

Contact Us

We appreciate the valuable insights and suggestions of our stakeholders in continuously improving CMSK's sustainability practices. We cordially invite you to participate in our stakeholder questionnaire survey by scanning the QR code below or contacting us through the following channels:



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The report is printed on environment-friendly paper

ESG 2022
Sustainability Report

2022 SUSTAINABILITY REPORT



About the Report

China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("CMSK", "the Company" or "we") has been publishing its sustainability information annually through independent reporting.

This Report is the second Sustainability Report released by CMSK, which was deliberated and approved by the Board of Directors on March 17, 2023, and made public on March 21, 2023.

- During the period from 2006 to 2021, the Company has published 16 CSR reports consecutively.
- On March 22, 2022, the Company published the first Sustainability Report.



Scope of the Report

This report discloses the progress and results of CMSK's business segments (real-estate development, property management, and urban services) in terms of their environmental, social, and governance practices during the period from January 1, 2022, to December 31, 2022.



$\stackrel{\frown}{=}$ Data of the Report

The data presented in this report (unless otherwise specified) covers CMSK's 8 functional departments of the Headquarters, 2 business divisions, 9 specialized companies and 8 regional branches (North China/ Central China/ East China/ Jiangnan (areas south of the Yangtze River)/ Southwest China/ South China/ Shenzhen/ Hainan). Some statistics and calculations were adjusted and dated back to the previous 2 years, as instructed by the Environmental, Social and Governance Reporting Guide issued by Hong Kong Exchanges and Clearing Limited ("HKEX") to present comparative data.



Compilation Principles of the Report

- GRI Sustainability Reporting Standards (GRI Standards 2021) issued by Global Sustainability Standards Board (GSSB)
- The disclosure requirements specified in the Social Responsibility Instructions to Listed Companies issued by Shenzhen Stock Exchange
- The disclosure requirements contained in the Environmental, Social and Governance Reporting Guide issued by HKEX
- Sustainability Accounting Standards Board ("SASB") Standards
- The disclosure framework established by the Task Force on Climate-Related Financial Disclosures ("TCFD")



Access to the Report

This report is available in two languages: Simplified Chinese and English. You can download the electronic version from our website at https://www.cmsk1979.com or http://www.cninfo.com.cn. In case of any discrepancy, the Simplified Chinese version shall prevail.

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Environmental:

Empowering City for a Greener Future

- (I) Responding to Climate Change
- (II) Making the Most of Natural Resources
- (III) Practicing the Concept of Eco-Friendly Development
- (IV) Accelerating Green Buildings
- (V) Green Operation and Management



Leading Stakeholders to A Better Life

- (I) Health and Safety as Priority
- (II) Product Quality as the Fundamental
- (III) Customer Service as the Motivation
- (IV) Employee Wellbeing as the Faith
- (V) Social Development as the Core



Shaping the Entity as An Ethical Company

- (I) Standardizing the Governance Structure
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Letter from the Chairman

In 2022, the 20th National Congress of the Communist Party of China (CPC) successfully convened, outlining a new blueprint for the nation to advance on a Chinese path to modernization through high-quality development. China Merchants Group Limited (CMG) also celebrated its 150th anniversary, embarking on a new journey towards becoming a world-class enterprise.

Meanwhile, CMSK entered a new stage of tenacious struggle, consolidating its strengths, ensuring stability, pursuing progress and innovation, and enabling urban growth through its diversified businesses to promote a better life for its stakeholders.

Staying Customer-Oriented to Deliver High-Quality Products and Services

Over the years of development, we have continuously adhered to a "longtermism" mindset and prioritized high-quality comprehensive development to ensure excellence throughout the whole life-cycle of product quality, engineering quality, and service quality. Staying customer-oriented and driven by management, technology and digitalization, we strive for continual improvement in quality of construction while focusing on "healthy, technology-driven, and green development". From a diversified business perspective, we are dedicated to creating a high-quality and distinctive residential living experience, providing comprehensive, whole life-cycle quality services and working towards the realization of a better life across different scenarios.

Promoting Green Development to Empower Green Cities

We recognize the global consensus to advance the action plan for carbon peaking and carbon neutrality. As a pioneer in the real estate industry, CMSK was among the first to release and implement several industry conventions and standards for green development, striving to become a practitioner and model of green transformation and development. In response to China's "3060" Decarbonization Goal, we have proactively completed special strategic planning and action plans for carbon peaking and carbon neutrality. Making the most of natural resources, we implement energy consumption and efficiency management across residential buildings, commercial complexes, hotels, industrial parks, cruise ships, and other applications. With a commitment to the "green habitat" concept, we ensure that all (100%) new projects comply with the Assessment Standards for Green Buildings. Through diversified green development initiatives, we aim to explore a sustainable development pattern that creates a livable,

business-friendly urban environment for common prosperity.

Promoting Harmony of Humanity and Living up to Our Role as the Carrier of A Better Life

We prioritize the country's most fundamental interests and aim to promote social progress through our successful business practices. We place a great emphasis on health and safety, consider product quality a top priority, and pursue long-term stability through comprehensive development. We give priority to employee wellbeing, remain dedicated to exceptional customer service, while leveraging the power of culture to build a community characterized by prosperity, happiness, and vitality. We are constantly striving to make meaningful contributions to social development, focusing on improving people's well-being, cultivating development momentum, and practicing public welfare undertakings.

Improving the Governance Structure and Shaping the Entity as An Ethical Company

We remain guided by the century-old CMG's corporate spirit of patriotism, self-improvement, pioneering, and integrity. We strive to become China's leading urban and industrial park developer and operator by creating a sustainable compliance operation and governance model. We standardize the corporate governance structure and optimize the scientific rules of procedure to effectively protect shareholders' rights and interests and improve corporate governance. We prioritize integrity and compliance management and remain committed to operating in good faith and in accordance with the law, to shape a positive image of the Company and facilitate high-quality comprehensive development.

Pursuing Longevity through Comprehensive Development

In response to the demands of our time, we remain committed to achieving high-quality development, and are dedicated to exploring a path of comprehensive development characterized by better quality, higher profitability, and an optimized portfolio. Drawing upon the "China Merchants Bloodline", we empower urban development and actively participate in important regional development initiatives throughout China. We also draw upon the "Shekou Spirit", leveraging abundant resources to drive industry development and provide integrated solutions for urban development and industrial upgrading. Additionally, we are steadfast in our commitment to the economic and social development of Hong Kong, working collaboratively to foster a beautiful and prosperous community.

As the tide of history rolls on, we remain steadfast in our pursuit of progress. The year 2023 marks a significant milestone in both the implementation of the guiding principles set forth by the 20th CPC National Congress and the commencement of CMG's new centenary voyage. This year is also a critical juncture for CMSK, as we build upon past achievements and strive toward long-term stability. Guided by our original aspirations, we will continue to pursue excellence and work tirelessly to create a better future through concrete, practical efforts. We will maintain a steady pace of sustainable development through high-quality comprehensive development. As we embark on this new journey, we remain committed to making meaningful contributions to building China into a modern socialist country and to realizing our vision for CMSK as a world-class enterprise.

China Merchants Shekou Industrial Zone Holdings Co., Ltd.
Party Committee Secretary, Chairman



About CMSK

Founded in 1979, China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("CMSK", stock code: 001979.SZ) is China's leading urban and industrial park developer and operator. As a flagship subsidiary under China Merchants Group ("CMG") dedicated to comprehensive urban development and operation, CMSK capitalizes on "innovation in industry-finance integration, pioneering in low-carbon construction and prudent operation", provides integrated solutions for urban development and industrial upgrading, and aspires to become the "Carrier of A Better Life".

Real-estate Development

CMSK is an expert in comprehensive development, as well as a trailblazer, practitioner and leader of green habitats. Property Management

Green operation and asset management of properties held, involving business sectors of commercial and office buildings, industrial parks and hotels and apartments.



Digital operation enables constantly improving asset value, and activates the vibrant city driven by commerce.



Build an integrated industrial ecological platform of "industry-network-finance-city" to promote the organic growth of the urban ecosystem.



Various kinds of high-quality and high-standard residential services make travel life better.



Asset-light operation services represented by China Merchants Property Operation ("CMPO") cover business sectors of property services, cruise lines, conventions and exhibitions, and health care.



Leading property asset management operator in China, serving diverse business sectors and making cities and life better.



A leader of high-end maritime cultural tourism, committed to becoming a leading domestic and world-class cruise service provider.



Including construction consulting, venue operation and management, and self-organized exhibitions, building the core capability of asset-light output in exhibition



Care for health, including such service platforms as institutional elderly care, community home-based elderly care, health management services and high-end hospitals.



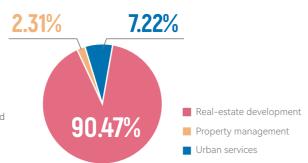


CNY **886.471** billion

Total tax paid CNY **30.765** billion

CNY **183.003** billion

Cumulative dividends distributed after going public CNY **34.348** billion





Sustainability Performance in 2022 (by business sectors)

Sales contract amount CNY 292.602 billion

Floor area of housings sold 11,936,500 m²

Online sales amount CNY **68.1** billion

Sales ranking

6th

New lands acquired **56** plots

area of new lands acquired 7,260,000 m²

Cumulative urban revitalization projects obtaining exclusive qualifications

Cumulative number of affordable **34,888** units

Commercial and office buildings

Number of cities where projects are built

property projects **74**

Number of cities where office building projects are built

4,750,000_{m²}

Planned construction area of industrial parks

Number of office building projects 41

Industrial parks

Number of cities where industrial parks are built 16

Number of cities where hotel projects are built

Number of hotel projects 38

Number of cities where apartment projects are built Number of apartment projects

Hotels and apartments

Number of commercial

69

Property services

Cruise lines

Conventions exhibitions

Health care

Number of cities where property management services are rendered

Number of cities where cruise services are rendered

Number of conventions and exhibitions undertaken*2

Number of cities where health care services are rendered

Area of properties under management

311,440,000 m²

Port passenger throughput*1

1,394,400 person-times

Total exhibitors*2 19,563

Number of projects where

health care services are rendered

*1Note: The word "port" referred to in "port passenger throughput" shall mean passenger ports primarily serving waterborne passenger transport instead of freight

*2Note: Affected by the COVID-19 pandemic, the length of all exhibitions undertaken by CMSK



Sustainability Performance in 2022 (by ESG factors)

building certification projects

Total GHG emissions

268,842.09

tons of CO₂ equivalent

431

Cumulative proportion of green building certification projects

66.82%

Comprehensive energy consumption per CNY 10,000 of revenue (current price)

0.0037 tce/CNY 10,000

zero/zero energy projects 1,657,000 m²

1,114,902.63 kWh

Comprehensive water consumption per CNY 10,000 of revenue (current price)

Number of employees

0.2499 tons/CNY 10,000

Total number of new suppliers

14,078

Number of strategic procurement suppliers 1.137

Number of households served by service hotline of the customer information center

Coverage of responsible marketing training

100%

Number of safety

training participants

1,562,677

58,037

External donations

35.13 million

Total employee training hours Total rental reduction/relief

CNY 749 million

Percentage of independent directors

33.33 %

directors 11.11 %

Percentage of female

middle-level managers and above

19.64 %

100%

integrity education and training 100%

Proportion of suppliers signing the

Awarding Body

The Economic Observe

Number of internal audits



Honors for Sustainability Performance in 2022

Award Best ESG Practice Award

Title of "State-owned Enterprise Corporate Governance Demonstration Enterprise'

State-owned Assets Supervision and Administration Commission of the State Council

The Fourth New Fortune Best Listed Company

Sustainable Blue-chip Value Company

Ranked 6th among 2022 China's Top 100 Real Estate Enterprises

Leading Urban Revitalization Brands of Chinese Real Estate Developers 2022

Chinese TOP10 Real Estate Companies Research Group

Ranked 8th among China Real Estate Enterprises by Product Strength



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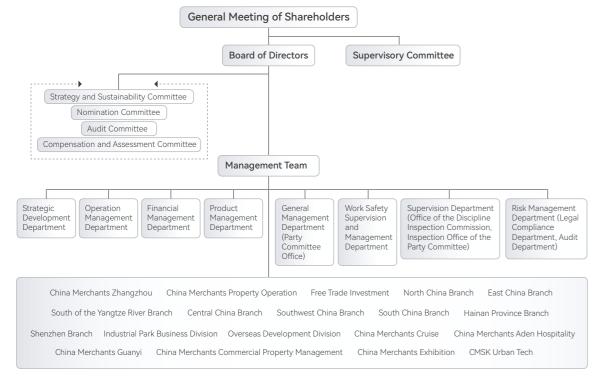
Sustainability Philosophy

In 1979, Yuan Geng, former Chairman of CMSK, proposed the ambitious goal of "building Shekou into the most livable place for human beings", thereby establishing the foundation for CMSK's commitment to green and low-carbon construction. For over four decades, we have remained steadfast in our commitment to people-oriented development and optimized energy efficiency, and have incorporated sustainability into our corporate vision and mission, making it an integral part of our corporate values, and creating more and better economic, social and environmental values for our shareholders.



Sustainability Governance Structure

CMSK actively integrates the sustainability philosophy into the management practices of its operation and development and has established a top-down sustainability governance structure in accordance with the Code of Corporate Governance for Listed Companies issued by the China Securities Regulatory Commission.



We improved the sustainability governance structure in 2022 as follows: changed the Board of Director ("BOD") Strategy Committee into the BOD Strategy and Sustainability Committee to fortify the Board's decision-making over sustainability affairs; established the Sustainability Leading Group to facilitate coordinated management of sustainability affairs from three ESG dimensions; set up the Sustainability Working Group under the Sustainability Leading Group responsible for implementing all ESG requirements.



SDGs Integration

	Five Dimensions	Corresponding SDGs	Corresponding Chapters
	A Carrier of Green Development	6 AUTO MICHON 13 SCHOOL 13 SCHOOL 13 SCHOOL 13 SCHOOL 14 MICH MICH MICH MICH MICH MICH MICH MICH	Environmental: Empowering City for A Greener Future (I) Responding to Climate Change (II) Making the Most of Natural Resources (III) Practicing the Concept of Eco-Friendly Development (IV) Accelerating Green Buildings (V) Green Operation and Management
	A Carrier of Living Spaces	3 MOD MALTIN MAL	Social: Leading Stakeholders to A Better Life (I) Health and Safety as Priority (II) Product Quality as the Fundamental (III) Customer Service as the Motivation Business Features: Stimulating the Urban and Industrial Transformation (III) Building A Beautiful Hong Kong
	A Carrier of Reform and Innovation	8 RESENT MINE AND SECURITY INFORMATION TO MINESTER AND SECURITY OF THE PROPERTY OF THE PROPERT	Social: Leading Stakeholders to A Better Life (V) Social Development as the Core Business Features: Stimulating the Urban and Industrial Transformation (I) Facilitating Urban Development (II) Cultivating Industrial Ecosystem
-	A Carrier of Harmonious Community and Cultural Prosperity	1 No. 10	Social: Leading Stakeholders to A Better Life (I) Health and Safety as Priority (IV) Employee Wellbeing as the Faith (V) Social Development as the Core
	A Carrier of Integrity and Honesty	8 HILLY HOUR AND THE SHARE HE	Governance: Shaping the Entity as An Ethical Company (I) Standardizing the Governance Structure (II) Encouraging Ethical Management



Stakeholder Engagement

Stakeholders	Topics	Responses
Shareholders and Investors	Transparent financial information disclosure Compliance operation Economic value creation	Information disclosure General Meeting of Shareholders Exchange and visits
Government and Regulatory Authorities	Law-compliant operation Local development support	Routine report and communication Forum and exchange activity
Customers	Product quality and safety Customer service improvement Reliable privacy protection	Whole life-cycle for quality management Healthy buildings Quality control Satisfaction survey
Partners	Cooperation with integrity Mutually beneficial development	Procurement Routine communication Cooperation and exchange
& Employees	Protection of basic rights and interests Career development opportunities Balance between work and life	Compensation and benefits Democratic management Systematic training Employee activities
Environment	Actively addressing climate change Scientific and efficient utilization of resources Leading the industry to enhance its green development capability	Green building Low-carbon operation Green supply chain
Society	Facilitating urban development Contributing to charity	Charity activity Volunteer services Community services



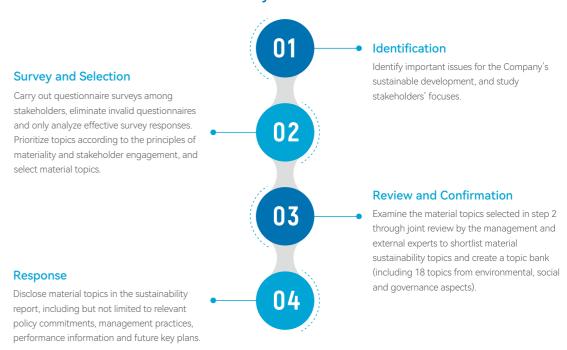
Sustainability Topics Management

To improve the materiality of the information, we strictly follow the materiality analysis process to solicit demands and expectations from all stakeholders, and select material topics based on feedback, and then make key disclosure in the report.

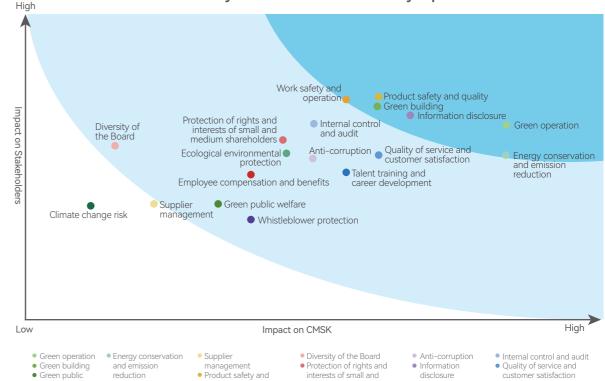
We carried out a 1-month stakeholder questionnaire survey among shareholders, directors, supervisors, management, employees, suppliers, partners, customers and other stakeholders in December 2022. We collected a total of 255 valid responses from that survey, completed the materiality analysis for the year and finally plotted the materiality matrix of sustainability topics for 2022.

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Flowchart for the Materiality **Analysis Process**



Materiality Assessment of Sustainability Topics



- Green public
 - reduction Ecological environmental
 - Climate change risk
- management
 Product safety and quality

 Work safety and
- Protection of rights and interests of small and
 - medium shareholders Employee compensation
- Talent training and career development

- Low importance
- Medium importance
- High importance

Whistleblower

protection

Celebrating the 20th CPC National Congress and the 150th Anniversary of China Merchants Group

Celebrating the 20th CPC National Congress

The convening of the 20th CPC National Congress in 2022 marked a critical moment as the entire Party and the Chinese people of all ethnic groups embarked on a new journey to build a modern socialist country and advance toward the Second Centenary Goal. This congress was a crucial moment to hold high our banner, pool our strength, and forge ahead in unity. CMSK, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, has consistently strengthened its Party leadership and continuously consolidated the foundation of Party building work. By thoroughly studying and implementing the spirit of the 20th CPC National Congress and closely following the Party Central Committee's strategic decisions on enforcing full and strict discipline over the Party and the requirements of the Group's Party Committee, we promote the mutual integration and support of Party building efforts and operations. By prioritizing political development and leveraging high-quality Party building work, we assist in the strategic transformation and high-quality development of the Company.

Implementing the Spirit of the 20th CPC National Congress



Adhering to Political Guidance

The Company's Party Committee places a high priority on studying and implementing Xi Jinping Thoughts on Socialism with Chinese Characteristics for a New Era and the spirit of General Secretary Xi Jinping's latest important speeches and instructions. We ensure that these instructions and requirements are communicated and implemented in a timely manner by listing them as the "first topic on agenda" of Party Committee meetings and organizing communication and study sessions. We remain steadfast in our commitment to comprehending the decisive significance of establishing Comrade Xi Jinping as the core of the Party Central Committee and the Party as a whole, and to upholding the guiding role of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. We will continue to maintain a high level of political integrity, thinking in big-picture terms, following the leadership core, and staying aligned with the central Party leadership. We remain confident in the path, theory, system, and culture of socialism with Chinese characteristics and are firmly committed to upholding Comrade Xi Jinping's core position on the Party Central Committee and in the Party as a whole, as well as the Central Committee's authority and its centralized, unified leadership.



Strengthening Ideological Construction

The Company's Party Committee considers the study, dissemination, and implementation of the spirit of the 20th CPC National Congress as its primary political task both currently and in the future. To this end, the Party cadres were organized to watch the live grand opening ceremony and listen to the report delivered by General Secretary Xi Jinping. The Company's Party Committee has a clear political stance and pays adequate attention to the learning of the Party Committee's Theoretical Study Center Group. In 2022, the Party Committee's Theoretical Study Center Group organized ten mass learning sessions with a total of 27 learning topics. After the 20th CPC National Congress concluded successfully, the Company organized a subject-based learning session and in-depth discussion on the Congress's spirit promptly. The Company ensured consistency in actions and stable public opinions of the Company before and after the Congress by putting up the 20th CPC National Congress posters, carrying out self-inspection and self-correction in public opinions, and preventing and handling letters and visits. All subsidiaries of the Company did an excellent job disseminating and implementing the spirit of the 20th CPC National Congress through various activities, such as visiting revolutionary sites, watching revolution-themed films, reading revolution-themed classic books, and engaging in joint Party building with external entities.

On the morning of October 16, the highly anticipated 20th CPC National Congress commenced in Beijing. The Company's Party Committee organized Party cadres and the masses to watch the grand opening ceremony. The Party Committee Secretary and Chairman, Xu Yongjun, led the company leaders in Shenzhen to watch the session at the headquarters and attentively listened to General Secretary Xi Jinping's work report on behalf of the 19th Central Committee delivered at the 20th CPC National Congress.





Consolidating the Party Building Work

We continue to consolidate the foundation of Party building work by improving our Party building capacity. The Company organized relevant senior executives to participate in the intensive training on the spirit of the 20th CPC National Congress as well as the sixth plenary session of the 19th CPC Central Committee. The Company also aimed to improve the professional skills of primary-level Party branch secretaries and Party workers by organizing relevant personnel to participate in the Centralized Training Program for Party Branch Secretaries and the Training Program for Party Workers in Shenzhen. The Company also carried out special training and exchange activities for the key personnel responsible for general affairs and Party workers of the subordinate primary-level Party organizations, focusing on improving the competence of the Party building workers of the Party Committee.

Leveraging the Role of Primary-Level Party Organizations

Driving Business Development

The Company actively leverages the role of Party building to promote business operations, with all primary-level units taking action according to their specific situations. Each regional wealth management company plays a pivotal role in setting up its own Party branch, and Party member teams, and formulates a work system for Party member teams. Party members have played an exemplary and leading role in the preparation for the project launch and other work. China Merchants Property Operation views Party building as the engine of its business development, encourages innovative carrier exploration, and builds the "Red Property" Party building brand to boost brand construction and project expansion. China Merchants Cruises further promotes "Party building + safety" in water passenger transportation, playing a key role in fueling capability upgrading, cost reduction, efficiency increase, and safety improvement, and promoting the sustainable and sound development of business operations while ensuring sustained and stable safety. The Industrial Park Business Division strengthens the leading role of Party building, boosts interaction between government and enterprise, and enhances park operation capabilities, increasing business revenue through multiple channels and aspects and promoting the two-way integration of Party building and operations.



Strengthening the efforts to disseminate red culture by putting up billboards, hanging banners, conducting household surveys, mass visits, and by other means



Setting "Party Member Service Demonstration Post" at the front desk of the Property Service Center, and encouraging Party members to wear their badge while on duty



Celebrating the 150th Anniversary of China Merchants Group

As China Merchants Group (CMG) marks its 150th anniversary in 2022, CMSK. a flagship subsidiary under CMG, is dedicated to comprehensive urban development and operation and inheriting "China Merchants Bloodline, the Hailiao Spirit and the Shekou DNA". CMSK remains steadfast in its social and public welfare undertakings, fulfilling its social responsibility and commitment, upholding the Shekou spirit, and contributing to CMG's mission to "lead the times with business success".



A Long Journey Ahead for Century-Old CMG

To celebrate the 150th anniversary of CMG in 2022, CMSK organized the "Dreaming for the Future, Walking for Love - A Long Journey Ahead for Century-Old CMG" Online Public Welfare Challenge, and held the "Enjoy Walking" offline campaign in Beijing, Shanghai, Tianjin, Shenzhen, Nanjing, Wuxi, Zhangzhou and other cities while taking adequate COVID-19 prevention and control measures. The campaign aimed, to promote a green, healthy, and low-carbon lifestyle by advocating for action and spreading love. The campaign had about 100,000 participants who donated, 15 billion steps, equivalent to approximately 11,250 km (carbon reduction of 2,742 tons compared to fuel vehicles traveling the same mileage). The campaign also donated 15 sets of AED equipment, which will be distributed at a later date.







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"A Dialogue with History, Shaping A Brilliant Future" History and Culture Knowledge Contest Celebrating the 150th Anniversary of CMG

The "A dialogue with history, shaping a brilliant future" History and Culture Knowledge Contest is an essential part of employee activities to celebrate the 150th Anniversary of CMG. The contest was held both online and offline, with the online contest being launched on the "A Century's Evolution" WeChat mini program. The online contest attracted 74,000 CMG employees and citizens to participate and answer questions, while the offline final was held at the Shenzhen Shekou Sea World Culture and Arts Center, attracting 10,000 employees to

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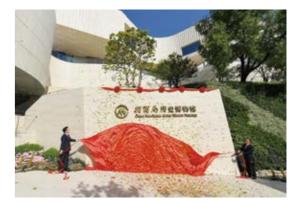


watch the live contest and create an environment of learning and disseminating CMG's corporate culture. The contest mainly reflected the history and culture, industrial landscape, strategic planning, performance highlights and social responsibility of CMG, unfolding a magnificent picture of CMG. The excellent performance of all contestants highlighted the spirit of ambition and hard work amongst CMG employees. The contest represents the epitome of CMG's past, present, and future, helping to strengthen cultural confidence, carry on the legacy, and undertake the mission for a better future with courage.

