

2018

Shimao Property Sustainability Report

SHIMAO PROPERTY HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability Stock Code:00813.HK

Catalogue

Overview		Architecture: Fountainhead of Cities		People: Reciprocity of Partners		Culture: Descent of Citizenship		Performance (Environment)		Appendix	
Chairman's Message	01	Shimao's Sustainability Milestone:		Employee	37	Social Responsibility	57	Green Building	73	Awards and Certifications	85
About this Report	03	InterContinental Shanghai Wonderland	09	Corporate Culture	37	Cultural Inheritance	57	Green Building Policy	74	Performance Data Summary	89
Company Introduction	04	Vision	10	Inclusiveness	39	Medical Assistance for Poverty Alleviation	59	Green Building Certification	74	HKEx' s Environmental, Social and	
Materiality Assessment	05	Approach	11	Employees' Career Development	41	Community Care	61	Energy Consumption	75	Governance Reporting Guide Index	93
Sustainable Development Work	07	Sustainable Technology	14	Employee Care	45	Life Illumination	62	Energy Consumption KPI	75		
		Strategic Cooperation	16	Workplace Health and Safety	47	Cultural Responsibility	64	Energy-Saving Design	76		
		World Cities Day	16	Occupation Safety	48	Promoting Traditional Chinese Culture	64	Energy-Saving Reconstruction	77		
		A Blossom of Diversity	18	User	51	Sports Culture Inheritance	65	Water Utilization	78		
		Residential Areas	18	User Interactions	51	Community Culture Building	65	Water Consumption KPI	78		
		Hotels	19	User Service	54	Innovation Responsibility	67	Water-Saving Design	78		
		Commerce	21	Privacy Protection	55	Embrace New Technologies	67	Emissions	79		
		Themed Entertainment	29	Supplier	55	Practice "Commerce + AI Intelligence"	68	Gas Emissions KPI	79		
		Property Management	31	Supplier Conduct Code	55	Integrity Responsibility	69	Environment Protection Design			
		Craftsmanship and Services	33	Environment Performance of Suppliers	55	China's Enterprise Anti-Fraud Alliance	69	(Indoors & Outdoors)	80		
		Product Responsibility	33	Product Quality of Suppliers	56	Internal Employee Ethics	70	Waste Management	81		
		Service Innovation	35			Supplier Rules	71	Solid Waste and Wastewater Disposal KPI	81		
						Internal Reporting Mechanism	71	Waste Management Design	82		
						Compliance Training	71	Building Green World	83		
						Risk Management and Internal Control	72	Employee Involvement	83		
								Proprietor Involvement	84		

Chairman’s Message



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2018 is a year of achievements as Shimao keeps pushing forward urban development and upgrade, and satisfying people’s growing needs of a better life. Shimao realized total contracted sales of RMB 176.15 billion this year, representing a year-on-year increase of 74.8%. The achievement of “quality growth in the fast track” injected strong internal drive into sustainable development. In 2018, Shimao featured urban landmarks, built better communities, emphasized employee care, united suppliers and users, led innovative technologies, invested in energy conservation and emission reduction, and engaged in public welfare for the purpose of fulfilling commitment to sustainable development.

Skillfulness & Quality

Through long-term craftsmanship and technical breakthroughs, Shimao has created several influential city landmarks to empower the city. With the concept of “City Heals Nature”, we launched global shows of Intercontinental Shanghai Wonderland, which took 12 years to turn injury of nature into a treasure. The success of overcoming 64 technical challenges realized “an architectural miracle” and, in turn, expanded conceptual frontier for the sustainable development. Also, exemplified by the recently reopened Shanghai Shimao Festival City, Shimao, with adventurous thoughts, made a breakthrough in cross-fields and cross-spaces and reignited human’s eagerness and creativeness to life. Meanwhile, the debut of the collection-level villa product line “Royal Series”, relocation of Shimao headquarters to the Shanghai Shimao Tower, and deployment of “Property + Artificial Intelligence” demonstrated Shimao’s initial desire for upgrading urban taste.

Sincerity & Cooperation

Employees, users, and suppliers are important partners for Shimao to achieve the sustainable development strategy. Shimao encourages and supports each staff to fulfill their potential; therefore, we launched the “Shimao College” learning platform and training programs to develop general skills as well as specified ones. Shimao also commits to a safe and harmonious working environment for employees and partners. Abiding by international and national standards and regulations regarding occupational safety and health, Shimao conducts safety trainings and uses virtual reality technology for safety drills to identify and eliminate safety risks. Meanwhile, Shimao offers educational and cultural programs to users, such as Youth Football Training Program and Photosynthetic Education Community, and organizes activities for photography, environmental protection, history and more. Furthermore, Shimao upgrades community facilities and provides proprietors with one-stop services.

Responsibilities & Devotions

Shimao actively fulfills corporate social responsibility to spread the spirit of love and bring dreams as well as hope to thousands of families and individuals. Facilitating the inheritance of Chinese culture, Shimao jointly works with the Palace Museum and its cultural derivatives, thus bringing new momentum for building confidence in Chinese culture. Shimao upholds the concept that “Flourishing youths lead to a flourishing nation”. Through constantly holding activities like “We are Family” youth exchange programs, Shimao offers opportunities for the Hong Kong youth to experience the glory of Chinese civilization, thus enhancing the communication between the young people in mainland China and those in Hong Kong and further strengthening their national pride through cultural tours. Shimao actively participates in poverty alleviation by providing medical assistance. Through carrying out “The Belt and Road Eradication of Cataract Blindness”, “Special Prevention and Control of Tibetan Hydatid Disease”, “Spectacled Brother” for Children with Serious Illnesses” and other public welfare projects, Shimao brings hopes to patients suffering from illness.

Craftsmanship & Green

Under the guidance of the Environmental Management Executive Committee, Shimao's environmental protection work has made remarkable progress. For the newly completed projects, Shimao continuously gained international and national certifications for green buildings. In 2019, Shimao will complete more high-grade green buildings. For the existing projects, Shimao actively carried out energy-saving revamped and initiatives: consumption of electricity, water, and other resources was monitored; customized solutions, such as energy recycle, Variable Frequency Drive Technology (VFD) and renewable energy, were adopted; and engaging to environmental protection with the owners and tenants was implemented. Furthermore, Shimao introduced artificial intelligence technology. Through a strategic partnership with SenseTime, a world leading artificial intelligence company, Shimao achieved a practical case of “Property + Artificial Intelligence”, managing properties and their environmental performance in a smart way.

“With persistence as the rule, and innovation as the path”. Hereby, I give all credit to our users, investors, partners, and all Shimao-ers who strongly supported Shimao's sustainable development. In 2019, moving with macro development in China, Shimao, with unchanged motivation and inclusive care, will keep on undertaking social responsibility and making more contributions to the society. Committed to the beautiful vision of “Becoming a Pioneer of the Industry, Being a leading life service provider in China, Building a time-honored Shimao Brand”, Shimao hopes to share happiness with people, grow with the cities, and develop with the country.

Justice of the Peace, Chairman of the Board of Directors of Shimao

Mr. Hui Wing Mau

About this Report

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>.

Scope of the Report

The report is the 3rd sustainability report of Shimao Property (“Shimao”, “Company”) covering the period from 1st January 2018 to 31st December 2018. While the annual report focuses mainly on the Company’s business performance and corporate governance, this report, as a complementary material, concentrates on Shimao’s performance in sustainable development and corporate social responsibility, as well as Shimao’s future plans and objectives, including the impacts of the Company’s operation on the environment, society, and economy.

The scope of the report comprises Shimao and Shimao’s subsidiaries but excludes companies that Shimao does not have holding interest in. The properties referred to in the report comprise self-developed properties, investment in commercial projects of Shanghai Shimao, hotels under Shimao Hotels & Resorts and Shimao Star. Furthermore, the report contains themed entertainment and other tourism projects.



Company Introduction

About Us

Shimao Property Holding Limited (“Shimao” or the “Company”, together with the subsidiaries, 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 and high-quality mixed-used property projects in well-off Chinese cities or those with great development potential.

Vision & Mission

Shimao takes “Cultivating Life Taste, Accomplishing Urban Dreams” as the mission and “Becoming a Pioneer of the Industry, Being a leading life service provider in China, Building a time-honored Shimao Brand” as the vision. Not only does Shimao earns a stable income for shareholders through robust operation, but Shimao also delivers on the 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’s business layout covers nearly 100 cities globally, such as Hong Kong, Shanghai, Beijing, Guangzhou, Shenzhen, Hangzhou, Nanjing, Wuhan, Xiamen and so forth. The business landscape covers real estate, hotels, commerce, themed entertainment, property management, education, health, finance, high technology, culture, and overseas investment, forming a “sustainable development ecosystem” with diversified business.

This Year’s Performance

Spur with long accumulation and forge ahead. In 2018, Shimao adhered to a sound financial strategy and achieved “quality growth in fast track”, and will continue to maintain the growth advantage and create greater value.

Shimao sets the annual contracted sales target at RMB 140.0 billion at the beginning of 2018. By the end of reporting date, Shimao has realized total contracted sales of RMB 176.15 billion, accounting for 126% of the annual target.



Shimao has diverse business lines, including hotel, commerce and entertainment, property management and etc. Shimao is committed to improving the incomes from investment properties, enhancing light-asset operation, and creating an innovative business model.

Materiality Assessment

Communications with Stakeholders

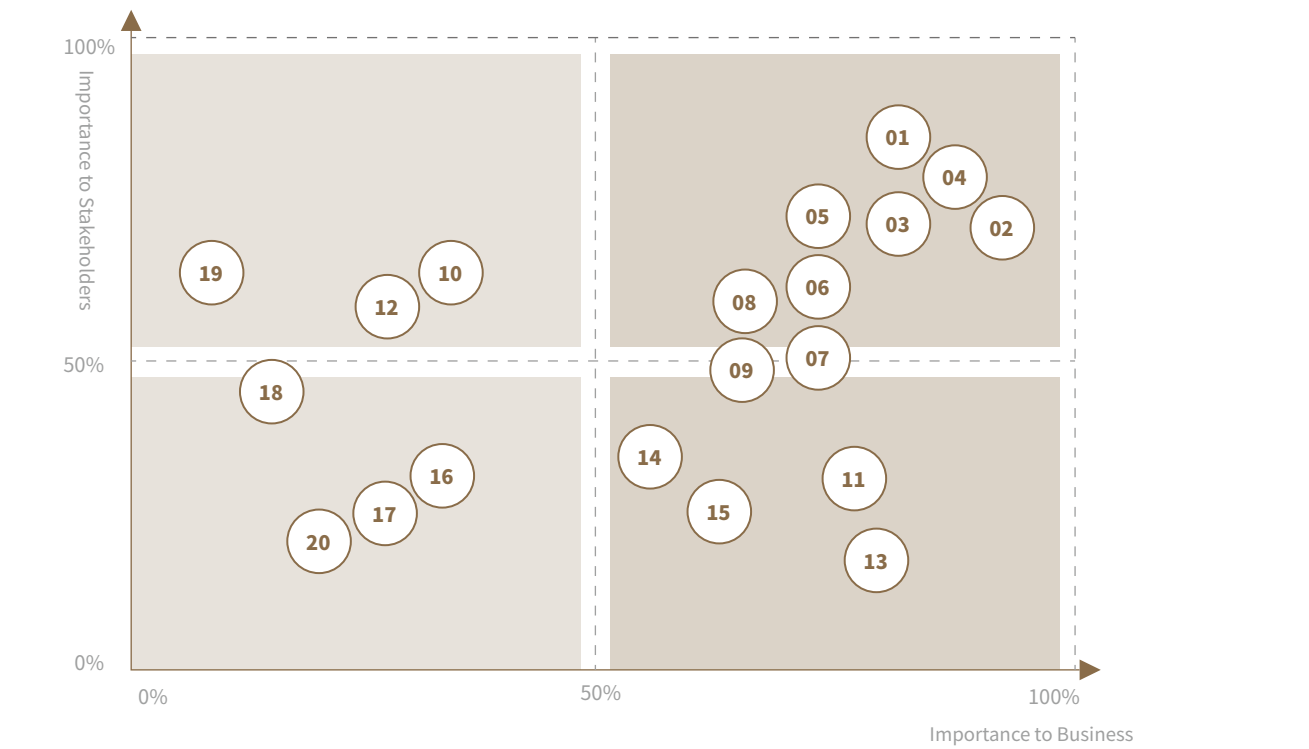
Shimao regards employees, investors, users, contractors, and suppliers as the main stakeholders. Taking their various appeals into account, Shimao adopts multiple means to keep continuous communication.

Activities involving stakeholders in 2018

Stakeholders Group	Means of Participation	Primary Concern / Expectation	Responses from Shimao
Employees	Questionnaire	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 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; Actively participating in investor meeting of various brokers, carrying out roadshows and reverse roadshows
Users	Questionnaire	Integrity performance; High-quality products; Considerate service and experience; Comments and complaints handling; Privacy protection	Providing users 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; User satisfaction survey
Contractors	Questionnaire	Job opportunities; Health and safety; Labor security	Working closely with contractors; Strengthening the assessment system of project site quality and safety; Fully implementing the standard for safe and orderly construction; Protecting labor contracts and payroll management
Suppliers	Questionnaire Group Interview	Equality; Mutual benefit and a win-win outcome; Resource sharing; Competitive bidding procurement; Mutual 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 suppliers

Materiality Matrix

We conducted a materiality assessment for this report, and the participation of internal and external stakeholders is an important part. We selected 20 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.

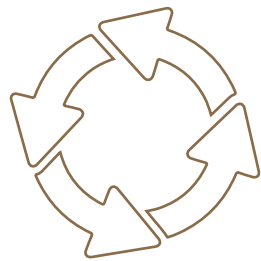


Order	Key Issues	Scope of Work	Order	Key Issues	Scope of Work
01	Green Building	Performance (Environment)	11	Investment in Community	Descent of Citizenship
02	Building Quality	Fountainhead of Cities	12	Suppliers' Performance of Environment	Reciprocity of Partners
03	Healthy & Safe Workplace	Reciprocity of Partners	13	Charity Drive	Descent of Citizenship
04	Compliance of Suppliers' Behavior	Reciprocity of Partners	14	Efficiency of Resource Consumption	Fountainhead of Cities
05	Anti-Fraud & Anti-Corruption	Descent of Citizenship	15	Suppliers' Performance of Environment	Reciprocity of Partners
06	Climate Change & Greenhouse Gas Emission	Performance (Environment)	16	Descent of Cultural Legacy	Descent of Citizenship
07	Energy Consumption & Waste Management	Performance (Environment)	17	Social Equality	Descent of Citizenship
08	Equal Employment Opportunity	Reciprocity of Partners	18	Redevelopment of City	Fountainhead of Cities
09	Care & Development of Employee	Reciprocity of Partners	19	Energy & Emission Management in Public Area	Performance (Environment)
10	Protection of Users' Privacy	Reciprocity of Partners	20	Employee/Owner/Tenant's Involvement of Environment	Performance (Environment)

Sustainable Development Work

Commitment

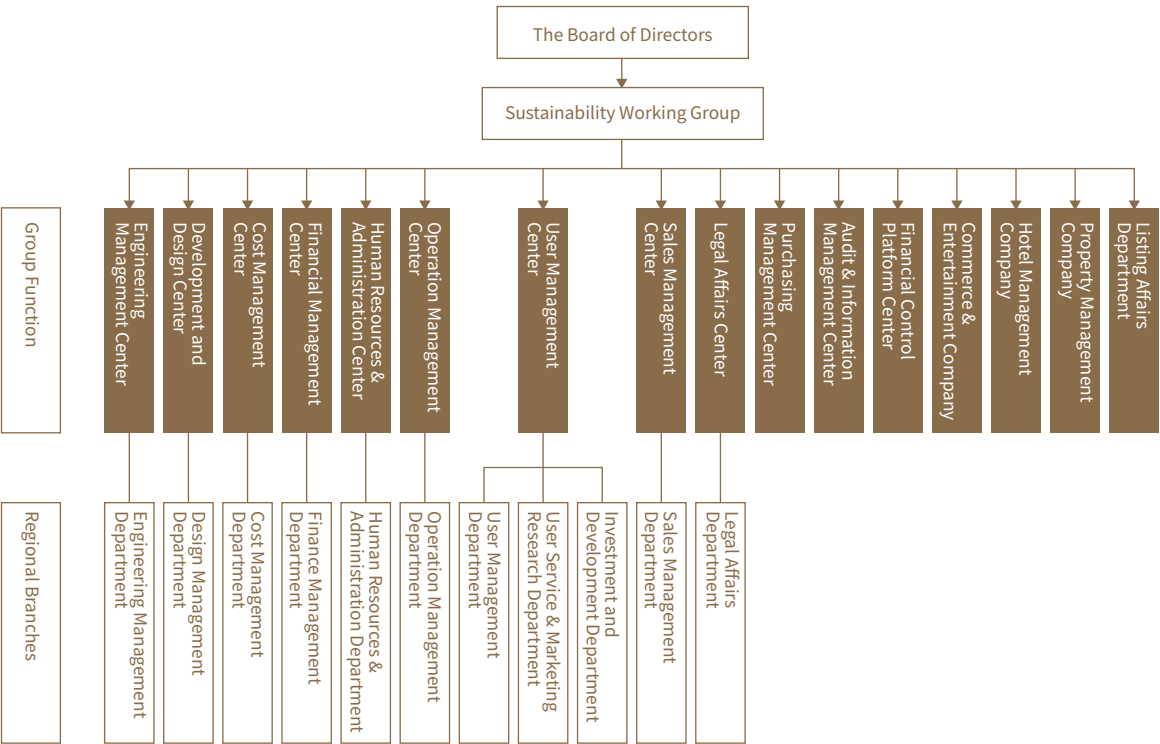
With sustainable development genes and strong internal drive, Shimao has shaped a century-old corporate culture and has become a new era practitioner with corporate social responsibility and philosophy to deliver a better life.



Sustainable Development Working Group

The Sustainability Working Group is the main organization of the Company's sustainable development work, which is led by Mr. Hui Wing Mau, Chairman of the Board, and consists of each business line’s head and key employees. This Group is responsible for implementing the sustainable development strategy laid down by the Board of Directors, complying with the Company's policies related to sustainable development, promoting the implementation of sustainable development work, and preparing the sustainability report according to disclosure requirements.

The Board of Directors is the supervision organization for sustainable development work and undertakes full responsibilities of ESG strategy and reporting. The Board of Directors develops the high-level strategy for sustainable development work, assesses and defines the sustainability-related risks faced by the Company, and ensures the effective implementation of risk management and internal control. The management layer regularly reports to the Board on the progress of sustainable development work.



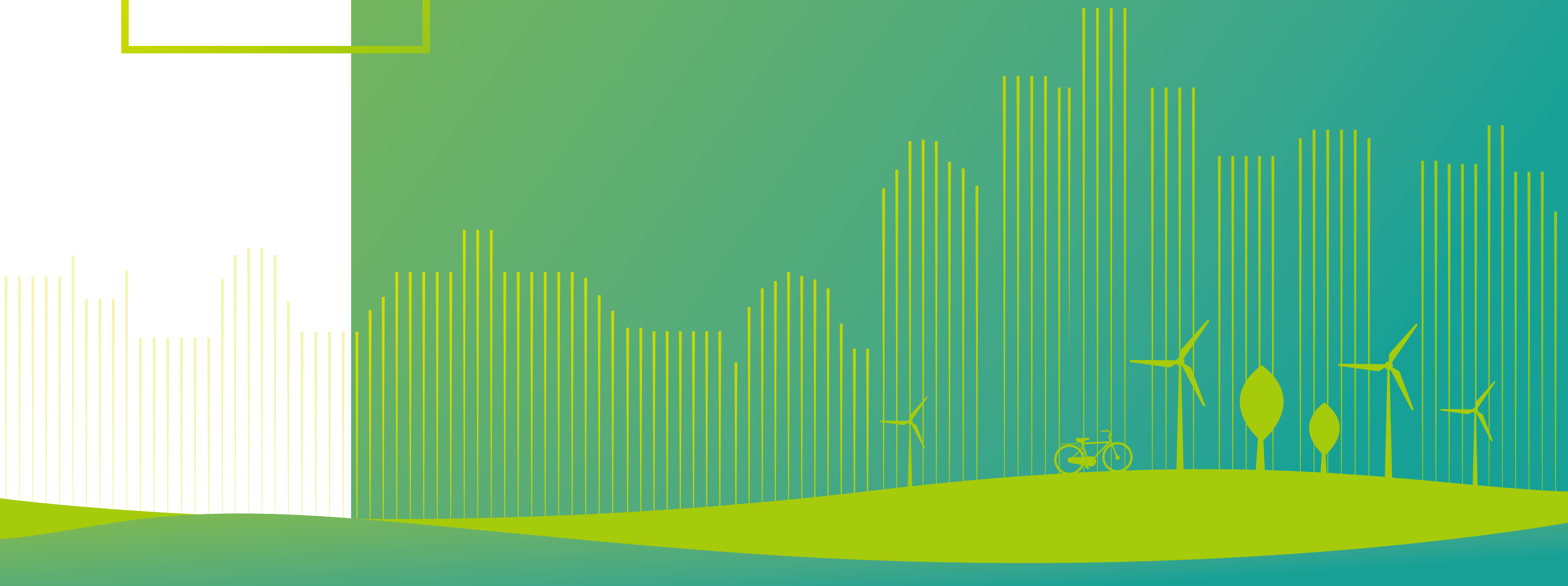
Awards and Recognitions

Shimao 2018 Awards and Recognitions

Date	Awards and Recognitions	Awards Agency
March 2018	2018 China Top 20 Excellent Commercial Real Estate Developers	China Real Estate Top 10 Research
March 2018	2018 China Top 100 Real Estate Developers	China Real Estate Top 10 Research
March 2018	Ranking of China's 100 Best Real Estate Enterprises	China's 100 Best Real Estate Enterprises
March 2018	China Listed Real Estate Enterprises Top 30 (Real Estate G30)	China's 100 Best Real Estate Enterprises
May 2018	2018 China Listed Real Estate Corporates TOP 20	Ehconsulting
May 2018	Top 100 Chinese Listed Companies by Brand Value 2018	China Business Research Center Tsinghua Universty, National Business Daily
May 2018	Top 25 Chinese Listed Real Estate Companies by Brand Value 2018	China Business Research Center Tsinghua Universty, National Business Daily
May 2018	Top 50 Chinese Listed Real Estate Companies by Brand Value 2018	China Business Research Center Tsinghua Universty, National Business Daily
June 2018	2018 China's Top 50 Corporate Citizenship Responsibility Brand	China Committee of Corporate Citizenship, China Corporate Citizenship Brand Summit Organizing Committee
June 2018	2018 China Green Real Estate (Commercial) TOP 10	Green Ranking
June 2018	2018 China Green Real Estate (Residential) TOP 10	Green Ranking
July 2018	Golden Brick - 2018 The Most Influential Real Estate Brand	Boao 21st Century Real Estate Forum, 21st Century Business Herald, China Real Estate Chamber of Commerce
July 2018	Best of Chinese Real Estate Brand Value TOP 100 (Ranking: No.15)	China Real Estate News Agency, CCGG Real Estate Think Tank, China Real Estate Academe
August 2018	Corporate Social Responsibility Awards	Capital, Capital Weekly
August 2018	Social Responsibility Contribution Award of the Year	China Business Journal
September 2018	2018 China Value Real Estate Awards	National Business Daily
September 2018	"Belt and Road" Special Award	2018 CSR China Education Award Organizing Committee
September 2018	CSR China TOP 100	2018 CSR China Education Award Organizing Committee
October 2018	Spectacled Brother Care Children's Health Project Action Thanks Certificate	National Children's Medical Center (Children's Hospital of Fudan University)
October 2018	Xinhua Hospital Charity Certificate	Xinhua Hospital
November 2018	2018 China Excellent Corporate Citizenship	China Committee of Corporate Citizenship, China Excellent Corporate Citizens Annual Meeting Organizing Committee
December 2018	2018 Real Estate Corporate Brand Impact Model	Hexun
December 2018	Jinlu Award - 2018 Annual Influential Corporate	Chinatimes
December 2018	The 40th Anniversary of Chinese Economic Reform Zhongjing Urban Development Influential Enterprise Award	China Business Journal
December 2018	2018 China Listed Real Estate Green Credit TOP 10	The Investment Consulting Special Committee of IAC, Green Ranking

01

Architecture
Fountainhead of
Cities



Architecture: Fountainhead of Cities

Key issues: Building Quality, Efficiency of Resource Consumption, Redevelopment of City

If cities are the fruition of human success at intellectual advancement, then it is safe to say that architecture is the bedrock of this advancement. Throughout China’s progressive urban developments, Chinese citizens, especially the urbanites, have adopted a lifestyle that allows them to be surrounded by, and be comfortable with architectural marvels, facilitating leisure such as going to shopping malls and scenic spots, tourism such as staying at hotels, and daily life such as living in an apartment and working in office buildings. To serve this landscape and to pursue of craftsmanship, Shimao’s belief is to build sustainable green architecture that hatches the co-existence of an industrial setting in our Mother Nature, turning the imagination to a real world of green buildings, which will be the fountainhead of cities.

