



深圳控股有限公司  
SHENZHEN INVESTMENT LIMITED

Stock Code : 00604



# Environmental, Social And Governance Report 2018

# Contents

- 2 About this Report
- 3 About the Company
- 4 Message from the Chairman
- 6 Shenzhen Investment Milestones 2018

## 01 Our Environmental, Social and Governance System

- 10 Our Sustainability Approach
- 10 Environmental, Social and Governance Structure
- 11 Communication with Stakeholders
- 13 ESG Material Issues
- 14 Effective Governance
- 16 Anti-Corruption
- 17 Social Recognition

## 02 Green Communion

- 20 Green Building
- 21 Urban Redevelopment
- 22 Green Construction
- 25 Green Property
- 26 Effective Utilisation of Resources
- 27 Green Office

## 03 Quality Improvement

- 32 Supply Chain Management
- 32 Product Quality Assurance
- 32 Service Quality Assurance
- 34 Customers Safety Protection
- 35 Marketing and Sales Services Management
- 37 Responding to Customers' Complaints

## 04 People Oriented

- 40 Human Resources Profile
- 42 Protection of Employees' Rights and Interests
- 44 Employee Development and Training
- 45 Occupational Health and Safety

## 05 Contributing to Society

- 50 Caring for the Underprivileged
- 51 Community Development
- 54 Community Welfare
- 55 Volunteer Service

## 06 Summary of Sustainability Development

- 60 List of Policies
- 63 Key Performance Indicator List

## Appendix

- Environmental, Social and Governance Content Index

# About this Report

This report is the fourth consecutive environmental, social and governance report of Shenzhen Investment Limited (hereinafter referred to as “Shenzhen Investment”, “the Company”, the “Group”, “we” or “us”), which was prepared in accordance with the “Environmental, Social and Governance (ESG) Reporting Guide” issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) while highlighting our own corporate and industry characteristics.

In the preparation of this report, Shenzhen Investment has conducted comprehensive communication with our stakeholders through an independent consultant, and determined the contents after having fully considered the opinions of relevant stakeholders, and in accordance with the four key principles, namely materiality, quantitative, balance and consistency, as required by the Stock Exchange. The Group will continue to strengthen its collection of information for reporting to enhance our performance and disclosure relating to our sustainable development.

## SCOPE AND BOUNDARY

This report summarizes the efforts and achievements made by the Group in corporate social responsibility and sustainable development during the period from 1 January 2018 to 31 December 2018 in areas including “sustainable development strategy”, “green communion”, “quality improvement”, “people oriented”, “contributing to community” and other aspects. The entities covered in this report include the headquarters of the Group and the major subsidiaries including Shum Yip Pengji Holdings Co., Ltd., Shum Yip Southern Land (Holdings) Co., Ltd., Shum Yip Terra (Holdings) Co., Ltd., Shum Yip Land Company Ltd., Shum Yip East China Property Development Co., Ltd., Shum Yip Taifu Logistics Group Holdings Co., Ltd. and Shenzhen Nongke Group Limited.

## REPORTING STANDARDS

This report has been prepared mainly in accordance with the “Environmental, Social and Governance (ESG) Reporting Guide” issued by the Stock Exchange.

## REPORTING PRINCIPLES

This report complies with the requirements of the “ESG Reporting Guide” regarding the principles of “materiality”, “quantitative”, “balance” and “consistency”. The principle of “materiality” was reflected through the materiality analysis of sustainable development issues, the principles of “quantitative” and “consistency” were reflected through quantitative data lists, and the principle of “balance” was reflected through review of negative issues and performance.

## DATA SOURCES

The information and cases set out herein was mainly derived from the statistical reports and other related documents of the Company.

## ACCESS AND FEEDBACK TO THIS REPORT

The electronic version of this report is available on the official website of the Company.

If you have any questions or feedback about this report and its contents, please feel free to contact us at:

Address: 8th Floor, New East Ocean Centre, 9 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong

Tel: (852) 2723 8113

Fax: (852) 2723 2263

Email: [ir@shumyip.com.hk](mailto:ir@shumyip.com.hk)

Official website: [www.shenzheninvestment.com](http://www.shenzheninvestment.com)

## About the Company

Shenzhen Investment (stock code: 00604.HK) has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1997, and is the largest listed real estate company under State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal. Core business of the Group includes property development, property investment and management. By intensifying its development in Shenzhen, focusing on the Greater Bay Area and planning for its development in other core cities in China, the Company is committed to be a first-class real estate developer and real estate operator.

The Group currently has a land reserve with a planned total gross floor area close to 6.28 million square meters in various cities of China, of which the quality land reserve with a planned total gross floor area of approximately 2.47 million square meters is located in Shenzhen. The Company is committed to optimizing its land reserves structure, and concentrating its assets and business in the Greater Bay Area as well as key first- and second-tier cities.

It has all along been the Company's core strategic goal to promote the long term sustainable development of its business, with an aim to bring a stable return and create value appreciation for its shareholders.

Please refer to our 2018 Annual Report for further information about our business and financial position at:  
[http://www.shenzheninvestment.com/html/investor\\_report.php](http://www.shenzheninvestment.com/html/investor_report.php)





## Message from the Chairman





As a state-owned listed company, Shenzhen Investment has been upholding the philosophy of weighing economic benefits and social responsibility equally and cultivating the core value of “Sunshine and Honesty, Harmony and Sharing”, with the aim to be a “Leader in Value Creation for Urban Space”.

2018 serves as the fourth consecutive year that Shenzhen Investment separately publishes the Environmental, Social and Governance Report. Our ESG working system which covers the whole Group, continues to manage and monitor environmental, social and governance-related matters and exert its impact thereon. Through this report, we hope to review the channels and achievements of our communication with stakeholders as well as analyzing the Group’s various performance on fulfilling our social responsibility over the past year.

Shenzhen Investment has strictly complied with the requirements under the Hong Kong Listing Rules to maintain sound corporate governance level. Shenzhen Investment is constantly enhancing its risk prevention and control capability while standardizing internal management to promote sound business operation. Over the past year, both the Group’s turnover and gross profit recorded substantial increase, with breakthroughs made in both expansion of quality land resources and asset-light operation management.

Taking environmental protection as its unshirkable social responsibility, Shenzhen Investment, in strict compliance with various laws and regulations, has realised its concepts of green building, clean production and waste recycling thoroughly in the process of project development and operation, actively applied various energy-saving, emission-reduction and green construction technologies, and devoted greater investment in technology research and development, dedicating to building a resource-saving and environmentally-friendly enterprise.

Shenzhen Investment has long been adhering to the human resources concept of “morality headed and making good use of talents”. On this basis, we have prized the protection of employees’ interests and made improvements to incentive mechanism at different levels, to promote the mutual development and growth of the staff and the Company. We persist in maintaining products and service quality management and control at the best level, and boosting suppliers at all levels to enhance quality and discharge their social responsibility. Meanwhile, the Group proactively promotes the transformation of the old city, develops long-term rental apartments, organises volunteer activities, encourages the staff to actively engage in community activities and help the underprivileged, so as to fulfill our responsibilities and commitments to the society and community.

Looking ahead, we will fulfill the environmental, social and governance responsibility as always, and never forget our aspiration and continue to move forward hand-in-hand with all stakeholders to promote value creation of urban space, thus building a better society together.

LU Hua  
Chairman

# Shenzhen Investment Milestones 2018

## Figures on Shenzhen Investment

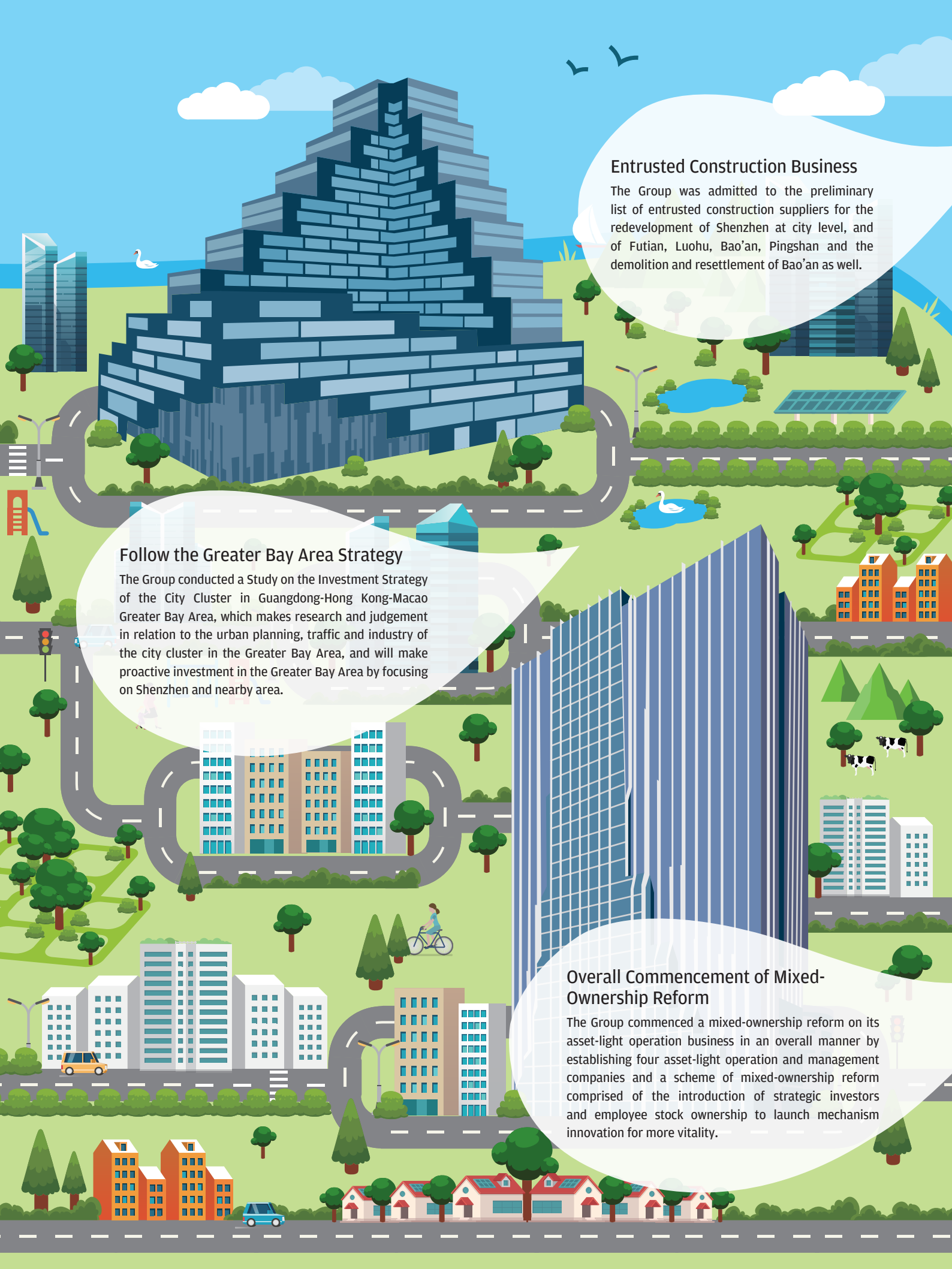
- The Group achieved a revenue of approximately HK\$16,600 million for the year, representing an increase of 62.3% over the last year.
- Profit attributable to the equity shareholders was HK\$3,415 million.
- Net gearing ratio (including all interest-bearing liabilities) of the Group maintained at a reasonable level of 54.2%.
- Total finance cost was controlled at a lower level of 4.8%.
- The Group had land reserves with an aggregate planned gross floor area of approximately 6.28 million square meters, 2.47 million square meters of which are located in Shenzhen.
- The Group had investment properties of over 1.14 million square meters, with over 85% in core cities.
- The total area of properties under the Group's management exceeds 50 million square meters.

## Sales Growth

Through block trade, the Group made a breakthrough in sales, recording contract sales of RMB16,450 million, representing an increase of approximately 43.1% over the last year.

## Expansion of Quality Land Resources

The Group acquired four parcels of land in Shenzhen, Wuhan, Changsha and Chengdu respectively, with total capacity building area of approximately 633,000 square meters, which further optimized its land reserve structure.



## Entrusted Construction Business

The Group was admitted to the preliminary list of entrusted construction suppliers for the redevelopment of Shenzhen at city level, and of Futian, Luohu, Bao'an, Pingshan and the demolition and resettlement of Bao'an as well.

## Follow the Greater Bay Area Strategy

The Group conducted a Study on the Investment Strategy of the City Cluster in Guangdong-Hong Kong-Macao Greater Bay Area, which makes research and judgement in relation to the urban planning, traffic and industry of the city cluster in the Greater Bay Area, and will make proactive investment in the Greater Bay Area by focusing on Shenzhen and nearby area.

## Overall Commencement of Mixed-Ownership Reform

The Group commenced a mixed-ownership reform on its asset-light operation business in an overall manner by establishing four asset-light operation and management companies and a scheme of mixed-ownership reform comprised of the introduction of strategic investors and employee stock ownership to launch mechanism innovation for more vitality.







# 01 Our Environmental, Social and Governance System



Based in Shenzhen and spreading into other major cities of China, we make good use of the advantages in systems and resources in both Shenzhen and Hong Kong. While obtaining win-win benefits with shareholders and business partners, we actively promote a sound and sustainable corporate development with a view to better fulfilling our responsibilities towards all stakeholders, being the responsibilities we dedicated to fulfill at all times.



It is our wish to share with the public and our stakeholders information about our performance with respect to environment, society and governance through this report, and obtain more feedback which will lead us to create greater common value.

# Our Environmental, Social and Governance System

## 1.1 OUR SUSTAINABILITY APPROACH

Shenzhen Investment has a clear overall objective in assuming its social responsibility, that is to uphold the principles of integrity, faith and lawful operation, to put in intensified efforts to resource conservation and environmental protection, to ensure work safety, to safeguard the legitimate interests of our staff and to engage in public welfare undertakings while seeking to achieve the Group's economic targets under the "13th Five-Year", thereby undertaking greater obligations to society.

The Group will take the initiative to assume its social responsibility by integrating the performance of social responsibility into the full processes of production and operation with plan and schedule and promoting the implementation of plans in collaboration with each department, which mainly includes the following three aspects:

### Enhancing the awareness of fulfilling social responsibility.

The Group will correctly grasp the core meaning of social responsibility, get a profound understanding of the significance of undertaking social responsibility, attach great importance to social responsibility related works and strengthen social responsibility training and universal education for the entire staff, striving to develop the corporate value and enterprise culture of undertaking social responsibility.

### Gradually improving social responsibility management system.

The Group will determine the key works of its various business segments and division of responsibilities for various functions from the main aspects covered by social responsibility including laws, economy, morality, charity and etc. In addition, the Group will continue to optimise its operating systems for internal work to achieve key breakthrough and effective coordination of works; it will also continue to improve internal appraisal mechanism to boost its management level.

### Exploring ways to establish social responsibility reporting system.

The Group will issue social responsibility report on a regular basis through various media channels in an effective way to publish the status, plan and measures for the Group to fulfill social responsibility, thereby initiatively accepting social supervision and timely learning about and responding to advices and recommendations from all parties, dedicating to optimise the performance of social responsibility uninterruptedly.

