

China Tourism Group Duty Free Corporation Limited



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Stock Abbreviation: CTG DUTY-FREE

A Share Stock Code: 601888.SH

H Share Stock Code: 01880.HK



2024 Environmental, Social and Governance Report



2024
Environmental, Social and
Governance Report

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About This Report

Reporting Introduction

This report is the fourth Environmental, Social and Governance Report (hereinafter “ESG Report”, “this Report” or “the Report”) issued by China Tourism Group Duty Free Corporation Limited (hereinafter “CTG DUTY-FREE”, “the company”, or “we”).

Reporting Scope

Unless otherwise stated, the scope of content disclosed in the ESG Report is consistent with that of the company’s Annual Report.

Reporting Period

The period of this Report is from 1 January to 31 December 2024. To enhance the readability of the Report, some contents or data refer to previous years or extend to the date of disclosure of the Report.

Source of Information

The information and data provided in the Report have been obtained from our internal documents, statistical reports and ESG-related performance summaries. Unless otherwise specified, the currencies involved in the Report are all measured in CNY.

Reporting Guidance

This Report is prepared in accordance with the *ESG Metrics System for ESG Reports of Listed Companies Controlled by Central State-owned Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council (the “SASAC”), *Sustainability Report (Trial)* issued by the Shanghai Stock Exchange, and the *Environmental, Social and Governance Reporting Code* (“ESG Code”), Appendix C2 to the *Rules Governing the Listing of Securities on the Main Board* of The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), and with reference to the following rules:

- The *Guidelines for State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* issued by the SASAC;
- The *Guidelines No. 1 for Application of Self-regulation Rules for Listed Companies – Standardised Operation* issued by the Shanghai Stock Exchanges (the “SSE”);
- The *Guidelines on Corporate Social Responsibility Reporting in China released by Chinese Academy of Social Sciences* (“CASS-ESG 6.0”)
- *Global Reporting Initiative’s Sustainability Reporting Standards* (“GRI Standards”)
- *The Ten Principles of the United Nations Global Compact*
- United Nations Sustainable Development Goals (SDGs)

Reporting Principles

Materiality: We identified key ESG issues through materiality assessment, the process and results of which have been disclosed in this report.

Quantitative: For those indicators need calculation, calculation sources have been disclosed in this Report.

Balance: This ESG report should provide an unbiased picture of the company’s performance, and to ensure that the information disclosed truthfully reflects the company’s performance in environmental, social and governance aspects.

Consistency: We follow a consistent approach for disclosure statistics and maintain the same disclosure statistics for this report in respect of information previously disclosed in the report for last year to the largest extent.

Release Form of the Report

The electronic version of this Report can be downloaded from the company’s official website or obtained by following the WeChat official account of “CTG DUTY-FREE Investor Relations”. This Report is published in Simplified Chinese, Traditional Chinese and English. In the event of any discrepancy between the three versions, the Simplified Chinese version shall prevail.



CONTENTS

01	About This Report
04	Letter from the Chairman
06	Key Sustainability Performance Metrics
08	Honors and Awards
12	Statement of the Board of Directors
13	Company Overview
16	Sustainability Milestones by Month in 2024

119	Appendix
119	Glossary of Terms
121	ESG Metrics
129	Index

Topic 1 Working Together to Promote Prosperity and Grow Our Footprint in Hainan

18	Meeting Our Responsibilities in Rural Revitalisation
22	With a Dual Focus, Co-Creating a New Development Blueprint
24	Sailing with Momentum: A Decade of Excellence

Topic 2 Pursuing a Green Future and Carrying Out Excellent ESG Initiatives

26	Conserving Energy and Reducing Carbon throughout the Entire Building Process
33	Combatting the Typhoon with Determination and United Efforts
35	Green Alliance: Joining Hands with Brands to Open a New Chapter

01 Principles of Governance

38	ESG Strategy: Clarifying Key Priorities
44	Robust Governance System for Long-term Stable Operations
48	Complying with Commercial Ethics to Reinforce Internal Control Compliance

02 Prosperity

58	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
66	Robust, Green and Intelligent Supply Chain
69	Setting the Industry Benchmark for High-quality Development
77	Engaging in Charity Initiatives to Act as a Responsible Corporate

03 People

84	Employee Rights and Promoting Their Interests
91	Diversified Training to Promote Staff Development
94	Operational Safety and Physical and Mental Health

04 Planet

100	Addressing Climate Change to Protect the Environment
107	Focusing on New Quality Productive Forces to Develop a Circular Economy
110	Green and Low-Carbon Operations for a Better Life

Letter from the Chairman

Mr. FAN Yunjun

Chairman

Dear stakeholders:

2024 marked the 40th anniversary of CTG DUTY-FREE, a key milestone for the company. It was also a significant year for the company's efforts to actively align itself with national strategies and forge ahead in pursuit of innovation and breakthroughs. During the year, we acted in line with our corporate mission: Share the joy of shopping and extend the enjoyment of travel. We are fully committed to pursuing high-quality development and took the company's ESG and sustainability practices to new heights. On behalf of the Board of Directors of CTG DUTY-FREE, I would like to express my heartfelt thanks to those who have been long-time supporters of the company.

Responding to the government's call and staying true to our original aspiration

We are aware at all times of our mission to serve national strategies, as evidenced by the concrete actions we have taken to fulfil our responsibilities in this regard. In 2024, the company continued to expand its strategic footprint in Hainan and contribute towards local efforts to build Hainan into a free trade port. To this end, we added greater variety to our offshore duty-free brands, further improved our services and cultivated a more convenient shopping experience. At the same time, the company actively responded to the Belt and Road Initiative and executed its overseas business plans in an orderly manner. We opened new duty-free stores in various countries – including Singapore, Sri Lanka and Japan – to help Chinese brands go global. In addition, we continued to promote rural revitalisation by providing assistance for our two paired counties. Meanwhile, our Xing Lv Yun Pin stores are selling local distinctive agricultural products to increase the visibility of these goods in the national market and drive common prosperity.

Engaging in trusted business operations and providing excellent services

In 2024, we actively responded to President Xi's call to turn policies into growth drivers. In line with our business philosophy, which is focused on engaging in trusted business operations and providing excellent services, we pursued service innovation to promote the upgrading of duty-free consumption and recognised outstanding stores in Sanya International Duty-Free Shopping Complex as demonstration sites for integrity and quality. We attached importance to building an integrity-oriented business system and establishing a system of standards for services. In order to move in line with our global peers, we put forward the "Do everything in our power to ensure consumers are comfortable with shopping with us globally" value proposition after consulting with our employees. Meanwhile, we have put in place a service value system featuring eight categories of services and 98 standards as part of our effort to build our shopping complexes – including Sanya International Duty-Free Shopping Complex – into models for the domestic travel retail industry.

Upholding integrity and pursuing innovation to empower sustainability

We steadfastly focus on our main responsibilities and activities and embrace technology to keep pace with the times. In 2024, the company adopted a pragmatic approach to technological innovation. We increased R&D spend and leveraged emerging technologies such as 5G, Internet of Things, robots, big data, and AR/VR to drive efficiency and digitalisation across the company. At the same time, the company is actively exploring opportunities

under the circular economy model. To put our commitment to green and low-carbon operations into practice, we have implemented a range of initiatives, such as reducing packaging materials and monitoring their utilisation. In addition, starting with digitalising the devices that we use to deliver services, we have carried out several comprehensive customer service improvement programmes, and we have put in place a standardised customer service management system that features unified management practices, operational practices and standards.

Joining hands with stakeholders to drive green development

We are well aware that cooperation with stakeholders is essential to our sustainability. In 2024, the company continued to deepen cooperation with brands, suppliers and consumers, advocate a green philosophy among consumers, and promote sustainability across the industry. We worked with brands to carry out environmental protection activities and marketed a range of ESG-certified products from suppliers to spread the "Green CTG DUTY-FREE" message. At the same time, to respond to the challenges presented by climate change, the company reduced its carbon emissions and improved its climate adaptability through initiatives such as green buildings and renewable energy. In the fight against Typhoon Yagi, we worked together to devise science-based responses, which demonstrated our ability to effectively safeguard against, mitigate and recover from disasters and further improved the company's climate resilience.

Implementing a people-oriented approach to ensure employee welfare

Our people are the company's most valuable assets. In 2024, we continued to optimise systems that are designed to protect employees' rights and interests. We attach great importance to our people's physical and mental health and provide them with a variety of training courses and career opportunities. During the year, more than 830 key training programmes were implemented to help employees grow. We adhere to a safety-focused approach to production and operations to ensure that employees are working in a safe and healthy environment. At the same time, the company actively promotes diversity and equal employment and is committed to creating an inclusive and diverse corporate culture, so that every employee can enjoy a sense of belonging and achievement.

Joining hands to create a bright future

The pursuit of sustainability is a long-term, arduous task that we will not be able to accomplish without our stakeholders' support and cooperation. Going forward, in 2025, we will be presented with both challenges and opportunities. As a competitive and influential player in the global travel retail industry, we will continue to work together with various parties to meet challenges, drive prosperity and deepen sustainability practices. In this way, we will strike a balance in pursuing environmental, social and economic results, respond to stakeholders' expectations, and work towards a better future in which humans coexist with nature.

Mr. FAN Yunjun
Chairman
March 2025

Key Sustainability Performance Metrics

Market

First class

First-class travel retailer in the world
Ranked No. 1 among travel retailers in the “Top 500 Most Valuable Brands in China” rankings for the 21st consecutive year

Ranked first

Ranked No.1 among China’s duty-free commodity operators
Ranked No.1 among China’s travel retailers

Top two

We operate the two largest duty-free shops in the world – Haikou International Duty-Free Shopping Complex and Sanya International Duty-Free Shopping Complex

Most comprehensive

With full coverage on on-board aircrafts, borders, foreign ships, passenger stations, railway stations, diplomatists, cruises and downtown channels, we are the travel retail operator with the complete types of duty-free shops and the largest number of retail stores in a single country worldwide

363,000

Selling over 363,000 SKUs of goods

1,524 well-known brands

About 1,524 well-known brands in the world are in our duty-free shops

Nearly 200 million

The company provides duty-free commodity services to nearly 200 million domestic and foreign tourists every year

Social

16,027 employees

There are 16,027 total employees as at the end of 2024

100% training coverage, more than 633,700 training hours

The employee training coverage reaches 100%, with more than 633,700 training hours in total.

57.7%

Females in employees account for 57.7%, and females in the Board of Directors and the Supervisory Committee account for 36.36%, females in the senior managerial roles account for 25% and in middle managerial roles account for 37.25%.

CNY21.77 million

We invested CNY21.77 million in operation safety, organised 770 safety trainings for 32,300 participants

CNY13.72 million

Spent CNY13.72 million in free aid in rural revitalization, implemented 15 assistance projects and helped raise CNY6.42 million in assistance funds

38.68 million

38.68 million registered cdf members

Environmental

Green building certifications

Sanya International Duty-Free Shopping Complex Zone C obtained 2-star Green Building certification; Haikou International Duty-Free Shopping Complex (Block No.4) obtained 2-star Green Building pre-certification

60.53 million

The company provided 60.53 million shopping bags that meet environmental requirements in the past three years, and effectively reduced the generation of non-degradable plastic waste

0.0162 tons of standard coal/m²

0.0162 tons of standard coal/m² of comprehensive energy intensity

31 certifications

31 stores/counters have received LEED certifications, including 29 LEED Gold certifications and 2 LEED Silver certifications

0.04 tonnes of carbon dioxide equivalent

Greenhouse gas emissions per square metre are 0.04 tonnes of carbon dioxide equivalent

* Except otherwise specified, all the above are data as of the end of 2024 or for the year 2024.

Honors and Awards¹

ESG and CSR Awards Received in 2024:

01 Included in 2024 ESG-Pioneer 100 Index of Central Enterprises sponsored by the Bureau of Social Responsibility under SASAC and Responsible Cloud Research Institute

02 Received the “Best Practices Case for Performance Presentations” award from the China Association for Public Companies



03 The company was included in three lists of the Sino-Securities Index (华证指数): the “2024 Top 100 Outstanding ESG Performances among A-share Listed Companies” (No. 33), the “2024 Top 20 A-share Listed Companies in terms of Corporate Governance (G) Best Practices” (No. 3), and the “2024 Top 10 ESG Performances among A-share Listed Companies in the Consumer Discretionary Industry” (No. 3)



04 Received the 2024 “National May Day Labour Award” from the All-China Federation of Trade Unions



05 Received the “2024 Excellent ESG Cases among Chinese Enterprises” award from the China Enterprise Reform and Development Society and China Comment Magazine under Xinhua News Agency



06 Received the 2024 Evergreen Award for Sustainable Development and the Internal Control from Caijing Magazine



07 Ranked first in the ESG-V rating list released by Ji'an Fintech Corporation. The company was also included on the “S-social rating”, “G-supervision mechanism rating” and “V-value rating” (investment value) lists

ESG-V 评级				S-社会评级				V-价值评级				G-监督机制评级			
证券代码	证券名称	评级结果		证券代码	证券名称	评级结果		证券代码	证券名称	评级结果		证券代码	证券名称	评级结果	
601888.SH	中国中免	AAA		601888.SH	中国中免	AAA		601888.SH	中国中免	AA		601888.SH	中国中免	AA	

External Governance and Investor Relations Awards Received in 2024:

08 Received the “Best Practices in Investor Relations Management” award from the China Association for Public Companies. The company was also included in the Best Practices Cases in Investor Relations Management of Chinese Listed Companies



09 Selected into the “Grade A (Excellent) Companies” in the Information Disclosure Evaluation of the Shanghai Stock Exchange for nine consecutive years

沪市上市公司信息披露工作评价结果 (2023-2024)			
序号	证券代码	证券简称	评价结果
231	601888	中国中免	A

10 Received the “2024 Best Practices Case for Boards of Directors of Listed Companies” award from the China Association for Public Companies



11 Received the “Best Practices Case for Performance Presentations” from the China Association for Public Companies



¹ Only included part of honors and awards here.

12 Included on the “**Best IR among Hong Kong Listed Companies (A+H)**” list. The company was the only listed commercial retail company in the ranking



13 Received the title of “**Most Honoured Company**” from the authoritative international financial magazine Institutional Investor (on both lists of Asia Pacific region and the Chinese Mainland), ranked second in the list of “**Best Board of Directors**” (in the list covering Asia Pacific and the Chinese Mainland), and ranked third in the list of “**Overall ESG Performance**” (in the list covering the Chinese Mainland)



14 Received the “**Best Capital Market Communication Award**”, “**Best Information Disclosure Award**” and “**Best ESG Award**” at the 8th China IR Annual Awards



15 Recognised among the “**Corporate Governance Pioneers**” in the KPMG ESG 50 Awards



Brand Communication Awards Received in 2024:

16 Ranked first in the selection of “**China's 500 Most Valuable Brands of 2024**” for the tourism service sector by World Brand Lab



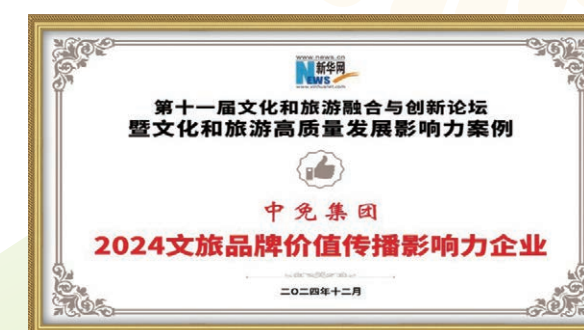
17 Received the “**2024 Whiskey Tourism Retailer**” title in the China category of the Icons of Whisky awards released by the global authoritative whiskey industry publication Whisky Magazine



18 Received the **2024 German Design Award** sponsored by the German Design Council



19 Received the title of “**2024 Influential Enterprise in Cultural Tourism Brand Value Communication**” at the 10th Green Development Forum (绿色发展论坛)



Statement of the Board of Directors

In order to standardise the ESG management mechanism and enhance the quality of ESG management, CTG DUTY-FREE has established an ESG governance structure with the Board of Directors having the highest responsibility and decision-making authority for ESG matters. The Board of Directors is ultimately responsible for the company's ESG strategy, target management and information disclosure. This responsibility includes reviewing and approving major decisions and improvement suggestions related to ESG. The Strategy and Sustainability Committee under the Board of Directors is the main committee responsible, and its key responsibilities include: conducting research and advising on the company's ESG-related strategies, policies and targets; overseeing and measuring progress towards ESG targets; reviewing the company's sustainability reporting and ESG-related matters to ensure that they meet regulatory requirements and stakeholder expectations; and supporting the Board of Directors to effectively perform ESG governance functions. To ensure our ESG practices are systematic and standardised, the company establishes the ESG Leadership Group, which is headed by the Chairman of the company; the deputy head of it is the General Manager; and its members include heads of departments. The ESG Leadership Group is responsible for managing and coordinating the company's ESG-related work, which establishes and improves the company's management system and operating mechanism for ESG-related work, and it also formulates ESG work plans and integrates the company's development strategy, image, branding and operations with ESG concepts.

During the reporting period, the Strategy and Sustainability Committee of the Board of Directors was involved in assessing, prioritising and managing ESG-related issues (including the company's business risk). In accordance with the *Sustainability Report (for Trial Implementation)* issued by the Shanghai Stock Exchange, the committee performed a double-materiality assessment of sustainability-related topics and identified six topics of both financial materiality and impact materiality and 15 topics of only impact materiality but not financial materiality, with a view to determining the prioritised topics. Financially material topics include climate change, energy utilisation, product and service security and quality, employees, supply chain security, data security, and customer privacy protection. After a careful review of these topics, the company developed corresponding targets and measures to manage the topics. Going forward, we will update our sustainability-related management strategy and implementation plans to reflect changes in the external environment and the circumstances and facts specific to the company, to continuously improve our sustainability capabilities.

The Report provides detailed information on the progress and achievements regarding CTG DUTY-FREE's ESG efforts in 2024 and has obtained approval from the Board of Directors on 28 March 2025. The Board of Directors and all directors of the company hereby guarantee that the information presented in this Report is free from any false records, misleading statements or material omissions, and undertake joint and several liabilities for the authenticity, accuracy and completeness of the information.



Company Overview

Company Overview

China Tourism Group Duty Free Corporation Limited (stock abbreviation: CTG DUTY-FREE; stock code: 601888.SH 01880. HK) was listed on the Shanghai Stock Exchange in October 2009 (previously known as "China International Travel Service Co., Ltd.", the stock abbreviation "China CITS"), and was listed on the Main Board of the Hong Kong Stock Exchange in August 2022. Our company mainly engages in duty-free business, including the wholesale and retail of duty-free commodities such as fragrance, luxury, jewellery, watch, etc. Moreover, the company is also involved in investing and developing commercial complexes with duty-free business as the core.

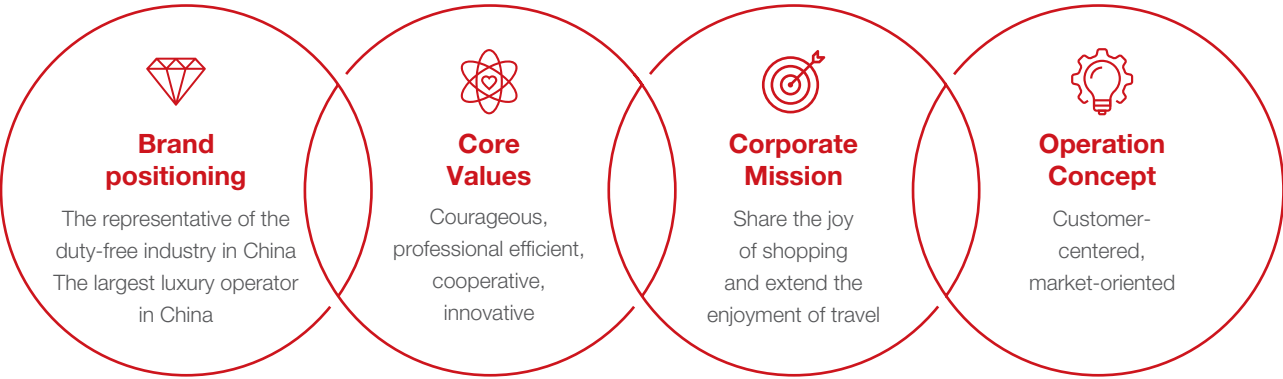
Over 40 years of rapid development, the company has established long-term and stable cooperations with more than 1,500 renowned brands worldwide. It has set up over 170 duty-free shops in 28 provinces, cities, autonomous regions and special administrative regions in China, and also Japan, Singapore, Cambodia, Sri Lanka and other places, covering airports, on-board aircrafts, borders, passenger stations, railway stations, foreign cruise supply, diplomatists, cruises and downtowns (offshore, departures) in these regions. Its main sales channels cover large domestic hub airports in Beijing, Shanghai, Guangzhou, Chengdu, Hangzhou and Hong Kong SAR, international airports in Singapore, Cambodia,

and other places in the Asia Pacific region, and major domestic border ports, Sanya International Duty-Free Shopping Complex, Haikou International Duty-Free Shopping Complex, and so on. China Duty Free Group has developed into a travel retailer with the most complete types of duty-free shops and the largest number of retail stores in a single country in the world.

The "courageous, professional efficient, cooperative, innovative" corporate culture has been fostered during the company's development over the years, and it is with this culture that we face challenges bravely and overcome difficulties. In recent years, the company's core functions and capabilities such as procurement, operations, channel expansion, digitalisation and marketing have been continuously enhanced. Our business has been steadily transformed and upgraded, achieving leapfrog development.

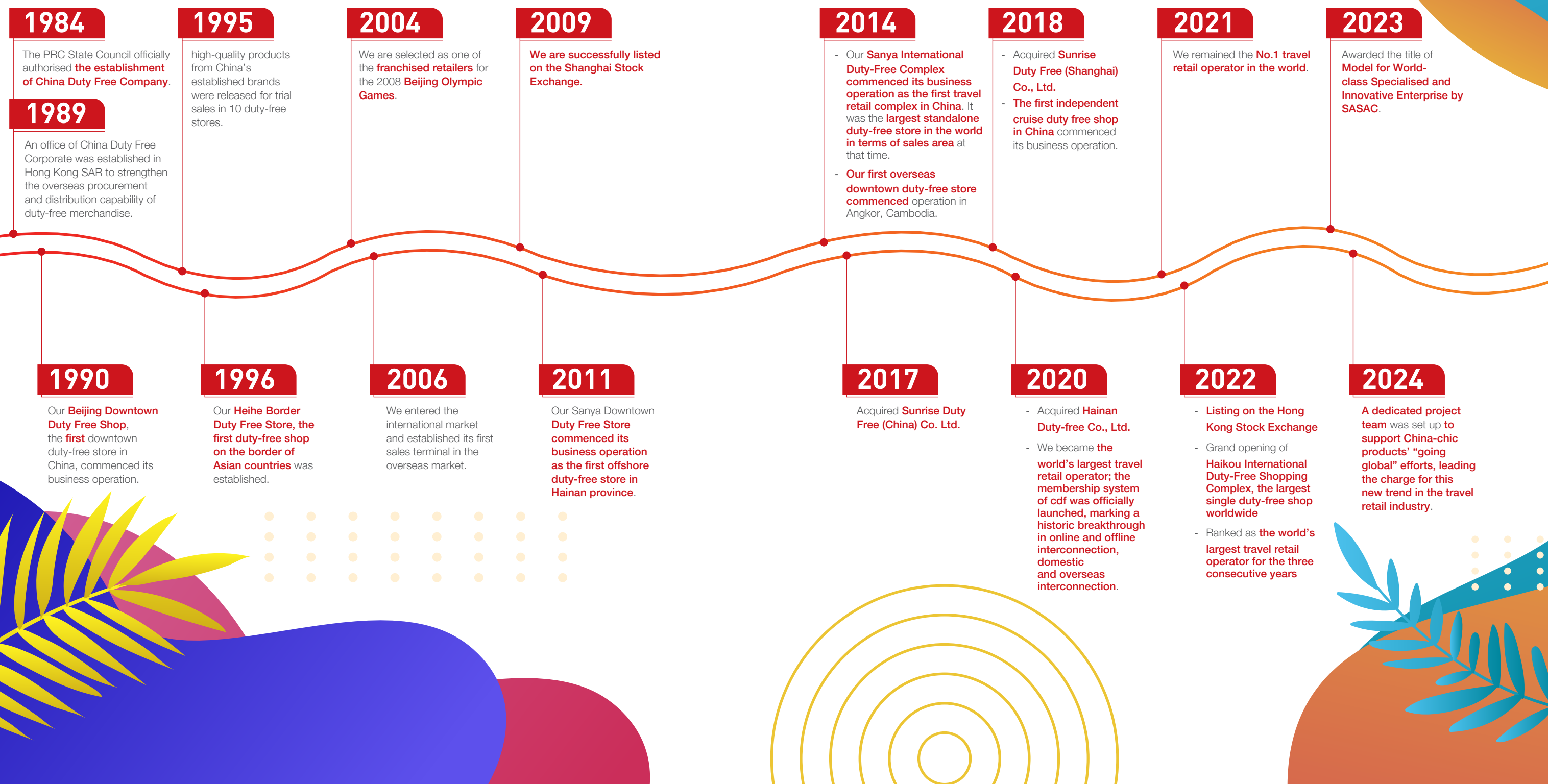
In the future, our organisation will maintain the continuous, stable and healthy growth of the duty-free business, adhering to the concept of "customer-centered, market-oriented", with "duty-free business" as the core to upgrade the value chain, and "tourism retail" as the extension to upgrade the industrial chain to build a more globally competitive world-class travel retailer.

Corporate Culture



Development Milestones

Over the past 40 years,
the company has become the first-class travel retailer in the world:



Sustainability Milestones by Month in 2024

1 In March

the company's cdf Boao Duty-Free Shop carefully designed and developed a comprehensive service plan for the Boao Forum for Asia Annual Conference 2024 in Boao, Hainan, and successfully provided full, high-quality support for the event.



2 In March

the Sanya Downtown Store held a launch ceremony for its volunteer service brand "Jing Lan Hu Lv (净蓝护绿)" and a tree planting activity called "Dance with the Trees" in the Qingmei Port Mangrove Reserve, Yalong Bay, Sanya.



3 In April

we took action in response to the instructions of President Xi Jinping to build cdf Sanya International Duty-Free Shopping Complex into a model for "trusted business operations and excellent services", with a focus on enhancing related systems and our system of service standards.



4 In April

we participated in the 4th China International Consumer Products Expo. In our elaborately designed pavilion covering a total area of 600 square metres, we showcased the latest trends in the industry, and attendees had the opportunity to see and experience popular and eye-catching products and services.



5 In May

in line with the relevant national strategic plan, the company established a dedicated project team for China-chic products that are "going global" in order to accelerate their progress and chart the path for this new trend in the travel retail industry.



6 In May

as the event's Diamond sponsor, we attended the 2024 TFWA Asia Pacific Exhibition & Conference in Singapore, where we discussed the latest trends and opportunities facing the travel retail market.



7 In June

the company integrated its platform project teams and launched a new travel service platform called ctgo, which connects with six business lines of China Tourism Group (certificates, buses, retail, scenic spots, hotels, and credit cards), with the aim of providing better services and expanding our market share in Hong Kong SAR.



8 In September

China Duty-Free International joined hands with the cdf Macau Grand Lisboa Palace Shop to attend the third China (Macau) International High-Quality Consumption Expo and Hengqin World Bay Area Forum. During the event, they demonstrated the exquisite craftsmanship of well-known watch brands and provided a comprehensive interactive experience using augmented reality (AR) and artificial intelligence (AI).



9

In the face of strong winds and heavy rains brought by super typhoons Trami and Yagi, our people worked together and took appropriate disaster prevention and mitigation measures, and we carried out efficient disaster recovery and reconstruction work, showcasing our ability to respond and adapt to climate risks.



10 In November

as a Platinum partner, the company attended the Trinity Forum in Ho Chi Minh City, Vietnam, which was co-hosted by The Moodie Davitt Report (an authoritative publisher in the global duty-free and travel retail industry), ACI World and ACI Asia-Pacific & Middle East.



Topic 1

Working Together to Promote Prosperity and Grow Our Footprint in Hainan

CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 1, 2, 8, 10 and 12 by extensively engaging in rural revitalisation with a view to promoting common prosperity, and promoting local prosperity in the place of operation.



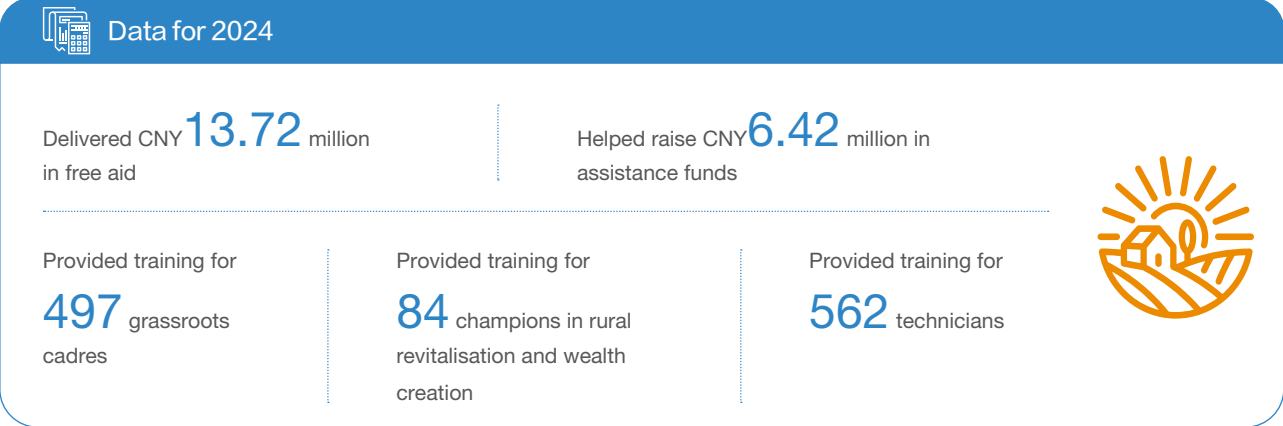
CTG DUTY-FREE actively aligns itself with the national rural revitalisation strategy and leverages its travel retail channels. Special areas have been set up for agricultural products in our “Xing Lv Yun Pin” stores to expand market prospects for agricultural products from counties recently lifted out of poverty and empower farmers.

2024 was a key year for comprehensively implementing the spirit of the 20th National Congress of the Communist Party of China and for thoroughly implementing the 14th Five-Year Plan. It also marked the 10th anniversary of Sanya International Duty-Free Shopping Complex. In the past 10 years, we have achieved fruitful results. During this time, the company has successfully enhanced the impact of its brand and injected vitality into the travel retail market in Hainan.

Meeting Our Responsibilities in Rural Revitalisation

In line with the *Opinions of the Central Committee of the Communist Party of China and the State Council on Effectively Promoting the Comprehensive Revitalisation of Rural Areas through Learning and Applying the Experience of the “Thousand Villages Demonstration and Ten Thousand Villages Renovation” Project*, the company actively fulfils its social responsibilities, and steadily contributes towards rural revitalisation in the two paired counties. In 2024, the company delivered CNY13.72 million in free aid to Menglian county and Ximeng county in Yunnan province, marking a total of CNY39.19 million in contributions over the past three years.

In 2024, the company appointed employees to serve as temporary cadres in the two counties, and these individuals helped implement 15 assistance programmes that are designed to revitalise local industries, the local talent pool, the local culture, local ecosystems and local organisations. During this effort, the company worked closely with the two counties. In addition to allocating CNY279,000 in paid assistance, the company helped raise CNY6.42 million in assistance funds and provided training for 497 grassroots cadres, 84 champions in rural revitalisation and wealth creation, and 562 technicians.

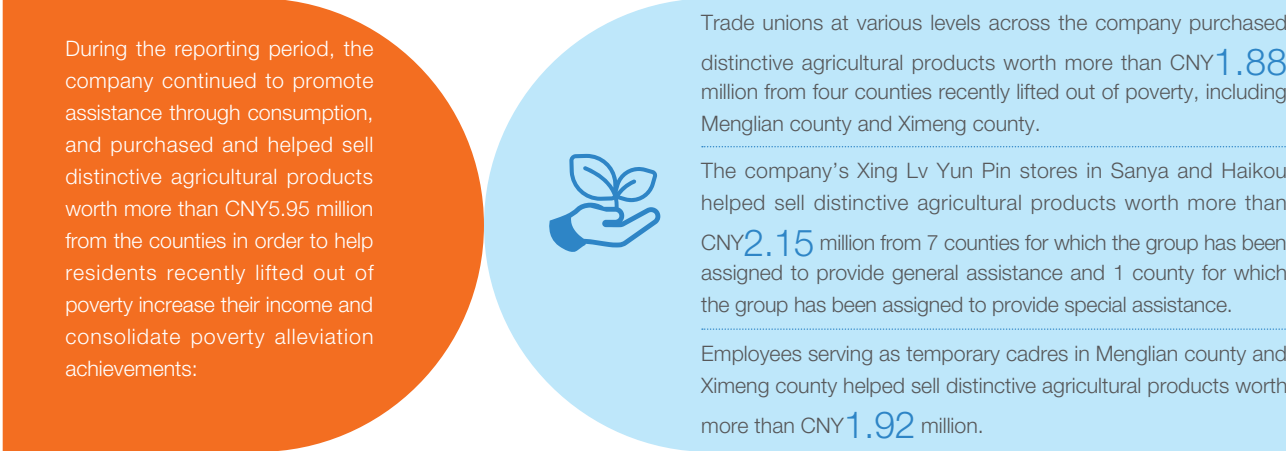


Enhancing accountability for assistance and engaging in more exchanges

In 2024, the company strengthened exchanges with and paid more visits to Menglian county and Ximeng county in Yunnan province to conduct on-site surveys on assistance programmes and identify areas to focus on in the future. The company carried out work in a down-to-earth manner and successfully completed the assistance tasks set for the year. In accordance with the *Agreement on Responsibilities for Assistance Work in 2024*, we held four special Party committee meetings to assess the assistance work, changes in assistance programmes and donations of school uniforms in 2024. Leaders from the company conducted on-site inspections to supervise the implementation of the assistance programmes.

Harnessing consumption to provide assistance and consolidate poverty alleviation achievements

In an effort to promote consumption, the company has taken various measures, such as setting up “Xing Lv Yun Pin” – a special area for agricultural products at Sanya International Duty-Free Shopping Complex and Haikou International Duty-Free Shopping Complex, and establishing WeChat groups among commissioned officials to facilitate the sales of local agricultural products and encourage farmers to participate in trade fairs. Harnessing our extensive customer resources, we have also strived to promote the sale of local speciality products across the country, which helps improve the brand awareness of agricultural products from counties recently lifted out of poverty.



Case study Fulfilling our responsibility while creating a new duty-free shopping experience

On 27 December 2019, the Xing Lv Yun Pin stores for distinctive agricultural products in Sanya International Duty-Free Shopping Complex opened for business. Based on the local characteristics of 7 cities and counties in 4 provinces for which the group has been assigned to provide assistance (Ximeng county, Menglian county, Shangri-La city and Deqin county in Yunnan province; Linxia city in Gansu province; Bazhou in Xinjiang province; and Lichuan county in Jiangxi province), the company tentatively launched products under 9 brands across 8 categories, such as ice wine, beef jerky and honey, which have been adapted to the tastes of consumers in the Duty-Free Shopping Complex. The company continues to explore and select high-quality goods with ethnic features from these counties. By leveraging duty-free stores to showcase items, the company is working to promote locally distinctive goods in the nationwide market while also helping farmers increase their income.

A photograph showing the interior of a retail store. Shelves are stocked with various products, and a person is visible in the background. The store has a modern, clean aesthetic with bright lighting.

▲ Xing Lv Yun Pin store in Sanya International Duty-Free Shopping Complex

Promoting the High-Quality Development of Rural Industries

Assistance in the Cultural Sector

The company is dedicated to helping Menglian and Ximeng counties maintain their unique ethnic minority cultures, while also exploring the path to rural revitalisation through the development of the cultural sector.



▲ Akha Swing: a wooden swing for folk activities used by Hani ethnic minorities in Yongqian old village



▲ A park used for fishing by Hani ethnic minorities in Yongqian old village



▲ A Hani ethnic restaurant in Yongqian old village decorated for the Eni Juema Banquet



▲ Aka Stage: an event venue for Hani ethnic minorities in Yongqian old village

Assistance for Rural Industry

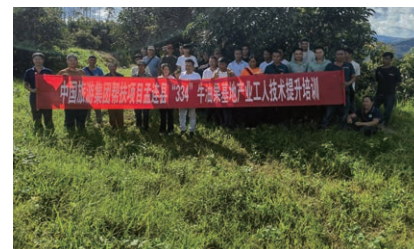
We strive to use innovative business models to cultivate new industries in rural areas. Under the government's "One Industry in One County" strategy, we have been focusing on the avocado industry in Menglian County, carrying out assistance programmes focusing on talent pools, the construction of bases and trademark registration to boost the local avocado industry, to empower local farmers increase their income and reach rural revitalisation. CTG DUTY-FREE has invested more than CNY2.75 million in assistance to help develop the local avocado industry in Menglian county and consolidate poverty alleviation achievements since 2020.

In terms of talent development, CTG DUTY-FREE has spent CNY1 million in assistance funds implementing programmes designed to train skilled workers for the avocado industry and building an exchange and training centre where a series of trainings have been delivered for a total of 4,575 participants. Through these efforts, we have helped improve the scientific and technological aspects of

local production and operations management and also improved farming techniques. At the same time, we have focused on weaknesses in the development of village-level collectively owned enterprises. To this end, we invested CNY697,000 to help build avocado sorting plants and promote industrial transformation and upgrading, which benefited 1,720 residents from 448 households. In addition, the company also attached importance to branding, as evidenced by its investment of CNY1.06 million to implement a Five Modernisations programme. Through a number of comprehensive initiatives including shooting promotional videos, building observation sites and enhancing branding efforts, the company has helped improve the popularity of the Menglian avocado, which has been included in the national list of famous, special and new agricultural products. In 2024, the first Menglian avocado festival was held. These measures have played an important role in promoting the development of Menglian's avocado industry.



▲ A training session to improve farmers' techniques for growing avocados



▲ A training session to improve farmers' techniques for growing avocados



▲ An on-site training session on avocado growing techniques



▲ An avocado sorting plant



▲ An avocado sorting plant



▲ Display boards at the avocado base in Mangjie village, Nayun town

Improving living and working conditions to forge beautiful rural areas

In recent years, the company has increased support for rural areas by helping them take advantage of local cultural and tourism resources. For example, the company has helped carry out a programme to develop a pastoral leisure resort in the Likan area of Mengsuo village, Mengsuo town, Ximeng county. The project aims to develop a cultural and tourism resort that integrates sightseeing, fitness, entertainment, folklore and local customs to promote the development of relevant industries and increase local residents' income. Since 2022, we have spent CNY13.48 million on Phases I and II of the project. So far, a leisure and entertainment area has been built, which includes a food plaza, a beach and park, a fishing area, a pond with an enhanced landscape, a swimming pool connected with mountain springs, a camping site and a karting

park. In 2024, the company took action to further improve living facilities and sewage treatment in the Likan area.

The company has engaged with local residents in the area to help increase their income. First, the company employs local residents in construction and operations. Second, the company provides guidance for villagers to start their businesses. For example, trolleys are available for free, and villagers can use them to sell snacks and handicrafts. Third, the village can access new sources of income by using vacant houses and land to participate in the programme. The project is expected to benefit 354 residents from 71 households and deliver an increase of more than CNY7,000 in per capita income.



▲ Comparison of before and after the Likan Leisure Resort was built



▲ The children's beach sand park with waterwheels



▲ The swimming pool



▲ The Love in Ximeng activity during the Double Seventh Festival



▲ An aerial view of the camping site and the children's karting park



With a Dual Focus, Co-Creating a New Development Blueprint

Adhering to the business philosophy of “engaging in trusted business operations and providing excellent services”, taking advantage of the favourable policies for Hainan Free Trade Port, we have opened six offshore duty-free stores in Haikou, Sanya and Boao, striking a geographical balance in an effort to fully cover visitors leaving Hainan by “plane, ship or train”. Moreover, Sanya International Duty-Free Shopping Complex and Haikou International Duty-Free Shopping Complex – located at the southern end and northern end of Hainan Island, respectively – are strongholds in our Hainan network and act as integrated tourism retailers with a dual focus on “duty-free retail and cultural tourism”, with duty-free business as the foundation.



Leveraging brands, services and creativity, the company has been able to steadily introduce premium-brand flagship stores that offer a unique shopping experience and set an example for innovation in duty-free consumption in China.



The company is also committed to driving the upgrading of the tourism industry. Aligning with shared development goals and leveraging its comprehensive industrial chain advantages, it has participated in the China International Consumer Products Expo for four consecutive years, establishing a “CDF New Consumption Scenarios” exhibition zone at Haikou International Duty-Free Shopping Complex to showcase its industry leadership, promote innovative consumption models, and unleash consumer potential. Concurrently, the company’s Hainan stores launched promotional activities, leveraging the expo’s spill-over effects to expand and boost the tourism retail market.

We are committed to continuously satisfying consumers’ growing demands and pursuit of a better life. To this end, we are steadily introducing more brands and better services and providing a more convenient and pleasurable retail experience to Hainan’s offshore duty-free consumers, with a view to offering travellers the joy of “seeing the world and shopping at cdf”.



Sailing with Momentum: A Decade of Excellence

Supported by Hainan’s offshore duty-free policy and measures supporting domestic consumption, Sanya International Duty-Free Shopping Complex – under the company – celebrated one decade of successful operations on 1 September 2024. As a leader in China’s tourism retail sector, the company has upheld the principles of “Integrity in Operations, Excellence in Service”, enabling the complex to welcome over 70 million visitors from around the world. This success has significantly redirected overseas consumption back to China and bolstered Hainan’s duty-free market.

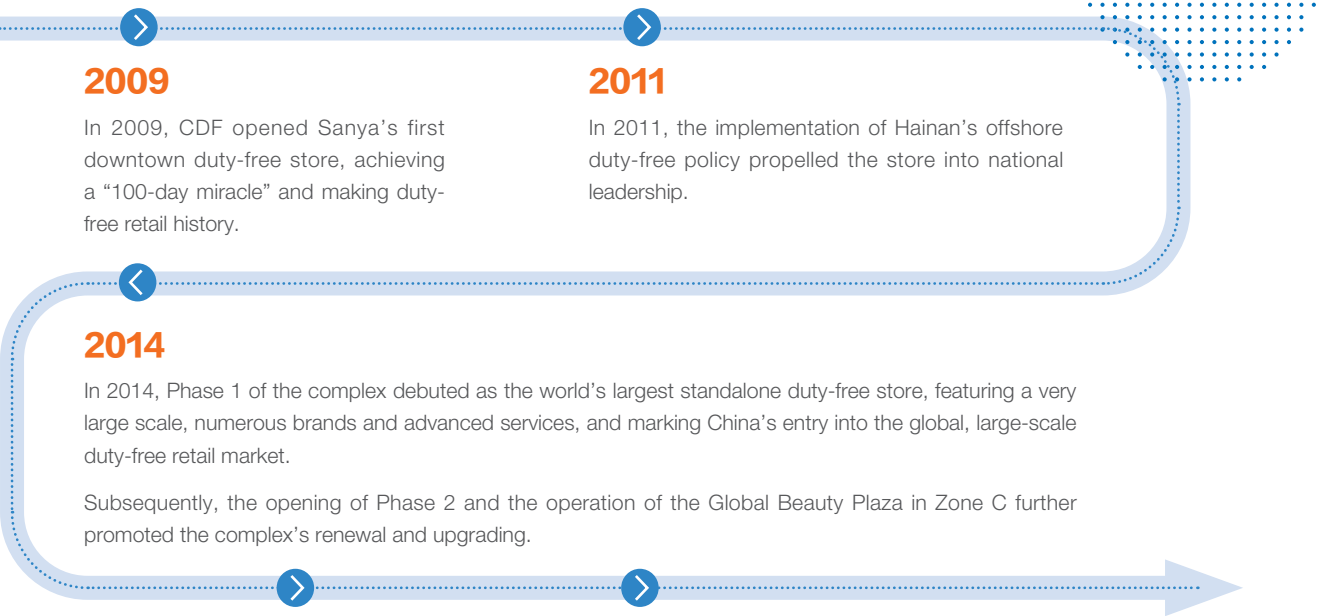
As a key contributor to the Hainan Free Trade Port, the complex prioritises customer-centric innovation, with a view to enhancing the shopping environment and upholding service quality. By introducing diverse international and domestic brands, it offers consumers seamless and luxurious experiences, elevating its competitiveness in the domestic market and supporting national economic policies.

