

2015 社会责任报告

成就美好生活!



越秀地产 YUEXIU PROPERTY

YUEXIU PROPERTY 2015 CSR

越秀地产 YUEXIU PROPERTY



Where Good Living Starts

2015 Corporate Social Responsibility Report

中国城市竞争力研究会

CONTENTS



Message from the Senior Management	2
---	---

Our social responsibility management	4
Identification of Stakeholders	4
Stakeholder Engagement	4
CSR Agenda	6
CSR Management System	6

Our Actions	7
Our Customers	7
Our People	11
Our Investors	16
Our Suppliers	17
Our Community	19
Our Environment	20

Our performance	22
Economic Performance	22
Social Performance	22
Environmental Performance	22

Outlook	23
----------------	----

Third-party Rating	24
---------------------------	----

Message from the Senior Management



Zhang Zhaoxing, Chairman



Lin Zhaoyuan, Vice Chairman



Ou Shao, General Manager, Operation

The year 2015 marked the completion of the Twelfth Five-Year Plan of Yuexiu Property. Looking back over the development path of Twelfth Five-Year Plan, the Company has coped well with the complicated macro environment and the changes in the market. While enhancing its internal management, carrying out reforms, innovation and integration of resources, the Company has achieved leaping forward development by capitalising on opportunities amid transformation and upgrade. These remarkable achievements have laid a solid foundation for the Thirteenth Five-Year Plan.

We have completed its nationwide deployment preliminarily and expanded its scale into a new level. Yuexiu Property has established presence in 12 cities which are located at the most dynamic economic belt, forming a development layout featuring “three pillars” including Guangzhou, Central China and the Yangtze River Delta. The Company achieved its objective in expanding its size as set out in the Twelfth Five-Year Plan, With its ranking moved up to the 29th place in the list of the top 100 Chinese real estate developers released in 2015 by the China Real Estate Association.

We have obtained fruitful results in capital operation, integration and innovation. Guangzhou International Finance Center has been injected into Yuexiu REIT successfully, featuring the advantage of “Interaction between Two Platforms” and forming a unique model of “Development + Operation + Finance”. The integration of production and finance has made breakthroughs in the front, middle and back end of the industry chain.

We have gradually enhanced the innovation in systems, mechanism and the development of organisational capability. Yuexiu Property embarked on a reform in the professional managers system, implementing

tenure management, work reporting management and recruitment through competition, while further driving market-based remuneration and assessment. The long-term incentive system reflected by “enterprise partners” facilitated the shift from the model of fixed tenures to the model of “partner” for the professional managers, effectively stimulating the inherent impetus of the Company.

We have achieved continuous improvement in cost control and the efficiency of project development. Yuexiu Property has established and improved an ERP information management platform, set up preliminarily and formally launched the “Activity-based costing and responsibility accounting control system”. The Company has approved the early planning of land acquisition, standardised application and strategic centralised purchasing etc.

We have kept fostering our corporate culture continuously. Yuexiu Property further implemented the establishment of a collective decision making system “Two Responsibilities” and “Three Importances and One Large”. In addition, the Company has made remarkable achievements in the development of corporate culture, brand and social responsibility. The brand awareness, customer satisfaction and staff devotion have increased continuously, highlighting the image of a corporate citizen.

Looking back over the Twelfth Five-Year Plan, Yuexiu Property has made great achievements and shown its comprehensive strength and long-standing competitiveness. Looking ahead into the future, Yuexiu Property believes that with the collaborative efforts of all stakeholders, upholding the enterprise spirit of “Excellence without Limits”, we will make efforts together to fulfil our ambition of creating a better future.

Our social responsibility management

In 2015, Yuexiu Property embraced the “Year One of Pilot Run” of social responsibility management system. The Company selected the brand management centre, Guangzhou company and the property management company as the entities to carry out the pilot run of social responsibility of Yuexiu Property. After identifying and communicating with the stakeholders of the pilot entities, we determined the issues of responsibility for these three pilot entities. The implementation and promotion of the pilot run has adjusted and optimised the current operation System of the Company, thereby enhancing its brand image and allowing it to fulfil the social responsibilities in a better way.

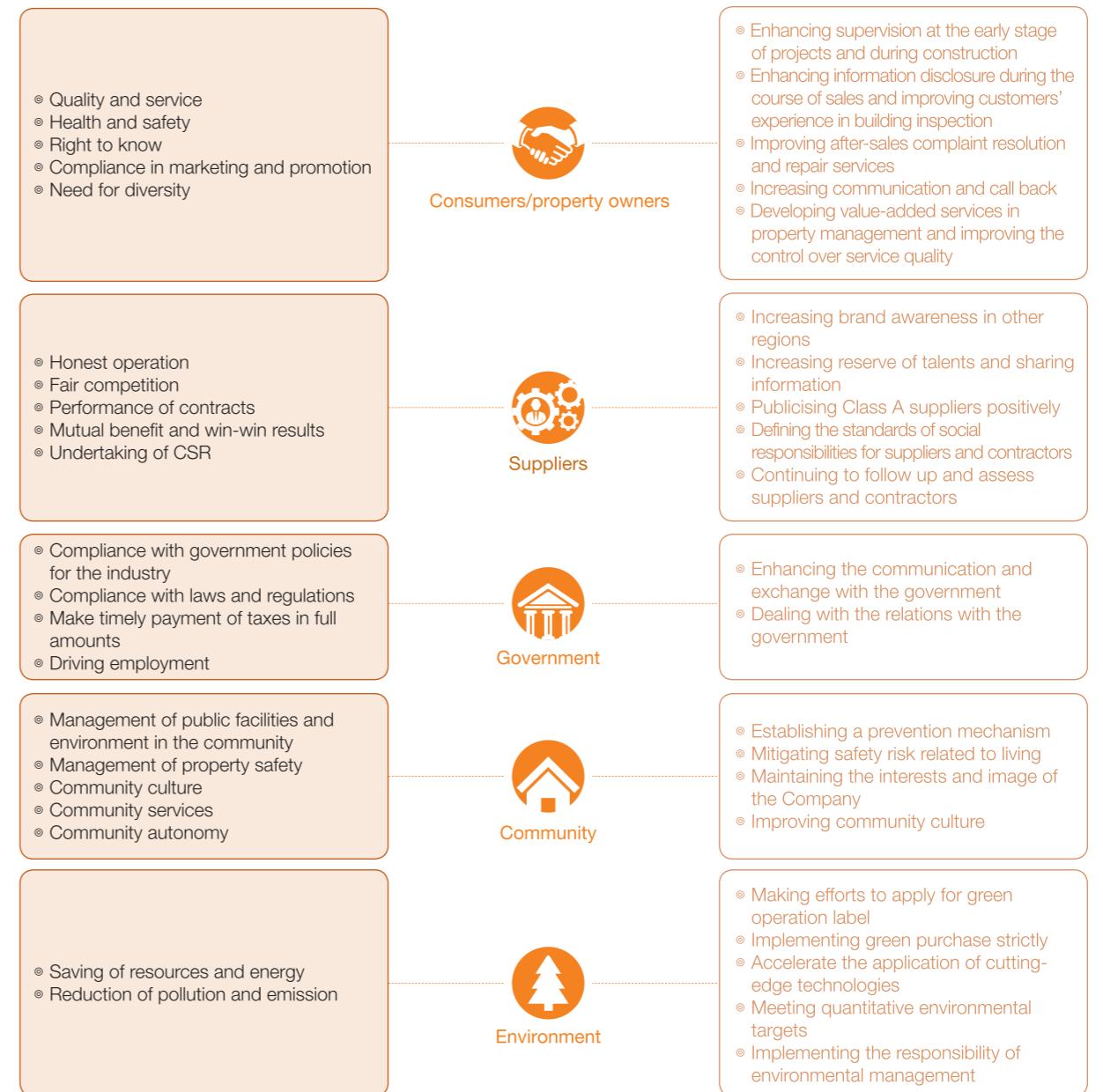
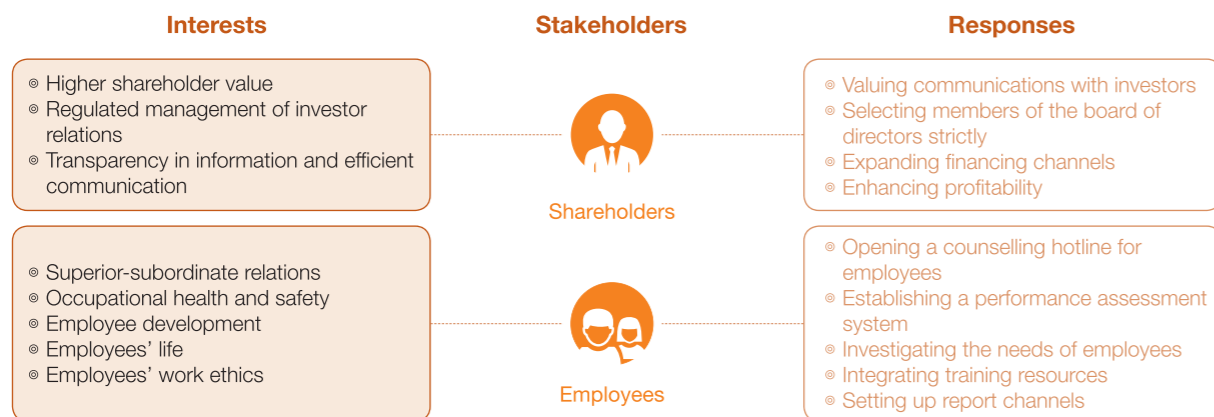
Identification of Stakeholders

