



SHIMAO GROUP HOLDINGS LIMITED  
世茂集團控股有限公司

**Shimao Group Holdings Limited**  
Sustainability Report  
**2019**



Shimao Group Holdings Limited

Incorporated in the Cayman Islands with limit liability Stock code: 813

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## Chairman's Message

**Mr. Hui Wing Mau**  
**Founder and Chairman of the Board of**  
**Directors of Shimao Group**

2019 is the highlight moment in the history of China. The year saw the 70<sup>th</sup> anniversary of People Republic of China with worldwide celebration. The year saw the 30<sup>th</sup> anniversary of Shimao with initiation of new journey. Overcoming obstacles and moving forward in the past 30 years, Shimao, the participant and doer of Opening of China, holds the mission of Cultivating Life Taste, Accomplishing Urban Dreams and continuously contemplates the direction of Demand of People, Future of City, leading the way in revolution and innovation and contributing to sustainable and health development of economy.

In 2019, Shimao accomplished stable operation and leaping growth. The year saw a new peak of Shimao economic performance with the 9<sup>th</sup> ranking in real estate industry, achieving rapid and quality growth for three consecutive years. Diving into the era and surfing on the top for 30 years, Shimao not only developed itself corporately, but also actively fulfilled its corporate social responsibility, adhering to the original vision. The gene of sustainability development in Shimao embodies that the responsibility is integrated in the blood, while the originality is inherited by hard work, through disclosing Environmental, Social and Governance Report to public for consecutive 4 years.

Shimao insists and contributes to harmonic society, complies with the principle of sustainable development, promotes green building and sustainable building, and supports the development of society and the people's livelihood, adding value to the better life of people.

### Harmonic co-existence and empowered development

In 2019, due to the advantage of diverse business and investment planning in advance, Shimao shifted from the role of city operator to the role of city empowerment, the core of which is framework of Big Plane Strategy: body is the property development; wings are the commercial office, property management, hotel operation, culture and entertainment; stabilizers are high technology, healthcare, education, elder care, finance and etc. The rapid-moving Big Plane will power up through those components, injecting the power into the sustainable development and working on high-quality and better life of people.

Activating the new engine of Chinese economy and attracting worldwide attention to Greater Bay Area. Shimao responded to the nationally strategic plan and worked on the dream of building global bay area. In 2019, as a leading property in Great Bay Area, Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre debuted globally, contributing growth of cluster of global cities with the superior complex. The year, Shimao continuously invested in Great Bay Area, actively expanded land reserve, built leading projects and covers of city, exploring the human-centric health space and attaining harmony among three dimensions--city, human, life.

Based on the core belief of innovation and leading, Sky Fame Series, Shimao high-end category of residence, was launched in Nanjing and Hangzhou; by far, all life cycle of residence categories has been on the market, improving sustainability of product. In addition, as a seasoned participant of Chinese urbanization, Shimao actively explores and applies leading technology of green building, achieving total area of green buildings up to 50.3224 million sq.m. with an increase of more than 50% as compared with 2018, including 5 LEED Gold-Certification Buildings. Through continuously thinking and research, Shimao built landmarks of green building, promoted idea of green life, and integrated building, nature, human perfectly, empowering the city with wisdom and innovation.

### Diverse innovation and humanity care

Developing diverse business portfolio and building ecosystem of sustainable development. In 2019, Shimao Service, derived from former business of Shimao property management, launched Ocean X Shimao Deep Blue Service System, which is driven by intelligent technology. Exploring blue sea of modern living service with multi-dimension services, Shimao Service is leading the industry and future of living service.

In 2019, Shimao Star launched ETHOS, a new life-style hotel brand, winning millennials with China Pride and leading China Brand to the world. The year saw a new milestone of Shimao diverse innovation and empowerment—the introduction of The Harrow International School-Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre Campus. At the same time, Shimao cooperated with Unisound to serve demand of city infrastructure and promote city upgrade.

Shimao humanity care embodies in care and attention to every employee. Shimao has carried out safety education and training to production line for many years to enhance the employees' awareness of safety and the skill of handling safety, and actively provides supports and securities for the employees' skill development, safety, and well-being. In addition, Shimao keeps to support suppliers to develop ability of delivering high-quality service and building green supply chain, improving the sustainable development performance of suppliers and achieving a harmonious and win-win situation.

### Invest in philanthropy and conserve cultural legacy

Over the years, Shimao adheres its originality and takes social responsibility. At present, Shimao is actively engaged in philanthropic sectors, such as cultural inheritance, medical assistance for poverty alleviation, community care, life illumination, etc.

In 2019, Shimao continued to invest into the conservation of cultural legacy and integrated Chinese cultural IP into products and service of Shimao, energizing traditional Chinese culture in current popular market. From Quanzhou Shimao • The Palace Museum Maritime Silk Road Museum (temporary name) to The Forbidden City Gallery • Wuyi Mountain Branch, Shimao keeps exploring and practicing and shifted from conserving culture to innovating culture.

The year, We Are Family • Zhejiang and Hong Kong Exchange and Sichuan and Hong Kong Exchange, a series of activities organized by New Home Association, deepened the mutual understanding and recognition between Hong Kong youngsters and Mainland youngsters. The year, Shimao has donated to build the Shimao Charity Hospital in Jiangxi Province at the first time. At present, Shimao has built more than 100 Shimao Charity Hospitals in rural area nationally, and continued to provide medical security of the rural people.

Shimao Rainbow Care Center, expanded from Nanjing to Xiamen, has supported accumulatively nearly 100 fewer severely orphaned children with critical medical condition, allowing 52% children to regenerate their hopes and improving the development of children's hospice care. Spectacled Brother, expanding network to children hospitals in Nanjing and Xiamen, has cooperated with 6 children hospitals nationally by far and helped a total of 231 children with critical medical condition, illuminating the light of hope.

### Fight pandemic and poverty and take responsibility

Fighting pandemic and poverty to achieve the future of prosperous society. The year when we are preparing the report is the critical year that China and World are fighting together to curb COVID-19 as well as China achieve the target of eradication of poverty and prosperous society. At the beginning of pandemic breakout, Shimao donated HKD 30 million for prevention and treatment of COVID-19 in Wuhan and the surrounding areas; Shimao also donated over 1.05 million of the medical masks to Wuhan, Hong Kong, Beijing, Shanghai, Fujian, Hunan, Zhejiang, Jiangsu, Liaoning, Shandong and other provinces and cities as well as oversea communities to increase the protection for the health and the safety of the citizens. (Note: Data as of May 2020)

Over the years, Shimao commits to eradication of poverty and, especially in medical assistance, focuses on health of people in rural villages, contributing the target of Healthy China. By end of 2019, Shimao has donated more than RMB 1.55 billion and served population more than 22 million, bringing the dream and hope to thousands of families and individuals and contributing to eradication of poverty.

Over the past 30 years, Shimao keeps humanity care and sincerity to users, employees, partners, proactively fulfilling its social responsibility. In future, Shimao will continue, with Spirit of Craftmanship, to have deep insight into the needs of urban life; with Shimao diverse business, to prosper the city, starting from city and basing on living quality; to upgrade from city operator to city empower; to contribute city development, improving the transparency of environment, social, and governance performance and satisfying the growing demand for a better life of people.

## About the report

### Scope of the Report

The report is the consecutive 4th sustainability report of Shimao Group (“Shimao”, “Company”) covering the period from 1st January 2019 to 31st December 2019. While the annual report focuses mainly on the Company’s business performance and corporate governance, this report, as a complementary material, concentrates on Shimao’s performance in sustainable development and corporate social responsibility, as well as Shimao’s future plans and objectives, including the impacts of the Company’s operation on the environment, society, and economy.

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

### Reporting Standards

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

### Access to Report

A soft copy of this report can be downloaded from <http://www.shimaoproperty.com/en/Shimao/Index#investor-sustainability-report>.

## About the Company

### Introduction

Shimao Group Holdings Limited (“Shimao” or the “Company”, together with the subsidiaries, Stock Code: 00813.HK) was listed on 5 July 2006 on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

### Vision & Mission

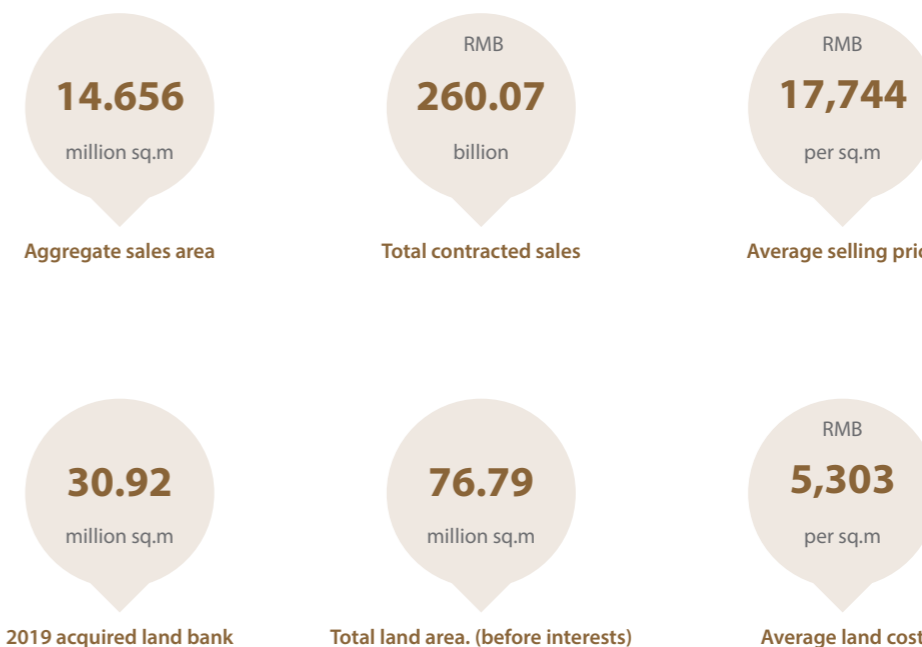
Shimao takes “Cultivating Life Taste, Accomplishing Urban Dreams” as the mission and “Becoming a Pioneer of the Industry, Build a time-honored Shimao Brand” as the vision.

