

2016

Shimao Property Sustainability Report

SHIMAO PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 813

2016

Shimao Property Sustainability Report

CONTENTS

▶	Customer Interaction Platform / Customer Privacy Protection / Customer Satisfaction /
24	Customer-oriented Supplier Performance Assessment / Qualification Screening of the Vendors /
23	Strategic Cooperation New Urban Lifestyle / Enriching the City Skyline / Concept of Green City / HOPSCA Development /
15	New Urban Lifestyle
▶	New Urban Life
▶	Environmental, Social and Governance Reporting Guide Index of the Stock Exchange

53

▶	Materiality Assessment / Communication with Stakeholders /
▶	Overall Scheme of Sustainable Development
52	Green Construction
51	Green Community Environmental Protection Behaviors / Environmental Protection Concept / Environmental Organization Framework /
47	Green Office and Traveling

▶	Awards and Recognitions / Business Model and Operating Performance / Vision & Mission /
▶	About Us
▶	Anti-Fraud Operation / Employee Care / Employee Health, Safety and Development / Pioneer Employer / Corporate Culture /
▶	Corporate Culture and Values

▶	Class III of Grade Three / Volunteer Services Caring for Poor Children / China Red Ribbon Foundation / Shimao Care Hospital /
31	Medical Aid for the Needy
▶	Hong Kong New Home Association /
29	Community Care
28	Cultural Heritage The Research-based Project of Protecting Yangxin Palace in Forbidden City /
▶	Social Care
▶	Chairman's Statement

05

▶	Accessibility / Reporting Standards / Scope of the Report /
▶	Introduction

A high-angle photograph of a modern skyscraper with a large, illuminated 'Shimao World City' sign on its upper floors. The building is set against a backdrop of a dense urban skyline at dusk, with the sky transitioning from orange to blue. The foreground shows a rooftop terrace with a glass railing.

Introduction

► Scope of the Report

This report is a complementary material for the 2016 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 2016. 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.shimaoproperty.com>. If you have any enquiry or wish to advise us on Shimao's sustainable development, please email us via csr@shimaogroup.com.



Chairman's Statement

A journey of a thousand miles begins with a single step. The year 2016 is the first year of the '13th Five-year Plan' period. Shimao went through the changes of the macroeconomic and financial situation. Faced with ferocious market competition, we enhanced the market competitiveness and public reputation of Shimao's brand, by grasping opportunities, scientific planning, ingenious creation and innovative development. Shimao grows constantly with the development of our country's economy and under the guidance of national real estate policies.

Shimao seeks to create a new urban lifestyle with exquisite craftsmanship. We always establish and practice the scientific outlook on development, and explore new ideas of reform and development actively by setting up a new business model that includes property development, property management service, hotels, business investment and theme parks. By doing so, the Company aims to achieve a reasonable regional layout, a balance between commercial and residential property development, an enriched product structure, and a high-value corporate brand. Shimao takes the initiative to adapt, grasp and lead the new normal of economic development, promote the supply-side structural reform, cultivate new economic growth momentum and create quality urban life.

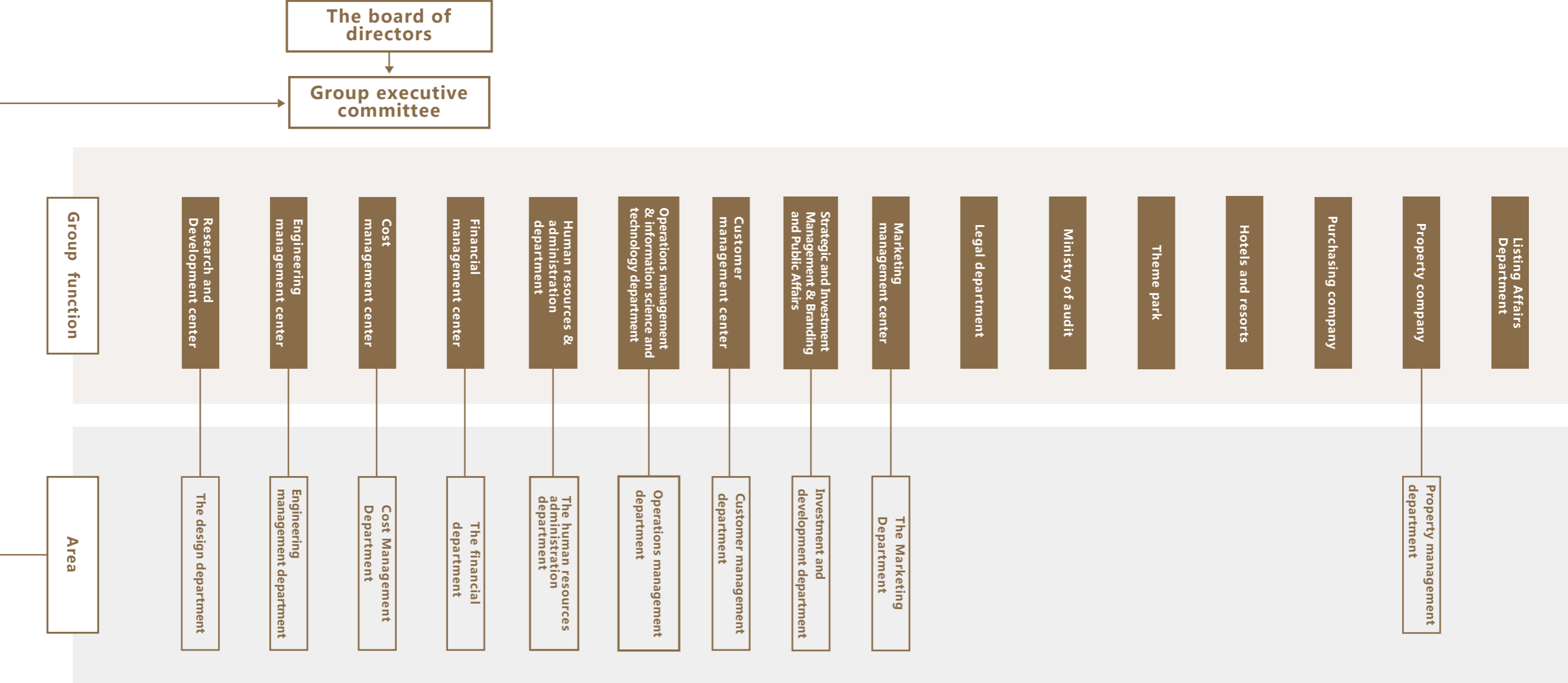
Shimao keeps giving back to its stakeholders for their expectation, never forgetting the mission of craftsmanship. Over the years, Shimao has been creating stable returns in value for its shareholders, making great strides on emphasizing both economic and social benefits. By following a development concept of earnest cooperation and win-win development, we grow along with our partners. We aim to continuously increase the quality of life of our customers by providing the most ingenious and customer-oriented products and services, based on the properties of our customers. We care about our employees' physical and mental health, and establish the 'Shimao Academy to help our employee design their career and improve their professional ability, in order to increase the value of both the Company and its employees. Particularly, in the area of social welfare, Shimao has actively promoted the concept of philanthropy based on the principles of cultural heritage, community care, medical aid for the needy and volunteer services. The Company has donated millions of RMB to the 'Yangxin Palace Protection Project' in Forbidden City, Beijing to preserve and promote Chinese civilization; founded the Hong Kong New Home Association to contribute to Hong Kong society, and China Red Ribbon Foundation; built more than 100 Shimao Care Hospitals; initiated the act of care about seriously sick children to help the needy and develop local medical service; and set up Shimao 'Class III of Grade Three' volunteer team to bring love into daily life. Shimao employees intend to assume more extensive responsibility, 'gather small love and deliver great charitable acts'.

Shimao adheres to the bottom line of its craftsmanship and stays committed to building a new ecological home. Our people never lose the faith to create a living space which integrates nature, architecture and culture for our customers, and a green, comfortable and harmonious living environment for our society. Throughout our company's daily operation, we keep close attention to our carbon emissions, pollution control and environmental wholesomeness and safety, and try to penetrate the concept of resource conservation and environment protection into the entire process of our operation and management, in order to pave the way for the sustainable urbanization.

Craftsmanship needs the support of faith, persistence and innovation. It is easier to say than to put it into practice. Such craftsmanship starts from a sense of awareness, grows in daily accumulation, and blossoms with great value. Shimao is willing to take the responsibility as an industry leader, national enterprise and world citizen, to develop with its partners and country and live with nature harmoniously.

Justice of the Peace
Mr. Hui Wing Mau

Organization chart

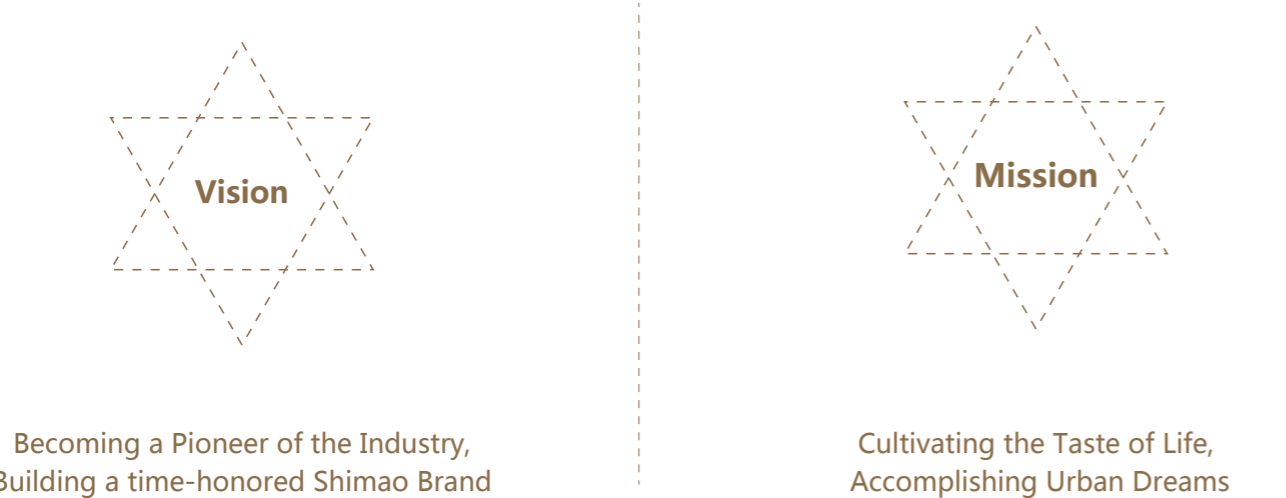


About Us

Shimao Property Holdings Limited (“Shimao” or the “Company” , together with its subsidiaries, the “Group” , Stock Code: 0813 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 43 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, theme parks,etc.

1 Residence :

In 2016, Shimao sustained its development in a steady, healthy pace, attained an increase in both the quantity and the quality of its performance, and continuously prepared for intensifying its business development.

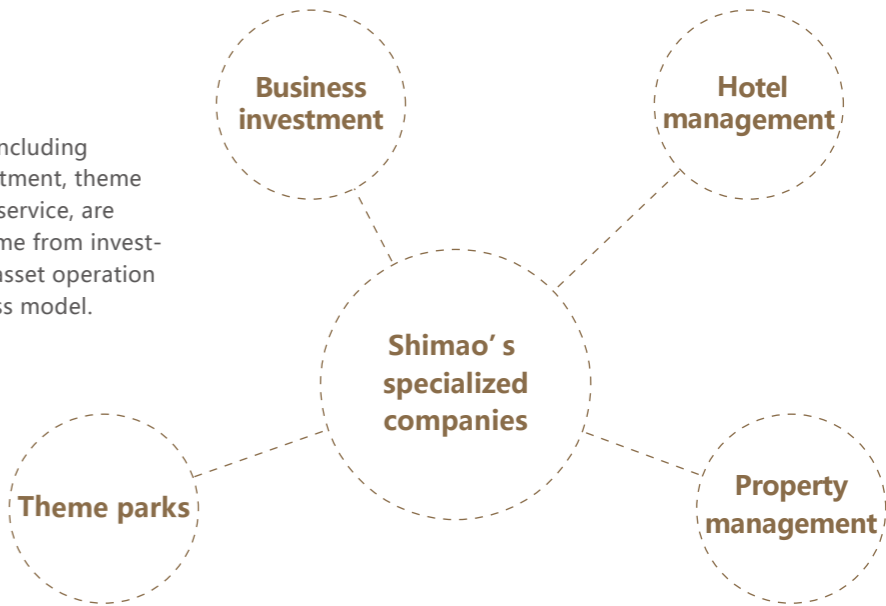
In 2016, Shimao adhered to the stable pace of development and achieved certain increase in its business.