Sanya International Duty-Free Shopping Complex welcome over **70** million visitors from around the world



A Decade Retrospective: Building a Duty-Free Benchmark

The complex’s journey has included both challenges and opportunities:



2009

In 2009, CDF opened Sanya’s first downtown duty-free store, achieving a “100-day miracle” and making duty-free retail history.

2011

In 2011, the implementation of Hainan’s offshore duty-free policy propelled the store into national leadership.

2014

In 2014, Phase 1 of the complex debuted as the world’s largest standalone duty-free store, featuring a very large scale, numerous brands and advanced services, and marking China’s entry into the global, large-scale duty-free retail market.

Subsequently, the opening of Phase 2 and the operation of the Global Beauty Plaza in Zone C further promoted the complex’s renewal and upgrading.

2022

In 2022, President Xi Jinping’s on-site inspection affirmed its achievements, inspiring continuous service innovation. The complex actively responded to President Xi’s call, continuously innovated services, and improved the shopping experience.

2024

By 2024, when the complex celebrated its 10th anniversary, it hosted more than 850 internationally famous brands and hundreds of thousands of goods, solidifying its status as a Hainan tourism landmark.



A Decade of Innovation: Pioneering Premium Services

In 2024, the complex launched the “Integrity in Operations, Excellence in Service” pilot initiative, under which it established a service framework that includes the ethos “Global Shopping with Care, Dedicated to You”, eight service pillars, and 98 operational standards. The complex strives to provide customers with an elegant and comfortable environment, sincere and caring services, and convenient and efficient experiences, and it is committed to building a service benchmark for the domestic tourism retail industry.

Beyond physical amenities like luggage storage, wheelchair rentals, medicine kits, electronic navigation systems, AR navigation and payment services, the complex is steadily promoting and advancing online platforms, the member experience, tiered membership systems, and large model/AI-driven solutions in order to deliver seamless, one-stop luxury experiences.

A Decade Ahead: Celebrating a New Chapter

For its 10th anniversary, the complex hosted high-profile events to give back to consumers and various segments of society. Under the theme “Journey of a Thousand Miles, Embracing the Light of Time”, we staged various activities such as “Ten Lucky Ones Free to Order”, “Ten Celebrities in the Store”, “Ten Invitations to a Charter Flight Experience”, and “One Billion Cash Coupon Delivery” to forge a deeper bond between the complex and consumers. Meanwhile, luxury brand exhibitions and galas were held to showcase the company’s premium image, blending visual splendour with world-class service.

Looking ahead, over the next decade, the complex will continue to pursue its “Integrity in Operations, Excellence in Service” mission, with a view to building an organisation that promotes international consumption and blends luxury, convenience, and personalisation.



Topic 2

Pursuing a Green Future and Carrying Out Excellent ESG Initiatives

CTG DUTY-FREE is actively responding to UN SDGs 9, 11, 12 and 13 by focusing green development, developing resilient buildings and implementing energy saving and carbon reduction throughout their life cycle, as active responses to climate change risk.



To address growing challenges from climate change and environmental issues, green development has become a global consensus in fulfilling the mission of the new era. We are committed to pursuing a green future and taking productive, practical actions to incorporate ESG concepts into our business.

Conserving Energy and Reducing Carbon throughout the Entire Building Process

The company is committed to implementing the national *Green Building Action Plan* and strictly implements energy-saving standards for newly constructed buildings. It has also formulated the “White Paper on Low-Carbon Planning for Construction Projects” in order to integrate the concept of sustainable development into every link of the design, construction and operation of buildings and ensure the quality of green buildings throughout their life cycle. We extensively engage in resource conservation, environmental protection and pollution reduction, to make our buildings efficient, healthy and liveable while realising harmonious coexistence nature.

So far, the company's progress in applying green building measures for certain key projects is as follows:



Haikou International Duty-Free Shopping Complex (Block No.1)

- 2-star Green Building pre-certification
- LEED Gold certification application in progress



Haikou International Duty-Free Shopping Complex (Block No.5)

- LEED Gold certification

Sanya International Duty-Free Shopping Complex Zone C



- 2-star Green Building pre-certification



- LEED Gold certification



Haikou International Duty-Free Shopping Complex (Block No.4)

- 2-star Green Building pre-certification
- Plan to apply for 2-star Green Building certification



Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project

- 2-star Green Building pre-certification application in progress



Sanya International Duty-Free Shopping Complex Phase 3

- Plans to apply for
- 2-star Green Building
- LEED Platinum
- WELL Platinum
- SITE Platinum certifications

Green Planning

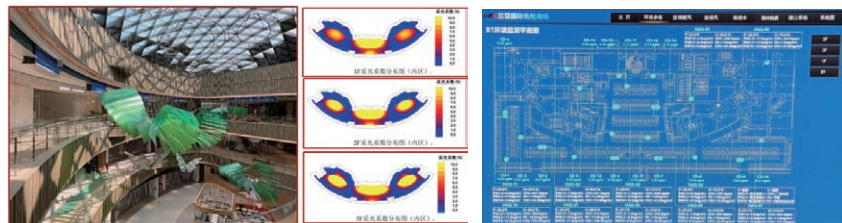
Based on the low-carbon technologies applied at Haikou International Duty-Free Shopping Complex's project plots, and with reference to low-carbon experience gained through other commercial projects, the company has prepared the "Low-Carbon Technology Guidelines for CDFG's Investment in Tourism Retail Complexes (Commercial, Hotel and Office Complexes)" (hereinafter referred to as the "Low-Carbon Technology Guidelines"), which designed to help reduce the carbon emissions of buildings and promote energy efficiency. Going forward, the company will refer to these guidelines when developing projects that involve the use of low-carbon technologies.

Sanya International Duty-Free Shopping Complex Zone C Commercial Project has adhered to the philosophy of resource conservation and environmental protection since its planning and design stage, focus on constructing high-quality green buildings that support sustainable development with reference to domestic and international green building standards. During the Project's design stage, a number of green and energy-saving technologies were

adopted that meet the standards for fabricated buildings and the standards for fully-furnished delivery. The smart and effective technical measures taken include optimising the shape of the building envelope system, integrating the design of the lighting and shading system in the atrium, and adopting energy-efficient heating, ventilation and air conditioning (HVAC) equipment, temperature, humidity and air quality monitoring systems, the concept of sponge cities, primary wearable sensing devices (WSDs), irrigation with reclaimed municipal wastewater, soundproofed construction materials, and smart system integration management. With these measures, the Project was able to satisfy the 2-star Green Building standards in the five areas of safety and durability, health and comfortableness, convenience, resource conservation, and friendly living spaces. Through the application of these technologies, the Project met international standards for sustainable site selection, indoor and outdoor water efficiency, energy consumption reduction, waste management, and indoor environmental quality, among other areas. The Project has obtained 2-star Green Building certification.



The design of the Sanya International Duty-Free Shopping Complex Phase 3 Project adopts a number of energy-saving green technologies, such as a photovoltaic pool roof, a sunken green plaza design, a waterscape recycling system, solar photothermal technology, a special acoustic design, a fresh air filtration system, low-volatility coatings, environmentally-friendly refrigerants, a high-performance and multi-split variable frequency system and fresh-air heat recovery technology. In addition to these energy conservation technologies, the Project also boasts an optimised structural design, and it has adopted a series of smart and efficient measures, such as energy-efficient equipment, green energy-saving building materials, resource recycling and renewable resource use (the "four innovative technologies"), as well as smart system integration management, to comprehensively promote carbon reduction at the source.



▲ The coloured glaze dome of the atrium has been effectively designed in terms of heat insulation and daylighting (photo of Sanya International Duty-Free Shopping Complex Zone C)

▲ Automatic remote metering system, integrated energy management system, and air quality monitoring system (photo of Sanya International Duty-Free Shopping Complex Zone C)



▲ Curtain of Sanya International Duty-Free Shopping Complex Zone C

▲ Light coloured pavement and sunshade structures in an outdoor square (photo of Sanya International Duty-Free Shopping Complex Zone C)

BIM has been adopted in the design and construction process, and the project will feature prefabricated buildings and fine decorations. Various intelligent, high efficiency and energy-saving capabilities, such as building shape optimisation, building space utilisation, building insulation materials, natural lighting design, sponge cities, rainwater recycling, garbage classification, charging piles, solar energy, smart lighting, convenient automated payment, and smart parking will be adopted to reduce the buildings' energy consumption and ensure compliance with low-carbon standards. For example, the reclaimed water system of Haikou International Duty-Free Shopping Complex Plot 5 provides 8,800 cubic metres of reclaimed water throughout the year, which can be used for outdoor landscaping.

Meanwhile, the reclaimed water system of Haikou International Duty-Free Shopping Complex Plot 1 reclaims 12,000 cubic metres of water throughout the year for outdoor landscaping and waterscape replenishment. The water used for the outdoor landscaping area (covering about 9,000 square metres) is entirely collected by the reclaimed water system. The installation of the reclaimed water equipment was completed in 2024, and it will be put into use in 2025.

Carbon Footprint Management

The company strives to meet the goals of carbon peaking and carbon neutrality. To this end, we are following the "Action Plan for Carbon Peaking and Carbon Neutrality", and we plan to prioritise carbon emissions accounting as part of our effort to identify the company's carbon footprint. We are also exploring new carbon reduction solutions that harness technological breakthroughs and innovations, with the goal of optimising our energy structure and using more clean energy. We fully leverage the market's role in resource allocation, and actively participate in carbon trading to reduce costs related to carbon reduction.

Under the direction of the "Low-Carbon Technology Guidelines", the company incorporates green building materials as much as possible during project construction. Suppliers of equipment and materials (such as cables, air conditioners, refrigerators, diesel generators, domestic water supply pumps, air conditioning chilled water pumps, oil separators, etc.) for Sanya International Duty-Free Shopping Complex Zone C project are all required to obtain the Certificate for Environmental Management System Certification, and among which, cables already obtained carbon footprint assessment report. Props suppliers for Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex, and various airport comprehensive duty-free stores are also required to obtain environmental green certifications such as "Certificate for Certification of China Environmental Labelling Product", "Environmental Management System Certification", "ISO14001" and "FSC Certification", etc.

The Haikou International Duty-Free Shopping Complex Plot 5 Project actively promotes the application of new technologies, and, in March 2023, won the Certificate for the Second Rank Achievement in Green Construction issued by the China Construction Industry Association for its construction process control efforts.

In terms of low-carbon planning, the company prepared the "White Paper on Low-Carbon Planning of Haikou International Duty-Free Shopping Complex" for the six plots of the Project. According to the company's calculations, the carbon emissions from Haikou International Duty-Free Shopping Complex Plot 1 and Haikou International Duty-Free Shopping Complex Plot 4 are approaching the standards for low-carbon buildings. After all plots are completed, the Project will be considered a pioneer among low carbon buildings. In the future, the company will use the low-carbon practices adopted for the Haikou International Duty-Free Shopping Complex Project in other projects, so as to deliver green messages and continuously explore low-carbon development initiatives.



Plot 5 provides
8,800 cubic metres
of reclaimed water throughout the year

Plot 1 reclaims
12,000 cubic metres
of water throughout the year



Green Construction Management

The company also implements green and low-carbon standards during construction processes to strengthen its green building credentials. The “four conservations and one protection” principles (energy conservation, land conservation, water conservation, material conservation and environmental protection) are applied throughout the whole process, from planning, development, design, and construction through to operations for properties and commercial complex projects invested in and constructed by the company. Measures are taken to ensure safe construction sites, a clean environment, on time delivery, and sufficient funds. Construction units are required to prepare comprehensive special schemes on green construction beginning at the design stage and establish effective support systems to ensure that green construction is fulfilled as scheduled.

During the construction process, the company adopts the following management measures to reduce the impact on the environment and natural resources:

- 1

Adoption of an environmentally-friendly architectural design and related materials to reduce any negative impact on the environment.
- 2

A preference for reusable materials and equipment, such as stainless steel, glass products, etc.
- 3

Plastic material management of avoiding the use of one-off plastic products. If plastic materials are unavoidable, choose recyclable and biodegradable ones, and fully recycle and reuse them by reducing damage and waste. Plastic waste resulting from construction is collected and disposed of by its type to avoid environmental pollution.
- 4

Implementation of environmental protection publicity and education to enhance the public’s awareness and knowledge of environmental protection.

For the construction of the company’s projects, CDF Investment Development requires that a green construction programme be formulated. The programme includes site environmental protection, comprehensive utilisation of materials and resources, energy conservation and comprehensive utilisation of energy, water conservation and comprehensive utilisation of water resources, land conservation and construction land protection, construction waste management, noise pollution control, light pollution control, indoor environmental pollution control and other measures. Multiple green technologies and measures have been adopted for these Projects, such as the primary use of local and recycled building materials, advanced construction techniques, tool stereotyping, bare soil coverage for dust suppression, water-sprinkling devices on the site to control dust, recovery and comprehensive utilisation of construction waste, reducing resource consumption and environmental pollution throughout all stages of the construction process, to protect the natural surroundings to the largest extent. During the construction process, CDF Investment Development and its affiliates require the supervisory party to supervise the construction process to ensure that green measures are implemented strictly in accordance with relevant national, provincial and municipal regulations. The supervisory party is also required to perform robust and timely inspections during the construction process to ensure that green construction measures are fully implemented.



Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project takes advantage of energy-efficient processes and construction techniques to reduce particulate and waste discharge at construction sites. During the construction process, six types of high-quality innovative building materials (i.e., light-transmitting insulating glass, expanded perlite concrete, environmentally friendly latex paint, low-loss transformers, variable frequency fans, and water pump equipment) were used for energy-saving and environmental protection purposes.

Green and Energy-Saving Operations

Sanya International Duty-Free Shopping Complex Project

Based on the operational data of Sanya International Duty-Free Shopping Complex Phase 1 and Phase 2, Phase 1 has reduced energy use by more than 15%, and Phase 2 has reduced energy use by more than 18%.



Haikou International Duty-Free Shopping Complex Project

Aspect	Low Carbon & Environmental Protection Measures
Energy consumption	The building's energy-efficient design complies with national standards. The design of the building's shape, orientation, the distance between buildings, and window-to-wall ratio, among other aspects, were optimised to reduce overall energy consumption.
	The facade curtain walls of Sanya International Duty-Free Shopping Complex Zone C adopt tempered double-silver ultra-white Low-E hollow glass structures and double-silver coating technology to effectively prevent heat waves from penetrating inside, which efficiently improves the performance of the building's thermal insulation without affecting the light transmission rate needed to keep the room bright.
	The Low-E coating helps reflect outdoor thermal radiation, prevents heat from entering the room, and reduces the energy consumed by air conditioning. For buildings in climate zones with hot summers and warm winters, this coating technology helps improve energy-saving efficiency and blocks most ultraviolet rays, reducing the damage inflicted by ultraviolet rays on indoor furniture, floors and fabrics and extending their useful lives.
	Intelligent elevator management: The escalators' intelligent speed monitoring capabilities and the elevator group control system reduce power consumption.
	Intelligent fresh air control system: Fresh air is circulated into the buildings during transition seasons. Minimum fresh air volumes are used to operate the system when the outdoor temperature is higher than the indoor temperature in summer.
Water and soil resources	The building's intelligent lighting considers the time of the day and scenarios to reduce electricity and energy consumption.
	The building has been outfitted with a variety of intelligent control systems, including intelligent office capabilities, energy efficiency capabilities, intelligent lighting, intelligent monitoring, access control systems, and vehicle management systems.
	Adopting rainwater storage system and permeable pavement in the building's "sponge city": The permeable pavement has been used to efficiently penetrate ground rainwater, which reduces pressure on the drainage system and maintains the urban soil's ecological balance.
	Sewage and wastewater classification treatment: Sewage is discharged into the municipal network after being treated by the outdoor septic tank, and kitchen sewage is discharged into the municipal is also network after being treated by oil separators twice.
Clean air	Phase 2 also equipped with a river revetment and plant maintenance capabilities, which enable the building to meet floodwater discharge requirements, thereby ensuring a stable riverside and preventing water and soil erosion.
	We perform disinfection and algae-killing treatments on fountain water on a regular basis and remove and recycle sediment at the bottom of the pool by sewage suction pump to extend the fountain water replacement cycle and lower the frequency of water change.
	The high-efficiency oil fume purifier has been designed to the highest emission standard of 1.0mg/m³, which is stricter than the national standard for environmental protection and emissions in China. These measures effectively improve the park's air quality.
Noise management	The building layout distance between buildings and ventilation placement have been optimised to improve on-site air circulation.
	Phase 2 is equipped with an intelligent garage ventilation system. The induced ventilation system in the underground garage automatically controls the operation of the garage fan according to the carbon monoxide concentration, which improves air quality in the garage.
	Noise and vibration control: Fans, pumps and other equipment emit low noise, and shock absorption devices have been deployed in relevant locations on the premises.
	Reducing the heat island effect
	The project reduces ground parking spaces, uses light-coloured paving materials, and uses light-coloured materials or highly reflective coatings for roofing materials as much as possible.
	High efficiency water-saving appliances
	The project uses all Grade I sanitary ware to achieve high-efficiency water savings, and the cooling tower's water flow rate meets LEED requirements.
	Rainwater recycling
	All on-site rainwater will be collected, treated, and reused for greening irrigation and road washing to save fresh water.
	Energy efficiency optimisation
	A comprehensive energy consumption simulation has been conducted based on the design of the project envelope and the HVAC system, the equipment's energy efficiency and the indoor lighting power density. According to the simulation's calculations, the designed building will reduce costs by 16.3% annually compared to the ASHRAE benchmark building.
	High efficiency air treatment
	The project adopts G4+F8 medium- and high-efficiency filtration devices to guarantee indoor air quality. In addition to basic ventilation, the volume of fresh air will be increased by 30% to avoid insufficient fresh air when there are many people in the building.
	Enhanced commissioning
	In addition to basic commissioning, the project will also ensure that an efficient operational strategy is maintained for the energy consumption system and that timely support is provided for operations through functional testing and problem documentation of HVAC, the HVAC control system and the lighting system.
	Full life cycle assessment
	The project has conducted a full life cycle assessment (LCA) of the new building to calculate the percentage reduction in various environmental impact indicators of the new building compared to the benchmark building.

The Haikou International Duty-Free Shopping Complex Project and Sanya International Duty-Free Shopping Complex Zone C are equipped with building automation systems, air quality monitoring systems, intelligent lighting systems and other intelligent control systems. During their operating periods, the following measures have been taken to promote green and low-carbon operations:



Making full use of the building automation system, taking into account the actual operating needs of the projects to optimise operating strategies, and realising intelligent group control of cold station equipment. Frequency conversion technology is also applied to the water system and air system to comprehensively reduce the energy consumed by the transmission and distribution system of the refrigerator equipment and the operation of air conditioning terminals, so as to conserve energy and reduce consumption and carbon emissions.



Using the air quality monitoring system to perform real-time monitoring of indoor air quality (such as analysing carbon dioxide, PM_{2.5} and other indicators), and enabling intelligent regulation of the fresh air system and air purification equipment, to ensure that indoor air quality meets relevant standards.



Using the intelligent lighting system, which features refined lighting design and diversified lighting styles, to exercise control of landscape lighting by zone, point location, system, time interval and mode and create multiple lighting scenes while saving energy consumed by the lighting system.



The projects are also equipped with Intelligent Operations Centres (IOCs), which harness the Internet of Things, passenger flow perception, intelligent security solutions, energy consumption analysis and ticketing services, among other tools, to facilitate low-carbon operations.



Case study

In 2024, the company conducted energy-saving renovations for existing buildings through various initiatives

The company actively promoted the application of energy-saving equipment by installing energy-saving lighting, air conditioners, fans and other equipment in all duty-free complexes and stores, while eliminating equipment with high energy consumption, installing time control switches, and imposing strict limits on equipment usage. We also cleaned air conditioners on a regular basis to improve their energy efficiency.

Haikou International Duty-Free Shopping Complex and Sanya International Duty-Free Shopping Complex Zone C separately measured power consumption, water consumption and natural gas consumption, and used the integrated building management system (IBMS) to compile monthly carbon emission statistics and engage in related analysis.

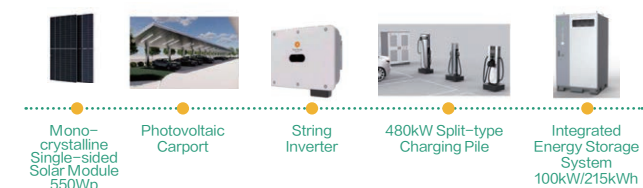
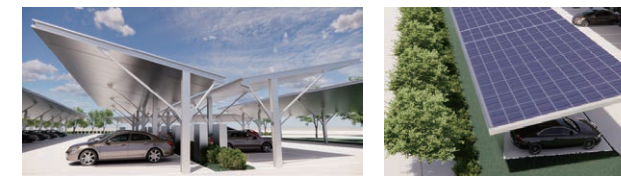
The Sanya International Duty-Free Shopping Complex Building A and Building B Renovation Project upgraded the buildings' control and energy management system to improve the comfort, safety, energy efficiency and management efficiency of the buildings. Using the intelligent building management system, we are able to exercise centralised control over and coordinate

equipment in the buildings, so as to further optimise resource use and make the environment more comfortable.

In August 2024, based on Hainan province's policy of cancelling the difference between peak and valley time-of-use (TOU) electricity prices, Sanya International Duty-Free Shopping Complex Phase 2 carried out technical transformation of its existing ice storage system. Specifically, we renovated the air-conditioning circulation pipelines to directly connect the refrigerators with the terminals, which reduces pipeline loss, improves the thermal efficiency of the refrigeration system and lowers electricity costs. Statistics show that the average daily energy savings resulting from this renovation amount to 2,300 kWh, and annual electricity savings are about 690 MWh.

In addition, Sanya International Duty-Free Shopping Complex Phase 2 has replaced the lighting equipment in its basement parking lot, logistics corridor and other public areas with LED lamps, which are expected to save 10.5 MWh of electricity annually.

We will increase the use of renewable energy, including by expanding the use of solar photovoltaic technology. China Duty-Free (Haikou) Investment Development Co., Ltd. has signed strategic cooperation agreements with photovoltaic manufacturers, and has devised an overall plan under which photovoltaic technology will be installed in stages for the Haikou International Duty-Free Shopping Complex Project. By the end of 2024, the intelligent optical storage and charging microgrid system of the Haikou International Duty-Free Shopping Complex Plot 1 Project was still under construction. The system consists of a photovoltaic carport system, an energy storage system and a charging/discharging system. According to the plan for this project, we will build a photovoltaic carport system with a capacity of 275.55kW, an energy storage system with a capacity of 100kW/215kWh, and five 360kW charging pile systems and one 480kW charging pile system.



Combating the Typhoon with Determination and United Efforts

In 2024, typhoons such as Super Typhoon Yagi and Severe Typhoon Bebinca landed in China, bringing unprecedented challenges to our business operations. However, in fighting against the storms, we demonstrated our strong coping capacity and climate adaptability, and we worked together with determination to implement scientific disaster prevention and mitigation measures and conduct efficient post-disaster recovery and reconstruction.

In order to effectively mitigate damage caused by typhoons and ensure the safety of the company's properties and employees, the company and its stores have formulated the "Comprehensive Emergency Plan", the "Emergency Plan for Typhoon Mitigation (and Flood Control)", the "Emergency Plan for Typhoon Prevention of Sanya International Duty-Free Shopping Complex", the "Emergency Management Regulations" and other relevant requirements. CDF Investment Development also requires each project under construction to prepare a "Construction Plan for Flood, Typhoon and Lightning Prevention". All affiliated enterprises are required to pay close attention to and strengthen monitoring and alerts for extreme weather events such as typhoons. They must devise detailed work plans, build robust defences, and prepare to prevent and address typhoons such as Super Typhoon Yagi, Severe Typhoon Bebinca and Severe Tropical Storm Pulasan, so as to keep our people and properties safe from harm.



▲ Night patrol at the Riyue Plaza Duty-Free Shop



▲ Reinforcement of doors and windows at the Riyue Plaza Duty-Free Shop

Main features of the project:



Low-carbon image:

Establishing a photovoltaic carport system in the charging space at the main entrance and exit areas of the park.



Integrated design:

Integrating photovoltaic systems, energy storage systems and charging pile power distribution systems as necessary to realise integrated "generation – storage – charging" capabilities.



Economic effectiveness:

Through photovoltaic power generation, we can achieve the goal of self-generation for self-consumption in an automated manner and feed any surplus electricity into the grid, or consume all the self-generated electricity, effectively reducing power costs.



Intelligent control:

With ECC, an intelligent energy management system, we can engage in energy management and orderly dispatching covering photovoltaics, energy storage, charging piles (clusters) and the power grid. In this way, we will digitalise our energy use and harness the Internet of Things to connect multiple systems.

During the pre-warning for Super Typhoon Yagi and the duration of its landfall, the company's director and general manager Mr. CHANG Zhujun visited the front line personally and organised all units in Hainan to quickly establish an emergency headquarters to combat the typhoon. Specifically, he organised five coordination video calls to track the dynamics of the typhoon in real time, issue typhoon prevention guidelines and safety tips, and gain a full understanding of Yagi's impact on all units. He also deployed targeted defence measures, and closely liaised with local emergency departments to set up an efficient and unified command system. Haikou International Duty-Free Shopping Complex, Riyue Plaza Duty-Free Shop, Sanya International Duty-Free Shopping Complex, Meilan Airport Duty-Free Shop, China Duty-Free (Haikou) Investment Development Co., Ltd. and other units set up their own respective typhoon and flood prevention working groups, which organised Party-member management and employees to patrol key areas such as duty-free stores, warehouses, and projects under construction. They also added wind barriers and stored sufficient sandbags, rain gear and other emergency supplies to strengthen vulnerable areas, and transferred goods to safe areas to minimise the impact of typhoons.



▲ Reinforcement of doors and windows at the Meilan Airport Duty-Free Shop



▲ Reinforcement of doors and windows at the Boao Duty-Free Store

In the aftermath of the typhoons, all units of the company in Hainan “paid equal attention to two aspects” (“两手抓”), namely resumption of work and production and post-disaster recovery. To this end, they thoroughly investigated and measured the damage suffered by each unit, and carried out a “comprehensive and exhaustive” (“拉网式”) safety inspection and physical stocktaking of goods and materials in key areas such as offices, stores, warehouses and staff dormitories. They also actively cooperated with government departments to carry out comprehensive investigations to detect hidden safety hazards in key areas such as power facilities, fire-fighting facilities, fences, billboards, elevators and building facades, with a focus on preventing secondary hazards from building parts loosening and falling off, road collapse, engineering equipment failure, and post-disaster infectious diseases. Meanwhile, all units in Hainan also organised Party and “mass commando teams” (党群突击队) to carry out post-disaster clearance and siltation alongside government departments, facilitating urban reconstruction.



▲ Hainan DF volunteered to assist in post-disaster recovery and reconstruction after Super Typhoon Yagi



▲ Post-typhoon warehouse inspection



▲ The Boao Duty-Free Store engaged in reconstruction work after Typhoon Trami

Green Buildings with Excellent Adaptability

When Hainan was hit by Super Typhoon Yagi, the company’s duty-free stores rose to the challenge:

- Haikou International Duty-Free Shopping Complex and Sanya International Duty-Free Shopping Complex Zone C are streamlined buildings, which reduced the damage inflicted by Yagi. Haikou International Duty-Free Shopping Complex Plot 1, Haikou International Duty-Free Shopping Complex Plot 4 and the Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 hotel projects under construction are subject to strict requirements in terms of the size of window sashes and decorative components, and they are outfitted with reinforced anti-falling fixtures. Wind tunnel tests have been conducted to determine the wind load of the projects, demonstrating the safety of the projects’ structures and curtain walls under typhoon conditions. For areas with high local wind speeds, we strengthened structures and curtain wall components to improve the wind resistance and safety of indoor and outdoor sites.
- Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex Zone C, Haikou International Duty-Free Shopping Complex Plot 1, Haikou International Duty-Free Shopping Complex Plot 4 and the Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 hotel projects have been effectively designed to meet the requirements of ecological adaptability and ecological protection. For example, a variety of local plants have been selected for their landscaping, which greatly improves the adaptability of the projects in typhoons and other severe weather conditions.
- The sites of Haikou International Duty-Free Shopping Complex, Haikou International Duty-Free Shopping Complex Plot 1, Haikou International Duty-Free Shopping Complex Plot 4 and the Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 hotel projects are equipped with a large number of permeable paving materials, rainwater storage tanks and sunken green spaces. As a result, the projects are able to quickly collect rainwater in strong rainstorms, maximise the absorption and mitigation of rainwater by buildings, roads and green spaces, and leverage the role of green facilities in emissions reduction, so as to relieve pressure on the urban drainage pipe network.

Green Alliance: Joining Hands with Brands to Open a New Chapter

Over the years, the company fully leverages its influence in the supply chain and connects upstream brands and downstream customers to carry out green environmental protection activities. In this way, we convey the “green cdf” message and encourage customers to embrace the philosophy of sustainable consumption, with the goal of promoting the transition to a better consumption ecosystem, and promoting the development of the entire industry in a more green and sustainable direction.

Case study The company cooperated with partners to carry out “Coral Reef Conservation”

8 June 2024 marked the 16th World Oceans Day and the 17th National Marine Publicity Day. On this special date, the Sanya Downtown Store, together with the Lancaster brand and Blue Ribbon Ocean Conservation Association, visited Wuzhizhou Island Tourist Area and Sanya Haichang Fantasy Town to carry out public welfare activities for marine conservation. The activities were themed “Guarding the Pure Coral Reef with LAN (与LAN同行守护纯净珊瑚海)”. During the event, volunteers planted “trees” (precious coral seedlings) on the seabed, making a valuable contribution to the restoration of the marine ecosystem.



Case study The company launched the “Blue Sea Action (蔚海行动)” public welfare project to make every payment-by-tapping an act of charity

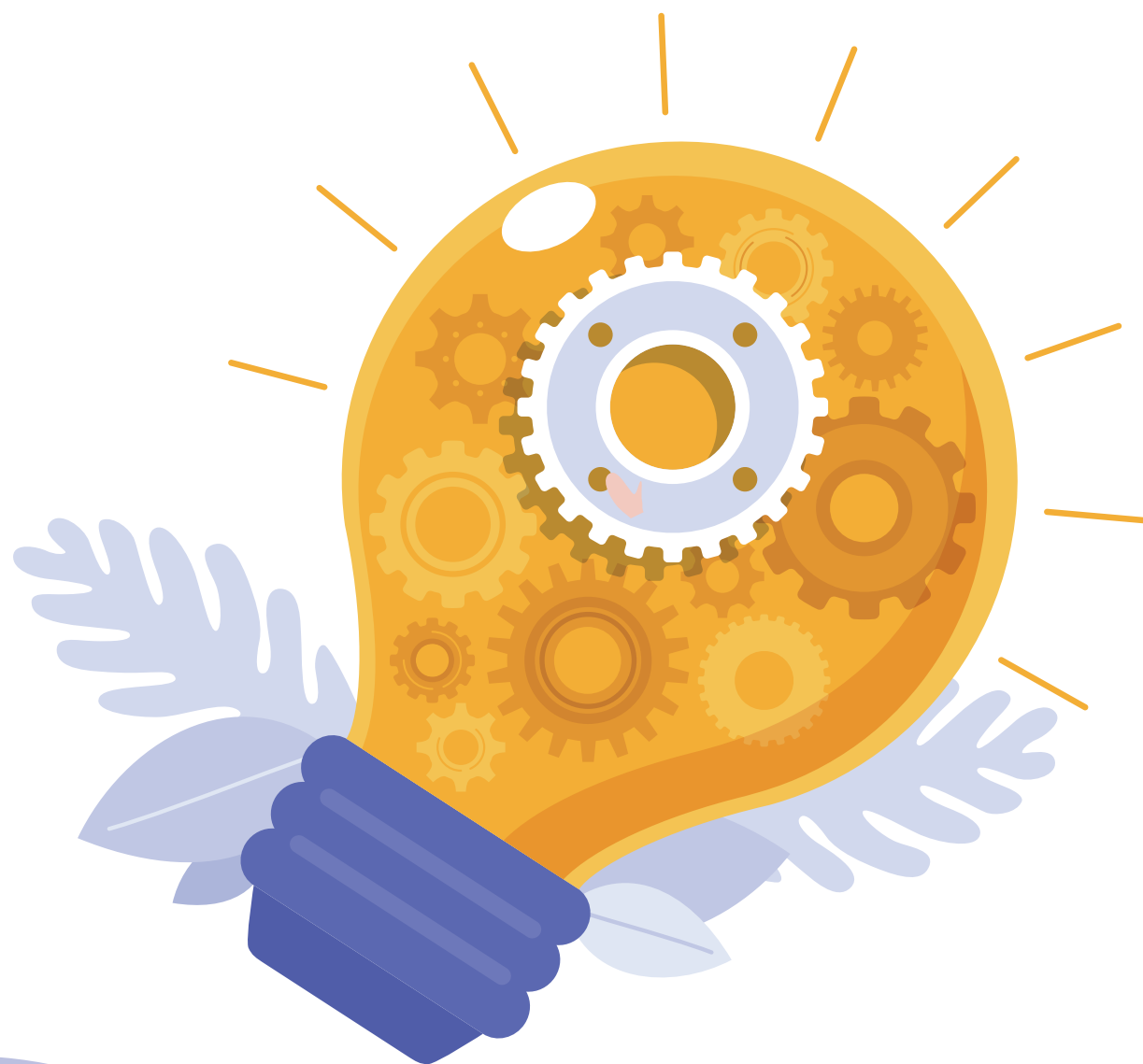
On 27 December 2024, the company’s six duty-free stores in Hainan all launched the “pay by tapping” payment service, which provides consumers with a more convenient and efficient consumption experience. At the same time, these stores launched the “tap and donate (你碰我捐)” public welfare initiative. For every payment made by tourists using the “pay by tapping” service in any CTG DUTY-FREE store, we will donate CNY1 to the SEE Foundation to support the protection and repair of seaweed beds in Hainan, with a daily limit of 10,000 on the number of payments. This was also the first case in which the company has incorporated “pay by tapping” into a charitable initiative.



Case study The company planted more than 10,000 saplings to jointly cultivate “a marine forest”

In March 2024, the company and Edrington Group held an activity in Sanya that was themed “jointly planting a marine forest”. On the day the activity was launched, volunteers planted more than 360 seedlings, making a significant contribution to the mangrove reservation in Qingmei Port. The larger project, which started in November 2022, aims to restore the Sanya Mangrove Reserve. By November 2024, a total mangrove area of 30 mu had been repaired and expanded, with more than 10,000 seedlings planted.





01



Principles of Governance

ESG Strategy: Clarifying Key Priorities	38
Robust Governance System for Long-term Stable Operations	44
Complying with Commercial Ethics to Reinforce Internal Control Compliance	48

CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 16 and 17, and has been continuously improving corporate governance and empowering corporate sustainability with ESG.



ESG Strategy: Clarifying Key Priorities

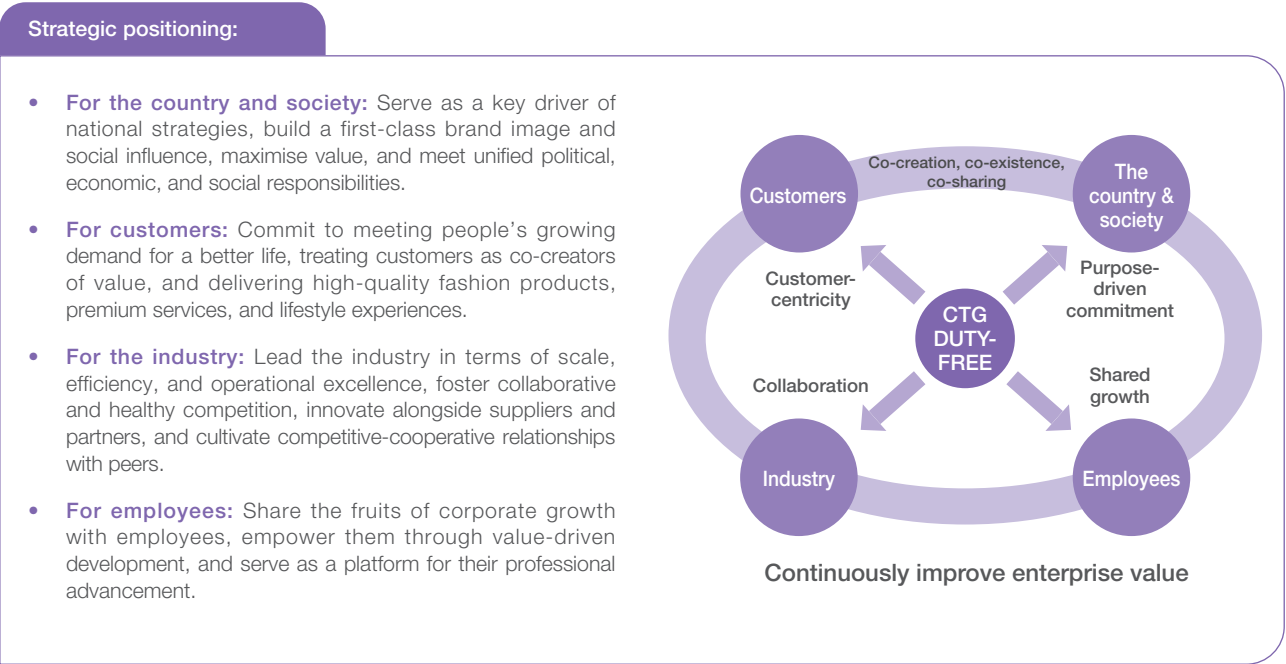
Sustainable development strategy

CTG DUTY-FREE strategic vision and strategic objectives in respect of the 14th Five-Year Plan

To become a first-class travel retail operator with global competitiveness, international influence and leading profitability.

With a focus on customers and adapting to evolving market dynamics, the company aims to consolidate its domestic duty-free leadership while optimising business structures, refining new retail models, accelerating international expansion, and driving

integrated development across online-offline platforms, duty-free and taxable goods, airport and city locations, domestic and international markets, and imported and domestic products. By enhancing synergies in procurement, supply, and sales, pursuing digital transformation and strengthening our capital operations capabilities, we are confident that we will achieve high-quality, sustainable growth.

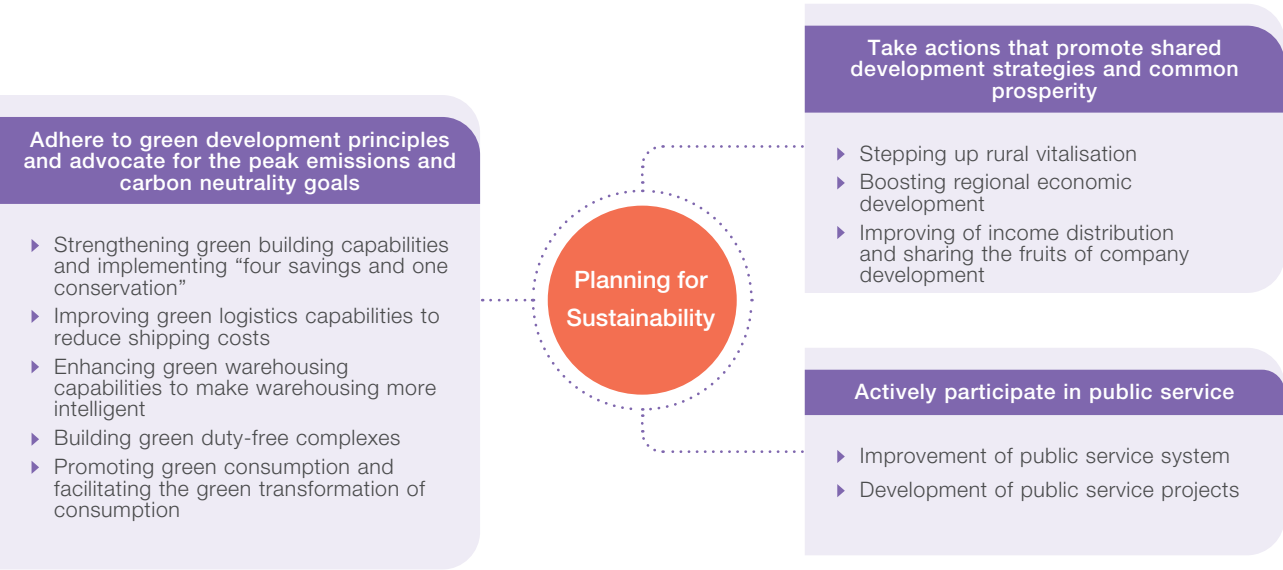


ESG Targets

To build a central state-owned enterprise that upholds the principles of **integrity, safety, environmental awareness, and harmony.**

Planning for Sustainability

With high-quality development as our core direction, we have implemented the five development concepts of “innovation, coordination, going green, openness and sharing”. CTG DUTY-FREE actively fulfils its social responsibilities as a central state-owned enterprise, and we are preparing for a new stage of development under the direction and goals described in the 14th Five-Year Plan (14th FYP) and are striving to achieve these goals.



The company has been included in various domestic and international sustainability indexes, demonstrating capital markets’ recognition of the company’s ESG efforts.