Using the Mitchell score-based approach, Yuexiu Property identified the stakeholders by three attributes, namely legitimacy, authority and urgency, and identified the key stakeholders of the three pilot entities by ranking their scores.



Stakeholder Engagement

Upholding the mission of social responsibilities and core values, Yuexiu Property paid much attention to the demands of stakeholders, communicated with them timely, responded to them properly and formulated solutions during implementation of the pilot run.



Improvement

Yuexiu Property is aware of the importance of communication with stakeholders during the fulfilment of its social responsibilities. Currently, we are facing the problem of insufficient communication with external stakeholders. Our efforts to develop the social responsibility management system in the coming year will address this problem.

CSR Agenda

The implementation group of the pilot run of social responsibility management system of Yuexiu Property finally refined the key issues for the three pilot entities through interview with the management of the pilot entities, communication with stakeholders, industry background analysis and benchmarking with leading enterprises.



CSR Management System

Through the pilot run, Yuexiu Property has summarised a set of regulated social responsibility management work system. The system will provide each department with regulated guidance on the CSR management work in the daily operation.



Our Actions

Our Customers

Products >>>>>

In 2015, Yuexiu Property carried out research on 48 new topics while continuing the existing research on 19 topics, and obtained 7 patents. The Company has launched an R&D application network platform based on the product strategy, the product line research system and its R&D results.



In 2015, Yuexiu Property obtained 7 patents

In 2015, Yuexiu Property refined its quality feedback system:

In 2015, the Company developed the Rules on the Management of Information and Feedbacks on Product Quality Defects, for the purpose of regulating procedures for feedback on product quality and optimising system, standard and procedure of stop-loss and compensation.

In 2015, the Company completed the compilation of Handbook on Product Quality Information and Feedback (Volume 3). Currently, a total of 70 cases have been included.

In 2015, the ratio of key products and services which passed the assessment of health and safety influence reached 100%. There were no events against relevant regulations or the principle of free will.

In 2015, the one-off property delivery rates by number of households and by floor area of the Company were 92% and 94% respectively.

In 2015, Yuexiu Property has made substantial breakthroughs in seepage prevention by promoting management guidelines and implementing inspection mechanism.

Pass rate	2014	2015
Pass rate of first seepage test of balcony	82.69%	93.87%
Pass rate of first seepage test of exterior window	71.49%	91.07%
Pass rate of first seepage test of washroom	89.56%	92.50%
Pass rate of seepage test before delivery	98.04%	98.79%

Services >>>>>

Happiness in six aspects

Yuexiu Property enhances its customer-oriented awareness and creates "Happiness in six aspects" centred on six service lines based on the needs and experiences of customers.

Happiness in 6 Aspects Creating better living

Bearing in mind the trend of "Internet plus", Yuexiu Property is focused on two core elements, namely property owners and real estate. By integrating internal and external resources, coordinating online and offline platforms, we aim to provide customers with the experience of more convenient, comfortable and intelligent services. We provide property owners and tenants with whole-process care in their living and considerate services covering their whole life, creating "happiness in six aspects".

Ancillary facilities and one-stop supermarket

We provide all-inclusive ancillary facilities, and work with brand merchants to create a 1-kilometer living circle, allowing the property owners to live hassle free.

Smart community, online shopping

We provide comprehensive online and offline services. Through O2O platforms such as experience stores, WeChat mall, self-service devices, all-in-one card, we offer selected products to allow the property owners to shop with ease.

Long-lasting asset appreciation

We provide whole-process asset preservation and appreciation services, leasing and selling of properties and parking spaces as agent of property owners. We offer privileged discounts for property owners in the property purchase, allowing the property owners to enjoy appreciation with ease.

01 Moving into your new home in one step

We provide one-stop professional sourcing of decoration products, featuring convenience, preferential prices and quality assurance, allowing the property owners to move in with ease.

02 Considerate service and real-time response

We provide convenient value-added door-to-door services, covering basic necessities of life. The property owners may order door-to-door services simply by making phone calls, which allows them to live hassle free.

03 Preschool education, elderly care and lifetime healthcare

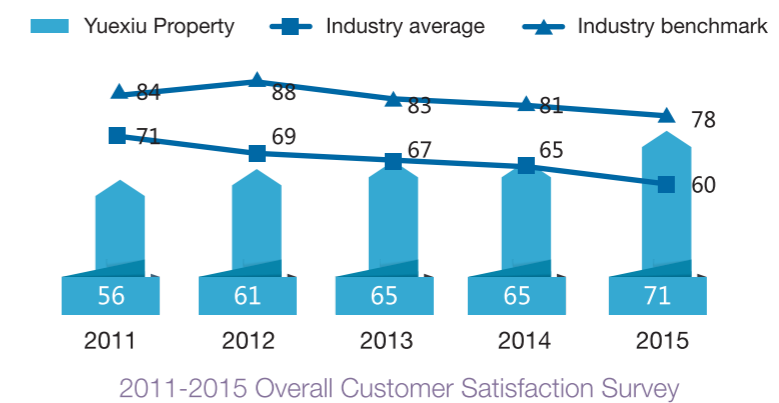
We provide full-cycle parenting and elderly care services, with a focus on the needs of special groups. We provide community libraries, day care centres, health check-ups and home improvement tailored to the elderly, helping the property owners stay healthy and reassured.