## 1.2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE







The roles and responsibilities under the Company's environmental, social and governance system are as follows:





### 1.3 COMMUNICATION WITH STAKEHOLDERS

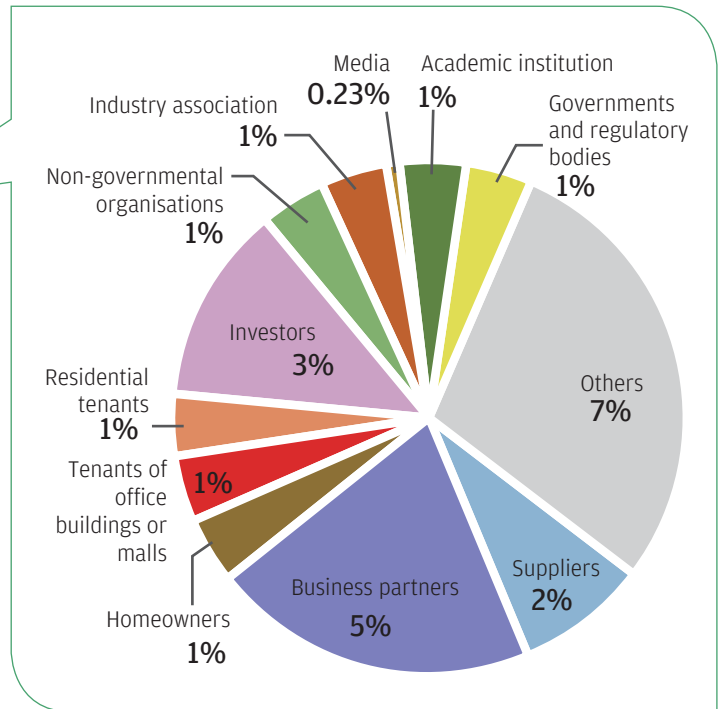
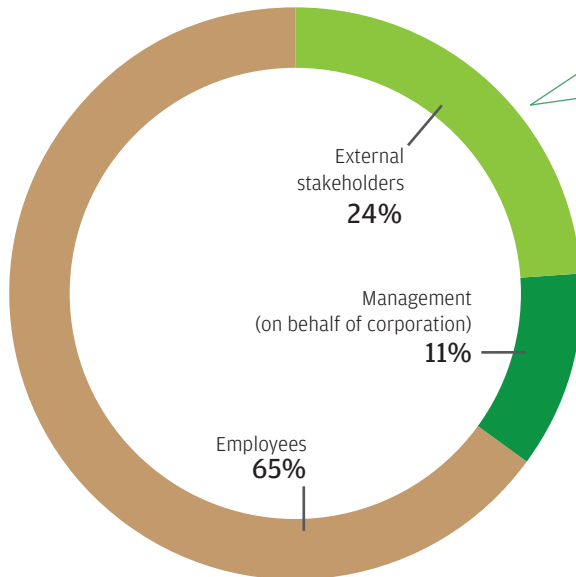
Shenzhen Investment attaches great importance to efficient communication with stakeholders. We have always insisted on building diversified communication mechanisms and close relationships with the stakeholders for more active and extensive exchanges and communication through more channels and methods.

Stakeholders	Expectation and Requests	Methods of Communications and Feedback
Government 	To comply with the laws Proper tax payment Asset appreciation To boost local economic development and employment	To comply with the laws Proactive tax payment Good management structure Responding to national policies
Shareholders and Investors 	Returns on investment Information disclosure and transparency Protection of interests and fair treatment of shareholders Lower operating risks	Higher operational efficiency Timely disclosure of operating information Maintaining mutual trust with investors Good governance
Employees 	Career development and promotion Wages and welfare Equal opportunity Health and safety Democratic management Caring for people	Training and education Care about employees' well-being Open recruitment Protection of employees' interest Labour union for better communication Cultural and sport activities
Customers 	Integrity and fulfillment of obligations Safe and high-quality products Information transparency Attentive services Opinions and complaints handling  Privacy protection	Compliant sales activities Product quality control Information publicly available Satisfaction survey Effective channels for complaints, opinions and feedback Confidentiality of customer information
Business Partners and Suppliers 	Integrity and fulfillment of obligations Sharing of resources Mutual development Win-win cooperation	Cooperation in good faith Responsible procurement with regular inspection To provide fair and just procurement guidance Management visits
Community and the Public 	To boost development of public services in communities Public welfare and charities Greening the environment	Social investments such as senior housing, economically affordable housing etc. To participate in charitable activities Emission reduction, energy saving and other responsibility Green building design

## Our Environmental, Social and Governance System

In the preparation of the 2018 ESG report, we have conducted a wide range of questionnaire survey, with the active participation of various stakeholders. In the questionnaire survey spanning about one month, an aggregate of 429 valid questionnaires were collected. By the questionnaire survey, we have got a full understanding of demands from and expectation of the Company's management and all stakeholders in respect of the disclosure and management of ESG-related information, which laid a foundation for the follow-up identification of the material issues of ESG.

### Feedback Sources of Questionnaire Surveys



#### 深圳控股有限公司2018年度ESG报告利益相关方调查问卷

此问卷处于停止状态，仅供浏览，请勿填写！ 结束调查

作为一家深具企业公民精神的公众上市公司，深圳控股有限公司（简称「深圳控股」或「本公司」），更多信息请浏览官方网站：[www.shenzheninvestment.com](http://www.shenzheninvestment.com)）长期致力于利益相关方创造价值，积极履行企业社会责任，主动加强环境、社会及管治（简称「ESG」）信息的披露及管理，已连续三年发布独立的ESG报告。

2018年是深圳控股在港上市的21周年，也是本公司筹备ESG报告的第四年。为此，我们诚邀您填写一份调查问卷，以进一步了解您对公司环境、社会和管治表现的评价与期望，以督促我们更好地服务于利益相关方，更进一步推动可持续发展。

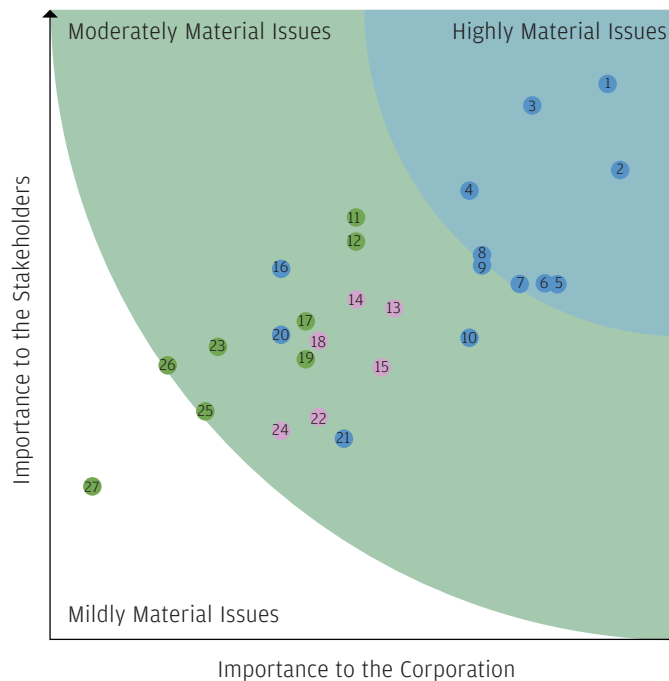
备注：此为不记名问卷调查，答案无分对错，问卷亦不涉及专业领域知识。完成本次问卷调查需时约2分钟。我们承诺，您所提供的个人信息将被严格保密，您的回复将交由独立顾问处理，通过此次调查所得出的综合结论将作为本公司提升ESG管理的重要参考。感谢您的参与！



Questionnaire for stakeholders

## 1.4 ESG MATERIAL ISSUES

### Matrix about the Materiality Analysis of ESG Issues

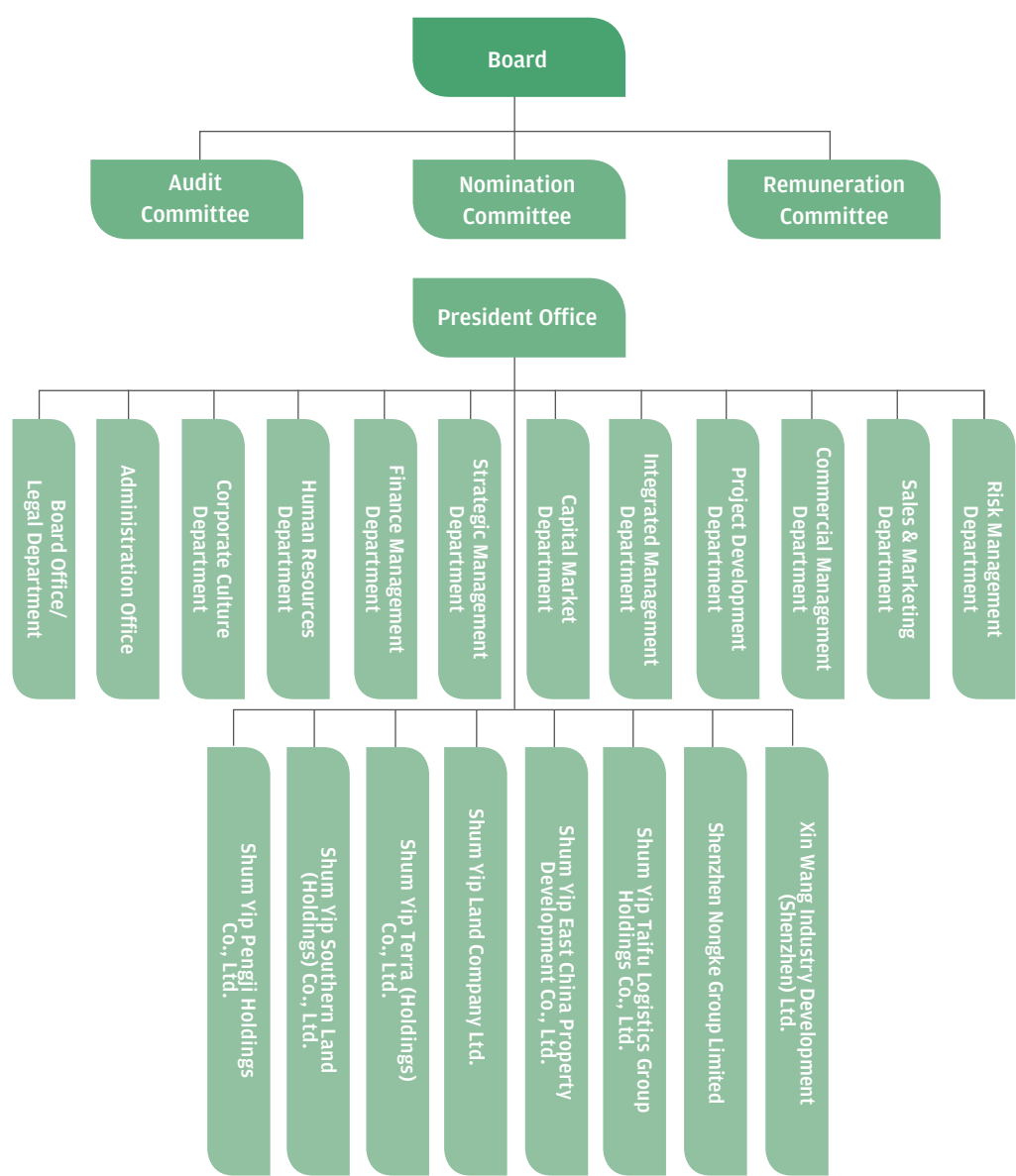


### Material ESG Issues List (from high to low)

Highly Material Issues	1	Employees' Safety and Health
	2	Employees Compensation and Protection of Rights and Interests
	3	Product Quality Assurance
	4	Consumer Privacy Protection
	5	Attracting and retention of talent
	6	Employee Training and Development
	7	Employee Diversity and Equal Opportunity
	8	Anti-corruption and Bribery
	9	Service Quality and Responding to Customers' Complaints
Moderately Material Issues	10	Intellectual Property Protection
	11	Wastewater Management
	12	Hazardous and Nonhazardous Waste Management
	13	Operating Performance and Investor Rights and Interests
	14	Sustainable Development Objectives and Responsibility Governance
	15	Industrial Research and Development, Innovation and Development
	16	Prevent Child and Forced Labour
	17	Water Resources Usage
	18	Green Building
	19	Air Pollution Emissions Management
	20	Selection of Sustainable Development Suppliers
	21	Community Support and Public Welfare and Charities
	22	Respond to Public Policy
	23	Energy Usage
	24	Proper Marketing and Promotion
	25	Material Usage
	26	Protecting Biodiversity
Mildly Material Issues	27	Greenhouse Gas Management

1.5 EFFECTIVE GOVERNANCE

Governance Structure of the Company



## Corporate Compliance Concept and System

Shenzhen Investment strictly complies with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and constantly reviews the positions at the Board and each of the Board committees, so as to maintain good business operations.

## Internal Control Management System of the Company

The Group has formulated the “Management Measures for Contracts of Shum Yip Group” to comprehensively strengthen contract management system and regulation.

The Group has conducted the specific audit on non-local projects, specific audit on the engagement of intermediaries, etc., which effectively enhanced the risk-prevention ability of the subordinate enterprises. A pool of tender valuation experts for material projects has been established by the Group, with 342 experts in 8 categories included currently. During the year, the Group selected 84 valuation experts for 6 enterprises and 6 bidding projects.

The Group actively promoted the application of sunshine procurement service platform for municipal state-owned enterprises to strengthen IT application by rolling out online management of assets, sales activities, costing, planning, EIP systems and etc. to improve operation and management efficiency.



Sunshine procurement service platform

The Group has further standardized the leasing of resources assets by issuing a series of rules and regulations, establishing a working mechanism which separates the lease from evaluation and applying a unified stock property management information system to dynamically monitor the properties held on a real-time basis, and established a transparent and standardized management model. The Group actively promoted open tendering of corporate resources assets, and the admission rate of properties for open tendering throughout the year was increased to 100%.



Stock property management information system of the Group

## Our Environmental, Social and Governance System

### 1.6 ANTI-CORRUPTION

To strictly comply with the laws and regulations of the states and the places where the companies operate, such as “Tendering and Bidding Law of the People’s Republic of China” (《中華人民共和國招投標法》) and “Anti-money Laundering Law of the People’s Republic of China” (《中華人民共和國反洗黑錢法》), etc., and with a view to prevent corruption through a established system, Shenzhen Investment implements strict requirements on the units at all levels of the Company to continuously optimise anti-corruption governance in the course of production, operation and management, and strengthen process supervision, thereby further improving the business integrity and risk prevention and control system.

#### Business integrity and risk prevention and control system establishment

The Group endeavors to promote the establishment of anti-corruption systems by strengthening employee’s disciplinary education, improving system establishment, enhancing supervision measures and building a long-term supervision mechanism to drive the in-depth development of its anti-corruption systems.

#### Contract management

For contract management, we have formulated the “Management Measures for Contracts of Shum Yip Group” (深業集團合同管理辦法) in accordance with the relevant laws such as the “Contract Law of the People’s Republic of China” (《中華人民共和國合同法》) and others. Through the improvement of contract management system and the integration of measures in aspects such as whistleblowing and supervision over tendering and bidding during the process of contract execution, supervision and inspection, post-management evaluation, the Group would be able to prevent illegal and corruption activities such as bribery, extortion, fraud and money laundering throughout the contract implementation process.



The Group formulated Management Measures for Contracts

#### Tendering management

The Group has formulated a number of systems such as the “Administrative Measures on Tendering Procedures” (招標管理辦法), the “Anti-corruption Measures on Prevention of Malfeasance in Construction Project Tendering” (工程建設項目招投標廉潔從業風險防控辦法) and the “Rules on the Implementation of Supervision of Construction Project Tendering” (建設工程招投標監督實施細則), for effectively supervising the entire processes of construction project tendering and bidding and preventing the occurrence of conducts in violation of the laws and regulations. In 2018, the Group issued the “Management Measures for Bid Evaluation Expert Pool for Major Bidding Projects (Tentative)” (重要招採項目評標專家庫管理辦法(暫行)), the “Management Measures for Resources Assets Leases” (資源性資產租賃管理辦法), the “Lessee Performance Evaluation Mechanism” (承租人履約評價機制) and other systems to strengthen the management and control of tendering and bidding in the bid evaluation process, as well as refine the supervision and management mechanism for resources assets.

#### Anti-corruption construction

The Group strengthened the understanding of its employees on the spirits and implications of anti-corruption by holding anti-corruption lecture, watching anti-corruption education videos and participating in test activities, and provided guidance to its employees in respect of anti-corruption and self-discipline so as to allow all employees to deeply understand the importance and necessity of anti-corruption and, and consolidate the ideological foundation of integrity employment. Moreover, the Group also arranged leaders to carry out education activities in prison to reinforce the moral standard lines through study of cases involving the violation of the laws and regulations. In 2018, the Group issued and amended the “List of Entities Responsibility for Business Integrity Establishment” (廉政建設主體責任清單), the “List of Key Tasks of Anti-corruption” (反腐敗工作重點任務清單) and the “Implementation Measures for Alert Talks (Trail)” (談話提醒工作實施辦法(試行)) to strengthen the daily education, supervision and management on its employees. The Group also strictly determined the standards of business affairs, reception and hospitality and eliminated private use of vehicles by formulating the “Rules on Business Entertainment Fees Management” (業務招待費管理細則) and “Rules on Travel Expenses Management” (差旅費開支管理細則), so as to strengthen integrity in the work place.



