

CAPITAL GRAND

BEIJING CAPITAL GRAND LIMITED
首創鉅大有限公司

Incorporated in the Cayman Islands with limited liability
STOCK CODE : 1329

2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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ABOUT THIS REPORT

INTRODUCTION TO THE REPORT

This report aims to provide the management philosophy of Beijing Capital Grand Limited (hereinafter referred to as “Capital Grand”, “Grand”, the “Company” or “us”, together with its subsidiaries, the “Group”) in environmental, social and governance (“ESG”) and its performance in environmental, social and governance for the year ended 31 December 2023. Unless indicated otherwise, the coverage of this report is consistent with that of the annual report. This report should be read in conjunction with the section “Corporate Governance Report” in the Annual Report 2023 of Beijing Capital Grand Limited.

PERIOD COVERAGE

Unless indicated otherwise, this report covers the period from 1 January 2023 to 31 December 2023.

CONTENT SCOPE

The Company prepared the ESG Report of Beijing Capital Grand Limited (the “Report”) to comply with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in relation to information disclosure. The Report has taken into account the key concerns of the stakeholders of Beijing Capital Grand and the business characteristics of our Company, as well as its ESG management concepts and related performance in 2023.

REPORTING SCOPE

The Company develops its main business in China. Unless otherwise specified, the disclosure scope in this report covers Capital Grand’s headquarters (i.e., the Company) and 15 projects in the operation period, namely Beijing Company, Huzhou Company, Kunshan Company, Hangzhou Company, Hefei Company, Wuhan Company, Nanchang Company, Zhengzhou Company, Jinan Company, Xi’an Company, Chongqing Company, Kunming Company, Nanning Company, Qingdao Company and Xiamen Company. Among them, the Wuhan project and the Jinan project are operated and managed by Capital Grand according to the entrustment of Capital City Development.

BASIS OF PREPARATION

In respect of content, this report has mainly been prepared based on the Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the GRI Sustainability Reporting Standards (GRI Standards) of the Global Sustainability Standards Board, the Corporate Action Guidelines for the United Nations Sustainable Development Goals (SDGs), the Reference Index System for ESG Special Reports of Listed Companies Controlled by Central Enterprises, and the Basic Framework for Chinese Corporate Social Responsibility Reporting Guidelines (CASS-ESG5.0) issued by the Chinese Academy of Social Sciences (CASS).

REPORTING PRINCIPLES

Materiality: We have carried out stakeholders engagement and identification of major issues, and conducted the definition of report content and scope with reference to the identification results. For details, please refer to “Stakeholders Engagement and Identification of Major Issues”.

Quantitative: The scope of data and calculation methods employed in this report have been indicated and explained herein.

Consistency: Unless indicated otherwise, the methodology used to prepare the Report is consistent with that for last year.

CONFIRMATION AND APPROVAL

The Report was approved by the board of directors on 27 February 2024.

ABOUT CAPITAL GRAND

Beijing Capital Grand Limited (stock code: 1329.HK) is one of the leading comprehensive outlets operators in China.

As the only listed company in China with outlets as its core business, Capital Grand shoulders the mission of setting a benchmark for the industry. Capital Grand has always adhered to the vision and mission of “becoming the most valuable outlets operator in China which provides excellent experience for consumers”, giving full play to the advantages of platform resource aggregation, linking resources with a global vision, focusing on the two cores of consumer experience and brand value, and taking refined management as a breakthrough to quickly improve the Company’s resource integration capabilities and lean operation level in business model portfolio, brand portfolio, product standardization, big data, customer experience and other aspects, so as to create a new leisure and shopping model with “big brand, low price, good environment and complete experience” for our outlets, and continuously enhance the Company’s overall competitiveness.

OUR PROGRESS

(I) ESG STRATEGY AND GOVERNANCE

Capital Grand respects fair and honest ESG governance and integrates it into its ESG governance system and board of directors of the Company (the “Board”). The Board has always adhered to the concept of ESG, practiced the long-term value of ESG, formulated ESG strategic guidelines, and integrated ESG management and practices with the Company’s daily management and business activities.

The Company has always believed that integrating ESG into our business practices can create a long-term competitive advantage for us. Therefore, with the support of the Company’s main business and the promotion of ESG construction as the endogenous driving force for corporate development, we have developed an ESG strategic plan with clear management objectives of efficiency, value, empowerment and resilience, and formulated annual management purposes for each stage, established the basic principles of ESG strategic planning and the ESG strategic vision around the themes such as “attentive services, good employers, close partners, harmonious communities and beautiful ecology”. We have also formulated sub-implementation plans, which run through the Company’s operation, brand building, and the construction of the relationship between people and the community, to enhance the development resilience of Capital Grand, form a sustainable business operation model, and promote the sustainable development of the outlets industry.

The Company has continued to innovate the integration of ESG and business to provide solutions for long-term value creation. The Company has identified key stakeholders as the pillars of ESG management, and has formulated the five brightness for ESG strategic plan to promote the implementation of the strategic plan, corresponding to the key stakeholders such as ecological environment, consumers, employees, brand owners, and social residents.

OUR PROGRESS



ESG Strategic Plan – the “Leading Program”



ESG Strategic Plan – Five Brightness

OUR PROGRESS

ESG GOVERNANCE STRUCTURE

The Company has established and improved the ESG governance system, established an ESG governance structure covering the corporate governance, management and executive levels, clarified the responsibilities of all levels of the Company in terms of ESG, and formed a standardized management system. The Company's ESG governance structure can effectively facilitate the Board's communication and participation in ESG development issues, and ensure the establishment of an effective return mechanism.

The Board is responsible for providing guidance and supervision of the Company's environmental, social and governance practices; the Audit Committee is responsible for exercising supervision and approval on behalf of the Board and supervising important ESG issues of the Company; the ESG working team composed of the Company's management and the contact persons of ESG-related departments is responsible for the promotion and implementation of ESG issues; and each functional department, as the executive level, is responsible for carrying out specific work to ensure the full implementation of ESG management.



(II) STATEMENT OF THE BOARD OF DIRECTORS

The Company is committed to maintaining a stable governance structure, establishing an effective environmental, social and governance (ESG) management mechanism in its business operations, and assuming ultimate responsibility for ESG management. The Board follows the requirements of ESG policies, sets ESG visions and goals, clarifies the scope and process of ESG practices, promotes scientific decision-making taking into account business development and social and environmental benefits, facilitates the sustainable development of the Company, and wins the long-term trust and support of all stakeholders through standardized operation and transparent management.

The Board continues to pay attention to domestic and international sustainability trends, identify ESG factors related to the Company's business, and determine and update ESG issues, risks and opportunities that are important or relevant to the Company and its stakeholders based on changes in external environment. Subsequently, the Board uses the materiality matrix to assess the substantive issues, incorporating their demands into the Board's decision-making consideration. In the process of ESG governance, the Board sets medium- and long-term construction goals, breaks them down year by year, reviews the issue goals, key achievements, and action paths, clarifies the focuses of ESG practices, and supervises the ESG process. At the same time, the Board authorizes the Audit Committee to supervise the implementation and performance of the Company's ESG strategies and key issues, identify and assess ESG risks and opportunities, formulate response plans, and regularly report to the Board on the achievement of ESG governance plans and goals, continuously optimize improvement plans, promote corporate governance and compliance management, so as to create sustainable and comprehensive value for shareholders, government and regulators, consumers, employees, cooperative tenants, suppliers and communities and other stakeholders.

During the reporting period, the Board had a clearer understanding of the evolving global ESG landscape and the feedback from stakeholders on the Company's ESG performance through special reports and daily inquiries from the ESG working team, and reviewed ESG reports and ESG matters that have a significant impact on the Company, including but not limited to: (1) ESG strategy and target progress, (2) assessing the differences in the Company's ESG performance, and (3) hearing and deliberating on other ESG matters such as the Company's annual ESG report.

OUR PROGRESS

(III) STAKEHOLDER COMMUNICATION

We attach great importance to communication with internal and external stakeholders. We are committed to building a stable and effective communication mechanism, in-depth understanding of the expectations and demands of stakeholders, and responding in a timely manner, so as to enhance the mutual trust between the corporate and the general public, gather the joint efforts of all parties for development, and achieve a win-win situation for all parties.

Stakeholders	Demands and Expectations	Communication and Response
Investors/shareholders	Stable value creation; Protect shareholders' rights and interests; Actively innovative transformation; Digital management; Open and transparent of information.	Continuing to generate operating performance; Holding shareholders meetings; Publication of annual and interim reports; Disclosure of information on the official website; Written and email feedback.
Government and regulators	Compliance operation; Paying taxes according to law; Innovative transformation; Adhere to low-carbon development; Ensuring safety of shopping malls; Respond to state policies.	Operating in compliance; Pay taxes on time and in full; Accepting inspections by government departments; Enhancing official correspondence; Attending relevant meetings; Cooperate with reporting work.
Consumers	Quality products and services; Innovative transformation; Ensuring safety of shopping malls; Environmental protection; Privacy protection.	Conducting satisfaction surveys; Optimizing CRM systems; Organizing consumer rebate activities; Improving the service complaint and handling mechanism; Protect customer privacy.
Employees	Protection of employees' rights and interests; Promote employees' development; Care for employee health; Care for employees.	Establish a competitive compensation system; Improve career development path of employees; Protect occupational health of employees; Carry out humanistic care.
Cooperative tenants	Ensuring of safety of shopping malls; Service and commodity quality assurance; Digital management.	Tenant management system; Providing tenant support services; Implementing preferential policies.
Suppliers	Cooperation for mutual benefit and win-win results; Fair and open procurement; Digital management.	Improve the supply chain management mechanism; Supplier evaluation system; Holding supplier communication meetings.
Industry partners	Comply with industry norms; Promote development of the industry; Promote industrial innovation.	Strengthening external exchanges and cooperation; Sharing industry experience; Leading the industry's business model innovation.
Communities	Contribution to community building; Providing employment opportunities.	Conducting regular public benefit projects; Creating community support projects; Implementing localized recruitment.

OUR PROGRESS

(IV) SUBSTANTIVE ISSUES

In order to better respond to the expectations and requirements of stakeholders and clarify the focus of ESG practices and information disclosure, the Company issued questionnaires on substantive issues to stakeholder groups through communication interviews, questionnaires, etc., and collected the results filled in by stakeholders. Combining with the changes in the internal and external environment, the Company determined the importance of the issues from two dimensions: the importance to the Company’s development and the importance to stakeholders, and determined the substantive issue matrix after internal review.

Our process for identifying substantive issues is as follows:



Identification

Based on the Company’s strategic priorities, industry characteristics, domestic and foreign mainstream ESG standards and guidelines, ESG information disclosure policy guidelines, ESG rating requirements, etc., and combined with the Company’s business and opinions from departments, a series of issues closely related to the Company’s development are selected



Screening and assessment

Through a questionnaire survey, stakeholders are invited to assess the importance of each issue to the Company and stakeholders



Analysis

Combined with the Company’s development strategy and the results of questionnaire survey, the impact of different issues on stakeholders and the importance to the Company’s development are analyzed and compared to form a matrix for substantive issues



Review and confirmation

The ESG management personnel of the Company will confirm the importance of the issues, ensure that the assessment results are in line with the business characteristics and development status of Capital Grand, and make targeted disclosures in the report based on the judgment results

OUR PROGRESS

The following chart shows the matrix of substantive issues based on the 294 research questionnaires collected during the year.



1	Pollution and emissions reduction	6	Employee occupational health and safety	11	Service quality	16	Advertising compliance promotion
2	Energy use	7	Help employees develop	12	Control quality of goods	17	Innovative development
3	Protect ecological environment	8	Prevent child labor and forced labor	13	Customer privacy protection	18	Intellectual property management
4	Address climate change	9	Protect consumer rights	14	Supply chain management	19	Anti-corruption
5	Protect employees' rights and interests	10	Shopping mall safety and emergency management	15	Support community development		

Environmental issues Social issues

In the analysis of ESG substantive issues, we identified 19 issues such as pollution and emission reduction, energy use, protect ecological environment, address climate change, protect employees' rights and interests, employee occupational health and safety, help employees develop, prevent child labor and forced labor, protect consumer rights, shopping mall safety and emergency management, service quality, control quality of goods, customer privacy protection, supply chain management, support community development, advertising compliance promotion, innovative development, intellectual property management and anti-corruption. Based on the social, economic, and governance attention these issues have received, we have repositioned our ESG management direction and dynamically updated the performance of key issues.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

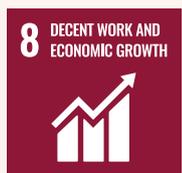
In accordance with the United Nations Sustainable Development Goals (SDGs), we have implemented a series of actions in employee health and safety, education and training, climate change response, and environmental protection in collaboration with various stakeholders, and are committed to contributing to the global implementation of the 2030 United Nations Sustainable Development Goals.

United Nations Sustainable Development Goals (SDGs)

United Nations Sustainable Development Goals (SDGs)	Issues	Stakeholders involved	Specific actions by Capital Grand in 2023
 <p>1 NO POVERTY</p>	Support community development	Government and regulators, community residents	Actively gave full play to its own advantages, gave priority to hiring local talents, promoted local employment, and improved the living standards of residents
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Employee occupational health and safety	Employees	Paid attention to the physical and mental health of employees, advocated work-life balance, strived to create a healthy and comfortable living environment for employees, and strictly abided by laws and regulations related to employee health and safety
 <p>4 QUALITY EDUCATION</p>	Support community development	Government and regulators, community residents	Carried out the "Love Reading Plan" public welfare project, participated in the public welfare student aid fund, and supported community development
 <p>5 GENDER EQUALITY</p>	Protect employees' rights and interests	Employees	Established a sound internal management mechanism and system to fully protect the legitimate rights and interests of employees in terms of compensation and employment, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, etc., and continuously unblocked communication channels with employees

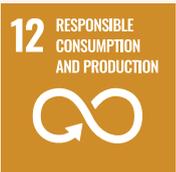
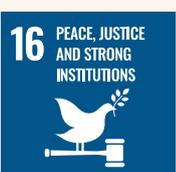
UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

United Nations Sustainable Development Goals (SDGs)

United Nations Sustainable Development Goals (SDGs)	Issues	Stakeholders involved	Specific actions by Capital Grand in 2023
	Pollution and emission reduction,	Government and regulators, consumers, community residents	Carried out water-saving measures such as standardizing water pressure and adjusting water output, and increased the frequency and intensity of inspections to effectively reduce the waste of water resources
	Energy use	Government and regulators, consumers, community residents	Built solar photovoltaic panels and set up new energy charging piles
	Help employees develop	Employees	improved the talent training system, carried out various forms of vocational training, and achieved business breakthroughs and efficiency improvement through the combination of training and business, and realized the knowledge accumulation and effective output
	Innovative development, intellectual property management	investors/shareholders, government and regulators, consumers, employees, cooperative tenants, industry partners, suppliers, community residents	Carried out agricultural assistance activities and helped the development of local characteristic industries
	Prevent child labor and forced labor	Employees	Adhered to the principles of fairness, impartiality and openness, and resolutely prohibited any form of discrimination to ensure that employees of different ethnicities, genders, origins, religious beliefs and cultural backgrounds are treated equally at work; strictly checked the age information of candidates in the recruitment process to ensure that no child labor is employed

UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

**United Nations
Sustainable
Development Goals
(SDGs)**

	Issues	Stakeholders involved	Specific actions by Capital Grand in 2023
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Protect ecological environment, support community development	Government and regulatory authorities, consumers, residents in community	Continuously implemented green office measures, built photovoltaic power generation panels, and actively used clean energy to boost sustainable development
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Protect consumer rights, shopping mall safety and emergency management, service quality, control quality of goods, customer privacy protection	Investors/shareholders, government and regulators, consumers	Improved the safety management system, convened the 2023 "Spring Thunder" safety action to ensure the safe production of employees; improved the brand authorization chain database to control commodity governance; and cooperated with local market regulation authorities to set up a multi-mediation workstation for consumer disputes to safeguard the rights and interests of consumers
 <p>13 CLIMATE ACTION</p>	Address climate change	Investors/shareholders, government and regulators, suppliers, consumers	Identified, assessed and managed climate risks, and implemented measures to address the identified risks
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Advertising compliance promotion, anti-corruption	Government and regulators, consumers, suppliers, cooperative tenants, industry partners	Perfecting the internal control management system and system control system, implemented the "two excellent and four refined" lean operation and fine management, improved the Anti-Commercial Bribery Agreement, and played the role of the "great supervision" system to promote the healthy and stable development of the Company
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Supply chain management	Government and regulators, suppliers, cooperative tenants, industry partners	Adhered to the principle of transparent procurement, continued to optimize and improve supplier management, strengthened supplier communication and collaboration, and encouraged suppliers to prioritize local procurement, so as to reduce carbon emissions generated in the transportation process of materials and products and build a sustainable supply chain

HONORS

No.	Honors	Appraiser/Awarding agency
1	Capital Grand — 2022-2023 China Outlets Gold Medal Marketing Award	China Outlets Association
2	Capital Grand — Operation and Sales Monitoring List of Key Large-scale Retail Enterprises in China, ranking 17th	China General Chamber of Commerce and China National Commercial Information Center
3	Capital Grand — 2022 “Top 100 Commercial Retail Enterprises in China”, ranking 48th	China General Chamber of Commerce and China National Commercial Information Center
4	Beijing Capital Outlets — 2022-2023 Core Top 20 of China Outlets Index	China Outlets Association
5	Wuhan Capital Outlets and Jinan Capital Outlets — 2022-2023 Core Top 50 of China Outlets Index	China Outlets Association
6	Qingdao Capital Outlets and Xiamen Capital Outlets — 2022-2023 China Outlets Emerging Award	China Outlets Association
7	Kunming Capital Outlets — 2022-2023 China Outlets Dark Horse Award	China Outlets Association
8	Wuhan Capital Outlets and Jinan Capital Outlets — 2022-2023 China Outlets Planning Star	China Outlets Association
9	Kunshan Capital Outlets — 2022-2023 China Outlets Urban Business Driving Force Award	China Outlets Association
10	Zhengzhou Capital Outlets and Huzhou Capital Outlets — 2022-2023 China Outlets Growth Star	China Outlets Association
11	Hangzhou Capital Outlets — 2022-2023 China Outlets Building Innovation Award	China Outlets Association
12	Nanning Capital Outlets — “New Outlets Influence Project”	Van Sound Club
13	Nanning Capital Outlets — “AAAA-level National Tourist Attraction”	Department of Culture and Tourism of Guangxi Zhuang Autonomous Region

SPECIAL SUBJECT: STRIVE FOR PROGRESS, FORGE AHEAD ON A NEW JOURNEY HAND IN HAND

In 2023, China's economy continued to rebound and improve, consolidating and solidifying the foundation for high-quality development. In the face of the continuous changes between the social environment and its own development, Capital Grand has always maintained its original intention, adhered to the original intention of serving people's livelihood and expanding domestic demand and promoting consumption as well as the original intention of "bringing the world to you", and insisted on the original intention of being a pure outlets operator with the most experience of the whole customer group. With the help of its unique business model, industrial operation concept, and innovative ideas of integrated development, the Company has developed outlets commercial comprehensive property projects and commercial property projects, and actively sought new models of business cooperation with various stakeholders.