### Overview of Business

By the end of 2019, Shimao has owned 349 projects in 120 cities globally, such as Hong Kong, Shanghai, Beijing, Guangzhou, Shenzhen, Hangzhou, Nanjing, Wuhan, Xiamen and others. The business landscape covers real estate, hotels, commerce, themed entertainment, property management, education, health, finance, high technology, culture, and overseas investment, forming a “sustainable development ecosystem” with diversified business.

### Economic Performance

By the end of reporting date, Shimao has realized total contracted sales of RMB 260.07 billion RMB, increasing 48% last year and representing 124% of sales target.



# Materiality Assessment

## Communications with Stakeholders

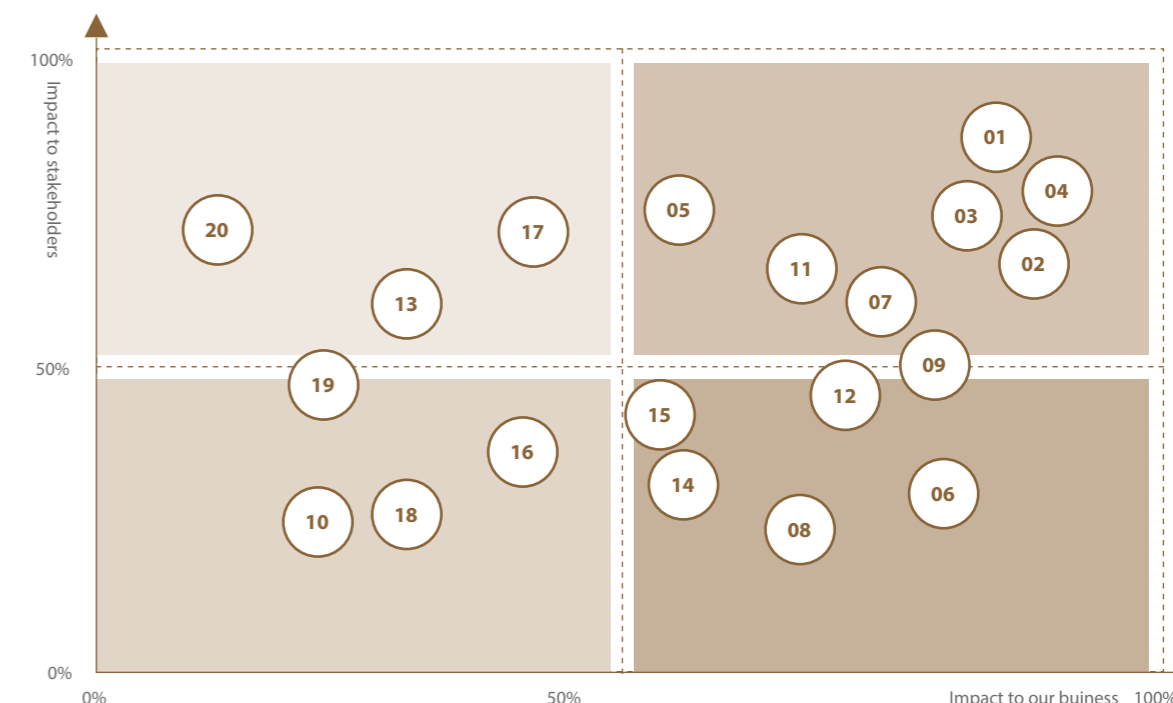
Shimao regards employees, investors, users, contractors, and suppliers as the main stakeholders. Taking their various appeals into account, Shimao adopts multiple means to keep continuous communication.

### Activities involving stakeholders in 2019

Stakeholders Group	Means of Participation	Primary Concern / Expectation	Responses from Shimao
Employees	Questionnaire	<ul style="list-style-type: none"> <li>Salary and benefits;</li> <li>Health and safety;</li> <li>Fair promotion and development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Timely and full payment of wages, Contribution to social insurance, Flexible benefits scheme, Shimao Care Fund;</li> <li>Career development channels, Shimao College</li> </ul>
Investors	Group Interview	<ul style="list-style-type: none"> <li>Return and growth;</li> <li>Risk control;</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Regular disclosure of business information;</li> <li>Shareholders' meetings;</li> <li>Reports and notifications;</li> <li>Ensuring shareholder returns with continued growth</li> </ul>
Users	Questionnaire	<ul style="list-style-type: none"> <li>Integrity performance;</li> <li>High-quality products;</li> <li>Considerate service and experience;</li> <li>Comments and complaints handling;</li> <li>Privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Providing customers with high-quality products;</li> <li>Achieving smooth channels for communication and feedback, such as the sales office, property management department, WeChat platform, and complaints hotline/email;</li> <li>Customer satisfaction survey</li> </ul>
Contractors	Questionnaire	<ul style="list-style-type: none"> <li>Job opportunities;</li> <li>Health and safety;</li> <li>Labor security</li> </ul>	<ul style="list-style-type: none"> <li>Working closely with contractors;</li> <li>Strengthening the assessment system of project site quality and safety;</li> <li>Fully implement the standard for safe and orderly construction;</li> <li>Protecting labor contracts and payroll management</li> </ul>
Suppliers	Questionnaire Group Interview	<ul style="list-style-type: none"> <li>Equality; Mutual benefit and a win-win outcome;</li> <li>Resource sharing;</li> <li>Competitive bidding procurement;</li> <li>Mutual development</li> </ul>	<ul style="list-style-type: none"> <li>Standardization of bidding procedure and performance evaluation;</li> <li>Open tendering based on the issued Qualified Tender List, Facilitating the implementation of open tendering and procurement policies to achieve mutual benefit and a win-win outcome with suppliers</li> </ul>

## Materiality Matrix

We conducted a materiality assessment for this report, and the participation of internal and external stakeholders is an important part. We selected 20 key issues through group interviews and questionnaires, based on comprehensive consideration of the impact of such key issues on the sustainable development of the Company and the stakeholders.



Order	Key issue	Scope of work	Order	Key issue	Scope of work
01	Green building	Performance (Environment)	11	Equal Employment Opportunity	Partner
02	Building Quality	City	12	Care & Development of Employee	Partner
03	Healthy & Safe Workplace	Partner	13	Suppliers' Performance of Environment	Partner
04	Compliance of Suppliers' Behavior	Partner	14	Mindset of Sustainability	Performance (Environment)
05	Energy Consumption & Waste Management	Performance (Environment)	15	Efficiency of resource consumption	Performance (Environment)
06	Investment in Community	Society	16	Descent of Cultural Legacy	Society
07	Climate Change & Greenhouse Gas Emission	Performance (Environment)	17	Protection of Users' Privacy	Partner
08	User-oriented Service	Partner	18	Social Equality	Society
09	Anti-Fraud & Anti-Corruption	Society	19	Redevelopment of City	City
10	Employee/Owner/Tenant's Involvement of Environment	Performance (Environment)	20	Energy & Emission Management in Public Area	Performance (Environment)

