

2017

Shimao Property

Sustainability Report

2017 Shimao Property

Sustainability Report



Contents



Introduction		Chairman’s Statement		About Us		Social Care		Corporate Culture and Value		Green Operation	
Scope of the Report	05	Chairman’s Statement	06	Vision & Mission	10	Cultural Inheritance	36	Corporate Culture	45	Environment Protection Concept	54
Reporting Standards	05			Business Model and Operating Performance	11	- Shimao donated Map of Mountains and Waters Along the Silk Road created in Ming Dynasty	36	Pioneer Employer	46	Environment Organization Framework	54
Accessibility	05			Awards and Recognitions	12	- Research and Protection Project for the Hall of Mental Cultivation	37	Employee’s Health and Development	47	Green Construction	55
Overall Scheme of Sustainable Development		New Urban Life		Customer-Oriented		Community Care	38	Safety Operation	49	Green Project	57
Communications within Stakeholders	14	New Urban Taste	16	Customer Satisfaction	32	- Hong Kong’s New Home Association	38	Employee Care	50	Green Office and Traveling	58
Materiality Assessment	15	- Product Advancement	16	Customer Privacy Protection	32	Medical Assistance For Poverty Alleviation	40	- Shimao Summer Camp for Employee’s Children	50	Green Community	59
		- Green City Concept	20	Customer Interaction Platform	32	- China Red Ribbon Foundation	40	- Shimao FUN Family Day	51		
		- Enriching the Skyline of a City	22	- Shimao Club	34	- Shimao Charity Hospital	41	Education Fund	51	Index	
		- New Urban Lifestyle	24	- Shimao Photosynthetic Education Community 2.0	35	- Nanjing Shimao Rainbow Care Center for Children with Severe Diseases	42	Accountability System	52	Environmental, Social and Governance Reporting Guide Index of the Stock Exchange	60
		Strategic Cooperation	26	- AED Community	35	- “Spectacled Brother” Charity Activity	42	Anti-Fraud	52		
		- FC Barcelona “Sports Excellency” Strategy	26			Volunteer Services	43				
		- Shimao Star Hotel	28			- Class III of Grade Three	43				
		- Supply Chain Management	29								
		Quality Management	30								



Introduction

Scope of the Report

This report is a complementary material for the 2017 annual report of Shimao. While the annual report focuses mainly on the Company's business performance and corporate governance, this report concentrates on Shimao's performance in sustainable development and corporate social responsibility, as well as its future plans and objectives, including the impacts of the Company's operation on the environment, society and economy.

This report states Shimao's guidelines and performance in sustainable development by 31 December 2017. The content includes the performance of and measures taken by Shimao and its subsidiaries, but excludes the data and information of the companies that Shimao does not have holding interest in.

Reporting Standards

This report is compiled in accordance with the newly revised Environmental, Social and Governance (ESG) Reporting Guide, under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Accessibility

A soft copy of this report can be downloaded from <http://www.shimao-property.com>. If you have any enquiry or wish to advise us on Shimao's sustainable development, please email us via csr@shimao-group.com.

Chairman's Statement



With an inherent sense of responsibility and sustained ingenuity, Shimao experienced a year of quality growth in 2017, as its results exceeded one hundred billion. Shimao's robust growth rests on the comprehensive lifting of its soft power, which has injected a strong and sustainable impetus into its high-speed quality development in the years to come. During the process, we have remained attentive to our social responsibility, taking an active part in public welfare activities, caring about the well-being of average citizens and developing along with our cities.

許維茂

Justice of the Peace
Mr. Hui Wing Mau

By investing in urban public infrastructure of nearly 60 cities nationwide, Shimao seeks to create "scarcity value" for the cities, build urban landmarks and fast-track the urbanization process. As a high-profile icon of Shimao products, InterContinental Shanghai Wonderland set a world record as the five-star hotel with the lowest altitude around the globe. Applying ingenious craftsmanship to harsh geographical conditions and unimaginable locations, Shimao has delivered premium projects that are eco-friendly and cost-efficient in respect of construction and operation. As for product design, we remain stable and down-to-earth to pursue quality rather than speed. Through constant trial and error, we manage to prevail over the greatest construction difficulties and work out a miracle of our Shenzhen Shimao Qianhai Center.

Shimao never deviates from its primary mission to improve the quality of life and city. Starting from the perspective of "urban operation", Shimao works to create the optimal lifestyle for Chinese citizens in an all-around manner. Focused on sustainable development, we constantly explore innovative green technologies and incorporate an eco-perspective throughout the lifecycle of our projects, from design and R&D to construction and operation. By doing so, we strive to present green, healthy and environmentally-friendly products with a responsible attitude. During property construction and operation we take the initiative to replace the traditional high energy-consuming model with one that features optimized design, high-standard material selection and smart operation, which con-

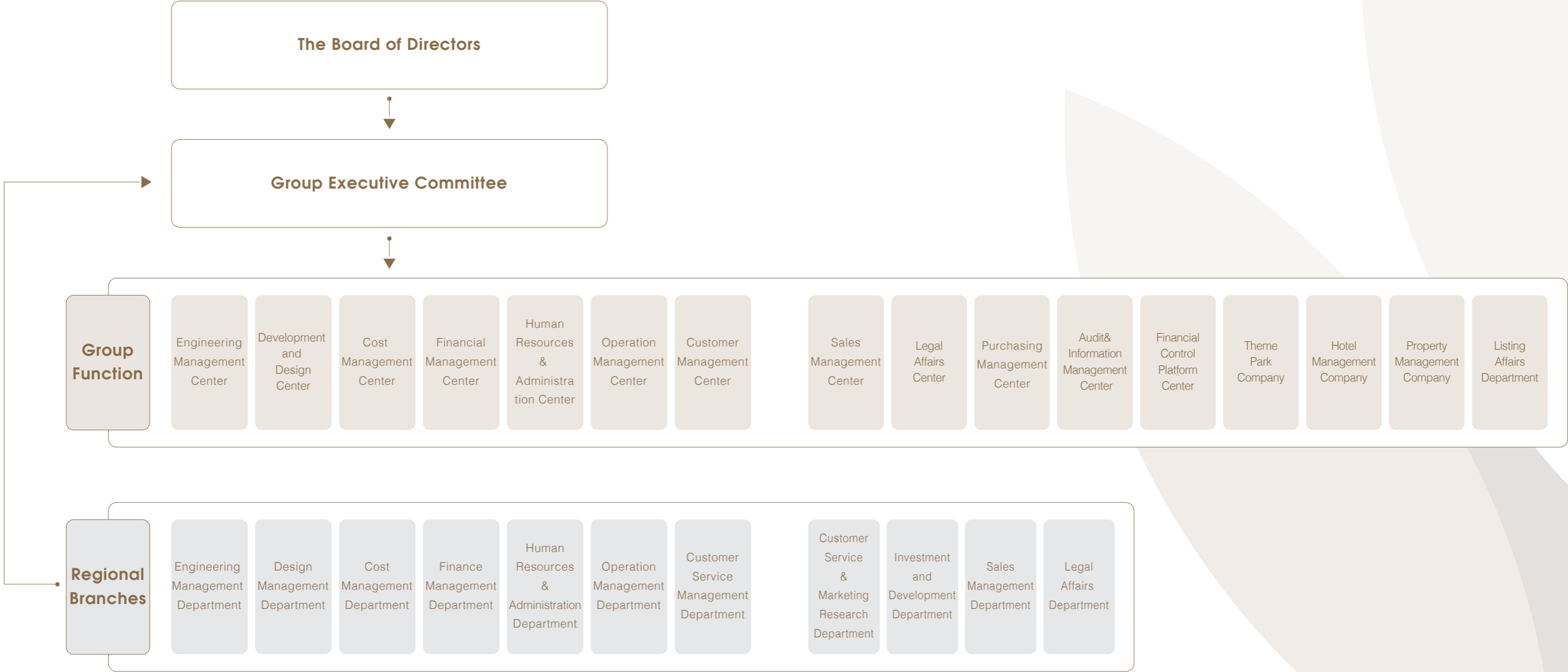
tinuously cut resource consumption and carbon emissions in our construction and commercial activities. Attentive to the details of urban life, we fill the gap between residential and life demands. For instance, we have rolled out a series of activities such as cultivating an education ecosphere in Shimao communities, building a Hello Kitty indoor pavilion with the Bund as its theme and introducing AED equipment to communities. These activities have blended Shimao Property's new concept of urban living into people's daily life. It is also worth mentioning that tens of thousands of teenagers have benefited from our joint "Youth Training Program" with FC Barcelona. Some of them have even gained access to the quality resources of overseas training, which improve the physique, disposition and competitive strength of these young football players. This has provided a boost to the national strength from its source.

The success of a company is supported by social recognition and help as well as social progress and prosperity. With gratitude to and responsibility for its country and society, Shimao engages itself in public welfare such as poverty alleviation through medical service, education exchanges, culture inheritance and community development, allowing tens of thousands of families and individuals to regain hope and realize their dreams. In respect of inheriting Chinese civilization, we supported the "The Research and Protection Project for the Hall of Mental Cultivation", a project that made smooth progress this year and is expected to restore Palace Museum to its former glory soon. Apart from that, Shimao

made further donations to purchase the "Map of Mountains and Waters Along the Silk Road" and help this national treasure from Ming Dynasty return to its motherland. In respect of community care and poverty relief, we keep increasing our investment to raise funds and provide daily necessities for Hong Kong's New Home Association in Hong Kong. In addition, the relocated Nanjing Shimao Rainbow Care Center with Severe Diseases for Children occupies an area five times larger than its predecessor, with the beds three times larger, which can provide better medical service for more orphans who need intensive care.

Looking back at 2017, we witnessed the Belt and Road Initiative enter a period of comprehensive and more intensive implementation, as more and more industries and businesses joined the "Maritime Silk Road" and the "Silk Road Economic Belt". Against the fresh backdrop, Shimao intends to grow along with the Chinese economy and deliver concerted efforts with all the employees to create greater value, fulfill its corporate social responsibility and serve the whole society. With joint efforts, we will surmount every challenge. With collective wisdom, we will succeed in every cause. Here, I would like to thank our customers, investors, partners and all Shimao people. Your support paves the way for Shimao's bright future.

Organization Chart



About Us

Shimao Property Holdings Limited ("Shimao" or the "Company", together with its subsidiaries, the "Shimao", Stock Code: 00813.HK) was listed on 5 July 2006 on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The business emphasis of the Company is to develop large-scale, high-quality mixed-used property projects in well-off Chinese cities or those with great development potential.

Vision & Mission

Shimao takes 'Cultivating the Taste of Life, Accomplishing Urban Dreams' as its mission and 'Becoming a Pioneer of the Industry, Building a time-honored Shimao Brand' as its vision. Not only does the Company earns a stable income for shareholders through robust operation, Shimao also delivers on its commitment to society by raising the value of urban areas, pushing forward urbanization and presenting an elegant art or residence, all in an aim to improve the quality of residence and taste of life.



Business Model and Operating Performance

Shimao carries out its business in 47 cities in China such as Beijing, Shanghai and Hong Kong. Its business centers on residential property development, supported by hotel operation, property management service, commercial properties, as well as theme parks.

Residence

In 2017, Shimao sustained its development in a flexible and healthy pace, while maintaining a steady financial strategy. Shimao attained an increase in both the quantity and the quality of its performance, and continuously prepared for intensifying its business development.



Other Business

Other business Shimao's specialized companies, including hotel management, business investment, theme parks and property management service, are committed to improving the income from investment properties, enhancing light-asset operation, and creating an innovative business model.



Awards and Recognitions

2016 Real Estate Value Ranking >	2017/02	★				Top7 Public Real Estate Company Comprehensive Competitiveness (H-Shares)
Shanghai Real Estate Chamber of Commerce >	2017/04	★		2016 Annual Industry Innovation Prize (Shanghai Federation of Industry & Commerce Real Estate Chamber of Commerce)		2016 Annual Industry Leader (Shanghai Federation of Industry & Commerce Real Estate Chamber of Commerce)
Shanghai Real Estate Chamber of Commerce >	2017/04	★		2017 Top 10 Charity Project (14th Chinese Philanthropy Ranking) (Shimao Charity Hospital Project)		2016 Annual Best Responsibility Report (The 9th Sustainable Development Report Forum)
China Philanthropy Times >	2017/04	★		2017 Annual Valuable Real Estate Company (China Valuable Real Estate Company Ranking)		2017 Annual Corporate Citizenship (The Time Weekly Top100 Real Estate Company)
Southern Weekly >	2017/07	★		Brand with Craftsmanship (2017 Beijing News Craftsmanship Awards)		2017 Annual Influential Real Estate Company Award
National Business Daily >	2017/09	★		2017 Excellent Chinese Corporate Citizen		2017 Excellent Charity Project of Corporate Citizenship (Shimao Charity Hospital Project)
The Time Weekly >	2017/09	★				
The Beijing News >	2017/11	★				
Hexun.com >	2017/12	★				
China Committee of Corporate Citizenship >	2017/12	★				
China Committee of Corporate Citizenship >	2017/12	★				



Overall Scheme of Sustainable Development

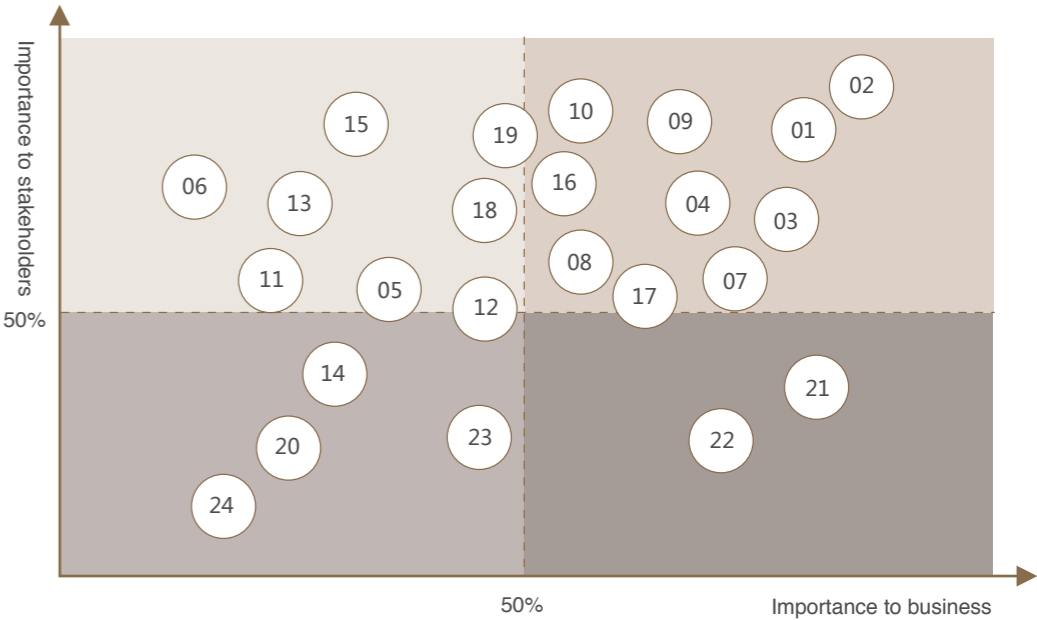
Communications within Stakeholders

Shimao regards employees, investors, shareholders, clients, contractors, vendors, governments and NGOs as its stakeholders and adopts various ways to communicate with them, taking into account their different appeals.