The Group organised its employees to watch anti-corruption education videos

#### Petitioning

The Group strictly follows the “Petitioning System” (信訪工作制度) of the Company where the principles of hierarchical management and division of responsibility is adopted to improve channels of complaining and whistleblowing, and ensure that there are appropriate channels of whistleblowing, procedures for hearing the matters and the issues be resolved promptly and properly according to law.



## 1.7 SOCIAL RECOGNITION

During the year 2018, the honors received by Shenzhen Investment in the fulfillment of social responsibility and other responsibilities were as follows:

Name of award
Top 100 Listed Real Estate Enterprises in China 2018
2018 Most Valuable Real Estate Company of “Golden Hong Kong Stocks”
2018 “Golden Wing Awards” – Hong Kong Listed Companies under Stock Connect with Best Investment Return
“First Prize” won in the 2nd BIM Application Competition held in Guangdong Province
WA Chinese Architecture Award 2018 – “Honorable Mention in WA City Regeneration Award” and “Shortlist in AW Housing Award”
First place won in the category of BIM Application for Residential Construction of the 9th “Innovation Cup” BIM Application Competition
2018 Innovation and Cooperation Awards
Taifu Square was named the sole demonstration site of sample project of “Intelligent Safety Construction Site” at province level in Shenzhen
Chaohu Shumyip Bantang Hot Spring Hotel won the honorary title of “Workers’ Vanguard in Hefei City”



“Golden Wing Awards” – Hong Kong Listed Companies under Stock Connect with Best Investment Return



Top 100 Listed Real Estate Enterprises in China 2018



2018 Most Valuable Real Estate Company of Golden Hong Kong Stocks







## 02 Green Communion



To promote the implementation of environmental protection in our decision-making, business management and corporate culture building process, and to enhance our performance in all aspects of environmental protection, the Group formulated the “Guidelines for Environmental Protection” according to the actual situation. The Environment, Social and Governance Working Committee is responsible for overall coordination and arrangement, and continuous monitoring and regular reviewing of our developed environmental protection policies as well as providing guidance for the business which involves environmental protection. In recent years, Shenzhen Investment has persisted to apply its product philosophy of “Health, Quality, Culture” in the development and construction of its projects. By applying various energy-saving and emission-reduction measures, the Group has realised its concepts of green construction, clean production and waste recycling thoroughly in the process of project development and operation, dedicating to building a resources-saving and environmentally-friendly enterprise.



Environmental protection is a bounden duty to the society of an enterprise. The Group has stringently abided by the laws and regulations of the PRC on environmental protection and energy conservation, such as the “Law of the People’s Republic of China on Environmental Protection” and the “National Hazardous Waste Inventory”.



# Green Communion

## 2.1 GREEN BUILDING

A green building is a concept that minimises the use of resources (in terms of energy, land, water and building materials), protects the environment, and minimises pollution throughout its life cycle, so as to provide a healthy, useful and highly efficient space for the residents, and buildings that stand harmoniously with the nature. To actively respond to the strategic layout of the State Council regarding green buildings, the Company has adjusted its architectural design plan according to actual circumstances.

We have fully followed the internationally recognised LEED green certification standards, and applied green, energy-saving and efficiency-improving technologies in terms of the use of natural resources, low-carbon and environmentally friendly technologies, resource recycling and operation process monitoring to build green and environmentally friendly buildings, which was well recognized domestically and internationally. In particular, the higher tower of UpperHills R&D building was awarded the U.S. LEED-CS gold pre-certification, while the theater and bookstore at UpperHills and Qianhai office project were awarded the U.S. LEED-CS platinum pre-certification respectively.



During the year, a total of 748,400 square meters of the Company's projects obtained green building certification. According to the requirements of green building, all newly-developed residential projects of the Group adopted such water conservation measures as water-saving cleaning tools and control of hydraulic pressure, and diversion of rain and sewage water were used to discharge rain and sewage water.

### Management measures on energy consumption at UpperHills:

- Smart building control system: This system conducts centralised monitoring and control on each of systems, and provides various solutions in accordance with the different requirements in different climates, pedestrian traffics and holidays to achieve intelligent environmental protection and green energy-saving.
- Smart lighting system: This system can freely adjust each of lights or adjust lights at the same time, and it also can be automatically switched under different scenarios.
- Water collection system: After the pH value adjust, chlorine disinfect and filtering tanks filter, the filtrate is recycled to the clean water pool for replenishment use of commercial cooling tower through the pumps.
- Wastewater treatment system: This system adopts smart oilwater processors for wastewater treatment, where oily wastewater is recycled by the qualified legal institutions documented by the relevant municipal authority. The wastewater which not contains oil after treatment can be discharged into the municipal waste water pipelines.
- Smart evacuation system: This system collaborates with the fire alarm system, which selects the corresponding fire collaboration contingency plan based on the fire information of the fire alarm equipment, adjusts the evacuation lights in the building simultaneously, and lead people to escape from the fire zone safely and quickly.
- Variable air volume air-conditioning system: This system can flexibly adjust the air supply volume and cooling capacity to improve the efficiency of equipment operations and reduce the electricity consumption. Meanwhile, it also utilises the interior cooling capacity or the outside fresh air heat to assist in lowering or raising the air supply temperature, so as to help reduce the electricity consumption.
- Ice-storage air-conditioning system: This project uses centralised cooling mode and ice-storage energy-saving technology, which sufficiently reflects the effect of the intensive and effective use of land and operation energy-saving. The operational expenses can be reduced by 20% or above annually when compared to the regular systems.

## 2.2 URBAN REDEVELOPMENT

In response to various national, provincial and municipal policies, including the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area (《粵港澳大灣區發展規劃綱要》), the Opinion of the State Council on Deepening the Construction of New Urbanisation (《國務院關於深入推進新型城鎮化建設的若干意見》), the Notice of Implementation Opinion on Deepening the Transformation of “Old Town, Old Factory and Old Village” (《關於深入推進「三舊」改造工作實施意見的通知》) and the Management Regulations on Shenzhen City Demolition and Redevelopment of Urban Renewal Planning (《深圳市拆除重建類城市更新單元計劃管理規定》), Shenzhen Investment actively participated in the redevelopment of old cities. After obtained the key qualification of the overall planning of Chegongmiao, Bagualing Shanglin Garden in Shenzhen city, Shenzhen Investment has concentrated its manpower and physical resources to comprehensively promote the related works, upgrade the aging properties in relevant districts and consummate the facilities of the park, thereby to achieve upgrade of business mode in such districts.

### Premier dining destinations of Shum Yip Terra



#### How the aging factories turn into an internet popular food street

Premier dining destinations of Terra are located at 1/F, Block 212, Terra Industrial & Commercial Zone with a total site area of approximately 2,500 square metres, which is the first upgrading project of its existing properties of Shum Yip Terra. The property was completed in the early 1990s, and firstly used as processing plant for import & export products and parcel sortation center of FedEx respectively. At the end of 2017, as the original functions of this parcel sortation center were unable to meet the development of Chegongmiao

and the needs of people, the Company started to reposition the property, which were finally redeveloped into “premier dining destinations of Terra” in 2018 based on the actual needs of young people, the overall image after renovation and its leading role in the district.

The Company has carried out overall renovation of the project by means of demolition of the original perimeter walls, newly construction of glass curtain walls, reset of fire services and plumbing and drainage systems, installation of gas pipelines, newly erection of telecommunication optical fibers, improvement of external environment as well as additions of nine pedestrian entrances, transforming from “closed plants” to “open streets” after renovation. In addition, the Company also attached great importance to environment conservation in the courses of renovation by adopting the relevant measures such as treatment of oil-separation, separation of oil and wastewater, separation of rainwater and wastewater and centralisation of fume purifying, so as to minimise the pollution generated from business operation.

For example, the project is equipped with a dual fume purification system for fume purification, including merchant’s internal fume purification system in the kitchen and unified fume exhaust ductwork and fume purifier. The fume from the internal purification system in the merchant’s kitchen is discharged into unified fume exhaust ductwork and then into the unified fume purification system for secondary purification under the operation of the ventilation fan on the building roof. The dual purification system ensures maximum treatment of the kitchen fume to achieve oil-free and odor-free emission.





### 2.3 GREEN CONSTRUCTION

The Group has demanded each subordinate project company to formulate relevant measures in accordance with the relevant requirements under the “Law of the People’s Republic of China on Environmental Protection” and depending on the specific condition of each enterprise to intensify the identification and management of environmental factors in all aspects. For example, project companies have established the “Environmental Factor Identification and Evaluation Management Procedures”, “Waste and Chemicals Management Procedures” and etc., to identify the effects of contaminations (such as waste gas, waste water, solid waste and noise) existed on the construction sites on the environment in a timely manner and prepare in advance. Where an environmental pollution problem is recognized, the Group will take actions immediately and response quickly, to reduce the negative impact. In 2018, no project of the Group has had any incident which have a material negative impact on the environment and the natural resources.

#### Smart construction site

In response to the government’s requirement on a civilized city construction and civilized onsite construction, the Group endeavors to build “smart construction site” in its projects by information means to conduct scientific management of the construction works and bring into various energy and material saving measures in line with the principle of green and environmental protection.

Smart construction site is the introduction of “Internet+” into construction sites, and builds a big data management platform relying on Internet and Internet of Things. Using the data of actual personnel, safety, environment and material collected from the construction sites to facilitate the lifecycle project management from the front-line operation management to remote monitoring so as to realize a cross-border integration of Internet and construction sites, which strengthens the safety management on construction sites, reduces the occurrence of accidents and effectively mitigates the effects of construction on the environment. The smart platform system provides additional safety technology insurance for the safety work of the Company’s employees and outsourced workers involved in the project as well as the safety operation of equipment.

**Intelligent dust monitoring:** It enables full coverage of spraying system and makes the real-time monitoring of environmental data (including particle concentration) available on computer and mobile phone. According to the standard control requirements, when the dust monitoring data exceeds the standard, the system can launch automatic dust reduction and make the dust under control in a timely manner. Movable spraying machines are equipped to reduce dust and improve the overall dust management and control effect.

**Sewage discharge:** Waste water can be discharged to the municipal drainage pipeline network or watercourse only after qualified precipitation treatment. We encourage the reuse of waste water after second precipitation or for dust cleaning.

**Rainwater recycling:** Rainwater recycling pool is used for rainwater recycling.

**Vehicle management:** The on-site monitoring terminal will collect the license number, covering and cleaning information of vehicles at the entrance and exit of vehicle access road for white list management. The construction unit must have an established vehicle washing system and vehicle washing ledger, as well as specially-assigned personnel responsible for vehicle washing and cleaning, to ensure no mud on the vehicle wheel and carriage. Vehicles with mud are prohibited from leaving.

**Material saving:** Advanced green construction techniques are adopted proactively on the construction site, including the use of recyclable material and prefabricated building, and the adoption of aluminum formwork construction process and BIM technique, which not only ensures project quality, but also reduces material waste and generation of construction wastes.



Dust intelligent system



Environmental dedusting spraying machine

## Technology-Focused Construction

### Shum Yip Taifu Square project

On the construction site of Shum Yip Taifu Square, smart management model can be found everywhere. At the early stage of construction, the project applied BIM techniques to scheme the general layout, so as to ensure the project can be completed on time with required quality and the construction cost of the project can be reduced.

At the medium stage of construction, the project established a smart management model characterized by high-technology and “Internet+”:

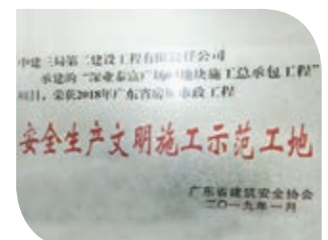
Measures	Objectives
Establish smart platform monitoring system, facial recognition system, collision avoidance system, visualisation system	Provide an additional safety technology insurance for the safety work and equipment safety operation of project personnel
Use drone and Realwear equipment	Improve safety inspection and construction work behavior management
Apply QR code patrol system	Patroll and register site security and safety condition
Install monitoring system on project tower crane and bounding wall, available for operation on mobile phone	Monitor work safety condition of each area of the project indoors
Set up VR safety education experience hall and fire drill house	Enhance the workers' perception and experience of real environment
Set up safety-answering function on the interface of WIFI connection, and access to the Internet can be allowed with right answer	Enhance project personnel's safety knowledge and safety education whenever and wherever possible
Apply mobile-supported APP and real-name labour service system and other innovative models	Publish, review and respond to the notice of safety hazard rectification at any time and improve the overall implementation efficiency of project safety management

VR safety experience hall helps construction workers to experience different occasions of accident simulation and improves their safety protection skills.

The Shum Yip Taifu Square project implements the philosophy of “green construction”, and realised the “seven 100%” governance goal of Shenzhen. The project introduced new construction techniques and generated new benefits of safety economy by promoting advanced techniques such as aluminum-alloy formwork application technologies, PC stairs techniques and temporary and permanent basement air exhaust. It was recommended to be the view and emulation site for “work safety month (安全生產月)” and “work safety long march (安全生產萬里行)” activities of construction industry in Guangdong Province in 2018 and was granted the “Work Safety Demonstration Site” award. The project has received various awards and recognition, including the “Excellent Site for Shenzhen Project Construction Safety and Civilized Construction” (深圳市建設工程安全生產與文明施工優良工地) and “Work Safety Demonstration Site for Shenzhen Luohu District” (深圳市羅湖區安全生產示範工地), and passed the inspection of “Demonstration Site for Work Safety and Civilized Construction in Guangdong Province” (廣東省安全生產文明施工示範工地). As the only provincial “smart safety site” (智慧型安全工地) model project demonstration site in Shenzhen, Shum Yip Taifu Square successfully organised the Guangdong Province housing and construction system “work safety month” model project site view and emulation communication meeting and promotion meeting for safety and civilized construction standards of municipal construction project in 2018 (2018年廣東省住建系統「安全生產月」樣板工地現場觀摩交流會暨全市建設工程安全文明施工標準提升動員會).



VR safety education experience hall



### Qianhai Intelligent Hub project

Currently, Qianhai Intelligent Hub project is the first prefabricated construction project in Qianhai area, and has incorporated into Qianhai quality improvement action plan and passed the technique validation in design phase. The prefabricated construction has various advantages, including improving project quality, increasing construction efficiency, reducing number of site personnel and realizing energy saving and emission reduction. In August,



Show of prefabricated construction



Various profile material designs of the Company have been applied to certain project

During the year, Shenzhen Terra Construction Co., Ltd. of the Group has been granted 13 profile material patents by the National Intellectual Property Administration, PRC, including 9 design patents and 4 utility model patents. Shenzhen Terra Construction Co., Ltd. is one of the few enterprises applying T-shape aluminum in the industry at an earlier stage. As a new green environmental profile material, compared with the T-shape steel, T-shape aluminum is of greater toughness and ductility, with minimalist and aesthetic design, energy-saving and environment-friendly feature but without additional cost. T-shape aluminum is more stable shows better quality of construction design and greatly promote the progress of construction works. Currently, various profile material designs from Shenzhen Terra Construction Co., Ltd. have been applied to several projects, enabling a building to approximate its design effect to the maximum extent. Such designs have been widely recognized and received more than 300 visits organised by enterprises and public institutions from various regions.

the initial project of Qianhai Intelligent Hub was awarded the Excellent Award of the 7th “Long Tu Cup (龍圖杯)” national BIM competition in 2018, and was recognized as one of the top 100 demonstration units of BIM application in China and top 100 view and emulation sites of BIM application management in China.

In positive response to the government call, we built one experiment building for one housing pattern as a model to present prefabricated construction nodes available for visiting by and communication with industry peers in this project, so as to promote the development of prefabricated construction industry in Shenzhen.

### New Environmental Profile Material

The Company not only requires application of advanced green construction technology to the construction site of each project, but also increases technology research and development investment in order to be a “high and new technology leader” in the construction industry.