Contract sales area	4,918,453 ^{m²}
Contract sales amount	RMB 68.1 billion
Average selling price	RMB 13,850 / ^{m²}
2016 New Land Reserve, before interest	3.96 million ^{m²}
Total Land Reserve, attributable interest (as of December 31, 2016)	30.79 million ^{m²}
Land Cost per Square Meter	RMB 3,547 / ^{m²}



2 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

Awards and Recognitions achieved by Shimao in 2016		
Date	Name of Award/ Recognition	Issuer
2016.01	Enterprise with the Highest Brand Value	House.people.com.cn/
2016.03	2015 China CSR Contribution List	The Economic Observer
2016.03	Annual Industry Leader in 2015	Shanghai Real Estate Chamber of Commerce
2016.06	Golden Bee CSR China Honor Roll: Leading Enterprise	China WTO Tribune
2016.06	The 13th Chinese Blue Chip Properties (2016)	The Economic Observer
2016.07	Top-20 Green Real Estate Developers in China	Standard Ranking
2016.08	The Annual Case of Responsibility	Southern Weekly
2016.10	Chinese Real Estate Developer with the Best Financing Capability in 2016, "Top 100 Chinese Real Estate Developers by the Time Weekly"	The Time Weekly



Overall Scheme of Sustainable Development

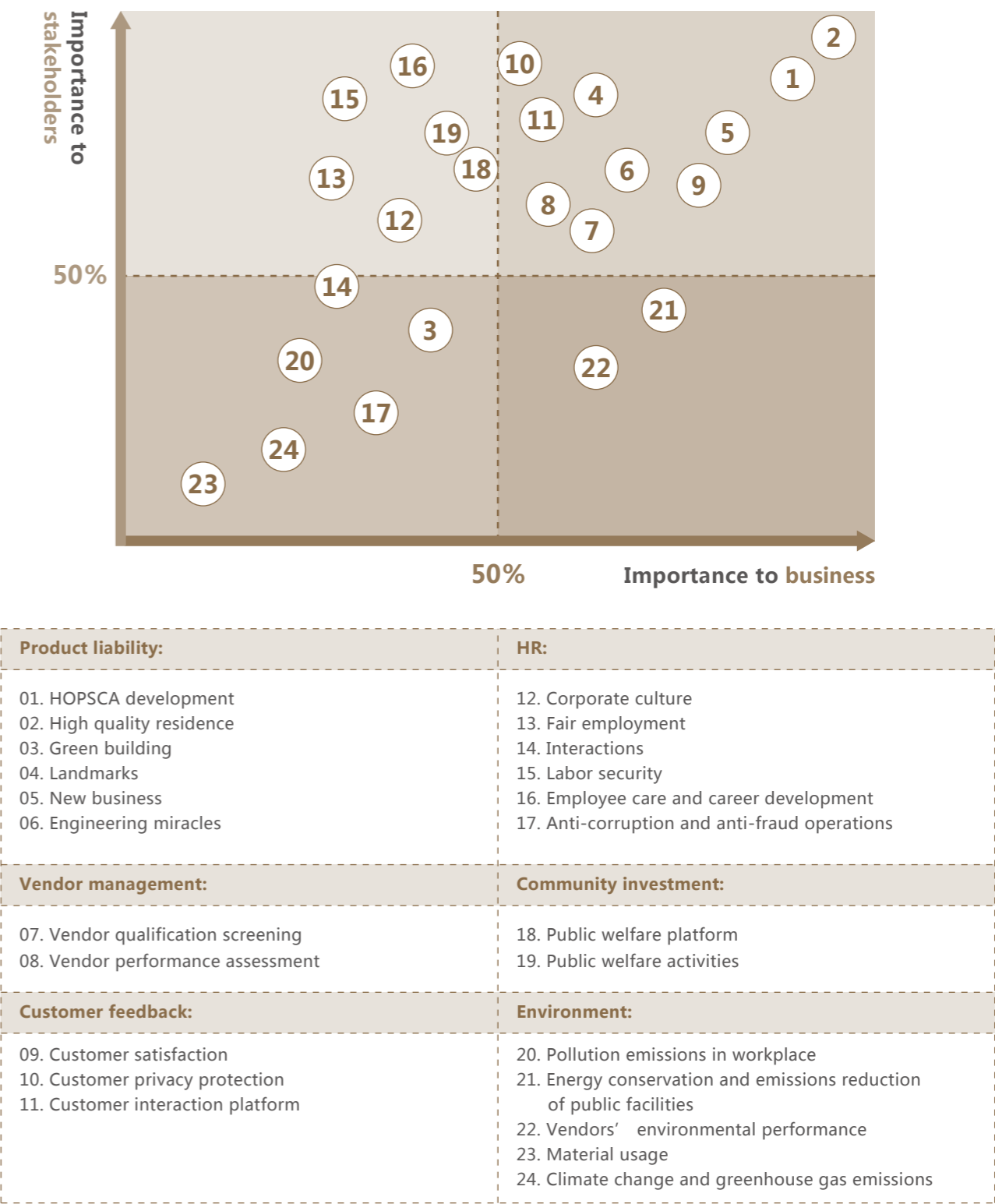
Communication with Stakeholders

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 2016			
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; Risk control; 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.



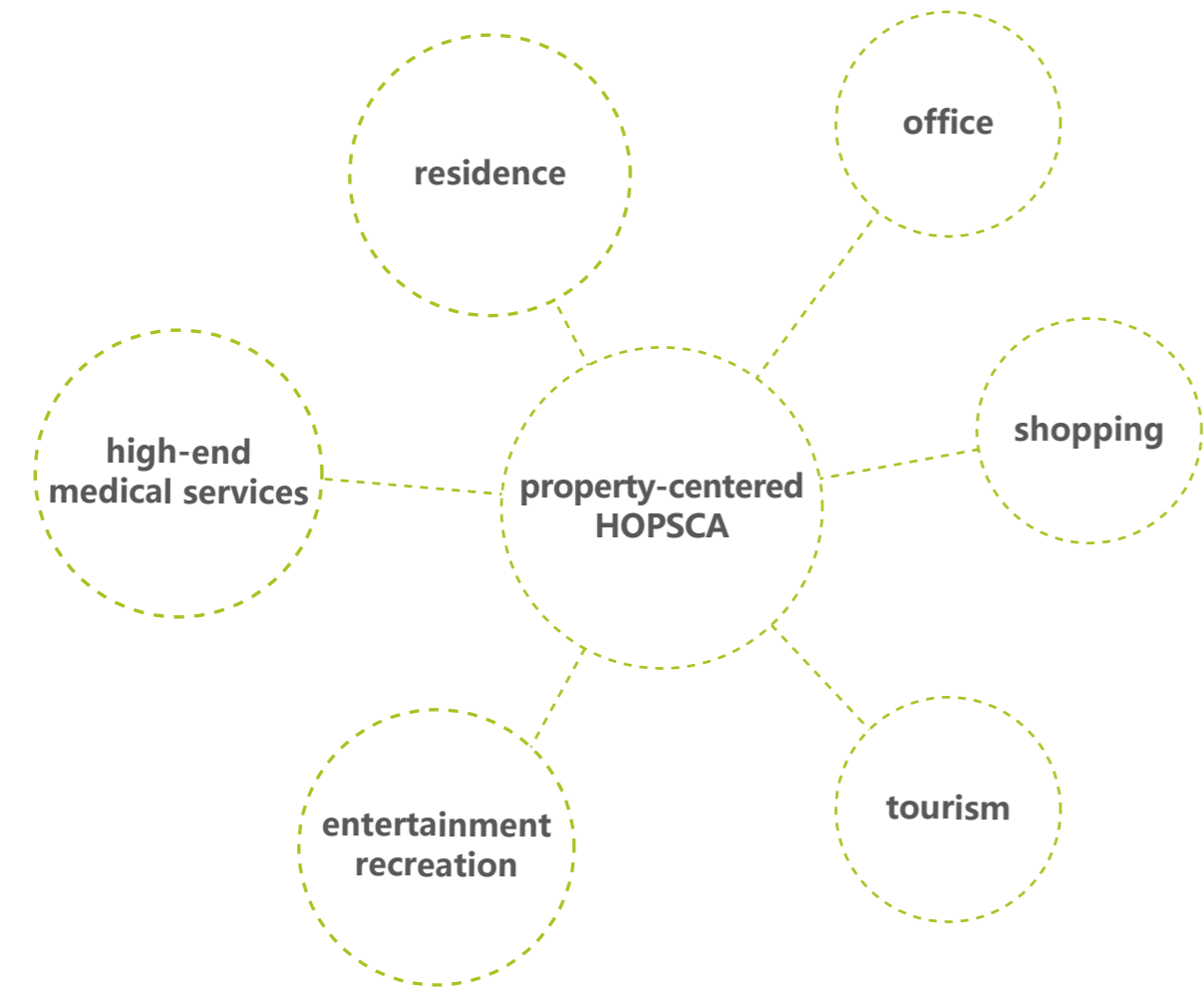
New Urban Life

As an art, architecture has always been closely linked with economy and culture. As a real estate development company, Shimao has integrated industrial upgrading of residence, the residential neighborhood and supporting services, harmonious green natural environment and rich cultural atmosphere. Together with its partners, Shimao tries to create a new urban life for its customers that caters to the characteristics of the times and the social needs of urban dwellers.

● New Urban Lifestyle

HOPSCA development

Shimao has actively cooperated with the government development plan and has taken environmental protection measures to minimize that adverse effects of its business on the environment. Given its abidance by the relevant laws and regulations of its jurisdiction, the Company has provided comfortable and safe properties for its customers, and built a property-centered HOPSCA, that integrates residence, office, shopping, tourism, entertainment, recreation and high-end medical services. This has facilitated the regional industry update in an all-round manner and accelerated urbanization in a full range.



The project covers a commercial planning area of about 1 million square meters. As part of it, the first phase accounts for 240,000 square meters for business, mainly composed of Shimao International Plaza, Kuan Hou Li, Happiness Street and Shimao Adventure’s Theme Park. The businesses include large fashion shopping centres, large theme park, Imax theatres, public entertainment centres, folk culture blocks, children's education life communities, Li Ji Yi Sheng marital themes, and sports leisure parks. Also among the businesses are the first Italian national pavilion in Shishi and a RT-Mart occupying nearly 20,000 sq.m., the largest of its kind in Fujian. Integrating shopping, entertainment, leisure, tourism, culture, community and sport, the whole project represents a new generation of complexes for culture, tourism and business, and serves as a masterpiece for experiential commerce.

▲ Case study: Shimao Skyscraper City, Shishi

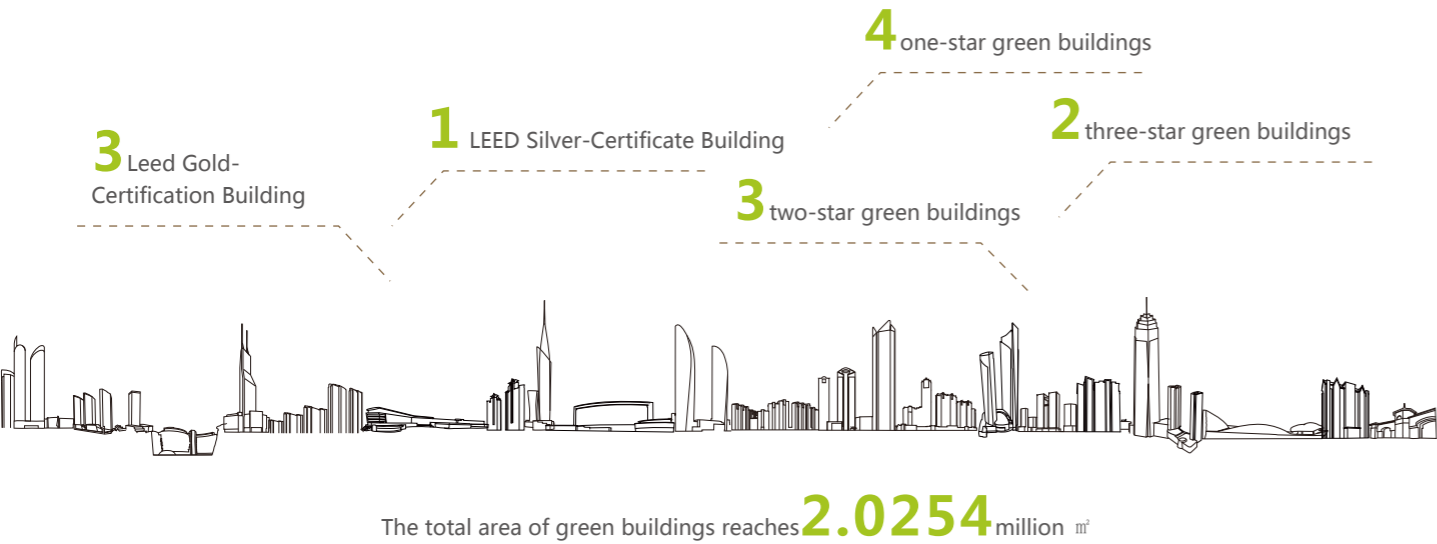
- 1 One theme park:** This park is a combination of cultural development and the real estate industry, featuring an original online ‘Shimao King’ IP and an offline ‘Shimao King’ theme park, which meets not only the development of the times, but also the cultural needs.
- 2 Four Groups:** An urban thematic experience space is created by four groups, namely, folk culture, leisure and entertainment, urban life and fashion.
- 3 Four Streets:** An organic combination takes place among four main streets, namely, Urban Leisure and Entertainment Street, Folk Culture Street, Themed Wedding Street, Fashion and Exotic Experience Street and, each with its own characteristics. They aim to build an urban life center of thematic experience, integrating humanity experience, Chinese and foreign cultures, and shopping.
- 4 Six Centers:** Fashion center, urban life center, Southern Fujian cultural exchange center, industrial design and exhibition center, business and financial center, and leisure and entertainment center.
- 5 Seven Plazas:** These plazas combine humanity experiences, natural comforts, diverse entertainment and shopping to create an urban thematic experience space, or a ‘third space’ of life. Guided by ‘time-based consumption’ , the Park fully integrates business, tourism and culture, to satisfy people’s pursuit of a high-quality life and offer them a taste of the ‘Future City’ .