Shimao’s Sustainability Milestone: InterContinental Shanghai Wonderland

A masterpiece of Shimao, InterContinental Shanghai Wonderland adopts to the local environment and accommodates natural wonders. Transcending concepts of architectural textbook, the Hotel was reversely built into 88 meters under the land. The successful completion came after overcoming 64 technical challenges and completing 41 patents, 30 of which have been authorized already. InterContinental Shanghai Wonderland is called as “an architectural miracle in the world”.



InterContinental Shanghai Wonderland is the epitome of Shimao’s sustainability approach, for the wonderland has implemented sustainable designs throughout the project cycle:

- Chose abandoned open-cast mine site as the location and adopted a project plan that supports co-existence of nature and modern architecture;
- Utilized techniques such as water recycle, wastewater purification and energy-efficient equipment to make Shimao a leader of environmentally-friendly architecture and sustainability in the hotel industry;
- Collaborated and coordinated with the United Nation (UN), Non-governmental Organizations (NGOs) and citizens to create an indigenous symbol of “green architecture” and innovative sustainability among global metropolises.



Vision

One day I came to Sheshan and saw this long-abandoned mining pit by chance. The pit was very awkward and ungainly there, in sharp contrast with the green mountains and beautiful waters in this area.

So, I had an idea of building a hotel there. I wanted to turn the pit, which was a scar in the city, into a gem, shining the unique and striking beauty.

—Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao

Approach

Creation

1. Thorough Exploration of Each Pile to Ensure the Stability of the Construction Foundation

Piles for construction must be hit through bearing stratum to moderately weathered bedrock. However, the geological situation on site is complex because rocks have been weathered unevenly to various degrees. To put in the piles, geological exploration was carried out for each pile, and 200 geological surveys were carried out for these 200 construction piles in total, which took nearly 2 years.

2. Heavy Blasting Work with Requirement for Precision

To build up the main structure of the hotel, blasting work and cleaning needed to be carried out. Due to the steep slope in the pit, construction work was very difficult. Furthermore, blasting must not disturb the construction work that had already been carried out on the rocks and the pit top. Therefore, there were high safety and quality requirements for the blasting work with careful calculation and verification.

3. Reinforcing the Original Cliff and Supporting the Slope under Continuous Weathering

After the blasting had been completed, the cliff wall was needed to be reinforced. A total of 99 anchor cables, 35-meter in depth, were anchored in the pit mouth to pull the podium structure to prevent displacement towards the pit. At the same time, to improve the stability of the cliff wall after blasting and to prevent the stones from falling and causing injury, the cliffs on the back of the hotel had anchor bolts with an average depth of 10 meters, with wire mesh placed and guniting carried out. In total, 6,500 bolts were anchored to reinforce an area of 5,760 square meters.

4. Positioning Control for Irregular Structures

The steel structural components used were all polygonal and the construction work needed to overcome changes of formation. Positioning different structures was extremely difficult. After conducting a large number of construction simulation and calculations, the stress and degree of deformation for installing different structures were precisely determined and controlled. The construction work was divided into ten sections, and orders of installation and casting were controlled to match the actual construction situation with the complex construction structures. Advanced electronic total stations were also used to ensure precision.



Safety

1. Shock-Resistance

Shimao completed multiple performance analysis on its major shock-resistant structure by inputting series of geological exploration results and hotel engineering structure into the computer. The team spent 4 years to come to an optimized architecture solution by generating a multitude of simulation tests that assessed, reassessed, and improved architecture strongholds and shock-resistance material functionality. Typically, the ground acts as the supporting point for foundational-level steel architecture; but InterContinental Shanghai Wonderland built in a quarry, however, is supported from the bottom of the quarry to the top of the ground. This new structure ensures that the main hotel body that can resist earthquakes of seismic intensity scale up to 7 degree.

2. Flood-Resistance

Since the quarry already serves as a water reservoir and flanks the river on all three sides, the hotel is likely to be over-flooded under the conditions of extreme weather. In order to prevent this situation, the project research team has done thorough research and retrieved credible data from the historical water report of Shanghai. The team concluded from the water-level report that the area and its vicinity has a historical low of 1.91 meters, high of 3.73 meters and an average of 2.85 meters. Based on this conclusion, the hotel decided to set a 4.2-meter high anti-flood wall to fight against any extreme situations. Fully acknowledging Shanghai’s rainy season, the project team also looked at the 24-hour maximum rainfall of both Songjiang District and Shanghai, which are 322 millimeters and 581.3 millimeters respectively. The hotel has set the water-level safety standard at a 500-millimeter interval and equipped 6 flood discharge machines that will be automatically deployed when the water level surpasses the safety zone.

3. Fire Prevention

In addition to the four hydrant elevators inside the Hotel, the outdoor quarry path was retained and reinforced as a fire evacuation passage. An outdoor staircase is located at the south outer wall of the main building. Pumps and pipes for fire water supply are put at the bottom of the pit. Furthermore, the kitchen, boiler room, generator room, and other places are equipped with advanced automatic fire extinguishing systems.

4. Escape Passage

The Hotel has multiple escape routes open to ensure safety. Each hotel room's balcony is separated by glass. In the event of fire, guests can use a fire hammer to smash the glass and turn the balcony into an escape route. For fire escape, customers above the B3 level will get to the ground following their routes, and customers below the B4 level will get to the quarry path then reach the ground from the escape routes there on both sides of the path.

Culture

1. Respecting Nature: Retaining Natural Landscape and Ecology

InterContinental Shanghai Wonderland retains more than 200 wild trees and the original vegetation, respecting the beautiful natural landscape there. The gravel left after the blasting was not abandoned but placed at the bottom of the water, or scattered on the roads or in ditches, adding a flavor of history.



2. Respecting the Local History: Passing on the Story of the Mining Pit and Retaining the Native Culture

A plank road leading to the quarry was on the cliff to the left of the hotel, zigzagging from the top and descending down the pit. These 300 steps of the road have witnessed the history of two generations who used to go up and down the mountain using this road. Shimao repaired and retained the original plank road, making it part of the cultural scene here. The pigeon hole on the cliff wall is another original scene in the deep pit and pigeons often come to rest here. The Hotel takes care to preserve it as it is an important part of the natural landscape.

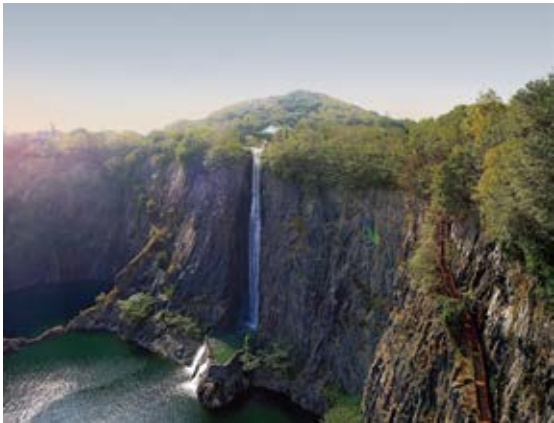


3. Respecting the Aesthetics: Drawing from Cultural Elements to Express Artistic Conceptions

Taking advantage of the picturesque Tianma Mountain surrounding the Hotel, artistic elements popular in Chinese poetry and paintings are adopted for the Hotel. Without following the cultural elements of the book, the essence and sentiment of Chinese aesthetics are drawn for visitors to experience an enhanced sense of the beauty of

landscapes.

For viewing from a distance, the harmony between mountains and water is emphasized for visitors to get the impression of the majesty and splendor of nature. Come closer, mountain plants and water plants, which are constant images in Chinese landscape paintings, are well organized from the cliff to the lake at the bottom of the pit with transitions made from broad-leafed trees to bushes to ferns, highlighting the layering of levels and hues. Up-close the Hotel, pine trees, which represent hospitality in China, waterfalls and stones are used to welcome visitors from all over the world. More pine trees are planted in the mountains, keeping intact the mountain scenery while reinforcing the upright and strong image of pine trees. With the waterfall falling down the cliff, an attraction full of aesthetical value is presented to the visitors.



Sustainable Technology

In December 2018, InterContinental Shanghai Wonderland won the Eco-Travel Changes the World Award, which puts a majority of focus on protecting the Earth with the theme of “ecological, environmental and sustainable” in the travel business. This award to InterContinental Shanghai Wonderland is an acknowledgement to its year-long efforts on promoting environmentally-friendly, ecological and sustainable development.

Current VFD and Intelligent Control System

The electromechanical system of InterContinental Shanghai Wonderland consists of energy-saving and highly-efficient products and is equipped with VFD converters to control the motor speed. Some electromechanical equipments include domestic water pumps, sewage pumps, air conditioning units, and air conditioning heat pumps. The refrigeration machine room adopts a group supervisory control system, which automatically takes into account the actual cooling load at the end, and adjusts the number of refrigeration units in use and the frequency of the water pump accordingly. Under such operation, the cooling system achieves an average energy saving rate of about 15%.



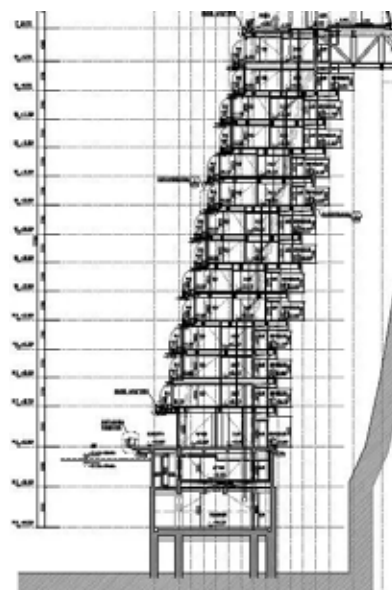


Eco-Friendly Water System

Plants and microorganisms in the lake in InterContinental Shanghai Wonderland help build a stable ecosystem that can purify and regulate on its own. There is an oxygen-rich water layer at the bottom of the lake, which serves the purpose of removing pollutants and enhancing the level of dissolved oxygen in the water, thus achieving the standards of Class III water quality.

Sewage and Wastewater Treatment

All sewage generated from operation is collected and sent to the machine room to be purified. Then it is transported to the first floor and converged into the city pipe network through the VFD pump. To ensure safe and complete reverse drainage, the material of the drainage pipe is a customized whole cast flang ductile iron pipe to minimize and prevent possible damage to the environment, and to establish a clean hotel environment.



Strategic Cooperation

Shimao and UNESCO Signing a Framework Cooperation Agreement in Shanghai

In November 2018, the signing ceremony of the cooperation framework agreement between Shimao and the United Nations Educational, Scientific and Cultural Organization (UNESCO) was held in Shanghai. The strategic cooperation between the two parties aims to support the participation of young people in environmental protection in East Asia, and to promote the use of sustainable energy, thus combating environmental degradation. Shimao will do the utmost to assist UNESCO in the aspects of capital, technology, manpower, and resources. Together, Shimao and UNESCO will enrich diversity, promote ecological civilization, facilitate urban development and upgrade, and bring about a bright future of sustainable development.

In the future, Shimao strives to facilitate the continuity of Chinese culture and promotes Shimao's recognition around the world. Urban civilization can also develop in harmony with ecological protection. Shimao seeks to open up a broader and richer frontier for the sustainable development of the world.

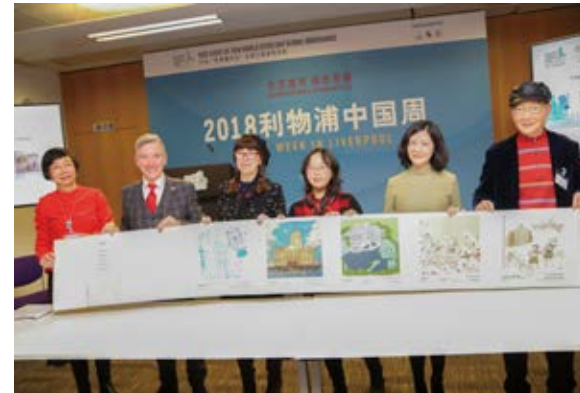


World Cities Day

Liverpool Global Event

2018 World Cities Day's topic is "Building Sustainable and Resilient Cities". The value represented by InterContinental Shanghai Wonderland coincides with the theme of the 2018 World Cities Day. This hotel was recognized and highly praised by UN-HABITAT. With the World Cities Day as a platform, InterContinental Shanghai Wonderland attracted widespread attention. InterContinental Shanghai Wonderland was selected to host a cultural exchange event – Architecture in Two Cities. Renowned

architects from Shanghai and Liverpool present comic works about historical landmarks in these two cities. On the World Cities Day in October 2018, at the China Week in Liverpool, scrolls depicting InterContinental Shanghai Wonderland were presented to UN-HABITAT and the Liverpool City Council as gifts.



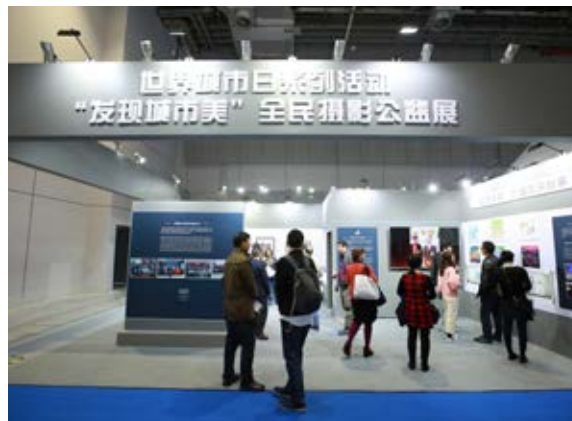
A Blossom of Diversity

Shimao does not stop as city builder, Shimao aspires to improve broad living standards to make a better city for its inhabitants. Currently, Shimao owns five major product lines that covers a consumer full cycle, realizing the full upgrade to introducing a brand new living standard. The six brands of Shimao Star hotels and four new brand of commerce complemented a comprehensive product series of Shimao's brand. With a multi-level lifestyle of entertainment, Shimao has established a high-quality global network. Furthermore, incorporating artificial intelligence into property management allows this lifestyle to be ever safer and smarter.

Residential Areas

International City and Architecture Expo 2018

The Shanghai International City and Architecture Expo (ICAF) is one of the themed events for the World Cities Day, the first international day initiated by the Chinese government in United Nation. It has become one of the regular events for promoting the World Cities Day. ICAF is fully in line with Shanghai's goal of becoming a global city of excellence. Centering around the concept of promoting Shanghai service, Shanghai manufacturing, Shanghai shopping, and Shanghai culture, ICAF continues to showcase the management and the achievements of cities both in China and internationally. By doing so, ICAF provides best practice for Shanghai to enhance its momentum for improving economic development, cultural appeal, and urban management. ICAF also acts as a high-end platform for promoting exchange and cooperation among industries and enterprises.



Cloud Series Shine City Series

Inelastic demand and improvement products. The Cloud and Shine City Series are residential areas designed for the urban backbone with house upgrade demand. The two series turn customers to users, and do not disappoint the promise of "making life better".

Classic Chinese Chic Series

Mid-to-high end villas. The Classic Chinese Chic Series extracts, reconstructs and integrates the classic architecture and culture of the prosperous world, which creates living experiences that penetrates the essence of prosperous culture and contemporary aesthetics.

Royal Series Sky Fame Series

High-end products for urban apartments and villas. The Royal Series and Sky Fame Series, with visionary vision and broad horizon, insight and think about the lifestyle of high-net-worth people, reinventing the unique collection of the world.

Royal Series – a rarity and treasure, embodying privileges and a high-standard lifestyle



The Royal Series is not only the expression of Shimao estates but also the speculation of civilization and the attitude of the architecture of the era. Consisting of 28 traditional paintings and 95 ancient poems, 36 scenes are built in Xishan Royal. Here in this residential neighborhood, one can see the reproduction of poetic ancient spectacles depicted in renowned drawings such as Prosperous Suzhou and Map of Pingjiang. They vividly capture the changes of seasons and vicissitudes of the times in ancient Suzhou and sculpture Suzhou Royal.

Hotels

Ever since Shimao invested in the hotel business in 2004, Shimao has formed strategic alliances with multiple internationally known hotel management companies including J.W. Marriot, Hyatt, IHG and Hilton. Shimao Hotels and Resorts form an essential part of the Company’s strategic development and has become the forerunner in China’s hotel industry. Founded in 2009, Shimao Hotels and Resorts covers business operations, management, and development of hotels. 2018 is the first operating year of Shimao Star Hotel Group (“Shimao Star”). As at 31 December 2018, Shimao Star has already owned 6 unique hotel brands, namely, Yu Resort, Yuluxe, Yu Hotels, Yu Residence, MiniMax, and Mini, providing a full spectrum of services. There are 10 hotels under Shimao Star that have been operating smoothly, and another 51 hotels are ready to be introduced to the market, including 6 overseas hotels. As the forerunner in the industry, Shimao keeps the “green, sustainable” brand image by providing unprecedented, smart yet personal service to transform the traditional image of hotels.

The All-Around Upgrade of Mini

With the slogan “100% you from 1% of inspiration” in mind, Shimao Star Hotel brand upgraded all Mini hotels in 2018, including “Inspiration Space,” “Innovation and Design,” “Considerate Service” and “Five-star Quality” to offer new-gen travelers with a comfortable and exceptional hotel experience.



Commerce

After more than a decade of development, Shimao’s commercial sector has now entered 26 cities and has more than 48 commercial projects. Shimao upholds the concept of ingenuity and organizes projects by location, type, business logic. The management system of “4+2” project line was established, including four commercial project lines (Shimao Commercial Center, Shimao Festival City, Shimao Skyscrapers City, Shimao 52+) and two office project lines (Shanghai Shimao Tower, Shimao Link Park). In June 2018, Shimao Commerce debuted the plan for a new four brand product line “Culture Plus, Experience Plus, Technology Plus, and Energy Plus.” This new line signifies four different concepts: the amalgamation of culture and commerce, the accordance of present and future opportunities, the upbringing of an ever smarter ecosystem and the perfection of the service industry. We hope that, with this new product line and these new concepts, all commercial projects will be boosted further to fulfill energetic city vibe.

Shimao Commerce Locations by City
(by the end of reporting date)



Shanghai Shimao Tower

In September 2018, Shimao Group Headquarters relocated to Shanghai Shimao Tower. It was not only a journey to recall the initial duty, but also a symbolic building to model a smart work and living environment in Shanghai.





1. Co-Living with Ancient Tree

An ancient Ginkgo tree, with hundreds year old, stands tall next to Shanghai Shimao Tower. This tree was cataloged and listed now as Level-Two protection on the “Ancient Tree Roster of Pudong New District”. To protect the tree, Shimao carved out a 12-meter protection radius around the tree, set up metallic railings and dug a 3-meter drainage well so that the Ginkgo tree thrive and prosper.

Shanghai Shimao Tower fully embodies the high integration of architecture and nature. Respecting the culture and loving the earth, Shimao paid great efforts to build the landmark, which integrates traditional culture and modern technology.

2. A Technology-Driven Work Environment

To fully comply with the Shanghai's “13th Five Year Plan” proposal of building a smarter city, Shimao Commerce adopted its “Technology Plus” brand development plan and collaborated with both internal and external sources to create a smart work environment. As Shimao Group set foot on the path to discover the possibility of “commercial area + AI,” we experimented the ideals on Shanghai Shimao Tower, an architecture that fully embraced digitalization in the workplace to create a highly-efficient environment that can make office workers' lives more convenient.

