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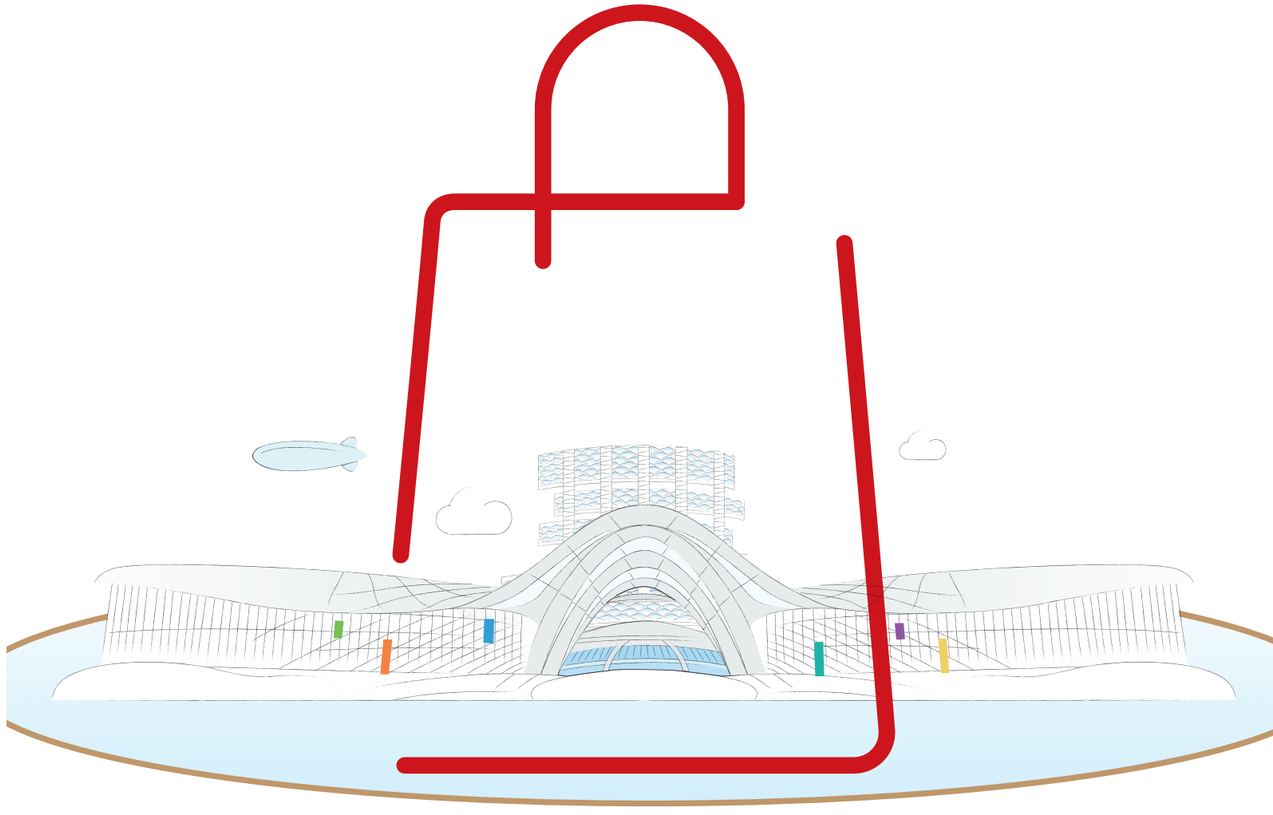
2025 Environmental, Social and Governance Report

cdf 中免集团
CHINA DUTY FREE

中国旅游集团成员
Member of China Tourism Group

China Tourism Group Duty Free Corporation Limited

Stock Abbreviation：CTG DUTY-FREE
A Share Stock Code：601888.SH
H Share Stock Code：01880.HK



2025

Environmental, Social and Governance Report

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Report Preparation Notes

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

Reporting Scope

Unless otherwise stated, the scope of content disclosed in the ESG Report is consistent with that of the company's consolidated financial report.

Reporting Period

The period of this Report is from 1 January to 31 December 2025. Unless otherwise specified, the data in this report are as of the end of 2025 or for this period.

Basis of Preparation

This Report is prepared in accordance with the *ESG Metrics System for ESG Reports of Listed Companies Controlled by Central State-owned Enterprises* issued by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC"), *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) ("Sustainability Report (Trial)")*, and the *Environmental, Social and Governance Reporting Code* ("ESG Code"), Appendix C2 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"), and with reference to the following rules:

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

Reporting Principles

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

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

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

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

Source of Information

The information provided in the Report have been obtained from our official documents, reports or relevant public materials of the company and its subsidiary. Unless otherwise specified, the currencies involved in the Report are all measured in CNY.

Release Form of the Report

The electronic version of this Report can be downloaded from the company's official website or obtained by following the WeChat official account of "CTG DUTY-FREE Investor Relations".

This Report is published in Simplified Chinese, Traditional Chinese and English. In the event of any discrepancy between the three versions, the Simplified Chinese version shall prevail.

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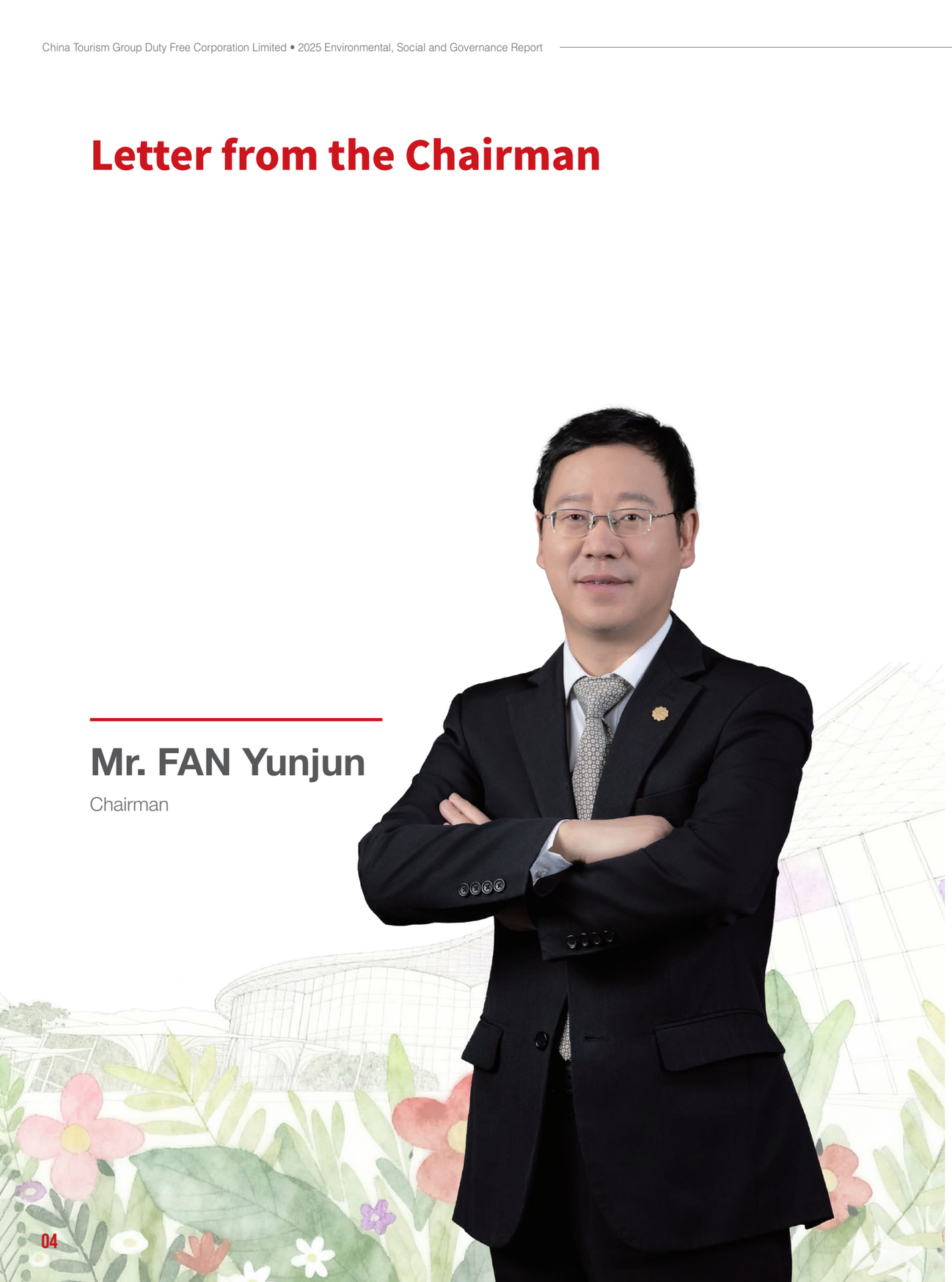
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Letter from the Chairman



Mr. FAN Yunjun

Chairman

Dear stakeholders,

The year 2025 marked the conclusion of China's 14th Five-Year Plan. Amidst profound and complex shifts in the domestic and international landscape, CTG DUTY-FREE is steadfast in upholding its core values of being "courageous, professional efficient, cooperative, innovative," while remaining committed to "Integrity in Operations and Excellence in Service." We have pressed forward with our sustainable development strategy, maintaining steady and sustained progress on our path to becoming a globally leading digital-intelligent travel retail operator, and continually meeting society's growing aspirations for a better life. On behalf of the Board of Directors of CTG DUTY-FREE, I would like to express my heartfelt thanks to those who have been long-time supporters of the company.

Leading with Responsibility: Driving High-quality Development

As a vanguard of Chinese enterprises expanding globally, our international journey embodies the close alignment between national strategy and corporate growth. It represents both a proactive response to upgrades to consumption and an essential pathway to developing international markets. The company established its first overseas subsidiary in 2013, initiating its global presence. Over the past twelve years, we have expanded steadily, accelerating internationalisation over recent years. In 2025, we participated in the Shanghai Stock Exchange's European roadshow. We have now established integrated capabilities for channel expansion, brand globalisation, retail operations, market development, and talent cultivation, enabling our transition from a 'single-model' approach to 'omni-channel operations,' and elevating target markets from 'duty-free retail' to 'travel retail' and 'premium retail.'

Beyond introducing international brands to meet Chinese consumer demand, we have deepened our 'China-chic globalisation' strategy, facilitating the expansion of premium domestic brands worldwide. Leveraging our extensive global distribution network and international platform strengths, we empower Chinese brands to navigate global markets.

Acting with Purpose: Building Hainan's New Legacy

18 December 2025 saw the commencement of the Hainan Free Trade Port island-wide customs closure operation. This high-level initiative signifies a new phase in Hainan's development and opens a fresh chapter for of CTG DUTY-FREE after over a decade of deep-rooted commitment to the region. Seizing this strategic opportunity, the company established the Hainan Centre of Excellence ("Hainan COE"). With a core mission of "Integrated Coordination, Quality and Efficiency Enhancement, and Foundation Strengthening," the Hainan COE elevates operational efficiency and governance precision through upgraded management structures, uniting our development efforts to solidify the company's leadership in global travel retail and underpinning our high-quality growth.

Culture as the Foundation: Curating Next-Gen Duty-Free Experiences

On 29 April 2025, cdf Sanya International Duty-Free Shopping Complex, located on Haitang Bay, Sanya, Hainan, being honoured as a National 4A Tourist Attraction. This marked the world's first high-grade tourist attraction developed with "duty-free commerce" at its core, representing a significant milestone for the company in integrating cultural tourism with consumption. The Complex is reshaping Hainan's tourism consumption benchmarks through its matrix of international luxury brands, world-class architectural artistry, and immersive shopping environments, injecting fresh impetus into the development of the Hainan International Tourism Consumption Centre.

Following UNESCO recognition of Chinese Spring Festival in 2025, we dug deep into our traditional cultural heritage. Our six cdf Hainan stores collaborated to create a vibrant festive atmosphere through a trifecta of folk culture, shopping promotions, and cultural tourism experiences. This seamless integration of duty-free shopping with traditional Chinese culture offered consumers an unforgettable cultural celebration.

Innovation as the Engine: Fueling Value Creation

Digital transformation stands as the company's core initiative in enhancing operational efficiency and unlocking our value creation potential. Throughout 2025, the company accelerated the development of its digital infrastructure. By optimising innovation systems, deepening data platform capabilities, advancing Project Nebula (星云项目), and refining supply chain management, we have injected robust momentum into our digital and intelligent evolution. Our One ID membership system has surpassed 140 million registered user data points, establishing itself as an industry-leading, scalable data asset repository. The full launch of Project Nebula has enabled a sophisticated data empowerment framework. This is driving deeper data value mining and application innovation, providing precise market demand insights, optimising sales conversion pathways, and systematically enhancing the contextual service capabilities of our data products – ultimately fuelling the growth of our online business.

Governance as the Cornerstone: Bolstering Sustainable Growth

We continue to place sustainable development governance at our core, integrating it into strategic decision-making and daily management to drive the synergistic development of environmental, social, and economic benefits. We uphold rigorous corporate governance, strengthen risk management, and internal controls, adhere to ethical business practices, and fortify defences to information security and privacy protection, thereby laying a solid foundation for the company's long-term, stable operations. We remain steadfast in conducting our business with integrity, enforcing rigorous supply chain compliance, and advancing our supply chains towards greener and smarter practices. Meanwhile, we actively fulfil our social responsibilities, harnessing collective goodwill to support rural revitalisation and shared prosperity, contributing to sustainable societal development. In terms of employee care, we prioritise employee rights and their physical and mental well-being, enhance training systems, and support professional growth. By fostering a safe working environment and cultivating an inclusive, diverse corporate culture, we give every employee a sense of belonging and achievement within the company. Regarding environmental protection, we proactively address climate change and promote green, low-carbon operations. Through strengthened environmental compliance management, the development of green buildings, and the increased utilisation of renewable energy, we are effectively reducing carbon emissions, safeguarding our blue skies and green landscapes, and collaborating with society to create a better life.

Looking ahead, guided by the principles of "Innovation, Coordination, Green Development, Openness, and Sharing," we will join hands with our global partners to pursue high-quality, sustainable development, and contribute to a brighter future of harmonious coexistence between humanity and nature.

Mr. FAN Yunjun
Chairman
March 2026

Key Sustainability Performance Metrics

Market

Ranked first
Ranked No.1 among China's duty-free commodity operators

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

537,000
Selling over 537,000 SKUs of goods

1,674 well-known brands
1,674 well-known brands in the world are in our duty-free shops

Nearly 2 million
The company provides duty-free commodity services to nearly 200 million domestic and foreign tourists every year

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

Social

14,485
There are 14,485 total employees as at the end of 2025

100% training coverage, more than 78.85 training hours
The employee training coverage reaches 100%, with more than 788,500 training hours in total

59.84%
Females in employees account for 59.84%, and females in the Board of Directors account for 25%, females in the senior managerial roles account for 25% and in middle managerial roles account for 39.22%

CNY37.14 million
We invested CNY37.14 million in operation safety, organised 1,385 safety trainings for 75,400 participants

CNY 16.88 million
Spent CNY16.88 million in free aid in rural revitalisation, implemented 16 assistance projects and helped raise CNY10.05 million in assistance funds

53 million
Nearly 53 million registered cdf members

Environmental

Green building certifications
Haikou International Duty-Free Shopping Complex (Block No.1) obtained 2-star Green Building Certification and LEED Gold certification

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

Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project obtained 2-star Green Building pre-certification

Sanya International Duty-Free Shopping Complex Phase 3 Commercial Project obtained WELL Platinum mid-term pre-certification and LEED Platinum pre-certification

0.0156 tons of standard coal/m^2
0.0156 tons of standard coal/m^2 of comprehensive energy intensity

77.37 million
The company provided 77.37 million shopping bags that meet environmental requirements in the past four years, and effectively reduced the generation of non-degradable plastic waste

0.04 tCO_2e/m^2
GHG emissions intensity for Scope 1 and 2: 0.04 tCO_2e/m^2

0.09 tCO_2e/CNY million of revenue
GHG emissions intensity for Scope 3 (Categories 6 and 7): 0.09 tCO_2e/CNY million of revenue

34 certifications
34 stores/counters have received LEED certifications, including 1 Platinum certification, 31 LEED Gold certifications and 2 LEED Sliver certifications

* Except otherwise specified, all the above are data as of the end of 2025 or for the year 2025.

Honors and Awards

ESG and CSR Awards Received in 2025:



Received the
“Best ESG Information Disclosure Award”
from New Fortune



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



Listed in
“Top 100 Best ESG Practices among Listed Companies in China by Wind-Large-cap Companies”



Honoured with the 2025
“Investor Relations Crystal Ball Award”,
“ESG Crystal Ball Award”,
and “Best General Manager”
for listed companies



Included in the
“2025 Enterprise Cases for Green Transformation and ESG Practices”
by the All-China Environment Federation



Included in the
“Steady and Sustainable: 2025 Report on Chinese Enterprise ESG Leaders”
by SynTao Green Finance



Received the
“2025 Best ESG Practice Award for Listed Companies”
jointly awarded by Value Online and Easy Board



Received the
“Annual ESG Excellence Enterprise”
title at the 2025 Hong Kong Wealth Management Summit Forum and the 12th “Top 100 Hong Kong Listed Companies” Awards Ceremony

Governance and Investor Relations Awards Received in 2025:



Received the
"Best IR Hong Kong Listed Company (A+H Share)"
from New Fortune



Received the
"Best Listed Company"
award for the first time from the
"Golden Kunpeng"
China Financial Value Ranking by Hong Kong Commercial Daily



Awarded with
"Best Practices in Investor Relations Management for Listed Companies in China"
from the China Association for Public Companies



Received the
"Investor Relations Award"
and "Best Award Report"
from the Hong Kong Investor Relations Association

Other awards:





Received the
"German Design Award" and
"Travel Retail Superstars Award"
from the Moodie Davitt Report



Received the title of
"2024 Cultural and Tourism Brand Value Influential Communication Enterprise"
at the 11th Culture and Tourism Integration and Innovation Forum & High-Quality Development Impact Case Selection hosted by Xinhuanet and academically supported by the Chinese Society for Environmental Sciences





Received the Excellence Award from the
"6th Central Enterprise Micro-film (Micro-video) Selection themed on Core Socialist Values"
and the Excellence Award from the
"Micro-videos for Grassroots Theoretical Propaganda of Central Enterprises in 2025"
by the Party Committee Publicity Department of the State-owned Assets Supervision and Administration Commission (SASAC)

Only included part of honors and awards here.

Statement of the Board of Directors



In order to standardise the ESG management mechanism and enhance the quality of ESG management, CTG DUTY-FREE has established an ESG governance structure, where the Board of Directors holds the ultimate responsibility and decision-making authority for ESG matters.

The Board of Directors is ultimately accountable for the company's ESG strategy, target management and information disclosure. This responsibility includes reviewing and approving major decisions and improvement proposals related to ESG.

The Strategy and Sustainability Committee under the Board of Directors is the primary responsible body, and its key responsibilities include: conducting research and providing advice on the company's ESG-related strategies, policies, and targets; overseeing and measuring progress towards ESG targets; reviewing the company's sustainability reporting and ESG-related matters to ensure that they meet regulatory requirements and stakeholder expectations; and supporting the Board of Directors to effectively fulfilling its ESG governance functions.

To ensure our ESG practices are systematic and standardised, the company establishes the ESG Leadership Group, which is headed by the Chairman of the company; the deputy head of it is the General Manager; and its members include heads of departments. The ESG Leadership Group is responsible for managing and coordinating the company's ESG-related work, which establishes and improves the company's management system and operating mechanism for ESG-related work, and it also formulates ESG work plans and integrates the company's development strategy, image, branding, and operations with ESG concepts.

During the reporting period, the Strategy and Sustainability Committee of the Board of Directors was involved in assessing, prioritising and managing ESG-related issues (including the company's business risk). In accordance with the *Sustainability Report (for Trial Implementation)* issued by the Shanghai Stock Exchange, the committee reviewed the double-materiality assessment of sustainability-related topics, and financially material topics remain basically unchanged including: climate change tackling, energy usage, excellent service, safety and quality of products, employees, supply chain security, data security and customer privacy protection.

After carefully reviewing these topics, the company has developed corresponding targets and measures to manage them. Going forward, we will update our sustainability-related management strategy and implementation plans to reflect changes in the external environment and the circumstances and facts specific to the company, to continuously enhance our sustainability capabilities.

The Report provides detailed information on the progress and achievements regarding CTG DUTY-FREE's ESG efforts in 2025 and was approved by the Board of Directors in March 2026. The Board of Directors and all directors of the company hereby guarantee that the information presented in this Report contains no false records, misleading statements or material omissions, and undertake joint and several liability for the authenticity, accuracy and completeness of the information.

Basic information of the Company

Company Overview

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

Over 40 years of rapid development, the company has established long-term and stable cooperations with more than 1,500 renowned brands worldwide. It has set up over 200 duty-free shops in over 30 provinces, cities, autonomous regions and special administrative regions in China, and also Japan, Singapore, Cambodia, Sri Lanka and other places, covering airports, on-board aircrafts, borders, passenger stations, railway stations, foreign cruise supply, diplomatists, cruises and downtowns (offshore, departures) in these regions. Its main sales channels cover large domestic hub airports in Beijing, Shanghai, Guangzhou, Chengdu, Hangzhou and Hong Kong SAR, international airports in Singapore, Cambodia, and other places in the Asia Pacific region, and major domestic border ports, Sanya International Duty-Free Shopping Complex, Haikou International Duty-Free Shopping Complex, and so on. China Duty Free Group has developed into a travel retailer with the most complete types of duty-free shops and the largest number of retail stores in a single country in the world.

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

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

Corporate Culture

Brand Positioning

The representative of the duty-free industry in China
The largest luxury operator in China

Core Values

Courageous, professional efficient, cooperative, innovative

Corporate Mission

Share the joy of shopping and extend the enjoyment of travel

Operation Concept

Customer centered, market-oriented

Development Milestones

After over 40 years' development, CTG DUTY-FREE has became the first-class travel retailer in the world:

1984

The PRC State Council officially authorised **the establishment of China Duty Free Company**

1989

An office of China Duty Free Corporate was **established in Hong Kong SAR** to strengthen the overseas procurement and distribution capability of duty-free merchandise

1990

Our **Beijing Downtown Duty Free Shop**, the **first** downtown duty-free store in China, commenced its business operation

1995

high-quality products from China's established brands were released for **trial sales in 10 duty-free stores**

1996

Our Heihe Border Duty Free Store, the first duty-free shop on the border of Asian countries was established

2004

We are selected as one of the **franchised retailers** for the 2008 **Beijing Olympic Games**

2006

We entered the international market and established its first sales terminal in the overseas market

2009

We are successfully listed on the Shanghai Stock Exchange

2011

Our Sanya Downtown **Duty Free Store commenced its business operation as the first offshore duty-free store in Hainan province**

2014

- Our **Sanya International Duty-Free Complex commenced its business operation as the first travel retail complex in China**. It was the **largest standalone duty-free store in the world in terms of sales area** at that time
- **Our first overseas downtown duty-free store commenced** operation in Angkor, Cambodia

2017

Acquired **Sunrise Duty Free (China) Co. Ltd.**

2018

- Acquired **Sunrise Duty Free (Shanghai) Co., Ltd.**
- **The first independent cruise duty free shop in China** commenced its business operation

2020

- Acquired **Hainan Duty-free Co., Ltd.**
- We became **the world's largest travel retail operator; the membership system of cdf was officially launched, marking a historic breakthrough in online and offline interconnection, domestic and overseas interconnection**

2021

We remained the **No.1 travel retail operator in the world**

2022

- **Listing on the Hong Kong Stock Exchange**
- Grand opening of **Haikou International Duty-Free Shopping Complex, the largest single duty-free shop worldwide**
- Ranked as **the world's largest travel retail operator for the three consecutive years**

2023

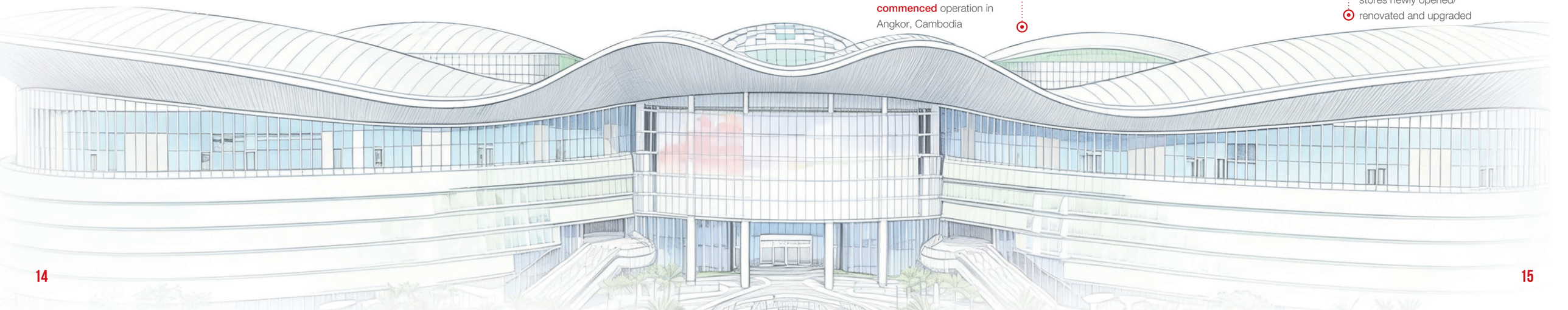
Awarded the title of **Model for World-class Specialised and Innovative Enterprise by SASAC**

2024

A dedicated project team was set up **to support China-chic products' "going global" efforts, leading the charge for this new trend in the travel retail industry**

2025

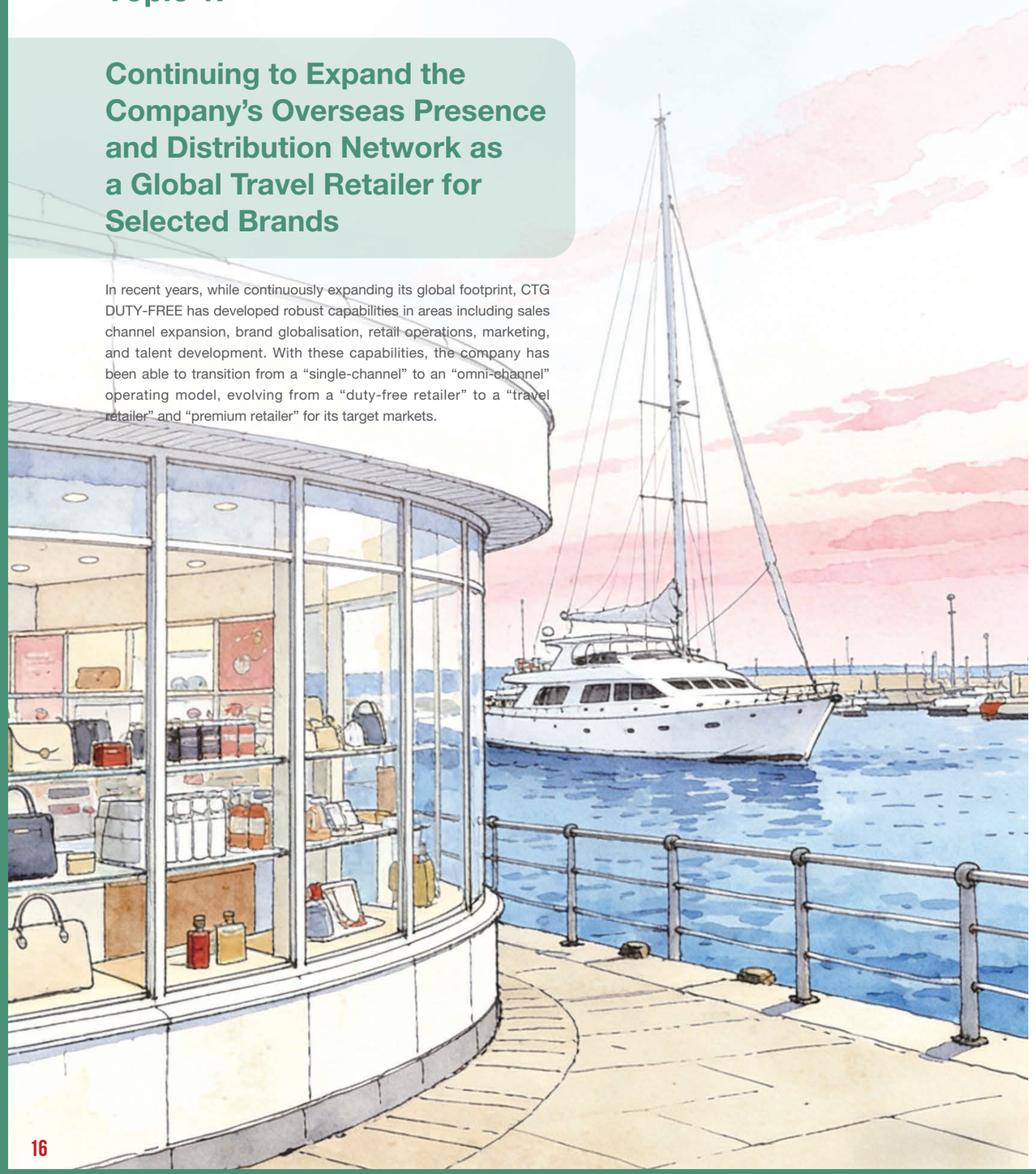
12 downtown duty-free stores newly opened/ renovated and upgraded



Topic 1:

Continuing to Expand the Company's Overseas Presence and Distribution Network as a Global Travel Retailer for Selected Brands

In recent years, while continuously expanding its global footprint, CTG DUTY-FREE has developed robust capabilities in areas including sales channel expansion, brand globalisation, retail operations, marketing, and talent development. With these capabilities, the company has been able to transition from a "single-channel" to an "omni-channel" operating model, evolving from a "duty-free retailer" to a "travel retailer" and "premium retailer" for its target markets.



Overseas Retail Expansion

In its "go global" journey, the company not only serves as a leading example of how enterprises can align with key national strategies to achieve synergies, but it also proves that it is urgently necessary to do so to seize opportunities amid consumption upgrading and to further expand into global markets.

Case study

Serving national strategies and responding proactively to the Belt and Road Initiative as a duty-free operator

In response to the call to serve and jointly advance the Belt and Road Initiative, the company announced its first overseas subsidiary – China Duty Free Group (Cambodia) Co., Ltd. (hereinafter referred to as "CDFG Cambodia Limited")—in 2013, which marked a first among domestic duty-free retailers, providing an effective example for the entire industry. Since then, the company has been expanding its presence in Cambodia. After 12 years' effort, the company has opened three downtown duty-free stores in Siem Reap, Phnom Penh and Sihanoukville, along with one airport duty-free store, covering three key tourist cities in Cambodia, serving both international inbound tourists and local consumers. These stores have become a highlight and key example of how the company is advancing economic cooperation and cultural exchanges between the Chinese and Cambodian people.

To "promote cultural exchanges and business cooperation", CDFG Cambodia Limited has adopted a growth model driven by "select brands, a localised ecosystem and a duty-free experience hub". In doing so, CDFG Cambodia Limited has been able to "select premium Chinese brands for overseas market, tailor them to cater to local culture, and make its duty-free stores a landmark". CDFG Cambodia Limited is playing a key role in helping China-chic products gain popularity in Cambodia, such as iFLYTEK's intelligent technology and Tong Ren Tang's traditional Chinese medicine. With this approach, CDFG Cambodia Limited is not only expanding offerings in the local market but also providing an avenue through which leading Chinese brands can reach global audiences, contributing to the spread of Chinese culture and cultural exchanges between these two countries.



cdf duty-free stores in Cambodia

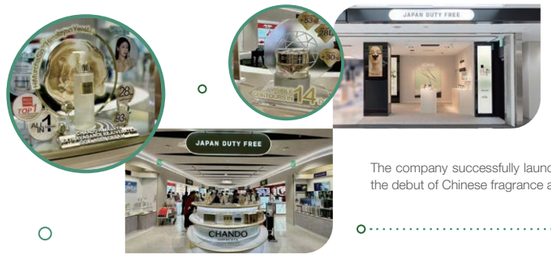
Enhancing Channel Expansion

Proper tools are essential for success; and specifically, channels are crucial for expanding sales business, particularly in respect of long-term development. The company not only facilitates the "bringing in" of international brands but also empowers the "going global" of Chinese brands.

In Hong Kong: The company opened a new MCM boutique at Hong Kong International Airport; and it leveraged 52toys' distribution business to activate over 1,500 sales touchpoints across Hong Kong, with a focus on penetrating wholesale channels and achieving steady growth in scale. Furthermore, the company's in-flight duty-free goods sale channel with Hong Kong Airlines facilitated the launch of 52toys blind boxes and iFLYTEK headphones, enabling China-chic products to precisely target high-end travel consumption scenarios.

In Macau: The company secured duty-free operating rights for Macau International Airport and opened a new downtown concept store (Macau Peninsula Downtown Store) at the landmark M8 Mall in the Historic Centre of Macau. This store complements the existing airport and Taipa stores, forming a three-pronged retail network to bolster the company's market presence.

In Japan: The company focused its efforts on overseas markets with strong potential.



The company successfully launched Melt Season and CHANDO pop-up stores at Narita International Airport, marking the debut of Chinese fragrance and cosmetics brands in Japanese airport duty-free channels.

In Cambodia: Leveraging years of experience and resources in deepening duty-free operations in the country, the company proactively adapted to market trends and created diversified consumption scenarios for local residents and cross-border travellers, expanding taxable retail operations to unlock broader market opportunities.



The company partnered with ANTA Group in its Southeast Asia "1,000-store Plan", successfully launching taxable ANTA stores in key commercial hubs in Cambodia.

In Singapore: The company secured the bid and commenced operations for the Qeelin boutique in Changi Airport Terminal 3 (T3). The three stores – Qeelin T1, Qeelin T3, and MCM T3 – are progressively producing a scale effect.

In Vietnam: The company secured 10-year supply agreements for Hanoi and Phu Quoc airports, with a view to developing strategic markets with significant potential.

Helping Chinese Brands Accelerate Their Overseas Expansion

We pursue common prosperity for a greater good. For China-chic brands working to go global, the company has been able to support and help them, drawing on the extensive experience it has accumulated in overseas operations over the years, based on the nature of the company's main business, duty-free retail, and its earlier globalisation.

The company has signed overseas distribution rights arrangements with multiple leading China-chic brands, including 52toys, Top Toy, Voolga, iFLYTEK, Yoose, and Unitree, covering three key product categories: technology, emotional value, and productivity, and it has even secured exclusive regional distribution rights with some of the brands. Additionally, as part of its efforts to create a diverse collaborative brand matrix, the company has also developed partnerships with major domestic groups like ANTA and FOSUN.

Case study

Hosting the CDFG Global Brands Meeting to explore new opportunities in global retail

In March 2025, the company hosted the 2025 CDFG Global Brands Meeting in Sanya, Hainan, themed "Redefine Frontiers and Synergise Futures". Numerous investors, industry experts, and partners from 224 brands around the world gathered to jointly explore innovative development opportunities in the global travel retail industry. The company signed strategic cooperation agreements with eight well-known domestic enterprises, including Bloomage Biotech and Giant Biogene, to help accelerate their expansion into overseas markets, promote the deep integration of Chinese culture with global consumption trends, and enhance the cultural and commercial value of their products.



Supporting China-chic products in reaching a wider global audience at the China International Consumer Products Expo 2025

In April 2025, the fifth China International Consumer Products Expo, themed "Share Open Opportunities, Co-create a Better Life", was held in Hainan. As the largest consumer goods expo in the Asia-Pacific region, this year's event featured a dedicated "China-chic Brands" zone, highlighting the rise of Chinese brands. Through its six cdf stores in Hainan, along with its online platforms, the company launched a variety of activities and showcased innovative consumer scenarios at the expo, with a view to helping those brands reach and resonate with a wider global audience.



Signing a strategic cooperation agreement with Tong Ren Tang Group to promote traditional Chinese medicine globally

In February 2025, the company signed an overseas strategic cooperation agreement with Tong Ren Tang Group, at a China-Cambodia overseas health and cultural exchange event held by Tong Ren Tang Group in Cambodia with the theme of "Everlasting Legacy along the Silk Road, Universal Care for All". By signing this agreement, the two parties committed to promoting cultural and commercial exchanges between China and Cambodia and to leveraging strengths in their respective fields to further explore the practical value of traditional Chinese medicine. Through innovative dissemination methods and global partnerships, the company will also work with Tong Ren Tang Group to co-create the future of the "big health" industry, with the aim of providing diverse health solutions for the global population.



As a leading global travel retailer, China Duty Free Group will continue to leverage the strengths of its established global distribution network, supply chain management approach, and insights into consumer trends to provide end-to-end support for brands – from marketing promotion to sales channel expansion.

Capital Markets Engagement

Case study

The company participated in the Shanghai Stock Exchange's European roadshow and exchange event, showcasing high-quality development to the international market

To align with China's commitment to the high-standard opening-up of its capital markets and facilitating cross-border capital investment and financing cooperation, in June 2025, the company joined a delegation of high-quality listed companies that were organised by the Shanghai Stock Exchange to travel to London, UK, and Geneva, Switzerland, with the purpose of conducting capital markets promotion and international exchange activities.

Through various formats, including roadshows and one-on-one meetings, the company engaged in in-depth discussions with representatives from international investment banks, insurance firms, private banks, asset management institutions, wealth management institutions, and family offices. At the event, the company comprehensively demonstrated its integrated strengths and development prospects across multiple dimensions, including its robust corporate governance structure, global market footprint, and competitive advantages within the global industrial chain. This effectively communicated the vitality, resilience, and potential of the Chinese economy to the international market.





A representative from the Securities Affairs Department delivered remarks at a roadshow event in Switzerland

Talent Development

To keep pace with the globalisation of its business, the company provides diverse training programmes, such as those covering China-chic culture, foreign language learning, and diplomatic etiquette, to comprehensively empower its employees.

Case study

Organising groups visiting abroad, continuously promoting high-quality talent cultivation for opening-up

In 2025, the company organised 143 overseas visiting groups with 387 person times for business purpose to France, Italy, Switzerland, Spain, the United Kingdom, Singapore, Cambodia, Vietnam, Sri Lanka, Thailand, South Korea, Hong Kong, Macao and other places. The purposes of these visitings include procurement and ordering, overseas store tours, participation in industry conferences, brand negotiations and duty-free business research, and development of important projects, greatly effectively guaranteeing the company's foreign cooperation and exchange, deepening international cooperation in industrial and supply chains, advancing the high-quality co-construction of the Belt and Road Initiative, promoting industrial upgrading and consumption upgrading through high-quality imports, continuously meeting people's aspirations for a better life, and cultivating a high-calibre, specialised talent pool to support China's high-level opening-up.

Looking ahead, the company will actively leverage its role as an industry leader and set an exemplary standard by building closer collaborative networks, expanding into overseas markets, and accelerating the internationalisation of Chinese brands. Together with its global partners, the company will co-create a new chapter of high-quality development in the travel retail sector.

Topic 2:

Blending Traditional Culture to Craft Immersive Shopping Adventures

At Sanya's Haitang Bay in Hainan, cdf has made great efforts to create a model for integrated cultural-tourism development:

1 September 2014

Phase 1 of cdf Sanya International Duty-Free Shopping Complex, which opened on 1 September 2014, covers an area of 120,000 square metres, setting a new industry record and becoming the world's largest standalone duty-free store at that time;

In 2020

The opening of Phase 2 (Yunjie Island Project) helped achieve a complementary business mix;

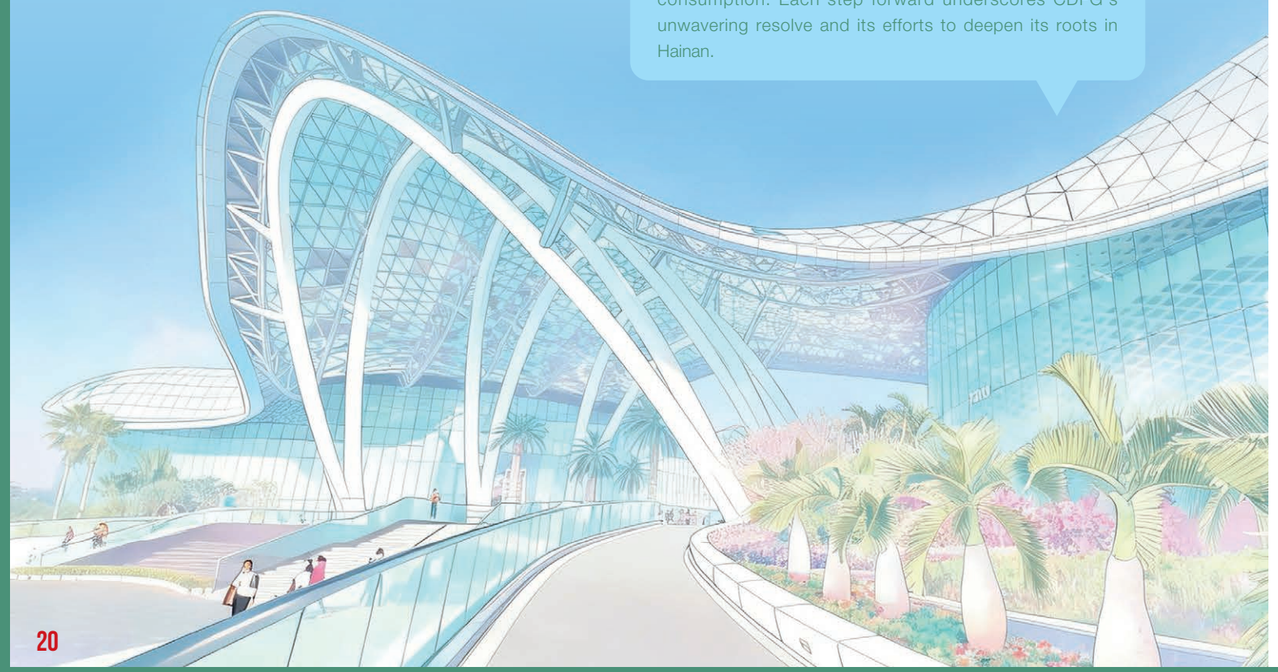
In 2023

The Global Beauty Plaza was unveiled in Zone C;

In April 2025

The complex officially attained national AAAA-level tourist attraction status.