China Merchants Group History Museum (New Museum) Opened

CMSK undertook the China Merchants Group History Museum (new museum) Project as a key initiative to celebrate CMG's 150th anniversary. On December 26, on the occasion of the 150th anniversary of CMG, the opening ceremony of the China Merchants Group History Museum (new museum) and the publishing ceremony of the history series celebrating the 150th anniversary of China Merchants Group were successfully held at Weibo Mountain in Shekou, Shenzhen. As the "Best Works Award" project celebrating the 150th anniversary of CMG, the China Merchants Group History Museum (the new museum) reflects the journey of CMG in pursuing national prosperity and promoting the modernization of the country in the 150 years since its establishment. It also illustrates CMG's integration into the current era's overall national development and commitment to better modernization results. The museum serves as a new historical and cultural icon and landmark for CMG and Shenzhen. It showcases CMG's corporate spirit of patriotism, self-improvement, pioneering, and integrity while displaying the company's corporate image of courageously undertaking missions, reform and innovation, and daring to be the trendsetter.





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Regarding Quality as the Foundation, and Innovation as the Source

Adhering to the sustainability philosophy, we have been insisting on the path of high-quality development for years to become the "Carrier of A Better Life". The year 2022 was the "Quality Year" of CMSK. We guaranteed quality throughout the lifecycle chain and performed well in design concept, project implementation and operation and maintenance services, allowing us to continuously provide our customers with a happy, healthy and green living experience.



Quality of Design

As "a carrier of green development", CMSK is a trailblazer and pioneer of green habitats in the real estate industry. Over the years, we always concentrate on "healthy, technology-driven, and green development", and regard it as our core competitiveness. In 2022, we created the High Quality Plan 2.0, continuously improved the scheme design quality of the quality projects, continued to explore the high-quality housing standards of CMSK, and increased the technological content of products.



CMSK-Wuhan Urban Development-Future Center was shortlisted in the CRIC's 2022 "National Top Ten Quality Works"





Green and Low-Carbon Construction

In 2022, we made many breakthroughs in developing ultra low energy¹, nearly zero energy² and zero energy buildings³, and promoted the construction of 3 nearly zero energy/zero energy building projects, including Shanghai Imperial Creek Residential Project, nearly zero energy building of the Chengdu Tianfu Kindergarten, and the zero energy complex building of Shanghai TOD City project.

Number of ultra low/nearly zero/zero energy projects

20

Area of ultra low/nearly zero/zero energy projects

1,657,000 m²

Ultra low energy building¹: refers to the building that reduces energy consumption by more than 50% compared with the national building energy consumption standard. Nearly zero energy building²: refers to the building that reduces energy consumption by 60%–75% compared with national building energy consumption standard. Zero energy building²: refers to the building whose annual capacity of renewable energy is greater than or the same as its annual energy consumption.









Shanghai Imperial Creek Obtained the Design Certification of Zero Energy Residential Project

As of December 2022, CMSK has put into service 17 ultra low energy residential projects, with a total floor area of 1,496,000 m², of which Shanghai Imperial Park residential project is the first ultra low energy, high-rise (approaching 100 m in height) project in Shanghai.

Ultra low energy residential projects

Total floor area 1,496,000 m²



Shanghai TOD City Zero Energy Pilot Project

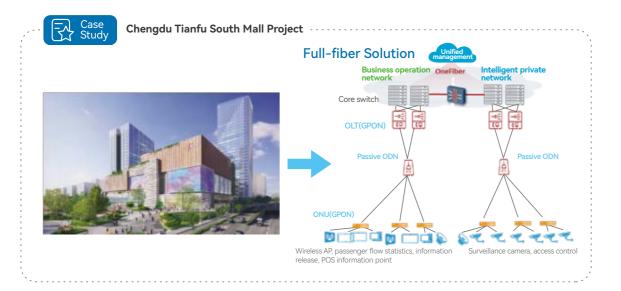
The "TOD City" Experience Center and Caolu Garden City Investment Center opened on August 5, marking the breakthrough of zero energy building made by CMSK. The project is the first attempt to adopt zero energy technology, including four major technical modules: passive enclosure energy-saving structure (high-performance thermally insulated exterior wall), electromechanical system (using PV-driven multi-split air conditioning system, etc.), low-carbon construction (integrated fabricated steel structure), low-carbon energy (PV curtain wall and PV roof); and make the best of the building itself and the surrounding renewable energy resources, so that a building with an annual renewable energy capacity greater than or equal to its total energy consumption throughout the year is developed into a true zero energy building.



Intelligent Technology

We actively advanced the application of full-fiber network in commercial and office building projects. It has been applied in Chengdu Tianfu South Mall project, Prince Bay MGM Hotel project and MingWah International Convention Centre Reconstruction project.

We built the whole-house intelligence prototype room for experience in CMSK's Product Workshop Base to display the renderings of MMW radar technology application. As of December 2022, the whole-house intelligence and MMW radar technologies have been respectively applied in Xi'an Xu, Prince Bay Merchants Legend and Shanghai Putuo projects.





Healthy Technologies

Number of residential projects applying the "4+X" system of healthy technologies

115

Percentage of new residential projects applying the "4+X" system of healthy technologies

100 %

CMSK has deeply studied the needs of urban healthy habitats, developed and built the "4+X" residential system of healthy technology, creating a safe, comfortable, intelligent and convenient healthy living environment. In 2022, we upgraded the "4+X" system of healthy technologies, and introduced 19 new devices, new processes and new materials based on the original 21 healthy and intelligent technologies.



CMSK Xi'an Xu Creates A Residential Model Applying the Healthy Technologies

By building the Liuheng Technology system, 20 major healthy technologies and 45 habitat details, CMSK Xi'an Xu assists in the development of low-carbon and energy-saving green buildings, creates a healthy and comfortable intelligent living

environment, and has passed the WELL Gold pre-certification and won the "Best Intelligent Mansion Award in Asia 2022". It provides a smart and comfortable living experience by introducing smart mobility, electronic patrol and other smart community technologies, guarantees the freshness of domestic water by adopting advanced water purification systems in China, and reduces noises by using triple glazed LOW-E glass, same-floor drainage system and other means. It is equipped with fresh air replacement systems for intelligent dehumidification and humidification and balanced regulation of indoor humidity, radiant ceiling temperature control system for independent regulation and independent temperature balance, fresh air systems delivering an indoor PM2.5 filtration efficiency of about 95%, and independent air supply and exhaust ducts for separate household replacement to avoid air cross-infection.





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Quality of Construction

In 2022, we continued to promote the all-round implementation of the project management system, and exercised fine project management through the triple drivers - management, technology and digitalization, to facilitate the continuous improvement of quality of construction and fulfill the management requirements of "Quality Year" with concrete actions.



Carry forward craftsmanship

Held the first CMSK Engineer Culture Festival themed "Creating a Better Life with Craftsmanship"

Improve relevant systems and guidelines

Further benchmarking management

Popularize digital applications

Overall satisfaction rate of CMSK's housing quality increased

2.10% (third-party customer satisfaction survey data)

Overall score in delivery assessment increased

2.10% (third-party housing delivery assessment data)

Ratio of perfect delivery increased

28% (company statistics)



Management-Driven Approach



Improving Relevant Systems and Guidelines

Revised and updated the Guidance on Project Inspection and Evaluation of China Merchants Shekou Holdings (2022), focusing on the quality control of fine decoration, principal materials and



Optimizing Inspection and Evaluation

Optimized the evaluation rules and revised the quality redline from the customer perspective. The number of projects going beyond the quality redline decreased by 18.50% over the past year.



Putting Critical Actions Into Practice

The new required "Fine Decoration Hold Point" management move was added to improve housing quality. In 2022, the "Decoration Quality" score in the Survey of Customer Satisfaction with Housing Quality went up by 2.60 points over the past year.



Special Anti-Leakage Campaign

Conducted comprehensive anti-leakage inspection of key parts for constructions in process by making the best of rainy conditions and water storage tests.



"One Model for One City" Compare with the benchmarking real estate enterprise in the locality to improve weak links and locate gaps in four aspects including engineering management structure and talent training, improvement of housing quality satisfaction, digital transformation of engineering management, and application of "four new" technologies.



Technology-Driven Approach

The application of new technologies in building construction not only helps to improve the construction quality and speed of building works, but also plays an important role in improving the economic benefits of construction enterprises. In 2022, CMSK continued to extend the application of 828 Quick-drying Method and sorted 30 "four new" proven technologies which were recommended for application in building projects as needed to solve common quality problems of projects and improve the quality of construction with new technologies, new processes, new materials, new equipment and other technical means based on simultaneous construction and technology innovation.

Analysis of Project Construction Period with the 828 Quick-Drying Method

Project construction under the 828 quick-drying method Construction period of the podium building and Construction period of the podium building VS the first three typical floors and the first three typical floors 15 days/floor for the first floor or the podium building, and 10 days/floor for the first three typical floors thereafter 15 days/floor for the first floor or the podium building, and 10 days/floor for the first three typical floors thereafter Construction period of typical floors Construction period of typical floors VS 6 days/floor (wooden formwork). 20 days/floor for conversion floors 10 days/floor for the refuge floor From the topping-out of the main structure to From the topping-out of the main structure to the removal of outside scaffolding (flat roof) VS the removal of outside scaffolding (flat roof) 180 days for 33 floors 90 days From the removal of outside scaffolding of the From the removal of outside scaffolding of the roughcast house to the completion acceptance roughcast house to the completion acceptance VS or roughcast house delivery or roughcast house delivery 120 days, the closure of gap between construction elevator and building facade, the exterior wall decoration construction, and the decoration of public parts VS Construction period of refined decoration Construction period of refined decoration 90 days



Digitalization-Driven Approach

The company continues to promote the digitalization of engineering management for comprehensive application and is committed to achieving the full coverage of panoramic project plan, coordinated project management and remote monitoring. In 2022, our collaborative engineering management platform (Modou system) went live in the main engineering projects under management nationwide, providing unified standards to guide the operations of on-site executive level and logging the execution process online, which supports the platform's tracking and refined management and analysis of process information. By the end of December 2022, Modou system has been put into operation for 241 projects and phased projects nationwide, with active users increasing from 23% in late May to 74%.



Interface of Modou system

Quality of Service

Upholding the "customer first" value and following the "customer-oriented" philosophy, CMSK provides customers with full-cycle considerate services. CMSK has built a diversified service brand system based on its business characteristics and the nature of different business sectors, and is committed to the realization of a better life in different scenarios, starting from jointly building a harmonious homeland, improving customer experience, and delivering the concept of green development.





All-Inclusive Service System

In 2022, CMSK completed upgrading of the "full lifecycle risk control system" and "golden housing manager system", dividing 12 major living service scenarios into 35 active wake-up contacts and addressing the home owners' diverse needs for daily life. By creating a unified service notification list, customizing wake-up service contacts in 12 living scenarios, and actively reminding and informing customers of service information closely related to their life, and forming a closed loop of services through the real-time feedback and evaluation mechanism, we provide more humanized, fine and intelligent services, penetrating into every detail of home owners' life.

In total, the systems generated 180,850 notifications

120,000 customers

Effective samples

39,867

26.06%

Satisfaction score

90+

Jointly Building A Harmonious Homeland



Renovating Outdated Properties

The "Rainbow Program" is a customer care activity of CMSK for the real-estate development. It upgrades, free of charge, public facilities and spaces in the neighborhoods to continuously inject new vitality into older communities and create a harmonious homeland for the home owners. In 2022, CMSK completed 500 public area upgrading projects all over China, with a total investment of over CNY





The stilt floor of Magnificent, Nantong was transformed and upgraded to increase the space and facilities for children's activities.



The playground transformation project was carried out in Magnificent, Nantong for ground renovation and facilities upgrading.



Enriching Community Life

We actively explore and create diversified forms of community cultural activities, enable our customers to experience the enhanced service quality by continuously conveying the concept of quality service.

Zhaoshang Hui, as CMSK's one-stop service platform for customers' better life, integrates community, commercial, hotel, cruise, healthcare, financial and other services, bringing a wider range of membership benefits to home owners. In 2022, Zhaoshang Hui, together with other business units of China Merchants Group, held a total of over 1,000 "China Merchants' Customers as One Family" themed activities nationwide.

With a core aim of enhancing customer experiences, China Merchants Aden Hospitality organized over 100 customer events and four nationwide customer interaction events in 2022, in the form of public welfare, fitness, parent-child and movie watching activities and electronic sports, attracting participation of more than 5,000 customers.

Attracting more than

5,000 customers







The 4th Zhaoshang Hui National Children's Artwork Competition & Children Cultural Tour

Community activities of China Merchants Aden Hospitality



Improving Customer Experience



Convenient Transportation

In 2022, China Merchants Cruises upgraded the "boarding bridge" facilities for Bay Cruises and created the Last Mile Priority Channel to meet the convenient travel needs of passengers; set an exclusive boarding route for convenience of their photo-taking along the route, and created an exclusive sea-viewing corridor to enhance the exclusive feeling of Bay Cruises passengers; provided caring service for special passengers, including dedicated priority channel, special waiting area, priority boarding, and free shuttle service by battery car on the dock; and provided one-stop charter service for enterprise customers by identifying their needs in advance.

In 2022, China Merchants Cruises and Cathay Pacific Airways cooperated again to comprehensively upgrade the combined sea-air transport service, allowing passengers in the Great Bay Area to experience superior service of Cathay Pacific. Cathay Pacific Airways has built the Shekou Cruise Homeport into an "airport service" style characteristic port, gradually shaping an innovative mode of passenger transport port service in the Guangdong-Hong Kong-Macao Greater Bay Area.









Signing ceremony between China Merchants Cruises and Cathay Pacific Airways

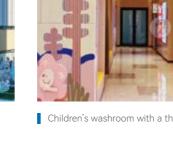
Personalized Amenities

We actively create a precisely positioned "family harbor-style community living space" by upgrading spaces, activities and services to fulfill our mission of building a service ecosystem for residents' better life. In 2022, "Shiyan Garden City", the first project launched by China Merchants Commercial Property Management in central China, was officially opened. For the convenience of female consumers, the characteristic baby care rooms have been set up in the shopping mall and the parking lot for ladies only has been specifically assigned. Furthermore, with full consideration given to the actual needs of family customer groups, children's washrooms and many lounge areas have been set, and soft anti-fall mats have been laid in the recreational spaces of the children's floor. The personalized detailing created a pleasant shopping experience for customers and introduced new faces and new momentum into Shiyan Business District, thereby enhancing the attraction and radiation of the region and contributing to the renewal of old quarters.





Shiyan Garden City



Children's washroom with a themed design



Children's recreational space with floor mats



Ladies' Parking Lot



Cozy Accomodations



Hangzhou Qiandaohu Aden Hotel was awarded

the "Best Cooperation Hotel" by Ctrip Group in 2021

Ctrip

ADEN SELECT Shenzhen Taizi was awarded

the "Best Business Hotel in Media"

The 22nd Golden Horse Awards of China

Hilton Shenzhen World Exhibition & Convention Center was awarded

the "Excellent Hotel for **Business Travelers**"

The 22nd Golden Horse Awards of China

Upholding the "customer first" value, China Merchants Aden Hospitality fosters a quality concept of "safety, comfort, convenience and destination", and keeps improving the brand reputation and market recognition of ADEN HOTEL and ADEN SELECT. In 2022, ADEN SELECT Shenzhen Taizi actively carried out service transformation, meeting the diversified needs of guests, and providing guests with quality services making them feel at home. The hotel offered free soft drinks, earplugs, blindfolds, cleansing cotton, glasses cleaning cloth and other items to meet customer needs, provided birthday surprises for long-staying guests, and rendered events organization service to guests. By the end of 2022, the Ctrip satisfaction score of the ADEN SELECT Shenzhen Taizi has substantially increased to 4.76 points, hitting a record high since opening.







On the International Children's Day, ADEN SELECT Shenzhen Taizi created a childlike corner, equipped with cotton candy makers and doll catchers, creating a relaxed and joyful holiday atmosphere for children.



Delivering the Concept of Green Development

CMSK has continued to carry out the "Golden Pothos Action" to raise the public awareness of "low carbon" and deliver the concept of green development. The "Golden Pothos Action" is launched on the Earth Day (April 22) every year. Relying on CMPO and the Zhaoshang Hui platform, CMSK has carried out a variety of online and offline activities nationwide in conjunction with its residential and commercial properties, offices, hotels, apartments, cruise lines and other segments.

In 2022, the sixth "Golden Pothos Action" was held. Under the characteristic theme of "Quality Year", we launched the quality service improvement month activities such as "exchanging second-hand clothes for pothos", "environmental protection knowledge popularization", "home-delivery services", "second-hand articles market" and "pet care" in nearly 300 projects nationwide. In the "exchanging second-hand clothes for pothos" activity, nearly 9,000 kg second-hand clothes were recycled.

8+300

Nearly 300 projects in eight regions were involved in the "Golden Pothos Action" this vear

9.000

In the "exchanging second-hand clothes for pothos" activity, nearly 9,000 kg second-hand clothes were recycled











Environmental:

Empowering City for A Greener Future













Responding to Climate Change

Targets

- Carry out internal carbon footprint verification, and identify risk categories related to climate change
- Peak carbon dioxide emissions by 2030
- Achieve carbon neutrality by 2060

Progress of Targets and Key Performance in 2022

- Completed the strategic planning and the action plan for carbon peaking and carbon neutrality
- Set up a leading group and a working group for carbon peaking and carbon neutrality to coordinate the carbon peaking and carbon neutrality actions and establish a management mechanism
- Disclosed the work progress with reference to the TCFD recommended framework

Improvement Plan

- Plan to officially release the action plan for carbon peaking and carbon neutrality in 2023
- Promote scientific reduction of GHG emissions according to SBTi and other international initiatives







Identifying Climate Risks

We pay attention to the environmental, economic and social impacts of climate change, actively identify climate change risks and opportunities, and incorporate the risk and opportunity factors of climate change into our overall risk management.

Description of Acute Physical Risk		Potential Impacts on Business	Measures
Refers to the	Real-estate development	Extreme climate disasters affect the project implementation, and unsafe construction environment will pose risks of industrial injury; may cause damage to the construction site, incurring costs of maintenance and reconstruction.	Stay alert to the impact of extreme weather, establish an emergency plan for extreme natural disasters, and resolutely halt the occurrence of various major
serious economic losses caused by climate change and increase in the	Property management	Extreme climate disasters will damage buildings and facilities, resulting in asset impairment and increased maintenance costs.	accidents.
frequency and severity of extreme climate disasters (such as flood, typhoon etc.).	Urban services	Property: Extreme climate disasters may destroy buildings or cause power shortage or other problems, which will increase the operation and maintenance costs of property business. Cruise lines: Extreme climate disasters affect the berthing, operation and the voyage safety of cruise ships.	Property: In the course of daily business development, take into consideration extreme climate disasters, pay more attention to the weather forecast, and attach great importance to the property inspection and potential risks identification before the extreme weather sets in. Cruise lines: Include extreme climate disasters in the <i>List of Safety Risks</i> , and develop standardized emergency operation guidelines.

Description of Chronic Physical Risk		Potential Impacts on Business	Measures
	Real-estate development	High temperature affects the health and safety of construction staff, thus affecting the project schedule.	Strengthen employee care, reasonably adjust working hours, and minimize the adverse effects of high temperature.
Mainly refers to land and capital stock losses and other economic losses caused by rising sea	Property management	Rising sea level will damage buildings and facilities, resulting in asset impairment and increased maintenance costs.	Fully assess the sea level rise and other climate risks at the stage of site selection and construction of buildings.
level with the gradual temperature rise.	Urban services	Property: The rising sea level may cause the tidal water to overflow, which will damage the buildings and facilities, and increase the operation and maintenance costs of the property business. Cruise lines: Extreme high temperature will cause ship equipment to malfunction, which will affect the operation of ships, and increase the labor intensity of workers.	Property: Evaluate the climate risk and take a number of risk mitigation measures (for example, strengthening the flooding protection measures) to improve the capability of the property business to combat climate change. Cruise lines: Regularly inspect and maintain equipment to lower its failure rate and loss rate.

Description of Transitional Risks	Pc	tential Impacts on Business	Measures
Policy and legal risks: Since the "3060" Decarbonization Goal was proposed, China has successively introduced policies, regulations and relevant standards dealing with climate change. Stringent policies and regulations are expected to increase operating costs.	All	The increasingly stringent laws and regulations will increase the Company's operating costs. The impact of carbon tax on the supply chain will cause material prices to go up, thus resulting in cost increase.	Keep abreast of and comply with relevant regulatory laws and regulations, and standardize the working mechanism and development process of each business according to regulatory requirements; include carbon emission reduction factors into supplier selection criteria.
Technical risks: The adoption of technologies and renewable energy sources in the real estate section to reduce carbon emissions will bring about higher technology input and risks.	Real-estate development	The R&D and use of low-carbon technologies require a lot of manpower and material resources, adding to the operating costs.	Analyze the feasibility and necessity of adopting low-carbon technologies, and cooperate with industry partners to carry out research and development of necessary low-carbon technologies.
Reputation: Relevant negative news will attract the attention of stakeholders.	All	Negative news will affect the consumption behavior of consumers and the product sales of the Company, and further affect the capital rating and financing costs of the Company.	Pay greater attention to climate change factors, strengthen monitoring and management, ensure compliance, and avoid negative news.

Opportunities	Po	otential Impacts on Business	Measures
Adaptability: Enhance adaptability to respond to climate change, and seek environmental and social benefits while avoiding future losses.	Real-estate development	Influence the strategic direction of the Company, increase investment and build green buildings that meet the standards.	Allocate more resources, expand the development of green buildings, and strive to stand in the forefront of the industry. Consider more climate-resistant elements in new development projects, and keep improving the performance of existing properties.
Innovation: As the concept of green consumption is gaining ground, innovative technologies such as green building technology and green building materials can bring economic benefits.	Real-estate development	Affect the operation decisions of the Company, which will take the initiative to apply innovative environmental protection technologies in the business process.	Enhance the research, development and adoption of innovative environmental protection technologies, and accelerate the exploration of low-carbon technologies.
Market: The government and financial institutions will provide support for the development of green products and services.	Real-estate development	Reduce the financing cost of the Company, and provide momentum for the Company to promote the development of green businesses and realize low-carbon transformation.	Inject low-cost funds into low-carbon fields through extensive cooperation with the government and financial institutions.
Resource efficiency: Energy-efficient buildings can reduce waste and water consumption.	Real-estate development Property management	If energy-efficient building certification is obtained, it can improve the asset value.	Increase investment in science and technology, build data monitoring system, actively promote equipment replacement, and reduce energy consumption of buildings.

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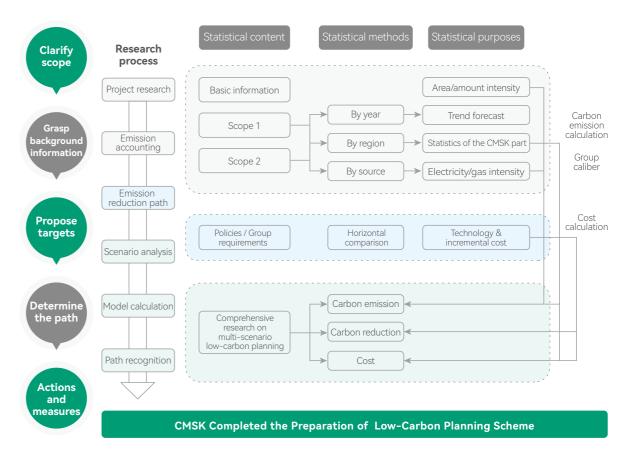
Strategic Planning and Action Plan for Carbon Peaking and Carbon Neutrality

Based on the study of climate risk identification, we believe that advancing carbon peaking and carbon neutrality is the primary measure for CMSK to tackle climate change. We have systematically carried out carbon peaking and carbon neutrality actions and deepened the special research on carbon peaking and carbon neutrality. In 2022, we completed our planning framework of the "Special Strategy for Carbon Peaking and Carbon Neutrality" and action plan for "carbon peaking and carbon neutrality", and based on the scientific measurement of GHG emissions in Scope 1 and Scope 2 within the whole business scope, started the verification of Scope 3 emissions.



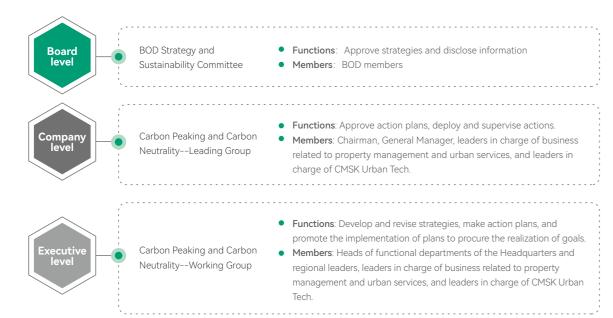
Internal Carbon Footprint Verification

We actively responded to China's "30.60 Decarbonization Goal", and officially launched the special strategy for carbon peaking and carbon neutrality in April 2022 to systematically verify our carbon emissions within the whole business scope. Based on the verification results of the carbon emission data of 74 key projects for three consecutive years, we forecasted the carbon emission trend of CMSK using a combination of the international IPAT model and the time-series method, and carried out comprehensive analysis and research of low-carbon planning in many different scenarios.





Adjusting Governance Structure



3

Setting Strategic Targets

CMSK's Strategic Targets and Vision for Carbon Peaking and Carbon Neutrality

Peak carbon emission by 2030

Achieve carbon neutrality by 2060

Become a practitioner and model of green transformation and development in the real estate industry

CMSK's short-, medium-, and long-term decarbonization targets



The total carbon emissions by 2025 will not increase by more than 116% over those in 2020.

Medium-term targets (2026-2030)

CMSK will peak carbon emissions by 2030, and the peak will not increase by more than 146% compared with the emissions in the base year.

By 2030, CMSK will cut peak emissions, which will be 21.50% lower than those under BAU scenario.

Long-term targets (2030-2060)

After carbon peaking by 2030, the total amount and intensity of carbon emissions will show a steady decline.