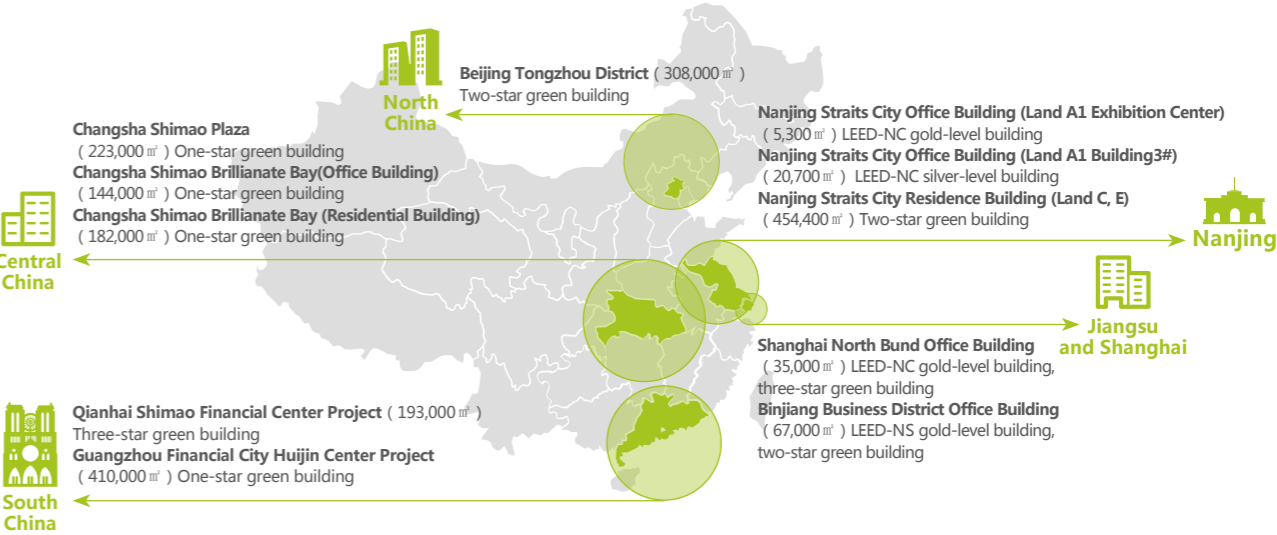
▲ Shishi Shimao Max Wonder Park was conferred the title “Popular Science Education Base in Shishi, Quanzhou.”

Concept of Green

The concept of ‘Green Architecture’ reflects the progress of the times. The developed countries have already attached great importance to green architectures. Since its reform and opening up, China has gradually accepted and deepened the concept.



Shimao has actively promoted the development of green architectures, by integrating an ecological focus into the design, research and development stage. Shimao has been engaged in green technology exploration and innovation, to continuously improve the ecological livable characteristics of its architectures and maximize resource conservation, environment protection and pollution reduction during their service life. All these efforts aim to provide a healthy, suitable and efficient user space that coexists with the nature harmoniously. Shimao has never stopped its pursuit of developing green architectures. During its project development and construction, the Company takes care of a comprehensive range of factors, including air quality, water environment, waste disposal, energy and water conservation, indoor environment, operations management, and fine decoration.



With the improvement of people's awareness of environmental protection, the combination of green technology and residence has become a new trend of residential design. Shimao Cloud Atlas, located in Shanghai City, Pudong New Area, well reflects the green, ecological design idea of Shimao, from the usage of resources during the whole community operation process to the energy consumption system in the interior housing space.

Gas-saving

first-class in the gas industry

Install gas systems with Grade 1 energy efficiency labels, the thermal efficiency of which can reach as high as **66%**

Reutilize waste gas that is not fully burned; CO emission is lower than **300ppm**

Water-saving

the saved water can fill a swimming pool

Experienced experts in water-saving guide the design of the building's water-saving system

Save **40%** domestic water from taps to shower heads

The residential community comprehensively applies water-saving irrigation system and storm water system to realize cyclic utilization of water resources

Power-saving

consume only 1kWh per day

All buildings are equipped with LED lights, with each light consuming only **20kWh** per year

Equipped with heat recovery ventilation system, consuming only **0.25kWh** per day

Energy-saving

live up to two-star standard

The energy consumption level reaches the standard of **two-star green building**

Out resource consumption in the full life cycle, enhance energy efficiency and reduce environmental damage

Enriching the City Skyline

Shimao has actively cooperated with government planning for many years, depicting a blueprint for the new urban center of HOPSCA and pooling high-end industry resources of the city. While enriching the city skyline with its landmarks, Shimao has spared no efforts to stimulate the vitality of cities and regions and improve the competitiveness of cities.



Invested by Shimao, Xiamen Straits Mansion is jointly designed by Shimao and the design team from British Atkins architects, who also designed Burj Al Arab Hotel, the world's top seven-star hotel in Dubai. Xiamen Straits Mansion has become an urban landmark in Xiamen.

The Twin Towers, shaped like sails to interpret the architecture of a seaside city, also integrate the element of bougainvillea, the city flower of Xiamen. Comparable to the Twin Towers in Kuala Lumpur, Malaysia, Xiamen Twin Towers not only inherits the culture of the time-honoured city, but also promotes new urban culture.

The architecture comprises two 300-meter-high buildings. One is used as a five-star hotel and top-grade office building, while the other is used as a SOHO office building. The podium serves for integrated business that includes shopping, leisure, entertainment and catering. To an extent, Xiamen Twin Towers have promoted the development of urban economy, stimulated the vitality of urban areas and enhanced the competitiveness of the city.

▲ Case Study: Xiamen Fengfan Twin Towers (Xiamen Shimao Straits Mansion)

Xiamen Fengfan Twin Towers, as the highest "Twin Towers" building in Xiamen by far, has largely promoted the implementation of enhancing Xiamen’s development.

New Urban Life

Shimao keeps its drive to reform and innovate, capture favorable timing and cater to people’s demands. The Company has committed its ingenuity to building Mini business communities which are capable of providing services for customers within walking distance. This constitutes a successful attempt of Shimao in its exploration of an innovative business model of supportive service provision. Integrating the O2O model, the Mini hotel series is designed to provide an experiential e-business platform to meet the trend of Internet development. These innovative businesses have broken new grounds for increasing the added value of residential and commercial products making Shimao a pioneer of real estate industry. Apart from that, the Company has complied with the laws and regulations that have a material impact on the Listed Issuers.



▲ Case Study: MiniMax

As a new service concept among hotel brands, the Mini Hotel series of Shimao hotels and holidays resorts represents a new trend of fashion in the hotel industry. The series is an innovative exploration and a pioneering move. Targeting the personalized experience demands of a new generation of business travelers, the Shimao Mini Hotel series weakens the auxiliary function of tradition hotels, while highlighting the core function of residence. The series offers its customers a unique experience of hotel residence with its unique design and personalized service of supreme quality. Surrounding the word “New” , the series has flourished and will achieve more in the years to come.





Shimao hotels and holiday resorts have won the following awards



The Best Hotel Management Group in China



The Best Hotelier in China



Golden-Pillow Hotel in China



MiniMax Premier Hotel Shanghai Hongqiao has won the following awards



The Best New Hotel



The Best Innovation Life



The Most Promising Hotel Brand in China



Zia Hansen, chief architect of the hotel

Zia Hansen, chief architect of the hotel, said: "We intend to create a variety of opportunities in hotel design. One of the core missions of our design is to provide a creative and convenient space to facilitate communication and contact, and to create a fresh lifestyle for our customers."



▲ Case Study: Sheshan Shenkeng Hotel (InterContinental Shimao Shanghai Wonderland)

The use and development of urban land in China is experiencing a green transformation for sustainable development. Eco-city development, with its great significance during the era, is a necessary way to adapt to the global ecological trend and promote the sustainable development of Chinese cities. Shimao Shenkeng Hotel has not only followed to the ecological trend, but also epitomized the natural environment, humanity and history, becoming a miracle in human architectural history.

In Shanghai Songjiang National Scenic Area, there existed a long abandoned artificial barrow pit which is nearly 70 meters deep and covers an area of about 36,800 sq.m., becoming the city's "wound". Since 2006, Shimao has actively undertaken the responsibility of restoring the environment, striving to transform the abandoned pit to a 5-star hotel surrounded by lush expanses of green.

Shimao has applied the cutting-edge technology of the construction sector and the ecological concept for environmental protection, while following the law of nature. Specifically, Shimao capitalized on the actual topography of the pit to break through technological constraints and turned the dream of "extending space beneath the surface" into reality. As such, Shimao enabled the entire hotel to integrate into the pit, making the hotel and the pit complement each other. Not only has the hotel set the world record of being the lowest hotel, but it has pioneered the creative move of intensively exploring architectural space beneath the surface, instead of following the usual architectural concept of skyward expansion.

● Strategic Cooperation

Cooperation is an indispensable driving force for company development. Accordingly, Shimao believes that only by improving its sustainable development with the vendors can the Company continuously provide high-quality services for its customers without damaging the environment or social value. Therefore, Shimao has paid great attention to the management of vendors to ensure that they are able to perform their responsibilities in line with Shimao’s standard. The Company has also been committed to establishing platforms for cooperation and communication, to create a positive interactive relation with the vendors. In addition, Shimao has strictly abided by the laws and regulations of its jurisdiction in order to jointly develop a responsible and sustainable value chain.

Overall KPI data

- 1、The procurement company has a total of **2624** vendors, of which **224** are strategic businesses during the valid period.
- 2、The procurement company provided **18** times of trainings for its vendors over the past year.
- 3、There are **10,407** total cost-related vendors at department of costs.

Qualification Screening of the Vendors

In order to regulate its vendors, Shimao has strictly implemented the management regulation on vender tendering and bidding, and included business integrity into the vendor appraisal procedure, to effectively manage vendors with scientific assessment and select quality vendors to establish strategic partnerships. Shimao has established the ‘Inspection Procedure of Engineering Contractors’ , the ‘Vendor Inspection System’ , and the ‘System of Vendor Background Investigation’ to review the similar projects carried out by the vendors in the past three years, the vendor’s qualification certificates, safety production permit and quality assurance certificate. Vendors are assessed in a comprehensive range of considerations, including supply capacity, qualifications, production equipment, technological conditions, as well as the capacity of developing new products, staff training and system certification. Those approaches are applied to ensure adequate capacities of the vendors selected. In addition, Shimao established ‘The Strategic Management Process of Materials and Equipment Purchase’ , ‘The Strategic Bidding Process of the Purchasing Companies’ to guarantee the quality, safety, and environmental friendliness of the purchased products; and all the vendors are required to sign the ‘Honesty and Integrity Agreement’ to normalize commercial cooperation in bidding, purchase, and infrastructure construction, to prevent and crack down on unjust competition, and to reflect the spirit of fair cooperation.

Supplier Performance Assessment

Performance assessment of vendors shows the conditions of supply chains and helps guarantee the quality of products and services continuously. Therefore, Shimao has set up the Performance Assessment Process of Vendors, and optimized the assessment system this year to integrate three parts: field interview at the project site/video assessment of the project concerned, internal discussions and assessment of purchase, and assessment by third parties (for example, Project Management Department). In particular, on-site interviews or video assessments are carried out by the engineering department and the department of costs of the project company after project delivery; coordinators of different sections and purchasing managers are responsible for internal discussions and assessment of purchase; and the assessment of the third party is based on indicators including quality screening or assessment report delivery by the Project Management Center. The Project Company and Purchase Company assess the delivery speed of vendors, construction quality and cooperation from different perspectives, and the evaluation report of the third party assesses the final achievements of the project. Moreover, the Annual Reward and Punishment System of Strategic Vendors published on annual supplier summits reveals the rankings of each suppliers, based on which the top-ranking vendors are awarded while the lower-ranking vendors are eliminated or suspended.

● Customer-oriented

‘Customer-oriented’ is one of the core cultural values of Shimao, which includes three aspects, namely, treating customers nicely, having the ability of satisfying customers, and properly balancing the relationship between enterprises and customers, since treating customers nicely also benefits the enterprise.