Hang Seng (China A) Corporate Sustainability Benchmark Index (“HSCASUSB”)	FTSE4Good Index Series
Hang Seng SCHK China Central Central State-owned Enterprises (SOEs) ESG Leaders Index	CSI 800 ESG Benchmark index
Hang Seng SCHK China Central SOEs ESG 40 Index	Shanghai and Shenzhen 300 ESG Benchmark index
Hang Seng SCHK China Central State-owned Enterprises ESG Enhanced Index	SSE 180 ESG Benchmark index
Hang Seng SCHK China Central State-owned Enterprises ESG Index	China Reform Central- SOEs ESG Growth 100 Index

CTG DUTY-FREE's 2024 ESG performance and 2025 ESG targets		
Sector	Achievement of 2024 ESG targets	2025 ESG targets
Green office	<ul style="list-style-type: none">Continued to advocate energy conservation and emissions reduction, fully implemented energy conservation and environmental protection initiatives, and thoroughly put the "Green and Low Carbon Initiative" into practiceIn 2024, no major incidents involving energy conservation or environmental protection violations occurred, and the company received no penalties or notifications from environmental protection authorities	<ul style="list-style-type: none">Continue to advocate energy conservation and emissions reduction, and improve green operations management capabilities and energy efficiencyAvoid major incidents involving energy conservation or environmental protection violations and avoid penalties or notifications from environmental protection authorities
Green building	<ul style="list-style-type: none">Sanya International Duty-Free Shopping Complex Zone C obtained 2-star Green Building certificationHaikou International Duty-Free Shopping Complex (Block No.4) obtained 2-star Green Building pre-certificationContinuously optimised existing facilities' energy efficient transformation, and conducted carbon footprint managementWorked with brand partners to apply for LEED certifications: 13 stores/counters obtained LEED certifications	<ul style="list-style-type: none">Follow green building standards in new construction projects and apply for green building certificationsContinue to promote energy-efficient transformation of existing facilitiesActively explore the use of new energy sourcesFacilitate brand partners to obtain LEED certification
Operational safety	<ul style="list-style-type: none">129 responsibility pledges were signed regarding operational safety targets, reflecting 100% coverage, and full coverage of operational safety responsibility (for leads in charge) was achievedConducted routine inspection and expert diagnostic safety inspection activities, and full coverage of operational safety inspections (for all places) was achievedHeld 770 operational safety trainings, 218 themed lectures, drawing 32,300 participants, and full coverage of operational safety training (for all staff)No safety accidents and no work-related fatalities throughout the yearEnhanced automation and smart operations, diligently staged emergency drillsSpent a total of CNY21.77 million in operational safety	<ul style="list-style-type: none">Achieve 100% signatures for the responsibility pledge regarding operational safety targets and 100% coverage of operational safety responsibility100% coverage of operational safety inspections (for all places)100% coverage of operational safety training (for all staff)No safety accidents and no work-related fatalities throughout the yearContinue to enhance automation and smart operations to empower operational safetyGuarantee investments in operational safety
Training	<ul style="list-style-type: none">Invested CNY9.54 million in employee training; total training hours exceeded 633,700 hours; training coverage reached 100% of personnel; and on average, each employee participated in 40.03 training hours	<ul style="list-style-type: none">Guarantee investments in employee trainingGuarantee investments in launching training activitiesContinue to diversify training courses
Anti-corruption advocacy	<ul style="list-style-type: none">Conducted onboarding integrity training for 100% of new leadersCarried out seven anti-commercial bribery and anti-corruption trainings for all employees, three anti-commercial bribery and anti-corruption trainings for Managerial employees, and one anti-corruption training for directors and supervisors, including independent directors, with a training coverage rate of 100%	<ul style="list-style-type: none">Conduct onboarding integrity training for 100% of new leadersConduct onboarding integrity training for 100% of new joinersAchieve a 100% coverage rate in annual anti-corruption training
Public services	<ul style="list-style-type: none">Spent CNY13.72 million in free aid in rural revitalization, implemented 15 assistance projects and helped raise CNY6.42 million in assistance fundsThe company fully leveraged its influence in the supply chain and cooperates with multiple partners – from brand partners to consumers – to jointly explore innovative paths to green and sustainable developmentActively participate in environmental protection, education, community activities and other public welfare undertakings	<ul style="list-style-type: none">Closely monitor and respond to community and societal needs

Stakeholder Communication

Stakeholder Communication Mechanisms

The company attaches great importance to communication with stakeholders and actively builds a robust internal and external communication platform. We pay attention to material issues of concern to our stakeholders and continuously reinforce our management to better respond to their expectations and create value for them.

Stakeholders	Stakeholder expectations	Communication and participation mechanism	Corporate response
 Shareholder/ Investors	Improvement of market capitalisation and profitability Protecting shareholders' rights and interests Standardisation corporate governance Accurate information disclosure Smooth investor communication Improvement of ESG performance Business Strategies Changes in Industry Policy Business Development Directions	Periodic reports and announcements Communication via SSE e-interactive platform Official website, new media platforms, telephone, fax and emails, General Meeting of Shareholders, performance presentations, roadshows, analyst meetings, investor reception day, investor seminars	Provision of truthful and adequate information disclosure Improvement performance and generate profits Diversified investor communication channels Improvement of ESG practices
 Consumers	Product quality guarantee Improvement of shopping experience Protecting customers' legitimate rights and interests	Communication during service process Diversified after-sales channels Customer satisfaction surveys	Meeting product quality Good service quality Improvement of the mechanism of after-sales service Innovative service practice
 Employees	Guaranteed remuneration Good working environment Improvement of communication mechanisms Employee development and career paths	Employment contracts Trade union, general meetings of employee representatives Seminars and condolence visits	Enhancement of the remuneration and welfare system Improvement of the system for general meetings of employee representatives Provision of a strong career development ladder Diversified staff trainings Various staff activities Establishment of healthy and safe working environment
 Business partners	Honest, fair, and provision of mutual benefits Maintenance of long-term cooperation Complying with business ethics Promotion of supply chain's sustainable development	Daily business exchanges Business meetings and negotiations Document correspondence Procurement activities Industry forums	Legal perform of contracts and agreements Arrangement for open and fair tendering Open and transparent business principles Collaborations on environmental projects Continuous diversification of cooperation models
 Communities	Community engagement and development Public services support Social development concerns	Research via site visit Public service activities Targeted assistance Volunteer services	Actively participation in public services Targeted assistance projects Community development support Advocation of green development
 Government and regulators	Law-abiding compliant operations Undertaking social responsibility Promotion of economic development	Participation in relevant trainings, and conferences Daily communication and information reporting Document notifications Cooperation between government and enterprise	Abiding by laws and policy requirements Tax payment in accordance with laws Compliant information disclosure Promoting regional economic development Increase of local employment
 Industry associations	Promotion of industry development	Daily communication Document notifications Participation in associations' conferences and activities	Performing duties as an association member Participating in conferences and activities held by industry associations Sharing our experiences with a wide audience

Double Materiality Assessment for Sustainability Topics

In accordance with the requirements from *Sustainability Report (Trial)* issued by the Shanghai Stock Exchange, the company conducted a double materiality assessment of key topics. Considering the unique characteristics of the travel retail industry and its operational focus, the company evaluated whether each identified topic significantly impacts corporate value (hereinafter referred to as financial materiality) and whether its performance in respect of these topics could substantially affect the economy, society, and environment (hereinafter referred to as impact materiality).

We collect topics of concern to critical internal and external stakeholders includes employees, management, investors, consumers, brand names, etc. through questionnaires and interviews. Then, we perform the double materiality assessment and rank the results to identify the company’s financial material and impact material environmental, social and governance topics, and disclose them in the Report.

CTG DUTY-FREE’s process for assessing the materiality of sustainability topics

01

Identify the topics and form a database

- We form a basic database based on the findings of the *Sustainability Report (Trial)* issued by the Shanghai Stock Exchange, the *ESG Code* issued by the Hong Kong Stock Exchange, and the *ESG Metrics System for ESG Reports of Listed Companies Controlled by Central State-owned Enterprises* issued by the SASAC; and in combination with international sustainability frameworks and disclosure standards, such as the GRI standards, UN SDGs, the Sustainability Accounting Standards Board (SASB).
- To form the final database, we incorporated macro policies, key areas of the company’s sustainability work, feedback from stakeholders, industry topics concerned by capital markets such as MSCI, S&P DJSI, CDP, Morningstar, and topics disclosed by peer companies at home and abroad.

02

Communication and survey with stakeholders

- Prepare the online questionnaire to assess material sustainability topics, and the questionnaire is designed to take into account two dimensions (financial materiality and impact materiality), then invite stakeholders to rate the materiality of relevant topics;
- Interview stakeholders to collect feedback and suggestions on sustainable development practices from supply chain partners, ESG specialist and others, on our sustainability practices, and their views on future sustainability strategy.

03

Engaging with key stakeholders and experts

- In terms of financial materiality, the financial department identified topics with potential financial materiality, which were then reviewed and confirmed by the relevant departments who are responsible for operational management of these topics.
- The topics with potential financial materiality that had been confirmed on a preliminary basis were then compared against the company’s key areas of business management, SASB and disclosures of peer companies at home and abroad, with no significant differences found. We then further screened the list of topics with financial materiality.

04

Topic confirmation and approval

- The assessment results of the double materiality assessment were then submitted to the Board’s Strategy and Sustainability Committee under the Board for deliberation;
- Relevant departments further strengthened sustainability management and disclosures regarding the approved financially material topics.

05

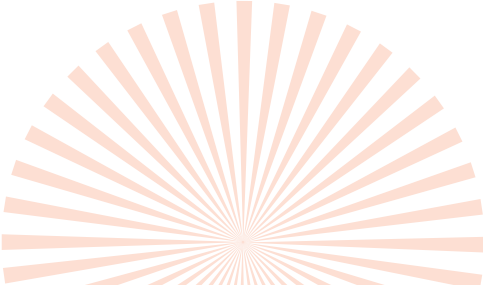
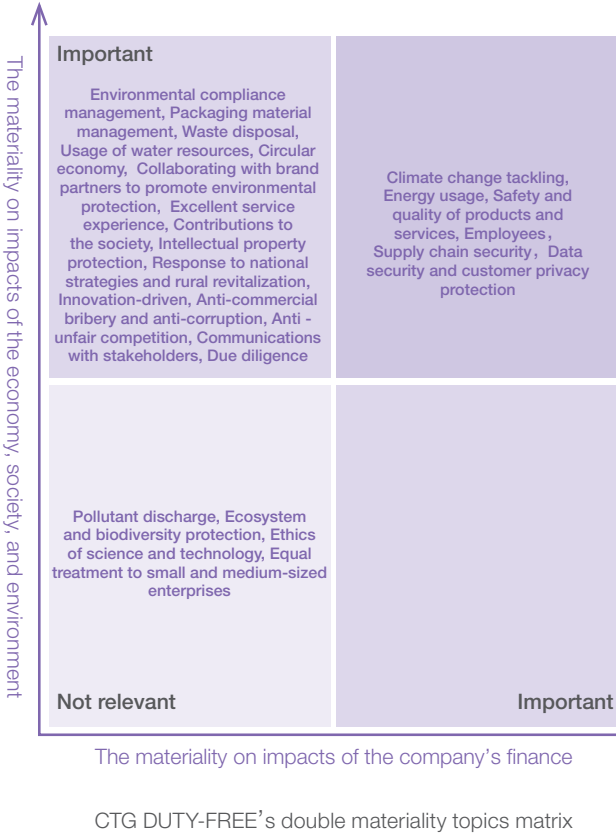
Review and continuous follow-up

- After the end of the reporting period, the company will organise stakeholders to give feedback on the contents of the Report and prepare for the future sustainability management and disclosure.

CTG DUTY-FREE’s double materiality topics database

The company assesses the double materiality of sustainability topics from the two dimensions of “financial materiality” and “impact materiality”. Based on an effective selection from the database and sufficient stakeholder engagement, the company has depicted a materiality assessment matrix and finally identified 6 topics of both financial materiality and impact materiality, 15 topics of only impact materiality but not financial materiality, and 4 topics that are neither of financial materiality nor of impact materiality.

Category	Number	Sustainability topics	Financial materiality	Impact materiality
Environment	1	Climate change tackling	✓	✓
	2	Environmental compliance management		✓
	3	Packaging material management		✓
	4	Waste disposal		✓
	5	Energy usage	✓	✓
	6	Usage of water resources		✓
	7	Circular economy		✓
	8	Collaborating with brand partners to promote environmental protection		✓
	9	Pollutant discharge		
	10	Ecosystem and biodiversity protection		
Social	11	Excellent service experience		✓
	12	Safety and quality of products and services	✓	✓
	13	Employees	✓	✓
	14	Contributions to the society		✓
	15	Supply chain security	✓	✓
	16	Data security and customer privacy protection	✓	✓
	17	Intellectual property protection		✓
	18	Response to national strategies and rural revitalization		✓
	19	Innovation-driven		✓
	20	Ethics of science and technology		
	21	Equal treatment to small and medium-sized enterprises		
Governance	22	Anti-commercial bribery and anti-corruption		✓
	23	Anti – unfair competition		✓
	24	Communications with stakeholders		✓
	25	Due diligence		✓



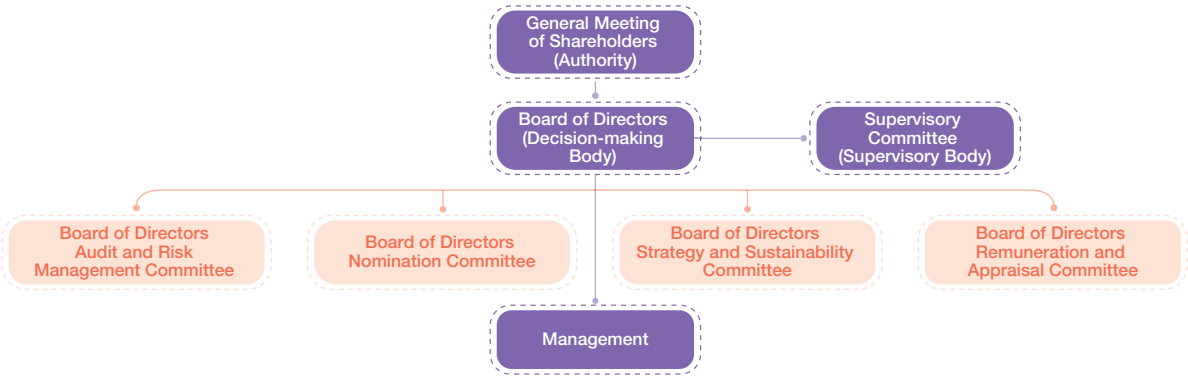
Robust Governance System for Long-term Stable Operations

Corporate Governance

Robust Governance System

The company has established a governance system consisting of the Party Committee, General Meeting of Shareholders, the Board of Directors, the Supervisory Committee, and the Management with a clear division of authority, responsibilities, and regular operations. The Party Committee plays a leading role in “setting the direction, managing the overall picture, and ensuring implementation”, and implements the decisions and plans made by the CPC Central Committee and national development strategies. The General Meeting of Shareholders represents the highest decision-making authority and plays an overall guiding role in the company’s operation and development. The Board of Directors plays the role of “setting strategy, making decisions and preventing risks”, exercising decision-making power on major issues of the company in accordance with legal procedures and the “Articles of Association”, and carrying out its work strictly with the “Articles of Association” and the “Rules of Procedure of the

Board of Directors”. Four special committees, namely the Strategy and Sustainability Committee, the Audit and Risk Management Committee, the Remuneration and Evaluation Committee and the Nomination Committee, have been set up under the Board of Directors to provide consultation and advice to the Board on significant decisions. The Supervisory Committee, as the supervisory body, is responsible for overseeing the performance of the Board and management. The management level is responsible for the operation, implementation, and administration, and is subject to the management of the Board of Directors and the supervision of the Supervisory Committee. In 2024, the company convened 2 shareholders’ meetings, 15 board meetings, and 6 supervisory board meetings. The special committees of the board of directors held 19 meetings in total. Among these meetings, the Board of Directors Strategy and Sustainability Committee held 4 meetings in total.



CTG DUTY-FREE has formed a corporate governance system based on the “Articles of Association” and concerning the “Rules of Procedure of the General Meeting of Shareholders”, the “Rules of Procedure of the Board of Directors”, the “Rules of Procedure of the Supervisory Board” and the “Rules of Work of the General Manager” in accordance with the requirements of the *Company Law* and the *Code of Governance for Listed Companies*. During the reporting period, the company established and refined its “1+N” corporate governance system. It made high-quality revisions to 12 governance-related documents, including the “Articles of Association”, the “Rules of Procedure of the General Meeting of Shareholders”, the “Rules of Procedure of the Board of Directors”, the “Independent Director System”, and the rules of procedure for special committees, thereby strengthening the foundation of corporate governance. We continued to enhance the operational mechanisms of the Board, optimised the Board’s composition, actively promoted Board member diversity, and leveraged the effectiveness of special committees, with a view to substantially improving the quality and efficiency of decision-making.

As of 31 December 2024, the company’s Board comprised eight directors, including two female directors, representing 25% of the board of directors. Three independent directors are mainly drawn from first-class universities, research institutes and think tanks. They have held important positions in large

state-owned enterprises, financial enterprises, and accounting firms, and they possess strong professional qualifications and experience in financial audit, legal risk control, new retail, and digital transformation. Their presence enhances the diversity and complementarity of the company’s Board in terms of the members’ experience and capabilities. We are committed to cultivating a professional and diverse Board of Directors that aligns with the strategic positioning of the company as a world-class tourism retail enterprise. All directors have a term of three years, and accessible for re-election when their term of office expires, if eligible. Independent non-executive directors are not allowed to hold the position for more than six consecutive years. In terms of educational background, 3 directors have doctorate degrees, 4 have master’s degrees, and one has a bachelor’s degree. The directors have a balanced mix of knowledge and skills. They obtained degrees in various areas and possess experience from different industries and sectors. The current Board is characterised by significant diversity in terms of skills, experience, knowledge, gender, age and other areas, in compliance with the requirements on Board diversity.

The company’s Supervisory Board comprises three members, including two female members (67% representation). The company’s senior management consists of 8 executives, including 2 female executive, representing 25% of senior management personnel.

Professional backgrounds of Board members								
	Name	Business Management	Retail industry	Finance & accounting	Legal expert	Digital transformation	Information security/cyber security	Environmental protection/energy conservation and emission reduction/resource and energy use
1	FAN Yunjun	✓	✓			✓	✓	
2	LIU Kun	✓	✓					✓
3	WANG Xuan	✓	✓					
4	CHANG Zhujun	✓	✓					
5	WANG Yuehao	✓	✓					
6	GE Ming			✓				
7	WANG Ying				✓			
8	WANG Qiang		✓			✓		

The company incorporated sustainable development governance into strategic decision-making and daily management, strengthened awareness of sustainable development governance in a practically manner, and constantly promoted standardisation and institutionalisation. Departments and affiliated companies have designated sustainability governance officers to oversee the implementation of relevant measures. For details, please refer to the “Statement of the Board of Directors” section of this report.



CTG DUTY-FREE Sustainable Development Governance Structure

Information Disclosure

The company has formulated the “Information Disclosure Management System” to strengthen its management of information disclosures, including sustainable related information, and protect investors’ legitimate rights and interests. The company disclose information truthfully, accurately, completely, promptly, and fairly, in strict compliance with the *Company Law*, the *Securities Law* and other laws and regulations, as well as the relevant regulations of the CSRC, SSE, HKEX. We continue to regard “zero-error” information disclosure as its basic goal, and we are steadily improving our information disclosure system accordingly to effectively protect shareholders’ right to know and enhance the effectiveness of our information disclosures.

As an A+H listed company, CTG DUTY-FREE has been addressing the differences in capital market regulatory concepts and rules between the A-share market and the H-share market. The company follows the principle of “early start, frequent communication, and focus on quality and efficiency” to optimise its system for regular reporting, announcements, and key information disclosure, and to regulate related-party transactions, dividend planning and other details.

In line with SASAC’s requirements for enhancing the quality of listed central enterprises, the company prioritises investor needs by innovating disclosure content and formats and continuously improving transparency and granularity. The company has been awarded an A-grade evaluation for information disclosures by the SSE for the past nine consecutive years (fewer than 3% of listed companies have achieved this honour for nine consecutive years).

Investor Relations

The company strictly complies with the *Company Law*, the *Securities Law*, the *Listed Company Investor Relations Management Guidance* and other laws and regulations. To improve corporate governance, deliver greater overall value and protect investor rights, in 2024, the company revised the “Investor Relations Management System”, actively responded to market demand, and carried out a series of appealing, multi-tiered investment activities for the capital market and investors.

In 2024, the company improved its mechanism for investor relations (IR) activities:

- Developed and executed annual IR plans and related schedules with clear timelines
- Conducted targeted IR activities for different groups based on information disclosures made by the company
- Based on the company’s business activities, innovated cdf-specific IR activities that align with market initiatives
- Established mechanisms to monitor public sentiment and provided proactive guidance to cultivate a positive perception of the company in the market
- Enacted structured dividend distribution policies to strengthen the value of the company as perceived by investors



In 2024, the company:

Held **3** business tracking exchange meetings

Held **136** strategy sessions with brokers

Interacted with about **4,600** investors, including **3,556** institutional investors


Fielded over **1,000** investor hotline inquiries

Staged **3** performance presentations

Conducted **126** diverse communication activities

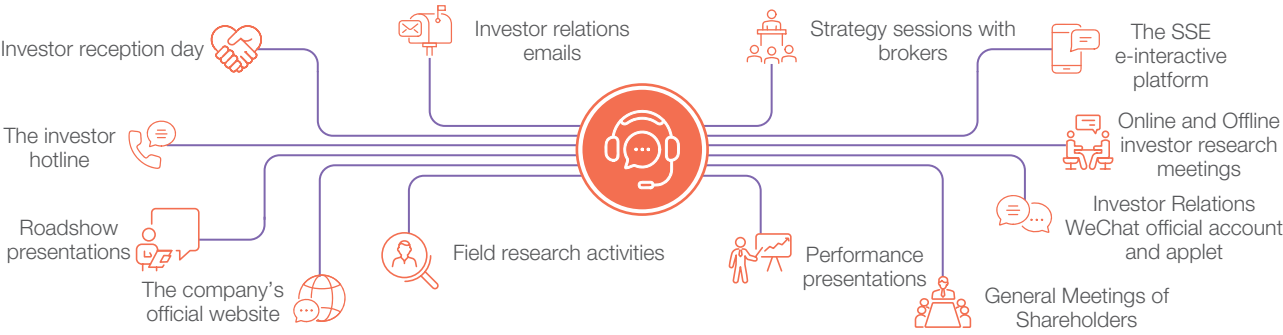
Sent **150+** email responses

Conducted **62** investor surveys and **4** field research activities




Guided by the needs of investors, the company continuously enriches and improves the smooth investor communication channels to enhance pertinence and effectiveness. We also improve the quality of investor relationship management and convey corporate investment value to the market precisely and timely to promote high-quality development of the company.

Diversified Communication Mechanism



Case study cdf-style Hainan sharing session – inviting investors to experience cdf

In April 2024, during the 4th China International Consumer Products Expo in Haikou, Hainan province, the company invited key institutional investors to gather for a research seminar on the island. At the flagship Hainan store, we held a thematic sharing session titled “Looking at High Mountains, Gazing at Long Rivers”. The company’s representatives outlined cdf’s future strategies for Hainan’s offshore duty-free business and engaged in in-depth discussions on investor concerns, including business enhancement measures, membership expansion/management, and customer service improvements. After the session, investors participated in interactive brand experiences, giving them the chance to enjoy cdf’s premium services firsthand.



Case study Livestream performance presentation – pioneering a “zero distance” IR model

On 5 June 2024, at the Shanghai Stock Exchange Roadshow Centre in Beijing, the company’s leadership held the 2023 annual and 2024 Q1 performance presentation using a “livestream + onsite presentation + multi-platform interaction” approach. At the session, executives presented corporate updates and addressed investor queries in detail. Using this omni-channel approach, we were able to bridge communication gaps between the company and institutional investors, retail investors and brokers, resolving concerns while directing the focus of the market to key areas and providing information regarding strategic adjustments that will be made in the future. This presentation was recognised as a “Best Practices Case for Performance Presentations” by the China Association for Public Companies.

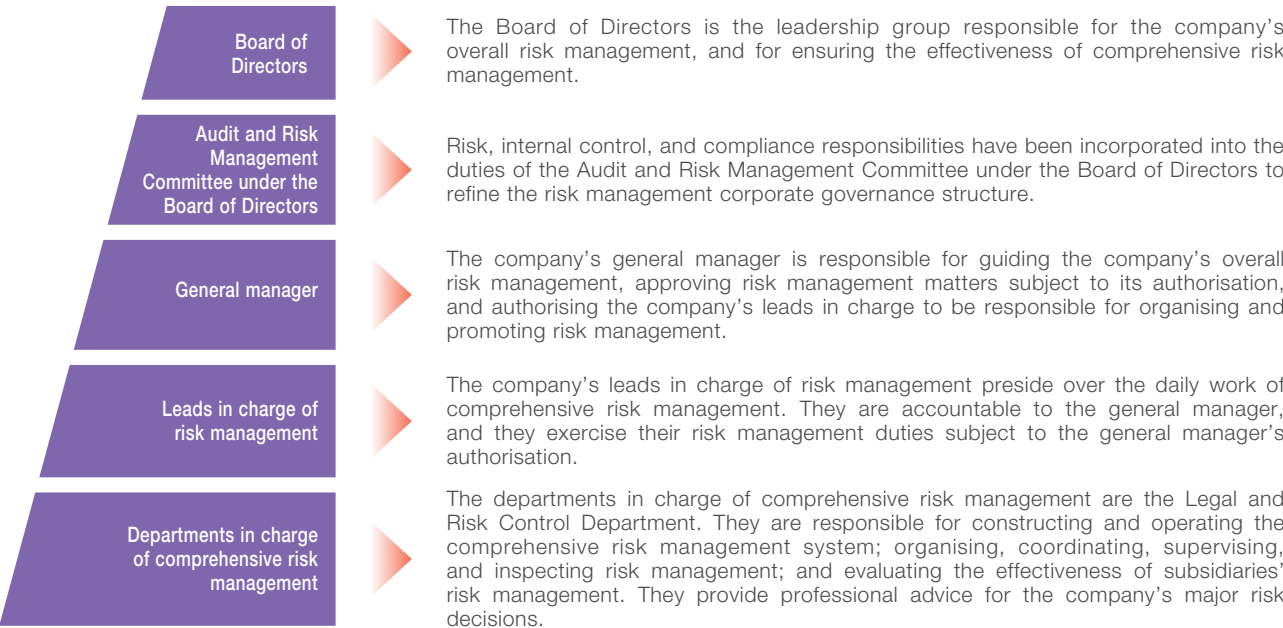


Complying with Commercial Ethics to Reinforce Internal Control Compliance

Compliance Management
Risk Management

The company formulated the "Measures on Comprehensive Risk Management" and the "Management Regulations on the Reporting of Significant Operational Risk Events", to establish an effective and comprehensive risk management system; improve risk prevention and management; clarify the collection, collation and reporting of significant operational risk events; and safeguard the company's stable operations and sustainable development.

In terms of risk governance, the company has specified the top-level personnel responsible for operational risk management, the top-level personnel responsible for monitoring and auditing risk management performance, and their relevant reporting lines.



The company performs an annual assessment of material risks based on two dimensions: the possibility of risk and the magnitude of impacts. CTG DUTY-FREE trained the compliance risk topics to all staff quarterly to enhance their awareness.

Organising a company-wide risk assessment to study and determine the risk situation in the coming year

In this regard, the first objective is to establish the risk classification of each business, fully apply the results of risk loss event analysis, internal control supervision and inspection, quantify the relevant criteria for risk analysis, and form a panoramic risk list for each business through bottom-up aggregation of risks.

The second objective is to further deepen and expand the study of risk early warning indicators, the key business areas are selected, and the selection of industry indicators and the design of early warning thresholds are studied from both quantitative and qualitative aspects to form a holistic risk early warning indicator applicable to the company. Starting from the existing system of early warning indicators for risk, the company has been optimising

and refining how indicators and early warning thresholds are set, and cooperating with the risk management system that achieves daily, full coverage, and visual management of operational risks across all the company's important sectors.

The third objective is to evaluate the probability and impact of each risk according to specific risks in the risk database. The evaluation team comprises the company's management, various departments, and key subsidiaries. Ultimately, the team determines the risk priorities for the coming year based on the comprehensive assessment, and response plans are devised for the top 10 risks. The company monitors and tracks its risk response on a quarterly basis to improve its risk response capabilities.

Improving the evaluation report mechanism and strengthening the foundation for risk management

In order to strengthen overall analysis and trend analysis of internal and external risks, and enhance the company's basic capabilities in respect of enterprise risk management, the company has further strengthened the risk assessment processes of key subsidiaries. While offering guidance on the objectives, methods, and tools of risk management reporting, we are requiring for the first time that key subsidiaries prepare their own risk management reports based on annual risk assessments. The company considers these risk management reports to be an important method for comprehensively summarising, evaluating and supervising the risk management work of each key subsidiary. Gradually, we will form a risk management model that entails "highlighting key points, hierarchical management, and three-dimensional risk prevention and control," enabling quantitative, full-coverage, visualised management of operational risks across all the company's important sectors.



Conducting special training on risk compliance topics and cultivating a risk management culture

The company delivers training on compliance risk topics to all staff on a quarterly basis to enhance their awareness of the importance of compliance issues.

We have taken the following actions to create an effective risk management culture within the company:

According to the requirements of the company's "14th Five-Year" strategic plan to comprehensively improve risk management and control, we comprehensively organise and implement tasks related to the risk management and control system and tasks related to the "year for strengthening compliance management". The company plans to establish a long-term management mechanism to enhance its overall management and risk prevention capabilities.

To this end, we have initiated the systematic construction of an internal control system, conducted risk analysis and diagnosis of business processes throughout the system, urged relevant units to implement rectifications according to the risk diagnosis report, and put forward optimisation suggestions for key issues, such as the company's digital transformation, to support management decision-making and enhance the company's overall operations and management.

The company also embeds its own requirements on risk management and control into specific control points and maps specific responsibilities to information in the risk database. In this way, we ensure that the company's internal control lists and programmes and internal control system are vertically linked and horizontally consistent. Using the system, we can generate useful management tools, such as a practical internal control manual that reflects the company's business reality, as well as risk control blacklists and whitelists.

At the end of the reporting period, the company had not identified any long-term emerging risks that could have a significant impact on future business. The company will continue to conduct risk assessments and analyse the potential impacts of emerging risks and formulate solutions if any long-term emerging risks are identified.

Internal control management

① In accordance with the *-Basic Standards for Enterprise Internal Control*, the *Application Guidelines for Enterprise Internal Control*, the *Guidelines for Corporate Internal Control Assessment* and other regulations, the company has formulated the “Management Measures on Internal Control” to establish a robust and comprehensive internal control system. The company has established a management and organisational system for internal control comprising the Board of Directors, Board of Supervisors, Operating Department, Internal Control Construction Department, Internal Control Operations Department, and Internal Control Supervision Department. For internal control management, the company adopts a system of “centralised leadership and hierarchical responsibilities”, which combines the comprehensive management of internal control supervision and management departments with the professional management of functional departments.

The company implements the internal control evaluations and prepares the “Internal Control Evaluation Report” annually, which is disclosed on the SSE website concurrently as the Annual Report.

② The company carry out various internal evaluations for affiliated companies to ensure the full coverage of corporate top-down internal management. Annual internal self-assessment covers all affiliated companies, the evaluated areas including social responsibility, safety and health, environmental protection, etc. Core entities perform semi-annual internal self-assessment regarding focused areas. On-site internal supervisory assessment is implemented irregularly. External auditors carry out the auditing task of annual internal control.

③ According to the relevant regulatory provisions, the company formulated the “Management Regulations on Rectification of Issues Identified in Internal Audits”. These regulations aim to standardise relevant rectification processes, strengthen the implementation of audit rectification, and improve the effectiveness of audit oversights. They also seek to clarify rectification responsibilities, rectification procedures, result identification, supervision and inspection, responsibility constraints, and result implementation, while improving the internal audit system.

④ In 2024, the company revised the “Management Measures on Internal Control” to further optimise the organisation structure of internal control, improve the internal control supervision mechanism, ensure that the internal control system always meets the needs of enterprise development, and lay a solid foundation for the long-term stable development of the company.

According to the annual plan, the company has rolled out the internal control oversight and evaluation of its affiliated companies. The evaluation aims to comprehensively assess and review the formation of stores’ risk and internal control systems and identify and rectify any potential risks and deficiencies. Following this, suggestions for rectification were proposed to promote the optimisation and standardisation of the stores’ internal control processes, implementing the use and optimisation of the internal control manual and other management tools, so that employees pay closer attention to risk prevention and control in an environment in which all employees actively participate and promote internal control.

During the reporting period, the company conducted multiple internal audits, including an audit of the economic responsibilities for employee termination at subsidiaries, and an audit of subsidiary operations and management. In respect of expense management, internal auditors performed spot-checks of vouchers to inspect the performance and compensation of enterprise leaders, as well as the compliance of business expenses. In addition to ethical codes, the audit also covered corporate governance, strategic decision-making, human resources management, financial management, procurement management, project management, investment management, information systems and other business areas.

Compliance management

To improve the company’s compliance regarding operations and management and to meet corporate needs in preventing compliance risks, the company has formulated the “Compliance Management Measures” to strengthen compliance management, and build an effective compliance management system. In 2024, the company’s compliance management focused on the following:

① First, we strived to make special achievements in the construction of the compliance system.

In 2024, with a focus on pursuing special achievements in the construction of the compliance system, we held the company-wide “Special Training for Compliance Management Work” session, providing training on compliance management tools and promoting the use of such tools to all employees. We also held special achievement planning meetings with key subsidiaries that have dedicated compliance management departments, supervised the on-site implementation of compliance management projects, and promoted the gradual improvement of subsidiaries’ compliance management systems.

② Second, we strengthened organisational leadership and overall coordination in compliance management.

To reinforce professional leadership in respect of the rule of law and compliance management, in 2024, key third-level enterprises established compliance management committees to study and plan important compliance work; promote the implementation of the company’s rule of law governance, and compliance operations and management; and form a work model that embeds compliance management across the entire organisation from top to bottom.

③ Third, the company established and improved its violation reporting mechanism.

In July 2024, a reporting platform for violations was established to accept reports of violations by the company’s enterprises and employees at all levels, and the “Notice on Reporting Violations” and relevant guidelines for acceptance and disposal were issued. In addition, the company established a risk database for violation events and violation reporting, and suspected cases of violations are required to be reported to relevant departments in a prompt manner.

④ Fourth, we implemented a compliance administrator mechanism.

Specifically, the company established and piloted the CTG DUTY-FREE compliance administrator mechanism. The headquarters and subordinate enterprises have set up compliance administrators based on their own specific conditions. By the end of 2024, a total of 119 compliance administrators had been established, covering all enterprises and key business areas and links. The compliance administrators ensure that responsibilities in areas such as system construction and compliance review are fulfilled in accordance with regulations.

By the end of 2024, a total of **119** compliance administrators

Anti-money laundering (AML)

We strictly comply with the *Anti-money Laundering Law* and other laws and regulations in the regions in which we operate. Accordingly, we have developed AML policies and procedures, such as “Know Your Customer” procedures, transaction monitoring, and suspicious transaction reporting and recordkeeping. The company is constantly looking for ways to further improve its anti-money laundering measures. In addition, we provide AML training to our employees to ensure that they are kept abreast of laws, regulations, and updates to our AML policies and procedures.

Case study The company conducted special training on compliance management

On 29 March 2024, the company’s Legal and Risk Control Department held a special training session on compliance management, with more than 700 people participating. The training, which was delivered by members of the company’s compliance system construction project team, focused on the necessity of the construction of the company’s compliance system, compliance management requirements, the structure of the compliance management organisation, the responsibilities of compliance management in respect of the “three lines of defence,” the operating mechanism and supporting tools for compliance management, and the specific use of project results (the CTS duty-free compliance risk list, the general compliance control list, the compliance management manual, etc.).



Case study Special training on “Risk Prevention against Legal Violations by Employees” was successfully completed

On 13 September 2024, the company’s Legal and Risk Control Department held a special training session on “Risk Prevention against Legal Violations by Employees,” which was attended by relevant employees from the Sanya store, the Phoenix Airport Duty-Free Shop and IPRO Company (智科公司). The training was offered in both online and in-person formats. The main venues for the offline training were the Beijing headquarters and certain companies in Hainan. The training session, which was attended by about 2,000 employees, was designed to further improve the company’s compliance management, raise the legal compliance awareness of employees and promote the development of a compliance culture.



▲ Special training on “Risk Prevention against Legal Violations by Employees”

Case study The company launched the activities of “Protecting Life with the Law” in Constitution Week

4 December 2024 marked the 11th National Constitution Day. According to the requirements of the Ministry of Justice’s “2024 National Constitution Week,” from 2 to 6 December, the company carried out the Constitution Publicity Week activity with the theme of “Protecting Life with the Law.” On these days, we played promotional videos publicising legal topics on the company’s LED display screens.



▲ Constitution Publicity Week Activity: “Protecting Life with the Law”

Business Ethics

The company strictly abides by the *Law of the People's Republic of China Against Unfair Competition* and other laws and regulations. We participate in fair market competition according to business ethics and market rules and forbid commercial bribery, and we continuously optimise the company's anti-bribery mechanism to ensure its effectiveness. We are earnest in conducting self-examinations and self-rectifications, and we do not violate any laws, regulations, business ethics or market rules in business activities or engage in any unfair trading practices that undermine fair competition. The company continues to attract consumers by engaging in trusted business operations and providing excellent services, and we continue to promote anti-corruption, anti-monopoly, and human rights protection initiatives in relation to our suppliers.

Working with Customs to combat the practice of the “reselling duty-free goods”, CTG Duty Free makes efforts to raise the legal and compliance awareness of consumers by informing them of the consequences of such practices and strengthening self-supervision.

Anti-corruption

System and Mechanisms

The company has formulated a supervisory and management system covering its headquarter and affiliated companies and established a leading group and a coordinating group for upholding anticorruption. The anti-corruption leading group convened two meetings during the year to study and analyse the development of anti-corruption Party building, anti-corruption trends, and the ecosystem of corporate politics, and then draws up work plans. The coordinating group comprises Disciplinary Inspection, Audit, Inspection, the Party Office, the General Office, Human Resources, Finance, and Legal, among other departments, held two meetings during the year. They coordinate the supervision of all parties to enhance supervisory effectiveness in accordance with the working rules.

Reporting Mechanisms

The company accepts letters, visits, and telephone reports, and announces telephone numbers, e-mail addresses and physical mailboxes for reporting. Our staff must strictly comply with the confidentiality and avoidance mechanism, precisely control the information scope and the clues of problems, and strictly prohibit any disclosures regarding the case information and disposal solution. As a protection measure for whistle-blowers, the company's Disciplinary Inspection Committee enforces the “Rules on the Handling of Whistle-blowers' Reports by Disciplinary Inspection and Supervision Organs” and other regulations, strictly prohibits the revealing of whistle-blowers' information and giving priority to handling the accusations with a real name; for anonymous reports and reporting materials, unauthorised checks of the whistle-blowers' information are strictly forbidden.

In 2024, the company concluded one corruption lawsuit, and no corruption-related violations occurred during the year. The number of effective corruption reports received was 0.

Dedicated Supervision

The company regularly implements special supervisory inspections, including monitoring and reviews before festivals and holidays. These approaches cover persons who are in leadership positions, examine their performance of duties and scrutinise their business expenditures. Special supervisory inspections are also conducted for compliance operations.

Advocacy against corruption

The company continues cultivating an integrity-based culture to create a stable and law-abiding operating environment. Throughout 2024, the company implemented the “Detailed Work Arrangements of the Company's CPC Committee in Implementing the Opinions on Strengthening the Development of an Integrity Culture in the New Era”, “Detailed Measures of the Company's CPC Committee on Further Implementation of the Central Party Leadership's Eight-point Decision” to reinforce the construction of a culture of integrity and the disciplinary structure. Moreover, the company held various anti-corruption and compliance training sessions, engaged in anti-corruption dialogue with new hires during the on-boarding process, staged educational seminars for all CTG DUTY-FREE employees to warn against the dangers of corruption, carried out educational activities through the “cdf e-Party” application, and strengthened education for company cadres to remind them to distance themselves from corruption and stay committed to acting with integrity and complying with the law.

In 2024, the company conducted seven anti-commercial bribery and anti-corruption training sessions for all employees; three anti-commercial bribery and anti-corruption training sessions for management personnel, each with a duration of 2 hours and a coverage rate of 100%; and one anti-corruption training session for directors and supervisors, including for independent directors, with a coverage rate of 100%.



the company conducted **seven** anti-commercial bribery and anti-corruption training sessions for all employees

Select and appoint cadres with integrity

The company has formulated the “Conclusive Evaluation Method for Personnel Selection and Appointment and Operational Integrity” in order to thoroughly meet the rigorous requirements for the Party's governance, strengthen the selection and appointment of cadres by the company's CPC Committee, select honest people with integrity, and prevent corrupt officials from being promoted.

Intellectual Property Right (IPR) Protection

We attach great importance to works related to IPR and has formulated the “Brand Management Measures” and “Trademark Use Management System”, which regulates the management and use of IPRs, including the standardised management of the Brand Visual Identity (VI) system and the use of trademarks.

As of 31 December 2024, the company had obtained the following intellectual property rights:

Metrics	Unit	Number by the end of 2024
Number of IPRs, such as trademarks and copyrights	Item	72 (including 46 software copyrights in 2024)
Number of valid patents	Item	2
Number of effective patents per CNY100 million of revenue	Item/CNY 100 million	0.004
Number of software programs per CNY100 million of revenue	Item/CNY 100 million	0.127

We established a comprehensive retail terminal VI system, which conveys the corporate philosophy, culture, and norms to the public and eventually shapes a unique corporate image.

For trademarks with more comprehensive applications, the company has a team of professional lawyers to monitor trademark infringement both at the time of registration and use; we will defend our rights vigorously in the event of a violation.

Anti-unfair competition

The company has always strived to conduct its business activities in a legal, compliant and ethically responsible manner, strictly complying with relevant laws and regulations such as the *Anti-monopoly Law of the People's Republic of China* and the *Law of the People's Republic of China against Unfair Competition*. The company is fully committed to implementing relevant legal provisions, including prohibitions on entering into arrangements with distributors, customers, and suppliers that may harm competition and consumer rights, and prohibitions on abuse of market dominance. At the same time, the company is steadily integrating the concepts and values of anti-unfair competition into the daily behaviour of its employees.

Data Security and Customer Privacy Protection

Governance

Pursuant to relevant laws and regulations, including the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Regulations on Protecting the Security of Critical Information Infrastructure*, and the *Administrative Measures for the Multi-level Protection of Information Security*, we have developed a system of cybersecurity policies, taking into account the “Cybersecurity and Information Policy of China Tourism Group Duty-Free Corporation Limited.”

To respect and protect customer privacy, we strictly abide by the *Personal Information Protection Law* and other laws and regulations, and develop our own policy documents such as the “CDFG Privacy Policy”.

Development of information and data security systems

The company and affiliated companies have established and improved various cyber and information management systems and standards to suit the company's digitalisation needs. CTG DUTY-FREE formulated information security management systems that cover information security management, network security management, data management, information encryption rules, information security emergency plans and other aspects of information security management. In this way, we have developed comprehensive information security management systems that feature well-defined responsibilities, a clear division of labour and a combination of technology and management. In line with national standards, industry standards, and the circumstances specific to the duty-free industry, we have developed our first system of information technology standards, which establishes principles and standards for the performance of information technology-related work. The company's Board of Directors is the highest responsibility and decision-making authority with regards to information security and privacy protection. The Information Technology (IT) Department is responsible for specific work in information security and privacy protection. The Brand and Marketing Department is responsible for carrying out the specific work for customer privacy protection. To keep the team updated with the latest IT knowledge, IT staff members are required to receive regular training.