(I) TAKING THE UNIFIED OPERATION MODEL AS THE CORNERSTONE TO DISSEMINATE THE CORE VALUE OF THE BRAND

Capital Grand has always been a firm practitioner for the country's policy of expanding domestic demand and promoting consumption. Through the integration of resources in 15 cities across the country, we have broken down marketing barriers, opened a new marketing model that unifies the time, theme and content of activities, promoted the nationwide business linkage, enhanced the brand influence, disseminated the core value of the brand, deepened member stickiness, improved consumer experience, achieved a double harvest of performance and word of mouth. We are leading the development of the outlets industry, contributing to accelerating digital transformation and cultivating new types of consumption.

[Case] Focusing on brand cultivation and innovative marketing model

Capital Outlets continued to unleash the commercial potential in many cities across the country, leading the upgrading of local consumption and lifestyle. Based on the solid foundation of strategic layout, through the unified marketing strategy of "Super Decade" and "Celebrating in 15 Cities", Capital Outlets focused on traditional festivals, deepened the core value of the themes of events, strengthened communication and interaction with consumers, and promoted innovative breakthroughs in marketing models.



The Spring Festival events held by Beijing Capital Outlets



The Torch Festival events held by Kunming Capital Outlets

SPECIAL SUBJECT: STRIVE FOR PROGRESS, FORGE AHEAD ON A NEW JOURNEY HAND IN HAND

[Case] Broadening the “online + offline” channels to create a one-stop shopping experience

During the May Day holiday period, Capital Outlets deeply cultivated and broadened the online and offline ecosystem, and carried out in-depth cooperation with Meituan and Douyin, attracting consumers to shop in malls by allowing them to purchase online and experience offline with group purchase coupons. By focusing on multimedia and full-matrix, Beijing Capital Outlets reduced the advertising placement on traditional media and increased online publicity, with a Douyin store visit video exposure traffic of 33 million+, and Chongqing Capital Outlets adopted a multi-line approach such as “Douyin store visit + Douyin live streaming + AutoNavi travel coupons” to create a one-stop convenient shopping experience, realize the expansion of new users and the activation of old users, promote the full-link transformation both online and offline, and help creating a young scene consumption ecology.



Shopping season events organized by Capital Outlets

SPECIAL SUBJECT: STRIVE FOR PROGRESS, FORGE AHEAD ON A NEW JOURNEY HAND IN HAND

(II) FOCUSING ON CUSTOMER FEELINGS TO INNOVATE DIVERSIFIED CONSUMPTION SCENARIOS

Focusing on consumer needs and combining the characteristics of different project companies, Capital Grand has created immersive, experiential and interactive new consumption scenarios, integrating catering, camping, cultural and creation, trendy play, music and other formats to create a comprehensive and multi-form trendy shopping experience for customers and build a high-quality life circle.

[Case] Building “Outlets Bazaar” in Wuzhen through cross-border cooperation

In September 2023, Capital Grand built a “City Night Alley (首創奧萊城市夜巷)” in Wuzhen under Capital Outlets through cross-border cooperation, to explore the characteristic pop-up market of “Outlets + Bazaar (奧萊+集市)”. With the self-operated CO fashion outlets collection store as the main body, the market introduced JD luxury products under JD Fashion, city night alley marketplace, “Xianfan Gathering (先番集薈)” and other special projects, providing consumers with a new “one-stop” shopping experience of eating, drinking, playing, and entertainment.



Outlets Bazaar of Capital Outlets in Wuzhen

[Case] Exploring the “tourism + outlets (旅遊+奧萊)” model, Nanning Capital Outlets won the “AAAA-level National Tourist Attraction”

Under the tide of expanding domestic demand and promoting consumption, Capital Grand deeply cultivated the new model of “brand discounts + cultural, commercial and tourism experience (名品折扣+文商旅體驗)” to provide consumers with a new life mode of light tourism and micro-vacation. In November 2023, Nanning Capital Outlets won the title of “AAAA-level National Tourist Attraction” issued by the Department of Culture and Tourism of Guangxi Zhuang Autonomous Region, becoming the first “AAAA-level National Tourist Attraction” outlets mall in South China.



Capital Outlets Park in Nanning

SPECIAL SUBJECT: STRIVE FOR PROGRESS, FORGE AHEAD ON A NEW JOURNEY HAND IN HAND

[Case] “Capital Arcade (首創鉅潮薈)” launched a new product line of “Outlets + Shopping Center”

In December 2023, Kunshan Capital Arcade under the entrusted management of the Company officially opened. Capital Arcade is a new product line incubated by the Company after ten years of deep cultivation on the outlets track. With the international trend as the main line, focusing on the introduction of experience formats and advocating a healthy and happy lifestyle, Kunshan Capital Arcade formed a complementary format with Kunshan Capital Outlets, achieving the scale effect of “1+1>2”, and providing customers with a full range of high-quality and low-cost and multi-dimensional experiential consumption.



Opening ceremony of Kunshan Capital Arcade

SPECIAL SUBJECT: STRIVE FOR PROGRESS, FORGE AHEAD ON A NEW JOURNEY HAND IN HAND

(III) ADVOCATING GREEN CONSUMPTION AND FASHION WITH A GREEN AND LOW-CARBON ORIENTATION

By adhering to green development and serving the national strategy, Capital Grand has integrated green concepts into its operations, to provide green services, guide green consumption, and bring consumers a new green and environmentally friendly shopping experience.

[Case] Exploring the “PV+ (光伏+)” application scenario to create green outlets

At the stage of site selection, the outlets projects in Hefei, Hangzhou and Jinan have fully considered the construction of new energy facilities, making full use of the available roof area to build a large-scale shopping mall rooftop photovoltaic project, providing clean energy power for the entire commercial district and saving peak electricity.

Hefei Capital Outlets achieved a total photovoltaic power generation of 326,500 kWh, accounting for 3.46% of the total electricity consumption of the project.

Hangzhou Capital Outlets can provide approximately 617,760 kWh of electricity to the power grid every year. Compared with coal-fired power plants, it can save 216 tons of standard coal per year, reducing carbon emissions by 168 tons, carbon dioxide by 616 tons, sulfur dioxide by 18.3 tons, and water by 2,471 tons per year.

Jinan Capital Outlets achieved a total photovoltaic power generation of 1,264,700 kWh, saving electricity by 220,000 kWh, reducing carbon dioxide emissions by 653.52 tons, and earning an annual income of RMB163,000.



Photovoltaic power generation system of Jinan Capital Outlets

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

Capital Grand adheres to the “store-oriented policy (一店一策)”, based on the principles of “products as the soul (商品是靈魂)”, “adjustment as a constant necessity (調整是永恒)”, “attraction marketing (營銷吸引人)”, “environmental experience (環境要體驗)” and “service innovation (服務要創新)”, strictly complies with the laws and regulations related to products and services and privacy related to the Group’s business such as the Law of the People’s Republic of China on Product Quality (《中華人民共和國產品質量法》) and the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》). We continue to reform and innovate to ensure the safety of shopping mall operations, meet consumers’ needs for products quality and shopping experience and also make use of our own advantages to benefit the surrounding communities and strive to create a beautiful outlets life circle, providing consumers with a happy space to improve their life quality and gain a sense of happiness and satisfaction.

During this reporting period, the Company did not experience any incidents where proprietary products that were sold or shipped required to be recalled due to safety or health concerns. The Company was not aware of any incident that violated product and service quality, customer privacy protection, consumer rights protection and other product liability laws and regulations and would have a significant negative impact on the Company.

(I) STRENGTHEN MERCHANDISE MANAGEMENT

We always focus on our customers, based on the outlets quality life service platform, develop space operation, integrate high-quality resources, safeguard consumer demand for product quality and shopping experience, focus on customer feedback, handle complaints in a timely manner, continue to improve the consumer service experience, and promote the formation of a new situation benefiting the suburbs, communities and other relevant parties.

ENSURE GOOD QUALITY OF GOODS FOR CUSTOMERS

We attach great importance to the goods quality and stick to high standards and strict requirements on commodity management. We keep a close eye on public demands for quality life, and insist on strict selection of cooperative commercial tenants on the basis of fair investment to control goods quality and provide customers with reliable products. We fully protect customers’ right to know and require commercial tenants to disclose commodity prices in accordance with the law to provide consumers with an honest, reliable and safe shopping environment.

In 2023, the Company’s proprietary products have not been recalled due to health or safety reasons. In the event of a recall of a cooperative brand, we will also fully cooperate with the brands in its work.

OUR MANAGEMENT MEASURES:

- Priority is given to branded direct-sale stores, to create the overall advantages of authentic goods, reasonable prices, thoughtful services and stable supply.
- Priority is given to commercial tenants with the required qualifications and the highest channel level based on the order of general agent, regional agent, and franchisee if it is temporarily unable to introduce brand direct-sale stores.
- Cooperative commercial tenants for catering business are required to provide catering service licenses, health certificates of practitioners, etc. when signing contracts, and strictly abide by the environmental and sanitation standards set out in the Operation Management Work Manual (《運營管理工作手冊》) of the Company during operations, and accept irregular inspections and corrective measures.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

IMPROVE BRAND AUTHORIZATION CHAIN DATABASE

The Company has formulated and complied with the Application Guidelines for Brand Authorization Chain Database (《品牌授權鏈數據庫應用指引》), kept improving the brand authorization chain database, improve continuously the commercial tenants' qualification and product quality control ability, established a brand authorization chain database based on big data technology, made strict provisions on the data acquisition, data entry operation process, data update and maintenance requirements of brand authorization chain database, improved the digital and dynamic management of the commercial brand resources of the Company, promoted ensuring the accuracy, effectiveness, integrity, authenticity and legitimacy of brand authorization qualification while controlling the potential risks, upgraded the Company's brand authorization chain management system to a new level and promoted the overall operation of the investment system of Capital Outlets. Furthermore, we also improve our own export capacity and join hands with all social resources to build a new ecology of outlets operation industry.

OUR MANAGEMENT MEASURES:

- Comprehensively sort out the Company's brand resources to improve the efficiency of contract review.
- Accurately identify the brand information to create a barrier for the protection of the intellectual property rights of the Company.
- Determine the brand resources to expand the commercial and core value resources of the Company.
- Protect brand intellectual property rights to prevent trademark infringement risks.
- Protect the legitimate rights and interests of consumers to enhance the goodwill and reputation of the Company.

During the operation of the brand authorization chain database, its data shall be backed up at least once a day, and the data backup log shall be created; the data confidentiality requirements shall be strictly implemented, the security password shall be set for the database, and the operation authority of the user shall be determined. In addition, the Company irregularly checks the effectiveness, integrity and authenticity of brand authorization qualification documents and the daily control of brand authorization qualification documents of project companies so as to provide basis for the Company's continuous improvement of relevant systems, and provide consumers with genuine goods. Besides, we strictly abide by the data confidentiality requirements to protect our intellectual property rights and the interests of brands.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

(II) IMPROVE CUSTOMER SERVICE SYSTEM

We adhere to the principle of customer first, pay attention to and protect the rights and interests of customers, actively listen to customers' needs, strengthen the quality of service and customer relationship management, protect customers' privacy, improve the customer-centered service system, and provide customers with multi-dimensional and full-cycle services.

MEMBER RELATIONSHIP MAINTENANCE

We insist on serving people's needs, focusing on customers, paying attention to and protecting customers' rights and interests, strengthening customer relationship management, perfecting the customer service system, building a good customer care and interactive experience, and meeting consumers' needs and expectations for community interactive space. We actively carry out diversified activities such as "brand referral (品牌種草)" to provide members with unique services, stimulate consumers' enthusiasm and participation, enhance members' shopping service experience, and provide high-quality services to every customer of Capital Outlets.

OUR ACTIONS:

- **Members' Homecoming Activity:** In September 2023, the "Members' Appreciation Day (會員感恩答謝日)" activity of Capital Outlets was officially initiated, in order to express gratitude to members for their accompany and support during the year, and to congratulate national members in advance on the Happy Mid-Autumn Festival & National Day and happy family reunion.
- **VIP Partner's Day:** The "first VIP Partner's Day for Happy Shopping (首屆VIP夥伴節嗨購不停)" was held in August 2023, offering discounts, coupons, lucky draws, points for gifts and other activities for members.
- **Super Discount Days:** The 2nd weekend of every month is "Members' Super Discount Days (會員超惠日)", which lasts for 2 days and provides members with exclusive privileges such as 20% discounts, lucky draws, super value discounts, and free gifts upon registration.
- **Exclusive Partner's Day Activities:** Two activities, namely "National Life Partner's Day (國壽夥伴節)" and "VIP Partner's Day (VIP夥伴節)", are held to provide care for partners.



I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

ONE-TO-ONE VIP REFINED SERVICE:

In order to improve customer experience and reduce the queuing time for group purchase coupon redemption, Chongqing Capital Outlets has increased the manpower of the customer service center by increasing the customer service stations from 3 stations in daily work to 7 stations, which reduces the members' queuing and waiting time, and also provides free snacks for numerous members and customers to enhance customer satisfaction.



RESPONDING TO CUSTOMER COMPLAINTS

We attach importance to the protection of the legitimate rights and interests of consumers, strictly abide by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), the Guidelines for Immediate Complaint Acceptance Work of Beijing Capital Grand Limited (Trial) (《首創鉅大有限公司接訴即辦工作指引規範(試行)》), Customer Service Standards (《客戶服務標準》) and Standards for Reception Services of Shopping Guides (《導購員接待服務標準》), etc., and set up three-dimensional feedback channels such as service telephone and on-site consumer rights protection station, from pre-sale maintenance to after-sales service, complaint handling and evaluation of the results, improve customer experience, seriously treat and handle consumer complaints and create a good experience in the whole process of customer service.

We have set up a customer service center in each Capital Outlets project and established a complete customer service system to ensure customers' requests are received and handled in a timely manner. We also use the search and monitoring of public information to promptly follow up on the product quality or service issues of Capital Outlets raised by consumers through public channels.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

We incorporate customer complaint resolution rates into the performance appraisal indicators of customer service staff, so as to better implement customer complaint response measures and effectively handle customer complaint for return and exchange of goods from all customers. We attach equal importance to the requests for return and exchange of goods from all customers. We have established a fair and compliant handling process, by which our customer service management personnel strictly implement the product return and exchange system of the Company and take reasonable measures to fairly resolve the defects or quality problems complained by customers based on agreements with cooperative commercial tenants and in compliance with consumer protection related regulations and product quality judgment standards.



