

# A-LIVING SERVICES CO., LTD.\*

## 雅居樂雅生活服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

**Stock Code : 3319**

### CORE VALUE

**Lifelong caring**

### MISSION

**Provide high quality services with ingenuity, build delicate life with sincerity**

### VISION

**Develop a national leading and world class resident service platform**

### SPIRIT

**Develop our future with vision and enthusiasm**

### BUSINESS PHILOSOPHY

**Achieve greater, higher, better, more and flexible business services**



# 2017

## Environmental, Social and Governance Report

\*For identification purposes only



## Content of the Report

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## Corporate Profile

A-Living Services Co., Ltd. (“A-Living” or the “Company”, together with its subsidiaries, the “Group”) is a reputable property management service provider focusing on mid- to high-end properties. We offer a comprehensive portfolio of services. The Group has three major business lines, namely property management services, value-added services to non-property owners and value-added services to property owners, forming an integrated service spectrum covering the entire value chain of property management. As of 31 December 2017, the Group provided management services in 69 cities in China with a total contracted GFA of approximately 126.1 million sq.m. and a total contracted GFA under management of approximately 78.3 million sq.m., and served more than one million property owners and residents.

On 9 February 2018, the Group successfully spun off from Agile Group Holdings Limited and became the first property management company in the People’s Republic of China that officially spun off from a red-chip holding company to list on the H-Share market.





# About this Report

## 1. Introduction of the Report

The Company is pleased to release the first Environmental, Social and Governance (“ESG”) Report (the “Report”) to set forth the policy development and performance of the Group in fulfilling the environmental and social responsibilities in 2017, in response to the concern and expectation of stakeholders on sustainable development management and information disclosure of the Group.

## 2. Scope of the Report

The report discloses the actions and achievements of the Group in environmental, social and governance issues from 1 January 2017 to 31 December 2017. The scope of the Report covers the Group except otherwise stated. For details of the businesses of the Group, please refer to the 2017 Annual Report of the Group.



## 3. Preparation Basis of the Report

The Report is prepared in strict accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) of Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The appendix of the Report details the content index of the ESG Reporting Guide for convenience of readers to look up the Report quickly.

## 4. Publication of the Report

The report is available in both Chinese and English. If there is any discrepancy between the English and Chinese versions of the Report, the Chinese version shall prevail. Electronic version of the Report can be accessed on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.agileliving.com.cn](http://www.agileliving.com.cn)).

## 5. Readers’ Feedback

Your comments and suggestions on this Report and the performance of the Group in sustainable development are welcomed.

### Contact us

Address: 35/F, Agile Center, 26 Huaxia Road, Zhujiang New Town, Tianhe District, Guangzhou, Guangdong Province, China

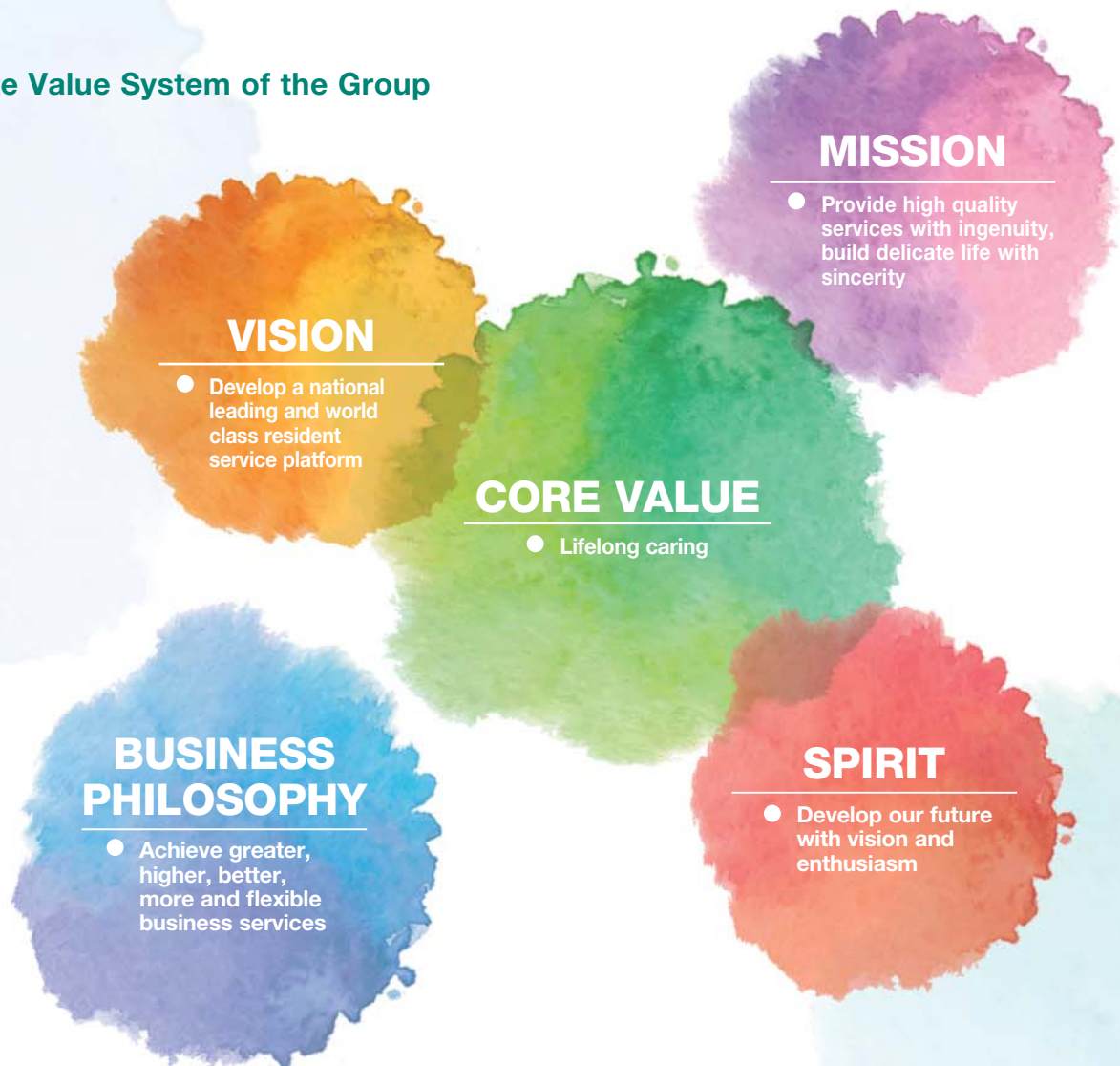
Email: [ir@agileliving.com.cn](mailto:ir@agileliving.com.cn)

## Corporate Environmental, Social and Governance Philosophy

The Group advocates and pursues philosophy of sustainable development, with persistent implementation of environmental and social responsibilities as a corporate citizen in the course of business expansion. By actively listening and responding to the expectations of its stakeholders, it continues to improve management mechanism, dedicating to incorporate the sustainable development philosophy into decision-making and daily operation of the enterprise to achieve balanced development for economy, environment and social benefits.

Under “lifelong caring” as the core value and “provide high quality service with ingenuity and build delicate life with sincerity” as the corporate mission, the Group adheres to its original aims with dedication to offer owners comprehensive home life solutions. We also focus on the four dimensions, namely owners, developers, communities and cities, to continuously optimize the product structure, develop niche sectors, strengthen the brand characteristics, utilize scientific and technological means, uphold integrity management and achieve steady corporation development, so that value can be created for employees, owners, shareholders, supply chains and the environment.

### Corporate Value System of the Group



# Communication Mechanism with Stakeholders

The trust and support of stakeholders are the foundation for sustainable corporate development. The Group attaches great importance to listening to opinions and demands of the stakeholders. Through a multi-level and multi-channel communication mechanism, it maintains close communication with stakeholders on issues they concern, so as to reinforce the cooperative relationship with mutual trust and support to jointly plan and realize the blueprint for sustainable development.

