

CAPITAL GRAND

BEIJING CAPITAL GRAND LIMITED

首創鉅大有限公司

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



2022

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE
REPORT



CONTENTS

2	About This Report	46	III. Close Partners for Collaboration and Win-win
3	About Capital Grand	47	(I) Building Responsible Supply Chains
4	Our Progress	49	(II) Join Hands with Tenants to Help Each Other for Win-win
4	(I) ESG Strategy and Governance	51	(III) Close Industry Cooperation and Communication
7	(II) Statement of the Board of Directors	56	IV. Harmonious Communities for Sharing
8	(III) Stakeholder Communication	57	(I) Support for Community Co-Building
9	(IV) Substantive Issues	59	(II) Contribute to Rural Revitalization
12	(V) ESG Working Team Commitment	61	(III) Cultivating Brand Public Welfare
13	Special Subject: Boldly Moving Forward, ESG Long-Term Value Empowers Business Operations	64	V. Beautiful Ecology for Green Development
13	(I) Adhere to the Prevention and Control of COVID-19 Epidemic to Ensure Operational Safety	65	(I) Optimize to Create Green Ecological Outlets
15	(II) Join Hands with Tenants to Share Low-Carbon Concept	71	(II) Implement Comprehensive Green Offices in Details
15	(III) Building Volunteer Teams to Take on Community Responsibility	76	(III) Proactive Response to Deal with Climate Change Risks
17		77	(IV) Environmental Performance Data
19	I. Attentive Services for Quality Model	80	(V) Environmental Goals
20	(I) Sincere Outlets, Customer Feel Confident	81	VI. Sincere Governance for Safe and Sound Operation
23	(II) Intimate Outlet, Customers Feel Warm	81	(I) Improving Corporate Governance
30	(III) Considerate Outlets, Customers Feel Relax	85	(II) Optimization of Business Management
37	II. Good Employers for Achieving Future	88	(III) Protection of Investors' rights and interests
38	(I) Protection of Employees' Rights and Interests	89	Future Outlook
40	(II) Creating a Safe Workplace	90	Appendix: Content Index under the Environmental, Social and Governance Reporting Guide
42	(III) Cultivating Talents		
44	(IV) Emphasis on Employee Care		



ABOUT THIS REPORT

INTRODUCTION TO THE REPORT

This report aims to provide the management philosophy of Beijing Capital Grand Limited (“Capital Grand”, the “Company” or “us”, together with its subsidiaries, the “Group”) in environmental, social and governance (“ESG”) and its ESG performance for the year ended 31 December 2022. Unless indicated otherwise, the coverage of this report is consistent with that of the annual report. This report should be read in conjunction with the section “Corporate Governance Report” in the Annual Report 2022 of Beijing Capital Grand Limited.

COVERAGE PERIOD

Unless indicated otherwise, this report covers the period from 1 January 2022 to 31 December 2022.

SCOPE

The Company prepared the ESG Report of Beijing Capital Grand Limited (the “Report”) to comply with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in relation to information disclosure. The Report has taken into account the key concerns of the stakeholders of Beijing Capital Grand and the business characteristics of our Company, as well as its ESG management concepts and related performance in 2022.

REPORTING SCOPE

The Company develops its main business in China. Unless otherwise specified, the disclosure scope in this report covers Capital Grand’s headquarters and 15 projects in the operation period, namely Beijing Company, Huzhou Company, Kunshan Company, Hangzhou Company, Hefei Company, Wuhan Company, Nanchang Company, Zhengzhou Company, Jinan Company, Xi’an Company, Chongqing Company, Kunming Company and Nanning Company, Qingdao Company and Xiamen Company. Compared with the disclosure scope of last year, newly opened Qingdao Company and Xiamen Company have been added this year.

REFERENCE TO THE GUIDE

In respect of content, the Report complies with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and with reference to the GRI Sustainability Reporting Standards (GRI Standards) of the Global Sustainability Standards Board, the index is set out in the appendix of this report.

REPORTING PRINCIPLES

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

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

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

CONFIRMATION AND APPROVAL

The Report was approved by the board of directors on 21 March 2023.

ABOUT CAPITAL GRAND

The Company (Stock Exchange code: 1329.HK) is one of the leading comprehensive outlets operators in China.

With the new leisure shopping model of “grand brand, low price, good service” and the rising consumption upgrade in China, Capital Grand has successfully laid out 15 cities, including two municipalities directly under the central government of Beijing and Chongqing, provincial capitals such as Hangzhou, Nanchang, Wuhan, Hefei, Jinan, Zhengzhou, Xi’an, Kunming and Nanning, and cities with consumption potential such as Huzhou, Kunshan, Qingdao and Xiamen. The Company will be fully opened in 2022.

During the Company’s rapid development, Capital Grand has also gained the favor of international heavyweight capital Sino-Ocean Group and KKR. With the capital investment from Sino-Ocean Group and KKR, the Company has not only diversified its shareholder structure and made its corporate governance more standardized and professional, but also rapidly enhanced its reputation in the global capital market and business world and strengthened its ability to connect with leading international business resources, providing a more solid foundation for Capital Grand to achieve the leap-forward development.

Under the leadership of Beijing Capital City Development Group Co., Ltd. (“Capital City Development”, the indirect controlling shareholder of the Company), Capital Grand has been practicing the management concept of “profit-oriented” and the service concept of “customer-oriented”. Relying on the strong background and support of shareholders of the Company (the “Shareholders”), and the concerted efforts and hard work of all colleagues, we have proactively adjusted the operation, marketing and investment model, and completed the optimization of organization and personnel to maintain the overall stable operation of the Company.

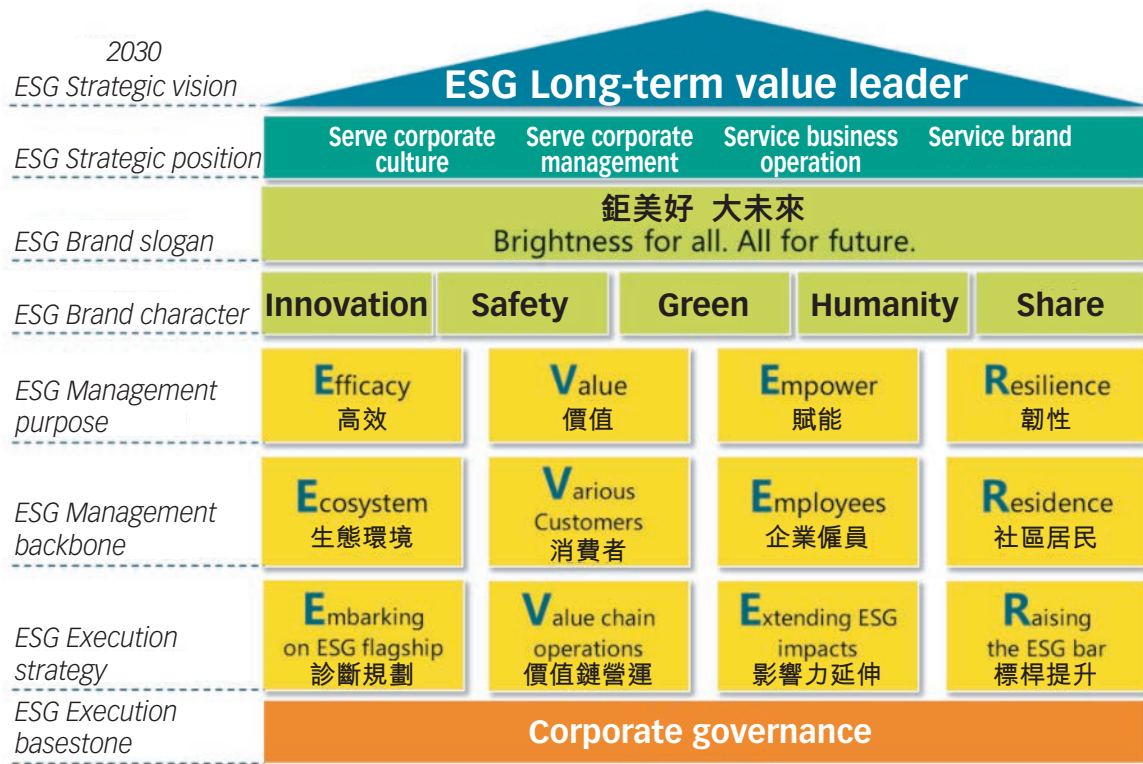
OUR PROGRESS

[Response to this chapter: ESG-G Governance Structure, Statement of the Board of Directors]

(I) ESG STRATEGY AND GOVERNANCE

ESG STRATEGY

The Group fully recognized the long-term inevitability of ESG and its necessity for the long-term development. We reexamined the Company's business strategy in ESG perspectives, clarified the relationship between ESG and the Company's business, formulated clear ESG strategic guidelines, and integrated ESG management and practice with the Company's daily management and business activities. Thus, the Company has formulated the Environmental, Social and Governance (ESG) Strategic Plan of Capital Grand (2021-2023) 《首創鉅大有限公司環境、社會及管治(ESG)戰略規劃(2021-2023)》. With the Company's key business and ESG as the endogenous driving force, we take efficiency, value, empowerment, and resilience as purpose for ESG strategy. Based on theme of "attentive services, good employers, close partners, harmonious communities and beautiful ecology", the Company makes annual management objectives of each stage, clarifies the improvement direction of the Company's ESG management, establishes the basic principles of ESG strategic plan, sets the ESG strategic vision and makes sub-item implementation plan covering the Company's operation, brand building and the construction of human-community relationship, to enhance the development resilience of Capital Grand, form a sustainable business operation model, and promote the sustainable development of the Outlet industry.



ESG Strategic Plan – the "Leading Program"

OUR PROGRESS

The Company has developed a three-year ESG strategic plan-the “Leading Program”, and has proposed a 2030 ESG strategic vision to become a leader in long-term ESG value, continuously innovate the way to integrate ESG and business, and provide solutions for value creation in the long term. We have identified the key stakeholders as the backbone of ESG management, and developed Five Brightness actions for the ESG strategic plan to promote the implementation of the strategic plan, corresponding to the key stakeholders such as the ecological environment, consumers, employees, brand owners, and social residents.

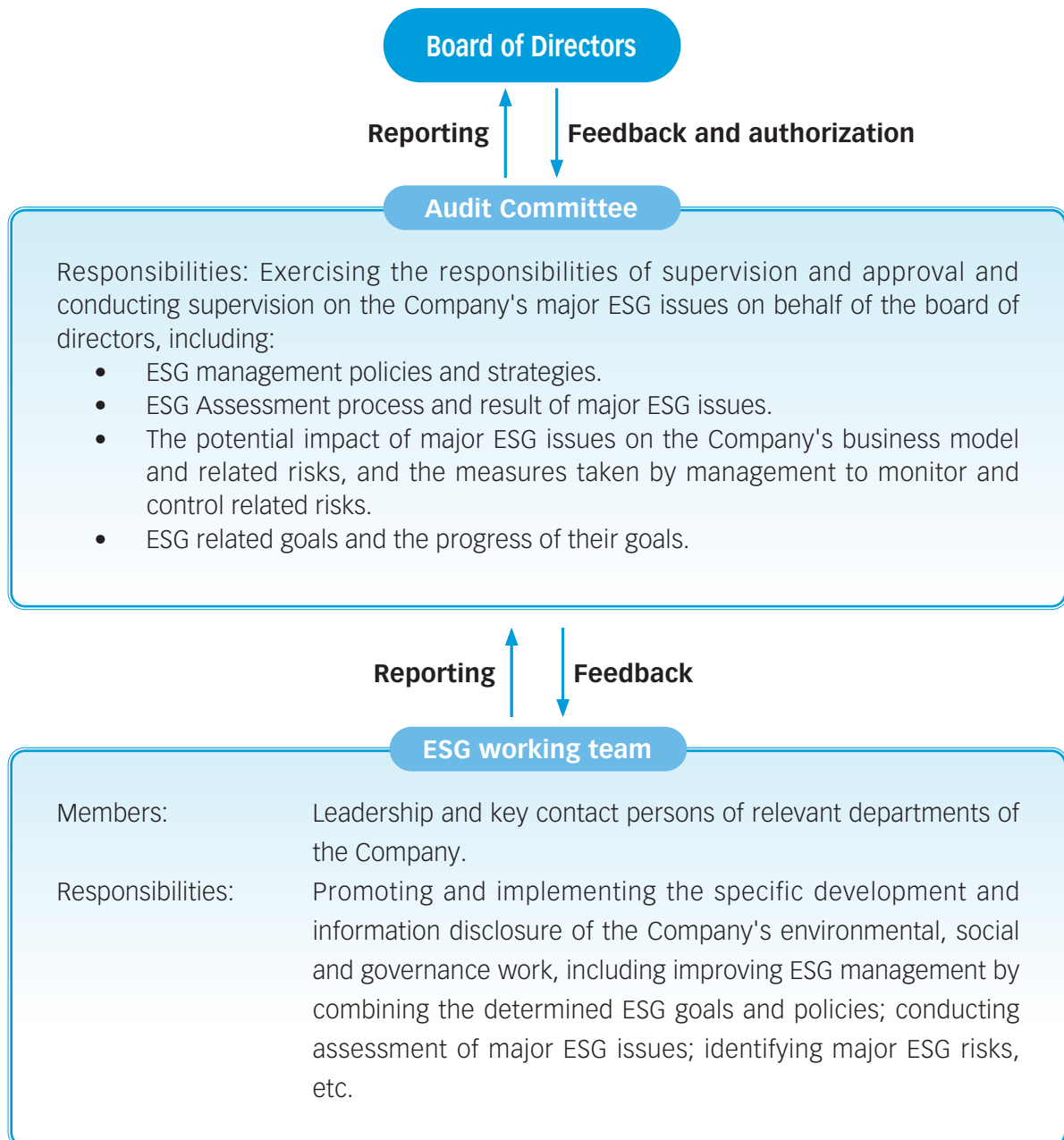


ESG Strategic Plan – Five Brightness

OUR PROGRESS

ESG GOVERNANCE STRUCTURE

The Company has continuously improved its ESG governance system and established an ESG governance structure covering the governance, management and executive levels to clarify the responsibilities of each level in terms of ESG and form a standardized management system. In particular, the Board of Directors is responsible for providing guidance and supervision of the Company's ESG work; the Audit Committee is responsible for exercising supervision and approval on behalf of the Board of Directors and supervising important ESG issues; the ESG working team composed of the Company's management and the contact persons of ESG-related departments is responsible for the promotion and implementation of ESG issues; and each functional department, as the executive level, is responsible for carrying out specific work to ensure the full implementation of ESG management.



OUR PROGRESS

(II) STATEMENT OF THE BOARD OF DIRECTORS

The Group always upholds the corporate vision of becoming “the most valuable operator in Outlets business offering superior consumers experience” in China, and deeply strengthens its operational foundation. The Board of Directors attaches great importance to ESG and sustainable business development combined with the Company’s strategic development, and assumes ultimate responsibility for ESG management. Furthermore, the Board of Directors has authorized the Audit Committee to oversee the implementation and performance of the Company’s ESG strategy and key issues, identify and assess ESG risks and opportunities, develop response plans, and report regularly to the Board of Directors on the achievement of ESG governance planning and objectives.

The Board of Directors always attaches great importance to ESG management and actions, continuously focuses on domestic and international sustainable development trends, and identifies ESG-related factors to the Company’s business. The Board determines and updates ESG issues, risks and opportunities that are important or relevant to the Company and its stakeholders based on the changes of external environment. The Board subsequently evaluates substantive issues with importance matrix and considers their demands in its decision-making. They clarify ESG priorities, monitor the ESG process, improve daily ESG management, promote scientific decisions that balance business development and social and environmental benefits, and gain the long-term trust of shareholders, consumers and other stakeholders.

The Company follows ESG policy requirements, sets up medium and long-term construction goals in the ESG governance process, breaks down the objectives year by year, reviews objectives, key results and action plans. We conduct comparative analysis of objective achievement each year, continuously optimize improvement plans, promote corporate governance and compliance management to create sustainable and integrated value for stakeholders such as shareholders, governments and regulators, consumers, employees, cooperative tenants, suppliers and communities. The Company’s Board of Directors has specifically listened to and reviewed the Company’s 2022 Environmental, Social and Governance Report, and regularly reviewed the achievement of ESG objectives.

OUR PROGRESS

(III) STAKEHOLDER COMMUNICATION

We are committed to creating value for a wide group of stakeholders by improving ESG governance, and open up a variety of channels to ensure that stakeholders have timely and accurate information about the Company's performance. In the context of our business, the stakeholders we identified this year include: investors/shareholders, government and regulatory agencies, consumers, employees, tenants, suppliers and communities.