Set up consumer opinions box in shopping malls

CUSTOMER COMPLAINTS STATISTICS BY PROGRAM FOR 2023 (CASES)

Complaint category	No. of Case
Goods-related complaints	563
Service-related complaints	267
Hardware-related complaints	68
Other complaints	258

- In 2023, there was no complaint that had a significant impact on the Group.
- Other complaints: the number of other complaints received by the Group during the reporting period (including complaints due to personal reasons of consumers/clients but not attributed to Capital Grand).
- The statistical scope covers the headquarters (the Company) and 15 operating projects, namely Beijing Company, Huzhou Company, Kunshan Company, Hangzhou Company, Hefei Company, Wuhan Company, Nanchang Company, Zhengzhou Company, Jinan Company, Xi'an Company, Chongqing Company, Kunming Company, Nanning Company, Qingdao Company and Xiamen Company.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

In 2023, we responded to the government's call to operate in accordance with the provisions and requirements of the Interim Measures for the Management of Online Consumer Dispute Resolution Enterprises on the National Platform Interim (《全國12315互聯網平台在線消費糾紛解決企業管理暫行辦法》), the Operational Manual for the Management of ODR Enterprises on the National Platform of Consumer Dispute Resolution (《全國12315互聯網平台ODR企業管理操作手冊》), and the Operational Manual for Complaints Handling Centers of ODR Enterprises on the National Platform of Consumer Dispute Resolution (《全國12315互聯網平台ODR企業投訴處理中心操作手冊》), and carried out online consumer dispute resolution work in a timely manner through the National Platform of Consumer Dispute Resolution, and cooperated with the Market Supervision and Administration Bureau to set up consumer mediation workstations in shopping malls, striving to achieve the goal that "minor conflicts to be solved at the sales counter and significant conflicts to be solved within the shopping malls (小矛盾不出櫃檯·大矛盾不出商場)", implemented the main responsibility of the consumer rights protection stations, and adopted various forms of publicity to publicize the laws, regulations and policies on the protection of the lawful rights and interests of consumers and jointly promoted the healthy development of the career of consumer rights protection.

OUR ACTIONS:

- Beijing Capital Outlets cooperated with the Market Supervision and Administration Bureau to set up a multi-dimensional mediation station for consumer disputes.
- Jinan Capital Outlets responded to the an environment construction for "Safe Consumption in Jinan (放心消費在濟南)" of Jinan Municipal Market Supervision and Administration Bureau and set up a consumer rights protection station.
- Nanning Capital Outlets responded to the call for offline shopping no-hassle return activities in Nanning and cooperated with the local Market Supervision and Administration Bureau in organizing and completing a seminar to promote the activities.
- Kunshan Capital Outlets was awarded the Excellent Service Station for Offline Shopping No-Hassle Return by Suzhou Consumer Rights and Interests Protection Committee.
- Huzhou Capital Outlets was awarded the 2022 Advanced Unit of Consumer Education Base in Zhejiang Province (浙江省消費教育基地先進單位) by Huzhou Consumer Rights and Interests Protection Committee.



I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

During important holidays and periods of concentrated customer flow, the customer service center of Capital Outlets provide heart-warming serves to customers by helping them broadcast to find people or lost items and serve customers wholeheartedly.

BROADCAST A SEARCH FOR PEOPLE

In October 2023, a child got lost at Hefei Capital Outlets. The customer service center broadcasted a search for the child at the first time, notified the monitoring room by phone to check the on-site picture, and released the information of the lost child in each store group, considered that the child in his/her teens has the basic behavioral ability, and suggested the customer to go to the lost place or parking lot to look for the child, and finally the child was found in the parking lot. The customer was very grateful to the customer service staff for their conscientiousness and went to the customer service center again the next day to express its gratitude.

ADHERING TO OUR HERITAGE OF RETURNING MONEY FOUND FOR CUSTOMERS

In 2023, Xi'an Capital Outlets and Zhengzhou Capital Outlets Customer Service Centers helped customers find lost items and received silk flags from them.



I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

PROTECTING CUSTOMER PRIVACY

We implemented customer information protection into the whole process of business, enhanced the institutionalization and systematization of information protection, strictly comply with the requirements of national laws and regulations such as the Data Security Law 《數據安全法》 and the Personal Information Protection Law of the People's Republic of China 《中華人民共和國個人信息保護法》. We have carried out a unified plan for Capital Outlets' member privacy authorization documents from various channels, and published the plan simultaneously on all interfaces of the Company. Besides, we take various management measures to strengthen consumer information protection and to build a strong security barrier for information protection. In 2023, the Company is not aware of any customer privacy leakage incidents within the Group.

OUR MANAGEMENT INITIATIVES:

- The "Private Outlets Cloud Platform (奧萊私有雲平台)" system of Capital Grand obtained the national security level protection, and continued to strengthen and upgrade the Company's data security system.
- Sign a data confidentiality agreement with all current employees of Capital Grand, and promise to keep operating information (including consumer information) confidential.
- We have established safety policies and management responsibilities related manuals, and employees who have direct contact with data will sign the information confidentiality rules and Safe Operation Commitment 《安全操作承諾書》.
- Standardize the authorization and approval system for data acquisition of employee system account, including user access permissions, BI data access permissions, etc.
- Sign confidentiality agreements with the system development and operation and maintenance software company to stipulate the responsibilities of both parties for the confidentiality of consumer data.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

ENHANCING CUSTOMER SHOPPING EXPERIENCE

Combining the trend of experience and diversification in the consumer market, we continue to stay close to the needs of our customers, actively innovate the business and explore one-stop leisure services, strengthen customers care with heart service to continuously improve customers shopping experience.

OUR ACTIONS:

- The public toilet area is designed with maternity and infant rooms, barrier-free toilets, parent-child toilets and special sanitary ware for children.
- The number of toilets and sanitary ware is higher than that is required by the national standards, and each toilet is installed with squatting pans and toilet bowls to meet the different needs of consumers.
- The intelligent robots are used to guide customers and provide basic services such as in-store human-machine interaction, voice guidance and service consultation for consumers in shopping malls so as to optimize the shopping experience.
- Pay attention to special groups and provide accessible service windows for disabled people to make them truly feel our care and love.
- Increase the procurement of AED configuration for life emergency rescue in public places to protect customers' life safety.



Huzhou Capital Outlets introduced B&B, banquet hall, outdoor coffee



Kunshan Capital Outlets offered afternoon tea service for members

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS



Kunshan Capital Outlets joined hands with the Red Cross Society of Kunshan Development Zone to provide professional guidance and training on emergency first aid for customer service personnel, and to install additional AED emergency ambulance equipment



Wuhan Capital Outlets provided “pet-friendly (寵物友好)” services

(III) SAFETY OPERATION GUARANTEE

We place the health and safety of our customers at the core of our business. The Company strictly abide by the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》), and the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and other laws and regulations, and have established a safety management system that covers the period from preliminary precautionary measures to post-procedural protection, in order to continuously strengthen our health and safety protection work to ensure the safety of our customers and the orderly operation of our shopping malls in multiple dimensions.

IMPROVING SAFETY MANAGEMENT SYSTEM

We have continuously improved the safety management system, established a safety committee (the “Safety Committee”), and adhered to the safety management framework, which determined that the responsibilities of the Safety Committee cover the development period and operation period of each project, and every project company shall establish a safety management office. Furthermore, we specially established a production safety leadership group and signed a production safety responsibility statement with the government based on its practical situation through comprehensively implementing the main body responsibility of production safety and determining the safety responsibilities of all departments, by persisting in the principles of “those who are in charge are responsible (誰主管，誰負責)”, “equal emphasis on production and safety (管生產必須管安全)” and “unity of responsibilities and rights (責任權利相統一)”, in accordance with laws and regulations, such as the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》).

During the reporting period, the Company issued and implemented the “Capital Grand’s Safety Management System Document (《首創鉅大安全管理體系文件》)”, conducted safety inspections of the office area during the period of Production Safety Month to ensure that the equipment and facilities were in good condition and to eliminate potential safety hazards, and increased the procurement of a number of fire extinguishers, which were placed in various locations in the office in accordance with the requirements relating to fire protection and safety production.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

RESPONSIBILITIES OF SAFETY COMMITTEE OF CAPITAL GRAND:

To do a good job in production safety, the Safety Committee shall strictly implement the Company's production safety management system to effectively prevent various safety accidents, promote the safety and stability of the Company, and successfully complete the annual production safety objectives of the Company. The responsibilities of the Safety Committee of Capital Grand are as follows:

- Seriously implement the national safety laws and regulations, timely revise and improve various production safety rules and regulations, improve the incentive and restraint mechanism for production safety, specify and refine the production safety responsibility objectives, and carefully assess and implement them.
- Continue to promote production safety standardization and safety culture construction. Promote the gradual transformation of safety management in shopping malls to standardization and normalization.
- Carry out investigation and rectification activities for potential safety hazards in depth. According to the arrangement, seasonal characteristics and practical production safety situation of the Company, conduct major investigation of potential safety hazards at least once a month, and immediately rectify the identified potential safety hazards, with a rectification rate up to 100%.
- Strengthen the publicity and education of production safety laws and regulations and safety knowledge, and actively organize the production safety publicity and education activities such as "Production Safety Month (安全生產月)". Actively organize various safety technical trainings organized by the superior level and the Company to ensure the rate of certified employment up to 100%.
- Organize and hold a regular production safety meeting every week, listen to the production safety work report of each team, study, arrange and solve various problems in production safety.
- Constantly revise and improve the emergency rescue plan, organize a good emergency rescue team, reserve sufficient emergency rescue equipment and materials, and organize emergency drills at least twice a year to meet the needs of emergencies.
- Report all safety accidents in shopping malls level by level according to relevant procedures and within specified time. Adhere to the principle of "Four Never-let-go (四不放過)" in accident analysis, i.e. Not letting go if the accident reason is not found, Not letting go if the responsible person is not punished, Not letting go if the responsible person and masses are not educated, and Not letting go if the rectification measure is not implemented. Earnestly implement the accident accountability system with the accident handling and settlement rate up to 100%.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

ENHANCING EMERGENCY RESPONSE CAPABILITIES

In order to improve the emergency response capability of employees, commercial tenants, customers and other relevant parties, we have constantly improved the emergency plan and emergency drill plan, strengthened the construction of emergency response capability, based on different business scenarios, organized the targeted elevator emergencies, riot control, fire prevention and other emergency response drills, equipped with AED first-aid equipment to improve emergency response capability and medical emergency kits, and carried out emergency rescue training to improve the service team's capability of dealing with crisis events and further improve the safety quality and capacity of all staff.

In 2023, we conducted more than 50 special training and drills on fire safety, with a total of more than 3,500 trainees, including more than 2,000 shopping guides in the shopping mall and more than 1,500 internal employees.

[Case] Mobilization meeting of "Spring Thunder (春雷行動)" in 2023 was held to ensure the production safety of our employees

We organized the project companies to hold the mobilization meeting of "Spring Thunder" in 2023, which was held to further strengthen the production safety responsibilities of the project companies, stores and employees, thoroughly investigate the hidden safety hazards, plug management loopholes, resolutely prevent all kinds of production safety accidents, and ensure the stability of the production safety situation in Capital Outlets. Through the "Spring Thunder", we have increased the supervision of production safety and strengthened the safety awareness and coping ability of employees.

SAFEGUARDING THE SAFETY OF MALL OPERATIONS

A shopping mall is a large event crowd gathering place. The security of shopping environment is one of the key concerns of consumers and commercial tenants. Most of the Outlets are located in suburban areas, and the surrounding medical facilities and resources are insufficient. It is necessary to pay attention not only to the safety of public places in the traditional sense, but also to the safety of people in their environment.

We take customer safety as the focus of our work, and has carried out promotional activities for the purpose of enhancing safety awareness to ensure customer safety in multiple aspects. In terms of safety education and training, we regularly carry out safety publicity and training and safety risk warning activities for commercial tenants, consumers and other groups, as well as strengthening safety inspections and enhancing video monitoring, etc. Considering the emerging social security hazards and emergencies of different individuals, we have organized members of the emergency disposal team to strengthen the training on emergency disposal and master the process and methods of dealing with emergencies, so as to enhance the overall safety precautionary and management level of the shopping malls, and make every effort to protect the health of customers and personal property safety.

GUARANTEEING NETWORK SECURITY

We have been complying with the requirements of national laws and regulations, and in 2023, we added the "Measures for the Implementation of the Network Security System of the Commercial Information System of Beijing Capital Grand Limited (《首創鉅大有限公司商業信息系統網絡安全體系實施辦法》)" to gradually build a scientific and standardized information security system, strengthen the system security hierarchy, avoid information security risks, monitor and timely repair of security vulnerabilities, and build a solid barrier for information security. The Company regularly conducts training on security technology and security awareness for all employees to strengthen the awareness and ability of security prevention for all staff.

I. ATTENTIVE SERVICES FOR BUILDING QUALITY-ASSURED OUTLETS

[Case] Fully protect the core server room operation safety during “7.31 Rainstorm (7.31暴雨)”

On 31 July 2023, Beijing encountered with the heaviest rainfall over the past 140 years, and Fangshan District of Beijing became the most seriously affected area in the city during this flood season due to its low-lying terrain. The core server room of Capital Outlets located in Fangshan district of Beijing is the core asset and key protection unit for the Company. We firstly made arrangements for defense, and all employees of the information department have been back to work 1 hour early, and prepared sandbags and other flood prevention materials in advance. Through continuous hard work, the water was cleaned up, ensuring the operation safety of the core server room of the Capital Grand.

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

Talent is the core driving force of the Company's development. Capital Grand takes talent as the key to revitalizing the enterprise. The Company takes enhancing the happiness of employees as its own responsibility, and is committed to creating an inclusive and harmonious working environment, creating a fair and just growth atmosphere, constructing an all-round talent development platform, promoting the common growth of employees and the Company, and helping employees to achieve their own value.

(I) PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

We strictly comply with the requirements of the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Contract Law of the People's Republic of China (《中華人民共和國合同法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law on the Protection of Women's Rights and Interests of the People's Republic of China (《中華人民共和國婦女權益保障法》), the Implementation Measures for Paid Annual Leave for Employees of Enterprises (《職工帶薪年休假條例》), the Regulation on Public Holidays for National Annual Festivals and Memorial Days (《全國年節及紀念日放假辦法》), and the Implementation Measures for Paid Annual Leave for Employees of Enterprises (《企業職工帶薪年休假實施辦法》) and other laws and regulations to establish a mechanism for internal supervision and feedback, and provide channels of complaint and report for misconduct, comprehensively safeguard the legitimate rights and interests of employees in the terms of remuneration and employment, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination etc., and has continued to open up channels of communication with its employees, fully respecting the fruits of employees' labor.

EQUAL EMPLOYMENT

We adhere to the principles of fairness, impartiality and openness in talent recruitment and employment, and resolutely prohibit any form of discriminatory behavior to ensure that employees of different nationalities, genders, origins, religious beliefs and cultural backgrounds are treated equally at work. We strictly verify and confirm the age information of our employees during the recruitment process to ensure that we do not employ child labor, and if we mistakenly employ child labor due to problems in verifying the authenticity of the materials, we will immediately terminate the labor relationship with them and take the necessary support measures. We sign standard labor contracts with all regular employees, clearly agreeing on benefits and protection, termination conditions, working hours, etc. to protect the legitimate rights and interests of employees.

DEMOCRATIC COMMUNICATION

We focus on listening to the voices of our employees, actively building harmonious labor relations, improving the employee union system, and constantly upgrading the organizational capacity and service level of the union. We organize various forms of employee activities to increase the channels for the Company to understand the opinions and needs of employees, encourage employees to give us feedback on their opinions, suggestions and problems through emails and face-to-face communication, and ensure that the contents of their feedback are taken seriously and responded to in a timely manner. We are committed to keeping employee feedback confidential and ensuring that employees are able to express their opinions freely without fear of retaliation or pressure.

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

REMUNERATION AND BENEFITS

We pay basic social insurance and housing fund for all employees in accordance with the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), the Provisions on Administration of Declaration and Payment of Social Insurance Premiums (《社會保險費申報繳納管理規定》) and other relevant regulations. We continue to improve our internal compensation and benefit system, and develop a competitive compensation system oriented to the market, with reference to industry standards and regional differences, so that our employees' compensation matches their efforts. At the same time, we also provide diversified welfare programs for our employees, including annual leave and holiday benefits, to meet their different needs.

In 2023, the Company is not aware of any internal employment of child labor, forced labor or other human rights violations of employees.