During the year, Shenzhen Terra



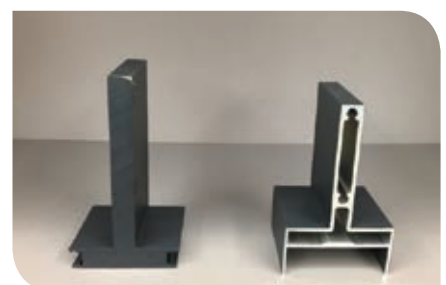
China BIM center alliance award



Profile material patents granted by the National Intellectual Property Administration, PRC



Profile material patents granted by the National Intellectual Property Administration, PRC



T-shape aluminum



## 2.4 GREEN PROPERTY

The Group continues to propel the implementation of green property development concept of its property companies and promote scientific management of water, electricity and energy consumption, which goal was considered as the key work for the Company to develop green property management. Currently, many property companies under the Group have completed their establishment of energy management systems. A set of scientific, clear and operational systems of norms have been established through these systems, which ensures that the energy saving work is carried out accurately.

Currently, properties managed by a number of property companies under the Group have already passed the energy management system certification, namely:

Shum Yip Property Headquarter office area  
Shum Yip Centre Building  
Shenzhen Municipal Government second office project  
Complex Building of Pengji Management Company (鵬基管理公司)  
Shenzhen Second People's Hospital

In 2018, property companies under the Group continued to promote energy saving and consumption reduction in the communities under their management.

Energy efficiency transformation of lighting system and water pumps:

The property companies replace lamps installed in public floors, road lighting lamps, courtyard lamps, and lamps installed in underground parking lots and other areas of the property with LED lamps. In some public areas, lamps controlled by delay sensor switch were also used. In addition, energy efficiency transformation of water supply system on water pumps in aged communities and rain and sewage diversion transformation of underground pipeline network are carried out. Through the efforts to optimize various management measures, a reduction in energy consumption is achieved.

### Representative properties with LED lamps replaced

#### Underground parking lots in Shunde Shumyip City Phase III

more than 500 lamps were replaced, and it is expected that the electricity bill will reduce by approximately

**RMB45,000**  
per annum



#### Guangzhou Jincuiwan (廣州金翠灣)

355 lamps were replaced, and it is expected that the electricity bill will reduce by approximately

**RMB20,000**  
per annum



#### Surgery building of Shenzhen Second People's Hospital

**13,029**  
lamps were replaced



#### Pengji Apartment (鵬基公寓) in Liantang

**560**  
lamps were replaced



The property companies conducted a comparative analysis on water and electricity consumption in 2018 of 18 projects in Shenzhen under their management. Compared with the same period in 2017, utilities for actually consumed water and electricity charged in 2018 reduced by RMB870,000.

### The residential estate of Chengdu Yihu Rose Garden being awarded the Demonstration Community for Domestic Waste Separation

In terms of promoting domestic waste separation in communities, the property companies have also undertaken their responsibilities and duties as an enterprise, proactively responded to the calls of our country and governments at municipal and district level by actively publicizing waste separation to the owners in communities and guiding them to consciously classify garbage before dumping, so as to build civilized communities by efforts based on the proposed scientific concept of “Living a Low-carbon Life in a Green Community”. In November 2018, in view of the fact that waste separation carried out in the Group’s Tairan Yihu Rose Garden Project was highly praised by the government of Chengdu City and Qingbaijiang District, the Qingbaijiang Urban Administration honored Yihu Rose Garden Project the title of “Advanced Community for Domestic Waste Separation”. All property companies in the district were required to learn from the Tairan property company. On 18 December 2018, reporters from Chengdu TV conducted a special interview with staff of the property company on waste separation of Yihu Rose Garden Project, in respect of which, members of the Chengdu Municipal Political Consultative Committee also visit to make an inspection and get some understanding.

## 2.5 EFFECTIVE UTILISATION OF RESOURCES

In 2018, companies under the Group strengthened the management of effective utilisation of resources. This is particularly the case for Chaohu Bantang Royal Spring Garden and the Chaohu Holiday Hotel. Due to the unique location of the hotels, protection of groundwater resources of hot spring is of great significance to sustainable development of the hotels and even the region. Pursuant to relevant requirements under the Law of the People’s Republic of China on Environmental Protection 《中華人民共和國環境保護法》, Water Pollution Prevention and Control Law 《水污染防治法》, Atmospheric Pollution Prevention and Control Law 《大氣污染防治法》, Law on Prevention and Control of Solid Waste Pollution 《固體廢物污染防治法》 and Noise Pollution Prevention and Control Law 《噪聲污染防治法》, the hotels implement rigorous self-examination and take initiative in active environment protection.

### Water-saving and consumption reduction carried out in Chaohu Royal Spring Garden

In order to comply with the Group’s “Green Development” policy, and in combination with the Group’s various long-lasting and vigorously implemented measures on “water-saving and consumption reduction”, Chaohu Hot Spring Hotel of the Group (hereinafter referred to as Hot Spring Hotel) has explored and summarized some applicable water-saving measures over the years of its operation and management based on its characteristics of large water consumption, stringent water quality requirements and fixed structure of water source, and some achievements were made.

	2016	2017	Changes year on year	2018	Changes year on year
No. of guest reception (person/time)	164,424	170,778	+3.86%	173,686	+1.7%
Hot spring water consumption (tonnes)	132,404	120,200	-9.22%	75,516	-37.17%
Hot spring water consumption per capita (tonne)	0.8	0.7	-12.5%	0.4	-38.22%
Hot spring water charges (RMB)	595,818	540,905	-9.21%	400,235	-26.01%

Note: Hot spring water charges were RMB4.5/tonne in 2016, RMB5.3/tonne in 2017 (excluding the mineral resources compensation fee of RMB0.8/tonne per annum, the actual charges were RMB4.5/tonne) and RMB5.3/tonne in 2018.

Taking into consideration of the number of guests, revenue and the growth of GOP in Chaohu Hot Spring Hotel in 2018, the enhanced efficiency in saving running water and hot spring water was never easy. Concrete measures are as follows:

Set up an accountability system	Establish a water-saving leading group, formulate water-saving rules and regulations, hold water-saving meetings regularly, implement water-saving measures, and supervise and assess water-saving efforts to make sure that such efforts are authoritative and workable.
Establish the performance assessing system for water resources management so as to enhance the awareness of responsibility	<ul style="list-style-type: none"> <li>Utilise water-saving accessories and materials for water devices and adjust the opening degree of flushing valves so as to maintain appropriate water flow when flushing;</li> <li>Prevent "water running, emitting, dripping and leakage" through various efforts such as routine inspection and self-check, regular meter reading every day as well as recording, analysis and comparison.</li> </ul>
Diversify the structures of water source and prioritize cost reduction and reduction in water consumption when selecting water source	<ul style="list-style-type: none"> <li>Try best efforts to consume hot spring water delivered from native hot spring well to reduce the proportion of diverted hot spring water consumed;</li> <li>Utilise the native cold spring water and hot spring wastewater for cleaning and watering, and the used hot spring water will serve as the main source of water replenishing for landscape lakes.</li> </ul>
Improve water-drawing technology, invest more in additional hardware and transformation cost to ensure the implementation and upgrade of water-drawing technology	<ul style="list-style-type: none"> <li>Effectively reduce the volume of one-off injected water and the volume of replenished water to maintain temperature of the hot spring pool by transforming electric plate replacement devices for increasing hot spring water temperature and by utilising mechanical filtration circulating system, which conserves nearly 7,000 tonnes of hot spring water per annum;</li> <li>According to statistics, 5,475 tonnes of condensate water is recovered from steam boiler every year and auxiliary heat is concurrently maintained at 83°C by adopting high-temperature boiler condensate water recovery technology, which has effectively reduce the water consumption in boiler and laundry.</li> </ul>

## 2.6 GREEN OFFICE

In order to strengthen energy management and use water, electricity, gas, oil and other energies in a scientific and rational way to reduce energy waste and cost, the Group has paid high attention to energy conservation and consumption reduction, and promulgated a series of management measures and regulations, such as Regulations on Paperless Office Management (《無紙化辦公管理規定》) and Notice on Promoting the Reform of the System of Official Vehicles Owned by Affiliate Enterprises (《關於推動所屬企業公務車制度改革工作的通知》) and so on.

**Water-saving and electricity-saving:** Use energy-saving sanitary wares and lamps to reduce energy consumption; continuously improve employees' awareness of energy conservation and emission reduction by means of system restriction and personnel supervision and other measures.

**Paperless office:** The Group has established EIP office system to improve office efficiency and save office paper.

**Energy-saving publicity:** Post energy-saving publicity slogans and actively launch relevant strategies and action plans.

**Standardise the use of vehicles:** Reduce the use of official vehicles and stop using the high-emission official vehicles without affecting the normal operation of the Company's official vehicles.

**Avoidance of the generation of waste products and waste materials:** Use packaging materials reasonably, minimize the generation of waste materials, waste and hazardous waste, and achieve the garbage classification. For example, identify oily waste, waste mercury-containing fluorescent tubes, waste nickel-cadmium batteries, etc. effectively and collect and treat the used batteries and glass magnets by classification to reduce environmental pollution caused by hazardous waste.



EIP office system


Environmental Data			
ESG Indicator	Unit	2018 data	2017 data
<b>A1. Emissions</b>			
<b>A1.2 Greenhouse gas emissions and intensity</b>			
Scope I: CO <sub>2</sub> emissions	Tonnes	3,797.83	5,024.41
Scope II: CO <sub>2</sub> emissions	Tonnes	19,485.42	19,522.03
Total CO <sub>2</sub> emissions	Tonnes	23,283.24	24,546.44
Emission intensity (tonnes/HK\$ million)	Tonnes/HK\$ million	1.40	2.39
<b>A1.3 Hazardous waste produced</b>			
Fluorescent tubes or energy-saving lamps with mercury	Tubes	3,510	6,222
Printer cartridge used	Units	2,351	9,095
Abandoned electrical and electronic equipment	Pieces	119	218
<b>A1.4 Non-hazardous waste produced</b>			
Wastepaper	Kilogrammes	42,446.00	51,691.00
Construction waste <sup>1</sup>	Tonnes	32,113.00	11,500.00
Concrete	Cubic metres	318,019.00	389,198.00
Bricks	Cubic metres	57,999.00	173,770.00
Reinforcing steel	Tonnes	107,441.00	129,476.00
Stones	Tonnes	9,554.00	58,015.00
Timber	Tonnes	5,161.00	28,601.00
Food waste produced <sup>2</sup>	Kilogrammes	463,843.00	212,333.00
<b>A1.6 Total hazardous waste recycled</b>			
Electronic equipment recycled	Pieces	260	219.00
<b>A1.6 Total non-hazardous waste recycled</b>			
Metals recycled <sup>3</sup>	Kilogrammes	58,183.00	3,500.00
Plastic recycled	Kilogrammes	3,511.00	2,030.00
Wastepaper recycled	Kilogrammes	10,121.00	8,983.00
Glass recycled	Kilogrammes	4,565.00	4,771.00
Reinforcing steel recycled	Tonnes	3,689.00	1,252.00
Earth recycled	Cubic metres	129,061.00	/

## Environmental Data

ESG Indicator	Unit	2018 data	2017 data
<b>A2. Use of Resources</b>			
<b>A2.1 Energy consumption in total and intensity</b>			
Total energy consumption	Megawatt hours	53,298.66	52,679.58
Energy consumption intensity	Megawatt hours/ HK\$ million	3.20	5.14
Gasoline	Litres	413,640.00	508,408.00
Diesel oil	Litres	221,960.00	194,010.00
Liquefied petroleum gas	Litres	82,037.00	69,203.00
Natural gas	Cubic metres	941,626.00	1,506,632.00
Total power consumption	Kilowatt hours	36,967,208.00	30,372,163.00
<b>A2.2 Water resources consumption and intensity</b>			
Total water consumption	Cubic metres	1,292,552.00	540,268.00
Water consumption intensity per HK\$ million	Cubic metres/ HK\$ million	77.66	52.69

### Notes:

1. Construction waste is mainly produced in the building of construction in progress. The total number of construction in progress of the Company in 2018 increased as compared to 2017 while the total number of completed projects decreased as compared to 2017. In addition, various projects under construction (such as Shum Yip Zhongcheng, Chegongmiao Redeveloped Project Phase 1, Taifu Square, etc.) witnessed obvious increase in the consumption of building materials as compared to the commencement of construction in previous year as they were in the mid-term stage of construction with high consumption of building materials. Therefore, the construction waste was far more than that in last year in many projects, which resulted in far more construction waste in 2018 as compared to 2017.
2. Food waste was mainly produced from the food and beverage department and kitchens in hotels. The increase in the food waste was due to the increase in the guests to hotels under the Company where the number of people having food in Suzhou Marriott Hotel in 2018 increased by 41,558 as compared to 2017.
3. Although the construction waste produced from the construction in progress increased significantly as compared to 2017, the metals recycled from the construction in progress of the Company in 2018 increased as compared to 2017, which was due to strengthened management of construction waste by the Company through improved disposal of recyclable construction waste such as metals.



The vision of being a “leader in value creation for urban space” is put forward by the Group, which also requires us to implement each section of design, development and operation based on high quality, craftsmen’s consciousness, and refined management.

-- LU Hua, Chairman of the Board of Shenzhen Investment  
(2018 working conference of the Group)





## 03 Quality Improvement



Shenzhen Investment has always maintained its product and service quality at a high level, implemented refined management, and strived to make each project the masterpiece of the city. We believe that the quality of real estate products is not only limited to the quality of its construction work, so the Company can win the long-term loyalty from customers for its brand after improving the quality of each section of a project such as planning, design, building, utilisation, maintenance, and service.



# Quality Improvement

## 3.1 SUPPLY CHAIN MANAGEMENT

Shenzhen Investment has always been committed to adhering to the concept of high standards of business ethics and honest operation. The Group has formulated “Code of Conduct for Suppliers of Shenzhen Investment Limited” (《深圳控股有限公司供應商行為準則》) and “Administrative Measures for Suppliers” (《供應商管理辦法》), etc. to encourage its suppliers to compliance with various regulations, maintain good operating standards and business ethics and jointly bring positive impact on the environment and society.

**Supplier Management:** the Company has established the “Qualified Suppliers List” to standardize work in relation to supplier inspection, evaluation, and selection, which will be comprehensively assessed and updated on an annual basis. Unqualified suppliers will be phased out from the list. The Company has formulated “Detailed Rules for the Management of Procurement and Bidding of the Construction Projects” (《工程建設項目採購招標管理細則》) to standardise the procurement and bidding of the construction projects. In addition, we have also promoted the diversity and localisation of the suppliers gradually.

In 2018, Suzhou Company under the Group strengthened the management of suppliers in strict accordance with relevant regulations. In addition to the general cooperation contract, an additional integrity contract has also been signed to avoid illegal acts.

Based on the annual evaluation of all cooperating suppliers to ensure effective assessment management, East China Company further revised the “Bidding Management System” (《招標管理制度》) in June according to the national prevailing laws and regulations governing the bidding, standardising the procurement classification and procurement process and improving the procurement efficiency. In November 2018, with transparent procurement implemented, all the projects were for bidding through the transparent procurement platform.

**Green Procurement:** the Group has earnestly implemented the “Shenzhen Blue Sky (深圳藍)” Sustainable Action Plan for 2018 by the State-owned Assets Supervision and Administration Commission of Shenzhen. When bidding for a project, a contractor is required to strictly follow the “Shenzhen Blue Sky” Sustainable Action Plan for 2018 in the bidding documents; the construction machinery and loading and unloading machinery listed in the bidding documents shall meet the national current emission standards for diesel engines of non-road motor vehicles to encourage the use of LNG or electric construction machinery and loading and unloading machinery.

## 3.2 PRODUCT QUALITY ASSURANCE

On the basis of strictly compliance with the national quality standards and norms specified in the Construction Law of the People’s Republic of China (《中華人民共和國建築法》), the Regulation on Quality Control of Construction Projects (《建設工程質量管理條例》) and the Provisions on Supervision and Management of Quality of Construction Projects (《建設工程質量監督管理規定》), the project company of Group, under the direction of the Quality Management Leading Group and in accordance with the monthly and quarterly circuit inspection system, employs third-party professional organisations to conduct 100% comprehensive quality inspection and evaluation on the developed projects. For the quality and safety problems of the project found in the monthly and quarterly circuit inspection, a written rectification notice will be issued, and a specially-assigned person will be responsible for supervision and acceptance to strictly control the quality and safety of construction.

