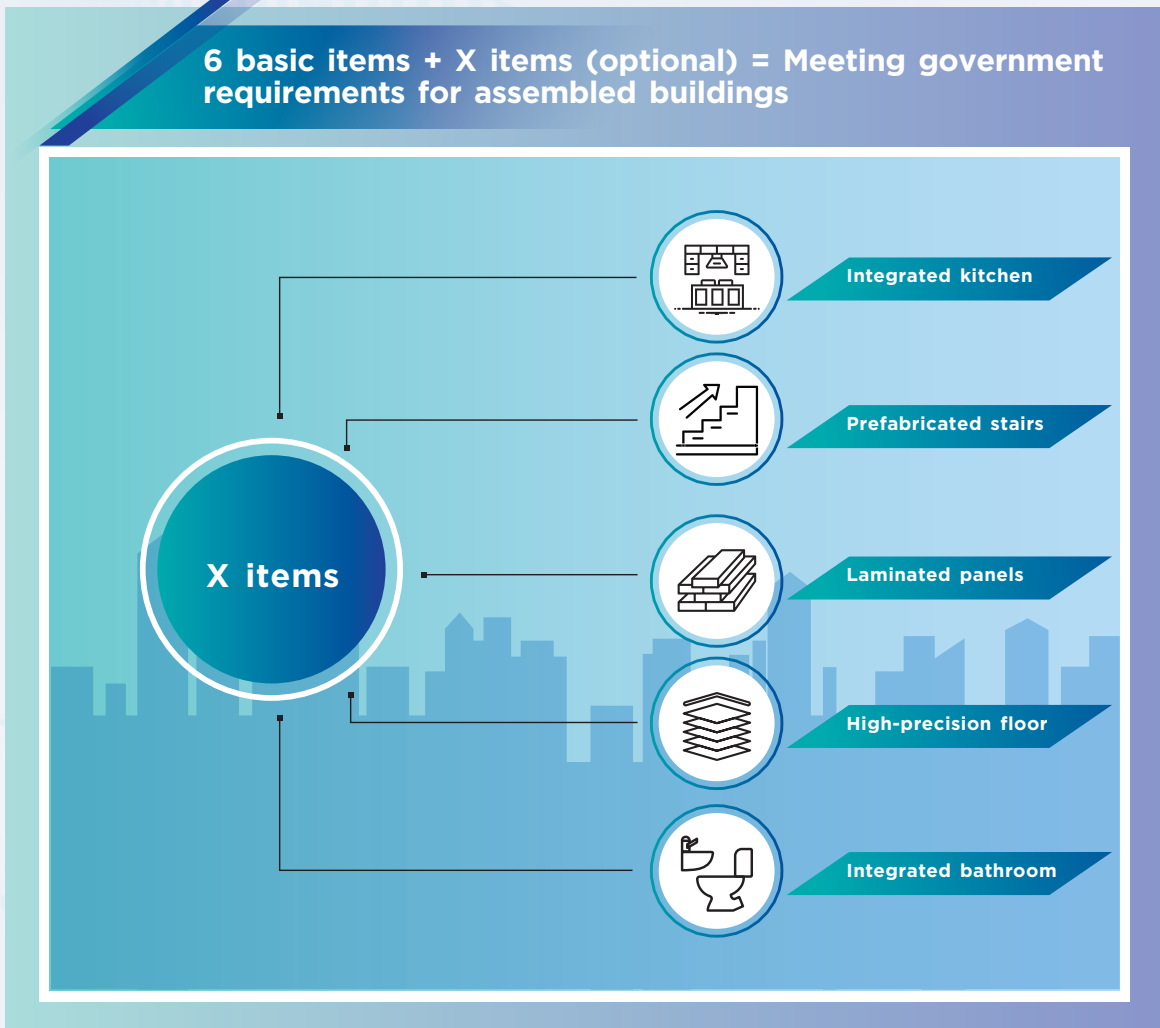
On the basis of iteration of the traditional craftsmanship, KWG adopts the “6X Refined Construction System” to manage construction in a scientific manner, and improve the quality and value of houses from multiple dimensions such as on-site operation control, process inter-leaving efficiency improvement, 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.

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.





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.

In 2023, affected by the real estate policies and trends in Mainland China, the real estate market is changing towards the trend of guaranteed delivery and high-quality development. In this context, the Group adheres to quality, wins the trust of home buyers with delivery capabilities, and establishes a benchmark of “ensuring delivery and stabilising confidence”. In the first and second quarter of 2023, the Group delivered nearly 10,000 units of houses with a total delivery area of 852,400 square metres, ranking among the EH Consulting’s TOP50 on the January-June 2023 Delivery Performance List of Real Estate Enterprises in China. The Group’s residential projects, namely KWG • Uptown Riverside, KWG Poly • Clover Shades, KWG Blooming River and KWG Precious Mansion, were delivered in advance, winning the praise and trust of residents.

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.