Indicators ¹	2023
Total number of employees (persons)	673
Number of employees by gender (persons)	
Number of male employees	344
Number of female employees	329
Number of employees by age (persons)	
Number of employees under the age of 30	82
Number of employees aged 30 to 40 (excluding)	407
Number of employees aged 40 to 50 (excluding)	162
Number of employees aged 50 (inclusive) or above	22
Total number of employees by employment type (persons)	
Number of full time employees	672
Number of part-time employees	1
Total number of employees by region (persons)²	
Number of employees in East China	247
Number of employees in South China	39
Number of employees in Central China	84
Number of employees in North China	182
Number of employees in Northwest China	51
Number of employees in Southwest China	70
Number of employees in the Northeast	0
Number of employees in Hong Kong, Macau and Taiwan	0
Number of foreign employees	0
Total number of employees by education (persons)	
Number of employees with college degree (including) or less	155
Number of employees with bachelor's degree	465
Number of employees with master's degree and above	53
Total number of employees by level (persons)	
Number of employees at senior management level ³	36
Of which: number of senior male employees	26
Of which: number of senior female employees	10
Number of employees at mid-level management level ³	81
Number of junior employees	556

1. Staff-related data covers the headquarter of Capital Grand and all its outlet projects;

2. The caliber of disclosure is the area where the employee performs his or her job;

3. The disclosure caliber of the data for 2023 is consistent with the annual report.

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

Indicators ¹			2023
Employee turnover rate	Total employee turnover rate	%	17.86
Employee turnover rate by gender	Male employee turnover rate	%	16.04
	Female employee turnover rate	%	19.72
Employee turnover rate by age group	Turnover rate of employees under the age of 30	%	22.70
	Turnover rate of employees aged 30 to 40 (excluding)	%	16.66
	Turnover rate of employees aged 40 to 50 (excluding)	%	17.97
	Turnover rate of employees aged 50 (inclusive) and above	%	20.40
Employee turnover rate by region²	Employee turnover rate in Mainland China	%	17.86
	Employee turnover rate in Hong Kong, Macau and Taiwan	%	0
	Foreign employee turnover rate	%	0

1. The data related to employee turnover rate covers the headquarter of Capital Grand and all its outlet projects;
2. The caliber of disclosure is the area where the employee performs his or her job.

(II) PROTECT EMPLOYEES' HEALTH

We pay attention to the physical and mental health of our employees, advocate work-life balance, and strive to create a healthy and comfortable living environment for our employees. We strictly comply with laws and regulations related to the health and safety of our employees, such as the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law on Prevention and Control of Occupational Diseases of the People's Republic of China (《中華人民共和國職業病防治法》), the Emergency Response Law of the People's Republic of China (《中華人民共和國突發事件應對法》), the Regulations on Work-Related Injury Insurance of the People's Republic of China (《中華人民共和國工傷保險條例》) and the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents (《生產安全事故報告和調查處理條例》). For daily office and operation, the Group has established a health and safety management system in each of its outlets projects to minimize occupational health and safety risks of employees and to enhance the happiness index of the employees.

Indicators ¹	2023	2022	2021
Number of work-related fatal accidents (case)	0	0	0
Number of employee deaths due to work (persons)	0	0	0
Ratio of persons who died due to work relations (%)	0	0	0
Number of work-related injuries (persons)¹	0	3	1
Lost work time due to work injury (days)	0	41	68

1. Work-related injury means that our employee is injured while engaged in occupational activities or activities related to occupational activities, that is, there is a work-related injury recognition.

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

ENHANCING MEDICAL PROTECTION

On top of the basic protection provided by the state, such as basic medical care, pension, work injury, unemployment insurance, etc., we purchase supplemental commercial insurance for our employees covering major illnesses, outpatient and hospitalization expenses. At the same time, we have established a mechanism for handling and responding to work-related injuries in order to ensure that employees who are injured at work can obtain medical treatment and financial compensation in a timely manner. In case of work-related accidents, we will actively organize medical treatment for employees, cooperate with the labor administration department to identify the employee's disability, provide relevant benefits to employees according to the regulations, and assist employees in applying for work-related injury insurance. If the injury cannot be recognized, we will also provide material and spiritual compensation to help employees recuperate and recover their health.

EMBRACING A HEALTHY LIFE

In order to help employees obtain their own health status in a timely manner, we organize regular employee health checkups every year, analyze and judge the prevalence of subhealthy diseases among employees in accordance with the feedback from the physical examination agency on the results of the Company's overall physical examination that omits key information about the employees, and formulate corresponding health management plans. At the same time, we regularly push mental health lectures and mental health knowledge for employees to help them better understand the importance of mental health and master ways to cope with psychological pressure and distress.

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

(III) ASSISTING IN TALENT CULTIVATION

We attach importance to the personal growth and development of employees, improve the talent training system, carry out various forms of vocational training, combine training with business to achieve business breakthroughs and efficiency improvement, and achieve the accumulation and effective output of company knowledge, creating a learning organization that can improve in both teaching and learning and keep innovating, and providing strong support for the growth and development of employees.



Four Major Talent Training Progression System of the Company

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

CARRYING OUT JOB COMPETITIONS TO SELECT OUTSTANDING TALENTS

- In 2023, the Company carried out three job competitions, including internal competition for management positions of Qingdao Capital Outlets, Nanchang Capital Outlets and the Cost Development Department of the headquarters.

ORGANIZED "ONLINE + OFFLINE" STAFF TRAINING TO ENHANCE WORK SKILLS

- Nanning Capital Outlets conducted 10 trainings for all staff and 28 departmental trainings, including the promotion of systems and processes, standards and specifications, business skills, sales skills, cell phone photography skills, legal knowledge and other contents.



Employee On-site Training of Nanning Capital Outlets

- Qingdao Capital Outlets regularly trains new employees in corporate culture, "Outlet" concept and service etiquette.



New Employee Training of Qingdao Capital Outlets

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

Indicators ¹	2023
Number of training programs of various types (program)	402
Total expenditure on training expenses (RMB0'000)	13.41
Total number of people trained (persons)	848
Total number of employees attending training by gender (persons)	373
	475
Percentage of Trained Employees by gender (%)	100
	100
Total number of employees by level (persons)	34
	89
	681
Percentage of trained employees by level (%)	100
	100
	100
Training hours per capita participation (hours)	38.7
Total number of hours of employee participation in training by gender (hours)	15,406.6
	16,784.8
Number of hours of training participation per employee by gender (hours)	41.3
	35.3
Total number of hours of employee participation in training by employee level (hours)²	1,292.6
	3,523.8
	28,585.7
Average hours of employee participation in training by level (hours)	38
	39.6
	41.9

1. Staff training related data covers the training organized by the human system of the headquarters of Capital Grand and all its outlet projects;

2. The disclosure caliber of the data for 2023 is consistent with the annual report.

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

(IV) CARE FOR STAFF LIFE

We care about our employees, take the initiative to pay attention to their needs for life and work, give each employee the most intimate care, regularly carry out a variety of cultural and sports activities to help employees relieve work pressure, send warmth and care for employees, and improve the sense of belonging and cohesion.

[Case] Carry out warm-sending activities on traditional festivals

In 2023, we sent condolences to the shopping guides, cleaning and security staff and on-duty staff who stick to their positions when each traditional festival came, so that the staff could experience the care of the Company and obtain the recognition of their hard work at their positions.

Hefei Capital Outlets: send hot dumplings and festive greetings to employees who stick to their positions and dedicate themselves to their work during the Spring Festival.

Nanning Capital Outlets: distributed holiday souvenirs to employees on traditional statutory holidays such as the Dragon Boat Festival and Mid-Autumn Festival to express holiday blessings.

Xiamen Capital Outlets: expressed holiday blessings to all employees and prepared holiday benefits for employees and their families on the Spring Festival, Dragon Boat Festival, Mid-Autumn Festival and other festivals.

Chongqing Capital Outlets: carried out Dragon Boat Festival activities for its employees to gain a deeper understanding of the origins of the festival, related knowledge and the feeling of the festive atmosphere.



Benefits Received by Employees of Kunshan Capital Outlets in the New Year

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

[Case] Organize staff to participate in outreach activities

In 2023, we launched a series of cultural and sports outreach activities, set up four cultural and sports teams, such as badminton, rope skipping, tennis and chorus, respectively, and fully initiated the training; held the first Autumn Fun Sports Meeting, including ten exciting and fun sports of three-legged race, tug-of-war competitions and others. By organizing the outreach activities, the staff's enthusiasm for sports and the spirit of teamwork were stimulated.

Huzhou Capital Outlets: organized fun games, "spring hikes (春季毅行)" and other activities in order to create a healthy, positive and harmonious corporate culture, which promoted the physical and mental health of employees and enhanced team cooperation and cohesion.

Kunming Capital Outlets: organized the "Night Running Week (夜跑周)" several times to encourage all employees to participate in fitness exercises and advocate all employees to be physically fit, resist diseases, live in the sunshine and work happily.

Nanning Capital Outlets: held the "2nd Anniversary Celebration of Nanning Capital Outlets – Employee Quality Expansion Games (南寧首創奧萊兩周年慶—員工素質拓展運動會)" to promote communication and collaboration among all employees through the teamwork of "sit down back-to-back and stand up together (坐地起身)" and the 6-kilometer running sprint.

Qingdao Capital Outlets: organized a fun sports meeting with the theme of "BCG Happy Enjoying the Season of Autumn (鉅happy享秋日)" to enhance team cohesion, teamwork and sense of belonging among employees.

Wuhan Capital Outlets: organized the "Party Building Leads Hiking, Working Together to Achieve Good Performance (黨建引領徒步走·同心協力沖業績)" themed hiking activities on the East Lake Greenway to enhance the physical fitness level of employees.



Fun Sports Meeting Organized
by Huzhou Capital Outlets



Autumn Sports Meeting Held
by Jinan Capital Outlets

II. GOOD EMPLOYERS FOR CREATING A DIVERSIFIED DEVELOPMENT OF OUTLETS

[Case] Caring for Female Employees on 3.8 Goddess Day

On 8 March 2023, the Company organized female employees to carry out handicrafts, flower arrangement and other activities, and offered holiday blessings to all female employees. Such activity not only made the female employees feel full of care and warmth, but also further brought the Company closer to the employees and created a harmonious atmosphere.

Kunshan Capital Outlets: held the theme activity of “Come to Capital Outlets for Goddess Day (來首創奧萊過女神節)”, providing female employees with shopping discounts, organized a flower arrangement competition, and sent festive blessings to all female employees.

Nanning Capital Outlets: thoughtfully distributed holiday souvenirs and sent sincere holiday greetings to female employees. DIY handicraft activities were held to relax the female employees by making clay mirrors and hand-painted night lights with creativity.

Qingdao Capital Outlets: organized a theme activity of “Blooming in Spring, Fluttering like a Dream (迎春盛放·翩然如夢)” on the occasion of Goddess Day to extend the most sincere holiday greetings to all female employees.

Xiamen Capital Outlets: organized a coffee tasting activity with the theme of “Taste Life, Mellow Outlet (品味生活·醇香奧萊)” on Goddess Day.



Goddess Day Event Organized
by Qingdao Capital Outlets



Summer Cooling Campaign Launched
by Xi'an Capital Outlets



Staff Birthday Party Activity Organized
by Nanning Capital Outlets



“BCG Staff Love Reading, Let Me Share
(鉅人愛讀書·讓我來分享)” Activity Launched
by Jinan Capital Outlets

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

Capital Grand adheres to the concept of sustainable development, takes the initiative to respond to the needs of stakeholders, continuously strengthens the synergistic development with suppliers, empowers the growth of commercial tenants, actively undertakes the mission and responsibility of the industry, realizes the advantageous complementary resources, and jointly responds to the challenges, and joins hands with all walks of life to create a new situation of win-win cooperation.

(I) INSIST ON RESPONSIBLE SUPPLY

We strictly comply with the Law of the People's Republic of China on Invitation and Submission of Bids (《中華人民共和國招標投標法》), issue the "Measures for the Management of Commercial Operation Procurement of Beijing Capital Grand Limited (Trial) (《首創鉅大有限公司商業運營採購管理辦法(試行)》)", adhere to the principle of sunshine and transparency in procurement, continue to optimize and improve the management of suppliers, strengthen the communication and collaboration of suppliers, and encourage the suppliers to give priority to local procurement, so as to reduce the carbon emissions generated during the transportation of materials and products and create a sustainable supply chain.

Based on the current development status of the Company, our major suppliers are construction engineering related suppliers, and also include property management, office supplies, service support and other types of suppliers. The geographical distribution of our suppliers in this year is shown in the following table:

Indicators ¹	Region	2023
Number of suppliers by region (individual)	Areas within China	489
	Hong Kong, Macau and Taiwan	7
	Areas outside of China	8

1. Based on the characteristics of the industry, co-branding parties are not included in the supplier statistics.

FULL LIFE-CYCLE MANAGEMENT OF SUPPLY CHAIN

We implement full life-cycle management of the supply chain to achieve comprehensive management and optimization of supply chain. The Company has formulated a set of supplier management systems, including supplier admission management, supplier base management and supplier performance evaluation, forming a full life-cycle management process for suppliers from admission, performance evaluation to elimination and exit. In this year, we completed the review of admission of all new suppliers.

Through the establishment of a supplier rating management system, we conduct regular performance evaluations of our suppliers, better understand the performance of each supplier in the supply chain based on the results of the evaluations, adjust the level of the corresponding supplier in the rating system, require the supplier to propose solutions to the problems that arise in the performance process, and follow up on the improvement of the supplier for a long period of time, so as to improve the stability and efficiency of the supply chain, ensure the good performance of our suppliers, reduce supply chain risks, and improve the Company's competitiveness and customer satisfaction.

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

Measures taken in supplier management during the development period

- Firstly, we determine the project procurement framework from the perspective of cost control, and formulate an annual bidding plan every year;
- After the start of bidding, procedures such as prequalification, bid evaluation and tender selection are used to ensure that suppliers with competence and qualifications are selected. At the same time, we conduct regular performance evaluations of our suppliers to monitor and assess their performance to ensure that they are able to deliver on time and provide products and services that meet the requirements;
- For suppliers during the operation period, we carry out an annual project budget for the operation period every year, on top of which each project company is established according to needs, and the bidding process is carried out in accordance with the requirements of the bidding system of the Company to ensure that the suppliers have the qualifications and ability to meet the project's needs;
- During bidding, we attach great importance to the principles of integrity and quality. We will determine that the evaluation results of a candidate are unqualified if a supplier is found, during bidding, to have document fraud, major potential safety hazards on site, or major environmental pollution caused by production equipment without treatment measures that meet national standards, and reject them to be shortlisted for bidding.

Through these management measures, we are able to ensure that suppliers have good performance capabilities in the development period, and at the same time ensure that suppliers in the operation period are able to meet the needs of the project, thus ensuring the smooth progress of the project and the stability of the supply chain.

SUPPLIER ESG QUALIFICATION MANAGEMENT

We pay close attention to the ESG performance of our suppliers to ensure the sustainability and accountability of our supply chain. We require all cooperative suppliers to comply with national and local laws and regulations in terms of environmental protection, safety, and employee management, and incorporate environmental and social requirements for suppliers into the supplier entry process and performance evaluation process of the Company.

In conducting the supplier screening, we believe that suppliers with ISO 9001 quality management system certification, ISO 14001 environmental management system certification and ISO 45001 occupational health and safety management system certification are more capable of long-term cooperation. In addition, we carry out field research visits to suppliers' projects and manufacturing plants to verify their submitted qualifications and review the authenticity of their materials, and to check their on-site environmental and safety management capabilities. We are committed to working with suppliers who meet our values and standards to improve the sustainability and accountability of our supply chain and to ensure the quality and reliability of our products and services.

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

We have taken the targeted environmental and social risk management measures based on the characteristics of different suppliers. For construction contractors, they are required to protect the environment inside and outside the construction site and ensure that their activities comply with relevant laws, regulations and standard requirements. For store finishing works, it is required to use environmentally friendly products with formaldehyde emissions below the limit. During the construction of the project, a third-party organization is engaged to carry out supervision and inspection to ensure that the quality of construction and the site environment meet the requirements.

(II) JOIN HANDS WITH COMMERCIAL TENANTS FOR WIN-WIN

Our cooperative relationship with outlet commercial tenants is not only an important partnership, but also a supportive and collaborative relationship. We are committed to helping our outlet commercial tenants maintain good operations and provide them with excellent services. We have developed and issued a special tenant service template, which sets out the specific requirements for us to provide efficient services to our commercial tenants during the preparation and operation of the outlet project. These requirements are designed to ensure that our commercial tenants can enjoy the best services and achieve success.

FOCUS ON NEEDS OF STORES

We use digital information technology to optimize the procedures for commercial tenant stationing and enhance the fluency of business development. We implement the professional responsibility system for major customers and the project responsibility system to provide professional support to commercial tenants and shorten the operational adaptation period. We conduct staff training for commercial tenants to build a good business operation foundation. During major holidays, we uniformly carry out negotiations with brand co-partners to effectively increase the participation rate of activities. We carry out long-term and stable cooperation with outlet commercial tenants in order to improve the cashiering efficiency of commercial tenants, and we have produced a cashiering system training video to improve the practical operation ability of shopping guides.



Regular monthly store manager meetings were conducted by Chongqing Capital Outlets to provide empowerment training on service awareness, sales skills, policies and regulations, etc.



Weekly POS cash register operation training were carried out by Xiamen Capital Outlets for shopping guides to improve their professional skills.

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

[Case] Conducting skills competitions to empower commercial tenants' growth

In 2023, we continued to carry out skills competitions to enhance the service level of commercial tenant service personnel in each project company, providing a platform for commercial tenants to demonstrate and exchange ideas, helping them to improve their business level and competitiveness, and laying a solid foundation for the long-term development of commercial tenants.

- Hefei Capital Outlets, in order to build a high-quality and high-skill sales talent team, organized a skills competition to fully mobilize the work enthusiasm and creativity of all shopping guides and improve the proficiency of shopping guides in mastering professional skills.



