



2017 COUNTRY GARDEN SUSTAINABILITY REPORT

To creat a better society with our existence



Country Garden of My Dreams

This is an elitist company

This is a good place for the talents

This is a place to learn and make progress

This is a harmonious big family

This is a company of integrity and commitment, operating in compliance with laws and regulations

This is a sensible company that constantly corrects itself

This is a company of equality which rewards excellence

This is a company that prospers and constantly betters itself with experiences and practices

This is a company that builds quality and affordable houses for the whole world

This is a company that excels in social well-being, corporate benefits and staff benefits

This is a company that is highly recognized and appreciated by the society

This is a company dedicates to the development of human society!

Yeung Kwok Keung

Chairman of the Board of Directors



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COUNTRY GARDEN



About this Report

1. Introduction to the Report

Country Garden Holdings Company Limited (hereinafter referred to as “Country Garden”, “the Group” or “We/Us”) (HKEX stock code: 2007) released the 9th Sustainability Report (hereinafter referred to as “this Report”). Based on the sustainability reports of previous years, the Group is desirous of disclosing the vision, strategy and practice of sustainable development, in a more comprehensive and objective manner, to increase stakeholder understanding and confidence in the Group, and to be an impetus to persistently improve the sustainability performance.

2. Reporting Scope

This Reporting Scope is from January 1st to December 31st, 2017, and some of the contents may be traced back to previous years as appropriate. This Report mainly covers four principal businesses of the Group – real estate development, construction, property management service and hotel management. The Group will disclose key performance indicators in this Report and respective descriptions, to document the evaluation criteria and facilitate comparison. For business details, please refer to the 2017 Annual Report of the Group.

3. Reporting Guideline

This Report is compiled in compliance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”), “Environmental, Social and Governance Reporting Guide” (hereinafter referred to as the “ESG Guide”) and by reference to the Sustainability Reporting Standards (hereinafter referred to as the “GRI Standards”) of the Global Reporting Initiative. The ESG Guide content index is provided at the end of this Report, for quick reference by readers.

As per initiatives proposed by the International Integrated Reporting Council, the Group maintains consistency between the Sustainability Report and the Financial Report. The Report reflects the financial and non-financial performance coherently, and enables readers to assess and evaluate the Group’s performance more comprehensively. Financial information has been reviewed by PricewaterhouseCoopers Hong Kong, as an independent auditor. For more details, please refer to the 2017 Annual Report of the Group.

4. Sources of Information for this Report

Information disclosed in this Report generally comes from official documents, reports or relevant public information of the Group. Renminbi is used as the currency for the data in this Report.

5. Access to the Report

This Report is prepared in both Chinese and English versions and released in both paper and electronic formats. If there is any inconsistency between the Chinese and English versions of this Report, the Chinese version shall prevail. Please log on to the official website of the Group to read it online.

2017 Sustainability Highlights

2017 Milestones

- **25th** anniversary of the Group's establishment
- April 20th, 2017 – **10th** anniversary of the listing of the Group

Business Performance and Brand Reputation

- In 2017, the Group attained contract sales amount of **RMB550.8 billion** and the contracted sales GFA was **60.66 million m²**.
- Listed in the Fortune Global 500
- Listed in the Forbes Global Top 300 Listed Companies
- Brand Finance Global Top 200 Brands
- BrandZ™ Top 50 Chinese brands
- Listed in the “CCTV National Brand Plan” for the second time
- Listed in the National Brand Communication project initiated by Xinhua News Agency

Assisting Urbanization Development

- Based on the Chinese urbanization process, formulated the corporate development strategy and realized an overall balanced layout. By the end of December 2017, the Group had presence in **768 Chinese cities and towns** and had developed **1,468** high-quality projects.
- Integrated development of city and industry in response to national strategies of integrated development of city and industry, with innovation-driven development, to comprehensively build a science and technology town. Tonghu Sci-tech Town, the first benchmark project, was granted land and commenced first phase construction in May 2017.
- Giving equal consideration to renting and sale, officially released the long-term rental apartment brand of the Group on December 20th, 2017, namely the “BIG+ Country Garden International Community”, **which has endeavored to build 1 million units of long-term rental apartments in three years.**

Boosting the Industrialization of Construction

- Actively promoted the SSGF¹ industrialization construction system. As of December 31st, 2017, the Group had **111 SSGF projects** in 47 regions, including 105 projects that were launched in 2017, and practiced a safe, sustainable, green and environmental-friendly, high-quality and efficient construction model.
- On November 9th, 2017, the Group was certified as the first batch of National Prefabricated Building Industrial Bases.

¹ SSGF is short for Sci-tech, Safe& Share, Green, Fine & Fast



People First

- In April 2017, thanks to the excellent enterprise training and talent development, the Group was granted the “Best Enterprise for Talent Development in China” award.
- In 2017, the Group had **124,837 employees**.
- In 2017, the average number of training hours per employee was **129 hours**.

Capital Market Recognition

- On June 12th, 2017, Country Garden became a constituent stock in the **Hang Seng China 25 Index**.
- On September 21st, 2017, the enterprise credit rating of Country Garden was upgraded by Fitch, which is one of the three authoritative international credit rating agencies, to an investment level BBB- from BB+. The rating outlook was stable.
- On December 4th, 2017, Country Garden became a constituent stock in the Hang Seng Index, **and officially became a blue chip stock**.

Social Benefits

- In 2017, the Group donated about **RMB792 million** cumulatively.
- It has been 20 years since the Zhongming Fellowship for College Students was established (from 1997 through 2017), and it has supported a total of **9,664 impoverished students** so far.
- It has been 15 years since Guohua Memorial Middle School was built (from 2002 through 2017), and it has provided education to **2,747 impoverished students** cumulatively.
- The Group won the “Annual Model Enterprise” award for its contributions towards targeted poverty alleviation at the 9th Enterprise Social Responsibility Conference hosted by Southern Weekly on July 28th, 2017.
- In October 2017, the Group received the “Advanced Private Enterprise” honorary title for its targeted poverty alleviation program under the national project of “Thousands of Enterprises Offering Assistance to Thousands of Villages”;
- In 2017, the Group won the “Excellent Corporate Social Responsibility Prize” awarded by the Chief Executive of Hong Kong.

2017 Message

Staying True to the Original Aspiration and Committed to Constructing a Better Society

In 2017, due to the dedicated efforts of all employees at Country Garden, the Group joined the ranks of the Global 500 and attained a record high in business performance. We highly appreciate this great era and support from all walks of life. As participants of new urbanization in China, employees of Country Garden have always remained true to its original aspiration, by consistently providing people with affordable and high-quality houses by focusing particularly on site selection, planning, construction and service based on the craftsmanship spirit, for 25 years. Thus the Group has achieved five-star standards in safety, aesthetics, economy, application, durability, and construction, resulting in beautiful townships that can be enjoyed by its inhabitants.

The corporate mission "To create a better society with our existence" has been strictly adhered to, as is apparent from the operations that have been performed in a lawful and compliant manner, resulting in excellent achievements in terms of social, enterprise and employee benefits. We have consistently exercised strict control over quality and property management, and have taken serious measures to optimize the construction period and open the construction site. We have also launched the new SSGF system and prefabricated buildings, thus creating a new wave in building innovation. Furthermore, we have implemented an internal control management, while expanding the scale of operations with great emphasis on development quality, thus carving out a unique "Country Garden Path". We have pooled our global talent, common wisdom and strength to train employees and increase employee participation. These include professional growth of over 1,000 Ph.D. holders, "Super Future Force" and excellent professional managers who maintain Country Garden's never-ending momentum for internal development.

"To benefit people and the society", we fulfilled social responsibilities actively, worked towards "Shaping a prosperous future through our conscience and social responsibility awareness", boosted educational poverty alleviation and obstructed the intergenerational transmission of poverty. We have also kicked off the targeted poverty alleviation program to construct beautiful villages, and have spared no efforts to take part in this tough fight. The purpose of participating in social service is to construct a better society.

Yeung Kwok Keung, Chairman of the Board of Directors, and Yang Huiyan, Vice-Chairman of the Board of Directors have always cared about and supported public benefit, poverty alleviation, and have actively promoted several projects connected with education, industry and skills. They have also aided the public in poverty alleviation, using practical solutions. In October 2017, we signed a contract with Yingde Municipal Government, Qingyuan, Guangdong Province to assist poor villages in Yingde, and helped build a new rural demonstration village. Donations were made to support the whole county in regions where the poor villages of northern Guangdong are concentrated. This move is aimed at helping 78 poor villages to realize the target of "poverty alleviation in a year and revitalization in three years", thus enabling over 40,000 people in financial difficulties to get rid of poverty.

In the new era, a brand-new opportunity has emerged for the development of Country Garden, while upholding the craftsmanship spirit and building a powerful high-quality enterprise. SSGF industrialized construction system is a prefabricated construction system independently researched and developed by Country Garden, and the Group has currently applied for 28 patents for this system. The SSGF and prefabricated construction base will have a strong launch and will be ably supported, in line with our endeavor to become a leading enterprise, while actively shouldering social responsibilities as a private enterprise. This will help Chinese real estate industry to meet its objectives of building "a strong country with quality" and "a strong country of construction".

In response to the developmental trends of equal consideration to renting and sale, we have built long-term rental cities and have created an urban dream charging station for youth who dare to dream and have a fighting spirit. We have rigorously boosted real economy development, continue to advance the construction of a science and technology township, actively set up a scientific research innovation fund and have relentlessly focused on the integration of industrial resources. Furthermore, we have also followed the Belt and Road Initiative closely, and have taken part in international capacity cooperation.

Only by being different, can we be different. The corporate culture of Country Garden is the core internal driving force and guidance for our undertakings. Only by acting as explorers, fighters and struggling in the new journey, can we grow continuously. We hope to create a better society with our existence.

All the employees of Country Garden
December 2017

2017 Key Performance

Country Garden is the first to achieve the contracted sales of RMB500 billion.

Both contracted sales and contracted sales GFA rank No. 1 in China.

YoY increase of Country Garden's average contracted selling price is the lowest among the Top 10 real estate companies.



- Core Performance
- Financial Status
- Project Layout

Sustainability Governance of the Group

In the past 25 years since the Group was established, we have consistently advocated a responsible development concept, attached importance to fulfill our own environmental and social obligations in the course of developing business, paid attention to the demands and expectations of stakeholders, and are committed to realizing the corporate mission – “To create a better society with our existence”.

Sustainability Concept System

Corporate Value

To shape a prosperous future through our conscience and social responsibility awareness.

To create a better society with our existence.

Corporate Mission

Corporate Spirit

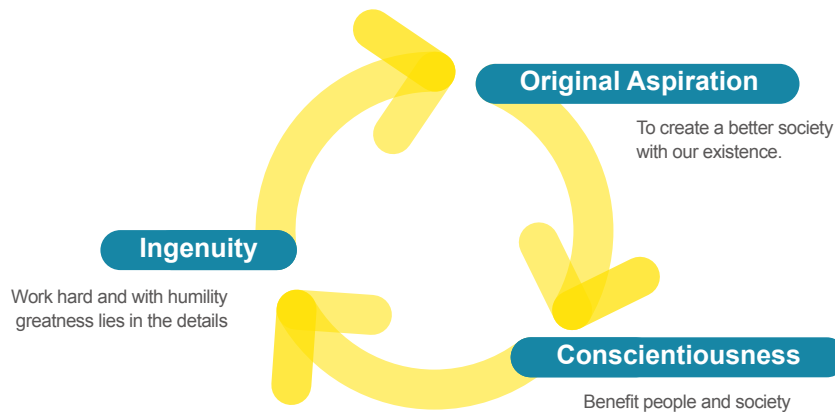
To benefit people and society.

Become the most competitive real estate company in the world

Strategic Mission

25th Anniversary | Original Aspiration, Conscientiousness and Ingenuity

The Group affirms that remaining true to the original aspiration is the foundation of enterprise sustainability. As a result, the Group practices a stringent core value system, effectively fulfills commitments made to stakeholders, attains product and service quality with extreme craftsmanship. It is our aim to boost science and technology-based innovation, as well as innovation in design and business models to create industry benchmarks and guide market development. We aim to adhere to our corporate conscience, maintain transparent and honest operations, be involved in philanthropy and public welfare undertakings, and drive social progress while ensuring prosperity for all involved.

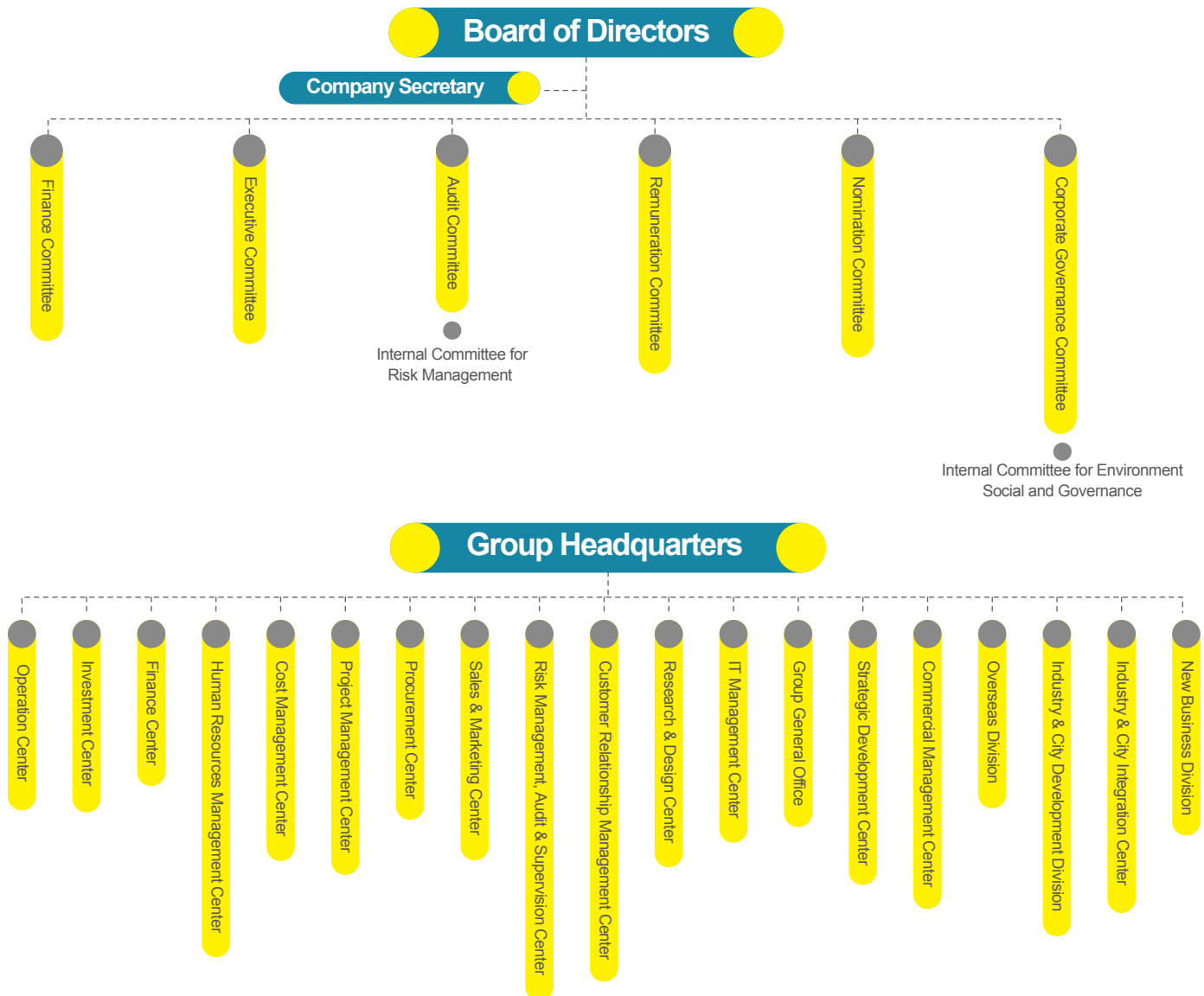


Sustainability Management Framework of the Group

In 2015, the Group established an Internal Committee for the Environment, Social and Governance, which is responsible for integrating sustainability management for the Group, as well as ensuring the implementation of relevant policies, reviewing sustainability reports and relevant information that is disclosed. The President of Group is the Committee Chairman, and its members include people in charge of relevant functional centers, thus realizing comprehensive management and promotion of governance, environment and social affairs within the Group.

The Committee holds and convenes a conference twice annually, where they review and discuss key tasks related to the Group's sustainability and operations of relevant management systems, in a bid to ensure that sustainability tallies with the Group's business development status. This would enable appropriate management of stakeholder expectations.

The Group's governance structure is illustrated below:



Sustainability Communication and Materiality Assessment

1. Sustainability Communication

Trust and adequate support of stakeholders is critical to an enterprise's sustainability. The Group is devoted to joining hands with stakeholders and maintaining smooth daily communications with internal and/or external stakeholders through multiple channels, while promoting coordinated and sustainable development of economy, environment and society collectively. The Group is desirous of regarding this Report as one of the effective communication and exchange channels to display our inputs and achievements for the past year in terms of sustainability, to people from all walks of life. The Group also looks forward to feedback from stakeholders and will respond to stakeholders' comments and suggestions in a timely manner. Please refer to the end of this report for relevant feedback methods.

The existing communication channels with relevant stakeholders of the Group are depicted as follows:



2. Materiality Assessment In 2017

To better understand stakeholders' views and aspirations about the sustainability performance of Country Garden, the Group engaged a professional third-party advisory body to chair the materiality assessment in 2017. The specific tasks are as follows:

According to the Group's business development strategy and materiality assessment results of 2016, the Group has further perfected the list of sustainability topics for the Group, and identified and determined the list of sustainability topics for this year. The list covers 17 topics with comparatively high relevance for the business development of the Group, and which are of notable interest to stakeholders within four categories, i.e. "Employment and labor practices", "Operational practices", "Environmental protection" and "Social investment".

Determine the List of Sustainability Topics

Conduct the Stakeholder Survey

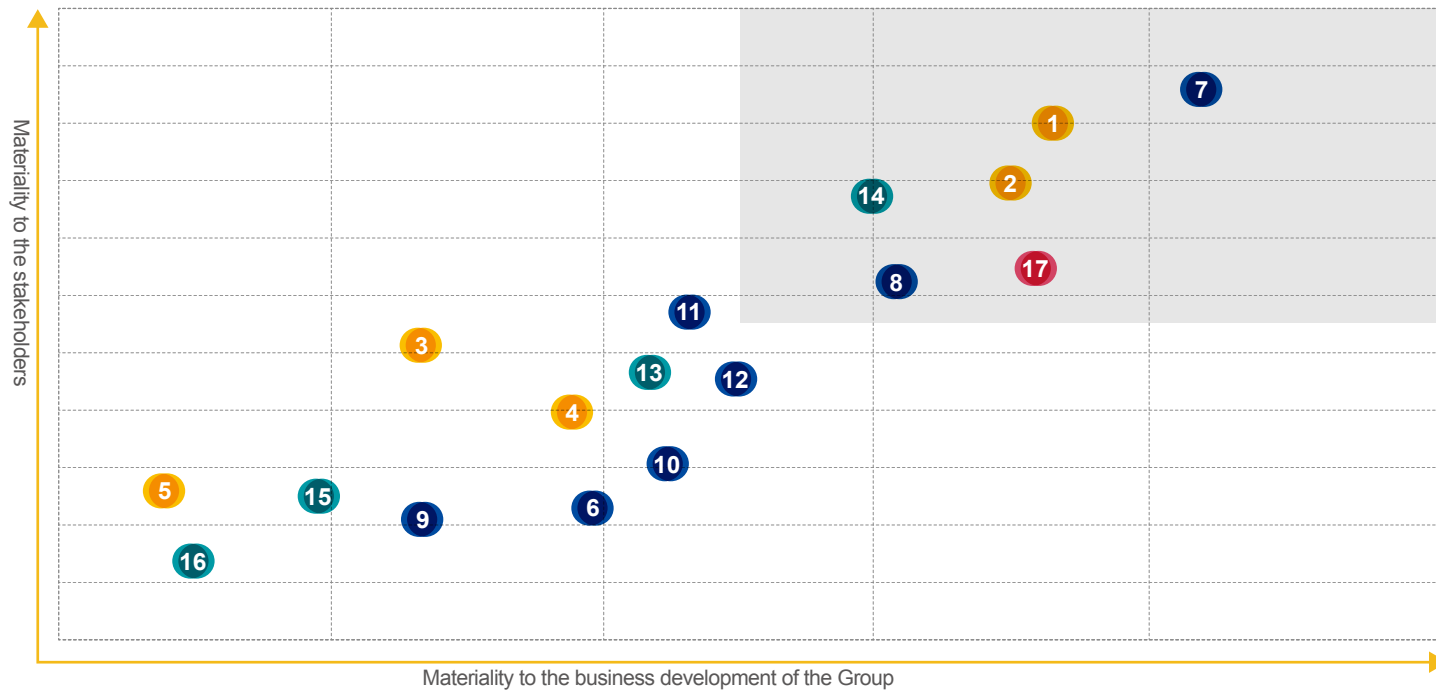
Regarding topics in the list as the core contents of stakeholder survey, design the online survey, invite the stakeholders to assess and evaluate the topics' importance and ask open-ended questions to demonstrate their comments and aspiration for the Group's sustainability.