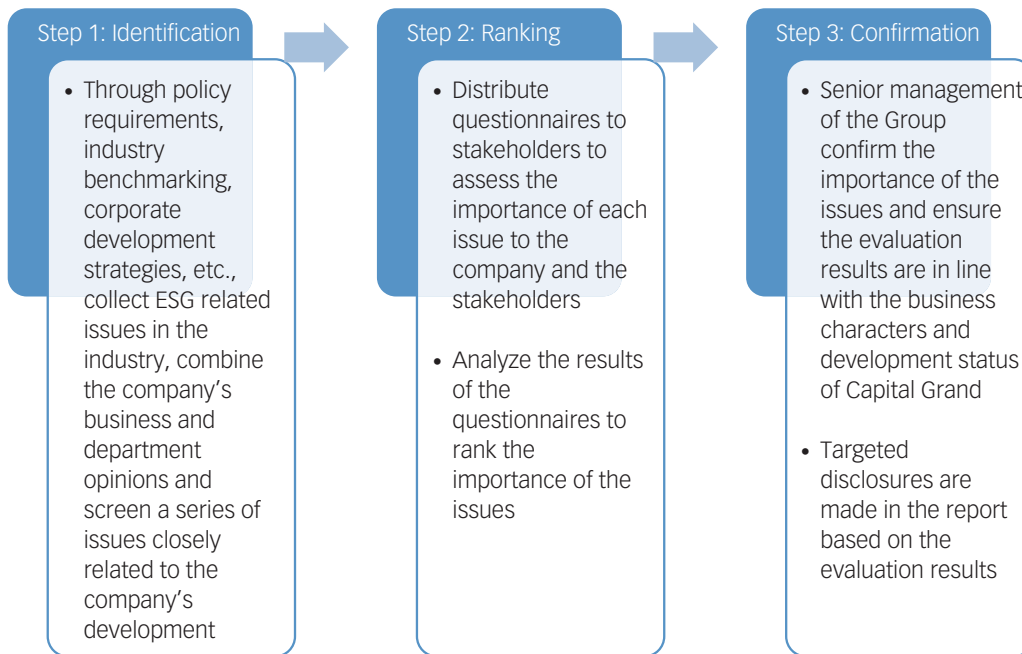
Stakeholders	Demands and Expectations	Communication and Response
Investors/shareholders	Corporate Governance; Operating in compliance; Creating market value; Innovative transformation; Digital management; Regular epidemic prevention and control.	Continuing to generate operating performance; Holding shareholders meetings; Publication of annual and interim reports; Disclosure of information on the official website; Written and email feedback.
Government and regulatory authorities	Compliance with the law; Paying taxes according to law; Regular epidemic prevention and control; Innovative transformation; Low-carbon development; Safety of shopping malls.	Operating in compliance; Fulfilling tax obligations; Accepting inspections by government departments; Enhancing official correspondence; Attending relevant meetings; Cooperate with reporting work.
Consumers	Quality products and services; Regular epidemic prevention and control; Innovative transformation; safety of shopping malls; Environmental protection.	Conducting satisfaction surveys; Optimizing CRM systems; Organizing consumer rebate activities; Improving the service complaint and handling mechanism; Opening official communication channels.
Employees	Regular epidemic prevention and control; Protection of employees' rights and interests; Innovative transformation; Safety of shopping malls.	Internal corporate announcements; Organizing internal communication meetings; Building anonymous feedback mechanisms.
Cooperative tenants	Regular epidemic prevention and control; Safety of shopping malls; Innovative transformation; Service and commodity quality assurance; Digital management; Rent reduction support.	Tenant management system; Providing tenant support services; Implementing preferential policies.
Suppliers	Regular epidemic prevention and control; Innovative transformation; Fair and open procurement; Digital management.	Supplier evaluation system; Holding supplier communication meetings.
Communities	Regular epidemic prevention and control; Contribution to community building; Providing employment opportunities.	Conducting regular public benefit projects; Creating community support projects; Implementing localized recruitment.

OUR PROGRESS

(IV) SUBSTANTIVE ISSUES

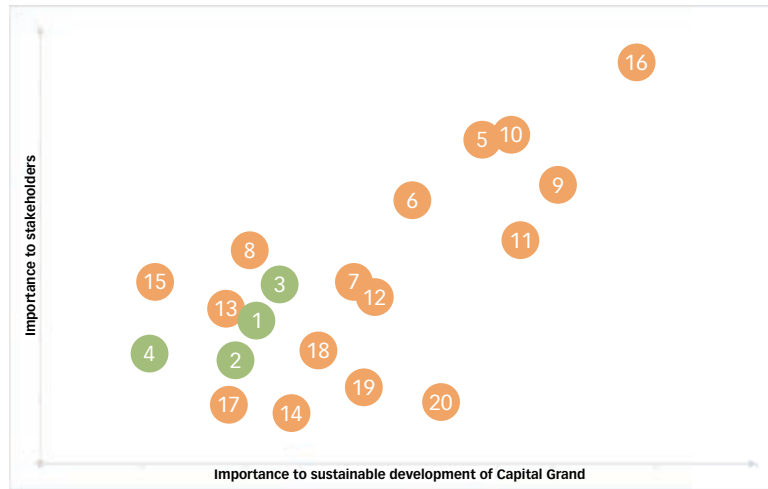
We attach importance to responding to stakeholders' ESG demands, incorporating stakeholders' suggestions, and determining material issues for corporate ESG development. We collected and counted the results of the questionnaires on material issues from internal companies, consumers, tenants and other groups. Then, we worked out a matrix of substantive issues according to their importance to the Company's development and stakeholders to fully understand the annual concerns of stakeholders. Furthermore, the analysis of substantive issues helps us to clarify the direction of the disclosure of the 2022 ESG report, and also effectively response to stakeholders' expectations.

Our process for determining substantive issues is as follows:



OUR PROGRESS

The following chart shows the matrix of material issues based on the 561 research questionnaires collected during the year.



Legend for importance matrix					
1	Reduce Pollution and Emissions	8	Prevent Child Labor and Forced Labor	15	Support Community Development
2	Energy Use	9	Protect Consumer Rights	16	Regular Epidemic Management
3	Protect the Ecological Environment	10	Shopping Mall Safety and Emergency Management	17	Advertising Compliance Promotion
4	Address Climate Change	11	Service Quality	18	Innovative Development
5	Protect Employees' Rights and Interests	12	Control the Quality of Goods	19	Intellectual Property Management
6	Employee Occupational Health and Safety	13	Customer Privacy Protection	20	Anti-Corruption
7	Help Employees Develop	14	Supply Chain Management		

● Environmental issues ● Social issues

To prepare for the “Post-epidemic Era”, we have been firmly implementing epidemic preventive and control measures and providing timely support to internal and external stakeholders. The results of our actions are reflected in the most important issues of the year. In addition, we have identified important issues in analysis on ESG substantive issues such as safety of shopping malls and emergency management, protection of consumers’ rights and interests, protection of employees’ rights and interests, service quality, employees’ occupational health and safety, product quality control, employee development, and ecological protection. We also consider a wide range of ESG issues such as innovation, energy use, customer privacy, reduction of pollutant emissions, dealing with climate change, advertising compliance promotion, community development, supply chain management, anti-corruption, prevention of child labor and forced labor, and intellectual property protection. We take into account these social, economic and governance concerns, adjust the direction of ESG management, and dynamically update the performance of substantive issues.

OUR PROGRESS

Major Issues	Major Stakeholders	Key Works of the Year
Regular epidemic prevention and control	Investors/shareholders, government and regulatory authorities, consumers, employees, cooperative tenants, suppliers, residents in community	Support the government in implementing epidemic prevention and control, strictly monitor people's health in shopping malls, carry out daily disinfection, help suppliers, tenants and other business partners to tide over the epidemic together, and support community epidemic prevention.
Safety of shopping malls and emergency management	Government and regulatory authorities, consumers, employees, cooperative tenants	Set up a safety committee to implement the main responsibility of production safety, pay attention to the safety management of shopping malls, and prevent problems by carrying out safety inspections, emergency drills, and training.
Protection of employees' rights and interests, occupational health and safety and employees' development support	Investors/shareholders, government and regulatory authorities, employees	Respect and care for employees, create an equal and inclusive environment for employees, provide channels for complaints; organize health activities to enhance employees' awareness of self-protection; provide training and paths for employees' skill improvement and promotion, and continuously carry out internal training.
Protection of consumers' rights and interests, service quality and control of goods quality	Investors/shareholders, government and regulatory authorities, consumers	Continue to pay attention to consumers' shopping experience and protect consumers' rights and interests; actively review the qualification control of tenants and optimize the goods quality management system.
Protection of ecological environment, reduction of pollutant emission and energy use	Government and regulatory authorities, consumers, residents in community	Adhere to the concept of green office, implement initiatives to save energy and reduce emissions, create a green office environment; take measures to improve the efficiency of resource usage in shopping malls.
Tackling climate change	Investors/shareholders, government and regulatory authorities, suppliers, consumers	Actively develop risk management and action plan to tackle climate change.
Supporting community development	Government and regulatory authorities, residents in community	Enhance local employment and economic development, insist on public benefits.
Supply chain management	Government and regulatory authorities, suppliers, cooperative tenants	Ensure an open and transparent bidding process; improve supplier entry guidelines; promote suppliers to raise their concerns about environmental and social risks and encourage them to carry out environmental and social risk management.
Innovative development, intellectual property management	Investors/shareholders, government and regulatory authorities, consumers, employees, cooperative tenants, suppliers, residents in community	Follow the leading edge trends of industry development, improve operational efficiency, participate in industry summits to share innovation management experience, and practice intellectual property protection.

OUR PROGRESS

(V) ESG WORKING TEAM COMMITMENT

With global vision, the new management further aligns with international ESG governance standards, promote and execute the specific work of ESG and information disclosure, and inject fresh blood for the ESG working team. The ESG working team, as the hub of the Company's ESG work, has explored internally to form a regular communication and cooperation mechanism based on the clarification of responsibilities and job division of the ESG team members. This mechanism holds important members together including relevant departments heads, builds a bridge for cross-department on ESG communication and cooperation, and forms an efficient coordination mechanism.

Under the leadership of the new management, the Company continues to improve ESG management. The ESG working team is responsible for identifying ESG risks, developing plans and targets for ESG risks, and reporting ESG progress in daily work. At the same time, the ESG decisions and requirements at the board level are broken down and precisely transmitted to the functional departments, project companies and other subordinate organizations. In addition, the ESG working team gives feedback to the board through the audit committee on ESG problems and progress identified by the subordinate organizations in operations to jointly promote the top-down and efficient implementation of corporate ESG work and commit to building a solid organization for improving the corporate ESG governance.

SPECIAL SUBJECT : BOLDLY MOVING FORWARD, ESG LONG-TERM VALUE EMPOWERS BUSINESS OPERATIONS

In 2022, the normalization of epidemic brought impacts and tests to the national economy and people's health and safety. In this background, Capital Grand took corporate responsibility and always fulfilled ESG long-term value. The Company played as the backbone in epidemic prevention and joined hands with stakeholders to explore a new development model in the post-epidemic era, insisted on implementing epidemic prevention and control, actively organized volunteer teams to serve communities and empower business operations.

(I) ADHERE TO THE PREVENTION AND CONTROL OF COVID-19 EPIDEMIC TO ENSURE OPERATIONAL SAFETY

The leading group of the prevention and control of Capital Grand developed and issued the Notice on Further Strengthening the Prevention and Control of COVID-19 《關於進一步加強新冠疫情防控工作的通知》 and held the Special Work Conference on epidemic Prevention and Control of Capital Grand 《首創鉅大防疫防控專題工作會議》 to ensure the safety of epidemic prevention and control in Outlets of Capital Grand. Each project company fulfilled the requirements and instructions of the superiors on epidemic prevention and control, implemented the normalized epidemic prevention and control measures, continued to conduct the existing daily report mechanism, and promote knowledge of epidemic prevention to raise the awareness of people accessed and ensure the safety of the outlets. At the same time, Capital Grand actively maintained effective communication with all stakeholders and carried out timely epidemic control measures to ensure the stable operation in shopping malls.



Strictly implement daily disinfection and sterilization, especially increase the frequency of disinfection in office areas, elevators, bathrooms and other spaces with high flow density



Set up health QR code scanning sites at the entrances and exits of shopping malls, and set up 1-meter distance and isolation belt to protect the safety distance of people accessed

SPECIAL SUBJECT : BOLDLY MOVING FORWARD, ESG LONG-TERM VALUE EMPOWERS BUSINESS OPERATIONS



Provide disinfectant, hand sanitizer, disposable masks and other epidemic prevention supplies at the main entrance of each store



Carry out training and promote knowledge of epidemic prevention and control



Distribute epidemic prevention supplies and medicines to employees

[Case] Taking on responsibility, Kunshan Capital Outlets actively support the supply of anti-epidemic materials

At the beginning of May 2022, Kunshan Capital Outlets fully resumed work. In order to conduct the regular nucleic acid testing smoothly and orderly, an initiative was issued at the first time to form an anti-epidemic team, and employees from all departments actively participated in the anti-epidemic volunteer team.

Since Kunshan Capital Outlets started nucleic acid testing, the average daily sample collection volume has exceeded 800. In order to meet the demands of anti-epidemic materials, Zhao Jianwei, the professional manager of the property security department, and Li Bo, the staff of the human administration department, took the initiative to secure the logistics supplies. In addition to ensuring the stable supply of daily epidemic prevention materials, they continued to disinfect, count, clean and pack all materials after completing the daily nucleic acid testing work to ensure the daily epidemic prevention in order and protect health and safety in the park.

SPECIAL SUBJECT : BOLDLY MOVING FORWARD, ESG LONG-TERM VALUE EMPOWERS BUSINESS OPERATIONS

(II) JOIN HANDS WITH TENANTS TO SHARE LOW-CARBON CONCEPT

Under the difficult situation of lockdown, goods control, and logistics interruption, Capital Grand implemented the ESG concept of mutual benefits, cooperation and active empowerment, strengthened communication and cooperation with tenants, introduced a series of rent reduction policies to protect the interests of tenants. The Company actively explored online channels, and carried out brand live-streaming to promote various products. In addition, the management led and organized staff for online VIP maintenance and sales, and promoted brand tenants on the Wechat official account of Capital Outlets to make customers purchase and consult in the Wechat group directly. These efforts help to attract new customers accurately. Furthermore, the Company stabilized brand sales with live-streaming and short video, and work together with business partners to overcome the difficulties.

SPECIAL SUBJECT : BOLDLY MOVING FORWARD, ESG LONG-TERM VALUE EMPOWERS BUSINESS OPERATIONS

[Case] Capital Outlets launched live-streaming activities

In May 2022, Capital Outlets launched the “Live Streaming of Super Products for All” activity. The executive vice president of Capital Grand took part in the activity together with the project general managers in Beijing, Huzhou, Kunshan, Hangzhou, Nanchang, Hefei, Wuhan, Zhengzhou, Jinan and Xi’an to introduce the products and answer questions from internet users.

Through the national trend and event show, we attracted tens of thousands of viewers, gained thousands of followers and achieved thousands of deals. Meanwhile, the breakthrough of online channel also drove the sales performance of offline channel of the Capital Outlets, and achieved a 20% increase in total customer flow and sales year on year.

Facing with the business reshuffle caused by the epidemic, Capital Outlets has no longer stuck to the number and scale of stores, but sped up to open all channels under the wave of new economy, embraced the development trend of “Internet+retail” industry to become the front-runner of online and offline integration in the Outlets industry.



Capital Outlets launched “Live Streaming of Super Products for All” activity

SPECIAL SUBJECT : BOLDLY MOVING FORWARD, ESG LONG-TERM VALUE EMPOWERS BUSINESS OPERATIONS

(III) BUILDING VOLUNTEER TEAMS TO TAKE ON COMMUNITY RESPONSIBILITY

Since 2022, with recurrent outbreak of epidemic over the country, and Capital Grand actively cooperated with the epidemic prevention and control policies required by the superiors, practiced the ESG value, and showed concerns for the tenants and neighboring residents in a practical manner. During the epidemic period, supermarkets, pharmacies, restaurants, convenience stores and other convenient facilities in each project operated normally and extended their business hours appropriately. In response to the problems of community work pressure and manpower shortage, Capital Outlets actively organized employees to support community work to relieve their pressure of epidemic prevention.

- Beijing Capital Outlets deployed 6 employees from engineering and security departments to cooperate with the epidemic prevention and control department of local government to collect nucleic acid information, and assisted the local government in nucleic acid testing for a total of 8,938 times, with a daily average of 1,117 times, without any error.
- Hefei Capital Outlets assisted the Xihang community to carry out epidemic prevention and control, and completed nucleic acid testing for a total of more than 5,000 times in the venue and surrounding communities.
- Chongqing Capital Outlets organized a team of volunteers to maintain order at the nucleic acid testing sites and assist community members in answering questions and solving problems of the public.
- Huzhou Capital Outlets organized a team of volunteers to cooperate with the local government for weekly nucleic acid testing, maintain order at the site, and conduct anti-epidemic safety check on visitors and vehicles entering and leaving the park to ensure the implementation of epidemic prevention and control in the district.
- To ensure consumers' safety during the epidemic, Wuhan Capital Outlets set up self-service vending machines for masks to make customers easy purchase and use.

SPECIAL SUBJECT : BOLDLY MOVING FORWARD, ESG LONG-TERM VALUE EMPOWERS BUSINESS OPERATIONS



Maintain order at the site, and assist community on nucleic acid testing



Set up nucleic acid testing sites



Set up self-service vending machines for masks

I. ATTENTIVE SERVICES FOR QUALITY MODEL



[Opening Case] Customer first, creating a beautiful outlet life circle

The Company attaches importance to the newly opened Capital Outlets in Qingdao and Xiamen. The new management visited the sites and guided preparatory work. The Company paid attention to the consumers' needs, gave advice and wishes for the future development to build a beautiful outlets life circle, sincerely return the consumers' trust and support, and devote to provide consumers with better quality services.