Activities involving stakeholders in 2017			
Stakeholders Group	Means of Participation	Primary Concern / Expectation	Response from Shimao
Employees	Questionnaire Survey	Salary and benefits; Health and Safety; Fair promotion and development opportunities	Timely and full payment of wages, contribution to social insurance, flexible benefits scheme, Shimao Care Fund; Severe weather warning and guidance to relevant measures; Career development channels; Shimao Mobile College
Investors	Group Interview	Return and growth; control risk; corporate governance	Regular disclosure of business information; Shareholders' meetings, reports and notifications; Ensuring shareholder returns with continued growth
Proprietors	Questionnaire Survey	Integrity performance; High quality products; Considerate service and experience; Comments and complaints handling; Privacy protection	Providing customers with high quality products; Achieving smooth channels for communication and feedback, such as the sales office, property management department, WeChat platform, and complaints hotline/email; Customer satisfaction survey
Constructors	Questionnaire Survey	Job opportunities; Health and safety; Labor security	Working closely with constructors; Strengthening the assessment system of project site quality and safety; Implementing the standard for safe and orderly construction; Protecting labor contracts and payroll management
Vendors	Group Interview Questionnaire Survey	Equality, mutual benefit and a win-win outcome; Resource sharing; Competitive bidding procurement; Common development	Standardization of bidding procedure and performance evaluation; Open tendering based on the issued Qualified Tender List; Facilitating the implementation of open tendering and procurement policies to achieve mutual benefit and a win-win outcome with vendors

Materiality Assessment

We conducted a materiality assessment for this report, and the participation of internal and external stakeholders is an important part. We selected key issues through group interviews and questionnaires, based on comprehensive consideration of the impact of such key issues on the sustainable development of the Company and the stakeholders.



Product Liability 01 HOPSCA Development 02 High-quality Residence 03 Green Building 04 Landmarks 05 New Urban Lives 06 Cross-Industry Cooperation	Human Resource 12 Corporate Culture 13 Fair Employment 14 Interactions 15 Labor Security 16 Employee Care and Career Development 17 Anti-Corruption and Anti-Fraud Operations
Vendor Management 07 Vendor Qualification Screening 08 Vendor Performance Assessment	Community Investment 18 Community Welfare Platform 19 Community Welfare Activities
Customer Feedback 09 Customer Satisfaction 10 Customer Privacy Protection 11 Customer Interaction Platform	Environment 20 Workplace Pollution Emissions 21 Energy Conservation and Emissions Reductions of Public Facilities 22 Vendor Environmental Performance 23 Energy Usage and Waste Management 24 Climate Change and Greenhouse Gas

New Urban Life

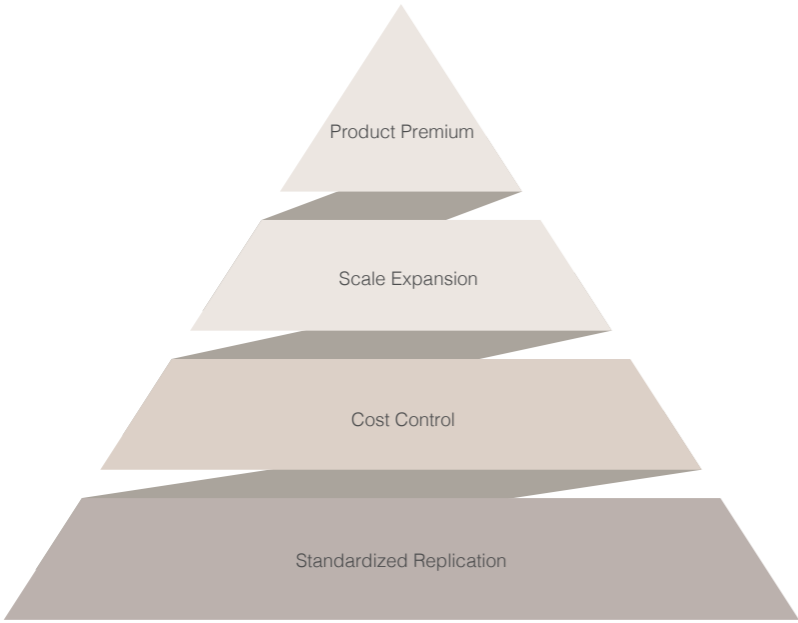
New Urban Taste

Product Advancement

Apartment series

Shimao Yun series and Cuican series are apartments for people with needs for housing or improved housing, designed to cater to the backbone groups in urban area who will not only be customers but also users and set to realize people's hope for “making life better”. The Guofeng series is high-end featured villa, presenting and recreating the classic architecture style prevalent in ancient China while combining the artistic conception of contemporary times. Tianyu series and Longying series are top urban apartments and villas developed based on Shimao's 29-year experience of building and operating luxury home, setting to become the industry's new benchmark and reshape luxury housing.

With different strategic positions for different product lines, Shimao has formed a marketable product mix of middle-end, high-end, and top-level products, further optimizing the product structure. The comprehensive upgrading of the product line can not only standardize products for further replication, control the cost, and help to expand in scale, but also rise the profit margin.



Artist's Impression of Fuzhou Shimao Mount Guilin Upon Clouds

● 「 Classical Case 」 The Guofeng series

Guofeng (literally Chinese-style) series was released in Fuzhou, Wuhan and Hefei simultaneously. Drawing inspiration from a series of book “An Oriental Country in Its Heyday”, the core concept of this series is “Inheritance and Recreation”, and four product concepts and six value systems were derived. Upholding a unique development philosophy of “recreating the heyday while bringing out novelty”, every project under Guofeng is special and one of a kind among its peers in every city.



Gu'an Shimao Cuican Sky City

● 「 Classical Case 」 The Cuican Series

The Cuican (literally magnificent) series was the new product line launched by Shimao, whose product white paper Evolution of + was also released at the same time. With “Restoration first, design second” as its key representation, it set up new standards which encompass three major changes of design logic, four product philosophies and ten life scenarios. Taking urban elites as its targeted customers, Shimao put up the development and operation concept of “scenario-based community” to set the scene for happy life.

Returning to Life Essence, Issuing “4+2” Commercial and Office Project Line

Shimao upholds the concept of ingenuity and organizes projects by location, type, business logics. Then “4+2” project line management system forms, which includes four commercial project lines (Shimao Commercial Center, Shimao Festival City, Shimao Skyscrapers City, Shimao 52+) and two office project lines (Shimao Tower, Shimao Link Park).

Yearning for Different Lifestyles-Six Project Lines

Commercial Project Line		Office Project Line
Shimao Commercial Center City level benchmark commercial building Central location of first and second tier cities In service of consumers pursuing high quality	Shimao Festival City Regional commercial building Central location of first and second tier cities or second and third tier cities In service of regional family consumers	Shimao Tower First-tier or super first-tier office buildings Located at the central business district of first and second tier cities In service of consumers in high-end office building
Shimao Skyscrapers City Large cultural and tourism integrated commercial building Located at outer suburbs of developed cities In service of consumers in city traveling, tourism and on-holiday	Shimao 52+ Minimall Community and commerce integrated commercial building Located at near community or business district In service of nearby consumers	Shimao Link Park Low-density and high quality industrial park Located at the non-central business district of first and second tier cities In service of consumers in industrial park



「 Classical Case 」 Jinan Shimao

Festival City

Landmark center of Spring City

Combination of classical and modern commercial

No.26 Quancheng Road, Lixia District, Jinan, China

Opening Time:May 2014 Shopping Mall

Construction area of 118,000 square meters

Jinan Shimao Festival City leads young consumers with fashion and fancy, improves consumption experience with relaxing atmosphere. In addition, it guarantees efficiency by scarcity of brand portfolio and professionalism of operation management.

Jinan Shimao Festival City

「 Classical Case 」 Shanghai Shimao

Tower

The headquarters of Shimao

Artificial intelligence building, “New Social Circle” of elites

No. 55, West Weifang Road, Pudong New District, Shanghai, China

Expected Delivery Time: October 2018

Office Building with construction area of 36,000 square meters

Commercial Building, with construction area of 10,000 square meters

Close to Lujiazui core business district, designed by GENSLER of US. Combination of first-tier office building and mini commercial area.



Green City Concept

The official report issued at 19th CPC National Congress points out that “we should, acting on the principles of prioritizing resource conservation and environmental protection and letting nature restore itself, develop spatial layouts, industrial structures, and ways of work and life that help conserve resources and protect the environment. With this, we can restore the serenity, harmony, and beauty of nature”.

Through constantly exploring green technologies and making relevant innovations, Shimao includes eco-friendliness into every aspect of design, R&D, and construction, and adapts the project management concept of “overall project life cycle” in its operation to best protect the environment, save resources and cut pollution, and come up with green, healthy, environment friendly and reliable products in a responsible way.



InterContinental Shanghai Wonderland

● 「 Classical Case 」 InterContinental Shanghai Wonderland turns a “scar” of a city to an architecture treasure

Regarding this abandoned quarry, Hui Wing Mau said, “We hope to turn this eye sore into a treasure that gives out remarkable charms and creates its unique value for the city through healing this scar human casted in nature.” As the world's first five-star hotel built in a quarry, InterContinental Shimao Hotel will surely become a legacy of Shimao as it represents a revolutionary move in the history of architecture design and a disruptive breakthrough of house-building.

Setting to be a landmark in Shimao's history, InterContinetal Shimao Hotel goes with the natural setting and defies the traditional architecture concept of building houses above from the earth, instead it explores spaces 88 meters below the surface of earth, represents a revolutionary move in the history of architecture design and a disruptive breakthrough of house-building and marking a model of harmonious coexistence between human and nature. Taking the advantage of the quarry to the fullest, every room of the hotel has a balcony for viewing the waterfall pouring down from the cliff. The hotel also plans to include rock climbing areas, a scenic restaurant and an 850 m² banquet hall, and facilities below the ground such as bar, Spa, indoor swimming pool, scenic boardwalk, themed suite and even underwater restaurant.



InterContinental Shanghai Wonderland is an extremely complicated project. To find a better solution, the engineers of Shimao exerted their expertise after having perused the survey files for the hotel and made multiple trips to the site. They assessed the stability of the cliffs from various aspects such as geological conditions, influence of underground water, seismological movements, stratum faults and load-carrying situation, and came up with a bold proposal that can preserve the original cliffs. Thus, not only the natural setting could be maintained, but also building costs could be cut down.

InterContinetal Shanghai Wonderland needs a lot of water for its operation. If municipal water supply were used here, it would have a great impact on the water-using of residents here and even the whole Songjiang District. Considering ecological environment as well as construction and operation cost, Shimao decided to make use of the water in rivers nearby. After technical treatment, river water is used for the scenic water in InterContinetal Shimao Hotel, saving 210,000 m³ and 80,000 m³ municipal water per year. With recycled water, air supporting and waterfall oxygen-exposure, polluted river water rated at level 5 low quality could be converted into level 3 water, which is safe for people to touch, and the transparency of such water would be improved from 0.23 meter to 2 meters.



Enriching the skyline of a city

“The city is an open book, from which you can see its ambitions.” ---- Eiel Saarinen, an American Institute of Architects scientist
Landmark buildings are economic, political and cultural centres of a city and usually people's first impression about a city.



Xiamen Shimao Straits Mansion

● 「 Classical Case 」 Conrad Xiamen in Xiamen Shimao Straits Mansion where the BRICS meeting happened

In 2017, BRICS Business Forum was held in Xiamen. As one of the recommended hotels of the Forum, Conrad Xiamen provided accommodation for important guests from around the world, showing its great capacity as well as high quality services.

● 「 Classical Case 」

Shenzhen Qianhai Shimao Financial Center

a building with a 45 degrees twist

At the end of 2017, Shenzhen Qianhai Shimao Financial Center in Shenzhen was officially completed. With double twists of 45 degrees Shenzhen Qianhai Shimao Financial Centre faces Shenzhen to one side, acting as one stop for bringing in the rich resources in mainland China, and looks to the prosperous Hong Kong on the other side as it stands in the forefront of Guangdong-Hong Kong-Macao Greater Bay Area. This building embodies “in-depth integration of ShenZhen and Hong Kong”, which is of both historical and economic significance. Standing in the core area of Mawan Bay Area, Qianhai, Shenzhen, Shenzhen Qianhai Shimao Financial Center is a carrier of the Belt and Road Initiative and takes an international position of “connecting Guangdong Province, Hong Kong and Macao, influencing the Asia-Pacific Region, and taking a global lead”.



Shenzhen Qianhai Shimao Financial Center

New urban lifestyle

Upholding the idea of “making high quality life possible to help people realize their dreams in cities”, Shimao continues to provide customers with high end experience of high quality in the aspect of housing, daily life, consumption, commerce, tourism and so on.



Wuhan Shimao Max Wonder Park

As China is encouraging to develop cultural tourism, Shimao is expanding its map of entertainment parks. High quality and sustained comprehensive development are Shimao's focuses in building themed parks. It has launched in 2016 Shimao Max Wonder Park in Shishi and Scenic Hall of Shimao Strait Building in Xiamen. In 2018, it will roll out Shanghai Shimao City of Elves Theme Park: Secret Wonderland in InterContinental Shanghai Wonderland, which will surely become an architectural wonder in the world. Wuhan Shimao Max Wonder Park, as well as Hollywood-level international IP theme parks are steadily developing on the premise of focusing on high quality and sustainability, and through professional planning and operation to realize the lifestyle needs of serving China's tourism and vacation.