## Sustainability Development Work

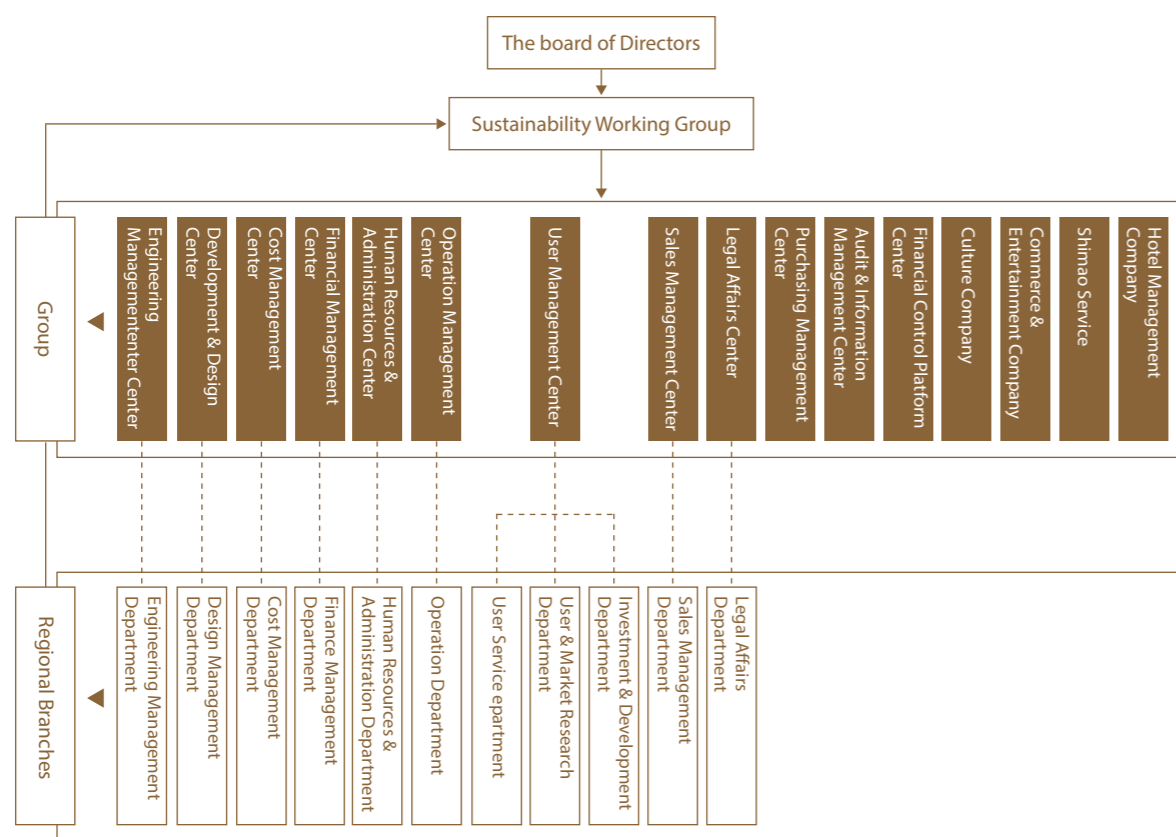
### Commitment

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

### Sustainable Development Working Group

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

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



### Awards

Award	Awarder	Awardee
The Company of Excellent Quality	National Office for Science & Technology Awards (Affiliated to Ministry of Science and Technology, P.R.C.)	Shimao Group
2019 The Company for Poverty Alleviation Award	People's Daily, International Finance News	Shimao Group
2019 The Most Influential Company	China Business Journal	Shimao Group
2019 The Most Influential Real Estate Brand	2019 Jin Ling Award (organized by China Times)	Shimao Group
2019 Brand Influence Example Award of Real Estate Enterprises	17 <sup>th</sup> China's Financial Annual Champion Awards	Shimao Group
Best Hotel Owner of the Year	12 <sup>th</sup> Asia Hotel Forum	Shimao Hotel & Resort
Most Progressive Hotel Brand of the Year	12 <sup>th</sup> Asia Hotel Forum	Shimao Star-ETHOS
Best Business Hotel of the Year	12 <sup>th</sup> Asia Hotel Forum	InterContinental Fuzhou
2019 Kincentric Best Employers	Kincentric	Shimao Star
Best Hotel Owner of the Year	13 <sup>th</sup> Grand Hotels	Shimao Hotel & Resort
The Attractive Hotel Brand of the Year	13 <sup>th</sup> Grand Hotels	Shimao Star-ETHOS
The Most Influential Hotel Group in China	The 8th China (Shanghai) International Hotel Investment Franchise and Franchise Exhibition	Shimao Star
The Best New Hotel Group of the Year	Travel Weekly China, M&C China	Shimao Star
"City Achievement 2020" Value List - Capability of Operation Top 5 in Real Estate Companies	iqidian.com (affiliated to ifeng.com)	Shimao Commerce& Theme Entertainment
2019 Best Operation of Culture & Travel of the Year	World Tourism Cities Federation	Shimao Commerce& Theme Entertainment
2019 Top 20 Commercial Property in China	China Index Academy	Shimao Commerce& Theme Entertainment
2019 Top 30 Management Capacity of Commercial Property in China	China Index Academy	Shimao Commerce& Theme Entertainment
2019 Leading Companies in Residential Property Service	China Property Management Institute, China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute	Shimao Service
2019 Top 500 Property Management Companies	China Property Management Institute, China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute	Shimao Service

# Highlights

2019 witnesses Shimao's growth and responsibility; with pride and dream, we review the highlights moments of Shimao in 2019.

With great momentum to pave the way for higher goal in 2020, Shimao is in readiness. Passing and moving to a new journey, Shimao will chase dream bravely with firm steps as well as will climb to the summit of real estate and the era.

## SUSTAINABLE GROWTH 01

Higher Growth & Operational Maturity  
Higher sales performance in 2019 than in 2018  
Top 9 in Chinese real estate companies  
The 3<sup>rd</sup> year growth with high quality



## VALUE-DRIVEN GROWTH 02

History & Era  
2019--30<sup>th</sup> anniversary of Shimao  
Forwarding and leading the way in 30 years  
Holding confidence, vision, high-standard in 30 years  
Passing the glory and moving to the future



## CELEBRATE CHINA 03

70<sup>th</sup> Anniversary & New Era  
On the 70<sup>th</sup> National Day of People Republic of China  
Hui Wing Mau, Chairman of Shimao Group Board of Directors, was invited to join Chinese National Day Parade in Tiananmen and to celebrate prosperity of China



## RESPONSIBILITY 04

The responsibility is integrated in the blood, while the originality is inherited by hard work.  
Hui Wing Mau, Chairman of Shimao Group Board of Directors, was consecutively nominated as President of China Federation of Overseas Chinese Entrepreneurs, co-building Chinese Dream and led delegation to World Chinese Entrepreneurs Convention, foreseeing new opportunities of Chinese Entrepreneurs and stood with youngsters of "We Are Family", gathering under national flag  
Committed to Shimao's social responsibility



## Power of the Greater Bay Area 05

Responding to appeal of national strategy, achieving the dream of the world bay  
World saw the debut of Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre  
The superior complex contributes growth of cluster of global cities  
Expanded property and land reserve  
Set the cover of cities and best projects



## Innovation 11

Keep forwarding, Keep innovating  
The Harrow School was introduced in Shenzhen, Injecting quality education resources  
Cooperation with Chinese high-end brand "United Family Healthcare",  
Building the biggest private healthcare group  
Unisound was allied to serve demand of building smart cities  
Innovation empowers development and evolution of cities



## Cultural Confidence 10

Link culture to patriotism  
Shimao Culture was born  
Invests to cultural industry and expands culture-related business  
Explores power of Chinese culture  
Builds cultural confidence of Chinese



## Entertainment 09

Leveraged International IP, Empowers cities with entertainment  
The Smurf-themed park went to trail operation  
The international family holiday paradise was built  
The Hello Kitty Shanghai Times theme park was open  
Created new era of entertainment shopping in Yangtze River Delta  
Elevated the life style of people



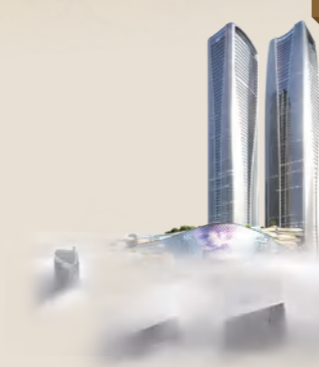
## Renovation & Upgrade 08

Quality Community Complex, Smart Service Navigator  
"Shimao Service" was upgraded from Shimao Property Management  
"Smart Maker of Good Life", new brand image, launched  
"Ocean X Shimao Deep Blue Service System" launched  
Lead industry of property management and future of living service



## Quality Property 06

"Imagination is the truth"  
The Sky Fame Residence was launched in two cities  
Core value of "Innovate and Lead"  
Lead future trend of high-end residence  
By far, all categories of Shimao residence were launched  
Continuously improves product with high standard



## Pride of Nation 07

China Story, China Brand  
Shimao Star signed two hospitality projects in Malaysia  
Keep expanding global hospitality market  
Launched new brand "Shimao Ethos"  
Won millennials with China Pride  
Leads China Brand to the world



# 01

## City

16 Diverse Business



## City

Key issues: Building Quality, Redevelopment of City

### Diverse Business

#### Residence

Responding to the evolving demand of clients, Shimao continuously improves products. Meanwhile Shimao secures the advantage of high-end products, we also studied pain points of different clients with demands varying from basic and improved to luxurious and, by upgrading products, built residence series covering all stages of demands, including Ya(Elegance) Series, Cloud Series, Shine City Series, Classic Chinese Chic Series, Royal Series, Sky Fame Series, solving pain points of customers and delivering products recognized by real estate market.