Treating customers nicely means that the enterprise should form a culture of taking customers’ needs into full consideration and regarding it as the core competitiveness. The ability of satisfying customers means that the enterprise should understand the needs of customers, especially the real needs of target customers. Balancing the relationship between enterprises and customers means that it is necessary to make a balance between customer needs and planning constraints in the process of project planning. In order to achieve that, Shimao has developed a hexagram of six core values, linking the external market and internal operation:



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.

Customer Interaction Platform

Shimao has opened up various professional channels and established a pan-industry customer interaction platform, therefore accumulating valuable customer networks.

Shimao Club

Shimao Club has integrated the advantage resources of all the professional companies or organizations under Shimao, striving to provide a full range of value-added membership services to Shimao proprietors and people from all walks of life who care about Shimao. Members of Shimao Club have a series of rights and enjoy more benefits. The main interactive platform for the time being includes six channels: Shimao WeChat customer service platform, the club’s official website, 400 service hotlines, public mailbox customer service, the Shimao Club magazine and the Shimao SMS channel.

KPI on the interaction with proprietors

Shimao had a total of **398** thousand customers in the year

Since the launch of Shimao customer service data platform in 2014

710,000 entries of proprietor information have been collected

in which **510,000** entries were collected in 2016

and more than **508,000** entries belong to active customers.

In 2016, the 400 Customer Service Hotlines have helped about

120,000

totaling **4,147** hours of communication

including **3,186** hours of enquiries and complaints

200 hours of customer interview

700 hours of customer survey

and **88** hours of outbound calls

Each receptionist has handled an average of **32** tasks per day

94% customer satisfaction rate for the customer service hotline

with **70.5%** answering rate

Shimao has carried out **48** customer service activities

received **800,000** proprietor requests

and made **380,000** times of data communication arrangements in 2016

In addition to text messages, 400 hotlines, journals and the website, a total of **364,968** people jointed in online interactions on the newly added WeChat platform. In particular, the most popular project

the 12th Shimao Children Painting Contest, has attracted **131,458** participants

Moreover, Shimao has launched a total of

4 gift giving activities on journals

7 membership shopping activities

and **5** prize surveys

48 property purchase conferences

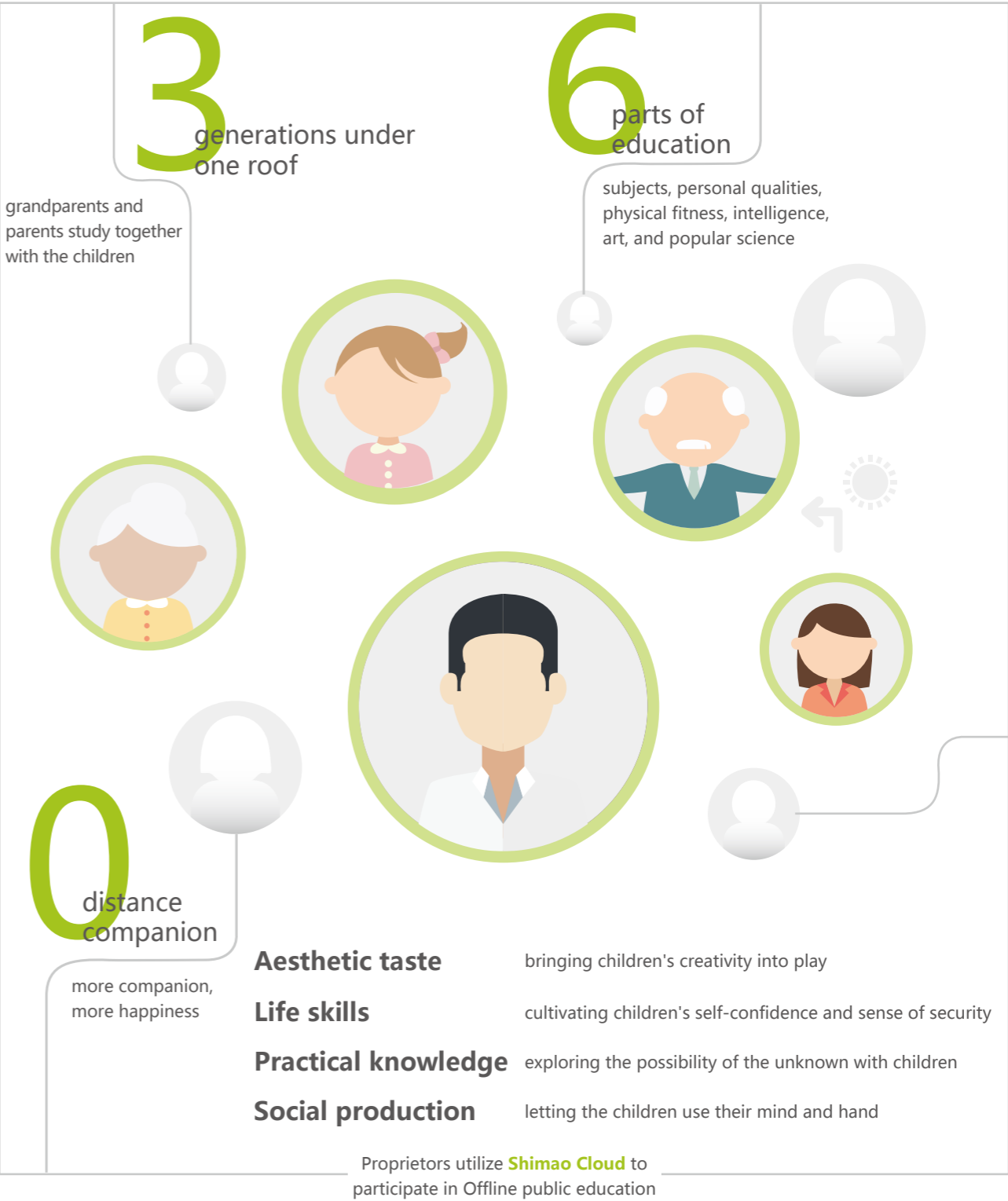
43 WeChat interaction activities

82 gift giving activities for registration

48 rewarding activities for long-term proprietors

Photosynthetic Education Community

Photosynthetic Education Community is a complete closed loop of offline 360 courses and online public education, which enables every parent in the community to tap into the potentials of their children through aesthetic taste, life skills, practical knowledge and social productive forces. The Community seeks to improve the children’s hands-on skills, broaden their horizon and explore their potential.



Social Care

Looking back at the past year of 2016, the publication and implementation of the "Charity Law" provides an institutional guarantee for the development of Chinese social power, which also marks the opening of a new era of "welfare" in accordance with the law.

During the past year, in respect of generating social value, Shimao has a long-term focus on rural health care, AIDS prevention, cultural exchange, disaster relief and poverty alleviation, through its 'Platform-based public welfare model'.

Except for

the three
mainpublic
welfare platforms :



Shimao has successively launched other public welfare programs, such as 'The Campaign of Caring for the Health of the Severely Sick Children'. Particularly, Shimao donated **RMB80** million in order to help maintain the research-based project of Protecting the Yangxin Palace in the Forbidden City, which was the first time for Shimao to step into the field of cultural relics preservation. Thus, Shimao formally started building its platform of culture inheritance and protection.

In the past year, Shimao has become a benchmark enterprise in public welfare by continuously practicing and innovating, which was highly recognized and appreciated by the whole society.



In 2016

Mr. Hui Wing Mau (JP), Chairman of Shimao, won the 'Lifetime Achievement Award' jointly issued by the China Philanthropy Times philanthropy list and Hurun Rich List, the 'Lifetime Achievement for Asia Pacific Entrepreneurship Award' issued by Enterprise Asia, and Beijing 'Jinghua Award' for overseas Chinese. Engaged in the public welfare enterprise for years, Mr. Hui is well-recognized by all sectors of society through continuous reform and innovation.



"China Corporate Responsibility Case of the Year"

the "Shimao Care Hospital" project has won the 'China Corporate Responsibility Case of the Year' Award. Besides, Shimao has also won the title 'Leading Enterprise' conferred by Golden Bee CSR China Honor Roll for its sustained effort in practicing social welfare.

In the years to come, Shimao strongly believes that its 'Platform-based Public Welfare Model' must be vigorously promoted in multiple social fields, to address social issues. Shimao will actively build the foundation platform, utilize volunteers and include more social resources so as to benefit more vulnerable groups. The Company will also seek more long-term benefit for society by addressing social issues through a sustainable mechanism and on an ongoing basis.

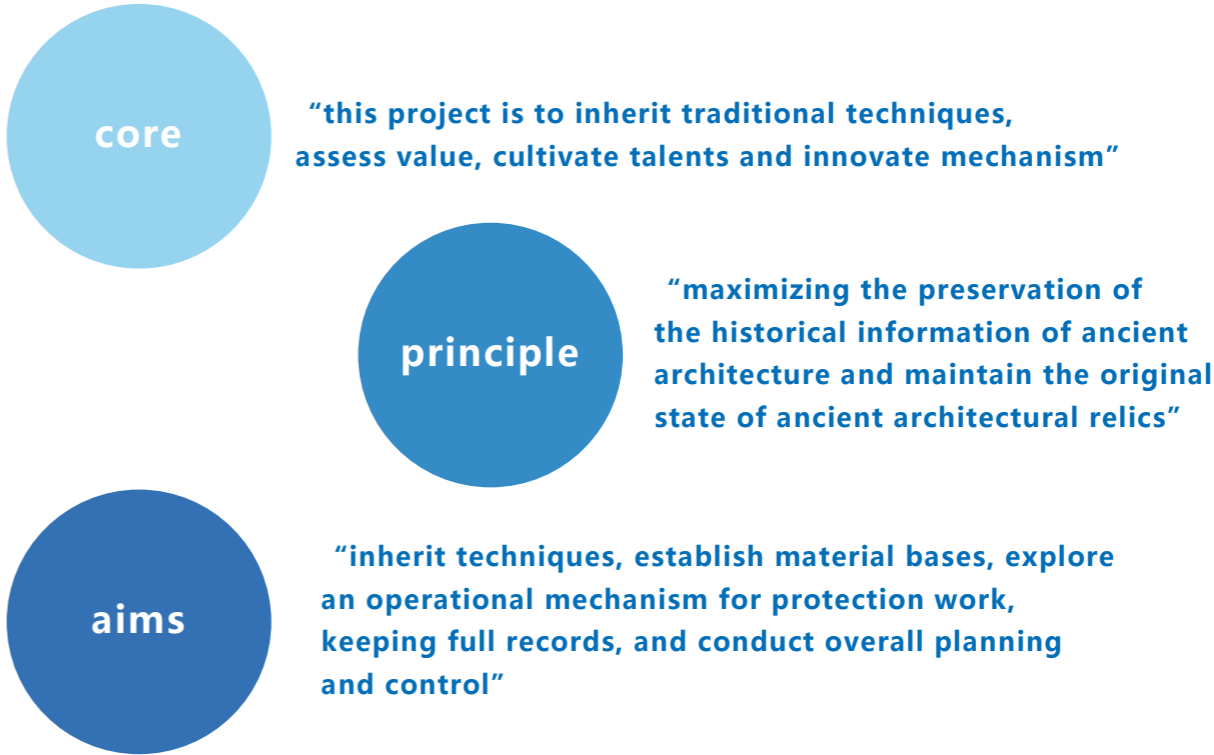
Platforms	Principles	Activities
Health poverty alleviation platform Community care platform Volunteering service platform	Culture Heritage Community Care Health poverty alleviation Volunteering service	Protecting the Yangxin Palace in the Forbidden City Hong Kong New Home Association Shimao caring hospital China Red Ribbon Foundation Caring for the health of the heavily-sick children Class III of Grade Three

• Culture Heritage

The Research-based Project of Protecting Yangxin Palace in the Forbidden City

On 20 July 2016, Shimao officially confirmed a donation of **RMB80** million to the research-based project of Protecting the Yangxin Palace in the Forbidden City.

Mr. HUI Wing Mau, Chairman of Shimao, said this was the first time for Shimao to donate in the field of cultural relics preservation, which has also expanded Shimao's public welfare undertaking. He hoped that through this project, more and more people can take a part in the protection of cultural relics as well as inheriting traditional culture. Besides, we can grow more confidence in Chinese culture by understanding traditional culture.



The research-based project of Protecting the Yangxin Palace in the Forbidden City was formally started at the end of 2015. The core mission of this project is to inherit traditional techniques, assess value, cultivate talents and innovate mechanism. In the principle of “maximizing the preservation of the historical information of ancient architecture and maintain the original state of ancient architectural relics” , the project aims to cultivate outstanding craftsmen, inherit techniques, establish material bases, explore an operational mechanism for protection work, keeping full records, and conduct overall planning and control. With the help of experts and social members, this project will focus on maintaining the architectural complex of Yangxin Palace, and explore a whole set of mechanisms to protect ancient architectures that suits China’s condition.