Shanghai Shimao City of Elves Theme Park: Secret Wonderland



Shimao Hello Kitty Time Journey in Shanghai

● 「 Classical Case 」 Shimao Hello Kitty Time Journey in Shanghai

Shimao theme park joined hands with Sanrio to maximize their advantages as China's only Hello Kitty indoor park with Shanghai as its theme was launched in Shanghai. Aiming to serve the high-end tourists in China and meet people's needs for a leisure trip, Shimao brought to Shanghai another major attraction to inject even more vitality to the tourism market of this international metropolis.

FC Barcelona “Sports Excellency” Strategy

As a “lifestyle provider”, Shimaos has been paying constant attention to the education and health issue of its customers. In the aspect of education, Shimaos has launched “Photosynthetic Education Community”. Regarding health, Shimaos put great efforts in the sports industry in 2017.

In May, 2017, Shimaos officially became the first carrier of FC Barcelona’s “Sports Excellency” Strategy in China, and also an explorer to develop the sports and health industry in China, marking the beginning of Shimaos’s “Sports Excellency” Strategy.

Shimaos’s “Sports Excellency” Strategy is made of excellent community, excellent action, and excellent culture, which would be carried out in various communities to bring about extensive crossover integration from “product cultivation” to “building a daily life service system”.



On Aug. 21, 2017 Youth Training Program was successfully concluded, advocating the football culture marks a new height for the real estate industry.

Youth Training Program is a key practice of the Sports Excellency Strategy. It took more than 60 days to select trainees: 45 were winners from 32 matches among more than 18,000 Shimaos customers who signed up for the Program, and 1 was selected from the public. In the future, Shimaos will send young football fans every year to Barcelona’s youth academy for advanced training and introduce high quality sports resources to the daily life of Chinese teenagers.



In Aug. 2017 FC Barcelona Fans Club was set up, ushering in a path of building top communities.

Building excellent communities is the second step of the Sports Excellency Strategy, which would take place in three aspects: FC Barcelona Fans Club, Community Football Carnival, and product development jointly conducted by FC Barcelona and Shimaos. In the future, Shimaos will continue to improve its service through extending services for home owners and community cultural activities to cover the last kilometer leading to every community, aiming to realize its strategic goal of “setting the pole for China’s sports life”.



In December, the documentary video A Trip To Barcelona was launched to give in-depth and detailed explanation of Shimaos’s education concepts.

Through diverse industry layout, Shimaos officially imbedded the Sports Excellency Strategy into its communities, businesses, hotels, and theme parks to encourage more customers and home owners to participate. It will help Chinese people to lead a quality sports life that features both Chinese characteristics and internationally popular sports activities. Meanwhile, Shimaos will work with FC Barcelona to lead excellent sports culture building around football, setting an example of excellent sports life.

Shimao Star Hotel

On March 28, 2017, Shimao signed an agreement of joint venture with leading fund company Starwood Capital Group to establish a new joint venture – Shanghai Shimao Star Hotel Management Co., Ltd.

“As a leading real estate company in China, Shimao has to shoulder a great share of social responsibility to fully support the government in making macroeconomic development decisions. Sparing no effort to exert its advantages, Shimao joins hands with Starwood, an international leading real estate private fund, to deploy China’s market of middle and high level hotels and help Chinese hotel brands to gain global fame.” Hui Sai Tan, Jason, Shimao’s Vice Chairman of the Board of Directors, said so in the release ceremony of the joint venture.



Shimao Starwood Hotel Bali officially signed

On November 13, 2017, a signing ceremony for strategic cooperation between Shanghai Shimao Star Hotel Management Co., Ltd. (“Shimao Star”) and Pt. Graha Pecatu Hotel Development Company (“PT. GRAHA PECATU”) was held in Le Royal Méridien Shanghai. The two sides announced that Shimao Star will manage the hotels and apartments of PT. GRAHA PECATU in South Kuta Beach in Bali Island under the brand “Yuluxe Hotel” and “Yuluxe Apartment”. This is the first signed overseas project for Shimao Star, marking that Shimao Star has embarked on a new path of expanding its own brands and also that the first high-end Chinese hotel is about to be born in Bali.



“To deploy China’s market of middle and high level hotels and help Chinese hotel brands to gain global fame” is the globalization strategy of Shimao after it has teamed up with Starwood Capital, and this hotel management project in Bali falls in line with such a development direction of Shimao Star, and also fit China’s new policies laid down under the Belt and Road initiative as it helps Chinese brands to gain visibility in the world.

Supply Chain Management

There is a Chinese saying: “those who share moral standards tend to gather, and those who share similar goals also share similar paths.” Shimao has strict regulations for supplier assessment, tender and bid management, supply performance assessment and purchase management, etc. Implementing its development strategy, Shimao upgraded its purchase mode over the past year, promoted standardized and refined management, exerted tight control on product management and worked hard to optimize the purchase procedures.



「 Classical Case 」 First Strategical Suppliers Assessment Conference

In July 2017, Shimao held Shimao’s First Strategic Suppliers Conference with the theme of “Shared interests, efforts and development”. At the conference, the management team of Shimao expressed its gratitude to Shimao’s strategic partners with which it had been working together for years, evaluated the strategic suppliers and categorized them into different levels, presented awards to the outstanding suppliers selected, and explained that Shimao will deepen the management process, carry out in-depth innovation and optimize product R&D cooperation to open up a broader space for cooperation so as to facilitate Shimao’s future development. Shimao hopes to bring in more outstanding strategic partners for fair cooperation, mutual benefits and win-win results.

Overall KPI statistics (2017) :



There are a total of 2,708 suppliers (2016:2624 suppliers) recorded in the procurement center, with 192 suppliers (2016:224 suppliers) recorded in the procurement center, with 192 suppliers (2016:224 suppliers) still in effect.



The strategic procurement of the procurement center falls into 61 categories, including civil engineer and landscapes, fine furnishing, electrical and mechanical equipment, furniture and decoration, and hotel products, covering houses, hotels, and businesses.



In the past year, the procurement center provided trainings to suppliers 17 times (2016:18 times), and held 299 supplier meetings and exchanges as well as 613 supplier evaluations, covering 85% of suppliers.



There are 14,491 suppliers (2016:10407 suppliers) recorded under the cost department.

Quality Management

Committed to pursuing excellent craftsmanship, Shimao values details, follows the procedures step by step and upholds the bottom line while also striving for breakthroughs and innovations. It also attaches great importance to integrity and honesty, and honors disciplines. In 2017, Chairman of the Board of Directors proposed four key words for the year: steadiness, integrity, craftsmanship and high efficiency. Through the strategic path of “one main system with two focus”, Shimao gradually became an honorable group with a long history. Based on its former success, Shimao made internal and external upgrades in 2017, carried out process management and refined management to improve the “project management system that encompasses the whole project cycle”, and took a development path that is steady but also advanced, turning its focus of craftsmanship into a driver of growth.

The project management system of Shimao encompasses the whole project cycle, and consists professional management sections including full-cycle management for planning, technique, building phases, delivering, and maintenance. It is a transparent, disciplined and quantifiable management system that is carried and supported by internal systems, guidance, standards, and tools; realized through preparation, process and results management; assessed by internal investigation and third party evaluation, and uses quantities performance assessments as incentives; with all these above-mentioned factors impacting each other in a harmonious way.

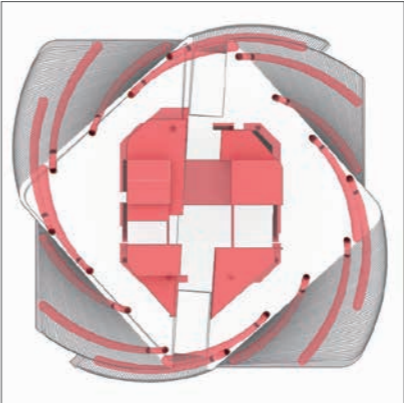


● 「 Classical Case 」

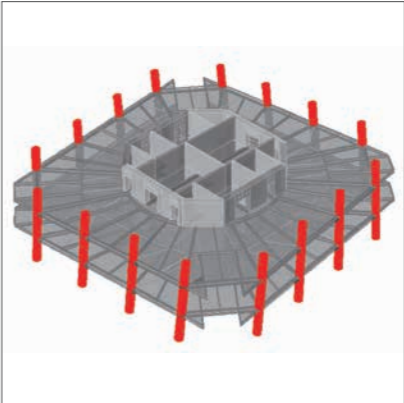
Shenzhen Qianhai Shimao Financial Center

Shenzhen Qianhai Shimao Financial Centre, is a challenging project because its complex revolving structure. After nearly 1,000 days of making design and planning and 101 knock-downs during construction process for better structure, this landmark of the era that represents leading techniques was finally built thanks to Shimao's spirit of pursuing quality in details and the meticulous deliberation of all the workers that dare to push the limits.

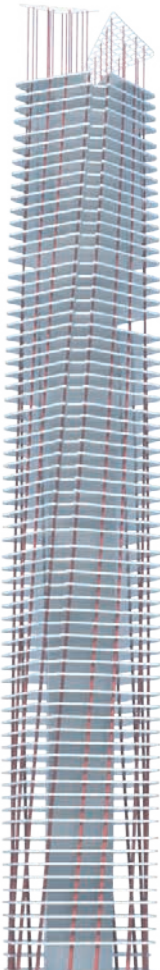
Using technologies such as BIM and QR code-assisted logistics, issues such as space layout, height control, electrical machine and structure improvement were solved for Shenzhen Qianhai Shimao Financial Center. Quality control is imposed on every design and process starting from the very beginning. Every panel wall, glass, steel beam and pillar and even joint was measured carefully and one can trace its original data and parameters using QR codes. In doing so, the whole building can be monitored. Once any security issue or suspicious condition occurs, the problem can be promptly located and dealt with to ensure the safety and comfort of users.



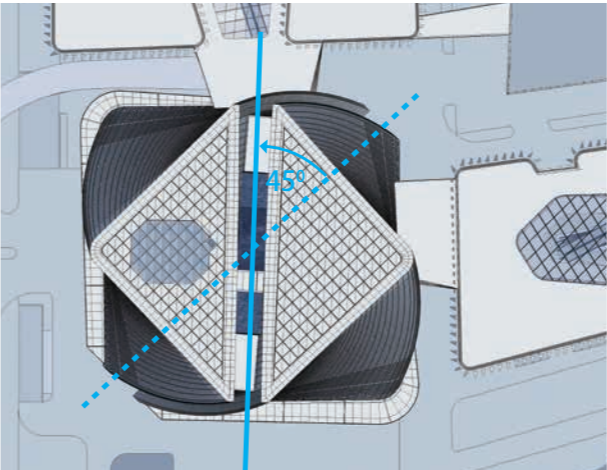
Spatial Structure Plane



Core Tube Structure



External Stereo Structure



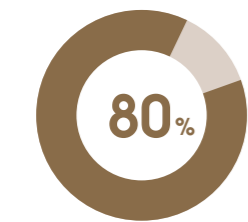
Every electrical device is under precise supervision, no matter it is big or small , and every piece of materials can be traced to its origin, to ensure that every detail, however imperceptible it may be, is carefully crafted so as to best cater to the true needs and wishes of every user. It is with such a persistence to excellent craftsmanship, Shimao produces refined and high quality product and presents owners with perfection.

Customer-Oriented

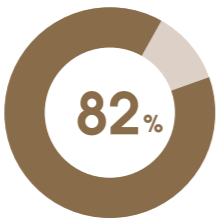
Customer is fundamental. Shimao insists on maintaining healthy customer relationship by continuously implementing customer researches, as well as providing customizable interaction services. Shimao's strategy focuses on obtaining new customers, maintaining current customers, and providing satisfying services.

Customer Satisfaction

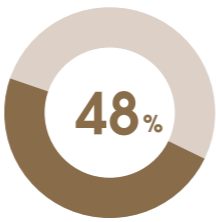
Shimao Customer Management Center will release a customer satisfaction report issued by a third party annually. The report covers both new proprietors and long-term proprietors. The result for 2017 customer satisfaction survey indicated that the degree of satisfaction is 80% for new proprietors, 82% for stable customers, and 48% for long-term proprietors.



New Proprietors' Satisfaction



Stable Customers' Satisfaction



Long-term Proprietors' Satisfaction

Customer Privacy Protection

In order to strengthen business secret management and protect the legitimate rights and interests of the Company, Shimao has set up the Three-Rule Injunction for Shimao Staff in accordance with the relevant laws and regulations of the state and the Company Intellectual Property Rights Management Regulations, clearly requiring the employees not to steal or leak the undisclosed information of the Company and customers. Since the early development of its SAP system, Shimao realizes the importance of customer information. The company introduces controls into the system so that each sales representative can only access his or her own customers. Meanwhile, direct download of customer information is not allowed, minimizing the risk of information leakage.

Customer Interaction Platform

Shimao has opened up various professional channels and established a pan-industry customer interaction platform to accumulate valuable customer networks.

KPI on the Interaction with Proprietors

In 2017, Shimao served over **900,000** customers.

Customer Satisfaction Results

New Proprietors Satisfaction	Stable Customers Satisfaction	Long-term Customer Satisfaction	Gift Giving Activities on Journals	Property Purchase Conferences
80%	82%	48%	4	51
Gift Giving Activities for Registration	Membership Shopping Activities	WeChat Interaction Activities	Rewarding Activities for Long-Term Proprietors	Prize Winning survey
93	13	31	49	2

In 2017

Entries of Data	Active Users (since 2014)	Customer Service Activities	Proprietor Related Services	Data Organization	Daily Customer Lottery
450,000	610,000	243	900,000	450,000	42430
Customer Interaction from Text Message, 400 customer service hotline, journals and website, the newly added WeChat Platform			Daily Customer Proprietors related sign		Customer Orders
1698519			1450670		811
Annual New Activities (Photography Showcase)		Activity Involving most Participants (13rd Drawing Competition)	Total Order Amount of The Shimao Club		
154662		50757	43,000,000		

In 2017

Hours of Communication	Hours of Inquiries and Complaints	Hours of Customer Interviews	Hours of Customer Surveys	Answering Rate of Customer Service Hotline
4803	3289	107	1196	83%
the 400 Customer Service Hotlines Helped people		Incoming Calls Handled by each Receptionist	Customer Satisfaction Rate regarding Customer Service Hotline	
125,000		46	98%	

In 2017, Shimao spent **15 million** RMB customer care fund.

Shimao Club

Pooling together superior resources from Shimao's various professional companies or organizations, Shimao Club is committed to providing all-around value-added services for Shimao's home owners and people who care about Shimao.

Shimao Coin

Members of Shimao Club can enjoy a series of rights and benefits, for example, there are many opportunities for them to earn Shimao Coin for more benefits.