Customer privacy protection

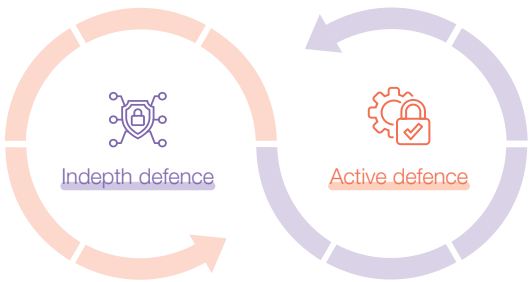
We have developed relevant policies, including the “Privacy Protection for Customer Services” and the “Checkpoints for Customer Services”. In November 2024, the company updated its customer privacy policy, which is available to consumers and other stakeholders on its website (<http://www.ctgdutyfree.com.cn/p/yinsizhengce.html>).

● Strategy

Security strategy

The company regularly carries out special actions related to information system security. We also incorporate data security into our overall strategy and clearly define the types of data security events, which include data tampering, data counterfeiting, data leakage, social engineering, data theft, and data interception.

In 2024, we performed an analysis of the company's network architecture and its ability to prevent risks. To safeguard the company's network, we applied an approach that combines "in-depth defence" and "active defence". We developed an "in-depth defence" system that covers coordination at different levels, correlation analysis, and concerted actions; and an "active defence" system that can quickly and accurately perceive and prevent risks based on the sources, methods, and pathways of an attack.



Data security

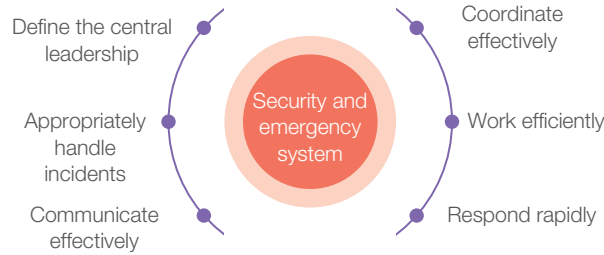
The company cooperates with leading domestic security server providers and adopts a variety of security protection means to guarantee the security of key information systems. The company also establishes a reliable data backup plan to provide double protection to ensure the information security of our company.

The company inspects its information system regularly for all types of operating and maintenance events and performs checks to safeguard the system's health. Daily automatic or manual inspections are carried out for key information system to ensure that the information system operates in a routine and stable manner 24 hours per day. The company guarantees sound operations and maintenance for vital activities and events and has formed a working mechanism to efficiently resolve problems and rapidly rectify them afterwards.

To improve the safety of employee work habits, raise awareness of safety precautions, protect the company's data assets, and ensure that security threats are reported in a timely manner, the company conducted an online "Safety Awareness Training" for all employees. The company provides data security training for all staff at least biannually.

Cybersecurity

The company has revised the "Cybersecurity Policy of China Tourism Group Duty-Free Corporation Limited". Under the guidance of the headquarters, all key subsidiaries are required to develop their cybersecurity policy, which should define overall objectives and responsibilities and cover cybersecurity management, host security management, terminal security management, application development security management, and data security management, to ensure the company's network and information systems operate in a safe, reliable and stable manner. The company has also established a sound emergency plan for cybersecurity incidents, which includes both safeguards and emergency measures and defines the central leadership and responsibilities at each level. Under the direction of the central team, we coordinate to mount a quick response and appropriately handle incidents; we take precautions first and also put in place emergency measures; and we adhere to the principle of "Those who are in charge and those who handle operations bear responsibility". Using this emergency system and its safeguards, and under the central leadership, we are able to coordinate, communicate effectively, respond rapidly, and work efficiently to address incidents.



Customer privacy protection

In accordance with the Personal Information Protection Law and our customer privacy protection policy, we take the following measures to protect customers' information:

Encrypted storage and transmission of information – Data masking for customer information – Hierarchical access management – Multi-measure access control – Member information not exportable – Establishing a sound system log – Membership system passes Level-3 Security Certification

A customer can register cdf memberships at the system of member terminal (cdf membership applet, cdf membership App, cdf Membership Club and other channels) in a self-service manner. Once the information is entered, the key parts of the personal data are desensitised; and the customer has the right to access, adjust and delete his/her personal information at any time. The company obtains personal information from the self-input of customers and does not collect personal data from third parties (except when required by law). The company undertakes to delete customer data within the time limit required by law and does not provide personal data to any third parties (except when required by law).

● Management of impacts, risks and opportunities

Data security:

1. Dimensions of data security impact

- 1 Social impact
 - Duty-free consumers' data may be abused in a way that results in violations of offshore duty-free quotas, such as the smuggling of duty-free goods by "purchasing agents" (traders reselling duty-free goods) in Hainan.
 - Leakage of passenger behaviour data may result in the data being used for targeted scams, which would undermine social trust.
- 2 Impact on the country
 - Illegal cross-border transfer of consumers' data may present a threat to the customs supervision system.
 - Duty-free supply chain data that has been manipulated overseas may present a danger to the safe distribution of strategic resources.
- 3 Impact on the business
 - Leakage of membership information may cause the business to lose high-end customers and incur costs in repairing damage to its brand.
 - If the payment system becomes a target of online blackmail, duty-free shops may suffer revenue loss.
- 4 Impact on individuals
 - Leakage of biometric information may result in identity theft.
 - Analysis of consumption trails may result in the exposure of personal trip information and privacy violations.

2. Risk management

- 1 Risk identification and assessment
 - Maintaining a dynamic risk list, with a focus on monitoring the following risks: membership system data leakage, supply chain data tampering, etc.; regularly carrying out attack surface mapping, which covers online malls' API interfaces, offline self-service terminals and other attack vectors.
- 2 Risk controls
 - Technical protection: Applying the national security algorithm's encryption technology to customs declaration data.
 - Authority control: Implementing the principle of "separation of powers", with sensitive operations requiring dual biometric authentication.
 - Monitoring and early warning: The system is configured to detect abnormal traffic and send alerts if transactions within a membership account in a day exceed the set threshold.

3. Opportunity management

Realising the value of data; building a data centre; and exploring how should we handle duty-free consumers' data to comply with the offshore duty-free policy.

Cybersecurity:

Each year, the company regularly conducts one or two simulation exercises using phishing and other social engineering attacks, which allows employees to learn how to identify and respond to various cybersecurity threats in a real-life environment, enhancing their security awareness.

● Metrics and Targets

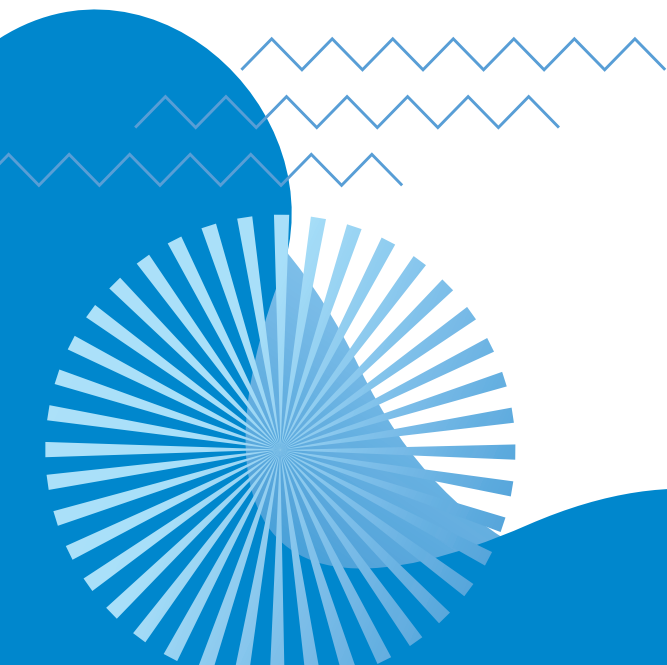
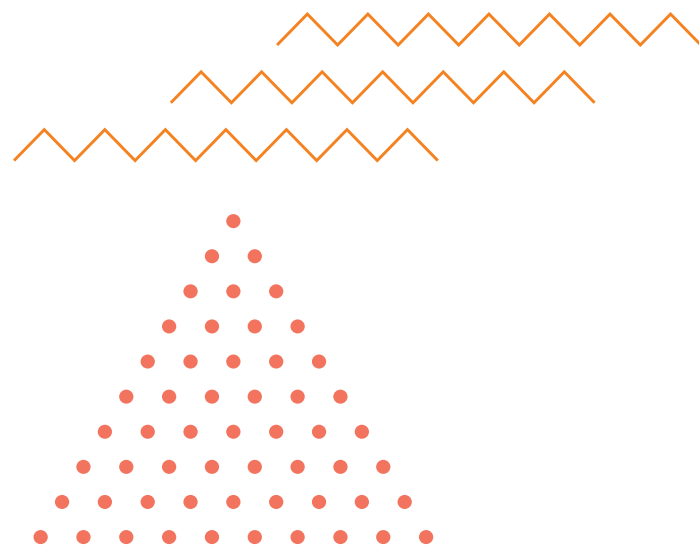
In 2024, we carried out 46 privacy protection training sessions for customer service staff. With each session lasting 1 hour, we provided a total of 46 hours of training for each person; and we offered 30 online courses on information security and privacy protection topics, including "Confidentiality – Confidentiality Obligations, Responsibilities and Awareness", and the *Data Security Law of the People's Republic of China*.

Case study

Conducting a complete security check on information systems and network boundaries to improve staff's cybersecurity awareness

In 2024, the company's headquarters and key subordinate companies developed a special company-wide work plan for cybersecurity, with a focus on system protection plans. According to the plan, a central steering team and a special working group were set up. They conducted a complete security check over the company's existing information systems and network boundaries, and carried out enhancements for scanned vulnerabilities, phishing drills, and safety training for staff. Through these efforts, we established a robust protection and response system, which enables us to respond immediately and coordinate across different levels to work efficiently and appropriately handle any identified incidents. We delivered a high-quality performance in the national-level cybersecurity drills. During the drills, we achieved our goal of "preventing every mock attack" and enhanced staff's cybersecurity awareness.





02



Prosperity

Upholding Original Beliefs and Mission to Ensure Trusted Business Operations	58
Robust, Green and Intelligent Supply Chain	66
Setting the Industry Benchmark for High-quality Development	69
Engaging in Charity Initiatives to Act as a Responsible Corporate	77

CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 4, 10, 11, 12 and 15, and focus on meeting our social responsibility, pursuing excellence, and providing consumers with quality products and services.



Upholding Original Beliefs and Mission to Ensure Trusted Business Operations

On 11 April 2022, President Xi Jinping visited Sanya International Duty-Free Shopping Complex. While there, he stressed the advantages of leveraging China's huge market size, the need to foster a favourable market environment with the necessity of trusted business operations and excellent services in attracting customers, all with the aim of making a greater contribution to the development of "a free trade port with Chinese characteristics".

Service Safety and Quality

The company actively carries out training on integrity and related business skills. We have also established a "Work Plan for Service Quality" to improve our system of quality standards for businesses and services and promote the "quality product" and "luxury product" strategies, demonstrating the company's philosophy of "trusted business operations and excellent services". The company has improved its customer service capabilities and standards across various business lines to provide consumers with high-quality products and services.

Governance

In compliance with current laws and regulations, such as the *Consumer Rights Protection Law* and the *Personal Information Protection Law*, the company continues to improve its service standards, effectively carries out its work in accordance with established procedures and policies, and requires subordinate companies to develop their own policies.

- Customer service system in Hainan: the "cdf After-sales Service Management Policy in Hainan (for Physical Stores)" and the "Detailed Rules for Handling Customer Complaints at Different Levels"
- Customer service system in Qianhai: The "Customer Service Centre Management Policy", the "Business Rules for the Customer Service Centre", the "After-sales and Return Rules for the Customer Service Centre", the "Rules for the Use of Free Items to Address Customer Complaints for the Customer Service Centre" and the "Emergency Response Rules for the Customer Service Centre"
- Customer service system at Sunrise: "cdf Sunrise's Letter of Commitment on Making Outgoing Calls", which applies to cdf Sunrise's online staff when they make outgoing calls in the after-sales stage or to handle complaints, and "cdf Sunrise's Online Team 'Mystery Shopper' System", which applies to the online team when it is monitoring the service quality and information security of outside contractors.

Each month, we develop a monthly inspection plan to monitor service quality, and assign a monitoring team to carry out inspections across all service types in specified frequencies depending on whether it is peak sales season. The team summarises its findings in a monthly report, and includes suggested remedial actions for recurring issues, and sends the report to the corresponding business departments and the human resources department. The team requests that the business departments develop a rectification plan, and the team provides the human resources department with service quality-related training, where necessary. The completion status of these rectification plans is reflected in the monthly inspection results.

Digitalisation and omni-channel are the developmental priorities of the tourism retail industry. The company continues to integrate its online and offline channels, providing consumers with "pre-sales, sales, and after-sales" tourism retail services that are both more convenient and of higher quality, fully meeting consumer shopping needs and ensuring consumers undergo a comfortable shopping experience throughout the entire process.

For pre-sales

the company has a training system in place to improve the quality of talent and provide professional service support.

During sales

the company offers a convenient shopping experience by upgrades to the membership system, called OneID, and through optimising the store environment.

For after-sales

the company has used digitalisation to standardise its after-sales services.

Moreover, the company uses the quality services provided on its major e-commerce platforms to demonstrate its responsibility, warmth, and commitment to customers. The company's cdf Membership Club fully guarantees the quality of goods by the three dimensions of quality control of incoming goods, logistics services, and after-sales services, to strengthen the quality of goods and services. It also focuses on the five optimisations of expanded service channels, standardised services, timely services, automated services, and outcome-oriented services, to effectively improve service quality, maximise consumer satisfaction and service efficiency, and increase consumer confidence and comfort in their consumptions.

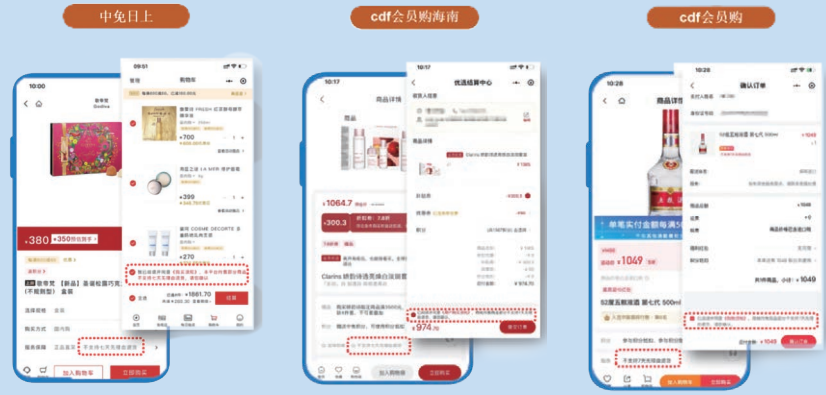
Strategy

We also constantly improve our talent management and staff training system. We have been developing a system of service standards to produce a standardised library and training system covering areas such as product information, customs policies, platform-based policies, after-sales standards and customer service rules and standards. In this way, we aim to minimise deviations from the company's standards. The company continuously carries out various training, including leadership training, professional skills training for front-line staff, and general knowledge training, to ensure that employees at all levels possess professional service capabilities. The ultimate goal of the training is to accurately grasp customers' core demands.

The company has been improving the disclosure of merchandise information to achieve the orderly classification of goods, the full disclosure of product information, and fair and transparent prices. Duty-free goods and non-duty-free goods are showcased separately on different web portals to avoid misleading consumers.

In strict adherence with the provisions of the *Interim Measures for the Return without Reasons of Commodities Purchased Online within Seven Days*, the company provides clear procedures and guidance on the return of goods without the need to specify a reason, and clearly identifies and confirms with consumers those goods that are not applicable under the policy in accordance with the law. The company does not arbitrarily expand the scope of which goods are not applicable under the return of goods without specifying a reason.

In accordance with the instructions of the administrative guidance meeting for duty-free industries organised by the State Administration for Market Supervision (SAMR), the company headquarters arranged for its subsidiaries to jointly make a public commitment to society. The platform shopping guidance was revised to delete additional restrictions on the return and replacement of goods. Only four categories of goods have been specified as not applicable under the policy of return of goods within seven days without the need to specify a reason: near-expired goods, damaged goods, goods without plastic packaging, and goods with a short shelf-life. The applicability of the policy to particular goods is clearly specified on the product web portal. Consumers are asked to confirm their understanding of the "Shopping Guidance" and tick an additional check box for their acceptance of goods that cannot be returned or replaced within seven days without specifying a reason.



We have established a closed-loop management process for customer feedback. Under this process, we collect data on user experience and customer feedback in real time through the customer service system's evaluation section, after-sales tickets and complaints; prepare and send the "Monthly Customer Service Centre Report" to the corresponding departments each month and request that they make improvements or adjustments; and set different response timeframes based on the gravity of the feedback/complaints to ensure the relevant issues are addressed in a timely manner. During the reporting period, as part of cdf Hainan's centralised overall planning, the company established and improved after-sales service standards across Hainan Island to enhance the customer service experience.

To ensure cdf Hainan's after-sales service standards are consistent and of high-calibre and enhance the customer service experience, the company has updated the "After-sales Service Management Policy (for Physical Stores)" and the "After-sales Service Management Policy (for Online Malls)" and optimised the structure of the service team. We also took the following steps to ensure that after-sales services were efficient and satisfactory:

- Engaging with relevant government agencies and establishing a co-working mechanism with functional departments to implement the "Receive and Handle" rule for customer complaints received on external channels;
- Performing a detailed analysis of customer complaints, devising specific solutions for specific types of complaints and implementing the "Respond with 30 minutes" rule to improve efficiency in handling customer complaints and enquiries; and setting up a co-working station with relevant organisation to solve customer demands on site during major holidays;
- Handling customer complaints within a shorter timeframe and implementing proper delegation of powers to reach a satisfactory solution with customers quickly and close more customer complaints; and driving cross-departmental cooperation in the regular analysis and discussion of issues related to products and delivery orders to improve after-sales management;
- Putting together a dedicated professional after-sales service team, setting up a 24-hour hotline service and enabling 24-hour access to online customer service to provide a service guarantee; and improving efficiency in handling customer complaints, with the following goals: "the call centre answer rate should exceed 97%, responses to online customer service inquiries should be made within 10 seconds, and the satisfaction rate should exceed 99%";
- Leveraging the smart customer service platform to make after-sales services traceable and achieve consistency, transparency, and efficiency in how we handle them;
- Advancing the digital transformation of customer services to realise the potential of the smart customer service system. The system features a chat robot that is available 24/7 to answer questions and return calls, and the system enables self-services to be processed instantly, significantly improving the efficiency of after-sales services. By harnessing human-computer interaction in this way, we were able to increase the one-time answer rate to over 95%.

Management of impacts, risks and opportunities

Positive impacts:

To respond to customers' voices, we assign more resources to customer-preferred activities or products, such as by putting popular stores in premier locations and staging promotional activities (in cdf Hainan). We obtain customer feedback, evaluate the feedback and determine how it relates to different departments, and hold discussions about how to enhance and adjust processes, with a view to improving our service system and raising customer satisfaction.

Conducting customer satisfaction surveys and optimising service processes

Every year, our company conducts consumer satisfaction surveys. Before we implement phone interviews, we seek customers' permission regarding their willingness to accept the survey through SMS.

In 2024, we conducted two customer satisfaction surveys – one from July to August and one from November to December – with a view to improving customer service. The survey, which was administered through the company's physical stores, online platforms and call centres, covered four areas: products, shopping environment, services and membership. We used questionnaires and "Mystery Shoppers" to collect customer suggestions.

We received an average score of 93.7 for the three areas in the July to August survey, which was conducted for nine stores across three channels, with a total of 4,309 questionnaires (user perspective) received; and we received an average score of 86.46 for the three areas from "Mystery Shoppers" (specialist perspective), which were used 33 times. We summarised our overall findings in a single report and detailed the findings for each store in a separate report.

We received an average score of 94.25 for the three areas in the November to December survey, which was expanded to include 22

stores across three channels, with a total of 9,176 questionnaires (user perspective) received; and we received an average score of 89.91 for the three areas from "Mystery Shoppers" (specialist perspective), which were used 153 times. In these surveys, we received better results from both perspectives than in the mid-year survey.

The company's subordinate stores took measures to effectively improve service efficiency. For example, the cdf Hainan store designed and implemented a three-step optimisation work plan in April 2024. In step 1, the store established a customer feedback and self-review mechanism, and clarified that customer feedback should be sent to the relevant front-line service teams. In addition, the store enhanced oversight over the improvement process, reducing the error rate to 3.84% (from 15.51%) in reviews of tickets on the smart customer service system. In step 2, the store optimised the return process and shortened handling time by nearly 48 hours. Finally, in step 3, the store monitors service efficiency and quality and prepares a special daily monitoring report to ensure that special customer complaints receive responses in real time and are handled within 24 hours. Meanwhile, the store prepares a mandatory daily report for logistics tickets, issues warnings for frequently returned orders and follows up on the status of special tickets to prevent recurring complaints, with the goal of further improving service efficiency and quality.

To listen to customers' voices, cdf Hohhot installed a customer suggestion box and reviewed opinions received from time to time so as to improve services in an all-round manner.



To meet their shopping needs and provide a better experience for customers, the company has taken the following steps:

- Set up a central call centre system, which provides a unified customer service hotline number (4001-100100), leverages smart technologies to transfer, distribute and process services, uses standardised processes and consistent script, and conducts centralised data collection and analysis. Currently, the system has been made accessible through the membership hotline, the cdf Membership Club, in about 50 cdf stores in Guangzhou and Hangzhou, and cdf Sunrise;
- Made duty-free shopping and pick-up easier for customers. For example, cdf Meilan introduced "liquor at airport stores", "cross-store purchasing," and "remote purchasing of taxed items", and cdf Boao introduced "pick-up upon return" in 2024;
- Continuously carried out specific services at different stores. For example, cdf Sun Moon Plaza launched a wide range of personalised services, such as optometry services, gift packaging and makeup customisation, and upgraded its maintenance centre to include leather care, jewellery cleaning, watch demagnetisation, and watch chain adjustment, to enhance the shopping experience.
- Established a two-way interaction mechanism with consumers in Hainan, by embedded online customer service access on the "product details" page, the "order" page, and the "service module" page, to improve access to online customer service and service representatives for the cdf Membership Club and cdf Hainan Mall; and contacted customers through multiple channels to meet customers' needs before, during and after the sales.

To mark the "10th anniversary of cdf Sanya International Duty-Free Shopping Complex," the store upgraded its supporting service facilities and established a comprehensive tourist centre. These amenities, which have a large capacity, provide a wide range of functions and services, including 202 luggage lockers for manual luggage storage services, additional translation machines, umbrellas, child harnesses, baby stools, women's shawls, and women's supplies, and other services for children and women.

- The company provides accessible facilities to cater for special needs groups.
-

Negative impacts: Our network-wide monitoring includes real-time monitoring of the "Black Cat" platform and relevant government departments' open channels to collect information on a real-time basis. In this way, we aim to stay up to date, operate a closed-loop monitoring system, and issue early warnings 24/7 for sensitive issues involving public opinion, and distributes information to all departments and stores in a timely manner for their effective handling. After classifying and evaluating customer complaints, the company deals with them by applying corresponding handling strategies. Analysis and judgment are steadily strengthened to take targeted preventive and control measures and prevent and eliminate adverse impacts on time. The company dynamically tracks unexpected negative information and post-handling developments, and continuously monitors relevant information. Customer complaints are promptly summarised, sorted out and reflected on upon their occurrence, dissemination and handling to safeguard the company's steady development. If we identify a negative media report or an announcement from regulators, we establish a special team to communicate with relevant stakeholders as soon as possible to minimise any negative impact and prevent any reputational damage to our group's brand.

Emergency management: The "Detailed Rules for Handling Emergency Events for the Customer Service Centre" has been formulated, which defines the severity of complaints, the response measures required for customer services, and feedback on the handling of issues. The customer service centre holds a specific drill on complaint handling every month to ensure that front-line customer service representatives can understand and implement the requirements.

Metrics and Targets

We always strive to provide our customers with satisfactory services. Our centralised call centre achieves a 30% response rate using the IVR system. In 2024, the company's customer satisfaction rate remained above 96%.



Details regarding customer complaints the company received during the reporting period:

Total complaints received: **76,546**
Average hours used to handle each complaint: **141.81** hours
As at the end of 2024, complaints handled as a proportion of total complaints received during the year: **99.72**%

Going forward, as our customer complaint management system grows more mature, we will disclose customer satisfaction metrics alongside "complaint handling" details in this report.

Case study Organising groups visiting abroad, to promote the high quality development of outward looing economy

In 2024, the company organised 182 overseas visiting groups with 398 person times for business purpose to France, Italy, Japan, South Korea, Cambodia, Singapore, Vietnam, Sri Lanka, Switzerland, the United Kingdom, Hong Kong, Macao and other places. The purposes of these visitings include procurement and ordering, overseas store tours, participation in industry conferences, brand learning and exchanges, and development of important projects, greatly promoted the high quality development of outward looing economy.



In 2024, the company organised

182 overseas visiting groups with **398** person times for business purpose

Case study Enhancing our customer services and improving the customer service management system

In July 2024, the company carried out a customer service enhancement project. We conducted industry research and internal interviews, with a focus on the company's eight representative physical stores, three online platforms and call centre. To ensure the feasibility of our service system, we conducted 24 one-on-one interviews with the front-line teams from major stores, collected nearly 90 internal service charters, and benchmarked them against service charters from more than 10 leading companies in the industry at home and abroad. Based on our findings, we updated CDFG's service system, which now classifies customer services between physical

stores, online platforms and the customer service centre based on their different natures. Moreover, as part of the service system, we established processes, delegation of power and authorisation rules, a KPI assessment policy, a central call centre system, and an organisational structure for customer services; and defined development goals in the short, medium and long term. Starting with changing mindsets and concepts, and digital transformation, we aim to develop a standardised customer service management framework comprised of uniform controls, standards and systems that operate consistently. We have already made significant progress in this regard.

Case study cdf Hangzhou held multiple training sessions to help staff provide high-quality services

To upskill its front-line teams and ensure high-quality services, cdf Hangzhou carried out four training sessions on skills and tips to improve customer services and product displays.



In 2024, the company launched the programme to build a model of "trusted business operations and excellent services," as part of its effort to implement President Xi Jinping's guidance on the importance of "attracting consumers with trusted operations and excellent services to accelerate the construction of a free trade port with Chinese characteristics". We also launched a series on this topic on our WeChat account to communicate what we have achieved through this programme, including our experience and practices in improving management service capabilities that can be applied across the company to support our effort to develop into a world-class company.

Case study Accelerating the effort to develop Sanya International Duty-Free Shopping Complex into an example of "trusted business operations and excellent services"

To develop a model of "trusted business operations and excellent services", Sanya International Duty-Free Shopping Complex conducted multiple internal discussions and employee surveys and benchmarked against peers. Through these efforts, the complex designed a system of service standards, comprised of one value proposition, eight supporting pillars, and 98 policies and standards. Under the service value proposition of "comfortable global shopping with a focus on you", the complex aims to provide customers with sincere & patient, warm & meticulous, and professional & efficient services and establish

emotional connections with customers. The eight supporting pillars include: trusted operations as the cornerstone; an elegant and comfortable environment, sincere and considerate services, and a convenient and efficient experience as the three pillars of customer services; and robust service standards, effective training, sound service quality supervision, and comprehensive technical support as the four employees-related pillars. Meanwhile, the 98 policies and standards govern operational processes before, during and after sales as well as supporting processes related to training, supervision and digitalisation.



▲ The launch ceremony for the programme to build a model of "trusted business operations and excellent services"



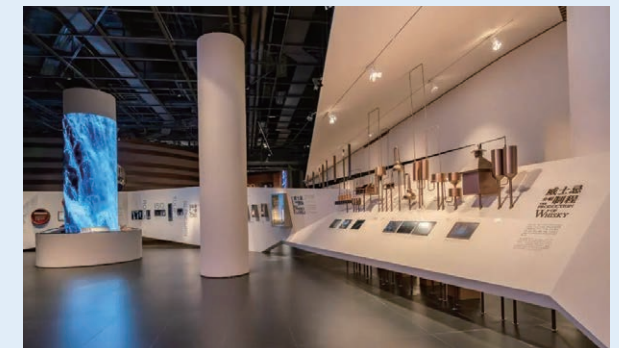
▲ Staff training on "trusted business operations and excellent services"

Case study The Malt & More Whisky Museum opened at the cdf Haikou International Duty-Free Shopping Centre

In November 2024, the Malt & More Whisky Museum opened on the 4th floor of the cdf Haikou International Duty-Free Shopping Centre, to tell the story of black and gold whisky made from barley in Glencairn glasses.



▲ Inside the Malt & More Whisky museum



Product Safety and Quality

Governance

The company has formulated a “Service Quality Work Plan”, and has been providing employees with training on integrity culture and related business skills. Meanwhile, the company’s “Service Quality Work Plan” aims to improve standards for business and service quality, promote quality goods and boutique strategies, and uphold the concept of “trusted business operations and excellent services”, with a view to comprehensively improving customer service standards and ensuring the provision of quality goods and services to consumers.

Strategy, and management of impacts, risks and opportunities

Product Quality Guarantee

The company strictly enforces procurement management measures and continuously monitors supplier selection and product quality assurance. In 2023, the company issued the “Regulations on Safety Management, Quality-Risk Early Warnings, Inspection and Testing for Imported Commodities (Trial)”, which standardises and institutionalises quality and safety management for our imported commodities. We have strengthened safety and quality control for imported commodities to ensure that the company meets its responsibilities and protects consumers’ rights and interests.

The company formulated the “Procurement Management Measures” and strictly enforced the procurement approval process, including the methods and procedures for supplier selection, the methods used to assess suppliers, and supplier bidding and procurement behaviour. For the supplier sourcing process, we have strengthened the supervision and review of suppliers to guard the “entrance gate”. The company has also established a list of qualified suppliers and incorporated compliance performance requirements into the evaluation process for suppliers. We dynamically adjust the qualified suppliers list by promptly removing any suppliers involved in irregularities.

The company regularly communicates with suppliers on how to further improve product quality. The company requires suppliers to establish a mechanism for information exchange, so that if the

product recall process is triggered due to product quality problems, the company can take timely actions to protect the rights and interests of customers. The company attaches importance to the handling of product quality problems, and actively works with suppliers to ensure product quality standards are met, so that our users can shop with confidence.

In terms of food and beverage safety, the company has made every effort to establish and improve its comprehensive management systems, including those related to food management rules, supervision and monitoring, traceability cooperation, inspection, and testing, to ensure the food safety of our pre-packaged goods. We adhere to standardised online and offline management standards with respect to food safety and exercise whole-process control in this area. In accordance with the *Law on Product Quality*, the requirements of the commodity quality standards issued by the SAMR and the National Standardisation Administration, and other laws and regulations, the company has re-signed agreements with domestic liquor producers and suppliers, and the new agreements include the “Liquor Quality Assurance Agreement”, which helps the company ensure the quality of its products, protect the rights and interests of consumers. For goods with special storage requirements, such as chocolate that needs to be stored below 20 degrees, our stores strictly enforce the storage and transportation standards provided by suppliers and maintain daily temperature and humidity measurement records. We identify products that contain oil chemicals according to the suppliers’ shipping information in the early stage, and check these items properly when making declarations.

In respect of the management of goods close to expiration, the company disposes of them by means of return shipments, returns to suppliers for exchange, selling them at a discount, offering special promotions, and destroying them under the supervision of customs in accordance with the product categories and actual circumstances. The company strives to reduce goods close to expiration by forecasting market demand, flexibly deploying goods and improving procurement efficiency, with the goal of enhancing resource use efficiency and operating effectiveness.

Metrics and Targets

During the reporting period, the company did not experience any product recovery (recall) events, negative events (e.g. regulatory penalties and negative news reports) or countermeasures for the company’s products or services.

In 2024, we actively introduced ESG-based products. As at the end of 2024, we had introduced 32 products that had been certified environmentally or socially by a third party, and we generated income of CNY22.24 million from those products in 2024.

In December 2024, CDFI completed its annual audit of the quality management system (ISO9001) to provide assurance regarding the adequacy and appropriateness of its internal controls and refined management.

Responsible Marketing

We attach great importance to the management of advertisements and new media marketing. In accordance with the *Advertising Law* and other laws and regulations, the company has formulated relevant documents such as the “Regulations on the Management of Press Release” and the “Marketing Activities Management Measures” to strengthen management and control over marketing activities. The company’s affiliated companies also formulate detailed management regulations following their respective business conditions, including the “Regulations on the Management of Promotional Videos and Brochures”, “Regulations on Advertising and Publicity Management”, “Regulations on the Management of Marketing Activities” and “Regulations on the Management of External Publicity Information”, etc. to regulate all aspects of marketing management.

To explore sustainable development strategies for its brands, the company has accelerated its transition towards digital management with the aim of becoming a global leader in this area. The company comprehensively improved its data capabilities and developed a membership system called OneID, therefore formed CTG DUTY-FREE’s own member tracking system. Based on the results, the company has been able to empower its brand; enhance collaboration, consumer services and marketing activities;



we had introduced 32 products that had been certified environmentally or socially by a third party, and we generated income of CNY22.24 million from those products in 2024.



▲ Notice on CDFI passing the annual quality management system review

and optimise tourism retail operations. Through this analysis work, the company was able to effectively mine the commercial value of its membership data and devise plans for how to use this data more effectively in the future. In addition, the company carries out a refined approach to the operation of online malls, self-media platforms and fan communities. The company collects and analyses user profiles and behaviours, targets specific groups and provides them with a more personalised interactive experience. In this way, we use personalised product recommendations, search engines and marketing to enhance user stickiness, satisfaction, and loyalty, creating a new retail model that incorporates personalised marketing.

The company continues to develop brand stories, expand communication channels, and innovate new communication methods. News, pictures, videos, activities, and other publicity channels are used to showcase the new brand styles and narrow the distance between brands and consumers using rich brand content and diversified forms of expression.

In 2024, the company offered products from 1,524 brands with more than 363,000 SKUs.



Robust, Green and Intelligent Supply Chain

The company aims to establish a green supply chain to align its operations with the nation’s goal to construct an ecological civilisation. Based on standardisation and driven by green, intelligent, and innovation, the company has continuously been optimising its supply chain management.

Supply Chain Security

Governance

The company has formulated the “Warehouse Goods Anti-Theft and Safety Management Regulations”, the “Warehouse Fire Prevention and Emergency Response Plan”, the “Vehicle Safety Transportation Regulations and Training Protocols”, the “Special Equipment Safe Operations Management System”, the “Typhoon Prevention and Emergency Response Plan”, the “Hainan Provincial Duty-Free Goods Co., Ltd. Internal Audit Regulations for Import-Export Activities”, and the “Hainan Provincial Duty-Free Goods Co., Ltd. Import-Export Business Partner Management System”. In 2024, we updated the “Procurement Management Measures”, adding more detailed provisions on supplier selection methods, evaluation procedures, performance assessment criteria, and tender procurement practices, while strictly enforcing procurement approval processes.

The company has formulated more detailed regulations on the methods and procedures for supplier selection, the methods used to assess suppliers, and supplier bidding and procurement behaviour. During the year, we formulated the “Supplier Management System” to establish a unified supplier database and enhance the management of supplier qualification reviews, selection, performance evaluations, incentives, penalties, and supervision. Suppliers are required to demonstrate a sound commercial reputation, tax compliance records, sales performance, and product quality. They must possess the necessary professional equipment, technical capabilities, and ongoing delivery capacity to fulfil contracts; and they must have quality control and assurance measures and plans, customer service support oriented to client needs, and no history of legal violations in business operations. We conduct periodic performance evaluations and implement tiered management of suppliers based on our evaluation of compliance and service quality.

In the process of selecting and approving suppliers, we conduct research and studies on the supplier market, steadily strengthen supplier development, and require that domestic suppliers be certified through a state-certified supervisory and management information platform. The company reviews suppliers’ certification information and business information, runs checks to determine whether suppliers have any record of legal or regulatory violations, and strictly implements supplier audit and selection processes.

Strategy

Supplier admission

For public procurement projects, such as open bidding, open competitive negotiations, and open inquiries, the winning bidder or the bid awardee can be directly included in the company’s supplier database. In addition to public procurement, interested suppliers should apply to relevant divisions for admission according to the procurement relationship and the management procedures.

Tiered supplier management

According to the company’s “Supplier Management Regulations (Trial)”, the company, based on the results of dynamic evaluation, manages suppliers under a tiered system that includes:

Grade A (excellent suppliers)

When a division issues a procurement invitation, Grade A suppliers within the division should be given priority to participate in the procurement project within its scope of business under the same commercial terms. Grade A suppliers shall be downgraded to Grade B if they have not had procurement transactions with the division for one year since the date of the last completed contract.

Grade B (good suppliers)

Suppliers with which there is regular business cooperation.

Grade C (suppliers subject to rectification)

There are deficiencies that should be focused on and subject to rectification. Generally, procurement transactions shall be suspended during the rectification period. For an individual supplier with which a procurement transaction cannot be suspended, the purchaser shall negotiate with the main person responsible, inform the supplier to improve its service level and supply quality, and try to develop or cultivate alternative suppliers.

Grade D (suppliers should be phased out)

Suppliers with which procurement transactions should be suspended for three years.

In according with the requirements of the SASAC, the company implements a supplier evaluation model that combines dynamic evaluation and annual qualification inspection, and under which the dynamic evaluation results serve as an important basis for supplier grading and selection.

Impact, Risk, and Opportunity Management

Through effective risk and internal control management, the company maintains its strong market reputation, customer satisfaction, and industry-leading position. By continuously optimising supply chain processes, we enhance efficiency and effectiveness, ensuring the development of stable, secure, and sustainable supply chains.

1. Identification

The company comprehensively reviews supply chain operations, collects and analyses data across all stages, and conducts regular risk identification and assessment processes. We have established risk information channels to maintain close communication with suppliers, logistics partners, and industry associations, ensuring timely updates on industry risks and developments.

2. Assessment and prioritisation

Supplier evaluation and management plan: We conduct thorough risk assessments of existing suppliers, covering their production capacity, quality control, and delivery capabilities. Historical data and experience are used to quantify the probability of identified risks escalating, potential losses, and safety hazards, with a view to clarifying the severity and urgency of risks. Based on these assessments, we formulate supplier classification strategies and engage in heightened monitoring and management for high-risk suppliers.

Simultaneously, we actively seek new high-quality suppliers to reduce reliance on single sources and diversify supply chain risks.

3. Monitoring

We continuously collect supply chain logs, including information regarding critical incident reports, emergencies, unresolved issues, and future plans. Key risk indicators are monitored in real-time through supply chain management systems, which are aligned with internal control early-warning mechanisms; and regular reports on supply chain risk monitoring are provided to management to support decision-making.

4. Management

- Operational procedures are streamlined and standardised to proactively mitigate risks.

- Post-risk assessment and contingency measures: We develop emergency response plans for natural disasters, accidents, social safety incidents, etc., detailing protocols for incident reporting, on-site handling, and personnel relocation. The company also conducts quarterly training and drills on fire safety, typhoon preparedness, cargo security, transport safety, and specialised equipment operations to validate plan effectiveness and ensure that all staff possess the requisite safety awareness and emergency response capabilities.
- We establish systems to safeguard our operational premises, goods, transport vehicles, business partners, and personnel. Regular warehouse safety self-inspections and inventory checks are performed to identify and rectify potential hazards and uphold the safety-first principle. At our warehouses, we have realised full surveillance coverage and put in place facial and fingerprint recognition tools for access, as well as intelligent lock systems for transport vehicles.
- The company implements internal audit systems to supervise and inspect compliance in import/export activities.
- We optimise inventory management plans by monitoring market fluctuations and sales data to determine rational stock levels; and we use inventory monitoring and inventory alerts to promptly address overstocking or stockouts, and take corresponding measures to make timely adjustments. By optimising inventory management, we can reduce inventory costs, improve the efficiency of capital use, and reduce supply chain risks caused by inventory problems.
- The company regularly communicates with suppliers on how to further improve product quality. The company requires suppliers to establish a mechanism for information exchange, so that if the product recall process is triggered due to product quality problems, the company can take timely actions to protect the rights and interests of customers. The company attaches importance to the handling of product quality problems, and actively works with suppliers to ensure product quality standards are met, so that our users can shop with confidence.

Metrics and Targets

Data regarding the company’s suppliers in 2024 is as follows:

Metrics	Tier 2 metrics	Unit	2024
Total number of brand partners	/	Number	631
Number of brand partners by geographical region	Chinese Mainland	Number	202
	Hong Kong SAR, Macau SAR and Taiwan region	Number	140
	Overseas	Number	289
Total number of non-brand suppliers	/	Number	3,392
Number of non-brand suppliers by geographical region	Chinese Mainland	Number	3,326
	Hong Kong SAR, Macau SAR and Taiwan region	Number	0
	Overseas	Number	66
Classification of non-brand suppliers	Total number of Level I suppliers	Number	219

Green Supply Chain

Intelligent Supply Chain

We are committed to digitalising and visualising the supply chain system and improving its efficiency and resilience by improving information transparency. Through a visualised supply chain system, we can monitor and track the logistics, inventory, deliveries and other key indicators along the entire supply chain in real time. Using visualised data, the management and relevant teams can clearly understand the status and trend of the supply chain. A digitalised supply chain system can be used to more accurately predict demand, optimise inventory management, and achieve rapid responses and flexible adjustments of the supply chain, reducing costs and risks.

The company is clearly aware of the key role played by suppliers in the supply chain. Data exchange and supply chain integration between suppliers, manufacturers and distributors is achieved through a visualised platform and digitalised supply chain, helping provide standardised and digitalised information of merchandise.

Green Warehousing

The company is actively responding to national policies in the comprehensive implementation and promotion of green warehousing. We aim to reduce transportation costs and improve warehousing efficiency in order to conserve energy and reduce emissions.

- The company adopts a scientific and reasonable warehouse layout to integrate warehouses and ensure optimal loading capacity and vehicle utilisation. In the process of warehouse operations, goods are stored and handled taking into account their characteristics and shipping requirements to minimise inventory losses.
- The company gives priority to the use of energy-saving, environmentally-friendly and recyclable logistics equipment and facilities, such as LED lighting and clean energy equipment.
- The company has fully applied artificial intelligence (AI) and remote control technologies to improve overall warehousing and logistics efficiency, with a view to reducing costs, increasing efficiency and promoting green development. A warehouse management system is installed and adopted in each centre to standardise warehouse operations in a more scientific and reasonable way, to improve the efficiency of warehouse management, and to reduce energy waste. We have deployed the Internet of Things (IoT) and management control systems, such as automated guided vehicle (AGV) robots and autonomous case-handling robots (ACR), and automatic equipment, such as clothing hanging chains and four-way shuttles, for integrated storage, handling and warehousing in logistics centres in Shanghai, Shenzhen and Hainan. These systems and equipment enable intelligent handling, picking and sorting and optimise processes for inbound warehousing, inventory management, replenishment sorting and shipping. Compared with traditional warehousing, the operational efficiency and storage capacity per unit are significantly improved, substantially reducing land use and energy consumption.

The box-type robot can pinpoint and transport goods with specific SKUs, enabling higher sorting precision. The official launch of the box-type robot has significantly improved the overall operating capacity of the Qianhai e-commerce warehouse and doubled its order picking capacity, resulting in an error rate of less than 1/10,000. Moreover, the box-type robot has also helped the

As a result, operational efficiency is improved for enterprises and supply chain partners, and they are able to engage in harmonious, win-win cooperation.