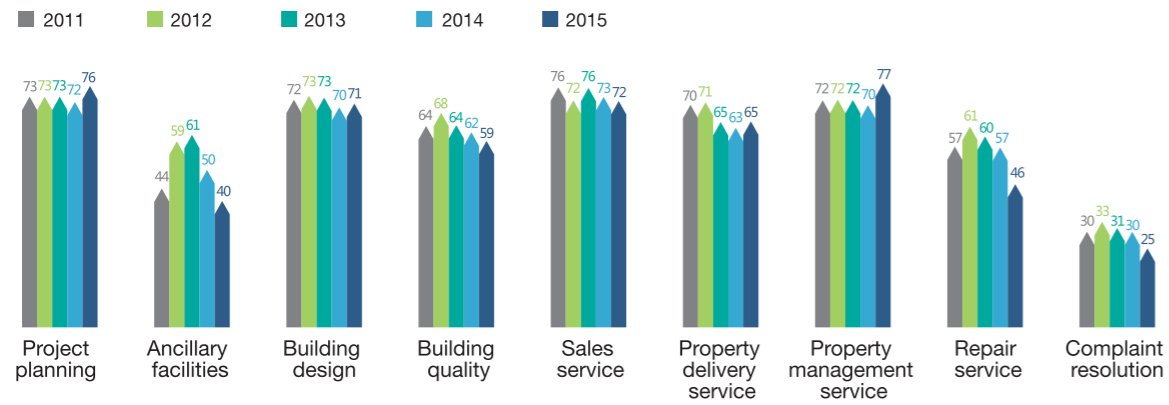
Customer complaint resolution

Yuexiu Property has established a 24-hour service quality monitoring mechanism to deal with customer complaints in a timely manner.

In 2015, the Company received a total of 1,842 complaints, 132 of which were processed under supervision, and the closing rate was 96%.

In 2015, the customer service department of the sales centre collected and analysed typical complaint cases of various categories in the past two years, and prepared the Handbook on Analysis of Customer Complaint Management Cases (Volume 1).





2011-2015 Customer Satisfaction Survey

Notes: Customer satisfaction in a certain year was the result of the previous year.



The property owner presented a silk banner to the service centre of Nansha Coastal Peninsula of Yuexiu Property in Guangzhou

Voices

In December 2015, I purchased some items from Zhuhai, which were shipped to my home. I had to go back to the office due to some urgent matters, but I failed to find anyone to help unload the goods. After knowing my difficulty, the service center of Nansha Coastal Peninsula immediately arranged the staff to help handle the goods during the lunch break. I appreciate the service centre so much for their professional management and considerate service.

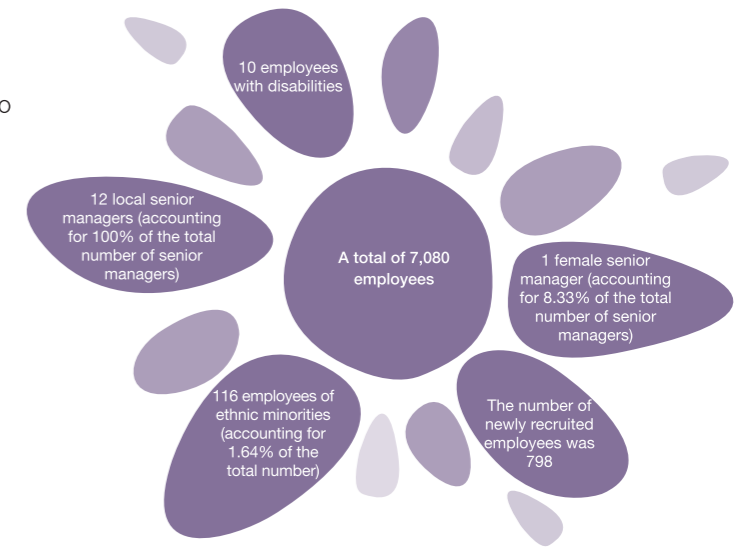
— Mr. Wang, a property owner of Nansha Coastal Peninsula

In 2015, Yuexiu Property was not involved in any event of infringement on customers' privacy or loss of customer information, or any event of non-compliance in relation to product, service information or marks, or violation of the principle of free will. The Company was not subject to any material punishment due to violation of laws or regulations in relation to the provision and use of products or services.

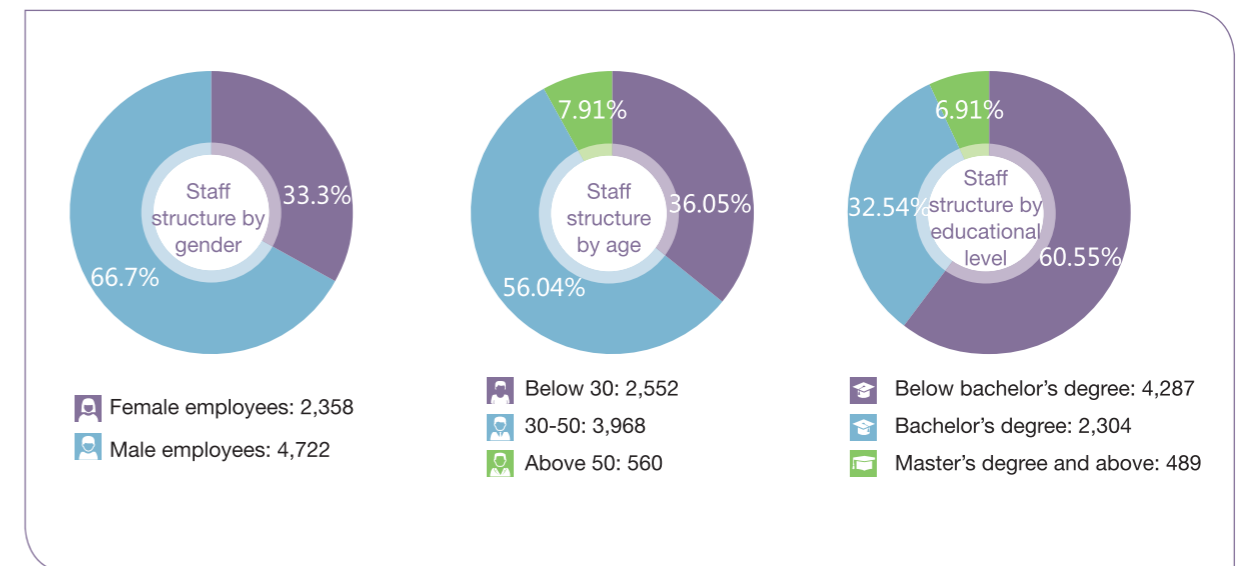
Our People

Interests of our staff >>>>>

Yuexiu Property recruits employees of different genders, ages and ethnic groups, with a view to building up a diversified team.



Staff structure in 2015



Yuexiu Property is committed to safeguarding the rights and interests of all staff. The Company complies with labour contracts and builds up a well-established social security system. We respect the labour right of each employee to ensure they work decently. In 2015, the Company was not involved in any litigation on labour practice or human rights.