29th December 2016 witnessed the inauguration ceremony of the Palace Museum Cultural Relics Hospital, the Palace Museum Education Centre and the honor roll “Jian Fu Bang” at auditorium of the Palace Museum, with the presence of Mr. Liu Yuzhu, chief of the State Administration of Cultural Heritage; Ms. Lam Cheng Yuet-ngor, chief secretary for administration of the Hong Kong SAR; Mr. Shan Qixiang, director of the Palace Museum; Mr. Zheng Xinmiao, head of the Palace Museum Research Institution and Mr. Hui Wing Mau, chairman of Shimao.

In the year 2016, this project made steady progress. With joint efforts of multiple departments in the Palace Museum, such as Department of Architectural Heritage, Department of Conservation Science, Department of Information, Office of Cultural Relics Management, Department of Palace Life and Imperial Ritual, Open Management Office, and Department of Publicity and Education. The main task is to prepare an overall solution and plan, to initiate a pilot scheme of culture relics assessment, to conduct surveying, mapping and recording for architectural heritage, and to make enquiries of an aggregate historical documents.

● Community Care

Hong Kong New Home Association

The Hong Kong New Home Association was established in June 2010, whose services cover Mainland China and Hong Kong. The Association is a charity for new immigrants, minority groups, and other disadvantaged group in Hong Kong. Since its establishment, the Association has provided quality one-stop services for new arrivals in Hong Kong, in the spirit of inclusion and mutual help, creating a big family of different people, harmonious co-existence and integration, and mutual benefit. The Association intends to motivate these new arrivals to make positive contributions to the construction of Hong Kong, facilitate community participation, promote social harmony, and create an equal and caring society.



Si Hai Yi Jia Hong Kong Youth Exchange

▲ The Second 'Si Hai Yi Jia Hong Kong Youth Exchange' Program, Beijing Stop



▲ The Second 'Si Hai Yi Jia Hong Kong Youth Exchange' Program, Fujian Stop

The Hong Kong New Home Association is an innovative service provider based on a cooperation mechanism among the government, businesses and civil society. As the chairman of the advisory committee of the Association, Mr. Leung, Joe C.B. (honorary professor from the University of Hong Kong) said, “the cooperation between businesses and NGOs to carry out charity service is a new symbol of the modernization of charities, which will be able to attract more investments and benefit the charities in their long-term development supported by two types of organizations.”



▲ The Second 'Si Hai Yi Jia Hong Kong Youth Exchange' Program, Beijing Stop



By the end of 2016

130,000

the Hong Kong New Home Association had more than 130,000 members

1.4million

and provided service for a total of over 1.4 million people

making the Association **one of the biggest social organizations in Hong Kong** and contributing to the stability and prosperity of Hong Kong.

By far, the New Home Association has several special service programs in place, including **“Home Insurance”**, **“Shimao - NHA Leadership Training Program”**, **“Si Hai Yi Jia Hong Kong Youth Exchange Program”** and the **“Ambassador Scheme for New Arrivals from the Mainland”**.

● Medical Aid to the Needy

China has a long history providing medical aid to the needy. Xiao Ziliang from South Dynasty set up Six Sickness Hospital to accommodate poor villagers. In the Tang Dynasty, there existed the Compassion Accommodation for the Poor and the Disabled. In the Song Dynasty, there were sanatoriums and physiotherapy practices. Currently, due to the unbalanced development between rural and urban areas in China, the conditions of health care are tough especially in the vast rural areas and remote, underdeveloped areas. Therefore, there is still a long way to go in providing medical aid to the needy, and Shimao will spare no efforts to tackle the difficulties of providing such aid.

Shimao Care Hospital

After the Wenchuan earthquake on 12 May 2008, Shimao promptly made donations to the worst-hit towns in the west area to build a hundred Shimao Care Hospitals as a gift to the local government, aiming to provide safe, effective, convenient and affordable basic medical, and health services.



By the end of 2016, over one hundred ‘Shimao Care Hospitals’ have been built in 7 provinces such as Sichuan, Yunnan, Gansu and Shaanxi, covering **20** million people.

Shimao has been constantly investing in such care hospitals in recent years in all possible ways, including sending doctors to rural areas, such as inviting expert doctors from major cities to offer free medical consultation to people in impoverished Sichuan towns and villages; training doctors, such as inviting the doctors from towns and villages to attend training programs at 3A hospitals in major cities, to improve their skills in providing medical service; and providing volunteer services, such as sending Shimao volunteers on a field trip to multiple care hospitals in Sichuan and Yunnan to investigate the medical demand.

From 2015 onwards, Shimao has innovated the funding model. By declaring demands, expert assessment and categorized funding, Shimao can help businesses to identify their funding targets, to improve the efficient use of funds. By allocating social resources efficiently, Shimao can engage in the charitable cause in more depth and width.

Major events in 2016

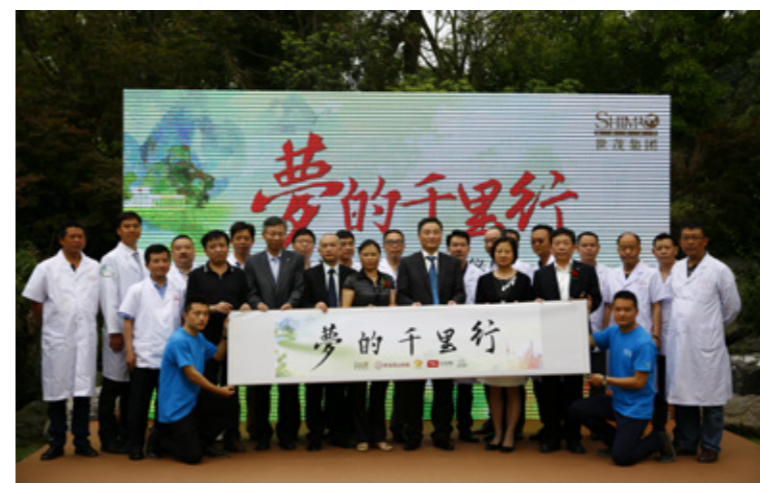
On 10 April 2016

Shimao Qiaoai Zhongling Community Hospital was opened after Ya'an Lushan earthquake to provide basic medical service for local people.



On 20 May 2016

Shimao worked with TCL Medical Group, SAIC MAXUS and China Welfare Foundation Mango Micro Foundation, to launch the “One Thousand Miles for Dreams” program. The first batch of donation included 17 pieces of medical equipment worth a market value of RMB7 million, including ambulance, DR, Color Doppler Ultrasound Machine, Automatic Biochemistry Analyzer and blood test machine, to 16 Shimao Care Hospitals.



China Red Ribbon Foundation

In 2005, the All-China Federation of Industry & Commerce and more than 20 corporate members (including Shimao) founded the China Red Ribbon Foundation, an organization committed to the prevention and control of AIDS. The organization aims to mobilize social forces and, coordinate different resources to raise funds and gather suppliers, to help implement the government plan of AIDS prevention and control and the development of such causes The emphasis is on supporting and facilitating the AIDS prevention and control in distant and underdeveloped areas. The efforts also aim to preserve people's health and improve people's quality, while establishing a good image of a private enterprise active in assuming social responsibility.



a music dinner named “Love and Life”

On 1 December 2016, the 29th World AIDS Day, a music dinner named “Love and Life” was held in Shanghai Tower by China Red Robin Foundation and Shanghai Charity Foundation AIDS Fund. In the music dinner, Mr. HUI Wing Mau said that the China Red Robin Foundation has been promoting the aim of healthy life and zero AIDS infection. This music dinner aimed to raise fund and care for women and children in Liang Shan area who are under the influence of AIDS. He called that all members in society should join in activities to stop AIDS, and make effort to build a healthy, fair and discrimination-free society.



Since its establishment ten years ago, China Red Ribbon Foundation has raised nearly **RMB200** million of public welfare fund and carried out AIDS prevention publicity activities in **30** provinces, municipalities and autonomous regions. For years, the public welfare program has benefited over **700,000** people, helped over **4,800** HIV-infected victims, and supported over **28,370** children affected by AIDS in their study and life. Moreover, the program has also mobilized **2,841** companies and more than **10,000** volunteers to participate in AIDS prevention publicity.

Caring for Poor Children

Nanjing Shimao Rainbow Intensive Care Center for Children

Established on 19 November 2014, Nanjing Shimao Rainbow Intensive Care Center for Children is the first municipal non-profit organization established by a private enterprise for philanthropic purposes. This hospital was jointly established by members of society and Nanjing Children Welfare Institute, with donation from Shimao. The Center provides relief treatment and hospice care for children who need intensive care, thus improving their life quality.

On 29 May 2015

Shimao held the ‘One-hour Charity’ activity with Baidu and Shanghai Charity Foundation. The one-hour activity, focused on gravely ill orphans, successfully drew the participation of 4,978,267 netizens.



On 27 May 2016

actress Zhou Xun and actor Huang Xuan visited Nanjing Rainbow Children Intensive Care Center and sent their warmest wishes to the children there. The two hope to share the concept of hospice care with more people so that more will participate in such visits.



Up to now, the Care Center has taken in **39** orphans who were severely ill, **23** of which passed away peacefully. **7** surgeries have been performed to increase the chance of survival of the children. Approximately **15** to **20** percent of children survived after great treatment and care. By far, **1** child was adopted and **2** children were fostered.

A Campaign of Caring for the Health of Heavily-sick Children

The campaign of caring for the health of the heavily-sick children was held on 30 May 2016, which was jointly launched by Shimao and Shanghai Charity Foundation. The campaign, focused on the health of heavily-sick children, is committed to saving disadvantaged children from grassroots society, ranging from newborns to 14-year-olds and provides medical and health assistance for their families, while calling for social forces for participation and support.



By the end of 2016, the campaign of caring for the health of heavily-sick children has been undertaken in cooperation with Children’s Hospital of Shanghai, Shanghai Children’s Medical Center, Children’s Hospital of Fudan University and Xin Hua Hospital Affiliated to Shanghai Jiao Tong University School of Medicine to fund **11** gravely ill children, most of whom have Leukemia or other rare disease.

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 vigour, compassion and strong public-welfare sentiment. Relying on Shimao’s public service platform, volunteers make full use of their spare time to carry out public services to do good that influences people around, which not only helps others but also develop a healthy lifestyle out of public welfare.

‘Class III of Grade Three’

whose Chinese characters embody the name of the Group
also stands for **‘gathering small love, doing great philanthropy’**

Class III of Grade Three

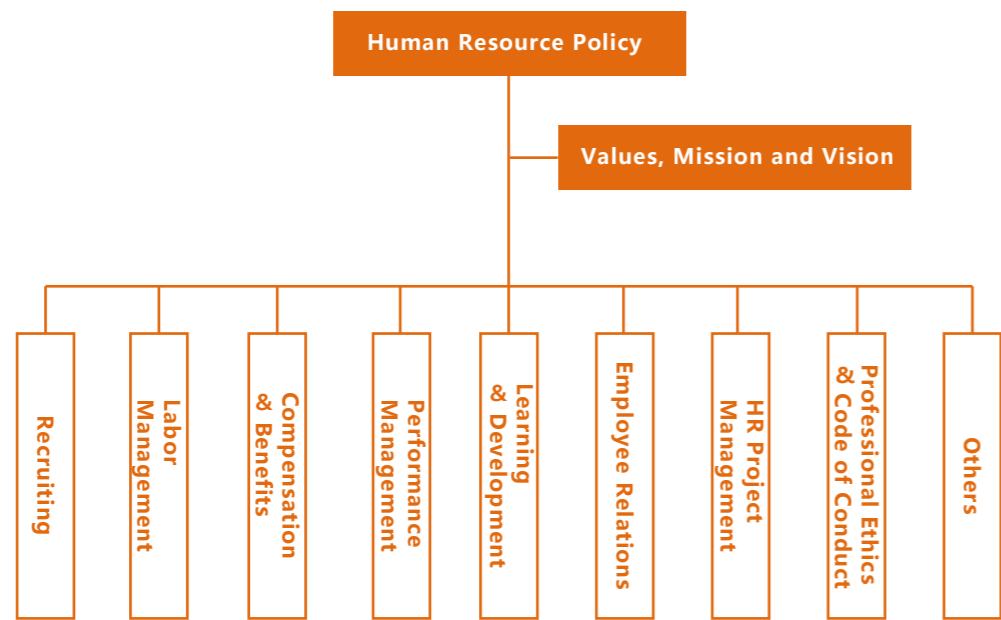


2014	2015	2016
Number of annual volunteer activities: 60	Number of annual volunteer activities: 150	Number of annual volunteer activities: 180+
Number of volunteer participants: 1000+	Number of volunteer participants: 6000+	Number of volunteer participated: 8000+
Cities covered: 15	Cities covered: 40+	Cities covered: 40+
Hours of social volunteer servicing: 700+	Leveraging volunteering hours: 8000+	Leveraging volunteering hours: 10000+