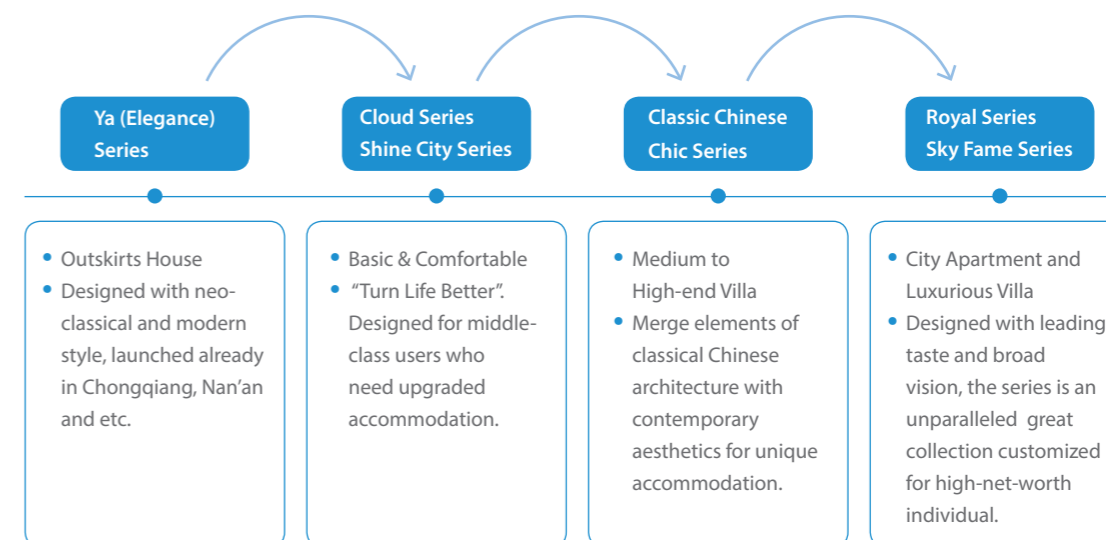
As of November, 2019, the standardization rate of Shimao's product line reached a height of 89%. In order to promote the product line implementation, adopt to market changes, and facilitate enterprises to achieve high turnover and high growth, Shimao upgraded its standardized management system in planning management actions. On the one hand, for standardized work guidelines and business models, Shimao released a "Product Standard Manual" to improve work efficiency and reduce error rates as it is pushing for rapid development. On the other hand, through the output of a series of consistent product line names, Shimao established a clear and unified product brand image in the market, strengthening the brand's core assets and helping enterprises achieve economies of scale.

#### ► Sky Fame Series

On April 11, 2019, Shimao's high-end product line was launched in Nanjing and Hangzhou with a theme of "imagination is reality". Its Sky Fame series is in consistency with Shimao's core concept of "making innovations and taking the lead". With taking the lead in the brand gene, Sky Fame series stands as a connection point between history and the future.



Shimao focus on high-end life style. With long-term advantage in high-end resident sector, Shimao further innovated product of residence. By now, Shimao's 6 series of residence has been completed and launched, the 6 series that meet various users' demands from basic and comfort to luxury and high-end as well as cover needs in users' all stages of life.



► Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre

When China's world-class bay area made a splash in the world, Shimao surprised the world with Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre. In the Guangdong-Hong Kong-Macao Greater Bay Area, Shimao built up a core growth pole for a group of world-class cities. Shenzhen is an emerging city of the future, and Shimao gives it a Shimao answer that facilitates Shenzhen and Hong Kong interconnection in terms of resources and capital.



World-class top industrial clusters are brought together here. Shenzhen-Hong Kong Youth Cooperation and Entrepreneurship Center and International Conference and Exhibition Center are put into plan with highlights on their functions as business headquarters, innovative industry platforms and innovative technology engines. Members of HMC, an alliance for international top schools, will be brought in to provide international elite education covering from kindergarten to junior high school. The world's first immersive technology theme park, international luxury brand hotel and more. All of these represents Shimao's understanding of a lifestyle of the future and Shimao's mind-blowing imagination as it advances on its path of landmark-building.

If cities are the fruition of human's success at intellectual advancement, then it is safe to say that architecture is the bedrock of this advancement.

Throughout China's progressive urban developments, Chinese citizens, especially the urban residents, have adopted a lifestyle that allows them to be surrounded by and be comfortable with architectural marvels, enjoying shopping malls, hotels, and scenic spots for leisure, and apartments for daily living and office buildings for working. To serve the urban functions and to pursue genuine craftsmanship, Shimao believes in building sustainable green architecture that brings forth the co-existence of industry and nature, making green buildings a foundation for a green future of cities.

Commerce & Theme Park

Shimao Commerce responds to various demands of clients in different stages, returns to essence of commerce for life, holds the core of operation in "Human-Based, Client-Oriented", and facilitates happiness and home-feeling. Shimao Theme Park integrates advantages of high-intensity international Industrial Clusters and resource of cultural & creative industry, embeds travelling resource in different scenarios of business, and develops series of entertainments products with uniquely cultural & entertaining spirits and self-owned intellectual property for consumers, fulfilling entertainment demands of different age consumers in China.

As of the end of 2019, Shimao Commercial & Theme Entertainment has entered **28 cities** across China and has **54 commercial projects** with a total operational area of more than **7 million square meters**. **35 commercial projects** have been put into operation with an area of nearly **2.7 million square meters**.

In 2019, Shimao Commercial merged Shimao's themed entertainment business sector and officially became Shimao Commercial and Themed Entertainment Sector. Knowing that city, life and people are closely interconnected, the Sector strives to make a deep connection between the three and built a **"4 + 2 + M"** product mix, which encompasses four major business sectors: retail property, office building management, long-term rental apartment, and serviced office. The Sector also includes two themed entertainment sub-sectors: themed entertainment using self-owned intellectual properties and themed entertainment using intellectual properties of partners. There are also other new businesses and flexible combinations of diversified businesses showing a concept of Mix & More, which all center around the cores of urban life.

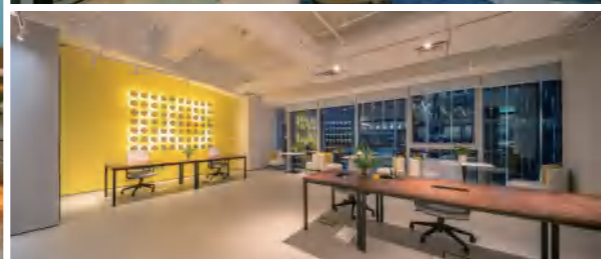


By creating self-owned IP and cooperating international IP, Shimao builds theme parks, inspires memory in childhood, and flourishes family activities. In addition, by adding new business of skiing, sightseeing and others, Shimao combines multi-type products to covers multi-layer demands of life.



► **MWorks**

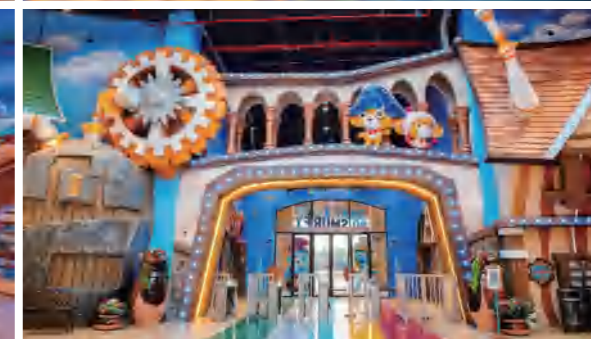
MWorks is a new step taken by Shimao Commercial and Themed Entertainment Sector in the field of serviced office. The first MWorks project was officially launched in Nanjing in 2019 and is committed to providing small and medium-sized businesses with a moderately luxurious work experience in a flexible and efficient one-stop office space. The boundaries in traditional offices are broken and infinite ideas can be born even when the office space is limited. MWorks can be a truly well-designed office building that enables high efficiency, positive energy and care, making itself an architect of lovely and futurist offices.



► **Shanghai Dream City Park**

Shanghai Dream City Park locates in Shanghai Sheshan National Tourism Resort, neighboring InterContinental Shanghai Wonderland. The park is divided into Phase I (Wonderland Area) and II (Max Wonder Park and the Smurfs Theme Park), offering various lead-edging entertainment.

Within the park, the first Smurf theme park in Asia-Pacific which was cooperated with Belgium Smurfs copy right owner, IMPS, was on trial operation from December 2019. As the ambassador of UN Sustainable Development Goal, the Smurf is fully embedded into park to bond happiness, growth and family closely.



► **Hello Kitty Shanghai Times**

The only indoor Hello Kitty theme park with Shanghai-themed elements, Hello Kitty Shanghai Times cooperates with Sanrio, an international well-known IP licensing company, and located in the Shanghai Shimao International Plaza. The park was open from March 2019. With the renowned intellectual property of Hello Kitty, Melody, and Cool Penguins in Shanghai's cultures, Hello Kitty Shanghai Times brought people the first national immersive experiences with an integration of local culture and international IP.



► **Changchun Lotus Mountain Ski Resort**

Among all high-standard and high-quality professional ski resorts in China, Changchun Lotus Mountain Ski Resort is most close to downtown, located in Changchun Lotus Mountain. In 2019, with theme of mountain and operation of day-night and four seasons, the resort launched a mountain park focusing on mountain sports in summer, to build a multi-functional and all year-round travelling paradise.



## Shimao Service

With brand idea of "Smart Maker of Good Life", Shimao Service built "OCEAN X Shimao Deep Blue Service System" with three core values of service—Quality Humanity, Smart Interconnection, Diverse Ecosystem and introduced leading practice of management developed by ourselves—"Smart IT", "Grid in Management", "Market Mechanism". Driven by technology, Shimao Service explores blue sea of modern living service with diverse services, builds ecosystem of Shimao Service, and renovates users experience with quality service and smart life, becoming the quality community complex and navigator of smart service.