In 2023, through the provision of warm and comprehensive services, KWG Group created a symbiotic space for our customers to help each other and grow together. Adhering to the theme service spirit of “Customer Respect, Service Excellence” launched by the Group in 2022, covering four major scenarios, namely home purchase, waiting, delivery and residence, the Group created 260 new scenarios in relation to customer service, thereby establishing a standardised measure for unified service. The Group has been taking customer opinions seriously and responded to customer needs promptly, thereby maintaining good communication and interaction with its customers.

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 2023, the Group has 47 investment projects that have commenced operation, including 11 shopping malls, 26 hotels and 10 office buildings.

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 438 customer complaints, including 327 complaints related to shopping malls, 55 complaints related to office buildings and 56 complaints related to apartments. 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 needs and improve customer satisfaction and loyalty. In 2023, the Group actively adapted to the development trend of new products, new scenarios and new business formats and focused on the external construction of new featured brands to meet the spiritual needs of different groups of people. We deeply understand that the consumers are continuously pursuing a better life and gained insight into their needs for personalised commercial venues. In this context, we have created a variety of shopping experiences through a series of anniversary celebrations and fashion, cultural and art activities, providing customers with a distinctive living and consumption experience, and winning customers' recognition and reputation of the Group's brand. This has effectively increased customer flow and provided customers with high-quality and considerate shopping mall services, while truly realising the value enhancement and optimisation of commercial space.

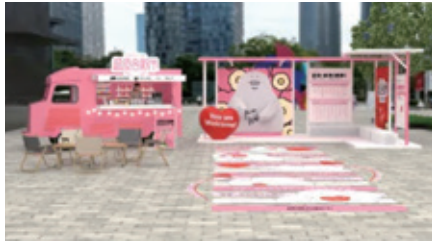
Special Topic

“Dream FUN Flying Season (理想FUN飛季)” Theme Activity

From April to June 2023, the Group’s commercial properties collaborated with 21 projects in 7 cities to organise the “Dream FUN Flying Season” theme activities in three major segments, namely happiness, love and growth. It was held across the period of International Labour Day on 1st May, Internet Valentine’s Day on 20th May, International Children’s Day on 1st June, Dragon Boat Festival on 22nd June and key dates for the anniversary of shopping mall projects. Through a combination of online and offline operation modes, the Group cooperated with merchants covering all commercial aspects such as catering, beauty, 3C digital, fashion, gold and jewelry, supermarkets, daily necessities and parent-child care, to hold six major theme activities (including themes of seasons, holidays, city spirit and anniversary of the projects) suitable for all ages in shopping malls in corresponding cities across the country, particularly the theme H5 mini-game “I can take things easy (我想開了)” of “Dream FUN Flying Season” exclusively developed for young members. The activities satisfied the emotional value and consumption value of various consumers, and achieved a year-on-year increase of 29% in total customer flow.



Special Topics



“KWG Super Fans Festival” Theme Activity

From 23 to 26 November 2023, the Group’s commercial business cooperated with Polaris Youth Company and the coffee brand “Interest-being Coffee” of Polaris Youth to carry out cross-industry cooperation, and cooperated with the shopping mall at Dongshankou in Guangzhou and Chengdu • UFun to gain insight into the emotional characteristics of “feeling of unworthiness” of young people. Through the personification of the mascot of the coffee brand, young people were guided to find spiritual entrustment of self-recognition and self-acceptance through activities.

At the same time, in light of the practical needs of consumers, the Group successfully increased the number of members through brand IP, while injecting young vitality into the expansion of the Group’s commercial community and reflecting the strong recognition of customers for activities.



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 2023, the Group had 11 office building projects in operation covering a total of 8 cities, with the area under management of more than 2 million sq.m., 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.

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 2023, the Group's commercial office division held various forms of industry exchanges and tenant (merchants) interaction activities such as forum meetings, industry alliance salons, government-enterprise linkage activities, business intermediary meetings, brand project marketing conferences, channel exchange meetings, festival interactive days (weeks), etc., to strengthen the communication and interaction with tenants (merchants), understand the interests and needs of tenants, and win the reputation and trust of customers. More than 80% of tenants (merchants) of the Group's commercial offices renewed their leases.

Special Topic

**“Dream FUN Flying Season (理想FUN飛季)” Series Activities:
“Urban Micro Vacation – Camping on the Island”
Theme Exchange Meeting**

On 26 April 2023, the Group’s office building KWG Flourishing Biotech Square in Guangzhou (FBS) and International Commercial Plaza (North Tower) in Guangzhou (ICP), gathered together with the business partners to relieve workplace pressure and negative emotions through communication and interaction in the natural environment.



Special Topics



In 2023, the office building projects of the Group's commercial office division adopted innovative service concepts. Starting from the needs of tenants (merchants) in various aspects such as culture, sports and social networking, the Group rationally allocated various resources including human resources, material resources and financial resources, and held a series of activities to enrich the leisure life of tenants, including but not limited to festival celebrations, cultural exchange activities, sports and fitness activities, knowledge sharing activities, public welfare and charity activities, etc. For example, a total of 13 community cultural activities were carried out in International Commerce Place in Chengdu. Through organising a variety of activities, the Group's commercial and office projects attracted 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 office buildings.