Shimao Photosynthetic Education Community 2.0

In 2017, Shimao Photosynthetic Education Community was extended from pilot neighborhoods to the whole China and was upgraded to 2.0 through bringing in international IP resources. In the aspects of education, culture, and community efforts, Photosynthetic Education Community was upgraded to a comprehensive community education system that provides both advanced facilities and services.



Photosynthetic Education Community 2.0 is made of 9 sections under 3 major categories. Based on the former 360 class, more international learning resources have been added and more attention has been paid to educational interactions, facilitating better growth for children while bringing satisfaction to parents.

Photosynthetic International Academy: There are University for Children, Photosynthetic Education Camp and International Study Tour, to immerse children in an international environment as they grow up so that their horizon can be broadened, delivering education in a truly international way.

Photosynthetic 360 Class: The class teaches WINGS English, STEM Science and Innovative Arts. Children must be provided with all-around education that encompasses not only main disciplines but also arts, sports and DIY skills, so that their brain and body could be developed at utmost.

Photosynthetic Education for Everybody : There are community library, salon, and open classes for all the home owners in Shimao's communities. Our life has a limit but knowledge has none. Shimao not only provides a conducive environment for children's study but also a platform for all the owners to gain and share knowledge through educational interactions from which one can learn from each other.



13th Shimao Children's Drawing Competition

The Shimao Children's Drawing Competition is a long-standing activity held by Shimao Customer Service. By 2017, it has been held for 13 times. From May to August every year, the competition would be open for all home owners of Shimao, and children in these families are encouraged to take part in. In 2017, 50,757 people participated in the event and nearly 400 paintings were received. An owner who participated in the Competition for years said, "It is really lucky for us owners to have such a real estate company to prepare such high-standard drawing competitions for children every year, and Shimao has been doing this for more than 10 years."

The first Shimao Photography Competition was held in 2017

Shimao Photography Competition is a new event launched this year by Shimao Customer Service. The theme of this year's competition is "Poetic Autumn Scene Near My Home", calling the owners to pay more attention to the beautiful environment in their communities and the happiness in life. The activity attracted a total of 155,000 people to participate in, and nearly 300 photos have been submitted by the owners. Not only has it ignited enthusiasm among owners, it also provided the owners with a stage to show their talent and promoted the spirit of loving life and being able to discover the beauty of life.

Since its release, Shimao's Photosynthetic Education Communities have been laid down in 14 cities across the country. Every community would follow the education philosophy that life is the best classroom. In the past year and a half, the upgraded Photosynthetic Education Communities has delivered more than 1,200 classes with more than 10,000 students in total. There are over 1,000 owners that are active in the WeChat group for 360 Education.



AED Community

The elderly, children and volunteers are the three groups of people that Shimao care most about. In 2017, Shimao Property Management held a security and first aid themed carnival for them so as to improve the ability for owners to help themselves and each other during emergencies, and also to raise the awareness of safety among the whole society at large.



● 「 Classical Case 」 On September 23, 2017

Shimao River Garden community became the first AED Community in Shanghai Shimao Binjian Garden

Social Care

In 2017, Shimao continued to actively take part in charities. Shimao has always been an advocate and pioneer of social charity and public welfare. It has actively devoted itself to numerous charity undertakings such as rural medical care, children's health, education and culture, cultural heritage protection and cultural heritage, and has achieved remarkable results. The year of 2017 marks another big step taken by Shimao to conduct more social activities.

As of December 2017, Shimao has donated more than 1.3 billion RMB to charities.

Cultural Inheritance

Shimao Donated Map of Mountains and Waters Along the Silk Road Created in Ming Dynasty

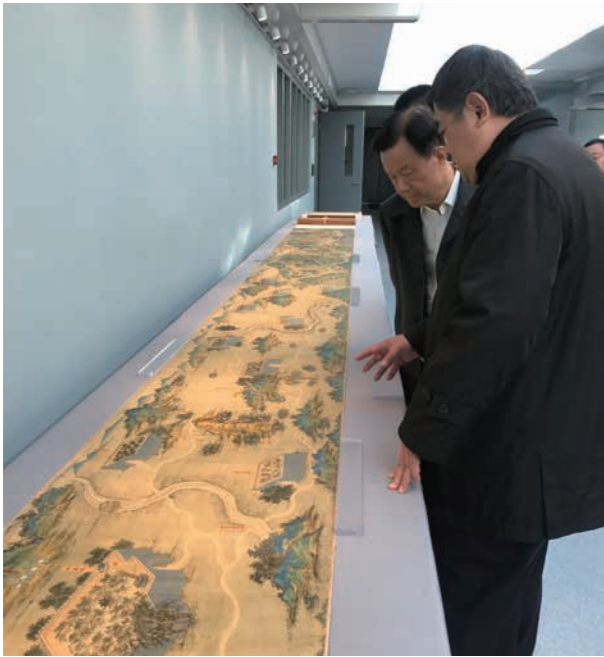
In Book of Changes, it says "We look at the ornamental figures of the sky, and thereby ascertain the changes of the seasons. We look at the ornamental observances of society, and understand how the processes of transformation are accomplished all under heaven." Shimao put this into practice as it devotes itself into culture protection, which is both an aim and a driver for Shimao's development.



On November 30, 2017, the painting Map of Mountains and Waters Along the Silk Road brought by Hui Wing Mau, Chairman of the Board of Directors of Shimao, from overseas became one of the collection of the Palace Museum. Painted in the middle or the late Ming Dynasty, Map of Mountains and Waters Along the Silk Road depicted the landscape of that period. It is a valuable ancient painting whose return would contribute to China's research of the historical Silk Road and serves as a precious reference for the development of the Belt and Road initiative in the future.

Mr. Hui Wing Mau said that culture is the soul of a country and a nation. Without a high degree of cultural self-confidence and without cultural prosperity, there will be no great rejuvenation of the Chinese nation. He also appealed to young people to pay attention to and carry on Chinese culture.

Map of Mountains and Waters Along the Silk Road is a treasure that carries significant history and cultural meaning. It has extremely great archaeological and academic value, reflects the open-minded spirit that the Chinese nation has upheld for thousands of years, and witnesses China's endeavor to seek harmonious coexistence and win-win cooperation with countries and peoples around the world.



Research and Protection Project for the Hall of Mental Cultivation

The vitality of Chinese culture lays in protecting and researching historical relics, which has witnessed history. This is an important way for a nation to understand its traditional culture and build its cultural self-confidence. Culture is the soul of a country and a nation. Without a high degree of cultural self-confidence and cultural prosperity, there will be no great rejuvenation of the Chinese nation. Shimao devotes itself to the charity work of cultural protection and promotes Chinese nation's cultural self-confidence.



Experts meeting for the Project of the Hall of Mental Cultivation

Shimao continues to support Palace Museum's Research and Protection Project for the Hall of Mental Cultivation. Formally launched at the end of 2015, the project focuses on passing on the traditional skills and arts, value assessment, personnel training, and mechanism innovation, adopts the principle of "to best preserve historical information of ancient buildings without changing the original features of ancient buildings", and aims to cultivate outstanding craftsmen who could carry on relevant skills, establish material bases, explore protection and operation mechanisms, record-keeping and value research, and overall planning and control. The project is implemented for ancient buildings, outdoor furnishings, ancient and famous trees, collections of cultural relics, and the auxiliary facilities in the Hall of Mental Cultivation (including infrastructure, security and firefighting facilities, and lightning-protection facilities), etc. Activities for visitors will also be conducted. It is hoped that under the support of experts and social forces, while repairing the building complex of the Hall of Mental Cultivation, a method of protecting ancient building and carrying forward traditional craftsmanship which is suitable for Chinese national condition would be discovered.



On-site investigation for the tiles and window hood

In 2017, the project team conducted comprehensive surveys on the bearing structure, tile roofs, paintings, interior decoration, the wall and flooring of the Hall of Mental Cultivation, as well as its courtyard drainage and surrounding environment, and made records and researches, so as to come up with targeted protection methods based on relics that are in different conditions and with different problems.

By the end of 2017, after several on-site investigations and internal project integration, the project team eventually produced significant results: historical documents totaling 1 million words, design documents with 1 million words, and more than 3,000 drawings. The statement for the research and protection project has been submitted to the National Bureau of Cultural.

Hong Kong’s New Home Association

Established in June 2010, Hong Kong’s New Home Association provides services for both Hong Kong and the Mainland. It is a charity organization dedicated to serving new arrivals to Hong Kong, ethnic minorities and other disadvantaged groups. It provides quality and professional one-stop social services to encourage people to actively invest and participate in the development of Hong Kong, promote community participation, facilitate social integration, and create an equal and caring society. It has more than 130,000 members and has benefited more than 1.4 million people with its service.

As Chairman of the Board of Directors of the New Home Association, Mr. Hui Wing Mau has spared no effort in doing charity work for disadvantaged groups, pushing for social integration, and bringing together Hong Kong and the Mainland. Mr. Hui Wing Mau actively participates in work that could help the new arrivals to Hong Kong, ethnic minorities and other disadvantaged groups. He leads the New Home Association to provide diverse high quality and professional social services to people in need, promote cooperation among “the civilian, the government, and the business” to help new arrivals and ethnic minorities to adapt and develop in Hong Kong.

Mr. Hui Wing Mau pays special attention to education of the young and encourages young people to get to know its country and understand the national conditions, so that they could themselves contribute to the practice of “one country, two systems.” Each year, the New Home Association would hold its branding event: the World is One Big Family, to exchange cultures, and Mr. Hui Wing Mau would always personally participate in to encourage young Hong Kong people to go to various provinces and cities in the Mainland through exchange programs so that they can experience China in person. In addition, with the encouragement of Mr. Hui Wing Mau and other people who share interests in the cause, the New Home Association and the Hong Kong Chinese Enterprises Association have jointly launched the “Caring for Homeland” program for the 999,000 disadvantaged people below the poverty line in Hong Kong, bringing benefits to the grassroots while uniting forces from all sectors of society to realize a vision of a caring and harmonious society.



<

On June 10, 2017, the inauguration ceremony of the 3rd Board of Presidents cum Charity Dinner of the New Home Association was successfully held. With the theme of “Love with Care”, the ceremony welcomed nearly a thousand people from political, social welfare, business, and entertainment circles. At the dinner party, the New Home Association announced that it had raised HK\$ 410,400,000 over the years.



New Home Association has established “New Hong Kong Ambassador Plan” under the support of Civil Affairs Department since 2012. More than 500 volunteers have been trained and 5800 interviews have been made during 2017. Also, more than 100 supporting activities are held including community resources exploring, lectures, languages classes and career trainings and so on, which provide assistance for new Hong Kong people walking into community.



On July 9, 2017, themed with “the World is One Big Family, Zhejiang and Hong Kong celebrate together”, the flag-handing ceremony for young people in Zhejiang province and Hong Kong to celebrate the 20th anniversary of the return of Hong Kong’s sovereignty to China were held in Hong Kong. Carrie Lam Cheng Yuet-ngor, Chief Executive of the Hong Kong SAR, attended the event and handed over the flag.

China Red Ribbon Foundation

Founded by more than 20 member companies, including the National Industry and Commerce Association and Shimao, in 2005, the China Red Ribbon Foundation is a national public welfare fund organization dedicated to AIDS prevention and control.

In 2017, under the guidance of the National Health and Family Planning Committee, the AIDS Prevention Working Committee of State Council, the Ministry of Civil Affairs and other ministries, under the leadership of the All-China Federation of Industry and Commerce and the National Council for Social Security, with the management and support of the China Guangcai Program Foundation, with the dedication and full support of the members of the Council, the China Red Ribbon Foundation has completed various tasks and achieved comprehensive development in aspects such as public welfare project implementation, brand publicity, fund-raising and corporate governance. The Foundation promoted public welfare projects and continued to spread love to children and poverty groups affected by AIDS, funded 250 children affected by HIV/AIDS in Liangshan, Sichuan province, 33 in Linfen, Shanxi province

and 175 in Longchuan, Yunnan province. Joined hands with Health and Family Planning Commission of Liangshan Prefecture, the Foundation produced twenty thousands of caring packages for mothers and children, which have been sent to 17 counties and cities in Liangshan Prefecture. Working with Department of Public Health of Fudan University, the Foundation carried out in-depth charity work in 15 villages, such as Zhuhe Township of Zhaojue County and Daqiao Township of Meigu County, to spread maternal and child safety care. More than 5,000 villagers received educational lessons on how to prevent diseases such as AIDS, hepatitis, and syphilis. The Foundation produced a total of 15,000 Red Ribbon Health Pack, 800 T-shirts, 800 workbooks, and 300 promotional posters, and 31 social organizations have volunteered to distribute these items.

On December 1, 2017, the World AIDS Day saw its 30th anniversary. Hosted by the China Red Ribbon Foundation and with the Shimao as special support, a dinner party to celebrate the 30th anniversary of the World AIDS Day themed with "Let's Join Hands to Fight AIDS" was held in the National Committee of the Chinese People's Political Consultative Conference

Auditorium. The campaign aims to raise the awareness of the society on AIDS prevention and control, spread HIV prevention knowledge with various methods, and call on people to better protect themselves, so as to suppress the spreading of the AIDS epidemic that afflicts human health and promote the cause of building China into a healthy country.

Hui Wing Mau, Executive Director of the China Red Ribbon Foundation, said that fighting against HIV, promoting health for all, and striving to achieve the target of HIV/AIDS free has always been a goal of the China Red Ribbon Fund. As a witness and participant of the "Red Ribbon", it is an honor to be able to be part of the cause of AIDS prevention and to fight AIDS alongside many other active social welfare activists. He also called on all sectors of the community to pay more attention to the groups affected by HIV/AIDS and hope that more companies could actively participate in and promote the cause of building China into a health country and shoulder the due responsibilities and missions of the times.



Mr. Hui Wing Mau, together with government leaders and honored guests, presents certificates of ambassadorship to several distinguished social figures.

As of now, in the field of AIDS prevention, the China Red Ribbon Foundation has provided support for 2,541 orphaned children because of AIDS in their study and life; it has provided life support for 54,000 women and children in poverty-stricken and border areas; it has provided 650,000 farmers nationwide with Red Ribbon Health Packages and promotional materials; with support from local governments, it has built and put to use 290 village-level health clinics in remote and impoverished areas, and carried out educational activities about sex and AIDS in 54 colleges and universities across the country. After twelve years of hard work, the China Red Ribbon Foundation has saw fruitful results as it has become an influential brand in the area of AIDS prevention and control, and even the whole public charity sector in China.