These milestones represent not merely physical expansion and upgrading but are also innovative measures that aim to promote the development of high-quality cultural and tourism consumption. Each step forward underscores CDFG's unwavering resolve and its efforts to deepen its roots in Hainan.



Sanya International Duty-Free Shopping Complex: Evolving from Shopping Mall to Scenic Destination

The Sanya International Duty-Free Shopping Complex features three world-class architectural art complexes – the "Begonia flower", the "Shell", and the "Yacht" – connected by an iconic landmark, the Yunjie Bridge. Together, they form a uniquely designed international architectural art-themed area.

In terms of the different experiences offered, the area south of Yunjie Bridge is the "Fashion & Art Gallery", highlighting the fusion and exhibition of fashion and art. The area to the north is the "Romantic Lifestyle Retreat", emphasising relaxed and romantic leisure experiences. The complex offers global visitors highly differentiated, personalised, and diverse sightseeing landscapes along with leisure and entertainment experiences. It attracted 12.34 million visitors in 2025.



The dazzling panoramic view of Sanya International Duty-Free Shopping Complex

Case study

Expanding consumption boundaries

During the 2025 May Day holiday, Sanya International Duty-Free Shopping Complex attracted family travellers with diverse activities. It set up a "Outdoor Sports Zone" where children could participate in healthy activities such as tennis alongside their parents. The "Fun Plush Market" organised by the complex also offered children a novel entertainment experience in a cute-themed environment, immersive interactive scenarios, first releases of popular IP merchandise, Hainan speciality plush items, and unique treasure hunt games.



Case study

Shopping festival ignites new consumption vitality, crafting fresh summer shopping experiences

4 July 2025 saw the opening of the “Shop in Hainan · 2025 Fourth Hainan International Offshore Duty-Free Shopping Festival & Seventh cdf Hainan Duty-Free Shopping Festival”. The duty-free complex leveraged the peak summer tourism season to launch the “cdf Outdoor Sports Season,” attracting 11 premium outdoor brands. We created immersive family-friendly sporting scenarios, seamlessly blending duty-free shopping with parent-child tourism.



Case study

cdf Sanya International Duty-Free Shopping Complex celebrated its 11th anniversary

On 1 September 2025, cdf Sanya International Duty-Free Shopping Complex celebrated its 11th anniversary. To mark the occasion, the mall launched a series of campaigns, including the “Hainan Private Salon”, offered tenfold reward points and hosted a Koi fish lottery. With the aim of being a model for “trusted business operations and excellent services”, cdf Sanya International Duty-Free Shopping Complex continuously provides quality services and targeted activities to attract tourists. Through initiatives such as interactive “One-Day Store Manager” experiences and themed parades, we enhance brand-consumer engagement while creating a festive atmosphere. By providing generous rewards and innovative environments, the complex delivers an immersive shopping experience for consumers.



Over the past 11 years, cdf Sanya International Duty-Free Shopping Complex has evolved from a policy-driven entity to an innovation leader, transforming from a duty-free shopping landmark into a national tourist attraction. This journey has written a remarkable chapter in Hainan’s high-quality development, providing steady momentum for the construction of Hainan into an international tourism and consumption centre.

Haikou International Duty-Free Shopping Complex

Case study

Integrating oriental floral and Chinese garden aesthetics to create culturally immersive experiences

In May 2025, for the cdf Global Shopping Festival themed around flowers, the company created a New Chinese Aesthetic space inside the Haikou International Duty-Free Complex atrium, designed to reveal a unique vista at every turn. It launched a Chinese style hair-pinned flower makeup experience, offering customers a complete hair-pinned flower makeup and photography service. Drawing inspiration from traditional Chinese gardens, the company specially crafted beautiful, immersive spaces such as the Floral Charm Pavilion and the Lucky Bell Pavilion, providing photo opportunities that allowed customers to encounter oriental aesthetics while shopping.



Case study

Haikou International Duty-Free City Hosts Diverse Events Through Concerts and Anniversary Celebrations

In 2025, Haikou International Duty-Free Shopping Complex capitalised on the rising popularity of concerts (e.g., Eason Chan, Teens in Times, Hua Chenyu, Katy Perry). By collaborating with fan clubs on check-in campaigns, we effectively harnessed fan-driven economies and converted celebrity traffic. Concurrently, multi-tiered benefits—including shopping discounts, vouchers, dining coupons, transport support, and experiential privileges—drove footfall.



In July, under the theme “Pets, Love & Leisure in Haikou,” Haikou International Duty-Free Shopping Complex established Hainan’s first “Pet-Friendly Social Space.” Three themed zones and dedicated services delivered novel “pet-friendly” experiences for visitors.

As one of Hainan’s inaugural pet-friendly malls (2024), Haikou International Duty-Free Shopping Complex introduced “Pet Care Kits” (containing strollers and waste bags) and partnered with 18 F&B outlets to establish pet-friendly dining areas. Our “Pet-Friendly Charter” standardised services, elevating pets from “permitted access” only to being a “premium experience,” reflecting our humanistic care and commercial innovation.





In October, marking its 3rd anniversary, Haikou International Duty-Free Shopping Complex debuted a multi-dimensional “Carnival” interactive experience.

The atrium was transformed into a “Skyline Secret Forest” amusement park. Using “MAX Play Coins,” consumers could unlock five experiential zones—dining, beverages, games, shopping, and entertainment—shifting from “transactional shopping” to an “immersive stay.” Activities like clown parades and carnival theatres amplified recreational appeal, making duty-free shopping a memorable leisure journey.



Intangible Cultural Heritage Activities

During the 2025 Spring Festival, the first Chinese New Year following the successful inclusion of the Spring Festival on the UNESCO Intangible Cultural Heritage list, the company planned and staged a series of Spring Festival celebration activities themed "Welcoming the Year of the Snake with cdf". The events, which were based on its duty-free policy, combined aspects of traditional Chinese culture with modern-day consumer demands.

The company orchestrated a grand Spring Festival celebration across its six stores in Hainan, blending duty-free shopping with traditional Chinese culture. Through folk heritage showcases, exclusive shopping perks, and immersive cultural tourism experiences, the campaign cultivated an exuberant festive vibe, providing consumers with an unforgettable duty-free shopping experience as well as the chance to enjoy traditional Chinese culture at the same time.



Case study

Using duty-free shopping and intangible cultural heritage (ICH) activities to refresh shopping experiences for the Chinese New Year, boosting the cultural tourism market in Hainan

cdf Sanya International Duty-Free Shopping Complex designed and launched a series of events highlighting the Spring Festival. We used elements of traditional Chinese culture and transformed them into a tangible interactive experience for families. By deeply integrating ICH performances, folk custom experiences, and public welfare initiatives, we cultivated a vibrant festive atmosphere and created an immersive cultural spending experience for visitors.

On the main square, an artistic installation in the shape of a snake with the slogan "Soaring to New Heights in the Year of the Snake" attracted a large number of tourists who took photos with it as a keepsake. Moreover, carefully designed activities including fish lantern dance parades, ICH fire pot shows, fire knife craftsmanship displays, traditional Chinese music and Chinese-style live performances were staged to allow locals and tourists to experience the festival atmosphere up close.

We also set up five ICH handicraft experience zones – one for calligraphy, sugar painting, paper-cutting, lacquer fans, and rubbing prints, respectively – which were popular among visitors from all age groups. These handicraft activities allowed families to enjoy joyful festive moments beyond shopping.



During the Chinese New Year holiday, cdf Sanya International Duty-Free Shopping Complex welcomed a total of

520,000
visitors

On the seventh day of the Chinese New Year, the complex received over

84,000
visitors

Vibrant festival celebrations extend beyond cdf Sanya International Duty-Free Shopping Complex:

Haikou

cdf Haikou International Duty-Free Shopping Complex curated a series of Spring Festival celebrations rich in festive traditions under the theme "Welcoming the Year of the Snake with cdf". The event featured traditional festive merchandise, limited-edition spirits, folk calligraphy, and debut premium products from our proprietary brand "CDF Health". The complex held various activities, including traditional cultural parades, auspicious lion dance ceremonies, and a "God of Wealth" procession that created a New Year's fair ambience, delivering an unforgettable festive experience.





Xi'an

At cdf Xi'an Downtown Duty-Free Shop and cdf Xi'an Departure Duty-Free Shop, staff greeted customers in Tang-style costumes while offering complimentary costume experiences, and traditional pastries and beverages were provided for sampling.



Xi'an Departure Duty-Free Shop



Xi'an Departure Duty-Free Shop

Hong Kong

DUTY ZERO by cdf at Hong Kong International Airport distributed spring couplets designed by emerging local artist Ho Wai-lam (何炜霖), conveying sincere blessings through calligraphy and promoting fine traditional culture.







Macau

cdf Macau Grand Lisboa Palace Shop organised "Welcoming the Year of the Snake Couplet Writing" activities so that visitors could experience the festival through brushwork. It also participated in Macau's iconic Chinese New Year Float Parade at Sai Van Lake Square on the third day of the lunar new year, adding its own flair to the celebrations.



Cambodia

During the festival period, four cdf stores in Cambodia launched "New Year Fortune Draw" activities, sharing auspicious Chinese blessings in creative ways and drawing extensive customer engagement.



Moving forward, the company will continue to optimise its business model and pursue experiential innovation. We are fully committed to building a premium platform that integrates "dining, accommodation, transportation, sightseeing, shopping, and entertainment" to offer a holistic travel experience.

01

Principles of Governance

28 Robust Governance System for Long-term Stable Operations

38 Enhancing Risk Management and Internal Controls, and Upholding Business Ethics

44 Enhancing Information Security and Implementing Privacy Protection

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

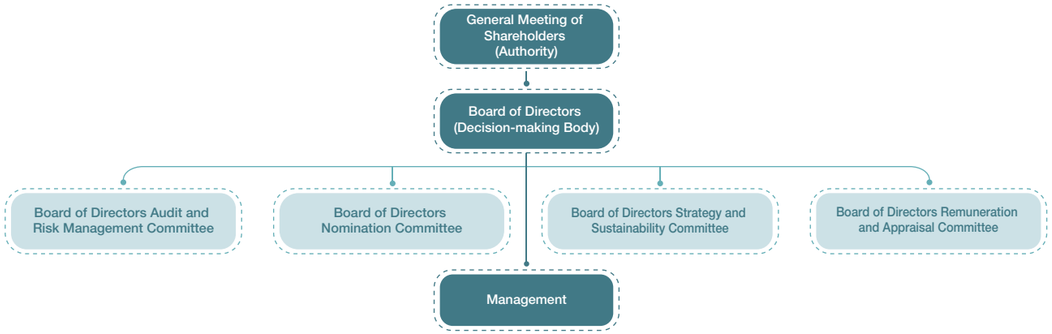


Robust Governance System for Long-term Stable Operations

Corporate Governance

Robust Governance System

The company has established a governance system consisting of the Party Committee, General Meeting of Shareholders, the Board of Directors, and the Management with a clear division of authority, responsibilities, and regular operations. The Party Committee plays a leading role in "setting the direction, managing the overall picture, and ensuring implementation", performs decisive or directional oversight duties in major decision-making processes, and implements the decisions and plans made by the CPC Central Committee and national development strategies. The General Meeting of Shareholders represents the decision-making authority, exercising its power in accordance with the law. The Board of Directors plays the role of "setting strategy, making decisions and preventing risks", exercising decision-making power on major operating management matters of the company in accordance with legal procedures and the "Articles of Association", and enhances management and supervision of the executive management team. The executive management team serves as the company's executive body, exercising powers in accordance with the "Articles of Association" and the authorisation of the Board, responsible for operation, implementation, and administration. The Board of Directors carries out its work strictly with the "Articles of Association" and the "Rules of Procedure of the Board of Directors". Four special committees, namely the Strategy and Sustainability Committee, the Audit and Risk Management Committee, the Remuneration and Evaluation Committee and the Nomination Committee, have been set up under the Board of Directors to provide consultation and advice to the Board on significant decisions. In 2025, the company convened 4 shareholder meetings (including one each for A-share and H-share holders) and 7 board meetings. The special committees of the board of directors held 16 meetings in total. Among these meetings, the Board of Directors Strategy and Sustainability Committee held 2 meetings in total.



CTG DUTY-FREE has formed a corporate governance system based on the "Articles of Association" and concerning the "Rules of Procedure of the General Meeting of Shareholders", the "Rules of Procedure of the Board of Directors", and the "Rules of Work of the General Manager" in accordance with the requirements of the Company Law and the Code of Governance for Listed Companies. During the reporting period, the company established and refined its "1+N" corporate governance system. It made high-quality revisions, including the "Articles of Association", the "Rules of Procedure of the General Meeting of Shareholders", the "Rules of Procedure of the Board of Directors", the "Independent Director System", and the rules of procedure for special committees, thereby strengthening the foundation of corporate governance.

We continued to enhance the operational mechanisms of the Board, optimised the Board's composition, actively promoted Board member diversity, and leveraged the effectiveness of special committees, with a view to substantially improving the quality and efficiency of decision-making.

We are committed to cultivating a professional and diverse Board of Directors that aligns with the strategic positioning of the company as a world-class tourism retail enterprise. As of 31 December 2025, the company's Board comprised eight directors, including two female directors, representing 25% of the board of directors. Three independent directors are mainly drawn from first-class universities, research institutes and think tanks. They have held important positions in large state-owned enterprises, financial enterprises, and accounting firms, and they possess strong professional qualifications and experience in financial audit, legal risk control, new retail, and digital transformation. Their presence enhances the diversity and complementarity of the company's Board in terms of the members' experience and capabilities.

All directors have a term of three years, and accessible for re-election when their term of office expires, if eligible. Independent non-executive directors are not allowed to hold the position for more than six consecutive years. In terms of educational background, 3 directors have doctorate degrees, 4 have master's degrees, and one has a bachelor's degree.

The directors have a balanced mix of knowledge and skills. They obtained degrees in various areas and possess experience from different industries and sectors. The current Board is characterised by significant diversity in terms of skills, experience, knowledge, gender, age and other areas, in compliance with the requirements on Board diversity.

The company's senior management consists of 8 executives, including 2 female executive, representing 25% of senior management personnel.

Professional backgrounds of Board members

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

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



CTG DUTY-FREE Sustainable Development Governance Structure

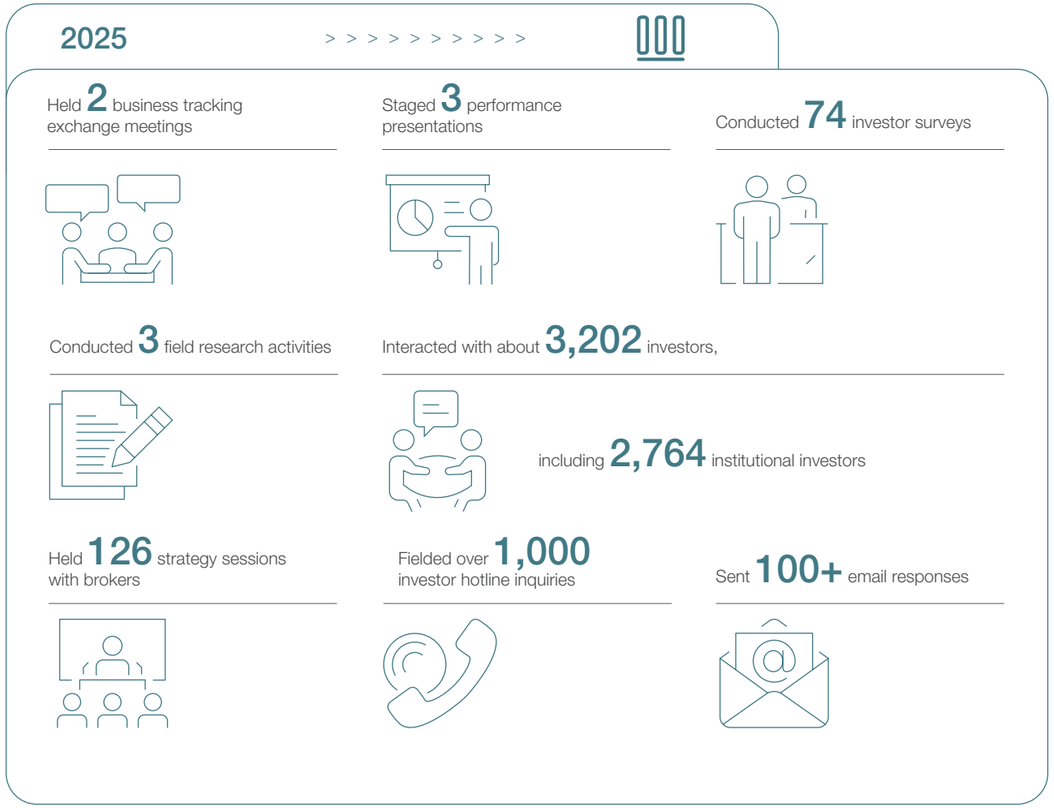
Information Disclosure

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

As an A+H listed company, CTG DUTY-FREE has been addressing the differences in capital market regulatory concepts and rules between the A-share market and the H-share market. The company follows the principle of "early start, frequent communication, and focus on quality and efficiency" to optimise its system for regular reporting, announcements, and key information disclosure, and to regulate related-party transactions, dividend planning and other details. In line with SASAC's requirements for enhancing the quality of listed central enterprises, the company prioritises investor needs by innovating disclosure content and formats and continuously improving transparency and granularity.

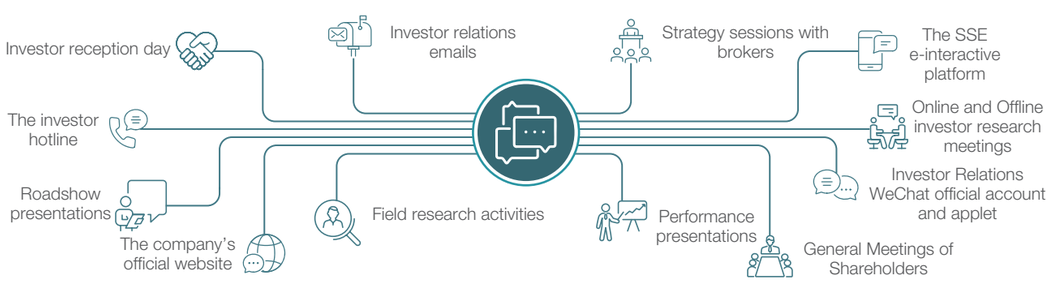
Investor Relations

The company strictly complies with the *Company Law*, the *Securities Law*, the *Listed Company Investor Relations Management Guidance* and other laws and regulations. To improve corporate governance, deliver greater overall value and protect investor rights, in 2025, the company revised the "Investor Relations Management System", actively responded to market demand, and carried out a series of appealing, multi-tiered investment activities for the capital market and investors.



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

Diversified Communication Mechanism



Case study

cdf successfully hosts the 2025 Investor Open Day

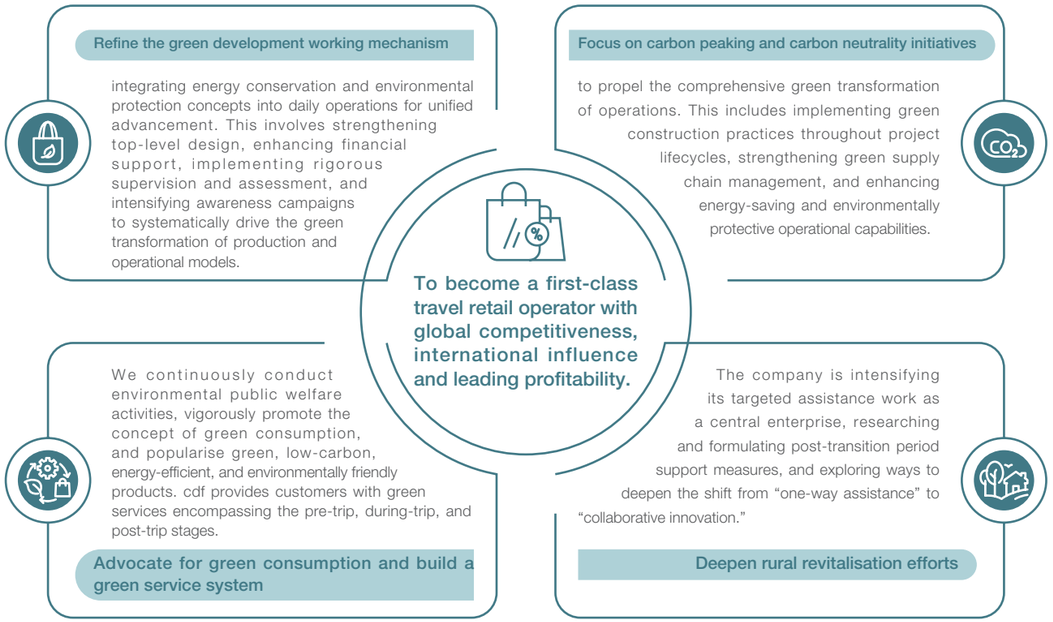
On 28 November 2025, to enhance capital market understanding of cdf's value, the company hosted its 2025 Investor Open Day under the theme "Riding the Tide, Embracing the Ocean". The event attracted over 300 participants, including sovereign wealth funds, public funds, private equity funds, and individual investors, who collectively explored the company's new development opportunities under the Hainan offshore duty-free policy.

During the site visit, investors conducted their first on-site inspection of the construction site and showroom model of Sanya International Duty Free Shopping Complex Phase III project, and also visited Phase 1 project. The itinerary included flagship brand boutiques, the membership service zone, and cdf Health among multiple settings.

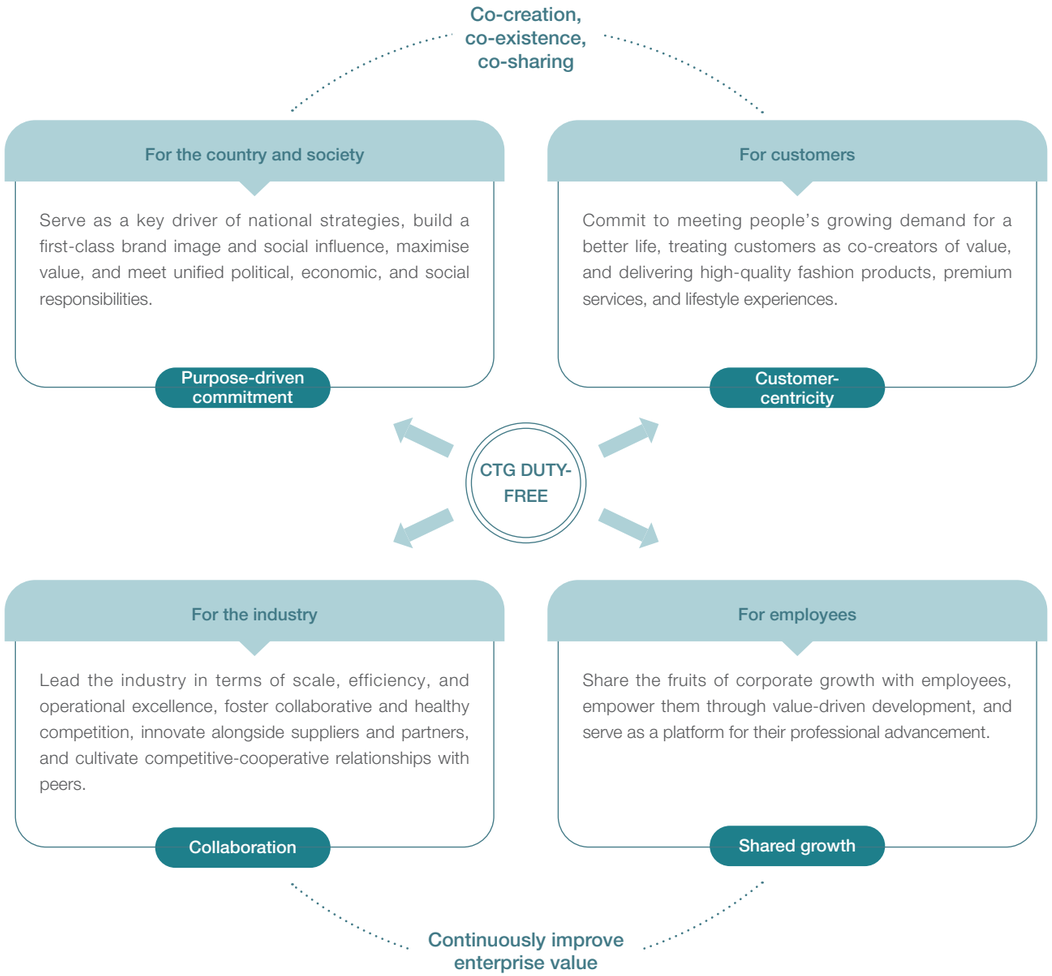


Sustainable development strategy

CTG DUTY-FREE strategic vision and strategic objectives



Strategic positioning



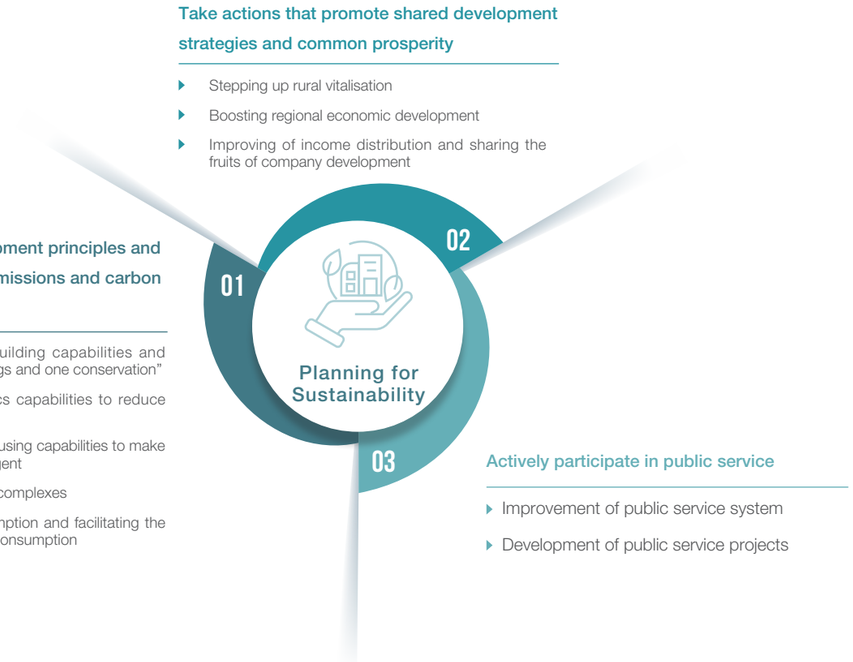
Sustainability Targets

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



Planning for Sustainability

With high-quality development as our core direction, we have implemented the five development concepts of "innovation, coordination, going green, openness and sharing". CTG DUTY-FREE actively fulfils its social responsibilities as a central state-owned enterprise, and we are preparing for a new stage of development under the direction and goals of medium and long-term and are striving to achieve these goals.



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

Hang Seng (China A) Corporate Sustainability Benchmark Index ("HSCASUSB")	FTSE4Good Index Series
Hang Seng Stock Connect China A ESG Leaders Index	CSI 800 ESG Benchmark index
Hang Seng Stock Connect China A ESG 50 Index	CSI ESG 300 Growth Index
Hang Seng Stock Connect China A 300 ESG Index	CSI Huaxia Bank ESG Index
Hang Seng Stock Connect China A 300 ESG Enhanced Index	CSI 300 Carbon Neutrality Index
Hang Seng SCHK China Central Central State-owned Enterprises (SOEs) ESG Leaders Index	SSE 50 ESG Index
Hang Seng SCHK China Central SOEs ESG 40 Index	SSE 180 ESG Benchmark index

CTG DUTY-FREE's 2025 ESG performance and 2026 ESG targets

Sector	Achievement of 2025 ESG targets	2026 ESG targets
Green office	• Continued to advocate energy conservation and emissions reduction, and improved green operations management capabilities and energy efficiency • In 2025, the company strictly complied with laws and regulations related to energy conservation and ecological environment protection, and there were no major violations or mass incidents. It was not punished or reported by environmental protection departments at all levels, and the level of environmental compliance remained good	• Continue to advocate energy conservation and emissions reduction, and improve green operations management capabilities and energy efficiency • Avoid major incidents involving energy conservation or environmental protection violations and avoid penalties or notifications from environmental protection authorities
Green building	• Haikou International Duty-Free Shopping Complex (Block No.1) obtained 2-star Green Building certification, LEED Gold certification • Haikou International Duty-Free Shopping Complex (Block No.4) obtained 2-star Green Building pre-certification • Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project obtained 2-star Green Building pre-certification • Sanya International Duty-Free Shopping Complex Phase 3 Project obtained WELL platinum pre-certification mid term, LEED platinum pre-certification • Increased the use of renewable energy, China Travel Building (formerly Haikou International Duty-Free Shopping Complex (Block No.1) has built rooftop photovoltaic and car shed photovoltaic power generation facilities • The under-construction Sanya International Duty-Free Shopping Complex Phase 3 Commercial Project has approximately 18,000 square meters of photovoltaic installed on the roof • Worked with brand partners to apply for LEED certifications: added 1 LEED platinum certification and 2 LEED gold certification	• Follow green building standards in new construction projects and apply for green building certifications • Continue to promote energy-efficient transformation of existing facilities • Actively explore the use of new energy sources • Facilitate brand partners to obtain LEED certification
Operational safety	• The company revised the safety production responsibility system for all employees, clarifying the safety production responsibilities of the company's leadership team, various departments, and positions • 100% coverage of operational safety responsibility, signing 86 "Responsibility Letters for Achieving Safety and Environmental Protection Goals" with various departments and affiliated enterprises, and all employees signing "Safety and Environmental Protection Responsibility Letters" • Held 1,385 training sessions including external safety specialist training, safety production knowledge and skills, new employee onboarding training, fire protection, anti-terrorism, construction safety, occupational health, typical accident case warning education were organized, with 75,400 participants • Spent a total of CNY37.14 million in operational safety in 2025 • No production safety accidents, hazardous incidents, or other safety and environmental accidents that have caused serious social impacts happened, and no casualties or significant property losses have occurred	• 100% coverage of operational safety responsibility • 100% coverage of operational safety inspections (for all places) • 100% coverage of operational safety training (for all staff) • No safety accidents and no work-related fatalities throughout the year • Continue to enhance automation and smart operations to empower operational safety • Guarantee investments in operational safety
Employees	• Completed the re-election for our headquarters trade union committees in accordance with established policies, and convened three sessions of the workers' representative congresses which safeguard our employees' rights to be informed, to participate, to express, and to supervise • Spent a total of CNY232 million in employee welfare • Carried out more than 1,000 key training projects, with a total of 160,000 participants; and total training hours; exceeded 788,500 hours; and on average, each employee participated in 55 training hours	• Guarantee employee rights and interests • Caring for employees, providing employee benefits • Guarantee investments in employee training • Guarantee investments in launching training activities • Continue to diversify training courses
Anti corruption advocacy	• Conducted onboarding integrity training for 100% of new leaders • Carried out 7 anti-commercial bribery and anti-corruption trainings for all employees, 3 anti-commercial bribery and anti-corruption trainings for Managerial employees, and one anti-corruption training for directors and supervisors, including independent directors, with a training coverage rate of 100%	• Conduct onboarding integrity training for 100% of new leaders • Conduct onboarding integrity training for 100% of new joiners • Achieve a 100% coverage rate in annual anti-corruption training
Public services	• Invested CNY16.88 million in non-reimbursable assistance funds, mobilised CNY10.05 million in various types of support funds, donated school uniforms worth about CNY0.6 million • Supervised our employees serving as temporary cadres in Menglian county and Ximeng county, Yunnan province on the implementation of 16 support projects across the five pillars: industrial revitalisation, talent revitalisation, cultural revitalisation, ecological revitalisation, and organisational revitalisation • leverage the company's influence in supply chain, collaborate with multiple partners, and explore the path of innovation and green sustainable development from brand merchants to consumers • Actively participate in environmental protection, education, community activities and other public welfare undertakings	• Increased the company's support for key targets, with a view to improving rural industries, rural infrastructure, and rural governance • Closely monitor and respond to community and societal needs

Stakeholder Communication

Stakeholder Communication Mechanisms

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

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

Double Materiality Assessment for Sustainability Topics

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

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

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

Identify the topics and form a database

01

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

Communication and survey with stakeholders

02

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

Engaging with key stakeholders and experts

03

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

Topic confirmation and approval

04

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

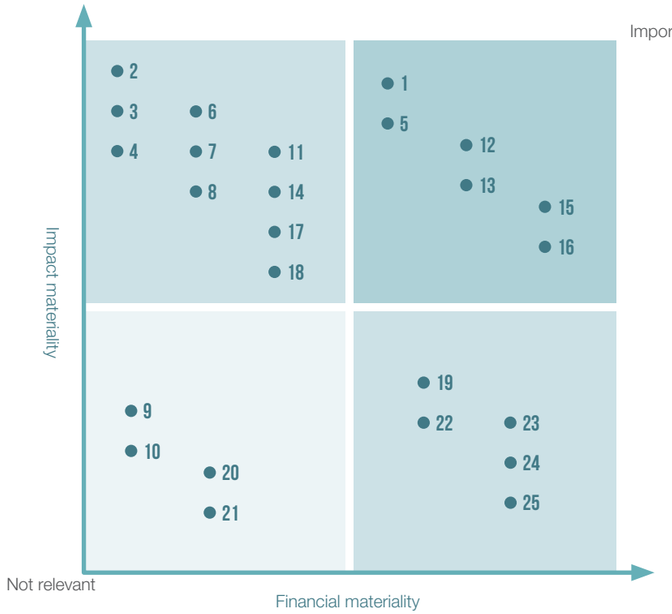
Review and continuous follow-up

05

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

CTG DUTY-FREE's double materiality topics database

The company assesses the double materiality of sustainability topics from the two dimensions of "financial materiality" and "impact materiality". Based on an effective selection from the database and sufficient stakeholder engagement, the company has depicted a materiality assessment matrix and finally identified 7 topics of both financial materiality and impact materiality, 14 topics of only impact materiality but not financial materiality, and 4 topics that are neither of financial materiality nor of impact materiality.



CTG DUTY-FREE's double materiality topics matrix

Financial materiality Impact materiality

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

Note: The name of sustainability topics has minor revision in 2025.

Enhancing Risk Management and Internal Controls, and Upholding Business Ethics

Risk Management

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

Risk Management-related Governance Structure

Board of Directors	The Board of Directors is the leadership group responsible for the company's overall risk management, and is responsible for overseeing and supervising the company's risk management to ensure its overall effectiveness.
Audit and Risk Management Committee under the Board of Directors	Risk, internal control, and compliance responsibilities have been incorporated into the duties of the Audit and Risk Management Committee under the Board of Directors to refine the risk management corporate governance structure.
General manager	The company's general manager is responsible for guiding the company's overall risk management, approving risk management matters subject to its authorisation, and authorising the company's leads in charge to be responsible for organising and promoting risk management.
Leads in charge of risk management	The company's leads in charge of risk management preside over the daily work of comprehensive risk management. They are accountable to the general manager, and they exercise their risk management duties subject to the general manager's authorisation.
Departments in charge of comprehensive risk management	The departments in charge of comprehensive risk management are the Legal and Risk Control Department. They are responsible for constructing and operating the comprehensive risk management system; organising, coordinating, supervising, and inspecting risk management; and evaluating the effectiveness of subsidiaries' risk management. They provide professional advice for the company's major risk decisions.

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

The company performs an annual assessment of material risks based on two dimensions: the possibility of risk and the magnitude of impacts.

- The first objective is to establish the risk classification of each business, fully apply the results of risk loss event analysis, internal control supervision and inspection, quantify the relevant criteria for risk analysis, and form a panoramic risk list for each business through bottom-up aggregation of risks.
- The second objective is to further deepen and expand the study of risk early warning indicators, the key business areas are selected, and the selection of industry indicators and the design of early warning thresholds are studied from both quantitative and qualitative aspects to form a holistic risk early warning indicator applicable to the company. Starting from the existing system of early warning indicators for risk, the company has been optimising and refining how indicators and early warning thresholds are set, and cooperating with the risk management system that achieves daily, full coverage, and visual management of operational risks across all the company's important sectors.
- The third objective is to evaluate the probability and impact of each risk according to specific risks in the risk database. The evaluation team comprises the company's management, various departments, and key subsidiaries. Ultimately, the team determines the risk priorities for the coming year based on the comprehensive assessment, and response plans are devised for the top 10 risks. The company monitors and tracks its risk response on a quarterly basis to improve its risk response capabilities.

In 2025, we continued to strengthen significant risk monitoring to identify relevant changes. For significant risks identified at the beginning of the year, we continuously tracked and assessed them on a quarterly basis and adopted a checklist-based management approach. By updating our risk registers and reviewing changes in the external environment, we identified potential operational risks and ensured that every identified significant risk was being monitored and controlled on an ongoing basis. In addition, we accelerated the development of our tiered and categorised risk management system at the subsidiary level, which enables us to conduct systematic assessments based on the nature of their business, as well as their risk management capabilities and risk performance. For six Class A subsidiaries, we have put in place an early warning framework comprising 91 key indicators spanning operating performance, financial position, inventory, compliance, safety, and environmental protection. We monitor these indicators on a quarterly basis to identify risk trends and patterns and potential risk points, which informs our design of timely preventive measures.

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

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

Deepening and expanding the study of early warning indicators for risks

In order to further improve the company's risk quantification capabilities and enhance the scientific and practical design of early warning indicators for risks, the company has carried out a re-inspection of early warning indicators for risks for the headquarters, starting from its business objectives. Based on a retrospective analysis of historical tracking data, we have optimised and refined the existing indicator system. At the same time, key subsidiaries have been selected to serve as pilot entities in our effort to actively extend early warning and monitoring of risks to key third-level enterprises.

In 2025, the company actively advanced the digitalisation of risk management. By integrating with the company's platform development, we achieved online and visual presentation of risk information of key subsidiaries. This enhances the clarity of risk analysis and strengthens data-driven decision-making, transitioning our risk management approach from experience-based to data-driven, with risk governance precision and proactivity being elevated.

Strengthening risk event handling

In order to properly prevent and resolve the major business risks of the company and its affiliated enterprises, a comprehensive investigation of risks and hidden dangers was organised in 2025. The company thoroughly investigated risk events in the business areas of the headquarters and affiliated enterprises, and the causes of risks were analysed in depth. We formulated disposal and resolution measures to properly prevent and resolve major business risks and continuously improve the company's business management capabilities.

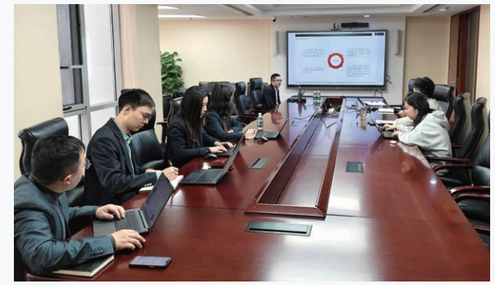
Conducting specific training on risk compliance topics and cultivating a risk management culture

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

Case study

Specific Training on "Ensuring Compliance and Preventing Legal Risks When Trading State-Owned Assets"

In March 2025, we conducted a specific training on "Ensuring Compliance and Preventing Legal Risks When Trading State-Owned Assets", with both in-person and virtual attendance options. The training was delivered by a partner from Zhong Lun Law Firm. To enhance our employees' legal awareness, the session addressed typical legal risks associated with the trading of state-owned assets, tailored to our governance, business model, and the industry in which we operate. A total of 130+ relevant staff members from CDF Investment Development, the Sanya Downtown Store, and the Xinhaigang Store attended the training.



Case study

Promoting the Spirit of the Constitution and Strengthening the Foundations of Compliance – Launching Our Promotional Campaign to Observe National Constitution Day in 2025

To mark National Constitution Day in 2025, in December, we conducted a series of promotional activities themed "Studying, Promoting, and Implementing Xi Jinping Thought on the Rule of Law and Raising Our Understanding and Awareness of the National Constitution". During the campaign, constitution-themed exhibition panels were on display in the central areas of our office buildings. In an innovative manner, we integrated key constitutional principles into our compliance requirements for duty-free operations, delivering the key message that "the national Constitution is essential to law-based operations". In doing so, we effectively incorporated the spirit of the national Constitution into our employees' daily work routines.





Law Safeguards Life in All Stages (《法护一生》), a promotional film about the national Constitution, was broadcast on loop via digital screens in the lobby on the first floor and the canteen on the second floor of the company's premises. All departments were organised to view the film through staggered scheduling.

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

Internal control management

In accordance with the *-Basic Standards for Enterprise Internal Control, the Application Guidelines for Enterprise Internal Control*, the Guidelines for *Corporate Internal Control Assessment* and other regulations, the company has formulated the "Management Measures on Internal Control". A robust internal control system is essential to our corporate governance and key to preventing and managing risks and maintaining compliance. Based on this principle, we have established a positive cycle whereby we use sound internal control policies and processes to effectively manage risks and identify potential improvement opportunities.

We place a high priority on developing a robust internal control system, which we consider essential to preventing potential significant risks. We mandate management at all levels of entities across the company to fulfil their primary responsibilities and integrate internal controls into their strategic planning, operations governance, and oversight process. With the Legal and Risk Control Department leading and coordinating the efforts, we have developed a dual internal control structure – centralised planning and oversight at the headquarters level and decentralised implementation at the subsidiary level. In this way, we have advanced a vertically integrated internal control system that clearly assigns roles and responsibilities at each level.

The company has established a management and organisational system for internal control comprising the Board of Directors, Operating Department, Internal Control Construction Department, Internal Control Operations Department, and Internal Control Supervision Department. For internal control management, the company adopts a system of "centralised leadership and hierarchical responsibilities", which combines the comprehensive management of internal control supervision and management departments with the professional management of functional departments. According to the relevant regulatory provisions, the company formulated the "Management Regulations on Rectification of Issues Identified in Internal Audits". These regulations aim to standardise relevant rectification processes, strengthen the implementation of audit rectification, and improve the effectiveness of audit oversights. They also seek to clarify rectification responsibilities, rectification procedures, result identification, supervision and inspection, responsibility constraints, and result implementation, while improving the internal audit system.

