



ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT 2018

寶龍地產控股有限公司

POWERLONG REAL ESTATE HOLDINGS LIMITED

(於開曼群島註冊成立有限公司)

Stock code: 1238



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About this Report

Powerlong Real Estate Holdings Ltd. (the “**Company**” or “**Powerlong**”) (stock code: 1238) and its subsidiaries (collectively the “**Group**”) are pleased to issue the third environmental, social and governance report (the “**Report**”).

The Report provides a detailed update on the Group's performance in the area of environmental and social responsibility, its future plans and goals. The Report mainly covers the five main business streams of the Group, including property development, property investment, property management services, hotel development, and asset-light management. The Group also endeavors to disclose all the available key performance indicators (KPIs) in the Report, supplemented by descriptions, in order to establish baselines and to facilitate comparison. For details of Powerlong's businesses, please refer to Powerlong's *Annual Report 2018*.

Reporting Period and Scope ►

Unless otherwise stated, the Report covers the period from 1 January 2018 to 31 December 2018 (the “**Reporting Period**”), with relevant the time period for parts of the Report suitably extended. The reporting content in the Report is based on the principle of operational control, which covers all business segments under the Group.

Reporting Guideline ►

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” under Appendix 27 of the *Rules Governing the Listing of Securities* (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**SEHK**”).

Reporting Declaration ►

This Report lays emphasis on the management process, as well as its materiality, balance and consistency. This Report makes a thorough introduction to the Group's ideology and policy. The Group hereby ensures the reliability, authenticity, objectivity and timeliness of this Report. By publishing this Report, the Group looks forward to enhancing the communication and cooperation with its stakeholders, and further promotes the sustainable development of the environmental, social and economic issues. The disclosure content of the Report is mainly based on the materiality assessment and the participation of stakeholders. Please refer to the chapter "Responsible Communication" in this Report for the details of the process.

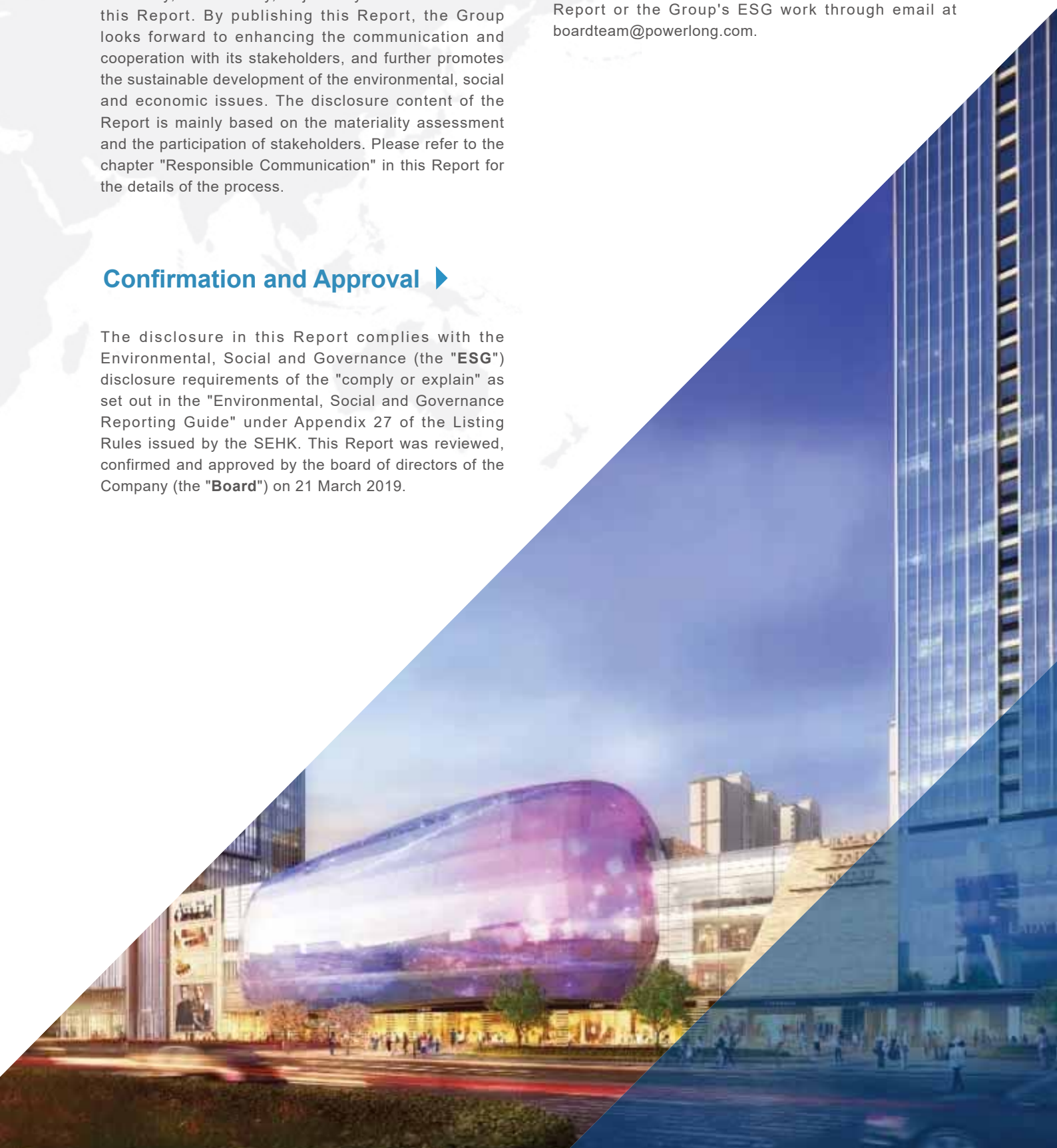
Confirmation and Approval ►

The disclosure in this Report complies with the Environmental, Social and Governance (the "**ESG**") disclosure requirements of the "comply or explain" as set out in the "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Listing Rules issued by the SEHK. This Report was reviewed, confirmed and approved by the board of directors of the Company (the "**Board**") on 21 March 2019.

Report Availability and Feedback ►

The online version of this Report can be viewed and downloaded from the HKEXnews website of Hong Kong Exchanges and Clearing Limited.

Please provide comments and suggestions on the Report or the Group's ESG work through email at boardteam@powerlong.com.





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The Preface



The year 2018 was the third year of the in-depth implementation of the Group's new five year plan. The Group was able to grasp and accurately ride on the market trend and achieved remarkable strategic advancement through the adjustment of its real estate policy where it continued to restrain irrational demand on the one hand, and focused on the adjustment of both medium and long-term supply structure on the other hand. Combined with the annual sustainable development operation policy, the Group's operations and development had taken new heights and achieved breakthroughs in many key areas, thus laying a solid foundation for further development in the future.

During the Reporting Period, the Group realized a revenue of RMB19.6 billion, representing a year-on-year increase of approximately 25.7%. The Group's recorded rental income and property management services income were RMB2.2 billion, representing an increase of 24.7% over the previous year and highlighting the solid business operation foundation as the Group's core competitiveness.

For the year ended 31 December 2018, basic earnings per share of the Company was approximately RMB71.0 cents. During the Reporting Period, the Board recommended the payment of a final dividend of HK\$23.2 cents per ordinary share, together with the interim dividend of HK\$6.8 cents per ordinary share for the six months ended 30 June 2018. The total dividend amounted to HK\$30 cents per ordinary share, representing an increase of approximately 20.0% as compared with 2017.

In 2018, the Group consistently supported green development. As a real estate developer and urban complex operator in China, the Group not only complied with local and international environmental laws and regulations, but also introduced the concept of green buildings into development and construction processes. As of 31 December 2018, the Group's certified green building gross floor area ("GFA") has cumulatively reached 2.244 million square meters.

In 2018, the Group continued to contribute to the development of the community and the society. The Group not only took actions in the areas such as art, culture, sports and poverty alleviation, including holding art and culture exhibitions, sponsoring the construction of sports grounds, and providing assistance for targeted poverty alleviation, but also assisted with the building and development of communities nearby. In the future, the Group will adhere to its aim of "Practicing Social Responsibility and Serving the Community and Society" and will continue to contribute to charitable projects such as poverty alleviation, social care, cultural education, health care and hygiene, and environmental protection.



Facing the development opportunities in 2019, the Group will continue to pursue quality and effective growth, promote a harmonious development between the environment and society, be concerned about the sustainability and integration of development, and make more contributions to charitable and community causes, in order to effectively achieve the sustainable development of the society and improve the living standards of the public. The Group believes that its cohesion, shared vision and collaborative efforts will transcend the Group into a responsible and accountable enterprise.

As a participant and a promoter of the urbanization progress in China, the Group will, as always, continue to support the social public welfare undertakings. Meanwhile, the Group will set its development in the context of building a well-off society in an all-rounded manner, building a harmonious society and realizing the coordinated development of the economy and the society. The Group will also integrate its values in the great cause of building socialism with Chinese characteristics and national rejuvenation.

—Mr. Hoi Kin Hong





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Group Introduction

Adhering to its corporate mission of "Contributing to Urban Prosperity and Creating New Values", the Group has continuously expanded its business operations, and established a coordinated development in various industries such as real estate, commercial and residential property management services, hotel, culture and art, etc. Since 2003, the Company has been focusing on the development and operation of comprehensive commercial real estate projects and was successfully listed on the Main Board of the SEHK on 14 October 2009.

The success of the Group is attributable to the innovative visions of the chairman of the Company, Mr. Hoi Kin Hong ("**Mr. Hoi**"). Mr. Hoi instilled his insights and visions from the beginning of the corporate development and drove the Group's evolvement. The Group will continue to uphold its belief in being "Honest, Modest, Innovative, Devoted" and will gather an efficient and excellent team to create new values for the society, its clients, shareholders and employees.





Business of the Group

By the end of the Reporting Period, the five main business streams of the Group included property development, property investment, property management services, hotel development, and asset-light management. During the Reporting Period, property development was the main source of income of the Group.

Property Development

As at 31 December 2018, the Group owned and operated 114 property development projects which were at various stages of development. There were 76 projects in the Yangtze River Delta, 16 in Shanghai and 33 in Zhejiang. As at December 31, 2018, the total construction area of the Group's land reserve was approximately 21.2 million square meters.

Property Investment

As at 31 December 2018, the Group held investment properties, mainly shopping malls, with a total GFA of approximately 4,817,380 square meters, representing an increase of about 10.9% compared to that of the year 2017.

Hotel Development

As at 31 December 2018, the Group owned and managed nine international branded hotels and eight self-owned branded chain hotels.

Property Management Services

Having entered the commercial real estate industry for 15 years, the Group was awarded "TOP 10 Brands of China Commercial Real Estate Companies" (中國商業地產公司品牌價值十強) for 18 consecutive years. Powerlong Plazas, which were operated by the Group, were awarded "TOP 10 Brands of China Commercial Real Estate Companies" (中國商業地產公司品牌價值十強) for 9 consecutive years.

Asset-light Management

As at 31 December 2018, the Group managed three asset-light projects.

Financial and Operational Highlights¹



Revenue (RMB'000)

19,593,790

(2017: 15,592,641; representing an increase of 25.7% as compared with 2017)



Total dividend per ordinary share (HK\$)

30 cents

(2017: 25 cents; representing an increase of 20.0% as compared with 2017)



Number of shopping malls operated and managed

36

(2017: 34; representing an increase of 5.9% as compared with 2017)



Operating profit (RMB'000)

8,002,886

(2017: 6,523,442; representing an increase of 22.7% as compared with 2017)



Contracted sales (RMB)

41,036 million

(2017: 20,882 million; representing an increase of 96.5% as compared with 2017)



Contracted sales area²

2,821,607 m²

(2017: 1,561,962 m²; representing an increase of 80.6% as compared with 2017)

The Report presents the financial and operating status of Powerlong during the Reporting Period at a basic level. For details, please refer to Powerlong's *Annual Report 2018*.

¹ Relevant data of the Company during the Reporting Period.

² The contracted sales area of the Group together with its associates and joint ventures.

Development Highlights and Honors³

DEC. 2018

- 2018 TOP 10 China Listed Real Estate Developers Green Credit Index
- Commenced strategic cooperation with Tencent, releasing the “New Commerce” plan to jointly launch Powerlong’s new smart business
- Opening of Wyndham Grand Plaza Royale Powerlong Fuyang

NOV. 2018

- Opening of Sichuan Jiangyou Powerlong Plaza, the third asset-light project of the Group

AUG. 2018

- Real Estate Tendency Award of China
- 2018 Influential Real Estate Developers in China

SEP. 2018

- Grand opening of Xiamen Powerlong One Mall, the first ultra-high-end commercial complex
- 2018 TOP 10 Brands of China Commercial Real Estate Companies in China
- Opening of Qingpu Powerlong Plaza, Powerlong’s eighth shopping complex in Shanghai
- Three awards of AHF Asia Cultural Tourism Investment Conference and Exhibition Hotel Awards in 2018
- The Most Promising Hotel Group of China in 2018

JUN. 2018

- TOP 30 of Green Real Estate Corporation (Residential) and TOP 10 in Operation of Green Real Estate Corporation in China of Year 2018
- The Best Hotel in China⁴
- Signed a strategic cooperation agreement with CIFI Holdings (Group) Co. Ltd.
- Super Species (超級物種) of Yonghui Superstores opened a new store in Shanghai Qibao Powerlong City

APR. 2018

- Successfully issued the 6.95% USD350 million senior notes due 2021

JAN. 2018

- Successfully issued the HK\$1.99 billion zero coupon convertible bonds due 2019
- Signed a strategic cooperation agreement with Country Garden Holdings Company Limited
- Honor of the Best Investor Relationship of Listing Company in the Golden Hong Kong Stocks Awards 2017
- Urban Development Contribution Award 2017
- National Influence Enterprises of Real Estate

MAR. 2018

- TOP 50 of Real Estate Companies in China
- Hotel Group with the Highest Growth in China, TOP 10 Brand New Hotels in China⁵ and Hotel Brand with the Highest Growth in China⁶

³ Here is a list of some major business achievements and honors won by the Group during the Reporting Period.