This year, the Group will further expand the survey scope, and publicize this survey activity through multiple channels, such as the Phoenix Gathering APP and WeChat group, and collect 3,818 valid questionnaires covering relevant groups, like domestic and foreign employees, investors, shareholders, owners, suppliers and public welfare organizations.

Analyze the survey result to assess the degree of materiality of 17 topics and compile the materiality matrix.
Review the materiality assessment result and opinions of the stakeholders, discuss with management and determine material topics to be disclosed in the report as well as key points for improving sustainability performance in the future.

Analyze and Assess the Material Topics

The Group's materiality matrix for 2017 is described in the following figure. Topics within the scope indicated at the top-right corner are items that exert a great influence on the business development of the Group and which stakeholders are highly concerned about.



| Employment and Labor Practices | Operational Practices | Environmental Protection | Social Contribution |
|--|---|---|---|
| <ul style="list-style-type: none"> 1. Talent recruitment and team building 2. Employee health and safety 3. Employee welfare and benefits 4. Employee training and development 5. Prohibition of child and forced labor | <ul style="list-style-type: none"> 6. Supply chain environmental and social risk management 7. Product quality management 8. Customer service and satisfaction 9. Customer privacy and information security 10. Responsible marketing and promotion 11. Compliance and business integrity 12. Intellectual property protection | <ul style="list-style-type: none"> 13. Energy conservation and green operation 14. Green building R&D and practice 15. Waste disposal and recycling 16. Usage of water resources and sewage treatment | <ul style="list-style-type: none"> 17. Participation in social welfare |

Based on this year's stakeholder survey results, the Group was informed of the topics that stakeholders were highly concerned about. The Group is focused upon product and service quality, talent recruitment and health, construction of green projects and social contribution. In this Report, we will further disclose the Group's performance in terms of relevant aspects, and consider the results as important reference points for the planning of sustainability management for the next year.

The advisory agency has collated and reviewed more than 11,000 open-ended questions and created a cloud picture to vividly display key points that stakeholders are concerned about, to comprehensively analyze them.



Construction site of SSGF projects

The Group is deeply convinced that engaging with stakeholders is an increasingly deepening process. We intend to consolidate and perfect the communication mechanism, while exploring and developing diversified communication platforms. The Group also gathers comments and suggestions from different parties about the Group's sustainability in a timely manner, by means of interim investigations and surveys, workshops and focused group discussions, to continuously manage and improve sustainability performance. At the same time, the Group plans to actively promote the sustainability concept and work together with stakeholders to create a virtuous circle of integrating economic development, environmental protection and social benefits on the whole.





**VALUE CREATION
FOR EMPLOYEES**

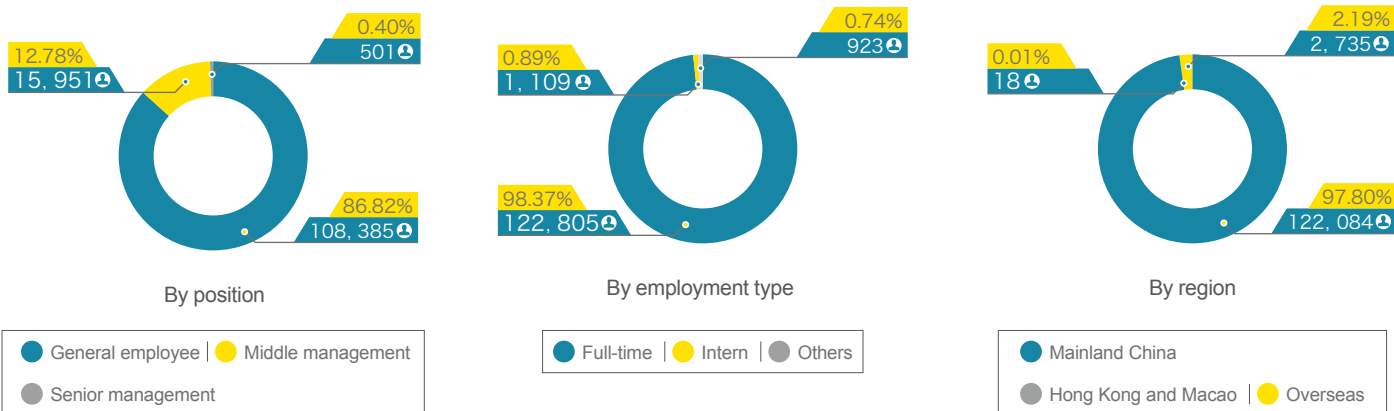
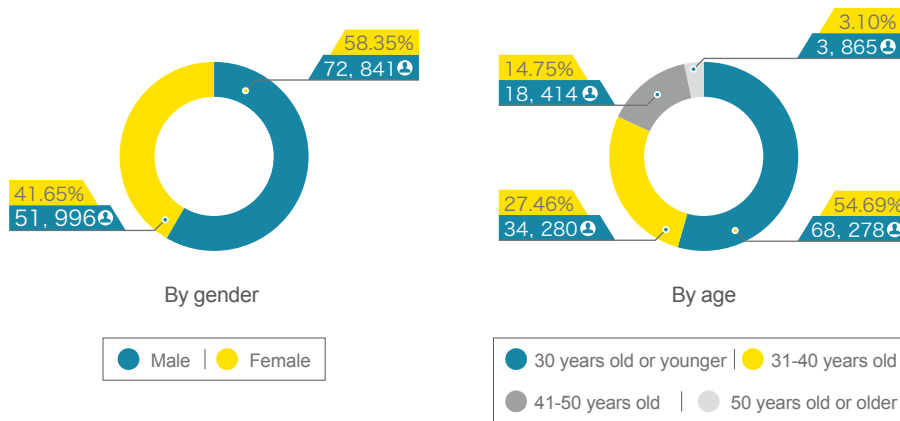
Value Creation for Employees

Talent Concept: Based On Integrity, with Equal Focus on Integrity and Ability; Not Sticking to One Pattern; Promotion of Talents and Capable Personnel

Excellent talents are the driving force for an enterprise's sustainability and are indispensable strategic resources. To realize sustainable development and operations and create core competitiveness, Country Garden has recruited professional managers and exceptional employees. The Group uses modern human resource development technology, and combines it with the enterprise strategies to design, research and develop branded projects that are suitable for sustainable talent development.

Employees Overview of Year 2017

As of December 31st, 2017, the Group had 124,837 employees, showing an increase of 30,387 employees compared to 2016, with a growth rate of 32.17%. Employee details for the Group in 2017 are as follows:



1. Employee Recruitment Management

Country Garden Group has already established and optimized a talent management system and introduced high-quality talents systematically via diversified channels like online resources, recommendations made by head hunters, internal talent pool and from internal referral. The group's recruitment official account was launched in September 2017. The official account publishes recruitment information in a timely manner, including social recruitment information and on-campus recruitment.

2. Employee Performance Assessment and Career Development

The Group has carefully formulated and implemented the Administrative Measures for Employee Performance, assesses and evaluates employee job performance routinely, and regards it as an important gauge for internal promotion and bonus allocation, to motivate employees to improve their own working ability and performance.

Basic information of performance assessment and management of employees is illustrated as follows:

Assessment System

- Administrative measures for employee performance assessment and management

Standard Features

- Employees' performance is divided into 4 levels and compulsorily distributed according to pre-determined ratios.

Assessment Frequency

- At least biannually
- Could be further classified by the business department and regional company based on their own conditions

Process Overview

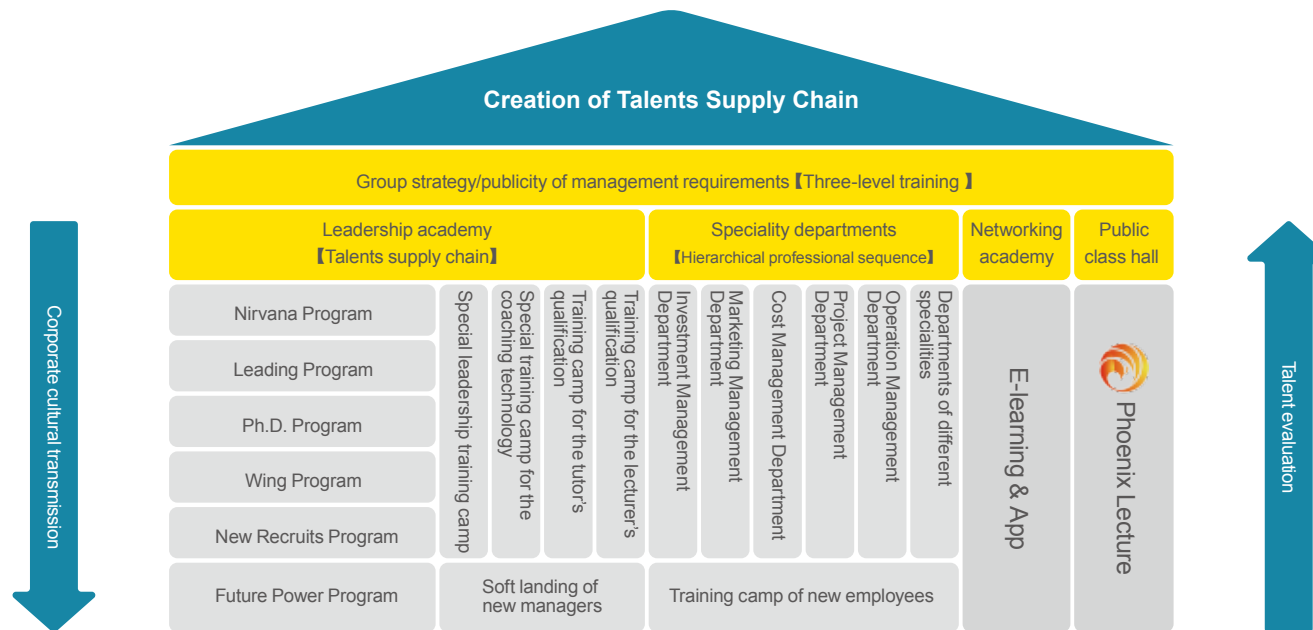
- Self-assessment and review by the assessor.
- Immediate superior will give marks to employees undergoing the assessment

The Group attaches great importance to the career development of employees, provides employees with a fair and broad development and promotion platform, and assists them in developing quickly using several methods, such as job rotations or trainings. At the same time, the Group has consistently improved the occupational promotion channel for its employees. Internal promotion may be carried out in the form of open competition for recruitment, so as to provide a fair and clear opportunity of promotion for employees and to motivate them to perform to their full potential.

3. Employee Education and Talent Development

In the first three articles of the 12 Dreams, Yeung Kwok Keung, Chairman of the Group, says that, “This is a company where social elites are gathered together; This is a good place where employees can display their talents fully; This is also a good school where employees make progress by learning and training”. Mo Bin, President of the Group, also suggested relevant learning concepts, like “Attaching importance to internal talent promotion, paying attention to the appointment of young employees”, and “Everyone is a teacher and a student”.

Country Garden Group trains and cultivates excellent enterprise talent, and enables employees at different levels to enjoy corresponding training opportunities by employing effective educational means, such as simulation exercises, case studies and interactive teaching, including the “Nirvana Program”, “Leading Program”, “Ph.D. Program”, “Wing Program”, “New Recruits Program”, “Future Force” and “Soft Landing” for new employees. These programs aspire to implement branded management for talent development, assist employees in becoming highly competitive in the field of real estate and create an HR training system for Country Garden.

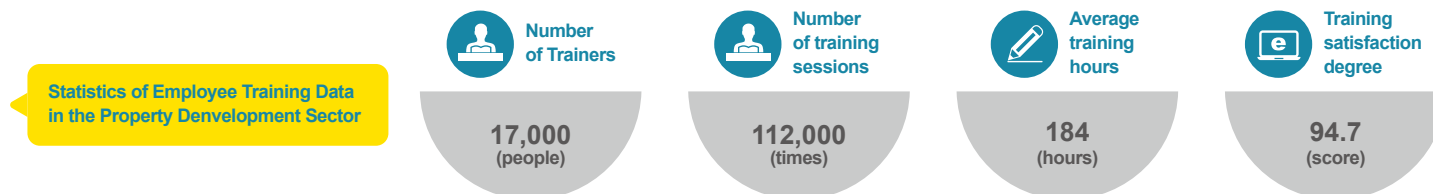


3.1 Employee Learning

The Country Garden Group attaches great importance to experience sharing. It regards the knowledge center as a platform, establishes modules like guideline module, case module, product standard module and comprehensive knowledge module in it. The Group also promotes different units to realize “knowledge precipitation” by means of assessment and appraisal supplemented by development of a knowledge map, in order to prompt employees to learn experience.

Everyone Is a Teacher and Student

In order to effectively cultivate talents, enhance their capabilities, ensure regional, district and project implementation of the Group’s management requirements, summarize regional and project experience and lessons learned, and promote comprehensive staff learning and excellent experience sharing, the Group proposed the concept of “Everyone is a teacher and student” in 2013. This concept required the “Department head to provide training on a quarterly basis, the regional head to provide training internally every month, and the project organization to provide internal training on a weekly basis. In 2017, 2.247 million participants undertook the training programs of the Group.



Trainer Training and Certification

The internal trainer team is an important force for promoting corporate culture and operational concepts of the Group internally. It is a critical driving force for knowledge precipitation and transformation of results during the Group's development process. To develop the trainer team consistently, the Group initiated trainer certification programs from 2011. The Group also implemented strict rules and regulations related to the selection, management and evaluation of trainers, optimized training courses for internal trainers, and standardized the development process and model of technological courses and training methods. The Group also improved the training system recognition and management capability and ensured that trainees are imparted with more effective knowledge training, corporate culture and ideas.

As of December 31st, 2017,
the Group had **2,380** certified trainers,
and developed **2,121** training courses.

For training effectiveness, employees are evaluated and assessed in a comprehensive manner according to the satisfaction degree, appraisal of knowledge transformation, special thesis defense, professional written examination, summary report and qualification examination.

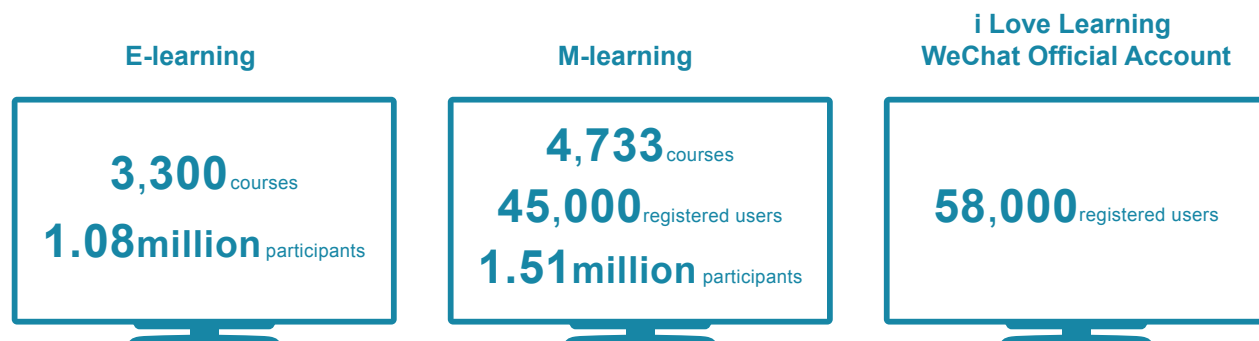
Learning Map

The learning map regards the "task model" as the basis, which is supplemented by the "model of critical post capability, knowledge and skill". This helps in designing a learning map that is suitable for various functional centers. The learning map system helps employees to master post capability requirements clearly and learn about capability development. This will eventually realize the management objectives of this training system, that is, "using change to guide independent study, and relying upon learning to stimulate career development".

Structuring the Learning Ecosystem

In order to promote knowledge sharing and learning management inside the Group, Country Garden has created three online learning platforms for employee learning, i.e. "E-Learning, M-Learning, i Love Learning WeChat Official Account". Learning methods such as the online learning, live broadcast, examination and interactive exchange, learning management system platform, mobile learning platform and online learning platform, are the support systems, which eventually connect all online and offline platforms to realize Online-to-Offline (O2O) training and structure a proper ecosystem for enterprise training operations and learning.

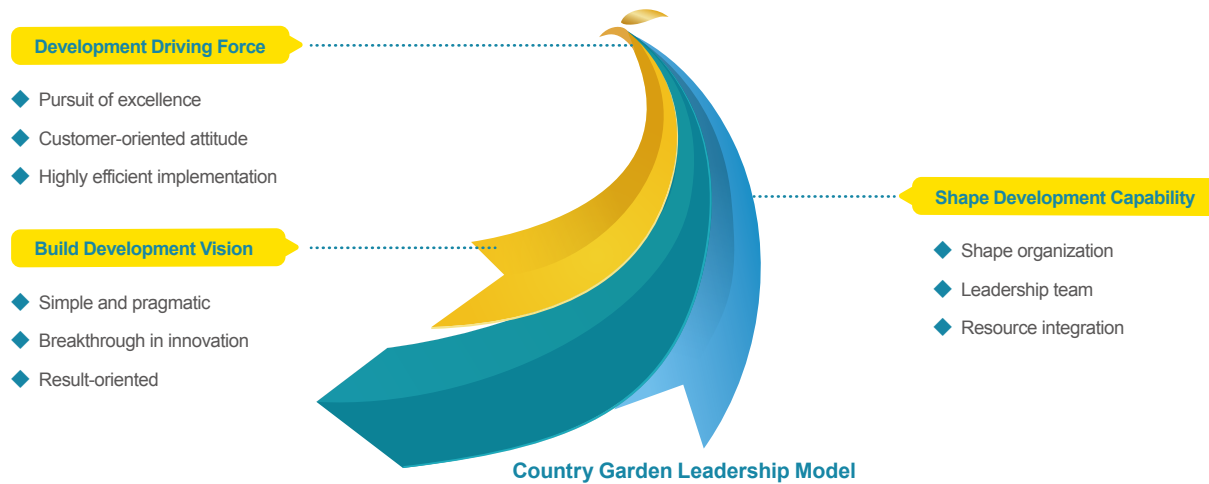
Currently, the three platforms have a total of 8,033 courses, and the i Love Learning WeChat Official Account has attracted 58,000 followers. The courses are divided into professional, management and general courses respectively. Professional learning courses cover several business fields like investment, operation, design, engineering and human resources.



3.2 Talent Development

Leadership Quality Model

The leadership quality model is based on the analysis of a large number of interviews and data, and is related to nine Country Garden leadership traits, which are summarized by discussing with the Group's senior management, or discussing with successful managers about the elements of individual success and excellent leadership traits. This model is used as the selection standard for candidates inside the Group and widely used in the HR management system for talent recruitment, personnel appointment, training system and capability development.

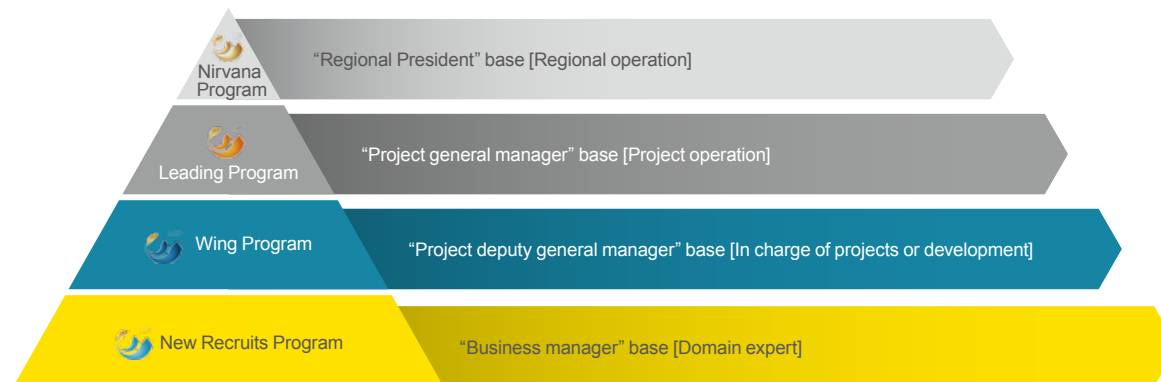


Talent Review

About 70% of Country Garden Group's critical talents come from the internal talent pool. In 2013, the talent review system was officially launched. It is a strategic review focused on identifying and developing capability of high potential employees. As a breakthrough in talent management, the talent review has clarified talent standards, defined capability gap between talents and target positions, and has helped formulate targeted training plans.