The company have initiated the systematic construction of an internal control system, conducted risk analysis and diagnosis of business processes throughout the system, urged relevant units to implement rectifications according to the risk diagnosis report. We also embed own requirements on risk management and control into specific control points and maps specific responsibilities to information in the risk database. In this way, we ensure that the company's internal control lists and programmes and internal control system are vertically linked and horizontally consistent. Using the system, we can generate useful management tools, such as a practical internal control manual that reflects the company's business reality, as well as risk control blacklists and whitelists. Additionally, the company implements the internal control evaluations and prepares the "Internal Control Evaluation Report" annually, which is disclosed on the SSE website concurrently as the Annual Report.

In 2025, our Audit Department fully implemented the national strategic decisions and plans regarding audit work and fulfilled its supervisory responsibilities in accordance with the law. They achieved significant achievements in promoting policy implementation, standardising the exercise of power, preventing and mitigating risks, and deepening reforms. Throughout the year, they strictly carried out our annual audit plan, with an increase in both audit scope and frequency, providing robust support for compliant operations.

The department consistently prioritises remedial actions and coordinates efforts to develop effective, actionable remedial plans based on internal and external audit findings. This helps enhance governance standards and address control weakness or deficiencies across audited units. In 2025, based on audit findings, we established itemised remedial plans with detailed corrective actions, timelines and accountability assignment. Through rigorous monitoring, we ensured closed-loop resolution of issues and timely completion of all corrective actions within reasonable deadlines. For several subsidiaries, we ordered immediate corrective actions, reflecting the effectiveness of our internal control enhancements. Furthermore, we strategically leveraged the remedial process to drive systemic improvements, incorporating recurring issues into our policy revisions and process optimisation initiatives. This approach successfully established preventive mechanisms to avoid recurrence of similar issues.

Our Audit Department rigorously enforced accountability and put in place controls to safeguard state-owned assets. Through robust internal controls, they effectively drove the fulfilment of roles and responsibilities and enhanced compliance awareness and a sense of responsibility among management at all levels. This helped create a clean and transparent business environment for the company.

While fulfilling their supervisory responsibilities, they also proactively expanded their service functions. By accurately identifying and disclosing risks in audit reports, and suggesting risk management measures, they provided critical insights for company-wide decision-making and operational improvements. Moreover, they played a key role in the non-merchandise procurement review process, effectively shifting risk control to earlier stages. This proactive approach produced notable results in terms of reducing procurement costs and enhancing resource utilisation efficiency.

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

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

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

Compliance management

Compliance serves as a cornerstone for the company's sustainable growth. To enhance lawful and compliant operations whilst meeting compliance risk mitigation requirements, we have put in place the "Compliance Management Measures" to continuously strengthen our compliance policies and processes. We require that every key third-tier affiliate set up a Compliance Committee, which is responsible for reviewing and implementing key rule of law and compliance programmes. By ensuring law-based business operations, management, and governance, we aim to create a vertically integrated compliance governance structure across the organisation. In May 2025, we officially appointed a Chief Compliance Officer and established a total of 144 Compliance Officers, covering all key areas and critical departments across the headquarters and its affiliates.

In accordance with our Annual Compliance Review Plan, we conducted and completed our annual compliance review for all business units in 2025. Covering both the headquarters and its affiliates, our annual compliance review identified 36 compliance risk items. For each identified risk item, we are systematically tracking and monitoring the implementation status of the relevant remedial actions.

We have put in place specific channels for reporting cases of non-compliance across all levels of the organisation. We have released the "Policy for Reporting Non-Compliance", along with detailed guidance on how to report and resolve cases of non-compliance. We have received, resolved and closed 13 reported cases of non-compliance since releasing the policy. We have also established a specific non-compliance database which enables us to share risk alerts or indicators with relevant departments, ensuring timely follow-up and preventive actions.

Anti-money laundering (AML)

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

We have put in place the "Supervision and Management Measures for Preventing and Combating Smuggling Activities Exploiting Duty-Free Shopping Policies (Trial Implementation)". Working with Customs to combat the practice of the "reselling duty-free goods", CTG Duty Free makes efforts to raise the legal and compliance awareness of consumers by informing them of the consequences of such practices and strengthening self-supervision.

Anti-Bribery and Anti-Corruption

We strictly adhere to the *Company Law* and the *Prevention of Bribery Ordinance*. We have put in place the "Methods for Evaluating Clean Business Practices in Personnel Selection and Appointment", as well as processes to supervise its implementation at the company and subsidiary levels.

System and Mechanisms

The company has formulated a supervisory and management system covering its headquarter and affiliated companies and established a leading group and a coordinating group for upholding anticorruption. The anti-corruption leading group convened two meetings during the year to study and analyse the development of anti-corruption Party building, anti-corruption trends, and the ecosystem of corporate politics, and then draws up work plans. The coordinating group comprises Disciplinary Inspection, Audit, Inspection, the Party Office, the General Office, Human Resources, Finance, and Legal, among other departments, held one meeting during the year. They coordinate the supervision of all parties to enhance supervisory effectiveness in accordance with the working rules. The company has formulated the Implementation Plan for the Comprehensive Oversight System 2025, with oversight by the Party organisation at the core, to coordinate all oversight functions, achieve coordinated oversight and concerted management, strengthen integrity risk mitigation efforts, and enhance the mechanisms and systems for governance.

Reporting Mechanisms

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

Dedicated Supervision

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

Advocacy against corruption

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

In 2025, the company concluded one corruption lawsuit, and no corruption-related violations occurred during the year. The number of effective corruption reports received was 0.

Anti-unfair competition

The company strictly abides by the *Anti-monopoly Law of the People's Republic of China* and the *Law of the People's Republic of China against Unfair Competition* and other laws and regulations. We participate in fair market competition according to business ethics and market rules and forbid commercial bribery. The company is fully committed to implementing relevant legal provisions, including prohibitions on entering into the arrangements with competitors that have a detrimental competitive effect, or arrangements with distributors, customers, and suppliers that may harm competition and consumer rights, and prohibitions on abuse of market dominance. We continuously optimise the company's anti-bribery mechanism to ensure its effectiveness. We are earnest in conducting self-examinations and self-rectifications, and we do not violate any laws, regulations, business ethics or market rules in business activities or engage in any unfair trading practices that undermine fair competition. At the same time, the company is steadily integrating the concepts and values of anti-unfair competition into the daily behaviour of its employees. The company continues to attract consumers by engaging in trusted business operations and providing excellent services, and we continue to promote anti-corruption, anti-monopoly, and human rights protection initiatives in relation to our suppliers.

Case study

Specific Training on "Preventing Unfair Competition Risk and Protecting Our Legal Rights"

In December 2025, we conducted a specific training session titled "Preventing Unfair Competition Risk and Protecting Our Legal Rights", with both in-person and virtual attendance options. Delivered by a partner from JunHe Law Firm, the session provided in-depth insights into how to determine and identify typical infringement activities in the duty-free retail industry, including trademark confusion, commercial defamation, false advertising, and data-related unfair competition. It systematically addressed topics including how to align pre-incident compliance processes with business scenarios, how to build a robust early warning mechanism, and how to respond to acts of unfair competition when they occur, including suggested procedures for evidence preservation (both online and offline) and emergency handling protocols. Approximately 100 participants from our headquarters and affiliates attended the training session, including professionals in legal affairs, risk management, compliance, marketing, branding, e-commerce, and business units.



Intellectual Property Right (IPR) Protection

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

Case study

Specific Training on "Identifying Trademark Infringement Activities and Protecting Trademark Rights"

In September 2025, we organised a specific training titled "Identifying Trademark Infringement Activities and Protecting Trademark Rights". Delivered by legal experts from JunZeJun Law Offices, the session focused on key aspects of trademark management and protection throughout the trademark lifecycle, including an introduction to trademarks and trademark rights (exclusive rights and registered trademarks) and identification of trademark infringement activities, legal consequences of these activities and legal remedies. All relevant personnel from our headquarters and affiliates, spanning functions such as legal affairs, risk management, compliance, marketing, branding, e-commerce, as well as business units, were required to attend the training session.

As of 31 December 2025, the company had obtained the following intellectual property rights:

Number of IPRs, such as trademarks and copyrights	Number of valid Patents
108	19

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

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

Case study

The company has been granted two patents, further solidifying its technological competitive advantage in the industry

On 19 December 2025, the company's independently developed "graphical user interface for consumption data statistics and visualisation analysis display of electronic devices" and "graphical user interface for visualisation analysis display of warehouse logistics information of electronic devices" successfully obtained patent authorisation from the National Intellectual Property Administration (CNIPA). These patent grants not only demonstrate the company's continuous innovation capabilities but also further solidify its technological competitive advantage and leading position in the industry.



Enhancing Information Security and Implementing Privacy Protection

Governance

In terms of information security, according to relevant laws and regulations, including the *Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Regulations on Protecting the Security of Critical Information Infrastructure*, and the *Administrative Measures for the Multi-level Protection of Information Security*, we have developed a system of cybersecurity policies.

We have established a clear organisational structure with defined responsibilities – the Cybersecurity & Informatisation Steering Group and the Cybersecurity Department. We have also implemented a mature, standardised, multi-level data security incident reporting mechanism, which defines the vertical path and frequency of reporting from operational personnel to management:

The reporting process includes:

- emergency activation
- reporting to management
- escalation to the Steering Group
- regulatory notification, etc.

Reporting frequency:

- At least one report to management every six months;
- At least one report to the Steering Group annually; and
- Ad hoc reports driven by incidents or audits.

Additionally, we emphasise the requirement for immediate reporting in critical situations to ensure the company can effectively manage data security risks, meet compliance requirements, and provide reliable support for business development.

In terms of data security, the company has established a three-level organisational leadership system and has reinforced the responsibilities of each level based on the 2025 annual goals. The system includes:

- Project Steering Group;
- Project Owner; and
- Cloud Resources Team, Development Team, and Business Team.

The Cloud Resources Team consists of personnel from China Telecom, while the Development Team and Business Team are made up of company personnel. The company continues to deepen the construction of the innovation consortium data platform and has jointly developed the CTG Duty Free Big Data Cloud Platform R&D project (中旅免税大数据云平台研发项目) with China Telecom Cloud Technology Co., Ltd. In 2025, the platform was continuously optimised and upgraded to enhance query performance, improve data warehouse integrity, finish dashboard development, and enable natural language interaction.

As online business develops, the company places great importance on achieving a high-level balance between data security and data value extraction. According to the Group's *Administrative Measures for Research and Development Projects (Trial)*, the company strengthens the security management of R&D information, with a particular focus on ensuring the security of large model parameters, user profiles, and related data.

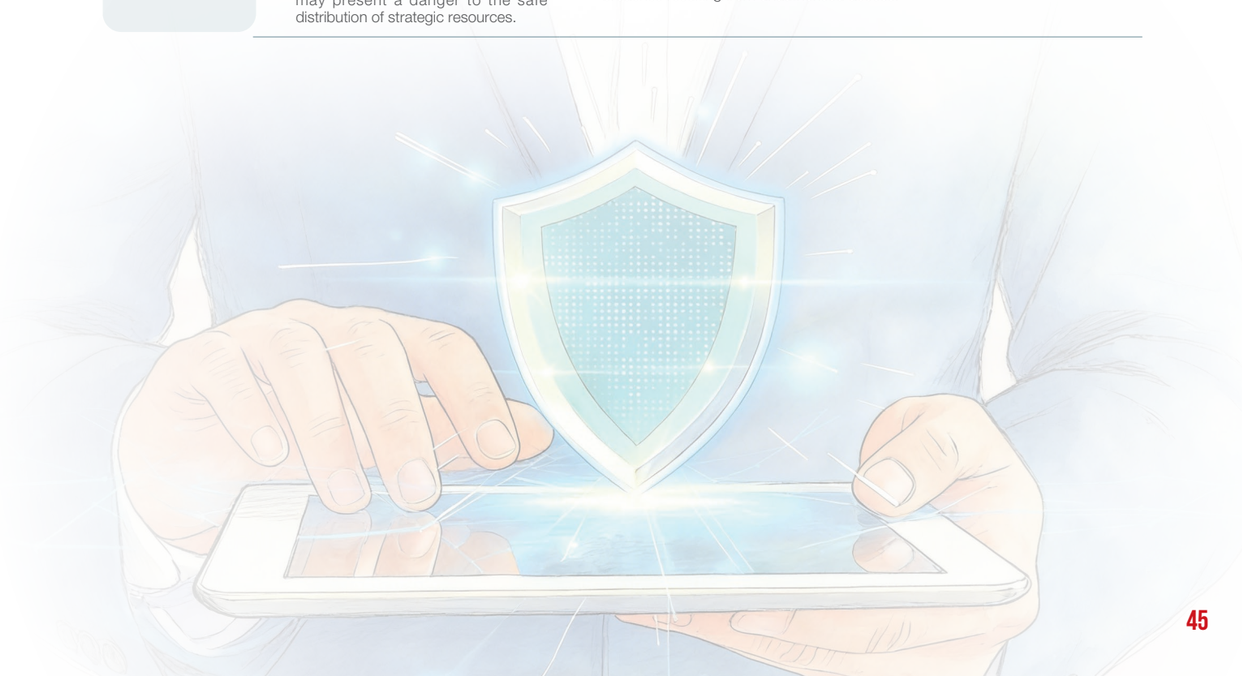
To respect and protect customer privacy, we strictly abide by the *Personal Information Protection Law* and other laws and regulations, and develop our own policy documents such as the "CDFG Privacy Policy", the "Privacy Protection for Customer Services" and the "Checkpoints for Customer Services". The company updated its customer privacy policy, which is available to consumers and other stakeholders on its website (http://www.ctgdutyfree.com.cn/p/yinsizhengce.html).

Development of information and data security systems

The company and affiliated companies have established and improved various cyber and information management systems and standards to suit the company's digitalisation needs. CTG DUTY-FREE formulated information security management systems that cover information security management, network security management, data management, information encryption rules, information security emergency plans and other aspects of information security management. In this way, we have developed comprehensive information security management systems that feature well-defined responsibilities, a clear division of labour and a combination of technology and management. In line with national standards, industry standards, and the circumstances specific to the duty-free industry, we have developed our first system of information technology standards, which establishes principles and standards for the performance of information technology-related work. The company's Board of Directors is the highest responsibility and decision-making authority with regards to information security and privacy protection. The Information Technology (IT) Department is responsible for specific work in information security and privacy protection. The Brand and Marketing Department is responsible for carrying out the specific work for customer privacy protection. To keep the team updated with the latest IT knowledge, IT staff members are required to receive regular training. The company's membership system passes Level-3 Security Certification.

Strategy

Risks	Impact	Response
Cybersecurity risks	▪ Possible impacts such as data leakage, system intrusion, and damage to brand reputation	▪ Each year, the company regularly conducts one or two simulation exercises using phishing and other social engineering attacks, which allows employees to learn how to identify and respond to various cybersecurity threats in a real-life environment, enhancing their security awareness.
Customer privacy disclosure risk	▪ Leakage of membership information may cause the business to lose high-end customers and incur costs in repairing damage to its brand. ▪ Duty-free consumers' data may be abused in a way that results in violations of offshore duty-free quotas, such as the smuggling of duty-free goods by "purchasing agents" (traders reselling duty-free goods) in Hainan. ▪ Illegal cross-border transfer of consumers' data may present a threat to the customs supervision system; Duty-free supply chain data that has been manipulated overseas may present a danger to the safe distribution of strategic resources.	▪ Encrypted storage and transmission of information, data masking for customer information, hierarchical access management, multi-measure access control, member information not exportable, establishing a sound system log to protect customers' information. ▪ Regarding customer service scenarios that involve substantial user privacy, data confidentiality protocols are centred on establishing the company's data ownership. The system employs private and hybrid cloud deployment models, mandating that core knowledge bases and session data reside within physically isolated private environments (e.g., AliCloud/Tencent Private Cloud). Data sharing with public large language models is strictly prohibited, ensuring corporate data remains contained. Building upon this, we implement stringent internal Role-Based Access Control (RBAC) to manage with precision access permissions to training data and logs. This is complemented by SSL-encrypted transmission channels and audit trails for all operations, mitigating the risk of internal data breaches resulting from unauthorised access.



Risks	Impact	Response
AI application risks	▪ Possible risks such as user privacy leakage, model hallucinations, unauthorised information disclosure, and loss of control over digital live streaming content in AI applications.	▪ The company deploys an independent Large Language Model (LLM) Firewall as the first line of defence in the underlying architecture of all AI projects. This firewall intercepts and processes sensitive data before it reaches the model inference layer. By implementing sensitive data protection strategies, the system can automatically identify and de-identify personal identity information, such as phone numbers, ID cards, and bank card numbers, in user inputs in real time. This completely eliminates the risk of original privacy data being illegally obtained or retained by the large models. Additionally, the system effectively defends against malicious command injection through prompt attack protection features, preventing data leaks or jailbreaks caused by misleading questions. This ensures the confidentiality of data interactions from the outset. ▪ As for consumer-oriented shopping assistant applications, our data confidentiality focuses on preventing the leakage of internal business strategies and ensuring that response content remains within controlled boundaries. The system uses RAG (Retrieval-Augmented Generation) technology to construct a strict "domain knowledge fence," forcing the model to only retrieve and respond within the official product database and activity rules. Additionally, safety instructions are embedded in the prompt engineering process to effectively block non-official channel information. This mechanism not only prevents the model from generating hallucinations but also strictly guards against competitors attempting to extract internal pricing strategies or induce the model to recommend competing products through malicious probing, thereby ensuring the confidentiality and security of core business data. ▪ For digital person live streaming scenarios, our data confidentiality guidelines focus on real-time risk control of output content to prevent unauthorised information disclosure. The entire process implements a dual data management approach of "pre-event + during-event". Specifically, before the live stream, all script data must undergo both "AI automatic review + human recheck" verification to ensure that they do not contain any undisclosed internal information. During the live stream, we rely on real-time monitoring and blocking mechanisms to ensure that if sensitive keywords or signs of "out-of-control" behaviour deviating from the pre-set data range are detected in the digital person's voice stream, the firewall will immediately cut off or replace the output, thereby preventing information incidents caused by the generation of uncontrollable content.
Digital transformation opportunities	▪ The development of artificial intelligence and information technology will significantly enhance the operational efficiency of the company.	▪ The company is committed to optimising its innovation system, with a focus on full-chain protection. We continuously improve our funding support mechanisms and have established a special budget for scientific and technological innovation to ensure the efficient allocation of funds. We also strengthen organisational support by relying on the Innovation Committee for unified decision-making and the Innovation Committee Office for implementation, providing a solid organisational foundation for the standardised and orderly development of innovative businesses. We continue to increase personnel support, focusing on key areas such as digital technology and data governance, to build a professional innovation talent team. Additionally, we improve incentive mechanisms to mobilise the enthusiasm and creativity of core backbone employees, fully stimulating the innovative vitality of researchers, and promoting the development of the company's innovative business. ▪ The company has constructed a digital platform for customer services, has advanced the development of the membership platform, and has accelerated the promotion of the all-channel store membership platform to enhance the convenience of member consumption. We continue to deepen multi-channel integration and cross-industry collaboration ecosystems, optimising and upgrading the Big Data Cloud Platform R&D project with China Telecom by improving query performance, advancing data warehouse integrity, and completing dashboard development to achieve natural language interaction. We also achieve complementary internal resource advantages and data sharing. ▪ The company aims to enhance the intelligence level of customer service, promote the implementation of the "AI +" initiative, and closely align with the core strategy of "Application Leadership and Data-Driven Innovation," to deeply integrate large model technology with tourism retail business scenarios. ▪ We also advance the digital transformation and upgrading of the supply chain, actively expand the categories on the supply chain fulfilment platform, and explore the application breadth and depth of the digital procurement system across all categories and channels. ▪ We continuously optimise the retail system to ensure operational efficiency improvements and enhance the customer shopping experience. ▪ The company is steadily advancing the Project Nebula (星云项目). We established a unified One ID system for CTG Duty Free (中旅免税) members in 2025, driving the growth of our online business.

Membership privacy protection

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

The company undertakes to delete customer data within the time limit required by law and does not provide personal data to any third parties (except when required by law). Following membership account cancellation, cdf retains the original member's cancelled account information, order records, and online behavioural data for 365 days. From day 366 onwards, cdf retains only non-personally identifiable order information, such as transaction records, for compliance and regulatory purposes.

The cdf membership "Service Agreement" and "Privacy Policy" are published on the company's official website. All new members manually tick the consent box during registration. Whenever the "Service Agreement" or "Privacy Policy" undergoes updates, the official website promptly publishes the revised versions. Furthermore, all existing members must manually tick the consent box again upon their next login.

Value Creation of the Membership System

To promote the cdf membership system, the company continues to expand channels, enrich members benefits, and deepen cross-industry cooperation with third-party platforms. We accelerate the promotion of the all-channel store membership platform to enhance the convenience of member consumption. We continuously deepen the integration of multi-channel ecosystems and cross-industry collaborations to achieve complementary internal resource advantages and data sharing. We also integrate the private domain platforms for members, and build and manage a unified private domain traffic pool, thereby achieving deep customer connections and precise marketing.

In 2025, the company achieved a sophisticated balance between data security and data value extraction. In terms of safety and compliance, we successfully established a comprehensive protection system that covers the entire lifecycle of internal data within the CTG Duty Free Big Data Cloud Platform, fundamentally eliminating the risk of sensitive information leaks, and fully meeting national laws, regulations, and regulatory requirements. In terms of business value, we released more high-value data for analysis and decision-making, empowering precise marketing and member operations in multiple scenarios, and successfully converting compliance costs into core competitive advantages.

Collaboration with Suppliers

The company includes clauses on customer information security, privacy protection, and related measures in its cooperation agreements with suppliers and business partners.

Management of impacts, risks and opportunities

Seizing new opportunities in the digital age

The company has built a data centre platform to explore compliance-related analyses of duty-free consumption data and island tax-free policies. We unlock the potential of data elements, deepen data governance, and promote the efficient and compliant utilisation of data elements to leverage their value. This fully unleashes the value of data, enhancing our business performance metrics.

Metrics and Targets

To enhance staff awareness of customer privacy protection, the company provides special training for all staff at least biannually.

In 2025, the company experienced no data security incidents or customer privacy breaches.

02

Prosperity

50 Upholding Original Beliefs and Mission to Ensure Trusted Business Operations

62 Robust, Green and Intelligent Supply Chain

70 Engaging in Good Initiatives to Act as a Responsible Corporate

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



Upholding Original Beliefs and Mission to Ensure Trusted Business Operations

CTG DUTY-FREE has formulated a “Service Quality Work Plan”, designed to refine standards for business operations and service quality, thereby enhancing its service capabilities and standards across all business lines.

Inheriting and Elevating Quality Service

The company has established a “Work Plan for Service Quality” to improve our system of quality standards for businesses and services, improved its customer service capabilities and standards across various business.

Governance

In compliance with current laws and regulations, such as the *Consumer Rights Protection Law* and the *Personal Information Protection Law*, the company continues to improve its service standards. Each subsidiary is required to put in place relevant policies aligned with their business characteristics and ensure the effective implementation of these policies.

Customer service system in Hainan

the “cdf After-sales Service Management Policy in Hainan (for Physical Stores)”, “After-sales Service Management Policy (for Online Malls)” and the “Detailed Rules for Handling Customer Complaints at Different Levels”. In 2025, to benchmark against leading commercial service quality supervision models in the industry, the cdf Sanya International Duty-Free Shopping Complex updated its “Monthly Service Quality Assessment Checklist”, “Service Quality Inspection Checklist”, “Sales Process Inspection Checklist”, “Joint Inspection Checklist”, and “Mystery Shopper Survey Form”. The Boao Duty-Free Shop revised its *Sales Department Management Regulations* and promptly enhanced its service quality management system.

Customer service system in Qianhai

The “Customer Service Centre Management Policy”, the “Business Rules for the Customer Service Centre”, the “After-sales and Return Rules for the Customer Service Centre”, the “Rules for the Use of Free Items to Address Customer Complaints for the Customer Service Centre” and the “Emergency Response Rules for the Customer Service Centre”



Strategy

Risks/ opportunities	Impacts	Response plans
Declining customer satisfaction	Decreased customer satisfaction may lead to customer attrition	• The company continuously carries out various training, including leadership training, professional skills training for front-line staff, and general knowledge training, to ensure that employees at all levels possess professional service capabilities. The ultimate goal of the training is to accurately grasp customers’ core demands. • We also constantly improve our talent management and staff training system. We have been developing a system of service standards to produce a standardised library and training system covering areas such as product information, customs policies, platform-based policies, after-sales standards and customer service rules and standards. In this way, we aim to minimise deviations from the company’s standards. • The company’s cdf Membership Club focuses on the five optimisations of expanded service channels, standardised services, timely services, automated services, and outcome-oriented services, to effectively improve service quality, maximise consumer satisfaction and service efficiency. • Prioritise resources for preferred customer activities and experiences; establish cross-departmental collaboration to collect, analyse, and implement customer feedback for service process optimisation. • Continuously enhance our retail system to improve intelligent customer service capabilities; advance “AI plus” initiatives aligned with our “Application-Driven, Data-Powered” strategy, integrating large-scale AI models with tourism retail scenarios.
Inadequate product information disclosure	Information asymmetry may cause misunderstandings or consumer complaints, negatively affecting sales	• The company has been improving the disclosure of merchandise information to achieve the orderly classification of goods, the full disclosure of product information, and fair and transparent prices. • Duty-free goods and non-duty-free goods are showcased separately on different web portals to avoid misleading consumers.
Inappropriate implementation of sales return/exchange policies	May lead to customer dissatisfaction, escalate sales return and exchange costs, and negatively impact product sales as well as our reputation	• In strict adherence with the provisions of the *Interim Measures for the Return without Reasons of Commodities Purchased Online within Seven Days*, the company provides clear procedures and guidance on the return of goods without the need to specify a reason, and clearly identifies and confirms with consumers those goods that are not applicable under the policy in accordance with the law. The company does not arbitrarily expand the scope of which goods are not applicable under the return of goods without specifying a reason. • In accordance with the instructions of the administrative guidance meeting for duty-free industries organised by the State Administration for Market Supervision (SAMR), the company headquarters arranged for its subsidiaries to jointly make a public commitment to society. The platform shopping guidance was revised to delete additional restrictions on the return and replacement of goods. Only four categories of goods have been specified as not applicable under the policy of return of goods within seven days without the need to specify a reason: near-expired goods, damaged goods, goods without plastic packaging, and goods with a short shelf-life. The applicability of the policy to particular goods is clearly specified on the product web portal. Consumers are asked to confirm their understanding of the “Shopping Guidance” and tick an additional check box for their acceptance of goods that cannot be returned or replaced within seven days without specifying a reason.
Ineffective customer feedback mechanisms	Failure to promptly identify and resolve issues may degrade customer experience	• Put in place a closed-loop management process for customer feedback. Under this process, we collect data on user experience and customer feedback in real time through the customer service system’s evaluation section, after-sales tickets and complaints; prepare and send the “Monthly Customer Service Centre Report” to the corresponding departments each month for improvements or adjustments; set different response timeframes based on the gravity of the feedback/complaints to ensure the relevant issues are addressed in a timely manner. • Establish a proactive customer satisfaction and Net Promoter Score (NPS) feedback mechanism, implementing an omni-channel and all-scenario monitoring system that covers both online and offline touchpoints. This system enables dynamic, real-time monitoring of customer satisfaction and NPS, coupled with immediate risk warning capabilities. Through the closed-loop management pathway of “monitoring - early warning - improvement - feedback”, we ensure customer experience issues are systematically resolved in a closed-loop manner, significantly enhancing overall customer experience. • Establish a unified customer service centre system: We have implemented a centralised customer service hotline (4001100100) across all domestic stores and online e-commerce platforms. Through intelligent call routing and distribution, intelligent service solutions, standardised processes, and unified service scripts, we have established a rapid response mechanism that achieves a closed-loop management system for customer service data. This system enables “unified call intake - channel-specific distribution - closed-loop management of customer feedback across channels - unified data analytics”. • Develop a unified service scenario definition mechanism that covers all online and offline channels and scenarios. This framework establishes a standardised service language system, enhancing customer service operational efficiency. The implementation of the “unified scenarios - unified analysis - unified improvement - unified feedback” closed-loop mechanism significantly improves customer issue resolution efficiency. • Hainan DF prioritises service efficiency and quality monitoring through the establishment of a dedicated daily service report and monitoring mechanism. This ensures real-time responses to specific service complaints and their resolution within 24 hours. To further reduce repeated complaints, the company has implemented several mechanisms, including a daily report mechanism to track logistics and order status, an order alert system for high-frequency returns, and a dedicated follow-up process for special customer complaints.
Insufficient digital capabilities	Insufficient digital capabilities affect consumer shopping experiences and reduce customer satisfaction	• The company continues to integrate its online and offline channels, providing consumers with “pre-sales, sales, and after-sales” tourism retail services that are both more convenient and of higher quality. • To address this, we have taken the following measures before, after, and during sales, respectively: before sales, we have established a robust training system to enhance employee professionalism and deliver standardised, high-quality service support; we have optimised the performance of the core membership system and improved the user interface (UI) friendliness and overall user experience (UX) on the client side; we have introduced a simplified membership registration solution for privacy-conscious users, enabling one-click registration with only a phone number or email address and verification code. This streamlined process ensures user privacy and data security while enhancing registration efficiency; we have added and enhanced self-service inquiry and online customer service functionalities; during sales, we have optimised the in-store environment to create a more convenient and seamless shopping experience; after sales, we have standardised after-sales service protocols and leverage digital tools to deliver consistent after-sales support. • We launched the CDF NPS survey system, integrating a digital questionnaire platform to automate Voice of the Customer (VoC) initiatives. This system enables proactive survey collection, data analysis, report generation, and optimisation tracking.

Steadily Improving Customer Service Across All Stores in 2025

The Riyue Plaza Duty-Free Shop under Hainan DF

01. Enhanced customer service response:

Customer service personnel are granted sufficient authority based on the product's selling price to handle after-sales cases, while resources dedicated to resolving them have been increased. These measures have improved both customer satisfaction and case resolution rates.

02. Proactive customer service initiatives:

We identify customers needing assistance before issues arise. This proactively prevents negative shopping experiences caused by confusion about offshore duty-free policies, promotions, or brand locations.

03. Optimisation of the "First-Contact Accountability System":

This system establishes that the first salesperson interacting with a customer has the primary point of responsibility. It boosts service quality and customer satisfaction by encouraging teamwork, ensuring swift responses to inquiries, reducing waiting times, preventing issue shifting, and improving resolution efficiency.

04. Optimisation of VIP reception services:

We offer value-added VIP reception services for high-net-worth customers. We continuously upgrade our VIP reception standards and have opened a public reservation window to enhance the one-on-one shopping experience of these customers. We also provide priority checkout privileges to increase customer loyalty.

05. Optimisation of value-added services at the maintenance centre:

To strengthen our brand image, we provide attentive and thoughtful value-added services that enhance customer satisfaction and loyalty. These essential luxury care offerings include leather care, jewellery cleaning, watch demagnetisation, and bracelet adjustments, ensuring customers feel confident in their purchases. By delivering these premium after-sales services, we aim to foster long-term customer retention.

06. Delivery of heartwarming services on the ground:

To enhance service quality during major holidays, we create a festive atmosphere and actively engage customers through increased interaction and participation. Specifically, we prepare drinking water, cookies, and candy at the service desk; provide exquisite balloons for families with children; offer a pet-friendly shopping experience; and supply convenient amenities such as wheelchairs and baby strollers. These efforts ensure a seamless and delightful shopping experience for our customers.

07. Optimisation of value-added services for premium members:

We enhance our staff's professional service capabilities through a tiered training system for beauty consultants, coupled with regular skills development training. We have introduced a dedicated one-on-one beauty consultant model and have refined our customer profile management system to deliver highly personalised services. Our premium members now enjoy an upgraded service experience, including customised skincare plans, hand and facial massage treatments, intelligent skin analysis, branded massage experiences (like Breo), and trials of professional beauty devices.

08. Store Manager Development Series:

This comprehensive programme is designed to enhance the overall management capabilities of store managers through systematic training, empowering them to drive efficient store operations and performance growth.

09. Upgrade of the sales service manual:

The manual includes processes, scripted dialogues, and guidelines to help employees and customers understand our service standards. The service manual is regularly updated to align with evolving business needs. This resource enables new employees to quickly master service requirements and efficiently resolve work-related issues.





ASC Excellent Service Training

10. Monthly Smile Service Star:

To strengthen customer retention, we raise employee awareness of its importance and emphasise customer loyalty. We ensure training extends beyond theory to practical job applications. Additionally, we foster a culture of service excellence and sustain enthusiasm for continuous improvement through the "Monthly Smile Service Star Election" initiative.

11. Effective utilisation of the Customer Relationship Management (CRM) System:

By leveraging WeCom's CRM module and integrating it with the ASC. Excellence Service Observation programme, we enhance employee professional skills and enable standardised, systematic customer relationship maintenance. By December 2025, the CRM system had accumulated over 178,000 users. Repurchase revenue via the CRM has already increased 81.7% year-over-year as of December.



Buddy Support Programme

12. Buddy Support Programme:

We harnessed the motivating power of role models to launch this initiative, covering product knowledge, sales techniques, CRM system maintenance, Xiaohongshu ("RedNote") platform operations, and service skills enhancement, and set clear goals for buddy partnerships.

13. Enhanced employee capabilities:

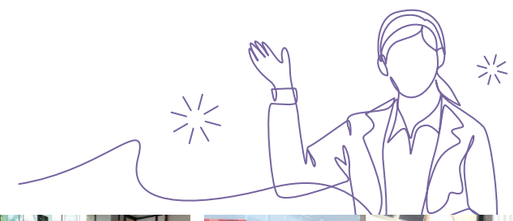
First, we have launched a specialised training programme to enhance store manager capabilities, facilitating cross-store exchanges for shared learning and strengthening the management team's service leadership. Second, we have launched the ASC Excellence Service Observation programme to establish service benchmarks and identify exemplary models. Third, we upgraded the sales service manual to reflect current best practices. Fourth, we organised a role-specific service skills competition to ignite employee passion for service excellence. Fifth, we refined the annual Smile Service Star selection criteria to establish clear, exemplary service standards.



Store Manager Development Series

The Boao Duty-Free Shop under Hainan DF

The Boao Duty-Free Shop has implemented a store manager inspection system to evaluate employee performance in key areas: customer service, appearance and grooming, sales techniques, use of professional terminology, and cross-selling abilities. Service quality is now incorporated into the monthly and annual performance evaluations of all frontline staff. These assessments continuously strengthen employee service awareness, standardise service behaviours, and enhance customer service quality.









cdf Sanya International Duty-Free Shopping Complex

Enhanced training system: In 2025, we delivered over 30 customer service training sessions across a wide range of topics, including our brand knowledge, appropriate service procedures, customer retention, business etiquette, and post-sales resolution. We provided a total of over 200 training hours to more than 1,600 frontline customer service personnel

Launch of our one-stop service mini-programme: On 15 October 2025, we launched a one-stop service mini-programme for cdf Sanya International Duty-Free Shopping Complex. Phase One upgrades included adding AR-based navigation and smart parking solutions.

Enhanced services for high-net-worth customers: We are transforming our VIP lounges from conventional reception spaces into a comprehensive platform that integrates Premium Services, Experiential Engagement, and Strategic Sales. By partnering with luxury brands, we have developed brand experience scenarios. In content strategy, we have cultivated signature salon IP programmes that weave together cultural curation, wellness innovation, and travel experiences. Through curated activities such as local heritage appreciation sessions, China-chic product experiences, and beauty masterclasses led by industry experts, we continuously elevate our service value. Furthermore, we have refined one-on-one service processes by incorporating pre-service preference surveys and post-service satisfaction tracking with personalised product recommendations, ensuring a closed-loop service experience.

We held the “Service Personnel of the Year” awards for the second year in a row, to recognise the most outstanding customer service individuals that lead by example and inspire other staff members.





Haikou International Duty-Free Shopping Complex

In 2025, Haikou International Duty-Free Shopping Complex systematically enhanced service quality and customer satisfaction, driving the transformation of services from “reactive” to “proactive” and “standardised” to “individualised”. This provided systematic support for the continuous improvement of customer satisfaction.

01. Systematised Training Framework

Throughout the year, 133 specialised training sessions were conducted across five key categories: brand knowledge, business processes, laws and regulations, service innovation, and etiquette/service English. These sessions covered over 1,500 participants, accumulating more than 60 training hours, consolidating the professional foundation and service capabilities of frontline staff.

The “Ten Service Enhancement Initiatives” were implemented, focusing on the structured upgrading of employees’ comprehensive competencies. Through daily image management, in-depth brand knowledge learning, multilingual scenario communication, and personalised service situation simulations, we continuously strengthened service personnel’s professional image, expertise, and flexible response capabilities. This provides solid ability support for the “one guest, one strategy” individualised service approach.

02. Proactive Service Model

The mobile “Cultural Tourism Ambassador” service was launched. Employing a tripartite model of “basic service + cultural tourism guidance + precision marketing”, it breaks the limitations of traditional service counters. Service response times were reduced from 3 minutes to 30 seconds, achieving 100% immediate response and on-site resolution, with customer satisfaction reaching 100%. Focusing on product-related customer complaints, we have innovatively established a “Rapid Complaint Resolution Mechanism”. By proactively offering one-stop solutions, we significantly improve handling efficiency and customer satisfaction.

Mechanisms for daily service story sharing, customer request analysis, and service process iteration have been established. These guide the team to continuously accumulate individualised service cases, extract emotional touchpoints, and optimise service flows during service practice. This promotes the organic integration of “standards, warmth, and efficiency”, enabling personalised service that “varies by person and adapts to needs” to gradually evolve into a core team competency that is transferable, measurable, and sustainable.

03. Contextualised Service Standards

We have developed personalised service systems tailored to diverse consumer segments, launching ten contextualised service scenarios – including children’s craft workshops, dedicated shopping assistants for seniors, and pet-friendly services – achieving comprehensive coverage across all customer groups. By mapping ten critical service touchpoints from pre-visit to post-departure, we integrate Hainan’s regional cultural elements. Through personalised journey guidance, multilingual consultation support, and dedicated “Cultural Tourism Concierge” accompaniment, we deliver distinctive and memorable service experiences throughout the entire customer journey. For high-net-worth clients, our division has pioneered VIC value-added services blending tourism and cultural elements, alongside enhanced consumption privilege programmes. We consistently roll out bespoke services and thematic activations aligned with seasonal festivals and holidays.

04. End-to-End Service Journey Support

Leveraging social platforms, we have established an omnichannel service ecosystem combining “online precision reach with offline immersive experiences”. Transforming social media into our primary user touchpoint, we have created a closed-loop decision-making journey. Since implementation, we have published over 800 original content pieces generating 680,000+ impressions. Our social platforms have garnered 30,000+ engagements and 6,000+ comments, establishing strong brand advocacy.







Continuously Enhancing the After-sales Service Experience

In alignment with the integrated after-sales service system of cdf Hainan, we have put in place consistent service standards across Hainan, including:

Collaboration with government agencies: Through one-stop service solutions, we have achieved a 100% resolution rate for customer issues by implementing on-site joint operations to address complaints and public sentiment.

Secure delivery services: For delivery-related concerns, we collaborate with SF Express to reinforce packaging for fragile goods, resulting in a 50% reduction in related complaints. We have also introduced security delivery cards and after-sales tips, enabling proactive service notifications to reach 90% of customers.

Rapid response teams: We have formed a dedicated task force to handle common issues, offering customised, off-island pickup services for customers unable to collect goods normally, thereby maximising order retention.

A tiered authorisation framework: Through the implementation of a tiered authorisation framework, we have expedited negotiation processes to achieve customer satisfaction and enhance the resolution rate of customer complaints. Additionally, we have strengthened inter-departmental collaboration by establishing regular analysis and consultation sessions on product-related and delivery issues, continuously striving to improve post-sales management practices.

Service assurance infrastructure: Our dedicated after-sales service team provides a 24/7 hotline and online customer service channels. By adhering to the standards of a “97% or higher call centre answer rate, a 10-second response time for online customer service, and a 99% or higher customer satisfaction rate”, we have significantly enhanced the efficiency of customer complaint resolution.

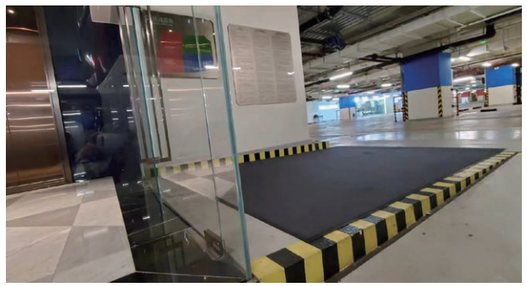
Robust risk prevention systems: We have established a closed-loop risk management system to monitor ticket handling standards and implemented a dual review mechanism. This proactive approach enables early identification and resolution of operational risks, shifting from reactive to preventive risk management.

Cater for special needs groups and improve accessible facilities

We consistently uphold the “people-oriented” service philosophy, systematically improves accessible facilities, optimises service procedures and system. We are committed to provide an equal, convenient and warm shopping environment for all customers, especially those special needs groups.

The company sub stores provide accessible facilities.