Achieve carbon neutrality by 2060

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Defining the Action Path

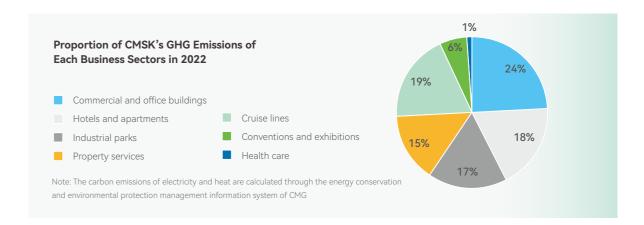
			0		\bigcirc
Raise the Green Building star rating of new buildings	Promote the construction of zero carbon/ nearly zero energy building demonstration projects	Promote the practice of ultra low energy buildings in each region	Promote energy-saving of equipment and appli energy consumption ma platform for existing bui	cation of anagement	Increase the utilization of solar PV
\circ					
Create a green and low-carbon supply chain system	Promote the application of LCCS (Low-carbon Construction) technology system	Promote the application of all-electric kitchens	Promote green leases	Hold low- activities a publicity e	and promote

5

Performance in Carbon Peaking and Carbon Neutrality in 2022

GHG Emissions of CMSK in 2022				
Direct GHG emissions (Scope 1)	Tons of CO₂ equivalent	58,524.88		
Indirect GHG emissions (Scope 2)	Tons of CO₂ equivalent	208,707.74		
Total GHG emissions	Tons of CO₂ equivalent	268,842.09		

Note: ①The above statistics cover the carbon emissions generated by energy (e.g., electricity, fuel, natural gas and heat) consumption of the administrative offices of CMSK, CMPO and other subsidiaries, as well as a. the offices and public areas of the shopping centers in operation nationwide, b. the offices and public areas of the industrial parks in operation nationwide, c. the hotels and apartments in operation nationwide, d. the convention and exhibition centers in operation nationwide, e. the medical and nursing institutions in operation nationwide, f. 188 cruise ports, ferries, cruise ships and other subordinate units in operation nationwide. In addition, the statistics conform to the relevant laws and regulations such as the Energy Conservation Law of the People's Republic of China and the Interim Measures for the Supervision and Administration of Energy Conservation and Emission Reduction of Central Enterprises, and the Group's relevant rules and regulations such as the Regulations on Energy Conservation and Environmental Protection of China Merchants Group, and the Administrative Measures on Statistical Monitoring for Energy Consumption and Carbon Emissions of China Merchants Group. The coefficient of energy conversion to standard coal shall be the value specified in General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589). The domestic wastewater discharged shall be subject to the requirements of the Handbook of Pollutant Generation and Discharge Coefficient of Domestic Pollution Sources. The carbon emissions of electricity and heat are calculated through the energy conservation and environmental protection management information system of CMG, and the CO₂ emission factor of leectricity is set by the province where the project is located. The CO₂ emission factor provided by the heat provider is preferred to be used as the CO₂ emission factor of heat supply. If it cannot be provided, 0.11 tons CO₂/GJ shall be used.



^{*}BAU Scenario¹: BAU (Business as usual) means that the Company follows the existing development path, without taking additional carbon reduction measures.

Making the Most of Natural Resources

Targets

- Reduce the carbon emissions of property management (commercial and office buildings, industrial parks, hotels and apartments) by 20% by 2025 through the energy consumption management system.
- Increase the utilization of solar PV, and raise the proportion of property management projects using green and clean energy to 50% by 2025.
- Promote waste sorting and recycling in property management projects nationwide.

Progress of Targets and Key Performance in 2022

- Energy consumption and efficiency management system: the system has been put into use in all new commercial projects, and gradually put into use in the existing commercial projects. By the end of 2022, more than 60% of the existing centralized commercial projects have adopted the energy consumption and efficiency management system, saving energy consumption by 10,774,600 kWh and by 14.31%.
- In 2022, the projects using green and clean energy accounted for 44% of new commercial and office projects
- In 2022, the existing centralized commercial projects saved water consumption by 249,600t and by 21.90%.
- 80% of the hotel and apartment projects have realized waste sorting and recycling.

Improvement Plan

- The energy consumption and efficiency management system will be put into use in all property management projects.
- From 2023, the green and clean energy will be used in all the newly-built property management projects.



Energy Consumption Management



Targets/ Commitments Increase the proportion of existing commercial, office and hotel projects that use the energy consumption management platform to 100% by 2025.

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Increase the proportion of property management projects that use solar energy and other new energy to 50% by 2025 and 100% by 2030.



We have formulated and implemented the Guidelines for the Design and Implementation of the Energy Consumption and Efficiency Management System, the Regulations on Energy Conservation and Consumption Reduction, the Regulations on Energy Consumption Management, the Guidelines for Energy Conservation Management in Property Management Projects, the Regulations on Energy Monitoring and Measurement, the Energy Consumption Management and Control Policy for Equipment and Facilities, and the Assessment Policy of Energy Consumption Management for Centralized Commercial Complex. We have conducted refined quality management in all stages of design, construction, operation and maintenance to institutionalize energy management.

Effectiveness of Measures



In 2022, the projects using green and clean energy accounted for 44% of new commercial and office projects.
We have increased the use of green and clean energy, and strengthened the building capacity by installing solar PV roofs, building distributed solar PV power stations using the rooftop free space in commercial projects, and using heat pump, geothermal energy, solar energy and other clean energy sources in the hotels and apartments.



- We have optimized the design and construction standards of automatic control systems, and the quality assessment mechanism for electromechanical designs.
- We have clarified guidelines and third-party standards for electromechanical system commissioning, and established the working mechanism for third-party quality inspections.
- We have formulated the quality control and assessment system for electromechanical engineering, and put in place an electromechanical delivery quality inspection and evaluation mechanism.
- ✓ The pilot project of energy consumption and efficiency management platform has been advanced. In 2022, 14 energy efficiency management systems were launched.



- We have introduced ground source heat pumps, frequency conversion and energy saving solutions, and loT-enabled energy-saving lighting and skylight coating technologies, and widely used eco-friendly products that consume less energy.
- We have regularly carried out energy-saving renovations on lighting fixtures and other equipment and facilities in underground parking lots, floors, in equipment rooms and other places of projects that have been delivered.
- We have optimized the power mode of cruises in the Bay Cruises, adopted different hybrid power modes according to different routes, and found out fuel-saving power mode for each route.

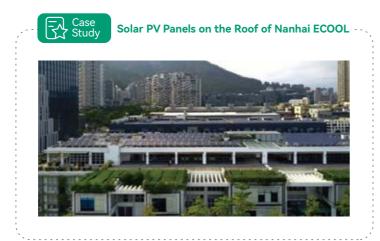


- We have set up a working group for energy efficiency improvement.
- We have established an energy consumption and efficiency management platform and the Intelligent Operations Center (IOC), and adopted the Internet of Things and mobile Internet technologies to monitor and measure equipment operating status and energy consumption data in real time.
- ✓ We have paid much attention to the role of personnel in energy management, located the causes of energy changes through comparative analysis of energy consumption, and raised property management personnel's awareness of energy management.

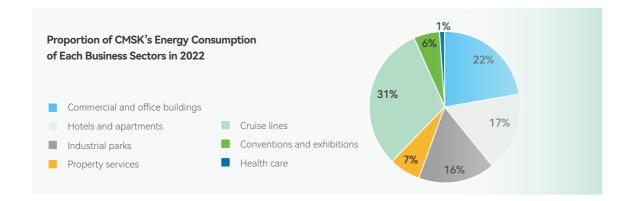
In 2022, PV roof installation covered an area of **22,228** m²

In 2022,

2 PV roof renovation projects were carried out



Performance Indicators	Unit	2022	2021	2020
Heat	GJ	13,707.67	14,474.00	12,777.00
Gasoline	Tons	333.67	262.61	360.30
Diesel	Tons	4,910.18	7,591.68	3,493.20
Fuel oil	Tons	8,666.95	/	/
Natural gas	m3	3,830,025.01	1,477,923.90	1,205,414.51
Electricity	kWh	346,099,997.08	128,908,258.35	103,391,853.52
Clean energy	kWh	1,114,902.63	/	/
Comprehensive energy consumption per CNY 10,000 of revenue (current price)	tce/CNY 10,000	0.0037	0.0018	0.0016





Water Management



We regard water saving and efficient water use as a measure of daily operations and a principle of project design. We strictly comply with the Reuse of Urban Recycling Water – Water Quality Standard for Urban Miscellaneous Use (GB/T 18920–2020), the Reuse of Urban Recycling Water – Water Quality Standard for Scenic Environment Use (GB/T18921), the Technical Guidelines for Sponge Cities, the Manual for Technology Module Space Application of Sponge Cities and other relevant requirements, and continue to strengthen water use management to ensure the sustainable use of water.

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Effectiveness of Measures



- ✓ We have completed the research on the public building water system and the R&D of intelligent water-saving equipment and its engineering application demonstration, a state-level key R&D project sponsored by the Ministry of Science and Technology during the 13th Five-Year period (2016-2020). Specifically, we developed water-saving devices, circulating cooling water treatment equipment, and leakage control devices, verified and improved the applicability and rationality of our products by applying them in projects, and met the target of water conservation in public buildings.
- ✓ Water consumption is continuously monitored by building an energy consumption management platform

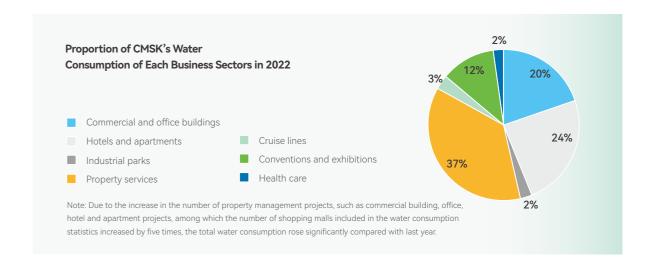


- ✓ We have actively developed and built Low Impact Development ("LID") green infrastructure
- ✓ We have built a rainwater or reclaimed water recycling system for new projects when conditions are suitable



- Sewage at the construction site shall be discharged in accordance with the requirements of national standards
 For different sewage, suitable treatment facilities have been built, such as sedimentation tank, oil-separating tank
- For sewage discharge, a qualified entity is entrusted to test the wastewater quality, and the sewage testing report is provided
- Ships are equipped with advanced wastewater treatment system and oil-water separator, and oily sewage can be discharged only after the discharge standard is met

Performance Ind	licators	Unit	2022	2021	2020
	Water withdrawal	Tons	4,562,831.90	1,020,436.53	558,870.68
	Water consumption	Tons	4,573,869.90	1,020,436.53	558,870.68
Water resource	Water saving	Tons	11,038.00	/	/
	Comprehensive water consumption per CNY 10,000 of revenue (current price)	t/CNY 10,000	0.2499	0.0634	0.0431





Waste Management



We undertake to strengthen waste management and recycling, encourage employees, tenants, suppliers and other stakeholders to have a discussion and work together to promote the full chain management of waste from collection and transportation to treatment and disposal.



We have formulated and implemented the Waste Disposal Management Regulations, the Waste Sorting Regulations, the Waste Management Guidelines, and the Administrative Rules on Refuse Rooms and Waste Transportation to enhance the waste sorting efforts in the project operation.

Effectiveness of Measures



- Increase the reuse rate of gravel and earth-rock construction waste by filling the foundation and paving the road
- We provide closed waste containers in the living area of the construction site, bag, timely clear and transport the domestic waste in the construction site.
- Sort construction waste and collect it to the on-site closed waste storage area for centralized transportation.
- Clean up construction waste generated by home owners' decoration works in time, contact qualified entities for transportation and disposal, and take dust prevention measures for the transportation of dusty construction waste.



- Follow the principle of domestic solid waste reduction, and arrange sorted waste collection facilities to recycle recyclable waste as much as possible.
- Set up special recycling stations for sorted collection of waste electrical and electronic products and waste batteries with high content of harmful substances, and contact qualified professional companies for treatment.
- ✓ Guide healthy and civilized dining to reduce kitchen waste.
- ✓ Pay attention to kitchen waste sorting, and encourage units with adequate conditions to transform kitchen waste into resources through the kitchen waste treatment facilities.

Performa	Performance Indicators		2022	2021	2020
Waste	Construction earthwork waste	10,000 m3	61.32	90.20	38.87
waste	Construction rebar waste	10,000 tons	1.02	1.50	0.65

Practicing the Concept of Eco-Friendly Development

Targets

- Achieve 100% comprehensive treatment and restoration in the early stage of the brownfield projects
- Reduce adverse impact on biodiversity and ecosystems in the process of development and construction
- Follow the LID concept, and make rational use of rainwater resources.

Progress of Targets and Key Performance in 2022

 Practiced the design and planning concept of green ecology, and built more than 10 large eco-friendly and green projects, such as Zhanjiang Cruise City project, Qinhu Wetland Park project, and project for Comprehensive Treatment of Great Airport New City Intercepting River.

Improvement Plan

 Strengthen the awareness of ecological and environmental protection in the process of project investment, design and development, and set targets of environmental management.





Mitigating the Impact of Developments

We have conducted environmental assessment of development projects according to the Multi-discipline Coordination System for Investment Feasibility Study, and systematically made risk response plans with full consideration of various risks. Through the multi-discipline coordinated land survey before land acquisition, we have determined, and identified risks in, influencing factors such as geology, soil, noise, light, municipal supporting facilities and cultural relics protection.



Brownfield Development



We are committed to achieving 100% comprehensive treatment and restoration of brownfield projects in the early stage, and carry out reasonable reuse and development in strict compliance with the *Rules on the Disposal of Idle Land*. During the preliminary environment assessment, if pollution, serious damage or other problems are found, we will carry out soil radon prevention, river dredging and other remediation work depending on the circumstances.



We include relevant requirements for the development of brownfields in the CMSK Guidelines for the Application of Green Technologies in Residential Buildings, and plan to issue specific policy statements for the development of brownfield projects in the future.

Effectiveness of Measures

We require that the radon concentration in the soil of our sites shall comply with the provisions of the Standard for Indoor Environmental Pollution Control of Civil Building Engineering (GB50325–2020). For sites with a radon concentration above the specified level, radon prevention measures shall be taken. For sites originally for industrial use, chemical pollution detection and assessment shall be carried out on the soil, and the contaminated land shall be treated to the extent that it can meet the requirements of relevant national standards.



CMSK Supports the Urban Reconstruction in Changping Village, Daojiao Town, Dongguan City

The project site was originally dominated by industries, especially papermaking, textiles & garments, electronic information, electrical and mechanical equipment, and food and beverage processing. After environmental remediation and ecological restoration, we built a high-end intelligent manufacturing industrial park to promote regional industrial upgrading, and developed a high-quality residential area and created an excellent landscape environment to create a green, low-carbon and intelligent demonstration area for industry-city-people integration.



Changping Village Project before reconstruction



Effect drawing of Changping Village after reconstruction

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Greenfield Development



We are committed to maintaining the original natural ecology of the construction land, taking into full account water conservation, farm land and forest land protection and other issues, giving priority to the protection of the original greenfield ecology, and striving to avoid the development of greenfield wherever possible. For some projects involving greenfield, we will strictly follow international practices and the green design and construction concepts to minimize the impact on natural habitats.



We include relevant requirements for the green development in the CMSK Guidelines for Green and Healthy Technologies of Residential Buildings, and plan to issue specific policy statements for the development of brownfield projects in the future.

Effectiveness of Measures

- For the wetlands, riparian lands, waters and other protected areas that have been designated by the relevant administrative departments within the sites, we work out appropriate protective measures in the process of development, and carry out ecological restoration.
- We require that the planning and layout of the residential area comply with the guidelines for urban design style of the place where the project is located, and the construction control requirements for protection of various protected areas, cultural relics and historic sites.
- We require reasonable allocation of green land in the residential area and compliance with the urban planning regulations and land transfer conditions.

We adopt vertical planting approach, arrange greening plants in a scientific way, and ensure that the covering depth and drainage capacity of the planting area meet the plant growth requirements.

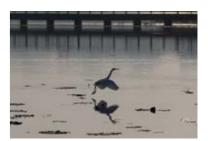


Qinhu Wetland Park Project

More than a decade ago, Qinhu wetland area was dominated by local agriculture and fishing. In the early stage of the project, the planned plot lay half-abandoned, the green space in the park was overgrown with weeds and planted with less diverse varieties. Even the wasteland was illegally reclaimed to plant crops. After entering the overall design and construction stage, CMSK, focusing on the overall goal of setting a livable new city example, built Qinhu wetland into an urban waterfront poetic space featuring the harmony between ecological environment and city life and the organic integration of technology and traditional culture, to highlight its multiple purposes of ecological demonstration, sightseeing, recreation and entertainment, cultural and artistic experience as an urban green heart, based on the favorable ecological background of the base and the close relationship between the city and the lake.

By the end of 2022, the overall construction of Qinhu wetland drew to a close. The total area of Qinhu wetland after reconstruction is 28.80 ha, with the green land area having reached 22.10 ha, accounting for 76.70% of the total area. Qinhu wetland, which was once off the beaten track, has become a destination for an endless stream of citizens. Furthermore, the green ecological environment attracts the visit of egrets, wild ducks and other wild animals.







Low Impact Development (LI

Sponge city, namely low impact developm accumulation, natural infiltration and natural of rainwater by buildings, roads, green spa



continuously promo of related projects.



Landscape De

The west section of Shenzhen Bay (Hotel, with a total length of about 6 the west section of Shenzhen Bay C surveillance bases, wharves and bor with a serious lack of places and faci into the project, and built a rainwate ecological retention ditches, rainwat and can actually control 40.41mm ra effects.

In the process of construction, we ac water sources, hiding places, and mi habitat conservation, environmental



Honorable Mention of Cultural and Urban Landscape granted by IFLA ASIA-PAC



Community divers participated in the training on underwater coral planting technique

Coral reef at low tide at the Blue Ribbon Fishing Community reserve





Non-profit beach cleanup organized by China Merchants Zhangzhou



Lakeside ecological protection of China Merchants Aden Hospitality Qiandaohu Hotel

Protecting Biodiversity and Natural Habitats

We protect biodiversity in all critical processes of development and operation, carry out the conservation assessment of the native vegetation and habitats in project areas throughout project planning, design and construction. We make full use of topographical conditions and natural resources, and systematically repair the impact on the ecological environment from project development.

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Accelerating Green Buildings

We integrate the concept of green and eco-friendly development and green and healthy practices into building projects, and have been working to explore the best solution to the harmonious coexistence of humans, buildings, cities and nature, and strive to build a beautiful environment with favorable living and working conditions. We actively participate in the preparation of technical standards concerning low-carbon and sustainable buildings. In 2022, we participated in the compilation of seven new local standards, group standards and other standards at all levels, and was invited to participate in the compilation of local standards – *Shenzhen Design Standard for Energy Efficiency of Public Buildings*, *Shenzhen Design Standard for Energy Efficiency of Residential Buildings*, and group standards – the *Guidelines for Carbon Neutrality Assessment of Real Estate Enterprises*, and the *Technical Regulations for Low-carbon Office Buildings*, etc. By 2022, CMSK has obtained 34 green and low-carbon patents.

Targets

- Require all new well-decorated residential projects to fully meet the one-star standard of green buildings, and all new property management projects to fully meet the high-star standard of green buildings.
- Promote the construction of 10 ultra low energy buildings
- Propel the development of green supply chain, and require the proportion of green building materials used in new buildings to reach 50% by 2025 and 70% by 2030.

Progress of Targets and Key Performance in 2022

- 81 new green building projects built in 2022
- 4 new LEED Gold projects, 3 new LEED Platinum projects and 1 new WELL Gold project built in 2022
- Created 17 ultra low energy buildings, 2 nearly zero energy buildings and 1 zero energy building.
 Green building materials accounted for 31.82%, and recyclable and reusable materials accounted
- of or 9.41% for the projects implemented.

Improvement Plan

 Build all new self- owned commercial projects in accordance with the highest-star standard of green buildings and the ultra low energy consumption standard from 2030.



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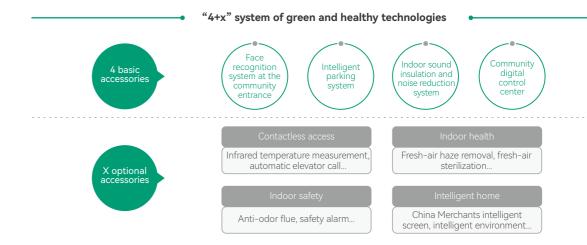


Low Carbon Design



"4+x" System of Green and Healthy Technologies

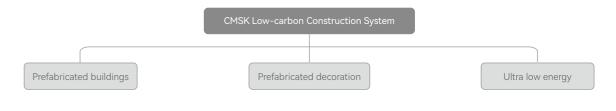
CMSK has fully applied healthy technologies in 115 projects, and keeps upgrading the healthy technology system and intelligent system to make the home a guardian of health. In 2022, CMSK introduced MMW radar Al super-sensor technology, which can detect people's motion, micro-motion and empty status in normal life and work, and sense residents' life in a more intelligent and accurate manner, for example, controlling the opening and closing of curtains according to the light intensity, intelligently adjusting the lighting of the whole room, monitoring the sleeping state and getting up at night, and adjusting the air-conditioning fresh air equipment and others in real time.





LCCS (Low-carbon Construction) Technology System

We have combined the three technology systems of prefabricated building, prefabricated decoration and ultra low energy to form CMSK's LCCS technology system, which can reduce the carbon emissions throughout the whole life-cycle of buildings by over 50%.





The Shenzhen Where Time

Shenzhen Chiwan Where Time Stay

Stay Project delivered in 2022 was the first residential project in Shenzhen to apply the prefabricated decoration in large scale, covering a floor area of 76,700 m², and rated as a pilot project for prefabricated decoration in Shenzhen.







Green Building



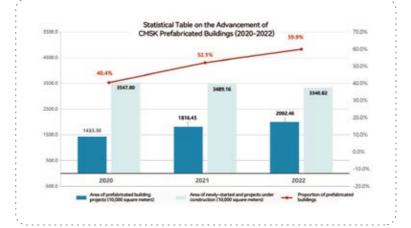
Prefabricated Buildings



By 2025, prefabricated projects will account for 80% of the area of newly-started projects.

Effectiveness of Measures

CMSK actively adopts green building methods such as prefabricated building, intelligent building and steel structure house, thus realizing low consumption, low emission, high quality and high efficiency in engineering construction.



In 2022, CMSK's prefabricated building projects covered a total area of 20,025,000 m², representing 59.90% of the area of newly-started projects and projects under construction, an increase of 8 percentage points over the previous year.

Prefabricated building projects covered a total

20,025,000 m²

percentage points over the of the area of newly-started previous vear projects and projects under

The First to Implement the Acceptance of First Standard Floor of Prefabricated Buildings in the Industry

Acceptance of the First Standard Floor of Fabricated Buildings, which has been approved as one of the group standards by the Building Industrialization Association of Shenzhen. In 2022, the standard was applied to all new prefabricated residential projects, which raised the percentage of pass of external wall

leakage to 95.01%, an increase of 1% over the previous year.

CMSK has formulated the *Administrative Measures for the*

he percentage of wall leakage

95.01

Increased percent point over the previous

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Energy Conservation and Emission Reduction of Prefabricated Buildings						
		Energy conservation and emission reduction				
2022	Area of prefabricated projects (10,000 m²)	Decrease in energy consumption (10,000 tce)	Decrease in water consumption (10,000 tons)	Decrease in sewage (10,000 tons)	Decrease in waste (10,000 m³)	
	2,002.50	0.40	300.40	240.30	80.10	

Note: Refer to the data in the Analysis Report on Energy Saving and Emission Reduction Efficiency of Residential Industrialization issued by Shenzhen Institute of Building Research

Green Building Materials

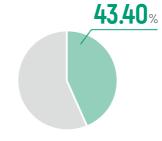


We undertake that the proportion of green building materials for new buildings will reach 50% by 2025 and 70% by 2030.

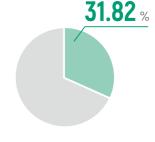
The building materials selected for all projects meet the environmental protection requirements of relevant national and local standards, and priority is given to high-strength, high-performance and locally suitable building materials, for example, pipes, pipelines and pipe fittings made of materials with outstanding corrosion resistance, aging resistance and durability, movable fittings made of long-life materials, and exterior decoration materials, interior decoration materials, waterproof materials and sealing materials which are durable and easy to maintain.

We further expand the application and encourage the purchase of green building materials. By requiring suppliers to provide green building materials certificates, carbon footprint descriptions, etc., we urge suppliers to pay attention to green design, green production and green packaging. Green certification requirements are added into the pre-qualification conditions of bid invitation, and suppliers obtaining green certification are preferred under the same conditions.

Effectiveness of Measures



In 2022, there were 49 centralized procurement suppliers who obtained green certification for their products, accounting for 43.40% of the total centralized procurement suppliers.



In 2022, green building materials accounted for 31.82% for new projects



Recyclable and reusable materials accounted for 9.41% for new projects.

3 Green Construction



In accordance with the Evaluation Standard for Green Construction of Buildings, the Technical Guidelines for Green Building and other relevant national standards, we make an overall analysis of ecological environment protection, resource conservation and recycling, carbon emission reduction, human resource conservation and occupational health and safety, and define appropriate technical paths and measures for green construction.

Effectiveness of Measures

- Formulate environmental management plans and emergency rescue plans, and take effective measures to protect underground facilities, cultural relics and other resources.
- Make special plans for the reduction of construction waste at the construction site to realize source reduction, process control and recycling
- Keep the original design of sales offices and exhibition areas as far as possible, and reduce construction waste in the process of project transformation.
- Work out water-saving measures depending on the status of water resources at the project site, and collect and utilize rainwater resources at the project site.
- ✓ Provide energy conservation planning, and adopt energy-saving equipment.
- Strengthen pollution control, and monitor and analyze various pollutants such as dust, noise, light, sewage, harmful gas and solid waste by information-based means to control them within the specified scope.

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In 2022

The main part of CMSK Shi Lin Zhendi project

The main part of Prince Bay Taiziwan Residence project

The CMSK Magnificent project

were approved as the Green Construction Demonstration Projects of Construction Industry in Shenzhen.







Green Certifications



Targets of new green building projects: All new well-decorated residential projects are designed according to the one-star standard of green buildings or higher standards, and all large self-owned public buildings (over 20,000 m²), such as commercial and office buildings and industrial parks, are designed according to higher-star standards of green buildings (national three-star, national two-star, LEED Platinum, WELL Gold, etc.). From 2030, 50% of newly built and operated hotel projects will meet the highest standard of green buildings and the ultra low energy consumption requirements, and 50% of other newly-built and operated projects will meet the highest standard of green buildings and the nearly zero energy consumption requirements.