Compliance in employment

- The Company complies with the Labour Contract Law, the Employment Promotion Law and other laws and regulations
- The ratio of employees signing labour contracts, the coverage ratio of collective contract (which contains the contents of the collective bargaining agreement), coverage ratio of social security, ratio of employees returning to work after maternity leave or paternity leave were 100%

Remuneration and benefits

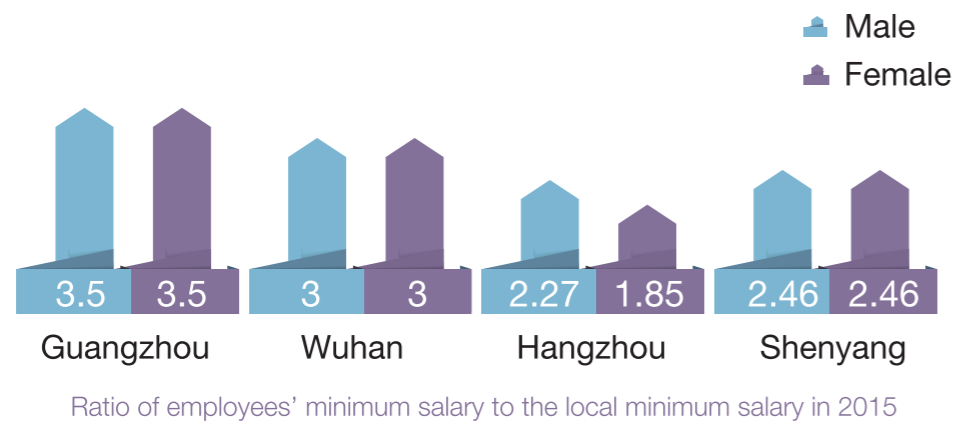
- The Company strictly following the remuneration and benefit policies of the state and the Company. The Company offers competitive remuneration packages to employees. All remuneration was paid in a timely manner each month according to relevant labour laws and regulations, and overtime wages were paid for overtime work
- The Company provides employees with paid leave according to relevant provisions of the Labour Law. In 2015, the average number of days of paid leave per employee was 9.5 days

Democratic management

- The Company upholds democratic participation and democratic supervision. The Company was not involved in any litigation filed by any employee in 2015
- A number of labour union congresses and employee conferences were held, and the ratio of employees joining the labour union reached 100%. In 2015, the Company completed the election of the fifth session of employee conference and approved the 2015 Report on Collective Negotiation on Employees' Salaries and Benefits and the 2016 Criteria of the Floating Salaries based on Performance.
- The Company has expanded various channels for internal communication

Protection of human rights

- The Company adheres to the principle of equal pay for equal work regardless of gender. In 2015, the ratio of average remuneration for male employees to that for female employees was 1.61:1
- The Company refuses to use any child labour or forced labour, and prohibits any discriminating behaviour
- The Company protects the personal information and privacy of employees



Safety in production >>>>>

Yuexiu Property guarantees the safety of the employees through maintaining accident insurance, providing protective articles such as safety helmets and shoes.



- The supervision company spent RMB190,000 in maintaining accident insurance for the frontline staff, and RMB80,000 in purchasing safety helmets and shoes for the supervisors.
- Caitian Company spent RMB140,000 in production safety and established a mini firehouse.
- Wuhan Company spent RMB40,000 in purchasing safety shoes and safety helmets, dust masks. Its subsidiary property management company equipped the volunteer firefighters with firefighting equipment such as fire suits and fire axes.

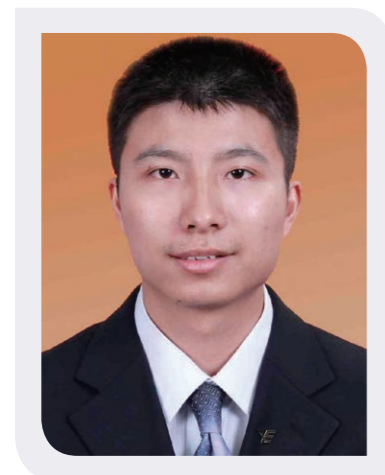
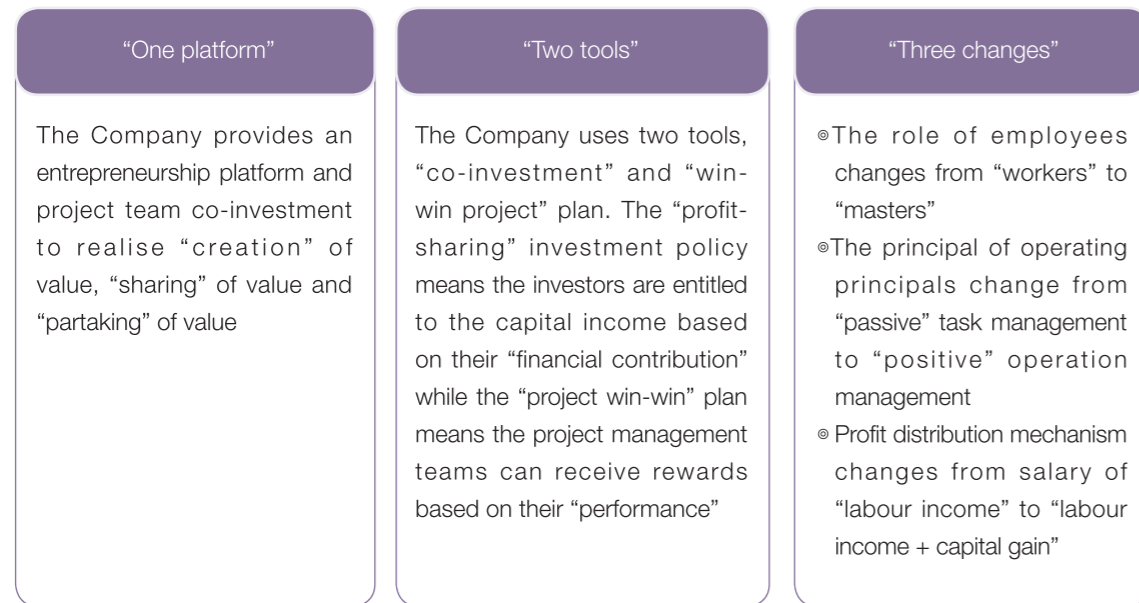
Staff development >>>>>

In 2015, the Company drove forward the "partner" scheme across the board and put it into practice formally in January.

The overall "long-term incentive mechanism" was established in 2014, according to which, a "co-investment scheme" was introduced for the project on Foping Road, Foshan. A win-win scheme was introduced for other 7 projects. Long-term incentive mechanism will be implemented in key commercial projects and property management companies as a pilot programme.

In 2015, the Company drove forward the "partner" scheme across the board and put it into practice formally in January. The scheme enables the Company to align its objective with that of employees, and be committed to building a win-win and mutually beneficial ecosphere for multiple stakeholders.

The partner scheme consists of two levels, namely the listed company and the project. The “partner” scheme at the level of the listed company mainly involves share incentives. The “partner” scheme at the project level is mainly designed for core teams and employees of the project management. This is a long-term incentive mechanism which allows employees to make equity investment in project companies.