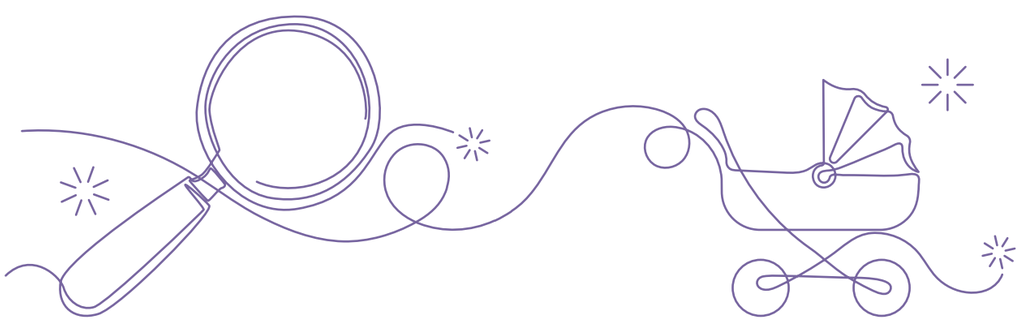
Hainan DF

The Boao Duty-Free Shop:

For elderly customers’ convenience, magnifying and reading glasses are available at the cashier counter to assist with viewing receipts and documents. We also offer complimentary rental of children’s pushchairs and wheelchairs within the store to ensure a smooth and convenient shopping experience.

The Riyue Plaza Duty-Free Shop:

We provide convenient amenities like wheelchairs and baby strollers. Guests can enjoy complimentary drinking water, cookies, and candy, and families with children can find colourful balloons available to enhance their shopping experience.



cdf Sanya International Duty-Free Shopping Complex

In 2025, at cdf Sanya International Duty-Free Shopping Complex, we further elevated our service offerings by building upon existing convenience and inclusive support for special groups. We have:

Expanded the service scope:

Increased the range of rental items from 6 (strollers, wheelchairs, shawls, baby carriers, umbrellas, child safety harnesses) to 12 categories. New additions include: walking sticks, pet strollers, pet backpacks, pet leashes, large dog cages, and vomit bags. This enhancement addresses a broader range of customer needs.

Increased the quantity of frequently rented items

Expanded stock levels for frequently rented items, such as strollers and wheelchairs, to ensure uninterrupted service supply during peak hours.

Installed “First Aid Kits” at strategic locations

including 3 front desks, 2 customer service centres, and 6 key service locations within the visitor centre. These kits include essential first aid supplies and emergency materials; we have also installed 6 Automated External Defibrillators (AEDs) in high-footfall areas.

Introduced a pet-friendly policy allowing customers to bring small dogs and cats with a shoulder height of ≤40 cm.



Our “Pet-friendly” policy at cdf Sanya International Duty-Free Shopping Complex



Our dedicated pet-friendly elevator at cdf Sanya International Duty-Free Shopping Complex

Haikou International Duty-Free Shopping Complex

Optimisation of Accessibility Facilities and Service Processes

01 Warm & Accessible Wheelchair Service:

We have established a “Real-time Response” mechanism. Customers do not need to go to fixed points; upon a request made to any staff member or via the service hotline, personnel will deliver a wheelchair directly to their location, enabling barrier-free access across all floors.

02 Personal Shopping Support System:

The “Personal Shopping Assistant” role provides one-to-one escorted shopping for customers needing support, assisting with navigation, retrieving items, and policy enquiries, enhancing the independent shopping experience for those with mobility challenges.

03 Health & Wellbeing Services:

Professional nurses stationed in service areas provide complimentary blood pressure checks and health guidance, offering timely support for patrons requiring health monitoring. First-aid kits, uniformly stocked with essential emergency medicines and supplies, are available at key service points including all service desks and customer service centres.

04 Temperature-Controlled Drinking Water:

Dedicated drinking water dispensers adjacent to each service desk provide both warm water (40-45°C) and hot water (≥90°C) to cater to different customer preferences.

05 Clear Vision Service:

Service desks maintain a supply of cleaned and disinfected reading glasses for complimentary customer use, helping alleviate temporary visual difficulties.

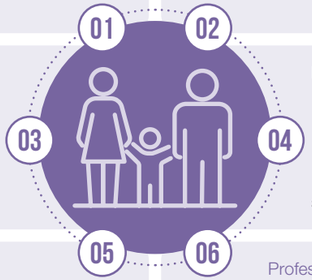
Commitment to the Protection of Children's Rights

The company places the protection of children's rights at the core of its corporate social responsibilities and business operations. We pledge strict compliance with all relevant laws and regulations concerning children's rights in our business activities. Through systematic service design, we strive to create a safe, friendly, and respectful commercial environment for children. Specific initiatives include:

Safe & Convenient Travel Support:
Dedicated stroller rental points at all service counters provide clean, safety-compliant baby strollers. Drop-off at any service counter is supported, ensuring convenient and safe shopping experiences for families.

Emergency Health Support:
Service counters are equipped with dedicated children's emergency supplies (e.g., plasters, iodine swabs) to ensure timely and appropriate initial care in unforeseen situations.

Lost Child Rapid Response:
A dedicated "Immediate Response for Lost Children" procedure is in place. Utilising the public address system and coordinated staff action, immediate search and reassurance efforts are activated to safeguard every child's physical safety.



Instant Recognition & Encouragement:
Service staff carry cartoon commendation stickers to provide immediate, visible recognition for children demonstrating positive social behaviours in public spaces (e.g., queuing patiently, polite greetings), supporting their socio-emotional development.

Controlled Energy Replenishment:
Service staff carry individually wrapped healthy sweets. These are offered to children only after obtaining explicit parental consent, ensuring energy replenishment occurs safely and within controlled parameters.

Professional Childcare Service:
The "Childcare Service Management Guidelines" define service standards and safety protocols. Paid professional childcare is offered in the VIP lounge for eligible children (aged 5-12 years old, unaccompanied by adults). Prior to service commencement, guardians must sign the "Childcare Entrustment Registration Form" to ensure clear responsibilities and compliant procedures.

Impact, Risk, and Opportunity Management

We recognise that service quality are determinant to building consumer trust, brand reputation, and sustainability. To this end, we have put in place robust processes to identify, assess, prioritise, monitor, and manage risks and opportunities related to service quality.

1. Identification

We regularly identify and assess risks across all business processes. In addition, we regularly collect customer feedback through our customer satisfaction surveys, customer suggestion boxes, as well as other means. We conduct consumer satisfaction surveys annually to evaluate our performance in service delivery. To ensure minimal disruption to customers, we obtain their explicit authorisation via SMS before conducting the telephone interview.



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

2. Risk assessment and prioritisation

We employ a hybrid approach, combining qualitative and quantitative assessments, to determine the likelihood and impact of service quality risks. Risks with the most significant potential to affect customer experience and our reputation are prioritised. By analysing customer satisfaction survey results, we rank risks and focus on high-risk areas that could lead to severe consequences.

Customer Satisfaction Survey 2025

Haikou International Duty-Free Shopping Complex

At Haikou International Duty-Free Shopping Complex, we have advanced routine service quality monitoring by establishing a dual-control system integrating internal inspections and third-party evaluations. This approach has comprehensively strengthened our service quality and customer experience management.

Starting from July 2025, we have conducted five rounds of mystery shopper monitoring, accumulating 140 samples with an annual average score of 94.69%. This assessment covers six S stores, taxed retail outlets, and other multi-category retail spaces, as well as critical customer experience departments such as the Customer Service Department and Property Management Department, ensuring full-process and routine supervision of core customer-facing service operations.

In parallel, we have completed 90 special inspections of customer-facing area environmental quality, achieving an annual average score of 99.61. These inspections focused on key dimensions including professional appearance of customer-facing staff, store environment maintenance, public area property quality, and standardised deployment and the updating of materials and advertising campaigns.

We maintain dynamic tracking, registry-based, closed-loop management for identified issues. For systematic service deficiencies, we have in place an enhanced mechanism for cross-departmental consultation and collaboration. Through structured employee interviews, performance metrics aligned with rectification outcomes, and targeted training programmes, we systematically embed responsibility across all levels of operations.

cdf Sanya International Duty-Free Shopping Complex

At cdf Sanya International Duty-Free Shopping Complex, we proactively conduct routine service quality monitoring through mystery shopper assessments, specialised service quality inspections, and weekly joint inspections.

Since June 2025, we have completed 7 rounds of mystery shopper assessments (with an average score of 89.77 in 2025), achieving a significant improvement in service standardisation. In 2025, we conducted a total of 1,198 specialised service quality inspections, covering all business processes. We have established a closed-loop management mechanism of "identifying issues – implementing remedial measures – reviewing for improvement opportunities".

Through multidimensional internal inspections and enhancements to management controls, the incidence of service issues has decreased by 38.55% year-on-year, directly enhancing customer satisfaction. Additionally, we coordinated 56 weekly joint inspections, identifying 399 issues with a 100% rectification rate.

These routine inspections cover all critical areas, such as staff appearance, facility maintenance, service environment, and operational procedures. For identified issues, relevant customer-facing departments strictly follow our service quality standards and require the responsible teams to conduct specific reviews to ensure that the issues are adequately communicated, investigated and resolved through performance-linked accountability and training.

In 2025, at cdf Sanya International Duty-Free Shopping Complex, we conducted 12 rounds of customer satisfaction surveys, contacting 14,400 customers via telephone and collecting 1,440 valid questionnaires, achieving monthly targets for follow-up visits and questionnaires. The surveys show a full satisfaction rate of 88.9%.

The survey design was based on the frontline service responsibilities of three key departments: Sales, Customer Management, and Engineering & Safety Management. It focused on their service attitudes and on-site operations, with results – including verbatim customer feedback – shared with the respective departments for improvement.

CDFG (Cambodia) Limited

In 2025 Q4, CDFG (Cambodia) Limited resumed its customer survey initiatives by conducting the Net Promoter Score and customer satisfaction surveys. The survey results indicated opportunities for improvement in product pricing and membership benefits. Customers also expressed demand for enhanced product assortment in fragrance and cosmetics categories, particularly perfumes, as well as new luxury offerings.

3. Monitoring

Our network-wide monitoring includes real-time monitoring of the "Black Cat" platform and relevant government departments' open channels to collect information related to service quality on a real-time basis. In this way, we aim to stay up to date, operate a closed-loop monitoring system, and issue early warnings 24/7 for sensitive issues involving public opinion, and distributes information to all departments and stores in a timely manner for their effective handling. We established a customer feedback and self-review mechanism, clarified that customer feedback should be sent to the relevant front-line service teams, and enhanced oversight over the improvement process. Based on our customer service-related key performance indicator (KPI) framework, we systematically monitor key risk indicators (KRIs) and maintain regular reporting to senior management on service safety and quality risk monitoring. This structured approach provides data-driven support for strategic decision-making.

4. Management

After classifying and evaluating customer complaints, the company deals with them by applying corresponding handling strategies. Analysis and judgment are steadily strengthened to take targeted preventive and control measures and prevent and eliminate adverse impacts on time. The company dynamically tracks unexpected negative information and post-handling developments, and continuously monitors relevant information. Customer complaints are promptly summarised, sorted out and reflected on upon their occurrence, dissemination and handling to safeguard the company's steady development. If we identify a negative media report or an announcement from regulators, we establish a special team to communicate with relevant stakeholders as soon as possible to minimise any negative impact and prevent any reputational damage to our group's brand.

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

Metrics and Targets

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

Total complaints received	Average hours used to handle each complaint	As at the end of 2025, complaints handled as a proportion of total complaints received during the year
20,281	92 hours	99.9%

Product Safety and Quality

Governance

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

Strategy

Risks	Impacts	Response plans
Product quality risks	Poor product quality may result in financial losses due to unsold products, or trigger legal disputes and compensation costs after sales, ultimately damaging consumer trust and corporate reputation	• Actively work with suppliers to ensure product quality standards are met, so that our users can shop with confidence; • Strengthen communication to suppliers about the importance of investigating and resolving product quality issues. For details, please refer to the chapter on "Robust, Green and Intelligent Supply Chain"; • Establish and continually refine product quality control systems and procedures; • For the proprietary brand "CDF Health", third-party testing institutions are engaged to implement quality inspection mechanisms, including production quality control audits and production process audits. Should quality defects be identified, relevant products are urgently withdrawn from all sales channels according to the severity of the issue. Customers who have purchased the products are notified via online customer service, SMS, and other means, and the products are recalled. Concurrently, suppliers are engaged to coordinate and complete the product recall and return process. Where necessary, the matter is reported to the relevant regulatory authorities; • Establish a crisis management mechanism for breaking public opinion incidents
Management risks of near-expiry products	May lead to inventory backlogs, resulting in financial losses and potentially damaging corporate reputation	• Depending on the product category and specific circumstances, we utilise appropriate disposal methods – including return shipping, supplier returns or exchanges, discount promotions, buy-and-get promotions, or customs-supervised destruction – as outlined in the company's *Sales Department Management Regulations*. • The company strives to reduce goods close to expiration by forecasting market demand, flexibly deploying goods, and improving procurement efficiency, with the goal of enhancing resource use efficiency and operating effectiveness.
Food & beverage safety risks	Potential product quality issues may lead to financial losses, regulatory penalties, and damage to consumer trust, ultimately damaging corporate reputation	• In terms of food and beverage safety, the company has made every effort to establish and improve its comprehensive management systems, including those related to food management rules, supervision and monitoring, traceability cooperation, inspection, and testing, to ensure the food safety of our pre-packaged goods. We adhere to standardised online and offline management standards with respect to food safety and exercise whole-process control in this area. • In accordance with the Law on Product Quality, the requirements of the commodity quality standards issued by the SAMR and the National Standardisation Administration, and other laws and regulations, the company has re-signed agreements with domestic liquor producers and suppliers, and the new agreements include the "Liquor Quality Assurance Agreement", which helps the company ensure the quality of its products, protect the rights and interests of consumers.
Special storage requirements risks	Products requiring special storage conditions face risks of product damage, customer complaints, financial losses, and regulatory penalties, which could ultimately damage corporate reputation	• For chocolate that needs to be stored below 20 degrees, our stores strictly enforce the storage and transportation standards provided by suppliers and maintain daily temperature and humidity measurement records; • We identify products that contain oil chemicals according to the suppliers' shipping information in the early stage, and check these items properly when making declarations.

Impact, Risk, and Opportunity Management

1. Risk identification

To ensure product safety and quality, we have put in place a robust process to identify potential risks. We regularly review relevant legal and regulatory requirements and industry standards to ensure our products meet the latest compliance expectations. We work closely with our suppliers to collect and analyse potential risk points across the supply chain, with a focus on raw material quality, manufacturing processes, transportation conditions, and other key areas. We also conduct internal audits and implement robust internal controls, which enable us to identify and manage key risk factors that may impact product safety and quality. Additionally, we leverage customer feedback and market research results to understand consumer expectations regarding product safety and quality, ensuring our offerings align with market needs.

2. Risk assessment and prioritisation

For identified potential risks and opportunities, we appropriately assess them to determine their priorities. We evaluate each identified risk based on its likelihood of occurrence and magnitude, and assign it a specific score to determine its priorities by using a risk matrix. For high-priority risk factors, we have developed detailed mitigation strategies and contingency plans. We also regularly update our risk assessments to ensure all identified risks and opportunities are managed in a timely and effective manner.

3. Risk monitoring

To maintain product safety and quality, we have put in place a robust monitoring process. We conduct regular internal quality inspections to uphold product-related standards. We have set up a dedicated customer service hotline and online feedback platform to encourage consumers to report any safety or quality concerns, enabling us to promptly identify and address potential issues.

4. Risk management

Building on the risk identification, assessment, and monitoring processes, we have also put in place effective controls to address risks and opportunities related to product safety and quality. We appoint control owners that oversee and coordinate product safety and quality reviews and ensure these controls are operating effectively. We have continued to enhance our product safety and quality management capabilities by upgrading our control processes for the latest technologies and methodologies. We have put in place emergency response plans and procedures to ensure rapid action in crisis situations. Furthermore, we maintain a long-standing partnership and work with our suppliers to jointly enhance safety and quality standards in the supply chain.



监督审核合格通知书

No. 4403240315555

中免國際有限公司：

我中心于 2024 年 12 月 03 日至 2024 年 12 月 06 日对贵方进行了年度监督审核，证实贵方的质量管理体系持续有效运行，经评定决定，准予继续使用证书号为 00123Q31036R0M/4403 认证证书和相应编号的 IQNet 证书。证书所载的名称、地址、认证范围、发证日期和有效日期等均无变化。

下次例行审核宜在 2025 年 10 月 27 日之前实施，最晚应在 2025 年 12 月 27 日之前完成，否则可能导致证书暂停。

感谢贵方对我中心工作的一贯支持与配合，我们将一如既往的为您提供增值的认证服务。

特此通知。

2025 年 12 月 01 日

中国质量认证中心

CHINA QUALITY CERTIFICATION CENTRE

Notice on CDFI passing the annual quality management system review

Metrics and Targets

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

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

Responsible Marketing

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

As the exclusive provider of dietary supplements under our proprietary brand "CDF Health", we rigorously comply with China's *Advertising Law*, *Food Safety Law*, and the *Interim Measures for the Review and Administration of Advertisements for Drugs, Medical Devices, Health Foods, and Formula Foods for Special Medical Purposes*. All promotional materials undergo rigorous internal vetting prior to release to ensure full regulatory compliance. For health supplements, we strictly adhere to the registered certification, filing documentation, and advertising censorship.

We operate in full alignment with the Blue Hat certification standards and advertising review/filing requirements when conducting promotional activities on social media platforms. For instance, when disseminating content on platforms like Xiaohongshu and similar channels, the company avoids absolute or exaggerated claims, clearly labels suitable and unsuitable populations, and ensures accurate product information delivery to prevent consumer misinterpretation, maintaining professional integrity and regulatory compliance throughout promotional activities.

To explore sustainable development strategies for its brands, the company has accelerated its transition towards digital management with the aim of becoming a global leader in this area. The company comprehensively adapted to the characteristics of duty-free industry and developed a membership system called OneID, therefore formed CTG DUTY-FREE's own member tracking system. Based on the results, the company has been able to empower its brand; enhance collaboration, consumer services and marketing activities; and optimise tourism retail operations. Through this analysis work, the company was able to effectively mine the commercial value of its membership data and devise plans for how to use this data more effectively in the future.

By the end of 2025, the volume of registered user data access exceeded 140 million, forming an industry-leading scaled data pool.

The company has constructed a digital platform for customer services, and accelerates the promotion of the all-channel store membership platform to enhance the convenience of member consumption. By leveraging this unified membership platform, the company continues to expand channels, enrich member benefits, and deepen cross-industry cooperation with third-party platforms. We continue to deepen multi-channel integration and cross-industry collaboration ecosystems to achieve complementary internal resource advantages and data sharing. We also integrate the private domain platforms for members, and build and manage a unified private domain traffic pool, thereby achieving deep customer connections and precise marketing.

The company continues to strengthen the refined operations of its online malls, self-media platforms, and fan communities. By collecting and analysing user profiles and behaviours, it aggregates specific audiences and enhances personalised interaction experiences through tailored product recommendations, mall search engine optimisation, and marketing promotions. This approach aims to increase user stickiness, satisfaction, and loyalty, thereby realising a new retail model of personalised marketing services.

In addition, to support the growth of online businesses, the company has launched the Nebula Project, which enables the company to initiate a comprehensive system for detailed data empowerment. This system deeply advances the mining and application innovation of data value, including precisely understanding market demands and optimising sales conversion paths, as well as systematically improving the scene-based service capabilities of data products.

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

In 2025, the company offered products from 1,674 brands with more than 537,000 SKUs.



Robust, Green and Intelligent Supply Chain

To continuously provide high-quality products and services to consumers, we have put in place a sound and robust supply chain management system. Leveraging our strengths as a travel retailer, we actively collaborate with upstream and downstream partners to jointly build a green and smart supply chain.

Supply Chain Security

Governance

To improve procurement controls to standardise procurement practices and ensure supply security, we have dedicated responsible departments, including the Supply Chain Management Department, General Manager's Office, Procurement Planning Department, and Contract Performance Department. Following the *Bidding Law* and the *Implementation Regulations for the Law of the Tender Law* and relevant regulations for listed companies, we have put in place a robust system of supply chain security policies, including a "Supplier Management Policy", "Management Policy for Contract Manufacturers of Branded Products (Trial)", "Interim Measures for Logistics Supplier Management", "Typhoon Prevention and Emergency Response Plan", the "Warehouse Fire Prevention and Emergency Response Plan", the "Warehouse Goods Anti-Theft and Safety Management Regulations", the "Vehicle Safety Transportation Regulations and Training Protocols", and the "Special Equipment Safe Operations Management System". These policies establish requirements for how our products are stored, shipped, and delivered.

In 2025, we updated our "Procurement Management Policy (Trial)", "Implementation Rules for Tender Procurement", "Implementation Rules for Non-Tender Procurement", "Centralised Procurement Management Policy" and other policies. We added more detailed provisions on supplier selection methods, evaluation procedures, performance assessment criteria, and tender procurement practices, while strictly enforcing procurement approval processes.

Strategy

As a travel retailer, supply chain security is key in delivering high-quality products and services to consumers. To this end, we have established and enhanced our supply chain management policies and processes to guard the "entrance gate". We maintain robust oversight of suppliers throughout their performance period, and actively works with suppliers to ensure product quality standards are met, so that our users can shop with confidence.

Risks	Impact	Mitigation measures
Quality issues with procured goods	• The quality issues of procured goods may impact marketability, consequently affecting our revenue and even reputation.	• We have enhanced procurement process controls; • The company regularly communicates with suppliers on how to further improve product quality. The company requires suppliers to establish a mechanism for information exchange, so that if the product recall process is triggered due to product quality problems, the company can take timely actions to protect the rights and interests of customers.
Products may suffer damage in transportation or storage	• Products damaged during transportation or storage due to extreme weather conditions (e.g., typhoons, heavy rains, waterlogging) or other incidents (e.g., fires, theft) directly increases non-operating expenses. This may indirectly affect property insurance premium costs and terms in subsequent years, and could also impact revenue through potential disruptions to product quality and delivery timelines.	• Carefully select logistics and warehousing service providers, conduct on-site assessments of their storage facility safety, and prioritise locations with elevated topography to avoid low-lying areas; • Put in place the "Special Scenario Emergency Response Plan" to establish standardised procedures for risk management related to typhoon-induced delivery disruptions or warehouse stock shortages. This includes early warning monitoring systems, rapid response protocols, resource coordination mechanisms and standardised customer communication processes. We develop emergency response plans for natural disasters, accidents, social safety incidents, etc., detailing protocols for incident reporting, on-site handling, and personnel relocation; • The company also conducts quarterly training and drills on fire safety, typhoon preparedness, cargo security, transport safety, and specialised equipment operations to validate plan effectiveness and ensure that all staff possess the requisite safety awareness and emergency response capabilities; • Purchase adequate property insurance coverage and closely monitor market availability of similar insurance products.
Operational premises-related risks	• Inadequate temperature/humidity control in storage areas may compromise product quality, leading to increased non-operating expenses, potential revenue loss, and reputational damage • Weak management practices could result in inventory loss, escalating non-operating expenses; • The presence of fire safety hazards in storage facilities elevates the risk of fire, leading to increased non-operating expenses.	• Define precise storage requirements for different product categories; strengthen staff training programmes to improve inventory management capabilities; exert oversight and regular audits to ensure compliance; • Put in place robust policies to secure operational premises, goods, transport vehicles, business partners, and personnel; continuously upgrade storage infrastructure; • Perform monthly inspections of fire safety equipment to identify and address potential risks or hazards promptly; • Rigorously implement access controls for warehouses, with full surveillance coverage achieved throughout the warehouse premises. All warehouse access requires mandatory biometric authentication via facial recognition or fingerprint scanning. Additionally, intelligent locking systems have been deployed for cargo transportation vehicles.
Inventory risks	• Inconsistent supplier deliveries may lead to product shortages, impacting revenue performance; • Excessive advance procurement could result in overstocking, increasing warehousing and logistics costs for inventory management and internal transfers; • Failure to promptly identify inventory overstock may escalate near-expiry product accumulation, further affecting revenue performance.	• We optimise inventory management plans and strengthen risk internal control management by monitoring market fluctuations and sales data to determine rational stock levels; • We use inventory monitoring and inventory alerts to promptly address overstocking or stockouts; • Prioritise optimised inventory allocation planning to prevent stockpiling or supply delays.
Compliance risks in procurement and inventory management	• Non-compliance with our established procurement policies during the purchasing process may elevate procurement costs, negatively affecting operational efficiency and profitability; • Deviations from our established inventory management protocols could compromise product quality, potentially damaging our reputation and long-term revenue streams; • Violations of relevant laws and regulations in procurement and inventory management operations may heighten legal risks, further threatening our reputation.	• Conduct regular training and awareness programmes for procurement management personnel and cross-departmental staff involved in procurement activities, ensuring alignment with standardised procurement policies and establish a centralised procurement platform; • Provide warehouse staff with enhanced inventory management training to improve their skills in inventory control, ensuring operational standardisation and accuracy; • Put in place a robust internal audit policy to monitor and evaluate import/export-related business activities for compliance and procedural integrity.

• Strengthen procurement process management

In the sourcing process of supplier, the company established a unified supplier database, strengthened supervision and review work, and enhanced the management of supplier qualification reviews, selection, performance evaluations, incentives, penalties, and supervision. Suppliers are required to demonstrate a sound commercial reputation, tax compliance records, sales performance, and product quality. They must possess the necessary professional equipment, technical capabilities, and ongoing delivery capacity to fulfil contracts; and they must have quality control and assurance measures and plans, customer service support oriented to client needs, and no history of legal violations in business operations. We conduct periodic performance evaluations and implement tiered management of suppliers based on our evaluation of compliance and service quality.

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

• Supplier admission

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

Our proprietary brand, CDF Health, primarily relies on an ODM/OEM production model. In line with our supplier onboarding policies, we implement a rigorous supplier due-diligence process during the qualification phase. This includes verification of supplier credentials, such as ISO 9001 and HACCP certifications, assessment of their production capacity and after-sales service capabilities, and site visits to evaluate potential suppliers before adding them to our supplier database.

For suppliers who pass initial screening and preliminary evaluation, we engage a third party to conduct factory audits prior to formally partnering with them. Furthermore, follow-up audits are conducted throughout the partnership, where necessary.

For product development and production, when finalising the product formula, suppliers are required to produce samples for testing by an accredited third-party laboratory. Third-party testing reports are updated annually. During mass production, factory analysis certificates are verified for each batch. Additionally, all incoming products undergo visual inspection, and labels, traceability codes (if applicable), and product barcodes are cross-checked for accuracy and clarity before being accepted into inventory.

• Tiered supplier management

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

Grade A (excellent suppliers)

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

Grade B (good suppliers)

Suppliers with which there is regular business cooperation.

Grade C (suppliers subject to rectification)

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

Grade D (suppliers should be phased out)

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

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

Impact, Risk, and Opportunity Management

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

1 Identification

The company's internal control team comprehensively reviews supply chain operations, collects and analyses data across all stages, and conducts regular risk identification and assessment processes. We have established risk information channels to maintain close communication with suppliers, logistics partners, and industry associations, ensuring timely updates on industry risks and developments, to continuously optimise supply chain processes, and to achieve stable, safe, and sustainable development of the supply chain.

2 Assessment and prioritisation

We conduct thorough risk assessments of existing suppliers, covering their production capacity, quality control, and delivery capabilities. Historical data and experience are used to quantify the probability of identified risks escalating, potential losses, and safety hazards, with a view to clarifying the severity and urgency of risks. Based on these assessments, we formulate supplier classification strategies and engage in heightened monitoring and management for high-risk suppliers. Simultaneously, we actively seek new high-quality suppliers to reduce reliance on single sources and diversify supply chain risks.

3 Monitoring

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

4 Management

Operational procedures are streamlined and standardised to avoid supply chain security risks.

Strengthening Supply Chain Risk Management to Counteract Extreme Weather

To mitigate the impact of frequent extreme weather events such as typhoons and heavy rainfall in Hainan on logistics operations, the company systematically enhanced supply chain risk management centred on its "Special Scenario Emergency Response Plan". This initiative aims to achieve "proactive risk anticipation and rapid, efficient response," maximising distribution stability from warehouses to all pickup points.

Specific measures and mechanisms include:

1. Establishing Tiered Early Warning and Proactive Response Mechanisms: When meteorological authorities issue an Orange (or higher) alert, the system automatically triggers emergency protocols. Logistics teams must assess and apply to suspend online "Port Pickup" services within one hour. Communication with pickup points and transport providers must be completed within two hours. Non-local orders will be prioritised for delivery three days before departure, based on storage capacity.
2. Detailing Round-the-Clock Emergency Procedures: The plan defines distinct daytime and nighttime response protocols for sudden incidents like vehicle breakdowns. For example, during operational hours, alternative vehicle or towing solutions must be formulated and reported within 30 minutes of an incident. Information must be relayed to customer services within 25 minutes, enabling them to notify consumers of delays within 30 minutes, ensuring closed-loop management.
3. Developing Diversified Stock-Shortage Solutions: For out-of-stock or damaged goods identified during dispatch, the plan provides multiple resolutions including emergency store transfers, split-order shipments, complimentary gift compensation (Sanya Warehouse only), and customer service-led refund/re-mailing agreements. Execution plans must be confirmed within 10 minutes of identifying shortages, prioritising the customer experience.

Results were significant: Through these meticulous, time-sensitive controls, the company effectively reduced cargo delays and customer complaints during extreme weather challenges, including the 2025 typhoon season. Annual customer complaint rates attributable to supply chain issues were contained at a remarkably low level of 0.000845%.

Metrics and Targets

The company's key supply management metrics are as follows:

Metrics	Tier 2 metrics	Unit	2025
Total number of brand partner	/	Number	760
Number of brand partners by geographical region	Chinese Mainland	Number	281
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	Number	207
	Overseas	Number	272
Total number of non-brand suppliers	/	Number	1,642
Number of non-brand suppliers by geographical region	Chinese Mainland	Number	1,512
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	Number	95
	Overseas	Number	35
Classification of non-brand suppliers	Total number of Level I suppliers	Number	170

The company's key supply chain security metrics are as follows:

Metric	Unit	2025	Target
Major risk incidents occurring in supply chain	Cases	0	0
Suppliers involved in major risk incidents along the supply chain	Number of suppliers	0	0
Individuals involved in major risk incidents along the supply chain	Person	0	0

Intelligent Supply Chain Management

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

In 2025, the company continued to optimise leased pick-up areas, personnel structures, and vehicle distribution routes at ports and airports in Hainan. This reduced pick-up and distribution costs. The company also successively took over off-island pick-up operations from business partners, fully demonstrating the positive effects of internal optimisation and restructuring within the pick-up point network.

The company is clearly aware of the key role played by suppliers in the supply chain. Data exchange and supply chain integration between suppliers, manufacturers and distributors is achieved through a visualised platform and digitalised supply chain, helping provide standardised and digitalised information of merchandise. As a result, operational efficiency is improved for enterprises and supply chain partners, and they are able to engage in harmonious, win-win cooperation.

The company considers the geographical location and climate of key suppliers in its supply chain management. Through the visualised intelligent supply chain platform, logistics personnel can identify optimal shipping routes and prioritise deliveries to reduce carbon emissions. Additionally, we conduct regular training for drivers and dispatchers to enhance their understanding and skills in respect of efficient transportation and ensure that resource utilisation is maximised for each trip.

In warehouse management, the company has fully applied artificial intelligence (AI) and remote-control technologies to improve overall warehousing and logistics efficiency. A warehouse management system is installed and adopted in each centre to standardise warehouse operations in a more scientific and reasonable way, to improve the efficiency of warehouse management. We have deployed the Internet of Things (IoT) and management control systems, such as automated guided vehicle (AGV) robots and autonomous case-handling robots (ACR), and automatic equipment, such as clothing hanging chains and four-way shuttles, for integrated storage, handling and warehousing in logistics centres in Shanghai, Shenzhen and Hainan. These systems and equipment enable intelligent handling, picking and sorting and optimise processes for inbound warehousing, inventory management, replenishment sorting and shipping. Meanwhile, the company introduced and implemented a high-density racking system using high-level pallet four-way shuttles. Utilising vertical space significantly increased storage capacity per unit area. The system's efficient automated storage and retrieval capabilities also reduced equipment idling, labour costs, and energy consumption, thereby improving the overall utilisation efficiency of logistics resources.

In 2025, the company continued to optimise the layout of its warehousing centres, the warehousing centres covered a total area of

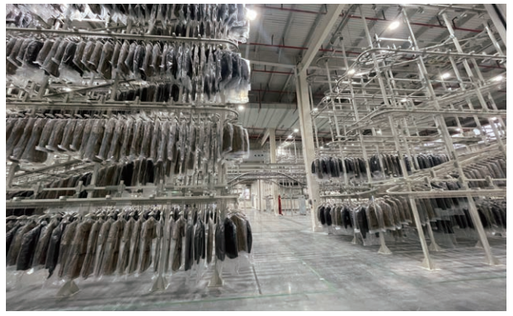
546,000

square metres

The company also uses the box-type robot, it can pinpoint and transport goods with specific SKUs, enabling higher sorting precision. The official launch of the box-type robot has significantly improved the overall operating capacity of the Qianhai e-commerce warehouse and doubled its order picking capacity, resulting in an error rate of less than 1/10,000. Moreover, the box-type robot has also helped the warehouse surpass the previous height limits imposed by manual order picking. As a result, the warehouse has been able to expand the number of shelf layers from 4 to 7, which has doubled its cargo box storage capacity from 4,500 to 9,000. In addition, the box-type robot operates in a paperless manner by skipping order printing. It substantially enhanced picking efficiency and accuracy.



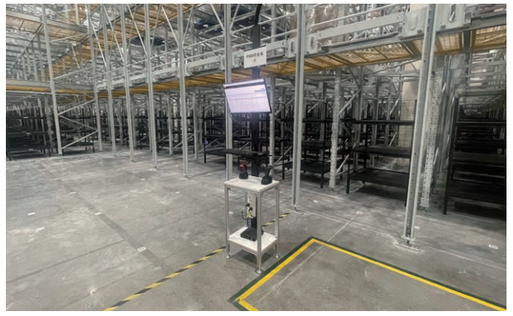
AGV robots storage



Clothing hanging chains



Four-way shuttles, and AGV robots storage



Establish green supply chain

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

Green Transportation

The company focuses on decarbonisation potential within the logistics process. Through technological upgrades, management optimisation, and model innovation, we are building an efficient and low-carbon green logistics system.

We promote the use of energy-saving lighting across all logistics centres. Comprehensive energy-saving retrofits of lighting equipment were completed at the Sanya logistics base and the Chengmai Comprehensive Bonded Zone warehouse, achieving a 100% usage rate of energy-saving lighting in company-owned warehouses.

We promote the use of new energy transport vehicles in the transportation segment and strive to optimise the loading efficiency of logistics vehicles to minimise resource waste. To this end, the company has deployed an advanced logistics transportation management system that intelligently analyses optimal loading plans based on real-time order data. Furthermore, we have adjusted our policy to allow mixed-load transportation of duty-free goods and non-dutiable items, eliminating mandatory separate shipments and ensuring each vehicle achieves maximum loading efficiency, reduce empty runs and partial loads, thereby reducing greenhouse gas emissions.

Usage rate of energy-saving lighting in company-owned warehouses

100%

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

We emphasise building employee capabilities in energy conservation. Logistics centres organise specialised training on optimising logistics routes, warehousing processes, and the energy-efficient operation of logistics equipment. Through practical case analysis and on-site demonstrations, we strengthen employees' practical energy-saving skills, turning conservation concepts into concrete actions.

Additionally, we conduct regular training for drivers and dispatchers to enhance their understanding and skills in respect of efficient transportation, urge our fleet operators to cultivate good driving habits, strictly carry out daily maintenance and fuel management, and smartly select driving routes, and ensure that resource utilisation is maximised for each trip.

Green Warehousing

The company is actively responding to national policies in the comprehensive implementation and promotion of green warehousing. We aim to reduce transportation costs and improve warehousing efficiency in order to conserve energy and reduce emissions. We operationalise the "circular economy" concept in warehousing operations. Our objective is: "No new purchase of pallets, no new purchase of single-use storage containers, and strong promotion of reusable operational tools during operations."



To achieve this goal, we:

Promote the comprehensive use of reusable load carriers

Customise supplier cartons in warehouses for reuse as storage containers, fitting rack dimensions. This secondary use saved approximately 7,000 new cartons in 2025.

Prioritise using pallets from incoming supplier goods to avoid purchasing new wooden pallets, reducing timber consumption. Fully adopt long-lasting, reusable plastic pallets in bonded warehouses in Hainan for storage and logistics, replacing traditional single-use wooden pallets.

Use recycled cartons and reusable, biodegradable, eco-friendly plastic boxes as containers for warehouse storage.

Optimise the digitalisation of operational processes

Continuously improve the supply chain information system, promoting end-to-end online operations for orders, handovers, and warehousing.

Implement paperless warehouse management, using fingerprint recognition systems for personnel access registration instead of traditional paper records.

Scientific and reasonable warehouse layout

Consolidate scattered warehouses into integrated warehousing and distribution centres.

Optimise the loading capacity and utilisation of transport vehicles to avoid the unnecessary waste of transport capacity, enhancing logistics chain efficiency.

Use energy-saving and environmentally-friendly equipment and facilities

Use LED lighting

Comprehensively deploy electric forklifts

Explore other clean energy equipment

Supplier ESG Management

The company rigorously adheres to admission and evaluation mechanisms. Beyond traditional metrics like quality, cost, and delivery timelines, sustainability elements including environmental protection and social responsibility are integrated into the core assessment framework. Specialised agreements are executed to define mutual responsibilities, and regular performance reviews are conducted to collaborate with suppliers on improvements.

The company signs Sustainable Development Agreements with suppliers to clarify responsibilities in respect of environmental protection and social accountability. In terms of oversight, we conduct regular reviews to monitor suppliers' environmental performance, with a focus on their implementation of environmental policies and measures.

The company conducts on-site visits to supplier factories to verify the environmental sustainability of packaging materials throughout production and transportation. Suppliers demonstrating strong performance receive higher composite scores. Furthermore, to prevent excessive packaging procurement and reduce warehouse space utilisation, we place significant emphasis on evaluating our suppliers' capability for frequent, small-volume deliveries.

The company proactively builds and participates in green supply chain ecosystems. During supplier selection, we encourage increased adoption of eco-friendly products and services, mandate the use of sustainable packaging materials (e.g., recyclable materials, glue-free cartons), and actively partner with stakeholders on innovative practices – such as promoting reusable transit packaging – to collectively reduce our environmental footprint.

We defined environmental requirements in procurement policies and guidelines. For example, we included goals for reducing packaging waste to save resources and promote sustainable development. In 2025, we conducted in-depth communication with and audits of suppliers to ensure they meet the latest environmental standards and requirements. For example, we give priority to suppliers with ISO 14001 certification for environmental management systems. In terms of supervision, we have strengthened our mechanism for evaluating and monitoring suppliers' environmental performance.

For procurement projects exceeding CNY5 million, during the prequalification stage, bids are evaluated based on whether suppliers have obtained the ISO 14001 certification. Shortlisted suppliers must demonstrate robust environmental protection capabilities and submit Safety and Civilised Construction Plans so we can ensure they will adhere to local environmental requirements during operations.

Engaging in Good Initiatives to Act as a Responsible Corporate

Creating Better Lives

We consistently fulfil our corporate mission through concrete actions. We provide premium products and services, creating better lives for our customers while striving to become an advocate for quality living and happiness.

In 2025, responding to new downtown duty-free policies, the company proactively advanced the development of downtown duty-free stores. All 12 city stores commenced full operations with stable performance, including: the renovation and upgrading of 6 existing stores in Sanya, Dalian, Qingdao, Xiamen, Shanghai, and Beijing; and the successful launch of 6 newly awarded stores in Shenzhen, Guangzhou, Chengdu, Xi'an, Tianjin, and Fuzhou.

Store Renovation and Upgrading

Case study

Dalian Downtown Duty-Free Store launched a Mother's Day campaign, delivering heart-warming shopping experiences

During Mother's Day 2025, cdf Dalian Downtown Duty-Free Store curated exclusive shopping activities featuring globally selected premium products and sincere promotions to create heart-warming shopping experiences. As China's first downtown duty-free store opening after the new national policy implementation, Dalian Downtown Duty-Free Store offers diverse merchandise spanning cosmetics, skincare, perfumes, watches, jewellery, sunglasses, wine, and food. Capitalising on policy advantages and channel strengths, the store introduced international first-tier brands alongside distinctive domestic chic products, achieving a unique fusion where global selections meet local culture.



Case study

Responding to new policy, cdf Qingdao Downtown Duty-Free Store completes a transformation and upgrade

On 20 May 2025, the company's Qingdao Downtown Duty-Free Store completed its transformation and upgrade following the release of the new downtown duty-free policy. The store introduced over 100 internationally renowned brands, establishing a diversified duty-free product portfolio focused on beauty & fragrance, premium wines & spirits, and fashion accessories. As the company's first downtown duty-free project in Shandong Province, the store's opening further strengthens Qingdao's duty-free commercial landscape, caters to multi-tiered consumer demand, and drives the retention of regional premium consumption.



Case study

Xiamen Downtown Duty-Free Store reopens, facilitating the development of the region's duty-free economy

On 26 May 2025, the company's Xiamen Downtown Duty-Free Store reopened after a transformation and upgrade in line with new policy. The store now features internationally renowned brands across fashion & beauty, luxury accessories, and fine wines & spirits. As the first downtown duty-free store in Fujian Province, Xiamen Downtown Duty-Free Store complements existing port duty-free operations, injecting fresh momentum into the development of the region's duty-free economy.



Xiamen Downtown Duty-Free Store



Sanya Downtown Duty-Free Store



Shanghai Downtown Duty-Free Store



Beijing Downtown Duty-Free Store

Successful Opening of New Bid-Winning Stores

Case study

CDFG unveils the first downtown duty-free store in Shenzhen, advancing its development as an international consumer hub

On 26 August 2025, marking the 45th anniversary of Shenzhen's special economic zone, cdf, Shenzhen State-owned Duty-free Commodities (Group) Co., Ltd. and Shum Yip Group jointly launched the Shenzhen Downtown Duty-Free Store, advancing the city's development as an international consumer hub and injecting new momentum into the Guangdong-Hong Kong-Macao Greater Bay Area. Located on the first floor of Shum Yip Upperhills in Futian District's core commercial area, the 3,000-square-metre project features both duty-free and taxable product zones.



