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CONSISTENT COMPLIANCE AND EFFECTIVE GOVERNANCE

Yuexiu Property strives to maintain a high level of corporate governance in order to protect the rights and interests of shareholders and improve accountability. The Group has been adopting the “Corporate Governance Code” set out in Appendix 14 to the HKEx Listing Rules as its corporate governance code and conducting business operations in accordance with the requirements thereof. The Group integrates environmental, social and governance risk management into its daily operations and internal control on the basis of compliance with the Corporate Governance Rules of Listed Companies.



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5.1. RESPONSIBLE COMMUNICATION

Yuexiu Property identifies key stakeholders by analysing the interaction between the Group and stakeholders in daily operations. Yuexiu Property has a wide range of stakeholders, including shareholders and investors, employees, customers, suppliers, governments, communities, industry associations, chambers of commerce and media. Yuexiu Property attaches importance to the communication with stakeholders in order to achieve common progress and development. Therefore, Yuexiu Property responds to the reasonable expectations and requests from stakeholders in the following ways.



Owner/Resident

Residents in Yuexiu Property residential projects

- The satisfaction of owners and residents with Yuexiu Property residential products and property services is the basis for our long-term development
- Their main concerns: Geographic location, surrounding facilities, internal environment, property service quality, and community security equipment
- Our daily communications: Regular visits, satisfaction surveys, complaint hotlines, and resident property management



Staff

Employees directly employed by Yuexiu Property

- A growing team of excellent staff is the key to the sustainable development of Yuexiu Property
- Their concerns: Salary and treatment, room for development, employee benefits, promotion policy, training system, corporate reputation, work intensity, and internal communication channels
- Our daily communication: Direct communication, employee mailbox/hotline, and training programs



Shareholders and investors

Existing shareholders and potential investors of Yuexiu Property

- The existing and potential investors of Yuexiu Property provide the economic foundation for our development. Yuexiu Property is dedicated to creating a sustainable economic return that can meet the expectations of our shareholders
- Their concerns: Share price, dividend, financial position, business prospects, future development plans, governance, management selection and employment
- Our daily communication: Information disclosure, shareholders' meetings, investor meetings and roadshows, and investor hotline/mailbox



Media

Media that is interested in Yuexiu Property and reports on our operational performance and services

- Media reports can make the community more aware of Yuexiu Property, and urge Yuexiu Property to improve its operation
- Their concerns: Business and product situation, financial performance, future development direction, and corporate social responsibility among others
- Our daily communication: Press conferences, interviews, and regular seminars among others



Mall/office users

Users and customers who work and shop in the office buildings and shopping malls owned by Yuexiu Property

- Customers are the direct users of our office buildings and shopping malls. It is our responsibility to provide them with a safe and comfortable work and shopping environment
- Their main concerns: Geographic location, internal environment, property service quality, security facilities, energy consumption, rental level, and customer traffic
- Our daily communications: Complaint mailbox, routine inspections, complaint hotline, and satisfaction survey



Government

Local governments of locations where Yuexiu Property is incorporated, listed and operated

- The support of the government to Yuexiu Property is the guarantee that we can have a larger range of positive economic and social impact
- Their concerns: The business can comply with local laws and regulations, pay taxes according to law, promote local economic growth, boost local employment, and produce positive social benefits
- Our daily communication: Regular visits, and communication on policies



Suppliers

Suppliers who provide Yuexiu Property with equipment and service required for daily operation

- The suppliers provided Yuexiu Property with high-quality products and services, and became an important part of Yuexiu Property operation process. At the same time, they also have to abide by Yuexiu Property's supplier management policy
- Their concerns: Procurement policy, supplier management policy, fair trade, timely payment, and partnership maintenance
- Our daily communication: Supplier review and regular visits



Local communities

Local communities where Yuexiu Property operates

- The communities where Yuexiu Property operates and local residents support our business growth, while Yuexiu Property also makes its contribution to the development of the community
- Their concerns: The impact of property construction and management on local communities and residents
- Our daily communication: Community public welfare activities and complaints hotline