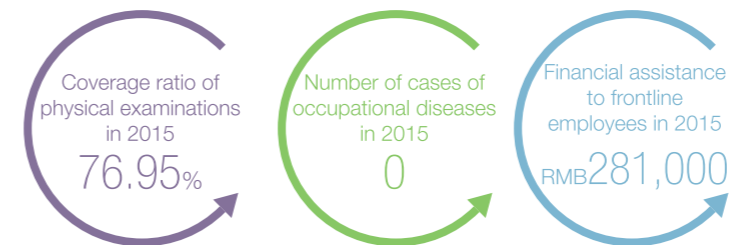
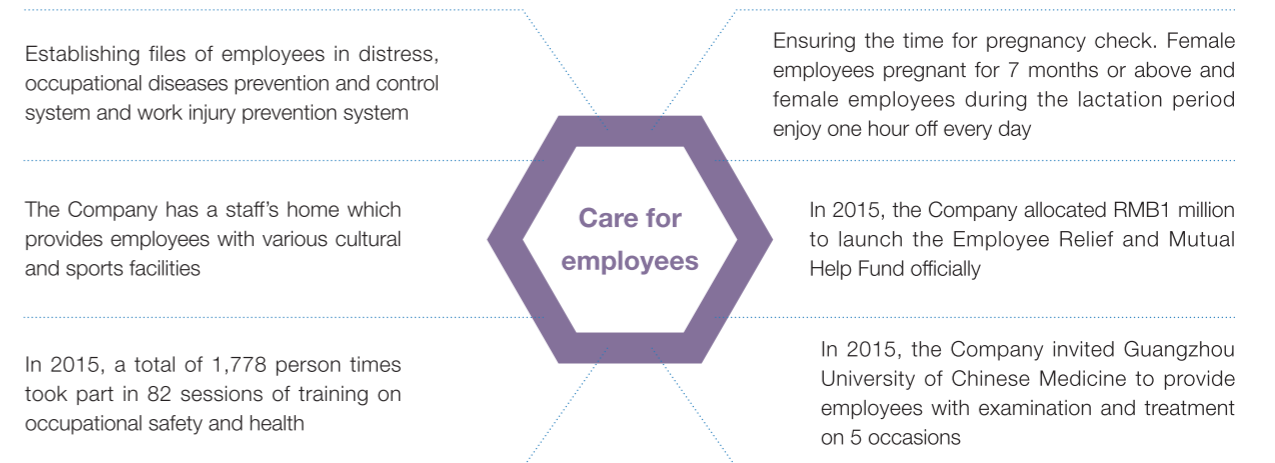
Voice from “Yuexiu People”

The partner system binds the employees with the interests of projects. This motivates employees and enables them to take on strategic views and thinking, and perform projects from the perspective of operation. In addition, it is also a platform for their individual development.

— Chen Shengxian, Guangzhou company of Yuexiu Property

Care for employees >>>>>

Yuexiu Property highly values humanistic care, and takes it a long-term and systematic task to help employees in distress, giving every employee a homey feel.



Colourful life of employees



Our Investors

Strategic deployment >>>>>

In 2015, Yuexiu Property innovated its model of cooperation and integrated the development resources to facilitate the Company in expanding its scale and improving the quality of operation quickly. For the first time, we joined hands with the Greenland Group and Ping An Group, both Fortune 500 companies, to develop the Guangzhi land parcel in Haizhu District, Guangzhou.

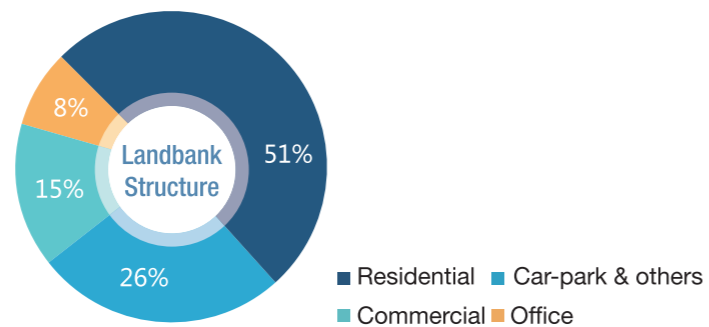


Yuexiu Property and Ping An Group at a symposium



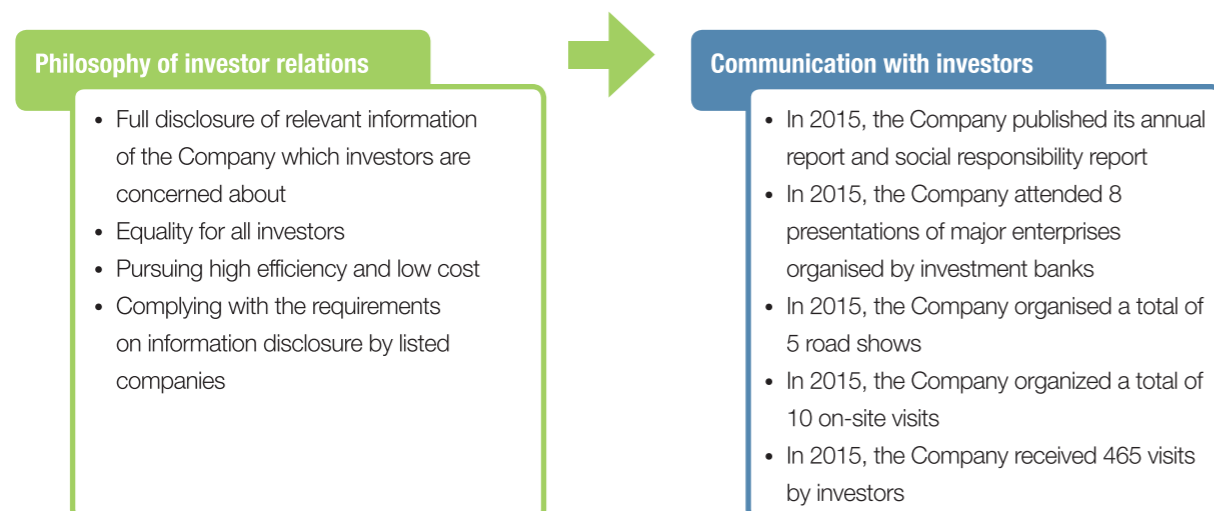
Commencement ceremony of Guangzhi project

Pursuant to the strategy of returning to "tier 1 and tier 2 cities", Yuexiu Property acquired premium landbank, laying a solid foundation for the alignment of customers' demand with the use of the land and the provision of marketable products. As of 31 December 2015, the Company's landbank amounted to 13.69 million sq.m.



Management of investor relations >>>>>

In 2015, Yuexiu Property further enhanced the management of investor relations and built up a channel of mutual communication with the capital market.



Financial performance >>>>>

Operating results

In 2015, Yuexiu Property brought its business scale to a higher level and recorded growth against the headwind resulted from the overcapacity in the real estate industry as a whole through enhancement of internal management, reform and innovation.

Financial position

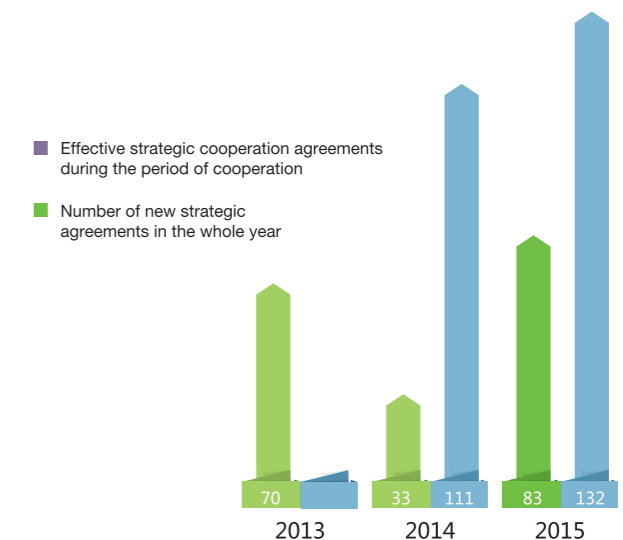
Yuexiu Property proactively used its advantage of onshore and offshore funding to rationalise resource allocation and enhance capital efficiency, which helped the balance sheet to remain liquid and healthy.