### Quality customer care: Shimao provides quality customer services

Shimao puts users first and values service awareness. It provides diversified services and developed Shimao quality service standards that puts warmly, in-depth and targeted care high. Through standardized and unified services, Shimao implemented network management and refined service quality, so that the property owners and users can enjoy a Shimao community life that is loving, fun and warm.

### Intelligent interconnection: Shimao enables service upgrades with technologies

Since it has diversified business scenarios across the Group, Shimao leverages its rich experience in space-design and deep understanding of users' needs, and entered cooperation with SenseTime, Unisound, Alibaba Cloud, China Unicom and many other industry-leading companies to build 55 Shimao smart services for brick-and-mortar space. The services include smart Internet of Things, smart operations, smart home, smart neighborhood, smart Shimao business. Accurate user profiles can be achieved so that users can be provided with customized smart services.

### Diversity and shared future: Shimao broadens its service scope and strives for win-win service value

Relying on the superior resources from Shimao Group, Shimao delegates an independent professional team for the operation of a 0-1KM Shimao smart neighborhood services. Mixed community services are available both online and offline to present a new living experience for owners and users. Shimao Service works with the government, industry, partners, upstream and downstream supply chains, employees, property owners and users to build a "Deep Blue" service ecosystem that connects users, families, communities and cities.

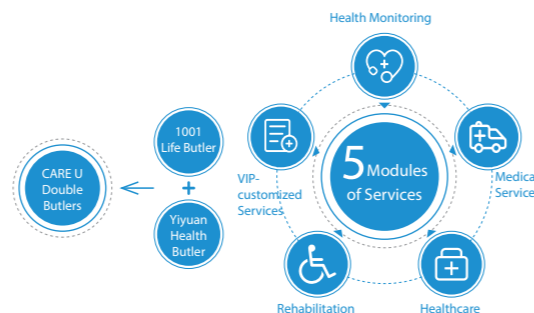
### ► Ocean X Shimao Deep Blue Service System

2019 is the first year of Shimao's three-year "Deep Blue" strategic plan. On August 5, 2019, the "Smart Life Maker" – Shimao Service Brand Release Conference was held in Shanghai. Shimao Property Management was officially upgraded to "Shimao Service", and the brand image of "Smart Life Maker" was officially unveiled, so did the industry's first ecosystem which was developed for "Living Services for Users", i.e. "Ocean X Shimao Deep Blue Service System". It will bring Shimao property owners and users an upgraded experience of quality life and smart services, and shows that Shimao is committed to becoming a community of quality communities and a leader of intelligent services.



### ► "CARE U Dual Butlers" Service Model

Shimao Service has a deep insight into the growing demands for health services from people with high net worth. Based on Shimao's powerful resource integration capabilities and rich community group resources, health medical service "Yiyuan Health Butler" is added to Shimao's "1001 Health Butler" service, adding up to a "CARE U Dual Caretakers" service model to take full care of users' lives and provide health care services.



### ► Shimao Service's smart operation platform – Shimao Home App

The "Shimao Service Smart Operation Platform" developed by Shimao IoT Co. has been launched nationwide. More reasonable and scientific information collection, feedback, and response management modes are adopted to improve work efficiency. Shimao Home App for property owners will also be launched soon. Users can file repairment requests, make payments and access other services through the App.



## Hotels

Committed to "Sustainable Green Hotel Brand", Shimao Hotel & Resort disrupts orthodox image of five-star hotels and rather leads a new trend, by unique innovation, unprecedented experience with smart technology, quality human-oriented service, and holistic ideology of green hotel.

Since Shimao set foot in hotel businesses in 2004, it has entered into strategic partnerships with internationally renowned hotel management companies, including many internationally renowned brands under Marriott, Hyatt, Intercontinental, and Hilton. Shimao Hotels & Resorts, as an important business component of Shimao's strategic development, was established in 2009 and is fully responsible for the operation, management and development of Shimao's hotel business. It has now become one of the leaders in China's hotel industry.

2019 is the second whole year for Shimao Star Hotel Group. The total revenue of its hotels in operation in 2019 is expected to increase significantly compared to that of 2018. As of the end of 2019, Shimao Star has more than 90 hotels under operation and development, of which 12 have been put into operation; furthermore, 7 distinctive hotel brands have been formed, including Yu Resort, Yuluxe, Yu Residence, Yu Hotels, Ethos, MiniMax, and Mini.

### ► Shimao Ethos

Shimao Ethos is a Chinese fashion lifestyle brand created by Shimao Star specifically for the Chinese millennials and highlights the characteristics of China's young generation. Shimao Star bases its Chinese characteristics in an international setting and showcases such features to the world. With the expansion and spread of Ethos, Shimao Star hopes to deepen the world's understanding of Chinese culture. On June 24, 2019, Shimao Star Hotel Group launched its newest brand Ethos in Paris, and entered into official cooperation with the well-known Chinese brand Li-Ning. As the exclusive hotel brand partner of Li-Ning during the Paris Fashion Week autumn/winter 2019, Ethos and Li-Ning made a joint appearance on the global stage to showcase the new fashion trend of the younger generation in China. Trendy lifestyle was combined with sports design to create a cultural blending experience.



## Shimao IoT

With the accumulation of experience in operation of various scenarios and solution to pain points of process in operation, Shimao IoT builds smart service system in physical space. With leading technology from cooperation with tech-giants, Shimao IoT integrates leading edge technologies, such as AI, IoT, Cloud, Big data analysis. With core competitiveness in "Big Data", Shimao knows demands of users and satisfies each user with customized services. Combining mature technology with resources in all types of business, Shimao IoT will uniquely contribute to the digital China and smart city.

### ► Strategic cooperation – with Unisound

In exploring high-tech fields, Shimao Group and Unisound, an artificial intelligence technology company, signed a strategic cooperation agreement in Shanghai. They will conduct comprehensive and in-depth cooperation in the field of "intelligence plus real estate" and work together to build up a new benchmark for the application of AI throughout related industries.



### ► "Robot employees" join to unlock urban life of the future with artificial intelligence

In 2019, Shimao Commercial and Themed Entertainment Sector reached strategic cooperation with the world's first cloud-based intelligent robot operating company, CloudMinds, to officially introduce robotic employees to Shanghai Shimao Tower. Cloud-based service robots will work in the Tower's customer service, security, and property departments for a deepened intelligent experience of intelligent buildings and improving the people-centered service, operational efficiency, public safety and overall image of the Tower.

As the world's first operator for cloud-based intelligent robots, CloudMinds is committed to implementing a large-scale intelligence fusion machine learning and operation platform at a service provider level. It also operates in areas like high-speed networks, service robots and other intelligent devices. With powerful artificial intelligence technology and cloud-based intelligent solutions for communication network security, it is now a unicorn enterprise in the robotics industry. Shimao Commercial and Themed Entertainment Sector has teamed up with Dahlia Technology to explore the application of artificial intelligence in the field of commercial real estate, and they are bound to put artificial intelligence into practical use for both business and private life.



### ► Embracing 5G and exploring the future of smart cities

In 2019, Shimao Commercial and Themed Entertainment Sector reached strategic contracts with China Unicom in two cities: they held signing ceremonies in Shenzhen and Shanghai to jointly advance the cutting-edge 5G technology in the field of commercial real estate and explore possible 5G application in smart business scenarios. Now that Shimao Commercial and Themed Entertainment Sector and China Unicom have entered strategic cooperation in both Shanghai and Shenzhen, they will jointly explore the business scenarios for smart business and smart parks with the development of 5G, focusing on areas including 5G + smart business center construction, edge computing, network slicing, cloud computing, big data and data centers. Pilot demonstrations will be conducted jointly to lead the industrial applications of 5G in the future.



On October 1st, 2019 - the 70th anniversary of the founding of New China - Shimao Commercial and Themed Entertainment Sector joined hands with Xinhua News Agency's New Media Center, together with the Ultra High Definition Video Production Technology Collaboration Center (UPTC), China Unicom 5G and BOE, to conduct the world's first 8K live broadcast relay in Shanghai Shimao Festival City. The grand celebration of the National Day in Beijing's Tiananmen Square was transmitted in a real-time, high-speed and high-definition fashion via Xinhua News Agency's 8K HD cameras on-site in Beijing and through Beijing Media Center Hotel to the live broadcast site in Shanghai Shimao Festival City located in East Nanjing East Road, Shanghai. The audiences were presented with an exciting live broadcast show on BOE's 110-inch 8K ultra-high-definition display.



### ► One of the first members of City Brain

In addition to Unisound, Shimao Service also joined hands with Alibaba Cloud and was invited to participate in the Alibaba Computing Conference where it gained in-depth knowledge about China's current status in the field of big data analysis and applications. China's first open city brain has been put into construction in Fuzhou, and Shimao IoT was honored to be among the first members of the Fuzhou City Brain Science and Technology Innovation Industry Alliance and was honored as the Alliance's vice chairman.