The company considers the geographical location and climate of key suppliers in its supply chain management. Through the visualised intelligent supply chain platform, logistics personnel can identify optimal shipping routes and prioritise deliveries to reduce carbon emissions. We have implemented an advanced logistics transportation management system that is able to intelligently analyse optimal loading plans based on real-time order data. In this way, the company ensures each logistics vehicle achieves maximum load efficiency, minimising empty runs and partial loads and reducing fuel consumption and carbon emissions. Additionally, we conduct regular training for drivers and dispatchers to enhance their understanding and skills in respect of efficient transportation and ensure that resource utilisation is maximised for each trip.

warehouse surpass the previous height limits imposed by manual order picking. As a result, the warehouse has been able to expand the number of shelf layers from 4 to 7, which has doubled its cargo box storage capacity from 4,500 to 9,000. In addition, the box-type robot operates in a paperless manner by skipping order printing.

The company has promoted robotic sorting in the Sanya E-Commerce warehouse, Sunrise Shanghai e-Commerce warehouse and other sites. The intelligent console intelligently monitors the entire process, which greatly improves picking accuracy and sorting efficiency. In 2024, the company installed an automated sorting system at the Sunrise China Winter Olympics Warehouse, enabling intelligent handling, picking, and sorting. This significantly improved operational efficiency and storage density per unit area, and reduced land use and energy consumption.



▲ AGV robots storage



▲ Clothing hanging chains



▲ Four-way shuttles, and AGV robots storage

- The company gives priority to partners who focus on environmental protection and sustainable development to ensure that all players involved in the supply chain are committed to emissions reduction, energy conservation and intelligent optimisation.

As of the end of the reporting period, the company's warehousing centres covered a total area of 586,000 square metres.

Supplier ESG Management

The company signs Sustainable Development Agreements with suppliers to clarify responsibilities in respect of environmental protection and social accountability. During supplier qualification assessments, we evaluate factors including product quality, pricing, delivery timelines, environmental compliance, and social responsibility. In addition, we regularly collect data regarding suppliers' sustainability and ESG performance, verify their environmental certification credentials (e.g. ISO 14001), and conduct annual risk assessments related to suppliers' environmental and social factors.

Meanwhile, the company urges suppliers to use more environmentally friendly products and services. For example, suppliers are asked to use recyclable materials, no-glue cartons and other environmentally friendly packaging materials. The environmental requirements and audits of suppliers are also tightened.

We recently updated the company's procurement policies and guidelines, and defined environmental requirements in detail. For

example, we included goals for reducing packaging waste to save resources and promote sustainable development. In 2024, we conducted in-depth communication with and audits of suppliers to ensure they meet the latest environmental standards and requirements. For example, we give priority to suppliers with ISO 14001 certification for environmental management systems. In terms of supervision, we have strengthened our mechanism for evaluating and monitoring suppliers' environmental performance. For procurement projects exceeding CNY5 million, during the prequalification stage, bids are evaluated based on whether suppliers have obtained the ISO 14001 certification. Shortlisted suppliers must demonstrate robust environmental protection capabilities and submit Safety and Civilised Construction Plans so we can ensure they will adhere to local environmental requirements during operations.

In terms of oversight, we conduct regular reviews to monitor suppliers' environmental performance, with a focus on their implementation of environmental policies and measures. Meanwhile, the company fosters collaborative partnerships with suppliers to advance shared sustainability goals.

Setting the Industry Benchmark for High-quality Development

Following the Trends of the Time to Promote Industry Development

On the global stage, the company is using international events such as the China International Consumer Products Expo (CICPE), the Trinity Forum, and the Boao Forum for Asia (BFA) to tell a new story about the tourism retail industry in China. We are calling for enhanced cooperation among all stakeholders to deliver a bright future for the industry.

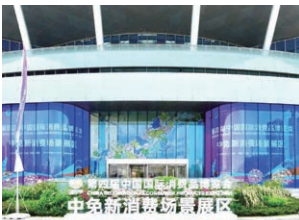
Harnessing the 4th CICPE, China Duty Free Group launched diverse activities in Hainan to stimulate consumption

From 13 to 18 April 2024, the fourth China International Consumer Products Expo was held in Hainan province under the theme "Share Open Opportunities, Co-create a Better Life", featuring over 4,000 brands from 71 countries and regions. This marked the fourth year in which the company has participated in the expo. The company established a "CDF New Consumption Scenarios" exhibition zone at the Haikou International Duty-Free Shopping Complex to showcase innovative consumer experiences. Concurrently, the company's Hainan stores actively launched promotional activities,

leveraging the expo's spill-over effects to expand and support the tourism retail market.

At the "CICPE Sub-Venue", which was held for the first time in 2024, the Haikou International Duty-Free Shopping Complex launched the themed campaign "Embrace New Consumption, Enjoy Duty-Free Shopping". During the expo, it hosted pop-up exhibitions such as the "Latest Domestic Consumer Products" exhibition, a jade culture exhibition ("Jade Path"), Li ethnic cultural performances ("Li Rhythms"), and an immersive interactive game ("Secret Forest"). Additionally, the complex set up two major runways for the "4th CICPE Fashion Week", organising nine fashion shows (which included brands such as Mini Mode and Stolen Stores) and a fashion dialogue forum.

This array of exhibitions and activities attracted significant attention from expo attendees and tourists. During the event, Haikou International Duty-Free Shopping Complex received nearly 100,000 visitors, representing a 35% increase compared to pre-expo foot traffic.



▲ Opening up new consumption scenarios and driving the "CICPE + Duty-Free" consumption trend



▲ Fashion shows



▲ The expo and consumption promotion activities created a vibrant atmosphere



▲ Promotional activities in cdf stores in Hainan

• Providing quality services during the Boao Forum for Asia

The 2024 Boao Forum for Asia (BFA) Annual Conference was held in Boao, Hainan, from 26 to 29 March 2024. The company's Qionghai Boao Duty-Free Shop meticulously planned and implemented comprehensive service solutions that aligned with international conference standards to fully meet the diverse needs of attendees. The store successfully completed its mission of offering high-quality service support, contributing to the development of the Hainan Free Trade Port through concrete actions.



• Attending the Trinity Forum 2024, marking our second year of attendance

On 5 November 2024, the Trinity Forum – which was jointly organised by the Moodie Davitt China Travel Retail Report (the authoritative media report in the global tourism retail industry), ACI World and ACI Asia-Pacific & Middle East – was held in Ho Chi Minh City, Vietnam. The company attended the Trinity Forum 2024 as a Platinum Partner of the event. Zhao Feng, Deputy General Manager of China Duty Free Group, participated in the forum, while Sun Fang, Assistant General Manager, delivered a keynote speech on the opening day. She shared insights on the recovery of China's tourism and consumer markets, the rise of domestic "Guochao" (China-chic) brands, and the company's product selection and channel strategies.



▲ Sun Fang, Assistant General Manager of China Duty Free Group, delivered a keynote speech on the opening day of the forum

• Attending the 2024 TFWA Asia Pacific Conference to explore opportunities in tourism retail

From 12 to 16 May 2024, the Tax Free World Association (TFWA) Asia Pacific Exhibition & Conference was held in Singapore. As a Diamond Sponsor, the company engaged in fruitful exchanges with industry partners at the event. On 14 May, during the "China Watch" seminar themed "Opportunities and Development", the company's personnel discussed trends in the duty-free and tourism retail sectors.



▲ The company participated in the TFWA Asia Pacific conference

• Participating in the third China (Macao) High-Quality Consumption Exhibition

From 25 to 29 September 2024, the cdf Grand Lisboa Palace Shop, operated by CDFI, joined the third China (Macao) High-Quality Consumption Exhibition & Hengqin Global Bay Areas Forum. At the event, we offered a preview of the cdf Macau Watch & Jewellery Festival under the theme "Journey Through Time", showcasing exquisite craftsmanship from multiple watch brands and delivering interactive experiences that combined visual, tactile, augmented reality (AR), and artificial intelligence (AI) elements.



▲ Preview of the cdf Macau Watch & Jewellery Festival

• The 2024 Asian High Fashion Art Exhibition held its grand opening at the cdf Sanya International Duty-Free Shopping Complex

On 15 October 2024, the Asian High Fashion Art Exhibition officially commenced at the You Art Centre (有时艺术中心) within the cdf Sanya International Duty-Free Shopping Complex. The exhibition highlighted the unique charm of Asia's fashion culture and served as a catalyst for advancing Sanya's fashion consumption industry.



▲ Grand opening of the 2024 Asian High Fashion Art Exhibition

• Supporting the establishment of the Hainan Offshore Duty-Free Association to drive the high-quality development of the industry

In full alignment with President Xi Jinping's series of important directives on the construction of the Hainan Free Trade Port and the inspiring speech he delivered during his inspection of the Sanya International Duty-Free Shopping Complex, the Hainan Offshore Duty-Free Association ("the Association") was officially approved on 5 August 2024. This milestone heralds a new phase for Hainan's offshore duty-free sector and is expected to foster coordinated development among market entities, encourage the development of industry ecosystems, and lead to the creation of a world-leading industrial cluster.

The Association, which operates under the supervision of the Department of Commerce of Hainan Province, was jointly initiated by the Department of Commerce and eight entities: China Duty Free Group (Hainan) Operation Headquarters Co., Ltd.; China Duty Free (Haikou) International Duty-Free City Co., Ltd.; Hainan Provincial Duty Free Co., Ltd.; Hainan Tourism Investment Duty-Free Co., Ltd. (海南旅投免税品有限公司); Global Consumer Goods (Hainan) Trading Co., Ltd. (全球消费精品(海南)贸易有限公司); CNSC (Sanya) Duty-Free Co., Ltd. (中服(三亚)免税品有限公司); Shenzhen Duty-Free Group (Hainan) Operations Headquarters Co., Ltd. (深免集团(海南)运营总部有限公司); and Hainan Outlets Tourism Development Co., Ltd. The Association aims to foster a market environment that supports governmental coordination, competition and collaboration among market players, collective promotional efforts, and bargaining power in respect of global procurement.



▲ First inaugural general assembly of the Association

Diligent industrial planning bears fruitful results

As a leader in duty-free business, the company has been building its presence in commercial complexes and cruises with a focus on duty-free business for many years, and it has maintained its leadership in the travel retail industry.

The Dalian Downtown Store reopens, delivering new momentum in duty-free consumption

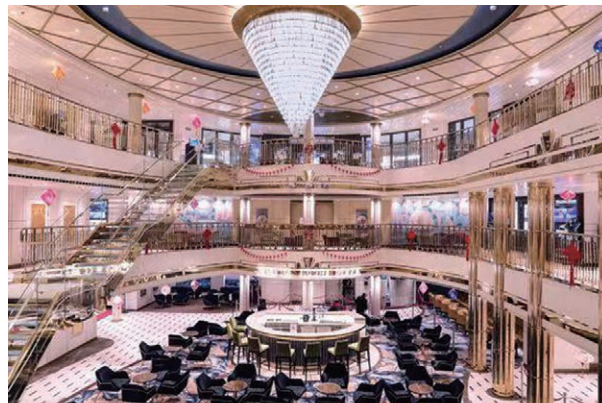
In August 2024, the Ministry of Finance, the Ministry of Commerce, the Ministry of Culture and Tourism, the General Administration of Customs, and the State Taxation Administration issued a joint notice to refine downtown duty-free store policies and standardise management practices. On 31 December 2024, the company's Dalian Downtown Store reopened, marking the first downtown duty-free store launched under the new policy framework. Dalian – a pivotal economic, trade, port, industrial, and tourism hub in northeastern China and a gateway for the internationalisation of the region – hosts the store on the ground floor of the Nova Xinghai Centre (新星•星海中心), which is only two kilometres from iconic Xinghai Square. The store offers an array of products spanning beauty and skincare, perfumes and fragrances, watches and jewellery, sunglasses, alcoholic beverages, and gourmet foods, catering to varied consumer demands. Leveraging policy advantages, the store also sells domestic “Guochao” (China-chic) brands, giving them equal exposure alongside international labels.



▲ Grand opening of the Dalian Downtown Store

The cdf Adora Magic City store opened on the first made-in-China cruise ship

On 1 January 2024, the company opened a store on Adora Magic City, the first made-in-China cruise ship. Adora Magic City is 323.6 metres long with 15 decks and can accommodate 5,246 guests. The cdf Adora Magic City store has an area of nearly 1,200 square metres and a collection of more than 200 well-known Chinese and foreign brands across a range of categories including cosmetics, wine, luxury jewellery and watches.



▲ Interior of Adora Magic City



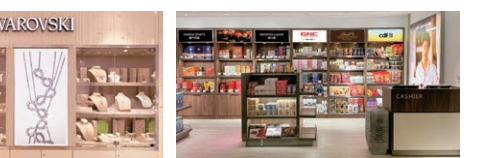
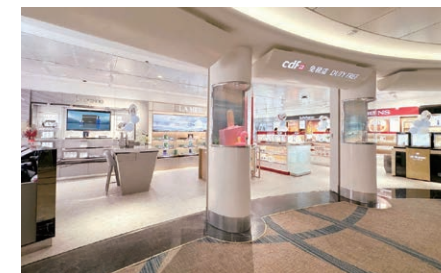
▲ cdf Adora Magic City store

The cdf store on Astro Ocean Piano Land opened for business

On 25 July 2024, Piano Land, Astro Ocean's first cruise ship, set sail from its home port in Shanghai. cdf's duty-free store opened on the Piano Land cruise ship on the same day, offering a wide range of options and convenient shopping services for passengers. With a gross tonnage of 70,000, Piano Land is 261 metres long and 32 metres wide and has a capacity of 1,800. The duty-free store on the cruise ship is located on the 6th and 7th floors, covering an area of 650 square metres. It features a comprehensive collection of world-class luxury brands covering a wide range of categories including wine, leather goods, bags, accessories, sunglasses, cosmetics, perfume and food.



▲ The Astro Ocean cruise ship that houses cdf's duty-free store



▲ cdf's duty-free store on the Astro Ocean cruise ship

The first Wuliangye franchise store under the travel retail model opened in Sanya International Duty-Free Shopping Complex

Although sales of domestic liquor products by duty-free stores are restricted under offshore duty-free policies, CTG DUTY-FREE has adopted a proactive approach and started selling domestic liquor products in the Hainan travel retail market under an innovative duty-paid business model. On 19 September 2024, the first Wuliangye store under the travel retail model opened in Sanya International Duty-Free Shopping Complex, marking a new chapter in the partnership between the two groups.



▲ The first Wuliangye store under the travel retail model opened in Sanya International Duty-Free Shopping Complex

Telling China's Story: CDF Expands Globally

The company actively explores overseas markets in an effort to align with the long-term growth of international tourism. Building on its established presence in Asia Pacific, in 2024, the company entered Japan, Singapore, and Sri Lanka and signed a strategic memorandum of understanding (MOU) with Vietnam's Imex Pan Pacific Group (IPP Group), marking significant milestones in the company's global expansion.

Cambodia

At the end of 2024, the company had opened three downtown duty-free stores in Phnom Penh, Siem Reap and Sihanoukville, along with one airport duty-free store at Siem Reap-Angkor International Airport.

During the 2024 Cambodia-China People-to-People Exchange Year, in order to deepen cultural, tourism, and service exchanges and cooperation between China and Cambodia, Deputy Governor of Siem Reap NGOUV SENGKAK and 22 tourism representatives visited the cdf Angkor Downtown Duty-Free Store and held the "Siem Reap Tourism Development Forum" to discuss collaboration in regional tourism.



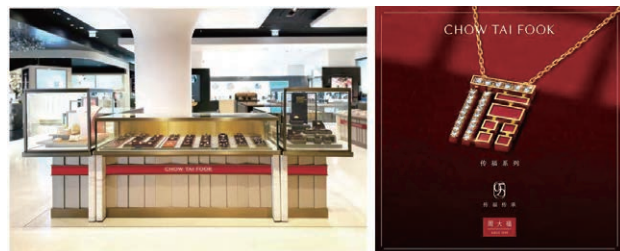
▲ The Siem Reap Tourism Development Forum



▲ Representatives from the tourism industry visiting the cdf Angkor Downtown Duty-Free Store

Japan

In 2024, the company actively explored the demand in overseas markets for Guochao gold jewellery. As part of this effort, we opened "Japan Duty Free GINZA" – an airport-style downtown store in Tokyo's Ginza district – which features a dedicated counter for Chow Tai Fook Jewellery, a renowned Chinese luxury brand. Travellers and residents can place duty-free orders at the store and then collect their goods at the Haneda or Narita airport upon departure.



▲ CDF's "Japan Duty Free GINZA" store in Tokyo's Ginza district

Singapore

The Asia Pacific region is the key market for cdf's expansion, and Singapore Changi Airport is also one of the most important markets for tourism retail. On 9 February 2024, the company partnered with Qeelin – a luxury jewellery brand under Kering Group – to open a boutique at Singapore Changi Airport.



▲ The Qeelin Boutique at Singapore Changi Airport

On 30 October 2024, the company collaborated with the German high-end brand Modern Creation München (MCM) to launch a luxury store in Terminal 3 of the airport. This is the company's second luxury store at the airport, reinforcing its commitment to Singapore's tourism retail market.



▲ The Singapore Changi Airport store jointly operated by cdf and MCM

Sri Lanka

On 26 September 2024, the company officially opened its first duty-free shop in Sri Lanka, cdf Sri Lanka Duty-Free Store, in the "The Mall" shopping centre in Port City Colombo. The store offers a diverse range of high-end products, covering more than 400 internationally famous brands, including fashion accessories, renowned watches and jewellery, perfumes, famous wines, specialty food from around the world and souvenirs. As the company's first venture in South Asia, the store fills a gap in the local duty-free market and introduces a premium shopping experience to the region.



▲ cdf Sri Lanka Duty-Free Store

Vietnam

On 6 November 2024, the company and Vietnam's IPP Group signed a MOU and formally established a strategic partnership, with the aim of exploring opportunities in tourism and travel retail while fostering economic collaboration between China and Vietnam.



▲ cdf and Vietnam's IPP Group signed a MOU and formally established a strategic partnership



“Guochao” (China-chic) brands going global

To implement the national strategy of vigorously promoting the overseas expansion of Guochao products and fulfilling its responsibility as a central state-owned enterprise in advancing globalisation, the company established the Guochao Brand Overseas Expansion Project Team in May 2024. Under this initiative, we aim to fully promote trendy domestic goods around the world and enhance the global influence of the “Made in China” brand. For the Guochao project, the company signed a strategic cooperation agreement with the Jinjiang Municipal People’s Government and successfully organised the “Government-Enterprise Collaboration: Jointly Charting Development” special promotional event. Additionally, the “Rising Tide Grand Event: Setting Sail for Global Markets” series for Guochao sports brands debuted at the Haikou International Duty-Free Shopping Complex, generating total sales in excess of CNY100 million. With these efforts, we comprehensively deepened collaboration with Chinese sports enterprises, making significant progress in the internationalisation of Chinese brands.

Since establishing the Guochao Brand Overseas Expansion Project in 2024, the company has made endeavours across multiple fronts – including introducing brands, piloting business models, engaging in brand collaborations on a trial basis, developing a Guochao zone, promoting 3C electronics exports, expanding offerings of Chinese-style tea beverages, and supporting new energy vehicle initiatives – and achieved substantial results.

Introducing brands. The project team has secured an intention to cooperate with over 80 Guochao brands spanning apparel, sunglasses, electronics, fragrances, and cosmetics. Notable brands such as KALME, Chamelo, iFLYTEK, Rellet, and Dr. Alva have formally signed contracts with the company, demonstrating the project’s strong brand appeal.

Piloting business models. The team has actively explored flexible cooperation frameworks, including in respect of trade, consignment, joint ventures, distribution, and self-operated

models, to accommodate diverse brand and market needs. For instance, we secured exclusive agency agreements in Thailand with iFLYTEK and Chamelo, alongside a general agency agreement for Asia Pacific tourism retail channels with Chamelo. In addition, we have opened a joint venture flagship store with 52TOYS in Hong Kong, highlighting the project’s innovative and adaptable approach.

Brand collaborations. We have made significant progress by partnering with leading brands. In respect of these partnerships, iFLYTEK’s initial order is expected to reach 2,000 units, while Chamelo will operate on a pilot basis at the Sanya Haitang Bay store. 52TOYS is planning a pop-up store in the GLP Grand Hall, and Bebebus will open its first outlet at New Town Plaza. These developments underscore the project’s effectiveness in driving brand collaboration.

Developing a Guochao zone. A dedicated Guochao zone was launched at the Macau cdf Grand Lisboa Palace Shop, featuring over 10 cosmetics brands including Rellet, Dr. Alva, Comfy, and CHANDO. As part of this effort, we also collaborated with eBest, the largest Chinese e-commerce platform in Australia, to advance the overseas expansion of domestic cosmetics brands, reflecting the project’s impact on regional development.

Promoting 3C electronics exports. Discussions are underway with Thailand’s One Bangkok and Singapore’s Frasers retailers to establish 3C electronics pop-up stores, with a view to facilitating the global outreach of brands like Bear Home Appliances (小熊家电) and Usmile. These initiatives mark the proactive strides the project is making in the 3C sector.

Chinese-style tea beverage initiatives. By engaging with leading brands such as CHAGEE and Molly Tea, we are exploring franchising and joint venture models, with plans to introduce these brands in overseas travel retail channels, underscoring the project’s commitment to promoting Chinese tea culture globally.



New energy vehicles. The project team is exploring implementation pathways for new energy vehicle agency and distribution operations in Hong Kong, with a view to broadening product boundaries and pursuing innovative approaches and breakthroughs in the new energy vehicle sector.



▲ The “Guochao Summer Play” display at the cdf Haikou International Duty-Free Shopping Complex



▲ The Guochao Cosmetics Hall at the Haikou International Duty-Free Shopping Complex



▲ The Guochao x Sports catwalk show

Engaging in Charity Initiatives to Act as a Responsible Corporate

Environmental Protection

The company leverages its strengths to actively promote green environmental practices, prioritising the concept that “development and environmental protection should go hand in hand” and exemplifying corporate social responsibility.

Aligned with its strategic focus on Hainan, the company’s Sanya Downtown Store launched the “Clean the Blue Ocean, Guard the Green Forest” volunteer initiative. For this campaign, which is tailored to the duty-free industry, we are collaborating with local organisations to conduct over 15 tree-planting, beach-cleaning, and ecological educational activities. These efforts received wide coverage from media outlets such as *Sanya Daily* and *People’s Daily*. In 2024, the Sanya Downtown Store recruited 650 registered volunteers, invested approximately CNY180,000, and organised 30+ eco-protection, traffic management, and community service initiatives, with over 2,500 participants volunteering 1,000+ hours of service.



▲ On 12 March 2024, we held the launch ceremony for the “Clean the Blue Ocean, Guard the Green Forest” volunteer service brand and the “Journey of Light: Dancing with the Forest” tree-planting activity at the Qingmei Port Mangrove Reserve in Yalong Bay, Sanya



▲ On 28 May 2024, leveraging the Haitang District Party Building Alliance (党建大联盟交流平台), the Sanya Downtown Store participated in the “Haitang Vision” Phase 2 roadshow event titled “Building Ecological Civilisation, Practising Green Development – Green Vitality”, under the theme Haitang in Action. Focusing on fulfilling the company’s responsibilities as a central enterprise and advancing ecological conservation, the branch promoted its “Integrity in Operations, Excellence in Service” model and secured second place in a competition among key cultural-tourism enterprises in the region



▲ From 24 to 28 June 2024, the Sanya Downtown Store held “Clean the Blue Ocean, Guard the Green Forest” week. During this time, nearly 100 staff and volunteers undertook beach and forest cleanup efforts in three rounds at Coconut Island



▲ On 22 April 2024, the company organised the “Cherish the Earth, Clear Waters” beach-cleaning campaign at Haitang Square in Haitang district



▲ On 8 June 2024, a group of pioneers from the Sanya Downtown Store transformed into “Guardians of the Blue Planet”, conducting marine conservation activities at Wuzhizhou Island Tourist Area and Sanya Haichang Fantasy Town



▲ On 5 December 2024 (International Volunteer Day), the Sanya Downtown Store organised 28 volunteers for the “Green Mountains, Clear Waters” ecological research activity at Nanta Reservoir in Yucai Ecological Zone, Sanya.

Educational Support

On 20 September 2024, the company collaborated with French brand Guerlain on a bee conservation project, visiting Xuhui District New World Primary School in Shanghai to promote bee protection to 140 second-grade pupils through themed workshops, with a view to fostering environmental awareness among young people.



On 29 May 2024, 28 Party members from the Sanya Downtown Store visited a children's charity in Jiyang district, Sanya, to conduct the "Love Builds Dreams, Warmth Touches Hearts" initiative. They donated milk, bread, tissues, and other supplies to 19 children with special needs (referred to as "Slow Angels" – those facing developmental delays, speech impairments, or mobility challenges due to congenital or acquired conditions), offering care and support for these individuals.



The Sanya Downtown Store actively undertook efforts to meet its social responsibility by prioritising local employment and refining campus recruitment. In 2024, the store recruited approximately 50 graduates, contributing to regional economic development and talent retention.



Additionally, the store dispatched a group of young professionals to teach at youth night schools in Jiyang and Haitang districts, with a view to helping youth in Hainan Free Trade Port acquire skills while enriching their leisure lives and nurturing their intellectual growth.



Community Initiatives

The company has organised annual clothing donations for 16 consecutive years to deliver care to those in need. In 2024, Hangzhou cdf donated 80 kilograms of used clothing to the China Charity Federation, and Hohhot cdf launched a clothing drive via the "White Whale Platform" to help keep people warm.



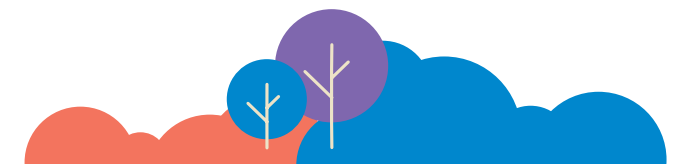
On 6 February 2024, in the run-up to Lunar New Year, the Sanya Downtown Store sent volunteers to the Jiyang District Elderly Care Home for the "Spring Warmth, Deep Compassion" event.



On 11 October 2024, the Riyue Store (日月店) partnered with Haikou Qiongsan District authorities to visit the Hongming Elderly Care Home in Sanmenpo town, Haikou, offering companionship and support to seniors who might otherwise have limited opportunities to socialise.



On 5 March 2024, during peak hours at Sanya International Duty-Free Shopping Complex, 30 volunteers in red vests conducted a traffic safety campaign at a T-junction.



During the 9th “China Charity Day”, the Sanya Downtown Store co-hosted a charity bazaar in Haitang district to promote philanthropy, rallying local participation and advancing charitable causes.



In November 2024, volunteers from the Sanya Store assisted in maintaining order at the 12th National Traditional Ethnic Games' wrestling venue and the hotel that housed the athletes.



On 5 March 2024, the Riyue Store organised a blood donation drive and received successful donations from 55 people who contributed 12,300 millilitres of blood, a portion of which was used to provide emergency support for a university student.



On 30 September 2024, the Riyue Store participated in Qiongsan district's “75 Years of Glory: Party Flags Illuminating Splendour” volunteer music gala in Haikou.



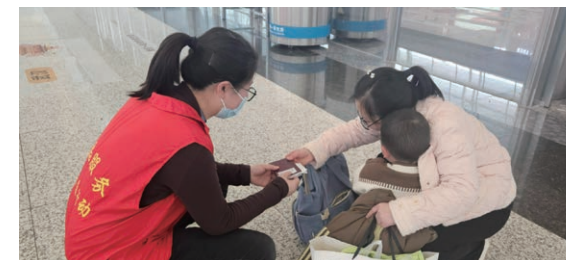
Following Typhoons Yagi and Trami, Hainan DF staff engaged in post-disaster cleanup, debris removal, and sanitation efforts to help restore the area.



On 5 March 2024, volunteers from the Meilan Store provided guidance, luggage assistance, and inquiry support at Haikou Meilan International Airport, embodying the “Spirit of Lei Feng”.



In February 2024, freezing rain and snowfall occurred in Hubei province. In response, Wuhan cdf formed a volunteer team of 11 people who donned eye-catching volunteer vests and went straight to the front line to provide compassionate services such as inquiry guidance and question-and-answer assistance for passengers, conveying warmth through practical actions.



In 2024, our subsidiaries established dedicated volunteer groups. For example, Chengdu cdf's Youth League encouraged staff to register as volunteers on the official “Civilised Rongcheng” volunteer platform and actively participate in community volunteer services, mandating 20 or more service hours per year. Meanwhile, Hangzhou cdf formed the “Qihang Pioneer Team” to address urgent operational tasks through volunteer efforts.

In 2024, the company conducted 59 ESG-related activities, including a number of volunteer initiatives, with 3,580 employees contributing a total of 7,940 hours.



Overseas Social Responsibility

On 1 August 2024, CDFI organised volunteers for a tree-planting activity in Hong Kong's country parks, with a view to enhancing green ecosystems and biodiversity. A total of 500 saplings, including *Ardisia punctata*, *Daphniphyllum calycinum*, and *Helicia cochinchinensis*, were planted, symbolising resilience in line with the concept of “rooting downward, growing upward, and standing firm against the wind”.



03



People

Employee Rights and Promoting Their Interests	84
Diversified Training to Promote Staff Development	91
Operational Safety and Physical and Mental Health	94

CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 3, 5 and 8. As a people-oriented organisation, we care for our employees. We provide them with training and create a platform for the company and our people to develop together.



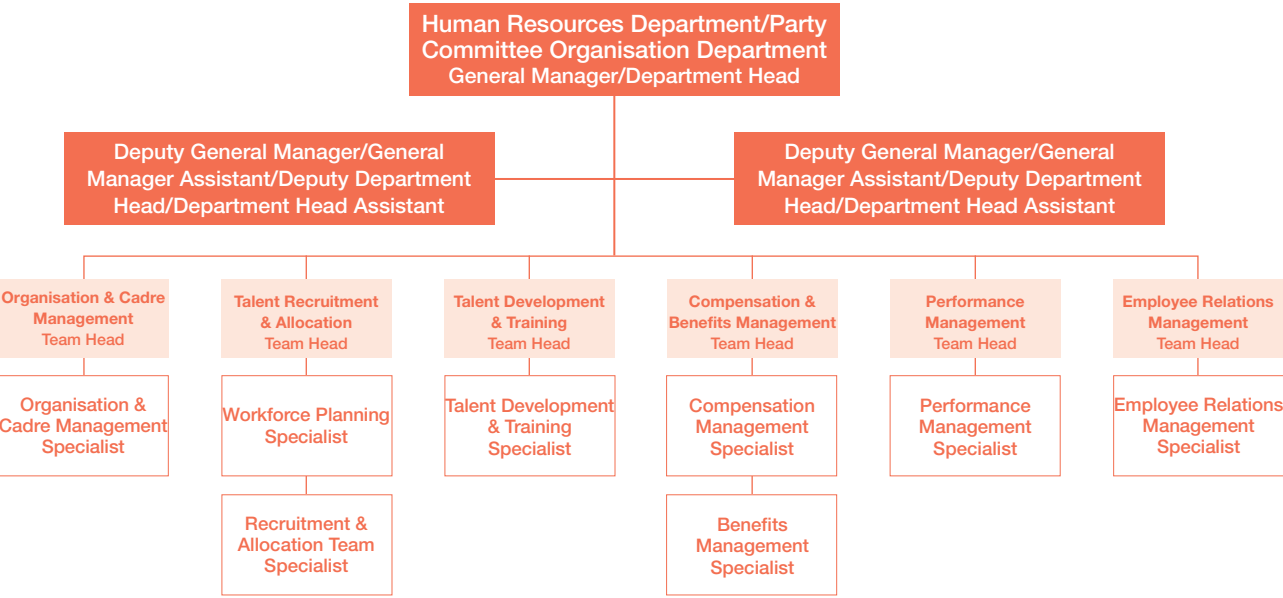
Employee Rights and Promoting Their Interests

Employee Rights

We consistently uphold the “people-oriented” management philosophy regarding talent management and strictly comply with the *Labour Law*, the *Labour Contract Law* and other laws and regulations, as well as the international human rights and labour conventions and protocols that China has signed, such as the *Equal Remuneration Convention* and the *Elimination of Discrimination in Respect of Employment and Occupation*. We respect the *Declaration on Fundamental Principles and Rights at Work* issued by International Labour Organization (ILO) and *Guiding Principles on Business and Human Rights* by the UN. We adhere to the principles of honesty, trustworthiness, fairness and justice in our dealings with employees, and we fully guarantee their rights and interests.

Governance

The company has established a clear governance framework for employee-related matters. The responsibilities of the Human Resources Department and its subordinate teams are defined in the “Headquarters Department Responsibilities and Organisational Structure”. Meanwhile, we have specified the implementation measures for tenure-based and contractual management of managerial personnel in the “Performance Management Measures for Headquarters Employees”, which establishes fundamental principles for comprehensive performance evaluation and clarifies supervision mechanisms for employees’ work.



Strategy, Management of impacts, risks and opportunities

Recruitment Management

The company has developed a comprehensive employee recruitment system and has recruited our employees through on-campus recruitment, job fairs, recruitment agencies, online recruitment platforms and internal recruitment. We sign labour contracts with employees.

We adhere to the recruitment principle of focusing both on integrity and ability. We also respect differences, encourage diversity, and prohibit any form of discrimination from upholding the principles of fairness, impartiality and openness. Our company has formulated hiring criteria according to the actual needs of each position without imposing any restrictions related to age, gender, ethnicity, religious beliefs or other characteristics. For high-end talents, we insist on a combination of external introductions and internal trainings, attracting more talents on a selective basis, and selecting the best candidates to target for recruitment.

Employment Management

In regards of prohibiting child labour, we strictly abide by labour laws and regulations, check ID card during on-boarding procedures and forbid the employment of child labour. In terms of preventing forced labour, we strictly prohibit restricting employees’ freedoms or forcing employees to work by collecting deposits, detaining documents, or engaging in threats. During the reporting year, our company did not have any violations of laws and regulations involving child labour or forced labour.

Resignations Management

Unless exceptional circumstances arise, we generally do not voluntarily sever or terminate the labour relationship with employees. If it is necessary to terminate or rescind an employee's labour contract, we strictly follow the process in accordance with the requirements and procedures of labour laws and regulations. Those who should be given economic compensation according to the law will receive corresponding compensation according to the legal requirements. The company generally does not try to restrict employees’ choice of new jobs. For cases involving competition restrictions, such restrictions are handled according to the signed agreement.

Holiday and Working Hours Management

We strictly observe regulatory requirements regarding national statutory holidays, employees are entitled to annual leave, maternity leave, marriage leave, parental leave, parental care leave for single-child families and additional blood donation leave, parent-teacher conference leave, etc. According to the company’s situation, we implement two working hour systems: standard and comprehensive working hours. We strictly enforce the monthly 174 working hour working system. As for excess working hours, we arrange compensated leave or pay overtime according to labour laws and regulations. While we strictly adhere to the Labour Law stipulation that employees’ monthly overtime shall not exceed 36 hours to effectively protect employees’ rights to rest.

Comprehensive Remuneration Management

The company adheres to the concepts of market-oriented remuneration, regular reviews of applicable salary standards are conducted, determines remuneration standards based on the “double benchmarking” principle and matches the incentive level with the company’s development and talent strategy. The company has established a performance and remuneration management system, which aligns with the prioritises performance and follows the principles of fairness, positive motivation and sustainable development. We set the basic and performance salary ratios based on market practices. In this regard, the company determines the basic salary based on the position duties, personal capabilities and other factors. The performance salary is linked to the company’s comprehensive performance, the department’s performance and the individual’s performance, forming a mechanism of effective incentives and restraints.

The company actively implements the spirit of common prosperity to share the fruits of its corporate development with employees. In addition to basic salaries, we have implemented enhanced salary safeguards for front-line staff and strengthened baseline protections for lower-income employees and employees whose positions may expose them to hardship, danger and heavy workload. The company formulates “One Enterprise, One Policy” wage standards based on regional average wages, and our salary levels are significantly higher than the local minimum wage standards. Any employees who work a full year and receive incomes below this standard are compensated accordingly.

The company is actively advancing medium-to-long-term incentive mechanisms. In terms of medium – and long-term incentives, the company comprehensively implements a system under which corporate managers at all levels are contractually managed on a tenure basis. Under the system, managers are required to sign contracts that reward them strictly in accordance with performance appraisal results. Tenure incentives are only awarded to managers who meet the contractual performance standards. The company has not yet implemented equity incentives or employee shareholding plans. We will introduce such measures in eligible enterprises when conditions mature.

In accordance with national and local policies, we have established and implemented a welfare system to make timely and complete payments of social insurance and housing provident funds for employees; and we also offer annuities, supplementary medical care, canteen dining and other welfare programmes to our staff. In this way, we have built a multi-level welfare guarantee system based mainly on social insurance, with corporate welfare programmes acting as a supplement. 60% of annual remuneration for corporate managers at all levels is linked to corporate performance assessments. Actual performance-based pay correlates with both enterprise evaluation scores and individual managerial assessments.

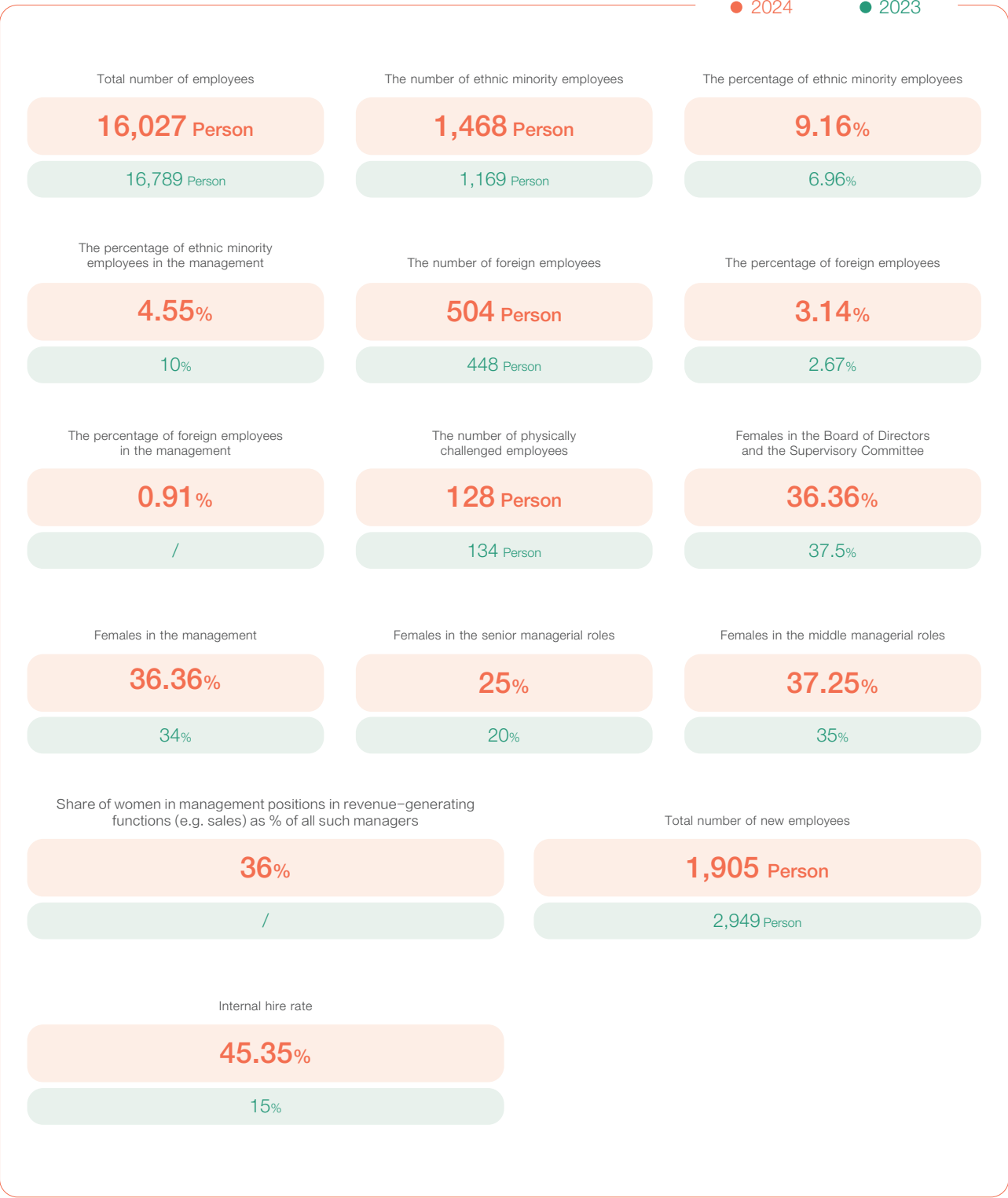
Regarding remuneration compliance, all employee compensation and welfare systems undergo rigorous scrutiny during the formulation and revision stages to ensure they are aligned with corporate policies and legal and regulatory requirements. Prior to implementation, these systems are also subject to strict review procedures conducted by the staff representative assembly. Meanwhile, the Party Committee conducts inspections and specialised audits to comprehensively examine subsidiary enterprises’ salary and welfare performance on an annual basis.

Democratic Management

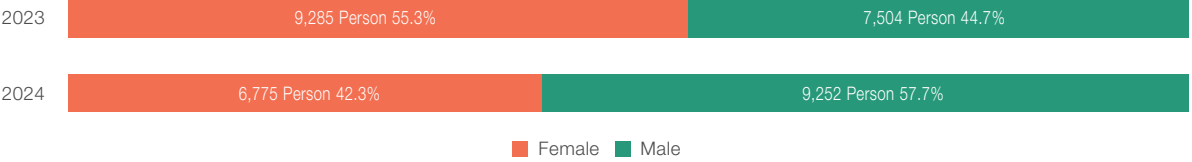
We continue to improve its democratic management system, which is based on the trade union and the staff representative assembly. The company’s trade union is committed to safeguarding collective bargaining rights of employees; and it carries out its work following the Trade Union Law, the Constitution of the Chinese Trade Union and other laws and plays a vital role in public affairs. The trade union effectively promotes the participation of employees in the company’s democratic management and deliberations involving major issues concerning the vital interests of employees.

When formulating, revising and deciding rules, regulations and material issues that are directly related to the vital interests of our employees, such as labour remuneration, working hours, rest and leave, labour safety and health management, insurance and welfare, employee training, labour discipline, headcount management, etc., we collect opinions from general meetings of employee representatives to ensure that decisions are made through consultation and on an equal basis. We then make public announcements to all employees or notify the relevant departments or individuals after decisions are made. Employees may also appeal to the trade union through email, WeChat, inperson talks and other channels. In 2024, the company implemented requirements to strengthen the Women Employees Committee’s organisational structure, studied the “Work Regulations for the Trade Union’s Women Employees Committee”, and enhanced women employees’ committees at the corporate and subsidiary levels.