Targets of existing green building projects: Actively promote the transformation of projects that have been put into operation in accordance with the requirements of green buildings, and obtain the certification of green buildings in the operation stage as far as possible. By 2025, there will be a total of 50 LEED certifications for all projects.

Performance Indicators 2022 Data		Performance Indicators 2022	
Number of new green building certification projects	81	Total construction area of new green building certification projects (10,000 m²)	1,022.21
7.41% 27.16% 46.91%		18.01% 29.80% 43.76%	
 Proportion of new one-star green projects Proportion of new two-star green projects Proportion of new three-star green projects Proportion of other new certification projects 		Proportion of the area of new one-star green projects Proportion of the area of new two-star green projects Proportion of the area of new three-star green projects Proportion of the area of other new certification projects	

Performance Indicators	2022 Data
Number of new ultra low energy buildings	17
Construction area of new ultra low energy buildings (10,000 m²)	149.60
Number of new nearly zero energy buildings	2
Construction area of new nearly zero energy buildings (10,000 m²)	15.70
Number of new zero energy buildings	1
Construction area of new zero energy buildings (10,000 m²)	. 0.38

Performance Indicators	2022 Data
Cumulative number of green building certification projects	431
Cumulative proportion of green building certification projects	66.82%
Cumulative construction area of green building certification projects (10,000 m²)	5,261.37

1	
new WELL	
Gold project	

new LEED Platinum
projects

	4	
ne	w LEED Go	ld
77	projects	_

Cumulative number of projects with LEED Certification

Green Operation and Management

Our green concept runs throughout the whole life-cycle of buildings from design and construction to delivery and operation. After buildings are put into use, we promote our businesses related to urban services (e.g., property services, cruises, conventions and exhibitions and health care) to practice the concept of green operation in a diversified way through the "green + technology" management method.

Targets

- Integrate the concepts of sustainable development and green ecology into the property management business, including commercial and office buildings, hotels & apartments and industrial parks.
- Integrate the concepts of sustainable development and green ecology into the urban service business, including property services, cruise lines, conventions & exhibitions and health care.

Progress of Targets and Key Performance in 2022

- Achieved 100% coverage of the "Golden Pothos Action"
- Formulated the Green Lease Agreement for commercial projects
- Obtained the "Energy Management System Certification" for the property service business (CMPO Beijing Branch)

Improvement Plan

By 2030, the coverage of green lease in CMSK's property management business will reach 50%.



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Green Leases

In the face of challenges brought by climate change, health and safety risks, we need to work with tenants to reduce carbon footprints, and build a greener, cleaner and more efficient living space.



In 2022, we formulated the *Guidelines for Energy Management and Maintenance of Equipment and Facilities of Centralized Commercial Complex* to set requirements for the energy consumption and maintenance standards of commercial equipment, and monitor the energy consumption of tenants at various stages by establishing and promoting the use of energy consumption and efficiency management platform, to help them optimize energy-saving strategies in a timely manner.

Effectiveness of Measures

In 2022, we achieved the implementation of the *Green Lease Agreement* in commercial projects. During the lease term and operation period of tenants, we will

- ✓ Define the payment method of commercial management fees for water consumption, kitchen waste generation, energy consumption
- Encourage merchants to set electricity and water consumption targets linked to their own operations
- Set requirements for the use of environment-friendly materials and energy-saving equipment, the installation of air blast system in kitchens, waste sorting, kitchen waste disposal, etc.



The "Carbon Exploration for the Future" Ecological Partners' Activity

The "Carbon Exploration for the Future" ecological partners' activity was successfully held in Nanhai ECOOL Cultural and Creative Industrial Park. As the property owner, CMSK, together with CENFO, The Nature Conservancy (TNC), HermanMiller and other ecological partners, shared the practical experience and action results of green, low-carbon and sustainable development from the perspectives of low-carbon policies and environmental protection etc.





Green Property



We had an agreement with customers that customers shall abide by the regulations on the waste sorting management, strictly abide by the *Regulations on Domestic Waste Sorting Management* and the relevant regulations and arrangements on domestic waste sorting management in the property management area during the lease term, and throw waste at the specified time. The advocacy of waste sorting in China Merchants Aden Hospitality apartments covers 15,350 households, achieving a household publicity rate of 100%.

Effectiveness of Measures /

We carry out a series of green environmental protection publicity activities for apartment tenants through the "Golden Pothos Action" as the carrier, including exchanging second-hand clothes for pothos, low carbon themed class, award-winning quiz on environmental protection knowledge, turning off the lights for 1 hour, and cloud happy farm, to encourage our tenants to become practitioners of urban low-carbon lifestyle. To encourage apartment tenants to practice low-carbon lifestyle, we have set up supporting facilities for low-carbon transport (including charging stations for electric bicycles and electric vehicles), and placed second-hand clothes recycling bins to support the recycling of second-hand clothes from tenants. Additionally, we put up bulletins of various environmental protection conventions in the apartment rooms and public areas, for example, turning off electrical appliances in time after using the facilities in public areas, saving water and electricity, closing doors, windows and water gates, turning off power supplies of the guest rooms when going out for a long time, etc.



CMPO Beijing Branch obtained the "Energy Management System Certification"

CMPO Anhui Branch obtained the **Level AAA Environmental Protection Credit Rating Certificate** issued by Anhui Living Environment Monitoring Center

The "Hangzhou Jinhu Huayuan" project of CMPO Zhejiang Branch was named **2022** Garden Style Residential Area in Zhejiang Province





Green Operation and Maintenance



Hotels

From the use of recyclable green products to the proper sorting of waste, we actively promote the green operation of hotels. In 2022, we provided training on waste sorting, improved the labeling of waste bins in all basements and guest rooms, added stainless steel sorted waste bins in public places and billboards for waste sorting guidance. Hilton Shekou introduced a new type of kitchen waste treatment equipment, which can treat kitchen waste in a zero waste way, and reuse the kitchen waste residue generated as fertilizer.



Qiandaohu Aden Hotel Became A "Zero Waste Asian Games Hotel" in Zhejiang Province

In 2022, Zhejiang entered the "Year of the Asian Games". As the official accommodation hotel for Asian Games venues in Chun'an County, Qiandaohu Aden Hotel actively responded to the call of the government to create a "zero waste city". To encourage the efforts, the hotel set up a leading group for creating the "Zero Waste Asian Games Hotel", carried out a full inspection, timely adjustment and rectification of all areas of the hotel in strict accordance with the standards of the *Guide on the Creation of Zero Waste Hotels*, and successfully became the "Zero Waste Asian Games Hotel" in Zhejiang Province in September.





Cruise Lines

We have formulated the Ship Energy Conservation Management System, the Ship Energy Efficiency Management Plan and other systems, accurately implemented measures to reduce the energy consumption of ships, and defined the control standards for ship fuel consumption, assessment of ship energy conservation and other contents. To reduce the energy consumption during navigation, we opt for lighter, more energy-efficient diesel and fuel options whenever possible, and optimize the power mode of the cruise ships in the Bay Cruises. The hybrid power system is used, so that the lithium battery packs meet the environmental requirements of "zero emission, zero pollution and ultra-low noise".

During the stay of "Zhao Shang Yidun" cruise at the port, we use shore power whenever possible, and if shore power is used exclusively, about 53 tons of CO_2 emissions can be reduced every day. In addition, we improve the energy efficiency by various means to raise shipping efficiency, including selection of reasonable routes and speed, regular maintenance of the external cleanliness of the ship bottom and reasonable load reduction.

Annual power consumption of shore power system for propulsion of Shekou Cruise Homeport

1,890,000 kWh

Alternative fuel consumption (equivalent to tons of ${\rm CO_2}$ emission reduction)

718 tons of CO₂ equivalent

Cost of ship energy saved by alternative fuel consumption

CNY 1.92 million

Alternative fuel consumption (equivalent to tons of pollutant emission reduction)

703 tons

Alternative fuel consumption

232 tons

3

Convention and Exhibition

We integrate the concept of green innovation into the exhibition operation and continue to explore innovative forms of exhibition. To reduce the quantity of waste device materials generated by exhibitions, we advocate exhibitors, sponsors and organizers to build environmental protection exhibition halls, attempt to use common or shared materials in different exhibitions, such as carpet, AV equipment, stage, prisms, partitions, and encourage all participants to use local materials. In terms of energy conservation, we use technological means to adjust the cooling and power intelligently depending on the operation of venues, turn off the unnecessary weak current during the non-exhibition period, and turn on different lighting modes depending on the level of reception.

In 2022, we saved electricity

1,055,000 kWh

In 2022, we saved water

24,800 m³

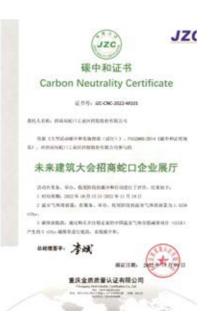
To comply with the sustainability requirements of energy conservation and environmental protection, Shenzhen World Exhibition & Convention Center encourages the wider application of hanging technology when organizing exhibitions. Wooden materials are mainly used for construction of traditional exhibition booths, and most of the wooden materials cannot be reused during the move-out period, which is likely to cause heavy waste. The hanging technology can reduce the quantity of wooden materials used in booth construction by 80%, effectively save building materials and construction costs, expedite the application and promotion of energy-saving and environment-friendly new materials, and promote the recycling of construction materials.



The 24th China Hi-tech Fair

At the 24th China Hi-tech Fair, CMSK, following the green and low-carbon concepts, used booth construction materials that were 100% recyclable, achieved carbon neutrality of the exhibition hall by purchasing the CCER, and was therefore awarded the Carbon Neutrality Certificate, the first "carbon neutrality" certification obtained by CMSK.





Green Office

We advocate green concepts, promote green office on a company-wide basis, and continuously reduce the resource and energy consumption in the office area from the source by using energy-saving technologies and publicizing green and conservation concepts.













Green office in office area - posters of energy conservation and consumption reduction

Social:

Leading Stakeholders to A Better Life





















Health and Safety as Priority

We always give top priority to "health" and "safety", and integrate the values of "life and safety first" into the establishment of a standardized management system for health, safety and environment ("HSE"). We are committed to creating a safe and healthy working environment, and constantly improving the occupational health of employees, contractors and other stakeholders.



Safety Management System



CMSK HSE Management System CMSK HSE Responsibility System

CMSK HSE Standardization Management Manual

CMSK Comprehensive Emergency Response Plan

CMSK Comprehensive Emergency Response Plan

for Safety Accidents



eliminate hidden dangers, ensure zero accidents and zero pollution Build HSE benchmark in the

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industry, improve HSE performance



making decisions on major HSE issues. The HSE Office is set up to be responsible for the daily work of the HSE Committee.

Comprehensive supervision organization Labor union: Mass supervision organization

The HSE Committee and Office of HSE Committee are set up at the headquarters, business divisions, specialized companies, and regional and city-level subsidiaries of CMSK



HSE System Certification

In 2022, we included the HSE system certification into the work plan, actively encouraged all subsidiaries to pass the review and certification, and continued to increase the coverage of occupational health and safety system certification.

Industrial

CMSK (Chongqing) Jinshan ECOOL Business Management Co., Ltd., a subordinate unit of the Industrial Park Business Division, has passed the certification of Level II Enterprise (Trade) of Work Safety Standardization by Chongqing Emergency Management Bureau

AVIC Property Management, China Merchants Property Management and 14 city-level subsidiaries have obtained ISO 45001 Occupational Health and Safety Management System Certificate



- 14 property management projects, including Beijing Onward, Beijing CM Park 1872, Chengdu AVIC Industry-Finance Project, have obtained the Level II Work Safety Standardization (Property Management Project) Certificate issued by the local emergency management bureaus
- Chengdu Magnificent Project and China Life Shandong Project have obtained the Level III Work Safety Standardization (Property Management Project) Certificate issued by the local emergency management bureaus



- Zhao Shang Yidun cruise has obtained the Safety Management Certificate issued by China Classification Society
- China Merchants Viking Cruises, a subsidiary of China Merchants Cruises, has obtained the Level I Certificate for Work Safety Standardization of Transportation Enterprises



Shenzhen Zhaohua International Exhibition Operation Co., Ltd., subordinate to China Merchants Exhibition, was awarded the Level AAAA Certificate for Work Safety Standardization Management issued by Guangdong Provincial Association of Work Safety

1

Target Performance Management

We adopt the HSE responsibility system involving all staff, from the main responsible person to the front-line staff, and from the development to the operation. In line with the working principles of "business overseers, and production and operation overseers must oversee safety", "whoever is in charge, whoever takes the initiative, and whoever gets closer shall take the lead", and "whoever benefits shall take the responsibility", we allocate the HSE management objectives to subsidiaries at all levels, and require them to sign the Letter of Responsibilities for HSE Targets. In 2022, the signing rate of the Letter of Responsibilities for HSE Targets at all levels reached 100%.

HSE Targets and Performance in 2022



The assessment objects and forms of HSE management targets include: key performance indicator (KPI) assessment of units concerned, performance assessment of employees concerned and the direct deduction of performance bonus for the principal of the units concerned. Furthermore, we require executives to shoulder the responsibility for HSE management and link their compensation and bonus with HSE performance.

Fulfilled

Performance Indicators	Data
Work-related injury rate	0.03‰
Occupational morbidity rate	0%
Number of accidents resulting in casualties	2 times (minor injury)
Work-related fatalities	0

Performance Indicators	Data
Lost days due to work injury	126 days
HSE investments	CNY 124,868,100
Number of full-time HSE managers	299
Number of registered safety engineers	157





Each Level III unit should have no HSE liability accident resulting in accumulative 3 or more serious injuries, or total direct economic losses of CNY 1 million or more



The number of general Level II HSE liability accidents or above of related parties is lower than that of the previous year

2

HSE Management for Stakeholders

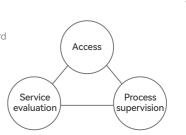


We have formulated and implemented the HSE Management Guidelines for Contractors, Suppliers and Their Related Parties and other system documents to clearly specify the HSE management responsibilities of both parties, implemented strict management on HSE access approval, inspection, evaluation, assessment and change, and incorporated the HSE performance of stakeholders into the HSE management of CMSK.

Core Measures

We have mainly developed supporting control measures for the access, process supervision and service evaluation, listing the HSE performance of stakeholders as an important standard for acceptance evaluation, and urging stakeholders to establish and improve their occupational health and safety management system.

- At the time of signing of service contracts with stakeholders, HSE agreements or terms need to be signed
- HSE skills and education training of stakeholders are incorporated into HSE training system of the Company



Three Dimensions of Supporting Control Measures

3

Prevention and Control of Potential Risks

We have established a double prevention mechanism of classified HSE risk control and hazards screening and control, and successfully tackled challenges in the "Three-Year (2020-2022) Action for Work Safety Rectification", and carried out specific rectification in the building structure safety, high-rise building fire safety, gas and hazardous chemicals safety, and other aspects. Meanwhile, we have created a "basic security information platform" using scientific and information-based means, enabling the platform-based dynamic monitoring of basic security information and the classified and graded dynamic control of security risks. In 2022, CMSK organized the inspection of 18 subsidiaries and 275 projects, and found 2,410 hazards, fulfilling a rectification rate of 100%.





Safety inspection of property projects



Strengthen Safety Culture

We strive to create an HSE culture of "conscious thinking, standardized management and habitual behavior", organize and carry out various safety culture activities, and continuously promote our HSE cultural concepts and values through various channels such as WeChat official account, OA news, bulletin board, online media and TV stations, to continuously create a favorable HSE atmosphere.

Effectiveness of Measures

- ✓ We organized 2022 Work Safety Month, Fire Control Publicity Month and Work Safety Law Publicity Week, published 9 issues of Fire Safety Feature, and released a series of 42 videos themed Life is of paramount importance (2,100 minutes in total)
- We organized the first Online Emergency Response Knowledge Competition, attracting 644 participants, 92 of whom achieved excellent results
- We organized the "Lectures on Work Safety". The general manager of the Company took the lead in giving lectures, and 799 employees participated in the training

Stakeholders Training

- Suppliers and contractors: We organize suppliers and contractors to deliver characteristic safety training, and communicate our health and safety policy requirements to all suppliers and contractors.
- Dispatched workers and temporary employees: We provide training on the HSE operation procedures and HSE operation skills specific to posts and urge the labor dispatching unit to deliver necessary HSE training for the dispatched workers.

1,562,677

Number of safety training participants

18,483

Number of drill organized 359,959

Cumulative number of participants in drills

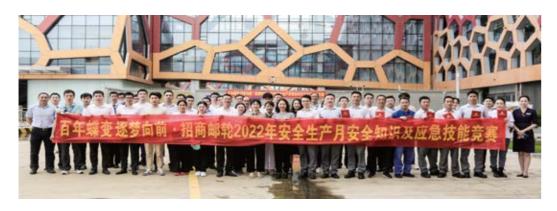
96.95%

Proportion of employees passing the third-party safety and civilization assessment



China Merchants Cruises Organized the Safety Knowledge and Practical Skills Competition

China Merchants Cruises held the "A Century's Evolution, Chasing the Dream" Safety Knowledge and Emergency Skills Competition for 2022 Work Safety Month. Themed at "Abiding by the Work Safety Law and Being a Good First Responsible Person", based on the Company's safety management practice, the Competition aims to further strengthen the safety awareness and safety business knowledge of employees, improve their literacy of safety law-based governance and safety operation skills.



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Safety Secruity at Construction Sites

We have established the full-cycle HSE management system for the development of construction projects, and implemented the supervision mechanism, to ensure the life safety and health of the employees of CMSK, suppliers and contractors in all aspects of project development and construction. We have defined the HSE management responsibilities at all levels by adopting the "headquarters - region - city - project" four-level control and the "business assurance line + HSE supervision line" two-line management. Meanwhile, we facilitate the effective operation of the HSE management system of CMSK and related parties (suppliers and contractors) before, during and after the event.

Whole Process Management		Before the Event		During the Event	After the Event
Employees		Know	ledge training	Cooperative empowerment	Case warning
Suppliers	Ins	spection	Risk notification	"Eagle Eye" Action	Darformanaa rating
Contractors	adr	and mittance	Management disclosure	Supervision and evaluation	Performance rating

1 Safety Supervision Mechanism

We have established and improved the process management and supervision mechanism, strengthened the management of civilized construction of projects by various supervision means such as "Eagle Eye" Action, evaluation and light-based management, supervision and inspection, with the focus on the supervision of the construction and production planning, HSE management mechanism, resource scheduling and guarantee of suppliers and contractors, and promoted the organic combination of "man, machine, material, method and environment (4M1E)", to ensure that the on-site HSE management is always kept in a good state.

2 Accident Management Mechanism

We standardize the reporting, investigation, handling and statistical analysis of accidents in all entities (including suppliers and contractors) to ensure timely accident reporting and effective accident investigation and handling. We also strictly implement the policy of "no tolerance" for accidents (which means that no one responsible for an accident will be let off the hook until the accident's cause has been fully investigated, those responsible have been held accountable and disciplined, corrective measures have been implemented, and all individuals involved have received proper education and training) to prevent the recurrence of similar accidents. All units are required to faithfully implement the Company's accident management regulations. It is strictly prohibited to delay, fail to report, falsely report, and conceal major HSE accidents. HSE indicators are closely monitored and correction measures are taken in time.

[&]quot;Man, machine, material, method and environment (4M1E)": refers to the five elements of on-site management, namely personnel, machines, materials construction methods and environment.





Safety Security throughout Operation

We introduce the full-cycle HSE management under the background of diversified businesses, identify the HSE risks in work safety, occupational health, construction work, property management, health care, hotel management, fire safety, road traffic, marine transportation, apartment management and business management, and other fields, and formulate the response plan specific to each field, for the purpose of constantly improving the various connotations of HSE management system.



Fire Safety

We formulate and implement the Standardization Management Regulations for Fire Safety, and give more attention to large commercial complexes, high-rise buildings, nursing institutions, hotels, schools, hospitals and other crowded places to ensure the safety of life and property of stakeholders. In 2022, we engaged third-party safety consultancies to perform safety inspection and evaluation on 32 commercial complex projects, aiming to improve the overall safety management of grass-roots projects.

Core Measures /

- Set up a fire safety committee in the key units of fire safety, and assign special fire safety officers.
- ✓ Provide fire facilities in accordance with national or industrial standards, and regularly maintain the fire facilities in buildings.
- ✓ Regularly carry out fire safety education and fire drill and training.
- Organize publicity and warning education on fire prevention to the public by putting up posters, playing videos on fire prevention and other means.



Disaster Response

We keep improving our ability to respond to natural disasters and emergencies, formulate special emergency plans for wind and flood prevention in business areas with a high incidence of typhoons and rainstorms, and urge and inspect the preparation for wind and flood prevention and emergency response work of units at all levels. In 2022, the Company organized typhoon prevention and resistance five times, and no casualties were reported.



Preparing for "Typhoon Muifa", Racing against "Flood"

When the 12th typhoon "Muifa" (a strong typhoon) hit in 2022, CMPO Shanghai Branch activated the emergency plan for typhoon and flood prevention immediately, and implemented the 24-hour duty system; prepared for flood and typhoon prevention in advance, stepped up patrol and defense efforts, and timely identify hidden dangers; and once the storm ended, organized comprehensive inspection and maintenance as soon as possible.



Protecting Physical and Mental Health



Enhancing Occupational Health

We advocate "happy work, happy life," and continuously build up a "simple, positive, efficient, caring" organizational climate. We organize a variety of cultural and sports activities for employees to promote work-life balance. To ensure the physical and mental health of our employees, we provide a range of benefits, such as health check-ups, workout programs, healthy diets, health lectures, and psychological counseling.

Coverage of employee physical examination

100%

Core Measures /

In 2022, we focused on psychological counseling for employees, organized and carried out the Employee Assistance Program (EAP) psychological health services. Throughout the year, we delivered 148 hours of 24-hour online psychological counseling services, organized 12 mental health training lectures/salons, and provided psychological health services for 14,697 employees. We also organized and carried out the publicity week for the Law on the Prevention and Control of Occupational Diseases. Through a series of publicity and education activities, we popularized occupational health knowledge to heighten the employees' awareness of occupational disease prevention and control.



Gourmet Festival



Football game



Activity of the Employee Assistance Program (EAP)



"Chasing Dream Cup" CM Badminton Match

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2 Healthcare for the Elderly



The elderly-oriented renovation project in Yuehai Street was listed in the "2022 Touching Shenzhen" Top 100 Public Satisfaction Projects We continue to explore new healthcare service models for the elderly, to better solve the problems of social aging and elderly care. In 2022, China Merchants Guanyi started to adopt the service model of community and home care, and delivered services such as renovation of the living environment for the elderly, rehabilitation, elderly capability assessment, life care, and traditional Chinese medicine physical therapy in Yantian Street, Shekou Street, and Merchants Street in Shenzhen.

Core Measures /

- ✓ B
- Based on the 9 Specialized Treatment Centers, provide deep and specialized treatment advice
- ✓ Design customized health management schemes in accordance with individuals requirements
- "1+1+1+N" whole-process continuous tracking management, health assessment and solutions with the team of family doctors at the center

China Merchants Guanyi extends its mature healthcare experience to community homes through a four-level elderly care service network covering "Streets, Communities, Neighborhoods and Homes". By the end of 2022, 7 community sites for elderly care services have been put into operation, providing community and home care services for more than 1,000 elderly households in the Shekou Peninsula, Shenzhen. It is estimated that by 2023, China Merchants Guanyi will operate 20 community sites for elderly care services, serving more than 3,000 households and covering the entire Shekou Peninsula, Shenzhen.

By the end of 2022,

7

community sites for elderly care services have been put into operation

Case Study



A family receiving out-reaching service presented a pennant to China Merchants Guanvi team



The renovation of the living environment for the elderly team of China Merchants Guanyi delivered home service





China Merchants Guanyi offered specialized training on dementia care

3 Transmitting Health Concept



"Peaceful Home" public welfare program won the "2022 Excellent Public Welfare Program Award" at the 12th Public Welfare Festival China Merchants Maillen Health Center provided medical experience services for

9,999 person-times

Free public welfare health services for

489 person-times

Held **26**

public welfare health lectures

Core Measures

Since 2018, CMSK has initiated the "Peaceful Home" public welfare program jointly with the China Merchants Foundation (CMF) and the Lingshan Charity Foundation, aiming to promote the availability of automated external defibrillators (AEDs) in public places, provided first aid training for volunteers from employees and community residents, and formed an emergency rescue volunteer team to enhance the emergency rescue capabilities of the public.

In 2022, in order to celebrate the 150th anniversary of CMG, we held "Teachers and Friends in Your Neighborhood" first aid public welfare classes in such cities as Shenzhen, Haikou and Hefei to improve the public's self-rescue and mutual rescue capabilities. By the end of 2022, the "Peaceful Home" public welfare program has attracted 1.20 million participants in total, donated more than 12 billion steps, trained nearly 200 volunteers certified by the American Heart Association, and donated and installed a total of 71 AEDs for first aid nationwide.

Case Study



Poster of the "Peaceful Home" program



Peaceful Home



"Teachers and Friends in Your Neighborhood" first aid



AED Donation Ceremony at Wuhan

Product Quality as the Fundamental

We attach great importance to product quality and safety, and continue to tighten the internal supply chain management and quality of construction management. Adhering to the business philosophy of "prioritizing quality, winning success through quality, and pursuing superior product quality", we are committed to providing more satisfying products and services of higher quality, thus facilitating the better and more sustainable development of CMSK.



Supply Chain Management



We have formulated and implemented the Supplier improved the Management Implementation Rules, and carried out full-cycle supply chain management constituted by supplier introduction, assessment and exit when have form improved the Supplier Management and Carried out Mechanism, a performance improved the Supplier Management and Carried out Mechanism, a supplier introduction, management and exit during the strength of the Supplier introduction, assessment and exit when the supplier introduction improved the Supplier Management and Carried out of the Supplier Management and Carried out of the Supplier Management Implementation Supplier Management Implementation Supplier Management Implementation Mechanism, a supplier Management Implementation

We have formulated and improved the Light-Based Supplier Management Mechanism, and conducted performance assessment and level-by-level light-based management of suppliers during the stages of bidding, contract performance, and

We hire third parties to conduct quality inspections, supervision and rectification on suppliers, and carry out level-by-level light-based management of suppliers based on the supervision and inspection results.