⁴ Awarded to Le Meridien Shanghai Minhang of the Group.

⁵ Awarded to JUNTELS Binjiang Hangzhou of the Group.

⁶ Awarded to the Group’s brand of ARTELS+.



04

Responsible Communication


The Group attaches great importance to communication with its major stakeholders. It actively listens and responds to the requests of different stakeholders through various channels. By doing so, the Group is able to further achieve sustainable development while improving its internal management.





The Group mainly determines its key stakeholders through the following three aspects:

- whether the person or group has invested or will invest in the Group
- whether the person or group has an influence on the business operation of the Group
- whether the person or group has interests or is affected by the Group's business, products and services, and its relationship with the Group



Stakeholder Engagement

Key Stakeholders	Expectations	Responses	Actions in 2018
 Governments	Policy implementation Tax contribution Environmental protection Information disclosure	Accepting governmental supervision and inspection Voluntary tax payment Construction of green building Disclosure of information on a regular basis	<ul style="list-style-type: none"> For the developed projects, the GFA of certified green building cumulatively reached approximately 2.244 million square meters Proactively responded to the "One Belt and One Road" initiative
 Investors	Return on investment Risk control Operational regulation Sustainable development	General Meeting Annual report and periodic reports Announcements and newsletters Anti-corruption policy	<ul style="list-style-type: none"> Published the annual report and interim report on a timely manner Published notices promptly in compliance with the requirements of SEHK Held an annual general meeting in 2018 The Company was invited to 17 investor relations events, meeting with over 500 investors
 Employees	Remuneration and benefits Occupational health Career development Equal opportunities	Annual dinner Employee trainings Employee physical examinations Employee activities	<ul style="list-style-type: none"> Established employee specific training scheme Organized annual physical examination for employees Organized various recreational activities for employees
 Customers	Quality of product and services Information security Safety and environmental protection	Customer satisfaction surveys Customer privacy protection policy Interactive activities with customers	<ul style="list-style-type: none"> Implemented a "Customer-oriented Plan" Refined customer privacy protection Conducted a variety of activities for diverse types of customers

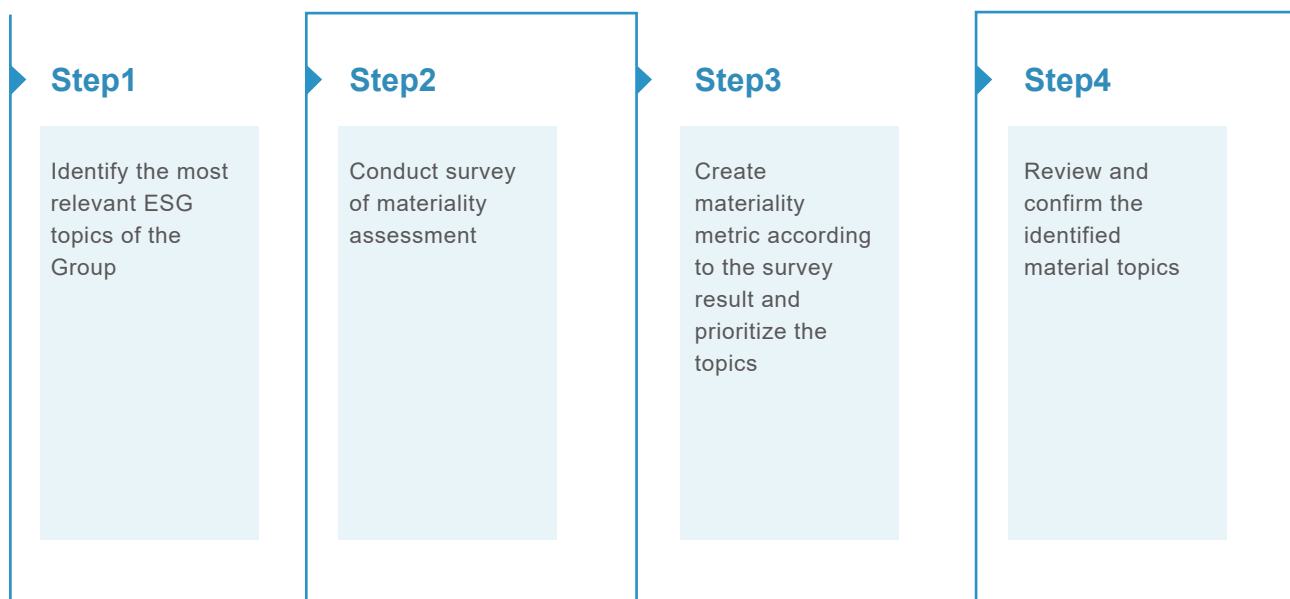
Key Stakeholders	Expectations	Responses	Actions in 2018
 Suppliers/ Partners	Business integrity Mutual benefit and win-win Transparency and equality	Bidding policy Supplier selection system Conduct supplier reviews from the environmental perspective	<ul style="list-style-type: none"> • Jointly launched the "New Commerce" plan with Tencent • Formulated and refined supplier recommendation and procurement standards for suppliers • Signed the <i>Clean and Law-abiding Guarantee</i> with suppliers and contractors
 Communities and the Public	Community environment Maintaining stability Harmonious development Poverty alleviation	Public donation Community building Community activities Targeted poverty alleviation	<ul style="list-style-type: none"> • Made donation to the Gymnasiade⁷ in Jinjiang • Actively assisted Zhijin County in Guizhou Province in poverty relief • Assisted with the building of "Beautiful Village" and the implementation of sustainable development projects in Xibian Village of Jinjiang with a cumulative donation of RMB100 million
 Media	Timely communication	Organizing media events on a regular basis	<ul style="list-style-type: none"> • Organized a visit to Xiamen Powerlong One Mall for the media during the annual "Group Headquarters Media Tour" • Joined hands with media to visit various properties of the Group in Shanghai, Hangzhou, and Changshu
 Commercial Tenant	Mutual benefit and win-win Transparency and equality Timely communication	Examining and verifying of commercial tenants before settlement Screening of merchants Commercial tenant activities	<ul style="list-style-type: none"> • Actively introduced the Fortune 500 enterprises and many domestic high-quality brands • Reached long-term strategic cooperative relationship with excellent merchants

⁷ The 18th Gymnasiade - School Summer Games will be held in Jinjiang, Fujian between 18 and 23 October 2020.

Materiality Assessment

Process for identifying material topics in the report

In order to enable the Report to most accurately reflect the Group's influences on aspects regarding environmental, social and governance, and taking into account the stakeholders' informational needs in relation to the above areas, the Group has determined the material issues to be disclosed in the Report based on the following materiality assessment approach.



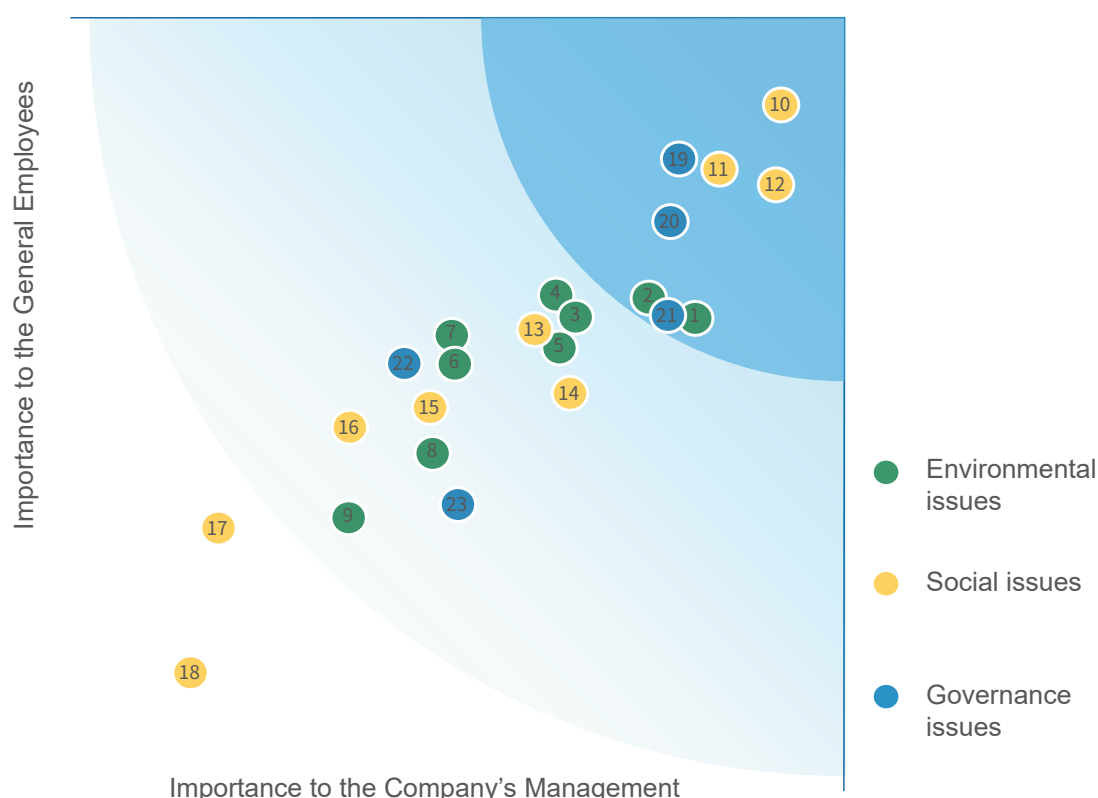
In the process to identify the most relevant ESG topics related to the Group, the Group considers its strategy and business characteristics, the current industry context and trends, and relevant standards or guidelines for sustainable development.

The Group conducts a comprehensive materiality assessment once a year to determine the topics of the Report that are of most concern to the Group's key stakeholders and to identify the information to be highlighted in the Report. During the preparation period of the Report, the Group conducted a survey (the "**Survey**") on material topics with the assistance of a professional consultancy firm.

The Survey period of the materiality assessment was from 21 to 28 December 2018. The Group widely collected and solicited opinions from part of the key stakeholders through anonymous questionnaires. A total of 698 valid questionnaires⁸ were collected from the Group's management and general employees. The material topics of the Report were finalized based on the feedback from the stakeholders.

⁸ The Survey only involved the Group's management and general employees. The Group will consider expanding the coverage of relevant survey groups in the future.

Matrix of Powerlong 2018 Materiality Assessment



Environmental topics

- 1 Energy use and efficiency
- 2 Wastewater discharge and management
- 3 Water use and efficiency
- 4 Exhaust gas emission and management
- 5 Greenhouse gas emission and management
- 6 Solid waste disposal and management
- 7 Research and practice of green building
- 8 Material recovery and recycle
- 9 Total investment of environmental protection

Social topics

- 10 Employment and employee welfare
- 11 Occupational health and safety
- 12 Career development and training for employees
- 13 Labor standards
- 14 Protecting legitimate rights and interests of employees
- 15 Product responsibility
- 16 Supply chain management
- 17 Community investment and participation
- 18 Land acquisition and use

Governance topics

- 19 Anti-corruption
- 20 Financial performance and investor interests
- 21 Social and economic compliance
- 22 Anti-competitive behavior
- 23 Disclosure of compliance information

Based on the comprehensive analysis of the data and information collected in the Survey, the Group obtained the Survey results of material topics illustrated in the above matrix and identified eight material topics⁹ that were of the most concern to the stakeholders who were involved in the Survey. In response to the relevant stakeholders' information requests on the Group's environmental and social aspects, the Report mainly focused on these material topics and disclosed the relevant information accordingly.

⁹ Please refer to the bold text above.

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Sincere Services

As the leading Chinese urban complex operator, the Group strives to satisfy customers' needs in all segments from property development through to property's operation management.

The Group strictly abides by the Trademark Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Advertising Law of the People's Republic of China, the Patent Law of the People's Republic of China, the *Interim Measures for Management of Store Advertisements* and other laws and regulations during the operational management of the Group. Meanwhile, the Group has also established a brand management system based on the *Powerlong Real Estate Holding Brand Management System Compilation* to ensure the clear and consistent recognition and communication of the Group's brand image. During the Reporting Period, the Group did not experience any violation of laws and regulations related to advertising, labeling and customer privacy of products, and there were no non-compliance events which would have significant impacts on the Group.

In addition, the Group respects and protects the patents of its contractors and partners, does its best to keep information obtained from business activities confidential, and strives to protect the intellectual property rights of relevant parties concerned.

Annual ESG Plan

Plan in 2018

- Strictly implemented the Project Management Policy formulated by the Group, ensured that the quality of various property projects meet the present standards, and guaranteed the safety of public life and property;
- Increased investment in green buildings to enhance the Group's comprehensive sustainable competitiveness;
- Improved service standard in commercial, residential and hotel business segments, and strengthened customer relationship management.