- 🏢 In 2015, the Company obtained bank financing of RMB15.2 billion, including onshore bank financing of RMB9.72 billion and offshore bank financing of RMB5.48 billion.
- 🏢 As of 31 December 2015, the ratio between RMB and foreign currency borrowings of the Company was 47%:53%.
- 🏢 As of 31 December 2015, the net gearing ratio of the Company was 73.1%.
- 🏢 In 2015, the average cost of capital of the Company was 4.95%.

Our Suppliers

Strategic cooperation >>>>>

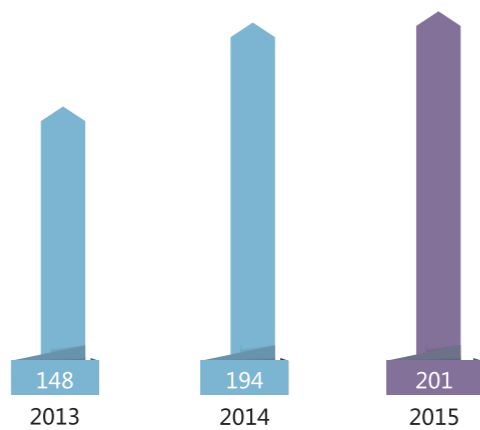
Yuexiu Property keeps expanding and strengthening the cooperation with stakeholders, integrates the internal and external supply chains and takes an active approach to establishing strategic cooperation mechanisms and platforms. In 2015, the Company performed 100% of the contracts made with partners.



Management of suppliers >>>>>

Yuexiu Property has set up a stringent management system for tender and bidding to manage suppliers rationally. In 2015, the ratio of suppliers selected according to the social responsibility standards was 100%. The Company assesses suppliers' performance of social responsibilities in a dynamic manner in the stages of inspection, tender and contract performance, and incorporates the concept of sustainability into procurement.

Uncorrupted procurement	Green procurement	Compliance with laws	Respect for human rights
<ul style="list-style-type: none"> Implementing stringent tender and bidding management system and prohibiting commercial bribery 	<ul style="list-style-type: none"> Performing environmental protection and environmental management, making deliveries in accordance with the Company's green procurement policy 	<ul style="list-style-type: none"> Tracking the dynamic information of the suppliers on a regular basis and avoiding cooperation with suppliers lack of responsibility for the community 	<ul style="list-style-type: none"> Including the examination of human rights standards into the overall assessment system of suppliers



Category of suppliers during 2013-2015

Sustainable procurement >>>>>

In 2015, the Hongyun Project of Guangzhou company, which was selected as one of the pilot entities for the CSR management system of Yuexiu Property, developed a programme of "sustainable procurement". The programme designed a supplier evaluation system which included social responsibility indicators into the assessment and selection of suppliers and constructors.

Regional economy >>>>>

In its project development, Yuexiu Property gives preference to qualified local suppliers and local employees, with a view to driving the local employment and economic development.

As of 31 December 2015, the ratios of local employees at Shenyang company and Jiangmen company were 92.4% and 84% respectively.

In 2015, Shenyang company made 27 procurements for projects, involving a total amount of RMB75.107 million, of which 20 were from local sources, with an amount of RMB36.597 million. The number and amount of local procurements accounted for 74.07% and 48.73% respectively of the total procurements. Jiangmen company made 39% of procurements from local sources for its projects. The company made practically 100% procurements from local sources for marketing activities, property management activities and comprehensive administrative procurement.

Our Community

Charitable activities >>>>>

Major charitable activities of Yuexiu Property

Donee	Region of donee	Form of donation
Earthquake-stricken area in Ludian	Ludian, Yunnan	RMB3 million
Mashan Village	Meizhou, Guangdong	RMB790,000
Empty-nest elderly in Zhongshan	Zhongshan, Guangdong	RMB30,000
Nansha Elderly Home	Guangzhou, Guangdong	RMB20,000
"Classroom 430" project in Huangzhuang community	Jiangmen, Guangdong	RMB10,000

Yuexiu Property encourages volunteers, employees and property owners to participate in various charitable activities.

In March 2015, the Jingcheng company organised 30 volunteers to participate in the planting activity



In March 2015, the Yuehui company organised "Lei Feng Student Aid" activity at Qingyuan Feilaixia Primary School, providing aid to 6 students



In March 2015, Shenyang company, Dalian company and the property management company organised the "Care & Warmth" clothes donation activity, attracting more than 80 participants who donated more than 700 pieces of clothes to Lannijing Town, Ningliang County, Lijiang City



In May 2015, Jiangmen company, in conjunction with Huangzhuang community, organised 20 volunteers to hold an interactive communication activity with the handicapped



In March 2015, 30 employees of Zhongshan company visited the elderly at an elderly home, presenting them 150 gifts including milk, fruit and cakes

Anti-corruption and integrity promotion >>>>>

Yuexiu Property regards anti-corruption and integrity promotion as the highlight of improvement in the efficiency of corporate governance.