In 2018, according to the “Measures on Construction Quality Management of Shum Yip Terra (Holdings) Co., Ltd.” (《深業泰然(集團)股份有限公司工程質量管理辦法》), and taking the construction project as an assessment unit, Terra Company formulated the progress and quality assessment indicators of the construction project. An assessment will be made according to the quality test results with reference to the self-inspection reports submitted by various real estate holding enterprises together with the circuit inspection scoring for the projects of the Group, achieving a link between the assessment results and the annual performance appraisal of the various real estate holding enterprises.

Property management companies:

- |   |  |   |
|---|--|---|
| • Strengthen staff training, and intensify supervision measures on quality (safety) management circuit inspection, special examinations and spot check, etc. to improve service quality and safety management | • Issue guidelines for standardised circuit inspection of quality management | • Have regulatory provisions on project standardisation, etc. |
|---|--|---|

## 3.3 SERVICE QUALITY ASSURANCE

We pay high attention to the rights and interests of the customers and the management and maintenance of the relationship with customers. Shenzhen Investment has strictly complied with the “Law of the People’s Republic of China on Product Quality (《中華人民共和國產品質量法》)”, “Law of the People’s Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》)”, “Advertisement Law of the People’s Republic of China (《中華人民共和國廣告法》)” and “Trademark Law of the People’s Republic of China (《中華人民共和國商標法》)”, etc. and continue to strengthen the sales and the service awareness of property to win the trust of customers in accordance with the “Marketing Management Measures (《營銷管理辦法》)” and the “Standard Manual of Property Service Center (《物業服務中心標準手冊》)” formulated by the Company.



## Property service

In 2018, Shum Yip Property Group under the Group made a breakthrough in business expansion, taking over 56 new projects with a total management area of 34.24 million square meters. Shum Yip Property has made innovations and adjustments in organisation management structure. It has established eight property management centers, namely the east of Shenzhen, the west of Shenzhen, Guangdong, Guangxi, Hunan, Jiangxi, Jiangsu and Shandong, and three professional centers including building technology, elevator and environment to manage the professional service of property management.



High-end business apartment service team

Many property companies under the Group established professional fire emergency response division, awarded the “Work Safety Standardisation Level 3” certificate, and obtained upgraded certifications of ISO9001 Quality Management System, ISO14001 Environmental Management System and OHSAS18001 Occupational Health and Safety Management System, etc..

## Park operation

The Group also has a unique service mode in the aspect of park operation. Currently, Shum Yip Wisdom Park Operation Company jointly operated by Terra Property and Tian'an Operation under the Group has management area of nearly 13 million square meters with management projects covering all kinds of comprehensive properties such as urban industrial parks, high-end office buildings, and industrial parks and serves accumulated more than 10,000 innovative growth enterprises. Only for Terra • Tian'an High-tech Park in Chegongmiao, the CBD area of Shenzhen, the management area covers more than 3,000 innovative and technological enterprises, the output value of the park being almost over RMB200 billion and employees in the park nearly 300,000.



Shum Yip Wisdom Park Operation Company owns the unique “Wisdom Park Operation Service Mode” initially created in China. With the advanced tech-information means, the service mode has built an efficient O2O operating service platform in the industrial park with seamless connection between online and offline. For the offline, through core parts such as “Park Operating Service Center”, physical operating platforms such as operational service, demonstration experience, business training have been built in a standardised way to bring brand new service experience to customers in the park.

For the online, relying on the Wisdom Park Operation Service Network (PC & mobile phone APP), eight service platforms have been established, namely information exchange platform, financial service platform, business service platform, human resources platform, product road show platform, administrative service platform, park supporting platform and property service platform to create a unique benchmark for the industry park operation platforms in the industry.



The national top ten in the professional property management skills contest

Qi Jinqiao(戚進橋), from Tian'an Operation, was placed the 10th in the electrician group in the national professional property management skills contest by virtue of his excellent property expertise and skills, and honored the title of “Technical Experts in National Urban and Rural Residential Construction(全國住房城鄉建設行業技術能手)”, becoming the only contestant winning this honor from property management enterprises of Guangdong in this contest.

## Quality Improvement



"We are serving for the homeowners. The homeowners' business is everything, no matter how small or big. As long as the homeowner is satisfied, the quality of our service will go up."--Wanxia Shum Yip • Ruicheng Management Office(萬廈深業·睿城管理處)



"We, the property management employees, serve the community every day and night and care your concerns in all respects, to provide you with a more comfortable living environment."-- Qiaoxiang Village Management Office under Wanxia Company(萬廈公司橋香村管理處)

### 3.4 CUSTOMERS SAFETY PROTECTION

#### Fire Safety Check Carried Out in the UpperHills

In July 2018, the Guangdong Province Public Security Fire Brigade (廣東省公安消防總隊) organised third-party organisations, including construction monitoring centers, fire companies and other units to select four experts to participate in the fire inspections and checks carried out in the UpperHills. Staff members of the Company, being the owners and the management unit, were cooperative throughout the inspections and have been proactive in consulting those experts. All potential problems detected were rectified in a timely manner. The Company has established rescue technique disposal team for super high-rise buildings, and the UpperHills's fire safety capacity has satisfied standard requirements and thus smoothly passed the provincial high-level comprehensive fire safety check. Therefore, the Company was able to provide safety protection for customers and merchants.



#### "Work Safety Month" Fire Emergency Response Drill

In June 2018, the Group organised the "Work Safety Month Fire Emergency Response Drill 2018" at the financial base of the science park. A total of about 80 persons have participated in the fire emergency response drill, including in-charge persons of corporate work safety, representative customers of corporate, as well as persons came from the State Administration of Work Safety, the street office, the fire squadron, fire brigade, etc.. It was imitated in the drill that the aging wires in the air-conditioning control room at block 1 and block 3 of the financial base caught fire, which was timely detected by staff in the central control room. The volunteer fire rescue team evacuated personnel, sprinkled water to extinguish the fire and

rescued materials in the first time. The fire squadron joined in the on-site firefighting, while the medical care and rescue team showed the wounded such contents as first-aid skills, the throw and catch of hoses, as well as the method of using extinguishers.

This drill had enabled the corporate customers and staff to enhance their fire safety awareness, learn and master common sense of evacuation, and further guided the corporate customers and staff to master the correct way of using fire protection equipment. Meanwhile, the drill had improved organising, escaping, handling and self-rescuing capabilities of volunteer fire team in firefighting, thus securing the safety of corporate customers.



### 3.5 MARKETING AND SALES SERVICES MANAGEMENT

Marketing and sales service quality and customers' satisfaction have always been the important objectives that Shenzhen Investment pursues. In the process of marketing and sales services, we ensure regulated process, disclosed information and genuine publicity, continuously improve the regulation of marketing and sales management system and standardisation of business process, and strength training for marketing and sales employees to enhance service efficiency and quality, ensuring that products are delivered to customers as schedule and with high quality. At the same time, we strengthen the protection of customers' privacy and establish good interaction with customers.

#### Compliance with Laws, Openness and Transparency

In the process of sales of projects, we strictly comply with the government laws and regulations including the General Principles of Civil Law of the People's Republic of China (《中華人民共和國民法通則》), Contract Law of the People's Republic of China (《中華人民共和國合同法》), Property Law of the People's Republic of China (《中華人民共和國物權法》) and Law on Administration of Urban Real Estate of the People's Republic of China (《中華人民共和國城市房地產管理法》), handle and formulate relevant procedures and law documents. We give genuine publicity with respect to the corporate brand and qualification, development and sale permits, product (building) materials and process, product price and value, sales process, law documents and relevant risk notice, etc. and carry out public disclosure in the sales location to ensure the openness and transparency of the information about the company and products. Meanwhile, we provide uniform training to marketing and sales employees to ensure standardised communication of information.

#### Rational Promotion and Good Interaction

For external publicity and promotion, we check the publicity information with the third party cooperative unit and legal departments together and require production unit to provide material sample in advance for pre-approval in accordance with the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), Regulation on Advertisement Dissemination for Real Estate (《房地產廣告發佈規定》), and Tentative Measures for Management of Internet Advertisement (《互聯網廣告管理暫行辦法》), to make sure that advertisement pictures and sales materials displayed are not only legitimate but also highlight the corporate brand, project image and product value.

For promotion forms, we carry out effective transmission and effective communication with customers through full use of new media and new technologies, including diversified channels such as Wechat public platform, mobile terminal media, internet media, opinion leaders in the industry, outdoor advertisement, television and radio stations. Meanwhile, we actively give back to our customers through various offline marketing activities such as brand release conference, major customer signing ceremony, art appreciation, cultural exchange, green sports, and homeowner appreciation events. During the year, the Company hosted a themed exhibition named "Neighborhood Earth" in UpperHills with the former astronaut of NASA being presence, making contribution to the public understanding of scientific knowledge about aerospace.



A NASA astronaut arrived at UpperHills



## Quality Improvement

### Quality Guarantee and Delivery Performance

In performance of responsibility for product delivery, we, in accordance with the delivery time as agreed in house purchase contracts on a strict basis, regularly organise pre-delivery risk inspections in advance for key projects in combination with the engineering department, issue the occupation permits as required by the government for management purpose, formulate reasonable and effective occupation procedures as well as preparing residential manual, quality guarantee, owners' manual and other documents, so as to ensure timely delivery of products with quality to customers.

### Protection of Customer Privacy

We strictly comply with the relevant national laws and regulations, regulatory requirements of the industry and management systems involving protection of customer privacy. According to provisions under the Management System for Sale Hall 《銷售案場管理制度》 on protection of customer information, all customer information is recorded in the unified Mingyuan sales management system, with diverse marketing staff granted with varied inspection and management authorities based on needs for their positions. In addition, we implement management with designated personnel, specific positions and dedicated computer system to effectively protect customer information security. At the same time, we launch occupational ethic training for all marketing staff and deal with theft of customer information by marketing staff seriously. We are not aware of any leakage of customer information in 2018.

### Honors and Awards Won

In 2018, a number of projects of Shenzhen Investment were well recognized in industry with various honors and awards won:

Shum Yip Zhongcheng won the award of “Annual Commercial Apartment” granted by Nanfang Media Group.

Shum Yip Taifu Square was granted the award of “Annual Properties of Concern to Customers” for apartment project in the “2018 Annual Festival for Real Estate Company List in China (Shenzhen)” held by Anjuke.

Huizhou Joy City won the awards of “2018 Hot Properties with High Quality” granted by Southern Metropolitan Daily and “2018 Properties with the Greatest Influence” granted by Netease.

Gaobangshan No.1 in Huizhou won “2018 Quality Properties” granted by Sohu and “2018 Properties with Leading Quality” granted by Netease.

Shunde Shumyip City won “2018 Quality Properties in Foshan Property Market” granted by fang.com and “2018 Properties with Quality Service” granted by Anjuke.





### 3.6 RESPONDING TO CUSTOMERS' COMPLAINTS

Attaching great importance to the management and maintenance of customer relationship, Shenzhen Investment has strictly implemented policies concerning customer relationship and major risk management under the “Administrative Measures for Marketing” 《營銷管理辦法》 of the Company. We regulated the work procedure of customer relationship management of companies under the Group and require that customers' complaints must be handled timely and properly, thereby promptly identifying and eliminating potential risk. Moreover, while the complaint closing rate continues to rise, we conduct regular interviews to maintain good customer relationships.

During the reporting period, we received a total of 11 complaints related to building quality, no complaint related to sales and 4 other complaints, and the overall complaints rate was 0.26% of sold units (after the delivery of possession). After receiving complaints from customers, we responded and handled actively, strictly implemented the Company's established systems and procedures based on the laws and regulations and the contract agreements, and maintained sincere communication with customers, striving to achieve corresponding improvement and maintain good relationship with them. Meanwhile, we performed classification, registration, coordination and archive for customer complaints, and conduct regular statistics, analysis and conclusion of information about customer complaints, which was conducive to improving the Company's marketing service standard.









## 04 People Oriented



Employees are the most precious resources and wealth for corporate sustainable development. The Group attaches great importance to safeguarding of the basic rights and interests of our employees. In particular, employees are selected by the Group according to the specific requirements of each position with equity and fairness. Employees are treated fairly, irrespective of gender, age, sickness or ethnicity, and child labour or forced labour is strictly forbidden. In addition, taking employees' development as the first priority, the Group continues to optimize its remuneration package, designs diversified career development channels, and establishes appropriate talent training system, in a bid to offer a career development platform for each employee. In relation to welfare benefits, the Group provides employees with safe working environment and sound working condition.



The Group provides comprehensive protection and care in the life and work of our employees, aiming to increase their sense of recognition and belonging, release and sustain their ability and potential, and ultimately, drive our employees to grow and develop along with the Group.

# People Oriented

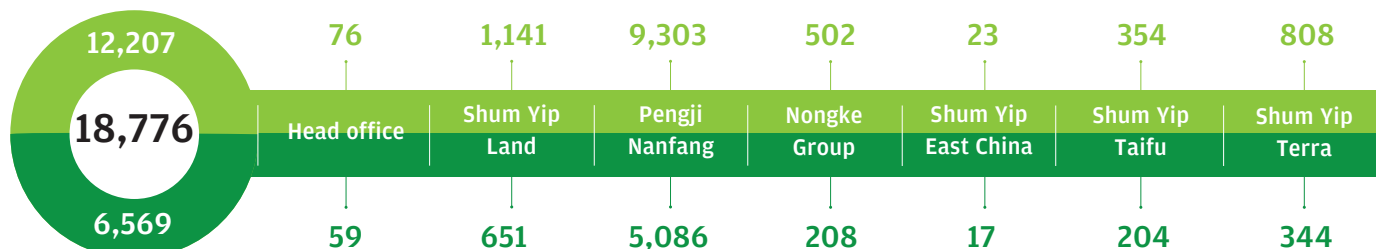
## 4.1 HUMAN RESOURCES PROFILE

Adhering to the management philosophy of “people oriented”, the Group is committed to creating a working environment with fairness, equity and respect for all employees. For the development and selection of talents, the Group builds a multi-level and all-around talent team in echelon to improve employees’ knowledge and expertise, improve career planning, provide various training opportunities and strong support and also provides powerful talent base for the sustainable development of the Company.