Shanghai Shimao Tower is also equipped with Sense Smart Concierge System that uses AI technology for faster front desk service, reducing visitor recognition and identification time to only 1 second. Furthermore, the system has a strict “no piggybacking” detection functionality that double ensures the security of the building.

In the near future, Shanghai Shimao Tower will construct a centralized portal for office workers, consumers, and tenants that pulls data from the face ID database that will truly allow the realization of user-technology integration for safer security, faster operation and an infinity of possibilities.



Shanghai Shimao Festival City

In September 2018, Shanghai Shimao Festival City had the grand opening on Shanghai's most flourishing East Nanjing Road. This brand new look is specially designed for Shanghai, the mega-metropolis that prospered from the development of commerce. Shimao embraces the core meaning of commerce, and Shanghai Shimao Festival City's renovation and re-opening stand as a milestone, symbolizing the breakthrough in both Shimao Commerce and the business industry. This new Shanghai Shimao Festival City not only drives up consumers' purchasing needs on East Nanjing Road that mixes in both modernistic and distinctive Shanghai commercial brand, but also echoes the strategic development of "Shopping in Shanghai."

1. Fashion Hub

Shanghai Shimao Festival City is situated at the start of the "First Commercial Pedestrian Street in China" East Nanjing Road, which brings millions of traffic just in a single day. Architects abolished the original closed-type look of the old mall and specifically designed a giant over door on the outside of the new mall, and installed transparent glass window walls that follow the recently promoted simplistic trend. The red "Sky Escalator" outside the mall can make the consumers feel like they are entering the mall as if they are walking the "Red Carpet," and it echoes the mall's internal area design naming conventions such as "Theater Stage," "Auditorium," "Theater Aisle" and "Backstage." Consumers can be fully immersed in this artistic and cultural ambiance while shopping in the mall.

2. Gradient of Complex

After a successful 90% of store replacement, Shanghai Shimao Festival City's daily operating segments can be divided into these four main sectors with 23% restaurant store, 21% entertainment stores, 53% retail and 3% service stores. The plaza gathers internationally-known flagship stores, in-demand fashion theme stores, and cultural intellectual properties (IP) of domestic web-celebrity food blogs. The entire third floor is dedicated to the theme of "Hello Kitty-the Bund Tour," fully integrating international brand to Shanghai's most staple historical tourist attraction.



Jinan Shimao International Plaza

Shopping mall: around 400 thousand sq.m
Office building/ apartment: around 120 thousand sq.m
Shimao Kuanhouli Jinan: around 45 thousand sq.m



With a view to a taste for a quality lifestyle in pursuit of the city dream, Shimao keeps upgrading the Jinan Shimao International Plaza to adopt a quality urban lifestyle and to serve the needs of the local people. In a satisfaction survey conducted in 2018, consumer satisfaction for the Jinan Shimao International Plaza was 96.1% and tenant satisfaction was 97.1%. Furthermore, Jinan Shimao International Plaza has also won accolades from the government and the media, winning 19 honorary awards in various fields.

Three Skyscrapers in One City

Shimao has long followed the national strategic direction for regional deep cultivation, focusing on lucrative regions with national macro-strategic policy support, quality economic development, and strong demand. Shimao participated in the development of core city clusters such as the Jingjinji Metropolitan Region, the Yangtze River Delta, the middle and lower reaches of the Yangtze River, the Economic Zone on the coastal cities along the West Coast of the Taiwan Strait, the Pear-River Delta, the Cheng-Yu Economic Zone and The Shandong Peninsula. By the end of reporting date, Shimao has actively committed to the establishment of the “Guang-dong-Hong Kong-Macao Greater Bay Area”. Three skyscrapers in Qianhai, Longgang, and Pingshan of Shenzhen features new landmarks in one city.



Shenzhen Qianhai Shimao Financial Centre

Overall: around 193.7 thousand sq.m
Office building: around 119.7 thousand sq.m
Commercial building: around 23 thousand sq.m

Located in Tai Shan Bay, Shenzhen Qianhai Shimao Financial Centre is the sixth biggest building with an artistic twist in the world. With the entry of major enterprises into the Shenzhen Qianhai Shimao Financial Centre and strong support of the government, Tai Shan Bay is set to become a core economic zone in Shenzhen within the next few years. Enjoying the valuable resources in an emerging CBD, Shenzhen Qianhai Shimao Financial Centre will become a new landmark.

Shenzhen Shimao
Shenzhen-Hong Kong
International Center

Overall: around 1.365 million sq.m
Office building: around 628 thousand sq.m
Commercial building: around 310 thousand sq.m
Hotel: around 50 thousand sq.m
Apartment: around 297 thousand sq.m
Public service facilities: around 80 thousand sq.m



Shimao Shenzhen-Hong Kong International Center is a super-grade office building and marks a high-rise point in the skyline. Home to high-quality international education resources, the Center prompts the upgrading of the innovation industry in eastern Shenzhen and the development of a regional innovation network of production, education, and research. The Center boasts influential shopping centers, international top luxury brand, and premium apartments, leading regional consumption upgrades and making the area a hub of industry and residential life in the Guangdong, Hong Kong and Macao region.



Shenzhen Shimao · No.1
Guangdong Bay

Overall: around 181 thousand sq.m
Office building: around 110 thousand sq.m
Commercial building: around 43 thousand million sq.m
Apartment: around 28 thousand sq.m

Situated in the middle of the green landscape, a rarity in the city, Shenzhen Shimao · No.1 Guangdong Bay houses high-end commercial stores and apartments. This 300-meter landmark aims to attract high-tech enterprises, with the goal of leading an industrial upgrade and transformation of Pingshan New District.

Themed Entertainment

Hoping to take Shimao’s current visitors’ lifestyle of “clothing and shopping, food, travel and entertainment” to the next level, Shimao aims to have multi-layer lifestyles revolved around the “themed entertainment” core. Shimao has created a global high-quality lifestyle network covering theme parks, theme pavilions, sightseeing halls, ski resorts, and other business modules.



Hello Kitty – the Bund Tour

Relying on the advantages of international industrial clusters and cultural resources, the themed pavilion of China’s first “Hello Kitty – the Bund Tour”, which is customized by the Group and Japan’s very own Sanrio, was opened at Shanghai Shimao Festival City in January 2019, and is the new cultural highlight on Nanjing East Road Pedestrian Street.



Shanghai Dream City Theme Park

Invested by Shimao Group, Shanghai Dream City Theme Park is a comprehensive theme park that has both indoor and outdoor areas. It consists of phase I (Wonderland Area) and II (Max Wonder Park and the Smurfs Theme Park). In close conjunction with InterContinental Shanghai Wonderland, a world-class landmark, Dream City strives to meet visitors’ needs for sightseeing, entertainment, and interactive activities.

In March, 2019, Shimao Group and IMPS, the copyright owner of the Smurfs, announced that the globally beloved animation will set to be brought in the Dream City.



Shimao Lianhua Mountain Ski Field

In support of the government's call for promoting winter sports in Changchun, Shimao launched Lianhua Mountain Ski Field, a world-class ski resort for sports competition, vacation and family activities. By the end of reporting date, the Shimao Lianhua Mountain Ski Field has witnessed more than 10 international and national sports events here, such as the Final of 2018/19 FIS Freestyle Skiing World Cup, Aerial. It is also the only snowfield in China that is equipped with lights for night ski jumping competitions.

Shimao has entered a strategic cooperation with Ecosigh, a Canadian born top ski resort & planning and designing company, to upgrade Shimao Lianhua Mountain Ski Field into an all-season vacation resort that encompasses comprehensive entertainment sectors such as holiday hotels, commercial streets, homestays, and theme parks.

Property Management

Thinking from view of users and driven by smart technology, Shimao actively explores ways to effectively combine artificial intelligence and property management to improve experience and satisfaction of users.



Intelligent Security

Shimao equips the residential complexes with an intelligent parking management system, a face recognition access system, a border protection system, an intelligent intercom system and a wireless electronic patrol system to achieve full security network coverage and information sharing in the neighborhood.

Intelligent Lighting

Shimao uses a complete intelligent lighting solution with both hardware and software to accommodate the use of different kinds of lamps, light sources, and switches. Thus the lighting equipment is under one central control, which is an industry-leading technology.

Intelligent Control

Using various kinds of communication and transmission methods, control centers can achieve remote control of the equipment room and monitor the equipment in real-time. The running status of the system and equipment are recorded and processed. Should any situation come up, the control system will automatically dispatch a work order, ensuring that the problem can be dealt with in a timely manner.

Intelligent Community

Shimao established an offline intelligent community center where five central modules-finance, health, education, entertainment and retail-have been put in place for a pilot run. Intelligent facilities have been introduced to the center, such as robot guides, self-service physical examination machines, children LEGO toys, a shared smart living room, and smart cabinets. The center provides its residents with easy access to health, education and cultural facilities, further raising customer satisfaction.

“Shimao Home” APP, “Shimao Butler” APP

Shimao also developed a “Shimao Home” app and a “Shimao Butler” app, which gives residents convenient access to services such as house decoration, leasing, neighborhood group buying, community center booking, hotels and travel products booking, cleaning service, and maintenance service.



Craftsmanship and Services

“Craftsmanship” is Shimao’s standard for all products. We never dwell on present accomplishments because we are looking into the future and always seeking unlimited possibilities. We adhere to strict management system of full life cycle because we believe “consumers are the God”; progressive innovation comes from a firm belief that there is always a breakthrough somewhere. Craftsmanship is also an incentive for Shimao engineers to treat every construction and technical process with meticulous attention as they holds highly professional principles and standards as well as strives to achieve higher goal and beyond themselves. The builders in Shimao keep quality delivery to be responsible about product and satisfy demands of users.

Product Responsibility

The First Shimao Festival of Engineer

In September 2018, the first Shimao Festival of Engineer was opened. Themed with “Pursuing Craftsmanship and Devoting to Quality Work”, the festival saw Shimao’s outstanding engineers from all over the country gathered together to witness the glorious moments for Shimao Engineering staff.

September 21st is set to be the Shimao Festival of Engineer, an annual event to promote the spirit of daring, confidence, persistence and the pursuit of dreams. The festival upholds integrity, accountability, honesty, and practicality. Shimao engineers are encouraged to push forward, endorse the Shimao project management system with practical actions, improve product quality, and build up to the vision of Shimao being synonymous with quality products.

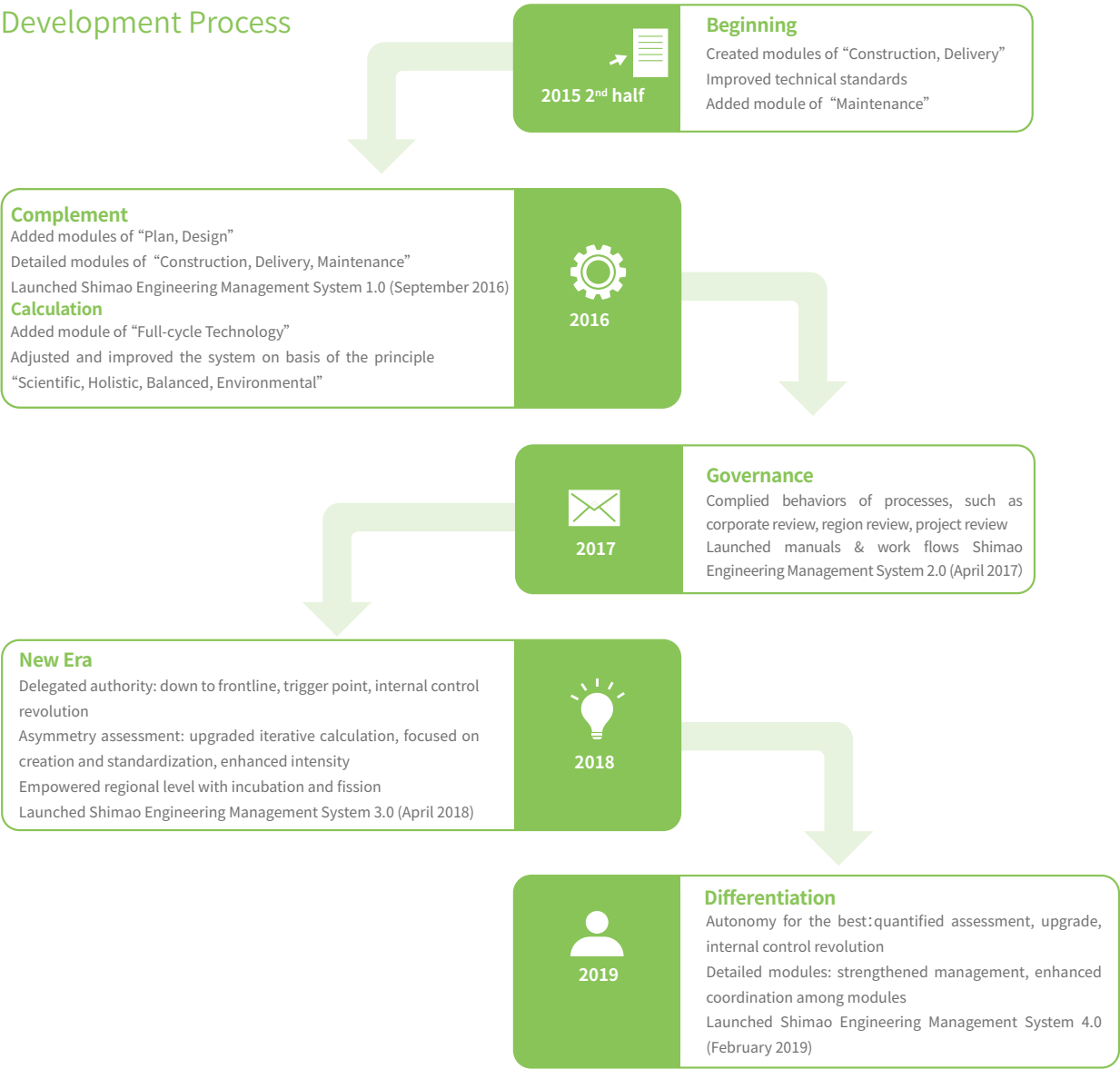


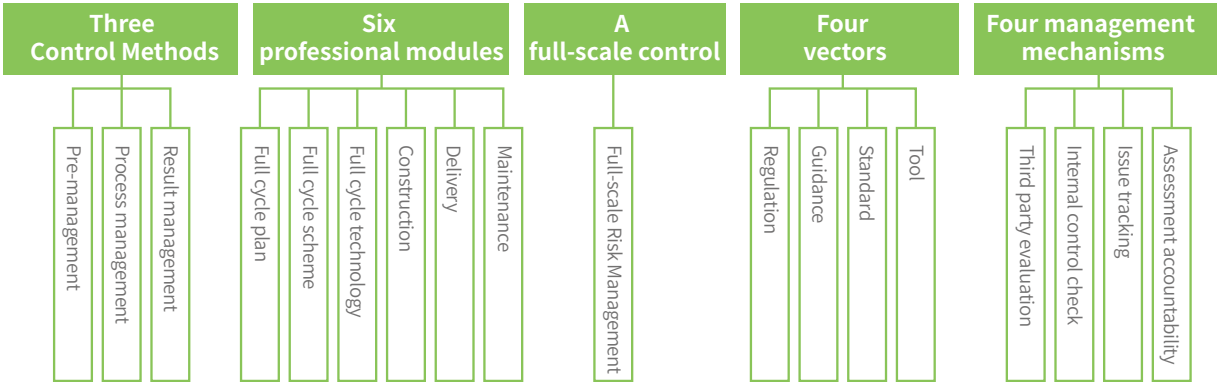
Shimao Engineering Management System 3.0

In 2018, Shimao’s engineering management system upgraded from 2.0 to 3.0, and a reflection of the process management and micromanagement accomplished from 2.0. With the implementation of Shimao 3.0, the Company will gradually delegate authorizations to the junior level while having regional braches micromanaging product quality as the start of internal control transformation.

In 2019, Shimao’s engineering management system will enter stage 4.0, further consolidating local branch companies’ authority to realize self-capable management, quantifiable internal control performance system and modular micromanagement refinement.

Engineering System Development Process





Service Innovation

Team for Product Excellency+

In order to improve Shimao’s customer satisfaction about the facility quality and Shimao products, Shimao extends every effort to prevent possible risk at an early stage of product development, and to carry out continuous optimization on existing products based on user pain points. Therefore, a closed loop from the front end to the back end can be formed, which facilitates the implementation of a customer-oriented corporate culture when launching products. To fulfill these purposes, Shimao User Management Center cooperated with Shimao Development and Design Center to set up a Product Excellency+ team in 2018. The first Product Excellency+ team identified three topics from customer pain points: locations of air-conditioners, styling beam outside buildings, and parking spaces for non-motor vehicles in the neighborhood. These areas for improvement have been included as keys for preliminary designs by each regional company. In the future, Product Excellency+ team will continue to serve customers in their best effort by conducting relevant research and coming up with strategies for improvement, thus improving product quality on a constant basis.



Pain Point
Optimization:
Locations of Air-
conditioners



Pain Point
Optimization:
Styling Beam
outside Buildings



Pain Point
Optimization:
Parking Spaces for
non-motor vehicles



02

People

Reciprocity of
Partners



People: Reciprocity of Partners

Key Issues: Equal Employment Opportunity, Care & Development of Employee, Healthy & Safe Workplace, Interaction with Users, Protection of Users' Privacy, Compliance of Suppliers' Behavior, Suppliers' Performance of Environment

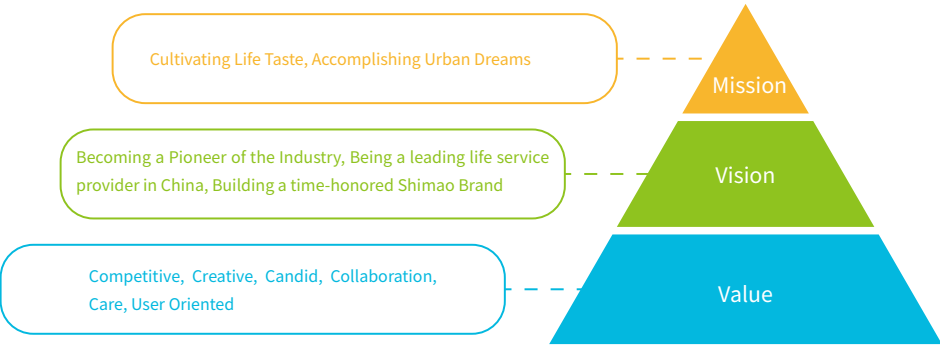
Employees, suppliers, and users are important participants in the sustainable development of Shimao. It is Shimao's important strategy to help employees, suppliers and users achieve themselves' sustainable development. Thus, Shimao establishes training and development programs and provides decent compensation and welfare schemes, enabling employees to earn their living and thoroughly show themselves. Shimao encourages suppliers and users to jointly practice sustainable development' s concept and participate in related activities, in order that Shimao' s sustainable influences converge a social changing power through its partners.

Employee

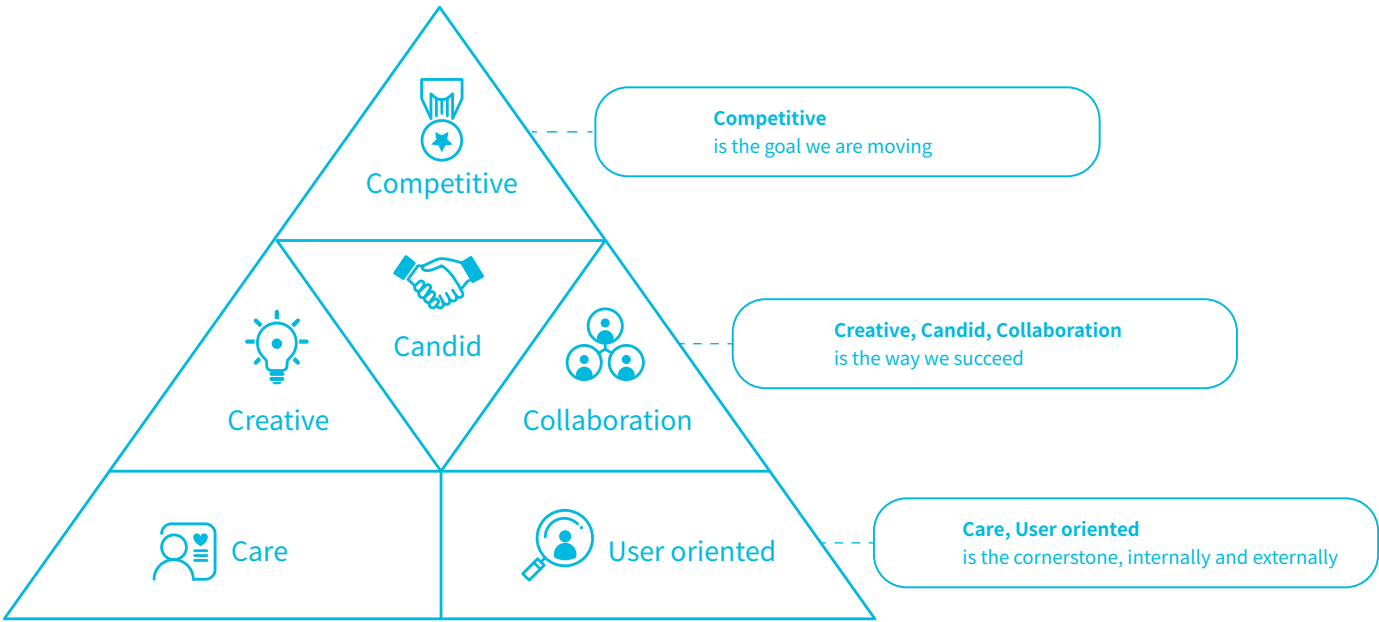
Shimao's development is inseparable from every employee' s contribution. The diverse and harmonious work atmosphere shows Shimao' s value proposition, which is equality and freedom. The scientific and systematic training system pins the good hope of facilitating employees' career development. The comprehensive and diverse welfare treatment represents the earnest implementation of creating a big family atmosphere with "love and warm". The safe and healthy workplace reveals Shimao' s management philosophy that is "people-oriented and life-oriented".