Skills competition held by Hefei Capital Outlets

- Nanning Capital Outlets launched the second "Witness Me Wonderful (燃我精彩)" service skills competition with a theme of "Showing My Wonderful Skills". Nearly, in which nearly 800 contestants from the project staff and shopping guides participated. 8 contests were organized, such as Douyin Celebrity Contest (抖音達人競賽), Operation Knowledge Contest (運營知識競賽), etc, so as to guide the shopping guides of the stores to continuously strengthen the awareness and ability of live sales.



Service skills competition held by Nanning Capital Outlets

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

- Kunming Capital Outlets participated in the “Skills Training for 72 Trades – Best Performer from 360 Trades (72行大练兵 • 360行出状元)” of Wuhua district for employees in 2023, being a webcast salesperson skills competition organized by the Wuhua District Federation of Trade Unions in Kunming City, and the shopping guides of projects enthusiastically signed up to participate in the competition, of which 12 people were shortlisted, and 8 people won awards.



Award Presentation of shopping guides on skills competition of Kunming Capital Outlet

- Wuhan Capital Outlets held the second Sales and Service Skills Competition to stimulate the enthusiasm and creative spirit of shopping guides and form a good atmosphere of love and dedication.



Showcase of sales and service skills competition of Wuhan Capital Outlets

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

PROMOTE MUTUALLY BENEFICIAL COOPERATION

We establish close cooperative relationships with brand commercial tenants to introduce more quality brands and products and provide diversified choices to consumers. At the same time, brand commercial tenants also leverage the platform and advantageous resources of Capital Outlet to expand their market influence and sales channels and realize sales growth.

[Case] Introducing branded stores to attain the Outlets' development

We have always been committed to providing consumers with a full range of leisure, entertainment and shopping experiences. We have introduced a variety of children's playgrounds, fashion brands and lifestyle support businesses in different cities to enhance the attractiveness of our projects and the shopping experience for consumers. By introducing diverse brands and business forms, we have provided consumers with more diversified choices to meet the needs of different groups of people.

- Hangzhou Capital Outlets introduced Qile Castle Children's Playground (奇樂城堡兒童樂園) to provide children with the most joyful childhood experience and a world of edutainment and entertainment.
- Hefei Capital Outlets introduced the "Meng Meng Rabbit (蒙蒙兔)" Dinosaur Expansion Park (恐龍拓展樂園), which helps children learn and explore, and cultivate teamwork and the ability to challenge and overcome difficulties.
- Huzhou Capital Outlet introduced new business forms, including B&B, banquet halls, outdoor coffee (a cyber celebrity location), etc., to enhance the opening rate of the project while bringing in sales growth from other business forms and attracting more customer traffic.
- Nanning Capital Outlets introduced two large-scale life support brands, namely, a national large supermarket chain (SUPERS-MART) and a children's education base (Saike Play and Learn Park (賽克玩學樂園)), to meet the diversified needs of consumers and provide a more convenient and comprehensive shopping experience.
- Xi'an Capital Outlets introduced 361° and FILE flagship stores, which increases the diversity of brands in the shopping mall, expands the target consumer group, and increases the brand value and attractiveness of the shopping mall.
- Zhengzhou Capital Outlets introduced Bosideng flagship store, Dairy Queen, Mooshin beauty collection store (草沐辰美妝集合店), BANTIANYAO (半天妖烤魚) and other fashion brands, actively realizing the project's positioning and the quality of the target customer group.
- Chongqing Capital Outlets introduced Happy Time POP Toy City (快樂拾光潮玩城), which integrates elements of "parent-child puzzle, social interaction, animation and POP toy, e-sports and sports (親子益智、社交互動、動漫潮玩、電子競技、體育運動)" to create an immersive scene that combines the latest technology and POP toy, and provides consumers with indoor amusement experience services such as recreation, puzzles, competitions and adventures.



Happy Time POP Toy City was introduced in Chongqing Capital Outlets

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

(III) CONTRIBUTE TO THE DEVELOPMENT OF THE INDUSTRY

We actively participate in industry exchanges and events, work together to build bridges of friendship and cooperation, and carry out in-depth dialogues with many partners at multiple levels and in multiple fields. We always maintain close contact with local governments, industry associations, universities and many enterprises, and make full use of the unique resource advantages of all parties to jointly promote the industry towards a new journey of higher quality development.

PARTICIPATING IN INDUSTRY EXCHANGES

We actively participate in the industry exchange activities, in-depth exchanges with industry pioneers, to discuss the future development of the industry, from which we understand the industry dynamics, trends and the latest technology, exchange operational experience with peers, expand business cooperation opportunities, and enhance the brand image and visibility.

[Case] Participating in the Outlet Industry Forum and talk about the development of Outlets

In May 2023, "The Tenth China Outlet Industry Development Forum and 2022 China Outlet Awards Ceremony" was held in Guangzhou. The summit attracted hundreds of industry leaders and elites, including outlet developers, operators, brands, as well as famous experts and scholars, and Yuan Zelu, the executive vice president of the Company, was invited to make a special sharing. Capital Grand and its ten major shopping malls of Capital Outlets won nine important awards for their excellent performance in 2022, demonstrating the Capital Outlets' leading position and outstanding strength in the field of commercial real estate.



Capital Grand was awarded a Gold Marketing Award of China Outlets in 2022-2023

III. CLOSE PARTNERS FOR CREATING COOPERATION AND MUTUAL BENEFIT OUTLETS

STRENGTHENING GOVERNMENT COOPERATION

We strengthen the cooperation and communication with the government, always pay attention to the update of government policies, and actively communicate with government departments, using policies as a lighthouse to jointly promote the development of society. Each project company responds flexibly, cooperates closely with government departments, and establishes customer complaint center under the careful guidance and advice of government departments to better serve customers. By applying for various government exemptions and subsidies and obtaining special financial support from the government, we enhance the overall brand image of the Company while improving economic benefits.

[Case] Cooperation of project companies with government to establish customer complaint centers

In 2023, the Group's project companies cooperated with the government to set up customer complaint centers with the aim of improving customer service quality and satisfaction. The establishment of the customer complaint centers helps to resolve customers' problems and complaints in a timely manner, increase customer satisfaction and loyalty, promote cooperation between enterprises and the government, and facilitate economic development and social progress.

IV. HARMONIOUS COMMUNITIES, SUPPORTING WIN-WIN OUTLETS

Capital Grand actively pursues its corporate responsibility and mission, always maintaining long-term and effective communication with the community, relying on its own advantages and resources to promote social development and drive community progress. Capital Grand actively responds to the call of the national strategy, assists in rural revitalization and development, carries out rural revitalization projects and core public welfare projects, and continuously creates long-term positive value for society.

(I) STRENGTHEN COMMUNITY COMMUNICATION

We are always committed to contributing to the sustainable development of the community and the well-being of residents, continuously strengthening our interaction with the community, and through various themed activities, with the concept of giving back to society, and brand projects such as the "Love Reading Plan (愛閱計劃)" and "Rural Revitalization Exclusive Public Welfare Fund (鄉村振興專享公益基金)" as the main line, we contribute our corporate strength to the public welfare cause.

We organize volunteer activities:

We always maintain good communication with the local community, focusing on their requirements, and relying on our own resources and advantages to organize volunteer activities to serve the community.

- Hangzhou Capital Outlets cooperated with the local community to establish the Asian Games Youth V Station during the Asian Games, joined the volunteer service team, and supported the volunteer service guarantee work for the Asian Games.



Asian Games Youth V Station

IV. HARMONIOUS COMMUNITIES, SUPPORTING WIN-WIN OUTLETS

- Nanchang Capital Outlets collaborated with Tianxingheshunyuan Community Party and Mass Service Center in Xinjian District to carry out “Learn from Lei Feng, Be a Pioneer, and Put into Practice (學雷鋒 • 做先鋒 • 見行動)” volunteer service and themed party day activity, helping residents clean up garbage on various floors, improve community environmental hygiene, and promote the spirit of volunteer service of “dedication, friendship, mutual assistance, and progress” through practical actions.



“Learn from Lei Feng, Be a Pioneer, and Put into Practice (學雷鋒 • 做先鋒 • 見行動)” volunteer service

- Xiamen Capital Outlets organized employees to participate in community basketball games, providing opportunities for nearby communities and businesses to participate and communicate together, enhancing connections with local communities, and establishing stable and intimate community relationships.



Community basketball game

IV. HARMONIOUS COMMUNITIES, SUPPORTING WIN-WIN OUTLETS

(II) CONTRIBUTE TO RURAL REVITALIZATION

We have been committed to the rural revitalization strategy for a long time, focusing on improving local people's livelihoods, relying on our own channels and advantages to promote the development of rural areas around various projects, drive employment for locals, increase farmers' income, improve the living standards of surrounding residents, and assist in the national rural revitalization.

In 2023, Capital Outlets provided multiple employment opportunities for locals

- Beijing Capital Outlets: donated RMB200,000 to the "Rural Revitalization Exclusive Public Welfare Fund (鄉村振興專享公益基金)" for Fangshan District; Provided more than 2,800 positions for the local area, of which 1,260, or approximately 45%, were employed in local rural area.
- Hangzhou Capital Outlets: provided nearly 1,200 jobs for the local area (including nearly 850 rural residents, accounting for approximately 70%), actively recruited local personnel, and prioritized the employment of poverty-stricken households, left behind women, and veterans in the surrounding residential district of the project.
- Hefei Capital Outlets: actively contacted local residential districts and communities, held special job fairs, and provided more than 700 jobs for the local area, of which 428, or 61%, were employed in local rural area.

[Case] Hangzhou Capital Outlets supported the development of local grape industry

Hangzhou Capital Outlets held the "Dongzhou Grape Tourism Culture Festival (東洲葡萄旅遊文化節)" and hosted 10,000 cabbies of grapes for free activity, helping farmers increase their income by more than RMB30,000, promoting the healthy development of the Dongzhou grape industry, and enhancing the brand reputation of Dongzhou grapes. This move has driven the integrated development of modern agriculture, tourism, and shopping and leisure in the surrounding areas, jointly promoting the development of the "agricultural assistance" economy and achieving mutual benefits.



Dongzhou Grape Tourism Culture Festival

IV. HARMONIOUS COMMUNITIES, SUPPORTING WIN-WIN OUTLETS

(III) CARRY OUT PUBLIC WELFARE AND CHARITY ACTIVITIES

Our basic vision and mission are to integrate social resources and promote social public welfare development. We used public welfare activities such as the “Love Reading Plan (愛閱計劃)” as a carrier to carry out public welfare activities such as item donations and assistance to vulnerable groups, providing resources and support for the development of public welfare undertakings.

[Case] Carrying out love donation activities

Huzhou Capital Outlets has continued to carry out the “Love Travels Long, Warmth Interdependence (愛行千里·溫暖相依)” charity donation activity, donating more than 2,000 pieces of clothing and more than 100 books to regions such as Qinghai and Xining.



Love donation activity

Qingdao Capital Outlets, led by the “Love Reading Plan (愛閱計劃)”, actively responded to the call for “Do public welfare, show responsibility (行公益 顯擔當),” donating 10 boxes of books and teaching aids to Qingdao Children's Welfare Institute, totalling 492 items.



“Love Reading Plan” public welfare donation

IV. HARMONIOUS COMMUNITIES, SUPPORTING WIN-WIN OUTLETS

[Case] Love charity sale activity

Kunshan Capital Outlets has collaborated with Suzhou Growth Tree Public Welfare Education Center, Kunshan Development Zone Penglang Regional Trade Union and its affiliated enterprises, and Kunshan Development Zone Zhangji Community to jointly carry out the “Wholeheartedly devoted to the Party, public welfare bazaar (童心向党 公益集市)” themed charity sale activity. A total of 1,042 donations were received for the charity sale, raising RMB31,460.57, all of which were targeted towards impoverished families in mountainous areas.



Love charity sale activity

[Case] Donating disaster relief materials

In the summer of 2023, Beijing experienced continuous heavy rainfall, causing severe flooding in multiple villages in Shilou Town, Fangshan District, resulting in water and power outages, road interruptions, and severe damage to local villagers. Beijing Capital Outlet, as a key commercial enterprise under the municipal government of Beijing, actively responded to the call of the district government to donate funds for disaster relief, donating disaster relief materials to Shilou Town, Fangshan District, and practicing corporate social responsibility.



Beijing Capital Outlets donated disaster relief materials

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

Capital Grand strictly complies with environmental protection laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), the Law of the PRC on the Prevention and Control of Pollution by Solid Waste (《中華人民共和國固體廢棄物污染防治法》), and local management regulations such as the Regulations on the Management of Domestic Waste in Beijing (《北京市生活垃圾管理條例》). We manage emissions strictly, install water-saving and energy-saving devices. We are endeavored to practice the concept of green office, formulate green office measures and strictly implement, address the risks and challenges of climate change actively, and create environmentally friendly outlets.

(I) CONTINUOUSLY OPTIMIZING GREEN MANAGEMENT

We adhere to a responsible attitude towards the environment in our operations, continuously enhance our awareness of green operations, and continue to explore the path of low-carbon development. We have achieved cost reduction and energy-saving results by implementing energy-saving and emission reduction measures and adopting clean energy. Each project company draws on the strengths of others, actively draws on excellent environmental protection cases, integrates them into project operations, and forms a good new trend of low-carbon environmental protection.

IMPROVE ENVIRONMENTAL MANAGEMENT

In the process of project operation, we encourage each project company to set energy consumption, water resource consumption, and emission management goals, and take multiple measures and tailor energy, water, and emission management to local conditions. We require the installation of oil fume purification systems in all catering establishments of the project companies and strictly implement them in place. Several project companies use fog forest system, which contains pressurized spraying system to save water resources.

REDUCE ENERGY CONSUMPTION AND USAGE

We strictly implement relevant regulations such as Office Supplies Management System (《辦公用品管理制度》), Office Environmental Management Regulations (《辦公環境管理規定》) and Information System and Software Asset Management Regulations (《信息系統及軟件資產管理規定》) in accordance with the relevant environmental protection requirements of the country and the regions where the projects are located. By promoting the use of renewable energy, equipment energy-saving renovation, and energy-saving technology updates, we aim to achieve maximum energy conservation, emission reduction, and consumption reduction, and help achieve the "double carbon (雙碳)" goal.

Capital Outlets in various regions have actively responded to environmental protection requirements and implemented energy-saving and consumption reduction measures this year as follows:

- Hefei Capital Outlets: through energy-saving renovation of LED lightbox screens, the daily electricity consumption has been reduced from 3.07 kWh to 1.33 kWh, with an energy-saving rate of 56.7%.
- Hangzhou Capital Outlets: using photovoltaic power generation, the electricity price is 17% lower than the national grid electricity price, saving approximately RMB75,000 in annual electricity expenses; Renovation of daily energy consumption management for public lighting is expected to save 50,000 kWh of electricity consumption in public areas throughout the year.
- Zhengzhou Capital Outlets: renovated and adjusted the lighting fixtures in the parking lot, estimated to save RMB14,000 in electricity costs.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

[Case] Chongqing Capital Outlets launched the theme activity of “Energy saving start from small details (錙銖必較，節能降耗)”

In 2023, Chongqing Capital Outlets launched the theme activity of “Energy saving start from small details (錙銖必較·節能降耗)”, promoting and inspecting low-carbon printing in office areas, turning off lights during lunch breaks, strictly controlling the application of office supplies, and scientifically using buses. By utilizing energy-saving and consumption reducing measures, it cultivated employees’ awareness of environmental protection and resource conservation, and promoted green office.



Promotion and display of energy saving in office areas

STRENGTHEN EMISSIONS MANAGEMENT

We actively respond to the national policy on garbage classification and issue a Notice on Carrying out Action Practice Activities for State-owned Enterprises in Garbage Classification (《關於開展垃圾分類國企在行動實踐活動的通知》), requiring employees to sign a Commitment Letter for Household Waste Classification (《生活垃圾分類承諾書》). We actively advocate that employees not only implement garbage classification in the workplace, but also bring habits into their families, promote family and friends, and use their spare time to support the community in carrying out household garbage classification activities such as “on duty in front of the trash can (桶前值守)”, as well as publish garbage classification manuals and tips. Each outlet project classifies waste according to local government requirements and is equipped with corresponding waste sorting facilities. Recyclable waste such as waste paper is handed over to local recyclers for recycling, and a small amount of hazardous waste such as discarded fluorescent lamps are temporarily stored in special bins and disposed of harmlessly by suppliers on a regular basis. To enhance employees’ understanding of garbage classification knowledge, we encourage more employees to participate in garbage classification actions, advocate for a civilized culture of caring for nature, conserving resources, and caring for the environment. Each outlet project under the Company actively organizes various garbage classification themed activities.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

The above-mentioned non-hazardous waste is handed over to recyclers for disposal, and hazardous waste is handed over to third parties or suppliers for disposal.



WATER RESOURCES MANAGEMENT

We attach importance to the protection and recycling of water resources. With drip irrigation technology for watering green plants adopted in the outlet shopping areas, the leakage points are checked in time to reduce the large waste of water resources. In addition, the water-saving devices in bathrooms have been installed and the sewage recycling systems have been adopted to improve the utilization rate of water resources.