Shimao Charity Hospital

After the "5.12" earthquake in 2008, Shimao made donations to build 100 "Shimao Charity Hospitals" in the towns and villages in the western region that are most seriously affected by the earthquake, in an effort to provide safe, effective, convenient and affordable basic medical and health services as well as protection for the people living in rural areas. By the end of 2017, there were more than one hundred "Shimao Charity Hospitals" has been built over 7 counties including Sichuan, Yunnan, Gansu and Shanxi, with a population of 20 million in these areas.



Signing ceremony for the Project of "From Compatriots with Love – Yan'an"

On March 19, 2017, the signing ceremony for the Project of "From Compatriots with Love – Yan'an" was jointly held by the Overseas Chinese Affairs Office of the State Council and the People's Government of Shaanxi Province. Hui Sai Tan, Jason, Vice Chairman of the Board of Directors of the Shimao, and Wang Weihua, Director of Shaanxi Provincial Poverty Alleviation Office, signed a framework agreement for a donation totaling 10 million RMB. According to the agreement, Shimao will donate money to build Shimao Charity Hospital in Yan'an and donate medical equipment to 10 existing Shimao Charity Hospitals in Ningqiang County and Lueyang County in Hanzhong City, Shaanxi Province.



On March 28, 2017, the ceremony for donating physical examination equipment to Shimao Charity Hospital was held in Chengdu. Shimao would donate medical examination equipment worth 3 million RMB to Shimao Charity Hospitals in 20 townships in Sichuan province, Yunnan province, Gansu province and Shaanxi province to help these hospitals to set up "Shimao medical examination rooms" so as to provide better medical and health services to people in these towns. This event was supported by the China Social Welfare Foundation, Mango V Foundation, SF Foundation, and Inke Live Broadcasting.

Over the past 10 years, Shimao has never stopped its attention and support of Shimao Charity Hospital and the overall medical development of the local area at large. Since 2015, Shimao has adopted an approach of "conducting expert review for demands reported and issuing funds based on different categories" to improve the efficiency of fund-using. Also, Shimao actively seeks the participation of social resources and optimizes the allocation of resources. The donation of physical examination equipment to 20 Shimao Charity Hospitals is actually a targeted action taken after field trips in order to meet the actual needs of local people.

Nanjing Shimao Rainbow Care Center for Children with Severe Diseases

Founded by social forces and Nanjing Children's Welfare Institution and built with the help of Shimao in November 19, 2014), Nanjing Shimao Rainbow Care Center for Children with Severe Diseases (Nanjing Shimao Rainbow) is a non-profit organization dedicated to provide medical care for orphans suffered from severe diseases. With the aim of "making every children happy every day", Nanjing Shimao Rainbow has long been committed to providing services such as medical care, end-of-life care and psychological counseling and guidance for critically ill children, so as to improve their quality of life, enhance the development of charity for children with severe diseases, and promote the harmonious development of social civilization. Taking the opportunity of the relocating of Shimao Rainbow, a series of activities under the theme of "To Be Partners for Spreading Care" were launched to call on Shimao employees as well as the public to take part in the establishment of Rainbow Center. 34,000 people participated in the activity of trading walking steps for donations and 420 million steps were donated in total 1,661 employees, together with the public, participated in the activity of making donations for setting up more beds and 23 teams were formed for the relocation.

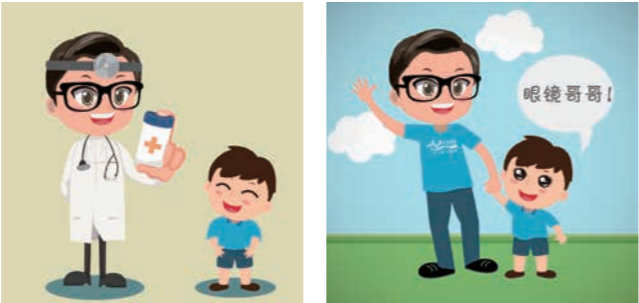


On September 16, 2017, the opening ceremony of the new Shimao Rainbow Center was held in Nanjing themed with "Promise of Rainbow". Mr. Hui Sai Tan, Jason Honorary Chairman of Shimao Rainbow Center and Vice Chairman of the Board of Directors of Shimao Group, Mr. Zhu Hong, President of Nanjing Children's Welfare Institution, Ms. Huang Fang, Founder and Director of Shimao Rainbow Center, and Mr. Shi Nanchang, Deputy Director of Shanghai Charity Foundation and other stakeholders of this Center gathered in Nanjing to witness this historic moment. After the relocation, the total area of the "Shimao Rainbow Center" was expanded from less than 300m² to about 1,500m², and the number of beds was increased from 12 to 38. Furthermore, basic living facilities catering to the daily life of children have been added, such as treatment rooms, quarantine rooms, sensory activity rooms and so on, greatly improving the living environment and receiving medical treatments for children with severe diseases. As of the end of 2017, Shimao Nanjing Rainbow received 50 orphans, 3 of whom were successfully adopted, 3 went back to the orphanage having been cured, and 26 passed away peacefully in love and care with their life expectancy extended by an average of 9 months.

"Spectacled Brother" Charity Activity

Officially launched on May 30, 2016, the "Spectacled Brother" charity activity was initiated by Shimao and the Shanghai Charity Foundation. It focuses on the health of children with serious disease, advocates healthy lifestyle and is committed to helping children from newborn to 14 years old suffering from major diseases through providing medical and health assistance for their families. It also calls on the whole society to participate and support such charity activities.

By the end of 2017, the "Spectacled Brother" charity activity has entered into cooperation with Children's Hospital of Shanghai, Shanghai Children's Medical Center, Fudan University Affiliated Pediatric Hospital, and Xin Hua Hospital Affiliated to School of Medicine of Shanghai Jiaotong University, and donated 2.6 million RMB to provide medical help to 60 children suffered from severe diseases under 28 categories with most of them are rare and acute diseases such as leukemia.



Volunteer Services

Class III of Grade Three

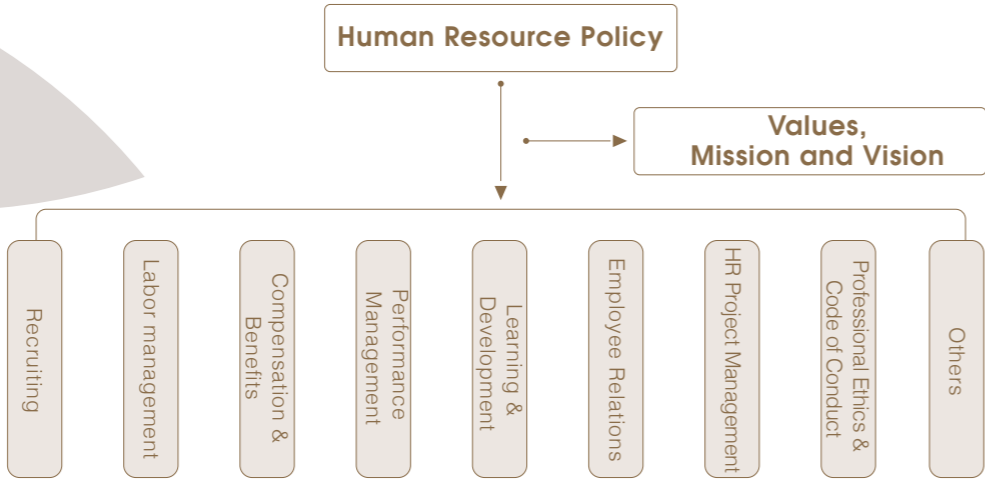
Shimao Class III of Grade Three, a group of enterprise volunteers formed by Shimao staff, seeks to gather volunteers with great vigor, compassion and strong public-welfare sentiment. Relying on Shimao' public service platform, volunteers make full use of their spare time to carry out public services that influences people around, which not only helps others but also develop a healthy lifestyle out of public welfare. In Chinese, "Class III of Grade Three" includes three horizontal and three vertical, shaping into the Character "Shi", which means "Every little bit builds the world" and represents the meaning of "Gathering little love and Practicing great conducts".



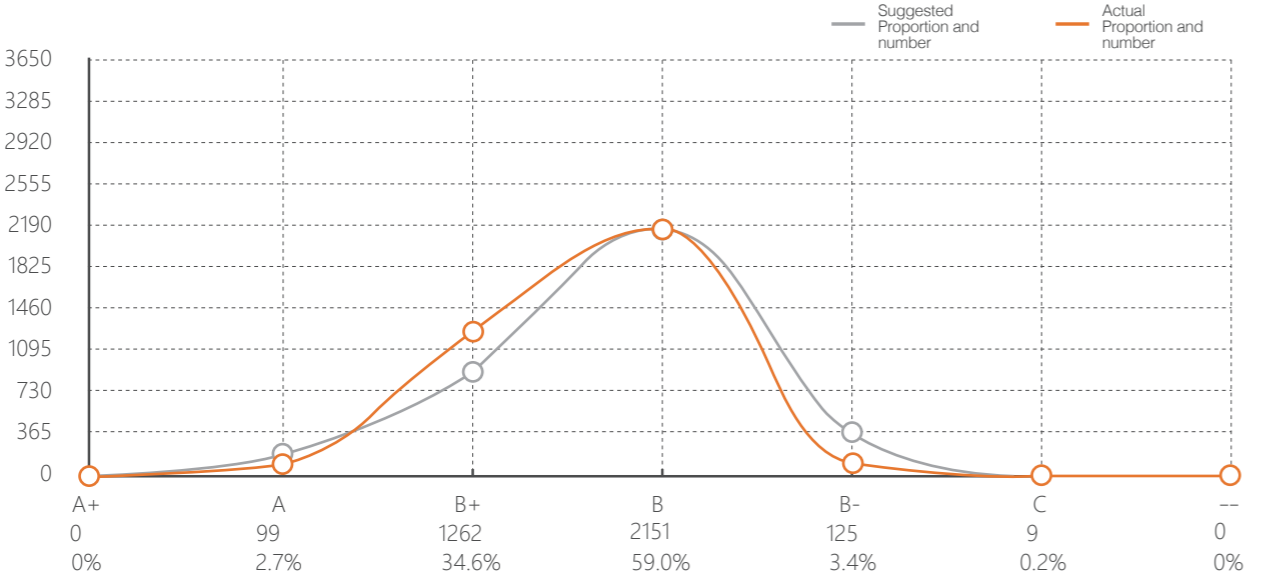
2015	2016	2017
Number of volunteer activities: 150+	Number of volunteer activities: 180+	Number of volunteer activities: 200+
Number of volunteers: 6,000+	Number of volunteers: 8,000+	Number of volunteers: 8,500+
Cities covered: 40+	Cities covered: 40+	Cities covered: 40+
Leveraging volunteering hours: 8,000+	Leveraging volunteering hours: 10,000+	Leveraging volunteering hours: 11,000+

Corporate Culture and Values

All Shimao's business is in compliance with the laws and regulations of the jurisdiction in regard to compensation, hiring, promotion and dismissal, working hours, leave, equal opportunities, diversification, anti-discrimination, and other welfare. Shimao has an integrated human resource management system, striving to provide excellent working environment for employees.



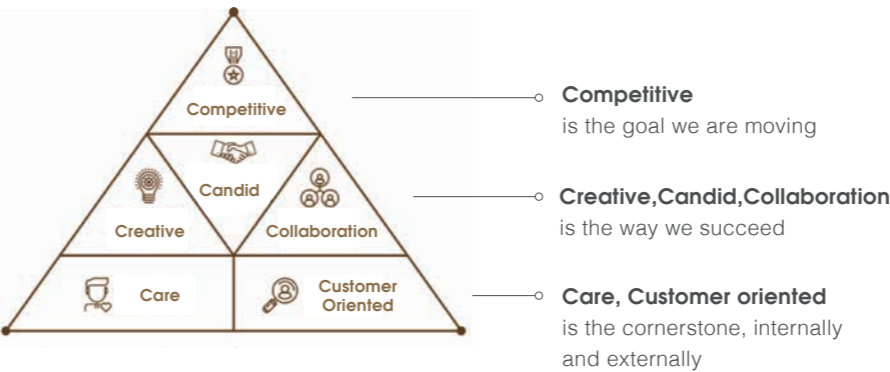
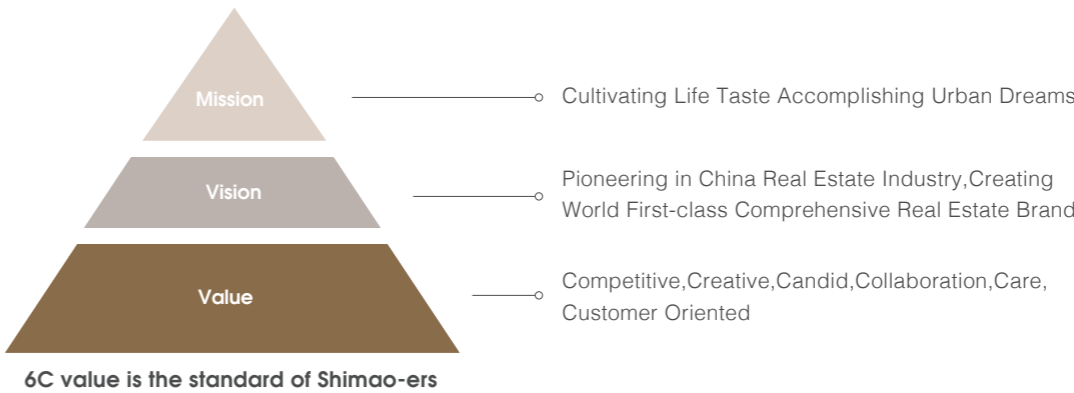
Shimao Performance Management is committed to building an outstanding organization in the real estate industry. HR department will conduct pre-evaluations with various department heads to help them assess their subordinates in an objective, fair and impartial manner. At the same time, HR propose the proportion of the year-end performance results in 2017 is distributed as proportion of 30%, 60% and 10% , using the results of the regional performance rankings and distribution of performance results. After a one-month performance evaluation and project, regional, and group human resources development meeting, the year-end performance evaluation results in 2017 are in line with the normal distribution ratio, and the percentage of all staff evaluation is nearly 100%.



[Note] This section of training data includes the number of employees of real estate headquarters and each region, theme park companies, and hotel management.

Corporate Culture

Shimao corporate culture consists of Mission, Vision and Values.