Shenzhen Downtown Duty-Free Store

Case study

Guangzhou welcomes its first downtown duty-free store to energise the city as an international consumer hub

On 26 August 2025, the first downtown duty-free store opened in Guangzhou, marking a significant step in Guangzhou's progress as an international consumer hub. Developed by CDFG, Guangzhou Grandbuy Co. Ltd., Guangzhou Lingnan Group Holdings Company Limited, and Baiyun Airport, the store is strategically positioned in a central commercial district to attract both local consumers and global visitors.

The design integrates Guangzhou's "City of Flowers" identity, with a China-chic-themed taxable area showcasing Guangcai porcelain, ivory carving techniques and modern design to create culturally rich, takeaway souvenirs. This "scene-based consumption + cultural experience" model fosters a new tourism retail ecosystem, offering consumers a unique blend of urban identity, regional culture, and duty-free shopping while promoting China's intangible cultural heritage.



Domestic and China-chic products

Case study

cdf wins bids for Chengdu and Tianjin Downtown Duty-Free Stores, advancing high-quality growth in the duty-free industry and regional economic prosperity

On 9 and 13 January 2025, cdf successfully secured bids for the Chengdu and Tianjin Downtown Duty-Free Store projects. As the economic, technological innovation, and international exchange hub of western China, the Chengdu Downtown Duty-Free Store is strategically positioned at the Yanlord Landmark in the prime CBD location, offering significant locational advantages. Tianjin, a key international consumption hub city and vital to the coordinated development of the Beijing-Tianjin-Hebei region, will see its Downtown Duty-Free Store located at the Yanlord ISETAN department store within the Old Town Commercial District. This store, themed as a "Shopping Museum", aims to become a new urban consumption landmark with extensive regional reach.



Chengdu Downtown Duty-Free Store



Tianjin Downtown Duty-Free Store

Downtown duty-free stores represent a significant opportunity to shape urban commercial landscapes, serve as platforms for promoting Chinese culture, and act as incubators for China-chic brands. Leveraging our unique strengths, the company is building an integrated triple-element business model combining "duty-free + duty-paid", "offline + online", and "imported + domestic" goods. This creates immersive new consumer experiences, meeting customers' growing aspirations for a better life, while advancing the high-quality growth of the regional duty-free sector and fostering local economic prosperity.

Promoting industry development

As a leader in the travel retail sector, CDFG actively participates in major industry events such as the China International Consumer Products Expo in Hainan and the China International Import Expo (CIIE), and hosts events like the Global Brands Meeting. We continuously drive innovation within the duty-free industry.

Case study

CDFG Hosts 2025 CDFG Global Brands meeting, fostering dialogue across the global travel retail industry

In March 2025, the 2025 CDFG Global Brands Meeting, themed "Redefine Frontiers, Synergise Futures", was held in Sanya, Hainan. The meeting focused on core topics including policy direction, industry trends, and cutting-edge technologies, providing global brand partners with in-depth insights into the Chinese travel retail market. By building stronger bridges for communication and collaboration, CDFG provides global brand partners with more precise market positioning, efficient operational support, and diversified marketing strategies, supporting their sustainable growth in the Chinese market.

Mr. Fan Yunjun, Chairman of CDFG, delivered remarks at the conference. He stated that the company will adhere to the fundamental principles of "Integrity with Innovation, Efficiency Enhancement, and Integrated Development" to drive high-quality growth. He expressed CDFG's commitment to providing partner brands with deeper consumer insights and market development opportunities. He also encouraged more brands to introduce flagship stores and exclusive debut products through CDFG, enriching product offerings and enhancing the service experience for global consumers.



cdf showcases at the 5th CIIE, sharing new opportunities with global partners

April 2025 saw the 5th China International Consumer Products Expo held in Hainan, creating opportunities for global enterprises to access the Chinese market and for Chinese companies to expand internationally. 2025 marks the year of Hainan Free Trade Port's customs closure, the fifth consecutive CIIE, and the fifth consecutive year of cdf's participation.

Our main pavilion adopted the theme "Harmony in Structure" (方圆之间), featuring an open, transparent layout with tailored atmospheric and scenography designs for each product category. This created a unique visitor experience where each step revealed new products and vistas. Leveraging our brand management expertise, we featured multiple renowned brands across diverse categories, comprehensively presenting premium domestic and international goods while demonstrating industry leadership.

Additionally, we hosted a catwalk show in the atrium of Haikou International Duty-Free Shopping Complex. Combining an exhibition with a runway presentation, this dynamically showcased apparel, jewellery, cosmetics and trending items. This innovative retail concept unlocks consumer spending potential, supports Hainan Free Trade Port's development as a global consumption hub, and generates fresh opportunities for worldwide retail innovation and travel retail development.



Our "Harmony in Structure" pavilion



High-end fashion show at Haikou International Duty-Free Shopping Complex

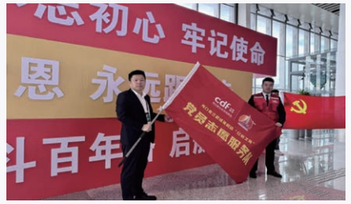
Volunteer Activities

The company organises volunteer activities to demonstrate its corporate social responsibility and commitment, striving to build a distinctive volunteering brand. Haikou Meilan Airport Duty-Free Shop, Hainan DF, Sanya Downtown Store, and Hangzhou cdf have successively established dedicated volunteering teams.

Case study

Meilan Store launches the "Red Wingsail" Party Member Volunteer Service Team and conducts various volunteer activities

In March 2025, Hainan DF's Meilan Store formally launched the "Red Wingsail" Party Member Volunteer Service Team and hosted a flag presentation ceremony to mark its official establishment. This initiative aimed to inspire Party member volunteers to deliver the warmth and care of the Party with passion and professional expertise.



Flag presentation ceremony for the "Red Wingsail" Party Member Volunteer Service Team

In May, the "Red Wingsail" Party Member Volunteer Service Team selected Party members and active members to participate in the all-ages-friendly hiking event "Walking with Twilight, Resonating with Happiness", organised by the Publicity Department of Meilan District in Haikou. Volunteers assisted with participant registration and supply distribution. Leveraging their professional expertise, they also conducted on-site presentations explaining the offshore duty-free shopping policies and shared knowledge on preventing duty-free goods reselling.



Volunteer service photography session for the hiking event



Information session on offshore duty-free policies and preventing the resale of duty-free goods

In October, the "Red Wingsail" Party Member Volunteer Service Team at Meilan Store collaborated closely with the marketing team to provide volunteer services at the 2025 Haikou Meilan Fishing Village Dragon Boat Race Grand Finals, hosted by the Meilan District People's Government of Haikou City. They delivered compassionate support, including check-in assistance, crowd management, organising competition materials, and guiding guests, exemplifying the brand's warmth and social responsibilities.

Case study

Hainan DF and its affiliated stores conduct various volunteer service activities

In 2025, Hainan DF's volunteer service team had 322 registered volunteers and organised 23 volunteer initiatives. Collectively, these efforts contributed a total of 6,252.3 hours of community service, including:

On 12 March 2025, Hainan DF organised 17 Party members from its employees to participate in a government-led volunteer tree-planting activity at Hainan University's Guanlanhu Campus in Haikou's Longhua District. This effort aimed to enhance ecological foundations and enrich the environmental legacies of the development of the Hainan Free Trade Port.



On 21 March 2025, Hainan DF organised a public welfare donation event for "Earth Hour". Employees actively participated, collecting 571 donated items including clothing, daily necessities, educational supplies, children's books, and toys. These materials were then handed over to the Hainan-based charitable organisation "Tong Aihui" for centralised collection and distribution to those in need.



In July 2025, the general party branch and Youth League Committee of Riyue Store collaborated with the Youth League Committee of Longhua District, Haikou City, to conduct a volunteer initiative focused on improving the living environment in Huaken Community, Longhua District. This activity aimed to mitigate the risk of mosquito-borne diseases, such as chikungunya and dengue fever, thereby enhancing public health safety.



Case study

Sanya Downtown Store launches diverse volunteer activities

In 2025, the Sanya Downtown Store conducted 20 volunteer service activities covering ecological and environmental protection, traffic management, and community services, accumulating nearly 800 volunteer service hours.

First, we further enhanced our "Clean the Blue Ocean, Guard the Green Forest" initiative. Centred around key dates such as Arbor Day, World Earth Day, and National Ecology Day, the company organised young volunteers to carry out activities such as mangrove conservation, beach clean-ups, and wind disaster relief in areas including Tielu Port. A total of 11 activities were held throughout the year, involving approximately 200 volunteer participations.

Second, we explored the "Culture & Tourism Pioneer" (文旅先锋) service brand. Young volunteers were organised to provide services at three major cultural and tourism events such as the Women's Elite Marathon and a Jay Chou concert, demonstrating the positive spirit of the cdf youth.

Third, we promoted the regularisation of volunteer services. By strengthening cooperation with local public welfare organisations, we carried out six regular activities such as caring for children, championing the volunteer spirit of "dedication, friendship, mutual support, and progress".



On 12 March 2025, the Sanya Downtown Store organised an Arbor Day activity themed "Protecting Nature's Verdure by 'Cleaning the Blue Ocean, Guarding the Green Forest', Conserving Wetland Purity through Mangrove Maintenance" at Tielu Port, Haitang Bay. The "CDF Pioneer"(免税先锋) volunteer team performed maintenance on trees planted by the company in previous years.

Case study

The company takes action to build a green marine network, utilising diverse models to co-create an azure coastline

In 2025, cdf deepened its collaboration with Alipay by upgrading its philanthropic initiative through the "tap and donate (你碰我捐)" model. For every transaction completed using Alipay's "Tap to Pay" function at CTG DUTY-FREE stores, we will donate CNY1 to the SEE Foundation for Halophila beccarii restoration. This creates a sustainable loop linking "commercial consumption – environmental donation – ecological restoration".

To transform online philanthropy into tangible action, the company has extended the "tap and donate" initiative offline. On 22 April, marking the 56th World Earth Day, cdf partnered with Alipay and the SEE Foundation to conduct a seagrass restoration activity at the Haikou Dongzhai Port Science Academy Qukou Research Base. Over 40 participants – including representatives from cdf, Alipay, the SEE Foundation, and cdf members – successfully transplanted 120 planting units of Halophila beccarii and Halophila ovalis, restoring approximately 200 square metres of seagrass beds.







The event featured a mangrove ecosystem tour, with volunteers visiting the adjacent Dongzhai Port National Nature Reserve by boat.

Case study

Hangzhou cdf actively engages in diverse public welfare initiatives

Hangzhou cdf established the "Qihang Vanguard Team" through its joint party branch to promote civilised shopping campaigns during Q2 2025; it participated in the China Charity Federation's "Paper for Love Initiative" to support treatment for underprivileged children with congenital heart disease and echinococcosis patients in Xizang Autonomous Region; and it continued its clothing donation programme, cumulatively contributing 117.4 kg of used garments to the China Charity Federation by 2025.

Overseas Social Responsibility

We actively fulfil our overseas social responsibilities, contributing to the sustainable development of local communities.

Case study

CDFG (Cambodia) Limited launches the "Cambodian Cultural Creations" Love & Charity Journey to support child welfare Initiatives

Since October 2014, CDFG (Cambodia) Limited has provided targeted assistance to the Cambodia Children's Art Orphanage under the theme "The Love & Charity Journey". On 28 November 2025, CDFG (Cambodia) Limited launched the "Cambodian Cultural Creations" Love & Charity Journey at the orphanage, with employees making voluntary donations and actively participating. The initiative involved donating daily necessities (such as original T-shirts, cultural creation products, stationery, and food & beverages) to the orphanage. Activities such as interactive painting sessions provided companionship and care, supporting child welfare causes. This innovative "Philanthropy + Cultural Creativity" model shapes cdf's brand image as equally prioritising commercial and social value, enhances its affinity within the Southeast Asian market, and increases consumer recognition of "cdf Cultural Creations".









Case study

Adhering to a "localisation" personnel strategy and building a China-Cambodia talent bridge

Over the past decade, cdf has consistently upheld its 'people-oriented' philosophy, recruiting and training hundreds of Chinese and Cambodian staff members, and contributing to a localised and high-performing talent pool for the company.

The CDFG (Cambodia) team steadfastly implements a "localisation" strategy, with middle-management positions consistently filled by Cambodian employees. This approach has directly created over 500 employment opportunities in Cambodia, establishing the company as a significant driver of local employment. Simultaneously, the company persists in providing frontline staff with Chinese language training, using language and cultural bonds as a bridge to foster communication.



We closely align with "national priorities, Hong Kong's strengths, and corporate capabilities" to boost Hong Kong's development momentum through the extensive recruitment of local staff. Leveraging community networks, we collaborate with grassroots organisations, Hong Kong-based enterprises, and universities to deliver community volunteering, staff discount programmes, and support for competitions like the Hong Kong Inter-University Basketball Tournament. This consolidates patriotic and pro-Hong Kong sentiment at the grassroots level, upholding the principle of "patriots administering Hong Kong." We maintain a sustained focus on Hong Kong youth development, actively participating in government and Hong Kong Chinese Enterprises Association youth employment and internship schemes. Initiatives include providing local job opportunities, delivering patriotic training programmes for Hong Kong employees, and implementing mentorship programmes to support disadvantaged students, thereby fostering unity and cohesion among Hong Kong's youth.

Promoting the Comprehensive Revitalisation of Rural Areas to Create a New Vision for the Modernisation of Agriculture and Rural Areas

The company is committed to serving and advancing the national rural revitalisation strategy. To this end, the company has increased its support for key targets, with a view to improving rural industries, rural infrastructure, and rural governance. We have strived to increase agricultural efficiency, boost rural vitality, and raise farmers' incomes, thereby providing fundamental support for Chinese modernisation.

In 2025, the company invested CNY16.88 million in non-reimbursable assistance funds and mobilised CNY10.05 million in various types of support funds. Additionally, the company donated school uniforms about CNY0.6 million. We also supervised our employees serving as temporary cadres in Menglian county and Ximeng county, Yunnan province on the implementation of 16 support projects across the five pillars: industrial revitalisation, talent revitalisation, cultural revitalisation, ecological revitalisation, and organisational revitalisation. Based on thorough research and taking into account local talent needs, our employees organised training programmes targeting grassroots officials at the county, township, and village levels, as well as champions of rural revitalisation and wealth creation and technical professionals. In 2025, they trained a total of 1,690 participants, providing significant support for rural revitalisation efforts in the two counties in terms of talent development.


人道　博爱　奉献

红十字不仅是一种精神　更是一面旗帜

——习近平

感谢信

中国旅游集团中免股份有限公司：

衷心感谢您们对西盟县慈善事业的关心支持！在这里，请允许我会向您们致以最诚挚的感谢和最崇高的敬意！您们的慷慨捐赠，将为我们履行人道主义使命、做强社会公益带来了一股暖流。

爱心无界，情义无价，或许我们素昧平生，但“人道、博爱、奉献”的红十字精神将我们相互联系在一起，您们与许许多多无私奉献的使者，用一颗颗爱心汇成红十字“爱”的海洋；您们的高尚品格，助人为乐的行为将永存于我们和受助人心中；您们的无私奉献、爱心捐助将点燃很行者的筑梦之旅。

对您们的爱心善举，我们将郑重承诺：严格按照您们的意愿用于所指定的项目，及时让指定资助对象或处在困难困苦中的受赠者收到来自于您们的关心关爱，并通过您们的暖心善举让受赠者充分感受社会大家庭的温暖。

您们对红十字公益事业所做出的贡献是我们前进的源泉和动力。在此，西盟县红十字会全体同仁向您们的关心和支持再次表示最诚挚的谢意！

感恩有您，与爱同行谨以入道名义再次向您们致敬！祝您们工作顺利！生活愉快！

捐赠证书

中国旅游集团中免股份有限公司：

为支持红十字会履行人道主义使命，开展人道救助工作，捐赠[illegible]，价值[illegible]元人民币用于[illegible]。

特发此证，谨表谢忱。

西盟佤族自治县红十字会

2025年[illegible]月[illegible]日

A school uniform donation certificate from Ximeng county


捐赠证书

人道　博爱　奉献

红十字不仅是一种精神　更是一面旗帜

——习近平

感谢信

中国旅游集团中免股份有限公司：

为支持红十字会开展人道救助工作，捐赠学生校服2308套，价值：300040元，用于学生统一着装，学生们穿着统一校服不仅增强了归属感和集体荣誉感，也凝聚了学校的凝聚力和团队精神。

孟连县红十字会

2025年[illegible]月16日

A school uniform donation certificate from Menglian county

Industrial Revitalisation

Industrial revitalisation forms the foundation for the comprehensive revitalisation of rural areas.

The company has invested CNY2.1 million in Hui'e village and Jingmao village, Jingxin township, Menglian county to cultivate Amomum (砂仁) under forest canopies. This includes constructing a standardised processing facility for Amomum, introducing advanced planting techniques and equipment, and developing distinctive cultural and tourism products such as Amomum foot soaking sachets, therapeutic food packages, and Dai ethnic medicinal herb bags. Additionally, a product exhibition and experience platform has been established to provide technical training and career development opportunities. These efforts aim to enhance farmers' production skills and overall competencies, thereby advancing agricultural modernisation.







The company has invested CNY3 million in the Beautiful Village Enhancement Project for the Xuanfu Cultural Block in Nayun Ancient Town, Menglian county. The investment includes the renovation of street facades, buildings, and walls, as well as the construction of new guardrails, movable planters, flowerpots, and Dai ethnic pottery lamps. The plan is to create a cultural and creative street featuring over 20 businesses that integrate Dai ethnic cuisine, coffee tasting, avocado tasting, and small specialty goods, thereby expanding local industrial chains to help residents create wealth.





Talent Revitalisation

Rural revitalisation hinges on talent.

The company continues to help build a solid talent foundation for rural revitalisation. In 2025, we organised a training programme to upskill grassroots officials and champions of wealth creation in Jinggu and Ning'er counties in Yunnan province; and 78 county, township, and village officials and champions participated. Focusing on industrial development trends and grassroots governance, these immersive learning sessions delivered strong and sustainable endogenous momentum for the rural revitalisation of Ximeng county.

A visit to a key demonstration site at a vegetable industrial park in Jinggu county



The company cares deeply about education in remote border areas. In 2025, we supported the recording classroom project at Ximeng County Ethnic Primary School. This initiative aims to enable more students to access diverse and abundant teaching resources, broaden professional development channels for teachers, facilitate the transition from traditional to smart classroom models, and promote the sharing of high-quality educational resources across regions.



The company continues to support the “Star of Hope: Good Teachers” training programme. In 2025, the company organised the selection of backbone teachers from 27 primary schools across seven townships in Ximeng county to participate in an exchange programme in Zhuhai city, Guangdong province. This initiative is designed to enhance teachers' subject-specific expertise and improve teaching quality. Through our support for faculty development in rural areas, we are effectively narrowing the urban-rural education gap and laying a solid educational foundation for rural revitalisation.



Cultural Revitalisation

Rural revitalisation begins with prioritising the preservation of cultural heritage.

The company supported Xiaoxinzhai, a traditional settlement of the Wa ethnic group in Yuesong village, Yuesong township, Ximeng county, in its project to improve its living environment and enhance red cultural tourism. This includes establishing a Party-building corner, setting up promotional exhibition boards, collecting historical relics from the Red Flag Militia Company's battles, exploring the connotations of red frontier defence culture, and constructing a red educational base in Ximeng county. These efforts are enhancing the visibility and influence of the Wa ethnic settlement as a tourist attraction and strengthening its cohesion.

The company also supported the "Washan Dancers" Supporting Facilities Enhancement Project in Yong'e of Masan village, Mengka town, Ximeng county. This project includes providing 80 sets of traditional ethnic costumes, repairing the stage, and improving stage facilities. These efforts effectively enhance the quality and visual impact of ethnic dance performances, promote and preserve ethnic culture, and enrich the spiritual and cultural life of the local community.






Ecological Revitalisation

Building a liveable and business-friendly, harmonious and beautiful countryside enhances the well-being of farmers.







We supported an upgrade project for the traditional Dai ethnic settlement in Hui'e village, Jingxin township, Menglian county. The project includes improvements to roads and ancillary facilities, and renovations to villagers' courtyard walls, gates, and coloured steel roofing, as well as supplementary greening initiatives. These efforts have elevated the local living and ecological environment while enhancing infrastructure for industrial development, directly benefiting 786 residents from 158 households.

The company continues to advance the construction of the Likan Rural Resort in Mengsuo village, Mengsuo town, Ximeng county. New drainage ditches and potable water pipelines have been installed, and work is ongoing on the constant-temperature heating system for the rural complex's swimming pool. The project is designed to upgrade tourism facilities in the Likan sub-unit, contributing to the creation of a beautiful, liveable, business-friendly, and visitor-ready village. It will also diversify local tourism offerings and promote the in-depth integration of agriculture, culture and tourism.

Organisational Revitalisation

Organisational revitalisation is key to advancing the modernisation of rural governance.





Kunming cdf signed co-construction agreements with four grassroots Party organisations in Menglian county and Ximeng county for 2024. By signing these agreements, Kunming cdf committed to working with these organisations to hold joint Party-building activities, exploring ways to enhance rural governance through strengthened Party-building.

The company also organised leading officials from Menglian county to attend a specialised training programme in Shenzhen on "Embracing the Spirit of Reform and Opening-up to Promote High-quality Development in Menglian County".

Consumption-based Poverty Alleviation

The company mobilised its trade unions at various levels to purchase distinctive agricultural products from counties that had achieved poverty alleviation. In 2025, we spent a total of CNY1.64 million on agricultural products from Menglian county and Ximeng county.

Purchased distinctive agricultural products during the year

1.64 million

Support for Local Rural Industrial Development

Hainan DF carefully selected and dispatched rural revitalisation task force members to work at the grassroots level to support rural revitalisation in Yongfu village, Baisha county in Hainan. They provided significant industrial assistance, which helped increase villagers' incomes and improve their livelihoods. By collaborating with trade unions on consumption-based poverty alleviation initiatives in 2025, we successfully boosted the collective income of the village by over CNY260,000.

we successfully boosted the collective income of the village by over

260,000

Leveraging Our Strengths as a Tourism Retailer

To capitalise on our advantages as a tourism retailer, we set up a "Xing Lv Yun Pin" store for local agricultural products at Sanya International Duty-Free Shopping Complex and Haikou International Duty-Free Shopping Complex. By introducing new distinctive agricultural products, we facilitated the sale of CNY2.16 million worth of goods from 7 counties for which the group has been assigned to provide general assistance and 1 county for which the group has been assigned to provide special assistance. Meanwhile, employees serving as temporary cadres in Menglian county and Ximeng county helped sell distinctive agricultural products worth CNY1.38 million. These efforts opened up market channels for distinctive agricultural products from formerly impoverished regions, empowering local farmers to grow their incomes.



Our "Xing Lv Yun Pin" store at Sanya International Duty-Free Shopping Complex



Our "Xing Lv Yun Pin" store at Haikou International Duty-Free Shopping Complex





03

People

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98 Enhancing Our Comprehensive Training System to Support Employee development

CTG DUTY-FREE actively responds to United Nations (UN) Sustainable Development Goals (SDGs) 3, 5 and 8. As a people-oriented organization. We are committed to safeguarding employee rights, fostering a culture of care and support. We cultivate a nurturing environment that enables our employees' professional growth, while creating a secure, equitable, and dynamic workplace.

Employee Rights and Promoting Their Interests

Employment Management

We consistently uphold the "people-oriented" management philosophy regarding talent management and strictly comply with the *Labour Law*, the *Labour Contract Law* and other laws and regulations, as well as the international human rights and labour conventions and protocols that China has signed, such as the *Equal Remuneration Convention* and the *Elimination of Discrimination in Respect of Employment and Occupation*. We adhere to the principles of honesty, trustworthiness, fairness and justice in our dealings with employees, and we fully guarantee their rights and interests.

Governance

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

The employee management of the company is coordinated by the Human Resources Department/Party Committee Organisation Department, with teams for talent recruitment, talent development and training, compensation and benefits management, performance management, and employee relationship positions.

Strategy

As a vital asset to our sustainable development, our workforce is supported by comprehensive process management systems designed to ensure regulatory compliance in our employment practices, while effectively attracting and retaining top talent.

Risks	Impact	Mitigation measures
Employee retention risks	Employee attrition may lead to delayed response times, potentially compromising customer service quality over the short term; sustained turnover risks may undermine our competitive advantage and brand reputation in the marketplace over the medium and long term.	Strengthen comprehensive compensation management, optimise incentive mechanisms, and foster a supportive work environment through regular employee well-being initiatives
Employee performance risks	Inadequate professional skills or a failure to adapt to evolving market demands may negatively affect service delivery standards over the short term; persistent skill gaps could undermine our competitive advantage and brand reputation over the medium and long term.	Establish robust talent development frameworks, deliver tiered and categorised training programmes for all employees, organise skills competitions to promote continuous learning and performance improvement

Recruitment Management

The company has developed a comprehensive employee recruitment system and has recruited our employees through on-campus recruitment, job fairs, recruitment agencies, online recruitment platforms and internal recruitment. We sign labour contracts with employees. We adhere to the recruitment principle of focusing both on integrity and ability. We also respect differences, encourage diversity, and prohibit any form of discrimination from upholding the principles of fairness, impartiality and openness.

Our company has formulated hiring criteria according to the actual needs of each position without imposing any restrictions related to age, gender, ethnicity, religious beliefs or other characteristics. For high-end talents, we insist on a combination of external introductions and internal trainings, attracting more talents on a selective basis, and selecting the best candidates to target for recruitment.

Employment Management

In regards of prohibiting child labour, we strictly abide by labour laws and regulations, check ID card during on-boarding procedures and forbid the employment of child labour. In terms of preventing forced labour, we strictly prohibit restricting employees' freedoms or forcing employees to work by collecting deposits, detaining documents, or engaging in threats. We periodically review employee records and conduct ongoing operational monitoring to identify any potential instances of child labour or forced labour. Any suspected cases are subject to immediate investigation, and employment of underage workers is promptly terminated. During the reporting year, our company did not have any violations of laws and regulations involving child labour or forced labour.

Holiday and Working Hours Management

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

Democratic Management

We continue to improve its democratic management system, which is based on the trade union and the workers' representative congresses. The company's trade union is committed to safeguarding collective bargaining rights of employees; and it carries out its work following the *Trade Union Law*, the *Constitution of the Chinese Trade Union* and other laws and plays a vital role in public affairs. The trade union effectively promotes the participation of employees in the company's democratic management and deliberations involving major issues concerning the vital interests of employees. When formulating, revising and deciding rules, regulations and material issues that are directly related to the vital interests of our employees, such as labour remuneration, working hours, rest and leave, labour safety and health management, insurance and welfare, employee training, labour discipline, headcount management, etc., we collect opinions from general meetings of employee representatives to ensure that decisions are made through consultation and on an equal basis. We then make public announcements to all employees or notify the relevant departments or individuals after decisions are made. Employees may also appeal to the trade union through email, WeChat, in person talks and other channels. In 2025, our trade union completed the headquarters union leadership election in compliance with our established policies, electing new committees including the Union Committee, the Funds Audit Committee, and the Women's Work Committee. A total of three staff congress meetings were convened throughout the year to safeguard employees' rights to information, participation, expression, and oversight.

Comprehensive Remuneration Management with performance incentives

The company adheres to the concepts of market-oriented remuneration, regular reviews of applicable salary standards are conducted, determines remuneration standards based on the "double benchmarking" principle and matches the incentive level with the company's development and talent strategy. The company has established a performance and remuneration management system, which aligns with the prioritises performance and follows the principles of fairness, positive motivation and sustainable development. We set the basic and performance salary ratios based on market practices. In this regard, the company determines the basic salary based on the position duties, personal capabilities and other factors. The performance salary is linked to the company's comprehensive performance, the department's performance and the individual's performance, forming a mechanism of effective incentives and restraints. 60% of annual remuneration for corporate managers at all levels is linked to corporate performance assessments. Actual performance-based pay correlates with both enterprise evaluation scores and individual managerial assessments. No systematic gender-based pay gap was identified during the reporting period.



Our Trade Union election conference in 2025

The company actively implements the spirit of common prosperity to share the fruits of its corporate development with employees. In addition to basic salaries, we have implemented enhanced salary safeguards for front-line staff and strengthened baseline protections for lower-income employees and employees whose positions may expose them to hardship, danger and heavy workload. The company formulates "One Enterprise, One Policy" wage standards based on regional average wages, and our salary levels are significantly higher than the local minimum wage standards. Any employees who work a full year and receive incomes below this standard are compensated accordingly. In 2025, we further optimised our compensation standards for front-line employees in Hainan, increased the basic wage level for such employees by more than 15%.

The company is actively advancing medium-to-long-term incentive mechanisms. In terms of medium-to-long-term incentives, the company comprehensively implements a system under which corporate managers at all levels are contractually managed on a tenure basis. Under the system, managers are required to sign contracts that reward them strictly in accordance with performance appraisal results. Tenure incentives are only awarded to managers who meet the contractual performance standards. We are actively exploring the implementation of an excess profit-sharing mechanism, with plans to apply this approach to eligible subsidiaries starting from 2026. Currently, we have not yet introduced equity incentive programmes or employee stock ownership plans (ESOPs). However, when appropriate, we will apply medium-to-long-term incentives to eligible subsidiaries to further stimulate their innovation and creativity.

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

Resignations Management

Unless exceptional circumstances arise, we generally do not voluntarily sever or terminate the labour relationship with employees. If it is necessary to terminate or rescind an employee's labour contract, we strictly follow the process in accordance with the requirements and procedures of labour laws and regulations.

Those who should be given economic compensation according to the law will receive corresponding compensation according to the legal requirements. The company generally does not try to restrict employees' choice of new jobs. For cases involving competition restrictions, such restrictions are handled according to the signed agreement.

Impact, Risk, and Opportunity Management

We regularly review our employee management policies and practices and we have integrated employee-related risks into our enterprise-wide risk management process.

We have put in place a closed-loop management system for employee-related risk, encompassing "Risk Identification – Risk Assessment – Risk Mitigation – Risk Monitoring". This systematic approach enables precise prevention and control of sustainability-related risks, while proactively identifying potential value creation opportunities, thereby facilitating synergistic growth between ESG value and business value.

Risk Identification

We identify potential risk points in regards of employee rights safeguarding, recruitment management, labour practices guidelines, working hours and holiday policies, employee participation mechanisms, and comprehensive compensation management with performance incentives. This systematic approach ensures full coverage of potential risk areas without blind spots.

Risk Mitigation

We develop a specific risk mitigation strategy, based on the assigned risk level, to ensure accuracy and efficiency in our response to the risk.



Risk Assessment

We assess each identified risk and assign to it a certain risk level across our risk continuum, based on its likelihood of occurrence, magnitude, time horizon, and irremediability. For high-priority risks, we promptly initiate a dedicated assessment and work with relevant stakeholders to define the scope and boundaries of their potential impact.

Risk Monitoring

Responsible departments regularly monitor and review how our employee management processes are operating, to ensure the effectiveness of the controls in place.

Metrics and Targets

As of 2025, total number of employees: **14,485** Person

Females in the total employees: **59.84 %**

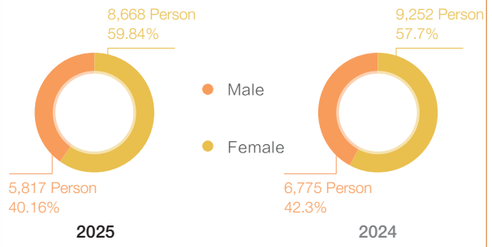
Females in the Board of Directors: **25 %**

Females in the middle managerial roles: **39.22 %**

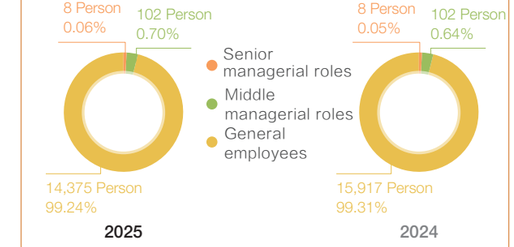
Females in the senior managerial roles: **25 %**

	2025	2024
Total number of employees	14,485 Person	16,027 Person
The number of ethnic minority employees	1,221 Person	1,468 Person
The percentage of ethnic minority employees	8.43 %	9.16 %
The percentage of ethnic minority employees in the management	5.45 %	4.55 %
The number of foreign employees	470 Person	504 Person
The percentage of foreign employees	3.24 %	3.14 %
The percentage of foreign employees in the management	0.91 %	0.91 %
The number of physically challenged employees	120 Person	128 Person
Females in the Board of Directors	25 %	36.36 %
Females in the management	38.18 %	36.36 %
Females in the senior managerial roles	25 %	25 %
Females in the middle managerial roles	39.22 %	37.25 %
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers	37.08 %	36 %
Total number of new employees	1,567 Person	1,905 Person
Internal hire rate	54.33 %	45.35 %
Employee productivity	352,679 CNY/PERSON	376,911 CNY/PERSON

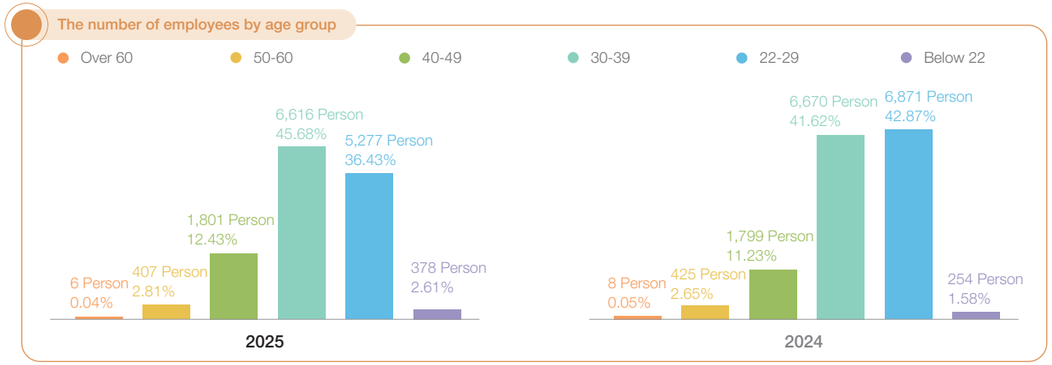
The number of employees by gender



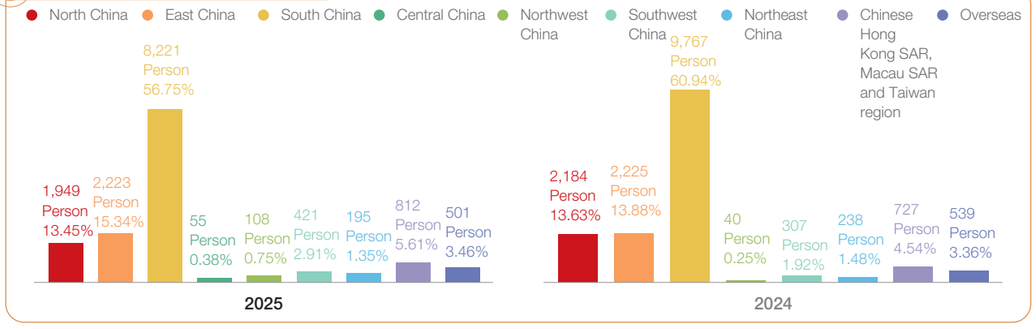
The number of employees by employee category



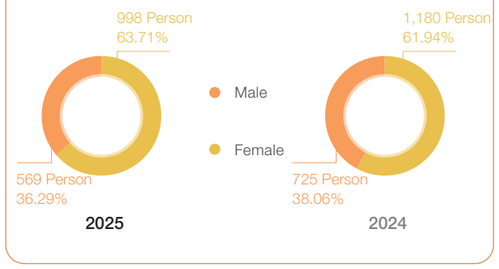
The number of employees by age group



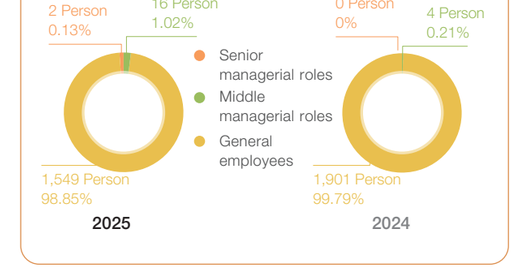
The number of employees by region



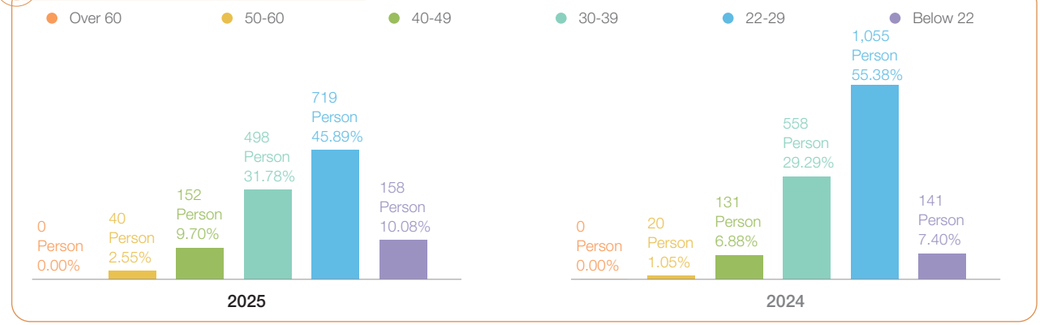
The number of new employees by gender



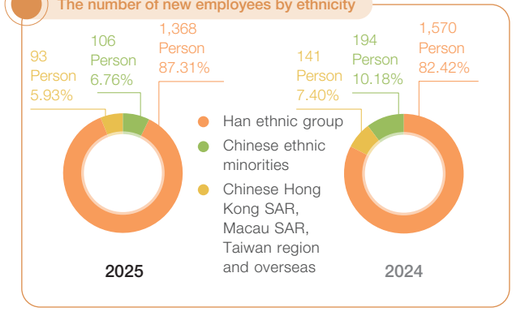
The number of new employees by employee category



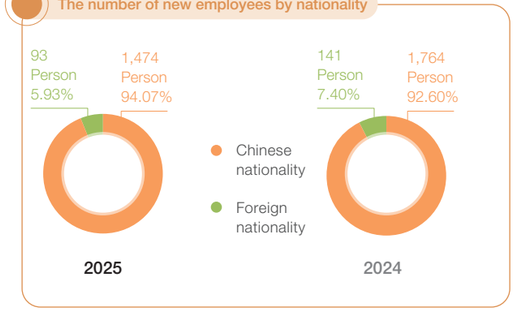
The number of new employees by age group



The number of new employees by ethnicity



The number of new employees by nationality



Employee turnover rate

Total employee turnover rate **17.25 %** of which employee voluntary turnover rate was **10.48 %**

Employee turnover rate by gender			Employee turnover rate by category			Employee turnover rate by age group			Employee turnover rate by geographical region		
Male	19.87 %	17.53 %	Senior managerial roles	0 %	25 %	Over 60	45.50 %	52.94 %	Chinese Mainland	17.15 %	18.14 %
Female	14.89 %	14.33 %	Middle managerial roles	0.98 %	5.88 %	50-60	17.94 %	12.53 %	Chinese Hong Kong SAR, Macau SAR and Taiwan region	17.98 %	30.54 %
			General employees	17.10 %	18.72 %	40-49	13.04 %	6.98 %	Overseas	18.54 %	16.14 %
						30-39	14.93 %	11.73 %			
						22-29	21.51 %	19.23 %			
						Below 22	11.27 %	48.58 %			

● 2025 ● 2024

Care for Employees

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

Employee benefits

In accordance with national and local regulations, we have designed and implemented a robust employee welfare policy. While ensuring timely and full payment of social insurance and housing provident funds for employees, we also provide additional benefits, including corporate pension plans, supplementary medical insurance, subsidised meals, and extended healthcare coverage for employees’ minor children. This approach has enabled us to establish a social insurance-based, multi-tiered welfare system, supplemented by additional corporate welfare programmes. The total amount of employee benefits in 2025 is CNY232 million.

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

In 2025, the company’s stores in Hainan region provided shuttle bus for staff commute. At Sanya Downtown Store and Haikou Meilan Airport Duty-Free Shop under Hainan DF, over 50% employees utilised shuttle buses for commuting, significantly improving staff commute convenience.

Condolence and assistance

In 2025, to demonstrate care for our people, we conducted 48 congratulatory or condolence visits for employees who were getting married, giving birth, experiencing bereavement, and retiring, offered four tributes to annual model workers, and delivered heart-warming greetings to staff members facing financial difficulties and front-line workers who were on duty during New Year’s Eve and Spring Festival.

Work environment



Our mother-and-baby room

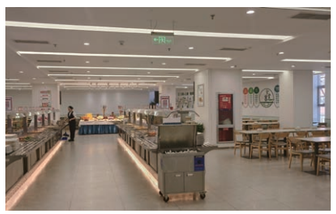


Our staff lounge

The company has regularly accessible staff activity rooms that offer table tennis, treadmills, and billiards. We have put in place special mother-and-baby care initiatives. Our upgraded and renovated mother-and-baby rooms received the “Maternity Care Room” accreditation from the Beijing Municipal Federation of Trade Unions for providing a safe and comfortable environment for female employees during their pregnancy and breastfeeding periods.

Facilities and Employee Services

In 2025, we implemented upgrades to the headquarters’ staff cafeteria. Key improvements included a renewal of dining utensils and tableware, the optimisation of dining flow and service procedures, an enhanced quality of selected menu items, the addition of a light meal area, and the reconfiguration of functional zones such as a water bar, a suggestions board, and a food recommendation area. We also established an Employee Cafeteria Dietary Task Force to formalise communication mechanisms regarding menu preferences. A systematic satisfaction survey was rolled out across headquarters, achieving a dining satisfaction rate of 93.78% through continuous feedback loops and iterative improvements.



Canteen at headquarters



Food at canteen

Reading and sports activities

The company organizes spring outing activities, allow staff to relieve stress, bond with colleagues, and rejuvenate. We participated in the group’s Third Staff Sports Games, and won championships in five-a-side football, basketball, badminton, track and field, and fun sports team competition, and won second prize in table tennis. We also released a “Creative Excellence Award” to recognise employees who demonstrated a bold, challenge-embracing spirit. In 2025, we held staff sports games for CTG DUTY-FREE’s subsidiaries, branches and associated entities in Beijing. This event, which attracted over 400 participants, effectively promoted fellowship and collaboration among these entities in Beijing, while significantly enhancing employees’ sense of belonging and their collective pride.