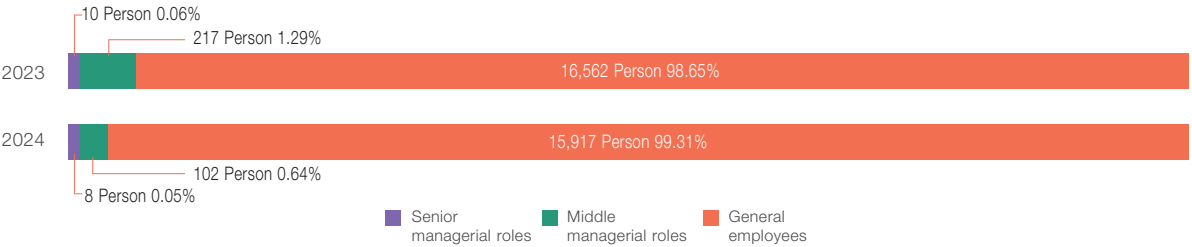
● Metrics and Targets



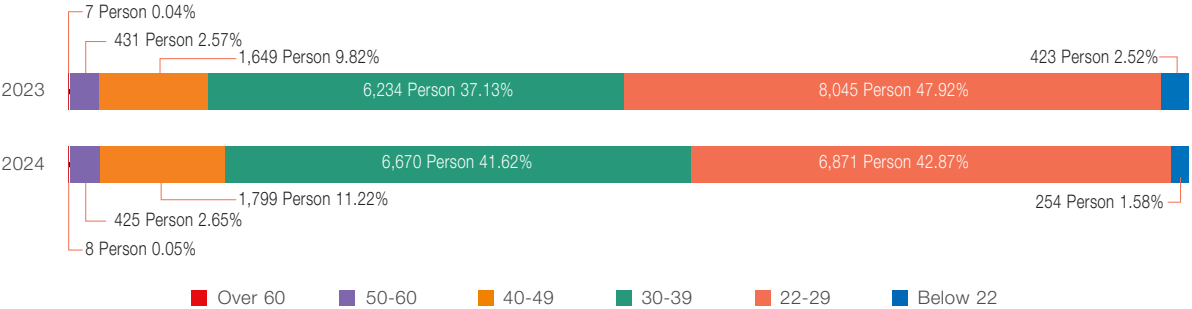
The number of employees by gender



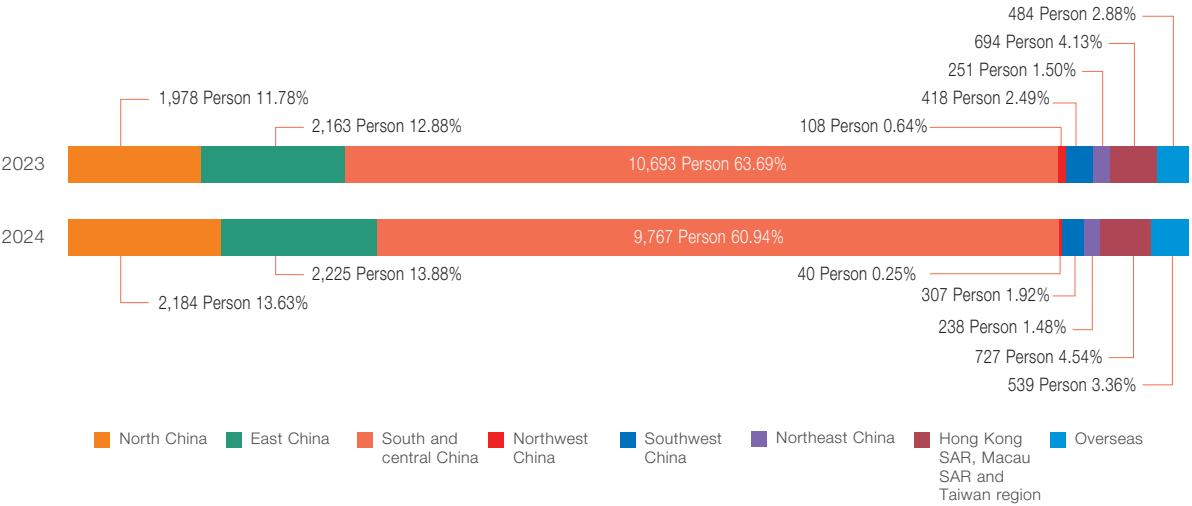
The number of employees by employee category



The number of employees by age group



The number of employees by region



The number of new employees by category



Employee turnover rate

Total employee turnover rate **15.71%**, of which employee voluntary turnover rate was **9.63%**.

Employee turnover rate by gender		Employee turnover rate by category		Employee turnover rate by age group		Employee turnover rate by geographical region	
Male	17.53% 16.09%	Senior managerial roles	25% 9.09%	Over 60	52.94% 58.52%	Chinese Mainland	18.14% 15.65%
Female	14.33% 17.05%	Middle managerial roles	5.88% 4.82%	50-60	12.53% 14.99%	China's Hong Kong SAR, Macau SAR and Taiwan region	30.54% 31.01%
		General employees	18.72% 16.77%	40-49	6.98% 8.95%		
				30-39	11.73% 12.22%		
				22-29	19.23% 19.55%		
				Below 22	48.58% 39.57%	Overseas	16.14% 22.31%

● 2024

● 2023

Employee Care

Based on the principle of “understanding our people, meeting their needs and addressing their difficulties”, we continuously strive to care for our employees’ needs. Our company also improves employees’ working conditions, enhances and ensures their quality of life, increases their happiness and satisfaction, and generally creates conditions that make employees “proud to work at CTG DUTY-FREE”.

Employee benefits

In terms of employee benefits, we have formulated the “Administrative Regulations on Assistance for Sick Employees and the Collective Welfare of Trade Unions”. The company’s trade union conducts complete investigations to collect employees’ opinions. It sends warm and considerate blessings to employees on holidays and birthdays based on their age, tastes and living habits. The company demonstrates care for various groups, such as employees with difficulties and female employees. The company advocates an inclusive culture and fully considers the needs of ethnic minority employees. For example, we have set up a halal canteen for Hui staff. The total amount of employee benefits in 2024 is CNY248 million.



▲ Halal canteen



▲ 2024 cdf dinner party and the “Auspicious Serpent Delivers Blessings and a Joyous New Year” Spring Festival activity organised by trade unions.

We enhance staff well-being and belonging through diverse activities including literary salons, spring outings, networking events, and hiking.



▲ Staff library

Through trade union subgroups, the company conducted over 20 spring outings – including hiking, flower appreciation, exhibition visits, and sporting events – with nearly 400 employees participating.



Festival activities

In terms of festival activities, the subordinate trade unions carried out a series of activities to celebrate special days, such as International Women’s Day, the “May Fourth Happy Youth Hike”, “Infinite Childhood Sweetness” Children’s Day events, and “Ode to the Motherland” National Day choir competitions.



▲ International Women’s Day activities

Reading and sports activities

In terms of reading and sports activities, we also stage cultural programmes and reading-sharing events to cultivate a “reading-friendly” culture. The “Embrace Nature: Autumn Trek” at Yanqi Lake’s Western Hills trails allows staff to relieve stress, bond with colleagues, and rejuvenate. In 2024, we participated in Group’s Second Staff Sports Games, and won championships in five-a-side football, badminton and table tennis, and won third prize in 3x3 basketball. We also released a “Creative Excellence Award” to recognise employees who demonstrated a bold, challenge-embracing spirit.



▲ Hiking activities

▲ Sports meeting

Work environment

In terms of the work environment, we have made various efforts to improve office facilities, provide convenient services, and ensure that employees are satisfied with the company canteen. Our company is fully committed to creating a convenient and comfortable working environment. The company has regularly accessible staff activity rooms that offer table tennis, treadmills, and billiards. In 2024, employee interest groups organised 229 activity sessions (drawing 1,884 participants) for yoga, basketball, badminton, and football.



▲ Staff centre with 247 square metres

▲ Employee recreational and sports centre: equipped with central air conditioning, dance mirrors, soft seating, fitting rooms and other necessary equipment and facilities

In addition, we provide comfortable nursing rooms, Safe and comfortable spaces for female staff to use during sensitive periods, to protect the privacy and rights of breastfeeding mothers and generally show respect for female employees.

In 2024, to demonstrate care for our people, we conducted 48 congratulatory or condolence visits for employees who were getting married, giving birth, experiencing bereavement, and retiring, offered four tributes to annual model workers, and delivered heart-warming greetings to staff members facing financial difficulties and front-line workers who were on duty during New Year’s Eve and Spring Festival.



we conducted **48** congratulatory or condolence visits for employees who were getting married, giving birth, experiencing bereavement,

and retiring, offered **four** tributes to annual model workers,

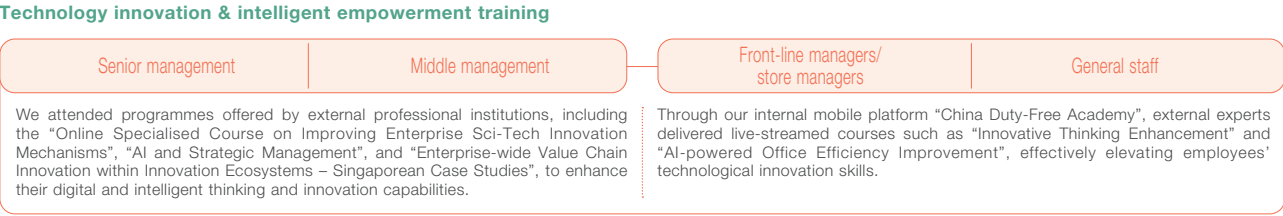
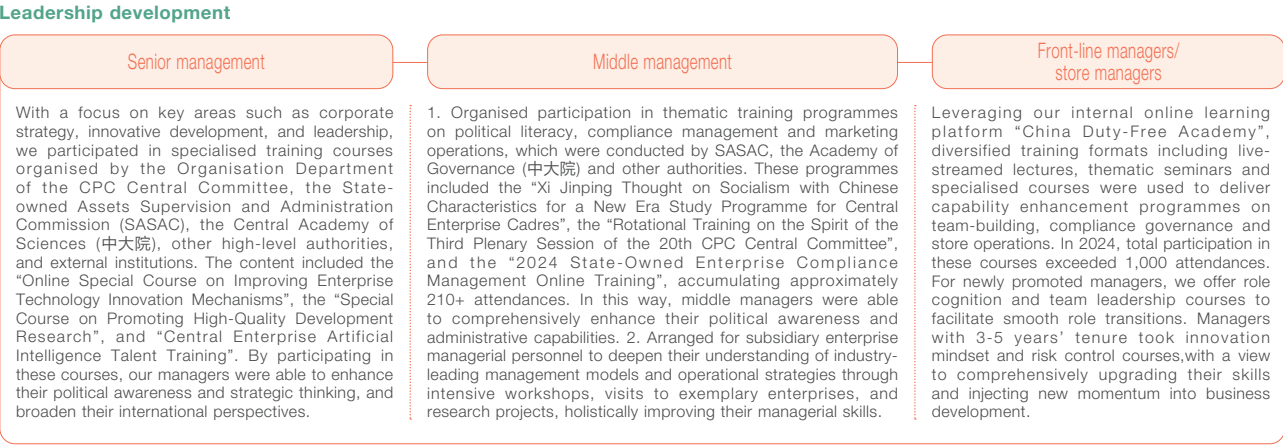
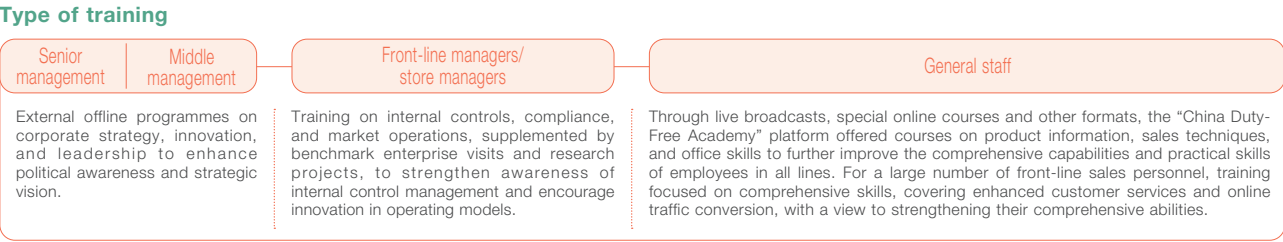
Diversified Training to Promote Staff Development

We have established talent-specific training systems that align with operations and international standards to build smooth career paths for our employees and provided them with a robust platform for their career development.

Employee Training

The company regards strategic development as the core goal of training, and is committed to establishing a robust talent development and training mechanism. Through a combination of online and offline trainings, and under the management principle of “grading and classification, and training for all employees”, we independently provide various trainings to stimulate learning and cultivate talented professionals who will support the company’s sustainable growth. At the same time, the company adopts a multifaceted training approach to boost engagement and satisfaction.

In 2024, the company conducted a variety of tiered training activities:



The company cultivated internal resources by establishing a lecturer team, which delivered a lecture series called “Excellent Teachers and Excellent Courses”. In 2024, the team delivered eight live lectures, which drew 1,500 participants. This “training-through-practice” approach strengthened internal trainers’ comprehensive abilities.

The company attaches importance to the training of young talents and continues to carry out management trainee training programmes. Taking into account the company’s strategic business objectives, we used the “job rotation and research” training format to accelerate professional growth, cultivate talent pipelines for critical roles, and enhance the core competitiveness of the company.



In 2024, **830** key training sessions were held.

In May, the company launched a specialised director training programme, which offers 14 customised online courses and examination banks, with a view to improving directors' professional skills.

From May to June, the company conducted learning pathway workshops for front-line sales positions, leveraging best practices to develop 12 core courses and establish a "training-examination-archiving-certification" mechanism. In this way, we are accelerating the cultivation of talent and effectively improving the service quality of front-line sales personnel.



In October, taking into account the characteristics of the duty-free industry and authentic business scenarios, we adopted an immersive "shared instruction + group discussions + real-scenario drills" format for front-line sales training, further elevating sales staff's comprehensive competencies and practical skills.



In August, we held a six-day induction programme for new employees that incorporated a corporate overview, professional ethics training, and outdoor team-building activities. Trainees actively participated in the programme, demonstrated their individual strengths, and deepened their understanding of our corporate values and core operations. These initiatives showcased the boundless creativity and youthful vigour of the new generation of "cdf people", highlighting their perseverance, collaborative spirit and youthful energy.



In November, the company organised intensive offline training for subsidiary enterprise managers, incorporating benchmark enterprise visits, research projects, and reporting sessions. This enabled our people to gain an in-depth understanding of industry-leading management models and operating strategies, while also strengthening their internal control awareness, advancing modern management concepts, and promoting efficient operations through innovative business approaches.



We consistently operate the "China Duty-Free Academy" online training platform for all staff, effectively integrating internal and external instructional resources to deliver professional and diversified curricula and continuously enrich course content. The "China Duty-Free Academy" online platform had achieved full staff coverage (16,200 accounts) by the end of 2024. In 2024, courses for 26 topics were introduced, and 13 live training sessions were held, resulting in a total of more than 430,000 attendances and 8.2 average training hours completed per employee. Concurrently, to enhance learning engagement and promptly disseminate educational resources, the "China Duty-Free Academy" official WeChat account constantly releases course updates and knowledge-sharing content to employees.

In 2024, we conducted trainings as follows:

The total expenditure of employee training and development

CNY9.54 million

CNY7.54 million

Average cost of training and development per full-time employee

595.55 CNY/Person

449.28 CNY/Person

Percentage of employees trained

100%

100%

Total training hours

633,700 hour

547,000 hour

Average training hours completed per employee

40.03 hour

32.8 hour

Percentage of employees trained by gender



Female Male

Percentage of employees trained by category



Senior management Middle management General employee

Average training hours completed per employee by gender

Male **26.79 hour** 24.4 hour

Female **36.58 hour** 30.3 hour

Average training hours completed per employee by category

Senior management **142.45 hour** 152.1 hour

Middle management **75.05 hour** 35.2 hour

General employee **34.90 hour** 32.7 hour

2024 2023

Average training hours completed per employee by region

Chinese Mainland **41.76 hour** 34.2 hour

Chinese Hong Kong SAR, Macau SAR and Taiwan region **13.29 hour** 18.1 hour

Overseas **14.27 hour** 19.8 hour

Employee Development

Based on employees' career development needs, we continuously improve the talent management system and consolidate the foundation of talent management to offer smooth career development channels to assist employees in achieving their dreams and living up to their full potential.

According to the actual circumstances of the company, we have established a ranking system covering all grades and types of positions based on a hierarchical management system and job qualification criteria. The company determines the function, level and rank of employees according to their abilities, performance and qualifications. We allow two-way movement between management positions and professional positions and use a ranking system that reaches every level and grades horizontally and vertically across our headquarters and subsidiaries. We have built multiple career paths – including through annual rank promotions, promotions based on professional reviews, open recruitment of executives, and an internal system for regular talent exchange – to align the development of each employee's career with the overall development of the company's talent. We adopted the Management by Objectives (MBO), Key Performance Indicators (KPI) and 360°Feedback for integrated employee performance management. Performance evaluations are conducted at least once a year. The assessment includes both work performance and professional capability, and the performance assessment results are determined through the ranking of the overall scores of employees responsible for the same tasks, covering 100% of the employees.

The company is committed to cultivating vocational talent. In terms of professional title reviews, employees are actively encouraged to review and apply for professional titles at all levels, and the company has seen steady growth in the number and quality of various professional and technical talents. In 2024, the number of professional certifications held by our engineering, accounting, auditing and archival professionals grew 17% from the previous year. Meanwhile, the company's subsidiaries obtained the authority to engage in self-accreditation for "merchandise sales" and "labour relations coordinator" certifications, which aligns with their operational needs. In 2024, the company pioneered in-house primary/intermediate "merchandise sales" assessments using evaluations that combine theory and practice, and first-time candidates achieved an 86% pass rate. In this way, we established an "internal cultivation + certification" talent development framework, effectively charting vocational career pathways.



▲ A vocational skills certification venue



Case study

Improving vocational skills to boost corporate development

The company's trade union rigorously implements President Xi Jinping's directives on industrial workforce development, organising "Duty-Free Artisans" labour and skills competitions to promote practice-driven learning and productivity.

The Sanya Downtown Store's trade union conducted 17 themed competitions under the "trusted business operations and excellent services" model, engaging 3,389 participants. Meanwhile, the Haikou International Duty-Free Shopping Complex's trade union organised sales and other professional skills competitions, with more than 500 participants. Guangzhou Xinmian's trade union organised a beauty contest, and Shenzhen supply chain trade union actively organised employees to participate in CPR training and flower arrangement training. Through these competitions, we effectively communicated the company's service value concepts while also enhancing employee skills and service quality.

¹ As far as the training courses organised by the company are concerned, there is no significant difference for employees at different categories; however, the senior management participated in more intense trainings subject to the requirement on the training hours in the *Regulations on the Education and Training of Cadres* issued by the CPC Central Committee.

Operational Safety and Physical and Mental Health

Operational Safety

We vigorously carry out the establishment of a safety culture, cultivate and refine the safety culture system with the characteristics of CTG DUTY-FREE, firmly establish the safety concept of “people-oriented, service first, and safety first”, focusing on five major pillars of safety, including Party construction, law, mechanism, science and technology, and employee awareness, to achieve the goal of “zero accidents” in operations safety.

Safety Compliance

The company strictly abides by laws and regulations such as the *Work Safety Law*, the *Law on the Prevention and Control of Occupational Diseases*, and to promote regulatory compliance and policy evaluation, the company revised/ established six safety management systems in 2024, including the “Work Safety Management Measures”, the “Regulations for Work Safety Committee Operations and Regular Meetings”, the “Work Safety Assessment and Evaluation Regulations”, the “Occupational Health Management Regulations”, and the “Overseas Safety Management Regulations and Safety Incident Management Procedures”, forming a systematic, coherent and operationally effective regulatory framework.

Party Construction

Party organisations of the company at all levels give full play to their leading role, improving the system of “equal responsibilities for CPC committees and government, dual responsibilities, and joint management”. All Party members should play an exemplary role in performing their duties, and ensure the implementation from the five aspects of safety regulations publicity, safety deployment implementation, safety funds investment, safety performance supervision, and safety awareness enhancement. The company adheres to President Xi Jinping’s important statement on operations safety to arm ourselves intellectually and to guide our practice. Party organisations at all levels give full play to their leading role, improving the system of “equal responsibilities for CPC committees and government, dual responsibilities, and joint management”. All Party members should play an exemplary role in performing their duties, and ensure the implementation from the five aspects of safety regulations publicity, safety deployment implementation, safety funds investment, safety performance supervision, and safety awareness enhancement.

In 2024, the company thoroughly implemented the guiding principles of the Third Plenary Session of the 20th CPC Central Committee and President Xi Jinping’s directives on work safety, reinforcing organisational safety awareness. The Party Committee organised four study sessions on the central government’s decisions and work safety conferences, and convened two Work Safety Committee meetings and six thematic meetings, with the goal of consolidating red-line awareness and bottom-line thinking to ensure we meet our responsibilities.

Safety Mechanism

In terms of operations safety management, the company has persistently advanced work safety standardization and has clarified the composition and responsibilities of the Safety Committee. All large-scale stores and projects under construction are equipped with full-time safety management personnel as required, ensuring the smooth implementation of all safety work. Concurrently, we optimised the composition and responsibilities of Work Safety Committees at all levels in response to personnel changes and operational demands. Subsidiaries were guided to refine committee mechanisms, establish dedicated safety departments, and deploy qualified full-time and part-time safety personnel. By the end of 2024, the company had 267 safety officers (46 full-time, 221 part-time), and our number of certified safety engineers met regulatory requirements.

The company actively encourages its subsidiaries to standardise production safety. The Sanya International Duty-Free Shopping Complex initiated a certification project and engaged expert consultants to develop systematic documentation, achieving comprehensive control over production safety and fire risk management. Under this project, the complex established standardised operational protocols, intrinsically safe facilities, and customised workplace layouts to secure safety certification. Meanwhile, CDFI obtained certifications in the three areas of Occupational Health & Safety, Environmental Management and Quality Management, with a view to upholding internal controls and precision management.

During the year, the company signed 129 copies of the Letter of Commitment to Operational Safety, Energy Conservation and Environmental Protection, covering each department and affiliated company, to clarify management and assessment requirements, and reward and punishment standards, and guide and supervise companies at all levels in the detailed implementation of related measures. Each department and affiliated company are encouraged to sign the Letter of Commitment and shoulder its responsibility, so that the company can implemented its main responsibilities. In December 2024, the company conducted safety evaluations for its subsidiaries, shifting from post-incident response to preventive process control to enforce corporate accountability. Moreover, using electronically signed pledges on the OA system, we obtained energy conservation and environmental responsibility commitments from 100% of the company’s staff.

At the same time, the company further strengthened production safety responsibilities for individuals who are primarily responsible. First, for the fourth consecutive year, enterprise principals at all levels delivered 218 safety-themed lectures, spearheading regulatory compliance education and cultivating organisation-wide red-line awareness. Second, principals took the lead in carrying

out investigations of potential safety hazards, and they personally led 436 safety inspections at construction sites, retail outlets, warehouses and staff dormitories to identify operational risks.

In terms of emergency management of safety risks, the company has formulated the Contingency Plan for Operational Safety Accidents. Emergency management was enhanced through annual drill plans, fire equipment training and realistic evacuation exercises. In 2024, subsidiaries conducted 326 emergency drills (including 84 joint exercises with local authorities and adjacent entities), engaging 17,400 participants. Through these efforts, we significantly improved the company’s crisis response capabilities, with a view to maintaining the safety of employees and protecting customers’ lives and property.

In terms of operations safety inspections and prevention and control, the company continues to carry out the investigation and rectification of potential safety hazards; strengthen management of special equipment, fire safety, electrical systems, construction, e-vehicle usage and gas usage; improve the quality and efficiency of the investigation and rectification of potential safety hazards; and fully eliminate production safety accidents.

The company insists on carrying out diagnostic troubleshooting and rectifications under the guidance of experts. In 2024, the company invited a group of external experts to carry out operational safety inspections and assessments on focus areas and major projects, including Sunrise Shanghai, Sunrise China and key areas in Hainan. This project was designed to promote reform, leverage inspections to check the effectiveness of training, and strengthen troubleshooting and governance of safety hazards in critical premises such as the company’s tax-free complexes, projects under construction and logistics centres. Furthermore, the company’s Work Safety Committee has strengthened oversight of hazard identification and heightened scrutiny during critical periods (e.g. year-end, the “Two Sessions”, holidays and peak seasons), with a view to bolstering overall safety management and preventing operational safety accidents. We also undertake special initiatives such as pre-festival safety checks, fire safety self-audits, root-cause rectifications and special equipment safety inspections. In 2024, the company’s enterprises at various levels carried out a total of 1,238 safety inspections, and identified and rectified 2,214 safety hazards.

Under the “Internal Reward Management Measures for Work Safety Hazard Reporting”, an incentivised hazard reporting mechanism was trialled at the Haikou International Duty-Free Shopping Complex, mobilising all employees to actively identify and report potential risks and encouraging workforce engagement in safety stewardship.

Science and Technology

The company attaches importance to using safe, reliable, efficient and practical safety management technology to improve safety management. All ongoing construction projects in 2024 incorporated intelligent simulation safety experience centres. These centres use computerised optoelectronic technology to replicate accident scenarios and enable immersive worker training, thereby enhancing our people’s emergency response capabilities.

The Haikou International Duty-Free Shopping Complex project and the Sanya International Duty-Free Shopping Complex Phase 3 project deployed a smart safety platform that integrates personnel management, training modules, safety inspection, controls for key zones and safety accountability profiling, substantially improving on-site safety and oversight.

The Haikou International Duty-Free Shopping Complex project implemented an intelligent hardhat system to track worker trajectories, analyse personal protective equipment (PPE) compliance, issue audio alerts in restricted zones, and enable incident reporting, with the goal of eliminating blind spots in monitoring.

The Sanya Duty-Free Shopping Complex actively utilises smart fire protection systems and an urban fire monitoring information platform. Using a “QR codes + app + online systems” approach, the complex engages in efficient, paperless fire inspection management to ensure the rectification of potential hazards.

In addition, the Sanya Duty-Free Shopping Complex has enhanced its public stakeholder management platform by adding online modules for three-level “hot work” approvals and safety penalty notices. In this way, the complex has made its operations more paperless and achieved full-process online application approval, greatly improving the efficiency of stakeholder safety management.

Safety publicity

The company continued to cultivate a culture of “safety publicity”.

The company organised all subsidiaries to conduct in-depth safety education campaigns, including Operational Safety Month, Fire Prevention Publicity Month, Publicity Week for the Law on the Prevention and Control of Occupational Diseases, and National Safety Publicity and Consultation Day. External experts were invited to deliver fire safety training, while online safety knowledge tests were administered via OA systems and questionnaires. The company’s leadership team participated fully, with over 8,800 employees actively engaging in these activities.

For Production Safety Month in 2024, employees were organised to collectively watch promotional videos titled “Production Safety: Shouldering our Responsibility”, and “Analysis and Warnings for Typical Cases Violating the *Fire Protection Law*”. They also analysed case studies, such as the Shenzhen Happy Valley “10.27” equipment collision incident.

Subsidiaries used diverse methods – including bulletin boards, banners, online learning, “open lectures”, and quizzes – to promote awareness of safety laws and regulations and educate employees about safety issues.

In 2024, the company organised and carried out 770 safety trainings for 32,300 participants, and 199 examinations on operational safety knowledge for 26,500 participants. In addition, we compiled and issued the “Corporate Safety Culture Manual”, which covers safety concepts, management practices, behavioural norms, occupational health, emergency protocols, and safety knowledge. Extensive reading and study sessions were organised to encourage our people to practise safety principles in their daily work.

In 2024, the company invested CNY21.77 million in production safety, with a cumulative three-year investment of CNY85.24 million, and this safety investment provided a strong guarantee for the safe development of the business. In the past three years, the company did not record any safety accidents. During the reporting period, work-related fatalities and injuries for the company and its contractors were as follows:

Metrics	Tier 2 metrics	Unit	2024	2023
Work-related fatalities	Employee	Number of people	0	0
	Contractors	Number of people	0	/
The fatality rate of the Company’s employees due to work-related injuries ²	/	%	0	0
Total number of work-related injury cases	/	Cases	0	0
Number of working days lost due to work-related injury	Employee	Days	0	0
	Contractors	Days	0	/
Lost-time injury frequency rate (per one million hours worked) ³ (LTIFR)	Employee	%	0	0
	Contractors	%	0	/

² Fatalities due to work-related injuries (per 100 workers) = number of fatalities due to work-related injuries/number of workers*100%;
³ Lost-time injury frequency rate (per one million hours worked) (LTIFR) = number of lost time injuries/total number of man-hours worked in the accounting period*1,000,000

Physical and Mental Health

We are fully committed to fulfilling our duties as a people-oriented company and puts the safety and physical and mental health of employees first. In 2024, the company revised and issued the “Occupational Health Management Regulations”, adjusted content related to organisational structures, job requirements, reporting mechanisms and other areas, and organised all subsidiaries to establish relevant systems simultaneously to improve the standardisation of occupational health management. In terms of occupational health management, the company provides benefits that includes annual physical examinations and comprehensive medical insurance for employees, including accident insurance, serious disease insurance and medical insurance. During the year, the company’s total amount of work-related injury insurance expenses is CNY539,100, with a coverage rate of 100% of employees. In addition, the company provides medical insurance that covers overseas medical institutions for expatriate employees and those who are on overseas business trips, relieving employees of the burden of medical expenses while they are working abroad. Paediatric medical insurance, regular traditional Chinese medicine (TCM) consultations and mental health support programmes were also provided to support the physical and mental health of employees.

CDFI passed its occupational health and safety management system (ISO45001) audit in December 2024.

The company provides employees with a safe and healthy work environment to minimise workplace injuries. The company’s staff at construction sites may be exposed to a range of occupational hazards, including noise, dust, vibrations, toxic and harmful gases, and high temperatures. Meanwhile, merchandise handlers in logistics centres may be exposed to the occupational hazards of high and low temperatures. The company always pays attention to the physical and mental health of staff members and takes multiple measures to prevent occupational diseases:



▲ Notice of Conformity in the Annual Audit of CDF International's Occupational Health Management System

Special training:

We organise special training on occupational health, and promote education on occupational health management, including the identification and prevention of occupational disease hazards, occupational disease classification and categories, personal protective equipment, and employee occupational health rights, to reinforce the foundation of the company’s occupational health management.

Case study:

The company collects and publicises typical cases of occupational health, and studies and analyses incidents such as deaths caused by inadequate implementation of heatstroke prevention measures, administrative punishments for improper management of occupational hazards, and failures to issue occupational hazard notifications, to provide reminders and lessons for employees and increase their awareness of the importance of occupational health management.

Identification and rectification:

The company regularly updates and inspects employees’ work equipment to reduce accidents caused by equipment damage. We carry out troubleshooting and rectification actions against occupational hazard factors, examine the working status of occupational disease prevention facilities and the distribution and use of PPE, comprehensively check the implementation of occupational disease prevention measures for all units under construction, establish occupational health protection plans and emergency plans for occupational health accidents, and focus on preventing and resolving potential risks in the field of occupational health.

Organise Publicity Activities:

The company organised affiliated companies at all levels to stage activities for Publicity Week for the Law on the Prevention and Control of Occupational Diseases. We carried out a series of publicity and educational activities to promote education related to occupational disease prevention and effectively raise employees’ awareness of occupational hazards. During Publicity Week, a total of 1,450 occupational health publicity materials were distributed; 158 themed lectures were held; and 129 educational reminder activities and 39 publicity consultations were carried out. Through these efforts, we were able to reach a total audience of 11,548, effectively strengthening the foundation of the company’s occupational health management.



▲ Occupational health articles were published on official social media accounts



▲ At stores, occupational health knowledge was promoted among employees and customers



▲ Hainan DF launched online training courses



▲ Staff viewings of thematic videos were organised

During Publicity Week, the heads of the Sanya Downtown Store led a team to visit front-line staff to better understand occupational hazards facing each post and the implementation of preventive and control measures. CDF Investment Development organised specialised workers and operators, paint insulation professionals, and other operators at sites under construction to carry out education and training related to occupational disease prevention, and checked the certification of specialised operators to ensure that 100% of the workers were certified. In addition, all stores held regular meetings to educate their staff about occupational disease prevention and control, and they displayed posters and played videos to cultivate a culture that upholds occupational disease prevention and control. Moreover, Sunrise China organised a lecture on first-aid and invited experts from Safety and Health Education to explain and demonstrate emergency treatments for health emergencies and heatstroke.



▲ The Sanya Tangpan project organised free physical examinations for construction personnel



▲ The Haikou project held a special training session on the use of labour protection appliances

In 2024, the trade unions of the company’s subsidiaries organised the “Healthy Hangzhou, Co-creation and Co-sharing”, “Wellness CDF (健康沐免)” and cardiovascular prevention lecture series, and they also offered annual health checks, set up psychological counselling hotlines and released stress management journals.

Case study Free clinic visits for staff

In order to enhance the health awareness of employees, in November, the company’s trade union held the second “Caring for Employee Health” free clinic activity. Physicians from external medical service organisations were invited to provide consultations and TCM physiotherapy for employees, serving more than 60 employees in total. At the event, a personalised conditioning programme was developed based on employees’ conditions to guide them to seek medical treatment and live a healthy life.

Case study Enhancing emergency response to provide customers with a safe and comfortable shopping experience

On 26 November 2024, at a store on the third floor of Zone A in the Sanya International Duty-Free Shopping Complex, a customer suffered cardiac arrest and fainted, presenting an unexpected emergency. A team comprising trained medical personnel from the store, sales staff and bystanders performed CPR within the critical 4-minute window and successfully resuscitated the person. In 2024, Sanya International Duty-Free Shopping Complex properly handled 4 critical emergencies and more than 150 incidents through refined protocols and cross-departmental coordination. Since 2020, the Sanya International Duty-Free Shopping Complex has organised more than 30 professional medical trainings, covering first-aid knowledge, methods for using basic medical supplies, emergency plans and on-site emergency response procedures.





04



Planet

Addressing Climate Change to Protect the Environment	100
Focusing on New Quality Productive Forces to Develop a Circular Economy	107
Green and Low-Carbon Operations for a Better Life	110

CTG DUTY-FREE cares for the planet based on its business features and in light of environmental characteristics of its main business locations. We are actively responding to UN SDGs 2, 6, 7, 9, 11, 12, 13, 14 and 15 by engaging in multiple environmental protection initiatives, such as water resource management, active responses to climate change, green and low-carbon operations, and promote a circular economy.



Addressing Climate Change to Protect the Environment

Climate change is having a broad and far-reaching impact on the world, CTG DUTY-FREE analyses the potential challenges that climate change may bring, actively deploys mitigation and adaption measures, and explores opportunities. This section describes our efforts and future plans for addressing climate change according to the framework of “Governance, Strategy, Impact, risk and opportunity management, Metrics and targets”.

Governance

We have established an ESG governance structure, which covers the all-round governance on ESG matters, including addressing climate change.

The Board of Directors of the company is the highest decision-making authority to address climate change, and the Strategy and Sustainability Committee of the Board of Directors is the committee assuming the primary responsibility. We established the ESG Leadership Group, and it is headed by the Chairman of the company; the deputy head is the General Manager; and its members include heads of departments. ESG governance structure, strategy and the terms of reference of the Strategy and Sustainability Committee and the ESG Leadership Group, please refer to “Robust Governance System for Long-term Stable Operations”. The Strategy and Sustainability Committee holds meeting once a year, and the ESG Leadership Group holds regular meetings. By integrating ESG matters, including responses to climate change, with daily operations and management, the concerned departments and subsidiaries perform their specific

responsibilities within their terms of reference. In addition, the company has also set up a “Leadership Group on Carbon Peaking and Carbon Neutrality”, please refer to “Green and Low-Carbon Operations for a Better Life”.

We have made it clear that the Board of Directors has to incorporate climate considerations into its review and instructions on strategies, important action plans, risk management policies, annual budgets and business plans, its formulation of performance goals for organisations, its monitoring on implementation, and its supervision on significant capital expenditure, acquisitions and divestitures. The ESG Leadership Group and the “Leadership Group on Carbon Peaking and Carbon Neutrality” provide support for this.

We steadily carry out the current status reviews, strategy formulation, risk management, and identification and tracking of metrics and targets for risks and opportunities arising from climate change that the company may be exposed to or can embrace.

Strategy

In view of the characteristics of the tourism retail industry and the company's medium to long-term business planning, we continue to focus on and monitor business operations and risk management to identify, quantify and manage potential threats and uncertainties caused by global climate change. We then analyse the potential impact of these risks on the company's own operations and the entire industry chain, from upstream to downstream processes, with the aim of safeguarding the steady development of the business.

We referred to the TCFD framework to identify the physical risks related to climate change (hereinafter “physical risks”) and the transition risks related to low-carbon economic transformation (hereinafter “transition risks”). For physical risks, we use a risk forecasting tool based on climate change scenarios (provided by MSCI) to assess the potential business and financial impacts subject to the geographical location of the company’s assets, their exposure and their hazard patterns. On this basis, we have developed systematic response strategies in site selection, emergency management, supply chain and inventory optimisation, and online business development. We then integrated these strategies into the company's daily business management, to enhance its organisational resilience.

Scenario analysis

Based on the analysis of chronic and acute physical risks under different climate scenarios, we comprehensively assess the potential impact of physical risks on corporate strategy, business operations and financial conditions under different scenarios. We then prioritise climate risks, optimise resource allocation, and improve risk management.






We selected the current scenario, the relatively orderly pathway toward 1.5°C set by the Network for Greening the Financial System (NGFS) (i.e., reaching net zero around 2050), alongside the climate scenario of 3°C Nationally Determined Contributions (NDCs) set by the NGFS (i.e., global warming of 3°C scenario around 2050) for scenario analysis.

Current scenario	1.5°C – Net-zero world scenario	3°C – Greenhouse world scenario
Physical risk output of risk exposure based on 2021 benchmark	RCP 1.9 IEA Net-Zero by 2050 NGFS Net-Zero 2050 SSP1 – Sustainability	RCP 6.0 IEA Stated Policies Scenarios (STEPS) NGFS NDC scenario Shared Socio-Economic Pathway – Fossil-fuelled development



Physical risk category	Climate risk type	Risk impact of current scenario	Risk impact under the 1.5°C – scenario ¹	Risk impact under the 3°C – scenario (hereinafter “high emissions scenario”) ²
Chronic risks	Extreme heat	Extreme high	Extreme high	Extreme high
	Extreme cold	Low	Low	Low
	Precipitation (heavy rain)	High	High	High
	Extreme snowfall	Extreme low	Extreme low	Extreme low
	Extreme wind	Extreme low	Extreme low	Extreme low
	Coastal flooding	High	Medium	Medium
Acute risks	Fluvial flooding	Medium	Medium	Medium
	Typhoons	Extreme high	Extreme high	Extreme high
	Wildfires	High	High	High
	River low flow	Extreme low	Extreme low	Extreme low

Subject to the assessment of the geographical location of the company's assets, exposure and severity, the company's overall business was exposed to extremely low to moderate risk under all climate scenarios, including extreme cold, extreme snowfall, extreme wind, fluvial flooding, and river low flow. We identified physical risks with high or higher risk levels, such as extreme heat, precipitation, coastal flooding, typhoons and wildfires, and further elaborated on the targeted description in terms of impact, assessment, impact cycle, scope of impact, potential financial impact, strategies, mitigation and adaptation measures, and comprehensively analysed the related risks, including direct loss, operation interruption, customer loss, and the impact of supply chain disruption on all links of the company’s business value chain. We actively promote the climate adaptability design of buildings, creation for a more resilient supply chain, online and offline business integration and other measures, improve the company’s ability to address climate risks, enhance the durability and stability of business operations, and continue to provide customers with quality goods and services.

¹ 1.5-°C NGFS orderly “Net-Zero 2050” scenario: the adoption of the net zero emissions by 2050 scenario, that is, the global energy sector achieving net zero CO2 emissions by 2050 is consistent with limiting the global temperature rise to 1.5°C with no temperature overshoot (with a 50% probability).
² 3-°C NGFS Nationally Determined Contributions “NDC” scenario: taking into consideration all pledged but not yet implemented policy measures. The estimated physical risks would be slightly lower than in the Current Scenario case, but still well above the Paris Agreement targets.