We actively communicate and maintain a friendly cooperative relationship with suppliers, and empower the supply chain through supplier training, technical exchange conferences and other means to achieve win-win cooperation.



Whole-cycle Management



mechanisms.

We have tailored 12 admittance investigations for different types of suppliers to assess supplier qualifications and capabilities in an all-around way for creating a high-quality supplier library.



- We improve the supplier assessment questionnaire and promote "full coverage of contract performance assessment in all suppliers".
- We plan to gradually intensify the assessment on the sustainability performance of suppliers from production environment, occupational health and safety, environmental protection, business ethics, and other issues.



- We hire third parties to conduct quality inspection on suppliers to ensure the product quality of shortlisted suppliers.
- We plan to gradually require suppliers to submit inspection reports, environmental management system certification, safety production license, certificate of origin of materials and other documents each year, and finally expand the coverage to all the first and second-tier suppliers.

Exit of Suppliers

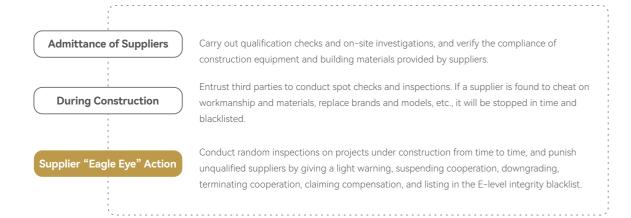
We have stepped up light-based punishments. If a supplier violates laws and regulations during the contract term, fails to meet the requirements of the bidding document, misbehaves or fails to meet expectations, it will be given a warning light, disqualified from winning the bid, downgraded or blacklisted.

Performance Indicators	2022 Data
Total number of new suppliers	14,078
Number of engineering project suppliers	5,115
Number of business project suppliers	6,164
Number of strategic suppliers	1,746

Performance Indicators	2022 Data
Amount of annual strategic procurement	CNY 24.8 billion
Ratio of annual strategic procurement	37.46%
Number of penalized suppliers	134







In the "Eagle Eye" Action 2022, we conducted 4 centralized sampling surveys, and spot-checked 1,344 batches of materials, covering 23 major categories of materials in the bill of materials, with an overall qualification rate of 97.46% (higher than the industry qualification rate of 92.40%).

Overall qualification rate 97.46%

52,281

Total number of suppliers

14,078

Total number of new suppliers in 2022

Number of strategic suppliers consistent with the green certification of building materials

3 Cooperation and Empowerment

We are committed to working with partners to create a "carbon-neutral" green supply chain. In 2021, we released the first supply chain "carbon-neutral" green quality manufacturing convention in China's real estate industry, and invited supplier representatives to sign the CMSK Green Supply Chain Quality Manufacturing Convention.

Core Measures

We actively communicate and maintain a friendly cooperative relationship with suppliers, and empower the supply chain through supplier conferences, supplier technical exchanges and other activities held irregularly every year to achieve sustainable cooperation and win-win results. In 2022, we offered training sessions and lectures for suppliers of different types on management requirements, quality control, announcement of rewards and penalties, anti-corruption, professional technology and other specific issues. We delivered 44 "Smart Purchase Camp" special training sessions for the Company's procurement personnel and suppliers to cooperate on improving procurement quality and efficiency and strengthen the tacit understanding of cooperation.



Product Quality Management

We have always adhered to the customer-oriented value concept and the quality-oriented code of conduct, and are committed to providing customers with a series of high-quality, efficient and trustworthy products and services.



Quality Management System



We have prepared and implemented the CMSK Engineering Management System, the CMSK Implementation Guidelines for Key Actions of Project Management and many other technical standards.



We build an engineering management system covering seven aspects of "system, inspection and assessment, risk pre-control, organization management, resource management and control, technology management and training conference".



Based on operational milestones, we sort out quality management procedures of the whole construction process, standardize standard actions and output templates and clarify technical requirements to comprehensively improve quality management based on assessment.



We promote the use of digital technology to empower quality management systems, fully launch the project management collaboration platform (Modou system), and apply it to the whole process of project quality and safety management, so as to empower project management.

We have established and improved the product and quality of service management system in strict accordance with ISO 9001 standards, and implemented PDCA closed-loop management. In 2022, we actively promoted all business sectors to obtain quality system certifications such as ISO 9001. For the units that have obtained ISO 9001 quality management system certification, we require them to annually report and review during the implementation process to ensure the continuity of certification validity.

16 subsidiaries of CMPO have obtained the ISO9001 quality management system certificate







Safety measures for welding at height



The project engineer checked the drawings on the construction site after the snow stopped



2

Quality Culture Construction

We are committed to strengthening the internal quality culture system and advocate the "craftsmanship spirit".

Core Measures /

In 2022, CMSK developed the engineering culture system in an all-round way, regularly held project management experience sharing salons and benchmarking project observations to strengthen internal engineering management exchanges and share excellent experience. Based on the training platform of "Famous Craftsman Workshop", we organized training sessions on "project delivery management and quality improvement" and "special projects" to improve the quality awareness of all employees and the management capabilities of management personnel.

The coverage of quality control or product-related safety training for employees has reached

100%

The coverage of quality control or product-related safety training on suppliers has reached

100%



The First CMSK Engineer Culture Festival Themed at "Creating a Better Life with Craftsmanship"

On August 16, 2022, CMSK held the first "Creating a Better Life with Craftsmanship" Engineer Culture Festival in Nantong, to carry forward the culture of craftsmen from customer perspective, and enhance the innovative thinking of CMSK. The festival was one of the important events of the "Quality Year" of CMSK in 2022, aiming at encouraging engineers to rely on product quality, take customer needs as the foothold, continue to uphold and carry forward craftsmanship, create more high-quality projects by doing a good job in all aspects and giving top priority to quality, and repay the trust of all customers with "ingenuity".



Safety and Quality Assessment



We have formulated and implemented project management and quality inspection and acceptance systems such as the *Guidelines for Quality Control of Delivered Model Houses* and the *Guidelines for Joint Acceptance Management of Exhibition Areas (2021)*. Furthermore, we carry out inspection and assessment management for the whole construction process of projects under construction, build a bridge between design drawings and construction through control for delivered model houses, and verify customers' sensitive points and functional effect issues in advance, thereby realizing the enhancement of the project delivery quality. In addition, we also hire third parties to carry out regular quality inspections on project engineering management, and conduct joint acceptance together with the third parties before delivery.

Core Measures

In 2022, we actively carried out special actions on red-line management, checked red-line quality risks, formulated red-line management mechanism, implemented red-line management on walls and red-line self-inspection assessment, and normalized the management. Besides, we continued to carry out special anti-leakage actions, and conducted comprehensive anti-leakage inspections by using the rainy season and drenching and seepage tests. The pass rate of leakage in delivery assessment and inspection throughout 2022 reached 98% or above.

Performance Indicators	2022 Data	2021 Data	2020 Data
Average value of assessment on roughcast house delivery	76.70 points	73.90 points	73.40 points
Average value of assessment on refined decoration house delivery	78.30 points	77.00 points	74.70 points
Customer satisfaction with housing quality	83.70 points	81.60 points	75.30 points

Average score of field testing and measurement of the projects

89.60

Number of mobile house inspection households

75,583

Coverage of field testing and measurement (building area caliber)

100%

Coverage of delivery assessment of the projects (building area caliber)

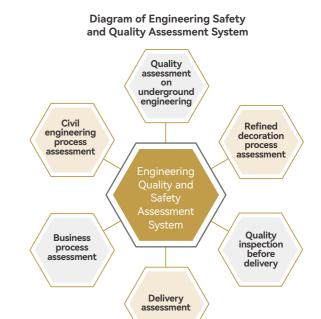
100%

Number of mobile house inspection cities nationwide

30

Number of mobile house inspection projects

130



Customer Service as the Motivation

We adhere to the "people-oriented and customer-first" service concept to provide customers with fast, convenient and high-quality services. Moreover, we respect and understand customers, and are committed to creating value and solving problems for customers wholeheartedly and dutifully.



Responsible Marketing

Adhering to the healthy and sustainable consumption concept, we have established a comprehensive management and control mechanism combining the multi-layer responsible marketing management system with supervision and inspection, and carried out special training on responsible marketing for employees and marketing agencies, so as to provide customers with reliable and reassuring high-quality products and services.



- Guidelines for the Standardization of CMSK Marketing Case Services. It strictly standardizes marketing behaviors of all service personnel (including employees, marketing agencies and other outsourcing personnel) on case sites, so as to eliminate overcommitments and ensure that marketing displays are authentic, accurate and complete, and customers' right to know and other legitimate rights and interests can be effectively safeguarded.
- **CMSK Transparent Public Announcement.** It promises that all announcements on case sites shall comply with national and industrial regulations, and strengthens announcements on unfavorable factors inside and outside the red lines of projects, non-standard housing types, uncertainties of educational facilities, customer payment risk warnings and reporting channels for complaints and supervisions.



Training and Publicity

In 2022, we carried out thematic trainings on multiple issues of marketing services such as "integrity and law-abiding", "integrity practice", "product information output precautions", "key advertising risk control points", "best advertising display publicity and implementation", "legal risks of marketing advertising publicity" and "compliance display of model houses", covering employees, marketing agencies and other outsourcing personnel, so as to help them carry out on-site marketing services better.

2

responsible marketing trainings for all employees

42

responsible marketing trainings for regional and city-level subsidiaries 627

responsible marketing trainings for professional marketing channels (including marketing agencies and other outsourcing personnel)



Supervision and Control

We conduct whole life-cycle node control on service actions and quality of service on the marketing sites. Moreover, we implement supervision and control of services and displays on marketing sites through such regulatory means as pre-opening acceptance of exhibition areas, regional quarterly inspections and spot checks by headquarters as well as combining annual marketing site service reports and satisfaction surveys and mysterious visitors from third-party agencies.



Protecting the Interests of Customers

We have always maintained unimpeded multi-channel communication with customers, constantly updated our understanding of customer needs, and carefully listened to customers' opinions and suggestions on the Company's products and services, thereby constantly improving customer satisfaction with all businesses.



Complaints Resolution Mechanism

Setting "making customer satisfied" as the starting point, we have established a comprehensive complaints resolution mechanism from top to bottom (including unimpeded and diverse complaint channels, standardized customer complaint handling process, customer service lighting penalty, regular problem sorting and analysis, etc.) and developed a management closed-loop through irregular spot checks and supervision.

Households covered by the Customer Information Center hotline

663,481

Real-estate development		100%	
		Commercial and office buildings	98.40%
Customer Complaint Resolution	Property management	Hotels and apartments	100%
		Industrial parks	None
in 2022		Property services	99%
	Urban services	Cruise lines	100%
		Conventions and exhibitions	99.10%
		Health care	100%

We have established a three-level complaints resolution mechanism, including headquarters-level, region-level and city-level. For complaints received at all levels, we record them through the unified platform, and implement a whole-process standardized management covering complaint response, handling, return visit, closure, etc.



Customers can make feedback, request for repairs, consult and complain by various means of phone number, letter, visit, e-mail, official account, mini program, etc.



- We clarify the handling timeliness and standards for customer complaints, and permanently reserve customer complaint records for traceability and supervision.
- When unsatisfied with the handling results given by the local company, customers can make further complaints to the headquarters which will supervise and resolve the complaint.



The headquarters carry out effective supervision by means of customer return visit, satisfaction survey, routine spot check, regular report and annual assessment, so as to ensure that customer demands can be addressed timely and effectively.

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Complaint Channels:

Tel.: National service hotline: 400-861-1979

National supervision hotline: 0755-26822222

E-mail: Headquarters mailbox for complaints from customers: cmhkcic@cmhk.com

WeChat official account: the CM Club Official Account, the Zhaoshang Hui Mini Program

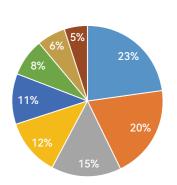


CMPO Strengthens Quality Supervision and Makes Every Effort to Solve Customer Problems

CMPO focuses on the common problems of complaints, enriches cases of diagnosis and assistance for common problems, strengthens quality supervision, and makes every effort to solve customer problems. By the end of 2022, CMPO has received a total of 11,224 complaints, focusing on three types of problems: elevator faults, parking management and public area cleaning. After analyzing problems involved in customer complaints, CMPO has established a common problem solution to synthetically solve common problems, and shared common problems internally; CMPO has carried out quality experience exchanges, and organized quality control ability training for project managers; CMPO has also investigated key projects in CMSK regions secretly. In 2022, based on customer opinions and needs, considering customers' living experience, we conducted 126 improvements and upgrades for a total of 94 projects, evaluated quality control abilities of 23 city-level subsidiaries and randomly inspected 518 projects in total.

Property Complaint Types and Proportions in 2022





2 Pri

Privacy Protection



Customer information leakage incidents in CMSK in 2022





We have formulated and implemented the *Confidentiality Management System*, and carried out work such as personnel authorization management and service provider information confidentiality management. All secret-related staff and relevant suppliers must sign confidentiality agreements to keep customer information confidential and prevent the leakage of customer information.

Core Measures /



- We adopt encryption technology to encrypt and save users' personal information, and adopt isolation technology to isolate the personal information.
- We adopt strict data access control and multiple identity authentication technology to protect personal information and avoid non-compliant use of data.
- ✓ We adopt data access log analysis technology to safely audit personal information.



- We standardize management processes and systems such as customer privacy information confidentiality and face authorization.
- ✓ We develop and improve data security emergency response plans.
- We organize information security and privacy protection trainings to strengthen employees' awareness of data security protection.



Satisfaction Management

We have compiled and implemented the *Guidelines for the Management of Customer Satisfaction*, and entrusted professional specialized third-party companies to carry out customer satisfaction surveys on products and services in all business sectors of the Company's real-estate development, property management and urban services every year. By means of customer satisfaction surveys, we can not only promote communication with customers, but also discover problems and deficiencies in products and services, thereby constantly improving products and services and enhancing customer satisfaction.

Performance Indicators	2022	2021	2020
Delivery satisfaction from third-party surveys	91 points	85 points	78 points

	Real-estate development		90 points	
		Commercial and office buildings	94 points	
D. H	Property	Hotels and apartments	90 (apartment)	
Delivery Satisfaction from Third-Party Surveys in 2022	management	Industrial parks	None	
	Urban services	Property services	89 points	
		Cruise lines	88.50 points	
		Conventions and exhibitions	89.90 points	
		Health care	90 points	

In 2022, we independently developed a digital satisfaction management system, the "full-cycle online touchpoint system", covering 7 touchpoints in the customer journey of "subscription, signing, construction site opening, delivery, repair, complaint and activity". This system can automatically trigger satisfaction surveys by events, and push and collect real-time customer comments, so that we can more comprehensively understand customer needs.

Employee Wellbeing as the Faith

We continue to deepen the construction of the employee rights and interests protection system, optimize the development and promotion paths for talents, perfect the employee care system, encourage and support internal employee mobility, and guide the Company and talents to realize a virtuous circle of mutual achievement and promotion.





Protecting the Rights of Employees

We safeguard employees' legitimate rights and interests, strive to provide fair and legal employment opportunities and a competitive compensation and welfare system, and create an equal, pluralistic, democratic and harmonious working environment for employees.

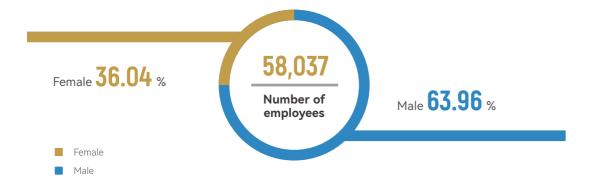


Diversity and Equal Working Opportunity

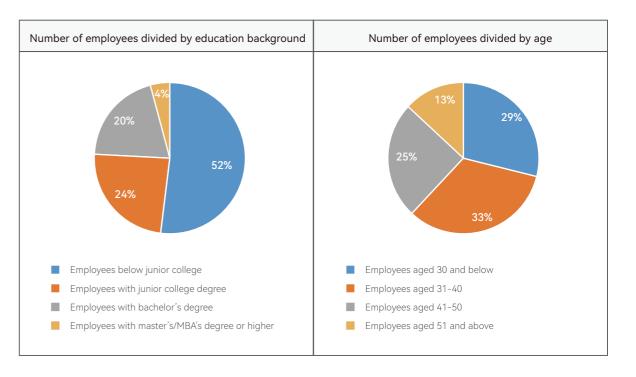
In 2022, we revised the CMSK Recruitment Management System (2022) to further tighten the recruitment disciplines and strengthen the management and supervision of recruitment.

- ✓ No discrimination on race, skin color, gender, age, belief, etc.
- Eradicate illegal employment and employment in violation of policies and regulations such as child labor and forced labor.
- ✓ Strictly prohibit illegally collecting personal information of applicants.
- ✓ Insist on equal pay for equal work for men and women.

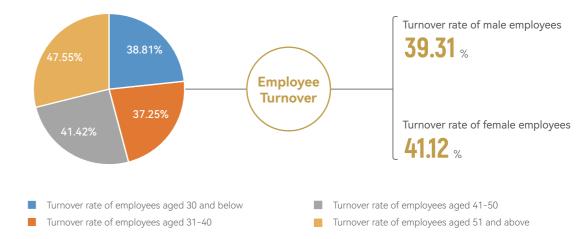
Performance Indicators	2022
New employees recruited	19,568
Labor contract signing rate	100%
Proportion of female middle-level managers and above	19.64%
Fresh graduates recruited through the "New Voyage Project" in recent ten years	1,282
Leading talents and executives introduced through market-oriented approaches in recent 4 years	30+



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	Performance Indicators	2022 Data
	Number of overseas expatriate employees (excluding Hong Kong, Macao and Taiwan)	20
	Number of overseas local employees (excluding Hong Kong, Macao and Taiwan)	59
Employee	Number of employees in Hong Kong, Macao and lawan	
Diversity	Foreign employees	60
	Minority employees	1,929
	Employees with disabilities	179





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Compensation Incentives

Based on CMSK's keynote of comprehensive development, we benchmark against market outstanding enterprises, deepen the differentiated compensation incentive system across the whole value chain, the whole-cycle and all business sectors, and provide employees with multi-level welfare guarantees to stimulate their enthusiasm for work, and to attract, motivate and retain core talents.

Core Measures //

We have established a payroll distribution mechanism that is based on human efficiency, organizational performance and key performance indicators, instead of the manning quotas, so as to enhance incentive effects while taking into account both guarantee and incentive factors.

Statutory Benefits	 Social insurance (including endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance) Housing provident fund Statutory holidays Paid annual leave Maternity leave and funeral leave
Additional Benefits	 Enterprise annuity Supplementary medical insurance Meals on working days Settlement allowance (provided for expatriate employees) Women health care service Excellent employee award Congratulations and sympathy gifts
Short-Term Incentives	✓ Monthly top sales incentives ✓ Special incentives for public building sales Destocking incentives
Medium and Long-Term Incentives	Project co-investment mechanism: In 2022, the co-investment management of over 100 projects was completed, with more than 15,000 co-investors.



Communication and Engagement

We continue to improve the CMSK workers' congress system to ensure employees' right to know, participate and supervise. The online and offline "Opinions Pool" platform allows employees to communicate with the management democratically and directly. Employees are also encouraged to comment on the Company's business and management, so that their work enthusiasm can be stimulated and their collective wisdom can be pooled to facilitate CMSK's high-quality and sustainable development.

2022:

| 13

offline "Opinions Pool" symposiums were held

The online "Opinions Pool" platform collected

312 employee suga

Feedback processing

97.80%



"Opinions Pool" Symposium

The Company's executives communicate face-to-face with the front-line employees of subordinate units, business backbones and fresh graduates recruited through the "New Voyage Project" on such aspects as investment development, business planning and operation, product management, performance management, talent management and incentives to listen to voices from the front-line staff and answer questions for them.



Talent Development and Promotion

We attach great importance to the cultivation and development of talents, and always regard "respecting, caring, developing and achieving people" as the starting point and foothold of management. Besides, we drive the development of the Company by promoting the advancement of talents, and provide platforms and opportunities for employees to pursue excellence and continuous progress, thereby achieving sustainable win-win outcomes for both the Company and employees.



Occupational Training

Based on years of practice, exploration, optimization and innovation, we have formed a talent training project system covering "leadership, professional ability and general ability", and created multiple special talent training brands such as the Executive Voyage Project, the Intensive Training for Middle Management Project, the Transformation Pioneer Project, the Training Project for Newly-appointed Managers, the New Voyage Project, the Happy Learning Program and the Shekou Lecture Hall, so as to constantly enrich the project system and expand the coverage of talent training.

Performance Indicators	2022 Data
Coverage of employee training	96.41%
Coverage of male employee training	96.28%
Coverage of female employee training	96.65%

Performance Indicators	2022 Data
Annual training hours per employee	41.50 hrs/yr
Annual training hours per male employee	47.10 hrs/yr
Annual training hours per female employee	35.90 hrs/yr

Talent Development Projects with CMSK's Characteristics



Positioned as an intensive training project for the Company's top executives, the Executive Voyage Project is committed to cultivating a group of leading talents to lead transformation, innovation and comprehensive development.



This project integrates the key talent training and the strengthening of transformation and reform, and aims to cultivate a group of backbone talents who are professional, responsible, enterprising, inventive, diligent and brave to act as pioneers in CMSK's transformation and upgrading, so as to promote the full implementation of the Company's five-year development strategy.



This project is mainly for new grass-roots managers in each unit, aiming to promote them to successfully transfer to the management roles, lay a solid foundation, build a high-performance team and improve their organizational capabilities.



The New Voyage Project is tailored for selected excellent talents through campus recruitment, including a series of three-level progressive training programs of the New Voyage – Sailing, the New Voyage – Breaking the Waves and the New Voyage – Galloping. This Project has provided a large number of business backbones and management reserves for the Company, and also laid a solid foundation for the Company's employer brand building.



Promotion Mechanism

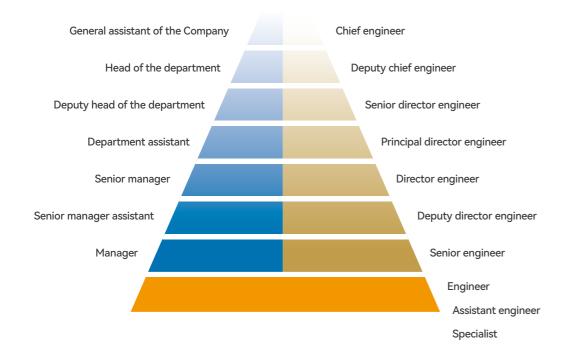
We respect employees' differentiated capabilities. By combining with characteristic talent training programs and adopting scientific and systematic training systems, we provide clear career development paths for employees and thereby realize the joint growth of talents and the Company. We have innovatively established a differentiated job-rank system, formed a "two horizontal and two vertical" talent management system and a dual-channel development path, and also formulated a regular tracking and assessment feedback system for career development to provide full follow-up support for employees' career development paths.

2,058 employees were promoted

Regular Tracking, Assessment and Feedback

path and development	Communicate Develop a career development plan	Communication and approval of plans	Access to development resources and opportunities	Career planning and implementation
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Employee Benefits and Care

We stimulate employee vitality with various activities and alleviate employees' difficulties with sincere care to create a harmonious team atmosphere and strengthen employees' collective consciousness.

Core Measures //



Deeply understand employees' needs through such communication platforms as the Labor Union and employee service stations, and provide multiple assistance including but not limited to psychological consultation and financial support. Pay attention to female employees, and enable them to legally enjoy prenatal check-up leave, maternity leave, reward leave, breastfeeding leave, etc. The Company's canteen provides customized extra meals for pregnant employees.



We organized the "Dream Realization

Program", and helped 86 employees realize their dream of going to college on the job through labor union funding and college tuition reduction

3,093 employees joined the Employee Care and

The revenue from membership dues reached

CNY 1,492,400, with a total expenditure of CNY 440,





International Women's Day Activity in Xiong'an Branch

Social Development as the Core

We share fate with the motherland and develop together with the era. Inheriting the sense of historical mission and social responsibility of the century-old CMG, we accurately grasp the development of the times, gain a deep insight into the needs of urban development, actively pay attention to social issues, and constantly look for joint development points with the society to improve people's well-being, cultivate development momentum and practice public welfare undertakings. Besides, we strive to act as the promoter and practitioner of social progress and urban development, and more firmly move towards a better life.



Rural Revitalization

We align corporate reform and development with the efforts to consolidate and expand the achievements in poverty alleviation and advance rural vitalization in all respects, contributing more to common prosperity. Under the overall arrangement of CMG, CMSK continues to set the CMF as a unified professional public welfare platform to focus on "consolidating and expanding the achievements in poverty alleviation and effectively connecting with rural revitalization" and solidly promote industry revitalization and education improvement, thereby contributing to improving people's livelihood, stabilizing income increase and uniting all ethnic groups in Yecheng County and Shache County of Xinjiang.

We actively respond to the call of the central government to fight the Three Critical Battles and build a beautiful countryside, and promote the sustainable development of the local economy by relying on actual regional resources and actual needs of industrial development and activating local hematopoietic functions. We help build China Merchants Qichun Healthcare Industry New-City, and aim to develop it into an ecological LOHAS Health Industry New-City integrating the local traditional Chinese medicine industry, comprehensive business format with the medical industry as the core, industries, residential business and supporting facilities.



Shared Prosperity



CNY **35.13** million donated to external parties

We have highly practiced enterprise social responsibility, and wholeheartedly assisted in education, culture and social public welfare undertakings, thereby making more children read good books and go to school, letting more people participate in rich and diverse community activities and driving more citizens to feel the warmth of society.



Promoting Digital Inclusion

In September 2021, with a grant from CMF, Shekou TV, a subordinate unit of CMSK, invited the Nanshan Charity Federation, the Shekou Community Foundation, the Culture and Sports Station and the Social Work Station in Shekou Street to jointly launch the "Love Together" community charity program to assist distressed families, which benefited people with disabilities, low-income groups from non-Shenzhen migrant workers and the lonely empty-nest elderly in the CMSK region. We showed them new achievements of the science and technology development in the new era by providing them free digital services, and instructed them to integrate into the new era and obtain real and beneficial information through various channels. By the end of 2022, this project has provided free installation services of 4K HD digital set-top boxes for more than 300 households in the community, and also provided Internet installation and maintenance services for 100 households, covering over 600 persons.