Shimao Artisan Contest

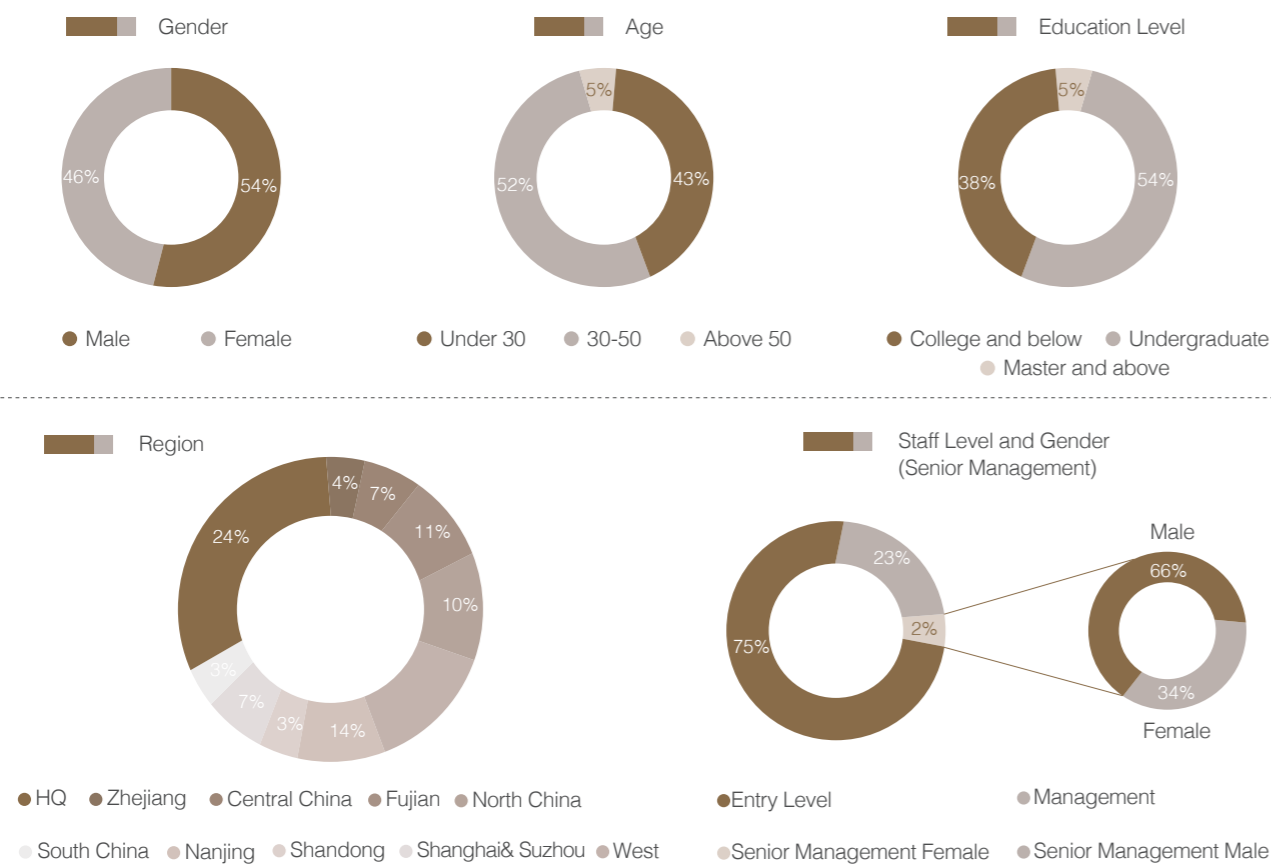
In 2017, Shimao implemented a number of initiatives to promote 6C culture. The year of 2017 witnessed Shimao's pursue on ingenuity. Over the past few years, Shimao has never been contented with its achievements and keep to pursue perfection, leading to tremendous changes in Shimao's products and manufacturing. In the aspects of project quality, design ideas, marketing strategies and talent management, Shimao has managed to reach new heights. Adhering to the current development trend of the Group, in order to promote and come up with innovative products, and also to make use of innovative thinking to enhance the efficiency of management, the Group's human resource department took the lead to organize the "Shimao Artisan Product & Innovation Management Contest". After rounds of selections held in different regions, 9 product teams and 10 innovation management teams stood out and came to the group headquarters for the final competition. In the end, 1 product team and 1 innovation management team would win the first prizes.



Pioneer Employer

Shimao upholds the idea of “retaining employees by promising career, attracting them by good mechanism and welfare, influencing them by excellent corporate culture and motivating them by a good vision for corporate development”. We try the uttermost to offer our employees an optimal platform of security, development and care. Shimao will never hire child labor or forced labor. Although these problems never occur within our company, we regularly review our recruiting policy to ensure that all hiring procedures are implemented rigorously and are incorporated into human resources policies.

In 2017, 4,050 people joined Shimao and 3,528 left. At the moment, we have 8,394 employees, including 227 from minority ethnic groups and 54 disabled employees. The below charts illustrate the gender ratio, age, education qualification, regional distribution and ranks of our staff.

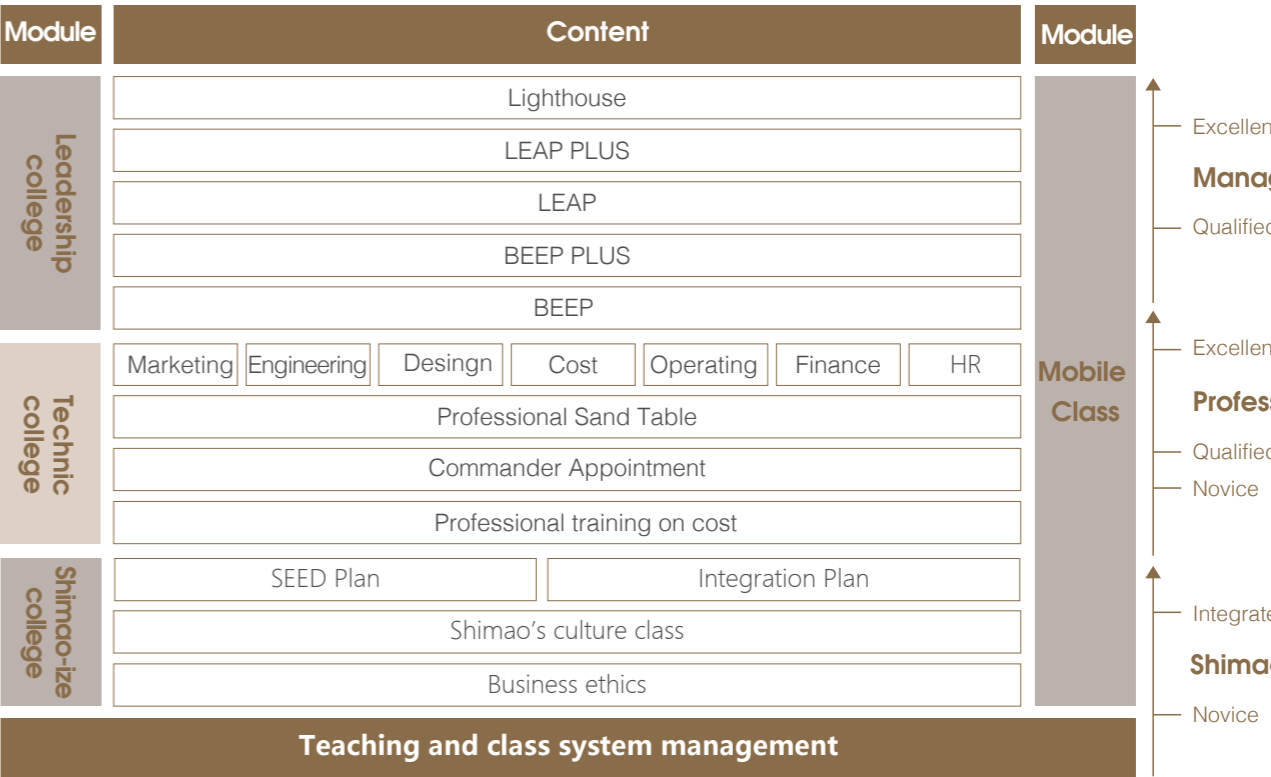


In 2017, Shimao Flexible Welfare Plan further improved the allocation of employee benefits and brought the Company multiple Pioneer Employer awards.



Employee’s Health and Development

Shimao not only complies with relevant laws and regulations of its respective jurisdiction, but also establishes internal guidance and regulations to ensure a healthy, safe, comfortable and efficient working environment for employees.



Leadership College 3 sessions of LEAP Camp were held in 2017, covering 70 managers and executives; 7 sessions of BEEP Camp were held, covering 200 intermediate and senior managers and executives; 14 sessions of Public Class, covering 298 employees.

Technic College 4 sessions of Operation Sand Table, 2 sessions of Project manager training, 2 training session on HR, 5 training session on cost, 2 sessions of Craftsman Plan and 2 training session on marketing, were held in 2017.

Shimao-ize College A total of above 100 employees were involved in the SEED Plan in 2017; all new employees participated in the 365 Integration Plan for New Comers and the training on corporate social responsibility.

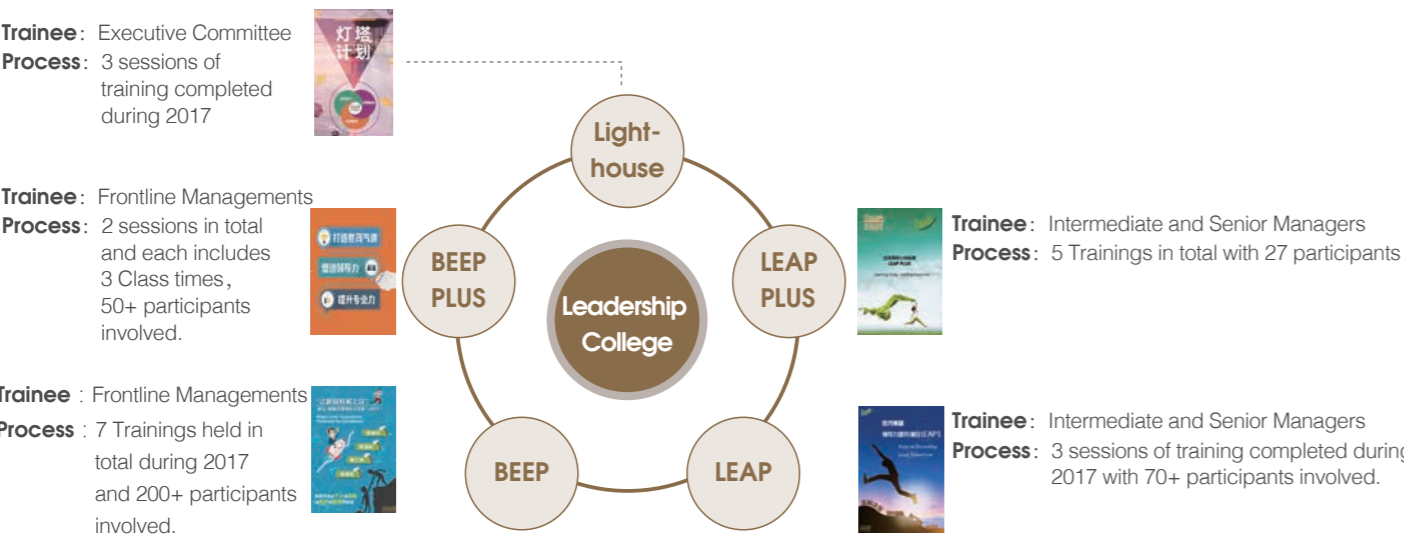
Teaching mechanism In 2017,7 training sessions were held and 117 trainers were certified.

Internal lecturer system 99 internal lecturers were certified, 78 courses were developed, and 57 lectures were completed in 2017.

Online College Cover all employees in 2017. The study hours for employee is 3 hours, and participation is 77%.

Classroom training More than 1,500 employees at all levels participated, with a per capita learning period of 24 hours and a total study duration of 50,000 hours.

Xin Shi Li and Xin Rui Li training were held more than 20 times and delivered more than 100 outstanding talents for the company. The training contents include workplace etiquette, becoming Shimao-er, professional literacy and skills, quality development , communication skills, etc.



Teaching mechanism

7 training sessions were held

117 trainers were certified

Internal lecturer system

Build trainers team

Inherit cultural concept

Discover tacit knowledge

Accumulate practical wisdom

Create sharing atmosphere

99 internal lecturers certified

78 training sessions developed

57 sessions completed

Note : This section of training data includes the number of employees of real estate headquarters and each region theme park companies, and hotel management.

Safety Operation

The corporate headquarter, each region and specialized company are all covered in the action to participate in safety training, to organize safety check and to assemble emergency rescue team. These activities make Shimao a safer workplace to employees to work more efficiently.

Raising Safety Consciousness	Raising Safety Consciousness	Improving Rescue Force
The firm distributed safety instructions four times during the year according to its operational attributes, while organizing necessary training as needed.	The firm implemented safety checks to eliminate hidden dangerous elements.	The firm built and trained its emergency rescue team to better handle emergence situation.

The safety month introduced four themes, one per week, as the following:



Mini Fire Station

Safety Simulations

Employee Care

“Employee Care” is one of Shimao's cultural cornerstones. Shimao is committed to providing all-round benefits for its employees which can be seen from its compensation and benefits, transparent communication, employee activities and family care while it also strives to create a “love and warm” work environment. In terms of benefits, Shimao is committed to building a comprehensive and flexible health-care and welfare platform with Shimao characteristics. In 2017, such flexible welfare platform took the data of 2016 to conduct a comprehensive analysis of the selection of business insurance and medical examination packages as well as their results, and added various commercial insurance options accordingly such as insurance renewal, traffic accident insurance, and travel insurance. Moreover, two family members can also be covered to help employees manage the risk faced by their families, sparing employees from worrying about their families. For the medical examination, 3 packages, 5 additional packages, 2 special Shimao Medical Examination Day is adjusted, which can help employees manage their health. In 2017 Shimao promoted new spiritual benefit EAP (Employee Assistance Program) “Shimao Caring Project”, aiming at helping employees face problems in their work and life better and then improving employee's career performance and organization performance.



- 「 Classical Case 」 Shimao Caring Project

Shimao Summer Camp for Employees' Children

The annual Shimao Summer Camp for Employees' Children embodies Shimao's deep care for its employees. The Summer Camp offers an opportunity for children to feel the warmth of Shimao family and help children and their parents to get to know and understand each other better.