Physical risk category	Climate risk category	Impact	Assessment	Impact cycle	Scope of impact	Potential financial impact	Strategies, mitigation and adaptation measures
Chronic risks	 Extreme heat	<p>High temperatures will increase demand for water supply and cooling in summer, resulting in increased energy consumption and equipment maintenance costs. Extreme high temperatures may lead to excessive power loads, increase safety hazards such as short circuits and fires, and have an adverse impact on normal operations brought by power supply tension or power failures.</p> <p>Extreme high temperatures may also affect logistics and transportation, such as the storage and distribution of refrigerated goods, or lead to traffic interruption in some areas, affecting commodity supplies and passenger flow in tourist destinations.</p>	<p>Extreme high temperatures may cause a very high risk to the company's operations in Hainan province, the GBA and Southeast Asia. Under the high emissions scenario, the number of operations with an extremely high risk will further increase, for example, operations in Fujian province will also be exposed to extremely high risks.</p> <p>This will be the most common climate risk faced by the company.</p>	Medium and long-term	Operation Upstream	<p>Increase in operating expenses</p> <p>Increased in investment</p> <p>Decrease in operating income</p>	<p>Follow green standards for the construction of new buildings from their design and planning, continue the energy-saving optimisation of existing facilities, effectively reduce costs while saving energy, and promote the use of clean energies.</p> <p>Regularly check, maintain, and update in-store electrical circuit and facilities, and formulate emergency plans to deal with power supply interruptions, such as by installing standby power supply system to prevent sudden power failure.</p> <p>Rigorously monitor cold-chain logistics to guarantee the quality of temperature-sensitive products in hot weather, strengthen inventory management, and prepare goods in advance to deal with possible logistics delays.</p> <p>Continue to expand the online business, integrate online and offline businesses and maintain a good momentum of development to minimize the adverse impact of climate risk on the company's offline business operations.</p>
	 Precipitation	<p>Heavy precipitation may lead to road flooding, traffic interruption or potential safety hazards, and reduce consumers' willingness to go out and buy. In addition, it may also lead to instability of supply or delayed delivery, posing challenges to inventory management and customer services.</p> <p>Continuous heavy rain may affect the sales of some seasonal commodities, such as outdoor products for summer.</p>	<p>Nearly half of the company's operation sites are exposed to a high or extremely high risk of precipitation, especially certain operation sites located in the Yangtze River Delta, Chongqing city and Fujian province.</p>	Medium and long-term	Operation Upstream Downstream	<p>Increase in operating expenses</p> <p>Decrease in operating income</p>	<p>Geographical factors shall be fully considered when selecting sites for project development to avoid the severe impact of disasters on infrastructure.</p> <p>Check waterproof facilities to ensure that the in-store waterproof facilities are effective, and prepare necessary emergency supplies, such as waterproof sandbags, drainage equipment, emergency lighting, etc.</p> <p>By optimising inventory management, we can improve the inventory turnover rate while maintaining adequate inventory, to ensure the stability of the supply chain when the logistics and transportation is interrupted.</p> <p>Adjust marketing strategies, launch targeted promotional activities, and encourage consumers to place orders online.</p>
Acute risks	 Coastal flooding	<p>Coastal flooding may cause seawater to flood stores and damage store facilities. Goods soaked in water may decay or get damaged, resulting in economic losses.</p> <p>Coastal flooding may cause delays or interruptions in port transportation and logistics facilities, which may affect the supply chain, thus affecting sales of goods. Coastal flooding may damage power and communication infrastructure, leading to power failures and communication interruptions in stores, affecting their normal operations.</p> <p>Muddy water, pollutants and pathogens left over after floods may pose risks to the health of employees and customers.</p>	<p>Some operations of the company located in Hainan province, the GBA, the Yangtze River Delta, and the Bohai Rim region are exposed to high or extremely high risks.</p>	Short, medium and long-term	Operation Upstream Downstream	<p>Increase in operating expenses</p>	<p>Flood levees shall be built around stores and the threshold shall be raised to reduce the possibility of seawater flooding. Sandbags, waterproof baffles and other materials shall be prepared for rapid deployment in case of floods.</p> <p>Develop a detailed emergency response plan, including employee evacuation, customer evacuation, goods transfer and other processes, and conduct regular drills to ensure that employees are familiar with the emergency process.</p> <p>By diversifying the supply chain, we avoid heavy dependence on a single supply channel and improve the flexibility of the supply chain.</p> <p>Adjust the inventory strategy, avoid overstocking high-risk goods, and take appropriate moisture-proof and mold-resistant measures for goods that are vulnerable to floods.</p>
	 Typhoons	<p>Typhoons may blow down trees or billboards, causing damage to the external structure of duty-free stores and threatening the safety of these stores. Typhoons often bring heavy rainfall, which may lead to the flooding of roads and surrounding areas, thus affecting the safe access to stores of customers and employees and leading to business interruption. Typhoons may affect the logistics system, leading to supply chain interruptions, and delays in goods replenishment, affecting store inventory and sales.</p>	<p>Some operations of the company located in Hainan province, Fujian province, the GBA and the Yangtze River Delta are exposed to a very high level of typhoon risk. Under the high emissions scenario, the number of high-risk operations slightly increases.</p>	Short, medium and long-term	Operation	<p>Increase in operating expenses</p> <p>Decrease in operating income</p>	<p>Pay close attention to the forecast and early warning information, follow the weather forecast, and make timely adjustments to the store operating plan according to the extreme weather forecast.</p> <p>Strengthen the maintenance and inspection of the store structure, and fix and reinforce it when necessary to ensure the structure is firm enough to withstand strong winds.</p> <p>Establish stable cooperation with suppliers to ensure timely replenishment of goods even when the supply chain is interrupted.</p> <p>Strengthen the safety training for employees to improve their awareness of and ability to cope with typhoons.</p>
	 Wildfires	<p>The actual losses caused by wildfires may increase additional costs of maintenance.</p> <p>The smoke and particles generated by wildfire will seriously affect the air quality, resulting in reduced visibility and posing a threat to the health of employees, and that may affect the shopping experience of customers, leading to reduced passenger flow.</p> <p>Wildfires may lead to the blocked roads or traffic congestion, making it difficult for customers and employees to access the dutyfree stores. If a wildfire spreads to the nearby airport or port, it may affect the supply chain and logistics of duty-free stores.</p>	<p>Some operations in Hainan province, Heilongjiang province, Jilin province, Anhui province are exposed to high risk.</p>	Short, medium and long-term	Operation Downstream	<p>Increase in operating expenses</p> <p>Decrease in operating income</p>	<p>Establish a wildfire monitoring system to keep abreast of the fire development, take preventive measures in advance to ensure the safety of employees and customers.</p>

Transition risk impact assessment and response:

Risk category	 Policy and legal risks	 Technology risk	 Market risk	 Reputation risk	
Description	National and local climate related polices may be tightened (such as the carbon price mechanism, stricter carbon emission compliance requirements and information disclosure requirements), which may increase the company's management inputs and costs, and may put the company under regulatory pressure without the timely improved compliance of management.	Given the synergistic effect of information technology and energy technology, during our transition towards lower carbon and greener operations, the green, innovative and intelligent management requirements in supply chain (including transportation and packaging links) and the operational maintenance requirements of online business will increase our technology costs.	As consumers become increasingly aware of lower-carbon alternatives and environmental protection, they will opt for more environmentally friendly products, which will reduce the demand for traditional products and present related market risks for our partners and us.	If the company fails to switch to a low-carbon operation mode in time, it may have a negative impression on the company due to consumers' preference to spend on a greener and stable platform, affecting brand reputation and market share.	Stakeholders are increasingly concerned about climate-related issues, and we may suffer from reputation risk if we fail to meet stakeholder expectations or if we engage in any behaviour that violates relevant laws and regulations.
Impact cycle	Medium and long-term	Short, medium and long-term	Short, medium and long-term	Short, medium	Short, medium and long-term
Scope of impact	Operation	Operation	Downstream	Downstream	Operation
Potential financial impact	Increase in operating expenses	Increase in asset investment	Decrease in operating income	Decrease in operating income	Increase in operating expenses
Strategies, mitigation and adaptation measures	<p>The company is continuously monitoring the introduction and updating of relevant policies and regulations, and we study implementation requirements as they are released and formulate relevant measures on time.</p> <p>The company is developing the "Work Plan for Implementing the Spirit of President Xi Jinping's Important Speech on the Construction of an Ecological Civilisation and 'Carbon Peaking and Carbon Neutrality'". In addition, we are steadfastly promoting the construction of an ecological civilisation as we work to build a world-class green tourism retailer and pursue high-quality green development.</p>	<p>The company adheres to the transformation development strategy, advancing the integration of online and offline tourism retail operations, strengthening technology empowerment, and continuously elevating digitalisation, intelligence, and green initiatives.</p> <p>Optimising resource allocation, further increasing investments in channel expansion and platform development, and improving supply chain management, digital innovation applications, marketing promotion, and brand building to provide robust support for sustainable growth.</p>	We have established a smooth mechanism for communication with consumers to understand their demands and preferences in a timely manner and meet their needs for environmentally friendly products.	We continued to convey "Green CTG DUTY-FREE" concept to the mass public through media channels to boost customer confidence.	<p>We have established a smooth mechanism for communication with stakeholders and respond to their concerns in multiple ways.</p> <p>We have incorporated ESG considerations into our business operations via specific implementation tasks to continuously improve the quality of the company's ESG disclosure, while enhancing our communication with stakeholders via regular release of ESG reports and other methods to disclose our efforts and achievements.</p>

Climate opportunity impact assessment and response:

Area	Description	Impact cycle	Scope of impact	Potential financial impact	Strategies, mitigation and adaptation measures
The company's operations	Build climate resilient infrastructure	Short, medium and long-term	Operation	Decrease in operating expenses	The construction of infrastructure with better climate resilience can help defend against climate disasters, make full use of natural resources, and efficiently save energy and reduce emissions. For details, please refer to "Conserving Energy and Reducing Carbon throughout the Entire Building Process".
Products and services	Collaborate with brand partners to promote green products	Short and medium-term	Upstream Downstream	Increase in operating income	As consumers prefer environmentally friendly green products, we have collaborated with brand partners to promote sustainable green products to meet their consumption demands.
	Integrate online and off-line businesses	Short, medium and long-term	Downstream	Increase in operating income	To better cater to consumer shopping habits, we have continued to enhance the integration of the on-line and off-line businesses to provide consumers with more convenient, integrated services covering on-line and off-line channels.
Supply Chain	Promote green logistics & packaging	Short and medium-term	Upstream	Decrease in operating expenses	<p>We have adhered to the use of recyclable and biodegradable green packaging, have proactively promoted the automatic and intelligent upgrading of packaging, and have been committed to applying single-sheet receipts and slim tape into the logistics chain.</p> <p>We have established a waste material recycling system to recycle packaging, cartons, wastepaper, and other materials, which helps extend the life cycle of packaging materials and improve the overall utilisation efficiency of resources.</p>
	Optimise freight transport	Medium and long-term	Upstream	Decrease in operating expenses	Compared with air transport, ocean transport gives off less carbon emissions, and provides a higher efficiency in energy conservation and emissions reductions. Therefore, we have worked with brands to gradually increase the proportion of sea transportation during the procurement and transportation process.
	Promote the use of new energy tools	Short, medium and long-term	Upstream	Decrease in operating expenses	We have vigorously promoted the use of clean energy equipment and made full use of electric-powered forklift trucks to replace traditional fuelled ones, so as to reduce carbon emissions and environmental pollution.

Impact, Risk and Opportunity Management

We have incorporated climate change risks into our overall risk management process. Please refer to “Complying with Commercial Ethics to Reinforce Internal Control Compliance” for the risk management process.

We regularly monitor the development trends of climate risk, analyse the impact of risk on the company’s operations and supply chain, and take the initiative in developing mitigation and adaptation measures to improve the company’s resilience and adaptability to potential climate uncertainty in the future. To strengthen our ability to monitor climate-related impacts, all subsidiaries of the company intensified collaboration with meteorological authorities to obtain real-time disaster weather alerts and initiate timely defensive and emergency responses. Dedicated personnel monitor rainfall and flood conditions, analyse potential risks to operational safety, issue early warnings, and implement pre-emptive mitigation measures. During extreme weather events such as floods, the senior management of subsidiaries lead on-site inspections and operations to identify risks, enforce emergency protocols, and ensure rigorous implementation of flood season safety measures. Subsidiaries continuously refine their emergency response plans for typhoons and floods, establish specialised rescue teams, and conduct regular disaster preparedness training and drills, with a view to enhancing their emergency support capabilities. Employees receive training in natural disaster prevention, risk avoidance, self-rescue, and mutual aid to improve their awareness and response skills. Emergency supplies, including sandbags, pumps, torches, drinking water, and non-perishable food, are stockpiled to ensure they can be rapidly deployed during any crisis. At the same time, all units enforce rosters for 24/7 duties for critical roles and leadership oversight during summer and flood seasons, ensuring uninterrupted communication and immediate reporting of emergencies.

To address climate-related risks, we use advanced construction methodologies. For recent projects in Haikou and Sanya, Hainan Province – both typhoon-prone regions with maximum historical wind speeds of grade 17 – we have integrated cutting-edge engineering solutions.

The design of the Haikou International Duty-Free Shopping Complex incorporates advanced seismic damping technologies to

address issues arising from high seismic intensity, large structures, and irregular geometry. We also use structural analysis software (PKPM and midas Gen) and verification tools (Sausage and Abaqus) that meet international standards, and we have enlisted domestic structural design experts to conduct rigorous reviews to ensure safety, reliability, cost efficiency, and architectural feasibility. In foundation design, load-bearing tests were conducted for anti-floating anchor rods to balance safety and economy.

The design of the Haikou International Duty-Free Shopping Complex, the Sanya Regent Hotel Phase 1 project, and the company’s office building in Haikou, which are classified as irregular super high-rise structures, have undergone government-mandated seismic reviews conducted by national experts to guarantee their structural integrity.

In addition, wind-induced vibration analyses and wind tunnel pressure simulations were conducted for the Haikou Duty-Free Shopping Complex, Sanya Duty-Free Shopping Complex Block C, and the Sanya Regent Hotel Phase 1 project to validate typhoon resistance and inform the design of their facades. The wind tunnel tests replicated local climatic airflow patterns to assess and optimise the buildings’ resilience against extreme weather, and ensure the safety of main structures and enclosures. Structural and facade reinforcements were applied to wind load-sensitive areas to enhance safety. For the Sanya Regent Hotel’s multi-platform design, the indoor pedestrian wind environment was assessed to enhance architectural quality, usability, and the guest experience.

The design of the Haikou International Duty-Free Shopping Complex, which has been operating since 2022, achieved a 15% reduction in steel usage compared to similar projects through optimised structural design, balancing functionality, safety, and low-carbon principles. The building withstood Super Typhoon Capricorn in 2024, validating its robustness.

The Sanya Regent Hotel Phase 1 (under construction) has undergone wind engineering expert reviews and other site-specific analyses. Reinforced concrete was used for the main tower’s core structure, reducing steel consumption by about 45% and resulting in total cost savings of over CNY120 million.

In light of the evolving conditions of the company’s operating location and the market dynamics, we will constantly review our practical activities and adjust our objectives and proposed measures in a timely manner. We will further improve our governance, strategy formulation, risk management, identification, and management of metrics and targets, and work with all sectors of society to cope with climate change and achieve common sustainable development.

Metrics and Targets

Metrics related to climate change response include energy consumption and the resulting GHG emissions. Please refer to “Green and Low-Carbon Operations for a Better Life” for specific data during the reporting period. As for green buildings as of the end of the reporting period, please refer to “Conserving Energy and Reducing Carbon throughout the Entire Building Process”. Please refer to “ESG Strategy: Clarifying Key Priorities” for relevant targets.

Focusing on New Quality Productive Forces to Develop a Circular Economy

The company prioritises new quality productive forces, with a view to drive sustainable development through innovation and circular economy initiatives.

Circular Economy Initiatives

The company actively implements circular economy principles, adopting concrete measures in resource recycling, process transformation, and technological innovation.

Green Transportation



We strive to optimise the loading efficiency of logistics vehicles to minimise resource waste. To this end, the company has deployed an advanced logistics transportation management system that intelligently analyses optimal loading plans based on real-time order data. Furthermore, we have adjusted our policy to allow mixed-load transportation of duty-free goods and non-dutiable items, eliminating mandatory separate shipments and ensuring each vehicle achieves maximum loading efficiency. By reducing empty runs and partial loads, we are able to effectively lower fuel consumption and carbon emissions. Additionally, we conduct regular training for drivers and dispatchers to enhance their skills in respect of efficient transportation and ensure optimal resource utilisation for each delivery.

In distribution, we actively promote efforts to replace traditional single-use cardboard boxes with reusable plastic crates. These durable crates, which are designed to be used for multiple cycles, significantly reduce demand for new boxes and waste generation. We have also established a robust crate recovery network to ensure timely collection and reuse of crates after each delivery.

Our logistics department facilitates the circular use of wooden pallets. When goods arrive at our warehouse, the used pallets are properly kept and incorporated into our recycling system. After being unloaded, the pallets are stored, inspected, and cleaned before being reused in subsequent warehousing operations. This approach eliminates the need for purchases of new pallets, reduces costs, and minimises resource consumption.

Furthermore, the Haikou International Duty-Free Shopping Complex aligned with the call to develop a low-altitude economy by innovatively adopting drone delivery for duty-free goods. Departing from the complex, drones can reach the Haikou Railway South Port Terminal, located 1 kilometre away, in only 1 minute and 24 seconds, reducing transportation costs by nearly 30% and cutting delivery times from 20 minutes to 3 minutes.

Green Packaging



We have formulated unified environmental protection policies and guidelines, and adhere to the philosophy of “responsible packaging” and carries out green packaging actions:

We respond to the national “plastic restriction” policies. Our company rigorously implement plastic reduction and prohibition measures. The company prohibits the purchase and use of plastic bags and utensils listed in the banned plastics catalogue. We educate customers on reducing plastic use and promote alternatives. The company’s stores in Hainan and its duty-free stores in major airports all provide paper shopping bags for free, other packaging bags are made of biodegradable materials as required by environmental protection regulations. In 2024, the company provided more than 10.62 million shopping bags that met environmental protection requirements and provided 60.53 million shopping bags that met environmental requirements in the past three years. The company effectively reduced the generation of non-degradable plastic waste.

In compliance with the *Hainan Special Economic Zone Regulations on Prohibiting Non-Degradable Disposable Plastic Products*, all Hainan subsidiaries exclusively use 100% biodegradable plastic bags. Meanwhile, Sunrise Shanghai strictly adheres to international aviation standards for duty-free packaging, uses certified sealed bags and strives to increase product capacity per bag to reduce costs.

The company adheres to the use of recyclable and degradable green packaging and continuously develops and adopts innovative eco-friendly packaging technologies, such as reusable and biodegradable materials, to promote sustainability and environmental protection. Packaging bags used by the company’s stores in Hainan are all made of biodegradable and environmentally friendly materials. Cartons and gas columns used as filling materials for e-commerce operations by CDFI are all made from recyclable materials.

Reduce the packaging materials used. To avoid resource waste and excessive packaging, suppliers are required by the company to deliver their goods directly to their destination, skipping any unpacking and repacking procedures needed during transportation. Our duty-free stores use sealing bags that meet international standards by strictly following the duty-free packaging requirements of International Aviation. We also try to put all goods into one shopping bag of an appropriate size, to make it easy for customers to carry around, practising the principles of environmental protection and resource conservation.

Establish a materials recovery system. The company has also established a system to recycle waste materials, extend the life cycle of packaging materials and improve the utilisation of resources. For example, the company recycles cartons used during the logistics process and reuses them as containers on storage shelves, alternative turnover boxes during transportation, and packing boxes for the transfer of outbound goods, so as to reduce the quantity of newly purchased cartons.

Promote packaging automation and intelligent upgrades. The company uses single-sheet receipts and slim tapes into the logistics chain, and explores the use of tape-free cartons at the end of the logistics chain. Tape-free cartons are sealed entirely physically, and they also allow consumers to feel that they are participating in environmental protection initiatives during the unpacking process. By making this change, we hope to spread green consumption among large numbers of consumers.

The company insists on combining publicity with inspection to promote the implementation of a green philosophy. Stores actively popularise the knowledge of plastic prohibition and restriction to customers, and guide them on how to implement plastic reduction and waste classification. Kindly reminders are sent to customers when they pick up goods, to encourage them use their own canvas bags or backpacks, and to discourage misuse of environment-friendly paper shopping bags. The company has set up a dedicated team to carry out occasional inspections on prohibited plastic items in the Hainan area. Once identified, items listed in the prohibited plastic item catalogue will be sealed up.

We cooperate with subordinate companies and stores to jointly explore best practices in green packaging, including in respect of packaging material selection, packaging process optimisation and packaging waste management. We provide training and support to strengthen subordinate companies' implementation capabilities and foster the development of sustainable packaging solutions. Through this cooperation, the company works alongside its subordinate companies and stores to contribute to environmental protection and advance efforts around green packaging.



▲ Air column bags have been replaced with honeycomb paper



▲ Open-top cartons have been replaced with tear-open designs to reduce adhesive tape usage

We set specific goals:

- No new pallet purchases; eliminate single-use storage containers;
- Mandate environmentally friendly, degradable, and recyclable materials.

Implementation plan:

- 1 Collect, classify and reuse supplier pallets and cartons;
- 2 Improve the upstream and downstream information system for the supply chain to reduce paper usage;
- 3 Purchase only environmentally friendly, biodegradable and recyclable packaging materials;
- 4 Ensure that logistics tools meet the requirements for recycling.

Current Status of Packaging Material Usage

Metrics	Tier 2 metrics	Unit	2024
Total amount of packaging materials used by the company	/	Ton	505.23
Total amount of packaging materials used by the company in unit operating income	/	Ton/CNY10,000	0.009
Procurement quantity of packaging materials by category	Paper	Ton	404.13
	Board	Ton	0
	Plastic	Ton	101.11
	Glass	Ton	0
Procurement quantity of packaging materials that were recyclable/non-recyclable	Metal	Ton	0
	Recyclable	Ton	387.12
	Non-recyclable	Ton	99.51
Procurement quantity of packaging materials that were reusable/non-reusable	Reusable	Ton	452.98
	Non-reusable	Ton	45.40

The proportion of degradable plastic packaging of the company's plastic packaging materials are 100%.

Innovation-Driven Development

The company prioritises scientific and technological innovation as a cornerstone of its development strategy, positioning it as a core driver of high-quality growth.

Innovation Empowers Digital Transformation

Adhering to an innovation-driven philosophy, the company is committed to vigorously advancing technological innovation, increasing R&D investment, and applying cutting-edge technologies such as 5G, IoT, robotics, big data, and AR/VR to enhance operational efficiency and digital capabilities across all business segments. The company participates in the State-owned Assets Supervision and Administration Commission's (SASAC) Innovation Consortium project; and under this initiative, we are leading the first large-scale big data platform research initiative for China's duty-free industry. In 2024, the company achieved remarkable success in technological innovation.

At the Sanya Downtown Store, we have implemented systems including the customs declaration system, the warehouse management system (WMS), the transportation management system, the GPS tracking system, and the order sorting/pickup system. With these tools, we can engage in real-time data collection, dynamically analyse big data and gain end-to-end operational visibility, allowing us to swiftly identify and resolve anomalies.



▲ The company's cdf Data Centre Platform won the Bronze Award at the 18th "Revitalisation Cup" National Youth Vocational Skills Competition (Innovation and Efficiency Competition)



▲ The company's Duty-Free and Duty-Paid Omnichannel Membership Integration and Management Enhancement Project received a Merit Award at the same competition

Innovation Empowers Energy Conservation and Consumption Reduction

Virtualisation and cloud computing: We use virtualisation technology to virtualise servers and storage devices, improving the utilisation efficiency of hardware resources and reducing their energy consumption levels. We have also migrated part of the workload onto cloud platforms to share resources and for better scalability, while avoiding energy wastage caused by excessive equipment procurement.

Green data centre construction: We have optimised the design and operation of data centres to reduce their energy consumption through the adoption of efficient servers, energy-saving air-conditioning systems in computer rooms, and green cooling technologies. We also use renewable energy, such as solar and wind energy, to power data centres and reduce carbon emissions.

Remote working and video conferencing: We promote remote working and video conferences to reduce commuting time and business travel for our people, leading to a reduction in energy consumption and carbon emissions. With informatisation tools and platforms, remote collaboration and communication between staff can be achieved that improve work efficiency and save energy.

Data optimisation and compression: We reduce the energy required for data storage and transmission through data compression and optimisation. Data compression algorithms, de-duplication, and compression technologies are used to reduce the demand for, and energy consumed by, storage devices.

Innovation Empowers Operations

By deploying equipment to collect data regarding product weight and volume, the company has built a foundational database that will support future optimisations to operations.

Innovation Empowers Supply Chains

By adopting electronic smart locks, we can monitor logistics vehicles in real time. Alerts are triggered immediately for anomalies such as unauthorised stops or tampering, enabling the company to quickly respond to safeguard goods and determine whether emergency measures should be taken.

The Sanya Downtown Store recycles supplier delivery cartons based on their size and composition and reuses them for storage, transport, and repackaging. Through these efforts, we are able to reduce single-use carton purchases by over 600,000 units annually, preserving nearly 20,000 trees. Meanwhile, by reusing supplier pallets, the company reduced purchases of new pallets by 6,000 units, saving nearly 300 trees. By establishing the upstream and downstream information system for the supply chain, the company has become more paperless, and digital supply chain systems have reduced paper usage. Using these tools, the Sanya Downtown Store is saving 1.8 million sheets of A4 paper annually. We have contracted with a dedicated recyclable materials service provider to recover packaging materials, including cardboard and plastic pallets.

Fingerprint locks and AI facial recognition have replaced paper-based inventory logs, further promoting paperless operations.

Green and Low-Carbon Operations for a Better Life

The company continues to improve the four key capabilities of “green building, green warehousing, green duty-free complexes, and green consumption”, and promote green and low-carbon production and lifestyles.

Environmental Protection and Standardised Operations

In accordance with the *Environmental Protection Law*, the *Law on Prevention and Control of Atmospheric Pollution*, the *Law on Prevention and Control of Water Pollution*, the *Law on Prevention and Control of Environmental Pollution Caused by Solid Wastes*, the *Energy Conservation Law of the People’s Republic of China* and other Chinese laws and regulations, as well as the *Measures for the Supervision and Administration of Energy Conservation and Ecological Environmental Protection at Chinese Central State-owned Enterprises*, the company has formulated the “Administrative Measures on Energy Conservation and Ecological Environmental Protection”, which stipulates the strict control of pollutant discharges and the prohibition of the arbitrary discarding, stockpiling, and dumping of solid waste, as a move to avoid environmental pollution.

During the reporting year, the company had no cases where it acted against the laws and regulations on energy conservation and environmental protection, nor any cases where it was punished or criticised by environmental protection authorities.

Reducing Our Impact on the Environment and Natural Resources

To reduce the significant impact of our activities on the environment and natural resources and promote resource recycling, we have constructed green buildings and launched sustainable concept stores, actively applying prefabricated buildings and recyclable materials to reduce carbon emissions during the construction process.

The company has signed “Responsibility Letters for Achieving Safety Production, Energy Conservation and Environmental Protection Goals” (the “Letters”) with all departments and subsidiaries, to resolutely reduce and prevent potential contamination during the construction, production, and operating process.

Emissions Management

The company’s categories of emissions include greenhouse gas (GHG) emissions, exhaust gases, wastewater, and solid waste. In terms of emissions management, the company attaches importance to controlling exhaust gases and GHG emissions, and takes up emissions reduction measures to improve air quality. For wastewater and soil management, the company is committed to protecting water and soil resources in accordance with relevant standards by taking appropriate treatment measures to meet the requirements for discharged wastewater.

For solid waste management, the company is strongly against dumping, stacking, and discharge of waste without permission, and performs its duties in terms of source reduction and classification of solid waste as required by law. It has established compliant waste storage processes and works with qualified third parties for waste disposal under the laws and regulations to prevent environmental contamination. As for pollutant emissions, it has established standardised pre-treatment facilities such as sedimentation tanks, septic tanks and oil separators, which are subject to regular inspection and maintenance to ensure the compliant emissions. For recyclable waste such as cartons, subsidiaries implemented the “Waste Cardboard Management Regulations” to standardise disposal. CDFI stores and warehouses established recycling systems for cardboard and packaging materials to boost paper reuse.

In terms of waste reduction, cdf Cambodia, a subsidiary of CDFI, began replacing paper price tags with e-tags in July 2024 to reduce consumption of paper-based products. The Hong Kong Downtown Store introduced P-Life eco-material shopping bags (self-degrading) to comply with new regulations on disposable plastic released by the Hong Kong government that were effective from 22 April. Our one-person stores in Macao promoted paperless operations and eco-paper bags (no plastic). Meanwhile, the Shenzhen Supply Chain Company eliminated VIP-specific packaging to curb the excess use of packaging materials.

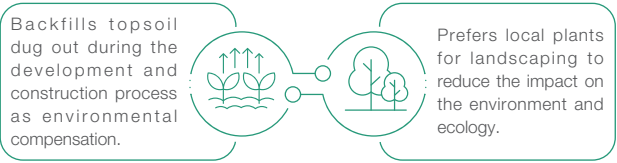
The quantity of waste generated by the company in 2024 was as follows:

Metrics	Unit	2024
Toner	kg	113
Selenium drum	kg	5

Preserving Biodiversity

The Ministry of Ecology and Environment released China National Biodiversity Conservation Strategy and Action Plan (2023-2030), which defines China’s biodiversity conservation strategy in the new era. The company concerns about and protects biodiversity with action. We actively leverage our advantages to engage more people to the cause of biodiversity protection.

The Company takes biodiversity conservation into consideration in the development and construction of the project and takes the following main measures to minimise the impact of its operations on biodiversity,



For example, Sanya is located within a tropical marine and monsoon climate zone with high temperatures and a relatively high humidity all the year round. This makes it home to diversified biological species, and helps with the shaping of its healthy, benign, and sustainable ecosystem. During the development and construction of the Sanya International Duty-Free Shopping Complex Project, we paid attention to the protection of the surrounding ecological environment and biodiversity, and adopted various green construction technical measures to minimise the impact of the Project on the ecological environment and biodiversity, such as enclosure, noise control, dust control, etc..

Green Operations and Low-carbon Living

Governance

The company has issued the “Administrative Measures on Energy Conservation and Ecological Environmental Protection” and the “Action Plan for Carbon Peaking and Carbon Neutrality”, and has set up the “Energy Conservation and Environmental Protection Leadership Group” and the “Carbon Peaking and Carbon Neutrality Leadership Group” led by heads of the company. These have put forward management requirements regarding procurement, production & operations, green buildings, green logistics, the promotion of green consumption and the implementation of a green office and a lowcarbon lifestyle. The company has also improved the rewards and punishment mechanism for energy conservation and environmental protection, and organised the publicity, implementation, training and assessment of various systems and action plans, so as to solidly promote the systematisation, institutionalisation and standardisation of energy conservation and environmental protection work.

Green Office and Low-Carbon Operations

● Strategy, Management of impacts, risks and opportunities

We are focused on implementing the “carbon peaking and carbon neutrality” goals to promote our all-round energy-saving and environmental protection initiatives. We also actively build upon our management methods and strengthen our green operations and management capabilities, as part of our continuous efforts to promote energy utilisation efficiency and improve the energy conservation and utilisation of our commercial complexes and duty-free stores.

- 01

Duty-free complexes are equipped with an IOC smart building integrated management platform, which supports real time quantitative analysis of energy consumption data and indicators, and identification of energy consumption abnormalities, to explore more energy saving opportunities and reduce energy consumption costs.
- 02

We actively promote the application of energy-saving equipment by installing energy-saving lighting, air conditioners, fans and other equipment in all duty-free complexes and stores, while eliminating equipment with high energy consumption, installing time control switches, and imposing strict limits on usage. We also maintain air conditioning systems on a regular basis to improve their energy efficiency.
- 03

We focus on improving the management of energy conservation and green operations by controlling energy and water consumption across all duty-free complexes and stores according to the optimal operating strategy. We also formulate classified management systems and operating plans for equipment and facilities based on their actual conditions, define red lines for daily energy consumption, and carry out regular maintenance and statistical analysis on energy consuming equipment and facilities, as a means of reducing energy consumption.
- 04

We fully promote garbage classification. For example, Sanya International Duty-Free Shopping Complex, Haikou International Duty-Free Shopping Complex are equipped with independent domestic garbage rooms and kitchen waste refrigerators to facilitate garbage classification. Caterers in these shopping malls are also required to classify kitchen garbage in strict accordance with relevant regulations, with cleaning staff arranged to guide customers on domestic garbage classification. We have also signed waste recycling agreements and garbage disposal agreements with qualified professional third parties to ensure recycling and the safe disposal of solid wastes.
- 05

We put green philosophy into practice by creating a favourable atmosphere for “anyone to make savings, in any scenario, at any time”. For example, we organised subsidiaries to learn and implement the spirit of President Xi Jinping’s important speeches and instructions and his comments on carbon peaking and carbon neutrality, as part of our continuing efforts to further promote the transformation to green and low-carbon development. We released the “Green and Low-Carbon Proposals” to encourage employees to lead the way in carrying out low-carbon and energy-saving practices and in conveying green messages. Other measures include putting up signs around offices to remind employees to turn off the lights and save water and organising publicity campaigns and training sessions on energy conservation and environmental protection.

We focus on improving the management of energy conservation and green operations by controlling energy and water consumption according to the optimal operating strategy, including:

Saving Water

- The temperature of air conditioners in offices and dormitories shall be no lower than 26 °C in summer, shall be turned off 20 minutes before leaving, and shall be powered off if left unattended for a period of time.
- Printers, computers, fans, water heaters, lighting and other power supplies shall be turned off before leaving the place of work (and be shifted to standby mode during non-office hours).
- Before the store opens, no lights more than those required for work routines shall be switched on; electricity equipment to meet operating needs shall only be turned on 10 minutes before opening; all electricity equipment and lights shall be turned off after the closure.
- We have established sound electricity conservation management systems and equipment operation procedures to reduce unnecessary office electricity equipment and non-office electricity consumption.
- We have regular maintenance and energy audits for HVAC systems, pumps, fans, elevators, and lighting, etc., to reduce energy consumption.

Saving Gasoline

- We have installed induction water faucets in restrooms for water saving purposes.
- Develop good habits and turn off the faucet after water use to prevent water from running to waste.
- Report spills, drips and leaks to the Engineering and Property Management Department in a timely manner for repair.

Saving Office Supplies

- We strictly implement the Measures on Administration of Fuel Cards and Vehicles, and resolutely prohibit the misuse of company vehicles and excessive refuelling.
- We develop fuel-efficient driving trainings for fleet operators, strictly carry out daily maintenance, and smartly select driving routes.

Saving Office

- We promote a paperless office.
- We adopt e-tag and e-billboard to reduce paper usage.
- We adopt an office supplies procurement system to bring about online integrated procurement. This system helps centrally control procurement quantities and amounts, so as to improve procurement efficiency, cut expenses, and reduce waste.



▲ Environmental management system (ISO14001) certificate

The company continues to carry out the standardisation construction of energy conservation and environmental protection. In December 2024, CDFI passed its environmental management system (ISO14001) audit, driving waste reduction, energy efficiency, and eco-standards across Hong Kong and Macau stores.

Case study The company continues to promote green complex energy optimisation

In 2024, the company upgraded lighting, air conditioners, fans and other equipment for green complexes:

01

In collaboration with brand partners, the company has integrated green design principles into shop and counter renovations, as well as exhibition stand construction, utilising eco-friendly materials to support brands in obtaining LEED certification. These efforts aim to create consumer spaces that harmonise fashion with environmental sustainability, amplifying collective conservation impact.

02

Block C of Sanya International Duty-Free Shopping Complex Installed timers to shorten HVAC operation hours; Energy saving renovations have also been carried out for the lighting systems in public areas of, Block A and Block B, we replaced T5 fluorescent tubes with LED strips (saving about 12,684 kWh/month);

03

Sanya International Duty-Free Shopping Complex formulated an operation strategy for air conditioning fan equipment based on weather temperature and passenger flow changes. We adjusted HVAC schedules and temperature settings (from 21°C to 24-25°C for return air temperature), cutting electricity use of Block A and Block B by 787,000 kWh compared with 2023;

04

Haikou International Duty-Free Shopping Complex saved about 15,500 kWh of electricity per month by renovating the air source air conditioning return air outlet, installing aluminum buckle lights on the flying ladder, and installing radar induction controllers in the parking lot and logistics channel lighting systems;

05

In August 2024, Haikou Riyue Plaza Duty-Free Shop implemented a multi split air conditioning centralised control system, which enabled centralised control of air conditioning start and stop, real-time monitoring and analysis of energy consumption, and dynamic adjustment of environmental temperature, further reducing energy consumption;

06

CDFG (Cambodia) Limited replaced all lighting facilities with LED lighting to reduce electricity consumption. A monitoring mechanism for the use, maintenance, and procurement of office equipment had been established, with regular evaluations of equipment operation and performance status, and approval for the replacement of high energy consuming equipment. It also replaced high fuel consumption vehicles with those who have better fuel saving performance;

07

The under-construction Haikou International Duty-Free Shopping Complex (Plots 1 and 4) plans to install 2,500 m² of solar photovoltaic panels on rooftops and bicycle shed canopies, with a total installed capacity of 635 kW. Scheduled for full commissioning by 2026, the system is expected to generate approximately 1,270 MWh annually. Solar-generated electricity will prioritise internal consumption, with surplus power sold to grid operators.

08

CDFG (Cambodia) Limited replaced all lighting facilities with LED lighting to reduce electricity consumption. A monitoring mechanism for the use, maintenance, and procurement of office equipment had been established, with regular evaluations of equipment operation and performance status, and approval for the replacement of high energy consuming equipment. It also replaced high fuel consumption vehicles with those who have better fuel saving performance;

Metrics and Targets

Energy Consumption

The company mainly consumes electricity, natural gas, diesel, gasoline, and water during its daily operations. Our energy consumption, resource usage, greenhouse gas emission and intensity³ in 2024 are shown in the table below:

Metrics	Unit	2024	2023
Electricity	MWh	85,810.28	74,773.52
Natural Gas	m ³	562,061	326,352
Diesel	Litre	143,182	145,046
Gasoline	Litre	210,526	203,336
Comprehensive energy consumption	tce	11,617	10,026.57
Comprehensive energy intensity	tce/m ²	0.0162	0.0177
Water consumption	m ³	537,987	391,373.54
Water consumption intensity	m ³ /m ²	0.75	0.69

Greenhouse Gas Emissions

Our greenhouse gas emissions⁴ from energy use in 2024 are shown in the table below:

Metrics	Unit	2024	2023
Total greenhouse gas emissions	tCO ₂ e	28,540	24,632
Greenhouse gas emissions intensity	tCO ₂ e/m ²	0.04	0.04
Direct greenhouse gas emissions (Scope 1 emissions) ⁵	tCO ₂ e	2,631	2,056
Indirect greenhouse gas emissions (Scope 2 emissions) ⁶	tCO ₂ e	25,909	22,576

³ The statistic scope of natural gas, electricity, diesel, gasoline includes the building of company’s headquarters, Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex, Sunrise Shanghai and Sunrise China, which have already covered the majority of the company’s operating area and revenue. The company will gradually expand the statistical scope in the following years.

⁴ The statistic scope of natural gas, electricity, diesel, gasoline, and the resulting GHG emissions includes the building of company’s headquarters, Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex, Sunrise Shanghai and Sunrise China, which have already covered the majority of the company’s operating area and revenue. The company will gradually expand the statistical scope in the following years.

⁵ Direct GHG emissions: The company’s gasoline and natural gas consumption multiplied by the corresponding emission factors which are determined with reference to ① China Energy Statistical Yearbook ② IPCC 2006.

⁶ Indirect GHG emissions: The company’s purchased electricity consumption multiplied by the corresponding emission factor which is determined with reference to the Notice on Reporting and Verification Greenhouse Gas Emissions of Enterprises in Certain Key Industries from 2023 to 2025 issued by the Ministry of Ecology and Environment of China.



Supporting brands in obtaining LEED certification

By the end of 2024, the company had a total of

31 stores/counters had received LEED certification, of which

29 stores/counters had received LEED Gold certification and

2 stores/counters had received LEED Silver certification.

In December 2021, the Armani Beauty counter at Sanya International Duty-Free Shopping Complex received LEED Gold certification.



In January 2022, the Cartier shop at Sanya International Duty-Free Shopping Complex received LEED Gold certification



In March 2022, the YSL Beauté counter at Sanya International Duty-Free Shopping Complex received LEED Gold certification.



In April 2022, the Kiehl's store at Sanya International Duty-Free Shopping Complex received LEED Gold certification.



In April 2022, the Lancôme counter at Sanya International Duty-Free Shopping Complex received LEED Gold certification.



In September 2022, the De Beers shop at Sanya International Duty-Free Shopping Complex received LEED Gold certification.



In October 2022, the Balenciaga shop at Sanya International Duty-Free Shopping Complex received LEED Gold certification.



In January 2023, the Lancôme shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



In March 2023, the Helena Rubinstein shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



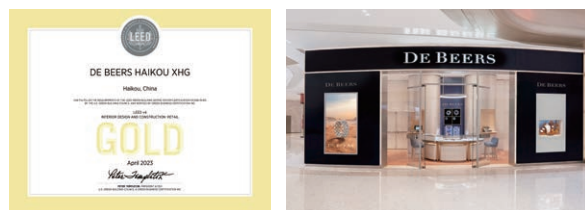
In March 2023, the Kiehl's shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



In March 2023, the YSL Beauté shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



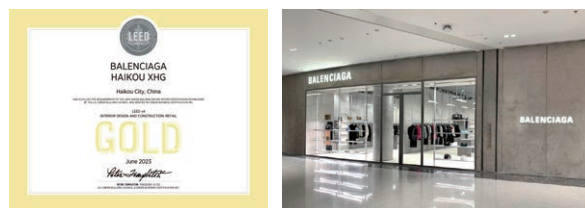
In April 2023, the De Beers shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



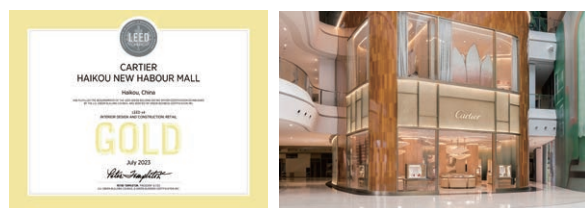
In May 2023, the Cartier shop at Haikou Meilan Airport Duty-Free Shop received LEED Gold certification.



In June 2023, the Balenciaga shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



In July 2023, the Cartier shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



In July 2023, the YSL shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



In January 2024, the Helena Rubinstein shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In January 2024, the L'Oréal shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In January 2024, the SAINT LAURENT shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



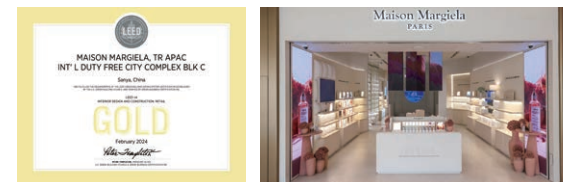
In January 2024, the Prada Beauty shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



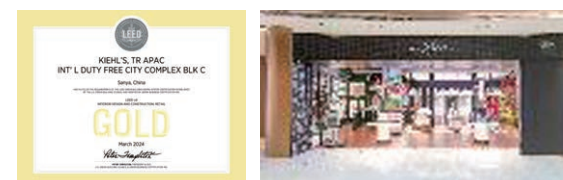
In February 2024, the Armani shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



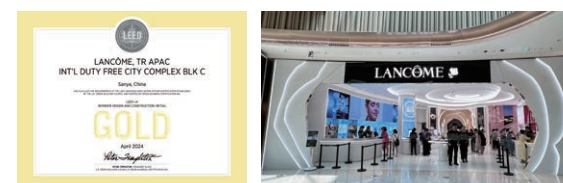
In February 2024, the Maison Margiela shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



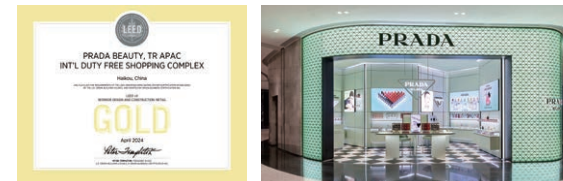
In March 2024, the Kiehl's shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In April 2024, the Lancôme shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In April 2024, the Prada Beauty shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



In April 2024, the SkinCeuticals shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In May 2024, the Shu uemura shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In June 2024, the Prada shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.



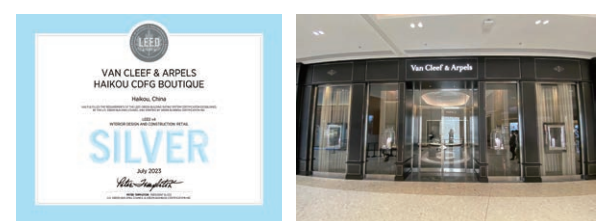
In August 2024, the Valentinoshop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In May 2022, the Van Cleef & Arpels shop at Sanya International Duty-Free Shopping Complex received LEED Silver certification.



In July 2023, the Van Cleef & Arpels shop at Haikou International Duty-Free Shopping Complex received LEED Silver certification.



Saving Food

The company complies with the Anti-Food Waste Law and implements the spirit of President Xi Jinping’s important instructions and comments on “firmly combating extravagancy in foods”, as well as the important requirements of the 20th National Congress of the Chinese Communist Party on “advocating frugality and thrift in the whole society”. We improve our employees’ awareness of saving food by taking actions during daily meals in staff canteens.

Put up posters advocating reducing leftover food, such as “Clear Your Plate” in the eye-catching areas of canteens;



- Prepare food in batches based on the number of staff to be served as reported by each department, and offer smaller servings to prevent waste;
- The staff meal is in a buffet form to encourage staff to only take the amount they need;
- Offer mixed coarse-grains to enrich food variety and reduce waste;
- Set up a tableware recycling desk to discourage food waste and supervise the effective classification of leftover food;
- Carry out anti-food waste awareness activities, for example Sunrise Shanghai has established a dedicated team to save food and combat food waste behaviours. The team helps improve diners’ food waste awareness through publicity activities and by equipping canteens with dedicated staff to encourage good dining behaviours.
- In 2024, the total weight of food loss and waste generated by the company was 101.89 tons⁷, the total amount of food loss and waste used for alternative purposes was 28.89 tons, the total amount of food discarded was 73 tons, and the intensity of food loss and waste was 0.039 tons/person.