Plan in 2019

- To organize more specialized training for construction units to ensure that the safety and quality meet the proposed standards of the Group;
- To introduce more building-related green enhancement schemes to optimize the overall residential and sustainable performance of related properties;
- To enhance the standard of service management in commercial, residential and hotel business segments, strengthen the training of service personnel, and encourage them to discover and unleash to their strengths in their current positions to give customers a better experience.



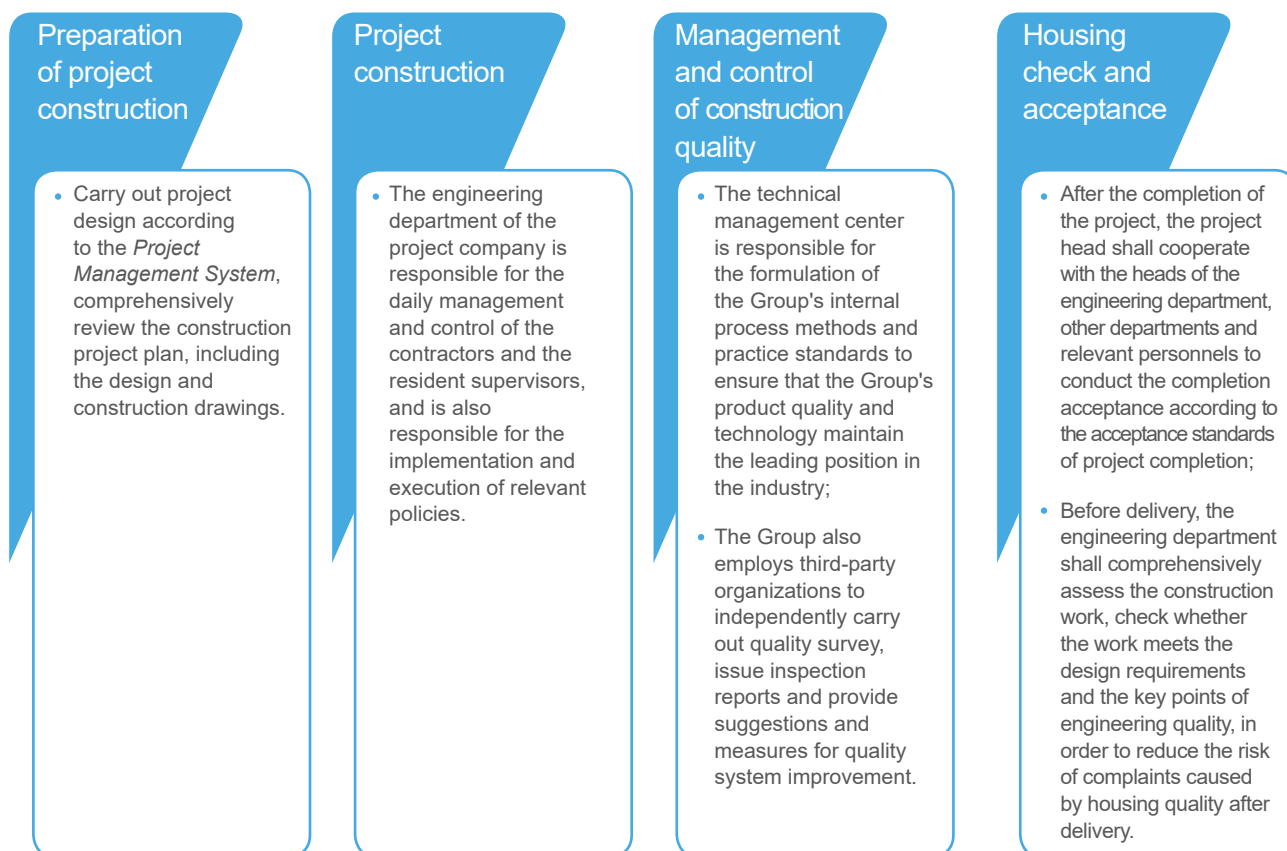
High-quality Property Development

Product quality is of utmost importance for property development, the core business industry of the Group. The Group considers “Quality Products” as its working direction. The Group is committed to setting up a quality system, instilling the notion of quality into the Group’s gene, and to continuously improve its brand image.

During the planning and design stages in the property development process, the Group strictly complies with the local and national laws and regulations, such as the Land Administration Law of the People’s Republic of China, the Construction Law of the People’s Republic of China, the Urban Real Estate Administration Law of the People’s Republic of China and the Administrative Ordinance on Development and Management of Urban Real Estate, etc. The Group strictly implements laws, regulations, and standards on building design, raw materials, engineering construction, completion acceptance and maintenance within the statutory warranty period. The Group ensures to offer the best quality products to customers and owners and assume its social responsibility.

The Group has also established the *Project Management Policy* to specify the requirements for projects from their inception to construction, including specific quality control and final delivery inspection. During the construction process, the Group implements a system of regular working meetings with contractors and material suppliers. Through regular meetings, the project status, progress, and problems can be negotiated and solved in time to avoid irreparable damage to the project that is caused by quality problems. The Group has established a set of quality assurance system and completion acceptance system, such as the *Operating Guidance of Quality Management Requirements*, the *Quality Acceptance Management in Construction Process* and the *Operating Guidance of Completion Management Requirements*. The Group carries out comprehensive acceptance in each stage and item of the project to ensure that the products meet the national standards and can be completed and delivered with good quality. In addition, the Group applies strict monitoring standards to regularly check the quality of projects under construction, such as commercial and residential projects. No non-compliance incidents relating to the relevant laws and regulations concerning health and safety aspects of the products which would have significant impacts on the Group occurred during the Reporting Period.

Quality control measures of the Group's property development projects:



In terms of after-sales service and warranty period maintenance, the Group has a property department, including property management, housing maintenance, and other work. The department is also responsible for the maintenance after the completion of the project. The Group ensures the effectiveness of the property maintenance work after the property handover according to the internal system of the *Guidelines on Property Opening, Handover, and Handover after the Warranty Period Expires* published by the Group. Customer satisfaction is the Group's pursuit. The Group carries out the post-project evaluation on all of its projects, including property design, property quality, property repair, and customer complaints, etc.

The Group not only focuses on the quality of the properties, but also on the health and comfort of property owners and customers. The Group proactively obtains relevant green building certifications to enhance the confidence of the property owners and customers in its products.

During the Reporting Period, the Project of B-1 Area in Phase II of Wuxi Yuqi Powerlong Riverside Garden obtained the 2-Star Certificate of Green Building Label.



The project was certified as a 2-Star Green Building in December 2018, achieving a building energy efficiency rate of 65% in design, a non-conventional water utilization rate of 2.91%, a residential greenery rate of 35.05%, and a renewable building material use ratio of 6.16%.



Considerate Customer Services

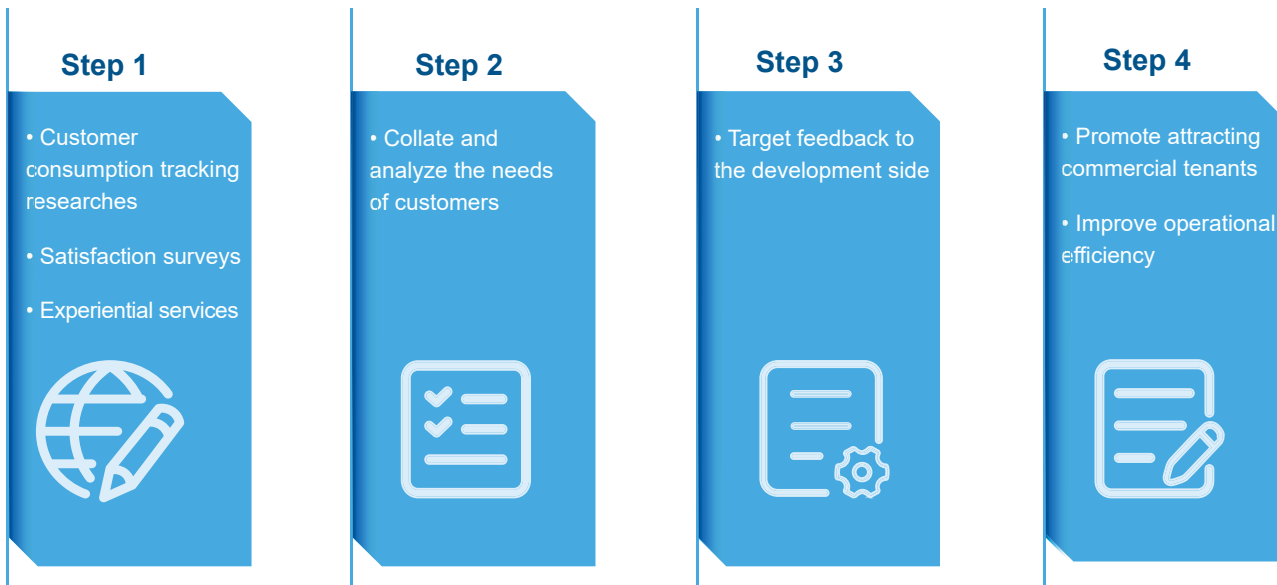
As a complex operator focusing on commercial real estate, the Group constantly follows the needs of its customers. The provision of intimate services to customers is in the constant pursuit of the Group.

Property Operation

Commercial operation

During the operation of commercial properties, the Group has always treated its customers with top priority. The Group continues to implement the "Customer-oriented Program", listens and responds to its customers in a timely manner in order to constantly strengthen its relationship with the customers. The business operation center of the Group also hires third-party institutions to conduct investigations on plazas according to the actual situations. After the investigations, the Group takes corrective and preventive measures in order to improve the quality of services according to the comments and advice from its consumers.

Procedures for the Group to improve the operation efficiency of commercial property:



The Group attaches great importance to the protection of consumers' privacy. All customers' information is used for contact only and will not be disclosed to third parties or used for any other purposes. The Group has established an internal management system that requires all employees to keep their work and related information confidential and has guidelines for handling printed and electronic documents for the reference of all employees.

Case sharing: **Commenced strategic cooperation with Tencent, jointly issuing the “New Commerce” plan**

During the Reporting Period, the Group and Tencent officially announced that the two parties have reached an in-depth cooperation in the fields of resources and technology, business operation, artificial intelligence, and big data. They jointly issued the "New Commerce" plan to unleash the potential of the Group's business resources and Tencent's technical data capabilities, develop innovative technologies conducive to commercial operation, jointly explore a new era for the development of assets, and accelerate the implementation of the concept of "New Business".

In this cooperation, on the one hand, Tencent's cloud computing, WeChat Pay, Mini Programs, AI (Artificial Intelligence), location service (LBS), IoT (Internet of Things) and other technical capabilities are promptly implemented through cooperation, so that the traditional business of the Group can be revitalized by the new technologies. On the other hand, Tencent uses its powerful C2B (Consumer to Business) experience, substantial online access ability, content IP reserve, and intelligent IoT solutions to inject new energy into the Group's new commercial complexes, which comprehensively upgrades the consumption experience of the Group's customers, so that every customer who visits the commercial properties of the Group will have a smooth and effortless experience when looking for parking spaces, paying and getting invoices, which completely transfers customers' shopping experiences.



In the future, the "New Commerce" plan will promote the "New Business" strategy into the Internet of everything under the business scene, connecting merchants, customers and operators together.

Case sharing: **Exploring smart retail with IDEAsLAB**



As the Group enters a mode of rapid development, in order to explore a new model for future industry development, the Group has set up the "IDEAsLAB", in hopes to use its profound resources in offline shopping malls to create a future intelligent business.

"IDEAsLAB" was established by the Group based on Internet research and technology accumulation leading in the commercial real estate operation industry in the early stage and the integration of multiple resources. It is an open source hub for both insiders and professionals in the industry. Relying on the IDEAsLAB, the Group reserves excellent new technologies and innovative concepts to build the new business operation cornerstone of the Group and provides many innovative achievements for commercial real estate, Internet+ and its partners.

During the Reporting Period, the Group carried out a series of interesting activities at its various commercial properties according to their own operation characteristics, with the aim of increasing interactions and communication between property management, merchants and customers.



Little World Cup



Experience sharing of barista-made coffee



Talent show and flea market



Cultural festival of the Mid-Autumn Festival Dice Game of Pua Tiong Chiu

Residential property management

With respect to residential property management, the Group carries out various property management work in the communities of the Group and regularly collects opinions and suggestions from the community residents. A number of our property management companies also send timely community information such as the weather forecast, travel guide, water supply, and power supply facilities maintenance to the residents through WeChat official account and other platforms. The Group strives to optimize the infrastructure and community environment from the perspective of residents' health and comfort.

In addition, the communities of the Group regularly arrange fire drills to enhance the emergency response capacity of the residents and to prevent fire hazards. The Group's communities also provide residents with a wide range of activities to establish communication platforms for residents and to create harmonious atmospheres in the communities.



Popularizing fire-fighting knowledge to residents



Property management staff helping on snow removal

Hotel Operation

The Group constantly strives to provide each hotel guest with comfortable experiences and high-quality services. The Group's hotel business continues to promote the "dual channels" compound development with the international branded hotels and self-owned branded chain hotels at the Group's core. In recent years, the hotel group of the Group integrated the concepts of culture and art with traditional hotel operation, putting forward its vision of "sighting arts at the hotel, immersing arts in life" hoping that each of the Group's hotel guests can be immersed in an elegant and artistic atmosphere within the comforts of the hotel's environment.

The Group has cooperated with a number of well-known international hotel brands to create a series of high-end hotels for satisfying customers' needs. Such hotel brands include Le Meridien, Radisson Blu, Radisson, Four Points by Sheraton, Aloft, and Wyndham.