Corporate Culture and Values

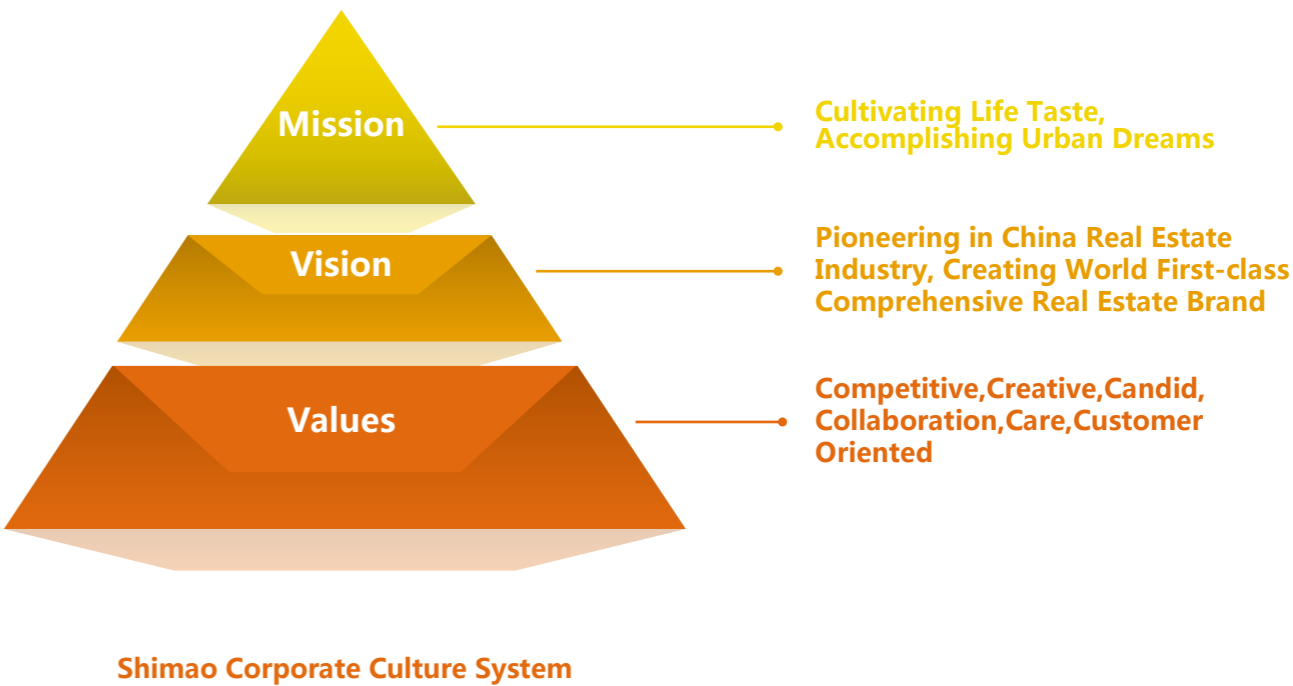
All Shimao’s business is in compliance with the laws and regulations of the jurisdiction in regard to compensation, hiring, promotion and dismissal, working hours, leave, equal opportunities, diversification, anti-discrimination, and other welfare.

Shimao has an integrated human resource management system, striving to provide excellent working environment for employees.



Corporate Culture

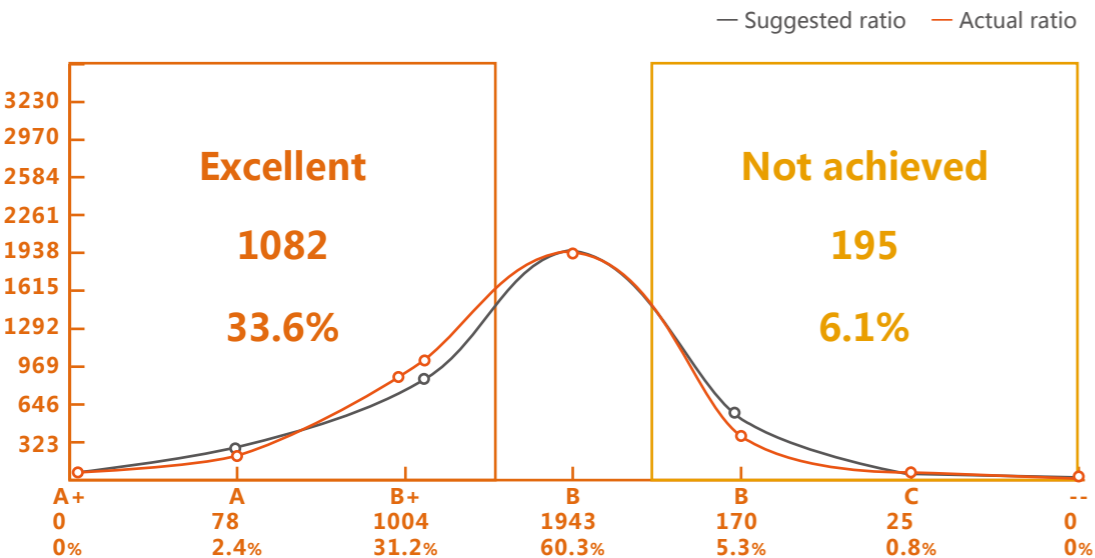
Shimao corporate culture consists of mission, vision and values.



All employees who have passed the probation period must participate in the Company’s performance evaluation. The evaluation results will serve as the main basis of promotion. In 2016, a total of 3,220 employees participated in the performance evaluation.

Shimao Group Corporate 6C Cultural Values

2016 Group Performance Distribution



Competitive

is the goal we are moving

Creative, Candid, Collaboration

is the way we succeed

Care, Customer Oriented

is the cornerstone, internal and external



To promote the 6C Cultural Values, Shimao has held various activities across the country in 2016, mobilizing all the staff.

观众互动
团队PK
协作体现凝聚力
交圈 & 配合

专业度提升
6C
文化为核心
创新 再创新
匠心产品

6C文化行为标准大白话

2016年，世茂集团发布全新企业文化价值体系，将6C文化作为指导世茂人行为的价值标准。现在，面向南京区域全员的6C行为标准大白话征集正式开始！

征集方式：
第一阶段：各项目分别就6C中1-2个主题词，提名不少于6条具体行为标准（主题词由项目HRBP跟进）。
第二阶段：全员投票，形成12句工作标准大白话。

匠成者

SHIMAO 世茂

CARE
Family Day: 25 sessions, covering 1500 employees & 3000 family members

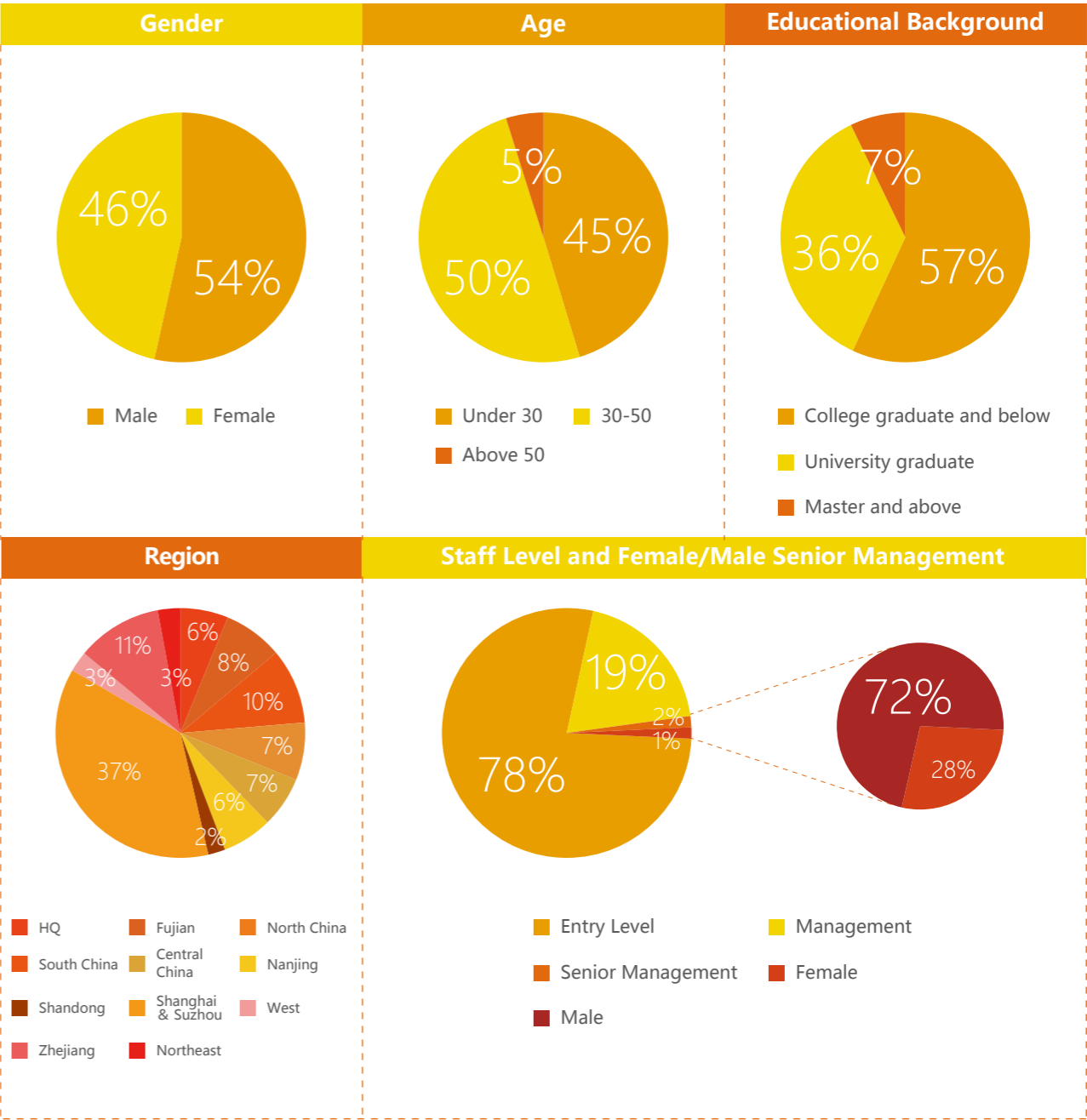
COLLABORATION
Sport Match: 30 employee clubs, 20 sport matches

CANDID
Town Hall Meeting: 60 sessions, covering over 2000 employees

● 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 by no means hire child labor or forced labor. Although there has been no such problems within our company, we regularly review our hiring policy to ensure that all hiring procedures are implemented rigorously and incorporated into human resources policies.

In 2016, 3813 people joined Shimao and 3156 left. At the moment, we have 7880 employees, including 202 from minority ethnic groups and 43 disabled employees. The below charts illustrate the gender ratio, age, education qualification, regional distribution and ranks of our staff:



In 2016, Shimao Flexible Welfare Plan further improved the allocation of employee benefits and brought the Company multiple Pioneer Employer awards.



December 8th, 2016, Shanghai, Employer Excellence China Award Ceremony

- 2016 Employer Excellence China
- Excellence in Employee Care Plan

December 10th, 2016, Changsha, China Real Estate Industry Development Summit

- 2016 Top Employer of China Real Estate Industry
- 2016 Best Trainer of China Real Estate Industry
- 2016 Best Benefits Plan of China Real Estate Industry

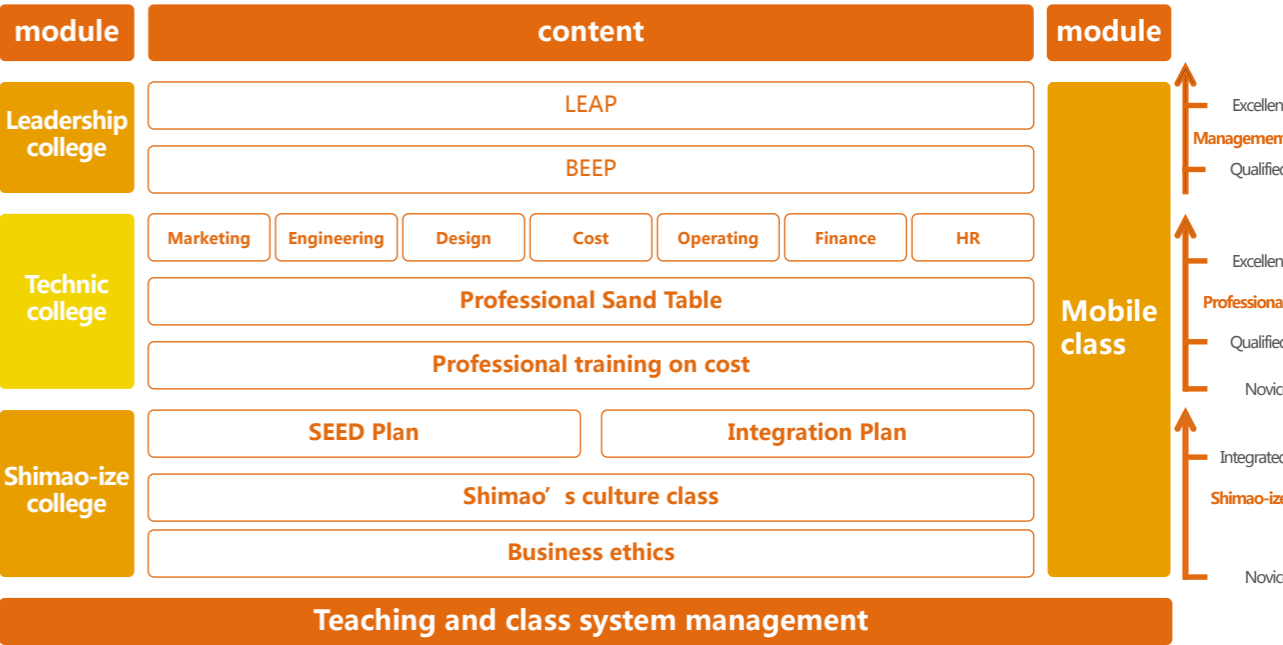
December 16th, 2016, Shanghai, China Human Resource Strategic Management Annual Meeting

- 2016 China Human Resource pioneer

Employee’s Health, Safety and Development

Employee’s health and a safe, efficient and comfortable working environment and policies are very important to Shimao’s long-term development. The Group not only complies with the related laws and regulations of its jurisdiction, but also establishes internal guidance and regulations to ensure the health and safety of the employees. Moreover, we set up a team to take the reasonability for the safety of working environment, tools and equipment procurement, and provide training courses and plans on health and safety for employees to ensure that they are able to perform their duties safely.