## Shimao Culture

The main business of Shimao Culture comprises of design and operation of cultural space, such as museum, collection of ancient works of art, and development of cultural products. Along with the trends of culture & museum industry and cultural & creative industry, Shimao Culture develops public cultural space, collects precious ancient work of art, and renovates cultural heritage. Shimao Culture will explore and develop cultural & creative area, seeing promotion of Chinese culture as duty.

Shimao devotes to culture and creation sector, taking responsibility of promoting Chinese culture. Along with the current development of museum sector and culture and creation sector, in order to promote public cultural space such as museum, collect precious ancient art works, and leverage the creative derivatives of cultural legacy, Shimao established Shanghai Shimao Culture Company in January 2019, whose business includes planning and operation of cultural space, collection of ancient art works, and development of cultural and creative product.

The Palace Museum Maritime Silk Road Museum (temporary name) was initiated under cooperation between Shimao Group and The Palace Museum and expected to be open to public in the second half of 2020. In addition, the cooperation with domestics and foreign museums and institutions is on the way of development, showing the stable progress of cultural heritage. In future, we will set operation of culture as long-term core mission, involving more people into protection of antiques and descent of cultural heritage so that people will deepen knowledge of Chinese tradition and enhance cultural confidence to facilitate renaissance of China with prosperity of Chinese culture.



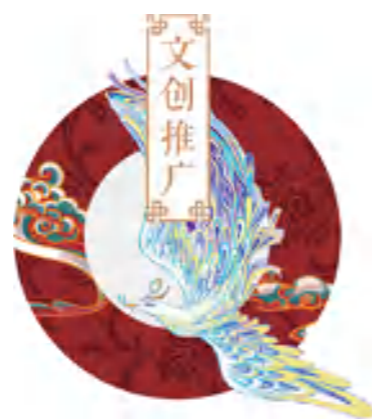
• Management of Museum and Cultural Institution

We advise the museums under Shimao Group to develop strategy, plan space, realize function and etc.; design and operate projects involving storage and shows of museum collections; work on planning and operation of cultural spaces in Shimao commercial buildings.



• Collection of work of arts

We conduct systematic collection of work of art in museums of Shimao; research, assess, and analyze antiques; support other units of Shimao to exhibition, development of cultural & creative products, and branding.



• Promotion of cultural & creative products

By leveraging current collection, we develop cultural & creative products and plan the relevant activities; by cooperating with external institutions such as museums, we develop new intellectual property and design commercial space, improving public attraction and social impact.

## Shimao Education

Because education is more than a person or a family, Shimao Education devotes to integration of community, parents, children and education; and integration of globally top education resource and the best of Chinese culture. Shimao Education leads innovation of education in order to contribute to development of each child and future of the country.

### ► The Harrow School

On November 12, 2019, the signing ceremony of "The Harrow International School-Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre Campus" was held in Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre, marking the entry of the prestige Harrow School into Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre. The signing of The Harrow International School-Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre Campus not only showed Shimao's accomplishment in attracting best education resource to increase value of region and cultivate talent; but also showed Shimao's determination and capability in developing education section, marking a significant milestone of Shimao Education.

The entry of The Harrow International School- Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre Campus was the implementation of importing top education resources by Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre, bringing supplement and improvement to international K12 education in Guangdong-Hong Kong-Macao Greater Bay Area. With 30 years of development, Shimao Group has expended business into real estate, hospitality, commerce, themed entertainment, property management, culture, finance, education, healthcare, high technology, oversea investment and etc., forming a diverse business of "Sustainable Development Ecosystem". Adhering to belief of "To inject new energy into balancing development of education", Shimao will contribute to the prosperity of cities and value of talents through introduction of international high-end education resources.



► **Mao YUE Dao**

Mao YUE Dao, a brand of community education under Shimao Service, advocates “great education in small community” driven by Shimao Service’s digital smart platform, cored by leading edge methodology of education, research team of education professionals, and 6 innovative curriculums. Aiming to multi-dimension learning demands of children at age 0-12, Mao YUE Dao built a systematic solution of education—featured by curriculum of linguistics, science and art—as well as leads new standard of Chinese community education and builds a life-time learning ecosystem.

**Introduction**

The feature of community in Mao YUE Dao, which emphasizes connection between person and person and connection between human and nature, supports the curriculums by effectively integrating all resources in community—including resources of nature, culture, family and etc.—and connecting them to create a diverse learning community. The learning community focuses on sharing and communication of inter-person and person-nature, empowering all participants to learn, explore, and grow together.

6 themed curriculums, like 6 interdependent islands, cover demands of children at age 0-12 and cultivate health growth of children.

- Island of read**

Based on importance of reading on physical and mental growth of children and impact of reading on learning interest of children, Reading Center, in according to age of children, provides multi-content and multi-language materials, such as picture books, fictions, poems, science and etc. Additionally, the center deploys various technologies, including AI robots, smart library, internet and etc., to create a safe, tolerable, accessible and interesting environment. The center exists in every learning area and atmosphere rather than in one certain area. Each center is equipped space of reading to make child enjoy reading at any time and any place.
- Island of exploration**

As the bridge between indoor and outdoor, the exploration center offers children environment of free exploration from indoor to outdoor. Besides an indoor space with each corner containing mystery, an outdoor space is set an environment with natural elements for children, containing fishes in pond, plants, animals, sand hole, bicycle route for children, and abundant community and family resources which children can explore. Combining unique research lessons, children will gain experience from playing, will learn from experiencing, and will create from learning.
- Island of science**

Embedded elements of STEM, Science Center owns different sections: life science, material & model, information technology; every section is inter-connected and owns different toys, devices, instruments, and guides, such as LEGO, interactive devices, laboratory equipment, plants and etc. In addition, learning contents in the center are compatible with curriculums, with all devices and observation points supporting the lessons in curriculums; the center enables children to widely explore fun and gifts and cultivates capability of science, including curiosity, observation, imagination, and experiment.
- Island of game**

Offering various and selected gaming materials, gaming center balances fun and learning, for example, effectively training logical thinking and verbal communication of children through various toys. In one-day gaming, every child is able to select his/her favorite game and explores with assistance of teachers. In addition, the specifically designed space for safety gaming gives teachers a perfect environment to interact with children.
- Island of art**

Through elements of arts in everywhere, art center offers ideal space for children to learn. Learning professional lessons of art, children are inspired and cultivated to learn music and painting. Art center follows inclusiveness and differentiation advocated by Mao YUE Dao, and prepares children to be global citizens by equipping them with knowledge of global culture, arts, and history from playing and experiencing.
- Island of drama**

As an extension of art center, drama center offers a stage for children to express. The center owns specially designed stage and theatrical property & attires making area, enabling children to design freely and show their boundless imagination and performance by verbal and body. With the tutoring of professional teachers, drama center gives children opportunities to synthesize classroom learning and perform in innovate way.

**Selected Events**

**August 2019** > August 2019, the 2nd summer scout camping was launched.



**September 2019** > September 2019, branch of Shanghai Shimao Cloud Atlas was completed and operated from October 2019. By the end of 2019, more than 100 families were served.



**November 2019** > On November 6, 2019, Mao YUE Dao cooperated with HaHa Nick of SMG for “Hua Shen Xian” selection.



# 02

## Partner

32 Investors 33 Employee 44 Users 50 Supplier



## Partner

Key issues: Healthy & Safe Workplace | Compliance of Suppliers' Behavior | User-oriented Service | Equal Employment Opportunity  
 | Care & Development of Employee | Suppliers' Performance of Environment | Protection of Users' Privacy

## Investors

### Investor Open Day

The "Investor Open Day", launched by Shimao in 2019, and Shimao's regular roadshow became Shimao's two drivers for spreading its company value and the voice of the management. Through active promotion and bringing people in to experience the various investor services, the sense of distance between the company and its investors is reduced, and the transparency is improved. With the support from the management, the investors relation team gave full play to the company's advantages in building city landmarks and came up with carefully planned events such as the Skyline Project and field experience of the deepest hotel in the world. Such events allow people to experience different roles as "investors, users and citizens", and all stakeholders are provided with several chances for research experience per year. These events saw active participation of the senior management of Shimao Group and the vice chairman, executive director and other management of the Group participated every time to answer the questions from the guests over simple meals or give introduction during the tours. Such open day events are limited in number and they are all of high quality with thorough and thoughtful arrangements, so Shimao's Investor Open Day has become a popular regular activity that is welcomed and highly anticipated by investors in China and internationally. Each event would see more registrations than actual event capacity, and an average of more than 50 participants in the end. In 2019, Shimao held two Investor Open Days in Shenzhen and Guangzhou. In addition, Shimao held six management roadshows and two performance conferences in Hong Kong, Beijing, Shanghai and Shenzhen. The conferences could also be accessed through online streaming so that investors were able join distantly at the same time. Shimao has also participated in about 60 investor strategy conferences held by investment banks in China and globally, and have had interactions with more than 1,000 investors.

In 2019, Shimao held **two** Investor Open Days



Shimao held **six** management roadshows



**two** performance conferences



Shimao has also participated in about **60** investor strategy conferences



have had interactions with more than **1,000** investors.