The existing communication mechanism with stakeholders of the Group is set forth as below:

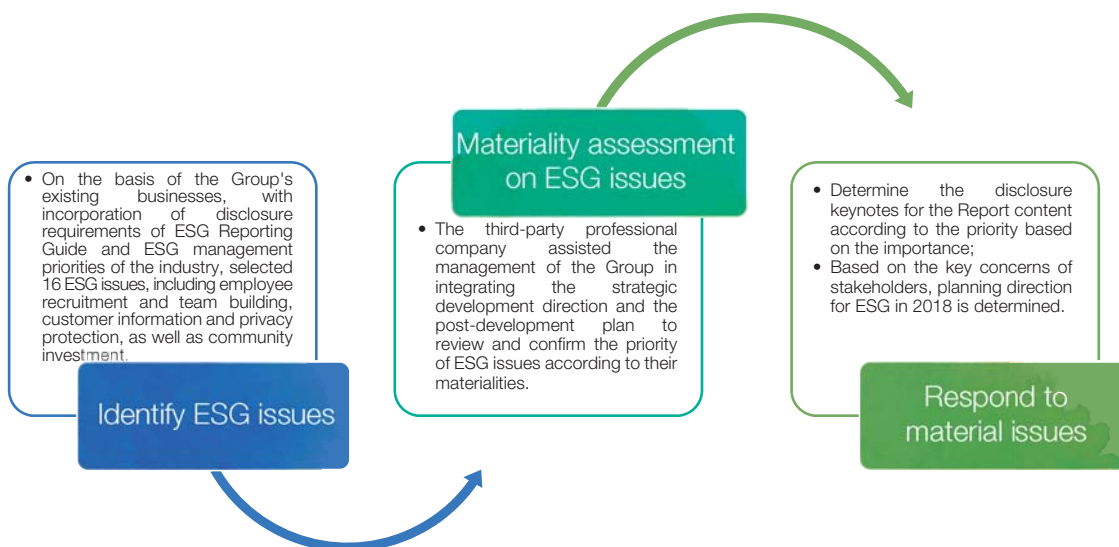
Stakeholders	Expectation and Demand	Communication and Response
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Interest protection</li> <li>Corporate transparency</li> <li>Risk control</li> </ul>	<ul style="list-style-type: none"> <li>Improve profitability</li> <li>Convene shareholders' meetings</li> <li>Daily information disclosure</li> <li>Optimize internal control and risk management</li> </ul>
<b>Government and Regulatory Organizations</b>	<ul style="list-style-type: none"> <li>Comply with the laws</li> <li>Pay taxes in compliance with the laws</li> <li>Respond to the national call</li> <li>Support local development</li> </ul>	<ul style="list-style-type: none"> <li>Operation in compliance with the laws</li> <li>Pay taxes in full on time</li> <li>Actively implement relevant policies</li> <li>Actively assume social responsibilities</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Career development platform</li> <li>Remuneration and benefits</li> <li>Healthy and safe working environment</li> <li>Listening to the voice of employees</li> </ul>	<ul style="list-style-type: none"> <li>Optimize career promotion mechanism</li> <li>Competitive salary and benefits</li> <li>Implement management system for health and safety</li> <li>Equal communication and complaint mechanism</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Product Quality and price/performance ratio</li> <li>Customer service quality</li> <li>Customer information security</li> <li>Customer rights protection</li> </ul>	<ul style="list-style-type: none"> <li>Create quality life service platform</li> <li>Comprehensive considerate service</li> <li>Network security and permission settings</li> <li>Compliance in marketing</li> </ul>
<b>Suppliers and Cooperative Partners</b>	<ul style="list-style-type: none"> <li>Integrity cooperation</li> <li>Experience sharing</li> <li>Win-win cooperation</li> <li>Business ethics and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Create responsible supply chain</li> <li>Promote daily communication</li> <li>Carry out project cooperation</li> <li>Perform contracts under the laws</li> </ul>
<b>Society and the Public</b>	<ul style="list-style-type: none"> <li>Care for the poor</li> <li>Support social welfare</li> <li>Protect natural environment</li> <li>Promote social advancement</li> </ul>	<ul style="list-style-type: none"> <li>Participate in targeted poverty alleviation</li> <li>Take part in charity</li> <li>Adhere to green operations</li> <li>Share development achievements</li> </ul>



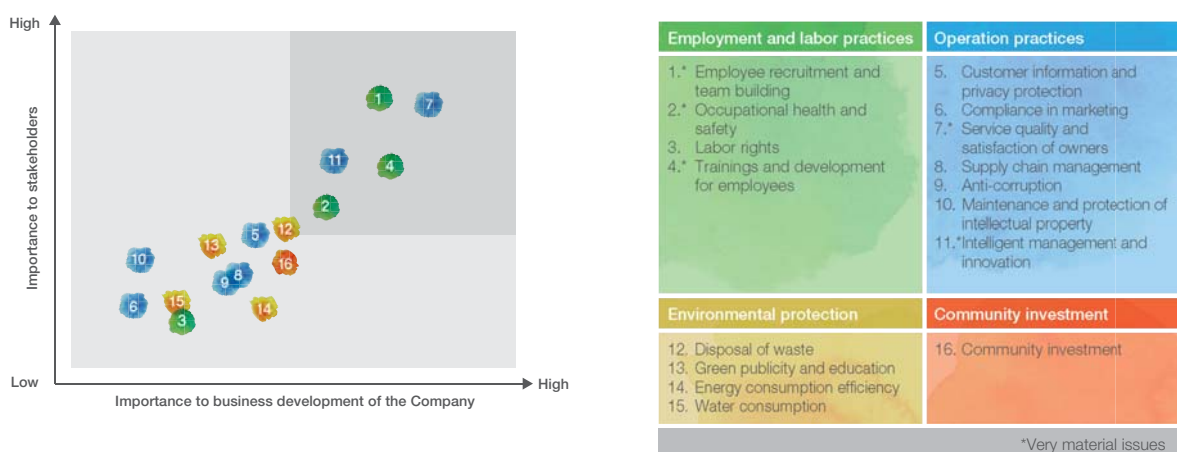
# Materiality Assessment of Environmental, Social and Governance Issues

In 2017, the Group commissioned a third-party professional company to carry out materiality assessment on importance of ESG issues to identify ESG issues that are most important to business development of the Group and are most concerned by stakeholders, so as to assist the Group in determining the ESG management goals in 2018 and disclosure keynotes for the Report, and hence expectations and demands of all parties are actively responded.

The materiality assessment on ESG issues in 2017 mainly covers the following three steps:



Materiality matrix of ESG Issues of 2017



According to assessment results in 2017, issues related to product and service quality, owner satisfaction and employee management are of higher importance. In the Report, disclosure of performance of the Group in related areas is strengthened accordingly, with such result as the planning highlight for ESG work of the Group in 2018.

The Group understands that communication with stakeholders is a long-term and deepening process. Therefore, communication mechanism will be continuously consolidated and improved with exploration for diversified communication means to collect opinions and suggestions from various stakeholders on sustainable development implementation of the Group through multiple channels, so as to constantly promote performance of the Group in related work.



# Product and Service Responsibilities

Quality of products and services is the core link for sustainable corporate development. 2017 is the year for brand building of the Group, as well as quality improvement. The Group puts forward the development strategies of “management digitalization, service specialization, process standardization and operation automation”, defines service quality objectives, standardizes service methods, continuously improves service efficiency and constantly innovates service types, in order to provide owners with comprehensive service experiences.

In 2017, the Group complied with relevant laws and regulations related to the quality of products and services that might have significant impact on the Group.



## 1. Service Quality Management

In order to provide owners with satisfactory services, the Group formulates and implements stringent quality plans and objectives, and prepares detailed quality standards and process guidelines, with the Operation and Management Center of the headquarters and quality departments of the regional offices which are responsible for implementation and supervision functions, under which benchmarking projects are established, and reward and punishment mechanism is introduced, to ensure effective quality supervision. The Group first introduced the Hong Kong-style service idea in 1992, which provides function table-based services centering on 6S and covers all property types, enabling it to be a leader for the China's high-end property service. The Group adheres to the management policy of continuous improvement and examines the operational performance of the system, identifies optimization directions, continuously improves service quality and ensures customer satisfaction through regular internal management reviews.



ISO 9001:2008 Quality Management System Certification

The Agile Garden Sanxiang Zhongshan (phases 1 to 8), Metro Agile Zhongshan (phases 1 to 6), Majestic Garden Nanhai, South Lagoon Guangzhou, Grand Palace Huadu, Golfer's Paradise, a component of Hainan Clearwater Bay of the Group have passed ISO 9001:2008 quality management system certification. The Group will review the operating performance of the quality management system, identify the improvement direction and increase space through regular internal management reviews.



## Product and Service Responsibilities (continued)

The four dimensions of project quality management include:

### 1) Customer Service Management

- **Promote communication with customers and maintain relationship with owners**

The Group formulates and implements management rules for customer visits, conducts customer interviews on a regular basis, holds discussions based on feedback and suggestions from customers, implements rectifications, and provides feedback to customers on results of the follow-up in a timely manner. The property service center of the Group conducts manager reception day on a monthly basis, during which suggestions and complaints of owners are collected at the site with problems being solved in a timely manner, while problems that cannot be solved there at once are recorded for discussion with owners for the feedback time.



- **Respond to demands of owners in time**



Considerate customer service

The Group has established and improved the Work Procedures for Customer Demand Management to ensure timely and effective handling of customer demands so that customer satisfaction with property services can be strengthened. The work procedures clearly define the responsibility of the front desk of customer service department to integrate customer demands reported from different channels (email, incoming calls, incoming letters, visits, 400 hotlines, etc.) and pass the follow-up to relevant departments of the property service center after the classification. Front desk of customer service achieves 100% return visits and closes the case within 24 hours after handling of the complaints.