Corporate Culture

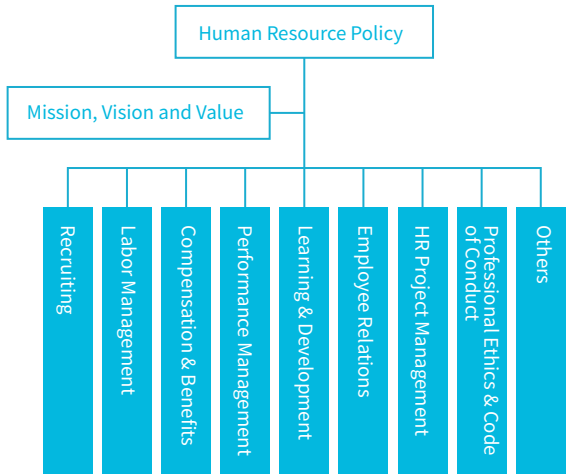
Shimao upholds the idea of "retaining employees by promising career, attracting them by good mechanism and welfare, influencing them by excellent corporate culture and motivating them by a good vision for corporate development". Shimao advocates stability, diligence, innovation, integrity and craftsmanship, and follows a human capital development philosophy of "respecting and trusting employees, and facilitating their career development". Paying great attention to the needs and career development of employees, Shimao endeavours to creating a healthy, safe, comfortable and efficient work environment.



6C value is the standard of Shimao-ers.



Human Resource Policy



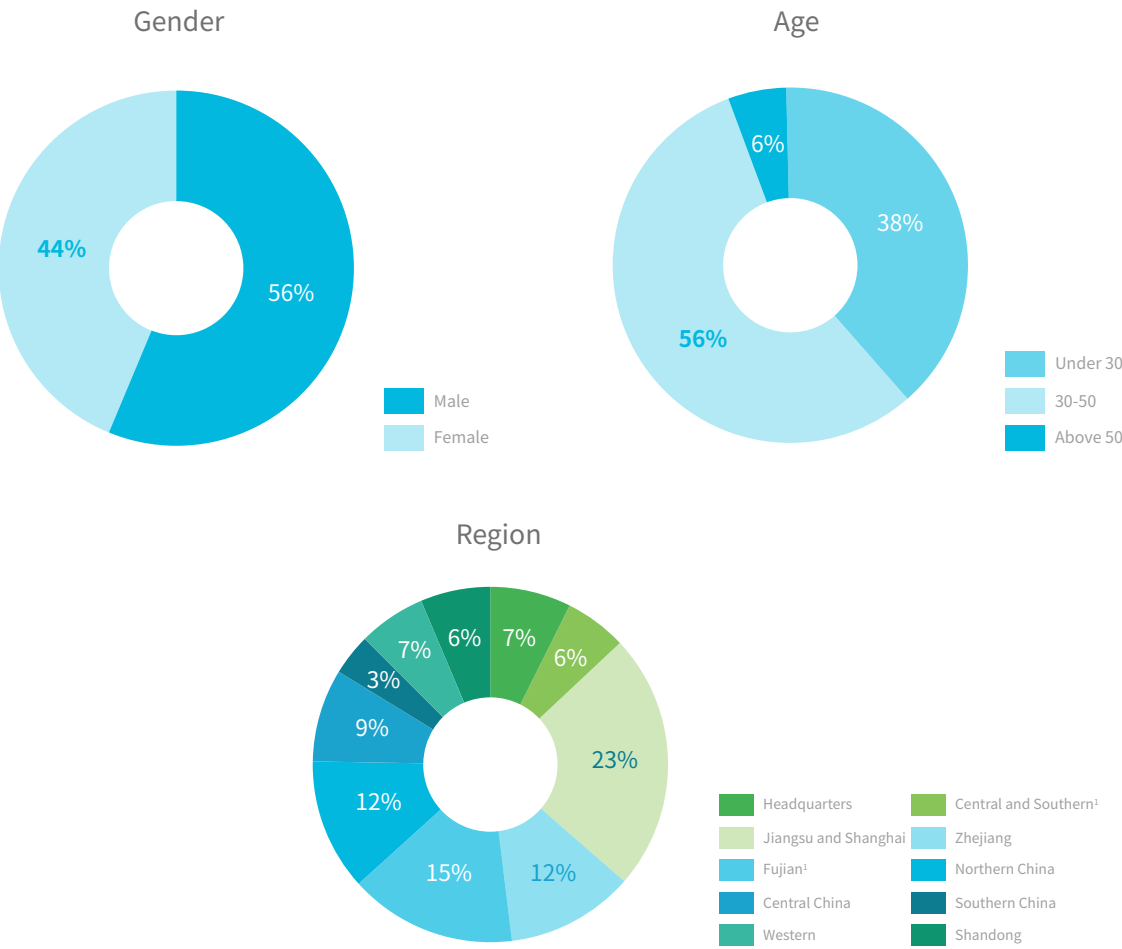
Shimao operates strictly under relevant laws and regulations on human resource management, such as "Labor Law of the People' s Republic of China" and "Labor Contract Law of the People' s Republic of China". It establishes corporate policies including "Guidelines for Recruitment", "Remuneration Management Guidelines", "Performance Bonus Management Guidelines", "Training Management Guidelines", "Guidelines for Employee Care Programs", "Management Measures for Absence and Leave", "Management Measures for Overtime Work", "Internal Position Competition Management Measures", and "Professional Ethics Guidelines". These policies effectively protect the legitimate rights and interests of employees. Moreover, Shimao endeavors to provide employees with a favorable work environment. Shimao will never hire child labor or forced labor. Although these problems never occur within the Company, Shimao regularly reviews the recruiting policy to ensure that all hiring procedures are implemented rigorously and are incorporated into human resource policies.

Inclusiveness

Shimao strives to provide employees with a level playing field, a diverse, harmonious but challenging work environment. We continuously monitors and evaluates the Company's performance in terms of equality and diversity. "Shimao Employee Handbook" emphasizes on providing equal opportunities, that is, "all employees, regardless of nationality, race, religion, gender or age, will be entitled with equal opportunity in all aspects including hiring, training, promotion, transfer, salary and benefits".

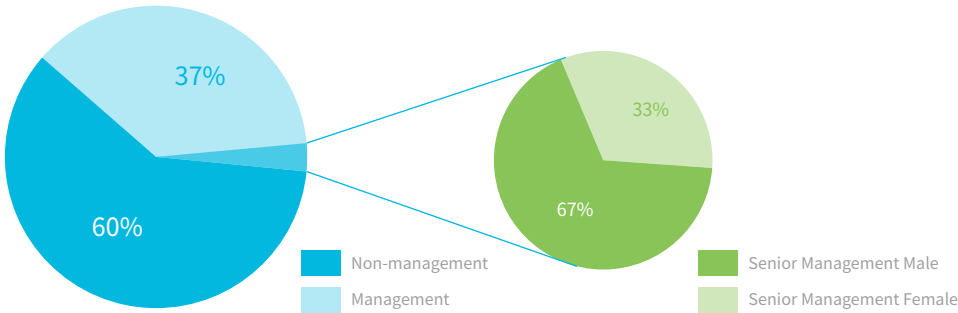
Employment Profile

As of 31 December 2018, Shimao has employed 9,814 people, of which 4,314 employees are females, accounting for 44% of total employees. 249 employees are from minority ethnic groups, and 72 employees are disabled. Charts below illustrate the proportions by gender, age, region and staff level (management and non-management).



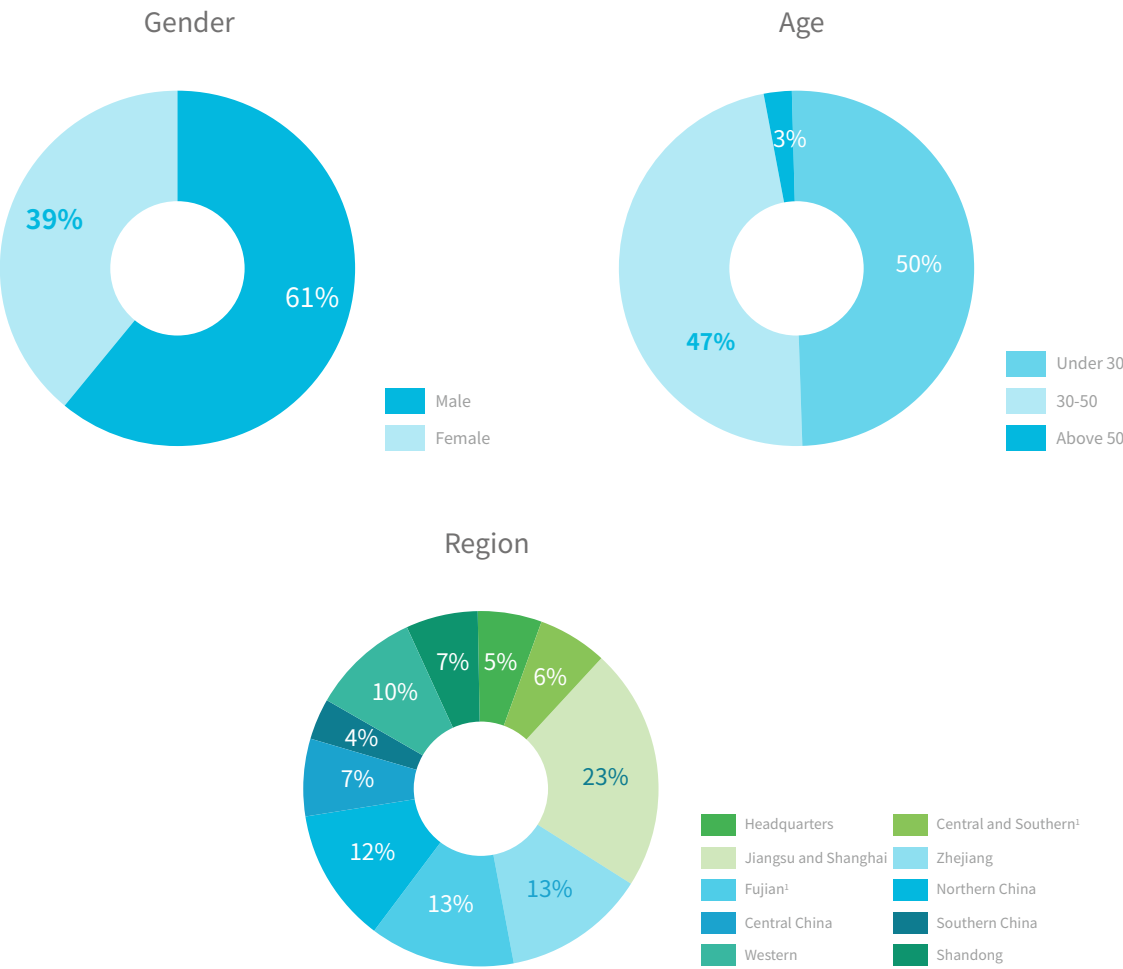
¹ Names of region companies are effective before 31 December 2018. From 1 January 2018, Fujian Region Company and Central and Southern Region Company are renamed.

Staff Level and Gender



New Hires Profile

As of 31 December 2018, Shimao has newly hired 4,834 people, accounting for 49% of total employees. Charts below illustrate the proportions by gender, age and region.



Employees’ Career Development

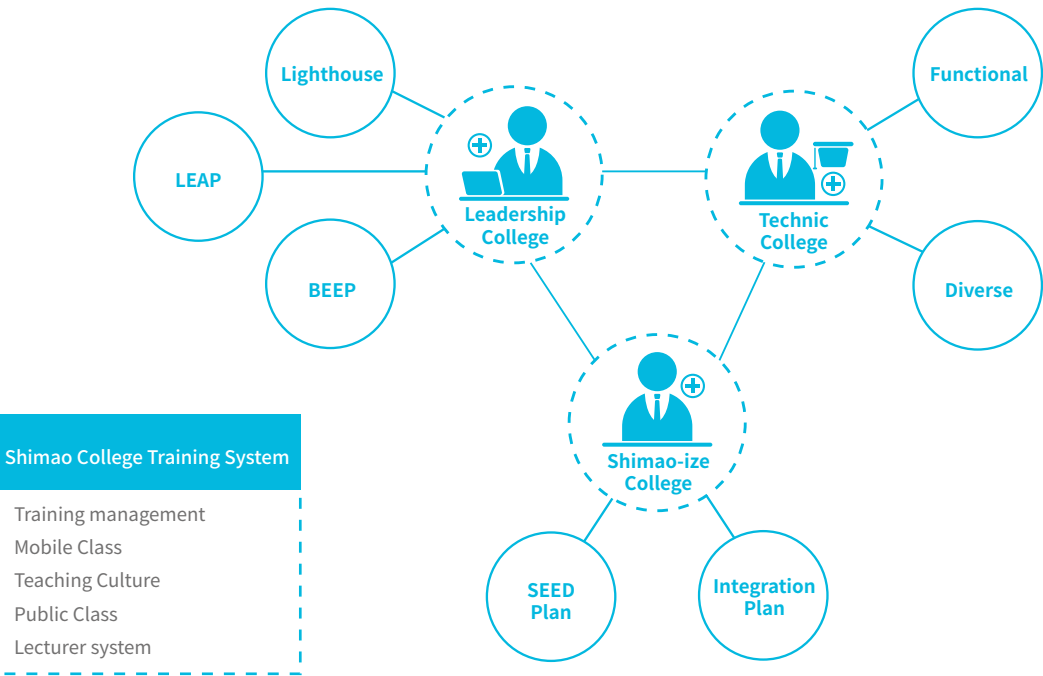
In October 2018, Shimao was listed on the “World’s Best Employers 2018” released by Forbes. A total of 84 Chinese companies were selected for this list. Shimao won the accolade of having an excellent workplace conditions, positive company image and diverse work atmosphere. Shimao was also ranked among “China Top 30 Best Real Estate Companies 2018”.



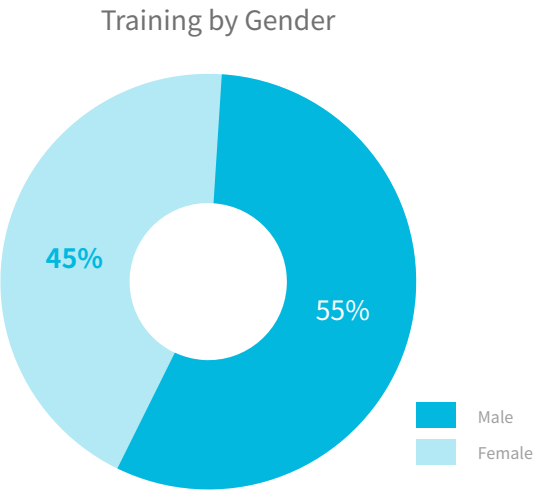
The teaching framework of Shimao College is divided into three modules: “leadership training”, “technic training” and “newcomer training”, which establishes an online and offline integration platform and standardized operating procedures. Meanwhile, special training programs are set up for key strategic positions. There are technic colleges and regional branch colleges set under the Shimao College, which extends the functions of college within the Company to train the internal lecturer team, improve the learning efficiency, encourage internal practices’ innovation and sharing, and create a learning organization.

Shimao College: Shimao-ers’ learning platform

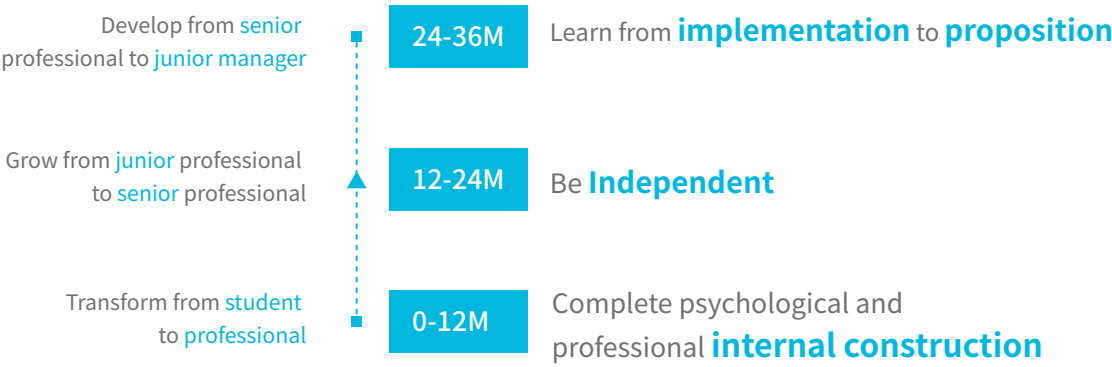
Shimao College was established in 2014, which is aimed at serving the group's development strategy, building a high-quality learning platform, and facilitating employees’ career development. Internally, Shimao College focuses on organizational and talent capacity building, providing performance improvement plans and training leading talents and experts. Externally, through alliance cooperation and cross-border learning, Shimao College introduces advanced concepts and expert resources, which is helpful in broadening work horizons and updating the internal knowledge system to support the all-around development of talents.



The Proportion of Employees Trained – by Gender



SEED Plan: The Three-Year Development Plan for New Graduates





Shimao Traing Orientation Camp

As an initial phase for the management training plan, the 2018 Shimao Training Orientation Camp welcomed 253 new management trainees from its dual programs. This 7-day camp presented these new trainees with a head start for a promising journey in Shimao.

The orientation camp had five modules: Shimao Class for new trainees to get to know the Group, industry and development strategies, especially for close analyses of core case studies; “Position Functions” for trainees to understand the overall corporate structure and different positions, a great way to gain more perspectives through interactions; New Employee Class for them to better understand and plan their future career development; Interaction Salon for face-to-face communication with the management to learn about the experience of their seniors; and Fun Learning to showcase their unique vitality and characteristics.

Master Plan: Professional Skills Training Camp

After the Craftsman Plan in 2017, in May 2018, the Shimao headquarters and each regional branch’s Xin Shi Li engineers gathered together once again, which represented the start of a new journey for the Master Plan. This time, the Master Plan developed a sand table simulation course, which strived to enable students to solve realistic problems through real project scenarios and systematic training so that what learned in the training could be applied to the frontline of projects.



Employee Care

“Employee Care” is one of Shimao's cultural cornerstones. Shimao is committed to providing all-around benefits for its employees which can be seen from its compensation and benefits, transparent communication, employee activities and family care striving to create a “love and warm” work environment.

Compensation and Benefits

Shimao adheres to the compensation concept of “paying for the position, paying for the ability, and paying for the performance”, providing employees with a competitive salary. Each year, Shimao participates in the compensation survey, through which Shimao benchmarks the top 20 company's compensation data, maintaining the salary competitiveness in the industry.

Shimao's incentive system includes performance incentive and instant incentive. Each year, HR conducts performance appraisal in cooperation with relevant department leaders. Bonuses and awards are given out based on the assessment results. The proportion of outstanding, qualified and unqualified employees follows normal distribution. In 2018, the percentage of year-end evaluation is around 100%.

In addition, HR evaluates individuals or teams that make outstanding contributions to the organization on a monthly or quarterly basis and promptly gives them material and spiritual awards.

Shimao strives to build a comprehensive health welfare management platform with Shimao characteristic welfare platform for health management. Shimao employees can choose their own commercial insurance plans and medical check-up items as their welfare benefits. In 2018, Shimao Human Resources & Administration Center and Brand Management Department jointly issued the “Shimao Group Guidelines on Employee Care Plan” and “Management and Implementation Measures on Shimao Employees Relief Fund”. In addition to statutory social insurance and supplementary commercial insurance, Shimao builds a third level care guarantee for employees in the cases of serious illness or death, and their underage children.

Employee Activities

1. Shimao FUN Family Day

Shimao FUN Family Day is another activity launched by Shimao that shows appreciation towards the hard work of employees and efforts to enhance their sense of belonging to the Company. In 2018, a total of 8 family activities were held nationwide, with more than 2,000 employees and their families participating in the activities.

2. Shimao Club

In order to make employees feel like home, Shimao actively promotes club culture, organizing cultural activities and sports competitions for employees. As of 31 December 2018, Shimao has had a variety of clubs, including yoga, football, basketball, movies, badminton, hiking, etc.

3. Shimao Summer Camp for Employees' Children

We not only cares for employees, but also pay great attention to the growth of employees' children, because we believes family and children are very important for employees' well-being. In August 2018, children of Shimao employees gathered at the Shimao Riverside Garden Club and participated in the Summer Camp prepared for them.



Workplace Health and Safety

In December 2018, Shimao won the “Asia Best Workplace (Mainland China) 2018 – Best Wellness Employer”. To participate in the competition of “Asia's Best Workplace (Mainland China) 2018”, large-scale research activities and surveys had been carried out, through which the Company gained a full understanding of employees’ lifestyles, health indicators, mental health and other health issues of concern.



Physical and mental health of employees

1. Physical and Mental Health Support

Shimao manages fitness facilities for employees to relax and relieve themselves from fatigue and stress. In 2018, Shanghai Shimao Tower witnessed the opening of a gym and a yoga room. The gym has workout machines such as treadmills, rowing machines, exercise bikes and other general sports equipment. There are also dressing rooms and showers for the employees. In yoga room, professional yoga instructors are brought in to guide employees for meditation with music and practices of stretching and posture, thus helping them release work-related pressure. Not only at Shimao headquarters, other specialized companies and regional companies are also equipped with fitness facilities to encourage employees to work out, in hope that they can come to work with full enthusiasm and more physical stamina.



Shimao believes that besides physical health, mental health is also closely related to employees’ work efficiency and output. In 2017, Shimao launched the Employee Assistance Program (EAP) – “Shimao Caring Project,” which was aimed to help employees as well as their family members to better cope with their life and work. In doing so, employees’ workplace performance is hoped to be enhanced. A one-on-one psychological counseling hotline is also available, through which employees in need have access to professional counselors for advice or emotional support, thus releasing pressure.

2. “Health Diet for Health Figure” – Special Events for Women’s Day

On March 8th, 2018 - Women's Day, the joint administrative team of “Shimao Caring Project” organized a lunch sharing session for Shimao’s female employees to enrich their knowledge on healthy diets. Shimao invited professional dietitians to share their knowledge about the factors affecting nutrition consumption and what kinds of foods are replenishing but with low calories. Through this sharing session, participants gained a more intuitive and clear understanding of major nutrients. It is Shimao’s wish to see every woman to be increasingly confident and beautiful.