Branded Talent Program

Country Garden has created a cultivation roadmap for critical talents at different levels in six talent teams. Its "Leadership Development Program" is a systematic and gradual cultivation and development strategy, meticulously researched and formulated by Country Garden, and implemented for outstanding managers in the core value chain of the real estate development sector. The "Leadership Program 3.0" talent development project is a newly upgraded version based on the 6-year mature operation of Country Garden's leadership development program. This branded training is a project aimed at satisfying the rapid development requirements of the Group and for cultivating exceptional project general managers. It is also aimed towards realizing "strict admission and dismissal and selection of the best talent" from the talent pool and "time limit-free" talent supply through strict selection methods and composite cultivation means.



The **Leadership Development Program** has created a **Huangpu Military Academy-like System** for professional managers in the real estate industry.

“Future Force” Development Program

The “Future Force” has unleashed a fresh force for Country Garden’s future development, and aimed at attracting exceptional and excellent fresh graduates to join Country Garden. After 5 or 6 years of cultivation and training, the graduates would on critical management positions such as project general manager.

Founded in 2010, the “Future Force” was certified by the Trademark Office of the State Administration for Industry & Commerce of People’s Republic of China as a national registered talent brand in 2013. In 2017, the “Future Force” brand was upgraded to “Super Future Force”. Since recruitment first commenced in 2010, the program has extended to over 100 colleges and universities in China and overseas over the past 7 years. The group has received resumes of over 110,000 undergraduates in 2018 during the on-campus job fair, and has employed more than a thousand “Super Future Force”.

The “Future Force” has established an advanced talent cultivation system. The group adopts various talent cultivation methods, such as internship at temporary posts, job rotation for learning, along with concentrated training and challenging critical tasks, accord with the “721” principles for comprehensive training, carries out internal competition for posts every year, as well to promote and appoint excellent talents.

As of December 2017, **more than 50** “Future Force” trainees have been promoted to core management posts, such as regional president, project general manager and functional director, while over **350 employees** have joined the management team. The rapid-developing platform and systematic cultivation system have led to rapid growth of “Future Force” and win-win for enterprise and talents



“Future Force” trainees are discussing on the “World Cafe” task

Ph.D. Recruitment and Training

Ph.D. Program is a core talent management, cultivation and development program created by Country Garden Group. Since the Group started recruiting talent globally in 2013, it has attracted more than a thousand doctorates from famous colleges and universities in China and overseas, such as from Massachusetts Institute of Technology, Harvard University, University of Cambridge, University of Oxford, Imperial College London, University of Tokyo, National University of Singapore, Nanyang Technological University, University of Hong Kong, Tsinghua University and Tongji University. Over the past four years, the Group utilized its most qualified resources to provide these talents with all-inclusive intensive training, using methods such as concentrated training, classes conducted by senior management, job rotation at headquarters, front-line practical operation and project placement.

As of December 2017, over **183** trainees have been mentored into positions such as regional president, regional executive president, regional vice-president, regional president's assistant and project general manager within just two to three years of joining, and around **141** trainees have become core management, such as project deputy general manager and deputy director of functional departments. This has made a tremendous contribution towards the Group's rapid development.



Group photo of 2017 "Ph.D. Program" training

"Soft Landing" for New Managers

With the Group's rapid development, Country Garden has already become a place where excellent managers in the real estate industry converge. The "Soft Landing" program for new managers is aimed at assisting new project deputy general managers and senior managers to integrate and adapt into the Group quickly, and to accelerate their contribution.

The "Soft Landing" program for new managers focuses on their emotional needs and demands after joining, in order to achieve "enterprise matching, organizational matching and post matching. The group has created a tailor-made "306090" integration cultivation system.

30

New recruits learn about the enterprise, establish contacts and become familiar with business within "30 days" of joining.

60

They visit Group headquarters to participate in in-depth training and exchange within "60 days" of joining.

90

They visit Group headquarters to receive job rotation within "90 days" of joining.

In 2017, over **97%** of new managers participated in the **306090** program, indicating the effectiveness of the "Soft Landing" program for new managers in Country Garden. Among these, the total number of days of in-depth training conducted was **104.5 days** and **724** employees were involved in job rotation.

4. Remuneration and Employee Care

The Group strictly complies with labor laws, and relevant laws and regulations of the place where the business is conducted. It has established a robust remuneration management system, and adheres to the remuneration concept of “determining the remuneration based on the position, market, performance and capability”. It has also established a remuneration system consisting of basic salary, goal-based bonus, incentive bonus and welfare, and is devoted to providing employees with more competitive salary and welfare than what is available in the market.

The Group pays “five social insurances and one housing fund” for employees, ensures that all employees can enjoy the statutory holidays, ensures comprehensive welfare and treatment is available, arranges diversified team-building activities, and ensures employees can experience and appreciate the care and warmth of the Group completely.

Employee Welfare In 2017

Daily Life

Includes “five social insurances and one housing fund” and commercial insurance for employees. Employees can enjoy benefits with respect to dormitories, working lunch and house purchase. This includes allowing employees’ children to enjoy the privilege of being enrolled in Country Garden schools. Furthermore, the labor union also provides members with birthday or holiday gifts.

Leisure and Entertainment

Employees and their family members can enjoy preferential treatment when checking into the Group’s hotels. There are various sports activities employees can participate in, and there is also an interactive communication platform for single employees. Employees can also enjoy different interest-based associations and cultural entertainment facilities at the headquarters, such as movie theater, library and fitness room.

Incentive Plan

Partnership scheme.

Maternal and Postnatal Care for Female Employees

Comply with relevant national provisions, wherein all female employees can enjoy full-pay maternity leave. A dedicated baby care room has been established at the Group headquarters to provide maternal and postnatal employees with a convenient place to rest. Moreover, the Group has also created a special parking lot for pregnant women and ensures there is a priority window for them at the canteen.

In 2017, the Group conducted various employee activities to enhance cultural atmosphere. These were often festival-themed activities, like monthly book reading salons, garden party during Mid-autumn festival, intangible cultural heritage handmade article creation experience, as well as a Christmas party. There was also a “Sunshine Culture Festival” and the main activities comprised of employee speech contests or knowledge contests. These activities are aimed at promoting communication and exchange between employees in different job grades and departments, and increasing satisfaction degree and a sense of belonging for the employees while expanding their horizons.



Employees participated in the intangible cultural heritage activities



Employees participated in the intangible cultural heritage activities

Case

MAD Series Cultural Salon

On the International Women's Day in 2017, the Group conducted a selection activity of 25 Goddesses for its 25th anniversary, encouraging female employees to showcase themselves with confidence. The Group also organized a “MAD #3 | One Step Forward” cultural activity salon inside the Historical and Cultural Exhibition Hall, and invited the Group's senior female managers such as Group Vice President Yang Cuilong, Group Vice President Chen Liyan and President's Consultant in Shanghai Li Yulian, to share their experiences related to work and life balance with other employees.



MAD#3 "One Step Forward" cultural salon

During the “MAD#4 | Presidents Joining you to Greet the New Year” of MAD series cultural salon activities held on December 27th, Executive Director & Group President Mo Bin, Executive Director & Group Vice President Song Jun, Group Vice President Cheng Guangyu, Group Vice President Zhu Jianmin and Deputy General Manager of the Group Human Resource Management Center Jia Meiwen, conducted a face-to-face exchange with employees, and answered employee questions on enterprise development strategy, enterprise management, job and life.



MAD#4 "Presidents Joining you to Greet the New Year"

5. Occupational Safety and Health

The Group attaches great importance to occupational safety and health of employees, and strictly complies with relevant laws and regulations. It has optimized the safety management system which is implemented throughout the Group, and conducts daily safety and health training. The Group has created a safe, healthy and comfortable working environment for employees, advocates work-life balance and aims to guarantee physical and mental health of employees.

1) Guarantee Occupational Safety

Management System

With respect to occupational safety, the Group has formulated an exceptional safety management system and has developed operational guidelines for employees, including Occupational and Safety Education Training System, Management System for Occupational Health and Safe Environment, Occupational Health and Occupational Hazard Prevention System. The Group ensures occupational safety of employees by properly conducting regular training activities, setting up sports and recreation equipment and performing regular safety inspections.

Management Structure

For years, the Group has persistently improved its safety management system. The Project Management Center and Project Department are responsible for overseeing and managing safe production at construction sites, defining the division of safety management responsibilities between the Group, supervising unit and construction unit, gradually improving safety capability, strictly implementing supervision and inspection, introducing management accountability, reward and punishment system, implementing rectification and optimization measures, and strictly averting safety accidents.

Emergency Exercise

The Group revises safety protocols routinely in accordance with new national policies and the Group's development status, to ensure that safety protocols conform with the Group's actual conditions. The Group headquarters arrange emergency treatment and safety drills biannually, and the Project Department conducts emergency treatment and safety drills on a quarter basis based on the project stage, conditions or critical points. Such emergency treatment and safety drills include safety accident drill, fire drill and accident drill.



Supervision & Inspection

The Group comprehensively fulfills its responsibilities with respect to production safety, and strictly implements various safety inspections. The Group's Project Management Center and regional companies perform monthly routine inspections, while the Project Technology Departments for the different regions, carry out monthly inspections. The Group's Project Management Center conducts spot checks of work in progress through unscheduled inspections, to discover safety production and management problems on time and end potential safety hazards.

Education & Training

Based on the policy of safety first and taking precautions as the main measure, the Group attaches great importance to safety education and technical training of employees. Newly recruited workers, or employees involved in job changes in new technology or processes have to pass safety training and assessment before they can continue their work. In case of special kinds of work, along with general safety education, workers also receive safety technology education related to the type of work they handle, as well as have to undergo comprehensive qualification examinations, to guarantee operational safety, and improve employees' safety awareness and capabilities.

2) Focus on Employees' Health

We place great emphasis on employees' health conditions, and arrange for them to take health checks regularly. This helps them to know about their physical condition. Country Garden Hotel requires all canteen employees to have health certificates. Canteens are set up at the Country Garden headquarters and main office area to provide employees healthy and clean food. Work-break exercises are designed for the afternoon session and various sport activities are regularly arranged for employees, to encourage them to participate in exercise and actively enhance their physical fitness.

The Group offers a comfortable and healthy office environment for employees, has green plants all around the working area, plays pleasant music at a fixed time every day, encourages employees to stretch regularly thereby minimizing physical injury caused by working at a desk for long durations.

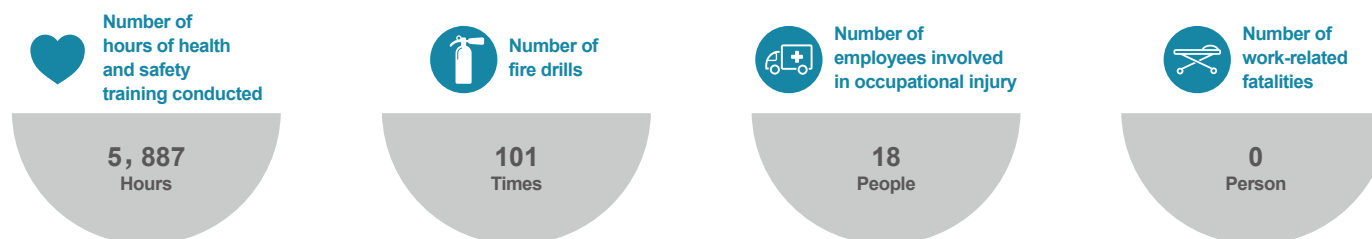
Case

We Are Young | Sports Meeting Arranged for Guangqing Employees

On December 16th, 2017, a large-scale employees' sports meeting was arranged by Country Garden Guangqing Region. Group Executive Director, Vice President and President of Guangqing Region, Song Jun, and Group Vice President, Zhu Jianmin, along with nearly 2,000 employees and their family members participated in this grand event.



2017 Employee occupational safety and health data is as follows:



The Group will actively arrange treatment and industrial injury evaluation for employees who are injured in work, ensuring that injured employees will have the corresponding wages, benefits and holiday, safeguarding interests of employees.

6. Labour Rights and Equal Participation

The Group strictly complies with laws and regulations pertaining to employees' rights and interests at the place where business is conducted. The Group does not permit child labor and forced labor. It signs a labor contract with all employees, and offers social guarantee and welfare payments for employees to full amount timely in accordance with laws and regulations, so as to effectively protect employees' rights and interests. Furthermore, we adhere to the employment principles of equality and fairness, discourage any form of discrimination and ensure that employees are not discriminated due to gender, age, nationality, race, religious belief, family and health conditions.

To ensure employees better integrate into the culture of the country where they work in, and boost cultural exchange and understanding between employees of different nationalities, the Group has designed the following activities:

- **Language training:** Includes training in English, minority language and Chinese language
- **Cross-cultural adaptability and leadership training**
- **Partner-shared activity:** Mutual assistance between Chinese and foreign employees, joint participation in festival celebration activities and daily life integration

The Group is devoted to safeguarding legitimate rights and interests of employees. If an employee suffers from unfair treatment, he/she may file a complaint with the Risk Management, Audit & Supervision Center, Labor Committee of the labor union or the Group's Human Resources Management Center, or by directly submitting relevant materials to the mailbox of the Chairman. If there are any complaints from the employee, it is the responsibility of relevant departments to follow up and handle it, and to ensure that such complaints are settled properly.



VALUE CREATION FOR SUPPLY CHAIN



Value Creation for Supply Chain

The Group attaches substantial importance on supply chain management, and strictly implements supplier access and assessment to guarantee the Group's product and service quality, while actively communicating with suppliers and maintaining a cooperative relationship characterized by mutual benefit and trust. **In 2017, the Group's Procurement Center managed 5,369 material suppliers, while 2,057 engineering suppliers managed by the Cost Management Center. For detailed statistical data on supplier classification, please refer to the report's Appendix I.**

1. Supplier Management Mechanism

Supplier development and access: The Group has established a clear supplier access management system as a standard for supplier selection, such as Supplier Access Mechanism and Assessment and Evaluation Method for the General Contracting and Construction Unit, including access requirements of various material suppliers and supplier investigation procedures. Prospective suppliers are comprehensively assessed and evaluated from several dimensions, such as quality guarantee system, qualification certificate, operational indices of the past three years, main customer bases, main production and inspection equipment, relevant engineering cases and lead time. This ensures that the selected suppliers meet the Group's quality standards.

In addition to this, the Group generally stipulates in the bidding documents and contracts that suppliers shall comply with relevant laws and regulations, including regulations or requirements related to environment and labor rules. According to the degree of correlation between the environment and labor topics and supplier, the Group has additional inspection requirements or other information inquiries with respect to specific topics.

Supplier assessment management: The Group has formulated the Supplier Post-assessment System to evaluate and assess suppliers regularly. The Group terminates its cooperation relationship with blacklisted suppliers.

Case

Assessment and Evaluation of the Group's General Contractor and Construction Unit

The Group has enacted relevant management systems, like Measures for the Assessment and Evaluation of the General Contracting and Construction Unit, specifying introduction of qualification review process and points of focus for the constructor, assessment and evaluation method of the construction unit.

● Qualification review of construction unit:

The Group's Cost Management Center takes the lead in investigating construction units, and includes qualified construction units into the information database of qualified construction units. In principle, all units included into Group projects must be selected from the "information database of qualified construction units".

● Regular assessment and evaluation of construction unit:

Quarterly assessment: The regional Project Technology Department, Operational Management Department and Cost Management Department are responsible for quality, progress and cost assessment of the construction unit, and submit the result to the Group's corresponding centers for review. According to the scores from the evaluation, construction units are divided into four levels, and those ranking in the last two levels receive corresponding punitive measures, such as early warnings, discussion and supervision or cessation of bidding qualifications and so on.

Annual evaluation: This is led by the Engineering Management Center. The annual comprehensive evaluation score is computed based on quarterly assessment scores. Ranking is conducted across the Group and the annual evaluation grade is determined. Units that are evaluated as excellent receive rewards, while those falling behind are given penalties.

Prevention of supply chain corruption: To standardize commercial cooperation like bidding and tendering, procurement and infrastructure, and prevent and combat unfair competition and reflect the spirit of fair cooperation between both parties, all suppliers are required to sign the Instructions on Cooperation with Integrity for Country Garden Suppliers and ask pertinent employees to sign the Integrity Agreement.

Furthermore, suppliers are encouraged by the Group to report suspected corruption activities anonymously via hotline and email, and the Group promises to undertake the investigation by independent full-time staff. We are committed to preserving a fair and open procurement environment and averting potential corruption or fraud in the supply chain.

2. Supply Chain Responsibility Communication

The Group takes account of communication with suppliers and maintains proper interactive communication through different channels such as email, telephone and WeChat group. In March 2017, the Group's Procurement Center held an annual supplier conference at the headquarters, arranged in-depth communication with suppliers, and awarded outstanding suppliers.



Mo Bin, the President of the Group, made a speech at the supplier conference

Case

Strategic Cooperation with Benchmark Construction Companies



The 19th Session of National Congress of The Communist Party of China emphasizes that the principle of “quality first and benefit priority” must be complied with, for promoting the high quality development. The Group has actively responded to the national development idea. It puts quality first and works with excellent construction enterprises represented by benchmark state-owned enterprises and private enterprises, to consistently build high quality and affordable houses for the public, and boost the new urbanization process in China.

On December 26th, 2017, the Group’s Cost Management Center partnered with the Project Management Center to hold a conference at the headquarters, to award over 60 excellent partners specializing in civil engineering, general contracting and decoration. To award these partners, the Group launched strategic cooperation mode based on bid negotiation and invitation. The strategic cooperation modes refer to “order dispatch strategic cooperation”, where the headquarters directly dispatches the order to benchmark partners. Currently, the Group has concluded strategic agreements with four benchmark construction companies, namely China Construction Fifth Engineering Division Co., Ltd., Zhongtian Construction, China Construction Second Engineering Division Co., Ltd. and China Construction Fourth Engineering Division Co., Ltd., and has signed cooperative orders of up to RMB10 million in quantity.

3. Pay Attention to Construction Safety

The Group pays great attention to builder's construction safety issues and has undertaken a series of measures to effectively control and minimize builder's construction safety risk, including safety patrol inspection, training and extensive publicity.



Construction site of Zichen Garden

Case

Constructions Safety Training for “Shijie Country Garden-Zichen Garden” Project

In the case of the “Shijie Country Garden-Zichen Garden” project, the construction work is guided based on Country Garden's new branded SSGF concept. This includes setting up a training classroom inside the construction site. Before construction commences every day, the person in charge of the project gathers the project construction personnel and speaks about construction safety issues. The Group also organizes project construction personnel to receive training on occupational safety.

“Shijie Country Garden-Zichen Garden” project was awarded the “Excellent construction site for safety and civilized construction of building and decoration engineering in Dongguan” award in 2017.



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**VALUE CREATION FOR
CUSTOMERS**

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国际社区



Value Creation for Customers

2017 was a year of quality management for the Group. We consistently believe that the house we build for an owner is not just a house, but also the five-star living. As a real estate developer, the Group consistently controls and manages product quality based on two aspects, technical innovation and management optimization. As a comprehensive industry group covering the entire industry chain, the Group comprehensively leverages supporting resources related to property services, transportation, commercial consumption, cultural education, tourism and recreation, financial planning and medical health, while endeavoring to improve product and service quality of various business segments. This enables all owners to enjoy a more convenient and better life.

1. Project Quality Management

Quality and property management can be considered as the Group's lifelines. Over a period of 25 years since its establishment, the Group has continued to pursue quality through its "craftsmanship spirit", persistently implementing quality policies of "Process boutique and habitation model", creating high-quality and practical houses for customers, and aspiring to realize the brand commitment – "Five-star living for you".

“ Craftsmanship spirit means:
A delicate attitude towards everything we engage in.
We should be humble in work, and greatness lies in the details.

—Yeung Kwok Keung, Chairman of the Board ”

1.1. Optimizing Management Methods and Strictly Controlling Project Quality

The Group establishes an exceptional project quality management system, including an institutional system and an executive system, and promotes long-term operation of quality management and control system in daily work, using three-level management and control.

Institutional system for project quality management and control: it mainly includes three segments: "Project technical standards and training system", "Process management and control system for project quality" and "Evaluation and assessment system for project quality". A closed-loop management system for project quality is established at the institutional level based on technical requirements, process monitoring and examination and evaluation.

Institutional System of Project Quality Management and Control



Execution system for project quality management and control: It is designed based on the concept of “Quality management for all employees” and “Full-cycle quality management”.

“Quality management for all employees”: Implementing management and control at three levels, namely the Group, region and project, establishing a robust organizational structure, division of work related to engineering quality management and control, and defining division of quality management duties from top to bottom.

“Full-cycle quality management”: Grasping both ends and guarantee perfect opening of project display area and building hand-over at designated area; overseeing the process, establishing the full-cycle quality management mechanism, implementing process quality management and intensify process management and control, to effectively guaranteeing project quality.

To reinforce quality management and control standards, the Group has worked out the quality redline management system to conduct redline management for engineering quality, which includes the engineering quality redline of Country Garden Group, six provisions for fine decoration, and redline management and control covering the building, structure, two types of preventions, perception, installation, materials and decoration. There is also a display board for the quality redline that is composed based on a unified format and located at places like the corridor, restroom, project management office and project site, which prompts Country Garden employees to know about and strictly comply with redline management provisions.