On 31 October 2017, the 400 Call Center with nearly 100 seats were officially opened to fully take over service hotlines from front desks of all project properties. As a material initiative of the Group for development strategy of “management digitalization, service specialization, process standardization and operation automation”, the 400 Call Center utilizes the customer relationship management (CRM) platform to realize the automatic pop-up of incoming calls from owners, data retrieval, conversation recording etc. Through work order monitoring platform, effective supervision on a series of processes such as incoming calls from owners, dispatch of work orders, result of processing, problem verification, etc. is realized, as well as problem classification for incoming calls and accountability analysis. Telephone traffic monitoring of the 400 Call Center and telephone traffic distribution of the regional offices are realized through the real-time monitoring platform, while the Call Center also conducts real-time early warning in accordance with telephone traffic conditions of the regional offices, and understands causes for the abnormality of a certain project, so as to promptly make a response to implement multi-dimensional real-time monitoring and effective work deployment for the Call Center.

- **Strengthen owner service training and assessment to ensure professional services**



From October to November 2017, the Group organized property service centers of different cities to carry out special training activities with subject as “be touched a bit always”, through which management of the four aspects, namely upgrading of hardware facilities at the front desk, rectification of the reception environment, improvement of customer service etiquette and image, receptions for customer calls and visits, were strengthened to establish a professional and efficient brand image.

### 2) Engineering Management

The Operation and Management Center of the Group formulates and improves various standards, policies and procedures in project management, and organizes employees to participate in related knowledge popularization and practical trainings in accordance with requirements of the Measures for Quality Management.

The “quality inspection” function of the Group’s integrated management and control platform enables employees to obtain information such as relevant quality manuals of the equipment and status of fulfilling quality requirements by scanning the QR codes on the facilities and equipment, thereby promptly replacing the old equipment and facilities.

### 3) Environmental Management

The Operation and Management Center of the Group formulates and implements the environmental management standard policy, strengthens theoretical study for employees, and conducts practical trainings. In order to ensure environmental quality of the property district, the Operation and Management Center of

## Product and Service Responsibilities (continued)

the Group assesses service conditions of suppliers related to environment on a yearly basis to keep the best while discarding the inferior, as well as guidance being provided for the purchase and deployment of environment related mechanized equipment, so that service quality can be actively improved for a better environment of the owners.

### 4) Safety and Order Management

The Group strictly implements inspection management policy to troubleshoot various safety risks item by item and set security inspections on outsourcing units as an important inspection items. All issues related to production safety must be rectified within the specific deadline with guarantee of 100% rectification. The Group also conducts a series of publicity activities such as quizzes, visits and demonstrations with “safety” as the subject in various communities across the country, and establishes a new management model under “keep watch

among neighborhood with joint prevention and management” as well, so as to improve safety awareness of property management personnel and owners to achieve zero hidden danger, zero accident and zero theft for safety. In addition, the Group also conducts free household inspections before the Spring Festival on a yearly basis, as well as safety inspection on public area and public equipment to eliminate hidden dangers in resident places.



### Case: “100-Day Accident-Free Program” in 2017

In 2017, under the principle of “safety first, taking precautionary measures and carrying out comprehensive management”, various property service centers of the Group respectively carried out the activities of “100-day accident-free program”, during which each property service center regularly organized employees for safety trainings and arranged fire safety inspections. Through military trainings, both physical fitness and wrestle skills of the employees were strengthened. The order maintenance departments conducted large-scale safety inspection on main roads or in peripheral areas of the communities. The property service centers strengthened community inspections, especially night patrols, with also the reinforcement of control on external persons and strict verification of entering and exiting vehicles, so as to safeguard the life and property safety of the property owners in the community.



Poster of 100-day accident-free program





### Case: “119 Community Firefighting Drill” in 2017

The Group conducted “119 community firefighting drill” in major communities throughout the country to enhance firefighting awareness among employees and owners through knowledge presentation, simulations of fire scenes and other projects. Each of the communities managed by the Group is equipped with miniature firefighting cabinet and establishes a volunteer firefighting team. Some individual communities have set up fire stations in cooperation with subdistrict departments of the government.

The Group strictly implements mechanism for headquarters inspection and project self-inspection. In 2017, the Group conducted national project inspections in 25 cities for nearly 4 months. Pursuant to requirements and standards of the Management Measures for the Assessment of Property Service Quality of the Group, the inspection team commended the advantages of property management found in the course of the event, and also comprehensively rectified the deficiency of property management, with adhering to the principle of “reviewing the past” to ensure high quality service of the Group.

The Group held a seminar on solutions to special issues for property quality improvement at the Agile Center in the afternoon on 20 February 2017, in which Mr. Liu Deming, Executive Director and Chief Executive Officer of the Group, put forward three requirements, namely, to understand and clarify the source of the problem, to elaborate and explore countermeasure, carry out and realize the implementation, so as to improve the quality control system with the target as “creating a high-end property service brand”.



### Case: Creating a Benchmarking Project

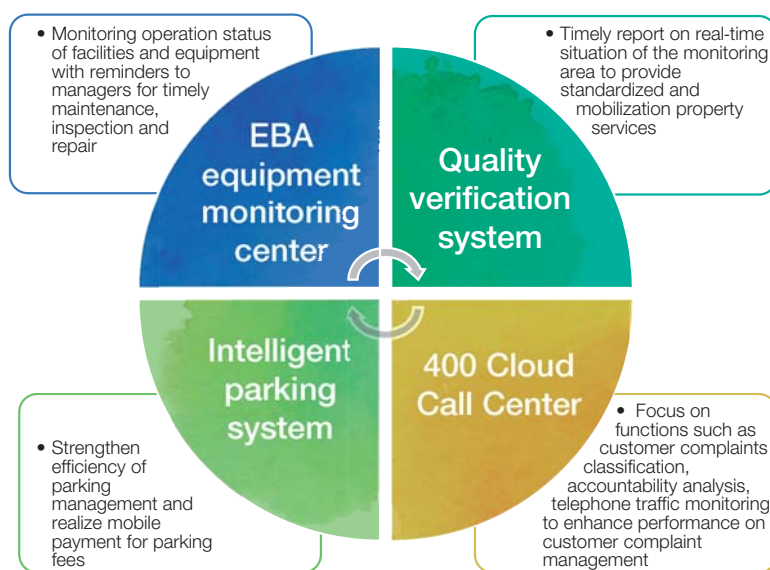
The “benchmark project development” is a material initiative for the “quality improvement year” of the Group in 2017. Since April 2017, the Operation and Management Center of the Group referred to evaluation standards for establishing national/provincial demonstration residential community and three-standard system standards of the Company to carry out a nationwide special campaign for creating benchmarking projects. Projects experienced four main stages, namely declaration and confirmation, centralized establishment, preliminary inspection and pre-inspection, acceptance and selection under assessment, and eventually 19 projects in top 10 regional offices have passed the benchmark acceptance after layers of screening.

The Group, through establishing pilot projects, actively gives play to the functions of standard output, duplication and publicity of such projects to strengthen study and correction of internal pilot projects, lead the implementation of project service standardization and improvement of quality services, and reward owners with first-class services.

### 2. Intelligent Property Management and Innovation

The transformation and upgrading of traditional property management to modern service industry must be supported by modern science and technology, especially network technology, so that new business models and management methods can be established. Modern science and technology, especially information network technology, will definitely be a booster for transformation and upgrading of the property management industry.

In 2017, the Group steadily promoted the construction and realization of the integrated management platform for A-Living to achieve the goals of management efficiency promotion, revenue increase and cost reduction. Based on network technology, the integrated management platform of the Group integrates four core systems to accelerate digital construction of equipment management, quality inspection, and settlement of parking fee and customer complaints, etc., so that comprehensive service upgrade can be achieved to help build smart communities.



### 3. Owners' Satisfaction and Complaint Handling

In order to fully understand evaluation of owners on existing property services and make clear future development direction, the Group regularly conducts monthly surveys on owners' satisfaction. Under different monthly themes, the Group conducts selective examination on quality control over projects across the country in proportion to the number of households, so that all professional modules of the regional offices and projects are covered in half a year with a summary report issued as a basis for quarterly rankings of the regional offices.

The Group appointed the China Index Academy to conduct the 2017 property service satisfaction survey. During the period from 25 November 2017 to 27 December 2017, through the two methods, namely home visit (9,002 copies) and telephone interview (7,002 copies), survey on satisfaction rate was conducted in terms of the following nine key indicators:

- ❖ Security services
- ❖ Traffic order
- ❖ Environmental management
- ❖ Maintenance of public equipment and facilities
- ❖ Front desk customer services
- ❖ Steward services
- ❖ Maintenance services
- ❖ Complaint handling
- ❖ Community cultural activities

The survey results indicated that overall satisfaction rate for property services of the Group in 2017 was 90.3%, which was higher than the average level of 79.8% among the industry. The satisfaction rates for steward services, community cultural activities, and security services were relatively high over the others, reaching 95.8%, 94.1% and 92.9%, respectively, of which steward services scored the highest satisfaction indicator.