### Staff employment profile

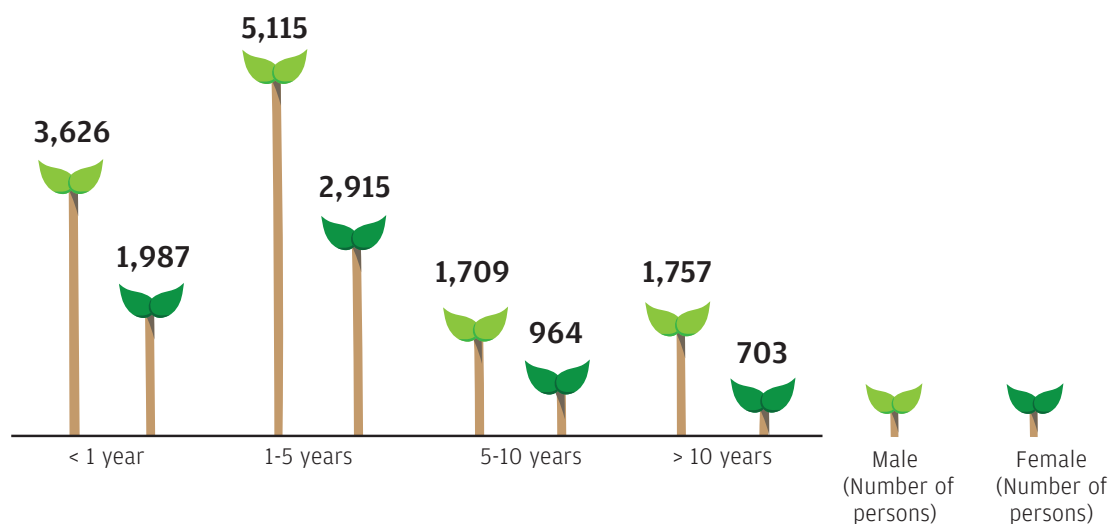
#### Workforce composition

Male (Number of persons)

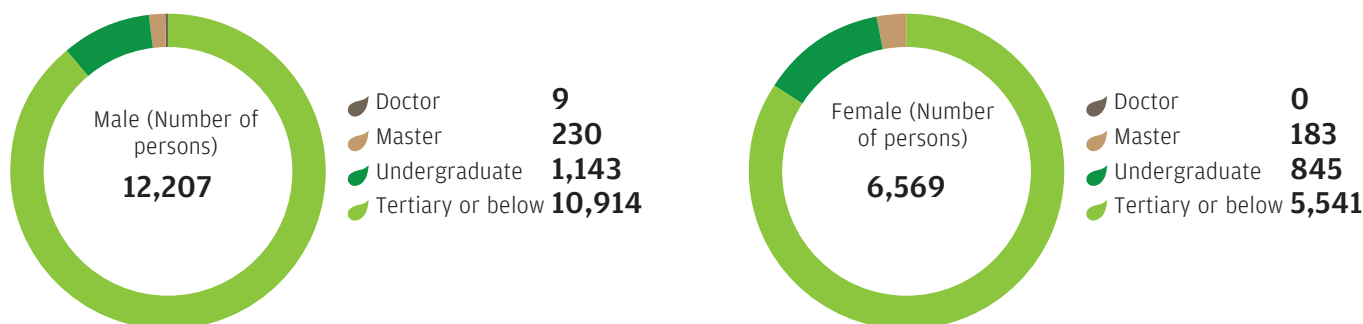


Female (Number of persons)

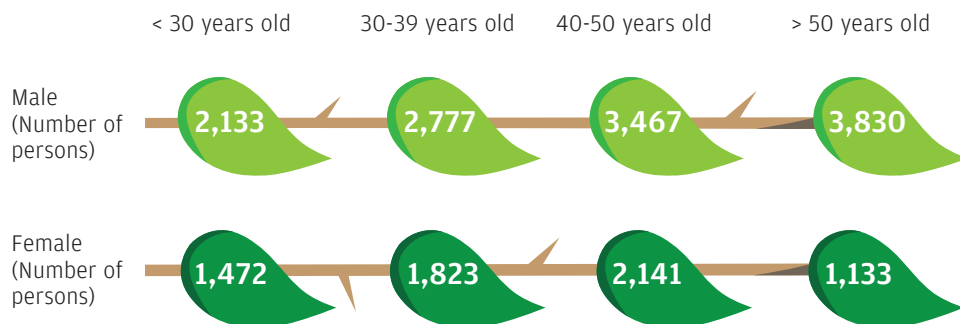
#### Seniority distribution



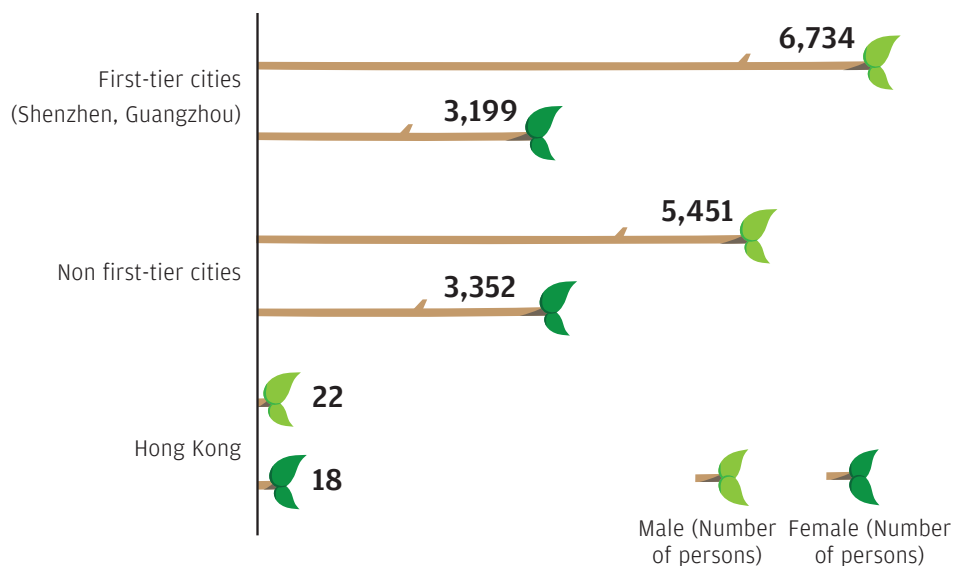
#### Education level distribution



### Age distribution

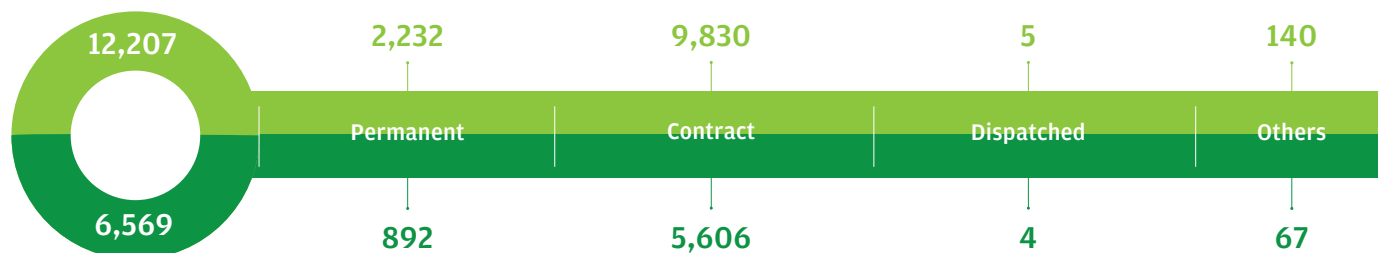


### Geographical location distribution



### Employee type distribution

Male (Number of persons)



Female (Number of persons)

**Total:** Male (Number of persons) 12,207 Female (Number of persons) 6,569



## People Oriented

### Improvement of Policies and Systems

During the year, the Group set up standard procedures for remuneration and benefits, staff recruitment and promotion, redesignation and extro-company exchange, management of resignation and termination, holidays, job qualification, awards and evaluation. We amended the “Administrative Measures for Selection and Appointment of Management” and promulgated the “Tentative Incentive Measures for Urban Renewal Projects”. According to the Group’s “13th Five-Year” strategic plan and the responsibility adjustment and optimisation of relevant departments, we conducted an evaluation on our headquarter positions using the International Position Evaluation System. Upon completion, a new position system better meets the needs of business development is established in place.

In relation to the establishment of a talent team, the Group carries out market-oriented recruitment and innovative talents selection and appointment system. The Group amended the “Administrative Measures for Employee Occupational Development and Promotion” and the “‘Shen Drive’ Measures for Development and Management of Talents” to motivate employees, maintain the industry-leading advantage of employee performance and the comprehensive benefits of human resources and fully guarantee and promote the achievement of the strategic goal of the Company. In addition, the Group has established a linkage mechanism of contractual management to conduct value assessment on the positions of the operating team of each enterprise, thus forming a differentiated remuneration and appraisal system, realizing contractual management of position recruitment, salary payment, performance appraisal and personnel resignation, and finalizing a performance-based position and remuneration mechanism.

### Innovation of Incentive Mechanism

The Group constantly studies the innovation of professional market incentive mechanism. In 2018, in view of the positive effect of the incentive mechanism pilot in Shenyang Wu’ai (瀋陽五愛公司), the Group conducted an incentive mechanism innovation on the professional market of Shum Yip Taifu in accordance with industry practice. It covers a package of arrangement, including revenue sharing, excess profit sharing, sales commissions and value-added business sharing, reflecting strict reward and punishment system and added value sharing principle, boasting the motivation of the management.

### “Shen Drive” (深動力) Scheme

Campus recruitment is of great importance to the Group’s talent introduction, cultivation and reserve, injecting new vigor and vitality to the Group from time to time. The year of 2018 witnessed the fifth “Shen Drive”(深動力) campus recruitment. In September, the Group launched “Online Shen Drive Campus Recruitment Talk” (深動力校園招募空中宣講會), attracting nearly 80,000 domestic and overseas fresh graduates. Through online talks, campus talks as well as other online and offline promotions, a total of nearly 3 thousand students attended the first round of interview of the Group’s 2019 campus recruitment, among which, nearly 450 excellent students passed the second round of interview and entered into the final interview.

Through the recruitment of excellent college graduates, “Shen Drive” (深動力) scheme injects fresh lifeblood and vigor for the sustainable development of the Group, and also provides strong talent base for its business development.

## 4.2 PROTECTION OF EMPLOYEES’ RIGHTS AND INTERESTS

In strict compliance with the labour laws and regulations of the places where it operates and based on the “Labour Law”, “Labour Contract Law” and other relevant laws issued by the state, Shenzhen Investment has established a systematic, normalized and humanized human resources system, covering policies from remuneration and benefits, job training, code of conduct, working hours, performance evaluation, welfare, health and safety, diversity to anti-discrimination, child labour and forced labour, and a series of rules and regulations including “Attendances and Paid Leave Management System”, “Human Resource Management System”, “Administrative Measures on Recruitment”, “Administrative Measures on Performance”, in order to prevent various ethical conduct risks and provide good conditions, clear channels and a broad platform for the career development of our employees.



“Shen Drive” campus recruitment completed successfully



Our employment is in strict compliance with the laws and regulations issued by the state or the government of places where the Company operates and the rules and regulations of the Company. We strictly comply with human resource management system in staff recruitment, remuneration management and training to safeguard the legal interests and rational requirements of our employees and prohibit discrimination, child labour or forced labour. In 2018, the Company has not identified any case of employment discrimination, child labour or forced labour.

Considering the provisions of relevant laws and regulations and the requirements of our employees, in addition to the statutory five social insurances and one housing provident fund and statutory holidays, the Group provides employees with risk security and living benefits such as health check and commercial insurance, and cares about the retired and needy employees, enabling them to feel the warmth of the Company, so as to promote the construction of corporate culture and fuel the formation of good corporate centripetal force and cohesion.

#### **Staff representative congress system**

In April 2018, the labour union of the Group convened a staff representative congress for the purpose of considering and, if thought fit, passing the “Collective Contract of Shum Yip Group Limited (draft)” and “Regulations on the Revenue and Expenditure Management of the Labour Union of Shum Yip Group (draft)”.

#### **Labour-union-month-themed activities**

In 2018, the Group paid relevant holiday visits on the seven traditional festivals respectively, and organised various activities, such as watching movies, stage shows, garden tours and hiking, in addition to recreational and sports activities, such as the “Fifth Shum Yip Cup” Ping Pong competition and the staff photo contest themed “entering into a new era, presenting a new appearance”, enriching the life after work of our staff continuously.

The subordinate enterprises under the Group also provide special welfare arrangement according to each of their own situation. For instance, through a series of staff caring activities (溫暖員工從新(心)出發), the Business Management Company (商管公司) provides employees with working lunch and accommodation for free and arranges up to 22 commutes to and from the staff dormitory, to improve the happiness index of the staff. Chaohu Hotel provides hot spring experience monthly for employees who have worked over three months, sets up a family visit, and encourages employee to take annual leave and deferred holidays.



## People Oriented

### 4.3 EMPLOYEE DEVELOPMENT AND TRAINING

The Company is committed to establishing itself as a “learning enterprise”. In order to meet its development requirements, the Company has carried out various forms of professional training in different hierarchies and types, such as the leadership improvement course, EDP and orientations, which has improved the management and business skills of its talent team. Meanwhile, the Company has established a learning platform of “internal training + external training”, which centers on internal training and supplemented by external training, thus providing diversified learning opportunities to the staff. The internal training makes use of resources of internal and external lecturers to “bring in” knowledge, and the external training draws support from excellent training resources and selects qualified training institutions to “bring out” talents. Such diversified trainings have received unanimous recognition from the participants.

#### Leadership improvement courses system

The leaders and the middle management of the Group participated the leadership improvement course provided by the School of Continuing Education, Tsinghua University, which broadened the strategic vision and enhanced the strategic execution ability of our core management.



#### New staff and young employees training

The Group enhances the young employees training and talent team establishment. In accordance with the “Shum Yip Group ‘Shen Drive’ (深動力) Staff Development and Administrative Measures” (深業集團「深動力」人才發展與管理辦法), the Group implements mentor system, internal and external training, job rotation and on-the-job training to intensify the staff training, especially the young employees, clarify their occupational paths and lay a solid foundation for the Group’s talent training. Pursuant to the practical requirements of the Company’s strategic plan on the training and development of young employees, Nongke Company (農科公司) has designed the first systematic and normalized staff development project of Nongke Group (農科集團) named “Sailing Training Scheme” (啟航培訓計劃), with the aim to improve the communication ability, cooperation ability and business ability, and fully explore the potential of the young employees.





## 4.4 OCCUPATIONAL HEALTH AND SAFETY

The Group pays great attention to the occupational health and safety of our employees and actively implements the requirements on work safety from the national, provincial and municipal governments, and strictly executed the “Work Safety Law”. During the year, the Group formulated the “Work Safety Management System” (安全生產管理制度), “System of Work Safety Assessment, Rewards and Penalties” (安全生產考核獎懲制度), “Administrative Measures for Work Safety Interviewing” (安全生產約談管理辦法), “Administrative Measures for Work Safety Risk Disclosure” (安全生產風險告知管理辦法), “Expert Reserve Management System for Work Safety” (安全生產專家庫管理制度), “Administrative Measures for the Withdrawal and Usage of Work Safety Expenses” (安全生產費用提取和使用管理辦法), “Production Safety Accident Emergency Plan” (生產安全事故應急預案), so as to gradually improve the management base of work safety, realize scientific, normalized and systematic management of work safety and ensure there are rules to follow in the work safety management.

The accident rate of the Group’s work safety has been maintained at a low level. In 2018, the Group has not had any fatal accidents.

### Measures adopted and its effect

#### Five systems:

The Group has five key systems in place, including responsibility system, risk control and hidden hazards inspection and treatment system, standardisation system, training system and emergency response system, so as to improve its work safety management level practically.

#### Safety Committee:

Each subordinate enterprise of the Group has established the Safety Managements Committee (“Safety Committee”) with specific written terms of reference. The Group enters into an annual “safety responsibility agreement” with each subordinate enterprise every year, which is checked and reported by the Safety Committee regularly so as to ensure the staff working in a safe environment and eliminate potential safety risks.

The work safety standardisation of the Group has achieved a certain progress. Currently, totally 43 enterprises within the Group’s system have completed evidence gathering work for work safety standardisation during the year.

In strict compliance with the rules of the Group and the requirements under laws and regulations, all subordinate enterprises have established safety management department with sufficient safety management personnel. In order to secure a safe work environment for the staff and encourage all-staff supervision and participation, the Company has carried out various activities in relation to the occupational health and safety:

## People Oriented



In relation to work safety and safety management, the Company has formulated comprehensive policies and standards, including “Regulations on Occupational Safety Awards and Treatment (Trail)” (《職業安全獎勵既處理細則(試行)》), “Interim Regulations for the Work Safety Hierarchical Risk Control (Trail)” (《安全生產風險分級管控暫行規定(試行)》), “Constitution of Work Safety Committee” (《安全生產委員會章程》), “Administrative Measures for Work Safety” (《安全生產管理辦法》), “Treatment and Emergency Rescue Plan for Large-scale Events Incidents” (《大型活動突發事件處置應急預案》) and so on, which provide safety system guarantee to the staff.

The Group convenes work safety meeting monthly, carries out work safety inspection, and conducts special irregular inspection in respect of holidays, extreme weather conditions and emergency response.

In addition to the safety inspection on the construction and project site, each enterprise regularly inspects work safety on administrative logistics, including food safety, vehicles safety, dormitory safety and office security, eliminates potential safety risks and makes rectification (if any) timely.

In order to provide a safe working environment to the staff, the Administration Office conducts air quality test in the office regularly and put green plants to improve the office environment.

In order to improve the staff’s professional knowledge on occupational health and safety and enhance the safety knowledges and skills of the front-line employees, the Group conducts various kinds of work safety training throughout a year, such as online tests and watching warning and educational films, which covers 100% employees.

During the year, the Group organised a large-scale knowledge contest on corporate work safety responsibility, and over 8,400 employees took part in this activity. The Group and the subordinate enterprises totally provided nearly 300 work safety training activities in different types to nearly ten thousand employees.

Each enterprise irregularly organises fire drills to demonstrate the usage of extinguishers and fire hydrants and do fire-fighting exercises. Plan of emergency response is also verified in respect of practicability and feasibility to lay a solid foundation for the fire safety of each project.



### **Special physical examination for employees**

The Company conducts staff health check annually and purchases supplemental medical insurance so as to solve the employees’ practical difficulties.