Project quality redline of Country Garden Group: The Group complies with quality management requirements set forth in the Compulsory Provisions of Project Construction Standards and proposes management idea of "Project quality redline of Country Garden Group" to cope with possible quality issues. In addition to requirements on technology, raw materials and processes, it also proposes management requirements. For example, conducting simulated acceptance one month prior to delivery, performing inspection from a customer perspective, and passing inspection before delivering to the customers. Management requirements of the project quality redline of Country Garden Group listed as follows:

Structure Safety

- 1 Constructing according to the design drawing (including valid change order).
- 2 Strictly implementing concealed works acceptance according to national specifications.
- 3 Guaranteeing the structure safety (qualified foundation project, reinforced bar project, concrete strength and mortar strength).
- 4 Thickness deviation of the floor should not exceed 2 cm and percentage of pass should be greater than 70%.

Bottom Line for Two Preventions

- 5 Masonry top brick and suspended mesh should strictly subjected to requirements of two preventions enacted by the Group.
- 6 Water proofing work and structural project should strictly subjected to requirements of two preventions enacted by the Group.

Process Management and Control

- 7 Strictly implementing water spraying and leakage test on the external wall, and the water storage test of the restroom, balcony, and roofing.
- 8 Testing raw materials.
- 9 (1) Transfer form of working surface of civil project must be accepted and signed.
(2) Simulation of acceptance and rectification must be conducted before delivered.

Control of Major Crafts

- 10 (1) Entrance threshold and water retaining stone must be wet combining.
(2) External wall stone and facing brick must be installed firmly.
(3) Handrail must be installed firmly.
(4) PE wires of the bathroom socket must be reliably connected to the equipotential line.
(5) Inclined roof tiles must be installed firmly.
(6) External wall hole plugging should meet anti-seepage requirements.

Six provisions for fine decoration: The Group has established a specialized team to take charge of fine decoration, and guides standardized management and control of fine decoration. Furthermore, the Group has also enacted "Six provisions for fine decoration" to improve the quality of fine decoration. The specific requirements are as follows:

| | |
|---|---|
| <p>Transfer of Working Surface of Civil Construction</p> | <p>1 Transfer form of working surface of civil construction</p> <p>Actual measurement and assessment for handover acceptance</p> <p>Occurrence of serious quality issues after handover</p> |
| <p>The Sample Layer for Building Delivery</p> | <p>2 Requirements of the sample layer</p> |
| <p>Simulation of Acceptance</p> | <p>3 Simulation of acceptance and rectification</p> |
| <p>Control of Major Crafts</p> | <p>4 Threshold stone and water-retaining stone</p> <p>Wall and floor tile jointing</p> <p>Installation of under pressure water supply pipe</p> <p>Trepanning on ceramic tile</p> |
| <p>Counterfeit and Poor Quality Materials</p> | <p>5 Counterfeit and shoddy materials/ cheating on workmanship and materials</p> |
| <p>Protection of Finished Products</p> | <p>6 Protection of finished products and semi-finished products</p> |

In order to guarantee implementation of quality redline management system, the Group has determined different inspection methods, like monthly patrol inspection, performing scheduled and unscheduled inspection of the quality redline. The Group draws up and implements rectification plan against project quality issues, and introduces accountability and reward and punishment mechanism, to ensure that overall project quality complies with the Group's standards and meets owners' expectations.

1.2. Innovating Construction Process and Technology and Improving Project Quality

In response to the national macro-policy directions of housing industrialization and green building, the Group innovates actively and progressively to improve core competitiveness and realize strategic objectives of "delicate quality and high speed". Since 2017 is the year of quality management for the Group, it has intensified efforts to promote technologies, characterized by new technologies, processes, materials and equipment. It improves main structure quality fundamentally and minimizes common quality problems, by promoting the SSGF industrialized construction system, prefabricated building, aluminum alloy formwork technology and steel supporting system.

● SSGF Industrialized Construction System

The Group has integrated over 20 kinds of new construction technologies, and independently researched and developed the SSGF industrialized construction system. This system's critical point lies in integrated and in-depth design of building molds and fully interspersed construction, thereby realizing meticulous management and effectively resolving common construction quality issues, such as fissures and leakage in buildings. Since the labor cost is reduced by one-third compared with traditional technology, and construction speed is about twice as that of the traditional construction system. Customers purchase high-quality products at an affordable price, with reduced potential quality hazards. Improving construction efficiency can help meet the major customer demand of moving into new house quickly.



● Prefabricated Building

Prefabricated buildings represent the direction of a new round of scientific and technological revolution and industrial transformation in the building industry. It has not only brought about a transition in the traditional building industry and a major transformation in construction methodology, but also has important measures for promoting supply-side structural reforms and provides strong support for new urbanization construction. The Group actively promotes industrialization of new buildings and boosts construction of an innovation-led country. At present, the Group has developed more than 50 prefabricated building projects in several provinces and cities, like Beijing, Shanghai, Guangdong, Jiangsu, Liaoning, Hubei and Anhui. On November 9th, 2017, the Group was selected as one of the first batch of national prefabricated building demonstration bases assessed by the Ministry of Housing and Urban-Rural Development.



● Aluminum Alloy Formwork

Replacing conventional wooden formwork with aluminum alloy formwork. This approach is characterized by higher formwork precision and site civilization construction, and one-off creation of concrete structure, without the necessity for finishing and repairing. Besides, the installation efficiency is revolving in this process. A set of aluminum alloy formwork is equipped for each building, and it is unnecessary to set up a storage yard for reused materials. It is easier to guarantee clean construction site, and the aluminum alloy formwork can be used repetitively and recycled around 100 to 150 times, thereby reducing costs. Aluminum alloy formwork materials can be recycled, and are more energy-saving and environmental-friendly compared to conventional wooden formwork.



● Steel-sustained System

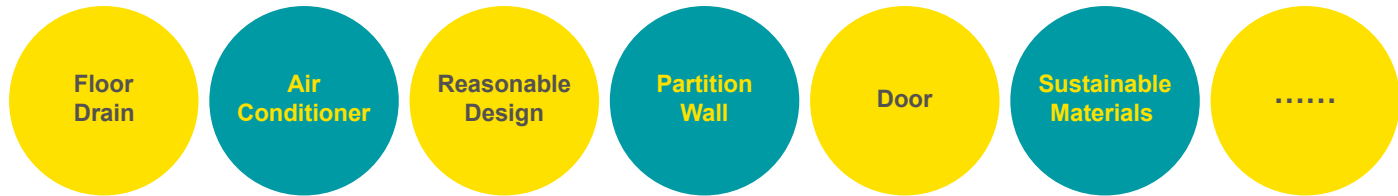
The Group replaced traditional wood beams with a new steel supporting and bracing system to reinforce the formwork. The new steel supporting and reinforcement system is made using cold rolled steel. Compared to traditional wooden beams, the steel backing pile has higher strength grinding and does not deform easily. The concrete is completed one time, thereby reducing necessity for finishing and repairing.



The Group integrates several methods, including the combination of production and research, and the independent research and development. It places a lot of impetus on its design and research institute and R&D center, consistently intensifies research on standard prefabricated buildings and product optimization, while actively exploring application of relevant R&D results. At present, the vast majority of R&D projects conducted by the Group are independent, including several types of works related to building, structure, equipment, assembly process and management, and green building. The Group also actively collaborates with external professional agencies to develop a construction model characterized by innovation and energy conservation. To protect the Group's intellectual property rights, a special position has been set to take charge of patent application assessment and information management, enhance relevant personnel's awareness of patent protection, and protect Group's intangible assets from infringement.

1.3. Pay Attention to House Details and Guarantee Property Quality

The living experience of property owners is a key consideration for the Group. It is devoted to creating the most comfortable house for property owners, by pursuing perfection in every detail, from the floor drains, air conditioners, partition walls, doors, windows, to sustainable materials and technology, and to provide every property owner a five-star home.



The Floor Drain Case

The floor drain case: Yeung Kwok Keung, Chairman of the Group, made many improvements to the floor drain on his own. After six attempts, he eventually managed to design a floor drain that was economical and easy to install.

Common floor drains require many connecting pieces and complicated mold, and bad smell seeps through due to poor sealing between connecting pieces. With a 60mm water seal and one-offmolding of the floor drain components, the volume of water that the new floor drain can hold is four times than that of the traditional one. There are no internal connections, ensuring the amount of living water in the drain and there is no evaporation of water, the drain dries up, and bad smell seeps through. It also ensures rapid drainage, ensuring the floor drain dries up fast. Subsequent maintenance and installation is also simple and quick, and the price is 60% lower than that of the market price.



The Air Conditioner Case

At a particular project site, Yeung Kwok Keung, Chairman of the Group, personally climbed up to the utility access to check an air conditioner vent. He figured out the reason for the excess noise, and managed to reduce it from 40db. to 33db.

The Partition Wall Case

Yeung Kwok Keung, Chairman of the Group, remodeled the Forest City model house 8 times, in an attempt to pursue an extreme sea view, ensuring maximum width, most reasonable layout and convenient lines for the model house.

The Door Case

The Group's design institute selected 6 of the safest, sound-proof and durable doors out of 27 doors, to meet customer needs as best as possible.

Integration of Decoration and Design

Decoration professionals participate in the house type review at the project planning and design stage. They coordinate and provide an interior decoration program, and point out the position of brickwork, water and electricity lines in the building construction drawings, to ensure the decoration work can be conducted optimally. They mark all pipelines, ports and holes in advance, which greatly helps reduce wastage of resources due to improperly planned decoration and building design.

Environmental Protection and Paying Attention to Detail

Materials are strictly selected which meet or even exceed environmental protection standards. For example, the parquets are water-proof and only environmental-friendly glue that has low amounts of formaldehyde is used. Formaldehyde emission of wooden furniture reaches European E1 environmental protection standards.

2. Project Acceptance and Delivery

Following the completion of project construction, regional offices organize and arrange for centralized delivery. Hazard screening is conducted and the property undergoes level by level acceptance inspection prior to delivery, thereby strictly controlling the quality of the property.

Undertaking Inspection Before Acceptance

Prior to project completion acceptance, the Customer Relationship Management Department and the Project Department as well as the the branch of Country Garden Property Management Co. Ltd. forms a team to undertake and perform inspection before acceptance of the common areas and public equipment and facilities, and to promptly deal with any problems that have already been found.

Joint Acceptance by Several Departments

Before centralized delivery of the house, the Customer Relationship Management Department will work together with the Project Technology Department, Design Management Department, Marketing Management Department, Project Department, Legal Affairs Department and the branch of Country Garden Property Management Co. Ltd. to conduct comprehensive internal inspection and acceptance of the house location, functions and standard contract clauses, from the perspective of owners.

Pre-acceptance by the Customer

Before the project owners move in, the Customer Relationship Management Department joins hands with the Project Department and the branch of Country Garden Management Co. Ltd. to help the owners with pre-acceptance, and to promptly resolve any problems that affect the owners, before delivering the houses.

Case

“SHOULOUBAO” App Helps Owners Manage Their House

On December 18th, 2017, the Group launched national unified owner interaction platform named “SHOULOUBAO” App. This App leverages the Internet and the WeChat platform to connect house purchasers with aftersales service. It breaks through the limitations of distance and time, and resolves their information needs for the construction progress, building handover and house acceptance. It also enables them to generate a request for repair, apply for property ownership certificate and help them interact with the developer.






“SHOULOUBAO” App includes two functions – basic functions and value-added services. Basic functions cover building delivering, house acceptance and information inquiry, including online customer service, project queries, delivery appointment, one-click house acceptance, house repair and maintenance and property certificate inquiry. Value-added Services include supporting services such as customer activities, financing and wealth management, travel agent and discount home decoration .



“Nine Steps for Maintaining the Relationship”

The Group attaches substantial importance on interaction and communication with customers, and promotes “Nine steps for maintaining the relationship”, including “return visit within the first week after signing contract”, “designer greet-and-meet”, “mature community visit”, “open day of the construction site”, “visit the showcase of interior decoration technology and components” and “delivery and pre-acceptance”. This build a strong bond with customers and helps actively maintain good communication with them.

Performance of relevant activities involved in the “nine steps for maintaining the relationship” in 2017 are described as follows:

| Return Visit Within the First Week After Signing the Contract | Region coverage | Number of projects involved in the return visit | Number of households who have already signed the contract | Number of households subject to successful return visit | Rate of successful return visit |
|---|-----------------|---|---|--|---------------------------------|
| | 39 | 560 | 255,140 households | 204,007 households | 79.96% |
| Designer Presentation | Region coverage | | Number of presentations conducted |  Number of participants 192,090 people | |
| | 24 | | 51 | | |
| Mature Community Visit | Region coverage | | Number of presentations conducted | | |
| | 13 | | 27 |  Publicity manuscript 1,017 pieces | |
| Open Day of the Construction Site | Region coverage | | Number of presentations conducted | | |
| | 34 | | 151 | | |
| Visit the Showcase of Interior Decoration Technology and Components | Region coverage | | Number of presentations conducted |  Views 711,307 people | |
| | 7 | | 30 | | |
| Pre-acceptance | Region coverage | | Number of presentations conducted | | |
| | 28 | | 150 |  Views 711,307 people | |
| Value-added Fully Furnished Houses | Region coverage | | Number of presentations conducted | | |
| | 18 | | 68 | | |
| House Maintenance and Repair | Region coverage | | Number of presentations conducted |  Views 711,307 people | |
| | 28 | | 90 | | |
| Smart Life | Region coverage | | Number of presentations conducted | | |
| | 10 | | 60 | | |

Case

Construction Site Open Day

For all real estate projects, the Group invites property owners to visit the project site and witness the construction progress. All materials, technologies and construction methods used in the construction as well as the delivery standards are displayed. The group fulfilled the commitment of "Process quality and excellent habitation model" in an open and transparent manner, enhanced the confidence of property owners with respect to the house quality. In 2017, the Group raised the requirements to open the construction site, ensuring that all construction sites are open at least partially or around the clock, enabling property owners to access the designated floors. This project aims to promote the improvement of the project quality and satisfaction degree of project delivery.

In 2017, a total of 151 projects/ bid sections were included in construction site open day activities.

Case

Morning Glory Action Program

In 2017, the Customer Relationship Management Center of the Group proposed the "Morning Glory Action" program – when a customer faces difficulties and seeks help from our employees, then we will make every efforts to resolve the problems, ensure every customer is served properly, and we would showcase the Group's Five-star service quality.

As of the end of 2017, the "Morning Glory Action" program has been conducted at 511 projects across 40 regions nationwide, and overall, 396 promotion conferences have been staged. The aim is to encourage employees to assist customers and actively resolve problems, or else they should refer the customers to the Customer Service Department. This will minimize the culture of passing the buck among employees and improve their awareness of customer services. This program covered 110,000 employees in the Group, and it has been publicized and implemented at the senior management level and in different regions.

Every year, the Group selects "Active Employees" based on the employees' performance of referral. Each region conducts the selection based on specific conditions, to reward active employees who perform exceptionally well in the "Morning Glory Action" program. This encourages all Country Garden employees to cultivate the awareness on active service, actively help customers resolve problems, and to serve customers faithfully.



Themed "Morning Glory Action" program training

In 2017, the Group's Customer Relationship Management Center conducted customer satisfaction survey for the property development business through telephone survey and random checks. The survey covered 60,676 respondents nationwide, an increase of 9,405 respondents when compared to 2016. The customer satisfaction score was 82.0%, up by 6.6% when compared with 2016 when the result was 75.4%.

3. Property Service Quality Management

Country Garden Property Management Co. Ltd. provides property management services, as well as value-added community services, property sales assistance and other services covering critical stages including property sales, delivery and usage. It has created a service system covering the entire life cycle of the community. Country Garden Property Management Co. Ltd. keeps pace with time and the trends in the market. It promotes and applies modern technology into the communities. It has innovated the service model, created a community culture, and developed a "5H service concept" aiming to inject new meaning into the term five-star living.



Country Garden Property Management has a presence in over 700 communities nationwide, and its core competitiveness lies in its professional housekeeping service. Since the launch of Phoenix Butler Service, butler's promotion channels have been clearly clarified. Phoenix butler has been clearly defined as the customer relationship manager, property resources coordinator, community ecosystem constructor and high-quality service promoter, centering on property owners and households. The system provides various professional services in pursuit of degree of owner satisfaction, including:

- **Early provision of butler service:** From the time the house is purchased, property owners can enjoy attentive one-to-one dedicated services provided by Phoenix Butler Service. They can experience face-to-face services from following up with the progress of construction to property delivery.
- **Grid-based service:** The communities are physically divided into independent grids, with a certain number of houses, thereby dedicated butler are only responsible for the service quality and customer experience within each grid. The butler gets acquainted with all property owners within their designated area. The butler maintains a WeChat account and telephone unchanged, so that owners can easily get in touch with the butler whenever the need arises.
- **Phoenix Butler 3.0:** Leveraging the strong Customer Relationship Management (CRM) system, the butlers can quickly dispatch cleaning staff and security personnel to respective houses, ensuring a better service experience for property owners. Relevant value-added services are provided such as the Phoenix Butler Service Station, activity room and reading room, ensuring all the needs of property owners are perfectly satisfied, while paying attention to the details.
- **Country Garden Property No. 1 Service:** The Butler Service is the "No. 1" value-added service of Country Garden Property Management. According to the different needs of property owners, we have launched an effective, practical, caring, innovative and convenient service, and have improved the degree of satisfaction of property owners.

Case

“Customer Service Day”

The “Customer Service Day” is a project of the value-added service festival of “Country Garden Property • No. 1 Service”. It has become a fixed feature of the value-added service festival which includes projects such as property owner visit support, owners’ forum, manager reception day, morning and night greetings, caring for the alone elderly, children’s flea market and nostalgia film festival. The “Customer Service Day” is organized nationwide on the second Saturday of each month.

In 2017, the “Customer Service Day” activity covered 354 projects and more than 3,300 activities were carried out. During the entire year, 38,285 kitchen knives were sharpened, 15,890 small home appliances were repaired, 22,568 haircuts were provided, 10,960 bicycles were repaired, 25,056 pieces of clothes were donated, 23,190 pieces of clothes were mended, 9,790 freemedical consultations were performed, and 8,840 pest control drugs were provided.



Clothes sewing service provided to the customers



Bicycle repair service provided to the customers

Case

Phoenix Selection Provides Delicious, User-friendly, Economical and Safe Products to More Than 3 Million Property Owners and 150,000 Employees Nationwide

Phoenix Selection is a community life service brand belonging to Country Garden Group. Based on the community retails, it employs stringent standards to manage and control the place of origin, technology, raw materials, storage and transportation process of products. It guarantees product safety, eliminates intermediaries so that products are sourced directly from the place of origin, and provides property owners a lot of savings. The program utilizes multi-dimensional sensory indices and scientific standards in product selection, to ensure the products are delicious and easy to use. Furthermore, it provides abundant community service functions and creates a one-stop life service platform that “covers the last 100m of community life”, through many kinds of physical stores and online stores, such as the community store and unmanned stores.



Advertisement of Phoenix Selection

Country Garden Property Management attaches great importance on evaluation of our service quality by property owners. In 2017, Country Garden Property Management made use of the 400 hotline to survey property owners' satisfaction. The survey covered about 150,000 people across the country and received 30,353 effective samples, resulting in a satisfaction score of 89.56%. No major complaints were received by Country Garden Property Management in 2017.