Shimao set up the Shimao Academy, integrating five Segments, namely, Maker’s Office, Training Saloon, Jointly Developing Shimao, Innovation Exhibition, and Relaxation. As a platform for staff to pursue their dreams and develop themselves, Shimao Academy is able to meet the demand of staff team building, training and innovative experiments.

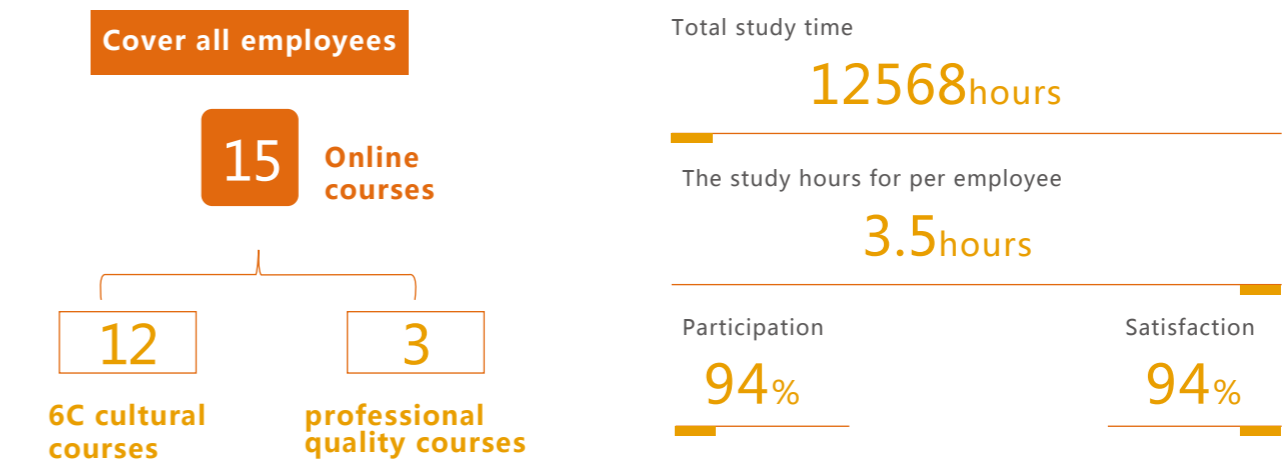


Leadership College: 5 sessions of LEAP Camp were held in 2016, covering 135 managers and executives; 9 sessions of BEEP Camp were held, covering 236 intermediate and senior managers and executives.

Technic College: 5 sessions of Operation Sand Table, 5 sessions of Blueprint Training, 1 training session on cost, and 3 sessions of Craftsman Plan were held in 2016.

Shimao-ize College: A total of 85 employees were involved in the SEED Plan in 2016; all new employees participated in the 365 Integration Plan for New Comers and the training on corporate social responsibility.

Shimao Mobile College, you can learn anytime and anywhere



Shimao Mobile College was launched in 2016, offering our employees an easier access to learning.

Customer oriented | Creative | Collaboration | Candid | Competitive | Care

● Employee Care

‘Employee Care’ is one of the cultural cornerstones of Shimao. The Company strives to provide a working environment full of love and warmth for the employees, in respect of compensation and benefits, transparent communication, employee activities and family care.

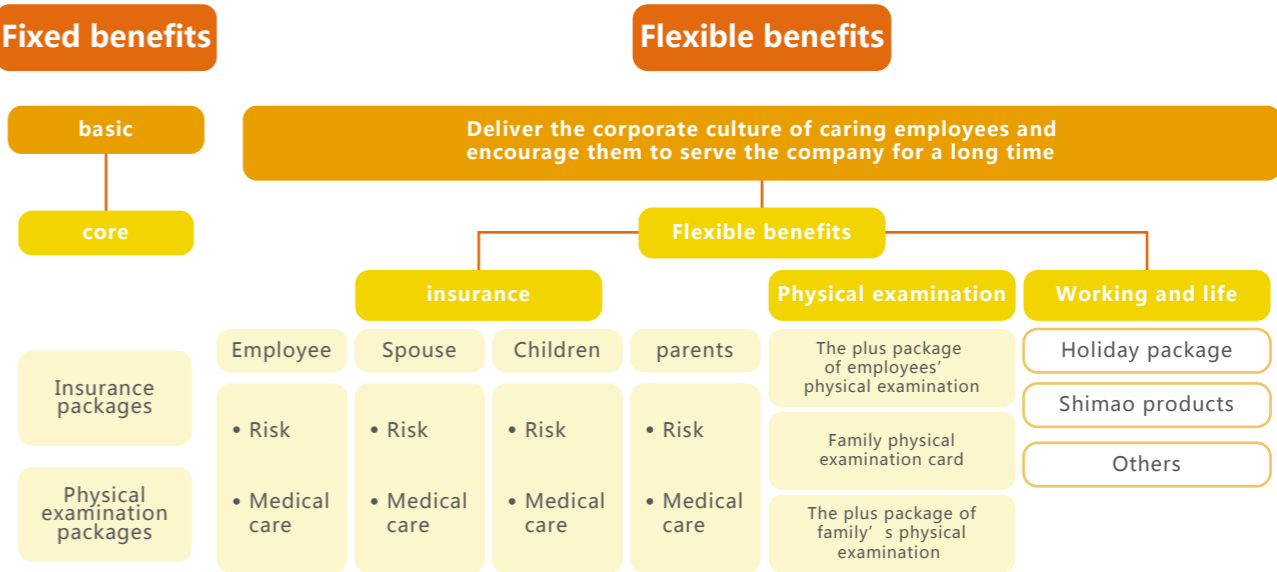


In addition, Shimao officially launched a flexible welfare program in 2016



Flexible benefits

Future welfare points = the points of position + the points of long term service award + the points of holidays



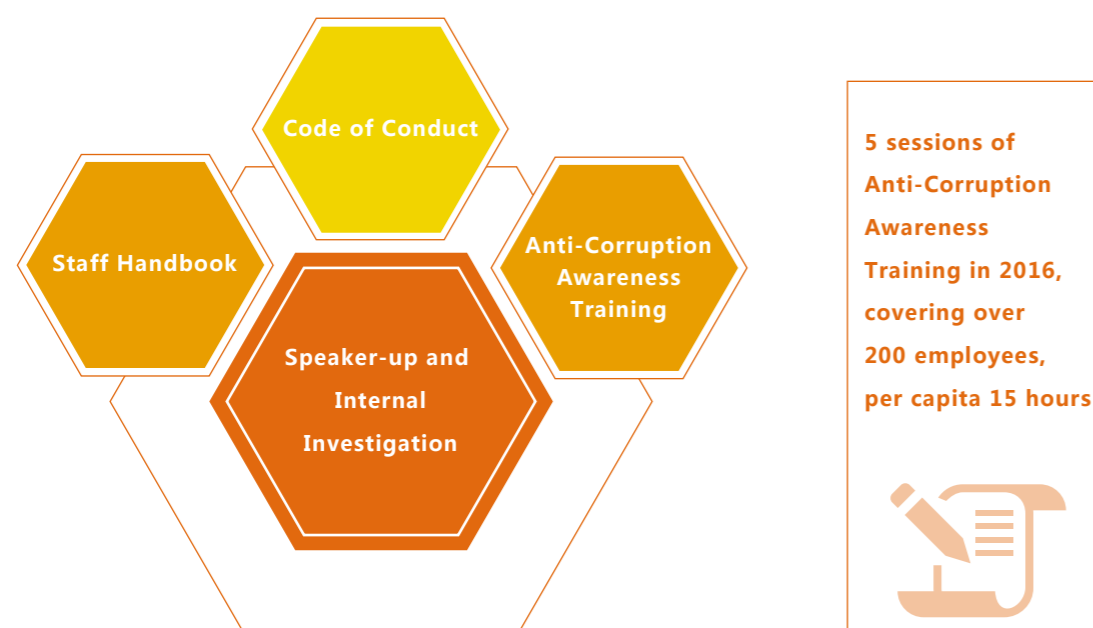
In September 2016, an employee of Shanghai and Suzhou area died of cancer. The Company donated RMB200,000 to support the family through the ‘Employee Care Mutual Fund’. In addition, the Group Finance Department plans to withdraw RMB10,000 from the annual team-building budget to support the child’s education.



● Anti-Corruption

Shimao has set up the internal control framework and strict policies, which were implemented strictly in order to prevent corruption and fraud. We would never tolerate corruption or fraud in any way. In addition, Shimao complies with the related laws and regulations of its jurisdiction.

On October 21st and 22nd, 2016, the Internal Audit department of Shimao held China Enterprise Anti-Fraud Alliance Workshop in Eastern China at KoGuan Law School Shanghai Jiao Tong University. It attracted many anti-fraud professionals coming from 49 domestic large and medium-sized private enterprises.



In 2015, Shimao became one of the initiators of Honest Business Alliance of China Real Estate Industry



Green Operation

Shimao, as one of the leading enterprises in the real estate industry, actively follows the State Council's '13th Five-Year Plan' on the protection of ecological environment. We played continuous attention to the environmental issues, such as low carbon and emissions reduction, pollution prevention and control, and environmental health and safety, during our operation. We carried out the concept of resource conservation and environment protection throughout our company's daily operation, in order to lay the foundation for sustainable urbanization.

In respect of 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.

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)

Emissions Year of 2016	NOX (Tonne)	0.2532	Ton
	PM (Tonne)	0.0236	
	CO2 (Tonne)	3,199.91	

● 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.

Environmental 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 the 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.



Environmental 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.

Environmental Protection Concept in all aspects of Shimao

Shimao operation

Integrate the concept of ecological protection into the daily operation process, and make sure that 'Green' becomes the Group's competitive advantage and responsible image.

Design, research and development

Introduce advanced technology for energy conservation and environmental protection. Build a solid foundation for the application and promotion of the Company's green architecture.

Project construction

Manage emissions strictly to ensure that environmental protection technologies are used in the process of construction.

Property management

Integrate the concept of green residence into property management and customer service, and strive to create a harmonious communities fit for living and a low-carbon commercial space.

Environmental Protection Behaviors

In addition to its active promotion and training, Shimao developed the 'Daily Environmental Protection and Energy Saving Operation Manual' in order to promote energy saving and environmental protection among the employees for work and life. We integrate environmental responsibility into daily operation, and improve energy efficiency solutions for workplace and property companies constantly.

We use energy-saving lamps in the Company, post 'Turn Off the Lights' notice near every light switch, and have specially-assigned persons responsible for shut down facilities (such as computers, lights, air conditioners and printers) after working hours. Office buildings are equipped with automatic sensor faucets.





KPI The Group's headquarters consumed 1,117,827.92 Kwh of electricity in 2016. The electricity consumption density of Shimao headquarters was 1,730 Kwh/person in 2016.

KPI The Group's headquarters consumed 127,333.6 m³ of water in 2016. The water consumption density of Shimao headquarters was 197 m³/person in 2016.

Shimao implemented the new 'Office Supplies Management Policy' in 2016. The weight of A4 paper decreased from 80g to 70g, with mandatory duplex printing, reuse of reusable paper and special recycling of waste paper. With the popularization of Internet technology, paperless communication is maintained during our internal and external communication, maximizing the application of the Internet. Many operation and approval processes can be completed online by using an online office management system, thus minimizing the unnecessary waste of paper.



KPI The Group's headquarters consumed 10.19 tonnes of paper in 2016.



Shimao promotes a policy of recycling and reuse actively in its offices. We recycle non-hazardous wastes by category and store them at a fixed location. We encourage our employees to use fewer plastic envelopes and disposable cups and to use clips and staples instead of the products that contain benzene solvents, such as glue and correction fluid. Recyclable wastes can be recycled by recycling companies or internally, in order to reduce the consumption of resources. Unrecyclable wastes are collected by city garbage treatment agencies regularly. We place recycling bins in our office buildings. The collected batteries are treated by special processes, and scrap paper and toner cartridges are recycled.