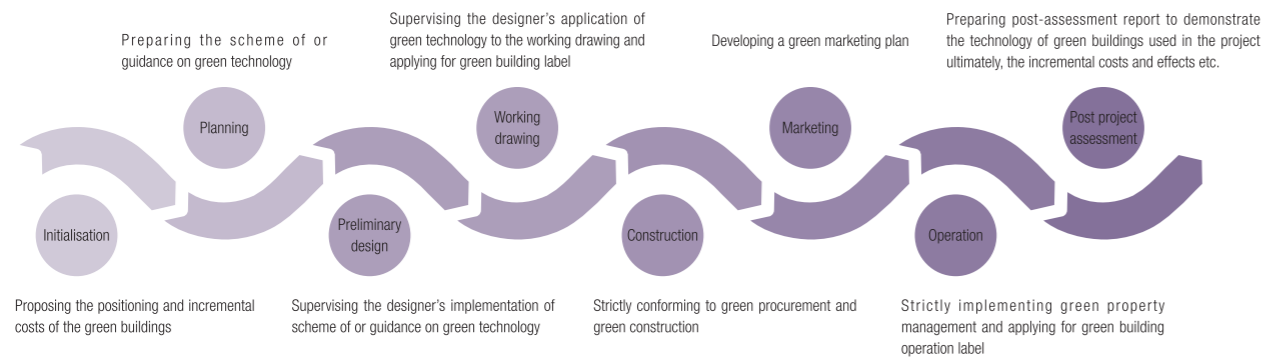


Our Environment

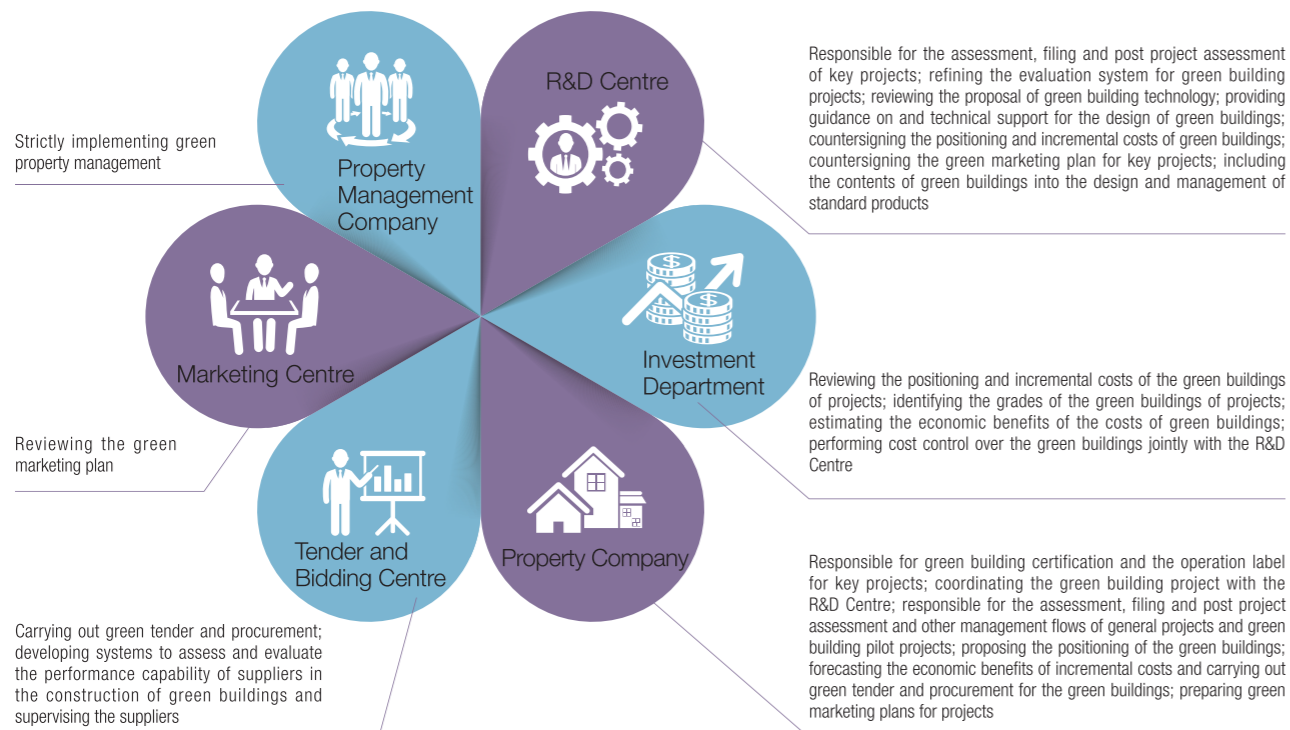
Green management >>>>>

In 2015, by implementing the *Detailed Rules for the Management of Green Building Projects*, Yuexiu Property effectively improved the level of green building management, regulated the flow of green building management and clarified the responsibilities in green building management.

Management flow of green buildings



Management responsibilities of green buildings



Green R&D >>>>>

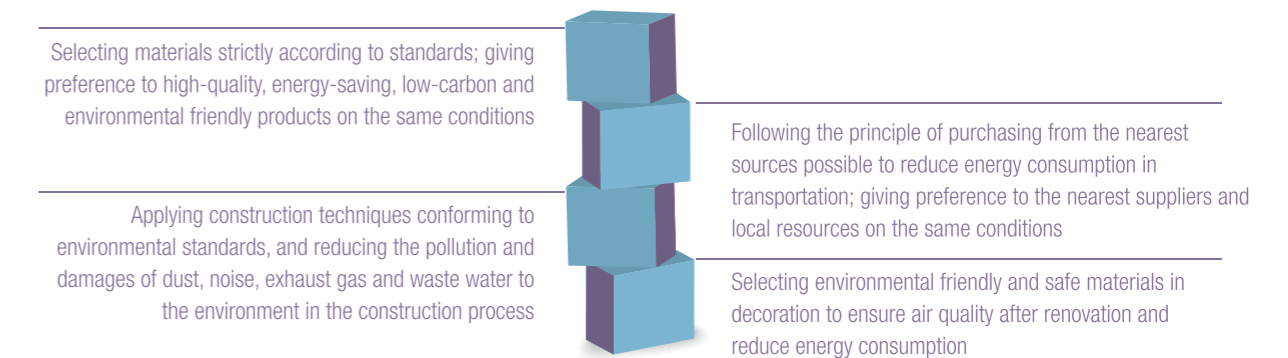
In 2015, Yuexiu Property continued to conduct green R&D and completed 8 research topics related to green buildings.

- (1) Research on technical guidance on green buildings in Shandong
- (2) Research on technical guidance on green buildings in Shenyang
- (3) Research on technical guidance on green buildings in Wuhan
- (4) Research on technical guidance on green buildings (public buildings) in Southern China
- (5) Research on technical guidance on green buildings (residential buildings, public buildings) in Hangzhou
- (6) Research on the effect of planning of water landscaping on the outdoor thermal environment in residential area
- (7) Research on technical guidance on rainwater comprehensive utilisation project
- (8) Establishment of data model, comparative analysis and report on the strategies of the energy management system of Yuexiu Financial Tower

As of 2015, Yuexiu Property had completed the green building certification for a total area of 2,261,200 sq.m., of which many projects received awards for the outstanding design of green buildings. The area of green residence and pilot projects amounted to approximately 800,000 sq.m. In addition, an area of 500,900 sq.m. received 1-star green building certification.

Green construction >>>>>

Philosophy of green operation



By implementing the Environmental and Occupational Health and Safety Management Scheme, the Identification and Evaluation Form of Environmental Factors by the Supervision Department and the Record of Environmental Inspection, Yuexiu Property has set specific requirements on control over noise, dust and air pollution, management of sewage discharge, waste discharge and treatment and management of light pollution at construction sites.

Yuexiu Property attaches importance to the influence of construction sites on the surrounding environment, insists on ecological protection during the whole process of construction and adopts an alert and emergency mechanism for environmental protection. Furthermore, we focus on identifying the risks of ecological environments nearby before construction and avoid environmental risks as early as possible during construction with an aim to achieve a harmony between the construction project and the ecological environment.

Green operation >>>>>

In 2015, Yuexiu Property enhanced control over water consumption, power consumption and office supplies, and introduced an "Old for New" system. Specifically, we promoted black-and-white printing among all departments except some administrative departments, and encouraged printing using used paper to further reduce office costs. Caitian Company achieved significant reduction in water consumption, power consumption and office supplies despite higher turnover, customer flow and construction area than 2014. The company received a discount of RMB59,206.74 in electricity fees granted by the Power Supply Bureau of Liwan District, Guangzhou, as an incentive.