The opening site of Capital Outlets in Qingdao and Xiamen

Business is the way to meet people's aspiration for a better life. Capital Grand adheres to the principle of customer first, strictly complies with the laws and regulations related to products and services and privacy related to the Group's business such as the Law of the People's Republic of China on Product Quality 《中華人民共和國產品品質法》 and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests 《中華人民共和國消費者權益保護法》. We continue to reform and innovate to ensure the safety of shopping mall operations, meet consumers' needs for products quality and shopping experience and provide multi-dimensional and full-cycle services for customers. We will also make use of our own advantages to benefit the surrounding communities and strive to create a beautiful outlets life circle, providing consumers with a happy space to improve their life quality and gain a sense of happiness and satisfaction.

In this reporting period, the Company had no case that the sold or delivered proprietary product shall be recalled due to safety or health reasons. The Company was not aware of any incident that violated product and service quality, customer privacy protection, consumer rights protection and other product liability laws and regulations and had a significant negative impact on the Company.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

(I) SINCERE OUTLETS, CUSTOMER FEEL CONFIDENT

We always focus on our customers and aim to provide reliable service to customers. We provide customers with all-dimensional, full-cycle service to keep improving consumers experience, and work together with partners to create business and social value.

QUALITY CONTROL AND BRING QUALITY GOODS TO MORE CUSTOMERS

We attach great importance to the goods quality and stick to high standards and strict requirements on commodity management. We keep a close eye on public demands for quality life, and insist on strict selection of cooperative tenants on the basis of fair investment to control goods quality and provide customers with reliable products.

In 2022, the Company's self-operated products have not been recalled due to health or safety reasons. In the event of a recall of a cooperative brand, we will also fully cooperate with the brands in its work.

At the "Better Life – 2022 International Consumption Global Trend Conference" ("美好生活 • 2022國際消費全球趨勢大會") held at the China International Fair for Trade in Services in 2022, Capital Outlets of the Company was awarded the "International Consumption 'Quality China + Quality Service' Promotion for Demonstration Enterprises", accelerating the process of central city for international consumption.



OUR MANAGEMENT MEASURES:

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

I. ATTENTIVE SERVICES FOR QUALITY MODEL



Kunshan Capital Outlets won the honor of “Five-star Demonstration Commitment Tenant” and “Advanced Demonstration Unit”.



Nanchang Capital Outlets won the honor of “Jiangxi Model Units on Establishing Confidence in Consumption”

IMPROVE BRAND AUTHORIZATION CHAIN DATABASE TO LEAD THE INDUSTRIAL DEVELOPMENT

We attach great importance to the potential risks in the cooperation between outlets and commercial brands. We also improve continuously the tenant qualification and product quality control ability. The Company has established a brand authorization chain database based on big data technology, issued the Application Guidelines for Brand Authorization Chain Database 《(品牌授權鏈數據庫應用指引)》 to guide the practical application, and made strict provisions on the data acquisition, data entry operation process, data update and maintenance requirements of brand authorization chain database, so as to further realize the digital and dynamic management of the commercial brand resources of the Company. While ensuring the accuracy, effectiveness, integrity, authenticity and legitimacy of brand authorization qualification, the Company also controls the potential risks, protects the interests of customers and the Company.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

OUR MANAGEMENT MEASURES:

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

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

The Company has kept improving the brand authorization chain database and created a brand database with real data and brands in variety, upgrading the Company's brand authorization chain management system to a new level and promoting the overall operation of the investment system of Capital Outlets. Furthermore, we also improve our own export capacity and join hands with all social resources to build a new ecology of outlets operation industry.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

(II) INTIMATE OUTLET, CUSTOMERS FEEL WARM

We integrate the value of “customer first” in our daily work, keep close to the needs of customers, pay attention to customers feedback, handle complaints in a timely manner, and continuously improve the customer experience through digital technology to form a closer member relationship and create a healthy and comfortable shopping experience for each customer.

CUSTOMER FIRST, PROVIDING ONE-STOP LEISURE SERVICES

We not only pursue to provide the best shopping experience for consumers, but also take into account the trend of experience and diversification in the consumer market, actively innovate the business and explore one-stop leisure services. In 2022, we published and implemented the updated version of the Business Process Manual Operation Sub-book of the Capital Grand Outlets Project 《首創鉅大奧特萊斯項目業務流程手冊運營分冊》 and the Business Process Manual Preparation Sub-book of the Capital Grand Outlets Project 《首創鉅大奧特萊斯項目業務流程手冊籌建分冊》 to improve the service standards of outlets, strengthen customers care with hard service, and continuously improve customers shopping experience.

OUR MANAGEMENT MEASURES:

- Precisely position the outlets projects in operation, classify the projects into famous outlets, boutique outlets and regional outlets based on the city where the project is located, regional supporting, resource endowment, surrounding customers, business environment and other factors, and match the corresponding resources and brands in investment adjustment to support the project development.
- Design innovative products line and conduct tests, introduced about 2,500 m² of famous specialty food and beverage brand Yuanjia Village in Xi'an project, and planned Sportlife, a sports specialty theme space on the third floor of Nanchang Capital Outlets to enrich consumption experience on food and beverage.
- Put more emphasis on the function of serving the surrounding communities in product design according to the market character. In the newly unveiled Xiamen Capital Outlets, the proportion of food and beverage business increased to 12%-13% compared with 5%-6% in previous projects.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

OUR ACTIONS :

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

[Case] Multiple initiatives to enhance consumer experience

In 2022, Zhengzhou Capital Outlets replaced the lawn in the central plaza with a new one, added aesthetic devices in the shopping mall, and brightened up the main entrance and central plaza to enhance customers in-store experience, increase their retention time and improve customers satisfaction through environmental marketing. At the same time, Zhengzhou Capital Outlets has strengthened the alliance with other industries and cooperated with Beijing Jinshan Security Software Co. (北京金山安全软件有限公司) to implement robot intelligent navigation at 27 main entrances with customer flow. By implanting basic information into robots such as detail business introduction and brands position in the shopping mall, the partners can provide basic services to consumers with free such as human-machine interaction, voice guidance and service consultation to enhance consumers experience.



Zhengzhou Capital Outlets brightened up the central plaza and implemented intelligent navigation robot at the main entrance of customer flow

I. ATTENTIVE SERVICES FOR QUALITY MODEL



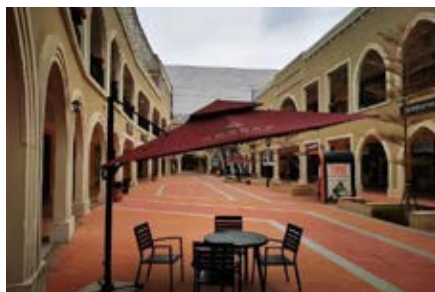
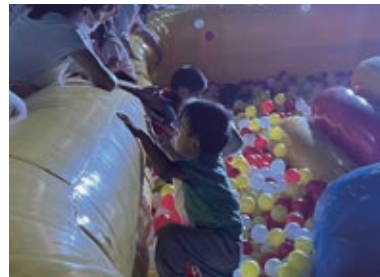
Huzhou Capital Outlets set up barrier-free service desk



Jinan Capital Outlets offers wheelchair rental service for disabled customers



Nanchang Capital Outlets, together with surrounding maternal and infant products organizations, held a night market to enrich the night life of community residents in summer



Nanning Capital Outlets provides sunshades in rest area of passageway in the public place in summer, and sets pet station in the block to create a consumption scene where people and animals coexist harmoniously

I. ATTENTIVE SERVICES FOR QUALITY MODEL



Nanning Capital Outlets and Xingning District of Nanning launched “Car Creates Better – Tide Moves Xingning” 2022 Third Xingning District Auto Life Festival



Hefei Capital Outlets combined with 38 Beauty Festival, innovatively created “Romantic Cherry Blossom Sea” atmosphere and carried out “Most Beautiful Goddess Festival in Romantic Cherry Blossom Season” activities

LISTEN TO CUSTOMERS’ VOICE AND RESPOND TO THEIR DEMANDS

We adhere to customer focus and have established a long-term mechanism for complaint management and optimized the complaint handling process to ensure smooth channels for complaint and timely response with hard service to customers.

We have set up a customer service center in each Capital Outlets project to and established a complete customer service system to ensure customers’ requests are received and handled in a timely manner. Consumers, tenants and people from all walks of life can enter the customer complaint page through channels such as the Capital Outlets Mini Program, APP or public website to provide supervisory opinions or suggestions. We also use the search and monitoring of public information to promptly follow up on the product quality or service issues of Capital Outlets raised by consumers through public channels.

In 2022, the Company continuously adhered to various systems, including the Guidelines for Immediate Complaint Acceptance Work of Beijing Capital Grand Limited (Trial) 《首創鉅大有限公司接訴即辦工作指引規範(試行)》, Customer Service Standards 《客戶服務標準》 and Standards for Reception Services of Shopping Guides 《導購員接待服務標準》, and formulated clear regulations for the complaint handling specifications and work procedures of customer service centers, tenants and shopping guides of various projects. We incorporate customer complaint resolution rates into the performance appraisal indicators of customer service staff, so as to better implement customer complaint response measures and effectively handle customer complaint for return and exchange of goods from all customers. We attach equal importance to the requests for return and exchange of goods from all customers. We have established a fair and compliant handling process, by which our customer service management personnel strictly implement the product return and exchange system of the Company and take reasonable measures to fairly resolve the defects or quality problems complained by customers based on agreements with cooperative tenants and in compliance with consumer protection related regulations and product quality judgment standards.

I. ATTENTIVE SERVICES FOR QUALITY MODEL



Set up consumer opinions box in shopping malls

We also attach importance to the protection of online users' rights. In order to improve the online user experience, the Company urges relevant departments to do a careful inspection before delivery to avoid sending defective goods. The return and exchange application submitted by customers due to quality and other reasons shall be immediately accepted. In addition, in response to customers' suggestions and comments, Capital Outlets Online Mall has formulated a detailed version of policy for the Immediate Complaint Acceptance 《接訴即辦》, set up a public complaint mailbox, and conducted daily inspections. According to the Company's complaint management system, customer complaints sent to the public mailbox will be handled within one working day (24 hours).

STATISTICS OF CUSTOMER COMPLAINTS FOR ALL PROJECTS IN 2022

Complaint category	No. of Case
Goods-related complaints	460
Service-related complaints	166
Hardware-related complaints	50
Other complaints	100

1. In 2022, there was no complaint that had a significant impact on the Group.
2. Other complaints: the number of other complaints received by the Company in the reporting period (including complaints due to personal reasons of consumers/clients but not attributed to Capital Grand).
3. The statistical scope covers the headquarters (the Company) and 14 operating projects, namely Beijing Company, Huzhou Company, Kunshan Company, Hangzhou Company, Hefei Company, Wuhan Company, Nanchang Company, Zhengzhou Company, Jinan Company, Xi'an Company, Chongqing Company, Kunming Company, Nanning Company and Qingdao Company. In addition, since Xiamen Capital Outlets was opened on 31 December, 2022, it is not included in the statistical scope for the time being.

Through the Company's unremitting efforts and effective communication with consumers and cooperative tenants, the above complaints have basically been resolved effectively. We will conduct a response investigation to the results of the complaints, and the important complaints will be fed back to the Company's management. The management will intervene and be responsible for tracking until it is completely resolved.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

[Case] Special training for consumers to promote sustainable fashion consumption

On November 22, 2022, Huzhou Capital Outlets launched “2022 Special Training on Consumer Rights Protection and Consumer Complaint Handling” to actively participate in the construction of confidence in consumption, advocate the concept of safe and healthy consumption, further enhance the service awareness, self-discipline awareness and self-discipline ability of employees, and continuously improve the quality of customer service. Huzhou Capital Outlets was awarded the honor of “Fashion Consumer Education Base” by South Taihu New District of Huzhou City for creating a harmonious and honest consumption environment in shopping mall.



Conducted special training on consumer rights protection and consumer complaints handling, and was awarded the “Fashion Consumer Education Base” in 2022

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

Broadcast a Search for People, and Solve Their Urgent Problems

In October 2022, the staff of Huzhou Capital Outlets Customer Service Center received a request from a couple who had gotten separated from their 10-year-old son and asked to broadcast a search. The customer service staff immediately asked the parents about the basic information such as the child’s name, age, obvious physical characteristics and the place where he or she was lost. The customer service staff made a proper registration and immediately broadcasted continuously, and considered that the 10-odd-year-old child already had the basic behavioral ability, and suggested the customer to go to the place where he or she was lost or the parking lot, etc. to look for the child. Accompanied by the security guard, the lost boy was successfully found near his own car in the parking space, and thus the search was successfully concluded. In the year of 2022, Huzhou Capital Outlets broadcasted 26 cases of people search, helping many customers find their lost friends and relatives.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

Adhering to Our Heritage of Returning Money Found and Serving Customers Wholeheartedly

In December 2022, a mobile phone was found by a Chongqing Capital Outlets GXG shopping adviser in the store changing room. Since no customer came to the store to collect it, the shopping adviser contacted and handed it over to the customer service center in time. The customer service center received the mobile phone and registered the lost items at the first time, and made a broadcasting notice. After hearing the broadcasting, the owner called the customer service center and went to the customer service center to claim the phone on site. The customer service staff confirmed the return of the phone to its owner, and the customer was very grateful to the mall and praised the store adviser and customer service staff.



Help customers find lost items

MEMBER MAINTENANCE, BUILDING A GOOD CUSTOMER CARE AND INTERACTION EXPERIENCE

We are committed to building a good customer care and interactive experience to meet consumers' needs and expectations for a social and interactive space. In 2022, driven by digital service innovation, our grand membership system was reconstructed, with accelerated transformation of the membership mall. We actively launched diversified activities such as brand planting, providing members with special services to stimulate consumers' enthusiasm and participation, and enhance members' shopping service experience. In 2022, the total number of members grew in an orderly manner, with 690,000 new members added.

OUR MANAGEMENT MEASURES:

- Repositioned the Capital Grand online mall as a "Member Points Cash-in Mall" and officially cancelled the member points cash-in on July 1, 2022 and replaced it with points for gifts.
- Opened a new online sales channel. In March 2022, Capital Grand self-operated App mall started for membership register and corporate WeChat were used to improve the efficiency of sales staff in customer maintenance and to increase sales performance. As of December 2022, there were 27,175 members in the App Mall.
- Created a community and opened up a multi-channel service window. Wuhan Capital Outlets created a store-level community to provide consumers with an online service consultation platform while accumulating store fans.

I. ATTENTIVE SERVICES FOR QUALITY MODEL



Host VIP food tasting activity

(III) CONSIDERATE OUTLETS, CUSTOMERS FEEL RELAX

A shopping mall is a large event crowd gathering place. To strengthen its daily supervision and management to protect the lives of the people is very important. We take customer safety as the focus of our work and have established a safety management system from pre-prevention to post-protection. We have refined the response measures for safety and security, and carry out promotional activities for the purpose of enhancing safety awareness to ensure customer safety in multiple aspects.

SAFEGUARD THE SAFETY OF MALL OPERATIONS

The safety and security of shopping environment is one of the key concerns of consumers and tenants. Most of the outlets of each project are located in suburban areas, and the surrounding medical facilities and resources are insufficient. It is necessary to pay attention not only to the safety of public places in the traditional sense, but also to the safety of people in their environment, especially the emerging social security hazards and emergencies of different individuals.

Capital Grand adheres to the concept of "people-oriented and safety development", and puts the safety of its malls in a more important position. To this end, we have formulated safety management systems such as the Safety Management Manual of Beijing Capital Grand 《首創鉅大安全管理手冊》 and the Handling Measures for Emergency Incidents 《突發事件處理措施》 to promote the standardized management of safety management and emergency procedures in the shopping area, and to supervise the safety work in the shopping area of each operating phase of Capital Outlets.

SECURITY MANAGEMENT FRAMEWORK

The Company has established a safety management framework, established a safety committee and determined that the responsibilities of the safety committee cover the whole development period and operation period of the projects. Besides, every project established a safety management office. Furthermore, the Company specially established a production safety leadership group and signed a production safety responsibility statement with the government based on its practical situation through comprehensively implementing the main body responsibility of production safety and determining the safety responsibilities of all departments, by persisting in the principles of "those who are in charge are responsible", "equal emphasis on production and safety" and "unity of responsibilities and rights", in accordance with laws and regulations, such as the Production Safety Law of the People's Republic of China 《中華人民共和國安全生產法》.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

Responsibilities of safety committee of Capital Grand:

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

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

I. ATTENTIVE SERVICES FOR QUALITY MODEL



In April 2022, Capital Grand held a special working meeting on safety production and operation

IMPROVE THE SECURITY MANAGEMENT SYSTEM

We continue to improve our safety management system to further strengthen the safety management of shopping mall operations. In March 2022, the Company carried out the “Spring Thunder” operation for safety production, and the safety production responsibility statements 《安全生產責任書》 were signed by the head office of Capital Grand and all projects, and the Summary of 2022 Safety Production “Spring Thunder” operation of Capital Grand 《首創鉅大公司2022年安全生產「春雷行動」總結》 was completed on March 31.