Occupation Safety

Safety Policy

Shimao is committed to meet the OHSAS 18000 standards for occupational health and safety management, and complies with the "Law of the People's Republic of China on Work Safety". Shimao attaches great attention to the occupation safety of employees. Employees and construction workers are required to learn about and abide by relevant national and local laws and regulations, including provincial regulations on work safety and responsibility for construction projects, provincial regulations on fire protection, and “Provisions on Strengthening Safety Production and Management at Construction Sites (Trial)”, "Safety Regulations for Fire Protection at Construction Sites". In addition, Shimao establishes the “Work Guidelines for Safe Maintenance and Construction”, which stipulates that “The helmets must be worn upon entering the construction site. Workers for high-altitude operation must wear safety belts. Workers for high-attitude and roof maintenance are prohibited to attach their safety belts to the lightning protection zone”, "Make sure the load-bearing part of the scaffolding be well-filled and compacted", etc. Such policies are all set to ensure the safety of the personnel on the construction sites.

Facing the new challenge of a large number of construction projects with great difficulties, , Shimao has established a regular safety inspection system and a risk reporting system for foundation pit engineering and operation of large-scale construction machinery, in order to identify and eliminate major safety risks during the construction in a timely manner and ensure a safe work environment for its employees.

Shimao engages social authoritative assessment agencies to quantify safety construction and formulates the “Third Party Evaluation System” to regulate it. In addition, Shimao set up a supervision mechanism. Professional safety officers and civil engineers are appointed to conduct regular safety inspections. For example, in order to prevent safety accident, a safety check-up is conducted at least once a week with a complete record being formed. Supervision work will also be assessed based on three quotas, which are reviews of

certificate to operate large machineries, records for checking on-the-job statuses of special types of work, and safety inspections conducted for the sites.

In terms of safety management, in addition to formulating a sound safety system and strict disciplines, Shimao is also very strict for our suppliers. In the "Shimao Group Policy on Fulfilling Contracts for Decorated Residential Building Projects", Shimao stresses the importance of safety, sets targets for safe and civilized construction, that is, "no deadly and serious accidents, no major traffic accidents, no major fire accidents, and no major security accidents, to ensure a safe and civilized construction site."In 2018, there didn't happen any major security accident or mortality in Shimao.

Safety Training

Shimao requires that its contractors should take effective measures to protect the safety, rights and interests of workers, such as conducting regular safety and health training for workers, and purchasing accident and casualty insurances for them, etc. Shimao incorporates safe and civilized construction into contractors' performance evaluation.

1. "Internet +" Safety Training

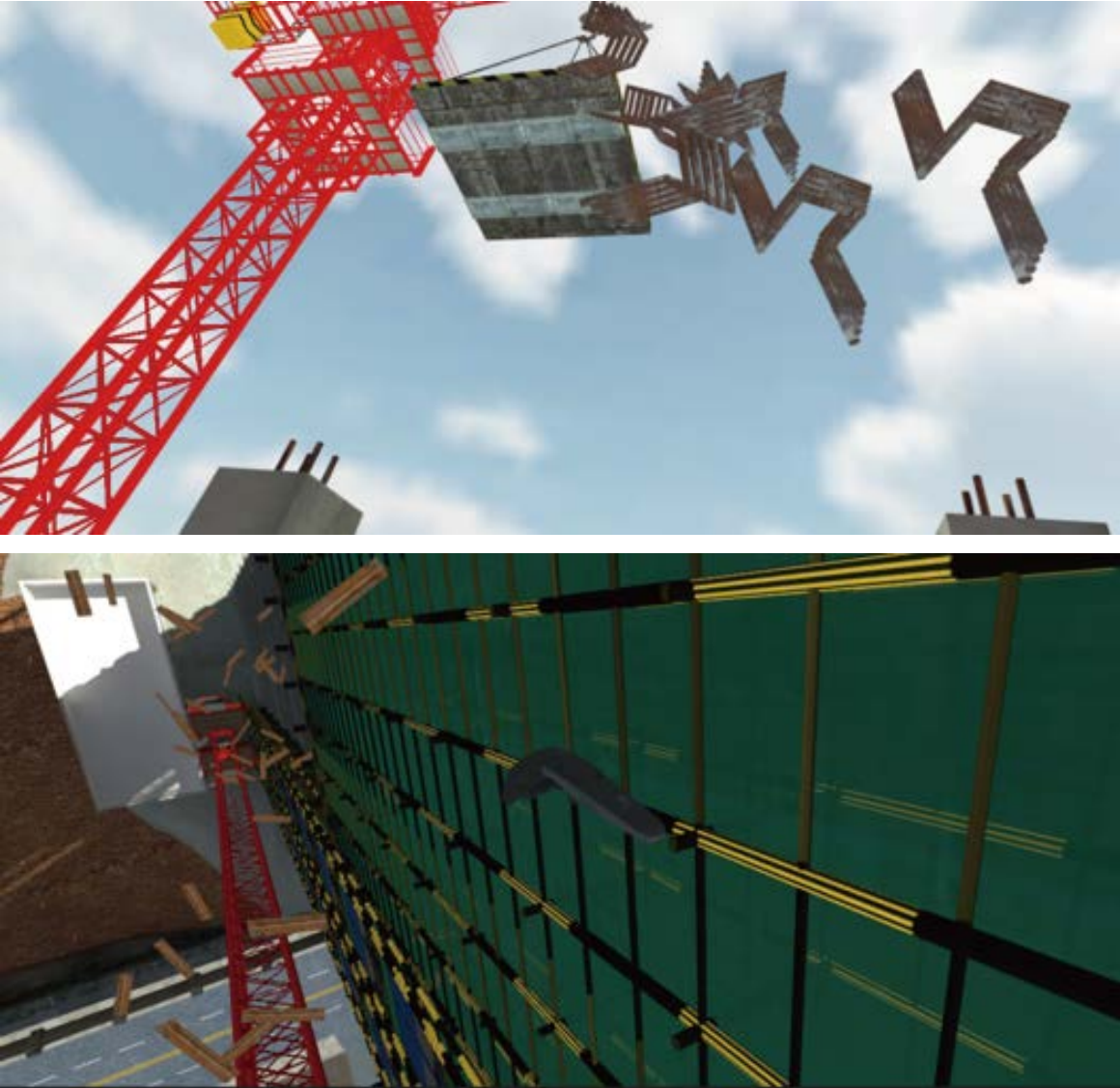


Shimao makes use of WeChat programs for compiling electronic education manuals for different types of work, and QR codes are thus generated. To access these manuals for work safety trainings, employees and construction workers need only scan the codes with their WeChat app to achieve learning and assessment.

2. VR Intellectual Security Interaction Hall

Shimao Jiaxing Technology City Project adopts VR technology to Security Interaction Hall. The Security Interaction Hall consists of eight major areas, encompassing VR security interactive zone, 3D simulation fire extinguishing experience zone, interactive games zone of safety hazard investigation, safety marks identification zone, electricity use experience zone, labor protection appliances experience zone, first aid experience zone, and fun quiz experience zone. Through using VR technology, the participants can immerse themselves in an educational space, thus their sense of safety will be enhanced and their knowledge and skills to ensure safety be improved.

VR security interaction zone: here typical safety incidents are reenacted using virtual reality to have participants "live" these incidents, assess potential security risks, and adopt correct preventive measures. Through such interactions, warnings are given, and safety awareness raised. Visitors can have a visual experience of accidents including machine-caused injuries, collapse-caused injuries, physical damages, electric shock injuries, fall, etc.



User

Shimao is committed to realizing the multi-contact strategic upgrade of the whole industry’s consumption chain. After years of development, Shimao's diversified business has accumulated “super traffic”: 500 thousand fixed community audience, 3 million hotel annual passenger flow, 85.6 million shopping mall annual passenger flow. Meanwhile, the upstream and downstream industry chain involves governments, associations, institutions, and partners and so on. Faced with such a huge user base, Shimao expands customers into users, strives to open up various business resources, increase user stickiness, and provide users with quality services throughout the life cycle in different fields.

The user is the life source of the enterprise. Be user-centered, Shimao’s understanding of this is: helping users realize their wishes and potentials with Shimao's products and services. Providing beyond-expectation services for users is the best feedback for them to choose Shimao. Shimao continuously innovates services based on Shimao's insights, helps users’ next generation to enhance moral education, physical and spiritual education, protects users' information security, and strictly keeps data away from leakage.

Interaction with Proprietors (KPI)

In 2018, Shimao served over **2,000,000** customers

Customer Satisfaction Results:

New Proprietors’ Satisfaction: **86%**; Stable Customers’ Satisfaction: **87%**; Long-term Customer’ Satisfaction: **72%**

In 2018 The 400 Customer Service Hotlines Helped People: 126,000; People Hours of Communication: 4,414 Hours¹; Incoming Calls Handled by each Receptionist: 34; Answering Rate of Customer Service Hotline: 90%; Customer Satisfaction Rate regarding Customer Service Hotline: 92%

User Interactions

Youth Football Training Program – a star community project for tens of thousands of Shimao proprietor

In 2017, Shimao and FC Barcelona reached strategic cooperation and jointly launched the Youth Football Training Program, with an aim to create a new "football-loving lifestyle." In 2018, after 17-day nation-wide selection covering 500,000 families across 32 cities in China, the 104 winners from a total of 25,000 children went to Qingdao and Chengdu to participate in the FC Barcelona football training camp. At the same time, Shimao launched FC Barcelona International Football Training Camp 2.0 as scheduled. The 36 final winners went to Barcelona to further their football dream.



1. Accumulated hours of online communication: 4,414 hours, among which hours of inquiries and complaints is 3,382 hours, hours of customer interviews is 289 hours, hours of customer surveys is 651 hours and hours of outgoing call is 92 hours.

Photosynthetic Education 2.0 – to build a positive community education cycle

In the summer of 2018, Shimao Photosynthetic Education extended its STEM curriculum beyond the communities with its launch of the Three Gorges STEM Research Camp. On the Camp, participants set on an outside journey to gain knowledge about science history, the Chinese culture and the nature. Furthermore, Shimao Photosynthetic Education took advantage of the local landscape to launch a training camp in the Fuzhou Shimao Cloud Guling Mountain, an environment ideal for immersive traditional Chinese culture studies. Over the last 2 years, Shimao Photosynthetic Education has emerged in more than 20 cities. With innovative education methods, we give each community access to more advanced quality education, thus achieving the synergy among children, families and communities.



Shimao Journey of Chinese Culture

In 2018, Shimao Customer Service launched 47 cultural events themed with “Shimao Journey of Chinese Culture” in nearly 30 cities across the country. 60 projects were established, which involved nearly 26,000 Shimao proprietors, to carry forward the traditional Chinese culture.

1. Shimao Journey of Chinese Culture



As the first event of Shimao Journey of Chinese Culture, a 6-day 5-night museum tour was carried out in Xi'an. Themed with experiencing Chinese literature and etiquette, the museum tour was aimed at helping participants learn more about the Chinese traditional culture, which boasted a long history that spans five thousand years.

2. Children’s Painting Competition

Trip in Beijing welcomed winners of the 14th Shimao Children’s Painting Competition. The Competition is an annual event held by Shimao Customer Service and has been held 14 times as of 2018. Nearly 30,000 Shimao proprietors showed interests in the competition and more than 300 paintings were received. During the trip, children were invited to visit the Forbidden City, draw pictures while they were on the Great Wall, and learn about the returns of national treasures. Joining this traditional culture activities inspired them to have more creative ideas.



3. Silk Road Trip



The Silk Road witnessed the expansion and prosperity of the Chinese culture. Shimao organized the Silk Road Trip for proprietors to experience the local customs, traditions and history from Qinghai to Longnan. It was a trip of historical sentiment. Participants were deeply impressed by the charm of the traditional Chinese culture and revealed their deep love and pride for China.

Photography Competition

Since 2017, Shimao Customer Service has held regular photography competitions for proprietors. The five photography competitions have drawn in proprietors from nearly 100 communities in 50 cities. A total of 1,500 people joined these competitions and more than 3,500 photos were submitted. For the 2018 Winter Photography Competition, participants were allowed to join in as groups for the first time, and nearly 34 community groups (around 800 people) across the country took part in the group competition.



User Service

Community Renovation

Shimao has set up a Customer Care Fund to improve proprietors’ experience. In 2018, Shimao invested a total of RMB 9.02 million for upgrading 122 facilities in 29 projects, benefiting more than 100,000 proprietors. Shimao Riverside Mansion in Xiamen is the project that was delivered years ago. To renovate this neighborhood, Shimao invested nearly RMB 300,000 in 2018 to carry out a number of upgrades, including the renovation of the basketball court, noise reduction treatment of the pump house, and the fire exit door enhancement. This shows that Shimao is committed to providing a safer and more comfortable living environment for proprietors.

Integrated Service

Adhering to a service purpose of "design makes life better", MORE+ prepares home decoration services for Shimao proprietors. With stylish designs and cost-effective home appliances, MORE+ helps proprietors come up with a series of effective decoration layout plans, saving their time and effort. All what proprietors need is to move in with their personal belongings. MORE+ has a strong supply chain of Shimao as a support, and it strictly abides to Shimao’s standards for supplier selection and management. Henceforth, products from the MORE+ brand and its affiliates are guaranteed in terms of quality.

Proprietors Visit

In 2018, Shimao Property Management paid visits to 394,276 customers, covering 100% of its long-term existing proprietors. In doing so, Shimao opened a channel for getting feedback and suggestions from property owners, thus enabling the service quality to be further improved. Throughout the year, Shimao carried out a host of large-scale themed activities for providing constant care. Among them, “Comprehensive Service for Customer Satisfaction” carried out by Shimao Future City in Nanjing was reported and promoted by Jinling Evening News.



Privacy Protection

In the era of the IOT, Shimao cares greatly about the protection of users’ personal information, and it endeavors to optimize user experience through information technology and intelligent services. Laws and regulations, such as the “Constitution of the People’s Republic of China” and “Contract Law of the People’s Republic of China” have laid down principles for the protection of individual privacy. Shimao strictly abides to and implements these principles, and clearly prohibits employees from theft or disclosure of information of the Group and customers. Additionally, Shimao strengthens cloud data management for confidential business information and puts a limit on copying electronic data on office equipment and exchange of data with external information systems, thus effectively preventing data leakage caused by viruses and risks such as business data being modified.

Supplier

Shimao and suppliers support each other to make progress together. Shimao establishes rules to promote the openness and transparency of supplier relations, so as to eliminate the soil of corruption. Additionally, Shimao actively pays attention to the suppliers’ fulfillment of environmental responsibility, in order to create a green supply chain. Moreover, Shimao uses Shimao’s standard as the quality standard of products delivered by suppliers.

Suppliers (KPI)

There are a total of 2,802 suppliers (2017: 2,708) recorded in the Purchasing Management Center, with 207 strategic suppliers (2017: 192); In 2018, the Purchasing Management Center provided integrity training to suppliers 46 times (2017: 17), and held 157 supplier meetings and exchanges (2017: 299), 827 supplier evaluations (2017: 613). The Purchasing Management Center conducted an annual evaluation of all strategic suppliers. 824 contractors are controlled by the Group, 120 in Fujian Region¹, 102 in Northern China Region, 89 in Southern China Region, 82 in Central China Region, 80 in Shandong Region, 90 in Jiangsu and Shanghai Region, 83 in Western Region, 85 in Zhejiang Region and 93 in Central and Southern Region¹.

Supplier Conduct Code

Abiding to <Contract Law of the People’s Republic of China>, Shimao chooses suppliers (including material suppliers and contractors) that don’t conduct any form of forced labor, intimidation or bonded labor, and whom comply to policies such as the minimum age for employment or child labor. To ensure the whole process from bidding to the fulfillment of the contract is legal and fair, all suppliers must sign the "Supplier Integrity Commitment Agreement", promising not to pay bribes to Shimao employees for collusion with quotes. The quality of the project will be assessed by an authoritative assessment agency, including the assessments during the project and at delivery acceptance. “Shimao Third Party Evaluation System for Engineering Project” regulates the assessments and inspections, and prohibits Shimao employees to collude with the third party assessment team during the inspection process for lowering acceptance standards or for giving out notice ahead of the assessments. The "Shimao Guidelines for Assessing Engineering Projects" also stipulates regulations on management integrity and lists requirements for the professional conducts of third-party evaluators.

Environment Performance of Suppliers

Shimao is committed to joining hands with suppliers for contributing to building an environmentally friendly society. During the process of materials purchase bidding, Shimao Purchasing Management Center will send a procurement specialist to inspect the participating companies. One of the inspection standards is that “The bidding company should have a workplace environment that is clean and tidy, well-lit and ventilated. Factory waste should be discharged in an environmentally friendly way”. Companies with poor environmental performance will not be considered. For project construction, “Shimao Policy on Fulfilling Contracts for Decorated Residential Building Projects” clearly states that the contractors should strictly follow the “Green Construction Guidelines” issued by the Ministry of Construction, and their environmental protection work should meet the requirements of the ISO 14000 environmental management system. "Safety Work Guidelines for Maintenance and Construction" requires construction waste to be removed and transported away daily. Stacking on-site or dumping into the

domestic garbage bins is prohibited. When the work is completed, the materials should be used up, and the site cleared. In addition, the contractors shall take effective measures to control various types of pollution caused by the construction to the environment, such as dust, exhaust gas, wastewater, solid waste, noise and vibration.

Environment-friendly procurement: Hyatt on the Bund Shanghai

Shimao-owned hotels implement environmental procurement plans. In September 2018, Hyatt on the Bund Shanghai switched from plastic products to environment-friendly tableware and appliances, such as wooden cutlery, kraft paper lunch boxes, sandwich boxes and bags, fabric woven laundry bags, and tissue paper. Since 2017, Hyatt on the Bund Shanghai has opted for seafood products with a sustainable fishing certificate (ASC) and a sustainable farming certificate (MSC). In 2018, the consumption of seafood from sustainable sources accounted for 10% of its total seafood use.



Product Quality of Suppliers

Qualification screenings and performance evaluations on suppliers can better demonstrate the supply chain status, thus ensuring the continuous quality guarantee of Shimao’s product service. “Shimao Management Regulation on Strategic Procurement of Materials and Equipment” has clear requirements about monitoring and evaluating the performance of strategic suppliers. The evaluation results are based on the facts obtained from the project companies and the Purchasing Management Center. At the same time, the opinions of Engineering Management Center and Development and Design Center will also be considered. These are reached through evaluating the suppliers on their supply schedule, quality of construction, cooperation and final work. Suppliers who failed the contract performance evaluation will receive consequences ranging from warning and filing for observation to the suspension of strategic cooperation and cancellation of any future strategic bidding. "Annual Rating, Reward and Punishment Mechanism for Strategic Suppliers" is also formulated. A list of qualified suppliers is released at the annual Strategic Supplier Summit, and those ranked high will be awarded while lower ranked suppliers will be suspended or phased out. Shimao has also formulated “Shimao Supplier Assessment Guide” to specify the processes for short-listing and evaluation. A competitive merit-based mechanism is established, where high-performance suppliers will be hired to maintain Shimao’s goal of stably improving project quality while controlling quality risks.

Food Safety

Shimao Hotels and Resorts strictly abides to the <Food Safety Law of the People’s Republic of China>. Shimao requires all hotels to establish food safety systems and food monitoring committees to monitor and trace the entire supplying process from inspection, cargo receipt, storage, raw material processing, cooking to food-serving, making sure that the foods used meet China’s food safety standards. Shimao provides regular food safety training to staff working in the food and beverages function, and implements the latest food safety regulations and standards in a timely manner. In response to the government’s call, Shimao Hotels and Resorts actively participated in the “Clean Kitchen” Project. As at 31 December 2018, Le Méridien Hangzhou Binjiang, DoubleTree by Hilton Hotel Wuhu, Hilton Nanjing Riverside, Conrad Xiamen, Crowne Plaza Shaoxing, Holiday Inn Mudanjiang have took part in the project.



1 Names of region companies are effective before 31 December 2018. From 1 January 2018, Fujian Region Company and Central and Southern Region Company are renamed.

03

Responsibility

Descent of
Citizenship



Responsibility: Descent of Citizenship

Key Issues: Charity Drive, Descent of Cultural Legacy, Social Equality, Investment in Community, Anti-Fraud & Anti-Corruption

Shimao takes the rise and fall of society as well as the happiness of people as our own responsibility and is committed to building the cultural foundation of new urban life. Public welfare, cultural heritage, innovation leading, integrity and transparency, are the bearings of Shimao's sustainable development. Shimao's social responsibility is not bound to one time or one place, but deeply embraces the concept of "ordain conscience for the Heaven and the Earth." In the contemporary era, Shimao continues the glory and broadness of the Chinese civilization. In the world, Shimao spreads universal humanistic care and unbounded love.

Social Responsibility

As an international and comprehensive large-scale investment group, Shimao has not forgotten to actively fulfill its corporate social responsibility while achieving rapid development for 30 years. Under the leadership of Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao Group, Shimao actively participates in many public welfare projects, such as precise poverty alleviation, cultural protection and inheritance, anti-AIDS, Hong Kong social harmony, medical assistance, disaster relief, and education, bringing dreams and hopes to thousands of families and individuals.

"Cultural Heritage", "Medical Assistance for Poverty Alleviation", "Love Hong Kong and Realize Harmony", "Lighting Life" have become four focuses of Shimao's public welfare. As at 31 December 2018, Shimao has donated more than RMB 1.5 billion, and the public welfare project covered over 20 million people.

Cultural Inheritance

The Forbidden City Gallery

In October, 2018, the opening ceremony of the Fuzhou Branch of the Forbidden City Gallery was held. At the ceremony, Guling Lecture Series was kick-started and the ancient painting “Landscape Along the Silk Road” was showcased in Fuzhou Shimao Cloud Guling. With the official launch of the Fuzhou Branch, traditional Chinese culture is further promoted in the form of classical learning. Audience in Guling gained more exposure to China’s 5,000-year history. Chinese culture is promoted on a global stage, boosting the cultural confidence of the Chinese nation.



Maritime Silk Road Museum

In October, 2018, the launching ceremony of the Maritime Silk Road Museum was held in Quanzhou Shishi Shimao Skyscraper City. Being the starting point of the Maritime “Silk Road,” Shishi has formed its unique cultural heritage under the influence of the Silk Road for thousands of years. With the “Belt and Road” Initiative being promoted today, the Maritime Silk Road Museum built by Shimao embodies the pioneering spirit represented by the Silk Road and the legacy of the Chinese culture.