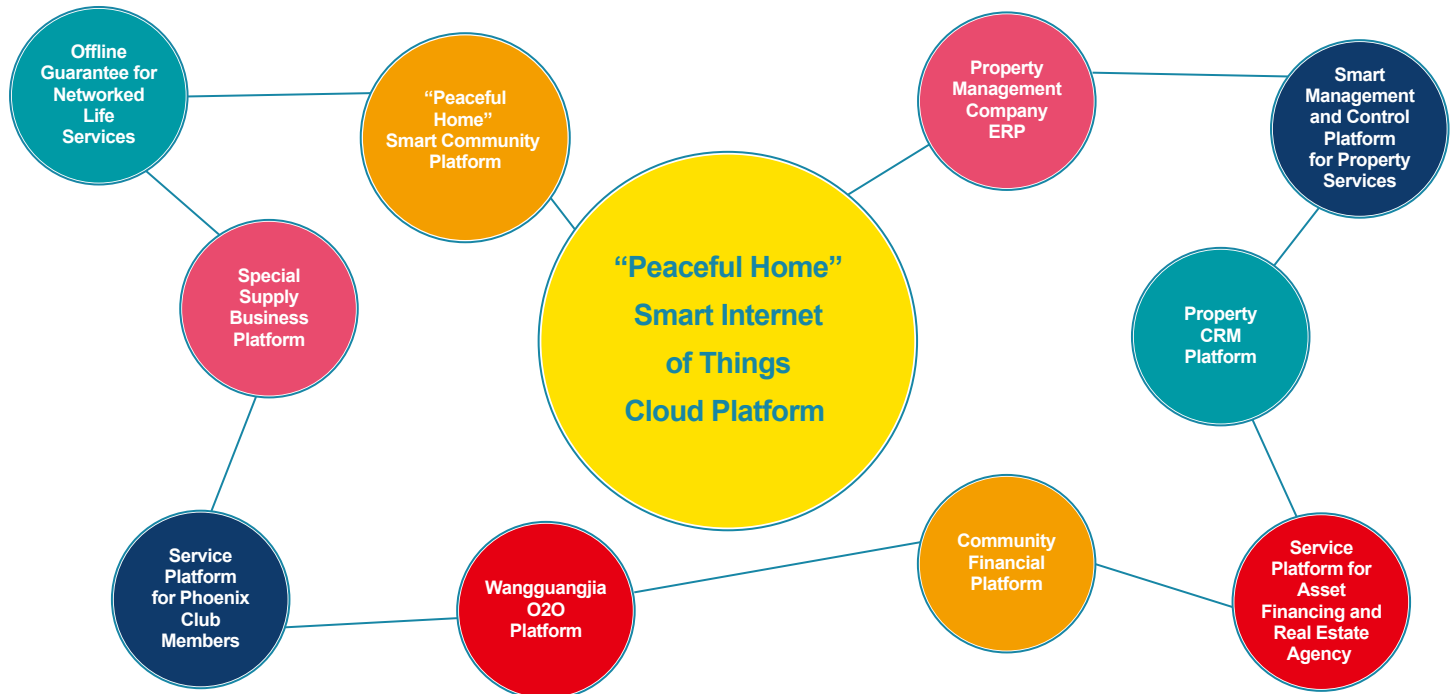
Case Listen and Respond to Comments

Based on the "Listen and respond to comments" program, the property management head office invites property owners to act as mystery supervisors, to verify the practical conditions of the property services from the perspective of property owners. They grade the property services facility management as well as soft services based on their own living experience. The program was implemented in January, 2017 and the circular on implementing the "Listen and respond to comments" program was officially released on February 10th, 2017. The program covered 37 areas and 210 projects where the buildings had already been handed over to property owners, and had residents. More than 300 owners from across the country were invited to participate in the program.

Program Results:

- Highly appreciated by property owners and evaluation score given by owners increased gradually.
- Regions and projects drew greater attention, and efforts were focused on rectifying problems at the site, self-assessment and remedial measures. For example, the project pushed "A letter to the owners involved in the listen and respond to comments program" activity, ensuring the property owners involved in the program were kept up to date with the actions and remedial measures taken, thereby enhancing property owners satisfaction degree.

Country Garden Smart Community Ecosystem: In response to the national strategic smart city development program, Country Garden Property uses information technology and intelligence as a two-pronged approach to create a smart community and is actively deploying a smart ecosystem. Country Garden Peaceful Home bases on the Internet of Things (IoT) and Cloud technology, and leverages the smart community platform to integrate smart systems like the community access control, parking, calling, cloud intercom and security systems and products like the smart home and hardware, ensuring safe, convenient and smart life and services for property owners, and shares the value of community and platform with all stakeholders.



4. Hotel Management Service

Country Garden Hotel Group upholds the service concept of "working with an enthusiastic smile and always aiming for perfect". This service concept is deeply rooted in the 4+N service system – continuously optimizing the service process, increasing service efficiency, improving service details and effectively consolidating service quality, contributing to bring highly efficient, considerate, comfortable and pleasant living experience for all guests.

Service quality supervision through return visit system: The Group conducts a bi-monthly return visits based on member complaints and feedback. It prepares a return visit report about guests' satisfaction degree and sends it to the member management group. This helps personnel in charge of relevant hotels to learn about the quality of daily services and customer compliant disposal.

Service quality supervision through public review management system: The Hotel Group's Operation Management Department collects negative feedback of the customers from the whole Internet through all channels. It then compares the scores with comparative enterprises, compiles an analysis report to guide the hotel in improving services.

In 2017, the Hotel Group surveyed customers' satisfaction degree through telephone interviews and face-to-face interviews. Totally **98,652** guests participated in the survey and the satisfaction degree score was **97.5%**, up by **0.1%** compared to the previous year when it was **97.4%**. No major complaints were received by the Hotel Group in 2017.

5. Customer Complaint Handling

The Group takes into account customer opinions and listens to their views with an open mind, to better learn about customer expectations and demands, and to improve property and service quality.

| Real Estate Development Business | Property Management Service | Hotel Management Service |
|---|---|--|
| <p>Customer complaints and opinions are collected by the Group through channels, such as the 400 hotline, regional customer complaint hotline, project customer service manager at the site and the maintenance engineer. After receiving customer complaints or opinions, the call center transfers these complaints to the regional manager responsible for complaints. After receiving the complaint, the manager will then investigate and provide feedback to the Group. Thereafter, the relevant call center personnel would call the customer again to ensure the complaints have been properly resolved before closing the complaint.</p> | <p>The Property Management Group has setup 400 customer communication centers to handle complaints filed by property owners around the clock. It receives customer complaints and comments through various channels, such as the housekeepers, property service center front desk and the Phoenix Club App. After the system classifies the comments and complaints, it designates them to the appropriate personnel; such personnel must respond to the property owners/ customers within 1 hour after receiving comments/ complaints and transfer the complaints to the relevant responsible business departments. After receiving the complaints, the responsible business department handles them without delay, and informs the property owner/ customer of the resolution within 24 hours. In case of incidents that require comparatively longer resolution time, the business department regularly informs the property owner/ customer of the progress. The customer service personnel pay a visit to the complaint incident site within 48 hours and ensure that property owner/ customer complaints have been properly resolved.</p> | <p>Customers can submit their complaints through various channels such as the Group's 400 hotline and the Guest Service Center in the hotel lobby. According to the requirements of the Group, the hotel should propose a solution for the customer complaints on the same day; pay return visits to the customers, investigate the problem in order to ensure that the complaints are appropriately resolved.</p> |

6. Customer Information and Privacy Protection

The Group strictly complies with regulatory requirements as per the Network Security Law of the People's Republic of China. It has included customer confidentiality clauses and systems in the Administrative Measures for the Use of Information System to standardize the customer information management. It cultivates employees' awareness of customer confidentiality and privacy through diverse training and activities, and imposes punishments for violation of the customer confidentiality clause .

The Group has established a professional information security management team to manage the information output, and protect customer information stored in the online system by limiting the access to the system. Employees are only permitted to access property owners' information within the scope of their access rights. Information beyond the scope can only be accessed after review and approval by the management. With respect to offline customer information, the Archives Management Department will keep custody of all hard copies and papers, and access to such materials is only possible after review and approval by the management.

7. Responsible Promotion and Marketing

The Group strictly conforms to the laws and regulations and industry standards such as the Advertisement Law of the People's Republic of China. Information and materials used in advertisements, promotions and for publicity are made public only after the assessment of their legitimacy, authenticity, factualness and accuracy. It is strictly forbidden to release any fraudulent or misleading publicity information and materials, to safeguard the legitimate rights and interests of customers effectively.

Sales risk assessment before quotation release: After the project construction is completed, the Customer Relationship Management Department will check the sales risk before releasing the quotation, and perform risk analysis from several dimensions, such as on-site display, model house and customer experience, to avoid the over-commitment in the course of customer sales.

8. Diversified Business Innovation

The Group abides by the tenets of responding to the call of the nation, and in improving the life experience of property owners. It vigorously explores new business projects such as the long-term rental apartment BIG+ Country Garden International Community, industry and city integration project, and is committed to bringing a better life experience for customers and owners.

Case

Encouraging Both House Purchasing and Renting – BIG+ Country Garden International Community

In response to the government's spirit of encouraging both house purchasing and renting, advance the stable development of long-term rental business and contribute to the housing system by simultaneously developing the rental and purchase business, the Group officially released its long-term rental apartment brand "BIG+ Country Garden International Community" on December 20th, 2017, and signed strategic agreements with over 30 cooperation units. This move is aimed at creating an dream charging station for the urban youth who are full of dreams and aspirations, and to develop 1 million sets of long-term rental apartments within three years.

The Group has positioned the "BIG+ Country Garden International Community" as the "urban dream charging station", and has created the "BIG+ Entertainment Circle" to make life more colorful, and to help the youth refresh themselves. The Group has defined the standard for long-term rental apartments as a powerful ecosystem, integrated diversified services such as dwelling, property, finance, commerce, entertainment and health, and provided diverse entertainment experience across several regions and business types.

Following the establishment of the Long-term Rental Business Division in May 2017, the Group initiated 15 projects in first-tier or second-tier cities such as Beijing, Shanghai, Guangzhou, Shenzhen and Xiamen. The first long-term rental apartment project of Country Garden was officially put into operation in Shanghai at the end of 2017.



Showroom of BIG+ Country Garden International Community



Launch ceremony of BIG+ Country Garden International Community

Case

Industry and City Integration – Country Garden Sci-tech Town

Country Garden Sci-Tech Town practices concepts of new urbanization and drives innovation. Its core design ideas are mainly reflected in industry and city integration, three-dimensional city and multi-dimensional ecological landscape system. It is building an industry development platform, based on heavy assets. Currently, the Group has completed the preliminary layout for several sci-tech towns in the Pearl River Delta, Yangtze River Delta and Beijing-Tianjin-Hebei Region, and has established strategic cooperation with over 30 famous organizations in China and overseas, such as the Silicon Valley giant Cisco, Tsinghua University and the Integrated Research Center of Chinese Academy of Sciences, to establish an ideal development platform for made-in-China products.

The Group's first innovation town project, Tonghu Sci-tech Town, commenced construction on May 17th, 2017. Situated in Tonghu Ecological Knowledge District in Huizhou, the Town is expected to become a world-class innovative industrial cluster, taking the lead in realizing integration of urban functions, transportation, supporting facilities and services around Shenzhen.



Tonghu Sci-tech Town artistic impression



Photo of Tonghu Sci-tech Town



荣获2016-2017年碧桂园集团第二届阳光公益单位
沪苏区域 湖北区域 湖南区域 顺茵公司 山西区域
佛肇区域 江中区域

荣获2017年阳光公益单位的名单

物业公司 广东腾越公司 酒店公司 江苏区域
惠深区域 粤东区域



希望社会因我们的存在而变得更加美好

CORPORATE GOVERNANCE AND INTEGRITY DEVELOPMENT

沪苏区域 西北区域 江中区域 湖北区域



Corporate Governance and Integrity Development

The Group strictly complies with laws, regulations and policies related to corporate governance. It has established standard corporate governance architecture and management rules, and is devoted to preserving an efficient risk management and internal monitoring system to consistently improve the corporate governance level. The Board of Directors hold a minimum of 4 meetings annually, to assess and consider the various activities to be performed by the Group, and to evaluate and approve the Group's interim and annual performance.

1. Internal Control and Supervision Mechanism

The Group has established a risk prevention-oriented internal control and supervision mechanism. As a special agency responsible for risk control, internal audit and supervision inside the Group, the Risk Management, Audit & Supervision Center independently audits the internal operational and financial processes, supervises, reports and handles any violation of integrity and ethics, and has built a risk management and control system to mitigate risks in operations management.

The Group has established an internal control self-assessment mechanism in its integrated risk control system. It has appointed an internal control coordinator to comprehensively coordinate employee training, and to ensure each department's employees participate in the internal control testing. In this way the Group can discover and rectify general defects or management problems in a timely manner, and realize continuous improvement of internal management. The internal control self-assessment is conducted as per the following processes:



The Group's Audit Department regularly assesses and evaluates fraud risks in critical fields and processes, and considers fraud risk controls as the evaluation basis of the standard audit program. The Department pays close attention to these controls in the course of regular or special audits, and transfers suspected fraud information discovered in the audit process to the Group's Supervision Department in a timely manner for further investigation and resolution.

2. Integrity and Anti-fraud Management

The corporate culture of integrity, compliance with laws and regulations, honesty and self-discipline are the foundations of the Group. The Group upholds its value of “To shape a prosperous future through our conscience and social responsibility awareness”, and consistently revises and implements relevant systems for integrity development. The Group consistently improves management and control measures and executive power for internal risks, reinforces integrity publicity and education among employees, so as to improve the alertness of employees for corruption incidents, creates a good approach to combat corruption and uphold integrity from top to bottom inside the Group, and is building a prosperous enterprise. In 2017, there were no anti-corruption lawsuits or cases that were filed against the Group or its employees.

System development and training: The Group attaches importance to integrity development, and requires all new recruits and managers to participate in the integrity culture training organized by the Group. It has also established a series of employee behavior ethics and norms to consolidate the internal integrity culture.

Administrative Regulations for Conflict of Interest of the Group Employees

Specify the scope of conflict of interest, application process and punishments of relevant employees who have failed to apply the same according to the provisions.

Administrative Regulations for Fulfilling Occupational Behaviors of Group Employees

Reinforce supervision, and restrain and standardize occupational behavior of company employees. Define employee behavior that is strictly forbidden by the company based on relevant aspects such as conflict of employee interest, solicitation or acceptance of bribes, encroachment, appropriation and arbitrary disposal of company properties, financial funds, engineering project, bidding and tendering and procurement, marketing plan, information confidentiality, human resources, seal preservation, dereliction of duty, misconduct in the workplace, and determine the provisions for the investigation and punishment.

Measures for Pursuing Responsibilities for Violation of Regulations and Discipline by Group Employees

Define the disposal method of the Group to pursue responsibilities, complaints investigation and complaint handling process, and clarify the punishment rules according to the type of case and degree of misconduct.

Provisions in the cooperation agreement: When the Group executes a procurement contract, construction engineering contracting contract and project cooperation agreement with external companies, these companies should concurrently sign relevant integrity cooperation agreements, such as the Letter of Inquiry about the Prosperous Cooperation and Instructions for Integrity on Cooperation with Country Garden Suppliers, to prevent and restrain illegal behavior such as the acceptance of commercial bribes, and to standardize the cooperation relationship and realize joint development with cooperation partners.

Reporting and investigation: The Risk Management, Audit & Supervision Center of the Group has established an exclusive email and telephone hotline as the reporting channels. It collects complaints and comments of stakeholders, such as the employees, customers and cooperating partners. Following receipt of such reports, Risk Management, Audit & Supervision Center applies strict confidential measures on the identity of the informer and the content of the reporting, and investigates the facts reported. If the reported person is found to violate the regulations and discipline after investigation, the Group will reprimand and/or demote such person, record a demerit or terminate the labor contract, and recover economic losses suffered by the Group from such person according to the Measures for Pursuing the Responsibilities of Violation of Regulations and Discipline by Country Garden Group Employees. Any employee who violates laws and regulations will be handed over to the public security bureau. Based on the principles of openness and fairness, the Group will notify the informer of the case investigation result and announce the result publicly on the Intranet regularly.

Case

The Second Sunshine Cultural Festival

Yeung Kwok Keung, Chairman of the Board of Directors of Country Garden Group, said “If an enterprise does not operate with integrity, it will not go far.”

The Second Sunshine Cultural Festival held by the Group in 2017 was themed on “The right path leading to a better future”. The aim of the festival was to carry forward the working principles of integrity, compliance with laws and regulations, honesty and self-discipline among employees and pool their positive energy for the company’s development and social progress. At the opening ceremony of the Sunshine Cultural Festival, Yeung Kwok Keung, Chairman of the Group, stated that, “Corruption is the worst deal you would ever make in your lives”. He advocated that all employees of Country Garden should achieve success through their own efforts under the premise of honesty and integrity and compliance with laws and regulations, and that corruption or unlawful acts are strictly forbidden by the Group. Furthermore, the Group awarded the “Sunshine Company” and “Sunshine Award” at the opening ceremony and broadcasted a micro-video titled “An Unwavering Battle” about combating corruption and upholding integrity. The Group also initiated a bell ceremony to keep ringing the alarm bell to prevent violations, and showcased its resolution to form a corporate culture that combats corruption, upholds integrity and sticks to the right path for employees. This sunshine cultural festival covered several fun activities, such as the “Super Speaker” contests, “Who’s Still Standing” cultural knowledge contest, and advocated “living healthily and working happily” to build a positive enterprise culture.



Yeung Kwok Keung, Chairman of the Group, made a speech at the Second Sunshine Cultural Festival themed “The right path leading to a better future”



“Who’s Still Standing” cultural knowledge contest

Case

2017 China Enterprise Anti-fraud Alliance Annual Conference

On June 19th, 2017, the 2-day "2017 China Enterprise Anti-fraud Alliance Annual Conference" themed on "Keep together, sharing and win-win" was conducted in Shunde, Guangdong. Over 200 representatives from various businesses participated in the conference. As the rotating chair organization for this annual conference, Country Garden assisted the alliance in conducting the following tasks during the year:

- Remain true to the original aspiration, attract excellent members to join the alliance and improve the alliance's social influence.
- Upgrade anti-fraud mechanism and expand the scope of sharing of information about dishonest suppliers.
- Intensify efforts on anti-fraud technical training and explore anti-fraud professional competence certification.
- Organize the creation of an anti-fraud case base.
- Create an early-warning fraud risk repository index system.
- Publish the industry fraud report whitepaper.



Established on June 19th, 2015, the China Enterprise Anti-fraud Alliance was initiated by benchmark enterprises of several industries, such as Country Garden, Alibaba, FOSUN, Midea, SF Express, Vanke and CIMC. The Alliance aims at assisting enterprises to develop an anti-fraud system and undertake related measures through innovation and cooperation. It promotes resources and information sharing, and provides a platform for enterprises to exchange anti-fraud experiences, boosting the development of an honest and fair business environment and helps curb corporate fraud. So far, the Alliance has presence in over 20 provinces (cities and autonomous regions) nationwide, covers over 2 million enterprise employees, and plays a leading role in national corporate anti-fraud initiatives.



VALUE CREATION FOR ENVIRONMENT



Value Creation for the Environment

With rapid economic development, there is intense pressure on the environment. The Group is deeply aware of its environmental responsibilities and has actively introduced a sustainable operating model to minimize the negative influence of business development on the environment. We also make full use of its professional abilities, promote green building and sustainable urban space, and pool forces to collectively cope with environmental issues such as global climate change.

The Group practices a strategy of green and low-carbon development and strictly complies with environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China, and consistently perfects its environmental management system. The Group has reinforced its responsibilities towards environmental management, explores effective means to protect the environment, and aspires to build a resource-efficient and environmental-friendly enterprise.

1. Environmental Protection Strategy

The Group integrates green and environmental protection concepts into its business planning and daily operations. Currently, the main environmental management strategies include:



2. Environmental Protection System

Based on the macro policies and its own business development, the Group reviewed and further revised its environmental protection management system in 2017. The Group defined the environmental management and supervision functions for the headquarters and the business divisions. It created integrated environmental management requirements and working guidelines for project construction, design, material procurement, property operation and daily office work, to comprehensively improve the environmental management capability of the Group, fulfill environmental obligations and build a green corporate culture.

3. Environmental Protection Practice

3.1. Green Building and Construction

In response to the requirements set forth in the Green Building Action Plan released by the Ministry of Housing and Urban-Rural Development of the People's Republic of China in 2016, the Group has placed great emphasis on developing green and low-carbon buildings. It has also explored the design and development of building industrialization and product manufacturing as well as its home interior decoration services, aiming at lowering resource consumption, protecting the environment and reducing pollution as much as possible, within the full life cycle of the building.

With respect to green building, the Group acts according to circumstances in combination with project positioning and customer demands. It asks several departments to collectively assess and evaluate the project design from the perspective of low consumption, environmental protection and high efficiency, to realize coordination and harmony between building construction and the natural environment. The Group actively promotes green building ratings and has created green benchmark projects. As the Group's signature green buildings, the Group's headquarters building, Forest City in Malaysia, and Tonghu Sci-tech Town are built. These projects have adopted design ideas of three-dimensional cities, integrated vertical greening and multi-dimensional ecological landscape, and have applied renewable energy, intelligent equipment and LED lighting systems, to achieve the target of green construction.

In 2017, the Group further deepened exchange and cooperation with professional institutions, such as the Institute of Building Sciences, and collectively researched on key technology for green building that is suitable for the Group's standardized projects. The Group is devoted to comprehensively advancing and improving the application and promotion of land, energy, water and material conservation and environmental protection technology in urban construction.