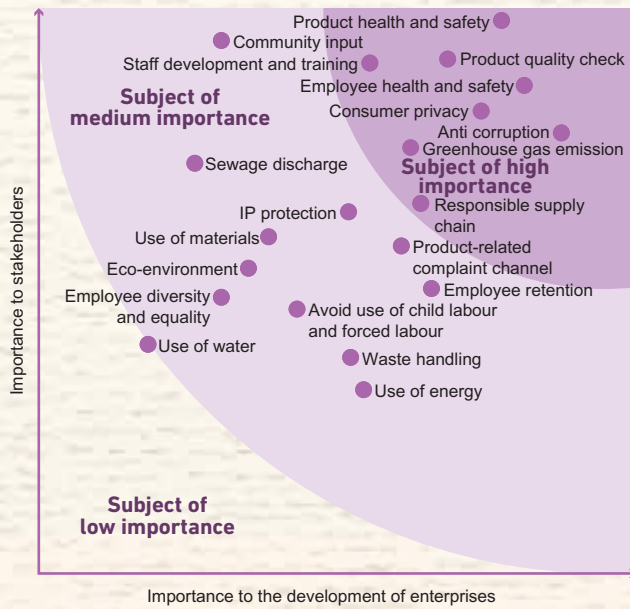


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5.2. RESPONSIBILITY ISSUES

During the report preparation period, in order to further understand the stakeholders' concerns, Yuexiu Property entrusted an independent consulting company to conduct a materiality evaluation. At the same time, stakeholders' feedback on and expectations of Yuexiu Property's fulfilment of social responsibility during the past year has been studied, so as to help establish the report framework and respond to their views.

Matrix - ESG Reporting Significance



| List of materiality issues |
|--|
| High materiality issues |
| Product health and safety |
| Employee health and safety |
| Integrity and anti-corruption |
| Product quality verification |
| Consumer privacy |
| Staff development and training |
| Responsible supply chain |
| Greenhouse gas emissions |
| Moderate materiality issues |
| Community investment |
| Employee retention |
| Protection of intellectual property rights |
| Product complaint channel |
| Use of materials |
| Sewage discharge |
| Waste disposal |
| Avoiding use of child and forced labour |
| Use of energy |
| Ecosystem |
| Staff members' diversity and equality |
| Use of water resources |





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5.3. BE CLEAN-HAND AND UPRIGHT

Yuexiu Property continuously improves its rules and regulations, and comprehensively inhibits any emerging corruption signs, so as to cultivate talents with integrity. Yuexiu Property has formulated the Yuexiu Property Guidelines for Full Implementation of Talks around the Principal Roles with respect to Strict CPC Governance, and the Yuexiu Property Implementation Plan for the Supervision of CPC Discipline Committee over Grassroots Conduct, and other anti-corruption norms. Through improving the communication mechanism about the conduct of Party members, we strengthened our fight against corruption and advocated clean governance, promoted the development of the CPC's work style and clean corporate governance in a broader and deeper manner, so as to better serve our core mission, and realize Good Governance in the real estate market.

Yuexiu Property has successively issued the Guidelines for the Implementation of the "Three Important and One Large" Decision-Making System, the Detailed Rules for the Supervision and Administration, the Guidelines for Ombudsman System and other rules and regulations, and strictly followed the aforesaid guidelines to carry out various related work. In addition, Yuexiu Property requires all departments and subsidiaries to report "Three Important and One Large" decisions on a quarterly basis. Statement of Responsibility for Clean and Honest Governance is signed every year. All the staff are required to sign the Statement of Undertaking in relation to Clean and Honest Conduct, which has been mainstreamed into the onboarding process. Each position is screened and organized to sign Point-Of-Risk Management Ledger.

Anti-Corruption Measures Taken by Yuexiu Property



[Case Study]

- The Group has published a clean governance whistleblowing mailbox, complaint hotline and Email address, and make available clear supervision and complaint channels;
- Each branch has set up audit and inspection positions, which are responsible for organizing the staff to sign Statement of Undertaking;
- An anti-corruption supervision team has been established and the letters of appointment have been assigned to anti-corruption supervisors, who are responsible for the supervision of bidding and tendering;
- According to the requirements of the Party Committee at a higher level, the Group has carried out alert talks and integrity education for the staff;
- The employees are arranged to fill in the department-specific or role-specific corruption risk review form;
- Business partners have been randomly interviewed for anti-corruption purpose all along;
- An anti-corruption and self-discipline notice has been sent every traditional festival;
- The Group's departmental meetings are encouraged to organize all attendees to study the above measures and guidelines.





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5.4. SOCIAL RECOGNITION

Corporate Governance Gold Award 2017
Social Responsibility Best Initiative Award
 The Asset Magazine

Listed Company Award of Excellence 2017
 Hong Kong Economic Journal, PR Asia

Best IR in Corporate Transaction (Mid Cap)
 Hong Kong Investor Relations Association

China Excellent Real Estate Corporation Awards 2017
 China Excellent Real Estate Corporation Awards Commission

Best Listing Company Investor Relations Award 2017
 China Financial Market Magazine

Best in ESG Awards (Mid Cap)
Best in ESG Reporting Awards (Mid Cap)
 BDO

Most Valuable Real Estate Listed Company 2017
 Zhitongcaijing.com

Social value Enterprise Award
 Anjuke

Social Responsibility Enterprise Award -
Guangzhou Yuexiu Elderly-Care Investment Holding Co., Ltd.
 Guangdong Elderly-Care Services Association