To ensure the rational utilization of water resources and avoid large-scale waste, the actions of Capital Outlets are as follows:

- Hefei Capital Outlets: has carried out restrictions and regulations on cleaning and decoration water, standardized and rationalized store cleaning water, set pressure-stabilizing and water pressure of fire water, adjusted the water flow of bathroom and sink water, replaced lockable triangular valves, strengthened inspection frequency and intensity, and provided timely feedback on maintenance to reduce water resource waste.
- Chongqing Capital Outlets: to avoid water waste, all bathroom valves have been adjusted to ensure that water pressure and flow are within a reasonable range. At the same time, water supply facilities in various public areas have been inspected during store closures, and equipment with potential water waste hazards was repaired. In 2023, the water consumption in public areas was 25,300 m³, representing a year-on-year decrease of 8.72%.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

ECOLOGY DESIGN

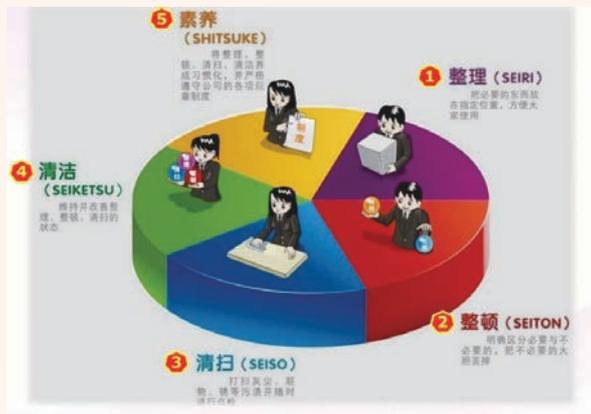
We attach importance to integrating the concept of environmental protection into the construction of outlet malls, improving the efficiency of energy use during construction and reducing harmful emissions in accordance with national green building requirements. We actively apply for green building certification during project design and carefully implement the acceptance process after project completion to implant the concept of green and environmental protection into more architectural designs.

Serial Number	Project Name	Green Building Rating
1	Nanchang Outlets Project	One Star
2	Jinan Outlets Project	One Star
3	Beijing Outlets Project	One Star
4	Chongqing Outlets Project	One Star
5	Xiamen Outlets Project	One Star
6	Xi'an Outlets Project	Two Stars
7	Hefei Outlets Project	Two Stars
8	Nanning Outlets Project	Two Stars

1. According to the Green Building Evaluation Standards (《綠色建築評價標準》) issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China, the green building grades are one star, two stars and three stars from low to high.

(II) IMPLEMENT COMPREHENSIVE GREEN OFFICES

We comprehensively promote the 5S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) environmental management concept and have initially formed a 5S governance plan. We will popularize relevant provisions in laws and regulations such as the Environmental Protection Law (《環境保護法》) and the Energy Conservation Law (《節約能源法》) to employees in an easy to understand form, strengthen their awareness of environmental protection and resource conservation, and promote everyone's participation in green office practices.



5S environmental management concept

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

SAVE OFFICE ENERGY

We reduce the daily electricity consumption and losses in the office area by optimizing power consumption control and improving the power supply and distribution system, and continue to promote paperless office work. We carry out green office measures such as electronic data storage, and green procurement to help the Company reduce operating costs.

IMPROVE PRODUCT EFFICIENCY

- Reduce the energy consumption of air conditioners, stipulate the temperature control range of office air conditioners, and strengthen the management of air conditioner temperature control in equipment rooms.
- Reduce the standby time of office electronic and electrical equipment, and advocate that electronic devices that are not used for a long time should be turned off.
- Eliminate the phenomenon of unoccupied long light in the office. In non-working hours lighting should be turned off, while in working hours natural lighting should be made full use, and energy consumption of lighting equipment should be reduced.
- In the malls, only night patrol lights are left at night and only a small part of the underground garage is left to meet lighting needs.
- The LED screens in the projects are used in time intervals, with non-weekend opening hours 11:00-12:00 and 16:00-17:00, and additional time interval 19:00-20:00 on weekends and holidays.

ENHANCE ENERGY-SAVING AWARENESS

- Purchase energy-saving certified products, and gradually phase out equipment and products with low energy-efficiency ratings in some project companies and replace them with new energy products and energy-saving products.
- In the projects, the bathroom ventilation and exhaust air is timed to save energy with the opening time 10:00-21:30 on weekdays and 10:00-22:00 on weekends and holidays, and the energy-saving mode is turned on during operation.
- The escalators in the projects are in energy-saving mode during the operation phase.

RAISE AWARENESS OF ENERGY SAVING

- We advocate turning off the lights for one hour during lunch break, and post the relevant signs at the light switches in office areas, with refraining from turning on unnecessary lights and closing the lights in time after work to save energy through practical actions.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

REDUCE OFFICE CONSUMABLES

We carry out Garbage Classification at each project company location in accordance with local requirements, collect and dispose of office consumables in a unified manner, hand over recyclable waste such as waste paper to local recyclers for recycling, and a small amount of hazardous waste such as discarded fluorescent lamps are temporarily stored in special bins and disposed of harmlessly by suppliers on a regular basis.

We formulated relevant regulations such as Office Supplies Management System (《辦公用品管理制度》), Office Environmental Management Regulations (《辦公環境管理規定》) and Information System and Software Asset Management Regulations (《信息系統及軟件資產管理規定》) in consideration of the environmental protection requirements of the nation and regions where each project located, and takes the following measures to reduce consumables:

- Paperless office, encourage departments to display meeting materials in the form of multimedia, apply the scanned electrical files for filing, and communicate through e-mail for less consumption of paper.
- Reuse of paper, encourage employees to choose double-sided printing or secondary paper printing of the files for internal communication, except for official documents.
- Recycling of office supplies, the office supplies department of each project company actively recycles idle dovetail-shaped clips, paperclips, etc., and distributes them to other departments in need.
- Step forward the management and control of office expenses, project companies have been required to make a good budget plan and put an end to the waste of resources, and continuously strengthen the 5S management in offices.
- Advocate black and white printing and double-side printing to reduce office consumables.

PROMOTE GREEN AND LOW-CARBON MEETINGS

The Company practices green and low-carbon office operation and promotes green and low-carbon meetings. We advocate to reduce the number of offline meetings and convene remote online meetings in a virtual format. Meeting materials are sent online for easier access of working documents and higher working efficiency, at the same time reducing unnecessary use of resources and waste disposal. When convening an offline meeting, we usually simplify the venue decorations. Other than the necessary meeting materials, no additional copies of printed materials are provided. Furthermore, by not providing any bottled water or disposable paper cups, we encourage attendees to bring their own cups so as to minimize waste of water resources and paper products. We also make reasonable use of old office furniture to enhance the efficiency of resource utilisation, avoid generation of waste and reduce carbon emission. Integrating green development and sustainable development into the operation of the Company, we strive to foster a new operation trend of frugality, conservation, civilisation and health within the Company. We will practise the concept of green, low-carbon and circular development with practical actions, thereby contributing towards achieving the national goals of “carbon peak” and “carbon neutrality”.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

PROMOTE GARBAGE CLASSIFICATION

We actively respond to the national policy on garbage classification, and issue a Notice on Carrying out Action Practice Activities for State-owned Enterprises in Garbage Classification (《關於開展垃圾分類國企在行動實踐活動的通知》), requiring employees to sign a Commitment Letter for Household Waste Classification (《生活垃圾分類承諾書》). We actively advocate that employees not only implement garbage classification in the workplace, but also bring habits into their families, promote family and friends, and use their spare time to support the community in carrying out household garbage classification activities such as “on duty in front of the trash can (桶前值守)”, as well as publish garbage classification manuals and tips.

Each outlet project classifies waste according to local government requirements and is equipped with corresponding waste sorting facilities. Recyclable waste such as waste paper is handed over to local recyclers for recycling, and a small amount of hazardous waste such as discarded fluorescent lamps are temporarily stored in special bins and disposed of harmlessly by suppliers on a regular basis. To enhance employees' understanding of garbage classification knowledge, we encourage more employees to participate in garbage classification actions, advocate for a civilized culture of caring for nature, conserving resources, and caring for the environment.



Garbage sorting containers and signs

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

PROMOTE GREEN TRAVEL

Although travelling by official vehicles do not add excessive greenhouse gas emissions to the Company, we promote the reduction of direct emissions of air pollutants by strengthening the management of official vehicles. Our related measures include source control, cost reduction, and substitution:

- New official vehicles shall be provided in strict accordance with the equipment standards, and new energy vehicles shall be preferred.
- The output volume of newly purchased and leased cars as general official vehicles must be 1.8 litres or less.
- Reducing the proportion of official vehicles and strictly executing the procedure for the approval of official vehicle application, conducting appropriate arrangement to allocate official vehicle resources reasonably.
- Managing the use frequency of existing official vehicles and controlling the budget of vehicles' gasoline consumption.
- Using the remote video and phone conference system to reduce unnecessary travel.
- Encouraging employees to maximize the use of public transport during business trips, and arranging shuttle bus for their commute between the Company and the down town area.

PRACTICING FOOD SAVING

Upholding the environmental protection concept of "practicing frugality and opposing waste", the Company strengthens staff education to eliminate food and beverage wasting behaviour. We require the project companies that have set up canteens to formulate and optimize the Canteen Management Regulations (《食堂管理規定》) for specifying the relevant requirements on management. Members of the staff are encouraged to cultivate their awareness of being frugal and refuse waste, and take actions for the campaign of "Clear Your Plate" (光盤行動).

(III) PROACTIVE RESPONSE TO CLIMATE CHANGE

As a commercial real estate enterprise, Capital Grand's business covers 15 cities in China. With the increasing extreme weather caused by global climate change, we should make every effort to address climate opportunities and challenges, and strive to build our enterprise's climate competitiveness while driving the industry and partners to jointly achieve the goal of addressing climate change.

GOVERNANCE

The Board bears ultimate responsibility for climate change related risks and opportunities, and authorizes the ESG working group to comprehensively supervise related management work, including climate risk identification, assessment, and management. The ESG working group will regularly report on sustainable development related matters, including climate related issues, to the audit committee under the Board of the Company.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

STRATEGY

We have continuously adjusted our business development strategy and resource allocation through analysis of climate related risks and opportunities, formulated sustainable development strategies, and are committed to addressing various risks that climate change may bring, seizing low-carbon development and transformation opportunities, and achieving green development for ourselves and society.

Risk type	Influence dimension	Identification and assessment of potential risk	Response
Physical Risk	Operation	<p>The global warming effect has increased the frequency of regional extreme weather such as typhoon, rainstorm and hail, etc., resulting in potential impact on our open Outlets projects, which includes:</p> <ul style="list-style-type: none"> • Extreme climate causes damage to fixed assets. • High temperature and heat wave increase the power consumption of air-conditioner. • Extreme climate affects consumers' shopping experience or reduces customer traffic. • Cause risks to employees during their commute, etc. 	<ul style="list-style-type: none"> • Adding cooling facilities (fog forest system). • Build solar panels on roofs to convert energy. • Improve the greening rate of shopping malls by planting local plants. • Improve online sales and marketing efforts, etc.. • Timely set up area warning signs in hazardous areas. • Enhance staff alertness and take comprehensive preventive measures and conduct emergency drills for extreme weather. • Respond to the government's advice on staff office at extreme weather, implement staggered peak hours or work at home and implement calls for power reductions. • Consider the hazards of extreme weather at the beginning of project site selection. • Provide appropriate insurance for company assets and operations; continuously improve the risk management mechanism, and respond quickly and effectively to major risks and accidents according to the crisis management process, communication and reporting process. • Prepare emergency plans for projects with frequent sudden weather events, such as the Hangzhou project developing the "Emergency Plan for Typhoon and Flood Control (《防颱防汛應急預案》)".

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

Risk type	Influence dimension	Identification and assessment of potential risk	Response
Transformation Risk	Operation	The 26th Conference of the Parties to the United Nations Framework Convention on Climate Change 《聯合國氣候變化框架公約》(COP26) and China's proposed targets and plans for carbon peaking and carbon neutrality have increased our compliance costs to meet regulatory requirements for environmental management or the risk of litigation penalties for failure to meet regulatory requirements.	Actively follow up compliance requirements and implement various management measures; encourage the project companies to carry out more refined energy management, set energy use goals and improve energy use efficiency; in some projects (if possible), gradually use solar energy and other new energy sources.

RISK MANAGEMENT

Capital Grand will incorporate climate risk into the Group's risk management system, establish a climate risk assessment and management process mechanism, and form a closed-loop management system for identifying, assessing, responding to, and improving climate risks.

Screen risk points	We identify the risk points currently faced by the Group based on macro policies, industry policies, and regulatory requirements.
Conduct risk assessment	We identify climate related entities and transformation risks that have a substantial impact on the Group's business, considering the likelihood and degree of risk occurrence.
Perform risk ranking	We screen key climate risks based on professional literature, expectations of various stakeholders such as government regulatory agencies, investors, and stock exchanges regarding climate change, as well as the impact of climate change on business of the Group.
Develop response measures	Propose feasible response measures for the assessed major climate risks.

TARGETS

Based on the identification and assessment of climate risks and opportunities, we fully recognize the impact of climate risks and opportunities on our own operations. Therefore, in accordance with the requirements of the TCFD framework, we will quantitatively disclose actions to address climate change in the future, to gradually improve corporate climate resilience.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

[Case] Actively responding to extreme weather and ensuring the safety of shopping malls

On 28 July 2023, Typhoon Doksuri, the fifth super typhoon, made landfall in Xiamen. Xiamen Capital Outlets deployed anti-typhoon measures before, during, and after the typhoon's landfall. It dismantled and transferred facilities and equipment that were prone to falling and scraping, and reinforced them to ensure the safety of facilities, equipment, and personnel on the site.

(IV) ENVIRONMENTAL PERFORMANCE DATA

In the operation and management of outlet malls, three environmental statistics areas, namely headquarters office area, mall office area and mall public area are involved, among which the malls refer to 15 projects in operation, i.e. Beijing Capital Outlets, Huzhou Capital Outlets, Kunshan Capital Outlets, Xi'an Capital Outlets, Nanchang Capital Outlets, Hangzhou Capital Outlets, Wuhan Capital Outlets, Zhengzhou Capital Outlets, Jinan Capital Outlets, Hefei Capital Outlets, Chongqing Capital Outlets, Kunming Capital Outlets, Qingdao Capital Outlets, Nanning Capital Outlets, Xiamen Capital Outlets.

In our daily operations, the data on our own packaging is not disclosed as the number involved is extremely small. In addition, we will disclose environmental data in the order of our headquarters office and mall office areas, mall public areas, and tenants.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

CAPITAL GRAND HEADQUARTERS AND SHOPPING MALL OFFICE AREA

Indicators ¹	2023
Total greenhouse gas emissions (Scope I and Scope II) (ton)²	927.06
Scope I Greenhouse gas emissions (direct emissions) (ton)	10.87
Fuel consumption by official vehicles ³	10.87
Scope II Greenhouse gas emissions (indirect emissions) (ton)	916.19
Purchased electricity	916.19
Annual greenhouse gas emissions per square meter of gross floor area (ton/m ²)	0.00082
Total hazardous waste emissions (ton)⁴	0.01216
Annual hazardous waste per square meter of gross floor area (ton/m ²)	0.0000001085
Total non-hazardous waste emissions (ton)⁴	236.69
Kitchen waste	11.29
Other waste	217.09
Recyclable	8.31
Annual non-hazardous waste per square meter of gross floor area (ton/m ²)	0.00021
Total energy consumption (MWh)⁵	1,611.63
Direct energy consumption (MWh)	94.30
Gasoline (MWh)	94.30
Indirect energy consumption (MWh)	1,517.33
Electricity (MWh)	1,517.33
Annual energy consumption per square meter of gross floor area (MWh/m ²)	0.0014
Total water consumption (ton)	74,957.9
Annual water consumption per square meter of gross floor area (ton/m ²)	0.06687

- No new projects under construction in the current year;
- The Company's gas emissions are mainly related to greenhouse gas emissions from driving official vehicles and using electricity in the office, of which emissions from official vehicles such as PM2.5, PM10 and other gas emissions are extremely small relative to greenhouse gas emissions and therefore are not disclosed;
- Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. The amount of greenhouse gases is presented in carbon dioxide equivalent and is calculated based on the 2019 Emission Reduction Projects — Baseline Emission Factors for Regional Power Grids in China (《2019年度減排項目中國區域電網基準線排放因子》) published by the Ministry of Ecology and Environment of the People's Republic of China and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (《IPCC 2006年國家溫室氣體清單指南2019修訂版》) published by the Intergovernmental Panel on Climate Change (IPCC);
- Non-hazardous wastes are handed over to recyclers for disposal, and hazardous wastes are handed over to third parties or suppliers for disposal;
- Total energy consumption is calculated based on electricity and fuel consumption as well as the conversion factors in the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2020) (《綜合能耗計算通則(GB/T 2589-2020)》) issued by the Standardization Administration of the People's Republic of China.