Le MERIDIEN

aloft[®]
HOTELS

Radisson[®]

FOUR POINTS[®]
BY SHERATON

WYNDHAM
HOTELS & RESORTS

Radisson[®] BLU

The self-owned branded chain hotels of the Group include product brand lines such as JUNTELS, ARTELS+ Collection, ARTELS+, and ARTELS, which are carefully constructed in every step including hotel design, planning, construction and decorations of hotel supporting facilities, to enable each guest to enjoy and relax in a sensational artistic atmosphere. By the end of the Reporting Period, the Group has opened 8 art hotels in total, which constitutes a complete product line of the Group's self-owned branded chain hotels.





JUNTELS – A fusion of oriental art ◆

With its unique perspective and style, the JUNTELS is an art hotel series that crosses the boundary between contemporary art and fashion trends. At present, the hotel series has opened JUNTELS Binjiang Hangzhou, whose building is inspired by the gallery, encompassing simple and exquisite architectural details. The hotel is a new generation landmark in the south bank of Hangzhou, with its airy appearance floating at the waterfront and modernist diamond-shaped glass. As a crossover hotel with a new retail concept, JUNTELS utilizes a crossover of fashion trends and new retail to create a new platform for offline experience and online transaction.



ARTELS+ Collection – A combination of aesthetics and joy ◆

The ARTELS+ Collection is a series of full-service art hotels. The architectural design of ARTELS+ Collection combines conceptual colors and styles, based on three primary colors to shape the tone of modern and fashionable. ARTELS+ Collection hotels are equipped with multi-functional banquet hall, cafe, gym, swimming pool, art gallery, artist studio, and other complete supporting services. It is the place for guests to hold theme meetings with style and feelings, as well as a gathering place for artists and people with artistic pursuit.





ARTELS+ – An innovation space of art ◆

The ARTELS+ hotel series takes culture and art as the core value of the brand, advocates the service concept of "Enjoying life with art", and introduces the concept of "art + hotel + Internet". The core of the "art hotel scene" created by ARTELS+ hotels allows guests to experience and understand art in the hotels, by bringing their favorite artworks home easily through the Internet and creating a unique experience of "Sighting arts at the hotel, immersing arts in life".



ARTELS – A beauty of simplicity ◆

Spacious and bright rooms are integrated with simple and comfortable design style. ARTELS hotel series provides comprehensive hotel services including accommodations, catering, and conference, meeting the needs of guests for business trips and travels. The popular light business style reveals a sense of nature everywhere, which presents the feeling of home comfort to each guest.



06

Green Development

The Group actively assumes the corporate responsibility of promoting the construction for ecological civilization, attaches importance to reduce air and greenhouse gas emissions in the process of operation, decrease discharging pollutants and waste into water and land, and cut down hazardous and non-hazardous waste. The Group continues to comply with the national and local laws and regulations on ecological and environmental protection, including the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, the Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the *Regulations on the Administration of Construction Project Environmental Protection*, and the *Regulation on Urban Drainage and Sewage Treatment*. In terms of environmental management, the Group places priority to refer to the standards of the People's Republic of China and business operation locations and integrates the concept of ISO14001 Environmental Management System to formulate environmental protection policies according to the actual operation situation of the Group. Through the implementation and execution of relevant policies, the Group continuously evaluates the results achieved by the implementation of policies, and further optimizes relevant policies and determines future objectives. Through the PDCA¹⁰ model, the Group ensures its environmental performance is under sustainable progress. For more information on the Group's environmental performance, please refer to "Comprehensive Performance" of the Report.

During the Reporting Period, the Group did not receive any confirmed violation or complaint that violates relevant environmental laws and regulations which has a significant impact on the Group.

Annual ESG Plan

Plan in 2018	Plan in 2019
<ul style="list-style-type: none"> Improved the collection and collation of data on energy, resources and pollutant emissions, and expanded the segments coverage of data management; Increased investment in green buildings to enhance the Group's comprehensive sustainable competitiveness; Continued to follow the principles of operational resources procurement in the <i>White Papers of Purchasing Standards for Green Supply Chain in Real Estate Industry in China</i>. 	<ul style="list-style-type: none"> To introduce more building-related green enhancement schemes to optimize the overall residential and sustainability performance of the properties concerned; To continue to optimize the green performance management of major property suppliers and project partners, and further strengthen the scrutiny of the social performance of the supply chain.

¹⁰ PDCA refers to "Plan, Do, Check, Act" continuous improvement cycle.



Green Property Development

Concept of Green Building

The Group is committed to providing a safe and comfortable living and working space for every customer, while actively responding to the call of the national and local governments to build a better ecological environment. The Group focuses on green building design and development and will continue to facilitate the protection of the ecology and environment. During the Reporting Period, the Group continued to introduce additional elements of sustainable development into its development projects. By incorporating more daylighting, natural ventilation and other architectural design concepts in the project planning and construction, the Group not only reduces the overall energy consumption of the project building, but also enables customers to experience the environmentally friendly and comfortable natural indoor space to the greatest extent, and further guides customers' to green living and working styles.

Energy saving and energy use of building

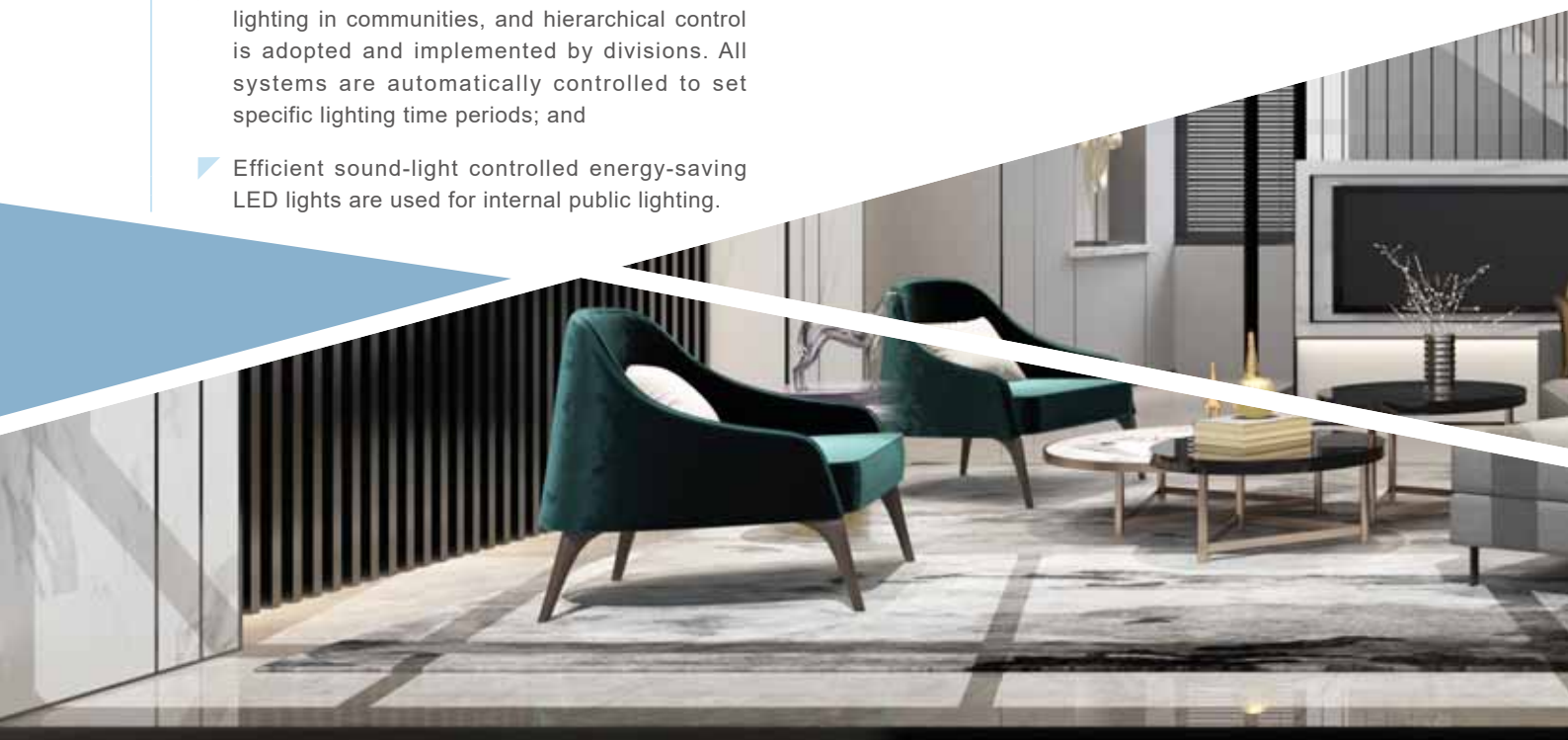
In order to reduce energy consumption and improve energy efficiency in daily use, the Group has established a comprehensive and detailed environmental protection standard for construction projects:

- Set central heating, with a municipal heat source supplied. Heating are measured by households, with each household equipped with a heat meter. The heat consumption and heat transfer ratio of the hot water circulating pump in the heating system and the air volume and power consumption of the ventilation system are both lower than the limits required by the current national standards;
- The roofs of buildings are made of thick reinforced concrete and thick extruded polystyrene foam plastic board, and the exterior walls are made of thick Grade-A EPS modified polystyrene board to achieve better thermal insulation effect;
- Energy-saving light sources are applied to street lighting in communities, and hierarchical control is adopted and implemented by divisions. All systems are automatically controlled to set specific lighting time periods; and
- Efficient sound-light controlled energy-saving LED lights are used for internal public lighting.

Improving water efficiency of building

The comprehensive water efficiency in the daily use of buildings is one of the important indicators to measure whether a building is considered green. In order to improve the water efficiency of each project, the Group has formulated a series of water management policies:

- Implement water-saving irrigation, and set water meters according to purposes; and
- Design of large areas of outdoor green space and adopting use of permeable brick to increase rainwater infiltration. Low-terrain green space is set on both sides of the roads in communities to facilitate local rainwater absorption.



Greening public area

Creating a comfortable and pleasant living space for customers is also a core concept of green buildings of the Group. The Group actively introduces gardening to each project through reasonable landscaping, which helps to alleviate the urban heat island effect around the project:

- Selecting local plant species for plantation. Trees include species such as Cherry Plum, Chinese Scholartree, Maidenhair Tree, Mono Maple, Lacebark Pine, Chinese Pine, and Purous Privet. Shrubs include species such as Common Crepe Myrtle, Shrub Althaea, Flowering Almond, and Japanese Photinia. Ground cover includes species such as Evergreen Euonymus, Hybrid Vicary Privet, China Rose, Winter Jasmine, Green Bamboo, and Common Nandina; and
- The gardening of communities follows the principle of people-oriented design and strives to create a suitable living environment.

Optimizing material and resource use

The Group also considers the reasonable use of various building materials and resources in the project construction process in order to further improve the environmental friendliness of the building:

- The purchase of construction materials shall be localized, which helps reduce the energy consumption of long-distance transportation; and
- The shear wall structure is adopted, with the filling wall made of aerated block material with lighter weight, and the concrete being premixed concrete.



Green building certification

At the end of the Reporting Period, the total green building area certified by the Group reached **2,244,000** square meters.

Case sharing: Xiamen Powerlong One Mall

Xiamen Powerlong One Mall, a super high-end commercial complex owned by the Group, has officially opened during the Reporting Period. Xiamen Powerlong One Mall has a total GFA of nearly 400,000 square meters, creating a "Six-in-One" business pattern with the shopping center as the core while integrating star hotels, office buildings, high-end apartments, the boutique SOHO and the art center.



The design of Xiamen Powerlong One Mall widely applies elements such as nature, sky, and islands. A large number of green vegetation and open-air gardens bring a new leisure park amidst the city. Sustainable design has been achieved through the measures like the adoption of recycled materials, conventional flooring, green roofs, efficient water circulation and irrigation systems, and casement windows.

Green Construction Management

During property development, the Group strictly abides by the relevant environmental laws in the operating regions of its business and endeavors to mitigate the negative impact of project construction on the surrounding environment by formulating and implementing the green construction requirements.

Control measures adopted to mitigate the major environmental impacts of construction projects:

Dust and air pollutant control

- Nebulizing spraying equipment is set up in and around the construction site, water spraying vehicles spray water daily, high-pressure spraying equipment is installed across the floor in order to mitigate the impact of dust in the atmosphere and the surroundings;
- Site hardening and greenery coverage are used for reducing dust pollution;
- Commodity concrete, sealed cover for transport vehicles, closed storage of cement, cover sand, stone, and other materials are used, in order to control the environmental pollution created during the transport and storage of materials;
- A closed mixer shed is set in the work field to prevent the diffusion of atmospheric pollutants during operation;
- Vehicle washing bay is in place near the entrance to reduce areas impacted by dust; and
- Vehicle emissions must meet the national annual inspection requirements in order to reduce the emission of air pollutants during the transport process.

Energy conservation and management

- Placing materials properly on site to minimize energy consumption caused by secondary handling; and
- A total heat outlet is installed with metering device. Each household contains a separate heat meter, so as to enable micromanagement of energy consumption.

Noise control

- Conduct regular noise monitoring to reduce ambient noise pollution.

Construction material management and reuse

- Aerated concrete blocks are crushed and reused to reduce disposal of solid waste;
- Centralizing the storage and collection of waste formworks and squared timbers and setting storage area and garbage pool for small material in order to standardize the storage of materials; and
- The remaining concrete and surplus materials are used to process beams and precast materials to reasonably recycle and reuse the residual materials.