- Newly added “Self-operated Store Withdrawal Process 《自營門店撤店流程》” is to sort out the matters to be prepared for the withdrawal of self-operated stores, clarify the responsibilities of each part and avoid omissions.
- Newly added “Self-operated Finishing Safety Production Management System 《自營精裝安全生產管理制度》” is to clarify the responsibility of self-operated stores for finishing safety, raise the safety awareness of all employees, implement various safety management measures, and ensure the normal order of production and operation.
- Newly added “Imported Goods epidemic Prevention and Control Requirements 《進口貨品疫情防控工作要求》” is to deal with the current situation of epidemic prevention and control, implement the “prevention for both people and objects” strategy to ensure the normalization of imported goods and carefully carry out epidemic prevention and control measures in a safe and effective way.

SAFETY SUPERVISION AND INSPECTION

In 2022, Capital Grand continuously utilized the Management Information System for Production Safety Hazard Investigation to manage the safety work in commercial areas. All shopping advisers of Capital Outlets projects and all employees of Capital Grand can understand the key requirements of safety management in the office and commercial areas through this system. Property management personnel can inquire about the daily management status of each safety hazard checkpoint and the feedback information of relevant responsible personnel through this system, making the management and control of safety hazard investigation, major risk sources, emergency management and accident management more efficient and orderly.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

OUR MANAGEMENT MEASURES:

- All projects in operation are equipped with qualified security companies.
- All property management personnel shall receive regular safety and emergency training.
- Security personnel shall inspect the key areas of the outlets projects every two hours.
- The scope of project quality inspection includes leakage prevention, exterior wall system, elevator, door and window installation and other potential safety hazards.
- Special fire safety inspections shall be carried out for specific projects such as second decoration sites, gas alarm devices of catering cooperative tenants and fire protection in the early days of holidays.
- After the conclusion of daily operation, the relevant management departments shall inspect all tenants for the preventive measures of “three and one closure” (switching off water, electricity and gas appliances, and closing store doors).

[Case] Installation of alarm devices to prevent and dispose emergency of kitchen fires

In order to reduce fire accidents and fire risks, Beijing Capital Outlets, in response to the use of kitchen stoves in catering stores, advocates the installation of kitchen automatic fire extinguishing devices, gas alarm devices, fire alarm devices, and oil temperature detection alarm devices (“kitchen four alarm devices”). In case of fire risk, these devices transmit the induction of kitchen fire detectors to the central control room for action, and the staff of central control room will arrive at the site for disposal at the first time, and the on-site equipment will alarm. Full-time firefighters, security personnel, and kitchen staff can quickly dispose of the kitchen fire, effectively prevent and deal with the kitchen fire, so as to achieve early detection, early alarm, and early disposal.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

SAFETY EMERGENCY DRILLS

According to the requirements of the Company, each project company has formulated emergency plans for fire safety, anti-terrorism and riot control, flood rescue, etc., which are evaluated and approved by the headquarters of Capital Grand. Based on the emergency plans, the security teams of each project regularly carry out drills for different types of emergencies and work closely with relevant departments in the drills to accumulate experience for responding to actual situations and achieve good drill results.

In 2022, we carried out the “Midsummer Action” for safety production, and all project companies responded positively and carried out safety hazard inspection and emergency plan exercises in an orderly manner according to the activity plans. On the one hand, each project company carried out safety hazard inspection to check the drainage inlets and drainage pipes of roofs, terraces, balconies, canopies, etc., and to check the drainage ditches of garage entrances and drawdown facilities of water collection pits. On the other hand, each project carries out flood prevention emergency plan and limited space operation drills to enable employees to enhance their ability to deal with emergencies, improve safety awareness, use various safety equipments skillfully, master the skills of handling emergencies, strengthen safety production management and prevent safety production accidents.



Beijing Capital Outlets formulated the plan of “Capital Outlets 2022 Annual Flood Prevention Drill” 《首創奥特莱斯2022年度防汛演練》 and organized staff to conduct flood prevention drills



Kunshan Capital Outlets held a fire drill activity for the Safety Production Month, specially invited Suzhou Fire Rescue Guoze Road Detachment to conduct a fire rescue and fire extinguishing demonstration, and organized training for new employees on the use of fire extinguishers and fire safety knowledge quiz activities

I. ATTENTIVE SERVICES FOR QUALITY MODEL

SAFETY CULTURE EDUCATION

The Company organizes training and examinations on “new production safety law” and “basic knowledge of limited space operation and accident cases” for the headquarters and each project company through Chuangyunshuyuan (創雲書園) and Tencent software to improve employees’ safety and health knowledge and ability.

[Case] Themed public service broadcasting activities of “Production Safety Month”

Everyone is responsible for safe production. June 2022 is the 21st national “Safe Production Month”. Capital Grand launched the “Safety Production Month” activities, and launched a safety production learning map with 7 courses in Chuangyunshuyuan to improve employees’ awareness of safety production and epidemic prevention and control, and protect their lives and health.



REINFORCING INFORMATION SECURITY

We have been complying with the requirements of national laws and regulations, and have formulated “Information Security Management System” 《信息安全管理制 度》 and “Computer Room Management System” 《機房管理制度》¹. We gradually build a scientific and standardized information security system, strengthen the system security hierarchy, avoid information security risks, monitor and timely repair security loopholes, and build a solid barrier of information security. The Company regularly provides security technology and security awareness training for all employees to strengthen the awareness and ability of security prevention of all employees.

In 2022, we carried out long-distance transmission network optimization of Private Outlets Cloud Platform and expansion of computing capacity of Private Outlets Cloud Platform, completed resource optimization of private cloud platform, and built a set of business hierarchy and efficient and safe communication system among the headquarters of city development, the headquarters of Capital Grand and each outlet project. It provides a strong guarantee for the business operation support and data analysis and decision making of Capital Grand.

¹ This system is applicable to the headquarters of Capital Grand, which mainly covers the core server room in Beijing.

I. ATTENTIVE SERVICES FOR QUALITY MODEL

PROTECTING CUSTOMER PRIVACY

We strictly comply with the requirements of national laws and regulations such as the Data Security Law 《數據安全法》 and the Personal Information Protection Law of the People's Republic of China 《中華人民共和國個人信息保護法》. We have carried out a unified plan for member privacy authorization documents of various channels, and published the plan simultaneously on all interfaces of the Company. Besides, we take various management measures to strengthen consumer information protection, providing reliable and safe protection and efficient management in relation to user information. In 2022, the Company is not aware of any customer privacy leakage incidents within the Group.

OUR MANAGEMENT INITIATIVES:

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

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE



[Opening Case] Organize online training and build a learning and exchange platform

Since this year, due to recurring outbreaks of COVID-19 in various places, our work has been carried out with great difficulties. The new management of Capital Grand remains determined to carry out the talent training program, build an online learning and exchange platform, organize all staff to improve business skills, share professional knowledge in their respective fields, strengthen departmental communication and cooperation in different perspectives and ways, empower the frontline workers, while providing a platform for work exchange, breaking the communication barriers brought about by the epidemic, and improving the work stickiness between departments.

- For the content of the marketing activities, we explained how to understand the project demand and customer positioning by means of case study, so that more Capital Grand staff can understand how to establish the brand image and value enhancement.
- From the perspective of the definition of luxury goods, industry structure, development status, industry layout, and the latest trend strategy of the international market, we helped employees understand what kind of international brands are suitable for the project to import and the conditions for their introduction.
- We shared the operation management of the mall from the work function of the management department, on-site operation management, operation analysis and operation coaching.
- We shared the history of the development of luxury brands and the current situation of the Chinese luxury market which gave more people a preliminary knowledge of luxury brands.
- We helped employees gain certain knowledge of working model and process in terms of development genetics, marketing review, market analysis, core initiatives and product industry advantage.
- We shared how to avoid risks from various aspects such as contract management methods, contract approval process and the key points of drafting contracts, so that more Capital Grand staff can understand how to make risk management.

We continue to uphold the concept of “talent is the core driving force of the Company’s development”, so that each employee is in a fair and just, diversified development, safe and healthy working environment from the first day he or she joins Capital Grand, so that he or she can grow, create value, and get support and care from it. We believe that each employee can realize his or her value in the Company and grow and develop together with the Company.

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

(I) PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

We strictly comply with the requirements of the Labor Law of the People's Republic of China 《(中華人民共和國勞動法)》, the Contract Law of the People's Republic of China 《中華人民共和國合同法》, the Labor Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, the Law on the Protection of Women's Rights and Interests of the People's Republic of China 《中華人民共和國婦女權益保障法》, the Provisions on the Prohibition of Using Child Labor 《禁止使用童工規定》, the Implementation Measures for Paid Annual Leave for Employees of Enterprises 《職工帶薪年休假條例》, the Regulation on Public Holidays for National Annual Festivals and Memorial Days 《全國年節及紀念日放假辦法》, and the Implementation Measures for Paid Annual Leave for Employees of Enterprises 《企業職工帶薪年休假實施辦法》, and other laws and regulations to standardize the relevant remuneration and employment, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other related systems, and regularly track the identification of updates to relevant laws and regulations to protect the legitimate rights and interests of employees, while the Company provides all employees with benefits such as supplementary medical insurance and regular medical checkups.

EQUAL EMPLOYMENT

We insist on fair and just recruitment of employees, prohibit any form of discrimination, and treat employees of different nationalities, genders, origins, religious beliefs and cultural backgrounds equally. The Company actively provides employment opportunities for disadvantaged groups, determines the corresponding selection channels by combining job requirements and the characteristics of supply and demand of talents, widely absorbs all kinds of talents, signs labor contracts with employees, and improves the insurance protection system. For any illegal and unlawful incidents of discrimination, child labor or forced labor, the Company will take compensatory measures in accordance with relevant laws and regulations, and seriously pursue the responsibility of relevant personnel.

ENHANCE COMMUNICATION

We attach great importance to its employees' internal communication and team construction, and strive to create a harmonious teamwork atmosphere and corporate culture. In order to make employees feel the care of the Company and stimulate their enthusiasm for work, we encourage our employees to maintain a work-life balance, and provide employee feedback channels such as email and face-to-face communication. The communication content and other information are strictly protected by the Company.

In 2022, the Company is not aware of any internal employment of child labor, forced labor or other human rights violations of employees.

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

Indicators ¹	2022
Total number of employees (persons)	722
Number of employees by gender (persons)	
Number of male employees	355
Number of female employees	367
Number of employees by age (persons)	
Number of employees under the age of 30	120
Number of employees aged 30 to 40 (excluding)	430
Number of employees aged 40 to 50 (excluding)	149
Number of employees aged 50 (inclusive) or above	23
Total number of employees by employment type (persons)	
Number of full time employees	722
Number of part-time employees	0
Total number of employees by region (people)²	
Number of employees in East China	212
Number of employees in South China	66
Number of employees in Central China	119
Number of employees in North China	192
Number of employees in Northwest China	59
Number of employees in Southwest China	74
Number of employees in the Northeast	0
Number of employees in Hong Kong, Macau and Taiwan	0
Number of foreign employees	0
Total number of employees by education (persons)	
Number of employees with college degree or less (including)	205
Number of employees with bachelor's degree	472
Number of employees with master's degree and above	45
Total number of employees by level (persons)	
Number of employees at senior management level ³	36
Of which: number of senior male employees	28
Of which: number of senior female employees	8
Number of employees at mid-level management level ³	90
Number of junior employees	596

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

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

3. 2022 Annual data disclosure caliber is consistent with the annual report.

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

Indicators ¹			2022
Employee turnover rate	Total employee turnover rate	%	35.56%
Employee turnover rate by gender	Male employee turnover rate	%	50.31%
	Female employee turnover rate	%	22.18%
Employee turnover rate by age group	Turnover rate of employees under the age of 30	%	32.88%
	Turnover rate of employees aged 30 to 40 (excluding)	%	35.29%
	Turnover rate of employees aged 40 to 50 (excluding)	%	42.41%
	Turnover rate of employees aged 50 (inclusive) and above	%	21.74%
Employee turnover rate by region²	Employee turnover rate in Mainland China	%	35.56%
	Employee turnover rate in Hong Kong, Macau and Taiwan	%	0
	Foreign employee turnover rate	%	0

1. The data related to employee turnover rate covers the head office of Capital Grand and all its outlet projects; In 2022, the main business of the Company gradually transformed from heavy assets to light assets, and more people left the Company voluntarily in this process. This is the main reason for the higher employee turnover rate in 2022.
2. The caliber of disclosure is the area where the employee performs his or her job.

(II) CREATING A SAFE WORKPLACE

We are committed to creating a safe and healthy working environment for our employees. We are fully aware that a safe working environment is closely related to the occupational safety and health of our employees, and we continue to improve our safety management framework and system to create a safe and healthy working environment for our employees. The Company strictly complies with the laws and regulations relating to health and safety which has material effects to the Company such as the Production Safety Law of the People's Republic of China 《(中華人民共和國安全生產法)》, the Law on Prevention and Control of Occupational Diseases of the People's Republic of China 《(中華人民共和國職業病防治法)》, the Emergency Response Law of the People's Republic of China 《(中華人民共和國突發事件應對法)》, the Regulations on Work-Related Injury Insurance of the People's Republic of China 《(中華人民共和國工傷保險條例)》 and the Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents 《(生產安全事故報告和調查處理條例)》. We continuously improve the safety management system, clarify safety responsibilities, control and mitigate occupational health and safety risks, raise employee safety awareness and ensure a safe working environment.

Indicators ¹	2022	2021	2020
Number of work-related fatal accidents (case)	0	0	0
Number of employee deaths due to work (persons)	0	0	0
Ratio of persons who died due to work relations (%)	0	0	0
Number of work-related injuries (persons)¹	3	1	0
Lost work time due to work injury (days)	41	68	0

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

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

CARING FOR EMPLOYEE HEALTH

In order to create a comprehensive and healthy workplace atmosphere and improve employees' awareness of health self-management, Capital Grand actively responds to Capital City Development 121 Step by Step Employee Health Management Training and vigorously promotes the wide development of employees' cultural and sports activities in a healthy and diverse way based on the principle of "full participation and civilized health".

Each project company actively conducts employee health training activities:

- Huzhou Company provides fitness equipment for all employees and carries out fun basketball games and other interactions, which not only brings joy to employees, but also strengthens physical exercise.
- Hangzhou Company carries out office gym activities in working hours, which last for a short ten minutes. It not only relieves the pressure of the staff's work, but also fully stimulates the staff's enthusiasm for work and improves office efficiency.
- Nanning Company actively organizes a variety of forms: basketball, badminton, yoga, swimming and other activities, while ensuring the requirements of epidemic prevention and control and business work.
- Jinan Company provides exercise and health theme courses for employees to eliminate work fatigue after the intense work.
- Hefei Company actively guides its employees to fill out 2022 personal health plan and conduct regular exercise activities every week to cultivate good habits of exercise and put into work in the best condition.



Nanchang Company Carries Out Fun Games for Employees

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

(III) CULTIVATING TALENTS

The year of 2022 is the second year of the 14th Five-Year Plan of Capital Grand, and also a year of strategic transformation. Under the high pressure of various internal and external environments, we have changed our talent cultivation policy from “more” to “more professional”, focusing on consolidating professional capabilities, promoting job rotation and exchange, and building a multi-level training system. This shows the new management’s confidence in the Company’s development, and also conveys the Company’s emphasis on talent training and actively doing a good job of talent training and reserve.

FOUR MAJOR TRAINING PROGRAMS

We firmly believe that cultivating excellent talents is the source of sustainable development of the Company. We have formulated different training plans for management, professional and technical personnel and general employees at all levels. We always put the creation of a learning organization and talent training work in an important position of strategic development, strengthen talent reviewing work, establish a talent reserve pool, and focus on the investigation and selection of cadres from the front line of operation and tough projects. The four training programs are continuously optimized.

BCG Staff: New Employee Training

BCG Empower: Training for professional competence

BCG Talent: Training reserve management talents for the Company

BCG Backbone: Senior Management Training

We have created a learning platform “Chuangyunshuyuan”, to ensure that employees working at home can improve their efficiency and learn the expertise of the department.

- Kunshan Outlet has released and organized online learning for employees 4 times, and released 68 planned courses, including 19 compulsory courses for all employees and 39 elective courses for departments, which cover departmental professional knowledge and general skill-based knowledge; the total number of participants in learning is 232, with 100% participation rate.

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

Indicators ¹	2022
Number of training programs of various types (program)	589
Total expenditure on training expenses (RMB0'000)	14.63
Total number of people trained (persons)	722
Total number of employees attending training by gender (persons)	355
Number of male employees attending training	367
Number of female employees attending training	367
Percentage of Trained Employees by gender (%)	100%
Percentage of male employees attending training	100%
Percentage of female employees attending training	100%
Total number of employees by level (persons)	36
Number of senior management attending training	90
Number of mid-level management attending training	596
Number of junior employees attending training	596
Percentage of trained employees by level (%)	100%
Percentage of senior management attending training	100%
Percentage of mid-level management attending training	100%
Percentage of junior employees attending training	100%
Training hours per capita participation (hours)	50.80
Total number of hours of employee participation in training by gender (hours)	18,354
Total hours of training for male employees	18,387
Total hours of training for female employees	18,387
Number of hours of training participation per employee by gender (hours)	51.7
Number of training hours per male employee	50.1
Number of training hours per female employee	50.1
Total number of hours of employee participation in training by employee level (hours)²	1,403
Total hours for senior management training	4,961
Total training hours for mid-level management	31,636
Total training hours for junior employees	31,636
Average hours of employee participation in training by level (hours)	38.97
Training hours per senior management	55.12
Training hours per mid-level management level	55.12
Training hours per basic staff	53.08

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

2. 2022 Annual data disclosure caliber is consistent with the annual report.