Shimao FUN Family Day

Shimao FUN Family Day is another activity launched by Shimao that shows its appreciation towards the hard work of its employees and efforts to enhance their sense of belonging to the Group. On the Family Day, employees can enjoy various fun activities with their families.



Education Fund

Shimao carried out in depth cooperation with universities to help students with their development. In order to “enhance educational public welfare undertakings, support outstanding students to pursue a better future, promote Shimao's brand, and attract attentions form top-level talented people”, Shimao established the “China Artisan” education fund in seven top universities across China in 2017. The scholarships are provided in the forms of “independent signing”, “signing plus school-enterprise activities”, and “signing plus campus promotional shows”.


Accountability System

Shimao Group launched the Accountability Management Measures of Shimao Group (Guidance) in April 2017 to improve internal control and accountability. The accountability system helps Shimao Group to “lay down a standardized system with clarified processes so as to make clear the responsibility of each person.” In the past year, a total of 36 incidents related to accountability happened in Shimao Group. Once such incident occurs, the business unit, human resource department, and audit department should make quick responses and provide a reasonable punishment judging by the circumstances. In doing so, the rights and responsibilities are clearly defined and implemented to provide employees with proper guidance for performing their duties correctly, eliminate all kinds of dereliction of duty, give out proper punishment for those who don't act or act properly, and ensure that the major decisions, plans, rules and regulations could be properly implemented.

Anti-Fraud

Shimao has established an internal control structure and strict policies to prevent corruption and fraud, and has been earnest in implementing them. Corruption and fraud are not to be tolerated in Shimao and relevant laws and regulations of local authorities will be abided by. China's Enterprise Anti-Fraud Alliance was founded on June 18, 2015 with Shimao taking part in its foundation. Through making innovation and cooperation, the Alliance has helped companies to improve their anti-fraud system, promoted resources and information sharing, built an anti-fraud experience exchange platform, so as to make the business environment clean and fair, and curb corporate fraud. By the end of 2017, with 160 members from more than 20 provinces (municipalities) and autonomous regions across the country with nearly 3 million of employees, of which 88 were listed companies, accounting for 55% of the members, the Alliance has played a leading role in China's anti-fraud cause, especially in the real estate industry as more than half of the top 30 real estate companies have joined the Alliance.





The screenshot shows a mobile application interface titled '成员信息共享系统' (Member Information Sharing System). It includes a navigation bar with options like '主界面', '查询信息', '信息录入', '我的发布', '企业查询', and '外部查询'. The main screen displays a search form with fields for '姓名' (Name) and '身份证号码' (ID Card Number), followed by a green '查询' (Search) button. A note at the bottom states '注：不支持模糊查询。' (Note: Does not support fuzzy search).

<

From June 19 to 20, 2017, the second anniversary activity of the Alliance was successfully held in Shunde under the theme of “Striving for win-win results as we share the same goals”, during which the “sunshine system” that expose business dishonesty was launched.

With a small system, a lot of information can be found. The records regarding integrity of staffs are set up so people don't live up to the integrity standards will be denied in the job market, raising the cost of dishonest behaviors. This is conducive to the promotion of fairness and justice, and curbs business dishonesty among employees, thus effectively lowering the risk for enterprises.

In a new year, the Alliance will uphold its original goals and further improve the anti-fraud mechanism to include the information of dishonest suppliers in its database. It will also enhance anti-fraud technical training, explore anti-fraud professional competence certification, organize the establishment of an anti-fraud case database, develop the indicator for early warning in the fraud risk system, issue a white paper on the industry fraud, and promote the anti-corruption certification of the enterprise, thus committing itself to the in-depth development of anti-fraud work.



Green Operation

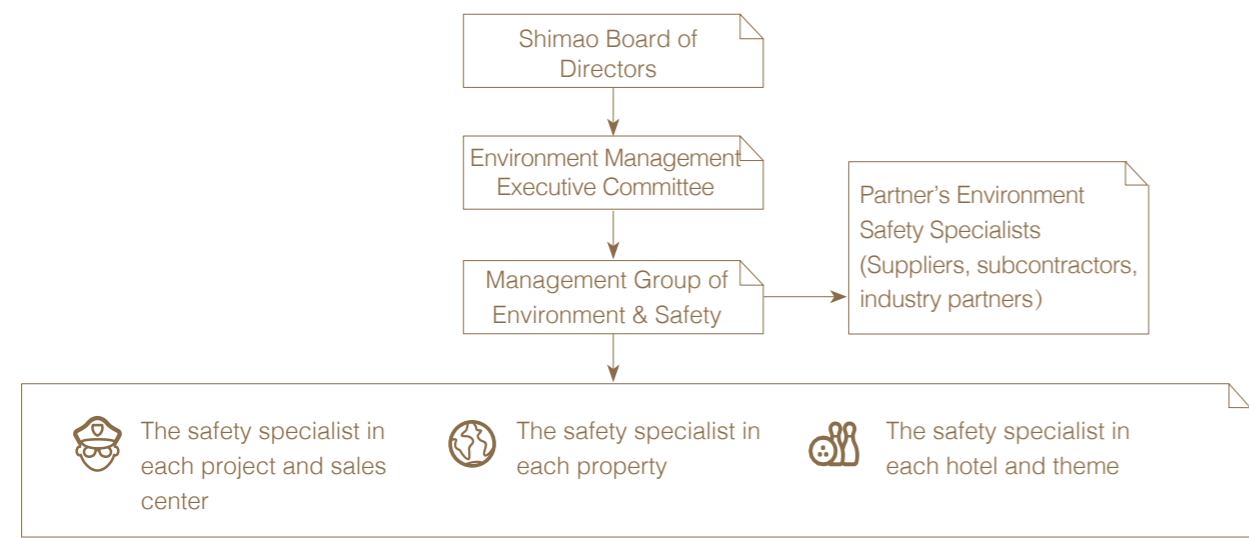
As an excellent corporate citizen, Shimao not only solves social problems on culture, health, education and privation, but also actively responds to the proposal released by the 19th CPC National Congress about environmental friendly civilization development and green operation. The firm incorporates green operation, sustainable development and low-carbon emission into its daily operation. The group refines and specializes works related to environment protection, resource conservation, health and security, renewable resource by developing strategies as green construction, green business, and green operation.

Environment Protection Concept

Shimao complies with 'The Environmental Protection Law of People's Public of China', 'Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution', Administrative Measures for Urban Household Garbage' and other laws and regulations that have a great impact on the Company's operations, to reduce the impact of daily operation on the environment. For instance, we carry out comprehensive environment management for the whole process, from operation and design, to implementation of projects and property services.

Environment Organization Framework

Shimao, committed to developing the environmental management system from the organization framework level, is gradually developing a top-down management mechanism from the board of directors to subsidiaries and business segments. We make sure that responsibility is assigned to each level and specific personnel. We aim to increase awareness and skills of environment protection among our employees by improving publicity and training. We encourage our employees to participate in the activities of green office and circular economy actively.



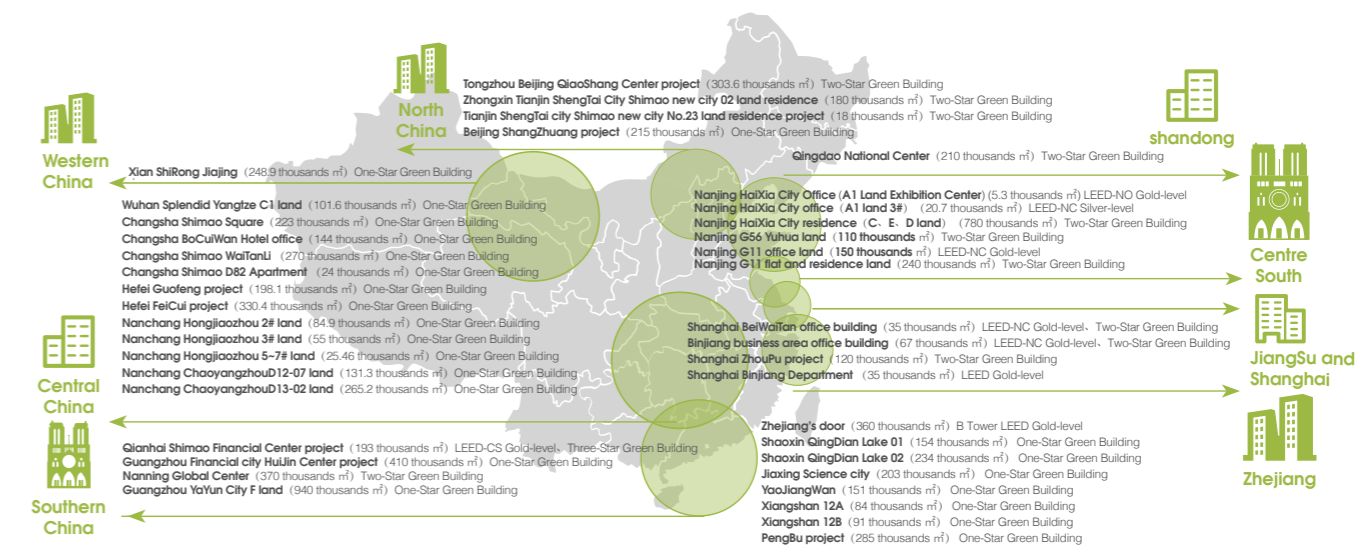
Green Construction

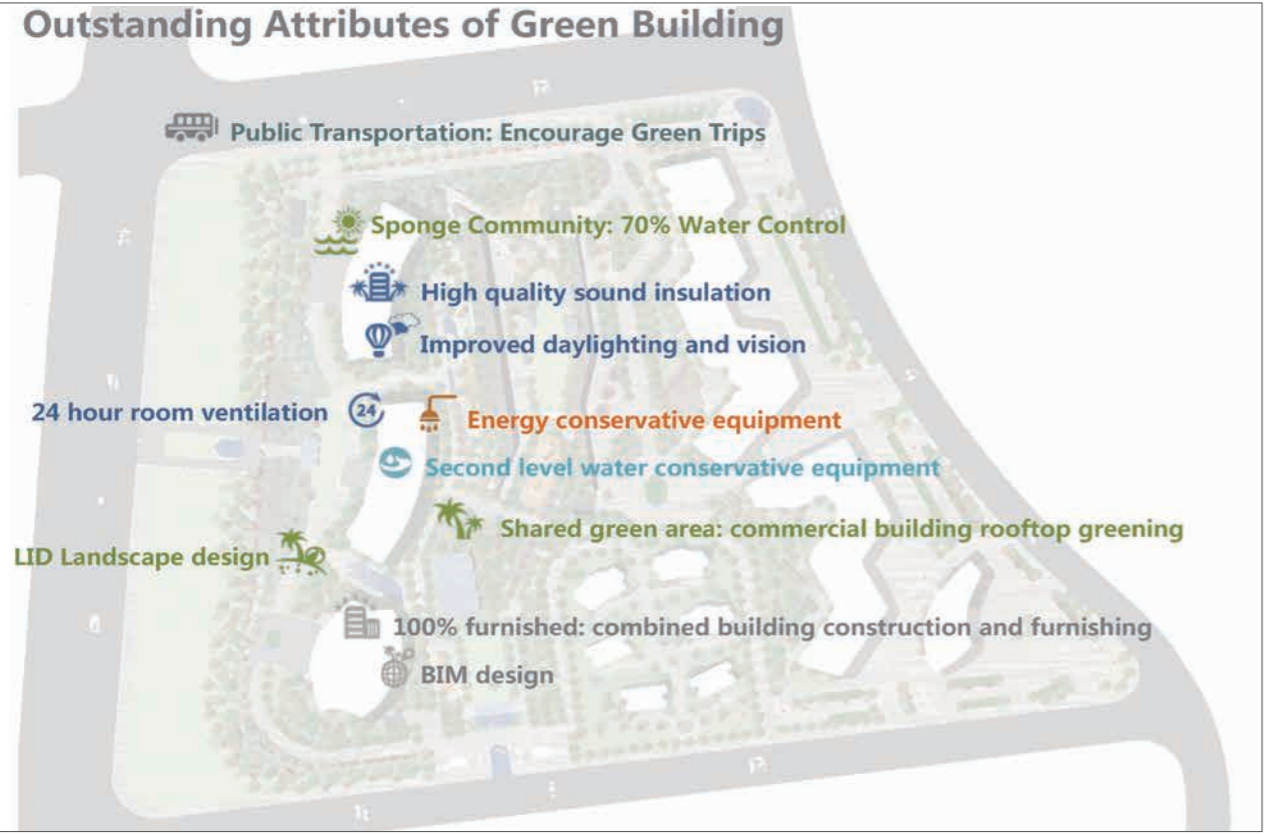
Shimao is providing the public with healthy, comfortable and efficient space. The firm's green construction conserves resources, protects environment, and reduces pollution to a maximum extent during its lifecycle.

Total area of Green Buildings up to 8.0665 million m² up to 2017



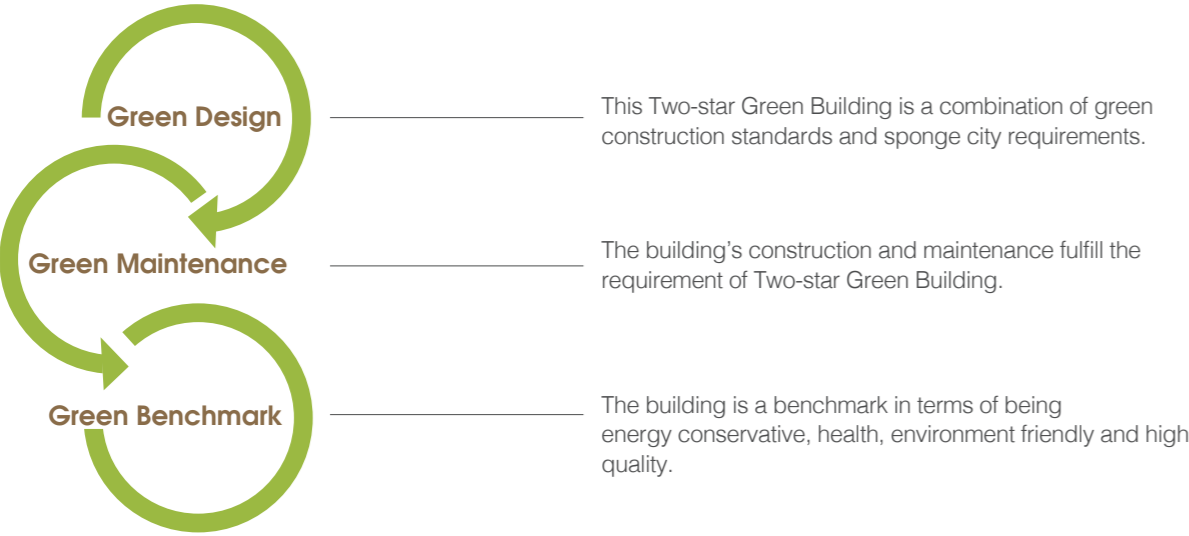
Qualification of Shimao Green Buildings up to 2017





• [Classical Case] **Qingdao Shimao National Center Phase II**

According to the firms concepts to be resource conservative, healthy, and environment friendly, Qingdao National Centre Phase II demonstrates Shimao's Green Construction strategy by conserving land usage, energy, water, building materials, as well as improving interior environment quality.