Water use and wastewater discharge

- Setting water-saving indicators and water consumption quota to achieve refined use of water;
- Utilizing water-saving facilities, such as implement energy-saving measures for nebulizing sprinklers in order to improve water efficiency; and
- Setting up drainage ditches in construction sites to separate the discharge of rainwater and sewage on sites, so as to reduce the pressure of sewage treatment plants and to facilitate rainwater collection and utilization.

Light pollution prevention

- Directional lampshades are installed on the lamps of tower cranes to reduce the impact of lights on the surroundings; and
- Using a lightshade for welding operations to reduce light pollution at night.

Green Operation

The impact of climate change on the world is increasing day by day. The Group actively contributes to the reduction of energy and resource consumption and greenhouse gas emissions by implementing various internal policies and systems. In addition, the Group attaches importance to the prevention and control of environmental pollution caused by human factors during the operation process. The pollution prevention and control work of the Group mainly focuses on construction management and waste management in accordance with the characteristics of the Group's business segments. With respect to property management, the Group reduces energy consumption and achieves energy conservation through reinforcing equipment management and maintenance to keep the equipment in the most economical operation condition.

Due to the characteristics of the Group's business, there is no large-scale water consumption involved during the Group's operation. In addition, all operating properties held by the Group receive municipal water supply; therefore, the Group does not face any problem in sourcing water that is fit for purpose.

The Group integrates the concept of green environmental protection into its hotel operations, which enables the Group to fulfill its corporate social responsibility and respond to the government's call simultaneously. This allows the group a brand-new perspective into the management and refining of the operation process, positioning, industry, supply chain, value chain, and other aspects. The Group therefore can achieve the purpose of reducing costs, increasing profits, creating additional value and enhancing its own unique brand competitiveness. The Group strictly abides by the current national environmental standards during the development and operation of hotels and has provided clear guidelines on resource and energy management.

Through formulating the *Guidelines for Energy Management*, each hotel of the Group manages its energy consumption by different aspects such as lighting, heating, cooling, freezing, domestic water and power distribution. Each hotel implements refined management in daily operations, and an engineering director is deployed to be responsible for the overall hotel energy management, so as to achieve energy conservation and emission reduction. The Group's hotels prefer solar hot water system and use natural gas as an auxiliary heat source to reduce the usage of non-renewable energy.

In addition, the Group's hotels also strengthen the daily maintenance and management of water equipment. The water usage of each area of the hotel is inspected occasionally to prevent overflowing and long-flowing water taps.



Case sharing: ARTELS+ Collection Hechuan Chongqing

ARTELS+ Collection Hechuan Chongqing is one of the Group's self-owned branded chain hotels. The hotel has more than 200 exquisite and simple standard rooms and suites which were designed by well-known designers. While providing guests with convenient and comfortable high-standard services, ARTELS+ Collection Hechuan Chongqing also makes efforts in energy and resource use management, which not only saves energy cost but also fully interprets the concept of a green hotel.



Energy saving and environmental protection practices in hotel public areas:

- ▶ The guest rooms are equipped with plug-in cards for activating power system in the rooms, with the air conditioning inlets and outlets in guest rooms being cleaned regularly to improve the cooling efficiency and reduce power consumption;
- ▶ The water levels of the water tanks in the guest rooms and public toilets are adjusted, which reduces water consumption without affecting the flushing function and eliminates problems with long-running toilet waters; and
- ▶ The duration of public lighting is flexibly adjusted according to the season, the duration and temperature of air conditioning systems in each region are also flexibly adjusted according to weather conditions, so as to reduce energy consumption.

Energy saving and environmental protection practices of hotel staff in the operation areas:

- ▶ Reducing air conditioning usage at suitable temperatures. Air conditioning cannot be set below 26 degrees Celsius during summer and above 20 degrees Celsius during winter. Doors must be closed when air conditioners are in operation. Heat insulation films are installed on the windows to prevent the outflow of cool and warm air;
- ▶ Strengthening the daily maintenance and management of water equipment and check the water usage in each hotel area from time to time, so as to prevent overflow and long-running water. Adjusting water levels of hotel toilet water tanks to reduce the volume of water used for flushing;
- ▶ Reducing the temperatures of hot water boilers and heating boilers. Setting the water outlet temperature of the hot water boilers to 43 degrees Celsius and that of the heating boilers to 35 degrees Celsius;
- ▶ Avoid reheating food using the gas stove in the kitchen. Using the stove only for processing food to avoid gas wastage. Closing the gas valves after work, checking the gas pipes conditions to eliminate unnecessary gas loss. Turning off the faucets after using the water in the kitchen and turning lights off when leaving; and
- ▶ Encouraging employees to take the stairs instead of using elevators.

Green Management

The Group pays close attention to the materials used in construction projects and applies environmentally friendly principles in the project design process. It requires contractors to use pre-cast which are integrally cast with modular-design and strives to reduce the environmental impacts within its operating regions. The Group's hotel and commercial operation segments have long-term cooperation with the qualified waste recycling companies to ensure that domestic waste and hazardous waste are properly disposed of. The headquarters of the Group continuously advocates the concept of "Green Office" and adopts policies for reduction, reuse, and recycling of office waste such as paper and ink cartridges.

The Group establishes its own waste management policies and strategies according to the characteristics of different business segments:

Property development

- Use prefabricated parts of integral casting and modular design
- Optimize the use recycled building materials
- Purchase materials from local regions

Property management

- Systematized collection and management of domestic garbage
- Classification and recycle of hazardous and non-hazardous wastes
- Recycle old clothes etc.

Hotel management

- Recycle and reuse hotel consumables
- Advocate consumer waste reduction actions, such as providing separation bins and eco-cards in guestrooms
- Purchase the proper amount of food ingredients according to the daily occupancy of hotels

Office of headquarters

- Advocate the concept of "Green Office"
- Implement policy of reducing, reusing and recycling paper and ink cartridges





Amount of recycled materials of the Group:



Plastic

23,127 kg

(2017: 8,180 kg; representing an increase of 182.7% as compared with 2017)



Paper

8,700 kg

(2017: 2,834 kg; representing an increase of 206.9% as compared with 2017)



Metal

25,121 kg

(2017: 4,470 kg; representing an increase of 462.0% as compared with 2017)



Optimizing Green Supply Chain

In order to improve the Group's corporation environmental management abilities, identify and avoid environmental risks, and promote sustainable development, the Group has voluntarily participated in the "Green Supply Chain in Real Estate Industry in China" (the **"Green Supply Chain"**), which focuses on monitoring the environmental impact and control from manufacturers of cement, steel, aluminum alloy, glass, and coating, as well as the control of formaldehyde in interior decoration materials and finished products. In selecting wood products, the Group will give priority to members of The Global Forest & Trade Network to support responsible and sustainable forest industry enterprises. In the contracts with the suppliers, the Group has added relevant terms on environmental protection, as well as a series of clauses that need to pay migrant workers' wages and protect their rights and interests.



As a participant of the Green Supply Chain, the Group follows the procurement principles from *White Papers of Purchasing Standards for Green Supply Chain in Real Estate Industry in China*, and earnestly complies with the following principles in the process of major business operations:

- ◆ Balance benefits between the economy and the environment, consider the industrial development stage and establish practical green procurement standards for real estate. Prioritize the purchases of and contracts for raw materials, products and services that are environmentally friendly, energy-efficient, easy to recycle and reuse as well as entailing economic and environmental benefits.
- ◆ Create a green supply chain and establish transparent and fair green assessment system and standards. Continuously optimize the procurement standards and systems and comprehensively consider energy-saving and environmental-friendly factors in the aspects of product design, procurement, production, packaging, logistics, sales, service, recycling and reuse, to undertake social responsibility of environmental protection, energy conservation, emission reduction, etc. with the upstream and downstream companies to create a green supply chain together.



The Group takes the interests of customers as the first priority and considers the living environment of the residents. When selecting some of the decoration materials, the Group adopts the standards higher than the national level and strictly monitors the key building materials such as wood products and wallpaper, to ensure the safety of incoming materials. The Group has been developing and refining the supplier recommendation policy and storage standard since 2014, which is specifically provided for suppliers on engineering, strategic planning and operation. The rules mainly focus on professional qualification, company scale and other additional conditions of suppliers and others. The Group will further expand the green procurement list.

The Group takes into account the supplier's environmental and social management and cooperates with the industry to share the recommended suppliers' information for building and issuing a green purchase "white list" regularly. The Group advocates the principle of fair, impartial and open procurement and the process of highly transparent procurement, upholds the concept of win-win cooperation with its suppliers, and maintains long-term cooperative relations with excellent suppliers. In order to ensure the effective implementation of the above principles, the Group has issued and strictly implemented the *Operation Guide of Supplier Resource Management*, the *Operation Guide of Bidding and Purchasing* and the *Operation Guide of Whole-process Management for Strategic Procurement*. When selecting a partner, the Group will conduct a background check of suppliers, including a credit check. The Group will also investigate the suppliers' historical performance and examine their performance in terms of labor protection and human rights. The Group will conduct on-site visits to potential partners, and take quality, safety and environmental protection as inspection criteria. All partners are subject to the same criteria to ensure fairness and justice. At present, the Group uses a transparent and open online platform for bidding, and there are clear integrity and law-abiding terms and complaint reporting channels in the contracts and official website.

In addition, the Group will evaluate the quality and safety of project delivery, study customers' opinions and feedback on the project, and timely rectify problems. Project suppliers with low evaluation scores will not be provided with follow-up cooperation opportunities. If the construction quality of the supplier is lower than the standards listed in contracts, or the supplier's service is subject to customer complaints, the Group will make an appointment with the responsible supplier and collect a penalty according to the contracts.



07

Caring for Employees

The Group regards its employees as its most precious asset, always attaching great importance to attracting, training and motivating diverse talents. The Group provides a platform upon which all employee members can fully utilize their potentials to the fullest and unleash their energy. At the same time, the Group also improves employee care, and incubates the senses of belonging on the ethos of “Shared Devotion, Pathway and Passion”, to create a happy and harmonious atmosphere in the workplace.

In accordance with the Company Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Rights and Interests of Women, the Law of the People's Republic of China on the Protection of Minors and other related regulations, the Group has formulated the *Powerlong Real Estate Holding Human Resources Management System Compilation* which was tailored to accommodate the Group's situation. These laws and systems provide detailed requirements relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, training, and other benefits and welfare. The Group requires both the headquarters and all its subsidiaries to strictly comply with these requirements. During the Reporting Period, the Group did not receive any complaints about infringement of employee rights.

Annual ESG Plan

Plan in 2018

- Continuously improved employment management in terms of recruitment, remuneration and benefits, and occupational health and safety;
- Organized team culture building activities to enhance team cohesion and perseverance of employees;
- Strengthened the administration of anti-corruption and upholding integrity and strengthened the internal system of compliant reporting and whistleblowing.

Plan in 2019

- To optimize the Group's employment management system to retain and attract more excellent talents for the Group, contributing to the stable development of the Group;
- To hold more training to enhance the knowledge and skills of employees at all levels;
- To continue to implement and supervise the internal management of complaint reporting and whistleblowing to improve the Group's overall fair and clean environment.



Optimizing Employment Management

Attaching Importance to Talent Recruitment

The Group attaches great importance to the promotion of corporate culture and fully considers the talents' own abilities and the compatibility between the talents and its corporate culture during the recruitment process. The Group believes that employees can only truly realize the goal of joint development between employees and the Group if they recognize, understand, and integrate into the corporate culture.

The Group adheres to the principle of "Open Recruitment, Position Competition, Selected Hiring, Optimized Allocation" and has established an evaluation system in combination with the situation to objectively assess candidates for hiring. Moreover, the Group strictly reviews the identification documents of all the candidates to prohibit any forms of child labor. During the Reporting Period, the Group was not involved in any case related to employment of child labor.

Competitive Remuneration and Benefits

The Group pays attention to the needs of employees, respects their ideas and strives to provide a fair working environment for all. The Group also provides employees with competitive remuneration and benefits, which include providing catering in canteens, traffic accident insurance for employees engaged in special works, birthday gifts, wedding gifts, condolences subsidy, flight tickets and accommodation subsidies for visiting relatives and other special benefits. The Group regularly reviews the working hours of its employees, and strictly controls overtime work. Overtime work must be approved by the heads of the relevant departments or projects. Employees can apply for a subsequent holiday shift for all overtime work. The Group encourages employees to maintain a work-life balance in order to ensure that employees can get adequate rest, so as to maintain their well-being at work. In addition, the Group also holds staff seminars to listen to employees' opinions and to help solve the problems which they may encounter during work. During the Reporting Period, the Group was not involved in any case in relation to employing forced labor.

Employees can propose to terminate the labor contract but must submit a written report at least three days in advance during probation periods. The Group may unilaterally

terminate the labor contract if any employee is found to be unqualified for the employment requirement, or if any employee is in violation of laws and regulations, the Group's policies or labor disciplines during probation periods.

The Group has established and conducted the *Guidelines for Salary Management* with the principle of "Salary is consistent with one's contribution". This way, employees can receive different levels of salary in accordance with their actual capabilities and responsibilities. Besides, the Group regularly organizes annual salary reviews. In addition to the general salary adjustment plan, the centers and departments of the Group determine individual compensation adjustments based on factors such as employees' abilities, performances and incentives.