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

SHOPPING MALL PUBLIC AREA AND TENANT DATA

Indicators ¹	2023
Total greenhouse gas emissions (Scope I and Scope II) (ton)²	121,819.25
Public area Scope I Greenhouse gas emissions (direct emissions) (ton)	366.91
Natural gas	366.91
Public area Scope II Greenhouse gas emissions (Indirect Emissions) (ton)	25,832.25
Purchased electricity	25,832.25
Greenhouse gas emissions per square meter of floor area in public areas (ton/m ²)	0.0460
Tenants Scope I Greenhouse gas emissions (direct emissions) (ton)	110.94
Natural Gas	110.94
Tenants Scope II greenhouse gas emissions (indirect emissions) (ton)	95,959.15
Purchased power	95,959.15
Greenhouse gas emissions per square meter of gross floor area by tenants (ton/m ²)	0.136
Annual Greenhouse gas emissions per square meter of floor area (ton/m ²)	0.069
Total hazardous waste emissions (ton)³	0.00103
Annual hazardous waste emissions per square meter of floor area (ton/m ²)	0.0000000008
Total non-hazardous waste emissions (ton)³	24,289.414
Kitchen waste	1,492.18
Other waste	22,372.64
Recyclable	424.59
Annual non-hazardous waste emissions per square meter of floor area (ton/m ²)	0.0147
Total energy consumption (MWh)	178,538.72
Direct energy consumption in public areas (MWh)	5,666.67
Natural gas (MWh)	5,666.67
Indirect energy consumption in public areas (MWh)	36,303.17
Electricity (MWh)	36,303.17
Energy consumption per square meter of floor area in public areas (MWh/m ²)	0.039
Direct energy consumption by tenants (MWh)	1,713.36
Natural gas (MWh)	1,713.36
Indirect energy consumption by tenants (MWh)	134,855.52
Electricity (MWh)	134,855.52
Energy consumption per square meter of floor area by tenants (MWh/m ²)	0.193
Annual energy consumption per square meter of floor area (MWh/m ²)	0.1081
Total water consumption (ton)	786,435
Total water consumption in public areas (ton)	522,808.43
Water consumption per square meter of gross floor area in public areas (ton/m ²)	0.553546414
Total water consumption by tenants (ton)	263,626.9
Water consumption per square meter of gross floor area by tenants (ton/m ²)	0.37281
Annual water consumption per square meter of floor area (ton/m ²)	0.47616

V. BEAUTIFUL ECOLOGY, CREATING ENVIRONMENTALLY FRIENDLY OUTLETS

1. The Company's gas emissions are mainly related to greenhouse gas emissions from driving official vehicles and using electricity in the office, of which emissions from official vehicles such as PM2.5, PM10 and other gas emissions are extremely small relative to greenhouse gas emissions and therefore are not disclosed;
2. Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. The amount of greenhouse gases is presented in carbon dioxide equivalent and is calculated based on the 2019 Emission Reduction Projects — Baseline Emission Factors for Regional Power Grids in China (《2019年度減排項目中國區域電網基準線排放因子》) published by the Ministry of Ecology and Environment of the People's Republic of China and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (《IPCC 2006年國家溫室氣體清單指南2019修訂版》) published by the Intergovernmental Panel on Climate Change (IPCC);
3. Unless otherwise specified, non-hazardous waste is handed over to recyclers for disposal, and hazardous waste is handed over to third parties or suppliers for disposal.

(V) ENVIRONMENTAL GOALS

Taking into account our business nature and the future direction of the Company, we have set a three-year environmental goal for Capital Grand in 2021, which will serve as a guiding influence for our environmental performance. During the year, we also continued to implement various energy saving and emission reduction measures.

Our environmental goals include:

- Reduce electricity consumption by more than 10% in 3 years compared to the base year.
 - Reduce greenhouse gas emissions by more than 10% in 3 years compared to the base year.
 - Reduce water consumption by more than 12% in 3 years compared to the base year.
 - Strictly implement classification of hazardous waste and non-hazardous waste, and encourage customers to participate with tenants to improve the efficiency of Garbage Classification.
1. The above targets are all based on the base year from 1 June 2020 to 31 May 2021.

VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

A good level of corporate governance is crucial for the long-term healthy and stable development of enterprises. The Company strictly complies with the requirements of Corporate Governance Code contained in Appendix 14 to the Listing Rules of the Stock Exchange of Hong Kong Limited, operates in compliance with the law, resolutely resists any form of bribery, extortion, tax fraud, money laundering, etc., creates a fair and honest atmosphere, safeguards shareholder rights, and wins the long-term trust and support of all stakeholders through standardized operation and transparent management.

(I) LEGAL AND COMPLIANT GOVERNANCE

We strictly follow the laws and regulations of the place of registration and listing, such as the Company Law (《公司法》), Securities Law (《證券法》), and Code of Governance for Listed Companies (《上市公司治理準則》), as well as the requirements of regulatory authorities such as the China Securities Regulatory Commission. We continuously improve our corporate governance system and internal control management mechanism, resolutely resist any form of bribery, extortion, tax fraud, money laundering, and continuously improve our operational control level.

DEEPLY CULTIVATE LEAN MANAGEMENT

In 2023, the Company released the Compilation of Management Regulations for Beijing Capital Grand Limited (2023 Edition) (《首創鉅大有限公司管理制度彙編》(2023年版)), which standardizes the management of various aspects such as corporate governance, functional authorization, and business operations, improves the internal control management system and institutional control system of the enterprise, and ensures the orderly progress of the Company's various management work. In 2023, the Company implemented the lean operation and fine management deployment of "two excellent and four refined (兩優四精)", released the Full Process Manual of Beijing Capital Grand Limited (《首創鉅大有限公司全流程手冊》), promoted the overall efficiency of management, promoted the integration of systems, processes, and internal controls of the Company, and enhanced the control power of system and process systems.

LAW-ABIDING AND COMPLIANT OPERATIONS

We actively promote the work of governing enterprises according to law, continuously improve the legal management structure system, promote the improvement of rules and regulations, and build a professional legal team. In 2023, the Company issued the Legal Compliance Management Measures (《法律合規管理辦法》), Implementation System Management Measures for the General Legal Advisor of Beijing Capital Grand Limited (《首創鉅大有限公司總法律顧問實施體系管理辦法》), and Measures for Accountability of Violations in Business and Investment of Beijing Capital Grand Limited (《首創鉅大有限公司違規經營投資責任追究辦法》), established an internal discussion mechanism for legal compliance, focused on improving the Company's system compilation mechanism, continuously strengthened case management, continuously enhanced the Company's ability to operate and manage in accordance with the law and regulations, improved the Company's legal risk prevention and control system, and comprehensively enhanced the Company's risk prevention and control capabilities. The Company organized legal education training activities, strengthened internal learning and sharing, and enhanced the legal awareness of all employees in the Company.

VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

[Case] Carry out legal publicity activities of “Practicing the law with the heart of the Party (以黨之心，踐法之行)” to enhance the compliance awareness of all staff

4 December 2023 is the tenth National Constitution Day. The Company delivered a lecture to the management of the Company on the core essence and significant significance of law-ruling thoughts of Xi Jinping, deeply elucidating the topic of “how law-ruling thoughts of Xi Jinping will lead the development of the constitution” from the aspects of constitutional oath system, adherence to and improvement of the people’s congress system, basic political system, basic economic system, etc., deeply implementing the spirit of the 20th National Congress of the Communist Party of the PRC, promoting the Company to form an atmosphere of respecting the law and abiding by its usage, and enhancing the legal awareness and concept of the rule of law among all employees of the enterprise.

[Case] Carry out practical application training on commercial management litigation legal affairs in 2023

On 8 November 2023, the Company launched the “practical application training for commercial management litigation legal affairs”. By combining case studies with practical applications, we aimed to help employees understand the various procedural stages and evidence rules in civil litigation practices, as well as the relevant litigation management systems of the company. This will enhance the Company’s ability to prevent and control case risks and the ability of internal employees to participate in litigation.

[Case] Carry out a promotional campaign for “International Day against Drug Abuse (國際禁毒日)”

On the occasion of the 36th International Day against Drug Abuse on 26 June, the Company carried out anti-drug themed legal publicity and typical case studies through office display screens, legal compliance journals, and other means to popularize anti-drug knowledge and relevant laws and regulations to employees, popularize drug prevention knowledge, vigorously enhance the anti-drug awareness of enterprise employees, and comprehensively improve their ability to recognize, prevent, and resist drugs, guide employees to cultivate healthy lifestyle habits and entertainment methods, and build a strong anti-drug defense line.

IMPROVE THE GOVERNANCE SYSTEM

We implement the policy of independence and diversity of Board members, continuously improving the governance structure and management system, following fair and transparent procedures when nominating new directors to the Board, taking into account factors such as but not limited to professional experience, talent, skills, knowledge, cultural and educational background, gender, age, race, and years of service, to achieve a balance between skills, experience, and member diversity. Currently the Board has eight directors, including two executive Directors, three non-executive Directors, and three independent non-executive Directors, to ensure the effectiveness of the Board’s governance.

VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

ANTI-CORRUPTION AND BUSINESS ETHICS

We strictly abide by the requirements of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Opinions of the General Office of the State Council on Improving the Institutional Mechanism of Anti-Money Laundering, Anti-Terrorist Financing and Anti-Tax Evasion Supervision (《國務院辦公廳關於完善反洗錢、反恐怖融資、反逃稅監管體制機制的意見》), and other anti-corruption-related laws and regulations. We have established clear rules of corporate governance. The code of conduct and professional ethics that employees at all levels must follow in performing their duties have been defined in detail through the Company's management systems such as the Rules of Explicit Prohibition of Capital Grand (《首創鉅大禁令禁止條例》), the Administrative Rules for the Initial Audit of the CPC Beijing Capital Grand Limited (《中共首創鉅大有限公司初核管理規範》), the Working Rules for the Integrity Talk of CPC Beijing Capital Grand Limited (《中共首創鉅大有限公司廉政談話工作規範》), the Working Rules for the Interview and Inquiry of the Commission for Discipline Inspection of Capital Grand (《首創鉅大紀委談話函詢工作規定》), and the Statement of the Work List of the Commission for Discipline Inspection of Capital Grand (《首創鉅大紀檢委員工作清單說明書》).

The Company closely focuses on the goals of business management, adheres to the comprehensive and strict governance of the Party and the enterprise, emphasizes responsibility, mechanisms, education, and supervision, and plays the role of the "great supervision" system. It integrates supervision forces such as compliance inspections, disciplinary inspections, and business inspections to form a "great supervision" force, continuously promoting the construction of the "dare not corrupt, cannot corrupt, and do not want to corrupt" system and mechanism, advocating a culture of corporate integrity, and promoting the construction of anti-corruption and integrity, strengthening supervision, discipline, and accountability, and firmly promoting the construction of Party conduct and clean governance, as well as the deepening of anti-corruption work. In 2023, the Company issued the "Work Rules for the Coordination Group of the Capital Grand Party Conduct and Anti-Corruption Work (Trial) (《首創鉅大黨風廉政建設和反腐敗工作協調小組工作規則(試行)》)" to carry out joint supervision and inspection throughout the year. Through three stages of self-inspection and rectification, on-site inspection, and rectification acceptance, we ensure that our power operates under the sunshine and promote the healthy and stable development of the Company.

In respect of the procurement, we always adhere to the partnership idea of sunshine procurement, improve the Anti-Commercial Bribery Agreement (《反商業賄賂協議》), increase integrity warning clauses and petition reporting channels, and require our subsidiaries to sign the Anti-Commercial Bribery Agreement with all suppliers to jointly resist commercial bribery behavior, safeguard the legitimate rights and interests of both parties, and ensure the long-term and healthy development of our cooperation relationship.

In 2023, 16 anti-corruption training sessions were conducted for the Board and employees. The Company and employees did not have any major corruption incidents, and there were no concluded corruption lawsuits.



VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

CARRY OUT INTEGRITY EDUCATION

In 2023, the Company formulated the Key Work Arrangement for Theme Education of the Capital Grand (《首創鉅大公司主題教育重點工作安排》), carried out theme education activities on socialism with Chinese characteristics in the new era, formulated theme education plans, held mobilization and deployment meetings, and promoted party organizations and party members and cadres at all levels to “learn ideology, strengthen party spirit, emphasize practice, and build new achievements”. At the same time, the 2023 Comprehensive Strict Party Governance Responsibility Statement of Capital Grand (《2023年首創鉅大全面從嚴治黨工作責任書》) and 2023 Implementation of Comprehensive Strict Party Governance Task Arrangement (《2023年度落實全面從嚴治黨任務安排》) lists were released, clarifying the responsible units and specific measures to ensure that the Company’s Party building work throughout the year has been carried out with evidence, order, and strength under the overall coordination and leadership of the Party committee, striving to create a clean and upright political ecology and a healthy and stable internal environment.

In 2023, the Company conducted anti- incorruptible talks with the newly promoted leadership positions and re-elected or newly elected branch (deputy) secretaries, and conducted pre-appointment integrity inspection of leadership positions at all levels. For each major holiday, we will release the requirements related to clean and honest holidays through notices and meetings. We continuously promote the Company’s anti-corruption culture and building through timely reminding, strict discipline and rules.

THE MEASURES TAKEN BY THE COMPANY IN THE CONSTRUCTION OF PARTY CONDUCT AND CLEAN GOVERNANCE THIS YEAR

In 2023, the Company launched the third “Strict discipline, adherence to rules, transformation of work style, and promotion of integrity (嚴紀律、守規矩、轉作風、促廉潔)” Party Conduct and Clean Government Construction Propaganda and Education Month, to strengthen the ideological firewall against corruption, enhance the anti-corruption publicity efforts for brand merchants, suppliers and other cooperative units, and use multi-channel methods to advance the Company’s anti-corruption voice, create a clean and upright political ecology and a good atmosphere for work, and promote the construction of a positive corporate culture for the Company.

- Strengthen integrity education and build a solid foundation for integrity culture. We promote the Party branch secretary to take the lead in teaching anti-corruption Party courses, enhance the Company’s awareness of discipline, rules, and responsibility, and at the same time, strengthen the penetration of integrity culture, expand the Company’s anti-corruption voice. Each project company invited more than 400 partners, including important brand merchants, multi-industry and cross industry cooperation units, commercial reform units, fire protection or facility maintenance units, and marketing activity units, to participate, and issued more than 1,500 Integrity and Co-construction Initiative (《廉潔共建倡議書》) to the partners.
- Strengthen warning education and enhance the tension of integrity culture. The Company organized all employees to watch the self-created integrity micro video of the Capital Grand, promoting a culture of integrity where employees understand the law, regulations, and discipline, and enhancing the ability of all employees to self-educate, self-warn, and self-supervise.
- Innovative promotional activities to create a culture of integrity. The Company’s disciplinary inspection office promotes disciplinary knowledge and small disciplinary courses every week. Through micro courses, it strengthens integrity education and publicity, strictly abides by disciplinary rules, enhances bottom line awareness, continuously strengthens employees’ awareness of integrity and self-discipline, and improves their ability to resist corruption and resist risks.

VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

WHISTLE-BLOWING PROCEDURES AND WHISTLEBLOWER PROTECTION

We constantly improve the internal control mechanism and whistleblower protection system for reporting, and promise never to carry out retaliation. We have publicized the unified letter and visit reporting channels in the official website, office area, public area of outlet malls, etc. We have updated the “petition poster” and publicized disciplinary email: scjdjiwei@bcgrand.com, report Tel No.: 010-85895385, mail address: Capital Grand Discipline Inspection Office (recipient), West Area, 7th Floor, Jing An Centre, No. 8 North 3rd Ring East Road, Chaoyang District, Beijing, postal code: 100028, and arranged a special person to accept the complaint reporting information. In the process of acceptance, we determine the person responsible for the receipt and registration of the letter and visit report pieces, while in the process of transfer, we determine the person responsible for the transfer of the letter and visit report pieces, mail. To strictly enforce the work discipline of the complaint reporting, “Five Prohibitions” shall be implemented for complaint reporting documents: it is strictly forbidden to deposit without permission, to dispose without authorization, to expand the scope of information, to shirk without handling, and to seek personal gain by trust.

(II) ENHANCE RISK PREVENTION AND CONTROL

Capital Grand has established a “great supervision” system. We organize inspection visits at the beginning of each year, mainly for two levels of internal control and special, and review the audit, inspection and visit type of work every six months, and report to the Audit Committee at the end of a year. The scope of risk control review includes off-office audit, comprehensive risk identifying, and post-control evaluation, and the reviews include process, system, operation management, procurement, expense reimbursement, engineering quality, etc., including all stages of the workflow.

STRENGTHEN RISK INVESTIGATION

Capital Grand implements the spirit of the 2023 Conference on Comprehensive Strict Governance of the Party and Management Work, carries out comprehensive risk investigation and enterprise risk management work. Organized and implemented by the Legal and Compliance Department, Financial Management Center, and Discipline Inspection Office, we have drawn specialized forces and selected some project companies to carry out supervision and inspection work in “Four Don’ts, Two Directly” manner. Through two stages of self-inspection and tracking inspection, we have implemented the joint supervision and inspection work of the “great supervision” system, and reported to the management at special meetings to ensure that power operates under sunlight, improve management capabilities and levels, and promote the healthy and stable development of the Company.