Case

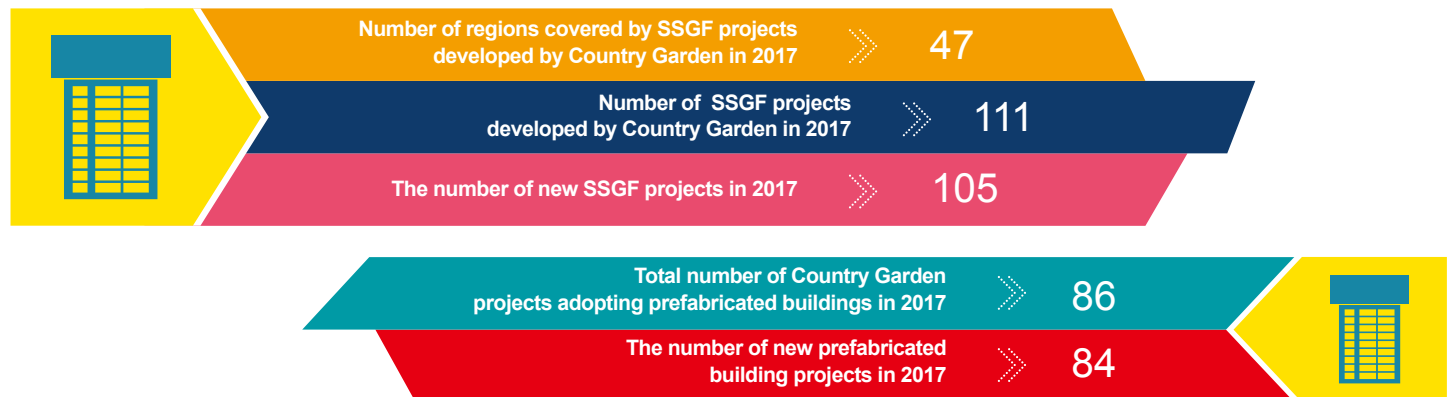
Tonghu Sci-tech Town

As a benchmark sci-tech town project, the Tonghu Sci-tech Town employs a hierarchical three-dimensional city design. The two underground floors are used as traffic and parking space, while the space at the ground level is used to build a park. The project comprehensively adopts vertical greening and a multi-dimensional ecological system, and explores a development path for an eco-city, and a smart park, community and city.

As a typical example of green buildings, prefabricated buildings is the only way to realize "green transformation" of the building industry. The Group has actively responded to national policies on prefabricated building over the past two years. It has optimized the standard construction system, improved integrated design capability, enhanced the technological system and construction technology and methodology, and has stimulated the integration between green buildings and prefabricated building. In 2017, the Group was included in the first batch of National Prefabricated Building Industry Bases.

- **Operating procedure:** The Group's Design and Research Institute will participate in the compilation of the national industry technology specification, namely the Standards for the Application Technology of Precast Concrete Facade Panel (JGJxx-201x). This standard is one of the most authoritative technical standards in the Chinese prefabricated building industry.
- **Design capability:** The Group's New Technology Research Department increased its inputs on the implementation of architectural industrialization technology across the industry chain ranging from project planning, design, production and construction. It has enhanced BIM software development and application, and comprehensively promotes green building and smart building technology.
- **Construction technology and method:** Based on four core ideas of "Sci-tech", "Safe & Share", "Green" and "Fine & Fast", the SSGF industrialized construction system integrates over 20 new construction technologies, thereby realizing construction characterized by fine quality, high speed and low energy consumption. It has thus become an effective solution for the Group to cope with new assembly and building industrialization.

The SSGF industrialized construction system makes it possible to shorten the construction period by 8-10 months, and the innovation in construction technology has remarkably improved the ecological and environmental protection benefits. Based on a built-up area of 10 million m², it is estimated that a project adopting the SSGF system can save 396,000m³ of timber, 288,000 tons of water, 257,700 tons of cement and 725,000m³ of sand, when compared to traditional technology. In this way, SSGF has realized the objective of safe, sustainable, green and environmental-friendly, high quality and highly efficient construction.



Case

The First Prefabricated Building Project of the Group – Shanghai Pudong Xingzuo

The Pudong Xingzuo project is located at Nanhui New Town, Pudong New District, Shanghai. The project adopts several green building technologies and measures such as prefabricated construction, integrated design of civil engineering and decoration, permeable flooring, and highly efficient and water-saving irrigation technology. As the Group's first prefabricated construction project, Pudong Xingzuo has passed the Two-star review of green building design, and has contributed to sustainable development of the real estate industry through practical actions.

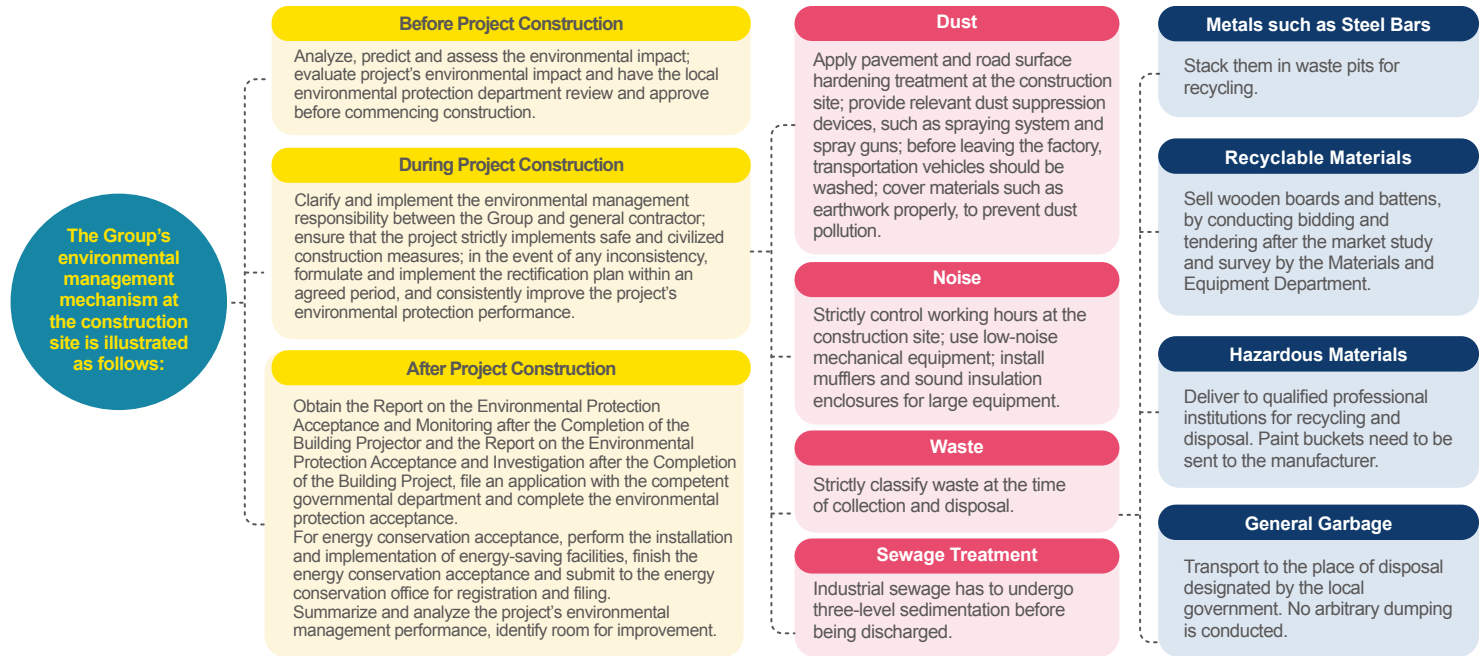


Number and Built-up Area of the Group's Green Building Projects In 2017:



3.2. Green Construction

In 2017, with the release of 10 national environmental protection measures related to the atmosphere, water and soil, comprehensive environmental protection, many provinces and cities have commenced supervision on environmental protection, and have issued ban on construction. In order to effectively manage the environment of construction site, the Group formulated and implemented management methods for safe and civilized construction and standardized approaches. It reinforced project supervision and management, assured compliance with environmental protection requirements as per law, regulations and contracts, and minimized the negative impact of construction on the natural environment.



3.3. Green Operation

The Group's property and hotel management businesses consider greenness and environmental protection as major operational targets. The Group actively promotes various kinds of energy conservation and renovation, practices energy-saving and cost-reduction measures, and is committed to providing property owners and customers with a green, healthy and high-quality living experience.

In accordance with the provisions in the "13th Five-year Plan" released by the Ministry of Housing and Urban-Rural Development of the People's Republic of China, the Group's property division promotes green operation and has actively encouraged green property development. During the course of the project's daily operation, resources and energy conservation management are strengthened, management duties from the headquarter to the Project Construction Department are defined, the energy conservation and environmental protection performance of different projects are regularly assessed and clear accountability is introduced. A reward and punishment mechanism is also implemented to attain the environmental protection targets of the project.

With respect to energy consumption management, the Group is gradually replacing old lamps with LED lights, optimizing the inductive switch control system and is promoting energy conservation transformation of elevators and air conditioners, in order to reduce waste and improve power consumption efficiency. With respect to water conservation, the Group has completed recycled water supply construction for the projects and has employed automatic sprinkling irrigation system, while reinforcing supervision and maintenance of water supply pipelines, thereby effectively avoiding wastage of water resources by water leakage or seepage.

The Group's property management division has introduced classification dustbins to the projects, and continues to popularize garbage classification knowledge among property owners, improving the degree of emphasis and enthusiasm of property owners. In this way, the Group is establishing and implementing national environmental protection measures for garbage classification and recycle. Furthermore, it has also sets up old clothes collection boxes to recycle and reutilize old clothes.

The Group's hotel management business also regards greenness and environmental protection as one of the management principles, reinforces its energy and resources management, and actively promotes green and healthy travel and leisure activities for guests. In 2017, the hotel management business collaborated with Happy Ding Dong, an electric car-sharing platform, to establish an independent station in the Country Garden Phoenix Hotel, enabling guests to utilize the car-sharing service and meet their self-driving needs. Both parties will join hands to create a green and environmental protection plan for tourism, accommodation and travel requirements. Happy Ding Dong intends to establish stations and arrange vehicles based on the passenger volume of Country Garden Phoenix Hotel, travel habits of the guests and surrounding population density. It will leverage the Hotel as a hub, and promote its service in the surrounding community, enabling hotel guests and neighborhood residents to enjoy the convenience of ride sharing.

3.4. Green Office

The Group advocates green and environmental-friendly working style. It implements several energy-saving and cost-reduction measures, encourages employees to commit to green and environmental-friendly behavior, in order to create the culture of green office.

Energy and Water Resources Management

- Strictly monitoring electricity and water consumption of the office area, promptly analyzing reasons for abnormal consumption, and formulating and implementing improvement measures.
- To maximize lighting efficiency, the Group makes full use of sunlight and keeps lighting equipment clean.
- To put an end to energy wastage, the Group implement provisions requesting to turn off lights before leaving, dispatching specially assigned personnel to inspect areas in different floors every night.
- Selecting and purchasing the energy-saving electric appliances and electronic equipment.
- Solar energy equipment is installed on the top of Group's headquarters building, covering an area of 220m². Since it was put into use on October 1st, 2013, it consistently provided hot water to the swimming pool and dining hall.
- An intelligent control system is adopted for the lighting of public corridors inside the headquarters, which provides scene function control, timing function and the mobile infrared sensor. There are four scene modes – daytime, night, late night and sleep. Energy can be saved effectively by changing the modes.
- Encouraging employees to take stairs and reduce usage of the elevator.
- Encouraging employees living within 1 km to walk to work, establishing employees' car-pooling groups, introducing car-sharing or bike-sharing services, and encouraging employees to the green travel mode.



Case

Improvement in the Lighting System of the Underground Garage in 2017

In 2017, 796 LED tube lights in the headquarters' underground parking garage were replaced with T8 sensor-based LED tubes. The always-on LED tube lights consumed 13W of power each, while the T8 sensor-based LED tube lights will turn to the energy-saving mode automatically when they sense that no vehicles or people are present, and only 3W in the energy-saving mode, thereby reducing electricity wastage and prolonging the service life of the light.

Conservation of Paper and Other Resources

- Actively promoting and upgrading the information-based office and training platform for various businesses, reducing consumption of natural resources like paper at the same time.
- Utilizing video conferencing facilities to replace some business trips, thereby reducing greenhouse gas emission caused by business trip travel.
- Maintaining office equipment regularly, so as to prolong their service life and increase resource utilization.
- Reducing the number of stand-alone printers, setting printing on both sides as the standard configuration and minimizing consumption of paper in the office.
- Using paper certified by the Forest Stewardship Council (FSC) for printing business cards.

Waste Disposal

- Non-hazardous office waste: collecting and transporting it to the sanitation station for centralized processing every day.
- Kitchen waste: classified collection, daily disposing it and processed by the specialized corporation.
- Used toner cartridge: collected and recycled by the supplier of the toner cartridge.



Courier bags recycled and used as garbage bag by the cleaning staff

Case

Turning "Waste" Into Wealth – Recycling Courier Bags

Following the principle of greenness and environmental protection, the cleaning staff of the headquarters collect courier bags while disposing daily waste, flatten and segregate as per size into big, medium and small. These bags are cut and used to replace the black garbage bags. This move is expected to reduce the consumption of at least 30,000 garbage bags for the Group in a year and realizes recycling of courier bags.

3.5. Green Environment

The Country Garden headquarters building's afforest room made full use of space inside and outside the building for greenery. It expanded afforest room with vertical greening, multi-level group formed greening group, and climbed and twined vine, thereby expanding the green space and increasing green coverage ratio of the building to the fullest extent possible. In 2017, the green coverage area of headquarters building (including the canopy area of plants and actual area of vines climbing plants) reached 27,660m², providing employees with a cool and comfortable office environment.



The Country Garden headquarters

3.6. Promotion of Environmental Protection

The Group is deeply aware that environmental protection requires joint participation of society, and is thus devoted to making full use of its own resource to convey the ideas of greenness and environmental protection to all stakeholders such as employees, property owners and suppliers. The Group's headquarters and business divisions organize diverse environmental protection activities regularly to improve stakeholders' awareness of environmental protection, encourage them to practice green behavior in their daily life, and join hands to realize green and sustainable development.

To Employees

The Group regularly conveys environmental protection knowledge to employees through several channels. It put up signs and warm tips to remind employees to conserve water and electricity.

To Property Owners

Property owners are encouraged to take part in the environmental protection actions through various community activities, such as garbage classification, saving water and electricity. In 2017, the Group's Property Management Company organized nationwide communities to participate in the World Wildlife Fund's (WWF) "Earth Hour" activity, which requires people to turn off unnecessary electric lamps and power-consuming products for one hour, to fight against climate change. The "Earth Hour" activity was widely accepted by most property owners and more than 10,000 households nationwide participated. We intend to avail of this opportunity to invite people to experience the benefits of energy conservation, reinforce environmental protection awareness and practice sustainable living.



To Customers

As an active practitioner of low-carbon and environmental protection ideas, the Group's hotel division has participated in the "Earth Hour" public benefit activity for many years. On March 25th, 2017, the hotel division collaborated with its subordinate hotels to arrange the activity with the theme "Join Hands to Create the Blue & Our Future Together". During the one hour turned off period of unnecessary lighting equipment, guests at the hotel were invited to join the "Cocktail Party of Low Carbon Life for Our Future", where the "Earth Hour" activity and environmental protection measures of the hotel were introduced to customers. The event helped to promote a green and low-carbon work and lifestyle, and attracted more than 5,000 participants.



"Earth Hour" Activity Arranged by Different Hotels in 2017



"Earth Hour" Activity Arranged by Different Hotels in 2017

3.7. Key Environmental Performance data

Based on the requirements stipulated in the ESG Guide released by HKEX, the Group continued to collect and conduct statistical analysis of environmental data in 2017. Compared to the data of 2016, we further improved the data collection capability based on the following three aspects in 2017, assuring the accuracy and consistency of data, and satisfying the increasing expectation and requirement of stakeholders for the Group's sustainability performance.

- **Organization structure of environmental data collection:** In 2017, the Group further defined three-level data collection and reporting channels – headquarters-region-project, as well as defined the person responsible for data collection on different levels.
- **Training on environmental data collection:** The person responsible for data collection in different areas in the real estate division was given special training on environmental data collection, compilation and environmental data reporting guidelines, the FAQ list and manual, to assist in understanding the connotations of data items and data collection requirements, and to improve data collection capability.
- **Environmental data collection template:** This is a data collection template designed to enable the person responsible for data collection to understand each data point and fill in the appropriate data, thereby guaranteeing the accuracy and consistency of environmental data.

For key environmental performance indicators of the year 2017, please refer to the Overview of the Group's Sustainable Development Performance in Appendix I hereof.

A photograph of a person wearing a red vest over a white long-sleeved shirt, standing in front of a window. The window has a metal grille on the left and a glass pane in the center. The glass pane is covered with several sheets of white paper, some of which are crumpled or torn. The person is looking towards the right side of the frame. The background is slightly blurred, showing an outdoor setting.

**VALUE CREATION
FOR SOCIETY**



碧桂园志愿者
Country Garden Volunteer

碧桂园志愿者
Country Garden Volunteer

佛冈特产
佛冈特产
佛冈特产

Value Creation for Society

“

My past makes me understand how important knowledge is. Knowledge can change our destiny. Knowledge is the best tool to combat poverty. Only by possessing knowledge, can we change the destiny of an individual or even the country. Survival and development of human beings, prosperity and development of a country, and social civilization and progress rely upon knowledge and wisdom.

Yeung Kwok Keung, Chairman of the Board ”

Adheres to the core corporate value “To shape a prosperous future through our conscience and social responsibility awareness”, Country Garden Group actively undertakes corporate social responsibility. Yeung Kwok Keung, the Chairman of the Board of Directors comes from a poor family, and managed to finish school with the help of receiving scholarship provided by the government. Over a period of 26 years since it was founded, the Group has consistently implemented national policies of “remaining practical and realistic, acting according to circumstances, giving different guidance to different categories of enterprises, and performing targeted poverty alleviation”. Under the leadership of Yeung Kwok Keung, the “Guoqiang Public Welfare Foundation” was established as a poverty alleviation platform, and this foundation has consistently increased its donations towards social public welfare undertakings with respect to poverty alleviation through education or industrial development, as well as disaster relief and so on. In 2017, the Group donated an amount of RMB792 million for charity and public welfare.

1. Rejuvenate the Country Through Education and Attain Great Success

In 2017, the Group continued to provide underprivileged families and students with appropriate aid, so that they could change their destiny through knowledge, confidence and strong values.

1) Zhongming Fellowship for College Students

Zhongming Fellowship for College Students was established by Yeung Kwok Keung in the beginning of 1997. Yeung has consistently donated RMB1 million (which was increased to be RMB2 million from 2006) to this grant on an annual basis, to support impoverished college students from 19 colleges and universities in Guangdong to finish their education.

“Benefiting from and repaying society, and passing down love from generation to generation” is not only the original aspiration and purpose of establishing the Zhongming Fellowship for College Students, but also the cornerstone behind its continuous development and popular support. Since the Zhongming Fellowship for College Students was established, impoverished students who receive financial assistance are required to execute a “moral contract”, undertaking that, if possible, they will repay the grant to assist more people in need. Today, most Zhongming Fellowship students who have received financial support have managed to repay the grants and even set up new grants, to pass down the love.

The year 2017 witnessed the 20th anniversary of the Zhongming Fellowship for College Students. For a period of 20 years following its establishment, a total of **9,664** impoverished but excellent students have received financial assistance. **533** undergraduates were granted annual financial assistance at the 2017 Zhongming Fellowship award ceremony and 20th anniversary celebration, held on November 19th, 2017. So far, over **RMB2.7 million** of grants given to impoverished students have been repaid.



Zhongming Fellowship supported us during the most difficult time, more importantly, it brought warmth and love to our thawing mind. Zhongming Fellowship is our spiritual homeland.

- A speech by Cao Xinan, family member of the Zhongming Fellowship awardee

“Zhongming Fellowship offers us material and spiritual support. When we succeed in the future, we will surely repay society and pass down the love from generation to generation.”

-A speech by Li Lanyu, a student from Lingnan College of Sun Yat-sen University, on behalf of 2017 Zhongming students.

2) Guohua Memorial Middle School - a Charitable and Free Full-time Boarding School

In 2002, Yeung Kwok Keung, the Board Chairman donated RMB260 million to establish the Guohua Memorial Middle School in Shunde District, Foshan, a charitable and free full-time boarding school. Guohua Memorial Middle School is dedicated to providing the best high school education to the “most excellent and poorest” youths from different places across the country. It adheres to the idea of “developing the elites of the country”, and bears all expenses of students in the school right until they finish their studies and attain a bachelor’s or master’s degree or a Ph.D.

The annual funds donated by Yeung Kwok Keung to Guohua Memorial Middle School exceed RMB40 million. On February 12th, 2017, Guohua Memorial Middle School was included in the first educational poverty alleviation bluebook in China titled “Report on the Educational Poverty Alleviation in China (2016)” as the only typical case on utilizing social force to run a school, and attain education-based poverty alleviation.

The year 2017 marked the 15th anniversary of Guohua Memorial Middle School. Over a period of **15 years** since it was established, Guohua Memorial Middle School has assisted **2,747** students in receiving high school education, and has maintained an extremely high enrolment rate of its students into undergraduate courses. In 2017, the admission rate of its students into key universities was above **96.66%**.