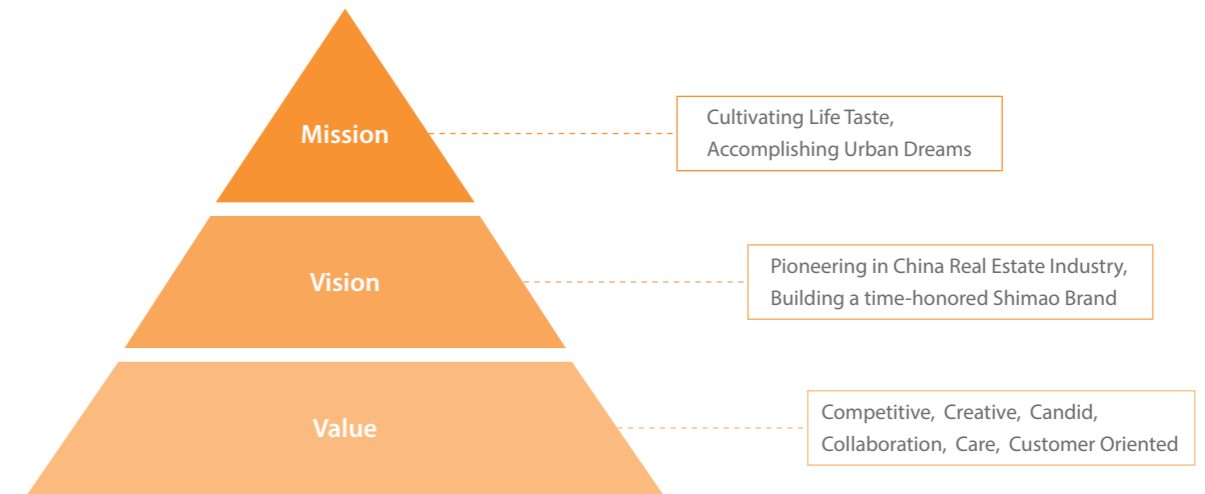


## Employee

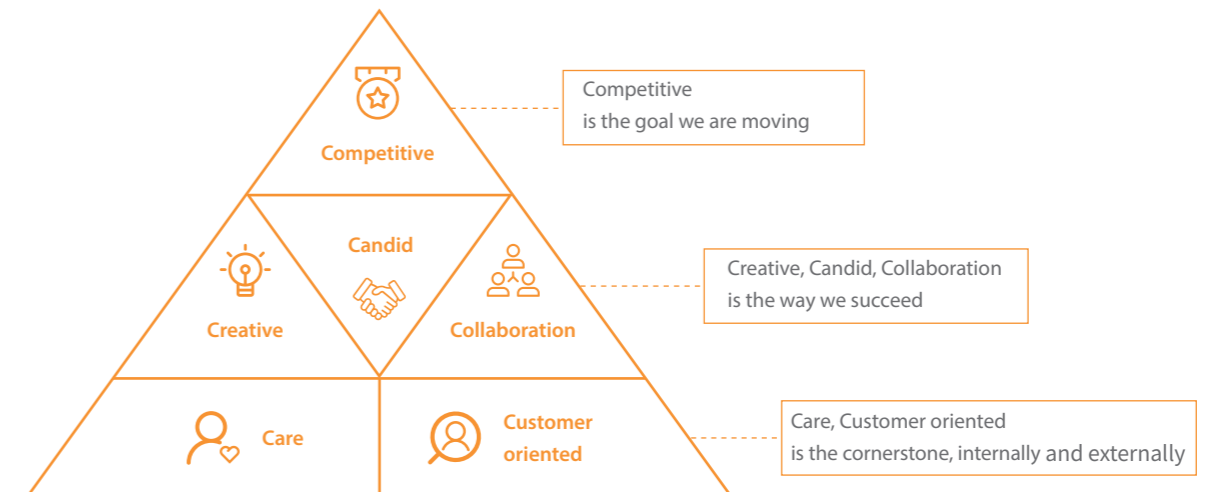
### Corporate Culture

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

Shimao Mission, Vision, Value

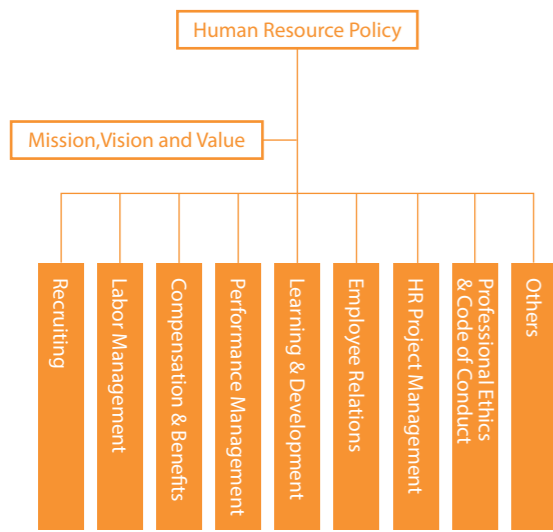


Shimao 6C Value



## Human Resource Policy

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



**Award:** 2019 Innovative Implementation of HR Information Technology  
**Awarder:** China e-HR Society

**Award:** 2019 The Best Employers Top 100  
**Awarder:** Liepin.com

**Award:** 2019 The Best HR Shared Service Center in Great China Area  
**Awarder:** Hroot

**Award:** 2019 The Example of HR Team Management  
**Awarder:** 51Job

**Award:** 2019 The Best Employer in China  
**Awarder:** Zhaopin Ltd., Center for Social Research of Peking University

**Award:** 2019 Most Attractive Employers  
**Awarder:** Universum

**Award:** 2019 The Best Employer in Chinese Real Estate  
**Awarder:** China Real Estate Association, China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute, Employer Evaluation Center of E-House

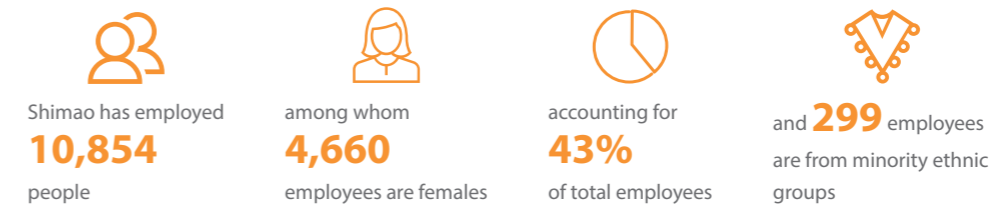
**Award:** 2019 The Most Innovative Employer  
**Awarder:** Liepin.com

## Inclusiveness

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

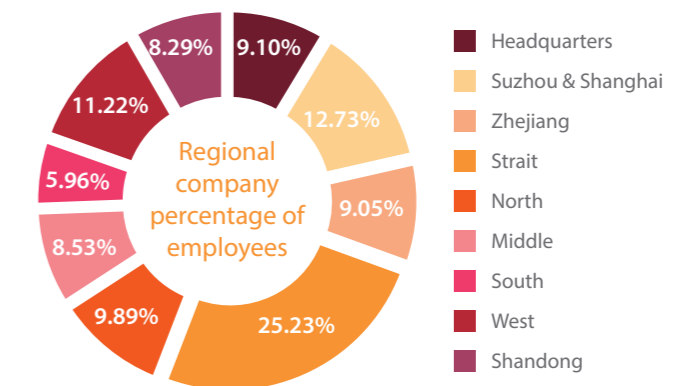
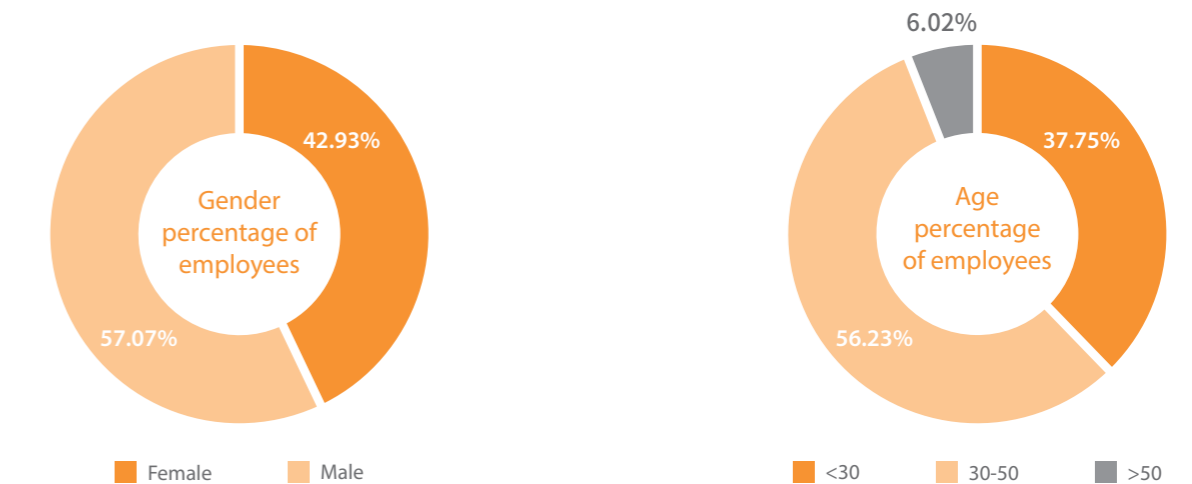
### ► Employment Profile

As of 31 December 2019,

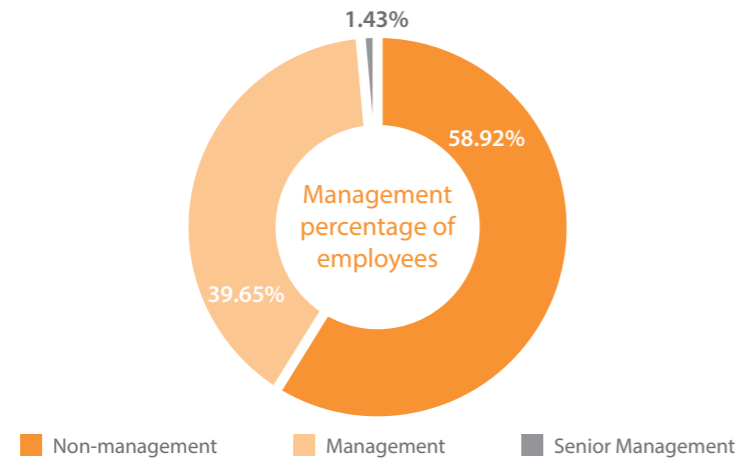


Charts below illustrate the proportions by gender, age, region and staff level (management and non-management).