The Group's commercial office division promotes the popularity and brand image of the office buildings and enhances the connotation, cohesion and competitiveness of corporate culture through the improvement of service quality and customer satisfaction.

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 2023, 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 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 and attract many repeat customers. In 2023, The Mulian Hotel and MUSTEL Hotel in Chengdu Global Centre have achieved more than 200 times of 100% occupancy rate, and the GMV of MUSTEL Hotel in Chengdu Global Centre increased by 101% in the first half of the year compared with the same period last year.



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.

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 and Dossiers”, 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

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”. Since 2021, KWG Art Museum under the Group has cooperated with a number of charities to hold art-themed public welfare activities to care for special groups and have been recognised by people from all walks of life in the society. In 2021, 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.

From 2021 to 2022, KWG Art Museum, together with Guangzhou Charity Federation, carried out the theme activities of “Love Hat Action” and “Little Wishes Full House, Colours Come True”, showing the deep care for children with severe illness. 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

In addition, during the reporting year, KWG UFun (Suzhou) Shopping Mall, a commercial property under the Group, actively performed its corporate social responsibility. It cooperated with Tencent Charity to implement the book crossing programme. By setting up book donation areas, art creation areas and wishing walls in relevant activity venues in the shopping mall, many people were attracted to participate. At the same time, the mall also carried out publicity and promotion through social media platforms to further expand the influence of the activity. Through the collection, sorting and donation of idle books, the activity contributed corporate strength to the improvement of the reading conditions of children in poverty areas and advocated all sectors of society to care about the education problems in poverty areas.



“Love Together Charity Exhibition” Activity

Related Laws and Regulations

ESG subject area	Related laws and regulations which the Group has been in compliance with in 2023
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 2023
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 2023
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																			
<p>Aspect A1: Emissions</p>	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NO_x, SO_x and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p> <table border="0"> <tr> <td data-bbox="427 1166 523 1192">KPI A1.1</td> <td data-bbox="584 1166 1102 1224">The types of emissions and respective emissions data.</td> <td data-bbox="1145 1166 1369 1224">1.16 Environmental performance</td> </tr> <tr> <td data-bbox="427 1256 523 1282">KPI A1.2</td> <td data-bbox="584 1256 1102 1379">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).</td> <td data-bbox="1145 1256 1369 1315">1.16 Environmental performance</td> </tr> <tr> <td data-bbox="427 1412 523 1438">KPI A1.3</td> <td data-bbox="584 1412 1102 1500">Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td> <td data-bbox="1145 1412 1369 1470">1.16 Environmental performance</td> </tr> <tr> <td data-bbox="427 1532 523 1558">KPI A1.4</td> <td data-bbox="584 1532 1102 1621">Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</td> <td data-bbox="1145 1532 1369 1591">1.16 Environmental performance</td> </tr> <tr> <td data-bbox="427 1653 523 1679">KPI A1.5</td> <td data-bbox="584 1653 1102 1711">Description of emission target(s) set and steps taken to achieve them.</td> <td data-bbox="1145 1653 1369 1742">1. Environmental governance and related policies</td> </tr> <tr> <td data-bbox="427 1765 523 1791">KPI A1.6</td> <td data-bbox="584 1765 1102 1888">Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.</td> <td data-bbox="1145 1765 1369 1823">1.7 Waste Management Policy</td> </tr> </table>	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
KPI A1.1	The types of emissions and respective emissions data.	1.16 Environmental performance																	
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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	<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>	<p>1. Environmental governance and related policies</p>
	<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>	<p>1.16 Environmental performance</p>
	<p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p>	<p>1.16 Environmental performance</p>
	<p>KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.</p>	<p>1.5 Energy and Resources Policy</p>
	<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>	<p>1.5 Energy and Resources Policy</p>
	<p>KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>1.16 Environmental performance</p>
Aspect A3: The Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impacts on the environment and natural resources.</p>	<p>1. Environmental governance and related policies</p>
	<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>	<p>1.5 Energy and Resources Policy</p>

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter of this report
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	1. Environmental governance and related policies
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	1.8 Climate change policy
B. Social		
Employment and Labour Practices		
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	2. Care for our employees and interests
	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

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	Subject Areas, Aspects, General Disclosures and KPIs	Corresponding chapter of this report
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	2.2 Occupational health and safety of labour
	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
	Aspect B3: Development and Training	General Disclosure 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

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	Subject Areas, Aspects, General Disclosures and KPIs	Corresponding chapter of this report
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	2. Care for our employees and interests
	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
	Operating Practices	
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	3.1 Supply chain management
	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	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.4 Quality and safety
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.4 Quality and safety
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	3.4 Quality and safety
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	3.4 Quality and safety
	KPI B6.4 Description of quality assurance process and recall procedures.	3.4 Quality and safety
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.4 Quality and safety

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Subject Areas, Aspects, General Disclosures and KPIs		Corresponding chapter of this report
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.2 Risk Management
	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.	3.2 Risk Management
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.2 Risk Management
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	3.2 Risk Management
	Community	
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4. Charity and Community Involvement
	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



KWG GROUP HOLDINGS LIMITED