The company’s staff sports event



The group’s staff sports event



Spring outing

Employee Interest Activities

We have established four employee interest groups, and have set up sports clubs for yoga, basketball, badminton, and football, as part of our effort to make these sports activities part of our permanent schedule. In 2025, we organised over 200 matches and related activities across the four sports clubs.



Badminton club



Basketball club



Football club

Festival activities

The subordinate trade unions carried out a series of activities to celebrate special days, such as Spring Festival, International Women’s Day, and May Fourth Youth.



Spring Festival activity



International Women’s Day activity



May Fourth Youth Activity

Operational Safety and Physical and Mental Health

Operational Safety

The company continues optimising its safety culture, upholds the principle of "people first and life-centred," and fully implements the policy of "safety first, prevention prioritised, and comprehensive management," deeply integrating safety production into every aspect of its operations and business processes.

Fulfilment of Responsibilities

The company strictly abides by laws and regulations such as the *Work Safety Law, the Law on the Prevention and Control of Occupational Diseases*, and continuously improves its institutional system. It revised 7 regulations in 2025, including the "Detailed Rules for Safety, Environmental Protection, and Occupational Health Assessment" and the "Regulations for Special Equipment Safety Management." It also conducted training sessions on the newly revised regulations such as "Work Safety Management Measures", followed by online quizzes for the main responsible persons, deputy responsible persons, and safety managers from various units, with 432 participants all passing the assessment. Subsidiaries simultaneously improved their system construction to ensure full coverage throughout the entire production and operations process.

The company continuously enhances its responsibility system, adjusting and optimising the composition and responsibilities of the safety committee at various levels based on personnel changes and actual production and operational needs. It supervises each level of the enterprise to establish and improve the operational mechanisms for safety committees, clarify the departments responsible for safety management, and ensure that safety management personnel are adequately staffed and competent. By the end of 2025, the company had a total of 258 safety management personnel. In 2025, the company revised the overall production safety responsibility system, clearly defining the production safety responsibilities of the company's leadership, various departments, and positions. The company signed 86 "Responsibility Letters for Achieving Safety and Environmental Protection Goals" with various departments and affiliated enterprises, with all employees having signed such "Safety and Environmental Protection Responsibility Letters," achieving 100% coverage of safety production responsibilities and promoting the shift from "full participation" to "full accountability" in production safety.

System Construction

The company promotes standardised construction, and actively organises affiliated enterprises to carry out safety production standardisation initiatives. Sanya International Duty-Free Shopping Complex invited professional teams to help it improve the production safety management system, develop standardised manuals, revise 12 regulations, and complete certification for the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System. Haikou International Duty-Free Shopping Complex has established and revised its production safety and fire safety management systems in accordance with the *Basic Norms for Enterprise Production Safety Standardisation (GB/T 33000-2016)*, achieving systematic management of safety and fire protection, as well as standardised job operations.

Hazard Management

In 2025, the company continued to deepen its three-year initiative for fundamental improvements in workplace safety, as well as carrying out the "Thunderbolt" action and fire safety inspections. It developed specific plans, refined various tasks and conducted a total of 1,765 safety inspections, identifying 2,504 hazards, all of which had been rectified at a 100% resolution rate.

Conducted various safety inspection

1,765 times

Identified various safety hazards

2,504 items

Rectification rate

100 %



ISO 45001 Occupational Health and Safety Management System Certification for Sanya International Duty-Free Shopping Complex

Special inspections were continuously carried out in densely populated areas such as commercial complexes, ongoing construction projects, logistics centres, and office buildings, as well as key areas:

Warehouse safety inspections: Comprehensive checks were organised in commercial complexes, duty-free stores, and warehousing units, focusing on issues such as multiple tenants sharing the same warehouse space, compliance of building fireproof materials, and management of fire safety equipment;

Fire safety special inspections: The company carried out strict inspections for non-compliant hot work operations, flammable and combustible decorative insulation materials, and blockages in evacuation routes. Commercial complexes conducted daily patrols before opening and after closing, with key areas being inspected every 2 hours;

Special equipment inspections: The company conducted inspections on the operation and maintenance of elevators, escalators, and lifting machinery, strictly verifying their annual inspections and certification of operators;

Special investigations on ongoing construction projects: Focusing on high-risk and major projects such as lifting machinery, scaffolding, high-support formwork, and deep excavations, the company formulated a "Check Scoring Form" for the scoring and ranking of each project's subcontractor;

Overseas hazard investigations: Leaders from CDFG (Cambodia) Limited led

13 safety hazard inspections

Invited external experts to conduct on-site inspection

1

Each store conducted a comprehensive inspection once a month and a smaller-scale inspection once a week.

In 2025, the company innovated its hazard management mechanism to build a comprehensive safety defence system involving all employees. The company has formulated and issued the "Implementation Plan for the Reward Mechanism for Internal Reporting of Accident Hazards." It also developed a "Hazard Report QR Code" and posted it in prominent locations across all units to fully mobilise employee participation in hazard inspections. Throughout the year, employees reported 147 hazards via QR code, all of which were rectified. Rewards were given to employees who reported the hazards. In December 2025, the company organised cross-checks at key units with internal safety experts to further enhance the quality and effectiveness of hazard management. The company also invited third-party experts to conduct 5 safety inspections and assessments throughout the year. These experts specialised in areas such as construction site safety, fire safety, and electrical safety. By combining inspections with training, the company continuously improves its ability to identify and rectify on-site hazards.

During key periods such as year-end, the "Two Sessions", May Day and National Day, comprehensive and all-encompassing safety inspections are organised across all areas, focusing on critical aspects such as construction work, fire safety, electrical safety, and gas safety. A list of identified hazards has been compiled, and measures are taken to ensure that these issues are addressed and resolved in a closed-loop manner. In response to extreme weather events such as typhoons and heavy rainfall, an early warning and response mechanism has been established. We have also refined flood and typhoon emergency plans, reinforced facilities and equipment, and stockpiled emergency supplies to effectively mitigate the impact of typhoons such as "Wutip," "Tapah," "Mitag," and "Ragasa," as well as heavy rain and heat waves throughout the year. This ensured the safety of duty-free complexes, stores, and logistics centres during the flood season.

Education and Training

The company has always prioritised workplace safety. In 2025, the company organised various types of training sessions, including training lectures given by external safety experts, essential knowledge and skills for workplace safety, onboard training sessions for new recruits, fire safety, anti-terrorism, construction site safety, occupational health, and studies on typical accident cases, totalling 1,385 sessions with 75,400 participants.

Training

1,385 sessions

Participants

75,400

Comprehensive workplace safety training

- The company invited external experts in fire safety to provide training for divisional safety managers and safety officers at all levels. This aimed to strengthen employees' awareness of fire safety, enhance their ability to identify hazards, and improve their emergency response capabilities.
- The company included workplace safety training as a mandatory course for new recruits and integrated it into the onboard training programme, ensuring a 100% coverage rate.
- CDF Investment Development held 4 "Workplace Safety Grand Lectures" events, featuring online lectures by both internal and external experts, to enhance the safety management skills of engineering managers across the company.
- The company organised 4 comprehensive safety training sessions for all staff, featuring internal lectures and presentations by external professionals such as staff from the Hong Kong Fire Services Department.
- CDFG Trading conducted training sessions on essential knowledge and skills for workplace safety, systematically explaining core regulations such as the *Law of the People's Republic of China on Work Safety*, the *Special Equipment Safety Law of the People's Republic of China*, the *Emergency Response Law of the People's Republic of China* and the *Fire Control Law of the People's Republic of China*, as well as common safety terminology. After the training, an online exam was administered to effectively reinforce employees' theoretical safety knowledge.

Contractors Training

- For ongoing construction projects, we actively carry out warning education activities, promptly disseminating the central enterprise's emergency video conference on workplace safety and the higher-level instructions to general contractors, subcontractors, and supervising units. We have also drawn lessons from various accident cases and actively conduct training, including operations training, fire emergency response training, scaffolding safety training, and confined space operations training.

Fire Safety Training

- Haikou International Duty-Free Shopping Complex and Sanya International Duty-Free Shopping Complex organised comprehensive fire-fighting practical training sessions for all employees, so as to ensure that every employee understand how to, be able to and feel confident to put out fires.
- CDF Investment Development organised on-site visits to the fire safety education experience centre for employees, allowing them to experience the harsh realities of a fire scene firsthand. This provided employees with a direct and vivid understanding of the dangers and consequences of fires.
- Boao Duty-Free Store invited a fire prevention officer from the Qionghai City Fire Brigade's Boao Detachment and a traffic police officer from the Boao Branch of the Qionghai Municipal Public Security Bureau to conduct fire safety and traffic safety training sessions.

The company took initiatives such as Operational Safety Month, Fire Prevention Publicity Month, and Publicity Week for the Law on the Prevention and Control of Occupational Diseases as opportunities to promote occupational safety laws and regulations through diverse forms, including on-site learning at bulletin boards, banners, online learning, quizzes and experience centres. CDFG Digital Technology launched mobile news push notifications and safety knowledge competitions. Sanya International Duty-Free Shopping Complex and Riyue Plaza Duty-Free Shop organised safety knowledge competitions and fire-fighting skill practical training sessions to enhance employees' safety awareness and operational skills. Additionally, the company has established a bi-monthly safety bulletin mechanism to regularly communicate safety requirements and professional knowledge. Sanya International Duty-Free Shopping Complex has also set up a safety culture corridor, to centrally promote 16 items across four categories: occupational safety, fire safety, fire facility exhibitions, and security.

Contingency Management

In 2025, the company conducted a total of 383 emergency drills, including fire safety, flood prevention, high-altitude falls, accident reporting, and local coordination response, involving 16,100 participants.

During Occupational Safety Month and Fire Safety Promotion Month, the company jointly organised fire emergency evacuation drills with the local fire department and CTG Property Management (Beijing) Company Limited (中旅物业), with Mr. Chang Zhujun, General Manager, serving as overall commander of the drills. Ongoing construction projects organised a total of 47 emergency drills, including fire safety, high-altitude falls, and typhoon and flood prevention. General contractors and participating units were actively involved, effectively enhancing the collaborative emergency response capabilities of on-site staff.

Haikou International Duty-Free Shopping Complex jointly conducted a large-scale comprehensive emergency drill with the Haikou Municipal Fire Rescue Corps, Xiuying District Fire Brigade, and Xinhai Coast Police Station. The deputy director of the Haikou Municipal Fire Rescue Corps observed and guided the exercise on-site.

Sanya International Duty-Free Shopping Complex jointly organised a large-scale comprehensive emergency response drill with the Sanya Municipal Fire Brigade. The drill simulated a sudden fire outbreak in a sales shop, with an on-site emergency response, personnel evacuation, and medical assistance exercises.

The Sanya Logistics Base, Haikou Comprehensive Bonded Warehouse, Beijing Winter Olympics Warehouse, and various logistics centres each conducted fire safety emergency drills to enhance the fire awareness and emergency response capabilities of warehouse managers.



Haikou International Duty-Free Shopping Complex jointly conducts a large-scale comprehensive emergency drill with the Haikou Municipal Fire Rescue Corps

Innovation Management

The company piloted the construction of an AI monitoring system at Sanya International Duty-Free Shopping Complex, covering key areas such as mall entrances and exits, parking lots, major stores, elevators and escalators, corridors, and passageways. The system automatically detects abnormal situations such as illegal parking, crowd gatherings, smoke detection, smoking, and fighting, achieving a shift from "reactive supervision" to "proactive prevention."

Intelligent safety experience centres have been established at the sites of ongoing construction projects. The Haikou International Duty-Free Shopping Complex project uses an intelligent safety helmet management system, which enables real-time tracking of personnel movements and voice warnings for hazardous areas, eliminating blind spots in surveillance. Sanya International Duty-Free Shopping Complex actively employs smart fire safety systems and urban fire monitoring information platforms. The Sanya Taikoo project promotes the use of smart hazard management systems and intelligent safety helmet management systems, achieving the standardised and normalised management of project hazards.

The company has also innovated its management model to improve efficiency. Haikou International Duty-Free Shopping Complex implements a safety grid management system, dividing it into three levels of grids and assigning responsibilities to individuals, reducing the response time for emergencies to less than 3 minutes. CDF Investment Development has implemented a safety inspection system involving "project company's safety committee office - engineering department, and supervisory units - on-site engineers," with checklists for each level of safety management to address issues such as responsibility gaps and accumulated hazards.

In 2025, the company continued to increase its investment in workplace safety, spending a total of RMB 37.14 million throughout the year, providing a solid foundation for production safety. The company and all its subsidiaries did not experience any production safety accidents, near-misses, or other serious safety or environmental incidents that caused a significant social impact, with no casualties or major property losses. As a result, the production safety situation remained stable and positive.

The company adheres to the principle of "people-oriented", with the protection of employees' physical and mental health at its core. We continues deepening the construction of our occupational health management system, steadily advancing various initiatives to ensure their effectiveness. Throughout the year, the company had no occupational disease incidents, effectively safeguarding the occupational health rights of all employees.

Metrics	Tier 2 metrics	Unit	2025	2024	2023
Work-related fatalities	Employee	Number of people	0	0	0
	Contractors	Number of people	0	0	/
The fatality rate of the Company's employees due to work-related injuries[1]	/	%	0	0	0
Total number of work-related injury cases	/	Cases	0	0	0
Number of working days lost due to work-related injury	Employee	Days	0	0	0
	Contractors	Days	0	0	/
Lost-time injury frequency rate (per one million hours worked)[2](LTIFR)	Employee	%	0	0	0
	Contractors	%	0	0	/

1 Fatalities due to work-related injuries (per 100 workers) = number of fatalities due to work-related injuries/number of workers*100%

2 Lost-time injury frequency rate (per one million hours worked) (LTIFR) = number of lost time injuries/total number of man-hours worked in the accounting period*1,000,000

Physical and Mental Health

Strengthening Management Systems

The company continues to improve its occupational health management system, conducting training sessions on "Occupational Health Management Regulations" to guide all affiliated enterprises in clearly defining the responsibilities of internal departments and personnel for occupational health management. This ensures responsibilities are effectively communicated and implemented at all levels. Throughout the year, the company ensured adequate personnel and resource allocation to promote strict adherence to occupational health management requirements across all levels of units. At the same time, the company has integrated occupational health management with production safety, forming a coordinated work pattern characterised by "unified deployment, collaborative advancement, and joint management," significantly enhancing the standardisation and precision of occupational health management.

Enhancing Protective Measures

Focusing on key areas such as ongoing construction projects, duty-free complexes, and logistics centres, the company conducted multiple rounds of targeted inspections and rectifications for critical occupational hazards such as noise, dust, high temperatures, and toxic gases. In Sanya International Duty-Free Shopping Complex and Haikou International Duty-Free Shopping Complex, regular checks are carried out on critical areas such as air conditioning and ventilation systems, electrical and mechanical equipment operation rooms, and diesel generator rooms. The company also organised occupational health protection training for employees, improved protective facilities, and strengthened daily monitoring to continuously optimise the working environment, thereby effectively reducing the risk of occupational diseases and reinforcing employee health safeguards. For ongoing construction projects, regular inspections are conducted on the procurement, distribution, and use of personal protective equipment such as dust masks, gas masks, and protective gear. Additionally, inspections are carried out on the installation and maintenance of various occupational health protection facilities and preventive measures in key work areas such as welding, painting, insulation, and non-destructive testing, to continuously optimise the working environment.

Enhancing Employee Welfare

The company strictly complies with national and local requirements by promptly and fully paying work-related injury insurance for all employees. In 2025, the total amount spent on work-related injury insurance for employees was RMB 530,200, achieving 100% coverage. The company continues to provide annual health check-ups for all employees and offers comprehensive medical insurance for employees and their minors, including accident insurance, critical illness insurance, and medical insurance. For employees dispatched abroad or travelling abroad on official business, the company provides cross-border medical coverage, comprehensively alleviating the medical burden on employees.

The company guarantees the precision of special protection, and provides sufficient subsidies for high-temperature operations during the hot summer season. It encourages units to reduce outdoor work during peak heat hours and provides sufficient heat-relief supplies and medication. The company also provided employees with safety helmets, safety belts, dust masks, and other personal protective equipment that meet standards, and regularly conducts training and supervision on proper usage.

The company organised various emergency drills related to heatstroke, sudden illnesses, and other occupational health emergencies. In collaboration with the local Red Cross and fire department, it conducted first-aid training sessions covering topics such as cardiopulmonary resuscitation (CPR), automated external defibrillator (AED) use, and fire-fighting practical exercises. After assessment, the trainees were issued relevant certificates, effectively improving their self-rescue and mutual rescue ability.

Caring for Mental Health

To enhance care for the mental health of our employees and alleviate their work and life pressures, the company has launched an EAP (Employee Assistance Programme) psychological support plan. This includes a 24-hour hotline, the publication of mental health journals, and collaboration with professional counselling institutions to provide free psychological consultation services. These measures collectively build a robust mental health support network, enhancing employee well-being.

Popularising Health Knowledge

Focusing on the 23rd promotion week for the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* from 25 April to 1 May 2025, with the theme "Caring for the Mental Health of Workers," the company organised multi-level and diverse educational activities. A total of 154 occupational health-themed lectures and training sessions were held across the company and its affiliated units, reaching an audience of 12,483 people. These efforts further solidify the foundation of occupational health work and significantly improve overall occupational health standards.

- Hainan DF invited professional lecturers from the Red Cross Society of China Hainan Branch to deliver a practical first aid and self-rescue seminar, further enhancing employees' emergency response and self-rescue skills in handling emergency situations. Additionally, Hainan DF invited experts from the Guangdong Provincial Hospital of Traditional Chinese Medicine, Hainan Branch, to conduct a lecture on the prevention and control of occupational diseases. Through on-site teaching and diagnosis, the experts helped employees better understand the importance of preventing and controlling occupational diseases.
- Haikou International Duty-Free Shopping Complex held a total of 17 sessions of occupational disease prevention knowledge seminars. It also played promotional videos in offices and staff canteens, set up exhibition boards with occupational disease prevention information, established consultation desks for occupational health promotion, and distributed promotional booklets to educate employees about occupational disease prevention.
- Sanya International Duty-Free Shopping Complex hired occupational health experts to conduct online training for all safety managers. The training systematically interprets the legal framework, management requirements, and preventive measures outlined in the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. Additionally, Sanya International Duty-Free Shopping Complex promoted occupational disease awareness and hosted online knowledge quizzes through its WeChat public account, "Tax-Exemption Pioneer."
- The Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 hotel project collaborated with the general contractor to provide occupational disease prevention training to on-site personnel (including staff of contractors). Consultation desks were set up at the construction site, and promotional materials were distributed to disseminate knowledge about occupational disease prevention.
- All stores have educated employees on occupational disease prevention laws and basic knowledge, put up posters, and distributed learning materials to create a strong atmosphere of occupational disease prevention.



Sanya International Duty-Free Shopping Complex distributes occupational health promotional materials to both customers and employees



Hainan DF invites professional lecturers from the provincial Red Cross Society to deliver lectures on first aid and self-rescue knowledge

Enhancing Our Comprehensive Training System to Support Employee development

Employee Training

Tiered Empowerment Training System

The company regards strategic development as the core goal of training, and is committed to establishing a robust talent development and training mechanism. Through a combination of online and offline trainings, and under the management principle of "grading and classification, and training for all employees", we independently provide various trainings to stimulate learning and cultivate talented professionals who will support the company's sustainable growth.

For senior management

We held training sessions for senior management, including the "Joint Study on the *First Volume of Xi Jinping's Economic Writings*", "Expert-Led Seminars", and "Leadership Development Programmes". These initiatives are designed to strengthen their Party consciousness and political awareness. Additionally, we organised them to attend specialised training sessions conducted by the Organisation Department of the CPC Central Committee, the Party School of the CPC Central Committee, and higher-level units, covering topics such as Party discipline, compliance management, innovation capabilities, and financial competency enhancement. With approximately 590 attendances recorded, these programmes have effectively elevated senior managers' political awareness, expanded their knowledge base, and broadened their strategic thinking capabilities.

For middle management

For middle management, we conducted a comprehensive training session targeting middle and grassroots managers and newly appointed managers, and centralised training for management teams from our subsidiaries below a designated size. These initiatives incorporate on-site visits to benchmark enterprises, research projects, and presentations, enabling participants to gain insights into industry-leading business practices and strategies. Additionally, we required newly appointed managers to attend the online training programmes conducted by their higher-level entities, achieving a cumulative participation of over 110 trainees.

For junior managers

For junior managers, we conducted specialised training programmes on team building, store management, and other topics, with a total of over 1,500 participants. We also organised participation in the "High-Potential Talent Programme" and other specialised training programmes on SOE reform and brand building, offered by China Business Executives Academy, Dalian (CBEAD), the State-owned Assets Supervision and Administration Commission (SASAC), and their higher-level units. These initiatives attracted approximately 851 participants in total, further enhancing the comprehensive qualities and management capabilities of our junior managers.

For frontline business personnel

For frontline business personnel, we conducted specialised training programmes on sales excellence and visual merchandising. These training programmes engaged over 80 participants from our subsidiaries below a designated size, effectively strengthening their overall competencies and practical skills. Category-specific knowledge training in cosmetics and fragrances, as well as watches was conducted, engaging more than 60 frontline sales staff. This initiative has further enhanced their brand awareness and marketing capabilities. We also conducted mandatory professional skills training courses on our "CTG DUTY-FREE Academy" online platform, covering topics including customer service enhancement, sales techniques, and AI-enabled store traffic generation. These frontline-focused training programmes engaged approximately 8,500 participants, significantly strengthening their business skills.

For fresh graduates

For fresh graduates, we have put in place an ongoing Management Trainee (MT) development programme. Aligned with our strategic goals, the programme adopts a structured approach combining job rotation and research projects to accelerate the development of young talent. This ensures a qualified talent pipeline for key roles and helps enhance our core competitiveness.

The company consistently operates the "China Duty-Free Academy" online training platform for all staff, effectively integrating internal and external instructional resources to deliver professional and diversified curricula and continuously enrich course content. The "China Duty-Free Academy" online platform had achieved full staff coverage by the end of 2025. In 2025, courses for 20 topics were introduced, and 13 live training sessions were held, resulting in a total of more than 430,000 attendances and 8.2 average training hours completed per employee. We achieved a login rate of 90% on this learning platform. Concurrently, to enhance learning engagement and promptly disseminate educational resources, the "China Duty-Free Academy" official WeChat account constantly releases course updates and knowledge-sharing content to employees.

Key Training Programmes in 2025

In 2025, we conducted over 1,000 key training programmes, engaging 160,000 participants and delivering 788,500 total training hours, resulting in an average of 55 training hours per employee.

In 2025, we delivered the following key training programmes at the corporate level:

April

In April, we conducted a specialised training programme, designed to further enhance our organisational and personnel-related work as well as the competencies and capabilities of relevant cadres. Over 240 participants from the Organisation and Personnel line attended the training. The training programme focused on five themes: Ethics and Integrity Education, Key Messages from Higher-Level Meetings, Advanced Concepts, Practical Experience Sharing, and Collaborative Problem-Solving on Key Challenges. With this five-pillar approach, we provided insights into how we can think differently and work more efficiently when conducting organisational and personnel-related work.



May to June

From May to June, we carried out a capacity-building programme for cadres from the Party Committee across our affiliates in Hainan. The training engaged over 70 participants, focusing on addressing key challenges and bottlenecks in business operations in Hainan. Through an integrated approach combining theory with practice, instruction with interactive sessions, and learning with application, the programme targeted three core competencies: political acumen, operational proficiency, and managerial excellence. This initiative has effectively enhanced the competencies and capabilities of our managerial personnel in our operations in Hainan.



August

In August, in accordance with the requirements of the Group, we conducted routine onboarding training for new employees. We invited guests from senior leadership to deliver key speeches to open the training. Over 50 participants attended this centralised training session. We adopted a "post-training evaluation" model, ensuring all new employees receive online learning modules and examination schedules within three days of joining, achieving 100% coverage. Our onboarding training has significantly enhanced our new employees' sense of identity with the industry and the company and their sense of belonging while instilling our shared mission. It has also helped new staff adapt to our culture and understand their career development pathways to grow with the company.



October

In October, we carried out the 2025 Annual Management Training Programme. We adopted a structured approach combining on-site visits to benchmark enterprises, centralised training sessions, and specific workshops. The training programme engaged over 40 participants and focused on strengthening ethics and integrity education, gaining experience from benchmark enterprises, enhancing strategic capabilities with advanced concepts, and accelerating outcomes through strategic initiative workshops. With this four-pillar approach, we have provided insights into how we can think differently and work more efficiently when conducting management work.



December

In December, we conducted an in-person capacity-building programme for management personnel across our affiliates. The training was structured around five key pillars: on-site visits to benchmark enterprises, ethics and integrity education, high-performance team-driven customer service, operational capability enhancement, and innovation-driven empowerment. Participants gained insights into industry-leading business practices and strategies. The programme also helped strengthen their internal control awareness, equip them with advanced management principles and innovative business models, and ultimately drive the efficient and sustainable operations of the affiliates.



Training Programmes on AI

In 2025, we actively promoted technological innovation and empowerment through job-specific training programmes, aimed at enhancing employee capabilities in cutting-edge fields such as artificial intelligence (AI) and big data analytics. These initiatives are designed to align with our transformation in the digital economy era, thereby strengthening our core competitiveness.

We sent senior and middle-level management personnel to external training programmes, including the "Training Programme on Artificial Intelligence for Central State-Owned Enterprises (Leadership Programme for Technology Talent)" and the "Online Training Session on Enhancing Innovation Capabilities". These technology innovation-themed training initiatives have further strengthened their digital and intelligent mindset and innovation capabilities.

For frontline business staff, we launched "AI-Enabled Store Traffic Generation and Private Domain Sales", as well as other training courses focused on the practical application of AI tools in store operations. Over 670 employees have completed these courses, directly contributing to improved operational efficiency in our physical stores.

For all employees, we held a training series on AI-enabled smart office skills and practical tips. We adopted an instructor-led approach for this training series and live-streamed the training sessions. This training series focused on addressing the application of common AI tools to typical office scenarios, including official document writing, PPT creation, and data analysis. The series combined relevant theories with hands-on practices, with the aim of building basic office skills to more advanced data analytics capabilities, while engaging over 1,200 participants in 2025.



Photo from our first training session under the series



Photo from our second training session under the series

We have recorded and uploaded every classroom training session to "CTG DUTY-FREE Academy" online platform, which enables all employees to visit and access the content any time they want. This training series is designed to help develop intelligent office practices to improve work quality and efficiency. Furthermore, other specialised training courses are also available on the "CTG DUTY-FREE Academy" platform, including the "Application Guide for DeepSeek and the Practical Use Tips for DeepSeek". These training courses have attracted over 2,300 participants to date, effectively helping innovate how we work.

In 2025, the company cultivated internal resources by establishing a lecturer team, which delivered a lecture series called "Excellent Teachers and Excellent Courses". The team delivered 12 live lectures, which drew 9,600 participants. This "training-through-practice" approach strengthened internal trainers' comprehensive abilities. The company attaches importance to the training of young talents and continues to carry out management trainee training programmes.

Professional Development

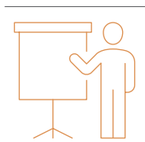
Based on employees' career development needs, we continuously improve the talent management system and consolidate the foundation of talent management to offer smooth career development channels to assist employees in achieving their dreams and living up to their full potential.

The team delivered



12 live lectures

drew



9,600 participants

In 2025, we conducted trainings as follows:

The total expenditure of employee training and development

Metrics	Tier 2 metrics	Unit	2025	2024
The total expenditure of employee training and development	/	CNY	CNY10.53 million	CNY9.54 million
Average cost of training and development per full-time employee	/	CNY/Person	726.87	595.55
Expenditure of employee training and development by gender	Male	CNY	727.05	/
	Female	CNY	726.73	/
Expenditure of employee training and development by category	Senior managerial roles[3]	CNY	0	/
	Middle managerial roles	CNY	10,372.55	/
	General employees	CNY	658.83	/
Expenditure of employee training and development by age group	50-60	CNY	726.35	/
	40-49	CNY	726.95	/
	30-39	CNY	727.51	/
	22-29	CNY	726.6	/
Expenditure of employee training and development by geographical region	Chinese Mainland	CNY	751.2	/
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	CNY	482.71	/
	Overseas	CNY	483.71	/
Percentage of employees trained	/	%	100	100
Percentage of employees trained by gender	Male	%	100	100
	Female	%	100	100
Average training hours completed per employee by category	Senior managerial roles	%	100	100
	Middle managerial roles	%	100	100
	General employees	%	100	100
Total training hours	/	hour	788,500	633,700
Average training hours completed per employee	/	hour	55.07	40.03
Average training hours completed per employee by gender	Male	hour	53.42	26.79
	Female	hour	56.71	36.58
Average training hours completed per employee by category	Senior managerial roles[4]	hour	138.22	142.45
	Middle managerial roles	hour	114.23	75.05
	General employees	hour	53.74	34.90
Average training hours completed per employee by region	Chinese Mainland	hour	57.81	41.76
	Chinese Hong Kong SAR, Macau SAR, Taiwan region and overseas	hour	20.79	13.29
	Overseas	hour	20.10	14.27

3 Our management's training is coordinated at the group level, and the group also covers their training cost.
4 As far as the training courses organised by the company are concerned, there is no significant difference for employees at different categories; however, the senior management participated in more intense trainings subject to the requirement on the training hours in the *Regulations on the Education and Training of Cadres* issued by the CPC Central Committee.

According to the actual circumstances of the company, we have established a ranking system covering all grades and types of positions based on a hierarchical management system and job qualification criteria. The company determines the function, level and rank of employees according to their abilities, performance and qualifications. We allow two-way movement between management positions and professional positions and use a ranking system that reaches every level and grades horizontally and vertically across our headquarters and subsidiaries. We have built multiple career paths – including through annual rank promotions, promotions based on professional reviews, open recruitment of executives, and an internal system for regular talent exchange – to align the development of each employee's career with the overall development of the company's talent.

We adopted the Management by Objectives (MBO), Key Performance Indicators (KPI) and 360° Feedback for integrated employee performance management. Performance evaluations are conducted at least once a year. The assessment includes both work performance and professional capability, and the performance assessment results are determined through the ranking of the overall scores of employees responsible for the same tasks, covering 100% of the employees.

Case study

In 2025, the company is committed to cultivating vocational talent. In terms of professional title reviews, we proactively organise employees to participate in professional title evaluations offered by both the Group and external professional institutions across disciplines such as engineering, accounting, economics, auditing, archival science, and translation. The number of employees successfully obtaining various professional titles has steadily increased, which plays a key role in continuously strengthening our talent pool, injecting robust impetus for the realisation of our strategic objectives. In terms of vocational skill level certification, we conducted autonomous certification for the "Merchandise Sales Associate" vocational category at the subsidiary level through centralised coordination and guidance. A total of 687 employees passed the certification (a pass rate of 93%). Leveraging autonomous certification as a key driver, we have developed an effective integrated internal talent development and certification system for skilled personnel, which further broadens their career advancement pathways. In doing so, we are laying a solid foundation for the construction of our talent pipeline.





Our skills certification examination site

Motivating Employees to Create Value

Aligned with our corporate reform, development, and operational priorities, we have established platforms to support employee growth and talent cultivation, with the aim of maximising the role of employees as the core workforce. In 2025, we deepened reforms in the building of our industrial workforce by drafting the "Comprehensive Reform Plan for Building CTG DUTY FREE's Industrial Workforce". We have integrated workforce-related reforms into all aspects of our business operations. In doing so, we are reinforcing our employees' commitment in aligning with Party guidance and positioning our industrial workforce as a driving force in the nation's tourism development. We are also continuing to streamline career advancement channels for industrial workers.

Case study

Our First "CTG Duty-Free Workmanship" Skills Competition

We hosted our first "CTG Duty-Free Workmanship" skills competition on 28 September 2025. The competition categories covered key skills for key roles from sales and customer services. 80 participants from our 17 subsidiaries advanced to the finals, with 5 of them finally receiving the title of "Young Experts at Their Posts". The competition served as a reminder to our employees of the importance of training and practising their professional skills, and motivated them to apply effective solutions in their work to improve productivity and efficiency.





To strengthen the impact of "model workers", we continue to identify and recognise outstanding individuals and teams that lead by example. In 2025, we have one individual awarded with the "National March 8 Red-Banner Pacesetter", one team awarded with the "National Women's Civilised Posts", one individual awarded with the "National Model Worker", and one individual awarded with the "Hainan Provincial May 1st Labour Medal," one awarded with team the "Hainan Provincial Workers' Pioneer", and name two individuals "Model Worker at the group".



Our Coach Team at Sanya Downtown Duty-Free Store received the "National Women's Civilised Posts" award from the All-China Women's Federation



Our Customer Service Department at Haikou International Duty-Free Shopping Complex received the "Workers' Pioneer" award from the Hainan Federation of Trade Unions

In May 2025, we held our first "CTG DUTY-FREE Story" sharing session. Three outstanding female model workers were invited to share their inspirational stories at CTG DUTY-FREE. Through the sharing session, we further encouraged the spirit of model workers, and promoted the value of work and the pursuit of fine workmanship. Senior management also attended the sharing session in person, which added another level of motivation and inspiration for our employees.



04 Planet

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



Environmental Compliance Management

Environmental Compliance

In accordance with the *Environmental Protection Law*, the *Law on Prevention and Control of Atmospheric Pollution*, the *Law on Prevention and Control of Water Pollution*, the *Law on Prevention and Control of Environmental Pollution Caused by Solid Wastes*, the *Energy Conservation Law of the People's Republic of China* and other Chinese laws and regulations, as well as the Measures for the Supervision and Administration of Energy Conservation and Ecological Environmental Protection at Chinese Central State-owned Enterprises, the company has formulated the "Administrative Measures on Energy Conservation and Ecological Environmental Protection.

In 2025, the company developed the "Implementation Rules for Safety, Environmental Protection and Occupational Health Assessment" and the "Implementation Rules for Accountability in Safety, Environmental Protection and Occupational Health Incidents". It also revised its emergency response plan for unexpected environmental incidents and organised a practical drill. Over 120 employees participated in a full-process emergency response simulation of a chemical leakage, thereby enhancing the company's capabilities in environmental risk prevention and control.

During the reporting period, the company complied with all applicable laws and regulations concerning energy conservation and environmental protection, with no significant regulatory violations or major incidents recorded, nor any cases where it was punished or criticised by environmental protection authorities.

Emissions Management

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

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

We actively promote waste classification. For example, both the Sanya International Duty-Free Shopping Complex and the Haikou International Duty-Free Shopping Complex are equipped with dedicated household waste rooms and kitchen waste refrigerators to support this initiative. Caterers within these complexes are also required to classify kitchen garbage in strict accordance with relevant regulations, with cleaning staff arranged to guide customers on household waste classification. We have also signed waste recycling and disposal agreements with qualified professional third parties to ensure the recycling and safe disposal of solid waste. In 2025, the Haikou International Duty-Free Shopping Complex conducted waste classification training to ensure its front-line staff (especially newly hired employees), and service providers operating within the complex understand the classification and disposal requirements of different types of waste and reduction of the use of disposable items.

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

The quantity of waste generated by the company in 2025 was as follows:



The company continues to carry out the standardisation construction of energy conservation and environmental protection. During the reporting period, CDFI passed its environmental management system (ISO14001) audit, promoting the optimisation of the business environment across Hong Kong and Macau stores. In October 2025, Sanya International Duty-Free Shopping Complex obtained ISO14001 environmental management system certification, driving waste reduction, energy efficiency, and eco-standards.



Environmental management system (ISO14001) certificate of CDFI



Environmental management system (ISO14001) certificate of Sanya International Duty-Free Shopping Complex

Preserving Biodiversity

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

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

Backfills topsoil dug out during the development and construction process as environmental compensation.

Prefers local plants for landscaping to reduce the impact on the environment and ecology.

For example, Sanya is located within a tropical marine and monsoon climate zone with high temperatures and a relatively high humidity all the year round. This makes it home to diversified biological species, and helps with the shaping of its healthy, benign, and sustainable ecosystem. During the development and construction of the Sanya International Duty-Free Shopping Complex Project, we paid attention to the protection of the surrounding ecological environment and biodiversity, and adopted various green construction technical measures to minimise the impact of the Project on the ecological environment and biodiversity, such as enclosure, noise control, dust control, etc. The Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project, located within a coastal woodland renovation area outside the ecological conservation red lines, prioritises enhancing the windbreak function of trees while strengthening the protection of tree species diversity and overall biodiversity within the woodland. Building on the existing single-species coastal protective forest of Casuarina equisetifolia, the project has introduced a variety of coastal-adapted species, such as Hainan coconut, Terminalia macroptera, red pandanus, and beach cabbage.

During site selection and layout planning for the Haikou International Duty-Free Shopping Complex Project, the company identified and assessed ecologically sensitive areas in order to avoid locating business activities near zones with rich biodiversity, fragile ecosystems, or significant ecological functions. The project actively promotes the efficient utilisation of site space for greening initiatives. At the Haikou International Duty-Free Shopping Complex (Plots 1 and 4), the green space ratio has been increased to 30% and 35%, respectively. Concurrently, on-site rainwater retention facilities with capacities of 200m³ and 390m³ have been constructed to optimise the microclimate, enrich local habitats for biodiversity, and achieve a synergistic improvement in ecological benefits and site functionality.

Energy and Resource Usage

Governance

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

The company has reinforced its accountability mechanisms by signing 86 “Work Safety, Energy Conservation, and Environmental Protection Target Responsibility Agreements” with various departments and affiliated enterprises. Through its OA online platform, headquarters has also achieved full coverage by signing safety and environmental protection responsibility agreements with all employees. Additionally, CDF Investment Development has signed responsibility agreements with the general contractor, subcontractors, and other relevant parties, clearly assigning responsibilities to specific roles to mobilise personnel engagement in energy conservation and environmental protection efforts.

Strategy

Risks/ opportunities	Impact	Response
Unlock the energy-saving potential of green buildings	Reduce operational costs, enhance energy efficiency, and cut greenhouse gas emissions	Develop and promote sustainable building materials and technologies – such as natural daylighting systems and smart temperature controls – on an ongoing basis. Refer to the “Green and Low-Carbon Operations for a Better Life” section for details.
Actively utilise renewable energy to diversify and clean the energy supply	Reduce pollutant and greenhouse gas emissions to improve air quality	Accelerate the construction of new energy infrastructure, such as rooftop solar PV and PV carport installations. See the “Green and Low-Carbon Operations for a Better Life” section for details.
Foster energy-saving awareness among all staff to establish a “Green cdf” image	Maintain a positive corporate image to earn greater customer favour	Strengthen ideological guidance by organising affiliated enterprises to conduct in-depth study of President Xi Jinping’s important speeches and directives on carbon peaking and carbon neutrality. This helps firmly establish and implement the new development philosophy and ingrain the green and low-carbon transformation.
		Release the “Green and Low-Carbon Proposals” to encourage employees to lead the way in carrying out low-carbon and energy-saving practices and in conveying green messages.
		Put up signs around offices to remind employees to turn off the lights and save water and organising publicity campaigns and training sessions on energy conservation and environmental protection.
		The Sanya International Duty-Free Shopping Complex launched a “Golden Ideas for Energy Conservation” campaign, organised energy management training, invited experts to explain energy-saving technologies, and conducted a public welfare activity titled “State-Owned Enterprise Openness for Ecological Protection.” These initiatives helped drive the concept of environmental protection, promoting its widespread recognition.

Case study

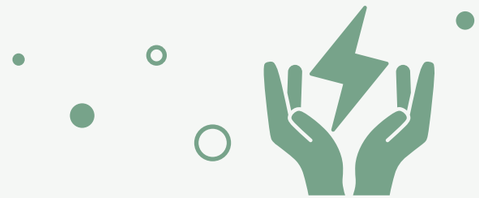
The company organised activities for Energy Conservation Awareness Week and National Low-Carbon Day

From 23 June to 29 June 2025, the company organised an Energy Conservation Awareness Week themed “Enhancing Energy Efficiency and Leading with Innovation” and a National Low-Carbon Day themed “Pioneering the Path to Carbon Reduction and Greening the Future.” Subsidiaries were mobilised to watch thematic promotional videos and issue energy-saving and carbon reduction initiatives, fostering a vibrant atmosphere. During the events, they displayed 200 posters, hung 100 banners, and distributed 300 brochures across construction sites. Furthermore, the Haikou International Duty-Free Shopping Complex and the Sanya International Duty-Free Shopping Complex used digital screens to show promotional videos and put up themed posters to enhance awareness of energy conservation. Retail stores at the airports and border crossings set up information boards, where staff shared low-carbon travel tips with travellers. Additionally, the company issued an energy-saving and carbon reduction initiative via its Wechat official account and held themed activities aligned with Tree Planting Day and World Environment Day.

We focus on improving the management of energy and water conservation according to the optimal operating strategy, including:

Saving Electricity

- The temperature of air conditioners in offices and dormitories shall be no lower than 26°C in summer, shall be turned off 20 minutes before leaving, and shall be powered off if left unattended for a period of time.
- Printers, computers, fans, water heaters, lighting and other power supplies shall be turned off before leaving the place of work (and be shifted to standby mode during non-office hours).
- Post energy-saving reminders near light switches and printers, encouraging employees to unplug devices after work to reduce standby power consumption.
- We have established sound electricity conservation management systems and equipment operation procedures to reduce unnecessary office electricity equipment and non-office electricity consumption.
- We have regular maintenance and energy audits for HVAC systems, pumps, fans, elevators, and lighting, etc., to reduce energy consumption.