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

(IV) EMPHASIS ON EMPLOYEE CARE

We continue to create a healthy and happy working environment for our employees, reflecting our care for them in the smallest details of their work, actively organizing corresponding activities and formulating corresponding measures to protect their physical and mental health at work and strengthen their cohesion and sense of belonging.

During the high temperature period from July to September in summer, we care and are concerned with the health of employees. Each project company prepares various measures for employees to prevent heatstroke and cool down, which brings them a touch of comfort and coolness in the hot summer. Jinan Company carefully prepared a "watermelon feast for cooling" program, in which the Company purchased watermelon ice cream, watermelon cold drinks and other watermelon-related summer food for employees.

- Hangzhou Company prepares cool supplies for employees during the summer heat, and prepares all kinds of medicines to prevent summer heat in the office.
- Qingdao Company has prepared green bean soup, watermelon and summer medicine for the staff.
- Chongqing Company prepares cool and refreshing homemade drinks and beverages for employees.

II. GOOD EMPLOYERS FOR ACHIEVING FUTURE

[Case] 3.8 Goddess Day, caring for the physical and mental health of female employees

On March 8, 2022, based on the strict epidemic prevention and control, each project company actively carried out Goddess Day activities to send holiday care and blessings to female employees, enhance communication among employees, delight the working atmosphere and enrich the cultural life of female colleagues.

- Nanning Company sent holiday gifts and greeting cards to all female employees.
- Kunshan Company prepared holiday gift packages and conducted live parenting, health, cooking and beauty exchange sessions.
- Huzhou Company held a flower arrangement experience activity.



Organize flower arrangement for female employees

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN



[Opening Case] Empowering tenants and organizing window display competition

Window display is a fusion of the internal display of outlet tenants, and is also the main window for the external promotion of the brand image. Beijing Capital Outlets launched the “Beijing Capital Outlets 2022 Winter Display Beauty Contest”. The contest required each participating brand to conceive the brand theme and arrange the brand window with the season and the chosen theme. The event attracted 20 brands to participate, and each tenant presented a unique display layout with various fashion concepts, which enhanced the attention of brands to window beauty and strengthened the learning and communication among brand stores. The competition provides a platform for shopping advisers to show their skills, compete with each other and improve their service level. It increases employees’ in-depth understanding and self-confidence in window display, while adding a festive atmosphere to the outlet mall and further enhancing the beauty of the mall’s brand windows.



Tenant Entries

Partners are important stakeholders of the Company, and Capital Grand upholds the concept of mutually beneficial cooperation and active empowerment to establish a mutually beneficial and win-win long-term partnership. We continuously monitor the information of suppliers with significant impact on our products to evaluate the environmental, safety, quality and social risks of the supply chain; strengthen the communication with tenants to form a good situation of complementary advantages; actively carry out multi-party cooperation and explore new modes of industry cooperation to jointly achieve responsible business development.

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

(I) BUILDING RESPONSIBLE SUPPLY CHAINS

We actively promote the application of ESG concept in supplier management, and optimize the supplier management process and mechanism. We complete the bidding process with the concept of openness, fairness and impartiality, and give priority of cooperation to local suppliers. While boosting the local economy, we focused on reducing the consumption of materials and waste emissions generated by product transportation and other aspects during the cooperation.

We support diversified supplier cooperation. Taking into account the latest business development of the Company, we have classified our suppliers into various types such as property management, office supplies, service support, and construction engineering. The geographical distribution of our suppliers in this year is shown in the following table:

Indicators	Region	2022
Number of suppliers by region (individual)	Areas within China	476
	Hong Kong, Macau and Taiwan	0
	Areas outside of China	11

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

FULL LIFE-CYCLE MANAGEMENT

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

Our supplier rating management system includes regular performance evaluation of suppliers, and the evaluation results will affect the corresponding supplier's level in the rating system. We also propose solutions for suppliers to problems that arise in the performance process and implement follow-up improvements to ensure good supplier performance.

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

For suppliers over the development period, before project development, the Company determines the project procurement framework from the perspective of cost control, and formulates an annual bidding plan every year. After the start of bidding, suppliers will be determined through prequalification, bid evaluation, and tender selection, and the supplier will be evaluated quarterly. For suppliers during the operation period, the Company carries out an annual project budget for the operation period every year, and each project company is established according to needs, and the bidding process is carried out in accordance with the requirements of the bidding system. During bidding, we will directly determine that the evaluation results of a candidate are unqualified in case of document fraud, major potential safety hazards on site, and major environmental pollution caused by production equipment without treatment measures that meet national standards and reject candidates to be shortlisted for bidding.

SUPPLIER ESG QUALIFICATION MANAGEMENT

We encourage suppliers to grow together with the Company. We consider ESG factors in the supplier recruitment process, set strict requirements for legal compliance and security for our partner suppliers, and incorporate such environmental and social requirements into the supplier entry process and performance evaluation process.

In conducting the supplier screening and review stage, the Company pays attention to their past ESG public opinion performance, qualifications and certifications. We believe that suppliers with certifications such as ISO 9001 quality management system certification, ISO 14001 environmental management system certification and ISO 45001 occupational health and safety management system certification are more capable of long-term cooperation. Besides, we carry out field research visits, carefully review the authenticity of qualification audit data, and check their on-site environmental and safety management capabilities. Under the same conditions, we will give priority to suppliers who meet national environmental regulations and use environmentally friendly products.

We also adopt targeted environmental and social risk management measures according to the characteristics of different suppliers. For example, for the management of outsourced suppliers of property services, we set up the process of initial selection, inspection and evaluation, and admission of suppliers, and dynamically improve the strategic procurement brand pool of outsourced property suppliers.

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

(II) JOIN HANDS WITH TENANTS TO HELP EACH OTHER FOR WIN-WIN

Outlet tenants are the main partners of the Company, and we make every effort to create a quality business environment for outlet tenants. We have standardized the business process, and the headquarter developed a tenant service template and handed out to Capital Outlets projects, to standardize the service quality and standard of each project company during the tenant operation period to ensure the tenant stationing experience.

FORESEEING THE NEEDS OF STORES AND EMPOWERING TENANTS TO GROW

By digital information technology, the Company continuously improves the procedures for tenant stationing and enhances the fluency of business development with tenants; through the implementation of the professional responsibility system for major customers and the project responsibility system, we provide professional support and assistance for cooperative tenants to open stores and shorten the operational adaptation period brought about by unfamiliarity with business processes of tenants. At the same time, the Company continuously carries out professional skills training for tenant employees to build a good business development foundation for tenants; during major holidays, we carry out unified brand negotiations and coordinate resources to effectively increase the participation rate of activities. During the economic downturn of the industry, we also uphold the friendship of cooperation and strive for relief opportunities for tenants, and carry out long-term and stable cooperation with outlet tenants with the concept of win-win cooperation.



Nanning Capital Outlets conducts professional skills and store management experience training and sharing through daily morning meetings, weekly training meetings, monthly store manager meetings and quarterly exchange meetings, analyzes problems and solution measures, and makes relevant implementations

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

[Case] Focus on skills training, and focus on service and revenue together

In order to enhance the service awareness and service level of tenant service personnel, each project company organizes special skill enhancement activities for shopping advisers, and promotes front-line sales personnel to improve their own abilities in the form of training, assessment and competition, so as to enhance the quality and efficiency of daily operation of tenants.

- Nanning Capital Outlets launched the first “Witness Me Wonderful (燃我精彩)” service skills competition for nearly one month. The competition was held to address the problems and shortcomings of newcomers and new venues, and to provide a series of training and training on retail operation. The participants covered nearly 1,000 people, including commercial management staff, brand shopping advisers and external commissioners, covering all important positions in the mall and helping to solidify the operation foundation.



Nanning Capital Outlets held the first service skills competition

- Wuhan Capital Outlets launched a cashier knowledge competition to assess the comprehensive ability and quality of store employees in terms of practical operation and business knowledge. In order to combine with the rising trend of online business such as community and live-streaming, this knowledge competition set up live-streaming sales simulation to guide store employees to continuously strengthen their awareness and ability of live sales.



Cashier knowledge competition conducted by Wuhan Capital Outlets

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

- Chongqing Capital Outlets conducted professional training related to sales process in batches for all salespersons in the mall to improve their sales ability, make them work in an orderly manner, improve efficiency, maximize sales and create better economic benefits.



Chongqing Capital Outlets conducted sales process training

- Hefei Capital Outlets organized a skills competition to test the solid daily basic skills of shopping advisers, promote staff to learn skills, strengthen business, improve quality, and develop a good spirit of learning from each other and helping each other. The competition fully mobilized the enthusiasm and creativity of all shopping advisers, stimulated their enthusiasm to master basic skills and formed a good atmosphere of love and dedication to work.



Hefei Capital Outlets conducted skills competition for shopping adviser guides

(III) CLOSE INDUSTRY COOPERATION AND COMMUNICATION

We never stop on the way of driving the development of the industry, strengthening ties with our peers to improve the quality and efficiency of the industry's operation. We are committed to building sustainable partnerships with the upstream and downstream of the industry chain, accelerating the innovation and development of the whole industry by actively exploring and improving the development form of the outlet; maintaining close communication with industry partners, continuously introducing multiple resources, and achieving win-win values with quality cooperation.

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

EXCHANGE AND SHARE INDUSTRY EXPERIENCE

The Company takes “continuously leading the development of the industry and creating new standards in the industry” as the development coordinates of Capital Grand, attaches importance to participating in important communication meetings in the industry, exchanging and learning the latest trends and tendencies in the industry, sharing the unique insights in the Company’s operation, and insisting on promoting the high-quality development of the outlet industry.

[Case] Participate in the industry summit to discuss the development of outlet

On July 22, 2022, “The Ninth China Outlet Industry Development Forum and 2021 China Outlet Awards Ceremony” was held in Guangzhou, which focused on the trends and changes in the pattern of outlets in the new decade. Representatives from Capital Grand, together with hundreds of industry leaders and elites from the outlet industry, including outlet developers, operators, brands and famous experts and scholars, attended the forum and shared the “Capital Outlets Standard” system, contributing innovative ideas for outlet operation and management, and received warm reactions. At the same time, Capital Grand and its project companies also received 18 industry awards in this forum, giving full recognition to the positive performance of the Company in the industry.



Capital Outlets received 20-Year of China Outlet – Leading Commercial Brand

INTEGRATION OF INDUSTRY ADVANTAGEOUS RESOURCES

In order to better attract customer flow and improve building utilization, we adopt the commercial form of combining outlet malls and traditional shopping centers, and select a group of popular brands with both quality and reputation for strategic cooperation. Each project company combines its actual demand and development needs, flexibly introduces multiple types of advantageous brands. This enhances the quantum of resident brands, helps open brand promotion channels, and creates shopping and entertainment places suitable for all ages with the advantage of brands, which broadens the scope of industry cooperation and creates industry development together.

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

[Case] Broaden the category of cooperation and give new vitality to outlets

- Kunming Capital Outlets introduces supermarket chains, fast fashion, sports apparel and other stores to perfect the shopping experience for customers.
- Qingdao Capital Outlets configures some brand preference experience stores and flagship stores to attract consumers to experience in the stores.
- Xi'an Capital Outlets has actively upgraded the image of stores in advantageous categories, including more than several sports and children's brands, and improved the project positioning and the quality of target customers by introducing fashionable and trendy brands.
- Chongqing Capital Outlets introduces a large sports center containing basketball, badminton, rock climbing and other sports programs, combined with children's training, which can solve the long-term idle area of more than 4,000 leasable square meters while bringing a significant effect on attracting family-oriented customers within 5KM-10KM of the project.
- Nanning Capital Outlets introduces supermarkets, cinemas, sports brand flagship stores and other types of tenants to create an Italian-style all-family resort-style shopping town integrating shopping, sightseeing, tourism, entertainment, leisure, education and catering with outlet world brand discount stores as the core.
- Hefei Capital Outlets introduces large children's amusement brands with a business area of nearly 2,000 square meters, covering a comprehensive range of children's amusement business, which completes the supporting experience function of Hefei Outlets.



Children's Play Brands in Hefei Capital Outlets

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

[Case] Diversified cooperation platforms, combined efforts to improve the member experience

- Wuhan Capital Outlets actively joins hands with major media, large organizations and real estate enterprises to carry out rich activities to enhance members' experience while reducing costs and increasing efficiency.
- Nanning Capital Outlets, in conjunction with Guangxi News Channel's New Year's Eve Party, carried out national tide night activities such as Dream Making Music Festival and Hip Hop Music Party on New Year's Day to attract attention, and attract quality consumer groups with the mall's promotional subsidies to attract traffic and strong preferential promotions of brands.



Nanning Capital Outlets held New Year's Day celebration performance

SUPPORT BY GOVERNMENT POLICY

The help and support from all levels of government is the guarantee of our faithfulness on the way forward. In order to overcome the difficulties, we continue to pay attention to government policy updates, actively communicate and exchange with government departments, and create social development with the guidance of policies. Following the development trends, each of the project companies has strengthened the communication with government departments. Under the guidance and advice of government departments, we have been able to obtain special government funding support by participating in the application for various government exemptions and subsidies, thus ensuring the health of the Company's capital flow.

III. CLOSE PARTNERS FOR COLLABORATION AND WIN-WIN

- Huzhou Capital Outlets received a total of RMB3.02 million in many reductions and subsidies, including tourism development subsidies and emergency rescue squad subsidies.
- Beijing Capital Outlets received RMB500,000 of subsidy funds from Beijing Municipal Bureau of Commerce for the city's large shopping malls during the 2022 epidemic.
- Kunming Capital Outlets was granted RMB130,000 of subsidies from the Kunming Municipal Bureau of Commerce for promotional fees to stabilize growth.
- Hangzhou Capital Outlets received a total of more than RMB25 million in financial incentives, including subsidies for job stabilization, disability benefit waiver and retail increment.
- Hefei Capital Outlets was awarded RMB16,800 by the government for municipal waste treatment fee refund, RMB400,000 by the government for high-quality development and RMB23.58 million for VAT refund.
- Jinan Capital Outlets received a special subsidy of RMB1.5 million for the first store economy in Jinan and a corporate income tax refund of RMB31,158,900.
- Nanning Capital Outlets received RMB7,971,500 in government tax refunds and RMB19,300 in other subsidies for job retention and job stabilization.
- Qingdao Capital Outlets received RMB10 million in land grant refund, RMB8.14 million in VAT refund and RMB452,000 in income tax remittance refund.
- Wuhan Capital Outlets received a total of RMB687,400 financial incentives from the government to promote consumption incentive payments, epidemic prevention expenditures and job stabilization subsidies, and declared high-quality development incentives to achieve a one-time retained tax refund of RMB5.77 million for the stock of VAT input.
- Zhengzhou Capital Outlets completed the refund of retained VAT stock with a refund amount of RMB25,477,500.
- Chongqing Capital Outlets obtained a tax refund of RMB22.14 million from the government department for the retained tax credit.

IV. HARMONIOUS COMMUNITIES FOR SHARING



[Opening Case] Never forgetting the original intention, persist in carrying out the “Love Reading Plan” public welfare activity

In the pursuit of high quality development, the Company always keeps the original intention and insists on carrying out the “Love Reading Plan” public welfare project, taking books as the carrier and transmitting love as the concept, actively encouraging each project company to purchase books and school supplies for students in need with various platforms. In December 2022, we donated 5 boxes of sporting goods to the sixth experimental elementary school in Xiang’an District, Xiamen, totaling more than 80 pieces, sending hope and happiness to the children in poor areas, giving back to the society through practical actions and showing the role of state-owned enterprises.



Carry out “Love Reading Plan” public welfare activity

Through active engagement with the community and sharing of resources and achievements among stakeholders, Capital Grand is actively pursuing its corporate responsibility and mission to promote social harmony, rural revitalization, philanthropy and sustainable development. In 2022, with actively respond to the call of the national strategy, the Company, strictly implemented the rural revitalization project, the targeted help program and the core public welfare project upon close deployment and careful organizing. Focusing on industrial support, education support, consumption support and public welfare support, the Company has helped the sustainable development of society and demonstrated the brand responsibility of state-owned enterprises.

IV. HARMONIOUS COMMUNITIES FOR SHARING

(I) SUPPORT FOR COMMUNITY CO-BUILDING

As an enterprise closely related to the life of the public, we constantly strengthen the interaction with the community, encourage our employees to participate in social charity activities. We organize volunteer service teams, and establish good relations with the local community. We also care about the residents, actively carry out linkage activities with the local community, assist the community in solving problems, and promote the common development of the enterprise and the community.

- On May 30, 2022, Chongqing Outlets volunteer team paid a visit to Anlan Town School, an elementary school for children of migrant workers under its jurisdiction, and sent books, pen bags, clothes and pants and other condolence materials to the children, sending love and warmth to children in difficulty and practicing the responsibility of state-owned enterprises on the occasion of June 1.



Children care activities

- Hangzhou Outlet pro-actively took social responsibility and cared for the surrounding residents. From September 2019 to the present, it has been providing free services to the central kindergartens and sub-gardens of its streets to guard the future of the motherland.