### Case: 2017 Owners' Forum

As to get closer with owners and deeply understand demands of owners for property services, the Operation and Management Center of the Group has successively organized each of the regional office to hold owners' forum with "hear the voices for service improvement" as the theme since November 2017, so that opinions of owners on community order maintenance, demands for customer service, project maintenance, garden environment, etc., could be collected to discuss the direction of service optimization.



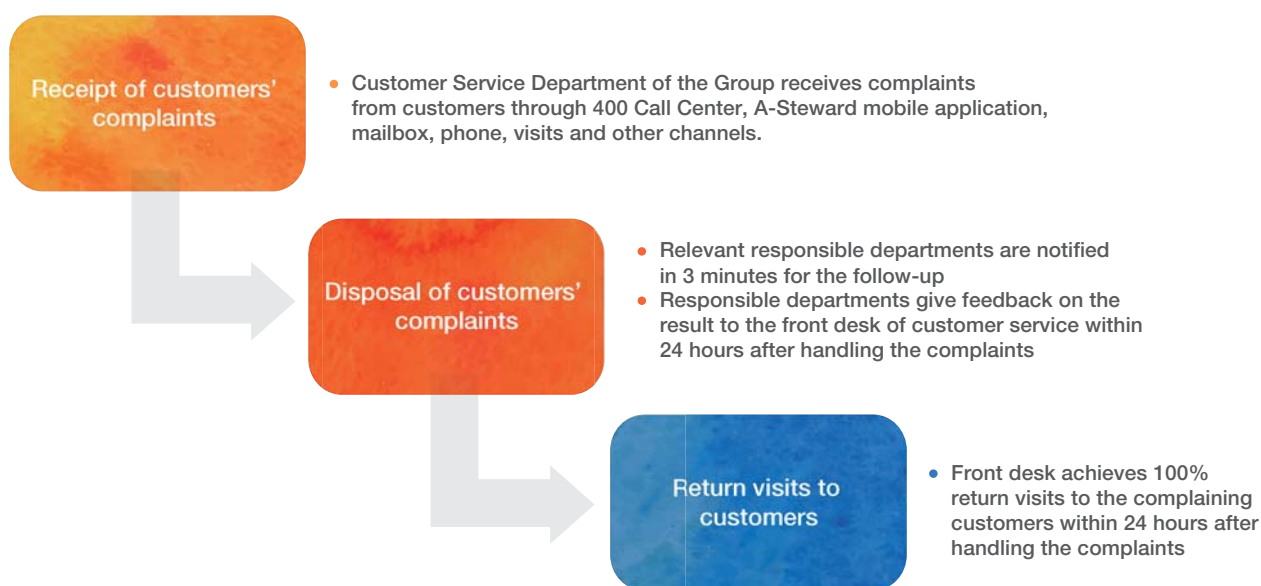
Group photo for owners' forum of Nanjing regional office.



## Product and Service Responsibilities (continued)

The Group attaches great importance to customer complaints and has established the 400 hotlines, A-Steward mobile application, complaint mailbox and other channels to collect opinions and suggestions of customers.

Handling process of the Group for customers' complaints is set forth as below:



## 4. Protection of Owners' Information and Privacy

The Group has improved and implemented management measures for data file of owners on a basis of one owner for one file with strict implementation of file borrowing policy. The Group defines the whole set of owner information as confidential documents, for which Confidentiality Agreement is signed with personnel who manages or accesses confidential information of the Company, so that rights and obligations of both parties are clearly clarified.

The Group has established a network security management standard to ensure security and confidentiality of owners' electronic information under the guarantee of efficient and stable operation of the network system of the Group. Employees can only obtain the Internet access rights after approval of the Information Center, while all their visiting activities in the Internet are under monitoring of the information center to prevent employees from leaking information and privacy of owners through the Internet.

### 5. Comprehensive and Diversified Services

The Group adopts a diversified development strategy to provide owners with comprehensive services.

- ❖ Agile Property Management: Fully utilize resources of life service partner in community, expand new service areas, increase possibility of revenue generation in traditional businesses by marketing in link with sales products, and lease owners' idle real estate under time division through resort hotel package to activate owners' stocked idle property.
- ❖ Yaxin Engineering: Formulate and improve three different inspection guides for decorated units, bareshell units and public parts of buildings. From perspective of owners, free third-party inspection services are provided with professional equipment and tools to achieve inspection for every household, so that project delivery risk can be identified, reduced and eliminated.
- ❖ Yazhuo Sales: With main responsibility for e-commerce business and market research of marketing companies of the Group, it provides professional real estate planning agency, consultancy, second-hand brokerage, and integrated marketing services for the real estate market.
- ❖ Yatao Advertising: With DNA and communication concept of world's top brand system, it helps the Group enhance its brand influence and marketing effectiveness through 360-degree perspective and capacity.
- ❖ Yafang Travel: By realizing the concept of "companion with neighbors" with development model of "machine intelligence + manual service + process management" to establish tourism service output communities O2O, so as to actively build a comprehensive service platform of "community + property + tourism".
- ❖ Yatian Technology: Highlight on smart community as the core with sufficient utilization of mobile Internet, Internet of Things and other technologies to integrate online and offline quality resources of the community, so that a new type of community ecosystem can be forged.



### 6. Intellectual Property Management

The Group strictly abides by laws and regulations concerning intellectual property such as trademarks and trade secrets. In 2017, the Group obtained 45 exclusive rights for registered trademarks, with 75 registered trademark rights, 6 patents, 15 computer software copyrights and 26 domain names in application.



In 2017, the Group obtained the national high-tech enterprise certification. Its upgrading research and development level has helped the Group adapt to the rapidly changing Internet era in a timely manner. With continuous launch of products like A-Steward mobile application, A-Business mobile application, the Group provides a broader development space for traditional properties.

### 7. Formulating Industry Standards to Promote Development of the Industry

The Group understands that standardization is an important mean to improve property management level and quality of property services, hence actively participates in the formulation of industry standards. In 2017, with outstanding performance in property services for tourism real estates, the Group assumed the drafting of Tourism Property Management Services Standards (organization standards) and was awarded the title of the Constitutor for National Tourism Real Estate Management Standards by Standardization Administration of the People's Republic of China.

The Group complies with the spirit of 19th National Congress of the Communist Party to strengthen the awareness of ideological, moral, and social responsibility with practical action to actively participate in the integrity construction of the industry and promote self-discipline and supervision in the industry. In 2017, the Group was awarded the Training Base of Integrity Service among the property management industry in Guangdong Province. The Group firmly believes that only under compliance with contract and operation of business in integrity according to law can the normal market order be maintained, and healthy development of the industry can be promoted.

In December 2017, as to promote industry development and construction speed, the Group responded to the call of the Decision of Assistance Plan for Guangdong Property Service Enterprises by Guangdong Property Management Industry Institute, under which an assistance agreement was signed with Association of Real Estate Industry of Jieyang in the summit forum of Continuous Promotion of Integrity in Guangdong Property Management Industry to accelerate transformation and upgrading of properties in Jieyang through multiple channels such as resources sharing and business training.



# Employment and Labor Practices

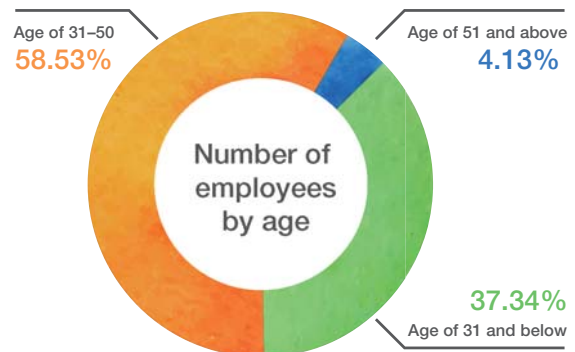
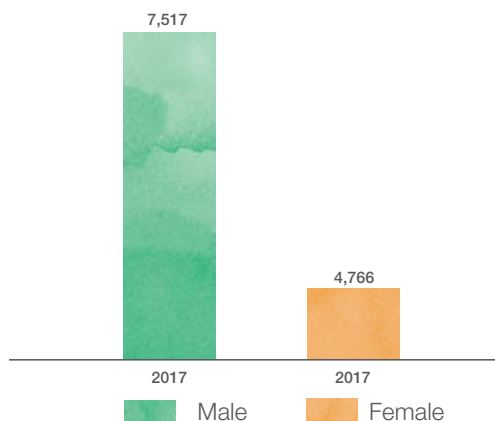
The Group firmly believes that human resources are the cornerstone for sustainable corporate development. While offering market-competitive remuneration and benefits, the Group provides diversified and comprehensive training courses and development platforms to help the growth of employees for solid talent foundation of future corporate development in accordance with career development needs of different positions and ranks. In 2017, the Group has complied with employment-related laws and regulations that have significant impact on the Group.