Saving Water

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

Saving Gasoline

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

Saving Office Supplies

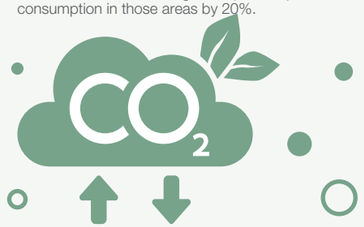
- Standardise paper usage requirements in office, promote double-sided printing and a paperless office.
- We adopt e-tag and e-billboard to reduce paper usage.
- We adopt an office supplies procurement system to bring about online integrated procurement. This system helps centrally control procurement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

All duty-free complexes and stores manage energy and water consumption through optimal operational strategies:

01 Before the store opens, no lights more than those required for work routines shall be switched on; electricity equipment to meet operating needs shall only be turned on 10 minutes before opening; all electricity equipment and lights shall be turned off after the closure.

02 The **Sanya Downtown Store** proactively launched the "Green Mall, Low-Carbon Lifestyle" initiative to reduce energy consumption. It adjusts lighting and air conditioning strategies based on real-time brightness and temperature levels within the complex. Water usage for landscaping and cooling towers is carefully managed. Timed sprinkler systems are used for garden irrigation to avoid high-volume hose watering. For water features, staff periodically clean sludge from the bottom manually and add algaecide (a chemical treatment) to extend the intervals between water changes.

03 The **Sanya International Duty-Free Shopping Complex** implemented significant energy-saving upgrades across its facilities. In Zone C, an intelligent central air conditioning control system was installed. This system monitors environmental data such as temperature and foot traffic in real-time, automatically adjusting operating parameters. This has resulted in an 8% reduction in average daily energy consumption. Meanwhile, renovations to the chiller plant systems in Zones A and B achieved annual energy savings of 12%. Separately, the installation of 200 LED lights in public spaces reduced energy consumption in those areas by 20%.



04 The **Haikou International Duty-Free Shopping Complex** has completed lighting circuit upgrades for its 131 duty-free stores, converting the systems to independent circuits. Pre-business hours now activate only essential lighting, with non-essential electrical equipment powered down to minimise energy use. Radar motion sensors have been installed in back-of-house spaces and garages to automate lighting control. Flood lighting schedules are dynamically adjusted to align with operational needs and seasonal variations, while decorative lighting usage is strictly regulated. Additionally, air conditioning units operate based on real-time temperature readings, with regular measurements conducted for optimisation. During transitional seasons, the fresh air system activates to provide supplementary climate control. Water feature operating hours are actively monitored and adjusted to ensure efficiency.

05 **Hainan DF's Riyue Plaza Duty-Free Shop** has carried out the following energy-saving measures: the implementation of a centralised control system for multi-split air conditioning units; enhanced equipment maintenance to improve operational efficiency; and optimised lighting system configurations with strictly electricity consumption controls. Additionally, all airport stores ensure non-essential lighting is turned off promptly during flight intervals.

06 **Yunjie Island** adopts a "peak shaving and valley filling" electricity consumption model that aligns with its night-time economic activities, forming a distinctive energy-saving pattern.

Case study

Promotion of building a zero-carbon island by Boao Duty-Free Store

The Boao Duty-Free Store actively supports Dongyu Island's initiative to build a zero-carbon island and promote green travel. During the 2025 Boao Forum for Asia, the store worked closely with Dongyu Island to construct a "zero-carbon area" outside its premises. Through activities like accumulating carbon credits redeemable for rewards, the store encourages sustainable practices.

Management of impacts, risks and opportunities

The company's routinely monitors all facets of energy utilisation, collecting and analysing stage-specific usage data while identifying and assessing associated risks. The team also maintains communication with environmental protection authorities at all levels to stay updated with the latest relevant information.

01 **Identification**

02 **Assessment and prioritisation**

03 **Monitoring**

04 **Management**

We continuously collect energy usage data from all stages of consumption and implement BIM systems/energy management platforms where feasible, thereby enhancing the efficiency of energy usage statistical analysis. By the end of the reporting period, Sanya International Duty-Free Shopping Complex, Haikou International Duty-Free Shopping Complex had both established these systems. The company regularly reviews progress on energy conservation initiatives, identifies potential areas for improvement, and formulates plans for the upcoming year's energy-saving work.

We regularly conduct comprehensive risk assessments of our existing energy utilisation processes. Leveraging historical data and experience, we quantify identified risk factors, their probability of occurrence, and potential losses to determine risk severity and urgency. These results then inform our energy utilisation management strategies.

The company reviews all aspects of energy use, standardises operational processes, mitigates associated risks, and implements multiple measures to reduce consumption.

Metrics and Targets

Energy and Resource Consumption

The company mainly consumes electricity, natural gas, diesel, gasoline, and water during its daily operations. Our energy consumption, resource usage, and intensity[5] in 2025 are shown in the table below:

Metrics	Unit	2025	2024
Electricity	MWh	81,441.39	85,810.28
Natural Gas	m^3	651,573	562,061
Diesel	Litre	132,858	143,182
Gasoline	Litre	152,528	210,526
Comprehensive energy consumption	tce	11,206	11,617
Comprehensive energy intensity	tce/m^2	0.0156	0.0162
Water consumption	m^3	565,780	537,987
Water consumption intensity	m^3/m^2	0.79	0.75

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

Addressing Climate Change to Protect the Environment

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

Governance

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

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

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

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

Strategy

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

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

Scenario analysis

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

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

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

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

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

* 1.5-°C NGFS orderly "Net-Zero 2050" scenario: the adoption of the net zero emissions by 2050 scenario, that is, the global energy sector achieving net zero CO_2 emissions by 2050 is consistent with limiting the global temperature rise to 1.5°C with no temperature overshoot (with a 50% probability).

** 3-°C NGFS Nationally Determined Contributions "NDC" scenario: taking into consideration all pledged but not yet implemented policy measures. The estimated physical risks would be slightly lower than in the Current Scenario case, but still well above the Paris Agreement targets.

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

Transition risk impact assessment and response:

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

Climate opportunity impact assessment and response:

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

Risk Management

We have incorporated climate change risks into our overall risk management process. Please refer to “Enhancing Risk Management and Internal Controls, and Upholding Business Ethics” for the risk management process.

Metrics and Targets

Metrics related to climate change response include energy consumption and the resulting GHG emissions.

Our greenhouse gas emissions[6] are shown in the table below:

Metrics	Unit	2025	2024	2023
Total GHG emissions Scope 1 and Scope 2	tCO_2e	27,530	28,540	24,632
Including, GHG emissions (scope 1)[7]	tCO_2e	2,940	2,631	2,056
GHG emissions (Scope 2)[8]	tCO_2e	24,590	25,909	22,576
GHG emissions intensity for Scope 1 and 2	tCO_2e/m^2	0.04	0.04	0.04
GHG emissions (Scope 3)[9]	tCO_2e	4,740	/	/
Including, Category 6[10]	tCO_2e	4,680	/	/
Category 7[11]	tCO_2e	60	/	/
GHG emissions intensity for Scope 3 (Categories 6 and 7)	tCO_2e/RMB 1 million of revenue	0.09	/	/

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

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

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

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

9 In addition to the already included Category 6 and Category 7, we are currently reviewing Scope 3 GHG emissions across other categories and will disclose them when conditions permit.

10 Scope 3 Category 6 GHG emissions (Business Travel) covers emissions from employee business trips via air travel, high-speed rail, ride-hailing/taxi services, and hotel stays. These emissions are calculated using the spend-based method, with emission factors referenced from the China Products Carbon Footprint Factors Database.

11 Scope 3 Category 7 GHG emissions (Employee Commuting) includes only emissions generated by employees commuting via shuttle buses within the Hainan region. These emissions are calculated using the activity data method, with emission factors referenced from the following sources: the UK Department for Energy Security and Net Zero 2025 edition, the *Announcement on the Release of 2024 Electricity Carbon Footprint Factor Data*, and the *Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors* issued by China’s Ministry of Ecology and Environment.

Green and Low-Carbon Operations for a Better Life

Green Building

The company is committed to implementing the national *Green Building Action Plan*, we promote the development of green buildings and are committed to extensively engage in resource conservation, environmental protection and pollution reduction, to make our buildings efficient, healthy and liveable while realising harmonious coexistence nature throughout the entire life cycle of buildings.

Green Planning

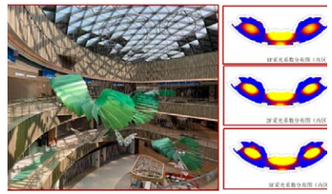
Based on the low-carbon technologies applied at Haikou International Duty-Free Shopping Complex’s project plots, and with reference to low-carbon experience gained through other commercial projects, the company has prepared the “Low-Carbon Technology Guidelines for CDFG’s Investment in Tourism Retail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

Sanya International Duty-Free Shopping Complex Zone C Commercial Project has adhered to the philosophy of resource conservation and environmental protection since its planning and design stage, focus on constructing high-quality green buildings that support sustainable development with reference to domestic and international green building standards. During the Project’s design stage, a number of green and energy-saving technologies were adopted that meet the standards for fabricated buildings and the standards for fully-furnished delivery. The smart and effective technical measures taken include optimising the shape of the building envelope system, integrating the design of the lighting and shading system in the atrium, and adopting energy-efficient heating, ventilation and air conditioning (HVAC) equipment, temperature, humidity and air quality monitoring systems, the concept of sponge cities, primary wearable sensing devices (WSDs), irrigation with reclaimed municipal wastewater, soundproofed construction materials, and smart system integration management.





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



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



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



Curtain of Sanya International Duty-Free Shopping Complex Zone C



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

During the early planning phase for the Haikou International Duty-Free Shopping Complex Plot 4, we established clear carbon emissions control targets for the building's entire lifecycle. We also formulated carbon reduction pathways and technical measures, prioritising the adoption of suitable technologies such as passive design, prefabricated construction, healthy building principles, and sponge city concepts. The project comprehensively addresses performance indicators covering safety and durability, health and comfort, resource conservation, and environmental liveability. In terms of green design, the company optimises site layouts and building forms based on topography and climate conditions, fully utilising natural lighting, natural ventilation, and shading designs to reduce operational energy consumption. Regarding resource conservation and recycling, the company has developed a strategy for using green building materials. This strategy clearly specifies requirements for green materials in key structural elements and the building envelope, prioritising low-carbon, recyclable options to reduce resource consumption and waste generation. Simultaneously, the company enhances resource utilisation efficiency through measures including rainwater harvesting, greywater reuse, and waste classification and recycling.

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



Guided by the Green Building Evaluation Label, the Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project demonstrates excellent resilience against natural disasters, including high winds and torrential rain. Adhering to low-impact development principles, the project incorporates a sponge city-specific design. It intelligently utilises site space to implement eco-friendly rainwater infrastructure, such as sunken green spaces, rain gardens, and rainwater storage tanks. These features naturally reduce stormwater runoff, mitigate flood risks during heavy rainfall, control runoff pollution, and protect the water environment.

For the Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project, the company also conducted a comprehensive wind engineering study. This encompassed rigid model pressure measurement wind tunnel tests, wind-induced vibration analysis, and pedestrian-level wind environment analysis. These studies ensured the structural safety of the main building against wind loads and guaranteed that the luxury hotel would meet wind-induced vibration comfort requirements. Additionally, a quantitative evaluation of pedestrian wind comfort was conducted, guiding the subsequent architectural landscape design to ensure outdoor wind comfort would meet the project's requirements.

Carbon Footprint Management

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

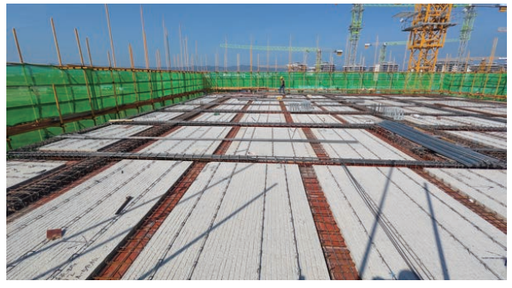
All construction projects undertaken by the company utilise prefabricated construction technology. The main structures of each project employ methods like "steel-truss with reinforced concrete slabs" or "prefabricated beams and columns with composite slabs." This approach achieves water conservation, energy efficiency, material savings, and reduced carbon emissions.





The Sanya International Duty-Free Shopping Complex Phase 1 Hotel Project employs a "steel truss with reinforced concrete slabs" method.





The Sanya International Duty-Free Shopping Complex Phase 3 Project utilises a "prefabricated beams and columns with composite slabs" approach.

To reduce embodied carbon emissions during the construction of the Sanya International Duty-Free Shopping Complex Phase 3 Project, the company is working with suppliers to develop and deploy low-carbon steel bars and low-carbon concrete. Selected buildings within the project will be designed and constructed so as to achieve net-zero carbon certification.

We will increase the use of renewable energy, including by expanding the use of solar photovoltaic technology. China Duty-Free (Haikou) Investment Development Co., Ltd. has signed strategic cooperation agreements with photovoltaic manufacturers, and has devised an overall plan under which photovoltaic technology will be installed in stages for the Haikou International Duty-Free Shopping Complex Project. The China Tourism Group Plaza (formerly the Haikou International Duty-Free Shopping Complex Plot 1 Project) features rooftop and carport photovoltaic (PV) power generation facilities. This system forms an integrated smart micro-grid combining PV generation, energy storage, and charging/discharging capabilities, with a total installed capacity of 540 kW. It is expected to generate 500,000 kWh of green electricity annually. For the Haikou International Duty-Free Shopping Complex Plot 4 Project, a tailored renewable energy utilisation plan has been developed to actively incorporate solar PV technology to enhance the building's overall renewable energy utilisation rate.

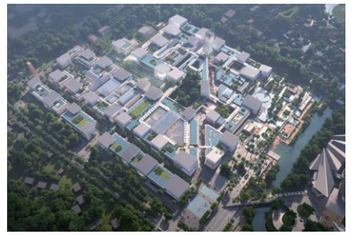
Total Installed Capacity

540 kW

Generate Green Electricity Annually

500,000 kWh

The under-construction Sanya International Duty-Free Shopping Complex Phase 3 Project features approximately 18,000-square-meters of photovoltaic (PV) panels on its roof. Concurrently, to explore the most suitable solar power generation materials for Sanya's Haitang Bay and to enhance the safety, reliability, and efficiency of the PV system design, the project team has collaborated with the University of Science and Technology of China. This collaboration involves conducting underwater PV power generation experiments using both monocrystalline silicon and cadmium telluride materials. The research also explores optimal external environmental conditions, such as water depth, providing a valuable reference for future practical implementation. This work not only helps to optimise the design and application of underwater PV systems but also offers more reliable energy supply solutions for underwater equipment, holding significant scientific importance and practical value.







The photovoltaic power generation facilities installed on the rooftop and carport of the China Tourism Group Plaza at the Haikou International Duty-Free Shopping Complex Plot 1

Main features of the project:

Low-carbon image

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

Integrated design

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

Economic effectiveness

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

Intelligent control

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



480kW Split-type Charging Pile



Photovoltaic Carport







String Inverter



Mono-crystalline Single-sided Solar Module 550Wp



Integrated Energy Storage System 100kW/215kWh

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

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


证书

为鼓励在2022年度建设工程项目绿色建造竞赛活动中取得优异成绩的单位和个人，特颁发此证书。

工程名称：海口市国际免税城项目（地块五）

申报单位：中国建筑一局（集团）有限公司

类　别：绿色施工

成果等级：二等成果

项目主要参与人：

杭炳民、周建伟、陈炳林、张开行、陈平、刘贤喜

Embracing the circular economy

The company employs Building Information Modelling (BIM) technology throughout both the design and construction phases of its projects. Utilising BIM functions such as 3D visualization design, clash detection, pipeline integration and optimisation, and automated quantity take-offs, the company achieves digital management across the entire project lifecycle – spanning design, construction, and operations & maintenance. This integrated approach enhances design quality, reduces rework, saves costs, and establishes a data foundation for future smart operations and maintenance. Additionally, the company leverages BIM technology to conduct building carbon emissions simulation, energy consumption analysis, optimised material selection, and construction waste reduction simulation. This enables the integration of green and low-carbon principles throughout the entire project lifecycle.

All ongoing construction projects are comprehensively adopting aluminium formwork with truss decking technology and prefabricated construction methods. This enhances formwork turnover efficiency while significantly reducing timber consumption. Building materials are classified and managed as recyclable, reusable, or non-recyclable, enabling multi-use and recycling to minimise construction waste. Additionally, the projects utilise factory prefabrication and centralised on-site processing, thereby improving standardised operations while reducing repetitive tasks and material waste.

The Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Project implements sponge city design standards. Sponge city development and rainwater utilisation constitute key circular economy practices within the water resources sector. Through techniques encompassing infiltration, retention, storage, purification, utilisation and drainage, the project mitigates urban waterlogging and rainwater runoff pollution, thereby enabling rainwater resource recovery. This approach simultaneously supplements urban water sources and reduces pressure on municipal water supply, while improving the ecological environment. It fosters a closed-loop system for water resources characterised by “natural accumulation – recycling – ecological restoration”, supporting urban green, low-carbon development.

China Tourism Group Plaza (formerly Haikou International Duty-Free Shopping Complex Plot 1 Project) employs a reclaimed water system utilising restroom greywater as its source. Combined with highly efficient water-saving irrigation methods such as drip irrigation, this comprehensively fulfils LEED requirements for efficient water use, establishing a resource circulation system.

During planning, the Sanya International Duty-Free Shopping Complex Phase 3 Project prioritised sustainable water resource management. It incorporates not only water-saving fixtures but also actively implements circular principles within its water management strategy. Municipal reclaimed water is utilised for cooling tower make-up, while air conditioning condensate and harvested rainwater are recycled.

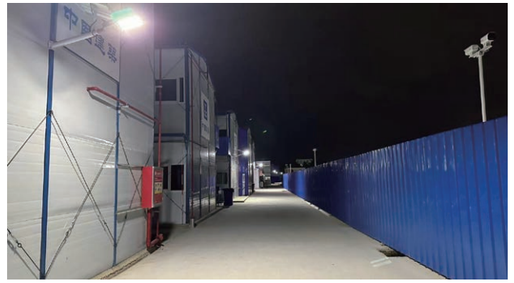
Green Construction Management

Across all procurement projects, we have further strengthened environmental access mechanisms. During the qualification review stage, whether bidders possess ISO 14001 certification is treated as a key assessment criterion, prioritising suppliers with outstanding environmental management capabilities to ensure shortlisted candidates possess robust environmental credentials. Building on this, we explicitly require bidders to develop comprehensive specialised plans for safe and civilised construction practices. These plans must provide detailed provisions for environmental protection measures throughout the construction phase, including dust control, noise management, and waste disposal, ensuring all construction activities fully comply with local environmental regulations and standards at the project site.

The company also implements green and low-carbon standards during construction processes to strengthen its green building credentials. The “four conservations and one protection” principles (energy conservation, land conservation, water conservation, material conservation and environmental protection) are applied throughout the whole process, from planning, development, design, and construction through to operations for properties and commercial complex projects invested in and constructed by the company. Measures are taken to ensure safe construction sites, a clean environment, on time delivery, and sufficient funds. We take the bidder’s possession of ISO 14001 certification as a key evaluation criterion, prioritising suppliers with outstanding environmental management capabilities to ensures shortlisted candidates possess robust environmental credentials. Furthermore, we explicitly require bidders to develop comprehensive specialised plans for safe and civilised construction practices. These plans must provide detailed provisions for environmental protection measures throughout the construction phase, including dust control, noise management, and waste disposal, ensuring all construction activities fully comply with local environmental regulations and standards at the project site.

During the construction process, the company adopts the following management measures:

- Adoption of an environmentally-friendly architectural design and related materials to reduce any negative impact on the environment.
- A preference for reusable materials and equipment, such as stainless steel, glass products, etc.
- Plastic material management of avoiding the use of one-off plastic products. If plastic materials are unavoidable, choose recyclable and biodegradable ones, and fully recycle and reuse them by reducing damage and waste. Plastic waste resulting from construction is collected and disposed of by its type to avoid environmental pollution.
- Classified management of construction waste through compliant collection and transportation, reducing resource waste and minimising environmental impact.
- Mobile fume extractors with 99.9% filtration efficiency deployed for all on-site welding operations across ongoing projects. Energy-saving modifications were made to gas-shielded welding equipment by installing digital flow controllers, reducing gas wastage by 35%.
- Solar-powered streetlights installed in temporary residential and office areas at project sites to conserve electricity.
- Rainwater harvesting and recycling systems established. Collected rainwater undergoes sedimentation and filtration before being reused for dust suppression, landscape irrigation, and concrete curing on-site, enhancing water resource circularity.
- Misting systems integrated into perimeter fencing at all ongoing construction sites for effective dust suppression.
- Water-sealing curtains and slope anchoring with shotcrete employed during construction to effectively prevent soil erosion and water loss.
- Implementation of environmental protection publicity and energy saving education.





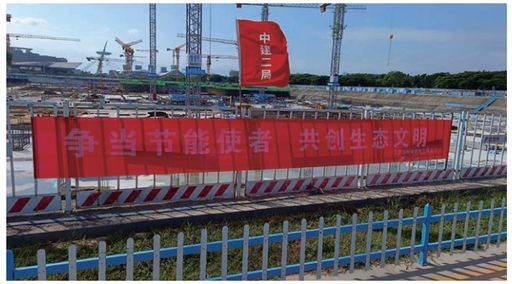
Installation of solar-powered streetlights in workers’ living quarters and office areas at ongoing project sites



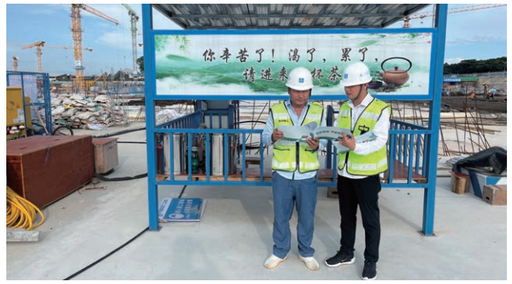


Implementation of rainwater collection devices on construction sites for recycling rainwater and construction drainage









Leveraging the 2025 National Energy Conservation Promotion Week as a catalyst, CDF Investment Development directed its subsidiaries to conduct energy-saving awareness campaigns. Activities included distributing pamphlets, displaying promotional banners, disseminating educational videos, and organising training sessions, resulting in over 3,000 personnel receiving training throughout the year.

The Sanya International Duty-Free Shopping Complex Phase 1 Plot 2 Hotel Project and the Haikou International Duty-Free Shopping Complex Hotel Project, among others, have each formulated a green construction programme. This programme includes measures for site environmental protection; comprehensive utilisation of materials and resources; energy conservation and comprehensive utilisation of energy; water conservation and comprehensive utilisation of water resources; land conservation and construction land protection; construction waste management; noise pollution control; light pollution control; indoor environmental pollution control; and other measures. Multiple green technologies and measures have been adopted for these Projects, such as the primary use of local and recycled building materials, advanced construction techniques, tool stereotyping, bare soil coverage for dust suppression, water-sprinkling devices on site to control dust, and the recovery and comprehensive utilisation of construction waste, reducing resource consumption and environmental pollution throughout all stages of the construction process, to protect the natural surroundings to the furthest extent possible. Construction waste materials generated during on-site operations are sorted and recycled in accordance with requirements, then transported to licensed processors for reprocessing. The reclaimed materials are subsequently used in manufacturing new building materials, thereby conserving natural resources.

In 2025, the Sanya International Duty-Free Shopping Complex Phase 3 Project and the Haikou International Duty-Free Shopping Complex (Block No.4) were each named as a

“Provincial-level Exemplary Construction Site for Safety and Civilised Building in Hainan Province”.



The Sanya International Duty-Free Shopping Complex Phase 3 Project was named as a “Provincial-level Exemplary Construction Site for Safety and Civilised Building in Hainan Province”

Green and Energy-Saving Operations

Sanya International Duty-Free Shopping Complex Project

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

Aspect	Low Carbon & Environmental Protection Measures
Energy consumption	• The building’s energy-efficient design complies with national standards. The design of the building’s shape, orientation, the distance between buildings, and window-to-wall ratio, among other aspects, were optimised to reduce overall energy consumption. • The facade curtain walls of Sanya International Duty-Free Shopping Complex Zone C adopt tempered double-silver ultra-white Low-E hollow glass structures and double-silver coating technology to effectively prevent heat waves from penetrating inside, which efficiently improves the performance of the building’s thermal insulation without affecting the light transmission rate needed to keep the room bright. • The Low-E coating helps reflect outdoor thermal radiation, prevents heat from entering the room, and reduces the energy consumed by air conditioning. For buildings in climate zones with hot summers and warm winters, this coating technology helps improve energy-saving efficiency and blocks most ultraviolet rays, reducing the damage inflicted by ultraviolet rays on indoor furniture, floors and fabrics and extending their useful lives. • Intelligent elevator management: The escalators’ intelligent speed monitoring capabilities and the elevator group control system reduce power consumption. • Intelligent fresh air control system: Fresh air is circulated into the buildings during transition seasons. Minimum fresh air volumes are used to operate the system when the outdoor temperature is higher than the indoor temperature in summer. • The building’s intelligent lighting considers the time of the day and scenarios to reduce electricity and energy consumption. • The building has been outfitted with a variety of intelligent control systems, including intelligent office capabilities, energy efficiency capabilities, intelligent lighting, intelligent monitoring, access control systems, and vehicle management systems.
Water and soil resources	• Adopting rainwater storage system and permeable pavement in the building’s “sponge city”: The permeable pavement has been used to efficiently penetrate ground rainwater, which reduces pressure on the drainage system and maintains the urban soil’s ecological balance. • Sewage and wastewater classification treatment: Sewage is discharged into the municipal network after being treated by the outdoor septic tank, and kitchen sewage is discharged into the municipal is also network after being treated by oil separators twice. • Phase 2 also equipped with a river revetment and plant maintenance capabilities, which enable the building to meet floodwater discharge requirements, thereby ensuring a stable riverside and preventing water and soil erosion.
Clean air	• The high-efficiency oil fume purifier has been designed to the highest emission standard of 1.0mg/m³, which is stricter than the national standard for environmental protection and emissions in China. These measures effectively improve the park’s air quality. • The building layout distance between buildings and ventilation placement have been optimised to improve on-site air circulation. • Phase 2 is equipped with an intelligent garage ventilation system. The induced ventilation system in the underground garage automatically controls the operation of the garage fan according to the carbon monoxide concentration, which improves air quality in the garage.
Noise management	• Noise and vibration control: Fans, pumps and other equipment emit low noise, and shock absorption devices have been deployed in relevant locations on the premises.

Haikou International Duty-Free Shopping Complex Project

Aspect	Low Carbon & Environmental Protection Measures
Reducing the heat island effect	• The project reduces ground parking spaces, uses light-coloured paving materials, and uses light-coloured materials or highly reflective coatings for roofing materials as much as possible.
High efficiency water-saving appliances	• The project uses all Grade I sanitary ware to achieve high-efficiency water savings, and the cooling tower’s water flow rate meets LEED requirements.
Rainwater recycling	• All on-site rainwater will be collected, treated, and reused for greening irrigation and road washing to save fresh water.
Energy efficiency optimisation	• A comprehensive energy consumption simulation has been conducted based on the design of the project envelope and the HVAC system, the equipment’s energy efficiency and the indoor lighting power density. According to the simulation’s calculations, the designed building will reduce costs by 16.3% annually compared to the ASHRAE benchmark building.
High efficiency air treatment	• The project adopts G4+F8 medium – and high-efficiency filtration devices to guarantee indoor air quality. In addition to basic ventilation, the volume of fresh air will be increased by 30% to avoid insufficient fresh air when there are many people in the building.
Enhanced commissioning	• In addition to basic commissioning, the project will also ensure that an efficient operational strategy is maintained for the energy consumption system and that timely support is provided for operations through functional testing and problem documentation of HVAC, the HVAC control system and the lighting system.
Full life cycle assessment	• The project has conducted a full life cycle assessment (LCA) of the new building to calculate the percentage reduction in various environmental impact indicators of the new building compared to the benchmark building.

The China Tourism Group Plaza (formerly Haikou International Duty-Free Shopping Complex Plot 1 Project)

Adhering to the principle of “Efficiency, Energy Conservation, and Sustainability”, the project integrates multiple low-carbon technologies and intelligent systems, achieving a 23.8% reduction in overall energy consumption compared to the LEED baseline.

Project	Low Carbon & Environmental Protection Measures
Energy consumption	• The comprehensive optimisation of electromechanical systems, including the application of variable frequency drive (VFD) and group control technology to domestic water pumps and lifts, combined with high-efficiency chillers and VRF systems, yields approximate annual electricity savings of 633,500 kWh. • The installation of triple-silver Low-E insulated glass curtain walls, a 110mm thick extruded polystyrene (XPS) roof slab, and 80mm rock wool external wall insulation has significantly improved the thermal performance of the building envelope. • A low-voltage interconnection mode has been activated within the substation, allowing transformer operations to be adjusted based on actual electrical load. This measure reduces transformer loss consumption by approximately 8,000 kWh per month. • Lighting usage measures have been implemented, featuring an “every-other-light-on” configuration and a lights-off-when-unoccupied mode. Smart lighting controls, complemented by regular personnel patrols, have reduced lighting electricity consumption by 55%. • Air conditioning operating strategies have been formulated through detailed analysis of equipment operational logic. New intelligent cooling tower temperature-based start-stop controls and variable frequency drives for air conditioning water pumps have been added. Consequently, the coefficient of performance (COP) for the main chiller units has increased from a peak of 4.3 to 4.7, achieving a comprehensive energy reduction of 12%. • A comprehensive monitoring and metering system has been established. This integrates Building Management Systems (BMS) and Energy Management Systems (EMS) via an Intelligent Building Management System (IBMS) platform, enabling real-time monitoring of equipment operations and energy consumption. Operational data is automatically fed into the company’s energy management platform, generating electronic statistical records that provide data support for energy conservation and carbon reduction.
Saving Water	• A greywater reuse system, sourcing water from restroom wastewater, has been implemented. This is combined with highly efficient irrigation methods such as drip irrigation. • Daily readings are taken for key water meters to analyse abnormal usage patterns. This facilitates precise control over irrigation and public water usage, resulting in monthly water savings of 700 tonnes.



The China Tourism Group Plaza (formerly Haikou International Duty-Free Shopping Complex Plot 1 Project)



Adjusting the operations mode of transformers

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

The project’s annual operational energy consumption achieved a 13.3% reduction compared to the requirements stipulated in the national standard GB55015-2021, *General Code for Energy Efficiency and Renewable Energy Application in Buildings*.

Project	Low Carbon & Environmental Protection Measures
Energy Consumption	• The integrated system – comprising district cooling plants with chilled water sources, variable flow water systems, and high-efficiency terminal air-conditioning units – achieves an overall energy efficiency exceeding 10% above the required standard. • Guest rooms and public areas are equipped with independently controlled air-conditioning, balancing energy conservation with personal comfort. • The thermal performance of the building envelope surpasses the national energy-saving standard by over 15%. High-performance low-emissivity (low-E) curtain wall glazing effectively reduces solar heat gain while maintaining panoramic sea views. • All lighting products, three-phase distribution transformers, water pumps, and fans meet or exceed Grade 2 energy efficiency under China’s current national standards. • Air-source heat pumps supply domestic hot water, with renewable energy contributing to over 26% of the total provision.
Saving Water	• An intelligent energy management system covering three utilities – electricity, water, and cooling capacity – has been implemented, alongside sponge city concepts, water recycling, and water conservation measures.
Noise Control	Acoustic insulation and vibration reduction measures have been optimised for noise control.

Multiple intelligent control systems to achieve green and low-carbon operation of buildings

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

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



Using the air quality monitoring system to perform real-time monitoring of indoor air quality (such as analysing carbon dioxide, PM2.5 and other indicators), and enabling intelligent regulation of the fresh air system and air purification equipment, to ensure that indoor air quality meets relevant standards.



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

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

Case study

In 2025, the company conducted energy and water conservation renovations for existing buildings through various initiatives to reduce operational costs

At the Haikou International Duty-Free Shopping Complex, energy-saving modifications were implemented in office areas. Over 1,000 LED energy-efficient luminaires were installed, achieving a 60% reduction in lighting energy consumption within the renovated zones. Additionally, more than 50 water-saving faucets and sensor-activated flushing devices were fitted. Precision irrigation upgrades for landscaping were also introduced, curbing water usage.

Sanya International Duty-Free Shopping Complex Building A and Building B underwent phased upgrades without disrupting operations. Guided by the principles of resource conservation and environmental protection, the project addressed tenant requirements for mechanical and electrical (M&E) systems while integrating energy-efficient and green technologies. Through on-site technical assessments and analysis of historical operating data, a comprehensive M&E retrofit methodology was developed. Key upgrades included enhancement of M&E systems employing multiple green technologies: fresh air filtration systems, eco-friendly refrigerants, high-efficiency variable refrigerant flow (VRF) multi-split systems, and fresh air heat recovery technology. Necessary monitoring points, regulating valves, and balancing valves were installed, and overall system balancing was commissioned. This ensures the entire system operates with high efficiency and energy savings while meeting usage requirements.

An intelligent property management platform was established for the renovation of Sanya International Duty-Free Shopping Complex Building A and Building B. Centred on digital monitoring, intelligent regulation, and data-driven decision-making, the platform enhances the entire building energy efficiency retrofit process. It collects real-time energy consumption data from water, electricity, gas, HVAC, lighting, and other equipment. Utilising intelligent algorithms, the platform precisely identifies high-consumption equipment and anomalous energy usage points, providing targeted objectives for energy-saving retrofits. By integrating systems such as intelligent lighting, smart access control, chiller group control, video security, and parking management, it enables intelligent control and management, and automated operations including temperature regulation based on actual demand, thereby reducing unnecessary energy consumption. Simultaneously, it accumulates energy consumption data models to continuously optimise retrofit plans, driving the transition of energy-saving measures from extensive to precision approaches. This ultimately achieves a win-win outcome of reducing operational costs and enhancing efficiency for property management alongside advancing green, low-carbon development.





Energy-saving renovations at Haikou International Duty-Free Shopping Complex in 2025

Green Stores

Adhering to green operation principles, we collaborate with brand partners to build eco-friendly stores and advance low-carbon, sustainable operations.

As of the end of 2025, the company's progress in applying green building measures for certain key projects is as follows:

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





2-star Green Building certification (obtained in 2025)

LEED Gold certification (obtained in 2025)

Sanya International Duty-Free Shopping Complex Zone C





2-star Green Building certification

LEED Gold certification

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



2-star Green Building pre-certification (obtained in 2025)

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



2-star Green Building pre-certification (obtained in 2025)

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



LEED Gold certification

Sanya International Duty-Free Shopping Complex Phase 3 Commercial Project





WELL Platinum mid-term pre-certification

LEED Platinum pre-certification

Haikou International Duty-Free Shopping Complex (Block No.6)

Plan to apply for 2-star Green Building certification

By the end of 2025, the company had a total of 000 stores/counters had received LEED certification

34

of which

LEED **Platinum** certification at **1** store

LEED **Gold** certification at **31** stores

LEED **Silver** certification at **2** stores

In September 2025, the SAINT LAURENT store at Sanya International Duty-Free Shopping Complex received LEED Platinum certification.



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



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





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



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



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



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





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





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





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





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





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



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





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





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





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





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





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





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





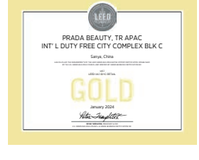
In January 2024, the SAINT LAURENT shop at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.





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





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





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





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





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





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





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





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



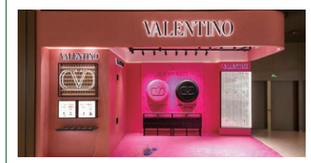


In June 2024, the Prada shop at Haikou International Duty-Free Shopping Complex received LEED Gold certification.





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





In August 2025, the Kerastase counter at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.



In March 2026, the Moncler store at Sanya Duty-Free Shopping Complex Block C received LEED Gold certification.

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

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

Packaging Material

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

Reducing Packaging Material Usage

We are committed to reducing packaging material usage, thereby minimising waste at source. To avoid resource waste and excessive packaging, suppliers are required by the company to deliver their goods directly to their destination, skipping any unpacking and repacking procedures needed during transportation.



CDF Health Product Presentation

We implemented the “circular economy” concept in packaging materials, making “the vigorous promotion of the use of recyclable packaging materials” a key objective. To this end, we eliminated single-use packaging and fully adopted reusable, environmentally friendly, returnable transit containers for sorting and distribution processes. These durable crates, which are designed to be used for multiple cycles, significantly reduce demand for new boxes and waste generation.

In 2025, the company’s Sanya Downtown Store achieved a full-year “zero procurement” of single-use transport packaging. Furthermore, we established a closed-loop packaging material system, creating a comprehensive reusable crate recovery network. Incoming cardboard boxes from suppliers are classified and recovered by brand and specification. After sorting, these are repurposed for store distribution. We ensure timely recovery of each crate upon delivery completion, enabling multiple reuse cycles based on its condition.

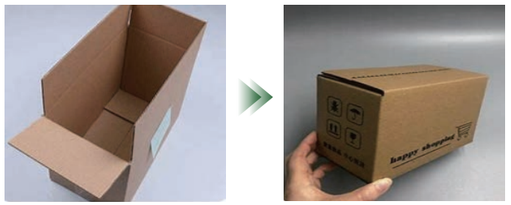
For our proprietary brand packaging, we utilise environmentally friendly materials. The CDF Health product line primarily consists of common materials such as paperboard and acrylic, ensuring effective product protection and essential display functionality while balancing cost efficiency and practicality.



Air column bags have been replaced with honeycomb paper

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

The company insists on combining publicity with inspection to promote the implementation of a green philosophy. Kindly reminders are sent to customers when they pick up goods, to encourage them use their own canvas bags or backpacks, and to discourage misuse of environment-friendly paper shopping bags. The company has set up a dedicated team to carry out occasional inspections on prohibited plastic items in the Hainan area. Once identified, items listed in the prohibited plastic item catalogue will be sealed up. The sales process only adopts biodegradable, recyclable and environmentally friendly packaging materials.



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

We provide training and support, delivering dedicated green packaging sessions to staff at logistics centres. This strengthens subordinate companies’ implementation capabilities and fosters the development of sustainable packaging solutions. For instance, the Haikou Meilan Airport Duty-Free Shop of Hainan DF promoted minimalist packaging and refills, training staff in “right-sizing packaging” techniques. This prioritises reusing incoming delivery packaging for repackaging, reducing material consumption and transport emissions at source.

Collaborating with Brands to Implement Green Packaging

Leveraging its supply chain influence, the company collaborates with brands to launch eco-themed initiatives. Examples include the “Sustainable Skincare, Shared Environmental Care” campaign with Saint Laurent, L’OCCITANE, and Kiehl’s. Actions encompass empty container recycling schemes, minimalist packaging, packaging take-back programmes, and the introduction of eco-refills for products. This supply chain cooperation drives green, low-carbon operations, enabling customers to actively participate in environmental protection practices.

Haikou International Duty-Free Shopping Complex Collaborates with L’OCCITANE on Empty Bottle Recycling Initiative

Haikou International Duty-Free Shopping Complex, in partnership with L’OCCITANE, has deeply integrated an empty bottle recycling programme into its duty-free shopping experience, themed “Filled with the Beauty of the World ”. As a practitioner of green transformation within the retail sector, the company and the brand have joined forces in this cross-sector initiative to accept full-size empty containers from all brands under the L’OCCITANE Group. This tangible action responds to the emerging trend of eco-conscious consumption. Each cleaned empty bottle is given a new lease of life through professional recycling processes, transforming into eco-friendly merchandise and practical items, thereby perpetuating the ethos of cherishing resources. Between September 2023 and March 2025, the initiative collected 139 empties, with participants eligible to exchange them for exclusive gifts.

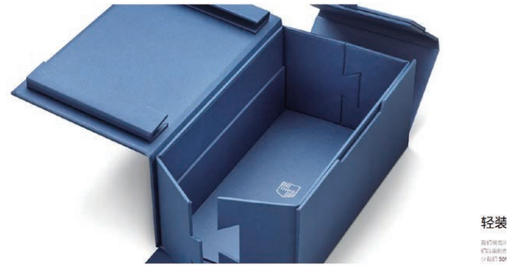


Collaborating with Oris to Promote Sustainable Watches and Cases

We are collaborating with Oris to promote sustainable watches and cases. Its Aquis Upcycle Date watch is crafted from recycled PET plastic, and the brand utilises sustainable watch cases. These cases are smaller, lighter, and fully recyclable compared to previous packaging, which will reduce the brand’s carbon emissions from packaging by 50%.



The Aquis Upcycle Date watch



The watch box with sustainability concept

Supporting Breitling’s Launch of Eco-Friendly, Foldable, and Reusable Watch Cases

The company supports Breitling in its use of eco-friendly, foldable, and reusable watch cases, crafted entirely from upcycled plastic bottles. This initiative demonstrates the brand’s efforts to reduce its environmental impact and achieve sustainability. The compact and slim dimensions of these cases have reduced the average shipping distance by nearly 30%, significantly lowering transport-related carbon emissions. Breitling’s compact, agile, and modular alternative is also leading innovation in watch industry packaging. It has been awarded the “Solar Impulse Efficient Solution” label by the Solar Impulse Foundation, a label that recognises solutions with a positive environmental and economic impact.



Shopping Bag Management

The company rigorously implements China's plastic restriction policy, treating plastic reduction as a critical initiative for the low-carbon transition and advancing comprehensive plastic pollution control. It enforces a complete ban on non-compliant plastic products, strictly adheres to the prohibited items list, and prohibits procurement or use of plastic bags and tableware specified therein. This prevents non-compliant plastic items from entering operational channels at source.

The company enhances awareness through in-store posters, digital screen displays, and staff engagement to educate customers on plastic reduction. It encourages reduced plastic usage and promotes eco-friendly alternatives like reusable shopping bags and water bottles, fostering a "plastic-reduction" consumption ethos. In 2025, the company provided more than 16.84 million shopping bags meeting environmental protection requirements and has provided over 77.37 million such bags over the past four years, effectively reducing the generation of non-degradable plastic waste.