Caring school care service

IV. HARMONIOUS COMMUNITIES FOR SHARING

- In the morning of January 25, 2022, Zhou Qi and Hu Qin, representatives of Hangzhou Outlets, visited the four children to bring warm gifts and cordial greetings to the children during the Chinese New Year festival and help them grow up healthily.



Caring for children in need

- Qingdao Outlets organized staff representatives to visit the elderly living alone. They listened to their demands, solved their problems, and sent them gifts to promote the fine tradition of respecting, honouring and loving the elderly of the Chinese nation.



Visiting the elderly living alone

IV. HARMONIOUS COMMUNITIES FOR SHARING

(II) CONTRIBUTE TO RURAL REVITALIZATION

We actively respond to the national strategy of rural revitalization, give full play to the characteristics of the location of the Capital Outlets project, give priority to employing labor talents in the project area, and support local employment. The opening of each Capital Outlets project will bring nearly 1,000 jobs to the local area, and at the same time help rural industrial development and provide sales channels for agricultural products, so that local farmers and businessmen may enjoy the benefits brought by economic development.

[Case] Hangzhou Outlet launched "Grape Tasting Month" campaign

In August 2022, due to the recurring impact of the epidemic, a large number of grapes from Fuyang farmers were left unsold. To solve this problem, Hangzhou Capital Outlets actively organized the "Grape Tasting Month" and held the Grape Culture and Tourism Festival for five consecutive years (2018-2022).

- Hosted 10,000 catties of grapes for free activity. Members would get 1 catty of grapes if he/she has consumed 500 membership points and has forwarded the activity for one day, and 2 catties for forwarding two days and so on. In addition, members would also receive a brand full discount coupons. This initiative not only attracted a large number of customers to participate in the solution to grape sales, but also generated turnover for tenants.
- We held a grape market to promote the atmosphere of the market and helped the farmers set up stalls for sales, forming certain publicity and selling effect.
- Relevant shows were held to increase the festive atmosphere of the venue, gather popularity, increase the flow of visitors to the venue and promote sales while meeting the requirements related to epidemic prevention and control.

Hangzhou Capital Outlets actively responded to the call for a national strategy to help the development of rural industries by providing sales channels and platforms, and successfully helped local fruit farmers in Fuyang solve the problem of unsalable grapes.



Site of the Grape Tasting Month campaign

IV. HARMONIOUS COMMUNITIES FOR SHARING

- Beijing Capital Outlets provided more than 2,600 local shopping adviser positions, of which more than 1,430, or 55%, were employed in local rural area.
- Hangzhou Capital Outlets has provided nearly 1,200 jobs for the local government, including more than 1,000 shopping advisers, 150 security guards and other skilled workers.
- Hefei Capital Outlets held a special job fair locally, offering more than 700 jobs, of which 428 were from rural area, accounting for 61%.
- Huzhou Capital Outlets has provided 505 jobs in the local area, of which 455 are from the surrounding area, accounting for over 90%.
- Jinan Capital Outlets has provided 1,244 local jobs, of which 90 are for cleaning and 1,154 are for shopping advisers.
- Kunming Capital Outlets has provided 923 local jobs, including 50 security guards, 30 cleaning workers, 20 engineering mechanics and 823 shopping advisers.
- Nanning Capital Outlets has provided 983 local jobs, of which 285 are from local rural area, accounting for 29%.
- Zhengzhou Capital Outlets has provided more than 800 local jobs, including 48 managers, 732 shopping advisers, 29 security guards, and 24 housekeepers, of which 68% are from local rural area with more than 560 people employed.

IV. HARMONIOUS COMMUNITIES FOR SHARING

(III) CULTIVATING BRAND PUBLIC WELFARE

Capital Grand attaches importance to public welfare and charity, and insists on carrying out various public welfare activities. We care about the disaster-stricken areas, actively organize volunteers to help the front line to commiserate with the disaster-stricken people and support the disaster relief team, which is a demonstration of our corporate brand.

[Case] Inheritance of folk culture activities

During the period of specific folk culture festivals, each Capital Outlets actively carries out folk culture activities and integrates folk culture factors into it, while joining hands with tenants to hold related activities with folk culture colors, so that customers may fully understand the stories and meanings behind each folk culture while improving their shopping experience.

- Hefei Outlets held a lion dance to welcome the Chinese New Year during the Spring Festival, and joined with tenants to carry out window beauty contest with the theme of Chinese New Year to enhance customers' shopping experience.
- Jinan Outlets held traditional folk activities such as dragon and lion dances during the Chinese New Year to attract customers to visit and increase turnover.

Wuhan Outlets further enhanced the Chinese New Year atmosphere on the original internet-famous site by hanging big red lanterns under the whole outlet to create a very Chinese festive atmosphere. During the Mid-Autumn Festival, Wuhan Capital Outlets created Wuhan's first "giant moon", which attracted many people to come and take photos, which even together with the tripping arrival of fairy Chang'e, created a strong Mid-Autumn Festival cultural atmosphere. During the Dragon Boat Festival, "Enjoy the Dragon Boat Festival 惠享端午" was held to convey the folk culture and also attracted a large number of customers to improve their shopping experience.



Mid-Autumn cultural event
"Giant Moon"



Lion dancing in New Year

IV. HARMONIOUS COMMUNITIES FOR SHARING

LET LOVE CYCLE, OLD CLOTHES WITH DEEP LOVE

In 2022, Huzhou Capital Outlets continued to make love donation, and carried out the love donation activity themed “Let love cycle, old clothes with deep love (讓愛循環·衣舊情深)”, donating more than 2,000 pieces of clothes to Qinghai, Xining and other border areas to practice public welfare and assume corporate responsibility.



Clothes donation event

Our actions:

- On Nurses' Day in May 2022, Wuhan Capital Outlets lovingly presented a RMB100 electronic voucher package for medical and nursing staff, reflecting Wuhan Capital Outlets' sense of social responsibility.



Condoling angels in white activity

IV. HARMONIOUS COMMUNITIES FOR SHARING

- In August 2022, after learning of a mega mountain fire in Jieshi (界石), Chongqing Outlets sent 10 cases of honeysuckle drink, 40 bottles of mineral water, 100 boxes of Huo Xiang Zheng Qi Oral Liquid and other condolence materials to rescue workers at the first time, supporting and caring for fire-fighting heroes with practical actions and implementing our responsibility and commitment of state-owned enterprises.



Sending consolation supplies to rescue workers

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT



[Opening Case] “Wind and rain are merciless but people are affectionate”, Qingdao Outlets actively responded to extreme weather

In September 2022, typhoon “Plum Blossom” landed in Qingdao, bringing a short period of heavy rainfall. After learning the news, Qingdao Capital Outlets paid attention to the impact of typhoon weather and organized all staff to prepare and implement countermeasures in advance. Three days before the typhoon landed, the site management started to conduct a comprehensive check of possible leaks and make corresponding flood prevention preparations, while organizing staff to purchase flood prevention supplies so as to be prepared for any problem.

On the night of typhoon landing, the management and all staff of Qingdao Capital Outlets worked overtime to build rain curtains, block water leakage points, transfer goods, make emergency repairs and clean up water. Despite the strong wind and rain, everyone remained enthusiasm, and all staff of the Company did their own duties and worked with one heart, so that the anti-flood work could advance in an orderly manner. Qingdao Capital Outlets prepared for the arrival of extreme weather in advance and guarded the environment of the mall at all times, revealing the perseverance and love of all staff to Qingdao Capital Outlets.



Qingdao Capital Outlets employees were cleaning up the stagnant water

Capital Grand is actively practicing the national “double carbon” policy, resolutely fulfilling the laws and regulations related to environmental protection such as the Environmental Protection Law of the People’s Republic of China 《中華人民共和國環境保護法》, the Energy Conservation Law of the People’s Republic of China 《中華人民共和國節約能源法》, the Law of the PRC on the Prevention and Control of Pollution by Solid Waste 《中華人民共和國固體廢棄物污染防治法》, and local regulations such as the Regulations on the Management of Domestic Waste in Beijing 《北京市生活垃圾管理條例》. We manage emissions strictly and install energy-saving and consumption-reducing devices. We are endeavored to practice the concept of green office, address the risks of climate change in advance, build an ecological and environment-friendly business and office environment, and create an “environment-friendly” outlet, so that economic development and ecological environmental protection may progress together in a coordinated manner. With resulting green mountains, green water and clean air, we aim to build a modern outlet in harmony with nature.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

In 2022, the Company did not incur any fines or related litigation due to environmental pollution.

Based on the characteristics of our business, our major environmental impacts include greenhouse gas emissions and resource use in the offices of our headquarters and each project company, as well as the environmental impacts and resource consumption generated by each project company during the operation period of our malls. We try to minimize the impact on the environment and natural resources by promoting green offices and various environmental protection practices in the design, construction and operation of our outlet projects.

(I) OPTIMIZE TO CREATE GREEN ECOLOGICAL OUTLETS

We insist on operating activities with an environmentally responsible attitude, continuously improve our awareness of green operations, and continuously explore our way of low-carbon development. We have harvested the results of cost reduction and energy saving by implementing energy saving and emission reduction measures and adopting clean energy. All project companies learn from each other, actively learn from excellent environmental cases and integrate them into project operations to form a good new low-carbon and environmental protection culture.

STRENGTHENED ENVIRONMENTAL MANAGEMENT

During project operations, we encourage each project company to set targets for energy consumption, water consumption and emissions management, and to take multiple measures to manage energy, water and emissions in a localized manner.

All the food and beverage stores of the project companies have been installed with grease and smoke purification systems. The exhaust fumes from each food and beverage kitchen are treated by the grease and smoke purifier on the roof and then discharged, which is beneficial to the environmental cleanliness of the outlet mall. In addition, several project companies use fog forest system, which contains pressurized spraying system to ensure the effect of cooling in summer and not to waste water.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

REDUCE ENERGY CONSUMPTION

We reduce the energy use of the shopping area by managing the electricity consumption and air conditioning energy consumption of the outlet shopping area. Each project company fully considers factors such as sunset time and visitors flow rate, and formulates energy-saving policies for garage electricity consumption and central air conditioning temperature control to improve energy utilization, avoid unnecessary energy consumption, and help reduce carbon emissions.

- In Zhengzhou Capital Outlets we found that there were very few people passing through the passageway of back office and car park on weekdays. In order to avoid wasting energy, the lighting of long-lasting LED lamps was adjusted to one light every other day according to the actual situation of on-site operation. About 670 lamps in the backyard and car park were adjusted to light up every other one, reducing the light source by half and saving energy by about RMB14,000.
- In combination with the characteristics of strong light in the local spring and summer seasons, Chongqing Capital Outlets closed 30% of the public area lighting, advertising light box hanging signs and garage lighting, saving 150,000 kWh of electricity.
- In Beijing Capital Outlets, its lighting was adjusted on time according to different sunset time, reducing the number of garage lighting and saving RMB36,000.
- Several project companies participated in electricity market-based trading for fee saving, including Kunming Outlets with a fee saving gain of RMB200,000, Hefei Outlets with RMB20,000 and Wuhan Outlets with RMB7,200.
- By fine control management of the central air conditioning system, taking into account the flow of the crowd, outdoor temperature, humidity and other factors, the operation time of the equipment in our outlets were turned on or off in a most optimal way, achieving energy consumption savings of 74,300 kWh in Beijing Capital Outlets and 7,400 kWh in Xi'an Capital Outlets.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

USE OF CLEAN ENERGY

Solar energy is a renewable energy source with the characteristics of no fuel consumption, flexible scale, no pollution, safe and reliable, simple maintenance, long life, etc. We actively promote photovoltaic power generation projects in each project company, using the project malls' own building conditions to build photovoltaic power generation panels, bringing a non-polluting energy source to the project and also adding additional revenue to the projects.

- Hefei Capital Outlets cooperated with a third party to jointly establish a photovoltaic power generation system. By installing 396KW distributed photovoltaic power generation modules on the roof, the power generated will be used on a priority basis, thus achieving green, energy-saving and cost-reducing effects. The total amount of photovoltaic power generated by Hefei Capital Outlets in 2022 was 395,700 kWh, with an annual revenue of RMB260,000.



Photovoltaic Power Generation System in Hefei Capital Outlets

- Hangzhou Capital Outlets used 7,000 square meters of roof area of the parking building to introduce a photovoltaic power generation system. The project has adopted the self-generation and surplus power grid mode, and achieved actual generation of electricity by 661,400 kWh, with an annual revenue of RMB77,200 in 2022.



Photovoltaic Power Generation System in Hangzhou Capital Outlets

- Jinan Capital Outlets has used the available area of the roof to introduce a photovoltaic power generation system, and achieved a total power generation capacity of about 1,200,200 kWh, with an annual revenue of RMB80,000 in 2022.



Photovoltaic Power Generation System at Jinan Capital Outlets

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

WATER CONSERVATION

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

- Hefei Capital Outlets has increased the frequency and strength of inspection to provide timely feedback and repair on various leakage problems, with two repairs of the peripheral main water supply network completed. Water consumption in the public area was reduced by 47.69% year-on-year from January to November 2022.
- Reclaimed water system has been put into use officially in Kunming Capital Outlets, with the water consumption in the public area dropped 94% compared with the same period last year.
- In Beijing Capital Outlets, while normal water use is ensured, water flow is controlled by installation of water-saving faucets in toilets, by which the cost of the project is reduced by about RMB10,000 per year.

EMISSIONS MANAGEMENT

Our major gaseous fuel emissions are greenhouse gas emissions from office and operations due to energy use. The direct energy used in the headquarters office and outlet malls includes gasoline used to drive buses and natural gas burned in the canteens for catering, and the indirect energy used in the office and outlet malls is purchased electricity.

The harmless emissions generated by the Company include the domestic waste generated by the office area of the headquarters and each project company, the kitchen waste and recyclable waste such as beverage bottles and cardboard from the outsourced canteen; the harmless waste such as kitchen waste, recyclable waste and other domestic waste generated in the public areas of the shopping malls of each project company, of which the recyclable waste includes cardboard, beverage bottles, food and beverage carton packaging, etc. generated on site.

The harmful emissions generated by the Company include waste fluorescent tubes, waste toner cartridges, waste ink cartridges, waste batteries, waste paint and coating drums, and waste pipe cleaning agent drums generated in the office areas of the headquarters and the project companies; the harmless waste generated in the public areas of the shopping malls of the project companies is mainly waste lamp tubes.

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

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

ECOLOGY DESIGN

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

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

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

In addition, we fully consider humanistic factors in the construction process of outlet malls. The characteristic cultural elements are added in the mall layout, with combination of the shopping attributes of the mall and its play attributes. We focus on creating a mall environment with the power to impress people, so as to bring consumers a clean, beautiful and comfortable visiting experience.

- Beijing Capital Outlets renovated the aging fountain, adding functions to the original single-mode directional fountain and creating a musical jumping fountain that can change with music, improving the situation that the customer experience was affected by the aging fountain facilities.



Fountain after the renovation of Beijing Capital Outlets

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

- In Wuhan Capital Outlets, based on its unique Tuscany architectural style, Internet famous areas and leisure & entertainment areas are well-created to enrich customers' shopping experience.
- Qingdao Capital Outlets is characterized by its geographical location, and a lively dolphin sculpture has been set up at the south entrance of the project to highlight the marine culture elements, making it one of the unique symbols of Qingdao Capital Outlets.



Dolphin sculpture in Qingdao Capital Outlets

- In Wuhan Capital Outlets, based on the project positioning of family-style micro-vacation, a new “Fantasy Qingyu (梦幻青羽)” aesthetics have been created with lighting renovation of the central square, the grand staircase and the south gate entrance. In combination with the local hot issues of cherry blossom season and camping in Wuhan, the visual impact of the buildings has been enhanced through the renovation of the cherry trees, the lighting upgrading of the grand staircase, the upgrading of the image of the church square, the renewal of the large lawn, the renewal of the windmill and other initiatives to bring customers a different experience.



Setting of Wuhan Capital Outlets mall

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

(II) IMPLEMENT COMPREHENSIVE GREEN OFFICES IN DETAILS

We comply with the laws and regulations of the Environmental Protection Law of the People’s Republic of China 《中華人民共和國環境保護法》 and the Energy Conservation Law of the People’s Republic of China 《中華人民共和國節約能源法》, and promote the 5S (Seiri, Seiton, Seiso, Seiketsu, Shitsuke) environmental management concept in all office spaces of the Company. We are committed to carry out green office, strengthen the awareness of environmental protection and resource conservation, promote the participation of all employees in green office practices, guide employees to develop the professional habit of energy saving and consumption reduction, and create green and low-carbon office environment.