Green Transportation with Lower Emissions

The National *Development Plan for Comprehensive Transport Services during the 14th Five-year Plan Period* specifies accelerating the construction of a clean and low-carbon green transportation system by encouraging enterprises to adopt integrated, efficient, green, and low-carbon freight and logistics systems. The company acts as a role model in the building of a green transportation system.

We have vigorously promoted the use of clean energy equipment and made full use of electric powered forklift trucks to replace traditional fuelled ones, to reduce carbon emission and environmental pollution, at the end of the reporting period, the proportion of electric forklifts in the company had reached 100%.

The company makes continuous efforts to build an advanced and appropriate warehousing system by combining warehouses scattered across key areas to form an integrated warehouse distribution centre, and by leveraging big data and intelligent route optimisation algorithm technology to coordinate transportation routes with improved logistics efficiency for duty-free goods by sea, land and air. Such measures help maximise carrying capacity, thereby reducing the number of trips needed, the amount of energy consumed, and carbon emissions throughout the transportation process. For long-distance transportation, the company opts to ship by sea with relatively low carbon emissions per unit where possible. For short-distance land transportation, the company strictly regulates the use of vehicles to ensure that they meet the standards for emissions in their operation regions.

We are well aware of the synergistic effect of the supply chain and have collaborated with brands to optimise freight modes, gradually increase the proportion of ocean transportation in the procurement process. Our company has also continued to strengthen communication and exchanges with suppliers and relevant authorities in Hainan province, to expand the number of categories and products shipped by sea to reduce carbon emissions further. Our efforts in this area have received massive attention and support from many brands supplier groups in the industry.

With the goal of raising transportation efficiency and reducing energy consumption in its transportation processes to facilitate the construction of a green transportation system, and we have obtained the TAPA⁸ and WCA⁹ certifications.



▲ Certificate of Membership by Transported Asset Protection Association (TAPA)



▲ Certificate of Membership by World Cargo Alliance (WCA)

Appendix

Glossary of Terms

Term		Definition
CTG DUTY-FREE, the company, our company, we	refers to	China Tourism Group Duty Free Corporation Limited together with its affiliated companies
ESG Report, the Report, this Report	refers to	The Environmental, Social and Governance Report
The reporting period, the current year	refers to	From 1 January 2024 to 31 December 2024
China Tourism Group	refers to	China Tourism Group Co., Ltd.
CTS Holdings	refers to	China Travel Service (Holdings) Hong Kong Limited
CDF Investment Development	refers to	CDF Investment Development Co., Ltd.
Sanya Downtown Duty-Free Store	refers to	China Duty Free Group Sanya Downtown Duty Free Store Co., Ltd.
Sunrise China	refers to	Sunrise Duty Free (China) Co., Ltd.
Sunrise Shanghai	refers to	Sunrise Duty Free (Shanghai) Co., Ltd.
Hainan DF	refers to	Hainan Provincial Duty Free Co., Ltd.
CDFI	refers to	China Duty Free International Limited
CDFG (Cambodia) Limited	refers to	China Duty Free Group (Cambodia) Co., Ltd.
Guangzhou Xinmian	refers to	Guangzhou Xinmian Duty Free Merchandise Co., Ltd.
CDFCS	refers to	China Duty Free Cruise Services Limited
Dalian cdf	refers to	Dalian Port China Duty Free Merchandise Co., Ltd.
Hangzhou cdf	refers to	CDFG Hangzhou Duty Free Merchandise Co., Ltd.
Sanya Downtown Store	refers to	CDFG Sanya Downtown Duty-Free Store Co., Ltd.
Haikou Meilan Airport Duty-Free Shop	refers to	Hainan Duty Free Haikou Meilan Airport Duty Free Store Co., Ltd.
Shenyang cdf	refers to	CDFG Shenyang Duty Free Merchandise Trading Co., Ltd.
Hohhot cdf	refers to	Hohhot China Duty Free Merchandise Co., Ltd.
Wuhan cdf	refers to	CDFG (Wuhan) Airport Duty Free Merchandise Co., Ltd.
Chengdu cdf	refers to	CDFG Chengdu Airport Duty Free Merchandise Co., Ltd.
Shenzhen Supply Chain	refers to	China Duty Free (Shenzhen) Supply Chain Technology Co., Ltd.
Duty-free merchandise	refers to	Imported goods that are exempt from customs duties, value added tax (VAT) and consumption tax on imports and domestically produced goods that are subject to tax rebates (VAT and consumption tax) that are sold in duty-free shops
Duty-free store	refers to	With the approval of the General Administration of Customs, business units set up sales sites and supervised warehouses for storing duty-free commodities in places approved by the State Council of the people’s Republic of China or its authorized departments to sell duty-free commodities to specified sales targets

⁷ In 2024, the scope of the company’s food loss and waste statistics only covers Sunrise Shanghai and the Haikou International Duty-Free Shopping Complex.
⁸ TAPA: Transported Asset Protection Association
⁹ WCA: World Cargo Alliance

Term		Definition
Offshore duty-free policy	refers to	The tax preference policy is to implement import duty-free shopping with limited value, limited quantity and limited variety for passengers leaving the island by plane, train, or ship (excluding departures), make payment in duty-free shops or approved online sales windows where the tax-free policy is implemented, and pick up goods from the island at designated areas of airports, railway stations and ports. The tax exemption policies for the island include customs duty, import VAT and consumption tax
SASAC	refers to	The State-owned Assets Supervision and Administration Commission of the State Council
CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
HKEx	refers to	Stock Exchange of Hong Kong Limited
Company Law	refers to	Company Law of the People's Republic of China
Securities Law	refers to	Securities Law of the People's Republic of China
Anti-money Laundering Law	refers to	Anti-money Laundering Law of the People's Republic of China
Anti-Unfair Competition Law	refers to	Anti-Unfair Competition Law of the People's Republic of China
Advertising Law	refers to	Advertising Law of the People's Republic of China
Cybersecurity Law	refers to	Cybersecurity Law of the People's Republic of China
Data Security Law	refers to	Data Security Law of the People's Republic of China
Personal Information Protection Law	refers to	Personal Information Protection Law of the People's Republic of China
Anti-monopoly Law	refers to	Anti-monopoly Law of the People's Republic of China
Protection of Rights and Interests of Consumers Law	refers to	Law of the People's Republic of China on the Protection of Rights and Interests of Consumers
Product Quality Law	refers to	Product Quality Law of the People's Republic of China
Labour Law	refers to	Labour Law of the People's Republic of China
Labour Contract Law	refers to	Labour Contract Law of the People's Republic of China
Trade Union Law	refers to	Trade Union Law of the People's Republic of China
Work Safety Law	refers to	Work Safety Law of the People's Republic of China
Law on the Prevention & Control of Occupational Diseases	refers to	Law of People's Republic of China on the Prevention & Control of Occupational Diseases
Fire Control Law	refers to	Fire Control Law of the People's Republic of China
Environmental Protection Law	refers to	Environmental Protection Law of the People's Republic of China
Prevention and Control of Air Pollution Law	refers to	Law of the People's Republic of China on Prevention and Control of Air Pollution
Prevention and Control of Water Pollution Law	refers to	Law of the People's Republic of China on Prevention and Control of Water Pollution
Prevention and Control of Environmental Pollution Caused by Solid Wastes Law	refers to	Prevention and Control of Environmental Pollution Caused by Solid Wastes
Energy Conservation Law	refers to	Energy Conservation Law of the People's Republic of China
Anti-food Waste Law	refers to	Anti-food Waste Law of the People's Republic of China
Product Quality Law	refers to	Product Quality Law of the People's Republic of China

ESG Metrics

Environmental Performance Metrics

Metrics	Tier 2 metrics	Unit	2024
Resource usage			
Electricity ¹		MWh	85,810.28
Natural Gas ¹		m³	562,061
Diesel ¹		Litre	143,182
Gasoline ¹		Litre	210,526
Comprehensive energy consumption		tce	11,617
Comprehensive energy intensity		tce/m²	0.0162
Water consumption		m³	537,987
Water consumption intensity		m³/m²	0.75
Total amount of packaging materials used by the company		Ton	505.23
Total amount of packaging materials used by the company in unit operating income		Ton/CNY10,000	0.009
Procurement quantity of packaging materials by category	Paper	Ton	404.13
	Board	Ton	0
	Plastic	Ton	101.11
	Glass	Ton	0
	Metal	Ton	0
Procurement quantity of packaging materials that were recyclable/non-recyclable	Recyclable	Ton	387.12
	Non-recyclable	Ton	99.51
Procurement quantity of packaging materials that were reusable/non-reusable	Reusable	Ton	452.98
	Non-reusable	Ton	45.4

Metrics	Tier 2 metrics	Unit	2024
Climate Change			
Total greenhouse gas emissions ²		tCO ₂ e	28,540
Greenhouse gas emissions intensity		tCO ₂ e/m ²	0.04
Direct greenhouse gas emissions (Scope 1 emissions) ³		tCO ₂ e	2,631
Indirect greenhouse gas emissions (Scope 2 emissions) ⁴		tCO ₂ e	25,909
Emission			
Waste	Toner	kg	113
	kg	kg	5

Notes:

1.

The statistic scope of natural gas, electricity, diesel, gasoline includes the building of company's headquarters, Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex, Sunrise Shanghai and Sunrise China, which have already covered the majority of the company's operating area and revenue. The company will gradually expand the statistical scope in the following years.

2.

The statistic scope of natural gas, electricity, diesel, gasoline, and the resulting GHG emissions includes the building of company's headquarters, Haikou International Duty-Free Shopping Complex, Sanya International Duty-Free Shopping Complex, Sunrise Shanghai and Sunrise China, which have already covered the majority of the company's operating area and revenue. The company will gradually expand the statistical scope in the following years.

3.

Direct GHG emissions: The company's gasoline and natural gas consumption multiplied by the corresponding emission factors which are determined with reference to ① *China Energy Statistical Yearbook* ② *IPCC 2006*.

4.

Indirect GHG emissions: The company's purchased electricity consumption multiplied by the corresponding emission factor which are determined with reference to the *Notice on Reporting and Verification Greenhouse Gas Emissions of Enterprises in Certain Key Industries from 2023 to 2025* issued by the Ministry of Ecology and Environment of China.

Social Performance Metrics

Metrics	Tier 2 Metrics	Unit	2024
Hire			
Total number of employees		Person	16,027
The number of ethnic minority employees		Person	1,468
The percentage of ethnic minority employees		%	9.16
The percentage of ethnic minority employees in the management		%	4.55
The number of foreign employees		Person	504
The percentage of foreign employees		%	3.14
The percentage of foreign employees in the management		%	0.91
The number of physically challenged employees		Person	128
Females in the Board of Directors and the Supervisory Committee		%	36.36
Females in the management		%	36.36
Females in the senior managerial roles		%	25
Females in the middle managerial roles		%	37.25
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers		%	36
Total number of new employees		Person	1,905
Internal hire rate		%	45.35
Employee productivity		CNY/Person	376,911
The number of employees by gender	Female	Person	6,775
	Male	Person	9,252
The number of employees by employee category	Senior managerial roles	Person	8
	Middle managerial roles	Person	102
	General employees	Person	15,917
The number of employees by age group	Over 60	Person	8
	50-60	Person	425
	40-49	Person	1,799
	30-39	Person	6,670
	22-29	Person	6,871
	Below 22	Person	254

Metrics	Tier 2 Metrics	Unit	2024
The number of employees by region	North China	Person	2,184
	East China	Person	2,225
	South and central China	Person	9,767
	Northwest China	Person	40
	Southwest China	Person	307
	Northeast China	Person	238
	Hong Kong SAR, Macau SAR and Taiwan region	Person	727
	Overseas	Person	539
The number of new employees by gender	Male	Person	725
	Female	Person	1,180
The number of new employees by employee category	Senior managerial roles	Person	0
	Middle managerial roles	Person	4
	General employees	Person	1,901
The number of new employees by age group	Over 60	Person	0
	50-60	Person	20
	40-49	Person	131
	30-39	Person	558
	22-29	Person	1,055
	Below 22	Person	141
The number of new employees by ethnicity	Han ethnic group	Person	1,570
	Chinese ethnic minorities	Person	194
	China's Hong Kong SAR, Macau SAR, Taiwan region and overseas	Person	141
The number of new employees by nationality	Chinese nationality	Person	1,764
	Foreign nationality	Person	141

Metrics	Tier 2 Metrics	Unit	2024
Employee turnover rate by gender	Male	%	17.53
	Female	%	14.33
Employee turnover rate by category	Senior managerial roles	%	25
	Middle managerial roles	%	5.88
	General employees	%	18.72
Employee turnover rate by age group	Over 60	%	52.94
	50-60	%	12.53
	40-49	%	6.98
	30-39	%	11.73
	22-29	%	19.23
Employee turnover rate by geographical region	Below 22	%	48.58
	Chinese Mainland	%	18.14
	China's Hong Kong SAR, Macau SAR and Taiwan region	%	30.54
	Overseas	%	16.14
Health and Safety			
The coverage of work-related injury insurance		%	100
The total amount of work-related injury insurance expenses		CNY10,000	53.91
Total expenses in operations safety		CNY10,000	2,177
Safety trainings		Session	770
Safety trainings participants		10,000 People	3.23
Work-related fatalities	Employee	Person	0
	Contractors	Person	0
The fatality rate of the company's employees due to work-related injuries ⁵		%	0
Total number of work-related injury cases		Case	0
Number of working days lost due to work-related injury	Employee	Day	0
	Contractors	Day	0
Lost-time injury frequency rate (per one million hours worked) ⁶ (LTIFR)	Employee	%	0
	Contractors	%	0

Metrics	Tier 2 Metrics	Unit	2024
Training and Development			
The total expenditure of employee training and development		CNY10,000	954.48
Average cost of training and development per full-time employee		CNY/Person	595.55
Percentage of employees trained		%	100
Percentage of employees trained by gender	Male	%	100
	Female	%	100
Percentage of employees trained by category	Senior management	%	100
	Middle management	%	100
	General employee	%	100
Total training hours		10,000 hours	63.37
Average training hours completed per employee		Hour	40.03
Average training hours completed per employee by gender	Male	Hour	26.79
	Female	Hour	36.58
Average training hours completed per employee by category	Senior management ⁷	Hour	142.45
	Middle management	Hour	75.05
	General employee	Hour	34.9
Average training hours completed per employee by region	Chinese Mainland	Hour	41.76
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	Hour	13.29
	Overseas	Hour	14.27
Supply Chain Management			
Total number of brand partners		Number	631
Number of brand partners by geographical region	Chinese Mainland	Number	202
	Hong Kong SAR, Macau SAR and Taiwan region	Number	140
	Overseas	Number	289
Total number of non-brand suppliers		Number	3,392
Number of non-brand suppliers by geographical region	Chinese Mainland	Number	3,326
	Hong Kong SAR, Macau SAR and Taiwan region	Number	0
	Overseas	Number	66
Classification of non-brand suppliers	Total number of Level I suppliers	Number	219

Metrics	Tier 2 Metrics	Unit	2024
Product liability			
Percentage of the total number of products sold or shipped that need to be recalled for safety and wellness reasons		%	0
Total complaints received		Number	76,546
Average hours used to handle each complaint		Hour	141.81
As at the end of 2024, complaints handled as a proportion of total complaints received during the year		%	99.72
Intellectual property rights			
Number of IPRs, such as trademarks and copyrights at the end of 2024		Item	72
Number of IPRs, such as trademarks and copyrights during 2024		Item	42
Number of valid patents		Item	2
Number of effective patents per CNY100 million of revenue		Item/CNY100 million	0.004
Number of software programs per CNY100 million of revenue		Item/CNY100 million	0.127
Community investment			
Total expenditure on rural revitalization	Free assistance funds	CNY10,000	1,372
	Paid assistance funds	CNY10,000	27.9
Number of various assistance projects implemented		Number	15
Total amount of assist in introducing assistance funds		CNY10,000	642
Number of grassroots cadres trained		Person	497
Number of champions in rural revitalisation and wealth creation trained		Person	84
Number of technicians trained		Person	562

Notes:
5. Fatalities due to work-related injuries (per 100 workers) = number of fatalities due to work-related injuries/number of workers * 100%;
6. Lost-time injury frequency rate (per one million hours worked) (LTIFR) = number of lost time injuries/total number of man-hours worked in the accounting period * 1,000,000
7. As far as the training courses organised by the company are concerned, there is no significant difference for employees at different categories; however, the senior management participated in more intense trainings subject to the requirement on the training hours in the *Regulations on the Education and Training of Cadres* issued by the CPC Central Committee.

Governance Performance Metrics

Metrics	Tier 2 Metrics	Unit	2024
Anti-corruption			
Anti-corruption trainings for employees	Sessions	Time	7
	Coverage	%	100
Anti-corruption trainings for management	Sessions	Time	3
	Coverage	%	100
	Duration	Hour	2
Anti-corruption trainings for director and supervisor, including independent director	Sessions	Time	7
	Coverage	%	100

IndexShanghai Stock Exchange Sustainability Report (Trial) Index

Number	Topic	Relevant section in this report
1	Climate change tackling	Addressing Climate Change to Protect the Environment
2	Pollutant discharge	No significant relevance ⁸
3	Waste disposal	Green and Low-Carbon Operations for a Better Life
4	Ecosystem and biodiversity protection	Green and Low-Carbon Operations for a Better Life ⁹
5	Environmental compliance management	Green and Low-Carbon Operations for a Better Life
6	Energy usage	Green and Low-Carbon Operations for a Better Life
7	Usage of water resources	Green and Low-Carbon Operations for a Better Life
8	Circular economy	Focusing on New Quality Productive Forces to Develop a Circular Economy
9	Rural revitalization	Meeting our responsibilities in rural revitalisation
10	Contributions to the society	Green Alliance: Joining Hands with Brands to Open a New Chapter Engaging in Charity Initiatives to Act as a Responsible Corporate
11	Innovation-driven	Focusing on New Quality Productive Forces to Develop a Circular Economy
12	Ethics of science and technology	No significant relevance ¹⁰
13	Supply chain security	Robust, Green and Intelligent Supply Chain
14	Equal treatment to small and medium-sized enterprises	Robust Governance System for Long-term Stable Operations
15	Safety and quality of products and services	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
16	Data security and customer privacy protection	Complying with Commercial Ethics to Reinforce Internal Control Compliance
17	Employees	Employee Rights and Promoting Their Interests Diversified Training to Promote Staff Development Operational Safety and Physical and Mental Health
18	Due diligence	Compliance Management ¹¹
19	Communications with stakeholders	Stakeholder Communication
20	Anti-commercial bribery and anti-corruption	Business Ethics
21	Anti – unfair competition	Business Ethics
22	Packaging material management	Green and Low-Carbon Operations for a Better Life
23	Intellectual property protection	Focusing on New Quality Productive Forces to Develop a Circular Economy
24	Excellent service experience	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
25	Collaborating with brand partners to promote environmental protection	Green Alliance: Joining Hands with Brands to Open a New Chapter

Notes:
8. Neither the company nor its subsidiaries have been included in the list of enterprises that are legally required to disclose environmental information. This topic holds neither financial materiality nor impact materiality.
9. The company's operation activities have no significant impact on the ecosystem and biodiversity, but we also take it into consideration for project development and construction, and disclosed in the report.
10. The company does not engage in scientific research or technological development within ethics-sensitive domains; this topic is not applicable.
11. Due diligence regarding sustainability-related adverse impacts or risks is described in relevant issue-specific chapters.

ESG Metrics System for ESG Reports of Listed Companies Controlled by Central State-owned Enterprises Index

Disclosure of content			Relevant section
Basic information of the Company and the Report			About this report
ESG governance			ESG STRATEGY: CLARIFYING KEY PRIORITIES
ESG risk and opportunities			Complying with Commercial Ethics to Reinforce Internal Control Compliance
Stakeholder engagement			Robust Governance System for Long-term Stable Operations
Materiality assessment			Robust Governance System for Long-term Stable Operations
Disclosure of content			Location/Note
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
Environmental Aspect indicators			
Resource Consumption	Water	Fresh water consumption	Green and Low-Carbon Operations for a Better Life
		Recycled water consumption	Conserving Energy and Reducing Carbon throughout the Entire Building Process
		Intensity of water consumption	Green and Low-Carbon Operations for a Better Life
	Energy	Fossil fuel consumption	Green and Low-Carbon Operations for a Better Life
		Total energy consumption	Green and Low-Carbon Operations for a Better Life
		Energy consumption intensity	Green and Low-Carbon Operations for a Better Life
	Packaging materials	Packaging material usage	Focusing on New Quality Productive Forces to Develop a Circular Economy
		Packaging material lightweight and reduction	Focusing on New Quality Productive Forces to Develop a Circular Economy
Pollution Control	Effluents	Wastewater discharge compliance	Green and Low-Carbon Operations for a Better Life
		Wastewater management and reduction measures	Green and Low-Carbon Operations for a Better Life
	Exhausts	Exhaust emission compliance	Green and Low-Carbon Operations for a Better Life Conserving Energy and Reducing Carbon throughout the Entire Building Process
		Solid waste	Legal compliance of solid waste disposal
	General industrial solid waste management		Green and Low-Carbon Operations for a Better Life

Disclosure of content			Location/Note	
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics		
Climate Change	Greenhouse gas emission	Sources and types of GHGs	Green and Low-Carbon Operations for a Better Life	
		GHG emissions management	Conserving Energy and Reducing Carbon throughout the Entire Building Process Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life	
			Scope 1 GHG emissions	Green and Low-Carbon Operations for a Better Life
			Scope 2 GHG emissions	Green and Low-Carbon Operations for a Better Life
		GHG emissions intensity	Green and Low-Carbon Operations for a Better Life	
	Emission reduction management	GHG mitigation management	Conserving Energy and Reducing Carbon throughout the Entire Building Process Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life	
	Climate risk management		Climate risk management	Conserving Energy and Reducing Carbon throughout the Entire Building Process Combatting the Typhoon with Determination and United Efforts Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
	Biodiversity	Impacts of activities, products and services on biodiversity	Impacts of activities, products and services on biodiversity	Conserving Energy and Reducing Carbon throughout the Entire Building Process Green and Low-Carbon Operations for a Better Life
Resource and Environmental Management System Measures	Low-carbon development target and strategic measures	Low-carbon development target and strategic measures	ESG Strategy: Clarifying Key Priorities Addressing Climate Change to Protect the Environment	
	Resource management measures	Water utilisation management	Green and Low-Carbon Operations for a Better Life	
		Material usage management	Focusing on New Quality Productive Forces to Develop a Circular Economy Green and Low-Carbon Operations for a Better Life	
			Energy use and conservation management	Conserving Energy and Reducing Carbon throughout the Entire Building Process Green and Low-Carbon Operations for a Better Life
	Green initiatives and measures	Green technologies and recycling	Conserving Energy and Reducing Carbon throughout the Entire Building Process Addressing Climate Change to Protect the Environment Focusing on New Quality Productive Forces to Develop a Circular Economy Green and Low-Carbon Operations for a Better Life	
			Green building Renovation	Conserving Energy and Reducing Carbon throughout the Entire Building Process
			Green office and operations	Addressing Climate Change to Protect the Environment Focusing on New Quality Productive Forces to Develop a Circular Economy Green and Low-Carbon Operations for a Better Life
		Green procurement and green supply chain management	Robust, Green and Intelligent Supply Chain Focusing on New Quality Productive Forces to Develop a Circular Economy	
	Green and low-carbon certification	Environmental public welfare activities	Green Alliance: Joining Hands with Brands to Open a New Chapter Engaging in Charity Initiatives to Act as a Responsible Corporate	
		Environmental management system certification	Green and Low-Carbon Operations for a Better Life	
Environmental legal compliance		Environmental emergency response plan	Combatting the Typhoon with Determination and United Efforts Operational Safety and Physical and Mental Health Addressing Climate Change to Protect the Environment	

Disclosure of content			Location/Note
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
Social aspect indicators			
Employee rights	Employee Recruitment And Employment	Corporate Recruitment Policy and Implementation	Employee Rights and Promoting Their Interests
		Employee Structure	Employee Rights and Promoting Their Interests
		Avoiding Child Labor or Forced Labor	Employee Rights and Promoting Their Interests
	Employee Compensation and Benefits	Compensation Philosophy and Policy	Employee Rights and Promoting Their Interests
		Working Hours and Rest Periods	Employee Rights and Promoting Their Interests
		Compensation and Benefits Security	Employee Rights and Promoting Their Interests
		Employee Democratic Management	Employee Rights and Promoting Their Interests
	Employee Health and Safety	Occupational Health and Safety Management for Employees	Operational Safety and Physical and Mental Health
		Employee Safety Risk Prevention and Control	Operational Safety and Physical and Mental Health
		Response to Safety Accidents and Work-related Injuries	Operational Safety and Physical and Mental Health
		Employee Care and Assistance	Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health
	Employee Development and Training	Employee Motivation and Promotion Policy	Diversified Training to Promote Staff Development
		Employee Education and Training	Diversified Training to Promote Staff Development
		Career Planning and Position Change Support for Employees	Diversified Training to Promote Staff Development
	Employee Satisfaction	Employee Turnover	Employee Rights and Promoting Their Interests
Product and Service Management	Product Safety and Quality	Production Standard Management Policies and Measures	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Operational Safety and Physical and Mental Health
		Quality Management	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Product Recall and Withdrawal	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Negative Events Related to Products or Services	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
	Customer Service & Advocacy	Customer Satisfaction	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Customer Complaints and Handling	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Customer Information and Privacy Protection	Complying with Commercial Ethics to Reinforce Internal Control Compliance
	R&D	R&D and Innovation Management System	Focusing on New Quality Productive Forces to Develop a Circular Economy
		Innovation Achievements	Focusing on New Quality Productive Forces to Develop a Circular Economy
		Intellectual Property Protection	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Supply Chain Security and Management	Management of Suppliers	Supplier Selection and Management	Robust, Green and Intelligent Supply Chain
		Number and Distribution of Suppliers	Robust, Green and Intelligent Supply Chain
	Supply Chain Management	Supply Chain Management Policies and Measures	Robust, Green and Intelligent Supply Chain
		Supply Chain Security Assurance and Emergency Plan	Robust, Green and Intelligent Supply Chain

Disclosure of content			Location/Note
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
National strategic response	Taxes payment	Tax Payment Situation	Refer to the 2024 Annual Report or other corporate documents
	Community building	Policies and Measures for Participating in Local Community Construction	Meeting our responsibilities in rural revitalisation With a Dual Focus, Co-Creating a New Development Blueprint Sailing with Momentum: A Decade of Excellence Setting the Industry Benchmark for High-quality Development Engaging in Charity Initiatives to Act as a Responsible Corporate
			Meeting our responsibilities in rural revitalisation With a Dual Focus, Co-Creating a New Development Blueprint Sailing with Momentum: A Decade of Excellence Setting the Industry Benchmark for High-quality Development Engaging in Charity Initiatives to Act as a Responsible Corporate
	Social welfare activities	Policies and Measures for Participating in Social Charity Activities	Meeting our responsibilities in rural revitalisation Engaging in Charity Initiatives to Act as a Responsible Corporate
		Investment and Effectiveness of Participating in Social Charity Activities	Meeting our responsibilities in rural revitalisation Engaging in Charity Initiatives to Act as a Responsible Corporate
	National strategic response	Construction of Accessible Environment	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Industrial Transformation	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Setting the Industry Benchmark for High-quality Development
		Rural Revitalisation and Regional Coordinated Development	Meeting our responsibilities in rural revitalisation With a Dual Focus, Co-Creating a New Development Blueprint Setting the Industry Benchmark for High-quality Development
		Belt and Road Initiative and Overseas Fulfillment of Responsibilities	Setting the Industry Benchmark for High-quality Development
		Industry Features and Other Social Responsibility Fulfillment	Setting the Industry Benchmark for High-quality Development

Disclosure of content			Location/Note	
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics		
Governance Aspect indicators				
Governance Strategy and Organizational Structure	Governance Strategies and Processes	Governance Strategy Formulation	ESG Strategy: Clarifying Key Priorities Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance	
		Governance Strategy Supervision Process	ESG Strategy: Clarifying Key Priorities Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance	
		Governance Strategy Approval and Review Process	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance	
		Party Building Leadership	Robust Governance System for Long-term Stable Operations	
	Organisational composition and functions	Ownership Responsibilities	Robust Governance System for Long-term Stable Operations	
		Organisation Structure and Functions of the Board of Directors, Supervisory Board, and Management	Robust Governance System for Long-term Stable Operations	
		Appointment Procedures and Composition of the Board of Directors, Supervisory Board, and Management	Refer to the 2024 Annual Report or other corporate documents	
	Compensation management	Compensation Plan for Directors and Supervisors	Refer to the 2024 Annual Report or other corporate documents	
		Transparency of Board Compensation	Refer to the 2024 Annual Report or other corporate documents	
		Reasonableness of Management Compensation	Refer to the 2024 Annual Report or other corporate documents	
	Standardize governance	Internal control	Internal Audit	Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Integrity in Construction	Integrity Construction System Norms	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Effectiveness of Integrity Construction Measures			Complying with Commercial Ethics to Reinforce Internal Control Compliance	
Investor Relations Management and Shareholder Rights	Investor Relationship Management	Investor Relations Management Strategy	Robust Governance System for Long-term Stable Operations	
		Investor Communication	Robust Governance System for Long-term Stable Operations	
		Construction of Investor Relations Management Department	Robust Governance System for Long-term Stable Operations	
	Shareholders' equity	General Meeting of Shareholders Situation	Refer to the 2024 Annual Report or other corporate documents	
		Shareholder Communication Situation	Refer to the 2024 Annual Report or other corporate documents	
		Shareholders' Right to Know and Participate in Decision-making	Robust Governance System for Long-term Stable Operations	
	Creditors' rights and benefits	Credit Status	Refer to the 2024 Annual Report or other corporate documents	

Disclosure of content			Location/Note
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
Transparency of information disclosure	Information disclosure system	Financial Information Disclosure	Refer to the 2024 Annual Report or other corporate documents
		Non-financial Information Disclosure	2024 Environmental, Social and Governance Report
	Quality of information disclosure	Regular Supervision, Audit, and Evaluation of All Disclosed Information	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Compliance and Risk Management	Compliance		Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Compliance Management System	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Construction of Compliance System	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
	Risk management	Specific Process of Compliance Review	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Risk Identification and Early Warning	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Risk Control and Tracking	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance
		Risk Reporting and Management	Robust Governance System for Long-term Stable Operations Complying with Commercial Ethics to Reinforce Internal Control Compliance

HKEX Appendix C2 Environmental, Social and Governance Reporting Code Index

Aspect	Content	Report Content
Part B: Mandatory Disclosure Requirements		
	A statement from the board	Statement of the Board of Directors
	Reporting Principles	About this report
	Reporting Boundary	About this report
Part C: "Comply or explain" Provisions		
A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green and Low-Carbon Operations for a Better Life
KPI A1.1	The types of emissions and respective emissions data.	Green and Low-Carbon Operations for a Better Life
KPI A1.2	[Repealed 1 January 2025]	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green and Low-Carbon Operations for a Better Life ESG Metrics
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Need further improvement
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life

Aspect	Content	Report Content
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Green and Low-Carbon Operations for a Better Life
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green and Low-Carbon Operations for a Better Life
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green and Low-Carbon Operations for a Better Life
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green and Low-Carbon Operations for a Better Life
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Focusing on New Quality Productive Forces to Develop a Circular Economy
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Conserving Energy and Reducing Carbon throughout the Entire Building Process Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Conserving Energy and Reducing Carbon throughout the Entire Building Process Green and Low-Carbon Operations for a Better Life
Aspect A4: Climate Change		
A4	[Repealed 1 January 2025]	
KPI A4.1	[Repealed 1 January 2025]	
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Employee Rights and Promoting Their Interests
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	Employee Rights and Promoting Their Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Rights and Promoting Their Interests

Aspect	Content	Report Content
Aspect B2: Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Operational Safety and Physical and Mental Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Operational Safety and Physical and Mental Health
KPI B2.2	Lost days due to work injury.	Operational Safety and Physical and Mental Health
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Operational Safety and Physical and Mental Health
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Diversified Training to Promote Staff Development Operational Safety and Physical and Mental Health
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Operational Safety and Physical and Mental Health Diversified Training to Promote Staff Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Diversified Training to Promote Staff Development
Aspect B4: Labour Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employee Rights and Promoting Their Interests
KPI B4.1	Description of measures t o review employment practices to avoid child and forced labour.	Employee Rights and Promoting Their Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights and Promoting Their Interests
Operating Practices		
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Robust, Green and Intelligent Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Robust, Green and Intelligent Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Robust, Green and Intelligent Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Robust, Green and Intelligent Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Robust, Green and Intelligent Supply Chain Focusing on New Quality Productive Forces to Develop a Circular Economy

Aspect	Content	Report Content
Aspect B6: Product Responsibility		
KPI B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
KPI B6.4	Description of quality assurance process and recall procedures.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Aspect B7: Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Complying with Commercial Ethics to Reinforce Internal Control Compliance
Community		
Aspect B8: Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Meeting our responsibilities in rural revitalisation Engaging in Charity Initiatives to Act as a Responsible Corporate
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Meeting our responsibilities in rural revitalisation Engaging in Charity Initiatives to Act as a Responsible Corporate
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Meeting our responsibilities in rural revitalisation Engaging in Charity Initiatives to Act as a Responsible Corporate
Part D: Climate-related Disclosures		
(I) Governance	The governance body(s) responsible for oversight of climate-related risks and opportunities	Addressing Climate Change to Protect the Environment
(II) Strategy	Climate-related risks and opportunities.	Addressing Climate Change to Protect the Environment
(III) Risk Management	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks	Addressing Climate Change to Protect the Environment
(IV) Metrics and Targets	Greenhouse gas emissions	Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
	Climate-related transition risks	Addressing Climate Change to Protect the Environment
	Climate-related physical risks	Addressing Climate Change to Protect the Environment

GRI Standards Index

GRI Standard	Disclosure	Location/Note
GRI 1: Foundation 2021		
1 Foundation 2021	Report foundation, including GRI content index and instructions for use, etc	About this report GRI Standards Index
GRI 2 General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About this report
2-2	Entities included in the organization’s sustainability reporting	About this report
2-3	Reporting period, frequency and contact point	About this report
2-4	Restatements of information	No relevant incidents during the reporting period.
2-5	External assurance	Need further improvement
Activities and workers		
2-6	Activities, value chain and other business relationships	Company Overview
2-7	Employees	Employee Rights and Promoting Their Interests Diversified Training to Promote Staff Development Operational Safety and Physical and Mental Health
2-8	Workers who are not employees	Operational Safety and Physical and Mental Health
Governance		
2-9	Governance structure and composition	Robust Governance System for Long-term Stable Operations
2-10	Nomination and selection of the highest governance body	Refer to the 2024 Annual Report.
2-11	Chair of the highest governance body	Refer to the 2024 Annual Report.
2-12	Role of the highest governance body in overseeing the management of impacts	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations
2-13	Delegation of responsibility for managing impacts	Refer to the 2024 Annual Report.
2-14	Role of the highest governance body in sustainability reporting	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations
2-15	Conflicts of interest	Refer to the 2024 Annual Report.
2-16	Communication of critical concerns	ESG Strategy: Clarifying Key Priorities
2-17	Collective knowledge of the highest governance body	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations ESG Strategy: Clarifying Key Priorities
2-18	Evaluation of the performance of the highest governance body	Refer to the 2024 Annual Report.
2-19	Remuneration policies	Refer to the 2024 Annual Report.
2-20	Process to determine remuneration	Refer to the 2024 Annual Report.
2-21	Annual total compensation ratio	Refer to the 2024 Annual Report.

GRI Standard	Disclosure	Location/Note
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Statement of the Board of Directors ESG Strategy: Clarifying Key Priorities
2-23	Policy commitments	Statement of the Board of Directors ESG Strategy: Clarifying Key Priorities Complying with Commercial Ethics to Reinforce Internal Control Compliance Employee Rights and Promoting Their Interests
2-24	Embedding policy commitments	Statement of the Board of Directors ESG Strategy: Clarifying Key Priorities Complying with Commercial Ethics to Reinforce Internal Control Compliance Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
2-25	Processes to remediate negative impacts	ESG Strategy: Clarifying Key Priorities Complying with Commercial Ethics to Reinforce Internal Control Compliance Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
2-26	Mechanisms for seeking advice and raising concerns	ESG Strategy: Clarifying Key Priorities Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
2-27	Compliance with laws and regulations	Robust Governance System for Long-term Stable Operations Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Employee Rights and Promoting Their Interests Green and Low-Carbon Operations for a Better Life
2-28	Membership associations	Setting the Industry Benchmark for High-quality Development
Stakeholder engagement		
2-29	Approach to stakeholder engagement	ESG Strategy: Clarifying Key Priorities
2-30	Collective bargaining agreements	Employee Rights and Promoting Their Interests
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	ESG Strategy: Clarifying Key Priorities
3-2	List of material topics	ESG Strategy: Clarifying Key Priorities
3-3	Management of material topics	ESG Strategy: Clarifying Key Priorities
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Key Sustainability Performance Metrics Refer to the 2024 Annual Report.
201-2	Financial implications and other risks and opportunities due to climate change	Addressing Climate Change to Protect the Environment
201-3	Defined benefit plan obligations and other retirement plans	Employee Rights and Promoting Their Interests
201-4	Financial assistance received from government	Refer to the 2024 Annual Report.

GRI Standard	Disclosure	Location/Note
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee Rights and Promoting Their Interests
202-2	Proportion of senior management hired from the local community	Need further improvement
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Meeting our responsibilities in rural revitalisation With a Dual Focus, Co-Creating a New Development Blueprint Sailing with Momentum: A Decade of Excellence
203-2	Significant indirect economic impacts	Meeting our responsibilities in rural revitalisation With a Dual Focus, Co-Creating a New Development Blueprint Sailing with Momentum: A Decade of Excellence
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Need further improvement
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Need further improvement
205-2	Communication and training about anticorruption policies and procedures	Complying with Commercial Ethics to Reinforce Internal Control Compliance
205-3	Confirmed incidents of corruption and actions taken	No relevant incidents during the reporting period.
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Complying with Commercial Ethics to Reinforce Internal Control Compliance
GRI 207: Tax 2019		
207-1	Approach to tax	Refer to the 2024 Annual Report.
207-2	Tax governance, control, and risk management	Refer to the 2024 Annual Report.
207-3	Stakeholder engagement and management of concerns related to tax	ESG Strategy: Clarifying Key Priorities
207-4	Country-by-country reporting	Refer to the 2024 Annual Report.
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Focusing on New Quality Productive Forces to Develop a Circular Economy
301-2	Recycled input materials used	Focusing on New Quality Productive Forces to Develop a Circular Economy
301-3	Reclaimed products and their packaging materials	Focusing on New Quality Productive Forces to Develop a Circular Economy
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Green and Low-Carbon Operations for a Better Life
302-2	Energy consumption outside of the organization	Need further improvement
302-3	Energy intensity	Green and Low-Carbon Operations for a Better Life
302-4	Reduction of energy consumption	Conserving Energy and Reducing Carbon throughout the Entire Building Process Green and Low-Carbon Operations for a Better Life
302-5	Reductions in energy requirements of products and services	Need further improvement

GRI Standard	Disclosure	Location/Note
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Conserving Energy and Reducing Carbon throughout the Entire Building Process Green and Low-Carbon Operations for a Better Life
303-2	Management of water discharge – related impacts	Conserving Energy and Reducing Carbon throughout the Entire Building Process Green and Low-Carbon Operations for a Better Life
303-3	Water withdrawal	Green and Low-Carbon Operations for a Better Life
303-4	Water discharge	Need further improvement
303-5	Water consumption	Need further improvement
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Conserving Energy and Reducing Carbon throughout the Entire Building Process Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
304-2	Significant impacts of activities, products and services on biodiversity	Conserving Energy and Reducing Carbon throughout the Entire Building Process Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
304-3	Habitats protected or restored	Green and Low-Carbon Operations for a Better Life
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No relevant incidents during the reporting period.
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Green and Low-Carbon Operations for a Better Life
305-2	Energy indirect (Scope 2) GHG emissions	Green and Low-Carbon Operations for a Better Life
305-3	Other indirect (Scope 3) GHG emissions	Need further improvement
305-4	GHG emissions intensity	Green and Low-Carbon Operations for a Better Life
305-5	Reduction of GHG emissions	Need further improvement
305-6	Emissions of ozone-depleting substances (ODS)	Need further improvement
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Need further improvement
GRI 306: Waste 2020		
306-1	Waste generation and significant waste related impacts	Green and Low-Carbon Operations for a Better Life
306-2	Management of significant waste related impacts	Green and Low-Carbon Operations for a Better Life
306-3	Waste generated	Need further improvement
306-4	Waste diverted from disposal	Need further improvement
306-5	Waste directed to disposal	Need further improvement
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Robust, Green and Intelligent Supply Chain
308-2	New suppliers that were screened using environmental criteria	No relevant incidents during the reporting period.

GRI Standard	Disclosure	Location/Note
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Employee Rights and Promoting Their Interests
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Promoting Their Interests
401-3	Parental leave	Employee Rights and Promoting Their Interests
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Need further improvement
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Operational Safety and Physical and Mental Health
403-2	Hazard identification, risk assessment, and incident investigation	Operational Safety and Physical and Mental Health
403-3	Occupational health services	Operational Safety and Physical and Mental Health
403-4	Worker participation, consultation, and communication on occupational health and safety	Operational Safety and Physical and Mental Health
403-5	Worker training on occupational health and safety	Operational Safety and Physical and Mental Health
403-6	Promotion of worker health	Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Operational Safety and Physical and Mental Health
403-8	Workers covered by an occupational health and safety management system	Operational Safety and Physical and Mental Health
403-9	Work-related injuries	Operational Safety and Physical and Mental Health
403-10	Work-related ill health	Operational Safety and Physical and Mental Health
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Diversified Training to Promote Staff Development
404-2	Programs for upgrading employee skills and transition assistance programs	Diversified Training to Promote Staff Development
404-3	Percentage of employees receiving regular performance and career development reviews	Diversified Training to Promote Staff Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Robust Governance System for Long-term Stable Operations Employee Rights and Promoting Their Interests
405-2	Ratio of basic salary and remuneration of women to men	Need further improvement
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	No relevant incidents during the reporting period.
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No relevant incidents during the reporting period.
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	No relevant incidents during the reporting period.
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No relevant incidents during the reporting period.

GRI Standard	Disclosure	Location/Note
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Not applicable.
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	No relevant incidents during the reporting period.
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Meeting our responsibilities in rural revitalisation Engaging in Charity Initiatives to Act as a Responsible Corporate With a Dual Focus, Co-Creating a New Development Blueprint
413-2	Operations with significant actual and potential negative impacts on local communities	No relevant incidents during the reporting period.
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Robust, Green and Intelligent Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	No relevant incidents during the reporting period.
GRI 415: Public Policy 2016		
415-1	Political contributions	Not applicable.
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant incidents during the reporting period.
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
417-2	Incidents of non-compliance concerning product and service information and labeling	No relevant incidents during the reporting period.
417-3	Incidents of non-compliance concerning marketing communications	No relevant incidents during the reporting period.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No relevant incidents during the reporting period.