In addition, the Group conducts annual performance appraisals and assessments for all employees and arranges salary adjustments and promotions according to the working ability, performance and other factors of each employee. The Group shall demote or replace employees who have failed in continuous assessment. If the assessment is still not up to standard, the Group shall negotiate with relevant employees to terminate the labor contract and pay them reasonable severance in accordance with relevant laws.

The Group is committed to creating a large family for employees. The Group maintains the tradition of celebrating birthdays for employees, encourages employees to participate in various family activities and has been organizing the "Happy Family Day" theme activity for seven consecutive years. The Group hopes that behind every employee's own family, there is the blessing and support from the Group's large family. The Group also focuses on coordinating the work-life balance of the employees. During the major festivals and holidays, the Group creates a blissful and festive atmosphere so that the employees would feel relaxed. The Group also organizes various entertainment activities to provide employees with a platform for mutual communication.





2017 Commendation Conference and 2018 Spring Festival Gala



Gymnasium for employees



Shared seasonal fruits with employees



Comfortable leisure space



A heartwarming employees' canteen



"Making the Life More Wonderful" – 2018 Happy Family Day



Ensuring Occupational Health and Safety

In the interests of the safety and health of employees and according to the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases and the *Regulation on Work Safety License*, the Group formulated a series of policies including offering a safe working environment and preventing occupational diseases. As for high risk industries like engineering and construction, more strict and detailed requirements for safety precautions and management are implemented to guarantee employees' safety in different aspects. During the Reporting Period, the Group did not incur major safety incidents.

Policy for safe working environment and preventing employees from occupational diseases

To prevent, control and eliminate occupational hazards, prevent and treat occupational diseases, protect employees' health and promote economic development, the Group formulated the policy with the approach of "Precaution First, Prevention and Treatment Combined" to conduct systematic and comprehensive management.

Policy for occupational health management

The Group monitors occupational safety and health for employees in all aspects, carries out body checks for the new recruits and properly allocate jobs to employees who have occupational contraindications and allergies. The Group also carries out regular health checks for the registered employees who are exposed to toxic and hazardous substances and conducts active treatment for confirmed cases of occupational diseases.

Policy for engineering management

Specific regulations on safety management are implemented. The general contractor is required to prepare a safety construction plan under the safety disciplines of both the country and the project location, and the contract requirements. All projects shall be implemented under supervision and after obtaining real estate company's approval. The "Regulations on Safety Supervision" in the Group's policy for engineering management, outlines the double safety assurance conducted by both contractor and supervision body to ensure the safety of the employees.

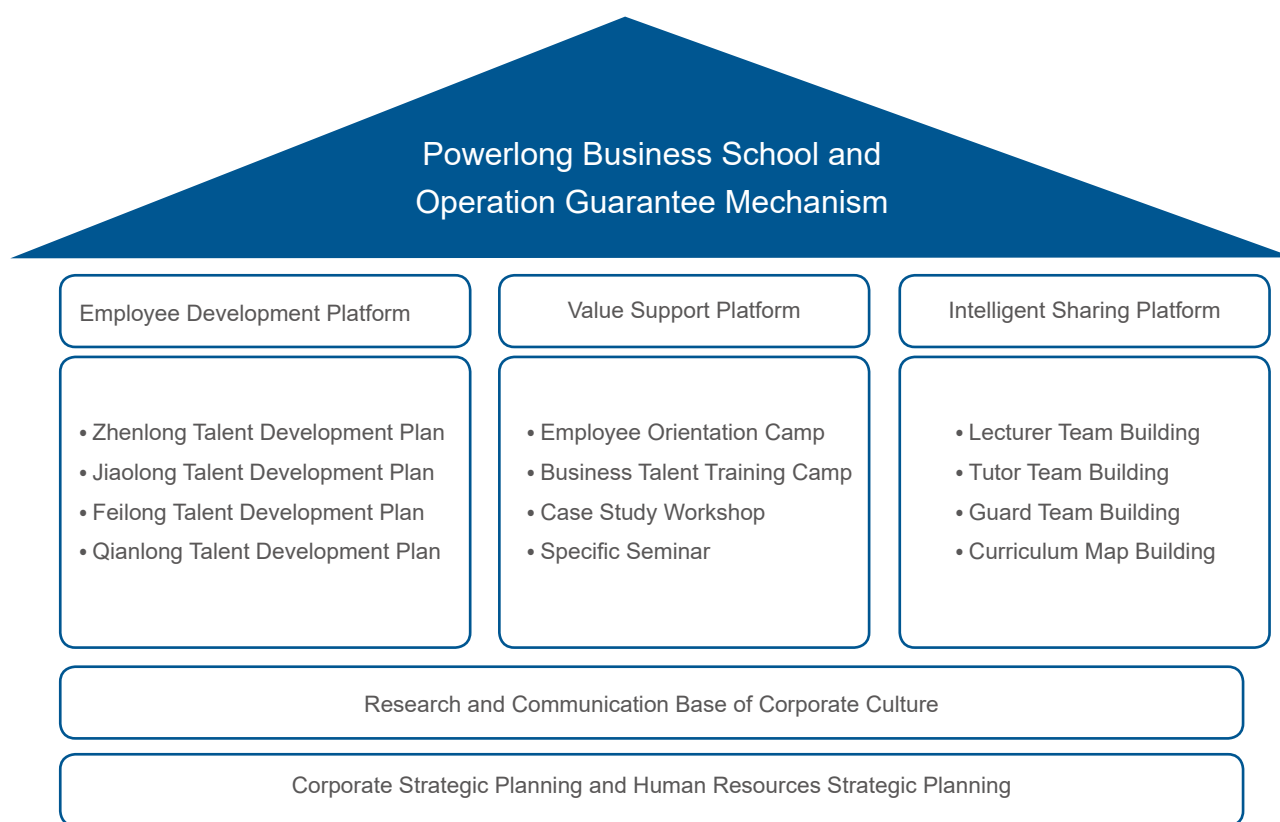
In daily operations, the Group offers employees to conduct annual body checks annually and purchases supplementary medical insurance for them. The Group's head office and its subsidiaries regularly inspect fire facilities and safety signs and carry out fire drills with the staff to enhance their self-protection awareness. The employees of the engineering department regularly hold safety management seminars by combining their own experiences with external case studies to strengthen the safety management methods and awareness.



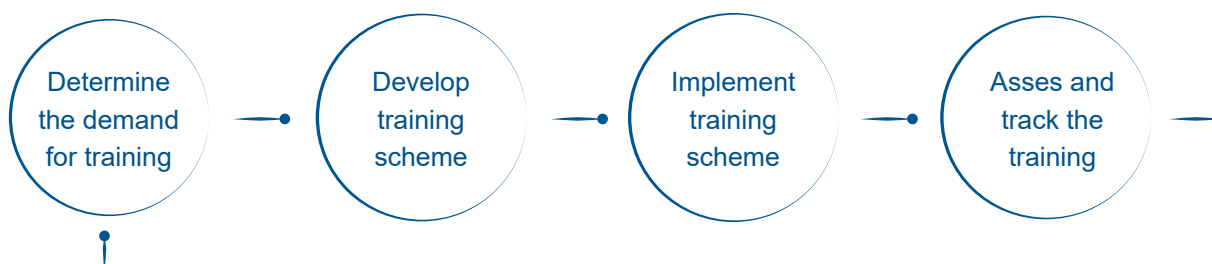
Organized employees to participate in emergency and fire-fighting training

Improving Vocational Training

The Group's talent trainings include all types of training on diverse topics which are tailored for different professional fields and job positions, from the top to bottom levels and the Group has established a special training system. The series of training included Qianlong Training, Feilong Training Camp, Zhenlong Training Camp, Jiaolong Professional Training Meeting, and General Management Training, etc.



The Group's training system operates according to the ISO10015 International Standard Project Management process and has realized the closed-loop operation.



- **Determine the demand for training:**

At the end of each year, Powerlong Business School will cooperate with the training department of each unit to carry out annual training demand survey and analysis. Research methods include face-to-face interviews, telephone interviews, questionnaires, and key event analysis, etc., to form the *Training Demand Analysis Report*, as a reference for the development of medium and long-term training plan.

- **Develop training scheme:**

On the basis of the medium and long-term training plan of Powerlong Business School, Powerlong Business School and the training department of each unit shall, in combination with the *Training Demand Analysis Report*, respectively formulate the annual training scheme and budget plan, and submit them to Powerlong Business School for review.

- **Implement training scheme:**

The implementation of various training schemes by the training department of each unit is in accordance with the annual training scheme.

Qianlong Training

In order to promote the fresh graduates, who treasure the Group's culture and have excellent academic performance, to have a more comprehensive and in-depth understanding of the Group, to enable them to get into the work position and perform as soon as possible, and strengthen the interactivity and timeliness of training, all business departments and projects support and cooperate with mentors and key task arrangement of Qianlong talent project, so as to improve the business ability and self-management ability of the trainees.



Feilong Training Camp

This scheme aims to help high potential talents to promote core competence, expand their horizons, embrace and adapt to changing environment. The Group conducts talent selection annually and effectively integrates the internal and external resources of the Group. Through two intensive pieces of training, outward training, action learning and mentor coaching, talents assessment and analysis, outstanding performance training and other mixed learnings, the Feilong Training Camp promotes the talent's profession and management ability, so as to improve their work performance and support the development of the Group.



Zhenlong Training Camp

This scheme facilitates middle and senior managers to foster clearer visions and enhance entrepreneurship spirits, strengthen cross-department communication and collaboration, and enhance understanding on the mode of cooperation of relevant departments through the explanation of major work systems, so as to promote cross-department communication and improvement in work efficiency; and to help individuals systematically in learning theoretical knowledge of management and leadership; to help individuals to broaden their horizons, enlighten their thinking, improve their management and leadership skills, and promote relationships and network development.



Jiaolong Professional Training Meeting

The training aims to strengthen the employees' coherence of different business segments, to continuously improve the professional skills of the staff in the business departments, and facilitate them to build knowledge.



General Management Training

This scheme is designed for all employees and aims to improve their abilities and skills in daily work and communication.

高管面对面第十二期

综合操盘手，一切为了销售和利润

宝龙商学院品牌活动“高管面对面”第十二期，于6月8日12时在宝龙美术馆顺利举行。本次活动特邀副总裁华立冲，围绕“综合操盘手，一切为了销售和利润”这一主题，与来自各板块各条线的同事畅谈。

配合公司成为商业地产5强，地产综合排名50强的目标，在365战略前提下，华总认为，“综合操盘手”的角色显得至关重要。专业人要综合关注，想公司的事，干好自己的活，走战略的一步，跨战线沟通。关注项目销售、利润和现金流。既要以客户视角出发，提高客户满意度，提升产品品质；也要从股东视角出发，保障利益，为股东创造最大价值。

为了让参与活动的同仁们能更有直观的理解，华总高屋建瓴地剖析了市场中几个典型案例，将自己在地产行业多年深耕的宝贵经验倾囊分享，令参与者纷纷感慨受益匪浅。

回顾，“高管面对面”活动已走过一周年时光，商学院将持续推出高品质培训活动，欢迎大家积极参与。

宝龙员工核心能力系列公开课

第三讲：学习创新

《宝龙员工核心能力系列公开课之学习创新》于7月25日下午1:30在总层701会议室顺利开展。本次公开课特邀宝龙文化集团人事行政部总经理甘晓女士为课程主讲人。吸引来自各板块的30余名同仁自发报名参加。甘女士围绕“学习创新”这一话题，结合宝龙文化集团在学习创新方面的实践，用独到的见解与新颖的案例，为在场的学员带来一场精彩的分享。

甘晓女士首先明确了“学习创新”的定义，即“持续的学习与有效的创新”。在“持续学习”维度，强调：阅读是最简单的学习方式，并向在座学员推荐《玩世与当作家》一书。此外，研讨、会议、他人交流、向专业人士取经等，都是有效的学习方式。她知识渊博且会任人的举止更让人有所启发，三时道“阅读文章非易事，要有读书的气质”。

而在“有效创新”这一维度，甘女士表示：创新要有有效性，要守成规。经验至上，推翻重来与盲目自信，都不是最靠谱的创意思维。而真正有效的创新应本着去实践，再优化的原则，秉承实事求是态度，勇往直前，以实践为基础，用创新来突破。

最后，甘女士介绍了宝龙文化集团的业绩、架构与创立初衷，并表示，文化集团的创立与数据便是宝龙学习创新道路上的一大成果。

一个小时的公开课转瞬即逝，在场的同仁纷纷表示受益匪浅。《宝龙员工核心能力系列公开课》还将持续开展，欢迎各位同仁踊跃报名参加后续课程。



Enhancing Team Culture Building

The Powerlong Business School of the Group combines the overall corporate culture building with the individual employee training development organically, guides the employee training development with the corporate culture. The Group hopes that employees' growth can bring new ideas for the development of corporate culture, so as to gradually foster the common development and common growth between the Group and the employees. In 2018, the Group further strengthened the building and publicity of its corporate culture, and carried out a number of corporate culture publicity and training activities, aiming to strengthen the sense of employees' corporate identity.

Case sharing: The Group's Gobi Trip of "Road of Faith" in 2018

Corporate management personnels are the backbone of the sustainable corporate operation and are an integral part of building corporate culture. It is particularly important for a company to cultivate the tenacity, solidarity and upward spirit of its management personnel and to further guide their team to strive forward in the work.