## 1. Talent Recruitment and Team Building

The Group adheres to the implementation of Recruitment Management Policy by formulating a three-year plan for introduction of talents, mainly through campus recruitment, social recruitment, headhunting and other means for strengthening talent introduction and ensuring diversity of talents. By following the win-win approach for adding value to both the enterprises and the employees, the talent training and development system and multi-track position system have continuously been improved to provide employees with open trainings and promotion channels, so that human capital can be added value continuously in the positive internal flow, providing sufficient human resources for the speedy development of the Group.



As business of the Group develops rapidly, the talent team continues to grow. As of 31 December 2017, the Group had 12,283 employees in total.



## Employment and Labor Practices (continued)

In line with the principles of objectiveness, openness and fairness, comprehensive evaluation and confidentiality of results, the Group conducts performance assessment of employees through the two assessment approaches, namely 360-degree assessment and vertical assessment, under which weighted average score of individual performance, department performance and work behavior scores is treated as the final total score of the year, which serves as a basis for assessing annual performance of the employee. After approval of the performance result report by the management of the Group, leader of each department conducts interview with the person being assessed. If the employee disagrees with the result of the performance evaluation, he or she may submit a performance appeal to the human resources department. Such performance result is an important basis for bonus distribution and promotion of the employee.

The Group has established a salary management policy in accordance with the laws, with which monthly salary of employees comprises four parts, namely monthly standard salary, monthly fixed allowance, monthly floating salary, and welfare. A relatively high-level salary standard for middle and senior managers is also established to maintain the attractiveness of the Group to potential employees. The Group has established an all-round welfare system, which provides national statutory benefits as well as corporate benefits including job subsidies, cash/non-cash benefits, and vacations, so that employees can feel the caring of the Group in actual work and daily living.

The Group has established rewards for employees and an accountability mechanism to encourage employees to maintain a proactive working attitude and avoid negative emotions of passiveness and laziness, so as to achieve reasonable rewards and punishments with certain reward for contribution, timely rewards and punishments, as well as the corresponding disclosure.

The Group is committed to expanding and optimizing the career development channels of employees to realize fair, just, open and transparent promotion management principles, so that effective deployment can be improved for internal talents of the Company. The year of 2017 is for the Group to promote the quality, during which the construction and training of the dispatched quality verification team was a significant measure for the Group to comprehensively improve the quality management of its properties. In August 2017, the Group launched the job bidding activity for the position of Quality Verification Team, through which work report, onsite debate, comprehensive scoring, etc., were adopted to assess comprehensive capabilities of employees to select excellent talents for the establishment of quality inspection team, so as to effectively improve the level of quality control.



The Group's job bidding activity for position of Quality Verification Team

## 2. Employee Training and Development

Outstanding talent team is the key for the Group to achieve rapid development. The Group is committed to perfecting the employee training system, providing employees with continuous learning and development opportunities through a diversified training curriculum system, stimulating employees' potential, cultivating talents in line with the Group's development goals, and fully guaranteeing and promoting the realization of strategic objectives of the Company. In 2017, a total of 174,758 employees participated in the 12,285 trainings held by the Group, with the total number of training hours reached 369,030 hours.

Existing training programs of the Group mainly include:

### 1) Induction Trainings

Through induction training, the Group guides new employees to quickly understand corporate culture, learn the history of the Group, master basic job knowledge, and clarify their career planning. In 2017, the Group held a total of two A-Living's Training Camp for Management Trainees, which provided induction trainings for 118 new employees from the headquarters, various professional companies and regional offices. Through a series of trainings and diversified themed activities, the Group helped new employees get familiar with the policies and behavioral norms of the Group quickly, master basic knowledge and skills of the job, and integrate into the work team with positive attitude and mental status.



A-Living's Training Camp for Management Trainees

### 2) Professional Trainings

The Group is committed to improving the management system for on-the-job trainings for employees to ensure continuous improvement of self-capacity and quality of employees and promotion of learning enthusiasm of existing staff, so that a positive and progressive learning atmosphere can be fostered, among which there are mainly three types, including professional certificate training, academic qualification promotion and EMBA/MBA learning.

### 3) General Knowledge Trainings

The Group provides diversified general knowledge trainings for existing staff, in terms of management capabilities and communication skills development, etc., to continuously enhance working capabilities and literacy of employees, ensure their comprehensive capabilities to meet business development needs, and realize the maximum value of employees at the same time.



Seminar for senior talents of property management



Seminar for promoting the finance management policies



## Employment and Labor Practices (continued)

The Human Resources Center of the Group is responsible for coordinating the management of trainings, with strict assessment on attendance rate of employees and supervision on the training process, as well as assessment after completion of learning projects to integrate performance of the trainee in the later period for appraisal of overall learning results, so that the training outcomes can be guaranteed. At the same time, the training assessment results will be kept in the learning and development files of the employee as a reference basis for human resources related activities such as job mobilization, rank adjustment and performance evaluation.

### Case: Intensive Training Camp for Managers of Property Service Centers

During the periods between 27 to 31 July 2017 and 3 to 6 August 2017, the Human Resources Center of the Group organized the first Intensive Training Camp for Managers of Property Service Centers, in which there were more than 100 participants including managers of property service centers from various regional offices and staff from the headquarters of the Group and development departments of regional offices of Guangzhou, Shenzhen and Zhongshan. This intensive training had several teachers to jointly prepare the lessons of core values, management, talents, operation, owners, quality and other aspects, with abundant case studies, so that participants can learn company culture in detail and comprehensively enhance their overall capabilities.



Group photo for opening ceremony of Intensive Training Camp for Managers of Property Service Centers

The Group continues to improve the team of internal trainers to increase the diversity of talents and gradually establish the Group as a learning-oriented enterprise. Through trainings for key internal employees with greater potential, they can be a sharer and communicator of working skills and project experience while possessing profound professional knowledge.

In 2017, the Group held a four-day training course for internal trainers of Guangzhou regional office in Agile Garden Guangzhou, in which the participants were senior employees from quality department, customer service department, environment department, and human resources administration department of Guangzhou regional office. As of 31 December 2017, the Group had a total of 220 internal trainers.



Training for internal trainer certification at Guangzhou regional office

### 3. Occupational Safety and Health

The Group attaches great importance to occupational health and safety with earnest implementation of relevant policies and daily management to create a safe, healthy and comfortable working environment for all employees. In respect of occupational safety, the Group has formulated a comprehensive safety management policy with continuous improvement in safety management structure and clear division of safety management responsibilities from the Group to various regional offices. It strictly implements supervision and inspection, as well as the introduction of accountability and mechanism for reward and penalty, so as to rigorously prevent accidents. Under the approach as safety the first and prevention the priority which the Group adheres to, safety education and technical training for employees are actively conducted for promotion of safety awareness and capabilities of employees, as well as regular drills for emergency and safety being held to ensure personal safety of employees.

#### 1) Occupational Safety

In order to protect personal safety of employees in their daily work, the Group provides employees in different positions with different safety and security measures such as patrol tools and self-protection tools for security personnel, professional protective equipment for current electricians working on the sites, etc. In order to ensure community safety, the Group strengthens night inspections of the communities and prepares night patrol equipment for employees, such as night patrol suits, reflective gilets, rubber sticks, shoulder lamps, flashlights, walkie-talkies and rubber shoes.

The Group perfects and implements contingency plans for all kinds of emergencies to ensure that corresponding responsible departments can react at the earliest time upon occurrence of incidents, so as to ensure maximum guarantee for interests of employees, owners and other stakeholders.

On 24 November 2017, the Group jointly conducted a large-scale firefighting evacuation drill in simulation with functional departments such as the fire brigade of Tianhe District in Guangzhou and firefighting team of Western Zhujiang, including initial fire extinguishing drills, practice training on fire extinguishing equipment, etc., so that all employees can master the evacuation skills to ensure personal and property safety of themselves and others.

As to promote standardized management for occupational safety and health, the Group steadily promotes the certification of occupational health and safety management system. The Agile Garden Sanxiang Zhongshan (phases 1 to 8), Metro Agile Zhongshan (phases 1 to 6), Majestic Garden Nanhai, South Lagoon Guangzhou, Grand Palace Huadu, Golfer's Paradise, a component of Hainan Clearwater Bay of the Group have passed OHSAS18000:2007 Occupational Health and Safety Management System Certification. In strict accordance with the requirements of the system standards, the Group regularly inspects and revises safety management policy documents with supervision and rectification to non-compliance items, so as to continuously improve production safety conditions for constant promotion of occupational safety and health management of the Group.