### **Love and care activities for female employees**

In order to express our love and care for female employees, each enterprise under the Group carries out a series of female employees caring activities, such as various kinds of lectures about female health and education, spring hiking, excursion, female special physical checks and purchasing medical insurance for female employees.



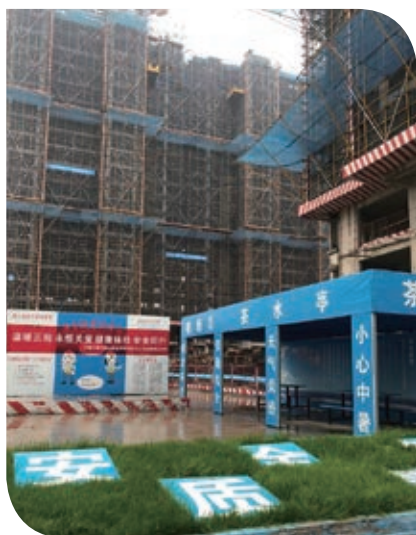
### Office fitness equipment

In order to prompt our employees to keep physical fitness, the Group carries out various interest group activities, including yoga, Tai-Chi, body-building exercise, basketball and badminton all year round. Since the launch in 2012, the interest group activities are carried out every day without interruption. Meanwhile, for the convenience of the staff to do exercise in the workplace at any time, in 2018, the labour union of the Group provided a set of fitness equipment (including power twister, pulling rope, skipping rope, dumbbell and etc.) to employees of the Headquarter to use at the break time.



### Work safety month activities

By virtue of the “work safety month” themed activities, the Group and each enterprise thereunder organises a series of thematic training such as “Double Prevention Mechanism Safety Knowledge Training” (雙重預防機制安全知識培訓), “Fire Disaster Emergency Self-Rescue Themed Training” (火災應急自救專題培訓) and “Interpretation on the Work Safety Month and New Work Safety Law” (關於安全生產月及新安全生產法的解讀), so as to intensify safety education of our employees and improve their safety awareness. By means of promotion and explanation, putting up advertising posters and banners, safety material distribution and online and offline publicity and reporting, the Group aims to promote work safety knowledge and create safety culture atmosphere.



### Step-counting wristband for employees of Shum Yip East China

In 2018, the East China Company (華東公司) incorporated the exercise program into the responsibility document of operating performance target of each department. Based on the data obtained from WeChat Sports, Codoon Sports, Huawei Sport Health App, relevant data of running, walking, bike-riding, swimming, basketball, football and various sports interest group are collected and converted into step numbers, which are reported on monthly, quarterly and annual basis respectively. The top-ten employees will be rewarded to effectively promote the employees to do exercise.



### Sunstroke drill and fire drill of Ma'anshan Project

In the safety month of June 2018, Ma'anshan Project organised a sunstroke drill. The drill simulated the launch and application of emergency rescue plan where an employee got heat sunstroke. The emergency rescue drill, reflected the work safety month theme of “prioritizing life for safety development” (生命至上安全生產), and also further improved the accident emergency response ability and emergency rescue ability, and effectively promoted the work safety of the project.







## 05 Contributing to Society



Over the years, while facilitating its production and operation, Shenzhen Investment has also proactively engaged in community building. By participating in diversified community activities, Shenzhen Investment has contributed to building a harmonious society.



In addition to establishing the aid fund for our staff, we also focus on serving the community, helping the underprivileged, offering assistance in cases of emergencies and other public services. Besides, we encourage our employees to participate in charitable activities, in order to fulfil our corporate social responsibility together.



During the year, the Group had nearly 4,175 employees participated in community volunteer services, with over 45,861 hours of service in total.



# Contributing to Society

## 5.1 CARING FOR THE UNDERPRIVILEGED

The Group fully fulfills our corporate social responsibility. Since 2005, the Group has put great efforts in helping the underprivileged, and offered assistance to poor villages in Dushan County of Guizhou, Fengman Village of Lianjiang and Gangkou Village of Jieshi, Lufeng to assist poor villages out of poverty.

### Assisting Songlin Village out of poverty

Since 2016, the Group has planned to invest totally RMB3.5 million to assist Songlin Village in forming a long-term stable poverty alleviation and income growth mechanism to help the whole village out of poverty through total 19 projects in relation to education, medical treatment, employment, housing, industry, infrastructure and etc.

In increasing individual villager's income, the Group provided industry support and encouraged non-disabled idle personnel to go out for work to improve the income of the underprivileged.

In increasing the collective income of the village, through capital injection into Bao'an (Longchuan) Industrial Transfer Park (寶安龍川產業轉移園), the Group increased the annual income of Songlin Village by RMB60,000. Currently, the spirulina chook farming (螺旋藻蛋雞養殖) high-tech agricultural industry assisted by the Group is under construction. Upon completion, it is expected to further increase the income of the poor households and the whole village.

In respect of village infrastructure, the Group constructed a village culture square and service center with an area of over 5,000 square meters, installed HD monitoring system, completed roadbed reinforcement of 6.194 kilometers, implemented village road lightening project with totally 80 street lamps installed, carried out the water purification measures with water purifier installed for the 500 family user in the village, and conducted housing improvement project. The Group also improved the infrastructure of Songlin Village for the well-being of the village as well as a sound and comfortable work and living environment for the local villagers.

Furthermore, the Group helped children from low-income families to obtain national education subsidy and the grant-in-aid from the municipal branch of the Commission on State-Owned Assets Supervision and Administration, enabling totally 51 children from all the registered poor households of Songlin Village to accept education for free.



Before renovation of roads in Songlin Village



After renovation of roads in Songlin Village



Old cultural plaza in Songlin Village



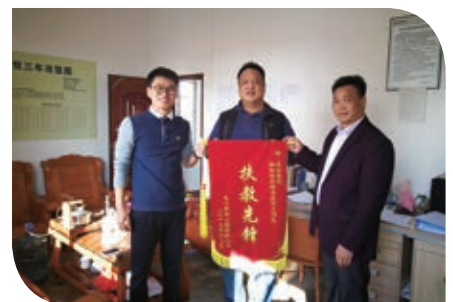
New cultural plaza in Songlin Village



Poverty alleviation activity



Multi-media education equipment put into use in Songlin Village Primary School



A silk banner given by principal of Songlin Village Primary School

## End-to-end support and poverty alleviation

In response to the government's call of end-to-end support, in 2018, Mr. Zhao Quanliang from Nongke Company (農科公司), as one of the 8th batch of cadres to support Tibet in Shenzhen City, has carried out end-to-end support in Nyingchi Prefecture in Tibet, for the purpose of fulfilling our social responsibilities to maintain social equity, stability and long-time peace.



The Company actively participated in the targeted poverty alleviation project of “tens of thousands of enterprises help thousands of villages (萬企幫千村)” to provide end-to-end support to Kashiboyi (11) village, Yengiostang in Kashi City by means of providing employment opportunities primarily, for the purpose of fulfilling the responsibility of supporting the development of Xinjiang and fueling the targeted poverty alleviation project.

## Actively promoting high-quality educational resources

East China Company actively promotes high-quality educational resources. It signed the “Framework Agreement for the Co-construction and Entrusted Construction of a Primary School in Xiaguan Binjiang Business District” (下關濱江商務區小學共建及委託代建框架協議) with the Education Bureau of Nanjing Gulou District and the Management Committee of Nanjing Xiaguan Binjiang Business District, which clarifies to conduct overall renovation and expansion on Fangxing Primary School, and with the permission of the committee and the government of Gulou District, bring in the resources of Lhasa Road Primary School to establish Lhasa Road Primary School Fangjiaying Branch School (tentative name), which provides both software and hardware support to the establishment of an elite primary school in north Binjiang. The branch school of Lhasa Road Primary School is designed to set up 36 classes, with a total gross floor area of 31,910 square meters, including above-ground 21,200 square meters comprising a 6-story teaching building, a 6-story complex and a 5-story administration building and underground parking lot and civil air-defense space. Total investment is expected to reach RMB0.25 billion. Currently, the major structure, exterior and interior decoration, outdoor pipe network and gardens of the school have been completed. At present, installation of technical facilities (including desks and chairs, multimedia facilities and security system) is in progress. It is expected to be officially opened in September 2019.

## 5.2 COMMUNITY DEVELOPMENT

For us, urban renewal is not merely a renovation or redevelopment of old buildings and facilities. Instead, it aims to make the city refreshed on its original basis and under specific conditions. While changing the city, it allows the history and story of the city to continue and releases more valuable urban spaces.

### Youth-focused Room Card Program

As the first pilot program transforming “hyper density housing” in urban village into social security housing for talents in Shenzhen, through district planning and indoor & outdoor design, renovation and operation, the Group have made thorough transformation on the existing 29 old-fashioned buildings in Shuiwei village from dirty, disorderly and poor farmer's buildings with fire security risk into 504 qualified modern popular apartments for young talents to meet the demand for more humanized and higher quality residential from the youth who pursue their career in Shenzhen.



Social activities in the apartments



Panoramic view of LM Talent Apartments

## Contributing to Society

LM Talent Apartments (檸檬人才公寓) have been put into official operation upon completion of allocation in April 2018. Different from traditional security housing, LM integrates internet intelligence and social contact to establish a warm and comfortable community. Based on the mixed functions of “living, residence, recreation, talent pool and entrepreneurship”, LM is committed to meeting the demand from high-end talents for living space from the perspective of life style, neighborhood, sharing space and private space. Pursuant to a research conducted on more than 1,000 new college graduates who have graduated for 1 to 3 years, fitness room, independent reading room, tea house, multi-media reception room, kitchen and canteen are in place in the apartment. According to different personalities of residents, cooking class, photography training session, trade association communication and many other social activities are organised in the apartment on regular basis. Residents may ask for repair, housekeeping and booking services, make registration and payment through APP, Web and WeChat. “Xiao Meng” (小盟), the house keeper, may follow the progress of the above services and receive feedbacks online to make full record. In the future, the apartment plans to launch facial recognition access control system for registration in order to ensure community security.

LM Talent Apartments was selected to participate in the internationally-known Venice Architecture Biennale and has received various awards.





## Protect Legacy for the Benefit of the Community



The Company always remembers to preserve and spread historic culture during the process of urban renewal. Established as far back as 1,700 years ago, Nantou old town is the origin of the history of Shenzhen. With the rapid urbanisation, the memory of the city development is increasingly disappearing. In order to preserve the value of the old town for the purpose of a balanced development of social value and economic value, with its philosophy of “City origin, renewed life (城市原点·更新生活)”, the Company made upgrades and renovation on the industry, culture, business, environment and residence of Nantou old town. It also implemented a 7-day “Renewal Program” on the 6 native street shops in the old town to upgrade the shops with creativity and minor transformation and make a demonstration of “renewed life” for the old town. On the premise of culture inheritance, the Group helps to activate the impetus of business transformation of the old town, drive the economic development potential generated from old town protection and realize the co-existence of the old town and the metropolis.



Guanlan Old Town (currently known as Guanlan Old Street) is one of the “Four Famous Towns” in Shenzhen, the history of which can be traced back as far as to early Qing dynasty and it became popular in late Qing dynasty and early Republic of China. The overall layout and image of the old street has broadly maintained, with many buildings, including the watch towers, shops and housing, remaining intact. It is the only old street that remains intact among the over 10 old towns existing in Shenzhen.



“Guanlan Rose Garden”, a redevelopment project of the Group, is less than 300 meters away from Guanlan Old Street. In order to preserve the valuable culture heritage in the region as much as possible, the Group has engaged a professional testing institution to proceed 24 hours monitoring in respect of the ancient buildings and housing nearby during the development, especially during the pit construction. Static blasting technology is adopted replacing traditional blasting technology to ensure the safety of original buildings. Currently, the region becomes a comprehensive service area with improved public supporting facilities, beautiful views and historical and traditional cultural features.



## Contributing to Society

### 5.3 COMMUNITY WELFARE

We cooperate with the property manager, the community and the property owner committee for resource sharing, and encourage our employees to participate in such activities to serve the public. We also organise various ideological and political education practices, popular culture and sports activities and kinds of condolence activities, such as health examination, security examination and cleaning service, aiming to facilitate the spiritual civilisation while strengthening the social morality education and promoting civilized healthy lifestyle of the residents in the community.

#### Disaster Rescue and Relief of Chengdu Project

In July this year, Qingbaijiang district in Chengdu, where the Yihu Rose Garden project of the Group is located, was hit by a catastrophic flood never occurred in 37 years. There were ponding water everywhere near the project and some places were soaked by water, endangering the office equipment, working materials, and construction in progress of the project. The situation was so severe that imperiled the personal and property security. In response, the Company launched its flood emergency plan immediately. Employees of the project company kept a watch days and nights with appropriate emergency response, protecting the company property from loss. The project company always remembers to assume its social responsibility while fighting the flood. The property company provided sandbags to the community stores for water plugging, repaired the well lids on the sidewalks, sent food and drinks to the disabled and the elder in the community, organised its employees to join in the “Disaster Relief Team” upon government call to perform disaster relief mission in the worst-hit area, purchased sprayers and disinfectants for post-disaster epidemic prevention and control in the largest kindergarten in Qingbaijiang in order to create a tidy and hygienic living environment.



#### UpperHills Green Run

We have always been promoting a green and healthy lifestyle. As the first real estate enterprise organising non-profit long-distance running events in Shenzhen, we have organised the UpperHills Green Run activity for five consecutive years since 2014, which has attracted more and more people to participate in with its natural geographical environment advantage and increasingly sound experience. From more than three hundred people in the beginning to more than one thousand people, it has led to sports fervor throughout Shenzhen. We will fulfill our commitment to discover the urban beauty and enjoy a green, low-carbon and healthy premium life, together with the general public.





## Community Culture

### *Shum Yip Lecture into Community*

Shum Yip Lecture, an internal training platform of the Group, went out of the enterprise to the urban space this year for the first time. Employees of the Group and people from all walks of life who are interested in traditional culture, students from Chinese University of Hong Kong and news media gathered in the UpperHills. A culture lecture and a salon were organised respectively under the theme of “UpperHills Culture Forum” (上城論碑), attracting more than 260 people on an accumulated basis. The Group also initiatively spread the classic and profound traditional culture through new media in a lively manner. Number of accumulated audiences watching the programme online through Guangdong Electric Power Group and Shenzhen platform of Sina exceeded 150,000.



A number of audiences in the Shum Yip Lecture

During the year, Shum Yip Lecture tended to be more open and diversified in its form, content, theme and interactivity and became a new carrier of Shum Yip's vision of “Leader in Value Creation for City Spaces”. It integrated the museum with various other industries, including culture, media and business, providing a culture banquet to the public.

### *Community Photo Contest*

In order to facilitate the community culture construction, the property company under Nongke organised a photo contest themed “Homeland Caring” every year from 2013, encouraging people in the community (mainly customer of the “Times Technology Tower” (時代科技大廈) to attend the contest to discover the beauty of life, pay more attention to the environment of our work and life, unfold a harmonious and healthy community culture, as well as active and good spirituality and show a positive outlook of the new era.

## 5.4 VOLUNTEER SERVICE

Shenzhen Investment encourages its employees to actively participate in kinds of volunteer services and be committed to doing Shum Yip's part for the undertaking of volunteer services of Shenzhen. During the year, we launched various volunteer service activities through the platform of volunteer services, including “environment cleaning and improvement in Dapeng Yangmei Pit”(大鵬楊梅坑清潔美化環境), “the elderly caring” (攜手走進頤養院·深業義工獻愛心), “planting event” (植樹活動) organised by Huizhou Nanfang Company, “Environment Protection Program” (清理山林環保公益活動) organised by Guangzhou Company, “Family Security & Community Welfare” (小家安全·大家幸福公益進社區活動) organised by the Youth League Committee of Shum Yip Pengji Nanfang (深業鵬基南方團委), “Volunteer Service Activity for Guanshanyue Art Museum” (關山月美術館志願服務活動)。Currently, subsidiaries of the Group have established volunteer service bases in the community where they operate respectively to expand the forms of services, fuel the normalisation of volunteer service and improve the employees' sense of social responsibility while allowing the employees to be devoted to community construction and promote social harmony.



## Contributing to Society



In order to provide better service to the public, improve the life quality of the wide citizens and encourage volunteers of the Company to join in the volunteer services, a 4 meters long and 3 meters wide U-station for volunteer services at the junction of the sixth and ninth Tairan Road (east of Hongsong Tower) has been established by the Company, which will be used by volunteers for the promotion of volunteer activities and for support and assistance services.