3) Guangdong Country Garden Polytechnic - the Only Completely Free College in China

In 2014, Mr. Yeung Kwok Keung invested RMB450 million to establish the first completely free college in China — Guangdong Country Garden Polytechnic. All students enrolled are not only exempted from paying any education expenses, but are also provided with daily living allowances. The college actively pursues the college-enterprise operation model, and combines the Group's corporate experience with the college's professional knowledge to cultivate truly pragmatic and capable technical talents.

In 2017, the first batch of students graduated from Guangdong Country Garden Polytechnic. **Employment rate of these 290 graduates reached 99.6%, and major matching employment requirement was 93.5%.** Overall, 179 graduates were recruited as basic-level management personnel or technical personnel, accounting for 62.19% of the total number of graduates. Among them, 11 students were offered a monthly salary of over RMB10,000 through competitive recruitment. The average monthly salary of the college's graduates is nearly RMB1,000 higher than that of vocational colleges in Guangdong Province. The level is also higher than the average monthly salary of undergraduates in the province.





The World Only Cares about Your Hard Work and Creativity

— Founder's Speech in the First Graduation Ceremony of Guangdong Country Garden Polytechnic

Yeung Kwok Keung, July 1st, 2017

It is a Grateful Heart that Makes Me Stick to the Road of Poverty Alleviation

Today is the birthday of the great Communist Party of China. It is the reform and opening-up guided by the Communist Party of China that has given us an opportunity to bring our talents into full play. Today, the Communist Party of China has also come up with the objective of eliminating poverty by 2020. What a great party, and what an amazing country. I grew up in a poor family, and I know the meaning of suffering due to poverty. I always try my best to do what I am supposed to do and remain grateful for what I have received from society. In my freshman year in high school, I was unable to pay the tuition of RMB7 and had to go back home to be a farmer. The teacher came to my home and suggested that I continue studying, but my father said that our family was unable to pay the tuition of RMB7. Luckily, the teacher applied for a scholarship for me and I received the RMB7 to pay my tuition. This was how I was able to finish my high school education. I am grateful for it and show thanks to society for offering such a chance to poor students like me.

Frugality Empowers Us to Move Forward

Before I turned 18, I was a poor man and had no house to live in. I went to work at the age of 18, tilling the land. I had to support my family and build a house. However, the daily wages I earned was only RMB0.50. So I tried to save literally every penny. I got married when I was 24 years old. Over a period of 6 years from when I was 18 till I turned 24, I did three things – I built two houses and I got married. I spent RMB400 for my wedding. I built the two houses on my own, spending RMB600 for the first one and RMB1,500 for the second. In total I spent RMB2,500 on these three things. You can't really calculate these things. It was only possible due to my frugality.

I think the financial condition in your homes is not that good, but then it's not as bad as what it was in my past. Although I do not expect that all of you will become financially very rich in the future, I hope that all of you can have a comparatively good life. Therefore, today I want to discuss with you on how to live your future life. I want to emphasize a few things:

Firstly, do not do anything illegal.

Secondly, be diligent. Do not be afraid of enduring hardship or suffering losses.

Thirdly, be frugal.

If you are not frugal, or do not accumulate wealth gradually to make your life better, you will not be empowered to move ahead. You will get nothing after the money is gone. You will be psychologically stable only when you have sufficient money to guarantee a good life. It is not feasible that you want to drink beer just because other people drink beer, or do things that other people are doing. Only by being different, can you be different and become a successful person.

I haven't always been a Board Chairman. In my early years, I tilled the land, worked as an unskilled building laborer, a construction team leader, a general manager of a building company, and worked at many other jobs. You need to grasp the opportunity, pay attention to detail and complete every tiny thing carefully. If you can't finish a tiny thing well, how will you do great things?



Diligence is the Foundation of Life

The happiest year for me may be when I was 19 years old. I always dreamed of having my own house. So I worked hard, caught fish in the river and exchanged it for money and then spent the money to buy bricks. At that time, I lived in a 6 sq.m. attic in a building that belonged to my brother. It had no windows and the temperature inside would sometimes reach 40°C during summer. I just wore short pants without a shirt, lying still inside the room, and just be glad that I had earned another 10 bricks to build my own house. So, I built my first house, which had one bedroom and a living room when I was 20 years old. Therefore, being diligent and working hard is very important, especially for poor children.

If I had been lazy or loafed on the job, people would not have trusted or promoted me, or given me opportunities. I am not stupid either. If I really wanted to loaf on the job, I could do it, but I never did. If you rush to grab all the good stuff, people may not want to be your friend. My father often told me that if you have RMB2 in your pocket, you should pay for the bill when you eat with others, and should not let other people pay, or else, you will have no friends.

Listening, Observing, Reading and Thinking

It was more than 10 years ago, the school asked me to write something for my child. Every parent was asked to do so. So I wrote 4 words, the first was "listening", meaning listening to others attentively, the second was "observing", meaning observing all the things with your own eyes. The third was "reading" and the fourth was "thinking". These four words can also guide all of you sitting here. I wrote these words personally with my writing brush for my daughter.

We are just ordinary people. Probably many things I am telling you may not be correct. You must make your own decision with your heart. Learn how others think about things. You will then think flexibly and make great progress. So just try. You may even challenge what your teacher says, and ask if things can be done another way, or if you can make a change. It is said that our brains are not fully developed, so just keep thinking. Keep this habit and you will see things that people can't see. Your knowledge will be enriched and your competitiveness will be enhanced. I didn't even have the chance to study at university. But now I'm tutoring 4 doctoral students. They are quite outstanding. They call me "doctoral advisor", and learn from me on how to handle affairs. How did I qualify to be their doctoral advisor when I've never studied at university? I just keep doing things from my heart and soul.

What the World Values is Your Diligence and Creativity

What the world values is your diligence and creativity, so do not belittle yourself for having graduated from a vocational school. What if everyone was admitted to a key university? Would everyone become a talent in the end? Your future is not guaranteed just because you have graduated from a prestigious school. The time you spend at school is just a short period of your life. What does it represent? After you graduate, it is only your achievements that matter. It's that simple.

Many people think they are not blessed, and blame everyone and everything other than themselves. So, does it matter? In the past while I was growing up, people were forced to do things they were designated to do, for example, farming. When I graduated from high school, my academic performance was among the best. I wanted to be a teacher, but no school was willing to hire me, even though I was better than some of the teachers. Back then, you needed someone to back you up and you needed a bit of luck. But nowadays, you are free to make choices and seize great opportunities.



Group Photo of Guangdong Country Garden



en Polytechnic 2017 Graduates 2017.07.01

4) Completely Free Guoliang Vocational Training School

In 2007, with the support of the General Staff Department of the Ministry of Military Affairs, Yeung Kwok Keung invested RMB55 million and established the completely free Guoliang Vocational Training School. He also donated RMB25 million to the “Dewdrop Project” in Anhui Province, to provide systematic training to veterans from rural areas, to make them into skilled workers. The study and living costs during the students' stay at the school are borne by Yeung Kwok Keung and Yang Huiying.

Since the establishment of the school 10 years ago, Chairman Yeung Kwok Keung has invested a total of **RMB140 million** and helped **14,466** demobilized soldiers from rural areas in receiving vocational training and finding proper jobs.

5) Huiyan Educational Aid Fund

In 2017, Chairman Yeung Kwok Keung donated RMB100million to start the Huiyan Educational Aid Fund. Huiyan Educational Aid Fund implements the Group's original intention of “changing destiny with knowledge” and adheres to the founding philosophy of “Help every child in Shunde get education”. It is committed to helping impoverished children in Shunde District, and covers kindergartens, elementary schools, middle schools and universities.

Since its establishment in 2017, Huiyan Fund will provide **RMB10 million** each year for student assistance activities. The Secretary-general of the Shunde Charity Association stated that at present, the first phase of the allowance for the district has been reviewed and distributed, benefiting a total of **530 households**. The candidate selection and review for Phase II has begun.



2. Precise Poverty Alleviation for Shared Prosperity

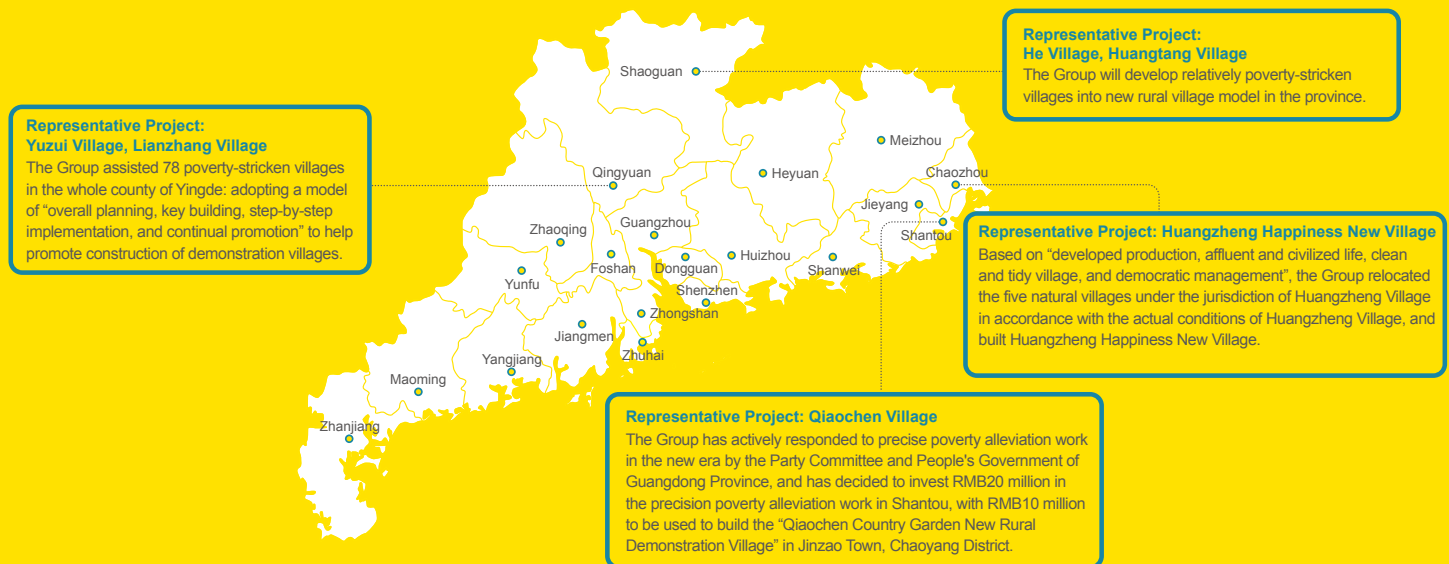
The Group has actively responded to the national call for precise poverty alleviation and adheres to the concept of "Six Precision", namely "precise poverty alleviation targets, precise project arrangement, precise fund utilization, precise household-based measures, precise village-based assignment, precise poverty alleviation effects". Various infrastructure construction and poverty alleviation projects will be conducted in different poverty-stricken areas throughout the country.

Country Garden New Rural Construction Leading Group:

| Post | Personnel |
|---------------------------------|---|
| Commander-in-chief | Yeung Kwok Keung, Chairman |
| Group Leader | Yang Huiyan, Vice Chairman Mo Bin, President |
| Vice Group Leader | Song Jun, Executive Director Liang Guokun, Executive Director Huang Yuzang, Vice President Zhu Jianmin, Vice President |
| Director of General Office | Luo Jinrong, Assistant President |
| Vice Director of General Office | Gao Feng, Liu Gang, Tian Chong |

Guangdong Province — Assist Guangdong to Win the Three-year Poverty Alleviation Campaign

The Group has actively responded to the poverty alleviation policy of "Planning for each household, responsibility by each personnel" of the Party Committee and People's Government of Guangdong Province, and is assisting Guangdong in winning the three-year battle on poverty alleviation. In recent years, with projects such as the Green Industry Poverty Alleviation Project in Shushan Village of Yingde City and Huangzheng Happiness New Village in Fubin Town of Raoping County in Chaozhou City, the Group has helped develop local characteristic industry for poverty alleviation, and has actually improved the living standards of the local people.



Case

Promoting Skills Training to Assist Rural Regeneration Strategy

Since 2012, based on the features of rural population such as scattered living and inefficient centralized organization, the Country Garden Group has conducted nine free skills training courses on forklift operations, electrician skills, welder skills, financial accounting, home-care and childcare in various locations in Guangdong and Guangxi. Vocational education classrooms are moved to the villages. By the end of 2017, a total of 21,857 rural labor workers participated in the trainings, and over 9,000 people found jobs through recommendation. Their monthly salaries ranged from RMB2,000 to RMB10,000. The Country Garden training program has formulated a mid-to-long term plan, and cooperated with King Boss Training School to train skilled workers. It plans to provide training for 78 targeted poverty alleviation villages by the end of 2018, and promote associated training for villagers, to achieve the goal of income increase and poverty removal for over half of the trainees.



Country Garden tea picking skill training

1) A Ph.D. Degree Holder Participates in Precision Poverty Alleviation in Shushan Village

Shushan Village, a poor village located to the west of Xiniu Town, Yingde, Qingyuan City in Guangdong Province, was selected as a business support point by Chairman Yeung Kwok Keung in 2010. In the past seven years, the Group has contributed to helping Shushan Village enhance its village appearance and establish a seedling plantation industry. It has also assigned poverty alleviation cadres to reside in the village to work with the government in carrying out industrial poverty alleviation and village reconstruction. At present, the output of the seedling planting industry in Shushan Village has exceeded RMB20 million, and the average annual income per household has increased by about RMB70,000.

In February 2017, a special residing poverty alleviation cadre was assigned to Shushan Village — Dr. Yang Yang, studied in Japan for nine years and received a doctoral degree from Chiba University in Japan. After she moved into Shushan Village, she adhered to the concept of “taking the village as the family and treating villagers as family members”, and has actively integrated herself into the lives of local villagers. Dr. Yang Yang plans to promote marketization of products produced by farmer households, based on the village's unique “bamboo culture” in the next phase. In addition, the construction of training bases and exhibition halls, the renovation and reconstruction of old houses, and the upgrade of schools are planned.

The Country Garden Poverty Alleviation Team is confident that with the platform and support provided by the Group and the initially explored direction of poverty alleviation, Shushan Village will surely become a new socialist village with its own development characteristics.



2) Promoting the Construction of a Demonstrative New Socialist Countryside Village – He Village

The Group has positively responded to the important decision of the Provincial Party Committee and the People's Government to develop relatively poverty-stricken villages into new model rural villages in the province. The Group is working on joint construction to speed up the construction of the demonstrative new socialist countryside village – He Village. Guoqiang Public Welfare Foundation donated RMB20 million as construction funds, and assigned a professional poverty alleviation team to independently utilize and audit the work in accordance with relevant regulations of the Foundation. The construction work focuses on comprehensive improvement of the rural residential environment.

The project was officially launched on October 12th, 2017. By the end of 2017, the basketball court and three recreational areas in He Village have been built and put into use for the villagers. The construction of the main road landscapes has been completed and the work of two parking lots in He Village and Wuwang Village has been completed with respect to site preparation and construction of the foundation. Road reconstruction and widening projects are in progress.



3) "Three Transformations and One Support" to Help Poverty-stricken Households in Qiaochen Village

Qiaochen Village is an agricultural and old revolutionary village under the jurisdiction of Jinzao Town, Chaoyang District in Shantou City. The village has a total population of 1,350 people with 245 households, a workforce of 450 people, and has 35 poor households with 150 people. The villagers mainly work outside the village or grow agricultural products. The income of the villagers is quite low, and the village is one of the 2,277 villages in Guangdong Province that are under the precise poverty alleviation program.

Teaming up with other supporting units such as Shantou City Bureau of Agriculture, Shantou Institute of Agricultural Sciences and Shantou Branch of PICC, and through "Three transformations and one support" (old village transformation, dilapidated housing transformation, environmental transformation, industrial development support), great efforts have been made to improve the living environment, enhance the infrastructure, promote the development of the village collective economy, ensure that poor villages and poverty-stricken households are out of poverty, and strive to build Qiaochen Village into a beautiful rural village featuring wetland ecology and agricultural tourism.



Guangxi Zhuang Autonomous Region – Tianyang County Nursery Industry Precise Poverty Alleviation Project

The Group has actively responded to the call of the East-West Poverty Alleviation Collaboration and actively communicates with the Guangdong Provincial Poverty Alleviation Office, the Guangxi Zhuang Autonomous Region Poverty Alleviation Office, the Federation of Industry and Commerce and other units, and has determined the implementation of the Precision Seedling Poverty Alleviation Project in Yanglv Village of Qiaoma Area. The project takes Yanglv Village of Qiaoma Area as the core, and guides and supports the registered households within the area. The operation model of "market-led, registered household participation, business support, government support" is applied in the project and under the cooperation model of "Enterprise + Cooperative + Registered Households", the successful experience of "lending initial capital, repayment by sales, keeping profits, renewing loans, and prospering through hard labor" is utilized to build a precise poverty alleviation base for nursery stocks, thereby broadening the channels for increasing the income of registered households.

As of December 25th, 2017, the Precise Seedling Industry Poverty Alleviation Project sold a total of 44 batches of seedlings, generating a revenue of RMB871,700, and a profit of RMB426,400, with an average increase of over RMB10,000 income per household.



Hainan Province – Precise Poverty Alleviation Project

In September 2017, the Group launched the Beautiful Village project in Nanqiang Village, Ao Town, and reformed the facades of the entire village. As of December 23rd, the construction of the huts had been completed. In December, four route façades and the reconstruction of three sets of B&B were newly added to the Beautiful Village Project. The work is in an advanced stage, and progressing in an orderly manner.

On October 18th, 2017, the Shuikouzi Village project in Shibi Town, Qionghai City, which was supported by the Group, was officially launched. Since the Group entered Qionghai City, we actively participated in various poverty alleviation programs. In 2016, we donated RMB300,000 to Shuikouzi Village for the development of black goat breeding industry. In 2017, the Group donated RMB2 million to the "Education Dream Realization Program" in Qionghai City, helping impoverished students complete their studies and change their destiny. In addition, to further strengthen the collective economy of the impoverished villages, the Group adopts precise poverty alleviation measures based on the concept of local industrial development, to support the development of the five-color reed rice dumpling industry in Shibi.



3. Employee Volunteer Activities

“

I hope that Country Garden employees will allocate a certain amount of time every year to be engaged in charity work in a way that suits them. The power of one person may be insignificant, but we believe that if every Country Garden personnel can integrate public welfare activities into their daily activities, the resultant force will be invaluable.

Mo Bin, President of the Group and Country Garden Volunteer Association ”

Country Garden Volunteer Association is an unofficial public welfare organization composed of Group employees, householders, suppliers, teachers and students of Country Garden School, and recipients of the Country Garden charity projects and so on. It cares for left-behind children, looks for Guohua students, provides services for nursing homes, delivers medicine to rural areas, runs the Country Garden "Pleasant Reading Library" and provides charitable donations for poor children. The Association practices Country Garden's cooperation spirit of "To benefit people and the society".

1) 1+1 – Companionship is the Greatest Love in the World

The "1+1" pair program launched by the Group in 2016 aims to integrate resources and provide an effective platform for charitable people to help poverty-stricken people. The project has established a file for each recipient. And in the Country Garden Poverty Alleviation System, the name of each recipient is precisely correlated so as to help the poor with respect to their basic needs.

Since its establishment, the "1+1 Be With You" project has helped a total of 73 households that are facing financial difficulties, and 281 people have benefited from poverty alleviation efforts, including 128 students.

2) China's First "Beautiful Soul Classroom" Officially Opened at Country Garden Jiuhoa Villa

To help migrant children strengthen their ability to control emotions, withstand setbacks and adapt to the environment, and cultivate their sound personality and good individual psychological qualities, the China Children and Teenagers' Fund and Country Garden Group invited psychologists through joint social innovative programs of social enterprises, to guide the development of the "Beautiful Soul Classroom" Public Welfare Project. On November 30th, 2017, the first "Beautiful Soul Classroom" was officially opened at Country Garden Jiuhoa Villa.

Jiuhoa Villa Beautiful Soul Classroom will provide psychological reviews, assessments, counseling and other services for left-behind children in rural primary and secondary schools. It will work with Country Garden to build an intergenerational interactive platform to provide "family" care for left-behind children, and help them build a sound personality as well as good psychological quality. As the first template for a psychological counseling classroom for left-behind children, the Classroom will give full play to the role of benchmarking, and will promote the intergenerational interactive psychological counseling model nationwide.



The elderly and children having intergenerational interactions

3) Employees Work Together with 3 Million Householders Around the World to Plant 200,000 Trees for Green Homes

To motivate the over 3 million Country Garden property owners in China and overseas to practice the development ideology of "green & sharing" under the 13th Five-year Plan, on March 12th, 2017, the "Green Community, Pretty Home" Program was officially launched in Shunde Country Garden, hosted by the Country Garden Group Party Committee, Labor Union, Volunteer Association and Social Responsibility Office, and conducted by the Youth League Committee, Property Management Company and Shunbi Property Area.