Office 5S principles

SAVE OFFICE ENERGY

We reduce the average daily electricity consumption and losses in the office area by optimizing the time of electricity consumption in the office, reducing electricity consumption, reducing energy consumption in air conditioning, and improving the supply and distribution system. Other electricity consumption management measures include:

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT



- Reduce the energy consumption of air conditioners, stipulate the temperature control range of office air conditioners, and strengthen the management of air conditioner temperature control in equipment rooms.
- Reduce the standby time of office electronic and electrical equipment, and advocate that electronic equipment that is not used for a long time should be turned off.
- Eliminate the phenomenon of unoccupied long light in the office. In non-working hours lighting should be turned off, while in working hours natural lighting should be made full use, and energy consumption of lighting equipment should be reduced.
- In the malls, only night patrol lights are left at night and only a small part of the underground garage is left to meet lighting needs.
- Purchase energy-saving certified products, and gradually phase out equipment and products with low energy-efficiency ratings in some project companies and replace them with new energy products and energy-saving products.
- The LED screens in the projects are used in time intervals, with non-weekend opening hours 11:00-12:00 and 16:00-17:00, and additional time interval 19:00-20:00 on weekends and holidays.
- In the projects, the bathroom ventilation and exhaust air is timed to save energy with the opening time 10:00-21:30 on weekdays and 10:00-22:00 on weekends and holidays, and the energy-saving mode is turned on during operation.
- The escalators in the projects are in energy-saving mode during the operation phase.
- We advocate “turning off the lights for one hour during lunch break” and post the relevant signs at the light switches in office areas, with refraining from turning on unnecessary lights and closing the lights in time after work to save energy through practical actions.

Our headquarters and all project companies attach importance to promoting the concept of water conservation in the office. We advocate that employees bring their own drinking cups to meetings and reduce the use of bottled water. Water conservation signs are seen in public areas to strengthen publicity and supervision to remind employees to conserve water. Besides, we organize relevant activities on World Environment Day, World Earth Day and World Water Day each year to advocate employees to reduce resource waste and excessive consumption.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT



Notice of electricity saving



Energy saving logo

REDUCE OFFICE CONSUMABLES

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

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

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

In addition, we use FSC (Forest Stewardship Council) certified environmental-friendly paper to print our interim reports and annual reports to mitigate the environmental impact from our paper consumption.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT



Logo of paper-saving signs in photocopying rooms

PROMOTE GREEN AND LOW-CARBON MEETINGS

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



Set up the meeting venue in a green and low-carbon manner

PROMOTE GARBAGE CLASSIFICATION

We actively respond to the national policy on garbage classification, by organizing all employees to carry out garbage classification in the office area. We insist on the standardization of facilities and the setting of classification containers to basically achieve all standards. We also carry out garbage classification and reduction throughout the year, and became a model sample in creation of garbage classification.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

Each project company carries out garbage classification according to the requirements of local government and is equipped with corresponding garbage classification facilities; actively organizes various garbage classification theme activities to enhance employees' understanding of garbage classification knowledge, allowing more employees to participate in the action of garbage classification and advocating the civilized culture of caring for nature, saving resources and caring for the environment.



Garbage sorting containers and signs

PROMOTE GREEN TRAVEL

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

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



V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

PRACTICING FOOD SAVING

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

(III) PROACTIVE RESPONSE TO DEAL WITH CLIMATE CHANGE RISKS

Global climate change is affecting human production and activities. Our project companies are located in 15 cities in China, and many of them have been severely affected by extreme weather due to their location. Several cities across the country were affected by extreme heat or typhoons during the year. Such meteorological factors directly tested the operations of our outlet malls. The Company has been raising its awareness of climate change, identifying and updating potential physical risks and transformation risks, with countermeasures in place. According to their own needs, each project company has formulated corresponding emergency plans for extreme severe weather in response to sudden weather disasters such as typhoons, snowstorms and floods, as well as stocked up emergency materials and actively cooperated with local governments to implement measures against extreme weather. We are also actively transforming to green and low-carbon, contributing to the mitigation of global warming through the use of clean energy, greenhouse gas emission reduction, and the planting of greenery.

Risk type	Identification and assessment of potential risk	Response
Physical risk	<p>The global warming effect has increased the frequency of regional extreme weather such as typhoon, rainstorm and hail, etc., resulting in potential impact on our open Outlets projects, which includes:</p> <ul style="list-style-type: none"> • Extreme climate causes damage to fixed assets; • High temperature and heat wave increase the power consumption of air-conditioner; • Extreme climate affects consumers’ shopping experience or reduces customer traffic; • Cause risks to employees during their commute, etc. 	<ul style="list-style-type: none"> • Adding cooling facilities (fog forest system); • Build solar panels on roofs to convert energy; • Improve the greening rate of shopping malls by planting local plants; • Improve online sales and marketing efforts, etc. • Enhance staff alertness and take comprehensive preventive measures and conduct emergency drills for extreme weather. • Respond to the government’s advice on staff office at extreme weather, implement staggered peak hours or work at home and implement calls for power reductions; • Provide appropriate insurance for company assets and operations; continuously improve the risk management mechanism, and respond quickly and effectively to major risks and accidents according to the crisis management process, communication and reporting process.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

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

(IV) ENVIRONMENTAL PERFORMANCE DATA

In the operation and management of outlet malls, three environmental statistics areas, namely headquarters office area, mall office area and mall public area are involved, among which the malls refer to 14 projects in operation, i.e. Beijing Capital Outlets, Huzhou Capital Outlets, Kunshan Capital Outlets, Xi'an Capital Outlets, Nanchang Capital Outlets, Hangzhou Capital Outlets, Wuhan Capital Outlets, Zhengzhou Capital Outlets, Jinan Capital Outlets, Hefei Capital Outlets, Chongqing Capital Outlets, Kunming Capital Outlets, Qingdao Capital Outlets¹, Nanning Capital Outlets². In addition, since Xiamen Capital Outlets opened on December 31, 2022, it is not included in the environmental data for the time being.

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

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

CAPITAL GRAND HEADQUARTERS AND SHOPPING MALLS OFFICE AREA

Indicators ³	2022
Total greenhouse gas emissions (Scope I and Scope II) (ton)⁴	1,440.27
Scope I Greenhouse gas emissions (direct emissions) (ton)	31.86
Fuel consumption by official vehicles ⁵	31.86
Scope II Greenhouse gas emissions (indirect emissions) (ton)	1,408.41
Purchased electricity	1,408.41
Annual greenhouse gas emissions per square meter of gross floor area(ton/m ²)	0.0815
Total hazardous waste emissions (ton)⁶	0.17
Annual hazardous waste per square meter of gross floor area (ton/m ²)	0.00001
Total non-hazardous waste emissions (ton)⁶	134.77
Kitchen waste	20.51
Other waste	109.64
Recyclable	4.62
Annual non-hazardous waste per square meter of gross floor area (ton/m ²)	0.0076
Total energy consumption (MWh)⁷	2,462.66
Direct energy consumption (MWh)	130.17
Gasoline (MWh)	130.17
Indirect energy consumption (MWh)	2,332.5
Electricity (MWh)	2,332.5
Annual energy consumption per square meter of gross floor area (MWh/m ²)	0.1321
Total water consumption (ton)	11,199.9
Annual water consumption per square meter of gross floor area (ton/m ²)	0.6341

- As of December 31, 2022, the operation period of Qingdao Capital Outlets is less than one year.
- No new projects under construction in the current year.
- The Company's gas emissions are mainly related to greenhouse gas emissions from driving official vehicles and using electricity in the office, of which emissions from official vehicles such as PM2.5, PM10 and other gas emissions are extremely small relative to greenhouse gas emissions and therefore are not disclosed.
- Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. The amount of greenhouse gases is presented in carbon dioxide equivalent and is calculated based on the 2019 Emission Reduction Projects – Baseline Emission Factors for Regional Power Grids in China 《2019 年度減排項目中國區域電網基準線排放因子》 published by the Ministry of Ecology and Environment of the People's Republic of China and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories 《IPCC 2006 年國家溫室氣體清單指南2019修訂版》 published by the Intergovernmental Panel on Climate Change (IPCC).
- One official vehicle was returned from the headquarters office to its superior company in 2022, whose data is not included in the statistics.
- Non-hazardous wastes are handed over to recyclers for disposal, and hazardous wastes are handed over to third parties or suppliers for disposal.
- Total energy consumption is calculated based on electricity and fuel consumption as well as the conversion factors in the General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2020) 《綜合能耗計算通則(GB/T 2589-2020)》 issued by the Standardization Administration of the People's Republic of China.

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

Below sets out the environmental performance of shopping malls of Capital Grand Outlets project in Beijing Capital Outlets, Huzhou Capital Outlets, Kunshan Capital Outlets, Xi'an Capital Outlets, Nanchang Capital Outlets, Hangzhou Capital Outlets, Wuhan Capital Outlets, Zhengzhou Capital Outlets, Jinan Capital Outlets, Hefei Capital Outlets, Chongqing Capital Outlets, Kunming Capital Outlets, Qingdao Capital Outlets¹ and Nanning Capital Outlets:

SHOPPING MALL PUBLIC AREA AND TENANT DATA

Indicators ²	2022
Total greenhouse gas emissions (Scope I and Scope II) (ton)³	106,906.96
Public area Scope I Greenhouse gas emissions (direct emissions) (ton)	1,091.22
Natural gas	1,091.22
Public area Scope II Greenhouse gas emissions (Indirect Emissions) (ton)	17,595.41
Purchased electricity	17,595.41
Greenhouse gas emissions per square meter of floor area in public areas (ton/m ²)	0.0197
Tenants Scope I Greenhouse gas emissions (direct emissions) (ton)	251.64
Natural Gas	251.64
Tenants Scope II greenhouse gas emissions (indirect emissions) (ton)	87,968.69
Purchased power	87,968.69
Greenhouse gas emissions per square meter of gross floor area by tenants (ton/m ²)	0.1402
Annual Greenhouse gas emissions per square meter of floor area (ton/m ²)	0.0687
Total hazardous waste emissions (ton)⁴	1.70
Annual hazardous waste emissions per square meter of floor area (ton/m ²)	0.000001
Total non-hazardous waste emissions (ton)⁴	11,019.28
Kitchen waste	1,716.75
Other waste	8,858.34
Recyclable	444.19
Annual non-hazardous waste emissions per square meter of floor area (ton/m ²)	0.0071
Total energy consumption (MWh)	164,621.84
Direct energy consumption in public areas (MWh)	5,536.85
Natural gas (MWh)	5,536.85
Indirect energy consumption in public areas (MWh)	34,239.48
Electricity (MWh)	34,239.48
Energy consumption per square meter of floor area in public areas (MWh/m ²)	0.0419
Direct energy consumption by tenants (MWh)	1,276.82
Natural gas (MWh)	1,276.82
Indirect energy consumption by tenants (MWh)	123,568.69
Electricity (MWh)	123,568.69
Energy consumption per square meter of floor area by tenants (MWh/m ²)	0.1984
Annual energy consumption per square meter of floor area (MWh/m ²)	0.1058
Total water consumption (ton)	808,616.59
Total water consumption in public areas (ton)	604,555.90
Water consumption per square meter of gross floor area in public areas (ton/m ²)	0.6363
Total water consumption by tenants (ton)	204,060.69
Water consumption per square meter of gross floor area by tenants (ton/m ²)	0.3243
Annual water consumption per square meter of floor area (ton/m ²)	0.5198

V. BEAUTIFUL ECOLOGY FOR GREEN DEVELOPMENT

1. As of December 31, 2022, the operation period of Qingdao Capital Outlets is less than one year.
2. The Company's gas emissions are mainly related to greenhouse gas emissions from driving official vehicles and using electricity in the office, of which emissions from official vehicles such as PM2.5, PM10 and other gas emissions are extremely small relative to greenhouse gas emissions and therefore are not disclosed.
3. Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. The amount of greenhouse gases is presented in carbon dioxide equivalent and is calculated based on the 2019 Emission Reduction Projects – Baseline Emission Factors for Regional Power Grids in China 《2019 年度減排項目中國區域電網基準線排放因子》 published by the Ministry of Ecology and Environment of the People's Republic of China and the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories 《IPCC 2006 年國家溫室氣體清單指南2019修訂版》 published by the Intergovernmental Panel on Climate Change (IPCC).
4. Unless otherwise specified, non-hazardous waste is handed over to recyclers for disposal, and hazardous waste is handed over to third parties or suppliers for disposal.

(V) ENVIRONMENTAL GOALS

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

Our environmental goals include:

- Reduce electricity consumption by more than 10% in 3 years compared to the base year.
- Reduce greenhouse gas emissions by more than 10% in 3 years compared to the base year.
- Reduce water consumption by more than 12% in 3 years compared to the base year.
- Strictly implement classification of hazardous waste and non-hazardous waste, and encourage customers to participate with tenants to improve the efficiency of Garbage Classification.

1. The above targets are all based on the base year from June 1, 2020 to May 31, 2021.

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION



[Case] Carry out integrity building publicity and education activities to build up a honest firewall

In September 2022, the Company carried out the integrity building publicity and education activities for a month, focusing on the theme of integrity, encouraging the development of integrity building micro-video, micro-film, micro-lesson and other novel forms of publicity, with a total of 18 works, 9 micro-films, 9 micro-lessons collected. These micro-videos and micro-films were widely disseminated in the Company, bringing the values of upward and upright within the Company, which helped to create a clean and positive atmosphere, motivate the employees with positive energy for honest work. These publicities were contributable to enhance and improve the ability and awareness of employees to resist risks of anti-corruption, and build a “firewall” against corruption.

Capital Grand improves corporate governance, operates in compliance with the law, and resolutely resists any form of bribery, extortion, tax fraud, money laundering, etc. We are endeavored to create a fair and honest atmosphere, shape the Company’s image of integrity, protect shareholders’ rights and interests, and win the long-term trust and support from all stakeholders with standardized operation and transparent management.

(I) IMPROVING CORPORATE GOVERNANCE

We strictly comply with legal and regulatory requirements and carry out corporate governance activities, identify ESG risks, strengthen internal control and risk management supervision, and improve and review internal control systems in the light of the actual situation of the Company. We abide by business ethics and oppose any form of commercial bribery and corruption to promote continuous improvement in governance and contribute to the sustainable development and core competitiveness of the Company.

ENHANCING GOVERNANCE CAPACITY

We implement the policy of independence and diversity of board members, enriching the diversification construction of the Board in terms of gender, age, cultural and educational background or professional experience, and continuously improving the Company’s decision-making ability. Currently the Board of Directors has nine directors, including two executive directors, four non-executive directors, three independent non-executive directors, and three independent directors. There are two female directors in the Board, and the Board and senior management have both achieved balance of professional experience, knowledge and skills, cultural and educational backgrounds and years of service, to ensure the effectiveness of Board governance. We will continue to enhance the independence and professionalism of the Board.

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION

IMPROVE COMPLIANCE MANAGEMENT

We have established and improved the legal compliance control system, and developed a compliance system that is appropriate to the actual operation of the Company. We continuously strengthen the construction of the internal management system according to the changes in external laws and regulations and regulatory policies. We have developed and complied with systems such as the Litigation Case Management Measures 《訴訟案件管理辦法》, Explicit Prohibition Regulations 《明令禁止條例》, Business Process Manual 《業務流程手冊》, Internal Control Manual 《內控手冊》, Risk Control Measures 《風險管控辦法》, Management Measures for Receiving Complaints Immediately 《接訴即辦管理辦法》, Contract Audit Management Manual 《合同審核管理手冊》, and the Details of the Prevention and Control of Legal Risks in Contract Performance 《合同履行法律風險防控細則》. We have established a comprehensive compliance information ledger to promote compliance with the laws. In 2022, the Board of Directors appointed a general counsel to play the dual role of supervising and controlling the general counsel and assisting in management, and to establish a sound legal risk prevention mechanism for us. In 2022, the Company also issued the Management Measures of External Lawyers 《外聘律師管理辦法》 to standardize the management of external lawyers throughout the system and improve the quality of external lawyers' services.

[Case] Conducting law promotion activities to enhance the compliance awareness of all staff

We advocate and require all employees of the Company to know and abide by the relevant laws. Focusing on the Civil Code 《民法典》, Beijing Intellectual Property Protection Regulations 《北京知識產權保護條例》, Discussion on Compliance Risk Identification and Prevention and Control Countermeasures in Enterprise Digital Transformation 《企業數字化轉型中的合規風險識別與防控對策探討》, Steps and Processes of Enterprise Compliance Construction 《企業合規建設的步驟和流程》 and other themes, we carry out a series of law promotion activities, through videos, cartoons and other novel forms, to promote the national Civil Code 《民法典》, Enterprise State-owned Assets Law 《企業國有資產法》 and other relevant laws and regulations to all employees. These aim to enhance their awareness of compliance with the Civil Code and other related laws and regulations, enable all employees understand the importance of compliance, and further improve the awareness and concept of rule of law among all employees.



Employees were gathered to watch the promotional video of “Close Partners, Civil Code Companionship”

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION

ANTI-CORRUPTION AND BUSINESS ETHICS

We strictly abide by the requirements of the Criminal Law of the People's Republic of China 《中華人民共和國刑法》, the Anti-Unfair Competition Law of the People's Republic of China 《中華人民共和國反不正當競爭法》, the Anti-Money Laundering Law of the People's Republic of China 《中華人民共和國反洗錢法》, the Opinions of the General Office of the State Council on Improving the Institutional Mechanism of Anti-Money Laundering, Anti-Terrorist Financing and Anti-Tax Evasion Supervision 《國務院辦公廳關於完善反洗錢、反恐怖融資、反逃稅監管體制機制的意見》, and other anti-corruption-related laws and regulations. We have established clear rules of corporate governance. The code of conduct and professional ethics that employees at all levels must follow in performing their duties have been defined in detail through the Company's management systems such as the Rules of Explicit Prohibition of Capital Grand 《首創鉅大明令禁止條例》, the Administrative Rules for the Initial Audit of the CPC Beijing Capital Grand Limited 《中共首創鉅大有限公司初核管理規範》, the Working Rules for the Integrity Talk of CPC Beijing Capital Grand Limited 《中共首創鉅大有限公司廉政談話工作規範》, the Working Rules for the Interview and Inquiry of the Commission for Discipline Inspection of Capital Grand 《首創鉅大紀委談話函詢工作規定》, and the Statement of the Work List of the Commission for Discipline Inspection of Capital Grand 《首創鉅大紀檢委員工作清單說明書》. In 2022, the Company formulated the Rules of Procedure of the Internal Accountability Committee of Capital Grand 《首創鉅大有限公司內部問責委員會議事規則》, established a specialized internal accountability committee, and updated the integrity risk identification checklist. We also conducted business ethics promotion and training, to strictly prevent corruption, embezzlement, bribery, fraud and money laundering.