Beneficiary Comments

"For a family like ours, so to speak, they build a bridge between us and the outside world, allowing us to feel the progress of the new era and maintain expectations and longings for a better life."



2

Driving Education Equality

The CMF and the CMG Zhangzhou Development Zone Community Foundation jointly promote the "CMG Pairing Education Assistance" project. They cooperate with the Middle School Affiliated to Xiamen University to provide designated education assistance for the Yongren 1st Middle School in Chuxiong, Yunnan, the CMG Weining Yucai Middle School in Bijie, Guizhou and the Middle School Affiliated to Jinggangshan University in Ji'an, Jiangxi, including summer camps, the high-quality class *Weekly Lesson*, online teaching and exchanges for the college entrance examination and other activities. This project has achieved good results and helped many students earn excellent performances and ideal universities, thereby creating more opportunities and possibilities for their future.





Under the guidance of the Affiliated Secondary School, Yongren 1st Middle School achieved good results in the college entrance examination







Weekly Lesson, the CMG Pairing Education Assistance Project



Popularizing the Liberal Education



In 2022, the Sea World Culture and Arts Center held a total of $305\,$ exhibitions and

performances, with 1.395 million visitors in total

We pool high-level public cultural and artistic resources to continuously nourish and stimulate the cultural development in cities. In 2022, the Company held a series of domestic and foreign exhibitions, such as *The World of Spiritual Birds in the Forbidden City - Birdsong Home*, to nourish humanistic feelings with high-quality cultural programs. The Company also organized the Shekou Theater Festival, the Good Life Carnival and other community and public events as well as popularizing the liberal education programs to create a favorable atmosphere for cultural and artistic education and build a more people-caring city.





Exhibition: The World of Spiritual Birds in the Forbidden City -Birdsong Home

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Following the serial exhibitions of *The Sea World in the Forbidden City* in 2019 and *The World of Mythological Animals in the Forbidden City* in 2021, the exhibition of *The World of Spiritual Birds in the Forbidden City - Birdsong Home*,

content-planned by the Design Society and hosted by the Sea World Culture and Arts Center, is the finale of the "Fantastic Beasts and Where to Find Them" series jointly created by China Merchants Culture and the Palace Museum.



Community Interaction: Shekou Theater Festival

The Shekou Theater Festival 2022 inherits the Shekou's experimental spirit of reform and opening-up. With the theme of "New Space Theater Experiment", it expands the influence boundary of art and culture. At that time, 10 local original works, 1 specially invited program and 47 customized performances connected rich and diverse scenes in Shekou including industrial relics, shopping malls, art centers, creative parks and natural landscapes.



Community Interaction: Live Stage Play in the Fenghua Grand Theater - *Nice to Meet You*

The Live Stage Play in the Fenghua Grand Theater, *Nice to Meet You*, is adapted from Tatsuya Miyanishi's picture book. This stage play adopts professional screenwriters and rich stage designs, and incorporates colorful plot elements to make children immerse themselves in adventures depicted in the picture book and find the power of friendship together with dinosaur pals.



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Empowering Overseas Youth

In 2022, with the support of CMF, we launched the "African Youth Innovation and Entrepreneurship Program" (hereinafter referred to as the "YIEP") with Djibouti Ports and Free Zones Authority and Association Des Entreprises Chinoises A Djibouti, and established the Center of Innovation and Maritime Excellence (hereinafter referred to as the "CIME") in Djibouti, which serves as a platform to assist African youth in innovation and entrepreneurship, and aims to serve the local people and help them learn how to start up business by means of innovative training, incubation guidance, industry introduction, etc., in order to strengthen the development and cooperation of human resources and technical exchanges, cultivate more outstanding talents for Africa and enable African youth to innovate and start up business, thereby helping Africa's development and achieving win-win and common development.



In 2022, the African Youth Innovation and Entrepreneurship Program was officially launched, and the first session of "Digital Innovation and Cross-border E-commerce"

training camp was held in Djibouti, with a total of 26 participants from African countries.



With the establishment of the Center of Innovation and Maritime Excellence, the Djibouti-China cooperation undoubtedly takes a new step. It is a very important step because it will make our country a place of training open to the world and will provide our youth and those of the whole region with quality diplomas.

China Knows what we're going through. Not so long ago they were mildly developed country with big dreams trying to grow, and they managed to do that, with innovation, with resources...whatever they did it. However they did it and they are now willing to share it with us, through their different education and training programs. So I think, China more than any other country is a good partner for us.

—— Ismail Omar Guelleh President of Djibouti

—Deliah Nalukwago(a student from Uganda)

Since April 2022, the CIME team has visited local universities, business incubators and youth communities in Djibouti, Ethiopia and Kenya, and held 17 publicity and exchange activities to encourage local youths to pitch into digital innovation and apply for CIME training, covering about 500 African youths and receiving 271 applications. Ultimately, 26 young entrepreneurs from Djibouti, Ethiopia, Kenya and Uganda stood out after multiple rounds of assessment and interviews.

Held 17

publicity and exchange activities

Covered about

500 African youth

Received

271 application

In September 2022, the first session of "Digital Innovation and Cross-border E-commerce" training camp was officially held, which was divided into three stages: Maker training camp - Cloud training camp - entrepreneurs in China. The maker training camp of the first stage lasted for 7 days and was held offline in Djibouti. During the training, 26 trainees participated in a series of professional courses, themed lectures, workshop sharing and seminars jointly provided by YIEP, professors from international universities and industry elites, with content covering Development Economics and Start-up Company Management, Leadership and Organizational Behavior, Cross-border E-commerce, Logistics and Payment, E-commerce Marketing, Operations Management, etc. During the training, trainees went to Djibouti ports and the International Free Trade Zone to visit, study and deeply understand Djibouti's unique and convenient location, development models and preferential policies. Besides, they made a topic discussion or project design on how to carry out China-Africa cross-border e-commerce projects in East Africa. With the support of CIME, a number of trainees have perfected their entrepreneurial ideas and business plans.

The cloud training camp of the second stage was enabled in December 2022, during which a 4-month customized online training was provided for trainees, with experts from domestic and foreign innovation and entrepreneurship institutions serving as lecturers. The third stage will be launched in 2023, when trainees will be invited to visit China to communicate with outstanding domestic e-commerce practitioners, visit cultural relics and experience China's culture and development on the spot.

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Opening Ceremony of the CIME training camp



Issuing certificates of completion to trainees

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With the support of CIME, a number of trainees have perfected their entrepreneurial ideas and business plans.

Arafo, a trainee from Djibouti

She is an enterprising self-motivated mother, who studied in China and now travels to different countries to carry out cross-border trade. With the support of CIME, she has improved her business plan. She expects this CIME program will always continue.





Siman, a trainee from Djibouti

She has updated the English profile and business plan of her platform for mother and baby products, and begun to connect with Chinese logistics and suppliers.

Kidist, a trainee from Ethiopia



She has gained an opportunity to systematically introduce her entrepreneurial project to core teams of venture capital institutions.



Trainees made field visits to local ports and free trade zones



Trainees communicated with venture capital institutions



Training completion report



Class discussion of trainees

Governance:

Shaping the Entity as An Ethical Company









Standardizing the Governance Structure

In order to deepen the standard governance, and promote the Company's high-quality sustainable development, we constantly improve the corporate governance structure of the Company, improve the standard operation level of the Company, strengthen the multi-channel communication with investors, improve the Company's internal control system based on the actual situation of the Company in strict accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Listing Rules of Shenzhen Stock Exchange and other laws and regulations, the requirements of China Securities Regulatory Commission, Shenzhen Stock Exchange and other regulatory authorities.



For more information on the changes in the Board of Directors and the performance of the independent directors, see the Annual Report of 2022, the Annual Report on the Performance of Responsibilities of Independent Directors in 2022, the Annual Report on the Work of the Supervisory Committee of 2022 and other documents disclosed by the Company on http://www.cninfo.com.cn on March 21, 2023.

Awards and Honors

in 2022

China Merchants Shekou Holdings is the only listed company in Shenzhen Stock Exchange whose information disclosure has been evaluated as "A" for 19 consecutive years

State-owned

SASAC

Enterprise

Company, Best **ESG Practice** Award

New Fortune

Best Practices for the Board of **Directors of Listed** Companies

China Association of Listed Companies

Best

Disclosure Roadshow China

Information

Most Progressive Award of the **Supervisory Committee** of Listed Companies

China Association of Listed Companies

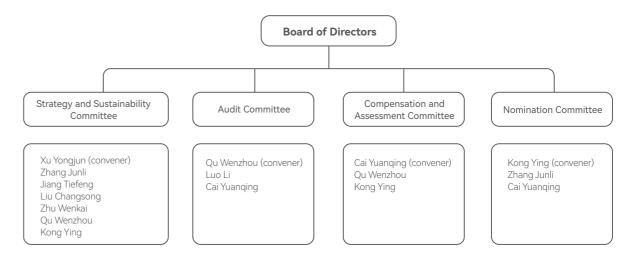
TOP 20 Green **Governance of Listed** Companies in the **Greater Bay Area**

Shenzhen Research Association of Corporate



Refining the Board Stucture

The Board of Directors is the highest authority and the ultimate responsible body for the sustainable development of China Merchants Shekou Holdings. It consists of the Strategy and Sustainability Committee, the Nomination Committee, the Audit Committee, and the Compensation and Assessment Committee. For the Strategy and Sustainability Committee, the Chairman shall act as the convenor; for the Nomination Committee, the Audit Committee, and the Compensation and Assessment Committee, independent directors shall be in the majority and act as convenor; for the Audit Committee, one of the independent directors shall be an accounting professional.



Number of Meetings Held	Unit	2022	2021	2020
Board of Directors	/	17	18	22
Strategy and Sustainability Committee	/	1	1	1
Nomination Committee	/	3	3	2
Audit Committee	/	5	7	4
Compensation and Assessment Committee	/	2	1	1



Composition of the Board

The Company's Board of Directors consists of 9 directors, including 2 executive directors (accounting for 22.22%), 4 non-executive directors (accounting for 44.45%) and 3 independent directors (accounting for 33.33%).

Name	Gender	Age	Designation	Management Officer of the Company or Not	Commence ment Date of the Term of Office	Expiration Date of the Term of Office	Hold A Position in A Shareholder Company or Not	Name of the Shareholder Company
Xu Yongjun	Male	59	Chairman	Yes	2019.08	2024.10	No	_
Zhang Junli	Male	54	Director	No	2022.12	2024.10	Yes	China Merchants Group
Jiang	Male	49	Director	Yes	2019.11	2024.10	No	_
Tiefeng	riale	47	General Manager	163	2019.10	2024.10		
Liu Changsong	Male	46	Director	No	2022.12	2024.10	Yes	China Merchants Group
Zhu Wenkai	Male	55	Director	No	2019.11	2024.10	No	_
Luo Li	Female	39	Director	No	2022.12	2024.10	Yes	China Merchants Group
Qu Wenzhou	Male	50	Independent Director	No	2018.09	2024.10	No	_
Cai Yuanqing	Male	53	Independent Director	No	2018.09	2024.10	No	_
Kong Ying	Male	62	Independent Director	No	2020.03	2024.10	No	_

2

Independence of the Board

In 2022, the Company held 17 Board meetings. All the independent directors of the Company have actively participated in various decisions of the Board of Directors, and have issued prior approval opinions and independent opinions on major matters according to law, and earnestly and diligently performed the duties of independent directors. As of the end of 2022, the 3 independent directors did not own shares of the Company in any form.

Attendance of Independent Directors at Board Meetings and Special Committees

Name	Board Meetings	Strategy Committee Meetings	Audit Committee Meetings	Nomination Committee Meetings	Compensation and Assessment Committee Meetings
Qu Wenzhou	17	1	5	_	2
Cai Yuanqing	17	_	5	3	2
Kong Ying	17	1	_	3	2

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Diversity and Inclusion of the Board

The composition of the Board of Directors of the company is based on the principles of "specialization" and "diversity". The backgrounds of the Board members cover various fields including real estate development, sustainable development (low-carbon economy), finance, accounting, law, risk management and engineering, which provides talent support for promoting the professional, scientific and efficient operation of the Board of Directors of the Company. In 2022, the Company added one more female director to the Board of Directors (female directors account for 11.11%), further optimizing the gender structure of the Board of Directors.

Name	Gender	Academic Degree	Professional Title/Vocational Certificate
Xu Yongjun	Male	Master's degree	_
Zhang Junli	Male	Master's degree	Economist
Jiang Tiefeng	Male	Master's degree	Senior Engineer
Liu Changsong	Male	Master's degree	_
Zhu Wenkai	Male	Master's degree	Senior Economist
Luo Li	Female	Master's degree	Certified Management Accountant
Qu Wenzhou	Male	Doctor's degree	Professor, Certified Public Accountant and Chartered Financial Analyst
Cai Yuanqing	Male	Doctor's degree	Professor
Kong Ying	Male	Doctor's degree	Professor



Linking Compensation to Sustainable Performance

In 2022, the Company held two Compensation and Assessment Committee meetings, which deliberated and approved the Performance Report of the Compensation and Assessment Committee of the Board of Directors of 2021, the Compensation Incentive Module Work Plan of the General Management Department of 2022, and Opinions on the Compensation of the Company's Senior Officers of 2021. In addition, based on the actual situation of the Company, the Compensation and Assessment Committee guided and supervised the further improvement of the compensation management system, deliberated and approved the Business Performance Assessment Measures for the Managers of China Merchants Shekou Holdings (Trial) and the Compensation Management Measures of China Merchants Shekou Holdings (Trial), which added the sustainable development performance indicators (safety accidents, etc.) to the existing compensation system of the Company, so as to continue to play the traction and leverage role of compensation resource allocation.

Name	Total Pre-Tax Compensation Received from the Company	Receive Compensation from Related Parties of the Company or Not	Number of Shares Held at the Beginning of the Period (Shares)	Number of Shares Held at the End of the Period (Shares)
Xu Yongjun	CNY 5,466,200	No	359,466	359,466
Zhang Junli	_	Yes	_	_
Jiang Tiefeng	CNY 5,221,300	No	122,000	122,000
Liu Changsong	_	Yes	_	_
Zhu Wenkai	CNY 4,740,200	No	207,027	207,027
Luo Li	_	Yes	_	_
Qu Wenzhou	CNY 200,000	No	_	_
Cai Yuanqing	CNY 200,000	No	_	_
Kong Ying	CNY 200,000	No	_	_





Protecting Shareholders' Interests

The Company has always attached great importance to the protection of investors. While creating profits and returns for shareholders, the Company discloses information in strict accordance with regulatory requirements, and communicates and interacts with investors through multiple channels to ensure that investors can know about and participate in major issues of the Company, and create and share the long-term value of the Company.

In 2022, we fully utilized the general meetings of shareholders, performance announcements, investor exchange meetings, investor field surveys, telephone inquiries and WeChat official accounts to strengthen daily communication with investors; in 2022, the Company held 4 general meetings of shareholders, which adopted a combination of on-site and online voting to encourage small and medium-sized investors to participate in major decisions of the Company and further improve the convenience of investors' participation in corporate governance.



For more information on protecting shareholders' interests, see the Annual Report of 2022, the Investor Protection Status Report of 2022 and other documents disclosed by the Company on http://www.cninfo.com.cn on March 21, 2023.

Performance Indicators in 2022

regular investor exchange conferences 66

,....,

online and on-site strategy meetings for domestic and foreign brokers

65

investor field and online surveys

Awards and Honors

in 2022

Best Practices for 2021 Annual Report Performance Briefing of **Listed Companies**

China Association of Listed Companies

Best Capital Market Communication Award

Shenzhen Panorama Network Co., Ltd.

Outstanding IR (Investor Relations) Enterprise, Excellent IR Team, Award for Small and Medium Investors Relation Interaction, Innovation Award of Performance Briefing

Shenzhen Panorama Network Co., Ltd.

Investor Relations Judging Panel

Securities Market Weekly



Strengthening Internal Risk Control



The Company has developed the CMSK Comprehensive Risk Management System, the Risk Management and Internal Control Workflow, the Guidelines for Special Risk Assessment, the Guidelines for Internal Control Management and other internal system documents to constantly improve the risk control organizations and



The rectification rate of

100%

Legal review rate of major business decisions, business contracts, rules and regulations throughout the year

100%

audits conducted

Core Measures //

In 2022, the Company improved the comprehensive risk management system, revised the CMSK Comprehensive Risk Management System, increased the risk hierarchical management of regions, business divisions and specialized companies, carried out risk refinement, specified the risk division of subordinate units, and defined the information notification mechanism of the personnel responsible for dealing with risks and their special lines up and down, as well as the boundary of risk management between the Company and its subordinate units to promote the implementation of risk control functions at the level of subordinate units.



In 2022, the Company held trainings for relevant business personnel on the protection of the interests of state-owned shareholders with controlling/participating shares, the introduction of bankruptcy proceedings (taking the responses to cooperative real estate development risks as the starting point) and the analysis of major typical cases of the Company to further improve employees' professional abilities in the protection of the interests of state-owned shareholders, expand their understanding of the bankruptcy and implement the "promoting reform with cases".

CMSK Comprehensive Risk Management Targets

Based on the characteristics of the Company's business management, to constantly optimize the risk management system, and comprehensively adopt a variety of risk management methods to discover, prompt and respond to risks at different levels, businesses and lines, as so to ensure the realization of the Company's overall strategic targets.



The Company continues to improve the comprehensive risk management system and each functional department leads to manage corresponding risks. Based on the enterprise internal control, applicable laws and regulations, and standards for products, technologies and services, the Company sets audits, interviews and safety inspections as guarantees, strengthens management through accountability for regulation and discipline violations, safety accidents, etc., to form a review cycle and achieve horizontal and vertical coordination and linkage, thus providing a good internal environment for risk control and efficient operation, and benefiting the Company's health and long-term development.



The Company assesses the effectiveness of the Company's internal control every year as per the provisions of the Basic Standards for Enterprise Internal Control and supporting guidelines as well as other regulatory requirements, combined with the Company's internal control system and assessment methods, and based on daily and special supervisions of internal control.



Based on current events, the Company focuses on the basic legal relations involved in real estate cooperative development projects and the protection of rights of state-owned enterprises in bankruptcy proceedings, etc., prepares and releases research reports, puts forward targeted risk prevention suggestions and urges the implementation, and prevents and deals with possible risks in a normal and comprehensive way. The Company has carried out major risk assessment, formulated risk response measures, and actively prevented related risks. We also held a number of risk control legal compliance special trainings for business lines to strengthen the risk management awareness of all units and improve their risk response capabilities.

Encouraging Ethical Management

We continue to improve business ethics management and practice, so as to better maintain the business image and brand reputation. The Company has formulated specific integrity policy, anti-money laundering policy and whistleblower protection policy, and implemented management practices through a series of company rules and regulations such as the Implementation Rules for CMSK Integrity Supervision and Management, to improve the integrity management ability and strengthen business ethics training covering all employees, suppliers and contractors. We also established an unimpeded whistleblowing channel to strictly protect the information of whistleblowers.

Disciplinary Inspection and Supervision Reporting Channels and Mechanisms

- 1. E-mail zsskjubao@cmhk.com
- 2. Letters CMSK Supervision Department (Office of the Discipline Inspection Commission) on the 4th Floor, Building 3, visits Nanhai ECOOL, Nanshan District, Shenzhen City, Guangdong
- 3. Tel. 0755-21617384

4. Online reporting





Business Ethics



CMSK has formulated specific integrity policies on anti-fraud, anti-corruption and anti-bribery, which cover all employees, suppliers and contractors. Under the guidance of institutional documents such as the Implementation Rules for CMSK Integrity Supervision and Management, the Guidelines for CMSK Integrity Practice, the Coordinative Measures of CMSK for the Construction of the Party's Integrity and Anti-corruption, and the Guidelines for Anti-monopoly Compliance Management, the level of integrity practice management has been continuously improved.

Structure

Management The top management formulates integrity policies, and supervisory bodies at all levels carry out work related to integrity management to ensure the implementation of integrity responsibilities at all levels.

System Construction

Supervision Mechanism

The Company establishes a coordination mechanism for integrity construction and anti-corruption. According to the actual situation at all levels, functional departments such as supervision, audit, inspection, finance, general affairs, compliance and risk control carry out supervision according to the working mechanism of "each assuming its own responsibilities, sharing information, coordinating key points, promoting matters jointly, adopting complementary means and conducting comprehensive

Core Measures

We have established a comprehensive and effective management principle targeted at all staff, and implemented the integrity management measures beforehand (education and warning), in-process (anti-corruption audit), and afterward (discipline enforcement and accountability).



Objects Members of the Board of Directors, senior officers, employees

Activities

Type of Activities	Frequency	Coverage	Cumulative Number of Participants
Integrity education publicity week	1 per year	Employees	58,037
Warning education conference	1 per year	Senior officers	200
Warning education video	3 per year	Senior officers	600
Integrity education books	1 per year	Excellent young cadres	150
Integrity education training	2 per year	Transformation Pioneer Project, Newly-appointed managers	90

Written Commitment

Newly appointed senior officers shall sign the Commitment Letter of Senior Officers on Integrity

New employees shall sign the **Commitment Letter of Employees on Integrity** (100% coverage) Suppliers shall sign the Commitment Letter of Compliance and Integrity Transaction (100% coverage)

Anti-Corruption Investigation

Coverage	Key Investigation Points	Frequency	Mode	Means
Consolidation scope of CMSK	Procurement, marketing, engineering and other business links	Regular and irregular each year	Whistleblowing by letters/visits, regular inspection, irregular inspection	Interview communication, access to information, spot check, surprise inspection



The Company strictly investigates and deals with cases of violation of rules and discipline, and strictly cracks down on corruption. For the verified violations, the Company will give different forms of punishment, and keep records of the corresponding punishment in the personal integrity file of the punished persons.









Party members of the Suzhou Branch visited and studied at the integrity education base



Business Ethics Standards for Suppliers

CMSK has established integrity policies covering suppliers/contractors. We comply with the *Implementation Rules of CMSK on Management of Suppliers* to standardize the supply chain management, so as to establish a benign supply chain management mechanism, continue to promote the transparent procurement project, and constantly strengthen the integrity cooperation with suppliers and contractors.

We continue to improve the three-in-one supervision mechanism covering procurement process, supplier performance and procurement personnel performance, and realize the joint internal and external supervision in virtue of electronic bidding and procurement trading platform, thereby further standardizing procurement behaviors and achieving integrity procurement. We make the Commitment Letter of Compliance and Integrity Transaction a legally binding annex to the contract between the Company and suppliers/contractors. If any supplier/contractor breaches the commitment, we will hold it legally responsible.

The percentage of suppliers signing the Commitment Letter of Compliance and Integrity Transaction is

100%



Commitment Letter of Compliance and Integrity Transaction

- Shall not promise or give rebates, concessions, cash, reward, improper entertainment or any improper value to the employees of CMSK in order to obtain preferential treatment from CMSK
- Shall not cover up or conceal any improper payments
- Shall not engage in anti-competitive practices or abuse of market power or manipulation of bidding arrangements

We invite suppliers/contractors to participate in a series of compliance and integrity training activities such as the legal lecture, and sign the "Integrity and Self-discipline Commitment Letter" with suppliers/contractors face to face through the supplier conference to strengthen their awareness of compliance and integrity.





"Integrity and Self-discipline Commitment Letter" announced at the supplier conference of Beijing Branch

Case Study

CMPO took the initiative to explore new supervision means to strengthen prevention at source. On the basis of giving full play to the supervisory role of employees, CMPO opened up external supervision powers by conducting integrity interviews with 32 outsourcers covering cleaning, greening, HVAC maintenance, fire protection, etc. Hence, CMPO increased the investigation of grassroots integrity from a third-party perspective, helping find problems in time and curb unhealthy trends. At the same time, CMPO actively publicized the Company's compliance requirements to suppliers and reminded them to operate incorruptly to realize a win-win situation.



Whistleblowing and Whistleblower Protection

We have established a four-in-one whistleblowing platform by means of "letter, visit, Internet and telephone" in accordance with the *Implementation Rules for CMSK Integrity Supervision and Management*. All employees and other stakeholders are encouraged to whistleblow by letter, telephone, fax, E-mail, visit and other means.



We have a clear whistleblower protection policy and take reasonable steps to ensure that all whistleblowers who report truthfully and properly are treated fairly and protected from unfair dismissal, persecution, or improper disciplinary action. All information submitted will be treated in a confidential manner and will be treated seriously. We will resolutely prevent any behavior that leads to threats or negative effects on employees due to whistleblowing, and we will reserve the right to take appropriate action if we find any threat or retaliation act against whistleblowers.

Business Features:

Stimulating the Urban and Industrial Transformation



Facilitating Urban Development



Urban Revitalization

We advocate high-quality urban revitalization and want to promote the urban function upgrading with high-level comprehensive district planning capabilities, industry transformation and upgrading with high-standard industrial resource gathering capabilities, the better life upgrading with high-quality operational service capabilities, thereby improving the life quality of surrounding residents. At present, CMSK's urban revitalization has been laid out in multiple cities such as Shenzhen, Hong Kong, Shanghai, Chongqing, Guangzhou, Foshan, Dongguan and Changshu, and has also created numerous urban revitalization projects including the Sea World in Shenzhen, the Central Times in Luohu, Shenzhen, the Changjiahui Danzishi Old Street in Chongqing, the Qinhu Reception Room in Changshu and the Donghu ECOOL in Nanchang, etc. In the future, CMSK will focus on urban revitalization to continue to empower urban growth and carry a better life.



Explored the business of old building renovation through the renovation and upgrading of old factory buildings; officially launched the series products of Shekou Net Valley



2015

Boosted the Bao'an Unique Palace Project to be approved; it was launched on the market in



Set up the Urban Revitalization **Business Division**



Impelled the construction of Bao'an Shajing project and the Phase I of the Yanshan Road project



2014

Promoted the Luohu Central Times Project to be approved; it was launched on the market in 2017 and has been in operation now



2017

Participated in the upgrading and renovation of Fuyong eCOOL, which was put into operation and expanded scope in 2019. Now, the Phase II of this upgrading and renovation project is being promoted



2019

Propelled the Dapeng Time of Coast Project to launch on the market, signed the land contract and started the construction of the Phase Lof the Longgang Sanlian Project

In April 2022, the "Urban Revitalization Company" was officially established to coordinate urban revitalization business in Shenzhen.