OHSAS18000:2007 Occupational Health and Safety Management System Certification

### 2) Occupational Health

The Group pays attention to the physical and mental health of its employees and strives to create healthy and comfortable working environment for them. In order to ensure health of employees, the Group popularizes health examination for all employees so that regular update of their physical condition can be achieved. Our offices are equipped with emergency kits to provide employees with commonly used medicine. The Group provides employees with trainings on psychological topics to analyze common workplace psychological problems and corresponding coping strategies, so as to help employees relieve stress in the workplace for healthy life and joyful work.

#### Case: 2017 Sport Games of Zhongshan Regional Office

On 29 September 2017, Zhongshan regional office of the Group hosted the second large-scale funny employees' sport games with the theme of "fighting and progressing for excellent performance together", during which teamwork and cohesion of employees were strengthened through a variety of exciting and intense games.



2017 sport games of Zhongshan regional office

### 4. Protection of Labor Rights

The Group has formulated and implemented the Recruitment Management Policy to prohibit the recruitment of people under the age of 16, with corresponding verification in the course of recruitment. Overtime and overwork of employees must be approved by corresponding departments before any arrangement to ensure employees' work-life balance.

Employees may express opinions or suggestions by talking to their superiors or turning to human resources department, or delivering complaint letter with signature to the "General Manager Mailbox" and "Opinion Box" on behavior that harms corporate or individual interests. In case there is any objection to the handling of the complaint, employees can conduct a written appeal to the next higher authority above the department responsible for the handling within 10 working days afterwards.

## 5. Care and Satisfaction of Employees

On 22 June 2017, the Group launched a satisfaction survey covering employees at all levels and positions in the headquarters, professional companies, regional offices and property service centers of the Group, with a total of 9,450 people involved. The survey focused on 23 professionalism drivers such as career development opportunities, compensation and benefits, work flow, corporate culture, and employer's brand to understand opinions of employee in all aspects.





# Environmental Management

The Group understands that business development is based on the sustainable management of natural resources. In order to fulfill its environmental responsibility, the Group strictly abides by environmental protection laws and regulations, actively improves the environmental management system, strives to reduce the environmental impact and ecological footprint of its own business and continuously enhance the environmental benefits of its operations.

The Group has established an organizational structure and a reporting mechanism for environmental management, under which administrative department and engineering management center are responsible for coordinating the environmental management issues of office area and property project respectively. Persons-in-charge are designated for environmental management of the headquarters and various projects to supervise implementation of environmental protection objectives and measures with regular reports to the management of the Group on the progress and management effectiveness.



ISO 14001:2004 Environmental Management System Certification

The Agile Garden Sanxiang Zhongshan (phases 1 to 8), Metro Agile Zhongshan (phases 1 to 6), Majestic Garden Nanhai, South Lagoon Guangzhou, Grand Palace Huadu, Golfer's Paradise, a component of Hainan Clearwater Bay of the Group have passed ISO 14001: 2004 Environmental Management System Certification. The Group adheres to the principle of "green operation" to continuously enhance system construction of its environmental management, so as to fulfill regulatory requirements and expectations of stakeholders.

In 2017, the Group has complied with relevant environmental laws and regulations that have significant impact on the Group.

## 1. Energy and Carbon Management

The Group has formulated and strictly complied with the Public Energy Consumption Management Regulations which standardizes energy consumption statistics. Through accurate analysis of energy consumption data, timely discovery of and solution to energy waste can be achieved to minimize energy consumption. The EBA equipment monitoring center of the Group serves as the integrated management and control platform to realize real-time monitoring on water and electricity consumption of all machine rooms, so that abnormal situations can be detected in time to reduce waste of resources.

In order to reduce energy consumption, the Group has established itself as an environment-friendly corporation which implements the following measures in the course of daily operation:

- Energy-consumption equipment such as lighting, computers, air-conditioners and fans in offices, dormitories and equipment rooms are turned off when necessary to save electricity;
- Temperature of air conditioning must be set at no less than 26℃ in summer while no higher than 20℃ in winter;
- Energy-efficient light sources are adopted with regular adjustment of working time for lighting according to different seasons. Tower buildings use energy-saving lighting with voice-activated switches to control working time;

- Regular cleaning of the fins and filters in coil fan of air conditioning, regular inspection on insulation effect of the chilled water pipes, regular cleaning of cooling towers to ensure heat dissipation of the cooling towers, so that the energy consumption of central air conditioners is minimized;
- Regular inspection on pipelines and valves, as well as water taps, toilets, etc. in public areas in the community for leakage, with timely maintenance and replacement; water-saving water appliances are used;
- Adjustment of the flow rate in circulation pumps of heating systems in time according to the ambient temperature;
- Warehouse management department of the Group is responsible for activities such as application for and use of goods, fixed assets and vehicles maintenance, and oil usage management. In terms of vehicle management, the Group has established a detailed vehicle ledger, vehicle maintenance records, and vehicle oil usage records, so as to effectively control vehicle costs and save project energy costs for continuous improvement of project energy management.

In 2017, the Group actively strove for efficient use of resources. Through installation of LED lights, energy-saving projects of parking lots and garages of the communities, etc., efficiency in electricity utilization was maximized. Reasonability of energy consumption in the community was analyzed through the proportion of its electricity consumption management fee, so as to identify room for improvement to avoid waste of electricity.

## 2. Water Resources Management

The Group reduces unnecessary waste of water resources through the revamping of water pump pipelines for stabilizing water pressure. Since linen rooms of hotels in the community consume relatively large-amount of water, to respond to the call of the Group for water conservation, relevant departments reuse this kind of water for green irrigation in the community to reduce waste of water resources.

The Group encourages the installation of water-saving sensor water taps and water-saving toilets to avoid inefficient outflow of water. Rainwater is particularly collected in rainy days so that recycling of rainwater is achieved.

The Group strictly complies with the effluent discharge standards and reduces harmful substances in the water to the national requirements before the discharge to urban pipe network. In 2017, the Agile residential communities of Hainan Clearwater Bay of the Group carried out visits to local water plants and sewage treatment stations to let owners understand the sewage treatment process of Clearwater Bay, so that their satisfaction with the community and services of the Group was increased.

## 3. Waste Management

### 1) Waste Management in the Community

The Group has formulated the Regulations for Management of Solid Wastes and actively organizes centralized waste disposal in the communities according to the environmental protection laws and regulations, policies and rules of different local governments. The Group commissions professional cleaning companies to deliver wastes to a designated garbage disposal station for centralized treatment to



Publicity campaign for waste classification in the communities

## Environmental Management (continued)

avoid pollution caused by unprofessional and untimely treatment to the communities. Some of the communities cooperated with sub-district departments of the government to carry out publicity campaigns for garbage classification, with which awareness of waste classification was enhanced among owners through slogans display and classification stickers on trash bins, etc.

The Group carries out centralized management of hazardous wastes. The person-in-charge of each department ensures wastes of his or her department are properly disposed of and are classified according to the List for Classification of Solid Wastes compiled by the environmental department, which communicates with qualified recycling stations for handling of all kinds of wastes upon the receipt of corresponding report.



In order to strengthen recycling of clothes, the Group has gradually set up “clothing bank” in various communities to recycle the discarded clothes donated by owners. The Group vigorously develops such environmental public welfare projects with dual nature in donation and recycling, so as to realize harmless treatment of resources for creating green and civilized community and ecologically-civilized city.

### 2) Waste Management in Office Area

The Group implements classified collection by setting up four-color trash bins in the office area to clearly indicate the classification of hazardous wastes, recyclables, kitchen wastes, and other wastes, with collection ports for used batteries in each trash bin to ensure centralized disposal of hazardous waste for the prevention of environmental pollution. Cartons for reused paper are placed beside copiers for particular collection of the secondary papers to improve the utilization.

#### 4. Green Promotion

##### Case: Employees' Participation in Environmental Public Welfare Activities such as Earth Hour

In 2017, more than 100 communities from a total of 43 cities actively responded to the call of World Wildlife Fund to participate in the "Turn off your lights" for Earth Hour in the name of the Group for the seventh consecutive year, with also the kicking off of activities such as fluorescent night run, tea party, etc., to call on everyone for building a more low-carbon lifestyle, which helps sustainable development of the Group and the Earth.

##### Case: Green Publicity in Public Areas

In 2017, Agile Garden Huadu was awarded the title of "Model Community for Garbage Classification" in Guangzhou and introduced a large garbage sorting facility named Neji (Garbage) Station. The owner needs to scan the QR code of the equipment first before accurately discarding garbage into the corresponding sorting bins, and then the application connecting the equipment will make a cashback as a reward. Owners can check the weight and cost of garbage by the associated application and withdraw the reward in time. The model of Neji Station not only reduces random dumping of rubbish in the community but also raises enthusiasm of owners in waste classification.