In 2022, there were no significant event of corruption and no concluded corruption lawsuits against the Company or its employees.

INTERNAL RISK IDENTIFICATION

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

We actively carry out integrity risk identification and rectification work, identifying a total of 41 integrity risks at the headquarters level, which have been summarized in the formation of the Integrity Risk Identification List 《廉潔風險識別清單》. We have urged to remind and rectify the problems and risk points found.

SUNSHINE PROCUREMENT

In respect of the procurement, the Company always adheres to the partnership idea of sunshine procurement. The Company requires its subsidiaries to sign the Anti-Commercial Bribery Agreement 《反商業賄賂協議》 with all the suppliers to jointly resist commercial bribery, safeguard the common legitimate rights and interests of both parties, and ensure the long-term and healthy development of bilateral cooperative relationship.

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION

WHISTLE-BLOWING PROCEDURES AND WHISTLEBLOWER PROTECTION

We constantly improve the internal control mechanism and whistleblower protection system for reporting, and promise never to carry out retaliation. We have publicized the unified letter and visit reporting channels in the official website, office area, public area of outlet malls, etc. We have also publicized disciplinary email: scjdiwei@bcgrand.com, and arranged a special person to accept the complaint reporting information. In the process of acceptance, we determine the person responsible for the receipt and registration of the letter and visit report pieces, while in the process of transfer, we determine the person responsible for the transfer of the letter and visit report pieces, mail. To strictly enforce the work discipline of the complaint reporting, "Five Prohibitions" shall be implemented for complaint reporting documents: it is strictly forbidden to deposit without permission, to dispose without authorization, to expand the scope of information, to shirk without handling, and to seek personal gain by trust.

ORGANIZATION OF ANTI-CORRUPTION PUBLICITY

We continue to carry out anti-corruption training and warnings, organize and hold various forms of integrity and anti-corruption publicity and education activities, and conduct positive guidance and negative typical violation case training as well as knowledge quiz activities for employees at all levels of the Company to strengthen the awareness of anti-corruption and integrity of all employees.

In 2022, the Company organized a full anti-corruption training for directors and employees to further promote the culture of integrity by studying anti-corruption related laws and regulations and watching anti-corruption propaganda films. The total number of employees trained in anti-corruption training was 677.

In May 2022, the Company took on "Education and Learning Activities on CPC Rules and Disciplines", with more than 400 participants, and carried out knowledge quiz activities. Through the form of online quiz, we have promoted learning and action by examination, and further established a clean and honest working style in Capital Grand.



Carry out warning education and special training for discipline inspection members

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION

STRENGTHEN SUPERVISION AND MANAGEMENT

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



Secretary of the Discipline Inspection Commission is conducting integrity talks

(II) OPTIMIZATION OF BUSINESS MANAGEMENT

We conduct our business activities in accordance with the laws. We continuously improve our operational control standards, and reward our investors with stable and growing operating results. In 2022, we revised the original Capital Grand Outlets Corporate Manual 《2022版首創奧萊企業手冊》 and issued the 2022 Edition of Capital Grand Outlets Corporate Manual, to promote the smooth operation of business work and external investment of all centers and projects of the Company and enhance the goodwill and reputation of the Company. In November 2022, Capital Grand was ranked 40th among the "2022 Commercial Real Estate Enterprise Performance (Top 100)" at the 2022 Guandian Annual Commercial Conference organized by Guandian Property & Co., which is also the highest ranked enterprise in the outlets industry.

INTELLECTUAL PROPERTY PROTECTION

We strictly abide by the provisions of the Trademark Law of the People's Republic of China 《中華人民共和國商標法》, the Administrative Measures for Intellectual Property Certification 《知識產權認證管理辦法》, the Corporate Intellectual Property Management Code 《企業知識產權管理規範》 and other relevant laws and regulations, and undertake to respect and protect our own intellectual property rights and those of others, and to pursue responsibility for infringements. As for the protection of our own intellectual property rights, our graphic and text logos such as "首創鉅大", "CAPITAL OUTLETS" and "CO" have all been registered with the National Trademark Bureau. In addition, we have engaged an intellectual property law firm to follow up on the relevant work, actively protecting our legal rights and trademark value, maintaining our competitive edge in the market and preventing the risk of infringement of our own intellectual property rights. In 2022, the Company is not aware of any material intellectual property infringement that would have a significant impact on the Company.

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION

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

In the first half of 2022, we signed 1,205 investment contracts through the authorization chain database to effectively protect brand intellectual property rights and prevent the risk of trademark infringement, and to enhance the legal concept of “trademark” and legal risk prevention awareness of business personnel. We regularly answer questions on trademark expertise and share classic trademark infringement cases to prepare in advance, and to enhance their awareness of trademark protection.

STANDARDIZED MANAGEMENT OF MARKETING

The Company strictly complies with laws and regulations made by national and local, including the Law on the Protection of Consumer Interests of the People’s Republic of China 《中華人民共和國消費者權益保護法》, the Advertising Law of the People’s Republic of China 《中華人民共和國廣告法》, the Detailed Implementing Rules Governing the Regulations for the Control of Advertising 《廣告管理條例施行細則》 and the Trademark Law of the People’s Republic of China 《中華人民共和國商標法》, and timely follow the change of requirements of relevant regulation. We have also formulated relevant systems such as the Administrative Measures for the Brand Dissemination of Commercial Projects of Beijing Capital Grand Limited 《首創鉅大有限公司商業項目品牌傳播管理辦法》 and the Management and Control Explanations on Image Promotion for Commercial Projects of Beijing Capital Grand Limited 《首創鉅大有限公司商業項目推廣形象管控說明》, the Management Regulations of the New Media Group of Beijing Capital Grand Marketing 《首創鉅大行銷新媒體群管理辦法》 and the Commercial Marketing Supplier Selection Management Regulations 《商業行銷類供應商甄選管理辦法》 (Trial Version) to advertise our products and use the logo in accordance with the laws and regulations, established a multi-level audit mechanism to standardize advertisement promotion. Before large-scale activities, we will organize relevant persons in charge to participate in the centralized publicity and implementation meeting, provide the template of compliance publicity copy of large-scale marketing activities, promote honest marketing, and avoid misrepresentation. When the Company conducts brand publicity via new media, it will conduct “four-level ideological audits” through the OA system, including the audits by the department, supervisory leadership and party committee, etc. During 2021, the Company was not aware of any incident relating to its breach of the laws and regulations on advertising and trademarks which had a significant impact on the Company.

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION

In 2022, we standardized marketing and used WeChat video number for live-streaming, driving online sales of cooperative brands. These attracted nearly 1.82 million live viewers, with nearly 5.1 million likes, nearly 20,000 online transactions, nearly RMB3.54 million in live-streaming sales, and nearly RMB570,000 in group sales, for a total of nearly RMB4.2 million in sales.



Capital Outlets in twelve cities conducted “Live Streaming of Super Products for All” activity

PUBLIC OPINION CONTROL

We continue to improve the risk management mechanism of corporate public opinion. We would find the key factor for sustainable development of “win-win with consumers” under the pressure of public opinion supervision. We carry out training on public opinion prevention and control in the Company, continuously improve the awareness of public opinion risk prevention within the Company, control negative public opinion, minimize the potential risk and pressure caused by public opinion supervision to the Company, and maintain our brand reputation. In 2022, the Company formulated the Capital Grand & Capital Outlets Public Opinion Handling Manual (2022 Edition) 《首創鉅大&首創奧萊輿情處理手冊(2022版)》 to help our related centers and project companies deal with new negative public opinions or sudden public opinion crisis.

As at the end of 2022, the Company monitored a total of approximately 3,000 negative public opinion warnings, and the handling rate was 100%.

Four-level Audit Mechanism

In 2022, we continued to implement the “four-level audit mechanism” and incorporated this mechanism into the OA system. The Company cooperated with a third-party public opinion monitoring company to conduct 7*24 hours*365 days of comprehensive monitoring of the Company’s entire public opinions. When any negative public opinion occurs, the public opinion monitoring company will summarize the negative public opinion to the Company’s brand planning center (Level 1), our brand planning center will edit and forward the negative public opinion to each center or project (Level 2), each center or each project will handle or report the negative public opinion (Level 3) based on the situation. After the negative public opinion is properly handled, each project will feed back the detailed handling methods and results to the brand planning center (Level 4), and make a summary.

VI. SINCERE GOVERNANCE FOR SAFE AND SOUND OPERATION

(III) PROTECTION OF INVESTORS' RIGHTS AND INTERESTS

As a listed company, we strictly ensure that connected transactions are fair and reasonable. We also strengthen assets management, improve good investor communication mechanisms, and continue to enhance information transparency and credibility in the capital market to prevent operational risks and improve the quality of our operations.

SMOOTH INFORMATION AND COMMUNICATION CHANNELS

We believe that it is important to maintain effective and timely communication with our shareholders and investors, and are committed to strengthening communication with them. Through interim reports, annual reports, announcements, press releases and shareholders' meetings, we ensure that investors are informed in a timely and accurate manner of our strategies, major events, corporate operations and financial performance, and that shareholders enjoy their right to information. Besides, shareholders may also make inquiries and express their opinions to the Board of Directors at any time in writing or by email, building a two-way, efficient investor communication platform and maintaining harmonious and stable investor relations.

In 2022, the Company held 3 board meetings, 1 general meeting and issued 32 disclosure documents, including but not limited to announcements and circulars, on Hong Kong Stock Exchange.

FUTURE OUTLOOK

Looking back at 2022, the Group has weathered the storms and rains and has always kept moving forward to unveil a new picture of development. Facing the challenges posed by the unstable socio-economic situation and climate change, the Group rose to the difficulties and sought development in the midst of change. With the gradual improvement of the COVID-19 outbreak across the country and the steady recovery of the service industry and consumer market, the Group has also taken the initiative to plan for innovation and transformation, laying the foundation for vigorous development in the new environment, helping to realize the national “14th Five-Year Plan”, and aiming to build the strength and influence in line with the title of “Becoming China’s most valuable operator in Outlets business offering superior consumers experience”.

Based on the “Environmental, Social and Governance (ESG) Strategic Plan (2021-2023) of Beijing Capital Grand Limited”, the Group steadily practices ESG development and construction, continuously builds business diversity and seeks new corporate development. We insist on long-term and diversified service empowerment and enhance our brand with quality services. We will continuously enhance our corporate talent retention advantage and build a sustainable development platform for employees. We will cooperate with partners to help each other and tide over industry difficulties. We will also earnestly be a good corporate citizen and contribute a beautiful blueprint for people’s happy life. In addition, led by green development, we will contribute to the goal of achieving carbon peak and carbon neutrality. We will optimize and improve corporate management and amplify the economic value of the Group.

Combined with the Group’s five parts ESG development concept of “attentive services”, “good employers”, “close partners”, “harmonious communities” and “beautiful ecology”, integrity and sound corporate governance, we will gradually improve the level of corporate ESG governance, and become the industry ESG value benchmark.

All the past is a prelude only. In the future, Capital Grand will continue to adhere to its original intention, fulfill its responsibility as a state-owned enterprise, deeply implant the ESG concept into its business management strategy, and create long-term value for its stakeholders with a higher standing, broader vision and stronger commitment.



Capital Grand ESG Strategy Promotion Poster

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

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
ESG Management	Governance Structure	<p>A statement issued by the Board of Directors containing the following:</p> <ol style="list-style-type: none"> 1. Disclose the supervision by the Board for ESG matters; 2. ESG management policies and strategies of the Company/ Board, including the process of assessing, prioritizing and managing material ESG/sustainability related matters (including risks to the issuer's business); 3. How the Board reviews progress against ESG/sustainability related objectives and explains how they relate to the issuer's business. 	OUR PROGRESS
	Reporting Principles	<p>Describe or explain how the reporting principles (materiality, quantitative, consistency) have been applied in preparing ESG reports.</p> <p>Materiality: (1) the process of identifying important ESG factors and the criteria for selecting these factors; (2) if the issuer has conducted stakeholder engagement, a description of the important stakeholders identified and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methods, assumptions and/or calculation tools used to report emissions/energy consumption (if applicable) and the sources of conversion factors used should be disclosed.</p> <p>Consistency: Issuers should disclose in the ESG report changes in statistical methodology or key performance indicators, if any, or any other relevant factors that affect meaningful comparisons.</p>	ABOUT THIS REPORT
	Reporting Scope	<p>Explain the reporting scope of the ESG report and describe the process for selecting which entities or businesses to include in the ESG report. If the reporting scope changes, the issuer should explain the difference and the reasons for the change.</p>	ABOUT THIS REPORT
Environment	A1 Emissions	<p>General disclosures:</p> <ol style="list-style-type: none"> (1) the policies; and (2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, etc. <p>A1.1 The types of emissions and respective emissions data.</p>	V. BEAUTIFUL ECOLOGY

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

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	
		A1.5 Description of emissions targets set and steps taken to achieve these targets.	
		A1.6 Description of how hazardous and non-hazardous wastes are handled, description of waste reduction targets set and the steps taken to achieve these targets.	
A2	Use of Resources	General disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	V. BEAUTIFUL ECOLOGY
		A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or gasoline) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	
		A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility)	
		A2.3 Description of energy use efficiency goals set and the steps taken to achieve these goals.	
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency goals set and the steps taken to achieve these goals.	
		A2.5 Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The principal business of the Group is Outlets commercial properties, and the number of packaging materials used is extremely small, so it is temporarily not included in the scope of disclosure.

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

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
	A3 Environment and Natural Resources	<p>General Disclosure: Policies on minimizing the issuer's significant impact on the environment and natural resources</p> <p>A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	V. BEAUTIFUL ECOLOGY
	A4 Climate Change	<p>General Disclosure: Policies for identifying and responding to material climate-related matters that have had and may have an impact on the issuer.</p> <p>A4.1 Description of material climate-related matters that have had and may have an impact on the issuer, and the coping actions.</p>	V. BEAUTIFUL ECOLOGY
Social	B1 Employment	<p>General Disclosure:</p> <p>(1) the policies; and</p> <p>(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p> <p>B1.1 Total workforce by gender, employment type, age group and geographical region.</p> <p>B1.2 Employee turnover rate by gender, age group and geographical region.</p>	II. GOOD EMPLOYERS
	B2 Health and Safety	<p>General Disclosure:</p> <p>(1) the policies; and</p> <p>(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p> <p>B2.1 Number and rate of work-related fatalities in each of the past three years (including the reporting year).</p> <p>B2.2 Number of lost days due to work injury.</p> <p>B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.</p>	II. GOOD EMPLOYERS

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

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
B3 Development and Training	General Disclosures: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		II. GOOD EMPLOYERS
	B3.1 The percentage of employees trained by gender and category (e.g. senior management, mid-level management).		
	B3.2 The average training hours completed per employee by category and gender.		
B4 Labor Standards	General Disclosure: Information on:		II. GOOD EMPLOYERS
	(1) the policies; and		
	(2) compliance with relevant laws and regulations that have a significant impact on the listed company relating to preventing child or forced labor.		
	B4.1 Description of measures to review employment practices to avoid child and forced labor.		
	B4.2 Description of steps taken to eliminate such practices when discovered.		
B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		III. CLOSE PARTNERS
	B5.1 Number of suppliers by geographical region.		III. CLOSE PARTNERS
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.		III. CLOSE PARTNERS
	B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		III. CLOSE PARTNERS
	B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.		III. CLOSE PARTNERS
B6 Product Liability	Information on:		I. ATTENTIVE SERVICES VI. SINCERE GOVERNANCE
General Disclosure:	(1) the policies; and		
	(2) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products.		

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

Category	Issue	Performance Indicators	Corresponding Chapter in the Report
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	I. ATTENTIVE SERVICES
		B6.2 Number of products and service-related complaints received and how they are dealt with.	I. ATTENTIVE SERVICES VI. SINCERE GOVERNANCE
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	I. ATTENTIVE SERVICES III. CLOSE PARTNERS
		B6.4 Description of quality assurance process and recall procedures.	I. ATTENTIVE SERVICES
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	
B7 Anti-corruption	General Disclosure: Information on:		VI. SINCERE GOVERNANCE
	(1)	the policies; and	
	(2)	compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing from bribery, extortion, fraud and money laundering.	
	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.	
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	
	B7.3	Description of anti-corruption training provided for directors and employees.	
B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the listing company operates and to ensure its activities take into consideration the communities' interests.		IV. HARMONIOUS COMMUNITIES
	B8.1	Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).	
	B8.2	Resources used (e.g., money or time) in the focus area.	