4. Building a Neighborhood Culture and Promoting a Harmonious Community

In order to build a harmonious community, Country Garden Property Management has released the "Chinese Dream · Neighborhood Convention", which has been spoken highly of by property owners, peers, and departments within the Company. Following the earlier publication of the "Chinese Dream · Neighborhood Convention" cartoon and the "Chinese Dream · Neighborhood Convention" microfilm, which deeply impressed property owners, we used cultural stone inscriptions to visualize the "Neighborhood Convention" culture and further promote the precipitation of community culture, in 2017.



Photo of Cultural Stone at Foshan Danzao Project

The design of the cultural stones consists of the Neighborhood Convention logo and its contents. They are primarily located at entrances and exits of residential areas, outdoor activity venues for property owners, and other places such as parks, to deepen the impression of the Neighborhood Conventions on the property owners, and hence building a friendly and civilized community.

VISION FOR 2018



During the past 26 years, Country Garden has consistently practiced new urbanization in China. We have consistently adhered to the concept of offering real estate to people and building good and economical houses for people. Our average sales price is the lowest among the top ten real estate companies in China. From site selection, planning, construction to service, Country Garden people scrutinize all the details with the craftsmanship spirit, and do our utmost to achieve the five-star standard for "safety, beauty, economy, applicability and endurance", and create pretty landscapes that are visible all over.

The year 2018 is also the Year of Management Quality for Country Garden. Based on large-scale development, we will further strengthen internal control management and achieve high-quality growth.

Corporate Governance

"To create a better society with our existence" is the corporate mission of Country Garden. We promote a transparent culture of legal compliance management, actively safeguard healthy operation of internal systems, and pursue benefits for the society, corporation and employees.

Product Responsibility

Quality and property management are the lifelines for the sustainable development of Country Garden. As the company with the largest real estate sales in China, Country Garden consistently works on improving the quality of its products and services, pays close attention to "optimization of construction time and opening of construction sites," and has further enhanced the new SSGF system and prefabricated buildings, to initiate a new wave of development within the construction industry.

Operational Responsibility

"Co-building, Co-existing and Co-winning" are the guarantees for sustainable development of Country Garden. We are committed to working with partners to build an open and transparent business environment, provide customers with excellent, innovative lifestyles and products, and meet investor requirements for the healthy development of the company.

Environmental Responsibility

Adhering to the corporate value "To shape a prosperous future through our conscience and social responsibility awareness", we actively take on our corporate environmental responsibility, continue to improve the Group's environmental management and supervision mechanisms, create green communities, promote green culture and green offices.

Talent Development

Outstanding talents are the source of Country Garden's sustainable development. We gather talents from all over the world to work together, and gather wisdom from all people to create a "Corporate University". We highlight the learning spirit of "learning from and sharing with everyone" and have excellent people to cultivate better talents.

Social Welfare Investment

"To benefit people and the society" is the spiritual power behind Country Garden's sustainable development. Inspired by this great love, we actively fulfill our social responsibilities and support community development. We strongly promote poverty alleviation through education, to bring an end to intergenerational poverty. We have established scientific research and innovation funds to support the integration of industrial resources, have commenced precise poverty alleviation and Beautiful Village development, and spare no effort to participate in the tough fight against poverty.

In 2018, Country Garden Group will continue to follow the guidance of Yeung Kwok Keung, Chairman of the Board, which is, "Be pragmatic while having high aspirations", in practicing our corporate social responsibility, and we will be an explorer, a pioneer and a fighter in the new era of the new journey!

Appendix I. Overview of the Group's Sustainable Development Performance

Environmental Performance

| Key Environmental Performance Indicators | | Unit | Consumption / Emission |
|--|---|---|------------------------|
| Effluents | Sulphur oxides | Kg | 1.99 |
| | Nitrogen oxides | Kg | 1,096.90 |
| | Particulate Matter | Kg | 84.63 |
| Greenhouse Gas Emission | Greenhouse gas emissions(Scope 1) | Ton CO ₂ e | 6,084.31 |
| | Greenhouse gas emissions(Scope 2) | Ton CO ₂ e | 495,418.52 |
| | Total greenhouse gas emissions(Scope 1 & 2) | Ton CO ₂ e | 501,502.82 |
| Hazardous Waste | Discarded ink cartridge | Ton | 38.46 |
| Non-hazardous Waste | Office waste | Ton | 3,103.48 |
| | Kitchen waste | Ton | 2,978.35 |
| Direct / Indirect Energy Consumption | Direct energy consumption | GJ | 99,298.83 |
| | Petrol (company's vehicles) | L | 135,602 |
| | Natural gas | m ³ | 77,463.6 |
| | Liquefied petroleum gas | Ton | 1,811.36 |
| | Methanol fuel | Ton | 70.95 |
| | Indirect energy consumption | GJ | 3,270,351.6 |
| | Electricity consumption | kWh | 278,926,783.36 |
| | Purchased heat (heating) | GJ | 616,550.22 |
| | Purchased steam (heating) | Ton | 438,390.9 |
| | Total energy consumption | GJ | 3,369,650.42 |
| | Energy consumption intensity | GJ/ Revenue one million RMB | 15.31 |
| Water Consumption | Water consumption | m ³ | 20,185,077.06 |
| | Water consumption intensity | m ³ /Revenue one million RMB | 91.68 |
| Office Paper Consumption | Office paper consumption | Ton | 1,238.91 |

Remarks:

- The time span of environmental data is from January 1st to December 31st, 2017. The scope of data collection covers the office area of the Group headquarters, the regional offices of 59 regional companies in the real estate sector, and the offices and market centers of a total of 1,026 project companies under its administration. The Group will expand the scope of environmental data collection annually, and gradually carry out environmental data collection in other business segments of the Group, to strengthen the management of environmental performance.
- Greenhouse gas emissions (Scope 1) mainly comes from primary fuel consumption of company's vehicles and staff canteens, greenhouse gas emissions (Scope 2) are generated from electricity consumption, purchased heat and steam. The data sources include bills for related expenses, and administrative statistical accounting. The GHG emission factors of the domestic power grid are based on the National Development and Reform Commission's "2015 China Regional Power Grid Baseline Emission Factor". The Hong Kong regional power grid emission factors are based on the HKE's "Reporting Guidelines for Environmental Key Performance Indicators". The Australian grid emission factors are based on the Australian National Department of Environment And Energy's "Australia Government National Greenhouse Accounts Factors Australian National Greenhouse Accounts 2017". The US grid emission factors are based on United States Environmental Protection Agency's "EGRID Summary Table 2016". The emission factors of the remaining overseas countries are based on the 2016 CO₂ Emissions from Fuel Combustion issued by the International Energy Agency.
- The types of energy consumed by the Group in 2017 include fuel consumed by company's vehicles and staff canteen, purchased electricity, purchased heating and heating steam. Data sources are from related expense bills and administrative statistics. The energy consumption factors are based on the conversion factors provided by the International Energy Agency and the national "GB2589-2008T General Energy Consumption Calculation Principles".
- The Group consumes water from the municipal water supply network. The data sources are from water bills, financial reimbursement records and administrative records.
- The Group's office paper consumption is the daily printing of office work, and the data source is the statistical accounts of the procurement department or the administrative department.

Social Performance Number of Employees

| | | 2017 | | 2016 | |
|----------------------------------|---------------------|------------------------------|----------------|------------------------------|----------------|
| | | Number of Employees (Person) | Proportion (%) | Number of Employees (Person) | Proportion (%) |
| By Gender | Male | 72,841 | 58.35% | 54,729 | 57.94% |
| | Female | 51,996 | 41.65% | 39,721 | 42.06% |
| By Age | 30 or under | 68,278 | 54.69% | 50,250 | 53.2% |
| | 31-40 | 34,280 | 27.46% | 24,074 | 25.49% |
| | 41-50 | 18,414 | 14.75% | 16,534 | 17.51% |
| | 50 or over | 3,865 | 3.10% | 3,592 | 3.8% |
| By Job Position | General staff | 108,385 | 86.82% | 85,472 | 90.49% |
| | Middle management | 15,951 | 12.78% | 8,810 | 9.33% |
| | Senior management | 501 | 0.40% | 168 | 0.18% |
| By Employment Type | Full-time | 122,805 | 98.37% | 94,450 | 100% |
| | Intern | 1,109 | 0.89% | 0 | 0 |
| | Others | 923 | 0.74% | 0 | 0 |
| By Region | Chinese Mainland | 122,084 | 97.80% | 92,884 | 98.34% |
| | Hong Kong and Macao | 18 | 0.01% | 18 | 0.02% |
| | Overseas | 2,735 | 2.19% | 1,548 | 1.64% |
| Total Number of Employees | | 124,837 | | 94,450 | |

Employees Lost (Real Estate Sector)

| | | 2017 | | 2016 | |
|---------------------------------------|---------------------|-----------------------------------|----------------|-----------------------------------|----------------|
| | | Number of Employees Lost (Person) | Proportion (%) | Number of Employees Lost (Person) | Proportion (%) |
| By Gender | Male | 3,862 | 71.9% | 1,911 | 70.4% |
| | Female | 1,513 | 28.1% | 805 | 29.6% |
| By Age | 30 or under | 2,640 | 49.1% | 1,396 | 51.4% |
| | 31-40 | 2,336 | 43.5% | 1,041 | 38.3% |
| | 41-50 | 340 | 6.3% | 224 | 8.2% |
| | 50 or over | 59 | 1.1% | 55 | 2.0% |
| By Job Position | General staff | 3,914 | 72.8% | 2,133 | 78.5% |
| | Middle management | 1,439 | 26.8% | 571 | 21.0% |
| | Senior management | 22 | 0.4% | 12 | 0.4% |
| By Region | Chinese Mainland | 4,993 | 92.9% | 2,627 | 96.7% |
| | Hong Kong and Macao | 0 | 0 | 6 | 0.2% |
| | Overseas | 382 | 7.1% | 83 | 3.1% |
| Total Number of Employees Lost | | 5,375 | | 2,716 | |
| Staff Turnover During the Year | | 13.7% | | 10.97% | |

Occupational Safety and Health

| Occupational Safety and Health Data of Employees | Unit | Total |
|--|--------|-------|
| Number of industrial injuries | Person | 18 |
| Number of work-related fatalities | Person | 0 |
| Health and safety training hours | Hour | 5,887 |
| Number of fire drills undertaken | Time | 101 |

Staff Training and Development

| HR Training Statistics of Real Estate Sector | | | | |
|--|-----------------------------|--------------------------------------|-------------------------------|-------------------------------|
| Training Data | Number of Trainers (10,000) | Number of Training Sessions (10,000) | Average Training Hours (Hour) | Training Satisfaction (Point) |
| 2017 | 1.7 | 11.2 | 184 | 94.7 |

Supplier Management

| Supplier Category | Number of Suppliers | Proportion of the Total Number |
|------------------------------------|---------------------|--------------------------------|
| Material suppliers | 5,369 | - |
| Designated and supplied by Party A | 236 | 4.40% |
| Specialized subcontracting | 149 | 2.78% |
| Other categories of materials | 4,984 | 92.83% |
| Construction suppliers | 2,057 | - |
| Overall contracting | 328 | 15.95% |
| Decoration | 213 | 10.35% |
| Other professional engineering | 1,516 | 73.70% |

Material suppliers refer to suppliers of materials under the charge of the Group's Procurement Center, including supplies, special subcontracts, regular purchases, floor materials, seedlings, etc.

Construction suppliers refer to general contractors, decoration, pile foundation and other professional engineering suppliers under the charge of the Group's Cost Management Center. Group's construction suppliers are all located in China.

Customer Satisfaction

| Product/Service | 2017 | | | 2016 | |
|---------------------|--|------------------------------------|---------------------------|------------------------------------|---------------------------|
| | Research method | Number of people surveyed (person) | Customer satisfaction (%) | Number of people surveyed (person) | Customer satisfaction (%) |
| Real estate project | Telephone survey Random inspection | 60,676 | 82.0% | 51,271 | 75.4% |
| Property management | 400 hotline questionnaire | 30,353 | 89.56% | - | - |
| Hotel management | Telephone survey Face-to-face interview | 98,652 | 97.5% | 98,550 | 97.4% |

In 2017, the Group's property management sector introduced a brand-new satisfaction survey method. The property management 400 hotline replaced the third-party survey institutions in 2016, and efforts were made to further improve the scoring method to collect customer satisfaction information more objectively and comprehensively.

Social Investment

| Public Charity Donation | Donation Amount (In RMB10,000) |
|--|--------------------------------|
| Education Donation | 24,076.60 |
| Donated to Guangdong Country Garden Polytechnic. | 16,000.00 |
| Country Garden - Tsinghua University Education Fund | 2,500.00 |
| Tsinghua University, Beijing University, Beijing Normal University, Sun Yat-Sen University, and Lanzhou University Guohua Distinguished Scholars Award | 1,360.00 |
| Sun Yat-Sen University Huiyan Talent Fund | 1,000.00 |
| Shunde District Huiyan Education Aid Fund | 1,000.00 |
| Shunde District Guoqiang Charitable Foundation | 1,000.00 |
| Guohua Memorial Middle School | 950.00 |
| Zhongming Fellowship for College Students | 266.60 |
| Poverty Alleviation | 40,000.00 |
| 2017 Poverty Alleviation and Donation | 40,000.00 |
| Others | 15,215.30 |
| Huiyan Medical Talent Fund | 200.00 |
| Shanqi Home for the Elderly | 400.00 |
| China Children and Teenagers Foundation Autism Fund | 100.00 |
| Guoqiang Severe Illness Child Rescue Fund | 50.00 |
| International Media Scholarship | 585.00 |
| Regional Donations | 13,880.30 |
| Total Amount of Social Donations | 79,291.90 |

Appendix II. Content Index of Environmental, Social and Governance Reporting Guide

| ESG Indicators | | Disclosure | Corresponding Chapter(s) |
|-----------------------|--|------------|---|
| A1 General Disclosure | The policies on harmful exhaust gas and greenhouse gas emissions, discharge of pollutants into water and land, generation of harmful and non-hazardous wastes, etc. | Disclosed | Value Creation for the Environment |
| A1.1 | Types of emissions and related emission data. | Disclosed | Value Creation for the Environment Appendix I. Overview of the Group's Sustainable Development Performance |
| A1.2 | Total greenhouse gas emission and, if applicable, the density. | Disclosed | Appendix I. Overview of the Group's Sustainable Development Performance |
| A1.3 | The total amount of hazardous waste generated and, if applicable, the density. | Disclosed | Appendix I. Overview of the Group's Sustainable Development Performance |
| A1.4 | The total amount of harmless waste generated and, if applicable, the density. | Disclosed | Appendix I. Overview of the Group's Sustainable Development Performance |
| A1.5 | Describe the measures to reduce emissions and the results obtained. | Disclosed | Value Creation for the Environment |
| A1.6 | Describe ways to deal with hazardous and non-hazardous waste, measures to reduce production, and the results obtained. | Disclosed | Value Creation for the Environment |
| A2 General Disclosure | Policies for the effective use of resources (including energy, water and other raw materials) | Disclosed | Value Creation for the Environment |
| A2.1 | Total direct or indirect energy consumption and density. | Disclosed | Appendix I. Overview of the Group's Sustainable Development Performance |
| A2.2 | Total water consumption and density. | Disclosed | Appendix I. Overview of the Group's Sustainable Development Performance |
| A2.3 | Describe energy use efficiency plans and results. | Disclosed | Value Creation for the Environment |
| A2.4 | Describe any problems that can be found in the application of water, as well as plans to improve water usage efficiency and the results obtained. | Disclosed | Value Creation for the Environment |
| A2.5 | The total amount of packaging materials used in finished products and the amount per unit in production. | N/A | - |
| A3 General Disclosure | Policies to reduce the significant impact on environment and natural resources by the issuer. | Disclosed | Value Creation for the Environment |
| A3.1 | Describe the significant impact of the business activities on the significant resources of the environment and natural resources, and the actions that have been taken to manage such impact. | Disclosed | Value Creation for the Environment |
| B1 General Disclosure | Information on remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversification, anti-discrimination and other benefits and benefits, compliance with relevant laws and regulations that have a significant impact on the issuer, etc. | Disclosed | Value Creation for Employees |
| B1.1 | The total number of employees by gender, type of employment, age group and region. | Disclosed | Value Creation for Employees |
| B1.2 | The employee turnover rate by gender, age group, and region. | Disclosed | Appendix I. Overview of the Group's Sustainable Development Performance |

| ESG Indicators | | Disclosure | Corresponding Chapter(s) |
|-----------------------|---|--------------------|---|
| B2 General Disclosure | Information on policies for providing a safe working environment and protecting employees from occupational hazards and compliance with relevant laws and regulations that have a significant impact on the issuer. | Disclosed | Value Creation for Employees |
| B2.1 | The number and rate of work-related fatalities. | Disclosed | Value Creation for Employees |
| B2.2 | Number of lost work days due to work-related injuries. | Disclosed | Value Creation for Employees |
| B2.3 | Describe the occupational health and safety measures adopted, as well as the relevant implementation and monitoring methods. | Disclosed | Value Creation for Employees |
| B3 General Disclosure | Policies on improving employees' knowledge and skills in performing job duties. Describe training activities.. | Disclosed | Value Creation for Employees |
| B3.1 | Percentage of employees trained by gender and category of employee (e.g. senior management, middle management, etc.). | Partial Disclosure | Value Creation for Employees |
| B3.2 | The average number of hours of completed trainings of each employee by gender and employee category. | Partial Disclosure | Value Creation for Employees |
| B4 General Disclosure | Information on policies to prevent child labor or forced labor and compliance with relevant laws and regulations that have a significant impact on the issuer. | Disclosed | Value Creation for Employees |
| B4.1 | Describe measures to review recruitment practices to avoid child labor and forced labor. | Disclosed | Value Creation for Employees |
| B4.2 | Describe the steps taken to eliminate the situations when a violation is found. | Disclosed | Value Creation for Employees |
| B5 General Disclosure | Policies to manage supply chain, environmental and social risks. | Disclosed | Value Creation for Supply Chain |
| B5.1 | Number of suppliers by region. | Disclosed | Appendix I. Overview of the Group's Sustainable Development Performance |
| B5.2 | Describe the practice of hiring suppliers, the number of suppliers to implement relevant practices, and the implementation and monitoring methods of relevant practices. | Disclosed | Value Creation for Supply Chain |
| B6 General Disclosure | Information on health and safety, advertising, labeling and privacy issues and remedies for the products and services provided, and compliance with relevant laws and regulations that have a significant impact on the issuer. | Disclosed | Value Creation for Customers |
| B6.1 | Percentage of total sales or shipments that have to be recycled for safety and health reasons. | Disclosed | No recalls for safety and health reasons in 2017 |
| B6.2 | Number of complaints about products and services received and actions to deal with them. | Partial Disclosure | Value Creation for Customers |
| B6.3 | Describe practices related to the maintenance and protection of intellectual property. | Disclosed | Value Creation for Customers |
| B6.4 | Describe the quality verification processes and product recovery procedures. | Disclosed | Value Creation for Customers |
| B6.5 | Describe consumer data protection and privacy policies, and related implementation and monitoring methods. | Disclosed | Value Creation for Customers |
| B7 General Disclosure | Information on policies to prevent bribery, extortion, fraud and money laundering, and compliance with relevant laws and regulations that have a significant impact on the issuer. | Disclosed | Corporate Governance and Integrity Development |
| B7.1 | The number of corruption lawsuits filed against the issuer or his employees during the reporting period and the results of such lawsuits. | Disclosed | Corporate Governance and Integrity Development |
| B7.2 | Describe preventive measures and whistle-blowing procedures, as well as related implementation and monitoring methods. | Disclosed | Corporate Governance and Integrity Development |
| B8 General Disclosure | Policies on community participation to understand the needs of the communities in which they operate and to ensure that their business activities take into account the interests of the community. | Disclosed | Value Creation for Society |
| B8.1 | Focused areas of contribution (e.g. education, environmental issues, labor needs, health, culture, sports). | Disclosed | Value Creation for Society |
| B8.2 | Resources (e.g. money and time) utilized in the focused areas | Disclosed | Value Creation for Society |

Appendix III. Reader Feedback Form

Dear Readers:

Thank you for reading this report! This report is Country Garden Group's 2017 Sustainability Report. We do hope that you can evaluate this report and put forward your valuable suggestions to help us continue to improve our social responsibility management efforts, and to continuously improve our responsibilities, so as to create a green ecology and harmonious society.

Your comments on this report: (Please tick the corresponding option)

| | Excellent | Good | Average | Poor | Terrible |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Do you think this report highlights important information about the Group's performance with respect to environmental and social responsibility? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you think the information and indicators disclosed in this report are clear, accurate and complete? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Do you think the layout and style of this report are easy to read? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

What are your opinions or suggestions on the Group's sustainable development efforts and this report?

If convenient, please provide your personal information:

Name: _____

Work unit: _____

Email: _____

Please send the above feedback form to the email ID of Country Garden Group Environmental, Social and Governance Internal Committee: bgycsr@countrygarden.com.cn.