Large garbage sorting equipment in Neji Station

Agile Garden Huadu also teamed up with the Shenzhen Charity Federation, Neji Charity Foundation to organize an environmental protection activity in waste classification named "Classification in Neji Brings Fortune", in which the importance of waste classification was introduced to owners in the form of games, reflecting the intelligent and convenient property services of the Group.



## Environmental Management (continued)

### 2017 Environmental Performance Indicators

Environmental Performance Indicator	Unit	Consumption/Emission
Sulphur dioxide	kg	0.83
Nitrogen oxides	kg	211.03
Particulate matter	kg	17.55
Greenhouse gas emissions (scope 1)	ton Co <sub>2</sub> e	671.00
Greenhouse gas emissions (scope 2)	ton Co <sub>2</sub> e	170,199.87
Total greenhouse gas emissions (scopes 1 and 2)	ton Co <sub>2</sub> e	170,870.87
Hazardous waste	ton	2,924.15
Non-hazardous waste	ton	768,285.46
Coal gas	m <sup>3</sup>	720
Liquefied petroleum gas	kg	9,427
Gasoline	L	163,635.96
Diesel	L	75,520.79
Electricity consumption	kWh	189,841,207.57
Direct energy consumption	GJ	8,291.14
Indirect energy consumption	GJ	683,428.35
Total energy consumption	GJ	691,719.48
Energy consumption intensity	GJ/m <sup>2</sup>	0.02
Water consumption	m <sup>3</sup>	23,158,215.59
Water consumption intensity	m <sup>3</sup> /m <sup>2</sup>	0.57

Remarks on environmental data:

- 1) Time scope of the environmental data is from 1 January 2017 to 31 December 2017, with data collection covers office area of the headquarters in Guangzhou, public and office areas of our property management projects of thirteen regional offices, including Shenyang, Xi'an, Zhengzhou, Nanjing, Yunnan, Nanning, Shanghai, Wuhan, Chengdu, Zhongshan, Guangzhou, Shenzhen and Hainan.
- 2) Air emissions are derived from gas consumption and fuel consumed by official business vehicles. The emission factor refers to the Reporting Guidance on Environmental Key Performance Indicators of the Hong Kong Stock Exchange, and the 2017 Coefficient, Material Balance Calculation Methods for Industries Not Included in Emission Permit Management promulgated by General Office of the Ministry of Environmental Protection of the People's Republic of China.
- 3) Greenhouse gas emissions (scope 1) are mainly from fuel consumption, and greenhouse gas emissions (scope 2) are generated from electricity consumption. The emission factors of greenhouse gas of the power grid are based on the 2015 Baseline Emission Factors for Regional Power Grids of China promulgated by National Development and Reform Commission of the Government of the People's Republic of China.
- 4) The energy consumption coefficient refers to the GB2589-2008T Comprehensive Energy Consumption Calculation Principles promulgated by the Standardization Administration of the People's Republic of China.

# Supply Chain Management

The Group attaches great importance to the quality of its products and services, and thus assessments on its suppliers are also very stringent. The Operation and Management Center of the Group has formulated different management standards for appointment of suppliers in accordance with work contents of four main professional sections of property management (customer service, engineering, order, and environment), so as to maintain a win-win cooperative relationship. As at 31 December 2017, the Group had a total of 321 qualified suppliers nationwide.

## 1. Exploration of Suppliers and Admission Process

### 1) Management on Suppliers in Goods Procurement

The property management companies of the Group have formulated procurement management process for goods and strengthened the supplier management in goods procurement, under which procurement personnel collect information such as business license and qualification level of suppliers through professional market surveys, product fairs, etc., and include the supplier in the List of Qualified Suppliers after the site visit to business premises of the supplier.

### 2) Management on Service Providers

The property management companies of the Group have established service subcontracting management policy, under which the List of Qualified Suppliers has been formulated by property management companies with approval of the management of the Company and scores are given in terms of comparative quotations and intentional invitations according to four main areas, namely service provision capabilities of suppliers, comprehensive business conditions, bids and quotation.

## 2. Regular Assessment Mechanism on Suppliers

### 1) Regular Assessment of Suppliers in Goods Procurement

Assessment is conducted on suppliers on a monthly basis by the regional offices of the Group and assessment results are recorded in Summary of Monthly Supply Evaluation for Suppliers signed and confirmed by the relevant property person-in-charge. In case same service provided by the supplier gets poor rating three times or more in half a year, or with poor rating in less than three times but no rectification is made under verbal or written warnings of the regional offices, the supplier will be removed from the List of Qualified Suppliers.

Regional offices of the Group use the monthly evaluation results as a reference to carry out annual assessments on procurement suppliers. Business operation center of the Group conducts a random inspection on annual review results of the suppliers, with suggestion to cancel the qualification as qualified supplier if actual supply requirements are not fulfilled.

### 2) Regular Assessment of Service Providers

Service demand department of the Group conducts daily monitoring on services provided by suppliers with records in detail to compile the Evaluation Form (Monthly) of Service Supplier at the end of each month. After approval of the person in charge of the property management company, subcontracting service fee was settled by taking it as a reference.

Annual assessment is conducted on suppliers by the property management company of the Group in accordance with monthly evaluation results of the service provider, rectification records and other information. If the supplier is assessed as unqualified, the property management company may terminate the contract and remove the supplier from the List of Qualified Service Suppliers. Information such as Review Record of Service Supplier (Annual) from the annual assessment are filed by the property management company for permanent storage.

### 3. Working Together with Suppliers for Mutual Development

The Group attaches importance to communication with suppliers and is committed to maintaining mutually beneficial and win-win cooperation to promote sustainable development of the supply chain. On 20 May 2017, the Group convened the national conference for its service providers to express its appreciation for the excellent service and expertise of numerous suppliers over the past year. The Group confirmed its conformity with the spirit of contracts to conscientiously perform the contract terms, and hopes that suppliers will also fulfill their commitments, service quality and standards in strict accordance with the contracts, so that win-win outcomes can be realized. The year of 2017 is for the Group to improve quality. The Group adheres to credible cooperative attitude with a base line of compliance and quality, as well as safety and integrity, so as to safeguard life and property of owners.

#### Case: A-Steward Alliance

Product system of A-Steward Alliance is based on the philosophy of changing life through science and technology, under which interconnection of people, finances, things, and objects in the community is realized through A-Steward mobile application, A-Assistant mobile application and a number of service systems so that intelligent the community living can be actively established. Meanwhile, comprehensive property management services are provided in accordance with needs of owners and occupiers, and exclusive value-added services such as social networking and healthy and elderly care are also provided based on the community situation.

A-Steward Super Cloud Platform is the core of product system of A-Steward Alliance, with gradual improvement in equipment and services such as all-optical network + WIFI, community monitoring, face identification door lock, intelligent lift control and intelligent access control, etc., as well as the services such as centralized control center, EBA equipment monitoring, 400 call center, work order delivery system, quality inspections and financial management service, so that digitalization upgrade of property management companies can be accelerated.

Since the establishment of the A-Steward Alliance on 31 March 2017, it currently has more than 100 cooperative enterprises, with a total area of more than 810 million square meters in cooperation, and more than 6 million owners under the services in total.



# Anti-corruption

The Group strictly abides by laws and regulations related to compliance operations and anti-corruption and has formulated and implemented the Code of Business Conduct with establishment of an internal audit center, so that internal audit management can be promoted under the efforts being put forward in policy and structure to prevent operational risks for continuous improvement in control level of the Company.

## 1. Development of Anti-corruption Policy

The Group has formulated and improved the Integrity Policy, Management Measures for Employee Rewards and Accountability, and Employee Handbook to standardize behaviour of employees and promote the advancement of anti-corruption measures, so as to maintain the integrity and transparency of the Group in practice specification.



### Case: Enterprise Resources Planning (ERP) Integration to Reduce Cash Payment

The Group adopts the ERP integration in the acquired companies, which enables connection between financial system of the companies and integrated business system of banks, so that functions of enquiry and transfer are available for its and its subsidiaries' bank accounts through its financial system.

## 2. Special Trainings and Promotion

All employees of the Group are required to sign the Employee Integrity Commitment and strictly abide by the rules and regulations of anti-corruption and probity to ensure the integrity of their work. They have to remind, stop and report any corruption of others or departments, and actively cooperate with the Group in auditing and investigation.

For the first cooperation with non-state-owned monopolistic company, the Application Form for Introduction Information of Cooperating Unit has to be filled out as an essential attachment for the contract approval process. All companies and departments under the Group must also sign the Integrity Agreement upon entering economic agreement with such companies to clarify integrity responsibilities of all parties.

On 18 December 2017, the Group carried out trainings regarding matters of its auditing and supervision to standardize management of key business processes of the property management system for prevention of operational risks.