In 2023, the Company carried out a comprehensive risk investigation work, starting from three dimensions of risk occurrence level, risk business classification, and risk importance level. Through systematic analysis among various departments, risks were evaluated and classified. We have formed “Major Risk Event Situation Table” and “Major Risk Hidden Danger Situation Statistics Table” in accordance with the Group’s requirements, and formed ten major hidden danger risk events according to the level of risk importance. We have strengthened risk prevention and control measures, jointly built a risk control fortress, and provided support for the Company’s business development.

VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

RESPONSIBLE MARKETING

The Company strictly complies with laws and regulations made by national and local, including the Law on the Protection of Consumer Interests of the People's Republic of China (《中華人民共和國消費者權益保護法》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Detailed Implementing Rules Governing the Regulations for the Control of Advertising (《廣告管理條例施行細則》) and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), and timely follow the change of requirements of relevant regulation. We have also formulated relevant systems such as the Administrative Measures for the Brand Dissemination of Commercial Projects of Beijing Capital Grand Limited (《首創鉅大有限公司商業項目品牌傳播管理辦法》) and the Management and Control Explanations on Image Promotion for Commercial Projects of Beijing Capital Grand Limited (《首創鉅大有限公司商業項目推廣形象管控說明》), the Management Regulations of the New Media Group of Beijing Capital Grand Marketing (《首創鉅大行銷新媒體群管理辦法》) and the Commercial Marketing Supplier Selection Management Regulations (《商業行銷類供應商甄選管理辦法》) (Trial Version) to advertise our products and use the logo in accordance with the laws and regulations, established a multi-level audit mechanism to standardize advertisement promotion. Before large-scale activities, we will organize relevant persons in charge to participate in the centralized publicity and implementation meeting, provide the template of compliance publicity copy of large-scale marketing activities, promote honest marketing, and avoid misrepresentation.

In 2023, the Company carried out various innovative marketing activities. On the one hand, it focused on creating its own IP offline, such as "Come Together to Capital Outlets and Celebrate each Festival (來首創奧萊過節)"; On the other hand, conducted live streaming sales activities online. In 2023, the Company was not aware of any incident relating to its breach of the laws and regulations on advertising and trademarks which had a significant impact on the Company.

IMPROVING PUBLIC OPINION MANAGEMENT

We continue to improve the risk management mechanism of corporate public opinion. We would find the key factor for sustainable development of "win-win with consumers" under the pressure of public opinion supervision. We carry out training on public opinion prevention and control in the Company, continuously improve the awareness of public opinion risk prevention within the Company, control negative public opinion, minimize the potential risk and pressure caused by public opinion supervision to the Company, and maintain our brand reputation.

As at the end of 2023, the Company monitored a total of approximately 1,900 negative public opinion warnings, and the handling rate was 100%.

FOUR-LEVEL AUDIT MECHANISM

In 2023, we continued to implement the "four-level audit mechanism" and incorporated this mechanism into the OA system. The Company cooperated with a third-party public opinion monitoring company to conduct 7*24 hours*365 days of comprehensive monitoring of the Company's entire public opinions. When any negative public opinion occurs, the public opinion monitoring company will summarize the negative public opinion to the Company's brand planning center (Level 1), our brand planning center will edit and forward the negative public opinion to each center or project (Level 2), each center or each project will handle or report the negative public opinion (Level 3) based on the situation. After the negative public opinion is properly handled, the relevant center or project company will provide detailed handling methods and results feedback to the brand marketing department (Level 4), and make a summary.

VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

INTELLECTUAL PROPERTY PROTECTION

We strictly abide by the provisions of the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Administrative Measures for Intellectual Property Certification (《知識產權認證管理辦法》), the Corporate Intellectual Property Management Code (《企業知識產權管理規範》) and other relevant laws and regulations, and undertake to respect and protect our own intellectual property rights and those of others, and to pursue responsibility for infringements. The Company effectively protects brand intellectual property rights, prevents trademark infringement risks, and regularly answers professional trademark knowledge, shares classic trademark infringement cases, and improves trademark protection awareness to enhance the legal awareness and risk prevention awareness of business personnel.

As for the protection of our own intellectual property rights, our graphic and text logos such as “首創鉅大”, “CAPITAL OUTLETS” and “CO” have all been registered with the National Trademark Bureau. In addition, we have engaged an intellectual property law firm to follow up on the relevant work, actively protecting our legal rights and trademark value, maintaining our competitive edge in the market and preventing the risk of infringement of our own intellectual property rights. In 2023, the Company is not aware of any material intellectual property infringement that would have a significant impact on the Company.

We incorporate intellectual property protection into the process of procurement cooperation and brand management. Taking advantage of the industry leadership of Capital Grand Outlets, we have established the Capital Grand brand authorization chain database, and formulated the Capital Grand Brand Authorization Chain Database Application Guidelines (《首創鉅大品牌授權鏈資料庫應用指引》) to actively explore a better brand authorization chain management model. We accurately identify the information of incoming brands, protect the intellectual property rights of brands, and prevent the risk of trademark infringement. We have built the barrier of corporate intellectual property protection, to lock the brand resources, expand the core value resources of corporate business, and protect the legitimate rights and interests of consumers. These aim to provide consumers with high-quality genuine goods, enhance corporate goodwill and reputation, and further improve the management level of the brand authorization chain of our Capital Outlets commercial projects.

(III) PROTECTION OF INVESTOR'S RIGHTS AND INTERESTS

As a listed company, we strictly ensure the fairness and reasonableness of connected transactions, establish a sound investor communication mechanism, continuously improve information transparency and credibility in the capital market, ensure the openness, fairness, and impartiality of information disclosure, and prevent operational risks.

STRENGTHEN INVESTOR COMMUNICATION

We believe that it is important to maintain effective and timely communication with our shareholders and investors, and are committed to strengthening communication with them. The Company aims to ensure that shareholders have full right to know and facilitate capital market participants to gain a deeper understanding of the Company's financial and operational performance.

In 2023, the Company held one annual general meeting and one extraordinary general meeting. The chairman of the annual general meeting shall propose separate resolutions on each independent matter, and members of the audit committee, remuneration committee, nomination committee, and strategic investment committee, external auditors, independent financial advisors, and external lawyers shall also attend the general meeting as appropriate to answer questions from shareholders.

VI. RESPONSIBLE OPERATIONS FOR COMPLIANT AND STABLE OUTLETS

ENHANCE TRANSPARENCY OF INFORMATION DISCLOSURE

We attach great importance to information disclosure and continuously improve the process and mechanism of information disclosure. We adhere to the principles of authenticity and reliability, and publish annual and interim reports through channels such as the website of the Stock Exchange of Hong Kong Limited and the Company's website. We organize general meetings, performance press conferences and other means to timely and accurately disclose our business performance to shareholders and investors.

We follow the suggestion to expand the paperless listing mechanism and other revisions to the Listing Rules, reduce the number of documents required to be submitted, and follow the suggestion to publish company communications electronically. The interim report, annual report, announcement, and circular of the Company are respectively listed on the "Investor Relations" section of our website www.bcgrand.com to obtain newly released information from the Company. The Company also timely publishes press releases on our website. Shareholders may make inquiries and express their opinions to the Board at any time in writing or by email. In 2023, the Company has not been punished for violating information regulations.

FUTURE OUTLOOK

2024 is a crucial year for the in-depth implementation of the 14th Five-Year Plan. In this important year, Capital Grand will continue to be committed to sustainable development and actively respond to the challenges of global environmental, social, and governance (ESG). We will uphold the new development concept of innovation, coordination, green, openness, and sharing, with the goal of achieving comprehensive sustainable development of the economy, society, and environment, and creating long-term value for shareholders, employees, consumers, partners, communities, and other stakeholders.

Attentive services, unremitting cultivation. We will continue to focus on consumers, continuously monitor consumer demand and market trends, and continuously optimize our products and services; Actively exploring new service models to provide consumers with more convenient and personalized services; Strengthen communication and interaction with consumers, establish good customer relationships, and create a better shopping experience.

Good employers, striving for excellence. We will continue to provide competitive compensation and benefits, focusing on the working environment of employees to ensure that they work in a safe, comfortable, and healthy environment. We will pay attention to the career development of employees, build a high standard reserve talent team, improve positive incentive mechanisms, and continuously enhance the sense of acquisition and happiness of talents.

Close partners, showing cohesive force. We will optimize supply chain management, improve procurement efficiency, reduce costs, and provide better product quality and services. We will actively cooperate with industry associations, research institutions, etc. to promote healthy competition and common prosperity in the industry, and explore innovative business models and solutions together, optimize resources and drive innovation, make greater contributions to social and economic development.

Harmonious communities, seeking common development. We will take more measures to benefit people's livelihoods and warm their hearts, actively participate in community affairs and carry out public welfare activities. We will establish closer connections with community residents, gain a deeper understanding of their needs and concerns, initiate and support various public welfare projects, including education, poverty alleviation, and other fields, to provide assistance and support to community residents, and jointly promote the development of community public welfare.

Beautiful ecology, willing to take responsibility. We will continue to comply with national environmental protection laws and regulations, address climate change risks, develop response strategies and measures, ensure that the Company can cope with the challenges brought by climate change, and contribute to the ecological construction of commercial and office environments, achieving carbon peak and carbon neutrality goals.

The road is long, but you will get through if you keep going. A new journey has begun, and we will continue to deepen our practice in the ESG field, strengthen corporate governance and internal control system construction, improve the transparency and credibility of the Company, establish a sound risk management mechanism, promote the stable development of the Company, forge the resilience of the Company's development, and tirelessly strive to achieve our corporate vision of "becoming the most valuable outlets operator in China which provides excellent experience for consumers".

APPENDIX – CONTENT INDEX UNDER THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
ESG Management	Governance Structure	<p>A statement issued by the Board containing the following:</p> <ol style="list-style-type: none"> 1. Disclose the supervision by the Board for ESG matters; 2. ESG management policies and strategies of the Company/Board, including the process of assessing, prioritizing and managing material ESG/sustainability related matters (including risks to the issuer's business); 3. How the Board reviews progress against ESG/sustainability related objectives and explains how they relate to the issuer's business. 	OUR PROGRESS
	Reporting Principles	<p>Describe or explain how the reporting principles (materiality, quantitative, consistency) have been applied in preparing ESG reports.</p> <p>Materiality: (1) the process of identifying important ESG factors and the criteria for selecting these factors; (2) if the issuer has conducted stakeholder engagement, a description of the important stakeholders identified and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methods, assumptions and/or calculation tools used to report emissions/energy consumption (if applicable) and the sources of conversion factors used should be disclosed.</p> <p>Consistency: Issuers should disclose in the ESG report changes in statistical methodology or key performance indicators, if any, or any other relevant factors that affect meaningful comparisons.</p>	ABOUT THIS REPORT
	Reporting Scope	<p>Explain the reporting scope of the ESG report and describe the process for selecting which entities or businesses to include in the ESG report. If the reporting scope changes, the issuer should explain the difference and the reasons for the change.</p>	ABOUT THIS REPORT

APPENDIX – CONTENT INDEX UNDER THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
Environment	A1 Emissions	<p>General disclosures:</p> <ul style="list-style-type: none"> (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, etc. <p>A1.1 The types of emissions and respective emissions data.</p> <p>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).</p> <p>A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).</p> <p>A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).</p> <p>A1.5 Description of emissions targets set and steps taken to achieve these targets.</p> <p>A1.6 Description of how hazardous and non-hazardous wastes are handled, description of waste reduction targets set and the steps taken to achieve these targets.</p>	V. BEAUTIFUL ECOLOGY
	A2 Use of Resources	<p>General disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or gasoline) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).</p> <p>A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).</p> <p>A2.3 Description of energy use efficiency goals set and the steps taken to achieve these goals.</p> <p>A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency goals set and the steps taken to achieve these goals.</p>	V. BEAUTIFUL ECOLOGY

APPENDIX – CONTENT INDEX UNDER THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
		A2.5 Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The principal business of the Group is Outlets commercial properties, and the number of packaging materials used is extremely small, so it is temporarily not included in the scope of disclosure.
	A3 Environment and Natural Resources	General Disclosure: Policies on minimizing the listed company's significant impact on the environment and natural resources.	V. BEAUTIFUL ECOLOGY
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
	A4 Climate Change	General Disclosure: Policies for identifying and responding to material climate-related matters that have had and may have an impact on the issuer.	V. BEAUTIFUL ECOLOGY
		A4.1 Description of material climate-related matters that have had and may have an impact on the issuer, and the coping actions.	
Social	B1 Employment	General Disclosure: <ul style="list-style-type: none"> (1) the policies; and (2) 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. 	II. GOOD EMPLOYERS
		B1.1 Total workforce by gender, employment type, age group and geographical region.	
		B1.2 Employee turnover rate by gender, age group and geographical region.	

APPENDIX – CONTENT INDEX UNDER THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
	B2 Health and Safety	<p>General Disclosure:</p> <p>(1) the policies; and</p> <p>(2) 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.</p> <p>B2.1 Number and rate of work-related fatalities in each of the past three years (including the reporting year).</p> <p>B2.2 Number of lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	II. GOOD EMPLOYERS
	B3 Development and Training	<p>General Disclosures: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>B3.1 The percentage of employees trained by gender and category (e.g. senior management, mid-level management).</p> <p>B3.2 The average training hours completed per employee by category and gender.</p>	II. GOOD EMPLOYERS
	B4 Labor Standards	<p>General Disclosure:</p> <p>Information on:</p> <p>(1) the policies; and</p> <p>(2) compliance with relevant laws and regulations that have a significant impact on the listed company relating to preventing child or forced labor.</p> <p>B4.1 Description of measures to review employment practices to avoid child and forced labor.</p> <p>B4.2 Description of steps taken to eliminate such practices when discovered.</p>	II. GOOD EMPLOYERS

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Category	Issue	Performance Indicators	Corresponding Chapter in the Report
B5 Supply Chain Management		General Disclosure: Policies on managing environmental and social risks of the supply chain.	III. CLOSE PARTNERS
		B5.1 Number of suppliers by geographical region.	III. CLOSE PARTNERS
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	III. CLOSE PARTNERS
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	III. CLOSE PARTNERS
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	III. CLOSE PARTNERS
B6 Product Liability		General Disclosure:	I. ATTENTIVE SERVICES VI. RESPONSIBLE OPERATIONS
		Information on:	
		(1) the policies; and	
		(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	I. ATTENTIVE SERVICES
		B6.2 Number of products and service-related complaints received and how they are dealt with.	I. ATTENTIVE SERVICES
B6.3 Description of practices relating to observing and protecting intellectual property rights.	VI. RESPONSIBLE OPERATIONS		
B6.4 Description of quality assurance process and recall procedures.	I. ATTENTIVE SERVICES III. CLOSE PARTNERS		
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	I. ATTENTIVE SERVICES		

APPENDIX – CONTENT INDEX UNDER THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
	B7 Anti-corruption	<p>General Disclosure:</p> <p>Information on:</p> <p>(1) the policies; and</p> <p>(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing from bribery, extortion, fraud and money laundering.</p> <p>B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.</p> <p>B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.</p> <p>B7.3 Description of anti-corruption training provided for directors and employees.</p>	VI. RESPONSIBLE OPERATIONS
	B8 Community Investment	<p>General Disclosure: Policies on community engagement to understand the needs of the communities where the listing company operates and to ensure its activities take into consideration the communities' interests.</p> <p>B8.1 Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).</p> <p>B8.2 Resources used (e.g., money or time) in the focus area.</p>	IV. HARMONIOUS COMMUNITIES

FEEDBACK

Dear readers:

Thank you very much for taking the time to read this report amidst your busy schedule. To gain a deeper understanding of your expectations and needs for the ESG work of Capital Grand, and to continuously improve our level of sustainable development work, we are conducting this questionnaire survey. We sincerely invite you to participate in the survey, and your views and insights are crucial to us. We sincerely appreciate your valuable feedback and suggestions!

1. FOR CAPITAL GRAND, YOUR IDENTITY IS:

- staff consumer partners investor regulatory agencies other government departments
 community others (please specify) _____

2. ARE YOU SATISFIED WITH THE OVERALL REPORT FOR THIS YEAR?

- Yes No neutrality

3. HAS THE INFORMATION YOU ARE CONCERNED ABOUT BEEN REFLECTED IN THE REPORT FOR THIS YEAR?

- Yes No neutrality

4. WHAT ARE YOUR EXPECTATIONS OR SUGGESTIONS FOR OUR ESG REPORT TO BE PREPARED AND RELEASED NEXT YEAR?

- innovative report theme innovative structure and ideas well defined logical mainline
 more user-friendly reading interface more approachable language style
 others (please specify) _____

5. DO YOU HAVE ANY SUGGESTIONS OR EXPECTATIONS FOR OUR ESG WORK?

- Strengthen the establishment of ESG management institutions Widely carry out external communication
 Plan new influential public welfare projects others (please specify) _____

You can convey your opinions to us through the following methods

Tel: 010-85897484

Website: <https://www.bcgrand.com>

Please scan the QR code to provide feedback