The Palace Museum Art Gallery



In October, 2018, the Palace Museum, Shimao Group and Tianjie Group held the signing ceremony in the Baoyun Building of the Palace Museum for building the The Palace Museum Art Gallery. The three parties will fully maximize their advantages of resources to build the The Palace Museum Art Gallery while renovating the green lands surrounding the Sanli River and the neighborhood. This project is to showcase the culture of the Palace Museum and is set to be a representative business card for promoting cultural heritage in the Dongcheng District and even the entirety of Beijing.

Medical Assistance for Poverty Alleviation

Shimao Charity Hospital

After the “5.12” earthquake in 2008, Shimao made donations to build “Shimao Charity Hospitals” in the towns and villages in the western region that were 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. As at 31 December 2018, there has been over one hundred “Shimao Charity Hospitals” built across the Country including Sichuan, Yunnan, Gansu, Shaanxi and Hebei, covering a population of over 20 million.



In May 2018, Shimao signed a donation agreement with the People's Government of Zanhuan County in Shijiazhuang, Hebei Province, for improving medical conditions in Zanhuan County, thus facilitating local poverty alleviation. Shimao invested a total of more than RMB 8.5 million for purchasing medical equipment and hospital renovation for the Xiantou Town Health Center and the Zhangshiyuan Medical and Recuperation Hospital.

In the past ten years, Shimao Charity Hospital has greatly enhanced the medical level of hospitals in poverty-stricken areas and has been a great help for patients who suffer great illness.

Special Prevention and Control of Tibetan Hydatid Disease

In March 2018, Shimao signed a three-year assistance agreement with the government of the Tibet Autonomous Region for the prevention and treatment of hydatid disease. Shimao will donate a total of RMB 10 million for assisting the comprehensive work of prevention and control of hydatid disease in Tibet.

Hydatid disease is a long-term condition with a high mortality rate, and the treatment is expensive. Hydatid disease brings pain and economic burden to patients and their families, especially impoverished families in pastoral areas. Through the “Hydatid Disease Assistance Project,” Shimao hopes to improve the allocation and distribution of medical resources among local health institutions, so that hydatid diseases can be detected as early as possible. In these cases the diagnosis, report and treatment can be carried out at an early stage, in order to safeguard the health of farmers and herdsmen in Tibetan areas. So to speak, this project aims to lay a good foundation for fighting poverty.



China Red Ribbon Foundation

In 2005, Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao Group, founded the “China Red Ribbon Foundation” with more than 20 other companies. The Foundation has been working on HIV prevention and control for more than a decade, with a focus on supporting and promoting anti-AIDS work in remote and impoverished areas.

In September 2018, Mr. Hui Wing Mau went to Liangshan with many compassionate people to participate in the launching ceremony of “All For Children - Liangshan Charity Project” initiated by the China Red Ribbon Foundation. It called on all sectors of the society to work together for the early eradication of poverty, in order to bring about a well-off society in all aspects and to eradicate AIDS in China. 10,000 cans of milk powder were donated for a healthier diet for local children. China Minsheng Bank, Yili Group, Zhongyi Group, Wanda Group and many other companies responded to support and donate money and materials.

By the end of reporting date, the China Red Ribbon Foundation has invested a total of RMB190 million and has helped more than 10,000 people suffering from HIV, 38,000 children affected by AIDS, 37,000 women with special difficulties, 620,000 villagers in poverty-stricken areas, 750,000 migrant workers, and 149 students from tertiary schools.



Community Care

Hong Kong's New Home Association

In May 2010, Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao Group, together with several business friends, established Hong Kong's New Home Association. The Association is committed to providing one-stop services encompassing living, education, training and work for new migrants and ethnic minorities from mainland China to Hong Kong, so that they can adapt quicker and in turn contribute to Hong Kong's prosperity and stable growth. As of December 2018, the Association has raised more than 400 million Hong Kong Dollars, welcomed more than 150,000 members and gave services to more than 1.87 million people.

In August 2018, the Hong Kong's New Home Association held the "We Are Family" youth exchange programs for the fourth consecutive year. With a theme of "Development and Innovation" and under a background of "Exploring the Prosperity of Tang Dynasty", the event "We Are family - Silk Road Chang'an" set the young participants from Hong Kong on a journey to experience the history and culture along the Silk Road. They visited places such as the ancient capital city Chang'an (now Xi'an), the tomb of the Yellow Emperor, and Yan'an, the birthplace of China's revolution. Along the journey, they learnt more about both ancient and contemporary history of the Silk Road. Another event "We Are Family - Tianjin and Hong Kong Exchange" took young Hong Kong visitors touring around Tianjin to experience the history and modernity of this city. These activities are opportunities for Hong Kong's young people to explore the development achieved by mainland China and Hong Kong. Young people are encouraged to commit themselves to the economic and cultural development of both mainland China and Hong Kong with a better understanding of the country and the nation.

Since 2015, the "We are family" Youth Exchange Program has funded more than 9,000 Hong Kong citizens, mainly young people, to travel to Beijing, Shanghai, Guangdong Province, Fujian Province, Zhejiang Province, and Shaanxi Province, thus prompting them to recognize and further identify with the Chinese culture and the Chinese nation.

The Belt and Road Eradication of Cataract Blindness

In May, 2018, Mr. Hui Wing Mau, Chairman of the Board of Directors of the "New Home Association" and Chairman of the Board of Directors of Shimao Group, went to Kampong Cham Province in Cambodia to attend the launching ceremony of "Action to Eliminate Cataract-induced Blindness". Liang Zhenying, Vice Chairman of the National Committee of the Chinese People's Political Consultative Conference, Aun Pornmoniroth, Deputy Premier of Cambodia, Xiong Bo, Chinese Ambassador to Cambodia, and Mam Bun Heng, Cambodian Minister of Health Manbenheng, also attended the ceremony.

New Home Association signed a memorandum of agreement for the Action with Belt & Road Hong Kong Center and the Asian Foundation for the Prevention of Blindness in November 2017 and donated 10 million Hong Kong Dollars to cover the expenses of mobile surgical vehicles and so forth. It is expected that the Action will benefit more than 8,000 cataract patients in the local area, and help



them to gain sight and return to the society again.

This "Action to Eliminate Cataract-induced Blindness" shows the Association responds actively to the "Belt and Road" initiative, and it also shows China's active commitment to taking international responsibility. In the future, New Home Association will continue to commit itself to the cause of social welfare with effective actions to the call of China and the SAR government for contributing to the Belt and Road initiative.

Research Hub on Institutions of China at the University of Hong Kong

To facilitate the study of the contemporary political system in China, Mr. Hui Wing Mau, founder of Shimao, donated 10 million Hong Kong Dollars in 2018, for the establishment of the "Research Hub on Institutions of China at the University of Hong Kong". The Center is jointly established by the University of Hong Kong, Harvard University and Peking University, and scholars from these universities now operate the Center. It focuses on the changes of China's political system, promotes contemporary Chinese Studies and is set to influence the policy-making of China in the future.



Life Illumination

Nanjing Shimao Rainbow Care Center for Children with Severe Diseases

In September 2017, the new site of Nanjing Shimao Rainbow Care Center for Children with Severe Diseases was officially opened. The Center is expanded to cover nearly 1,500 m², and its number of beds increased to 38. More and better basic facilities for children are added to improve the living and medical standards for the young patients there. With the goal of "making every day a happy day for every child", the Center is committed to providing services in the aspects of treatment, well-being, end-of-life care, psychological counseling and guidance. The center welcomes and takes care of those children who are unfortunate to suffer from critical diseases when in the early stages of their life, and aims to improve their life quality, safeguard their dignity and help them live life to the fullest. By the end of reporting date, Rainbow Center has received 67 critically ill children and arranged 16 operations for improving their chances of survival. 9 children have returned to a normal life. With the treatment and care at the Center, 58% of the children has regained hope of life, and the expected life span for those deceased has been extended by an average of about 9 months.

As a window for showcasing children's welfare work in Jiangsu, Nanjing Shimao Rainbow Care Center for Children with Severe Diseases has made tangible contributions to orphans and disabled children, and promoted the development of charity work for critically ill children.



“Spectacled Brother” for Children with Serious Illnesses

In May 2016, Shimao and Shanghai Charity Foundation jointly launched the “Spectacled Brother” for children with serious illnesses, and set up the “Shanghai Charity Foundation Spectacled Brother Fund” to help children aging between 0 to 14 who suffer from major diseases by covering surgery fees for example. The Campaign also calls for the whole society to join and offer support. As at 31 December 2018, the Fund has allocated more than RMB 5 million of donations for helping more than 100 disadvantaged children with serious illnesses who come to Shanghai from more than 17 provinces across China for medical treatments.

In August 2018, Shimao joined forces with the Shanghai Charity Foundation, and produced a series of comic books The Spectacled Brother’s Story of a Health Growth. The picture books focus on three aspects of children’s health – dental health, sleep and diet. With interesting health facts and educational stories, the books guide children to learn to take care of themselves and others and to care about the world. The revenue made from this comic series will go to the Shanghai Charity Foundation Spectacled Brother Fund for the treatment of disadvantaged children with severe diseases.

Meanwhile, a series of activities surrounding “Spectacled Brother” Charity Activity” were also officially launched. The characters in the book – students of Class III of Grade Three, and other volunteers went to bookstores, hospitals, communities, and schools, to guide children on a magical journey about a healthy growth. These activities saw nearly 10,000 children take part in.



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	2018
Number of volunteer activities: 150+ Number of volunteers: 6,000+ Cities covered: 40+ Leveraging volunteer-ing hours: 8,000+	Number of volunteer activities: 180+ Number of volunteers: 8,000+ Cities covered: 40+ Leveraging volunteer-ing hours: 10,000+	Number of volunteer activities: 200+ Number of volunteers: 8,500+ Cities covered: 40+ Leveraging volunteer-ing hours: 11,000+	Number of volunteer activities: 220+ Number of volunteers: 10,000+ Cities covered: 40+ Leveraging volunteer-ing hours: 13,000+

Cultural Responsibility

President Xi Jinping has pointed out in the report of the 19th National Congress of the Communist Party of China that “Culture is a country and nation’s soul. Without full confidence in our culture, without a rich and prosperous culture, the Chinese nation will not be able to rejuvenate itself.” Shimao cherishes the inheritance and development of Chinese culture and national traditions, as the old saying goes, “to carry on eternal teachings for the past saints and sages, to ordain conscience for the Heaven and the Earth”. The Forbidden City is the magnificent treasure of Chinese civilization, which is the identity of the Chinese people from cross-strait and from the whole world. To promote the culture of the Forbidden City, Shimao integrates the elements of the Forbidden City into daily life. In the meanwhile, for the purpose of attracting younger generations to pay attention to the Chinese tradition, Shimao involves fashion elements, such as music and clothing, gathering young people’s attention to Chinese tradition and their love for life.

Promoting Traditional Chinese Culture

Bringing the Palace Museum South of the Yangtze River

During the Spring Festival of 2018, a 159-meter painting "Bringing the Palace Museum South of the Yangtze River" had a grand opening on the East Nanjing Road, an iconic pedestrian street in Shanghai. The sight of traditional buildings sing harmony with Shanghai’s modern ambient. Tourists and shoppers were drawn to the painting as it became a must-see on the street.



The Palace Museum Pop-up Store

Shimao Commerce collaborated with Palace Museum to launch the Palace Museum Pop-up Store. The store has toured Xiamen Shimao Emall, Jinan Shimao International Plaza, Quanzhou Shishi Shimao Skyscraper City, and Shanghai Shimao Festival City. With interactive-themed exhibitions and creative cultural products, the pop-up store presents a colorful and culture-enriched experience for visitors, especially the younger generations in urban areas, who are able to learn more about traditional Chinese culture in the shops.



Shimao “Young For You” City Music Festival

The lineup of the Shimao “Young For You” City Music Festival invited 10 of China’s independent bands and singers encompassing rock and roll, hip hop, jazz and electric sound. Together they brought a music festival that gave both the participants and the showcomers an unforgettable experience.



Sports Culture Inheritance

In April, 2018, FC Barcelona, a leading European football club, and Shimao jointly released the “League of Hurricane” – China's first non-profit Barcelona football-themed comic books. Shimao aims to establish a new model of sports, animation plus culture, to promote the idea of pursuing sports excellence and make it a well-rooted concept in schools, educational institutions and communities across the country. Shimao seeks to carry forward and promote football culture and encourage the pursuit of sports dreams, thus enriching the contents of humanity and culture. At the same time, Shimao also wishes to show chase Chinese sports animation on an international platform.

In the future, Shimao and FC Barcelona will together uphold the pursuit of sports excellence in various areas such as social welfare, education, culture, and lifestyle. With advanced community facilities as one foundation, Shimao will continue to promote the football culture among the public, carry forward sportsmanship and promote the implementation of its "Sports Excellence" strategy.



Community Culture Building

Wedding in a Traditional Chinese Style

In October, 2018, the fifth Chinese-style Wedding Party was hosted by Jinan Shimao International Plaza and co-organized by e23.com as the exclusive sponsor. This event attracted more than a thousand on-site audience members. With a traditional Chinese wedding ceremony to celebrate the union of love, the audience were presented with a feast of traditional Chinese culture and impressed with the charm of traditional Chinese-style wedding customs.

Bee Music Fair

Bee Music Fair is the only fair officially recognized by the Jinan Publicity Department. The Fair showcases trending products, vintage goods, products for charity, car and locomotive products, handcraft and much more. With more than 100 booths, the Fair brought together all sorts of fascinating stories, demonstrating the creativity of the younger generation.

Innovation Responsibility

Key Issues: Under the background of urban transformation and upgrading, Shimao fully embraces new technologies, establishes a comprehensive strategic partnership with leading AI enterprises, deeply meets the needs of the city, and contributes to the upgrading of urban intelligence.

Embrace New Technologies

Strategic Cooperation – SenseTime

The collaboration between Shimao and SenseTime, a technology company, not only sets to promote the scientific and technological cooperation between Hong Kong and mainland China, but also gives both sides a head start for making deployments in the field of artificial intelligence. Focusing on upgrading urban facilities with intelligent technology, this partnership will expand Shimao's diversified strategic layout, and allow Shimao a new way of exploring development in the real estate industry with the aid of artificial intelligence. Shimao will integrate our industrial resources with SenseTime's leading artificial intelligence technology to bring intelligence to its buildings, hotels, property management, finance and more, achieving a comprehensive AI upgrade across Shimao's business sectors. In the future, Shimao and SenseTime will collaborate to build a leading artificial intelligence industrial park in China to support the building of an AI industry ecology.

Strategic Cooperation - Zizhu National Hi-Tech Industrial Development Zone

In October, 2018, Shimao and Zizhu National Hi-Tech Industrial Development Zone signed a strategic cooperation framework agreement. After rounds of friendly consultations and discussions between the two sides, the agreement was signed to establish a long-term strategic partnership. According to the agreement, the two parties will follow the general cooperation framework and implement strategies step by step on the basis of mutual benefit. In the fields of the Internet of Things and artificial intelligence, the two sides will consolidate their advanced resources in the forms of capitals, management and technologies. The two sides will put into place a communication mechanism for better cooperation and make innovations on business development models to achieve win-win results, and contribute quality products and services to the society.

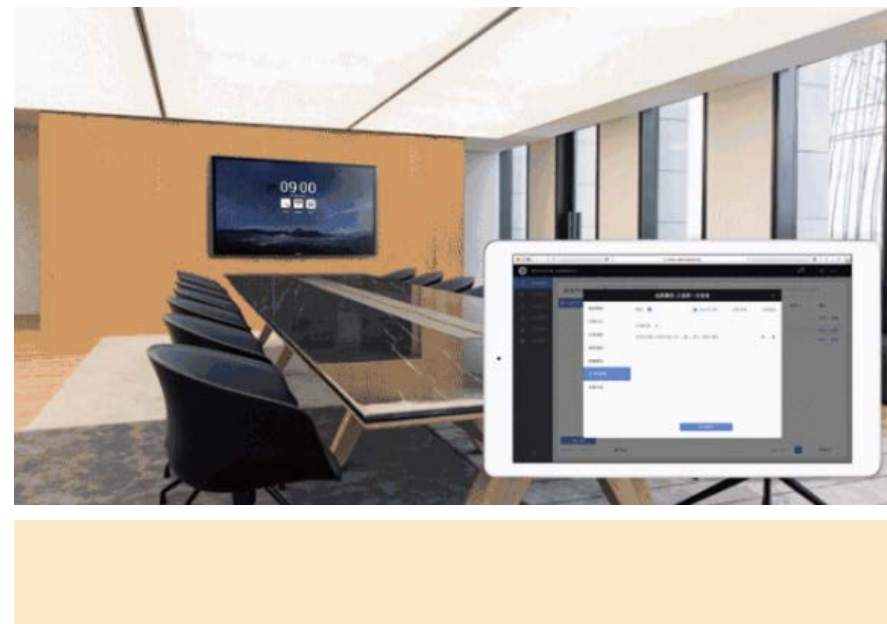
Practice “Commerce + AI Intelligence”

Building on the strategic relationship between Shimao Group and SenseTime, Shimao Commerce and SenseTime collaborated to create a user-friendly experience with a smart ecosystem, and to make urban life intelligent, thus achieving Shimao's plans for Technology+ brand. Shimao's intelligent buildings use face recognition technology for entering office buildings. With such an effortless and convenient way for access, Shimao makes it even easier to conduct company management, administrative management, energy conservation and environmental protection, and commercial exchanges.

In September, 2018, Shanghai Shimao Tower took a leading step to enter the era of artificial intelligence. Shanghai Shimao Tower is now equipped with a Sense intelligent front desk system, which utilizes AI technology to make front desk service more efficient and convenient, and face IDs are used for easy access.

Apart from the functions of identity verification, face recognition gate, and access control, the Sense system also has interactive screens such as “face wall”, which offers a variety of exciting interactive experiences and fun to the office environment.

In addition, each meeting room of Shanghai Shimao Tower is equipped with the MAXHUB tablet, which can simultaneously access four devices, enabling multiple office functions, such as wireless projection, touch writing, multi-page annotation, and cloud conference, making meetings become efficient and easy.



Integrity Responsibility

Shimao has “zero tolerance” of fraud and corruption. Based on this attitude, Shimao sets binding policies for all stakeholders, and actively participates in the anti-corruption alliance in the industry to build an ecosystem. Shimao sets up a preventive mechanism for internal incorruptibility work, including setting hotlines and specific mail address and promises to protect the whistle-blower. Shimao also establishes a comprehensive risk management system to systematically prevent the occurrence of fraud.

China’s Enterprise Anti-Fraud Alliance

To guard against corruption and fraud during business operations, Shimao has increased measures on accountability and responsibility. Strict rules are set up to deter and crack down illegal and criminal activities such as commercial frauds. Shimao has joined forces with the real estate industry and other upstream and downstream enterprises to form a joint investigation and anti-fraud coordination alliance, which researches on preventions against high-risk factors of fraud and measures for enterprises to adopt in this aspect.

Founder of Enterprise Anti-Fraud Alliance

On June 18, 2015, the Enterprise Anti-Fraud Alliance was established by Alibaba, Country Garden, Fosun, Midea, SF-express, Shimao, Vanke, CIMC and other benchmark enterprises along with Guangdong Enterprise Institute for Internal Controls, Sun Yat-Sun University Inter Control Research Center for Enterprises and Non-profit Organizations. Through making innovation and cooperation, the Alliance aims at helping enterprises implement the anti-fraud system and related policies, promoting resources and information sharing, building anti-fraud experience exchange platform, so as to make the business environment clean and fair, and curb enterprise fraud.



As China's first anti-fraud non-governmental cooperation platform, the Alliance has played a leading role in anti-fraud.

The Bluebook of Enterprise Anti-Fraud in China



In July 2018, the Bluebook of Enterprise Anti-Fraud in China was released, and Shimao Group's audit team was one of editors. As the first research report of authority on the anti-fraud situation among enterprises, it shows the general public the Alliance’s observation and analyses about enterprises’ anti-fraud work, guides the enterprises to conduct anti-fraud actions and experiments, and facilitates the establishment of an anti-fraud management system. Furthermore, the blue book shows the whole society the efforts made and progresses gained in the aspect of anti-fraud work in enterprises. These examples are set in hope that more enterprises will invest in the cause of anti-fraud. By the end of reporting date, the Alliance is actively cooperating with relevant government departments to make the anti-fraud management system a national standard, so that it might benefit more enterprises.

Internal Employee Ethics

Apart from strictly abiding by national laws and regulations, international ethical standards, and anti-fraud standards, Shimao establishes the “Code of Ethics”, which regulates employees’ ethics and behaviors from six dimensions: non-legitimate interests, conflicts of interest, investment, information confidentiality, corporate assets, and information accuracy. As supplementary, Shimao establishes “Guidelines of Investigation and Judgement for Employees Suspected of Violation and Violation of the Code of Ethics”, which stipulates that employees who have seriously violated the Code of Ethics will be treated with the “red and yellow card”. If treated with the red card, this employee will be fired immediately. In addition, Shimao adds the “Code of Integrity” in the “Shimao Employee Handbook”, emphasizing that it is the responsibility of each employee to understand and abide by the “Code of Integrity”, and clearly stating that “No employee is allowed to ask for and receive benefits”, “No permission to leak any information that is not available in the public, such as confidential information, specific document or property technology to outsiders without the Company’s authorization”. Moreover, Shimao posts posters advocating integrity in the main business premises, so as to increase employees’ awareness of integrity and enable employees maintaining an honest and self-disciplined working style, which is beneficial to strengthen Shimao’s construction of a clean and honest administration, and eliminate improper and corrupt behaviors, such as bribery.

Supplier Rules

In the main business areas, Shimao requires suppliers to sign the "Integrity Commitment" to promise that:

- Do not contact privately with Shimao employees for any reason at any time;
- Do not donate money, goods, securities, and free services to Shimao employees or their relatives for any reason;
- Do not engage in trading or intermediary activities related to bidding projects with Shimao employees or their relatives;
- Do not collude with other bidders for quotation, and do not take any means to crowd out other bidders to participate in fair competition, etc.

In order to ensure the legality, fairness, and equity from the bidding process to the contract process, Shimao also adds the anti-commercial bribery agreement in the contract, so that the anti-corruption commission is extended to the entire supply chain.