### 3. Whistleblowing Channels and Handling Procedures

The Group encourages internal employees and external personnel to report and expose violations of integrity, either in real name or anonymous, by means of face-to-face reporting, supervision mailboxes and hotlines of the Group, as well as letters, and commends and awards outstanding whistleblowers or departments. General managers, presidents, and vice presidents of center departments of each city may also report to the internal audit center for any corruption or violations of integrity discovered during the inspection and business trips.

Personnel of internal audit center of the Group recorded the reported problems with sorting and classification of the reported information, and then jointly organize and conduct preliminary investigations with relevant legal personnel, human resources administration department, finance department, the Information Center and other related departments. After approval by the president of the Group, the internal audit center of the Group may issue Integrity Supervision Letter to related departments and companies to urge the relevant units to take effective measures for active recovery of the economic losses incurred. For verified cases of corruption, the internal audit center will report to the Board of the Group for decision of punishment in accordance with the seriousness of the case. Personnel of the internal audit center of the Group will follow up on the progress of the case at any time with summary of the situation on a monthly basis.

In 2017, no corruption or serious law-breaking cases took effect upon court judgments within the Group. During the year, the Group has complied with relevant laws and regulations related to anti-corruption that may have significant impact on the Group.

# Community Investment

The Group adheres to the corporate spirit of “develop our future with vision and enthusiasm”. It is grateful for the source of benefit and actively take the initiative to fulfill its corporate social responsibility. While taking advantage of its own strengths, it places emphasis on the needs of owners and contributes to regional development for promotion of harmonious society.

## 1. Volunteer Activities of Employees

The “Clothing Recycling and Book Drifting Activities” of the “Volunteer Team for Mutual Love of Neighborhoods in Bailuhu”, which is jointly composed of volunteers from employees of property service center of Bailuhu, Huizhou, volunteers from community owners and community businessmen, revives the value of useless clothing and books in the hands of the needy. Convenient activities such as free clinical consulting, hair cutting and repairs arranged by property service center of Bailuhu, Huizhou are all supported and engaged in by parties in the community such as owners and merchants, so that mutual assistance and love can be enhanced among the neighborhoods for the construction of a harmonious community.



Volunteers from employees of property service center of Bailuhu, Huizhou



Group photo of participating owners of the 312 Planting Day

The 312 Planting Day is one of the traditional community cultural events of the Group, with which the activity of “Neighborhoods Join Hands in Environmental Protection — Owners of Agile’s Property Plants in the Spring” promotes the concept of low-carbon and environmental protection, as well as mutual cooperation and parent-child interaction among the participants, so that a harmonious atmosphere for caring the homeland can be fostered, while environmental awareness of participants can be enhanced as well.

In 2017, the Group participated in the “Red Packet Recycle and Reuse Programme” organized by the “Greeners Action”, an environmental group in Hong Kong, for the seventh consecutive year. With positive response of owners and employees over 40 cities and regions, a total of 101,248 red packets were received for recycling. After sorting and classification, the red packets were distributed to local residents and employees in 2018 to realize the practice of low-carbon environmental protection.



Owners' active participation in the event



Red Packet Recycle and Reuse Programme in 2017



## 2. Promotion of Healthy Lifestyle

### 1) Healthy Neighborhood Festival

The Neighborhood Festival of the Group was held from 1 September 2017 to 31 October 2017 with the theme as “Love and Happiness in Neighborhoods”. Free clinical consulting, donations and healthy walk around gardens are the respective subjects for the three main areas of Bond, Mutual Assistance and Happiness in Neighborhood in this Neighborhood Festival, under which neighborhood emotional linkage was enhanced for the harmonious community atmosphere.

### 2) Free Clinical Consultation

As one of the activities in Neighborhood Festival of the Group in 2017, the Operation and Management Center of the Group launched the “Health Checkups” successively over 30 communities across the country before and after Chung Yeung Festival, which attracted more than 2,000 owners. The event mainly provided health examinations for owners over the age of 60 with dedicated personal electronic health record established



for each owner, as well as continuous services and care for chronic patients. Medical examination data of



2017 Health Checkups

this year will be compared with that of next year for continuous management of owners’ health, which greatly increase satisfaction of owners towards the services, happiness index and brand loyalty.



Services with different themes for convenience of residents are conducted by the communities of the Group each month. During the festive days, property management personnel distribute gifts in the community, visit the elders and widows, and provide warm-hearted ginger soup and other care materials according to temperature changes, as well as timely assistance to the emergency call of owners.



## Major Awards and Qualifications of the Group in 2017

First Batch of National  
First-class Qualified  
Property Management  
Companies

Chairman Unit of China  
Quality Residence  
Alliance

Top 12 in  
Comprehensive  
Strength on National  
Property Management

Vice Chairman Unit of  
Guangdong Property  
Management Industry  
Institute

Vice President  
Unit of Guangzhou  
Property Management  
Association

"China Blue Chip  
Property Enterprise"  
Award



China Service  
Contribution Award

6S Management  
Innovation Award

Alliance Service Award  
for Taste and Grade

Regional Development  
Contribution Award

Golden Key of Service  
Innovation Award

# Appendix: Content Index of the Environmental, Social and Governance Reporting Guide by the Hong Kong Stock Exchange

	ESG Index	Disclosure Status	Corresponding Section
<b>A1 General disclosure</b>	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Environmental Management
<b>A1.1</b>	The types of emissions and respective emissions data.	Disclosed	Environmental Management
<b>A1.2</b>	Greenhouse gas emissions in total and, where appropriate, intensity.	Disclosed	Environmental Management
<b>A1.3</b>	Total hazardous waste produced and, where appropriate, intensity.	Disclosed	Environmental Management
<b>A1.4</b>	Total non-hazardous waste produced and, where appropriate, intensity.	Disclosed	Environmental Management
<b>A1.5</b>	Description of measures to mitigate emissions and results achieved.	Disclosed	Environmental Management
<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Disclosed	Environmental Management
<b>A2 General disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Environmental Management
<b>A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	Disclosed	Environmental Management
<b>A2.2</b>	Water consumption in total and intensity.	Disclosed	Environmental Management
<b>A2.3</b>	Description of energy use efficiency initiatives and results achieved.	Disclosed	Environmental Management
<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Disclosed	Environmental Management
<b>A2.5</b>	Total packaging material used for finished products and with reference to per unit produced.	Not applicable. Given that the Group is mainly engaged in service-oriented business, and its principle business does not involve in packaging material, therefore this index is not disclosed.	
<b>A3 General disclosure</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	Disclosed	Environmental Management
<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Environmental Management

## Appendix: Content Index of the Environmental, Social and Governance Reporting Guide by the Hong Kong Stock Exchange (continued)

	ESG Index	Disclosure Status	Corresponding Section
<b>B1 General disclosure</b>	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Employment and Labor Practices
<b>B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	Partially Disclosed	Employment and Labor Practices
<b>B1.2</b>	Employee turnover rate by gender, age group and geographical region.	Data is not available and we will seek to provide this information in our future reports.	
<b>B2 General disclosure</b>	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Employment and Labor Practices
<b>B2.1</b>	Number and rate of work-related fatalities.	Data is not available and we will seek to provide this information in our future reports.	
<b>B2.2</b>	Lost days due to work injury.	Data is not available and we will seek to provide this information in our future reports.	
<b>B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	Employment and Labor Practices
<b>B3 General disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Employment and Labor Practices
<b>B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	Partially Disclosed	Employment and Labor Practices
<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	Partially Disclosed	Employment and Labor Practices
<b>B4 General disclosure</b>	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	Employment and Labor Practices
<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	Employment and Labor Practices
<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered.	Disclosed	Employment and Labor Practices

## Appendix: Content Index of the Environmental, Social and Governance Reporting Guide by the Hong Kong Stock Exchange (continued)

	ESG Index	Disclosure Status	Corresponding Section
<b>B5 General disclosure</b>	Policies on managing environmental and social risks of the supply chain.	Disclosed	Supply Chain Management
<b>B5.1</b>	Number of suppliers by geographical region.	Partially Disclosed	Supply Chain Management
<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	Supply Chain Management
<b>B6 General disclosure</b>	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Product and Service Responsibilities
<b>B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. Given that the Group is mainly engaged in service-oriented business, and its principle business does not involve in products subject to recalls, therefore this index is not disclosed.	
<b>B6.2</b>	Number of products and service related complaints received and how they are dealt with.	Data is not available and we will seek to provide this information in our future reports.	
<b>B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Product and Service Responsibilities
<b>B6.4</b>	Description of quality assurance process and recall procedures.	Disclosed	Product and Service Responsibilities
<b>B6.5</b>	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	Product and Service Responsibilities
<b>B7 General disclosure</b>	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	Anti-corruption
<b>B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	No corruption or serious law-breaking cases took effect upon court judgments within the Group.	Anti-corruption
<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	Anti-corruption
<b>B8 General disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Community Investment
<b>B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	Community Investment
<b>B8.2</b>	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Community Investment



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