On 14 October 2018, the "Gobi Road of Faith" of the Group was successfully concluded. This session of the activity has gathered a total of 100 senior executives at the level of the general manager or above in the Group. After three days and two nights, 10 teams of 100 warriors from the Group successfully completed the 88-kilometer Gobi trip. This trip was a challenge, a transformation, as well as an unmatched renewal for the participants.



After a fierce competition between the 10 assembled teams in the Gobi trip, the "Team One of the Group" led by Mr. Hoi Wa Fong, CEO of Powerlong won as the champion. Through this activity, the management of the Group has greatly enhanced their ideal and attitude in terms of working conscientiously. In the future, the Group will continue to strive for passion and dreams under the guidance of the management.

Case sharing: Interpreting "The Group's Spirit" with "Passionate Team"

During the Reporting Period, the Group proposed to fully implement the "369 Development Model" and successfully demonstrated the "Powerlong Speed". Constructing projects in 3 months, being ready for sale in 6 months and recovering the investment amounts in 9 months were challenges to the corporate operation and management as well as the working pace of employees. The Group hoped to through this activity of "Looking for a Passionate Team" to understand the situation in the front lines and the front end of its business, maintain the interaction between the management level and the executive level, and highlight the spirit and positive energy of the Group. During the Reporting Period, Powerlong Haining Real Estate Company, Xiamen Powerlong One Mall Project, Xinxiang Real Estate Company, Luoyang Real Estate Company, Haikou Global 100 Powerlong City Project, Shaoxing Real Estate Company, Ningbo City Company, Xiamen Commercial Company, Jinjiang Powerlong Hotel and Hangzhou Art Center were selected as the "TOP 10 Passionate Teams" in 2018 which embodied the motto of "speaking through performances and racing against time" by virtue of their efficiency, excellent operation and performance.



Representative of Awarded Teams: Xiamen Powerlong One Mall

Xiamen Powerlong One Mall launched on 30 September 2018. The team of Xiamen Powerlong One Mall demonstrated a strong sense of responsibility under the conditions of heavy task load, challenges and tight schedule. Under the leadership of the project leaders, the team worked hard on the front line of project construction with a high degree of passion and finally created a wonderful launch for Xiamen Powerlong One Mall. During the construction of Xiamen Powerlong One Mall, many touching stories emerged from the team. The team members adhered to their posts with high standards, strict requirements, with a view of the common goal, and finally complete the project successfully throughout the construction process, the protection of the completed building, landscape organization, curtain wall installation, and other large-scale processes. The project team was widely praised by the society.





Integrity and Self-cultivation

The Group expects each of its employee to be honest and self-disciplined during his or her daily work. The Group strictly abides by the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, other relevant laws and regulations and the *Employee Integrity Self-discipline Rules* formulated by the Group with reference to the Group's actual situation. The Group resolutely resists any form of bribery, extortion, fraud on taxation, and money laundry, etc.

The Group attaches great importance to the construction and maintenance of the integrity in the Group's internal environment, and has established a supervisory department, which is specifically responsible for supervising and auditing risks in corporate operation. The supervisory department is led directly by Mr. Hoi Kin Hong, the chairman of the Board. New employees are required to undergo trainings related to integrity and self-cultivation upon joining the Group. All personnel above the department manager level, and the employees of the procuring and the tendering department, are required to sign an *Employee Self-discipline Commitment*. Meanwhile, all relevant suppliers and contractors of the Group are required to sign the *Integrity and Law-Abiding Commitment* before bidding and undertaking any business. For typical problems found in daily audits, the Group will regularly announce them in the form of *Audit Report*, so that other affiliated companies and functional departments can be made aware and to avoid similar problems from reoccurring again.

In addition, the Group also provides clear internal complaint reporting and whistleblowing channels including an internal complaint hotline and mailbox, a special complaint reporting system, and ensures the independence and confidentiality of the complaint reporting and whistleblowing process while protecting the safety and efficiency for employees to complain and report. Employees can submit internal complaints or opinions to strengthen mutual supervision within the Group. The Group has established a protection policy in accordance with relevant laws to protect employees who report crimes and ensure that the whistleblower will not be subjected to unlawful retaliation or discrimination due to his or her lawful reporting behavior or participation relevant investigations. If an employee believes that he or she has been subjected to any of the aforesaid unlawful retaliation or discrimination, he or she may file a complaint through the aforesaid reporting procedure and the Group will deal seriously with any person who retaliates or discriminates against the employee. During the Reporting Period, the Group did not receive any cases of irregularities or corruption proceedings against the Group and its employees.



Contribution to Society

As a socially responsible corporate citizen, the Group is committed to creating shared resources and value with the community related to the Group's business operations. In addition to the ongoing corporate philanthropy work, the Group also supports long-term community investment through the operation of projects to strengthen its links with the communities where projects are located. In addition, relying on the national reform and opening policy, the Group continues to prosper in business development. The Group also hopes to improve the public's understanding of ideas, culture, aesthetics, and art by the perfect integration of business, culture, and art, so as to better contribute to the society.

At present, the Group's community investment focuses on aspects such as poverty alleviation, social care, culture and education, health care, environmental protection and art development. The Group hopes to contribute to the social development and construction of the regions where its projects are located through its operation and charitable donation in the regions. At the same time, the Group wishes to bring future hope to the next generation of the local regions and to provide motivations for such regions' sustainable development. The Group has formulated and strictly implemented various internal management policies on community communication related to the operation.

Annual ESG Plan

Plan in 2018	Plan in 2019
<ul style="list-style-type: none">• Cooperated with the government and relied on "Targeted Poverty Alleviation" to improve the social and economic status of people in need and promote inclusive development;• Promoted the cultural spreading of traditional and contemporary art, and organized exhibitions to promote the beauty of culture and art to the public.	<ul style="list-style-type: none">• To review the public welfare and charity strategies of the Group, make follow-up visits to charitable investment projects, and promote related projects to truly benefit people's livelihood;• To organize more charity activities related to properties at all levels for enhancing the society's awareness about the Group base on the Group's business characteristics.



Poverty Alleviation

To Support Targeted Poverty Alleviation, the Group Actively Explores New Poverty Relief Models

In order to actively respond to the call of poverty alleviation work of the CPC Central Committee and to fulfil the social responsibility of enterprises in relation to poverty alleviation, the Group donated RMB20 million of public welfare fund to Zhijin County, Guizhou Province in June 2016.



The fund will be implemented in two biennium. By the end of the Reporting Period, the first phase of the fund has been gradually used for implementing industrial assistance projects in 13 registered poor villages in 11 townships (streets) in Zhijin County. Projects include the vegetable planting project of Luojiashai Village in Huaqi Town, the ostrich breeding project in Qingjiao Village in Sanjia Street, and the beef cattle breeding projects in Meiman Village in Longchang Town and Baiyun Village in Maochang Town, etc.

This direct assistance helped

558

registered poor
households

2,050

people

by increasing their average
household income by more than

RMB **2,000**

The second phase of the project involves 14 registered poor villages in 13 townships (streets), such as the pig breeding project in Yanjiao Village of Jinfeng Street and the rex rabbit breeding project in Malong Village in Zhuzang Town.

These projects involve

552

registered poor
households

2,080

people

with an estimated increase of
average income by more than

RMB **2,000**

Caring for Hometown Development

The Inauguration of the Project Series for Building Beautiful Village in Xibian

On 23 and 24 September 2018, the 888th Anniversary for the Town Establishment of Jinjiang (Anhai) - the Third Session of the Cultural Festival of Mid-Autumn Festival organized by the Jinjiang Municipal Party Committee and Municipal Government was held in Anhai Town of Jinjiang City. Mr. Hoi Kin Hong, a member of the Standing Committee of the National Committee of the Chinese People's Political Consultative Conference, the President of Jinjiang Association of Macao, and the chairman of the Board; Ms. Wong Lai Chan; Mr. Hoi Wa Fong, CEO of Powerlong, were invited to attend the activity.

In April 2016, Mr. Hoi Kin Hong donated RMB100 million to his hometown - Xibian Village, Anhai Town, Jinjiang City, Fujian Province, for the building of "Beautiful Village" and the implementation of sustainable development projects. Over the years, under the leadership of Mr. Hoi Kin Hong, the chairman of the Board, the Group has been actively engaged in charity. Public welfare and charity have also become routine works of the Group, and have been constantly improved, standardized and developed. In the future, the Group will continue to increase its contribution to public welfare and charity, taking caring for public welfare as its purpose and social responsibility. The Group will devote itself to the development of public welfare and charity in the whole society through its actions.



Donation to the Gymnasiade in Jinjiang

In the evening of 18 December 2018, the event of "Charity Night of Jinjiang" and the countdown event to the Gymnasiade were held at the Party School of Jinjiang Municipal Committee in Fujian Province. The event was full of love and affection, and people from Jinjiang donated more than RMB580 million to support the preparation of key events such as the Gymnasiade and "Fuzhou University Jinjiang Science and Education Park", "Fujian Intelligent Manufacturing College of the University of Chinese Academy of Sciences" and other major projects, contributing to the development of Jinjiang. Mr. Hoi Wa Fong, CEO of Powerlong, donated RMB50 million on behalf of the Macau Powerlong Group.



Aesthetic Pursuit

Mixed Art with Environmental Protection

The Group launched a unique public welfare activity of environmental protection together with its self-owned branded chain hotels on 28 October 2018. Volunteers from ARTELS+ Huaian Jiangsu, JUNTELS Binjiang Hangzhou, ARTELS+ Fuyang Hangzhou, ARTELS+ Collection Hechuan Chongqing, ARTELS Anxi etc. put their creative ideas into practice by turning waste plastic bottles, cans, glass bottles, even dead leaves, and other items collected in urban areas or scenic spots into artworks. Through artistic creation, volunteers turned the ordinary wastes into various kinds of environmentally friendly handicrafts and conveyed to the outside world about the idea of a perfect combination of art and environmental protection through practical actions.





In addition, during the Christmas of 2018, an exciting Christmas decoration competition was held in the Group's hotels. Adhering to the theme of "Environmental Protection, Innovation, and Art" in the competition, the hotels were required to make breakthroughs and innovation in their decorations and also to carry on the Group's tradition and corporate ideal in art and environmental protection. The activity not only promoted the hotels' business in festivals but also popularized the Group's positive image of being aesthetic and eco-friendly.

Each hotel actively cultivated enthusiasm of employees in all positions. All employees participated in the competition and brainstormed together. This was not only a competition but also an event to enhance team bonding by encouraging participants to put continuous efforts in creating and strengthening customer experience and artistic atmosphere in the hotels.





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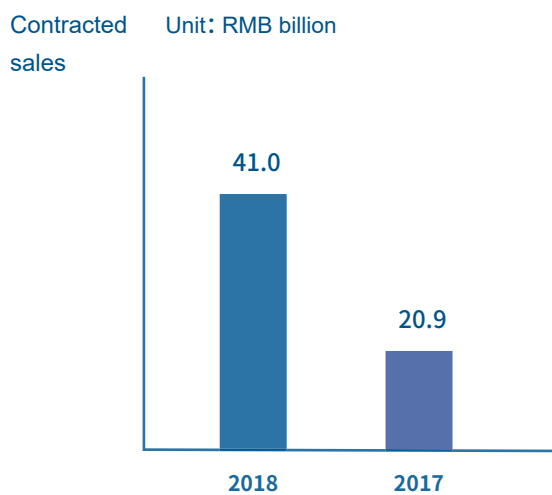
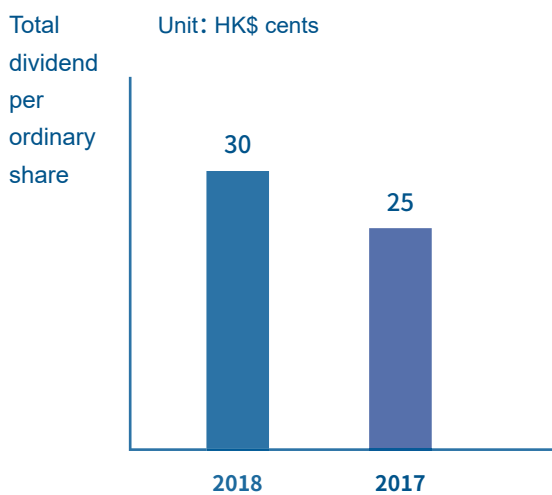
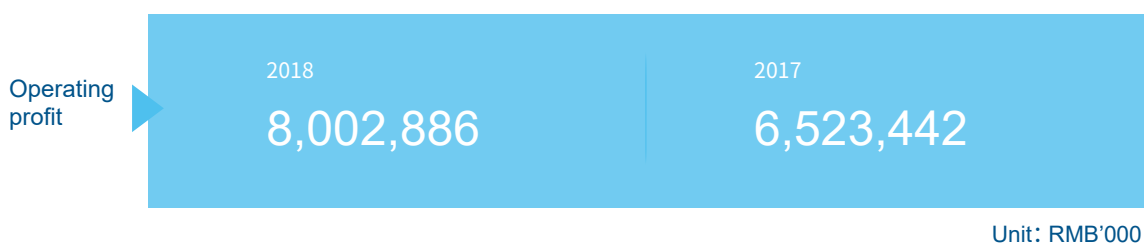
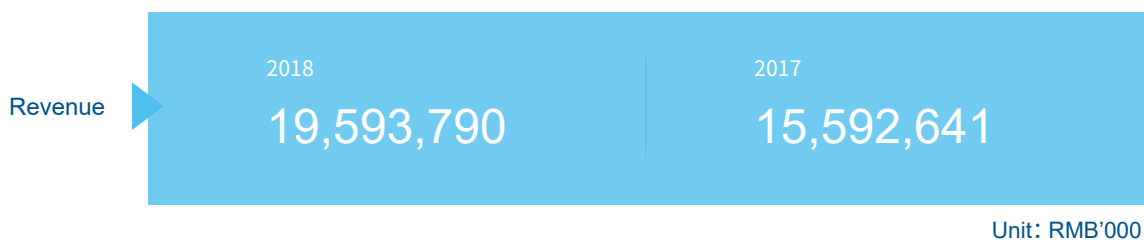
Comprehensive Performance

Notes have been duly added to the statistics and calculation methods used in the Report. Historical data and information of certain indicators have been consolidated and presented. The scope of data on environmental aspects covers properties held and operated by the Group. In 2018, the Group conducted systematic calculation and consolidation of relevant data of its business segments. The data collection and project coverage were expanded from 2016 and 2017, and some data were therefore different from previous years. The "N/A" in the lists indicates that the relevant data are not disclosed or calculated for the year. Unless otherwise specified, the data provided in this section are the annually consolidated data of the corresponding year or the data of 31 December of the corresponding year.