Internal Reporting Mechanism

In order to further strengthen the supervision and management of violations of laws and regulations, and standardize the workflow of whistle-blowing management and case investigation, Shimao establishes the “The management of whistle-blowing and inspection”, which clarifies that “the Audit Department is responsible for coordinating the whistle-blowing management and case investigation work”. In dealing with whistle-blowing cases, the regulation states that “Follow the principle of prudent handling and strict confidentiality, we should properly handle each whistle-blowing case and inspection". Furthermore, for the clear and detailed clues, deploying non-interested personnel to conduct the thorough investigation and independent internal audit, this so-called "avoidance", stated in the regulation.

Besides, “The management of whistle-blowing and inspection”, emphasizes the protection of whistle-blowers. Specific measures include:

When receiving whistle-blowing and conducting an inspection, it should be done in a confidential way without revealing the identity of the whistle-blowers. Specifically, the whistle-blower’s name, work unit, whistle-blowing content, etc. should be strictly kept confidential. It is strictly forbidden to forward the whistle-blowing materials to the reported unit or individual; Inspection materials must not be extracted or copied. The materials are read-only to the Audit Department staff of headquarters or regional branches, relevant senior management personnel, and relevant personnel authorized by the audit director. The Audit Department has strictly restricted the scope of person who has access to whistle-blowing information both from the regulation and process. If the whistle-blowing needs to be transferred to the higher level for judgement, it should be conveyed in an appropriate form, specifically, the name, identity, unit, etc. of the whistle-blower should be hidden. It is strictly forbidden to disclose the name, work unit and job position of the whistle-blowers in the process of publicizing and rewarding unless the person agrees with that.

In 2018, the Audit Department launched 21 anti-fraud investigations and handed over 6 cases of fraud to the judiciary.

Compliance Training

Shimao carries out regular on-job training for new employees and trainings on professional integrity and management. In 2018, the coverage rate of new employees receiving compliance training was 100%. In order to facilitate learning and raise employee awareness of working ethics and integrity, the app “Shimao People” launched education and training sections to make training more flexible. Furthermore, Shimao conducts employee integrity education quarterly and regularly shares audit cases on “Shimao People”.

Risk Management and Internal Control

The Company has formulated risk management and internal control systems to provide standard guidelines for the identification, assessment, management, monitoring and reporting of all material risks of the Company, which shall be reported to the senior management, the Audit Committee and the Board when necessary.

Basic Structure of Risk Management

The Board acknowledges its responsibility for regulating and maintaining sound and effective risk management and internal control systems of the Company and reviewing their efficiency through the Audit Committee. The senior management is responsible for managing the Company’s risk management plan and ensuring the Company’s operation is in compliance with the risk management policy in response to the external changes and risk tolerance of the Company. The senior management is accountable to the risk arising from the Company’s operation, which includes to ensure the business strategies of the Company conform with its risk philosophy and culture under the regulation of the risk management policy and procedures. The executive committee of the Group is responsible for the annual risk report through the Internal Audit Department of the Company. Members of the Internal Audit Department regularly hold meetings with the senior management to review and assess risks, and to discuss the solutions to significant internal control deficiency (if any), which include making changes and then reassessing the relevant risks based on the results and formulating remedial measures. The executive committee is responsible for reviewing the risk assessment results which will be presented to the Audit Committee and the Board for review.

Continuous Risk Monitoring

The Company continues to enhance the comprehensive risk management system to ensure that the Company’s strategies and operation will not have materially adverse effects on the economy, environment and social in pursuit of sustainable business success.

Control (Finance, Legal, Compliance and Internal Control) Risks	Exploring financing channel; strengthening exchange risks management Strict control of contract templates Enhancing protection and management system for trademarks and copyrights Strengthening IT security measures
Project Risk	Revising "Project Risks Examining System" Implementing risk control over the entire project cycle
Procurement Risk	Clearly defining responsibilities and authorities of each department in Purchasing Management Center, and establishing a structure with separation of powers for checking and balancing Strategic procurement from the manufacturers or brand owners Formulating comprehensive strategic procedures for the procurement and tendering of materials and equipment Organizing preparation meetings with strategic suppliers, and establishing mechanism for evaluation and feedback on contract performance feedback
Environmental Risk	Assessing impacts on the environment for each project Strengthening controls of environmental impacts during construction

04

Performance
(Environment)



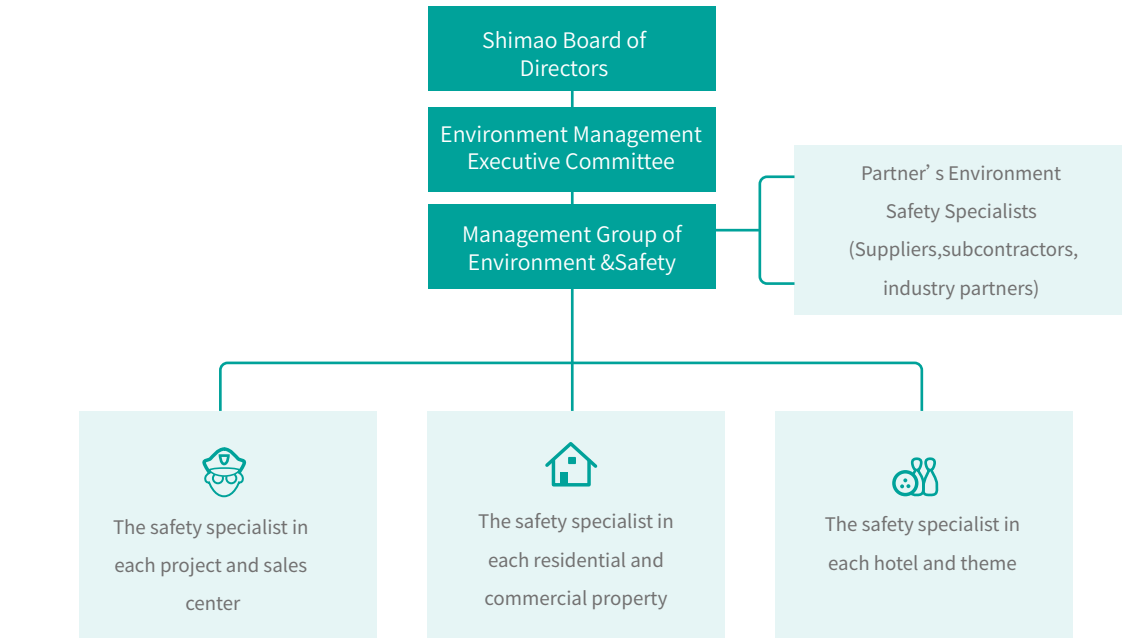
Performance (Environment)

Key Issues: Green Building, Energy & Emission Management in Public Area, Climate Change & Green Gas Emission, Energy Consumption & Waste Management, Employee/Owner/Tenant’s Involvement of Environment

From 2018, Shimao will continuously expand the disclosure of environmental performance, to demonstrate our commitment to environmental protection to investors and the public. Under the supervision of the Board of Directors, Shimao's Environment Management Executive Committee draws up environmental work plans and systematically carries out annual environmental protection work. Green buildings, energy consumption, water resources, greenhouse gas, harmful gas emissions, the disposal of garbage and hazardous waste are important themes of Shimao’s environmental work. Shimao will continue reducing the negative impacts of business activities on the environment.

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 enhancing communication and training. We encourage our employees to participate in the activities of green office and circular economy actively.

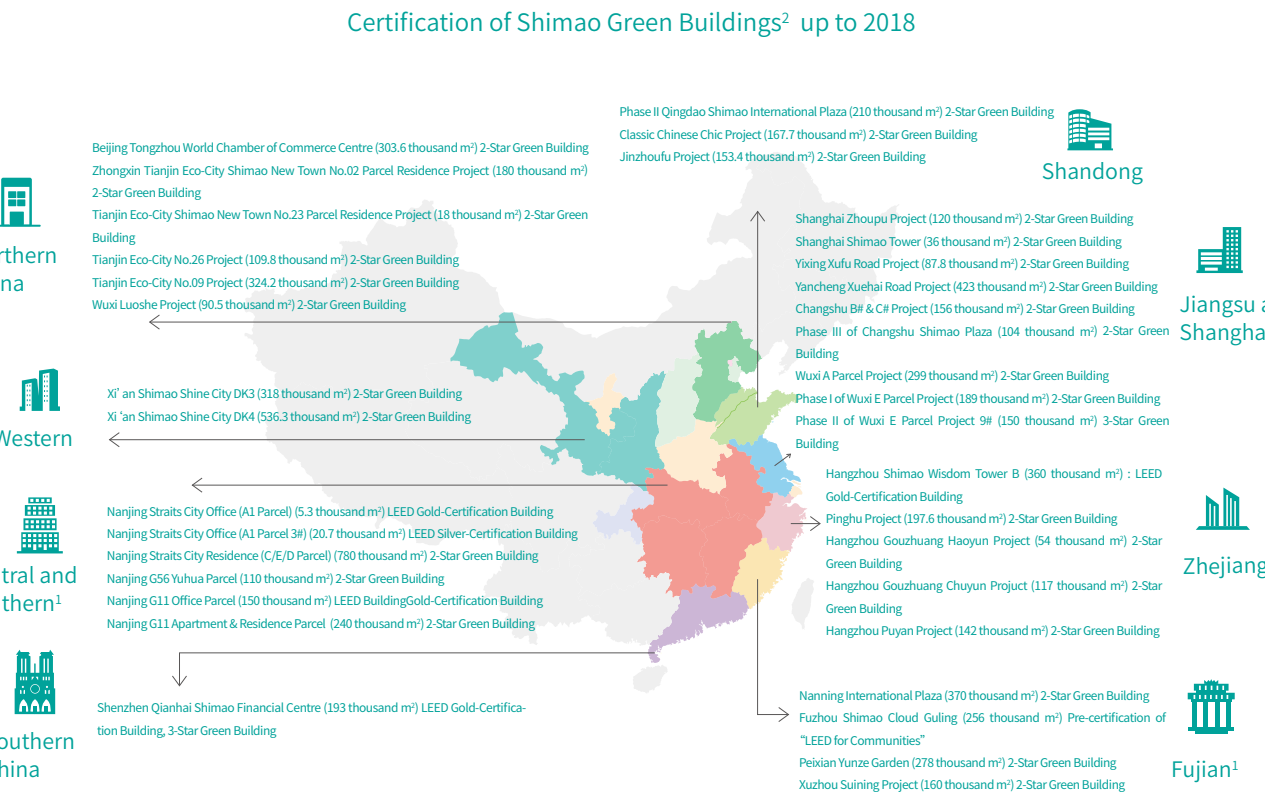
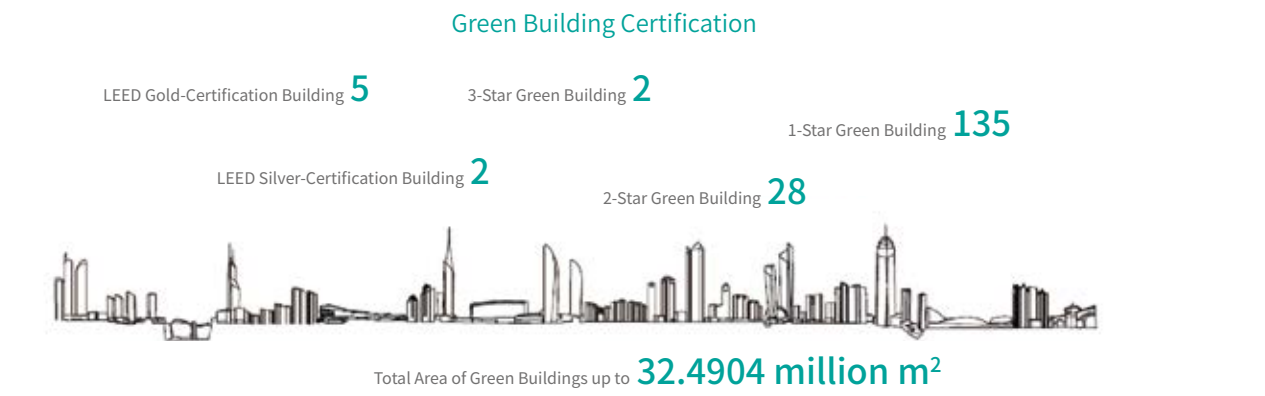


Green Building

Shimao promises to continue investing in the green building, continuously improves the environmental benefits of our properties and projects, strictly adheres to national and local green building standards, and gradually complies with the international certification system. In terms of organizational structure, Shimao established an Environment Management Executive Committee under the Board of Directors, which consists of a Management Group of Environment and Safety to promote environmental protection work throughout the Company. In terms of architectural design and construction, Shimao researches and develops environmental protection technology and actively promotes the implementation of this technology, in order to organically combine the vision of energy conservation emission reduction with the architectural design.

Green Building Policy

For green building planning, Shimao refers to <Assessment Standard for Green Building>, <Design Standard for Green Building>, <Standard for Water Saving Design in Civil Building>, <Code for Green Design of Civil Building> and other relevant national standards as well as local requirements and standards. Shimao actively explores ways to be more efficient in areas including land conservation, outdoor environment preservation, energy conservation and utilization, water use, resource saving and material utilization, and indoor environmental quality. By the end of reporting date, Shimao has been planning to summarize green building management standards and implementing them nationwide. Furthermore, we strives to build more energy-saving and environmentally friendly buildings with low carbon emission and high energy efficiency.



1 Names of region companies are effective before 31 December 2018. From 1 January 2018, Fujian Region Company and Central and Southern Region Company are renamed.

2 Shimao’s green building certifications do not involve one-star green buildings (so it does not include the green building certifications of Central China Region). For details of the green building certifications, please see the attachment – Awards and Certifications.

Fuzhou Shimao Cloud Guling——“LEED FOR COMMUNITIES”

Fuzhou Shimao Cloud Guling won the international pre-certification of “LEED FOR COMMUNITIES” in 2018, the first community project in China to receive this honor. It was officially certified on February 2019.

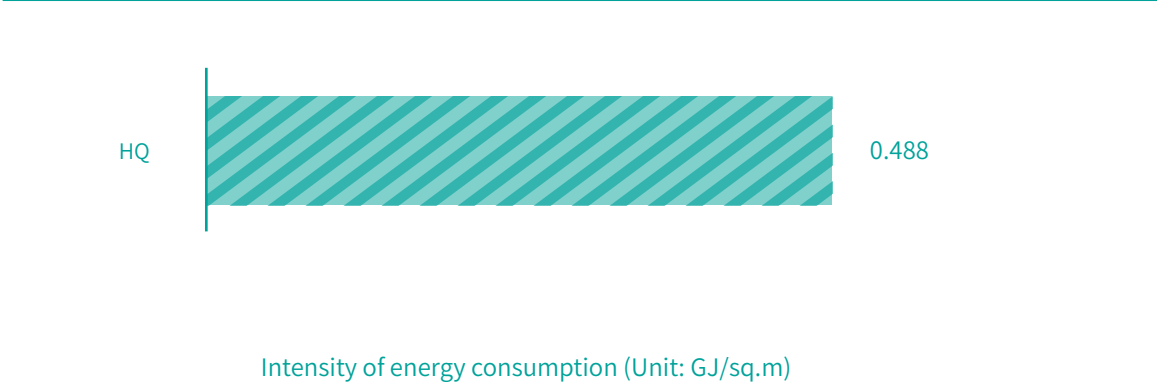
The certification assessment for “LEED FOR COMMUNITIES” is a continuous and dynamic process. ARC platform, which is designated for certifying community projects, will perform comprehensive evaluations from onset to the final award of certification. New scores are shown via active medals and visual platforms, and are uploaded to a global database for comparison. Joining the rank for “LEED FOR COMMUNITIES” certification means that Fuzhou Shimao Cloud Guling is up to global standards. With this as a new starting point, the project will strive for greater progresses on sustainable development.



Energy Consumption

Shimao promises to continuously improve the efficiency of electricity and other energy use, adopt more energy-saving equipment and technology, and continuously monitor the use and effectiveness of energy.

Energy Consumption KPI ¹



¹ KPI here is the disclosure of performance of Shimao Headquarters, detailed scope of which is illustrated in Performance Data Summary, Appendix.

Energy-Saving Design

Non-fossil energy usage

1.Solar water heating systems are brought in
Case: Shenzhen Qianhai Shimao Financial Centre, Shimao Classic Chinese Chic, Changsha Shimao Global Finance Center (Changsha Shimao Global Finance Center will save equivalent electricity of 52,480KWH annually.)



Electricity Reduction

- 1.LED energy-saving lights are adopted**
Case: Changsha Shimao Global Finance Center, which will save equivalent electricity of 20,975KWH annually.
- 2.Group supervisory control systems are installed/ energy feedback systems are adopted for elevators**
Case: Hangzhou Shimao Wisdom Tower, which will save 20% energy for elevators annually.
- 3.Full heat recovery systems are adopted to lower energy consumption of air-conditioners**
Case: Hangzhou Shimao Wisdom Tower; Shanghai Shimao Tower
- 4.Current VFD technology is adopted, such as using VFD cooling machine and VFD pump**
Case: Hangzhou Shimao Wisdom Tower adopts VFD technology, which will save 30% energy annually.



Energy-Saving Reconstruction

Hotels in Operation

Starting from 2014, Shimao Hotels & Resorts has started energy-saving renovation of existing hotels. As at 31 December 2018, six hotels have completed energy-saving renovation, including Le Royal Méridien Shanghai, Hyatt on the Bund Shanghai, The Yuluxe Sheshan, Crowne Plaza Shaoxing, InterContinental Fuzhou and Hilton Nanjing Riverside.

Since 2014, six hotels have actually saved RMB 18.68 million in energy consumption. It is estimated that gas and electricity costs will be saved by RMB 1.4 million and RMB 2.65 million per civil year, totaling about RMB 4.05 million in energy consumption.

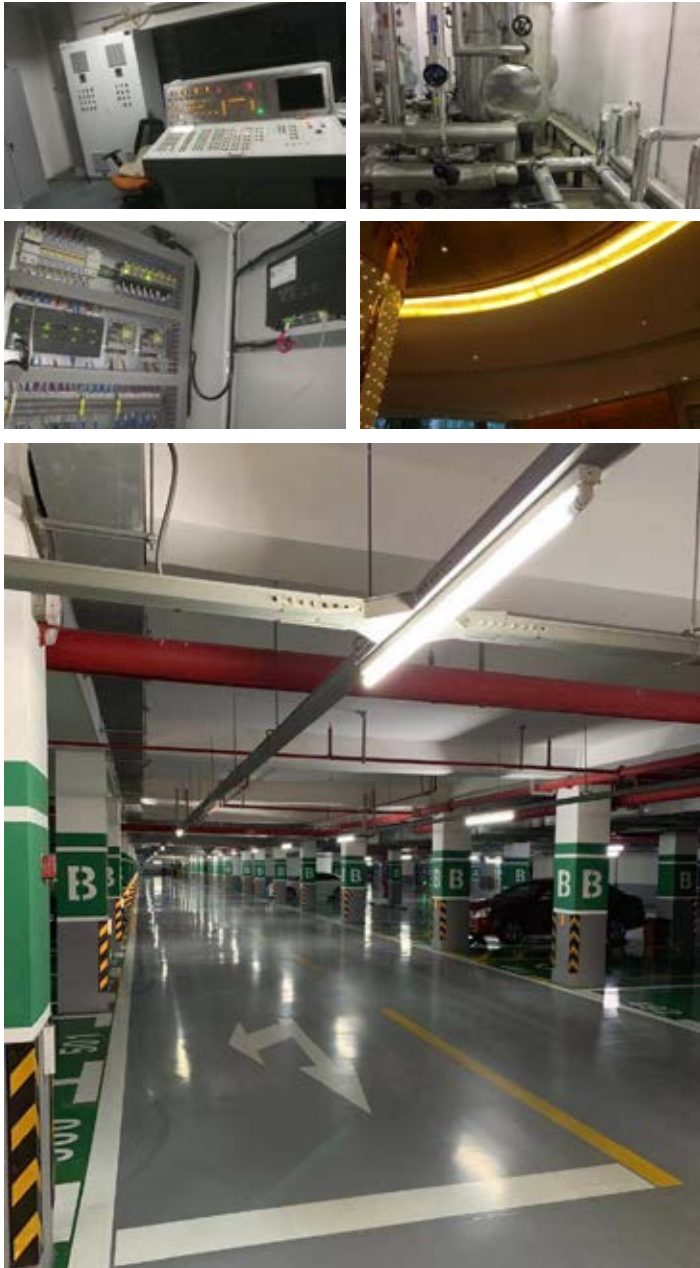
Among them, Hilton Nanjing Riverside is the representative. Since the completion of energy-saving renovation in August, 2018, a total of RMB 0.456 million of energy consumption has been saved as at 31 December 2018. It is estimated that the energy consumption cost will be saved about RMB 850 thousand per civil year in the future.

Energy saving renovation measures include intelligent control for cooling units, heat pump for supplying hot water for higher floors, intelligent fume extraction control, LED upgrade for lighting and etc.

Public Areas of Neighborhoods

Shimao Property Management is committed to building green neighborhoods where homes are situated among green lands. In 2018, we have invested a total of RMB 68.82 million in community renovation and have completed 95 renovation projects.

Take Shanghai Shimao Cloud Atlas as an example, the lighting network in underground parking lots was upgraded to be equipped with advanced radar switch technology. 200 lights were upgraded in total, covering an area of 640 square meters, and an annual power consumption decrease of 30.56%.



Water Utilization

Shimao promises to continuously improve the efficiency of water use, adopt recycling technologies, and continuously monitor the use and efficiency of water resources.

Water Consumption KPI¹

HQ



5.114

Intensity of water consumption (Unit: cu.m/sq.m)

Water-Saving Design

Water Recycling

1.Rainwater recycling systems or water reclaiming systems are adopted

Case: Changsha Shimao Global Finance Center, which will save 3,261.1 tons of water annually; Shenzhen Qianhai Shimao Financial Centre, which will save 156,951 tons of water annually.

2.Tap water is piped from rainwater reservoir nearby, and the use of reclaimed water is promoted

Case:Fuzhou Shimao Cloud Guling



Water Handling

1. Water-saving sensor taps are installed

Case: Hangzhou Shimao Wisdom Tower, which will save 40% water



¹ KPI here is the disclosure of performance of Shimao Headquarters, detailed scope of which is illustrated in Performance Data Summary, Appendix.