On 19 January 2018, the Company established UpperHills volunteer service station, aiming to launch a unique operation mode of "employee engagement, community interaction and business introduction". Currently, total service hours reach 2,720 hours, including 835 weekend overtime hours with community members. Now a virtuous interaction mechanism has been formed among the station, the community and businesses, and has been widely recognized by consumers, symbolizing a positive step toward the establishment of UpperHills resource-sharing platform.



In 2018, Shum Yip TaiFu made a charitable donation of RMB0.1 million as special-purpose fund for use by the Standing Committee of the National People's Congress of Luohu District to support Jiaoqing village in jieshi town.



## Education Assistance

During the year, we cooperated with kindergartens and schools to launch an education assistance activity, including visits to charity house and cares for leftover children. In 2018, volunteers from Chaohu Property (巢湖地產公司), a subsidiary of the Group, attended the grant ceremony of “warm package” (溫暖包) of One Foundation, which is organised annually by Sunflower Volunteers Association (向日葵志願者協會) in Chaohu, providing assistance to 80 underprivileged local children. Chaohu Property also undertook to provide end-to-end support to three underprivileged students during the “Help & Support” (愛心牽手結對幫扶) activity organised by Chaohu Economy Development Zone in Anhui province and organised its employees to make donation to local poor and diseased students. In response to the help and support policy of Chaohu, it further undertook to provide love lunch to six rural students.

Chaohu Spring Holiday Inn, associated with the Red Cross Society of Anhui, organised “Books into Hotel”(圖書進酒店) and received 309 books amounting to over RMB20,000.

In September 2018, as a part of the global charity month, Chaohu Spring Holiday Inn organised “Love and Hug”(愛的抱抱) inside the hotel and at the famous Erjie Business Center (耳街商業中心), asking the public to put phones away, care for friends and family members and express their love with hugs.











## 06 Summary of Sustainability Development

# Summary of Sustainability Development

## 6.1 LIST OF POLICIES

### List of Laws and Regulations

Indicators	Laws and regulations
A1. Emissions	Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》) Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》) Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》) Regulations on the Implementation of the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法實施細則》) Ocean Environmental Protection Law of the People's Republic of China (《中華人民共和國海洋環境保護法》) Administrative Regulations of the People's Republic of China on the Prevention of Pollution and Damage of Marine Environment by Terrigenous Pollutant (《中華人民共和國防治陸源污染物污染損害海洋環境管理條例》) Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》) National Hazardous Waste Inventory (《國家危險廢棄物名錄》)
B1. Employment	Labour Law of the People's Republic of China (《中華人民共和國勞動法》) Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) Law of the People's Republic of China on Employment Promotion (《中華人民共和國促進就業法》) Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) Regulations on Minimum Wage (《最低工資規定》)
B2. Health and Safety	Labour Law of the People's Republic of China (《中華人民共和國勞動法》) Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》) Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) Law of the People's Republic of China on Emergency Response (《中華人民共和國突發事件應對法》) Regulations on the Safety Administration of Hazardous Chemicals (《危險化學品安全管理條例》) Regulations on the Reporting, Investigation and Handling of Production Safety Accidents (《生產安全事故報告和調查處理條例》) Interim Regulations for the Accident Investigation and Handling of Potential Safety Hazards in Workplace (《安全生產事故隱患排查治理暫行規定》) Regulation on Work-related Injury Insurance of the People's Republic of China (《中華人民共和國工傷保險條例》) Provisions on the Supervision and Administration of Occupational Health in the Workplace (《工作場所職業衛生監督管理規定》) Occupational Disease Classification and Catalog (《職業病分類與目錄》)
B4. Labour Standards	Labour Law of the People's Republic of China (《中華人民共和國勞動法》) Provisions on the Prohibition of the Use of Child Labour (《禁止使用童工規定》) Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》)
B6. Product Responsibility	Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) Consumer Protection Law of the People's Republic of China (《中華人民共和國消費者權益保護法》) Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》) Trademark Law of the People's Republic of China (《中華人民共和國商標法》)
B7. Anticorruption	Company Law of the People's Republic of China (《中華人民共和國公司法》) Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) Anti-unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) Anti-monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) Tendering and Bidding Law of the People's Republic of China (《中華人民共和國招投標法》)



## List of Internal Control Policies

Indicators	Internal policies
A1. Emissions	Environmental Protection Guidelines of Shenzhen Investment Limited
A2. Use of Resources	Measures for the Management of Official Vehicles (公務車輛管理辦法) Measures for the Purchasing and Management of Office Supplies (辦公用品購置及管理辦法)
A3. The Environment and Natural Resources	Provisions on the Management of Water Conservation (節約用水管理規定) Emission Standard for Community Noise (社會生活環境噪聲排放標準) Discharge Limits of Water Pollutants (水污染物排放限值標準)
B1. Employment	Instruction Manual for the Management and Control of Human Resources (人力資源管控指導手冊) Work Guidelines for Staff Recruitment (員工招聘工作指引) Administrative Measures for Campus Recruitment of the Group (集團校園招聘管理辦法) Administrative Measures for Expatriates of the Group (集團外派人員管理辦法) Remuneration Management System of the Group (集團薪酬管理制度) Management System for Leaves of the Staff from the Headquarters of the Group (集團總部員工請休假管理制度) Administrative Measures for Attendances of the Staff from the Headquarters of the Group (集團總部員工考勤管理辦法) Tentative Administrative Measures for the Management of Sales Staff of the Group's Real Estate Projects (集團地產項目銷售人員管理暫行管理辦法)
B2. Health and Safety	Instruction Manual for the Management and Control of Human Resources (人力資源管控指導手冊) Work Safety Management System (安全生產管理制度)
B3. Development and Training	Instruction Manual for the Management and Control of Human Resources (人力資源管控指導手冊) Measures for Management of the Group's Trainings (集團培訓工作管理辦法)
B4. Labour Standards	Instruction Manual for the Management and Control of Human Resources (人力資源管控指導手冊) Administrative Measures for the Personnel of the Group Going Abroad on Business Trip (集團因公出國(境)人員管理辦法) Organisation and Management Manual of the Headquarters of the Group (集團總部組織管理手冊) Management System for Performance Appraisal of Staff from the Headquarters of the Group (集團總部員工績效考核管理制度) Remuneration Management System of the Headquarters of the Group (集團總部薪酬管理制度) Administrative Measures for Expatriates of the Group (集團外派人員管理辦法) Tentative Administrative Measures for the Selection and Appointment of the Senior Management of the Group's Subsidiaries (集團所屬企業高級管理人員選拔任用管理暫行辦法) Management Manual of Organisational Structure and Manning Quotas at Various Levels of the Group's Real Estate Sector (集團地產板塊各層級組織架構及人員編製管理手冊)

## Summary of Sustainability Development

Indicators	Internal policies
B5. Supply Chain Management	<p>Administrative Measures for Entrusting Development of Real Estate Projects (Tentative) (房地產項目委託開發管理辦法(暫行))</p> <p>Cost Control Measures for Real Estate Projects (房地產項目成本管理辦法)</p> <p>Administrative Measures for Marketing (營銷管理辦法)</p> <p>Administrative Measures for Attracting Investment/Leasing (招商/租賃管理辦法)</p> <p>Administrative Measures for Leased Properties at the Headquarters of the Group (Tentative) (集團總部出租物業管理辦法(暫行))</p> <p>Administrative Measures for Engagement of Intermediaries (選聘中介機構管理辦法)</p> <p>Measures for the Purchasing and Management of Office Supplies (辦公用品購置及管理辦法)</p>
B6. Product Responsibility	<p>Administrative Measures for Investments in Real Estate Projects (房地產項目投資管理辦法)</p> <p>Administrative Measures for Key Milestones Plan of the Upfront Work of Urban Renewal Projects (城市更新項目前期工作關鍵節點計劃管理辦法)</p> <p>Administrative Measures for the Development Plan of Real Estate Projects (房地產項目開發計劃管理辦法)</p> <p>Cost Control Measures for Real Estate Projects (房地產項目成本管理辦法)</p> <p>Administrative Measures for Key Milestones Plan of Real Estate Projects (地產項目關鍵節點計劃管理辦法)</p>
B7. Anticorruption	<p>Tentative Measures for Business Integrity and Risk Prevention and Control of Construction Project Tendering (工程建設項目招標廉潔從業風險防控暫行辦法)</p> <p>Leaders' Integrity Employment Interviews Implementation Measures (領導幹部廉潔從業談話實施辦法)</p> <p>Asset Loss Liability Accountability Implementation Rules (資產損失責任追究實施細則)</p> <p>Measures for Complaining and Appealing and Interviewing (信訪約談辦法)</p> <p>Administrative Measures for Engagement of Intermediaries (選聘中介管理辦法)</p> <p>Rules on the Management of Rectification and Supervision of Issues Identified in Audit (審計發現問題整改監督管理細則)</p> <p>Tentative Rules for Inspection and Assessment of Integrity Contracts (廉政合同檢查考核暫行細則)</p> <p>Administrative Measures for Counter Signing of Integrity Contracts (廉政合同雙簽管理辦法)</p> <p>Comprehensive Risk Management System (全面風險管理制度)</p> <p>Whistleblowing Policy (舉報政策)</p>
B8. Community Investment	<p>Administrative Measures for Serious Diseases (重大疾病基金管理辦法)</p>

## 6.2 KEY PERFORMANCE INDICATOR LIST

Data list on society			
ESG Indicator		Unit	2018
<b>B1 Employment</b>			
	Total number of employees	person	18,776
	<b>By gender</b>		
	Male employees	person	12,207
	Female employees	person	6,569
	<b>By seniority</b>		
	< 1 year	person	5,613
	1-5 years	person	8,030
	5-10 years	person	2,673
	> 10 years	person	2,460
	<b>By education level</b>		
	Doctor	person	11
	Master	person	383
	Undergraduate	person	1,970
	Tertiary and below	person	16,412
	<b>By age</b>		
	< 30 years old	person	3,605
	30-40 years old	person	4,600
	40-50 years old	person	5,603
	> 50 years old	person	4,963
	<b>By geographical location</b>		
	First-tier cities (Shenzhen, Guangzhou)	person	9,951
	Non first-tier cities	person	8,803
	Hong Kong	person	40
	<b>By type of employment</b>		
	Permanent	person	3,134
	Contract	person	15,426
	Dispatched	person	9
	Others	person	207

## Summary of Sustainability Development

Data list on society			
ESG Indicator		Unit	2018
<b>B2 Health and Safety</b>			
<b>B2.1</b>	<b>Work-related fatalities</b>		
	Work-related fatalities	person	0
<b>B2.2</b>	<b>Lost days due to work-related injuries</b>		
	Work-related injuries	case	0
	Total number of days lost due to work-related injuries	day	0
<b>B3 Development and Training</b>			
<b>B3.1</b>	<b>Employee training hours by gender, type of employment, type of business and training courses</b>		
	Total number of persons attending training	person-time	8,676
	<b>By gender</b>		
	Male employees	person-time	5,407
	Female employees	person-time	3,270
	<b>By type of employees</b>		
	Senior	person-time	9
	Middle	person-time	27
	General	person-time	107
	<b>By type of business</b>		
	Supporting departments such as administrative office	person-time	1,051
	Construction	person-time	1,687
	Property management/client services	person-time	8,160
	Ordinary work process and notice	person-time	37,263
	Management training	person-time	2,957
	Shum Yip cultural training	person-time	923
	Others (safety production training, law training, financial and tax training, etc.)	person-time	8,035



Data list on society			
ESG Indicator		Unit	2018
	<b>By training courses</b>		
	Anti-corruption training	person-time	48,688
	New employee training	person-time	2,651
	Language ability training	person-time	4,849
	Other basic ability training	person-time	30,490
	Other knowledge study	person-time	1,726
	Others (corporate culture, corporate management, party building, talent professional training)	person-time	613
<b>B3.2</b>	<b>Employee training hours by gender and type of employees</b>		
	Total training hours	hour	237,621.08
	<b>By gender</b>		
	Training hours of male employees	hour	147,386.72
	Training hours of female employees	hour	90,248.27
	<b>By type of employee</b>		
	Senior	hour	1,365.7
	Middle	hour	7,527.26
	General	hour	22,8742.03
<b>B5 Supply Chain</b>			
<b>B5.1</b>	<b>Number of suppliers by region</b>		
	First-tier cities (including Shenzhen and Guangzhou)	supplier	204
	Non first-tier cities	supplier	142
	Hong Kong	supplier	32
	Overseas	supplier	0
<b>B6 Product Responsibility</b>			
	<b>Number of complaints</b>		139
	Shenzhen	case	88
	First-tier cities (excluding Shenzhen)	case	0
	Non first-tier cities	case	51

## Summary of Sustainability Development

Data list on society			
ESG Indicator		Unit	2018
<b>B8 Community Investment</b>			
<b>B8.2</b>	<b>Resources contributed to the focus area</b>		
	<b>Property management</b>		
	Capital donations	RMB	340,692.26
	Number of volunteers	person	4,175.00
	Voluntary hours	hour	45,860.65

## Appendix: Environmental, Social and Governance Content Index

Environmental, social and governance areas and general disclosures and key performance indicators (KPI)			Section
<b>Environment</b>			
<b>A1: Emissions</b>	<b>General disclosure</b>		
	A1.1	The types of emissions and respective emissions data	Not applicable as gas emissions are of little significance for the Group's operation
	A1.2	Greenhouse gas emissions in total and intensity	Green Communion
	A1.3	Total hazardous waste produced and intensity	Green Communion
	A1.4	Total non-hazardous waste produced and intensity	Green Communion
	A1.5	Description of measures to mitigate emissions and results achieved	Green Communion
	A1.6	Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved	Green Communion
<b>A2: Use of Resources</b>	<b>General disclosure</b>		
	A2.1	Energy consumption in total and intensity	Green Communion
	A2.2	Water consumption in total and intensity	Green Communion
	A2.3	Description of energy use efficiency initiatives and results achieved	Green Communion
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green Communion
	A2.5	Total packaging material used for finished products and with reference to per unit produced	Not applicable as no packaging materials are used for the finished products of the Group
<b>A3: The Environment and Natural Resources</b>	<b>General disclosure</b>		
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green Communion
<b>B1: Employment</b>	<b>General disclosure</b>		
	B1.1	Total workforce by gender, employment type, age group and geographical region	People Oriented, Summary of Sustainability Development
	B1.2	Employee turnover rate by gender, age group and geographical region	We plan to disclose relevant information in the future report
<b>B2: Health and Safety</b>	<b>General disclosure</b>		
	B2.1	Number and rate of work-related fatalities	Summary of Sustainability Development
	B2.2	Lost days due to work injury	Summary of Sustainability Development
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	People Oriented



## Appendix: Environmental, Social and Governance Content Index

Environmental, social and governance areas and general disclosures and key performance indicators (KPI)			Section
<b>Environment</b>			
<b>B3: Development and Training</b>	<b>General disclosure</b>		
	B3.1	The percentage of employees trained by gender and employee category	Summary of Sustainability Development
	B3.2	The average training hours completed per employee by gender and employee category	Summary of Sustainability Development
<b>B4: Labour Standards</b>	<b>General disclosure</b>		
	B4.1	Description of measures to review employment practices to avoid child and forced labour	People Oriented
	B4.2	Description of steps taken to eliminate such practices when discovered	People Oriented
<b>B5: Supply Chain Management</b>	<b>General disclosure</b>		
	B5.1	Number of suppliers by geographical region	Summary of Sustainability Development
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Quality Improvement
<b>B6: Product Responsibility</b>	<b>General disclosure</b>		
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable as there was no product and service recalls that had a significant impact on the Group's operations during the reporting period
	B6.2	Number of products and service related complaints received and how they are dealt with	Quality Improvement
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality Improvement
	B6.4	Description of quality assurance process and recall procedures	Quality Improvement
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality Improvement
<b>B7: Anticorruption</b>	<b>General disclosure</b>		
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Our Environmental, Social and Governance System
<b>B8: Community Investment</b>	<b>General disclosure</b>		
	B8.1	Focus areas of contribution	Contributing to Society
	B8.2	Resources contributed to the focus area	Contributing to Society





[www.shenzheninvestment.com](http://www.shenzheninvestment.com)