Shimao's 2016 'Travel Management System' requires employees to take high-speed railway if it can reach the destination in 4 hours, and to carpool if multiple employees travel together. In addition, we widely use video conferencing equipment in global offices, which not only maintain the benefits of a face-to-face meeting but also reduces flights, in order to reduce carbon emissions.

The Group's headquarters generated carbon emissions of 2,364.597 tonnes in 2016.

We launched an initiative to collect the actions of energy saving and environment protection. Energy Saving and Environment Protection Ambassadors and 9 environment protection behaviours were selected:

9 environment protection behaviours were selected



01 To reuse courier bags and reusable paper, and advocates paperless office;



02 To replace old penholders and refills;



03 Turn off the lights; and shut off computers, projectors, and TVs after meetings and work, to save electricity;



04 Wear gloves at the front desk to distribute files and open express mails, in order to reduce the frequency of hand washing and save water;



05 Prepare personal tableware and glasses. Use no disposable tableware;



06 Prepare personal toiletries instead of hotels' disposable supplies on business trips, in order to save resources;



07 To advocate low-carbon travel, reduce the air pollution caused by driving;



08 Reinvest old clothes;



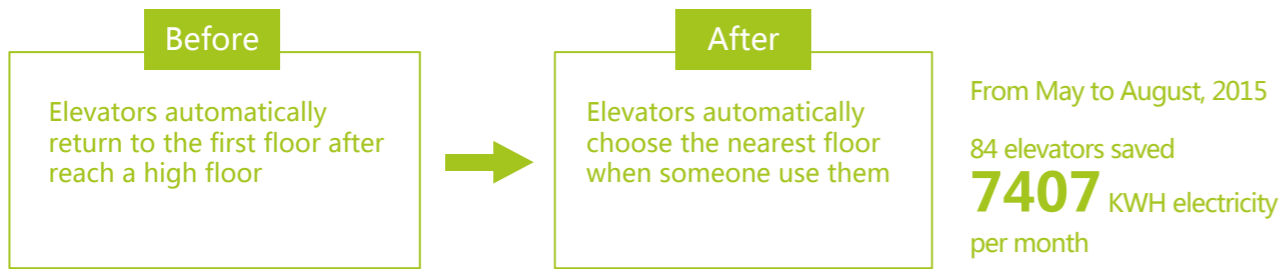
09 Use non-phosphorus laundry detergents, to save the energy and protect the environment.

● 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.

Public areas are the biggest electricity consumer of Shimao property companies in its daily operation. Shimao property companies have built on its traditional management and combine it with innovative management and technical transformation, in order to prevent unreasonable energy consumption.

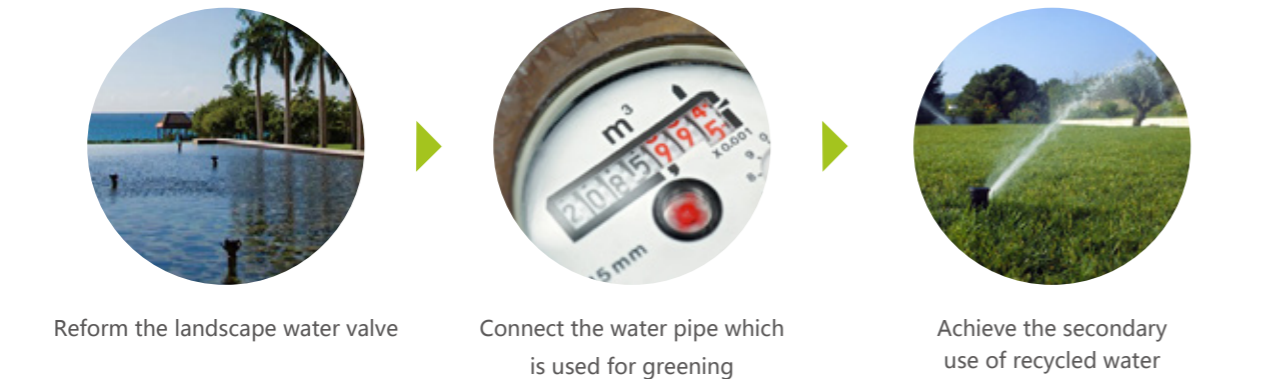
An example is the operation of Shimao Suzhou Canal City Project. To target the problem that elevators consume considerable amount of electricity as they automatically return to the first floor after reach a high floor, Shimao upgraded the elevators’ mainboard system and devised a linkage mechanism for two adjacent elevators, in order to prevent considerable electricity consumption.



Shimao Suzhou Canal City Project’s energy saving effect is obvious after taking the upgrade

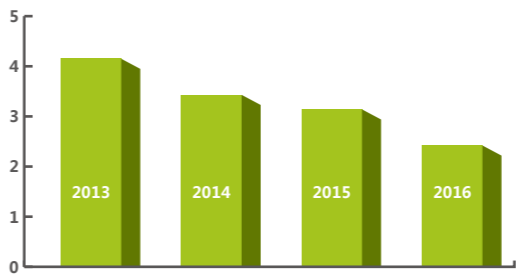
The use of water resources in public areas is another main consumer in the daily operation of Shimao property companies. Shimao improved the water-use efficiency of its main water-consuming equipment and effectively increased the water recycling ratio in daily operation.

An example is the Shimao Nanchang Tiancheng project. Shimao property companies enhanced the amount of reused water by improving the landscape water system, so that the irrigation water consumption of communities reduced to 6,500 tonnes per year and effectively saved water.

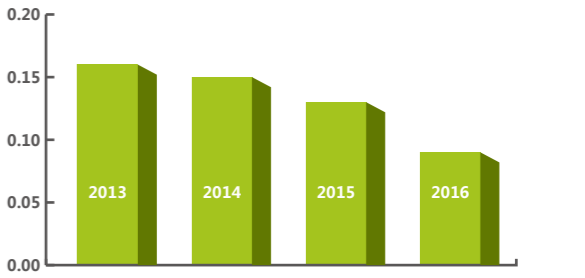


Every year, the Group invested large amount of resources to renovate the existing properties. Over the past nine years, the Group has upgraded the property-used refrigeration units to thirteen properties to water-cooled air conditioning systems, which effectively saved 71,511,891 Kwh of electricity, which is equivalent to HK\$90.8 million. Aged buildings have their air-conditioning systems, lighting systems, elevators and escalators optimized, to achieve the greatest energy efficiency. Aimed at this problem, the Group has completed the carbon audits of twenty-eight properties in Hong Kong and five properties in Mainland China, to find more opportunities for energy saving.

The electricity consumption per unit of public area in Shimao properties



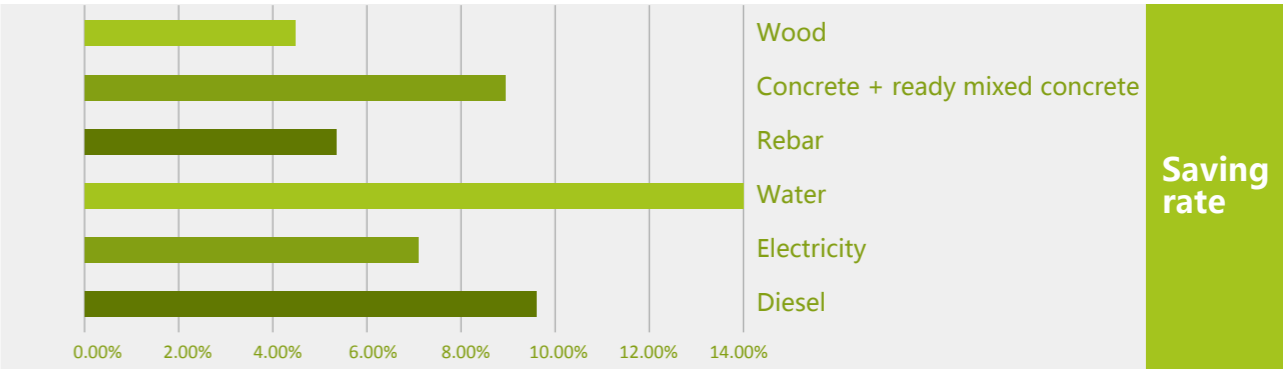
The water consumption per unit of public area in Shimao properties



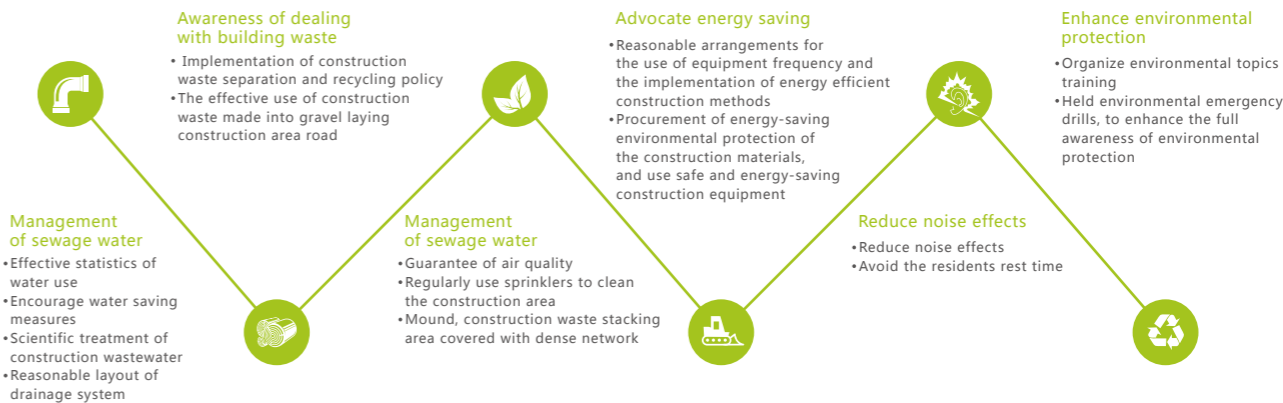
● Green Construction

Green construction is regarded as an important stage in the life cycle of buildings by Shimao. On the premise of quality and safety assurance, the Group devotes all its efforts to economizing the resources and minimizing the negative impact on the environment through scientific management and technological improvement, which realize the saving of energy, land, water and material and environment protection, and achieve the aim of resource saving and emission reduction in the construction area.

Although Shimao has project construction completed by subcontractors and causes no direct generation of effluent and exhaust, the Group still requires the suppliers to apply the principle of localization and implement national, industrial and local policies on technology and economy. One particular example is the construction project of Shanghai East Plaza (hotel):



Shimao adopts an effective ‘Construction Management Measures’ , including multiple aspects such as water management, construction waste disposal, air quality improvement, energy saving and emissions reduction. Shimao also strengthens the safety management of the construction personnel including suppliers and subcontractors, in order to minimize the impact on the surrounding environment and natural resources.



Environmental, Social and Governance Index of the Stock Exchange			
General Standard Disclosure	Page Number/Note	KPI Index	Page Number /Note
Environmental			
A1、Emissions	Green Operation (47-52)	A1.1	47
		A1.2	47
		A1.3	Note 1
		A1.4	Note 2
		A1.5	49-52
		A1.6	49
A2、Use of Resources	Environmental Protection Behaviors (48-50) Green Community (51-52)	A2.1	49
		A2.2	49
		A2.3	49-50
		A2.4	49
		A2.5	Note 3
A3、The Environment and Natural Resources	Green Construction (52)	A3.1	52
Social			
Employment and Labour Practices			
B1、Employment	Corporate Culture and Values (37-38) Pioneer Employer (40-41)	B1.1	40
B2、Health and Safety	Employee Health, Safety and Care (41-42)	B2.3	41-42
B3、Development and Training	Employee Health, Safety and Care (41-42)	B3.2	42
B4、Labour Standards	Corporate Culture and Values (37-38) Pioneer Employer (40-41)	B4.1、 B4.2	40
Operating Practices			
B5、Supply Chain Management	Strategic Cooperation (13)	B5.2	13
B6、Product Responsibility	New Urban Life (15-26)	B6.2	25
		B6.3	24
		B6.4	23
		B6.5	24
B7、Anti-corruption	Anti-Corruption (45-46)	B7.2	45-46
B8、Community Investment	Social care (27-36)	B8.1	28
		B8.2	27-36

Notes :

- A1.3 : The hazardous wastes directly generated by Shimao are ink cartridges, old light tubes and used batteries. As they are negligible if calculated by the unit of tone, Shimao did not disclose this KPI in 2016;
- A1.4 : The harmless wastes generated by Shimao is managed by the property service of the office premise and unable to be calculated. Therefore, Shimao did not disclose this KPI in 2016;
- A2.5 : As Shimao products (buildings) did not use any packaging materials, Shimao did not disclose this KPI in 2016.



Address: 38th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong
38th Floor, 68 Middle Yincheng Rd, Pudong New District, Shanghai
Tel: 852-2511 9968 / 021-3861 1111
Website: www.shimaoproperty.com