Green Project

During the construction, Shimao attaches great importance to environmental and safety issues, and strictly abides by relevant national, industrial, and local technical and economic policies. It has established a systematic environmental safety management system for construction, and adopted an effective regulation – Construction Management Approach.

In the construction, delivery, and maintenance phase of the entire project cycle, in terms of environment protection, Shimao focuses on doing a good job on "water management, construction waste disposal, air quality improvement, energy conservation, emission reduction, efficiency enhancement, and noise reduction". In close communication with communities in surrounding residential areas, Shimao would do its utmost to reduce the impact of construction on the local area. In the aspect of safety management, Shimao

focuses on "personnel safety, equipment protection, risk prevention, and community safety" in safety management. It would conduct regular investigation of the construction site to eliminate risk, which would be reported to the upper management level in accordance with a reporting mechanism, exert better control over major hazards, and maintain communication with surrounding communities to encourage local people to participate in the process, thus effectively controlling risks.

Although all of Shimao's engineering and construction projects have been outsourced to contractors and Shimao itself does not directly produce waste water and waste gas, Shimao requires suppliers to follow relevant national, industrial, and local technical and economic standards while adopting them to local conditions.

• [Classical Case] **Energy Conservation Renovation Project for Shimao's Hotels**

In 2017, Shimao Hotel and third-party energy-saving companies carried out energy-saving renovation of the hotels operated by Shimao. By the end of 2017, the two hotels that had undergone the energy-saving renovation projects (InterContinental Fuzhou and Crowne Plaza Shaoxing) had saved energy cost of 669,000 RMB, and it is expected that their energy consumption will be reduced by 1.6 million RMB each year.

InterContinental Fuzhou

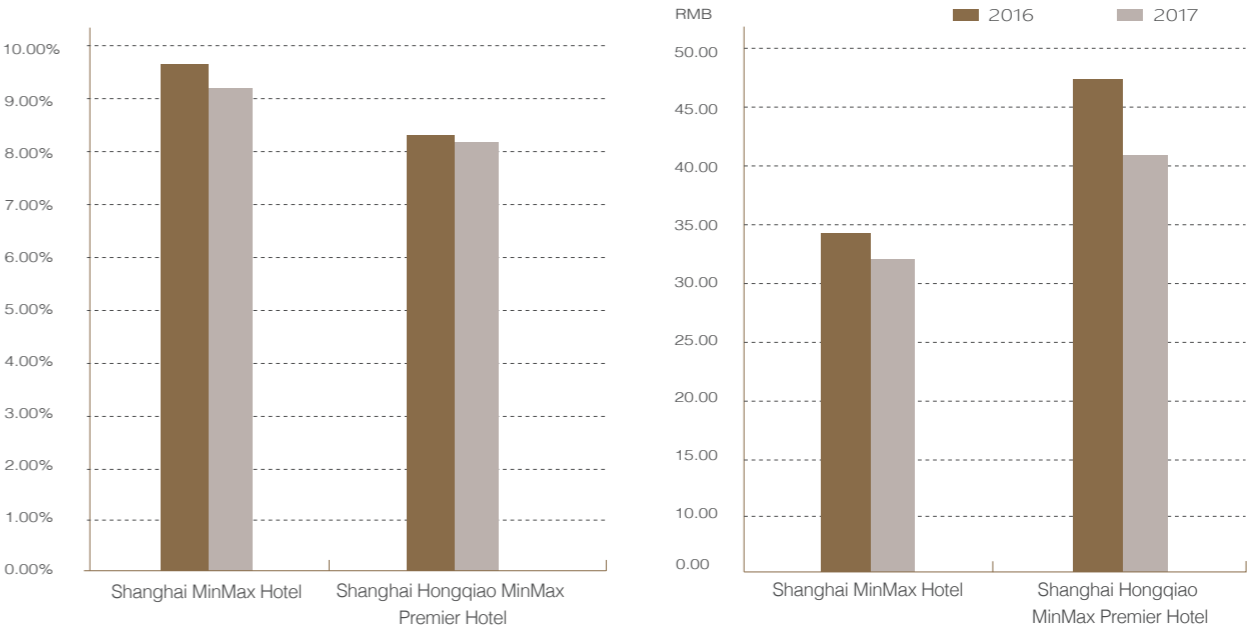
Since the completion of the energy-saving renovation project in July 2017, a total of 427,000 RMB in energy costs have been saved by the end of 2017. It is expected that the energy cost could be reduced by about 1 million RMB per year.

Energy-saving measures taken: adopting information-based smart control of the freezer room, recovering heat from the exhausted boiler gas, optimizing recovery system of the condensed steam, improving the pool heat pump system, conducting information-based smart control for the kitchen exhaust fumes, and renovating the LED lights in the banquet hall.

Energy consumption of MiniMax Hotels and MiniMax Premier Hotels

The ratio of energy consumption to total revenue showed a downward trend: Shanghai MiniMax Hotel Songjiang energy consumption in 2016 accounted for 9.66% of total revenue, 9.22% in 2017. Shanghai MiniMax Premier Hotel Hongqiao Hotel accounted for 8.28% of total energy consumption in 2016, and 8.14% in 2017.

The energy consumption of single room showed a downward trend in general: The average energy consumption of each room in Shanghai MiniMax Hotel Songjiang was 34.58 RMB in 2016 and 32.05 RMB in 2017. That of Shanghai MiniMax Premier Hotel Hongqiao Hotel was 47.26 RMB in 2016 and 41.05 RMB in 2017. The average energy consumption of each room showed a downward trend.



Green Office and Traveling

With growing concern about global climate change, many countries and regions have raised their targets to reduce carbon dioxide emissions. Shimao, as a corporate citizen, has the responsibility to make efforts to reduce emissions and reduce the significant impact on the environment and resources. Shimao incorporates its environmental responsibilities into its daily operations by implementing employee training programs to increase their environmental consciousness.

With respect to resource application, Shimao has implemented policies to effectively utilize resources (including natural resources), aiming to reduce resource waste, reuse resources and mitigate possible the significant impact on the environment and resources. In practical cases, we try our best to reduce and recycle wastes, and to extract usable materials from them.

Besides all actions in 2016, Shimao carried out new environment friendly actions in 2017, including encouraging electronic business, online approving, and paperless business; increasing 'turn out the light' signs; increasing lighting prompts; reducing energy waste due to switches; canceling electrograph; utilizing emails; introducing recyclable paper usage; reducing printing paper usage by changing paper from 80G to 70G; investing on remote meeting equipment to reduce actual travelling; encouraging employees to climb stairs instead of using elevators; creating shared bicycle parking spots; providing convenient green transportation to both employees and customers; recycling materials consumed by printers; recycling wasted batteries etc.

The KPI of Basic Exhaust and Greenhouse Gas Emissions during Daily Operation

(Scope: Emissions from car driving, consumption of electricity and paper, and traffic, of the Group's Headquarters)

Emission	2017	2016
NOX (ton)	0.3972	0.2532
PM (ton)	0.0381	0.0236
CO2 (ton)	3,027.36	3,199.91

「 KPI 」 In 2017 the corporate headquarter consumed electricity of 699,320 KWH (2016:1,117,827,92 KWH)	「 KPI 」 In 2017 the corporate headquarter consumed electricity of 1,092.69 KWH per person (2016:1730 KWH per person)	「 KPI 」 In 2017 the corporate headquarter consumed water of 88,771.7 m³ (2016:127,333.6 m³)	「 KPI 」 In 2017 the corporate headquarter consumed water of 138.71 m³ per person (2016:197 m³ per person)
--	---	--	--

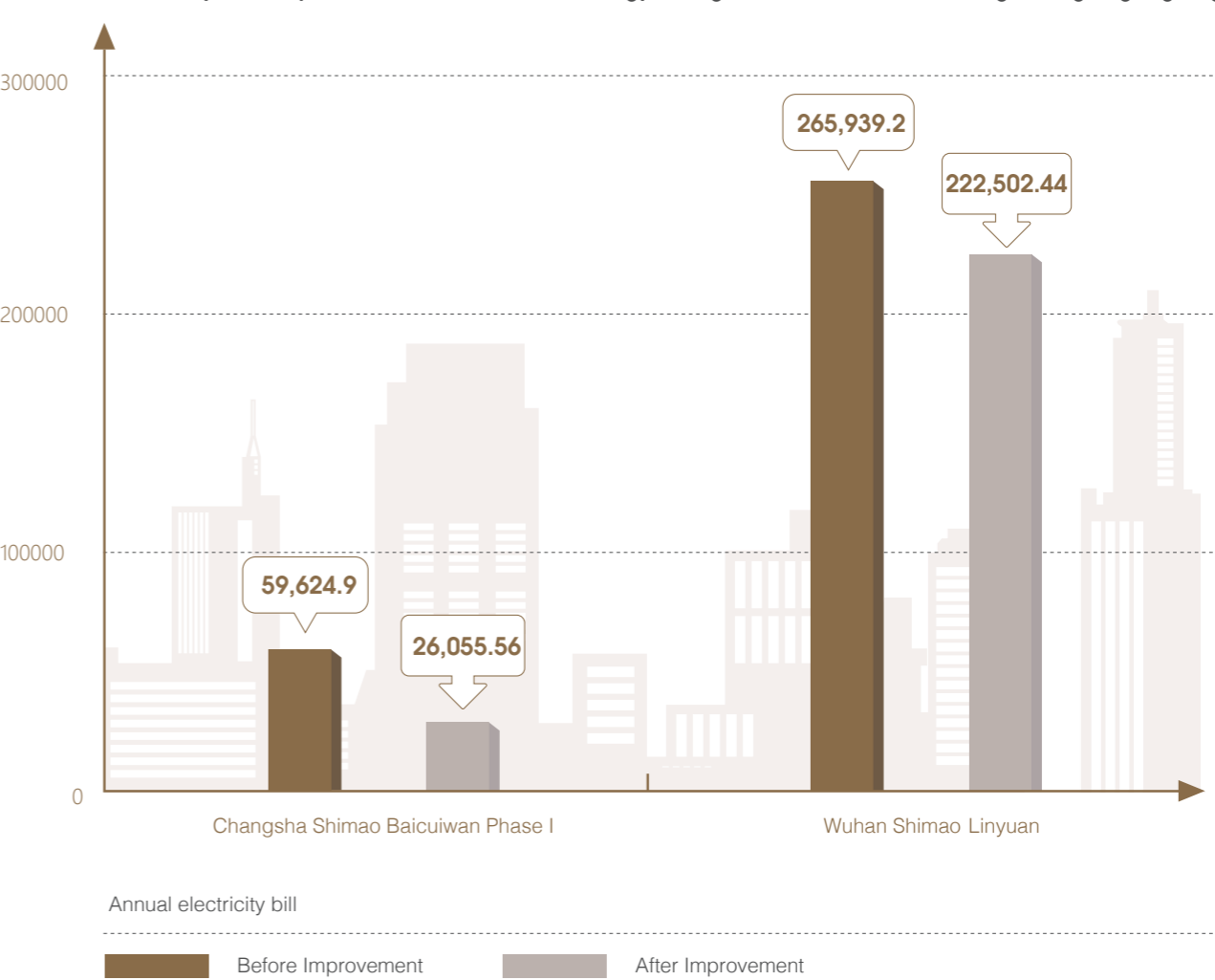
「 KPI 」 In 2017 the corporate headquarter consumed paper of 4.67 tons (2016:10.19 tons)	「 KPI 」 In 2017 the corporate headquarter generate toxic waste of 0.2 tons (including printer ink boxes and batteries)	「 KPI 」 In 2017 the corporate headquarter generated harmless waste of 95 tons (including all business related garbage)	「 KPI 」 In 2017 the corporate headquarter generated carbon dioxide emission of 2,586.585 tons (2016:2,364.597 tons)
--	---	---	--

Green Community

Shimao property companies are devoted to creating a livable and green community for proprietors, follow the 'Buildings Energy Efficiency Ordinance' and promote the concept of sustainable living, to build an environment that integrates communities into nature.

「 Classical Case 」 Communities in Central South China —Underground Garage Energy Saving Reconstruction

The annual electricity bill comparison before and after the energy-saving reconstruction of the underground garage lighting



Environmental, Social and Governance Reporting

Guide Index of the Stock Exchange

General Standard Disclosure	Page Number/Note	KPI Index	Pager Number/Note
Environmental			
A1、Emissions	Green Operation (54-59)	A1.1	58
		A1.2	58
		A1.3	58
		A1.4	58
		A1.5	54-59
		A1.6	54-59
A2、Use of Resources	Environmental Protection (54-59)	A2.1	58
		A2.2	58
		A2.3	54-49
		A2.4	54-59
		A2.5	Note1
A3、Environment and Natural Resources	Green City Concept (20-21) Green Office and Traveling(58)	A3.1	20-21、 58
Social			
Employment and Labor Practices			
B1、Employment	Corporate Culture and Values (44) Pioneer Employer (46)	B1.1	46
B2、Health and Safety	Employee's Health and Development (47-48) Safety Operation (49)	B2.3	47-49
B3、Development and Training	Employee's Health and Development (47-48)	B3.2	44-48
B4、Labor Standards	Corporate Culture and Value (44-53)	B4.1、 B4.2	44-53
Operating Practices			
B5、Supply Chain Management	Supply Chain Management (29)	B5.2	29
B6、Product Responsibility	New Urban Life (16-31) Customer -Oriented (32-35)	B6.2	33
		B6.3	32
		B6.4	30-31
		B6.5	32
B7、Anti-corruption	Anti-Fraud (52-53)	B7.2	52-53
B8、Community Investment	Social Care (36-43)	B8.1	36-43
		B8.2	36-43

「Note」 1. A2.5: Shimao's product (Real Estate) does not have outside packaging, therefore not applicable. 2. The currency amounts mentioned in this report are all in RMB.