Our performance

Economic Performance

Indicator	2012	2013	2014	2015
Total assets (RMB100 million)	699.97	780.71	930.75	1,120.25
Revenue (RMB100 million)	81.20	142.09	157.02	221.16
Contracted sales (RMB100 million)	123.00	146.34	220.14	248.53
Total profit (RMB100 million)	46.35	49.10	44.03	19.336
Net profit (RMB100 million)	24.82	29.05	26.17	11.55
Tax (RMB100 million)	16.93	20.37	32.26	34.44
Basic earnings per share (RMB)	0.2672	0.3094	0.2282	0.08168
Contracted sales GFA (10,000 sq.m.)	103.54	115.52	188.61	227.21
Landbank (10,000 sq.m.)	1,440	1,526	1,431	1,369
R&D expenditure (RMB10,000)	Approximately 4,600	634	1,000	500
R&D personnel	58	27	54	53
Customer satisfaction (score)	61	65	65	71
Customer loyalty (score)	41	43	44	49
Contract performance rate (%)	100	100	100	100
Responsible procurement rate (%)	100	100	100	100
Number of suppliers	702	1,400	1,607	1,667

Social Performance

Indicator	2012	2013	2014	2015
Number of employees	6,200	5,176	6,690	7,080
Ratio of male and female employees (male: female)	6.3:3.7	6.9:3.1	6.8:3.2	6.67:3.33
Labour contract signing rate (%)	100	100	100	100
Social insurance coverage rate (%)	100	100	100	100
Ratio of union members to all employees (%)	100	100	100	100
Paid annual leave per employee (day)	9	9.2	9	9.5
Ratio of employees with disabilities (%)	0.21	0.27	0.26	0.14
Medical examination coverage rate (%)	100	100	84	76.95
Incidence rate of occupational diseases (%)	0	0	0	0
Number of employee casualties	0	0	4	9
Training cost per employee (RMB)	1,530	2,769	986	3,125
Training participants (person-time)	18,810	22,694	23,575	17,727
Investment in production safety (RMB10,000)	2,328.81	1,345.97	1,203.94	1,722.88
Staff turnover (%)	38.59	3.14	7.66	13.79
Ratio of local senior management to all management (%)	73	59	60	82
Donation to the Charity Foundation (RMB10,000)	-	-	600	606
Donation to external parties (RMB10,000)	-	900	234	392.86
Contribution to poverty alleviation (RMB10,000)	240.65	54.78	233.98	83.76
Employee volunteers (person-time)	1,534	1,161	1,601	2,684
Number of departments implementing anti-corruption measures	28	33	33	39
Number of employees receiving training in anti-corruption	3,500	4,500	4,800	5,200

Environmental Performance

Indicator	2012	2013	2014	2015
Investment in R&D of green building (RMB10,000)	89.7	Approximately 300	420	130
Ratio of environmental and social impact assessment for new projects (%)	100	100	100	100

Outlook



During the Thirteenth Five-Year Plan, Yuexiu Property is confronted with unprecedented challenges and opportunities as it faced increasing external uncertainties and the domestic economy moved into a “new normal”. Leveraging on the new opportunities brought about by the “new normal”, we will focus on the primary task of “Invigorating resources and consolidating platforms” and the strategy of “Improving strength through management upgrade, driving development through adjustment and transformation”. Based on our annual plan and deployment, we will endeavour to achieve substantial progress in “Optimisation and improvement, streamlining and high efficiency, management upgrade, and innovation and breakthrough”, and to fulfill our strategic objective of “stronger and better”.

Looking into the Thirteenth Five-Year Plan period, the positioning of the Company is to focus on the three core regions, namely Greater Guangzhou, Central China and Yangtze River Delta, strive to strengthen and optimise the business of development and operation of residential and commercial properties, closely associate the property management with capital management and innovate in property financing, with a view to becoming a real estate enterprise of unique competitiveness, excellent financial performance, high recognition by the capital market and leading comprehensive strength.

In order to fulfil the strategic objective for the Thirteenth Five-Year Plan period, we will implement the Thirteenth Five-Year Plan in two phases. The theme of the first phase (2016-2017) is “Invigorating the resources, improving the capability and strengthening the business”. The theme of the second phase (2018-2020) is “Adjusting structure, promoting innovation and seeking development”. We intend to take key measures centred on these themes: 1) to invigorate the resources, 2) to improve the capability, 3) to strengthen the business, 4) to adjust the structure, 5) to promote innovation and 6) to seek development.

With the Thirteenth Five-Year Plan as a new starting point, we will make unremitting efforts to achieve success in the Thirteenth Five-Year Plan period by adhering to the strategy of “making long-standing efforts” and the tactic of “tackling every challenge”.

Third-party Rating

Rating Report on Yuexiu Property Corporate Social Responsibility Report 2015

Upon the request of Yuexiu Property Company Limited, Chinese Expert Committee on CSR Report Rating invited experts to form a Rating Team. The rating team rated Yuexiu Property Corporate Social Responsibility Report 2015 (hereinafter "report") as follows:

1. Rating Criteria

Guidelines of real estate industry on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 3.0) and Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2014).

2. Rating process

- (1) The process assessment team interviewed members from the social responsibility department and viewed the relevant materials involving the preparation of there port on site.
- (2) The rating team evaluates the management process and the information disclosure of the report and draws up the rating report.
- (3) The Vice chairman of the Chinese Expert Committee on CSR Report Rating and the team leader of the expert rating team sign the rating report together.

3. Rating results

Process Management (★★★★☆)

The Party Committee Department of the corporation takes a leading role in setting up a editorial team and the senior leader direct the report. The editorial team identifies and sorts stakeholders by Mitchell score-based approach and consults their advices by telephone and on-site interviews etc.. The substantial issues are defined according to the material issues of the corporation, relevant state policies, industry benchmarking analysis and the laws and regulations. The report is planned to be issued on the report conference of Real Estate Industry Associations and presented by Chinese & English version, H5 version and we chat. Thus, There port progress management is leading excellent.

Materiality (★★★★☆)

The report systematically discloses key performance issues on its industries such as "Implement the macro policy", "Improve product quality", "Product innovation", "EIV to new project", "Noise pollution control", "Green building" and "Recycling of construction materials". The report has leading materiality.

Completeness (★★★★)

The report systematically discloses industry key information on "The responsibility management", "Market performance", "Social performance" and "Green real estate" etc. With 75.0% of core indicators disclosed, the report has excellent completeness.

Balance (★★★★★)

This report discloses negative data information on "The number of work-related injuries", "Frequency of occupational disease", "Employee turnover rate" etc., the improvement on resolving customer complaints in the special subject. It also sets up the improvement section to propose the shortage and improvement on the social responsibility. The report has super excellent balance.

Comparability (★★★★★)

This report discloses date on more than 30 key performance indicators of at least three consecutive years, including "Revenue", "Contracted sales value", "Customer satisfaction" and "Tax amount" and compared "Sales rank", "Revenue", "Total asset" and "Overall customer satisfaction" to industrial or national data. The report has super excellent comparability.

Readability (★★★★☆)

This report has clear framework, fluent language and suitable length. The forms of expression, such as pictures, tables and other vivid forms are used to complement the word description. It also adopts the forms such as Further Reading and Knowledge Linking to describe the policies and regulations. All of above makes the report leading readable.

Creativity (★★★★★)

The report sorts stakeholders by Mitchell score-based approach from 3 dimensions (legitimacy, right and urgency) and describes the typical case on the staff benefits, community charity and environmental protection by setting up the special subjects. Many "Voices" from stakeholders has been embedded in the report to increase the reliability of the report. So the report has super excellent creativity.

Overall Rating (★★★★☆)

Through evaluation and deliberation, the rating team agreed to rate Yuexiu Property Corporate Social Responsibility Report 2015 as leading by giving four and a half-star rating to it.

4. Suggested improvements

1. Disclose more core indicators of the industry to improve the completeness of the report.
2. Strengthen processes management of the report and increases take holder participation.

Rating team

Team leader: Deng Guosheng, Director of Tsinghua Innovation and Social Responsibility Research Center
Team Members: Zhang En, Vice Director of the Center
Fang Xiaojing, Process Evaluators

魏紫川

Wei Zichuan
Vice Chairman of the Chinese Expert Committee
On CSR Report Rating

邓国胜

Deng Guosheng
Team leader of the expert rating team
Date of Issuing: March 28, 2016

中国社会科学院经济学部
企业社会责任研究中心

中国企业社会责任报告
评级专家委员会