



# Yuexiu Property Co., Ltd. Comprehensive Risk Management Approach

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## Introduction

Yuexiu Property Co., Ltd. (hereinafter referred to as "Yuexiu Property") as a leading real estate developer in China, is committed to achieving excellence at all levels, especially in risk management. To this end, Yuexiu Property has developed a Comprehensive Risk Management Approach aimed at strengthening the Company's comprehensive risk management and internal control system, improving the level of risk management, and promoting the sustainable, healthy and stable development of the Company.

## Scope of Application

This policy covers all business activities of Yuexiu Property and its affiliates and subsidiaries. Meanwhile, Yuexiu Property also advises and encourages our partners, suppliers, and other business associates to adopt similar policies and practices.

## Objective of comprehensive risk management

1. Ensure that all types of risks are maintained within limits appropriate and affordable to the company's development and contribute to the achievement of its strategic objectives.
2. Ensure the realisation of authentic, reliable and effective communication of information within and outside the company.
3. Ensure compliance with relevant laws and regulations and fulfil the corresponding social responsibilities.
4. Ensure the effectiveness of business management and improve the efficiency and effectiveness of business activities.
5. Ensure the effectiveness of the company's institutional development and that internal controls effectively cover all types of known risks, so that the company does not suffer significant losses as a result.
6. Foster the construction of the company's risk culture and fully implement the concept of "risk management is everyone's responsibility" in the practice of employees.

## Principles of comprehensive risk management

1. Comprehensive risk management shall not only focus on preventing and controlling the losses and harms that may be caused by risks, but also consider the opportunities embedded in risks as special resources that can be effectively managed to create value and contribute to the fulfilment of business development objectives.

2. Risk management shall be closely integrated with other management work, integrated into daily management and business processes, forming a scientific and rational organic whole, and jointly serving the company's strategic development objectives.

## Organisational system and responsibilities

1. The Board of Directors (including its Audit Committee) is the leading and decision-making body of the Company's comprehensive risk management, and is ultimately responsible for the construction and effective operation of the Company's overall risk management system.
2. Functional departments and subsidiaries are the first line of defence in risk management and are responsible for directly fulfilling the corresponding risk management duties in the course of business, implementing the established risk management procedures of Yuexiu Property, and carrying out direct control and management of risks.
3. The risk management function is the second line of defence in risk management and, as the body responsible for overall risk management, it takes the lead in building a comprehensive risk management system, fostering the company's risk management culture, providing professional advice on major risk decision-making matters, and coordinating high-level departmental risk management requirements.
4. The audit function is the third line of defence in risk management, auditing and overseeing the performance of the risk management function, functions and subsidiaries in the discharge of their risk management responsibilities and the conduct of risk management.

## Risk management culture

1. Yuexiu Property shall make great efforts to cultivate a good risk management culture, establish correct risk management concepts, enhance employees' awareness of risk management, and promote the achievement of comprehensive risk management objectives.
2. Yuexiu Property shall integrate the risk management culture into the whole process of corporate culture construction, create a risk management culture atmosphere, strengthen employees' awareness of risk management, and promote the implementation and effectiveness of the risk management culture.
3. Yuexiu Property shall establish a pre-service risk management training mechanism for management personnel and business operators, strengthen training in core contents of risk management concepts, knowledge, processes, control and management by adopting a variety of ways and rich forms, cultivate risk management talents and foster a risk management culture.

## Monitoring and Regular Review

The Board of Directors and ESG Committee are responsible for managing and guiding matters related to Yuexiu Property's comprehensive risk management, discussing and reviewing relevant risks and opportunities at least annually, and updating this policy appropriately at least every three years, jointly contributing to the creation of a sustainable and green development future. Comprehensive risk management related practices and initiatives will be disclosed on the company's website and in ESG reports.

Yuexiu Property understands that a truly successful business is not just about pursuing economic benefits, but also about bringing positive impact to society and fulfilling its responsibility to its stakeholders. The Yuexiu Property Comprehensive Risk Management Approach is not just a document, but a practical guide to our commitment to everyone.

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