Emissions

Shimao pledged to continuously reduce the impact of gas emissions on the ecosystem, adopt clean energy and improve energy efficiency, and continuously monitor the impact of gas emissions and improvement.

Gas Emissions KPI¹



¹ KPI here is the disclosure of performance of Shimao Headquarters, detailed scope of which is illustrated in Performance Data Summary, Appendix.

Environment Protection Design (Indoors & Outdoors)

Ozone protection

- 1. The air conditioning unit adopts R514 and R410A refrigerants, which are environmental friendly, to achieve zero use of CFC-based refrigerant and reduce damage to the ozone layer.
- Case: Shanghai Shimao Tower

Air purification

- 1. New blower units for heat recovery are installed, bringing in fresh air from outdoors with a significantly reduced energy consumption
 - 2. The air conditioning system adopts a filtration system for fine particulate matter (PM2.5) and a classic dust removal system
 - 3. Nano photonic technology is adopted to simulate natural ecology, and high-voltage static electricity is applied to purify indoor air.
- Case: Changsha Shimao Global Finance Center, Hangzhou Shimao Wisdom Tower
- Case: Shanghai Shimao Tower

Air Quality Monitoring

- 1. Air quality is monitored in real time
- Case: Fuzhou Shimao Cloud Guling



Waste Management

Shimao promises to continuously reduce the ecological impact of waste disposal, promote waste classification and recycling, and continuously monitor the impact of waste on the environment and improvement.

Solid Waste and Wastewater Disposal KPI¹



¹ KPI here is the disclosure of performance of Shimao Headquarters, detailed scope of which is illustrated in Performance Data Summary, Appendix.

Waste Management Design

Waste Sorting at Endpoints

Shimao Property Management actively cooperates with the local government to carry out waste management work. <Regulations on the Management of Domestic Wastes in Shanghai> stipulated that waste sorting bins should be fully accessible all over Shanghai before July 1, 2019. To respond to this Regulation, Shimao has placed waste sorting bins in 34 of its estate projects across China. Domestic garbage was sorted into four categories: hazardous garbage, recyclables, wet garbage and dry garbage. Publicizing garbage classification has also been implemented at the same time.

Building Green World

Employee Involvement

Green Office

Shimao actively promotes the awareness of energy conservation and environmental protection, and incorporates environmental responsibility into daily office operations.

Shimao headquarters office is equipped with direct water dispensers and employees are encouraged to provide recyclable tableware to reduce the use of plastic products and disposable goods. Office decoration uses energy-saving lamps, energy-saving sanitary ware, and energy-saving office equipment, in order to reduce energy consumption.

Shimao promotes using 70G printing paper when, it is not necessary to use high gram weight paper. We carry out double-sided printing, and set up a recycling area to collect second-hand paper, Non-reusable paper is also recycled separately. To avoid waste, the office appliances requisition will not be approved unless the old ones are useless. For harmful wastes such as waste batteries, selenium drums, etc., we set up recycling boxes and handle them in a unified framework in order to avoid pollution to the environment.



Green Travel

Shimao encourages employees to travel by public transport. The policy <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. Shimao also advocates setting up bicycle storage sites in office buildings to facilitate green travel employees. In addition, Shimao actively promotes choosing video conferences instead of face-to-face meetings. While maintaining the effectiveness of face-to-face interviews, it also reduces travel frequency and carbon footprint.



Proprietor Involvement

Marine Environmental Protection Week

In recent years, there has been an increase in the amount of garbage floating in the sea. A lot of garbage has been washed back onto the beach by the waves, and such a situation is especially grave during the winter. In response to this increasingly serious problem and to protect the marine environment, the Shimao Nufanghai launched the Marine Environmental Protection Week on December 24, 2018, which was co-organized by the Hainan Marine Environmental Protection Association. With the witness of hundreds of property owners in Shimao Nufanghai, environmental experts and media, Shimao Marine Guardian Association was also established. The Association will devote itself to the marine environmental protection, and as such carry out regular cleaning and maintenance on the coastline, rallying more people to the cause of ocean protection.



Automatic Composters

Automatic composters are placed in commercial streets for recycling kitchen and gardening waste.



Waste recycling

With the rapid growth of commercial projects, tenants have become an important participant in Shimao's sustainable development responsibilities. Shimao actively advocates the concept of green energy conservation, and promotes tenants to practice sustainable development.

Shimao encourages all tenants to use green materials and recycle waste for decoration and renovation. For instance, NIKE at Shanghai Shimao Festival City recycled old sneaker midsoles and polished the steel nails for paving the terrazzo flooring, meeting both aesthetic and environmental needs.



Awards and Certifications¹

Forbes Magazine
■ The World’ s Best Employers 2018
China Real Estate Association
■ China Top 30 Best Real Estate Companies 2018
AIA Group Limited
■ Asia Best Workplace (Mainland China) 2018 – Best Wellness Employer
Zhaopin Limited
■ China Best Employer Award 2018 (Shanghai Region Top 30)
Liepin Limited
■ Shanghai Work Different Award 2018

Lifestyle Magazine
■ Golden Eagle – 2018 Best Hotel Owner
M&C China
■ China Travel & Meetings Industry Awards – Domestic Hotel Group of the Year
21st Century Business Herald
■ Golden Pillow Award – 2018 China’ s Best Hotel Owner
AHF world
■ 2018 Asia Travel Hotel Awards – Best Hotel Owner of the Year
■ 13th China Hotel Starlight Awards - Best Hotel Owners of China
■ 13th China Hotel Starlight Awards - Most Promising Hotel Operator of China - Mini
Hoteln
■ 2nd Hoteln Awards Ceremony – 2018 China Hotel Brand Conference-Best Hotel Owner of China
■ 2nd Hoteln Awards Ceremony – 2018 China Hotel Brand Conference-Best New Luxury Hotel Award- Shimao YULUXE Hotel Chengdu
■ 2nd Hoteln Awards Ceremony – 2018 China Hotel Brand Conference-Most Investment Value Hotel Brand Award - Yuluxe
Travel Weekly China
■ China Travel & Meetings Industry Awards 2018 - New Talent Hotel Group of the Year

National Geographic Traveler
■ Eco-Travel Changes the World Award - InterContinental Shanghai Wonderland
Pinchain
■ "Brand Internationalization of National Hotels" Best Innovation Award
Guangzhou Daily
■ Favorite National Hotel Award
Life Element
■ 2018 Best Hotel Annual Award-Best New Opening Hotel Award - Shimao YULUE Hotel Chengdu
■ 2018 Best Hotel Annual Award-Best Kid-Friendly Hotel Award - Minimax Hotel Shanghai Songjiang
Veryeast
■ The 5th Best Employer Selection of Tourism & Hospitality Industry
Nanjing Landscaping Bureau
■ Landscape Residential Area - Nanjing Shimao Bund New City
Mei Hao Sheng Huo Yan Jiu Yuan
■ China Model Community of Good Life - Shimao Skyscraper City Project

Winshang.com
■ The 13th Commercial Real Estate Festival of China-Golden Coordinate Awards - Commercial Real Estate Outstanding Corporate of the Year
■ The 13th Commercial Real Estate Festival of China-Highly Anticipated Commercial Real Estate Project of the Year - Shanghai Shimao Festival City
■ The 2018 China Shopping Mall Summit Forum - Golden Censer Prize-Commercial Real Estate Outstanding Corporate of the Year
■ The 2018 China Shopping Mall Summit Forum - Golden Censer Prize-Characteristic Theme Operation Project of the Year - Jinan Shimao International Plaza
China Shopping Center Development Association of Mall China
■ The 16th Annual Conference of Mall China International Symposium & Asia-Pacific Shopping Center Value Enhancement through Service Excellence Summit - 2018 Excellence Business Management Company Award
The Economic Observer
■ The 8th China Commercial Real Estate Conference-Outstanding Corporate
■ The 8th China Commercial Real Estate Conference-Highly Anticipated Shopping Mall - Shanghai Shimao Festival City

¹ The Awards and Certifications list does not cover all awards received.

Awards and Certifications¹

Ehconsulting
■ China Real Estate Industry Strategy Summit-2018 China Commercial Real Estate Value Top 20
■ China Real Estate Industry Strategy Summit-The Comprehensive Strength of China Commercial Real Estate Top 20
■ China Real Estate Industry Strategy Summit-Shopping Mall's Development Potential Top 10 - Shanghai Shimao Festival City
■ China Real Estate Industry Strategy Summit-Excellence Hub of Commerce, Culture and Tourism Projects Top 5 - Quanzhou Shishi Shimao Skyscraper City
Guandian
■ 2018 China Top 100 Players of The Commercial Real Estate - 2018 China Commercial Real Estate Annual Influential Corporate
ADM
■ Asia Design Management Forum & Art Design Media Festival - Commercial Space Design Innovation Award - Shanghai Shimao Festival City

Shandong Construction Safety and Equipment Management Association
■ Shandong Construction Safety, Civilization, Standardization and Excellent Sites - Phase II of Jinan Shimao Skyscraper City 1#
■ Shandong Construction Safety, Civilization and Standardization District - Phase II of Shimao Project 4# Parcel (1-3#, 9-11#)
Department of Housing and Urban-Rural Development of Shandong Province
■ Shandong Quality Structure of Construction - Phase II of Jinan Shimao Skyscraper City 1#
Hubei Construction Engineering Quality and Safety Association
■ Hubei Construction Engineering Safety and Civilization Construction Site - Shimao Splendid River C1 Parcel
■ Hubei Quality Construction Structure Project - Shimao Splendid River C1 Parcel
Tianjin Construction Industry Association
■ Haihe Cup - Tianjin Eco-City Shimao 18A Parcel Residence Project Phase I of Jiuxi Garden 1# & 2#
■ Tianjin Civilized Construction Site - Phase III of Zhongxin Tianjin Eco-City Shimao New Town 05-10-05-01 (20a) Parcel
Heilongjiang Construction Safety Association
■ Heilongjiang Construction Safety and Standardization District - Phase II of Mudanjiang Shimao South Bund 3rd District
Department of Housing and Urban-Rural Development of Jiangsu Province
■ Jiangsu Construction Standardized Star Site -North of Railway Station A Parcel Section Two under General Construction Contract
■ Jiangsu Construction Standardized Star Site -North of Railway Station A Parcel Section Owe under General Construction Contract
■ Jiangsu Construction Standardized Star Site -Nantong Shimao New Century A1 Parcel 1#, 9-11# and Basement 3rd District
■ Jiangsu Construction Standardized Star Site -Phase III of Shimao Champagne Lake 14-17#, 69#, Basement
■ Jiangsu Construction Standardized Star Site -Phase I of Suzhou Shimao Canal Scene "2006-G-61" Parcel 0#
■ Jiangsu Construction Standardized Star Site -Experimental Primary School Shimao Area

¹ The Awards and Certifications list does not cover all awards received.

Shanghai Construction Trade Association
■ Shanghai "Star Effect Site" - Phase II of Nanjing Shimao Bund New City B Parcel Section 6
Chongqing Engineering Quality Association
■ Three Gorges Cup High Quality Structure Engineering - Phase III of Shimao Zhaomu Mountain No1 3-1 Parcel 2#
Department of Housing and Urban-Rural Development of Shaanxi Province
■ Shaanxi Construction Project Chang'an Cup (Provincial Quality Project) - Shirongjiajing District (Shimao Du) 11#

U.S. Green Building Council (LEED)
■ Gold Certification ¹ -Shenzhen Qianhai Shimao Financial Centre
■ Gold Certification ¹ -Hangzhou Shimao Wisdom Tower B
■ Gold Certification ¹ -Nanjing Straits City Office (A1 Parcel)
■ Gold Certification ¹ -Nanjing G11 Office Parcel
■ Gold Certification ¹ -Shanghai Shimao Tower
■ Silver Certification ² -Fuzhou Shimao Cloud Guling
■ Silver Certification ² -Nanjing Straits City Office (A1 Parcel 3#)

China Green Building Certification ³
■ 3-Star-Shenzhen Qianhai Shimao Financial Centre
■ 3-Star-Phase II of Wuxi E Parcel Project 9#
■ 2-Star-Beijing Tongzhou World Chamber of Commerce Centre
■ 2-Star-Zhongxin Tianjin Eco-City Shimao New Town No.02 Parcel Residence Project
■ 2-Star-Tianjin Eco-City Shimao New Town No.23 Parcel Residence Project
■ 2-Star-Tianjin Eco-City No.26 Project
■ 2-Star-Tianjin Eco-City No.09 Project
■ 2-Star-Wuxi Luoshe Project
■ 2-Star-Phase II Qingdao Shimao International Plaza
■ 2-Star-Classic Chinese Chic Project
■ 2-Star-Jinzhoufu Project
■ 2-Star-Pinghu Project

¹ Shimao official project names.

² Shimao official project names.

³ The section "China Green Building Certification" has not include one-star green buildings.

- 2-Star-Hangzhou Gouzhuang Haoyun Project
- 2-Star-Hangzhou Gouzhuang Chuyun Project
- 2-Star-Hangzhou Puyan Project
- 2-Star-Nanning International Plaza
- 2-Star-Peixian Yunze Garden
- 2-Star-Xuzhou Suining Project
- 2-Star-Nanjing Straits City Residence (C/E/D Parcel)
- 2-Star-Nanjing G56 Yuhua Parcel (110 thousand sq.m)
- 2-Star-Nanjing G11 Apartment & Residence Parcel (240 thousand sq.m)
- 2-Star-Shanghai Zhoupu Project
- 2-Star-Yixing Xufu Road Project
- 2-Star-Yancheng Xuehai Road Project
- 2-Star-Changshu B# & C# Project
- 2-Star-Phase III of Changshu Shimao Plaza
- 2-Star-Wuxi A Parcel Project
- 2-Star-Phase I of Wuxi E Parcel Project
- 2-Star-Xi'an Shimao Shine City DK3
- 2-Star-Xi'an Shimao Shine City DK4

Performance Data Summary

Workforce Profile						
Total Workforce			9,814			
By gender	Female	4,314		Non-management	5,901	
	Male	5,500		Management ²	3,913	
By age	Under 30 years old	3,781	By staff level	Senior management female	81	
	30 to 50 years old	5,486		Senior management male	168	
	Above 50 years old	547				
			Ethnic minority			249
By region	Headquarters	728				
	Central and Southern ¹	560	Disables			72
	Jiangsu and Shanghai	2,297				
	Zhejiang	1,150				
	Fujian ¹	1,486				
	Northern China	1,162				
	Central China	850				
	Southern China	326				
	Western	641				
	Shandong	614				

1 Names of region companies are effective before 31 December 2018. From 1 January 2018, Fujian Region Company and Central and Southern Region

Company are renamed.

2 The management includes senior management female and senior management male.

3 Rate of new hire = total new hire / total workforce as at 31 December 2018.

4 Rate of turnover = total turnover / total workforce as at 31 December 2018.

5 The frequency of employees received training is counted on the basis of the number of employees participating a training program.

New Hires		
Total new hire		4,834
Rate of new hire ³		49%
By gender	Female	1,866
	Male	2,968
By age group	Under 30 years old	2,407
	30 to 50 years old	2,298
	Above 50 years old	139
By region	Headquarters	262
	Central and Southern ¹	307
	Jiangsu and Shanghai	1,087
	Zhejiang	625
	Fujian ¹	629
	Northern China	587
	Central China	350
	Southern China	173
	Western	486
	Shandong	328

Turnover		
Total turnover		3,091
Rate of turnover ⁴		31%
By gender	Female	1,292
	Male	1,799
By age group	Under 30 years old	1,420
	30 to 50 years old	1,563
	Above 50 years old	108
By region	Headquarters	186
	Central and Southern ¹	226
	Jiangsu and Shanghai	766
	Zhejiang	374
	Fujian ¹	258
	Northern China	471
	Central China	353
	Southern China	69
	Western	158
	Shandong	230

Training		2018	
Frequency and rate of employee received training ⁵			
By gender	Female	1,093	45%
	Male	1,336	55%
By staff level	Non-management	1,457	67%
	Management	729	33%
Average hours of training (Unit: hours)			
By gender	Female	60	
	Male	74	
By staff level	Non-management	72	
	Management	62	

Performance Data Summary

Use of Resources	Unit	Headquarters
Electricity	KWh	1,772,366.056
Gasoline	Litres	66,899.440
Diesel	Litres	0.000
Total Energy consumption ¹	GJ	8,455.096
Intensity of energy consumption ⁸	GJ/M ²	0.488
Total water consumption	M ³	88,592.310
Intensity of water consumption ⁸	M3/M ²	5.114
Paper	Tonnes	5.772
Package Materials	Tonnes	0.674
Emission & Disposal	Unit	Headquarters
Direct green-house gas emission ²	Tonnes	181.155
Indirect green-house gas emission ³	Tonnes	4,991.190
Electricity, paper, wastewater	Tonnes	1,197.008
Business Travel ⁴	Tonnes	3,794.182
Total Carbon Emission ⁵	Tonnes	5,172.345
Intensity of carbon ⁸	Tonnes/M ²	0.299
NOx Emission	Tonnes	0.316
SOx Emission	Tonnes	0.001
Particle Emission	Tonnes	0.030
Total disposal of hazardous waste ⁶	Tonnes	0.309
Hazardous waste intensity ⁸	Tonnes/M ²	0.000
Total disposal of non-hazardous waste ⁶	Tonnes	107.000
Non-hazardous waste intensity ⁸	Tonnes/M ²	0.006
Total Discharge of wastewater ⁷	Tonnes	75,303.464

Shimao headquarters⁹ total energy consumption increased a little bit in 2018. The main reason is that Shimao headquarters moved to Shanghai Shimao Tower. During the relocation period, the new and old office building operated synchronously for around 6 months, resulting in the increase of overall electricity consumption area. In addition, due to the needs of business development, IT Server Room was upgraded and expanded, leading to more electricity consumption. On the other hand, Shimao has done much to offset the negative impact and practice sustainability strategy. We equip buildings with energy-saving devices and drive employees to participate in energy saving.

Note: Shimao is constantly improving the data collection system and expanding the scope of KPI with more details.

1 J is the standard unit to measure energy, and conversion formula is referred to General Principles for Calculation of Total Production Energy Consumption (GB/T 2589-2008).

2 Source of direct greenhouse gas emission includes use of gasoline and diesel.

3 Source of indirect greenhouse gas emission includes electricity, paper, business travel, and management of wastewater.

4 Source of business travel data is Ctrip report and we summed activities of all employees, the number of which is listed in cell of 2018 total employees in Performance Data Summary.

5 Total Carbon emission = direct greenhouse gas emission+ indirect greenhouse gas emission.

6 Non-hazardous waste includes waste generated in office area; non-hazardous waste includes scraped cartridge and battery.

7 Total discharge of wastewater is estimated according to coefficient from Code of Urban Wastewater Engineering Planning (GB50318-2017).

8 The calculation formula has been adjusted to reflect actual situation in 2018. Thus, the historical data in previous sustainability reports should be adjusted according to this formula before comparison.

9 Headquarters here refers to several locations in several periods, including Shimao Group office area in Shanghai One Lujiazui (from Jan. 2018 until moved out in Oct. 2018), Shimao Group office area in Shanghai Shimao Tower (Trial operatoin in May 2018), Shimao College (from Jan. 2018 to Sep. 2018), Call Center of User Service Center in Middle Yanggao Road, Shanghai.

HKEx’s Environmental, Social and Governance Reporting¹ Guide Index

General Disclosure	Reference of general disclosure	KPI	References of KPI
A. Environmental			
Aspect A1: Emission	Performance (Environment) (P73-74/P82)	A1.1	Emissions (P79) Performance Data Summary (P91)
		A1.2	Emissions (P79) Performance Data Summary (P91)
		A1.3	Waste Management (P81) Performance Data Summary (P91)
		A1.4	Waste Management (P81) Performance Data Summary (P91)
		A1.5	Emissions (P80) Building Green World (P83)
		A1.6	Waste Management (P82) Building Green World (P83-84)
Aspect A2: Use of Resources	Performance (Environment) (P73-74)	A2.1	Energy Consumption (P75)
		A2.2	Water Utilization (P78)
		A2.3	Energy Consumption (P76-77)
		A2.4	Water Utilization (P78)
		A2.5	Performance Data Summary (P91)
Aspect A3: The Environment and Natural Resources	Archetecture: Fountainhead of Cities (P9-15) Performance (Environment) (P83)	A3.1	Shimao’s Sustainability Milestone (P9-15) Building Green World (P83)
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	People: Reciprocity of Partners (P37-39/P45)	B1.1	Employee (P39-40) Performance Data Summary (P89-90)
		B1.2	Performance Data Summary (P89-90)
Aspect B2: Health and Safety	People: Reciprocity of Partners (P47-50)	B2.1	Employee (P49)
		B2.2	Employee (P49)
		B2.3	Employee (P47-50)
Aspect B3: Development and Training	People: Reciprocity of Partners (P41-44)	B3.1	Employee (P42) Performance Data Summary (P90)
		B3.2	Performance Data Summary (P90)
Aspect B4: Labour Standards	People: Reciprocity of Partners (P38)	B4.1	Employee (P38)
		B4.2	Employee (P38)

1 Unit of currency is RMB.

General Disclosure	Reference of general disclosure	KPI	References of KPI
Operating Practices			
Aspect B5: Supply Chain Management	People: Reciprocity of Partners (P55-56)	B5.1	Supplier (P55)
		B5.2	Supplier (P55-56)
Aspect B6: Product Responsibility	People: Reciprocity of Partners (P51-55) Archetecture: Fountainhead of Cities (P33-35)	B6.1	/
		B6.2	User (P51)
		B6.3	User (P55)
		B6.4	Craftsmanship and Services (P33-35)
		B6.5	User (P55)
Aspect B7: Anti-corruption	Culture: Descent of Citizenship (P69-72)	B7.1	Integrity Responsibility (P71)
		B7.2	Integrity Responsibility (P69-72)
Aspect B8: Community Investment	Culture: Descent of Citizenship (P57-66)	B8.1	Social Responsibility (P57-64) Cultural Responsibility (P64-66)
		B8.2	Social Responsibility (P57-64)

We welcome your feedback on our sustainable development performance and reporting.

You can contact us by email at csr@shimaogroup.com.

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