CMSK actively explored innovative models and acquired 3 new projects:

- ✓ Shenzhen Wuhe Hub project
- ✓ Shenzhen Shekou biscuit factory project
- Shenzhen Guangming Yulu project



2021

Promoted the opening of the Shenzhen Where Time Stay Project; increased investment in urban revitalization business; newly acquired 8 projects, covering Nanshan District, Bao'an District, Guangming District, Longhua District, Longgang District, Dapeng District and other districts



Reconstruction Project of the Baohua Village in Foshan

The Baohua Village, located next to the Qiandeng Lake in Foshan, is in the planning scale of the Financial High-Tech Zone, where most of old village houses and factory buildings were built in the 1980s and 1990s, without overall planning and reasonable layout, presenting a huge contrast with the surrounding high-rise buildings. The Phase I of the Baohua project is a livelihood project for the Xiabei Community in Guicheng Street, Nanhai District, Foshan City. The whole village has 490 households, with a registered population of 1,495 and an occupied area of about 309 mu. The planned total building area is about 617 thousand square meters, with a total investment of about CNY 7 billion. Under the guidance of the government, CMSK will improve the living quality of the people in the Baohua Community, drive the economy of the Financial Development Zone to achieve high-quality and high-speed development, and add infinite vitality to the development of the Guicheng Street in Nanhai District.





Key Renewal Project of Wuhe Hub Area in Longgang, Shenzhen

On August 28, 2022, CMSK won the bid for the preliminary service provider of the key renewal project of Wuhe hub area in Longgang District, Shenzhen. In the aspect of planning, the project team tailored a design plan for Wuhe hub, meant to build a benchmark hub station image, make it become a world-leading comprehensive rail transit hub, and provide a model for future urban TOD development and renewal projects. In the aspect of industrial transformation and upgrading, relying on comprehensive development and operation experience of "integration of industry and city", CMSK strived to overall improve the Wuhe hub and surrounding areas, drive Bantian to transform and upgrade, strengthen the west core of Longgang District and prompt the final implementation of the strategic planning of the Banxuegang world-class electronic information industry cluster bearing zone. In the aspect of promoting the upgrading of a better life, the project team fully communicated with home owners to understand their demands, timely adjusted the demolition compensation plan, actively promoted the signing of demolition resettlement compensation agreements, and accelerated the demolition schedule, ensuring that the project could enter the renewal construction phase as soon as possible.







Planning renderings after renewal



Affordable Residential Properties (Construction of Affordable Housing)

We continue to support the State's policies on optimizing housing conditions and talent introduction, and actively participate in the construction of affordable housing. In 2022, CMSK started construction of 3,648 new affordable housing units, with a new construction area of 306,463 square meters.

	Units			(Construction area (m²)		
Туре	Total	Available for sale	Unavailable for sale	Total	Available for sale	Unavailable for sale	
Not commenced	2,484	_	_	163,071	_	_	
Under construction	15,414	_	_	1,472,415	_	_	
Commenced in 2022	3,648	_	_	306,463	_	_	
Completed	16,990	_	_	1,517,430	_	_	
Total	34,888	32,622	2,266	3,152,916	3,014,950	137,966	

Cities with affordable housing: Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Dalian, Dongguan, Hangzhou, Hefei, Jinan, Kunming, Nanjing, Ningbo, Qingdao, Sanya, Shenyang, Wuxi, Wuhan, Xi'an, Zhongshan, Zhuhai, Shaoxing, Wenzhou, Jiaxing, Ganzhou, Wuhu, Urumqi and Xiongan New Area.

Our active practice in affordable housing is not only reflected in the real-estate development, but also in the urban service business. As a company specialized in "apartment", "China Merchants Aden Hospitality" under the CMSK has built three product series including "Apartment One", "Habitat One" and "CM+ Serviced Apartment" over the years. As of the end of 2022, "Habitat One" talent apartments are distributed in Shenzhen, Qingdao and Sanya, having provided 3,385 apartments for 13,293 young tenants in total.









"Habitat One" talent apartment

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Cultivating Industrial Ecosystem



Advancing the Industry Development

CMSK has always adhered to the principle of "one template for one industrial park", to develop industries with different characteristics in various regions. At the beginning of the design, we fully consider the needs of different industries for the construction of the park, accelerate the digital transformation and construction of the industrial park, help enterprises achieve green and low-carbon construction, and contribute to the realization of China's "carbon peaking and carbon neutrality" goals.



Shekou Coastal Cultural and Creative Industry Belt developed and constructed has been selected as a "National Night Culture and Tourism Consumption Cluster Area" by the Ministry of Culture and Tourism (National award)

No. 1 of "TOP 50 Industrial Park Operators in China" by Fangsheng Research Institute in 2022

No. 1 of "Top 30 in Comprehensive Strength of National Industry and City Development Operators" by CRIC in 2022

No. 1 of "Top 20 Influential Industry and City Development Enterprises of the Year" by Guandian Index Research Institute in 2022



Industrial parks

16 cities

area is

The planned construction

4.75 million

00 rises are

industrial park layouts





Canal Net Valley was awarded the "Top 5 Industrial Parks with Scientific and Technological Innovation Characteristics in 2022" and the "Best Office Building of the Year" by Fangsheng Research Institute

Shekou Net Valley was awarded the "2022 Digital Industrial Parks" and the "Excellent Parks in Greater Bay Area of 2022" by Guandian Index Research Institute and the CRIC

High-speed Rail Net Valley was awarded the "Top 10 National Excellent Industrial Parks in 2022" by CRIC

Donghu Net Valley was awarded the "Best Corporate Headquarters of the Year" by GBE



The series of Net Valley covers

With a total of about $10_{\text{ projects and }}7_{\text{ cities}}$

As comprehensive industrial communities with the feature of "industry, network, finance and city", the Net Valley series we created has become a brand IP model that consolidates the Company's comprehensive development capabilities and reflects the target positioning of comprehensive development and operation service providers in cities and parks. Net Valley is a R&D office park. Based on high-tech small and medium-sized enterprise cluster, it highly gathers strategic emerging industries, and is a cradle and business card for gathering regional high-tech created by CMSK nationwide.



High-speed Rail Net Valley

The High-speed Rail Net Valley is the first headquarters-type science and technology innovation park of CMSK's net valley series in Nanjing. It extends the spirit of innovation and entrepreneurship, promotes urban growth, and is committed to building a smart transportation industry headquarters base. As an important comprehensive transportation hub area, the high-speed rail hub economic zone in Jiangning District, where the project is located, has created three pillar industries relying on its advantages of transportation, science and education, location and industrial resources, namely the intelligent transportation industry, the smart grid industry and the new-generation IT industry. Since the investment promotion and operation in 2018, the park has gathered a



High-speed Rail Net Valley

number of high-end R&D teams, top sci-tech talents and sci-tech innovation enterprises in the intelligent transportation field, and has formed a coordinated, open and integrated large-scale intelligent transportation industry cluster and development ecosystem, constantly empowering the development of Nanjing intelligent transportation industry.



Shekou Net Valley



Shekou Net Valley

The Shekou Net Valley is the "South Headquarters Base and Application Demonstration Base for China Internet", and is also positioned as an innovation and entrepreneurship demonstration base with a high-level integration of technology and culture. It is composed of four core industries of the new-generation IT industry, the E-commerce industry, the Internet of Things industry and the cultural creative industry as well as other diversified industries. The Shekou Net Valley has developed four major industries, namely the new-generation IT industry, the Internet of Things industry, the E-commerce industry and the digital creative industry. More than 400 enterprises have been gathered in the park, reaching an industrial concentration rate of 70%, with 19 national high-level talents. Its output value per square meter of

Shekou Industrial Zone has increased from CNY 2,000 at the beginning to more than CNY 100,000 at present, with a total output value of over CNY 40 billion, an annual tax payment of over CNY 1 billion, and more than 30,000 employed persons.

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Jinshan ECOOL was awarded the Industrial Park" by CRIC.

ECOOL series is not only positioned to be cultural and creative parks, but also areas where urban culture and entertainment are most closely integrated, as well as carriers of urban industry, life and consumption. As the renovation and upgrading of old urban buildings, ECOOL series creates a model of various good life service products exported by CMSK.



ECOOL series covers

With a total of



Nanhai ECOOL

The predecessor of Nanhai ECOOL was the old Sanyo factory building in the early 1980s, which was also one of the earliest factory buildings for the "Three-plus-one" trading-mix after the reform and opening-up. CMSK repurchased this factory area, upgraded it into a green and environment-friendly modern cultural and creative office space, and renamed it the "Nanhai ECOOL". Taking the "environmental art" and "fashion design" as core industries and relying on mature industrial agglomeration and operation experience, Shenzhen Nanhai ECOOL has become a flagship model of the IP of ECOOL. On the basis of the tenet of "driving innovation with culture, revitalizing business with innovation, fulfilling culture with business", Nanhai ECOOL has introduced multi-format creative agencies, covering architectural landscape design, fashion design, film and television production, etc.



Nanhai ECOOL in Shenzhen Shekou



3

Intelligence Town Series



China Merchants Intelligence Town was awarded the "2022 Industrial Park with Development Potential" by Guandian Index Research Institute China Merchants Intelligence Town was listed in the "Top 5 Industrial Parks with Biomedical Characteristics in 2022" by Fangsheng Research



Intelligence Town series and other types of parks cover

8 projects and **6** cities in China

With a total of about

500 enterprises settling in the parks

The China Merchants Intelligence Town is a new-type intelligent industrial city community integrating industry, Internet, finance and city, which is dominated by such strategic emerging industries as intelligent manufacturing, biomedicine, new materials and electronic information. It gathers regional life science industry resources and outstanding enterprises, and provides development funds and resource support for high-growth technology-based enterprises, helping enterprises develop by leaps and bounds.



China Merchants Intelligence Town

China Merchants Intelligence Town is a typical representative of CMSK intelligent manufacturing parks and also a benchmark project of CMSK's "Intelligence Town Series". Planned in 2004, constructed in 2006 and entering the market in 2010, the China Merchants Intelligence Town has become the park with the most industrial agglomeration effect and brand effect in Guangming District after more than 10 years of intensive cultivation. China Merchants Intelligence Town is one of the first pilot projects of sci-tech enterprise accelerators in Shenzhen approved by the Ministry of Science and Technology. Gathering middle and small-sized enterprises in the high-tech field, R&D and operation headquarters of strategic emerging industries and some leading enterprises, this park has preliminarily formed an industrial base covering such high-tech industries as intelligent manufacturing, bio-industry, new materials and new-generation IT, with core industries accounting for above 70%.

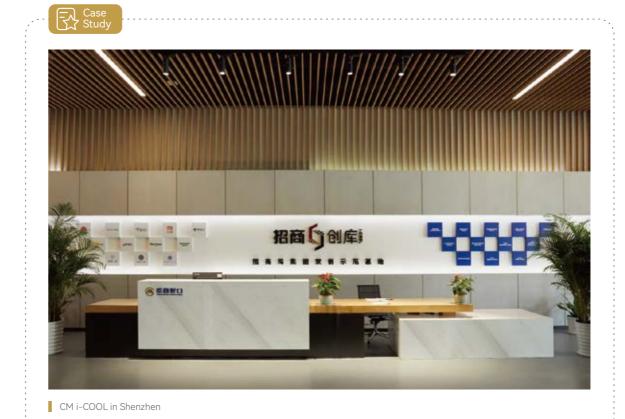


China Merchants Intelligence Town

China Merchants i-COOL (Affordable Commercial Properties)

China Merchants i-COOL (CM i-COOL) is the main platform of the first batch of national demonstration bases for innovation and entrepreneurship, is the main space carrier of CMG Innovation Center, and is also the first refined operation space project independently developed and operated by CMSK. At present, CM i-COOL projects have been settled in 9 cities including Beijing, Shanghai, Shenzhen, Hangzhou, Nanjing, Xiamen, Suzhou, Chongqing and Changshu, and are going to be gradually expanded to more cities.

On the basis of Shekou's industrial foundations and innovation genes, CM i-COOL links key elements, aggregates superior resources, and shares innovation and entrepreneurship ecosystems, helping small and medium-sized innovative enterprises grow. CM i-COOL will share public facilities among enterprises and co-exist within enterprises to form a recyclable high-quality resource sharing chain, provide a service system for the whole-cycle development for settled enterprises, and drive the industrial integration inside and outside the park, thereby boosting the growth of enterprises.





Developing the Partnerships with Diverse Entities

Public-Private Partnership

Closely following national development strategies, we have established good political and business relations with local governments, signed strategic cooperation agreements, and focused on and made efforts in national important regions.

Core Measures /

- Based on the strategic cooperation agreements between the China Merchants Group and Shenzhen government, CMSK and the Qianhai Administration Bureau have jointly established a joint special team to conduct space, transportation, industry research, Shenzhen-Hong Kong cooperation and low-carbon construction to comprehensively improve the planning of the Mawan area. Currently, the Mawan integrated planning scheme has been deliberated and approved by the Qianhai Administration Bureau, the Shenzhen Urban Planning and Natural Resources Bureau and the Shenzhen Municipal Government.
- ✓ Based on the strategic cooperation agreements between the China Merchants Group and Wuxi government, CMSK has completed 5 asset-light projects in Wuxi City, including 4 industrial park asset-light operation projects of Wuxi Taihu New Town and 1 development and construction project of Science and Technology Innovation Port in Huishan District, Wuxi City, with a total asset-light management area of nearly 350,000 square meters.
- CMSK actively participates in urban revitalization projects in the Guangdong-Hong Kong-Macao Greater Bay Area, comprehensively utilizes financial cooperation model and other models to promote a number of projects with the governments of Shenzhen, Guangzhou, Foshan and Dongguan to help urban revitalization, promote the transformation of old cities, and realize the upgrading of urban functions.
- ✓ In Hefei, Suzhou, Qingdao, Dongguan, Chengdu, Changshu and other cities, CMSK has played its advantages in real-estate development, property management and urban services, to promote the implementation of high-quality projects together with local governments through comprehensive development, upgrading urban functions, improving community conditions and providing a full set of space transformation programs.

2

Industry Exhibitions Collaboration

Combining the advantages of diversified business forms of CMSK and centering on exhibition halls, we make full use of the radiation and spillover effects of the exhibition business sector, and gather upstream, midstream and downstream industry factors to attract information, capital and talents. Meanwhile, we introduce hotels, businesses, apartments, etc. to promote the development of the exhibition area, assist in the urban industrial upgrading and stimulate the economic growth.

.....



In 2022, China Merchants Exhibition has undertaken a

total of 16 exhibitions

Covered a floor space of **2,130,000**

Number of participating enterprises

19,563

Note: Affected by the COVID-19 pandemic, the length of all exhibitions undertaken by CMSK added up to 1.5 months in 2022.



The 37th Shenzhen International Furniture Exhibition

The exhibition covers an area of 320,000 square meters, with about 700 exhibitors displaying cutting-edge household products. It is a benchmark event for the innovative integration, diversification and sustainable development of China's household and design industries, and a professional exhibition with the highest global influence in the furniture industry.





The 24th Pet Fair Asia

With an exhibition area of 273,000 square meters and about 2,500 comprehensive pet brands attended, the Pet Fair Asia is the flagship exhibition of the pet industry ranking second in the world and first in Asia. It gathers pet industry leaders and top experts in subdivision fields, leading the industry trend.

The 29th and 30th Shenzhen Gift Fair

With an exhibition area of 240,000 square meters, the Shenzhen Gift Fair was held in combination with the "1688 Factory Direct Purchase Season" activity. About 4,500 suppliers participated in the fair, bringing together well-known brands, leading enterprises and source factories to realize the linkage between the upstream and downstream of the industrial chain and meet diversified procurement needs.





The 24th China International High-tech Fair

With an exhibition area of 300,000 square meters in Baoan Exhibition area and about 3,000 high-tech enterprises participating in the exhibition, it is a national exhibition platform integrating product trading, product display, high-level forum, project investment, cooperation and exchange, and has become an important window for China's high-tech field to open to the world.

Building A Beautiful Hong Kong

CMSK takes advantage of the integration of industry and finance, the Mainland and Hong Kong to expand the business development scale in Hong Kong and assist in Hong Kong's economic and social development. Based on the three themes of "peaceful living" (residences and apartments), "joyful working" (offices and commerce) and "renewal" (revitalization of old buildings), CMSK develops multiple points together and adopts integration to improve efficiency, fully implement the "Beautiful Hong Kong" plan while sustaining the "Beautiful New Arrivals", and successively develops CM+ Hotels & Serviced Apartments, the reconstruction project of the old China Merchants Tower, and the LOHAS Park Phase 11 and Phase 13 to assist in the urban growth and development of Hong Kong.



Meet the Housing Needs of Citizens

We pay more attention to the housing issues of Hong Kong residents, increase investment in Hong Kong projects, and expand the development of basic or affordable housing to meet the living needs of Hong Kong people; meanwhile, we continue to replicate CM+ Hotels & Serviced Apartments model every year to meet the rental housing needs of urban young white-collar and golden collar workers. In 2022, Villa Garda, the LOHAS Park Phase 11, officially opened, which was cooperatively developed by MTR Corporation, Sino Land and K. Wah International Holdings, and expected to provide a total of about 1,880 houses for residents in Hong Kong. In the same year, we successively invested in two high-quality projects in Hong Kong, including the Pak Shek Kok project in Tseung Kwan O, jointly invested with New World Group, and the Wing Kwong Street/Sung On Street development project in To Kwa Wan, jointly invested with Sino. Since we jointly invested in the MTR LOHAS Park Phase 11 property development project in 2019, we have jointly invested in the MTR LOHAS Park Phase 13 property development project in 2021, which is a major development breakthrough for us in Hong Kong. The above two phases, which are adjacent to each other in the same district, are expected to provide about 4,500 residential apartments during the 14th Five-Year Plan period, which can meet the living needs of 10,000 – 20,000 residents in Hong Kong.



Facilitating Urban Revitalization

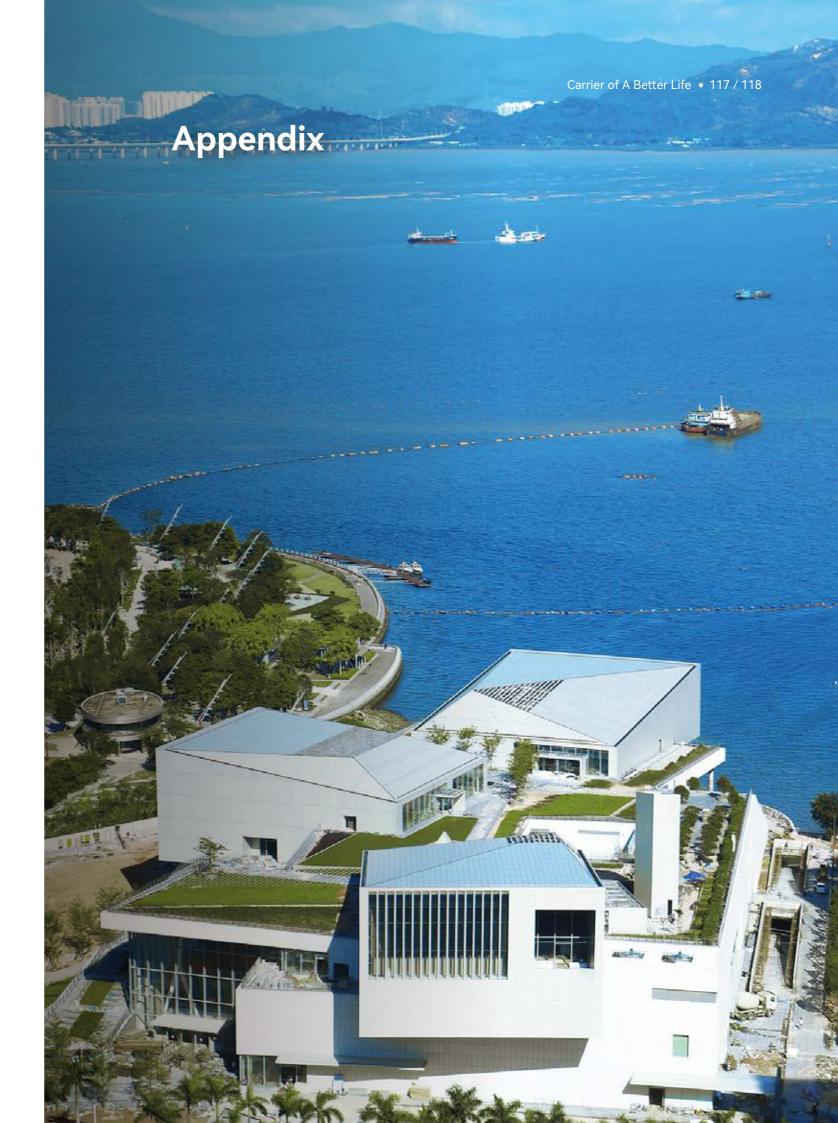
During the 14th Five-Year Plan period, CMSK will further give full play to its advantages on the basis of CMG's resources in Hong Kong, and constantly summarize and review based on the CM+ Hotels & Serviced Apartments model and the China Merchants Plaza project to revitalize existing projects in Hong Kong and contribute to its economic development.



China Merchants Plaza Project

China Merchants Plaza Project, the reconstruction project of the old China Merchants Tower, is positioned as an international grade–A intelligent office building and has obtained all kinds of design approvals from the Hong Kong Government as well as the pre–certification of WELL international healthy building standards. With the foundation works being in progress, this project is expected to become a new landmark in the Sheung Wan area after 2025.





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ESG Key Performance Summary



GHG emissions				
Indicators	Unit	2022	2021	2020
Direct GHG emissions (Scope 1)	tCO₂e	58,524.88	29,455.86	12,685.80
Indirect GHG emissions (Scope 2)	tCO₂e	208,707.74	67,949.14	54,016.41
Total GHG emissions	tCO ₂ e	268,842.09	97,405.01	66,702.21
Energy consumption				
Indicators	Unit	2022	2021	2020
Heat	GJ	13,707.67	14,474.00	12,777.00
Gasoline	Tons	333.67	262.61	360.30
Diesel	Tons	4,910.18	7,591.68	3,493.20
Fuel oil	Tons	8,666.95	_	_
Natural gas	m³	3,830,025.01	1,477,923.90	1,205,414.51
Electricity	kWh	346,099,997.08	128,908,258.35	103,391,853.52
Clean energy	kWh	1,114,902.63	_	_
Comprehensive energy consumption per CNY 10.000 of revenue (current price)	tce/CNY 10,000	0.0037	0.0018	0.0016
Water utilization				
Indicators	Unit	2022	2021	2020
Water withdrawal	Tons	4,562,831.90	1,020,436.53	558,870.68
Water consumption	Tons	4,573,869.90	1,020,436.53	558,870.68
Water saving	Tons	11,038.00	_	_
Comprehensive water consumption per CNY 10,000 of revenue (current price)	t/CNY 10,000	0.2499	0.0634	0.0431
Waste management				
Indicators	Unit	2022	2021	2020
Construction earthwork waste	10,000 m³	61.32	90.20	38.87
Construction rebar waste	10,000 tons	1.02	1.50	0.65
Green buildings		,	,	
Indicators	Unit	2022	2021	2020
Cumulative number of projects with green building certification	/	431	350	248
Cumulative proportion of projects with green building certification	%	66.82%	59.42%	52.10%
Total construction area of projects with green building certification	10,000 m²	5,261.37	4,239.16	2,735.77
Number of new projects with green building certification	/	81	102	60
Total construction area of new projects with green building certification	10,000 m²	1,022.21	1,503.39	647.85
Number of new projects with base-level green certification	/	7	11	3
Area of new projects with base-level green certification	10,000 m²	109.75	158.70	38.37
Number of new projects with one-star green certification	/	22	38	14

Green buildings				
Indicators	Unit	2022	2021	2020
Area of new projects with one-star green certification	10,000 m²	304.58	488.89	131.16
Number of new projects with two-star green certification	/	38	43	32
Area of new projects with two-star green certification	10,000 m²	447.37	728.35	396.42
Number of new projects with three-star green certification	/	6	5	6
Area of new projects with three-star green certification	10,000 m²	86.22	72.30	45.78
Number of new projects with WELL Gold level certification	/	1	2	_
Number of new projects with LEED certification	/	7	3	5
Cumulative number of projects with LEED certification	/	36	29	26
Number of new ultra low energy buildings	/	17	_	_
Area of new ultra low energy buildings	10,000 m²	149.60	_	_
Number of new nearly zero energy buildings	/	2	_	_



Indicators	Unit	2022	2021	2020
Number of overseas expatriate employees (excluding Hong Kong, Macao and Taiwan)	/	20	18	Ç
Number of overseas local employees (excluding Hong Kong, Macao and Taiwan)	/	59	76	7!
Number of employees in Hong Kong, Macao and Taiwan	/	154	154	156
Foreign employees	/	60	76	69
Minority employees	/	1,929	1,590	1,382
Employees with disabilities	/	179	161	15
Female senior officers	/	29	35	30
Proportion of female senior officers	%	14.58%	14.37%	13.54%
Female middle-level managers	/	47	43	4
Proportion of female middle-level managers	%	26.09%	23.14%	21.849
Proportion of female middle-level managers and above	%	19.64%	18.09%	16.97%
Employee turnover rate				
Indicators	Unit	2022	2021	2020
Employee turnover rate, by gender:				
Male employee turnover rate	%	39.31%	22.46%	38.22%
Female employee turnover rate	%	41.12%	27.22%	46.149