Steady Operation

Economic performance:





Prevention of bribery and corruption:



Sincere Services

Customer satisfaction:






Indicator	2018	2017	
Average customer satisfaction of the business sector	96.55	N/A	%
Average customer satisfaction of the property management center	80.85	N/A	%
Average customer satisfaction of the hotel operation sector	89.95	N/A	%

¹¹ Refers to the ratio of total liabilities to total assets of the Company.

Green Development

Emissions

Atmospheric pollutants¹²

	Indicator	2018	2017	Unit
	Nitrogen oxides (NO _x)	508.96	3.40	Tonne
	Sulfur oxides (SO _x)	3.17	0.02	Tonne
	Carbon oxide (CO)	427.42	N/A	Tonne
	TPM	38.98	N/A	Tonne
	PM _{2.5}	0.002	N/A	kg
	PM ₁₀	0.002	N/A	kg

GHG emissions:

Unit: Tonne CO₂eq

	Total GHG emissions ¹³	Direct emission (Scope 1)	Indirect emission (Scope 2)	Reduced GHG emissions by owned trees ¹⁴	Total GHG emissions (Scope 1 & Scope 2) per income ¹⁵ in thousand RMB from property rental, development and management services
2018	294,002.81	19,163.66	275,028.43	189.29	0.10
2017	264,103.05	4,613.28	259,516.93	27.16	0.12





¹² The air pollutant emission data were calculated on the basis of the emission sources and fuel consumption, the *Technical Guidelines for the Preparation of Air Pollution Emission Inventory from Road Motor Vehicles (Trial)* and the *Technical Guidelines for the Preparation of Emission Inventory from Non-road Mobile Source (Trial)* in Mainland China, as well as the relevant conversion factors of the U.S. Environmental Protection Agency.

¹³ In terms of statistics and reporting of greenhouse gases, the Group used the method of "rights of operation and control" to define its organizational boundary. GHG emission data of scope 1 and 2 were calculated on the basis of the consumption of emission sources and fuels and the relevant conversion factors from the *Guidelines on Accounting Methods and Reporting of GHG Emissions of Land Transport Enterprises*, the *Guidelines on Accounting Methods and Reporting of GHG Emissions of Enterprises in Other Industrial Sectors* and the *Guidelines on GHG Accounting of Enterprises in 24 Key Sectors* in Mainland China.







¹⁴ The total amount of GHG is reduced for trees with height of 5 meters or more held by the Group. The GHG emission reduction data were calculated based on the relevant conversion factors in the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Public Use) in Hong Kong*.

¹⁵ The income came from rental of investment properties, property management services and other property development related services.

Produced non-hazardous wastes:

Indicator	2018	2017	Unit
 Total amount of produced non-hazardous wastes	53,482,999.86	84,330,256.00	kg
 General waste	47,970,366.26	67,550,774.00	kg
 Kitchen waste	5,512,633.60	16,779,482.00	kg
 Amount of produced non-hazardous waste per income in thousand RMB from property rental, development and management services	18.28	36.81	kg

Produced hazardous wastes:

Indicator	2018	2017	Unit
 Total produced amount of hazardous wastes	3,830.58	2,282.44	kg
 Electronic waste	1,126.47	851.60	kg
 Waste battery	294.22	32.06	kg
 Waste lamp containing mercury	1,427.09	1,182.33	kg
 Used cartridge	982.80	216.45	kg
 Amount of produced hazardous waste per income in thousand RMB from property rental, development and management services	0.0013	0.0010	kg

Wastewater discharge:

Total amount of discharged wastewater	2018 4,589,753.28	2017 5,160,246.17
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Unit: Tonne







Emissions and discharges compliance:

Number of cases involving the illegal discharge of pollutants into the environment	2018 0	2017 0
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Unit: Case

Resource Use

Energy consumption¹⁶

	Indicator	2018	2017	Unit
	Total energy consumption	458,866.43	360,118.47	MWh
	Natural gas	66,454.75	N/A	MWh
	Gasoline	398.80	N/A	MWh
	Diesel	31.67	N/A	MWh
	Purchased electricity	391,931.22	360,118.47	MWh
	Energy consumption amount per income in thousand RMB from property rental, development and management services	0.1568	0.1572	MWh







Water consumption:

	Indicator	2018	2017	Unit
	Total water consumption	5,099,725.87	5,733,606.85	m ³
	Proportion of municipal water	100	100	%
	Water consumption amount per income in thousand RMB from property rental, development and management services	1.74	2.50	m ³

¹⁶ Energy consumption data were calculated on the basis of purchased electricity and fuel consumption and the conversion factors provided by the International Energy Agency.

Mitigating Natural and Environmental Impact

Amount of recycled waste materials during operation:

Indicator	2018	2017	Unit
 Recycled paper	8,700.15	2,834.00	kg
 Recycled plastic bottle	23,127.13	8,180.00	kg
 Recycled soap	205.00	N/A	kg
 Recycled toothbrush	770.00	922.60	kg
 Recycled toothpaste	343.50	25.00	kg
 Recycled metal	25,120.50	4,470.00	kg
 Recycled glass bottle	5,062.50	2,443.00	kg

Greening the environment:

Number of owned trees with a height of 5 meters and above

2018	2017
8,230	1,180

Unit: Tree

Environmental protection compliance:

Number of cases involving damage to the natural environment

2018	2017
0	0

Unit: Case

Caring Employees

Employment

Employee welfare and costs¹⁷

Unit: RMB'000

	Wages and salaries	Statutory pension	Other staff welfare and benefits
2018	1,151,527	202,131	51,255
2017	866,891	146,638	41,154

Employee composition:

Total number of employees



By gender



2018
6,752

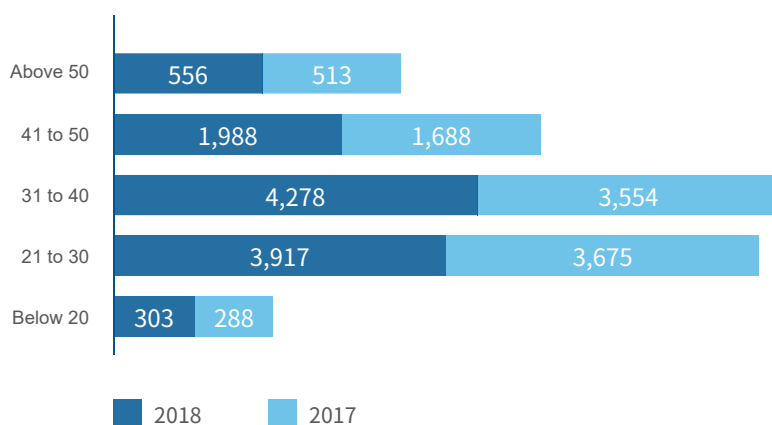
2017
5,899



2018
4,290

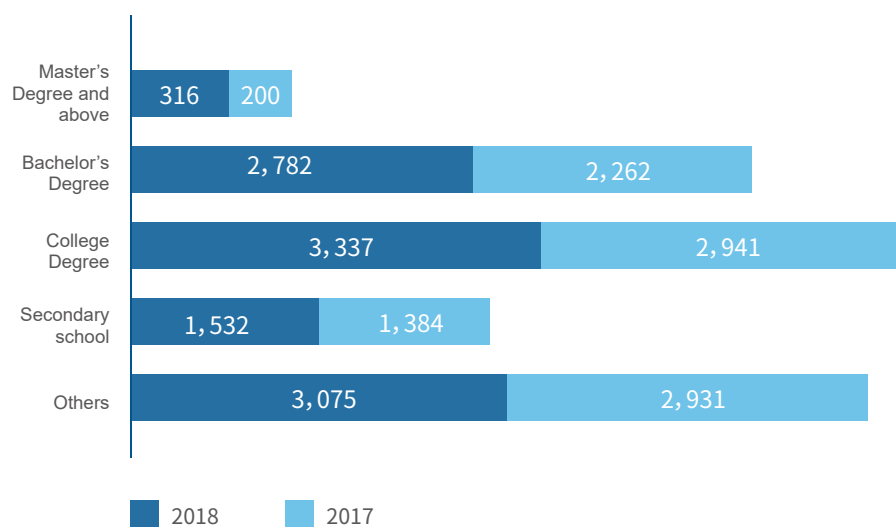
2017
3,819

By age groups



¹⁷ For more information, please refer to the Company's *Annual Report 2018* published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited.

By educational background



Salary:

Ratio of salary between female and male employees

Indicator	2018	2017
Management level	1.0	1.0
General employees	1.0	1.0

Development and Training

Employee training:

Number of employees receiving training related to career development

Indicator	2018	2017
Male	5,507	N/A
Female	3,117	N/A
Senior level	191	N/A
Middle level	589	N/A
General employees	7,844	N/A

Number of hours per person trained for employee career development at the headquarters of the Group

Indicator	2018	2017	Unit
Male	33.33	N/A	Hour
Female	31.61	N/A	Hour
Senior level	34.09	N/A	Hour
Middle level	28.77	N/A	Hour
General employees	32.97	N/A	Hour

Number of hours per person trained for employee career development in hotels

Indicator	2018	2017	Unit
Male	65.08	N/A	Hour
Female	46.04	N/A	Hour
Senior level	50.40	N/A	Hour
Middle level	36.46	N/A	Hour
General employees	24.52	N/A	Hour

Social Contribution

Community Investment

Public charity:

Input amount for community or public charity¹⁸

2018	2017
239,567	58,778

Unit: RMB'000

¹⁸ Including charitable and other donations made by the Group.

Content Index of SEHK ESG Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs

Locations of Disclosure or Remarks

A. Environmental

Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Green Development
KPI A1.1	Types of emissions and respective emissions data	Comprehensive Performance
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Comprehensive Performance
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	Comprehensive Performance
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	Comprehensive Performance
KPI A1.5	Description of measures to mitigate emissions and results achieved	Green Development: Green Operation
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Green Development: Green Operation, Green Management
Aspect A2: Use of Resources		
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Green Development: Green Operation; Due to the nature of the Group's business, issues relating to packaging materials are not applicable to the Group.
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Comprehensive Performance
KPI A2.2	Water consumption in total and intensity	Comprehensive Performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Green Development: Green Property Development; Comprehensive Performance
KPI A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Green Development: Green Property Development, Green Operation; Comprehensive Performance
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced	Due to the nature of the Group's business, this is not applicable to the Group.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Green Development: Green Property Development, Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Green Development: Green Property Development; Comprehensive Performance

B. Social

Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Caring for Employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Comprehensive Performance; Information of total workforce employment type and geographical region is not disclosed for the time being and will be disclosed in the future.
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Due to the incomplete statistics of the Group, this information is not disclosed for the time being and will be disclosed in the future.
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Caring for Employees: Optimizing Employment Management
KPI B2.1	Number and rate of work-related fatalities	Caring for Employees: Optimizing Employment Management
KPI B2.2	Lost days due to work injury	Due to the incomplete statistics of the Group, this information is not disclosed for the time being and will be disclosed in the future.
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Caring for Employees: Optimizing Employment Management
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Caring for Employees: Improving Vocational Training
KPI B3.1	The percentage of employees trained by gender and employee category	Comprehensive Performance
KPI B3.2	The average training hours completed per employee by gender and employee category	Comprehensive Performance
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	Caring for Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor	Caring for Employees: Optimizing Employment Management
KPI B4.2	Description of steps taken to eliminate child and forced labor practices when discovered	Caring for Employees: Optimizing Employment Management

Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Green Development: Optimizing Green Supply Chain
KPI B5.1	Number of suppliers by geographical region	Due to the incomplete statistics of the Group, this information is not disclosed for the time being and will be disclosed in the future.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Green Development: Optimizing Green Supply Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Sincere Services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Due to the nature of the Group's business, this is not applicable to the Group.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Due to the incomplete statistics of the Group, this information is not disclosed for the time being and will be disclosed in the future.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Sincere Services; Comprehensive Performance
KPI B6.4	Description of quality assurance process and recall procedures	Due to the nature of the Group's business, this is not applicable to the Group.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Sincere Services: Outstanding Customer Services
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Caring for Employees: Integrity and Self-Cultivation
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	Caring for Employees: Integrity and Self-Cultivation; Comprehensive Performance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Caring for Employees: Integrity and Self-Cultivation

Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests	Contribution to Society
KPI B8.1	Focus areas of contribution	Contribution to Society
KPI B8.2	Resources contributed to the focus areas	Comprehensive Performance

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