The company adheres to the use of recyclable and degradable green packaging and continuously develops and adopts innovative eco-friendly packaging technologies, such as reusable and biodegradable materials, to promote sustainability and environmental protection. Packaging bags used by the company's stores in Hainan are all made of biodegradable and environmentally friendly materials. Cartons and gas columns used as filling materials for e-commerce operations by CDFI are all made from recyclable materials. CDFG (Cambodia) Limited strictly complies with the Cambodian Ministry of Environment's regulations on plastic shopping bag dimensions, replacing non-conforming products. Kunming cdf utilises biodegradable shopping bags and FSC-certified paper carriers.

In compliance with the *Hainan Special Economic Zone Regulations on Prohibiting Non-Degradable Disposable Plastic Products*, all Hainan subsidiaries exclusively use 100% biodegradable plastic bags. The Retail Operations Centre adheres to international aviation standards for duty-free packaging, employing standard sealed bags. Pursuing environmental efficiency and customer convenience, it maximises bag capacity by consolidating purchases into appropriately sized carriers, thereby optimising cost-effectiveness.



Degradable plastic bag

Current Status of Packaging Material Usage:

Metrics	Tier 2 metrics	Unit	2025	2024
Total amount of packaging materials used by the company	/	Ton	659.38	505.23
Total amount of packaging materials used by the company in unit operating income	/	Ton/millime CNY	0.017	0.009
Procurement quantity of packaging materials by category	Paper	Ton	467.50	404.13
	Board	Ton	0	0
	Plastic	Ton	191.88	101.11
	Glass	Ton	0	0
	Metal	Ton	0	0
Procurement quantity of packaging materials that were recyclable/non-recyclable	Recyclable	Ton	516.03	387.12
	Non-recyclable	Ton	143.35	99.51
Procurement quantity of packaging materials that were reusable/non-reusable	Reusable	Ton	571.23	452.98
	Non-reusable	Ton	88.15	45.40
Procurement quantity of plastic packaging materials by category	Proportion of recyclable plastic packaging	%	100	/
	Proportion of degradable plastic packaging	%	100	/

Saving Food

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

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



Daily tracking of diner numbers enables dynamic meal portion adjustments. Small-portion dishes and pay-by-weight systems minimise waste, complemented by à la carte preparation of snacks and assorted whole-grain portions to diversify offerings while reducing excess;

The staff meal is in a buffet form to encourage staff to only take the amount they need, regular menu refinements align with employee preferences;

Automated rice dispensers standardise portions, preventing over-serving;

Set up a tableware recycling desk to discourage food waste and supervise the effective classification of leftover food;

Carry out anti-food waste awareness activities.

Case study

We Are the Clean Plate Champions

In December 2025, the company headquarters' staff canteen launched the "We Are the Clean Plate Champions" campaign against food waste. This initiative championed

"civilised dining, rigorous conservation, waste reduction – cdf people in action".

In 2025

the total weight of food loss and waste generated by the company was **24** tons [12]

the total amount of food loss and waste used for alternative purposes was **22** tons

the total amount of food discarded was **2** tons

and the intensity of food loss and waste was **0.1** tons/person

12 In 2025, the scope of the company's food loss and waste statistics only covers Haikou International Duty-Free Shopping Complex.

Appendix

Glossary of Terms

Term		Definition
CTG DUTY-FREE, the company, our company, we	refers to	China Tourism Group Duty Free Corporation Limited together with its affiliated companies
ESG Report, the Report, this Report	refers to	The Environmental, Social and Governance Report
The reporting period, the current year	refers to	From 1 January 2025 to 31 December 2025
China Tourism Group	refers to	China Tourism Group Co., Ltd.
CTS Holdings	refers to	China Travel Service (Holdings) Hong Kong Limited
CDF Investment Development	refers to	CDF Investment Development Co., Ltd.
Sanya Downtown Duty-Free Store	refers to	China Duty Free Group Sanya Downtown Duty Free Store Co., Ltd.
Sunrise China	refers to	Sunrise Duty Free (China) Co., Ltd.
Sunrise Shanghai	refers to	Sunrise Duty Free (Shanghai) Co., Ltd.
Hainan DF	refers to	Hainan Provincial Duty Free Co., Ltd.
CDF International	refers to	China Duty Free International Limited
CDFG (Cambodia) Limited	refers to	China Duty Free Group (Cambodia) Co., Ltd.
Guangzhou Xinmian	refers to	Guangzhou Xinmian Duty Free Merchandise Co., Ltd.
CDFCS	refers to	China Duty Free Cruise Services Limited
Dalian cdf	refers to	Dalian Port China Duty Free Merchandise Co., Ltd.
Hangzhou cdf	refers to	CDFG Hangzhou Duty Free Merchandise Co., Ltd.
Sanya Downtown Store	refers to	CDFG Sanya Downtown Duty-Free Store Co., Ltd.
Haikou Meilan Airport Duty-Free Shop	refers to	Hainan Duty Free Haikou Meilan Airport Duty Free Store Co., Ltd.
Shenyang cdf	refers to	CDFG Shenyang Duty Free Merchandise Trading Co., Ltd.
Hohhot cdf	refers to	Hohhot China Duty Free Merchandise Co., Ltd.
Wuhan cdf	refers to	CDFG (Wuhan) Airport Duty Free Merchandise Co., Ltd.
Chengdu cdf	refers to	CDFG Chengdu Airport Duty Free Merchandise Co., Ltd.
Shenzhen Supply Chain	refers to	China Duty Free (Shenzhen) Supply Chain Technology Co., Ltd.
CDFG Trading	refers to	CDFG (Beijing) Trading Co., Ltd.
CDFG Digital Technology	refers to	CDFG (Hainan) Digital Technology Co., Ltd.
Duty-free merchandise	refers to	Imported goods that are exempt from customs duties, value added tax (VAT) and consumption tax on imports and domestically produced goods that are subject to tax rebates (VAT and consumption tax) that are sold in duty-free shops
Duty-free store	refers to	With the approval of the General Administration of Customs, business units set up sales sites and supervised warehouses for storing duty-free commodities in places approved by the State Council of the people's Republic of China or its authorized departments to sell duty-free commodities to specified sales targets
Offshore duty-free policy	refers to	The tax preference policy is to implement import duty-free shopping with limited value, limited quantity and limited variety for passengers leaving the island by plane, train, or ship (excluding departures), make payment in duty-free shops or approved online sales windows where the tax-free policy is implemented, and pick up goods from the island at designated areas of airports, railway stations and ports. The tax exemption policies for the island include customs duty, import VAT and consumption tax
SASAC	refers to	The State-owned Assets Supervision and Administration Commission of the State Council
CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
HKEx	refers to	Stock Exchange of Hong Kong Limited
Company Law	refers to	Company Law of the People's Republic of China
Securities Law	refers to	Securities Law of the People's Republic of China
Anti-money Laundering Law	refers to	Anti-money Laundering Law of the People's Republic of China
Anti-Unfair Competition Law	refers to	Anti-Unfair Competition Law of the People's Republic of China
Advertising Law	refers to	Advertising Law of the People's Republic of China
Cybersecurity Law	refers to	Cybersecurity Law of the People's Republic of China
Data Security Law	refers to	Data Security Law of the People's Republic of China
Personal Information Protection Law	refers to	Personal Information Protection Law of the People's Republic of China
Anti-monopoly Law	refers to	Anti-monopoly Law of the People's Republic of China
Protection of Rights and Interests of Consumers Law	refers to	Law of the People's Republic of China on the Protection of Rights and Interests of Consumers
Product Quality Law	refers to	Product Quality Law of the People's Republic of China
Bidding law	refers to	Bidding Law of the People's Republic of China
Implementation Regulations for the Law of the Tender Law	refers to	Implementation Regulations for the Law of the Tender Law of the People's Republic of China
Labour Law	refers to	Labour Law of the People's Republic of China
Labour Contract Law	refers to	Labour Contract Law of the People's Republic of China
Trade Union Law	refers to	Trade Union Law of the People's Republic of China
Work Safety Law	refers to	Work Safety Law of the People's Republic of China
Law on the Prevention & Control of Occupational Diseases	refers to	Law of People's Republic of China on the Prevention & Control of Occupational Diseases
Fire Control Law	refers to	Fire Control Law of the People's Republic of China
Environmental Protection Law	refers to	Environmental Protection Law of the People's Republic of China
Prevention and Control of Air Pollution Law	refers to	Law of the People's Republic of China on Prevention and Control of Air Pollution
Prevention and Control of Water Pollution Law	refers to	Law of the People's Republic of China on Prevention and Control of Water Pollution
Prevention and Control of Environmental Pollution Caused by Solid Wastes Law	refers to	Prevention and Control of Environmental Pollution Caused by Solid Wastes
Energy Conservation Law	refers to	Energy Conservation Law of the People's Republic of China
Anti-food Waste Law	refers to	Anti-food Waste Law of the People's Republic of China

ESG Metrics

Environmental Performance Metric

Metrics	Tier 2 metrics	Unit	2025
Resource usage			
Electricity[1]		MWh	81,441.39
Natural Gas[1]		m^3	651,573
Diesel[1]		Litre	132,858
Gasoline[1]		Litre	152,528
Comprehensive energy consumption		tce	11,206
Comprehensive energy intensity		tce/m^2	0.0156
Water consumption		m^3	565,780
Water consumption intensity		m^3/m^2	0.79
Total amount of packaging materials used by the company		Ton	659.38
Total amount of packaging materials used by the company in unit operating income		Ton/RMB1,000,000	0.017
Procurement quantity of packaging materials by category	Paper	Ton	467.50
	Board	Ton	–
	Plastic	Ton	191.88
	Glass	Ton	–
	Metal	Ton	–
Procurement quantity of packaging materials that were recyclable/ non-recyclable	Recyclable	Ton	516.03
	Non-recyclable	Ton	143.35
Procurement quantity of packaging materials that were reusable/ non-reusable	Reusable	Ton	571.23
	Non-reusable	Ton	88.15
Procurement quantity of plastic packaging materials by category	Proportion of recyclable plastic packaging	%	100
	Proportion of degradable plastic packaging	%	100

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

Metrics	Tier 2 metrics	Unit	2025
Climate Change			
Total GHG emissions Scope 1 and Scope 2[2]		tCO_2e	27,530
Including, GHG emissions (scope 1)[3]		tCO_2e	2,940
GHG emissions (Scope 2)[4]		tCO_2e	24,590
GHG emissions intensity for Scope 1 and 2		tCO_2e/m^2	0.04
GHG emissions (Scope 3)[5]		tCO_2e	4,740
Including, Category 6[6]		tCO_2e	4,680
Category 7[7]		tCO_2e	60
GHG emissions intensity for Scope 3 (Categories 6 and 7)		tCO_2e/RMB1 million of revenue	0.09
Emission			
Waste	Tuner	kg	35
	Selenium drum	kg	18
	Ink ribbon	kg	4

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

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

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

5 In addition to the already included Category 6 and Category 7, we are currently reviewing Scope 3 GHG emissions across other categories and will disclose them when conditions permit.

6 Scope 3 Category 6 GHG emissions (Business Travel) covers emissions from employee business trips via air travel, high-speed rail, ride-hailing/taxi services, and hotel stays. These emissions are calculated using the spend-based method, with emission factors referenced from the China Products Carbon Footprint Factors Database.

7 Scope 3 Category 7 GHG emissions (Employee Commuting) only includes GHG emissions generated by employees commuting via shuttle buses within the Hainan region. These emissions are calculated using the activity data method, with emission factors referenced from the following sources: the UK Department for Energy Security and Net Zero 2025 edition, the *Announcement on the Release of 2024 Electricity Carbon Footprint Factor Data,* and the *Announcement on the Release of 2022 Electricity Carbon Dioxide Emission Factors* issued by China's Ministry of Ecology and Environment.

Social Performance Metrics

Metrics	Tier 2 metrics	Unit	2025
Hire			
Total number of employees		Person	14,485
The number of ethnic minority employees		Person	1,221
The percentage of ethnic minority employees		%	8.43
The percentage of ethnic minority employees in the management		%	5.45
The number of foreign employees		Person	470
The percentage of foreign employees		%	3.24
The percentage of foreign employees in the management		%	0.91
The number of physically challenged employees		Person	120
Females in the Board of Directors		%	25
Females in the management		%	38.18
Females in the senior managerial roles		%	25
Females in the middle managerial roles		%	39.22
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers		%	37.08
Total number of new employees		Person	1,567
Internal hire rate		%	54.33
Employee productivity		CNY/Person	352,679
The number of employees by gender	Male	Person	5,817
	Female	Person	8,668
The number of employees by employee category	Senior managerial roles	Person	8
	Middle managerial roles	Person	102
	General employees	Person	14,375
The number of employees by age group	Over 60	Person	6
	50-60	Person	407
	40-49	Person	1,801
	30-39	Person	6,616
	22-29	Person	5,277
	Below 22	Person	378
The number of employees by region	North China	Person	1,949
	East China	Person	2,223
	South China	Person	8,221
	Central China	Person	55
	Northwest China	Person	108
	Southwest China	Person	421
	Northeast China	Person	195
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	Person	812
	Overseas	Person	501

Metrics	Tier 2 metrics	Unit	2025
The number of new employees by gender	Male	Person	569
	Female	Person	998
The number of new employees by employee category	Senior managerial roles	Person	2
	Middle managerial roles	Person	16
	General employees	Person	1,549
The number of new employees by age group	Over 60	Person	0
	50-60	Person	40
	40-49	Person	152
	30-39	Person	498
	22-29	Person	719
	Below 22	Person	158
The number of new employees by ethnicity	Han ethnic group	Person	1,368
	Chinese ethnic minorities	Person	106
	Chinese Hong Kong SAR, Macau SAR, Taiwan region and overseas	Person	93
The number of new employees by nationality	Chinese nationality	Person	1,474
	Foreign nationality	Person	93
Employee turnover rate by gender	Male	%	19.87
	Female	%	14.89
Employee turnover rate by category	Senior managerial roles	%	0
	Middle managerial roles	%	0.98
	General employees	%	17.10
Employee turnover rate by age group	Over 60	%	45.50
	50-60	%	17.94
	40-49	%	13.04
	30-39	%	14.93
	22-29	%	21.51
	Below 22	%	11.27
Employee turnover rate by geographical region	Chinese Mainland	%	17.15
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	%	17.98
	Overseas	%	18.54

Metrics	Tier 2 metrics	Unit	2025
Health and Safety			
The coverage of work-related injury insurance		%	100
The total amount of work-related injury insurance expenses		CNY10,000	53.02
Total expenses in operations safety		CNY10,000	3,714
Safety trainings		Session	1,385
Safety trainings participants		10,000 People	7.54
Work-related fatalities	Employee	Person	0
	Contractors	Person	0
The fatality rate of the company's employees due to work-related injuries[8]		%	0
Total number of work-related injury cases		Case	0
Number of working days lost due to work-related injury	Employee	Day	0
	Contractors	Day	0
Lost-time injury frequency rate (per one million hours worked)[9] (LTIFR)	Employee	%	0
	Contractors	%	0
Training and Development			
The total expenditure of employee training and development		CNY	CNY10.53 million
Average cost of training and development per full-time employee		CNY/Person	726.87
Percentage of employees trained		%	100
Percentage of employees trained by gender	Male	%	100
	Female	%	100
Percentage of employees trained by category	Senior management	%	100
	Middle management	%	100
	General employee	%	100
Total training hours		Hour	788,500
Average training hours completed per employee		Hour	55.07
Average training hours completed per employee by gender	Male	Hour	53.42
	Female	Hour	56.71
Average training hours completed per employee by category	Senior management[10]	Hour	138.22
	Middle management	Hour	114.23
	General employee	Hour	53.74
Average training hours completed per employee by region	Chinese Mainland	Hour	57.81
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	Hour	20.79
	Overseas	Hour	20.10

8 Fatalities due to work-related injuries (per 100 workers) = number of fatalities due to work-related injuries/number of workers * 100%;

9 Lost-time injury frequency rate (per one million hours worked) (LTIFR) = number of lost time injuries/total number of man-hours worked in the accounting period × 1,000,000

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

Metrics	Tier 2 metrics	Unit	2025
Supply Chain Management			
Total number of brand partners		Number	760
Number of brand partners by geographical region	Chinese Mainland	Number	281
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	Number	207
	Overseas	Number	272
Total number of non-brand suppliers		Number	1,642
Number of non-brand suppliers by geographical region	Chinese Mainland	Number	1,512
	Chinese Hong Kong SAR, Macau SAR and Taiwan region	Number	95
	Overseas	Number	35
Classification of non-brand suppliers	Total number of Level I suppliers	Number	170
Supply Chain Security			
Major risk incidents occurring in supply chain		Cases	0
Suppliers involved in major risk incidents along the supply chain		Number of suppliers	0
Individuals involved in major risk incidents along the supply chain.		Person	0
Product liability			
Percentage of the total number of products sold or shipped that need to be recalled for safety and wellness reasons		%	0
Total complaints received		Number	20,281
Average hours used to handle each complaint		Hour	92
As at the end of 2025, complaints handled as a proportion of total complaints received during the year		%	99.9
Intellectual property rights			
Number of IPRs, such as trademarks and copyrights at the end of 2025		Item	108
Number of valid patents		Item	19
Community investment			
Total expenditure on rural revitalisation	Free assistance funds	CNY10,000	1,688
Number of various assistance projects implemented		Number	16
Total amount of assist in introducing assistance funds		CNY10,000	1,005
Number of people trained		Person	1,690

Governance Performance Metrics

Metrics	Tier 2 metrics	Unit	2025
Anti-corruption			
Anti-corruption trainings for employees	Sessions	Time	7
	Coverage	%	100
Anti-corruption trainings for management	Sessions	Time	3
	Coverage	%	100
	Duration	Hour	3
Anti-corruption trainings for director, including independent director	Sessions	Time	1
	Coverage	%	100

Index

Shanghai Stock Exchange Sustainability Report (Trial) Index

Number	Topic	Relevant section in this report
1	Climate change tackling	Addressing Climate Change to Protect the Environment
2	Pollutant discharge	No significant relevance[1]
3	Waste disposal	Environmental Compliance Management Green and Low-Carbon Operations for a Better Life
4	Ecosystem and biodiversity protection	Green and Low-Carbon Operations for a Better Life[2]
5	Environmental compliance management	Green and Low-Carbon Operations for a Better Life
6	Energy usage	Green and Low-Carbon Operations for a Better Life
7	Usage of water resources	Environmental Compliance Management Green and Low-Carbon Operations for a Better Life
8	Circular economy	Green and Low-Carbon Operations for a Better Life
9	Rural revitalization	Engaging in Charity Initiatives to Act as a Responsible Corporate
10	Contributions to the society	Continuing to Expand the Company's Overseas Presence and Distribution Network as a Global Travel Retailer for Selected Brands Engaging in Charity Initiatives to Act as a Responsible Corporate
11	Innovation-driven	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Operational Safety and Physical and Mental Health Enhancing Our Comprehensive Training System to Support Employee Development Green and Low-Carbon Operations for a Better Life
12	Ethics of science and technology	No significant relevance[3]
13	Supply chain security	Robust, Green and Intelligent Supply Chain
14	Equal treatment to small and medium-sized enterprises	No significant relevance
15	Safety and quality of products and services	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
16	Data security and customer privacy protection	Enhancing Information Security and Implementing Privacy Protection
17	Employees	Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health Enhancing Our Comprehensive Training System to Support Employee Development
18	Due diligence	Risk Management[4]
19	Communications with stakeholders	Robust Governance System for Long-term Stable Operations
20	Anti-commercial bribery and anti-corruption	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
21	Anti-unfair competition	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
22	Packaging material management	Green and Low-Carbon Operations for a Better Life
23	Intellectual property protection	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
24	Excellent service experience	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
25	Collaborating with brand partners to promote environmental protection	Green and Low-Carbon Operations for a Better Life

Notes:

1. The topics of "pollutant discharge" and "ethics of science and technology" have relatively low relevance with the company's core business and are neither of financial materiality nor of impact materiality.
2. The topic of "ecosystem and biodiversity protection" has relatively low relevance with the company's core business and is neither of financial materiality nor of impact materiality. However, it has also been taken into consideration for project development and construction, and disclosed in the report.
3. The company's accounts payable (including bills payable) balance as at the end of 2025 did not exceed RMB 30 billion or account for more than 50% of total assets, thereby not meeting the disclosure threshold for "Equal treatment to small and medium-sized enterprises."
4. Due diligence details are disclosed in the relevant chapters.

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

Disclosure of content	Relevant section
Basic information of the Company and the Report	Report Preparation Notes
ESG governance	Robust Governance System for Long-term Stable Operations
ESG risk and opportunities	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
Stakeholder engagement	Robust Governance System for Long-term Stable Operations
Materiality assessment	Robust Governance System for Long-term Stable Operations

Disclosure of content			Location
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
Environmental Aspect Metrics			
Resource Consumption	Water	Fresh water consumption	Green and Low-Carbon Operations for a Better Life
		Recycled water consumption	Green and Low-Carbon Operations for a Better Life
		Intensity of water consumption	Green and Low-Carbon Operations for a Better Life
	Energy	Fossil fuel consumption	Green and Low-Carbon Operations for a Better Life
		Total energy consumption	Green and Low-Carbon Operations for a Better Life
		Energy consumption intensity	Green and Low-Carbon Operations for a Better Life
	Packaging materials	Packaging material usage	Green and Low-Carbon Operations for a Better Life
		Packaging material lightweight and reduction	Green and Low-Carbon Operations for a Better Life
Pollution Control	Effluents	Wastewater discharge compliance	Green and Low-Carbon Operations for a Better Life
		Wastewater management and reduction measures	Green and Low-Carbon Operations for a Better Life
	Exhausts	Exhaust emission compliance	Green and Low-Carbon Operations for a Better Life
	Solid waste	Legal compliance of solid waste disposal	Green and Low-Carbon Operations for a Better Life
		General industrial solid waste management	Green and Low-Carbon Operations for a Better Life
Climate Change	Greenhouse gas emission	Sources and types of GHGs	Green and Low-Carbon Operations for a Better Life
		GHG emissions management	Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
		Scope 1 GHG emissions	Green and Low-Carbon Operations for a Better Life
		Scope 2 GHG emissions	Green and Low-Carbon Operations for a Better Life
		GHG emissions intensity	Green and Low-Carbon Operations for a Better Life
	Emission reduction management	GHG mitigation management	Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
	Climate risk management	Climate risk management	Green and Low-Carbon Operations for a Better Life
Biodiversity	Impacts of activities, products and services on biodiversity	Impacts of activities, products and services on biodiversity	Green and Low-Carbon Operations for a Better Life

Disclosure of content			Location
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
Resource and Environmental Management System Measures	Low-carbon development target and strategic measures	Low-carbon development target and strategic measures	Addressing Climate Change to Protect the Environment
	Resource management measures	Water utilisation management	Green and Low-Carbon Operations for a Better Life
		Material usage management	Green and Low-Carbon Operations for a Better Life
		Energy use and conservation management	Green and Low-Carbon Operations for a Better Life
	Green initiatives and measures	Green technologies and recycling	Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
		Green building Renovation	Green and Low-Carbon Operations for a Better Life
		Green office and operations	Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
		Green procurement and green supply chain management	Robust, Green and Intelligent Supply Chain
		Environmental public welfare activities	Engaging in Good Initiatives to Act as a Responsible Corporate
	Green and low-carbon certification	Environmental management system certification	Green and Low-Carbon Operations for a Better Life
	Environmental legal compliance	Environmental emergency response plan	Environmental Compliance Management Operational Safety and Physical and Mental Health Addressing Climate Change to Protect the Environment
Social Aspect Metrics			
Employee rights	Employee Recruitment And Employment	Corporate Recruitment Policy and Implementation	Employee Rights and Promoting Their Interests
		Employee Structure	Employee Rights and Promoting Their Interests
		Avoiding Child Labor or Forced Labor	Employee Rights and Promoting Their Interests
	Employee Compensation and Benefits	Compensation Philosophy and Policy	Employee Rights and Promoting Their Interests
		Working Hours and Rest Periods	Employee Rights and Promoting Their Interests
		Compensation and Benefits Security	Employee Rights and Promoting Their Interests
		Employee Democratic Management	Employee Rights and Promoting Their Interests
	Employee Health and Safety	Occupational Health and Safety Management for Employees	Operational Safety and Physical and Mental Health
		Employee Safety Risk Prevention and Control	Operational Safety and Physical and Mental Health
		Response to Safety Accidents and Work-related Injuries	Operational Safety and Physical and Mental Health
		Employee Care and Assistance	Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health
	Employee Development and Training	Employee Motivation and Promotion Policy	Enhancing Our Comprehensive Training System to Support Employee Development
		Employee Education and Training	Enhancing Our Comprehensive Training System to Support Employee Development
		Career Planning and Position Change Support for Employees	Enhancing Our Comprehensive Training System to Support Employee Development
	Employee Satisfaction	Employee Turnover	Employee Rights and Promoting Their Interests

Disclosure of content			Location
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
Product and Service Management	Product Safety and Quality	Production Standard Management Policies and Measures	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Operational Safety and Physical and Mental Health
		Quality Management	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Product Recall and Withdrawal	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Negative Events Related to Products or Services	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
	Customer Service & Advocacy	Customer Satisfaction	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Customer Complaints and Handling	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Customer Information and Privacy Protection	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
	R&D	R&D and Innovation Management System	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Innovation Achievements	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Intellectual Property Protection	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
Supply Chain Security and Management	Management of Suppliers	Supplier Selection and Management	Robust, Green and Intelligent Supply Chain
		Number and Distribution of Suppliers	Robust, Green and Intelligent Supply Chain
	Supply Chain Management	Supply Chain Management Policies and Measures	Robust, Green and Intelligent Supply Chain
		Supply Chain Security Assurance and Emergency Plan	Robust, Green and Intelligent Supply Chain
National strategic response	Taxes payment	Tax Payment Situation	Refer to the Annual Report or other corporate documents
	Community building	Policies and Measures for Participating in Local Community Construction	Engaging in Good Initiatives to Act as a Responsible Corporate
		Contribution and Impact on the Local Community	Engaging in Good Initiatives to Act as a Responsible Corporate
	Social welfare activities	Policies and Measures for Participating in Social Charity Activities	Engaging in Good Initiatives to Act as a Responsible Corporate
		Investment and Effectiveness of Participating in Social Charity Activities	Engaging in Good Initiatives to Act as a Responsible Corporate
		Construction of Accessible Environment	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
	National strategic response	Industrial Transformation	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
		Rural Revitalisation and Regional Coordinated Development	Engaging in Good Initiatives to Act as a Responsible Corporate
		Belt and Road Initiative and Overseas Fulfillment of Responsibilities	Continuing to Expand the Company's Overseas Presence and Distribution Network as a Global Travel Retailer for Selected Brands
		Industry Features and Other Social Responsibility Fulfillment	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Engaging in Good Initiatives to Act as a Responsible Corporate

Disclosure of content			Location
Tier 1 Metrics	Tier 2 Metrics	Tier 3 Metrics	
Governance Aspect Metrics			
Governance Strategy and Organizational Structure	Governance Strategies and Processes	Governance Strategy Formulation	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Governance Strategy Supervision Process	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Governance Strategy Approval and Review Process	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Party Building Leadership	Robust Governance System for Long-term Stable Operations
	Organisational composition and functions	Ownership Responsibilities	Robust Governance System for Long-term Stable Operations
		Organisation Structure and Functions of the Board of Directors, Supervisory Board, and Management	Robust Governance System for Long-term Stable Operations
		Appointment Procedures and Composition of the Board of Directors, Supervisory Board, and Management	Refer to the Annual Report or other corporate documents
	Compensation management	Compensation Plan for Directors and Supervisors	Refer to the Annual Report or other corporate documents
		Transparency of Board Compensation	Refer to the Annual Report or other corporate documents
		Reasonableness of Management Compensation	Refer to the Annual Report or other corporate documents
Standardize governance	Internal control	Internal Audit	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
	Integrity in Construction	Integrity Construction System Norms	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Effectiveness of Integrity Construction Measures	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
Investor Relations Management and Shareholder Rights	Investor Relationship Management	Investor Relations Management Strategy	Robust Governance System for Long-term Stable Operations
		Investor Communication	Robust Governance System for Long-term Stable Operations
		Construction of Investor Relations Management Department	Robust Governance System for Long-term Stable Operations
	Shareholders' equity	General Meeting of Shareholders Situation	Refer to the Annual Report or other corporate documents
		Shareholder Communication Situation	Refer to the Annual Report or other corporate documents
		Shareholders' Right to Know and Participate in Decision-making	Robust Governance System for Long-term Stable Operations
	Creditors' rights and benefits	Credit Status	Refer to the Annual Report or other corporate documents
Transparency of information disclosure	Information disclosure system	Financial Information Disclosure	Refer to the Annual Report or other corporate documents
		Non-financial Information Disclosure	2025 Environmental, Social and Governance Report
	Quality of information disclosure	Regular Supervision, Audit, and Evaluation of All Disclosed Information	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
Compliance and Risk Management	Compliance	Compliance Management System	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Construction of Compliance System	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Specific Process of Compliance Review	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
	Risk management	Risk Identification and Early Warning	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Risk Control and Tracking	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
		Risk Reporting and Management	Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics

HKEX Appendix C2 Environmental, Social and Governance Reporting Code Index

Aspect	Content	Report Content
Part B: Mandatory Disclosure Requirements		
	A statement from the board	Statement of the Board of Directors
	Reporting Principles	Report Preparation Notes
	Reporting Boundary	Report Preparation Notes
Part C: "Comply or explain" Provisions		
A. Environmental		
Aspect A1: Emissions		
A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Compliance Management
KPI A1.1	The types of emissions and respective emissions data.	Environmental Compliance Management ESG Metrics
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Compliance Management ESG Metrics
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Compliance Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Compliance Management
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Compliance Management
Aspect A2: Use of Resources		
A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Compliance Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Compliance Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Compliance Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Compliance Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Compliance Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green and Low-Carbon Operations for a Better Life
Aspect A3: The Environment and Natural Resources		
A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Compliance Management Addressing Climate Change to Protect the Environment Green and Low-Carbon Operations for a Better Life
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Compliance Management Addressing Climate Change to Protect the Environment

Aspect	Content	Report Content
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Employee Rights and Promoting Their Interests
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Rights and Promoting Their Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Rights and Promoting Their Interests
Aspect B2: Health and Safety		
B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Operational Safety and Physical and Mental Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Operational Safety and Physical and Mental Health
KPI B2.2	Lost days due to work injury.	Operational Safety and Physical and Mental Health
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Operational Safety and Physical and Mental Health
Aspect B3: Development and Training		
B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Enhancing Our Comprehensive Training System to Support Employee Development Operational Safety and Physical and Mental Health
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Rights and Promoting Their Interests
KPI B3.2	The average training hours completed per employee by gender and employee category.	Enhancing Our Comprehensive Training System to Support Employee Development
Aspect B4: Labour Standards		
B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employee Rights and Promoting Their Interests
KPI B4.1	Description of measures t o review employment practices to avoid child and forced labour.	Employee Rights and Promoting Their Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Rights and Promoting Their Interests

Aspect	Content	Report Content
Operating Practices		
Aspect B5: Supply Chain Management		
B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	Robust, Green and Intelligent Supply Chain
KPI B5.1	Number of suppliers by geographical region.	Robust, Green and Intelligent Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Robust, Green and Intelligent Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Robust, Green and Intelligent Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Robust, Green and Intelligent Supply Chain Green and Low-Carbon Operations for a Better Life
Aspect B6: Product Responsibility		
KPI B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
KPI B6.4	Description of quality assurance process and recall procedures.	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
Aspect B7: Anti-corruption		
B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
Community		
Aspect B8: Community Investment		
B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Engaging in Good Initiatives to Act as a Responsible Corporate
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Engaging in Good Initiatives to Act as a Responsible Corporate

Aspect	Content	Report Content
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Engaging in Good Initiatives to Act as a Responsible Corporate
Part D: Climate-related Disclosures		
(I) Governance	The governance body(s) responsible for oversight of climate-related risks and opportunities	Addressing Climate Change to Protect the Environment
	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Addressing Climate Change to Protect the Environment
(II) Strategy	Climate-related risks and opportunities	Addressing Climate Change to Protect the Environment
	Business model and value chain	Addressing Climate Change to Protect the Environment
	Strategy and decision-making	Note 1
	Financial position, financial performance and cash flows	Note 2
	Climate resilience	Addressing Climate Change to Protect the Environment
(III) Risk Management	The processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks	Addressing Climate Change to Protect the Environment
	The processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities	
	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process	
(IV) Metrics and Targets	Greenhouse gas emissions	Addressing Climate Change to Protect the Environment
	Climate-related transition risks	Addressing Climate Change to Protect the Environment Note 3
	Climate-related physical risks	Addressing Climate Change to Protect the Environment Note 3
	Climate-related opportunities	Addressing Climate Change to Protect the Environment Note 3
	Capital deployment	Note 4
	Internal carbon prices	Note 4
	Remuneration	Note 4
	Industry-based metrics	IFRS Sustainability Disclosure Standards – Index of Industry-based Disclosure Requirements
	Climate-related targets	Note 4

Note 1: The company has identified the preliminary impacts of climate-related risks and opportunities and implemented corresponding mitigation measures. However, a formal transition plan has not yet been developed. This will be initiated when conditions permit and subsequently disclosed.

Note 2: The company has conducted a preliminary qualitative assessment of the financial impacts of climate change. Given the rapid growth of online operations in recent years, which may offset declines in the offline business affected by climate change, the company has not yet conducted quantitative financial impact calculations. This will be initiated when conditions permit and subsequently disclosed.

Note 3: The company has identified preliminary climate-related physical risks, transition risks, and opportunities. Given the rapid growth of online operations in recent years, which may offset declines in the offline business affected by climate change, the company has not yet conducted separate calculations for the amount or percentage of assets or business activities particularly vulnerable to these climate-related factors. This will be initiated when conditions permit and subsequently disclosed.

Note 4: The company has not yet integrated climate-related risks and opportunities into capital allocation, internal carbon pricing, remuneration policies, or climate-related target setting. These will be advanced when practicable and disclosed in future reports.

IFRS Sustainability Disclosure Standards – Index of Industry-based Disclosure Requirements

Topics	Metrics	Unit	2025
Energy Management in Retail & Distribution	Total energy consumed	ton of standard coal	Table of Environment KPIs
	Percentage grid electricity	%	89%
	Percentage renewable	%	Continuous improvement on statistic

Activity Metric	Metrics	Unit	2025
Number of	Retail locations	Number	Company overview
	Distribution centres	Number	20
Total area	Retail space	Square metres (m^2)	Continuous improvement on statistic
	Distribution centres	Square metres (m^2)	Robust, Green and Intelligent Supply Chain

GRI Standards Index

GRI Standard	Disclosure	Location
GRI 1: Foundation 2021		
1 Foundation 2021	Report foundation, including GRI content index and instructions for use, etc	Report Preparation Notes GRI Standards Index
GRI 2 General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	Report Preparation Notes
2-2	Entities included in the organization's sustainability reporting	Report Preparation Notes
2-3	Reporting period, frequency and contact point	Report Preparation Notes
2-4	Restatements of information	No relevant incidents during the reporting period.
2-5	External assurance	Need further improvement
Activities and workers		
2-6	Activities, value chain and other business relationships	Company Overview
2-7	Employees	Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health Enhancing Our Comprehensive Training System to Support Employee Development
2-8	Workers who are not employees	Operational Safety and Physical and Mental Health

GRI Standard	Disclosure	Location
Governance		
2-9	Governance structure and composition	Robust Governance System for Long-term Stable Operations
2-10	Nomination and selection of the highest governance body	Refer to the Annual Report.
2-11	Chair of the highest governance body	Refer to the Annual Report.
2-12	Role of the highest governance body in overseeing the management of impacts	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations
2-13	Delegation of responsibility for managing impacts	Refer to the Annual Report.
2-14	Role of the highest governance body in sustainability reporting	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations
2-15	Conflicts of interest	Refer to the Annual Report.
2-16	Communication of critical concerns	Robust Governance System for Long-term Stable Operations
2-17	Collective knowledge of the highest governance body	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations
2-18	Evaluation of the performance of the highest governance body	Refer to the Annual Report.
2-19	Remuneration policies	Refer to the Annual Report.
2-20	Process to determine remuneration	Refer to the Annual Report.
2-21	Annual total compensation ratio	Refer to the Annual Report.
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations
2-23	Policy commitments	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics Employee Rights and Promoting Their Interests
2-24	Embedding policy commitments	Statement of the Board of Directors Robust Governance System for Long-term Stable Operations Enhancing Risk Management and Internal Controls, and Upholding Business Ethics Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
2-25	Processes to remediate negative impacts	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
2-26	Mechanisms for seeking advice and raising concerns	Upholding Original Beliefs and Mission to Ensure Trusted Business Operations
2-27	Compliance with laws and regulations	Robust Governance System for Long-term Stable Operations Upholding Original Beliefs and Mission to Ensure Trusted Business Operations Employee Rights and Promoting Their Interests Green and Low-Carbon Operations for a Better Life
2-28	Membership associations	Robust Governance System for Long-term Stable Operations

GRI Standard	Disclosure	Location
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Robust Governance System for Long-term Stable Operations
2-30	Collective bargaining agreements	Employee Rights and Promoting Their Interests
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Robust Governance System for Long-term Stable Operations
3-2	List of material topics	Robust Governance System for Long-term Stable Operations
3-3	Management of material topics	Robust Governance System for Long-term Stable Operations
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Key Sustainability Performance Metrics Refer to the Annual Report.
201-2	Financial implications and other risks and opportunities due to climate change	Addressing Climate Change to Protect the Environment
201-3	Defined benefit plan obligations and other retirement plans	Employee Rights and Promoting Their Interests
201-4	Financial assistance received from government	Refer to the Annual Report.
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employee Rights and Promoting Their Interests
202-2	Proportion of senior management hired from the local community	Need further improvement
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Engaging in Good Initiatives to Act as a Responsible Corporate
203-2	Significant indirect economic impacts	Engaging in Good Initiatives to Act as a Responsible Corporate
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Need further improvement
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Need further improvement
205-2	Communication and training about anticorruption policies and procedures	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
205-3	Confirmed incidents of corruption and actions taken	No relevant incidents during the reporting period.
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Enhancing Risk Management and Internal Controls, and Upholding Business Ethics
GRI 207: Tax 2019		
207-1	Approach to tax	Refer to the Annual Report.
207-2	Tax governance, control, and risk management	Refer to the Annual Report.
207-3	Stakeholder engagement and management of concerns related to tax	Robust Governance System for Long-term Stable Operations
207-4	Country-by-country reporting	Refer to the Annual Report.

GRI Standard	Disclosure	Location
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Green and Low-Carbon Operations for a Better Life
301-2	Recycled input materials used	Green and Low-Carbon Operations for a Better Life
301-3	Reclaimed products and their packaging materials	Green and Low-Carbon Operations for a Better Life
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Green and Low-Carbon Operations for a Better Life
302-2	Energy consumption outside of the organization	Need further improvement
302-3	Energy intensity	Green and Low-Carbon Operations for a Better Life
302-4	Reduction of energy consumption	Green and Low-Carbon Operations for a Better Life
302-5	Reductions in energy requirements of products and services	Green and Low-Carbon Operations for a Better Life
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Green and Low-Carbon Operations for a Better Life
303-2	Management of water discharge – related impacts	Green and Low-Carbon Operations for a Better Life
303-3	Water withdrawal	Green and Low-Carbon Operations for a Better Life
303-4	Water discharge	Need further improvement
303-5	Water consumption	Need further improvement
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Green and Low-Carbon Operations for a Better Life
304-2	Significant impacts of activities, products and services on biodiversity	Green and Low-Carbon Operations for a Better Life
304-3	Habitats protected or restored	Green and Low-Carbon Operations for a Better Life
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	No relevant incidents during the reporting period.
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Green and Low-Carbon Operations for a Better Life
305-2	Energy indirect (Scope 2) GHG emissions	Green and Low-Carbon Operations for a Better Life
305-3	Other indirect (Scope 3) GHG emissions	Green and Low-Carbon Operations for a Better Life
305-4	GHG emissions intensity	Green and Low-Carbon Operations for a Better Life
305-5	Reduction of GHG emissions	Need further improvement
305-6	Emissions of ozone-depleting substances (ODS)	Need further improvement
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Need further improvement
GRI 306: Waste 2020		
306-1	Waste generation and significant waste related impacts	Green and Low-Carbon Operations for a Better Life
306-2	Management of significant waste related impacts	Green and Low-Carbon Operations for a Better Life
306-3	Waste generated	Environmental Compliance Management
306-4	Waste diverted from disposal	Need further improvement
306-5	Waste directed to disposal	Need further improvement

GRI Standard	Disclosure	Location
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Robust, Green and Intelligent Supply Chain
308-2	New suppliers that were screened using environmental criteria	No relevant incidents during the reporting period.
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Employee Rights and Promoting Their Interests
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Promoting Their Interests
401-3	Parental leave	Employee Rights and Promoting Their Interests
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Need further improvement
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Operational Safety and Physical and Mental Health
403-2	Hazard identification, risk assessment, and incident investigation	Operational Safety and Physical and Mental Health
403-3	Occupational health services	Operational Safety and Physical and Mental Health
403-4	Worker participation, consultation, and communication on occupational health and safety	Operational Safety and Physical and Mental Health
403-5	Worker training on occupational health and safety	Operational Safety and Physical and Mental Health
403-6	Promotion of worker health	Employee Rights and Promoting Their Interests Operational Safety and Physical and Mental Health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Operational Safety and Physical and Mental Health
403-8	Workers covered by an occupational health and safety management system	Operational Safety and Physical and Mental Health
403-9	Work-related injuries	Operational Safety and Physical and Mental Health
403-10	Work-related ill health	Operational Safety and Physical and Mental Health
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Enhancing Our Comprehensive Training System to Support Employee Development
404-2	Programs for upgrading employee skills and transition assistance programs	Enhancing Our Comprehensive Training System to Support Employee Development
404-3	Percentage of employees receiving regular performance and career development reviews	Enhancing Our Comprehensive Training System to Support Employee Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Robust Governance System for Long-term Stable Operations Employee Rights and Promoting Their Interests
405-2	Ratio of basic salary and remuneration of women to men	Need further improvement
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	No relevant incidents during the reporting period.
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No relevant incidents during the reporting period.
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	No relevant incidents during the reporting period.
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No relevant incidents during the reporting period.

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