Indicators	Unit	2022	2021	2020
Employee turnover rate, by age:				
Furnover rate of employees aged 30 and below	%	38.81%	37.55%	62.24%
Turnover rate of employees aged 31-40	%	37.25%	20.02%	33.77%
Turnover rate of employees aged 41-50	%	41.42%	15.24%	26.27%
Turnover rate of employees aged 51 and above	%	47.55%	11.13%	19.01%
Employee composition				
Indicators	Unit	2022	2021	2020
Labor contract signing rate	%	100%	100%	100%
Coverage of employee physical examination	%	100%	100%	95%
Number of new employees recruited	/	19,568	_	
Number of employees	/	58,037	54,735	48,465
By gender:		23,331	2 1,1 22	,
Number of male employees	/	37,120	35.650	32,256
Percentage of male employees	%	63.96%	65.13%	66.56%
Number of female employees	/	20,917	19,085	16,209
Percentage of female employees	%	36.04%	34.87%	33.44%
By educational background:				
Number of employees with degree below junior college	/	30,279	29,659	25,508
Proportion of employees with degree below junior college	%	52.17%	54.19%	52.63%
Number of employees with junior college degree	/	14,024	13.048	12,640
Proportion of employees with junior college degree	%	24.16%	23.84%	26.08%
Number of employees with bachelor's degree	/	11,574	10,216	8,749
Proportion of employees with bachelor's degree	%	19.94%	18.50%	18.05%
Number of employees with master's/MBA's degree or higher	/	2,160	1,902	1,568
Proportion of employees with master's/M-BA's degree or higher	%	3.73%	3.47%	3.24%
By age:				
Number of employees aged 30 and below	/	16,541	18,464	17,091
Proportion of employees aged 30 and below	%	28.50%	33.73%	35.26%
Number of employees aged 31-40	/	19,218	17,955	15,615
Proportion of employees aged 31-40	%	33.11%	32.80%	31.29%
Number of employees aged 41-50	/	14,536	12,869	11,284
Proportion of employees aged 41-50	%	25.05%	23.51%	23.28%
Number of employees aged 51 and above	/	7,742	5,447	4,475
Proportion of employees aged 51 and above	%	13.34%	9.95%	9.23%

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Indicators	Unit	2022	2021	2020
Coverage of employee training	%	96.41%	95.87%	91.01%
By gender:				
Coverage of male employee training	%	96.28%	_	_
Coverage of female employee training	%	96.65%	_	_
Total employee training hours	Hours	2,393,305	5,906,443	6,630,779
Annual training hours per employee	Hours/year	41.24	107.90	136.57
By gender:				
Annual training hours per male employee	Hours/year	47.10	_	_
Annual training hours per female employee	Hours/year	35.90	_	_
Occupational health and safety				
Indicators	Unit	2022	2021	2020
Work-related injury rate	%.	0.03‰	0.60‰	_
Occupational morbidity rate	%	0%	0%	0%
Number of accidents resulting in casualties	/	2 times (minor injury)	_	_
Work-related fatalities	/	0	0	C
Lost days due to work injury	Day	126	1,019	617
HSE investments	CNY 10,000	12,486.81	_	_
Number of full-time HSE managers	/	299	_	_
Number of registered safety engineers	/	157	_	_
Number of safety training participants	Person-time	1,562,677	1,259,608	884,204
Number of safety drills organized	/	18,483	12,212	_
Cumulative number of participants in drills	Person-time	359,959	292,134	_
Proportion of employees passing the third-party safety and civilization assessment	%	96.95%	_	_
Supply chain management				
Indicators	Unit	2022	2021	2020
Total number of suppliers	Suppliers	52,281	38,203	26,949
Total number of new suppliers	Suppliers	14,078	11,254	6,306
Number of engineering project suppliers	Suppliers	5,115	_	_
Number of business project suppliers	Suppliers	6,164	_	_
Number of strategic suppliers	Suppliers	1,746	174	1,106
Amount of annual strategic procurement	CNY100million	248.00	248.27	_
Ratio of annual strategic procurement	%	37.46%	27.23%	28.30%
Proportion of new suppliers screened by environmental criteria	%	87.38%	100%	100%
Proportion of new suppliers screened by quality criteria	%	95.73%	100%	100%
Number of strategic suppliers consistent with the green certification of building materials	Suppliers	49	_	_
Number of penalized suppliers	Suppliers	134	300	183



Product quality				
Indicators	Unit	2022	2021	2020
Average score of field testing and measurement of the project	Points	89.60	89.32	92.40
Coverage of field testing and measurement of the project (building area caliber)	%	100%	100%	100%
Number of mobile house inspection cities nationwide	/	30	_	_
Number of mobile house inspection projects	/	130	_	_
Number of mobile house inspection households	Households	75,583	_	_
Coverage of delivery assessment of the projects (building area caliber)	%	100%	100%	100%
Average value of assessment on roughcast delivery	Points	76.70	73.90	73.40
Average value of assessment on refined decoration delivery	Points	78.30	77.00	74.70
Customer satisfaction with housing quality	Points	83.70	81.60	75.30
Coverage of quality control or product-related safety training on employees	%	100%	100%	_
Coverage of quality control or product-related safety training on suppliers	%	100%	100%	_

Customer service

Indicators	Unit	2022	2021	2020
Customer complaint resolution, by business sectors				
Commercial and office buildings	%	98.40%	_	_
Hotels and apartments	%	100%	100%(apartment)	_
Industrial parks	%	None	_	_
Property services	%	99%	98%	_
Cruise lines	%	100%	100%	_
Conventions and exhibitions	%	99.10%	_	_
Health care	%	100%	_	_
Delivery satisfaction from third-party surveys	Points	91	85	78
Delivery satisfaction from third-party surveys (by business sectors)				
Real-estate development	Points	90	_	_
Commercial and office buildings	Points	94	_	_
Hotels and apartments	Points	90 (apartment)	_	_
Industrial parks	Points	None	_	_
Property services	Points	89	_	_
Cruise lines	Points	88.50	_	_
Conventions and exhibitions	Points	89.90	_	_
Health care	Points	90	_	_

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Responsible marketing					
Indicators	Indicators		2022	2021	2020
Proportion of marketing personnel covered by responsible marketing training		%	100%	100%	_
Number of responsible marketing training for all staff in the company		/	2	6	_
Number of responsible marketing training for regional and city-level subsidi	aries	/	42	_	_
Number of responsible marketing training for specialized marketing channels (including marketing agencies and other outsourcing personnel)		/	627	_	_
Community welfare					
Indicators		Unit	2022	2021	2020
External donations	CN'	Y 10,000	3,513	4,033	8,722.50
Total tax paid	CNY 100,000,000		307.65	292.95	238.50
Affordable housing construction					
Indicators		Unit	2022	2021	2020
Number of affordable housing units in newly-commenced projects		Units	3,648	_	_
Construction area of affordable housing in newly-commenced projects		m²	306,463	_	_



Indicators	Unit	2022	2021	2020
Board of Directors	/	17	18	22
Strategy and Sustainable Development Committee	/	1	1	1
Nomination Committee	/	3	3	2
Audit Committee	/	5	7	4
Compensation and Assessment Committee	/	2	1	1

Indicators	Unit	2022	2021	2020
Executive director	Person(s)	3	3	4
Non-executive director	Person(s)	3	3	2
Independent Director	Person(s)	3	3	3
Female director	Person(s)	1	0	0
Male director	Person(s)	8	9	9
Directors under 30 years of age	Person(s)	0	0	0
Directors aged 30-50	Person(s)	3	2	2
Directors over 50 years of age	Person(s)	6	7	7



Protecting shareholders' interests				
Indicators	Unit	2022	2021	2020
Number of General Meeting of Shareholders	/	4	4	3
Number of regular reports disclosed	PCS	4	4	4
Number of provisional reports disclosed	PCS	290	200	143
Number of regular investor exchange conferences	Session	9	9	9
Number of online and on-site strategy meetings for domestic and foreign brokers	Session	66	30	38
Number of investor field and online surveys	Session	65	39	30
Integrity and compliance management				
Indicators	Unit	2022	2021	2020
Internal control deficiencies rectification rate	%	100%	_	94%
Legal review rate of major business decisions, business contracts, rules and regulations throughout the year	%	100%	100%	100%
	%	100%	100%	100%
contracts, rules and regulations throughout the year				100% — 100%
contracts, rules and regulations throughout the year Number of internal audits conducted	/	23	18	_
Contracts, rules and regulations throughout the year Number of internal audits conducted Coverage of employee integrity education and training	/ %	23	18	_
contracts, rules and regulations throughout the year Number of internal audits conducted Coverage of employee integrity education and training Proportion of new employees signing the Commitment Letter of Employees on Integrity	/ %	23 100% 100%	18 100% —	_

GRI Content Index

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GRI	Standards Disclosure	Chapter Reference
Gen	eral disclosures	
GRI 2	2: General Disclosures 2021	
2-1 (Organizational details	About CMSK
2-2 E	Entities included in the organization's sustainability reporting	About the Report
2-3 F	Reporting period, frequency and contact point	About the Report
2-4 F	Restatements of information	About the Report
2-5 E	External assurance	Assurance Statement
2-6 A	Activities, value chain and other business relationships	About CMSK
2-7 E	Employees	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
2-9 (Governance structure and composition	Governance: Shaping the Entity as An Ethical Company (I), Standardizing the Governance Structure
2-10	Nomination and selection of the highest governance body	Governance: Shaping the Entity as An Ethical Company (I), Standardizing the Governance Structure
2-11	Chair of the highest governance body	Governance: Shaping the Entity as An Ethical Company (I), Standardizing the Governance Structure
2-12 mana	Role of the highest governance body in overseeing the gement of impacts	Sustainability Management (II), Sustainability Governance Structure
	Delegation of responsibility for managing impacts	Sustainability Management (II), Sustainability Governance Structure
2-14	Role of the highest governance body in sustainability reporting	Letter from the Chairman
2-15	Conflicts of interest	Governance: Shaping the Entity as An Ethical Company (I), Standardizing the Governance Structure
2-16	Communication of critical concerns	Sustainability Management (IV), Stakeholder Engagement
2-18	Evaluation of the performance of the highest governance body	Sustainability Management (II), Sustainability Governance Structure
2-19	Remuneration policies	See 2022 Annual Report
2-20	Process to determine remuneration	See 2022 Annual Report
2-22	Statement on sustainable development strategy	Sustainability Management (I), Sustainability Philosophy
2-23	Policy commitments	See the website https://esg.cmsk1979.com/ for more details
2-24	Embedding policy commitments	See the website https://esg.cmsk1979.com/ for more details
2-25	Processes to remediate negative impacts	Governance: Shaping the Entity as An Ethical Company (II), Encouraging Ethical Management
2-29	Approach to stakeholder engagement	Sustainability Management (IV), Stakeholder Engagement
Mate	erial topics	
GRI 3	8: Material Topics 2021	
3-1 F	Process to determine material topics	Sustainability Management (V), Sustainability Topics Management
3-2 L	ist of material topics	Sustainability Management (V), Sustainability Topics Management
Ecor	nomic performance	
GRI 3	3: Material Topics 2021	
3-3 N	Management of material topics	About CMSK - 2022 Highlights
GRI 2	201: Economic Performance 2016	
201-	1 Direct economic value generated and distributed	About CMSK - 2022 Highlights
201-2 clima	2 Financial implications and other risks and opportunities due to te change	Environmental: Empowering City for A Greener Future (I), Responding to Climate change
201-	3 Defined benefit plan obligations and other retirement plans	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith

GRI 3: Material Topics 2021	
3–3 Management of material topics	Social: Leading Stakeholders to A Better Life (V), Social Development as the Core Business Features: Stimulating the Urban and Industrial Transformation (I), Facilitating Urban Develop Business Features: Stimulating the Urban and Industrial Transformation (III), Building A Beautiful Hong Kong
GRI 203: Indirect Economic Impacts 2016	
203–1 Infrastructure investments and services supported	Social: Leading Stakeholders to A Better Life (V), Social Development as the Core Business Features: Stimulating the Urban and Industrial Transformation (II), Facilitating Urban Develop Business Features: Stimulating the Urban and Industrial Transformation (III), Building A Beautiful Hong Kong
203–2 Significant indirect economic impacts	Social: Leading Stakeholders to A Better Life (V), Social Development as the Core Business Features: Stimulating the Urban and Industrial Transformation (I), Facilitating Urban Develop Business Features: Stimulating the Urban and Industrial Transformation (III), Building A Beautiful Hon Kong
Procurement practices	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
Anti-corruption	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Governance: Shaping the Entity as An Ethical Company (II), Encouraging Ethical Managemer
GRI 205: Anti-corruption 2016	
205-1 Operations assessed for risks related to corruption	Governance: Shaping the Entity as An Ethical Company (II), Encouraging Ethical Managemer
205–2 Communication and training about anti-corruption policies and procedures	Governance: Shaping the Entity as An Ethical Company (II), Encouraging Ethical Managemen
Materials	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Environmental: Empowering City for A Greener Future (IV), Accelerating Green Buildings
GRI 301: Materials 2016	L
301-2 Recycled input materials used	Environmental: Empowering City for A Greener Future (IV), Accelerating Green Buildings
301–3 Reclaimed products and their packaging materials	Environmental: Empowering City for A Greener Future (IV), Accelerating Green Buildings
Energy	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Reso
GRI 302: Energy 2016	
302-1 Energy consumption within the organization	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Reso
302–3 Energy intensity	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Reso
302-5 Reductions in energy requirements	Environmental: Empowering City for A Greener Future (IV), Accelerating Green Buildings

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Water and effluents	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
GRI 303: Water and Effluents 2018	
303-1 Interactions with water as a shared resource	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
303–2 Management of water discharge-related impacts	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
303–3 Water withdrawal	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
303-4 Water discharge	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
303-5 Water consumption	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
Biodiversity	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Environmental: Empowering City for A Greener Future (III), Practicing the Concept of Eco-Friendly Development
GRI 304: Biodiversity 2016	LCO-menuly Development
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental: Empowering City for A Greener Future (III), Practicing the Concept of Eco-Friendly Development
304–2 Significant impacts of activities, products and services on biodiversity	Environmental: Empowering City for A Greener Future (III), Practicing the Concept of Eco-Friendly Development
304–3 Habitats protected or restored	Environmental: Empowering City for A Greener Future (III), Practicing the Concept of Eco-Friendly Development
Emissions	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Environmental: Empowering City for A Greener Future (I), Responding to Climate change
GRI 305: Emissions 2016	
305–1 Direct (Scope 1) GHG emissions	Environmental: Empowering City for A Greener Future (I), Responding to Climate change
305-2 Energy indirect (Scope 2) GHG emissions	Environmental: Empowering City for A Greener Future (I), Responding to Climate change
Waste	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
GRI 306: Waste 2020	Emilianda, Emportaling oxy to 7 diceitor active (ii), hadring the riod of raction recoded
306-1 Waste generation and significant waste-related	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
impacts 306–2 Management of significant waste-related impacts	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
306-3 Waste generated	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
306-4 Waste diverted from disposal	
	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
306-5 Waste directed to disposal	Environmental: Empowering City for A Greener Future (II), Making the Most of Natural Resources
Supplier environmental assessment	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
GRI 308: Supplier Environmental Assessment 2016	
308–1 New suppliers that were screened using environmental criteria	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
308-2 Negative environmental impacts in the supply chains and actions taken	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental

Employment	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
Occupational health and safety	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
GRI 403: Occupational Health and Safety 2018	
403-1 Occupational health and safety management system	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403-2 Hazard identification, risk assessment, and incident investigation	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403-3 Occupational health services	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403-4 Worker participation, consultation and communication on occupational health and safety	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403-5 Worker training on occupational health and safety	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403-6 Promotion of worker health	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403–7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403–8 Workers covered by an occupational health and safety management system	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403-9 Work-related injuries	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
403-10 Work-related ill health	Social: Leading Stakeholders to A Better Life (I), Health and Safety as Priority
Training and education	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
Diversity and equal opportunity	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
Non-discrimination	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
Child labor	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith

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Forced or compulsory labor	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (IV), Employee Wellbeing as the Faith
Local communities	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (V), Social Development as the Core
GRI 413: Local Communities 2016 413-1 Operations with local community engagement, impact assessments, and development programs	Social: Leading Stakeholders to A Better Life (V), Social Development as the Core
Supplier social assessment	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
GRI 414: Supplier Social Assessment 2016	
414-1 New suppliers that were screened using social criteria	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
414-2 Negative social impacts in the supply chain and actions taken	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
Customer health and safety	
GRI 3: Material Topics 2021	
3–3 Management of material topics	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
GRI 416: Customer Health and Safety 2016 416-1 Assessment of the health and safety impacts of product and service categories	Social: Leading Stakeholders to A Better Life (II), Product Quality as the Fundamental
Marketing and labeling	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (III), Customer Service as the Motivation
GRI 417: Marketing and Labeling 2016	
417-1 Requirements for product and service information and labeling	Social: Leading Stakeholders to A Better Life (III), Customer Service as the Motivation
Customer privacy	
GRI 3: Material Topics 2021	
3-3 Management of material topics	Social: Leading Stakeholders to A Better Life (III), Customer Service as the Motivation
GRI 418: Customer Privacy 2016 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Social: Leading Stakeholders to A Better Life (III), Customer Service as the Motivation

Third-party Opinions

I am honored to be invited to comment on the 2022 Sustainability Development Report of China Merchants Shekou Holdings, the 16th CSR report and the second sustainability report released by China Merchants Shekou Industrial Zone Holdings Co., Ltd. The report presents a comprehensive sustainable development disclosure framework, featuring a wealth of quantitative data, detailed content, and notable characteristics, providing a systematic overview of CMSK's proactive demonstration of social responsibility and contributions to economic, social, and environmental sustainability.

The report features a systematic framework and complete content.

The report follows relevant domestic and foreign guidelines and requirements, such as the Global Reporting Initiative (GRI), the ESG Reporting Guide of the Hong Kong Stock Exchange (HKEX), and ESG requirements. It addresses stakeholder concerns with a clear framework and comprehensive content, fully showcasing CMSK's annual innovative ESG practices and social contributions. The "Sustainability management" section discloses the sustainability philosophy, ESG management system, SDGs integration, and other aspects of CMSK in detail, reflecting the leading ESG management capability and practical performance of CMSK.

The report includes quantitative data and substantive content.

The report employs a rigorous approach to identify and analyze material topics, and prioritizes key topics such as policy commitments, management practices, performance data, and future plans. The presentation of these topics is comprehensive, detailed, and substantiated with pertinent information. Furthermore, the report has been designed to be reader–friendly, presenting a considerable amount of information in the form of data and diagrams and written in a straightforward manner, making it easily comprehensible. The comparison of key ESG performance over the past three years has improved the comparability of reported data.

Carrying the Shekou DNA, CMSK has unique characteristics.

As the "Carrier of A Better Life", CMSK integrates the ESG concept into urban development and industrial upgrading solutions, achieving interconnection and deep integration of business and ESG concepts. The report highlights CMSK's outstanding practices in constructing sustainable buildings and promoting quality construction, including its adherence to the "green habitat" concept and the compliance of all new projects with the Assessment Standards for Green Buildings. These initiatives are a testament to CMSK's corporate values, demonstrating its responsibility and dedication to promoting sustainable cities and driving transformational growth.

Moving forward into the new era and journey, it is our expectation that CMSK will take proactive measures in fulfilling its social responsibilities, adhering to its commitments, continuing to lead as an example of a central government-owned and state-owned enterprise in developing the ESG system, and making due contributions to sustainable economic and social development.

CMSK has always followed the principle of green development. The release of the 2022 Sustainability Development Report of China Merchants Shekou Holdings demonstrates CMSK's vision and leadership in sustainable practices. As a company with a strong sense of historical mission and responsibility of the Times, CMSK CMSK has successfully integrated social responsibility into its business operations, while also generating sustainable profits. Through its distinctive Port-Park-City (PPC) development model, CMSK leverages its abundant resources to promote green, low-carbon, and sustainable development.

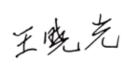
The report covers seven topics, including Party building, quality, environment, society, governance, business and overseas. Using real-life examples such as the Shanghai TOD City Zero Energy Pilot Project, CMSK helping Dongguan Daojiao Changping urban transformation, and the "Carbon Exploration for the Future" ecological partners' activity, the report showcases CMSK's profound understanding of fulfilling social responsibilities and provides a comprehensive overview of the company's annual progress on this front. Particularly noteworthy is the company's response to the "dual carbon" strategy, which highlights CMSK's exceptional performance in green and low-carbon construction, from the overall layout of green development to the management of the green industry chain, the construction of green buildings, green city empowerment, and green development coordination.

The Party's 20th National Congress proposed to actively yet prudently promote carbon peaking and carbon neutrality. The report disclosed the efforts of CMSK in the promotion of carbon peaking and carbon neutrality in detail. In terms of concept, the report highlights CMSK's integration of green and low-carbon principles into architectural design, resulting in the construction of nearly zero energy/zero energy buildings such as Chengdu Tianfu Kindergarten; in terms of planning, CMSK has formulated "dual carbon" strategic planning and action plans; in terms of management, the Company has adjusted the management structure to form leaders and working groups for carbon peaking and carbon neutrality; in terms of action, CMSK actively carries out energy consumption management, creates green buildings and conducts green certification; in terms of technology, it promotes the application of low carbon construction

LCCS system technology; in terms of industry leadership, it has taken the lead in releasing and implementing a number of green industry conventions and standards, and has been invited to participate in the formulation of *Technical Regulations for Low-carbon Office Buildings*, etc. The report is so detailed that every effort of CMSK on low-carbon can be found.

The report is also characterized by its warmth and humanity. In addition to promoting green buildings, CMSK is committed to creating a healthy, comfortable, and intelligent living environment for people. CMSK is actively promoting public awareness of low-carbon issues through various public welfare activities, such as the "Golden Pothos Action", demonstrating its commitment to delivering the green concept.

This report has revealed CMSK to be a socially responsible enterprise committed to promoting low-carbon construction and serving the national strategy. As this is the first year of fully implementing the spirit of the Party's 20th National Congress, I look forward to seeing CMSK continue to lead the industry in low-carbon construction and interpret the Shekou spirit through concrete actions, ultimately contributing to the realization of carbon peaking and carbon neutrality.



Wang Xiaoguang

Professor of Peking University HSBC Business School

Independent Assurance Statement

Assurance Statement of Sustainability Report

The 2022 Sustainability Development Report of China Merchants Shekou Industrial Zone Holdings Co., Ltd. ("the Report"), has been subjected to independent third-party assurance by TUV NORD (Hangzhou) Co., Ltd. ("TUV NORD"). CMSK is responsible for collecting, analyzing, summarizing, and disclosing the information presented in the report, while TUV NORD has carried out their assurance work within the agreed-upon scope of authority recognized in their agreement with CMSK. CMSK is the designated user of this assurance statement.

This statement is based on CMSK's 2022 Sustainability Development Report, for which CMSK holds full responsibility for the accuracy and authenticity of the information and data presented.

Assurance Scope

- Key sustainability performance and related information disclosed for the year 2022 in the Report;
- Site of review: No.6 Xinghua Road, Shekou, Nanshan District, Shenzhen, where the CMSK's headquarters is located. No visit was paid to its subsidiaries and other project locations;
- The management processes such as data and information collection, analysis, and inspection involved in the report were evaluated;
- The economic data is audited by a third party, so there is no need to assure such data again.

The offline assurance period spans from February 20 to 22, 2023.

Assurance Methodology

Our assurance activities included the following:

- Review of the document information provided by CMSK;
- Interviews with the officers responsible for collecting the information contained in the report;
- Review of public information published on relevant websites and media, and verification of relevant data and information in the report through sampling.
- Assessment of the report based on the requirements of GRI Standards for sustainability reporting in terms of balance, comparability, accuracy, timeliness, clarity, and reliability;
- According to AA1000 Assurance Standard (V3);
- Assurance was undertaken in accordance with the Social Responsibility Report Assurance Management Procedure of TUV NORD.

Conclusions

The 2022 Sustainable Development Report prepared by China Merchants Shekou Industrial Zone Holdings Co., Ltd. objectively reflects the implementation of and performance in the sustainable development work in 2022. The data in The report is reliable and objective, and TUV NORD has not found any systematic or substantive errors.

- Balance: The report objectively discloses the number of safety accidents, customer information leakage incidents, etc., achieving a certain degree of balance;
- Comparability: The "Table of Key Quantitative Performance Indicators" discloses key performance indicators for the three years 2020–2022, which
 are comparable;
- Accuracy: It is found through an audit on a sampling basis that the cases and data disclosed in the report are objective and accurate;
- Timeliness: The disclosure period of the report is 2022, and CMSK has issued reports regularly for sixteen consecutive years, showing good timeliness:
- Clarity: The presentation in combined forms of pictures, charts, and annotations in the report makes the information therein easy to understand; Reliability: The CMSK Financial Management Department is responsible for collecting, recording, compiling, and analyzing the information and
- processes used in the preparation of the report. The sampled data during the assurance process can be traceable, ensuring the quality and substantiality of the information to a certain extent.

Improvement Suggestions

Through the assurance and evaluation activities, we have the following suggestions for improving the sustainability practices and management of CMSK:

- The organization can combine relevant indicators with departmental KPI assessments in accordance with the new requirements of the GRI Standards, the reporting standards of the Global Sustainability Standards Board (GSSB), to improve the sustainability management performance of its departments;
- It is recommended that industry comparisons be added to some key performance indicators to enhance the horizontal comparability of the report;
- It is recommended that CMSK disclose the performance of the supply chain in fulfilling social responsibilities, such as contractor safety incidents.

Disclaimer

This assurance statement does not include

- Activities other than information disclosure;
- Statement on the position, viewpoint, belief, target, future development direction, and commitment of CMSK.

Declaration of Independence and Competence

TUV NORD Group is a Germany-based leading certification body in the world, having branches in more than 70 countries, and provides inspection, testing, and assurance services, including management system and product certification; audits and training on quality, environmental, social, and ethical issues; and assurance of environmental, social responsibility, and sustainability reports.

TUV NORD (Hangzhou) Co., Ltd., as one of the global branches of TUV NORD Group, is independent, and ensures that it has no conflicts of interest with China Merchants Shekou Industrial Zone Holdings Co., Ltd. or its branches and stakeholders during the assurance of this social responsibility report. All information in the report was provided by CMSK, and TUV NORD was not involved in the preparation of the report.

TUV NORD (Hangzhou) Co., Ltd.

Authorized person: Song Haining

Date: March 12, 2023

Assurance team leader: Huang Li

Date: March 12, 2023

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Note: In case of any conflict between the Chinese and English versions of the statement, the Chinese version shall prevail.