2019 HR Structure

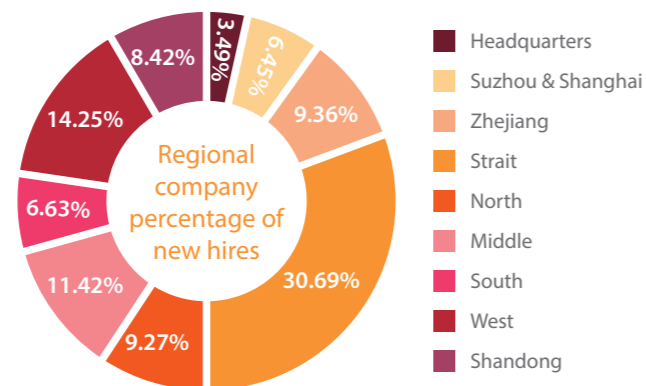
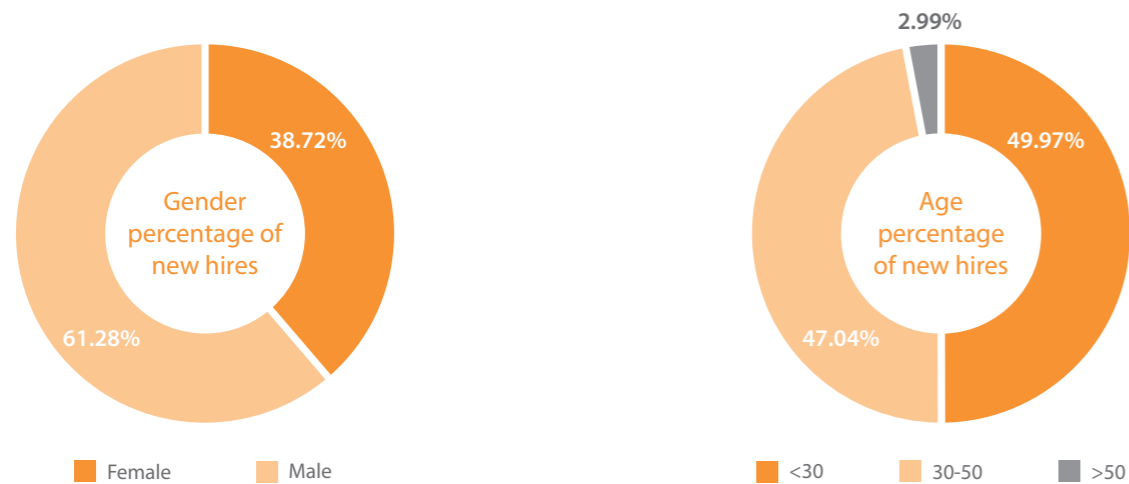


(Note: only count for employees of real estate section)



► New Hires Profile

As of 31 December 2019, Shimao has newly hired **4,545** people, accounting for **42%** of total employees. Charts below illustrate the proportions by gender, age and regional company



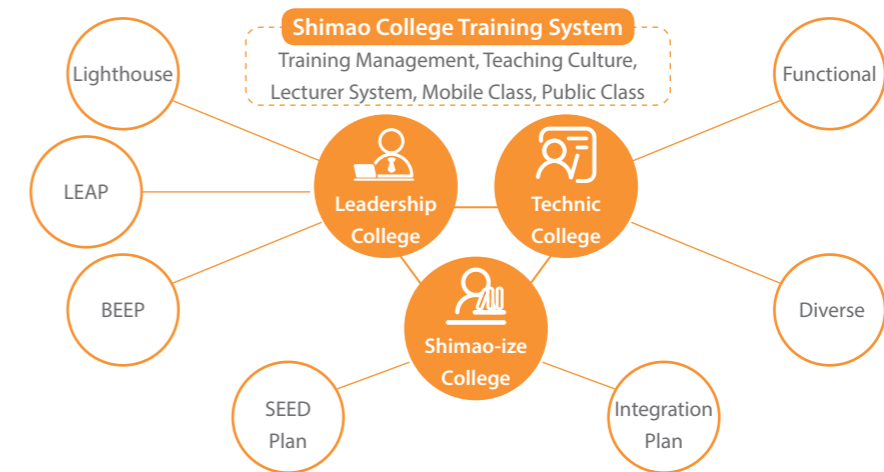
(Note: only count for employees of real estate section)

Employee Development

► Shimao College: Learning platform for all staffs and management

Facilitating corporate strategy, Shimao College was established in 2014, which is aimed at building a high-quality learning platform and boosting employees' career development.

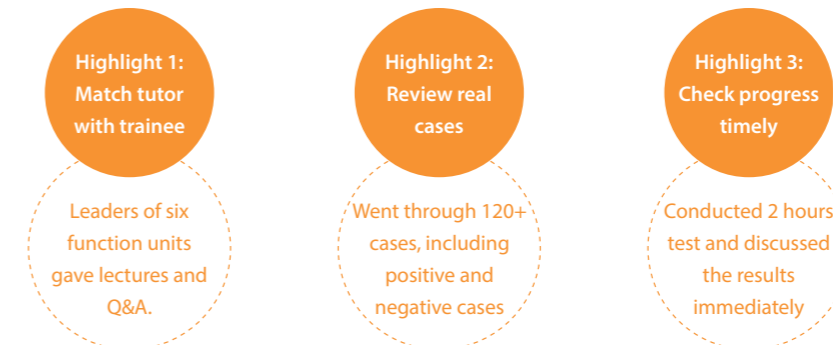
Internally, Shimao College focuses on organizational and talent capacity building, providing performance improvement plans and training leading talents and experts. Externally, through alliance cooperation and cross-border learning, Shimao College introduces advanced concepts and expert resources, which is helpful in broadening work horizons and updating the internal knowledge system to support the all-around development of talents.



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

► Shimao training camp of project management

In order to build backup force and keep long-term momentum, Shimao training camp of project management improves trainee's awareness of full life-cycle management and ability of management. Supported by six departments—construction center, costing center, design center, user center, marketing center, and operation center, the camp featured "Match tutor with trainee", "Review real cases", and "check progress timely" to strength talent pool and lead development of Shimao.



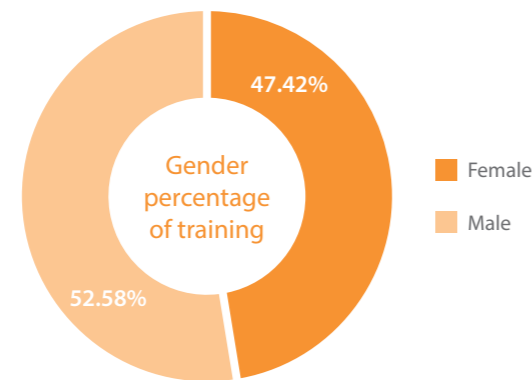


► The 2<sup>nd</sup> Shimao Festival of Engineer

September 21<sup>th</sup> of each year is Shimao Festival of Engineer, promoting Shimao engineers' quality which is "dare to dream big, courage and confidence, pursuit to greatness, being competitive" and "mindfulness, responsibility, sincere, integrity". Further, the festival inspired Shimao engineers to move forward, implement framework of Shimao Construction Management, improve quality of buildings, and adhere to the declaration ---- "Shimao always delivers the best"

On morning of September 9<sup>th</sup>, 2019, the 2nd Shimao Festival of Engineer was launched on the 3<sup>rd</sup> floor of Shanghai Shimao Tower. This year, from headquarters to regional companies and projects, multiple dimensions and types of learning activities were held -- such as training of various topics, visiting benchmark, case review, planning, forecast of technology, discussion of innovation, and etc. -- and these activities made the 2<sup>nd</sup> festival profound and meaningful.

► KPI: Employee Training



► Employee training cases

Legal risk awareness training

In order to strengthen employees' awareness of legal risk prevention and to improve their capabilities of risk prevention and control, Shimao Service organized training on legal risk prevention in the property development and management sector. A total of 112 employees participated in this training. Through analyzing typical cases and viewing the final legal awards and documents, employees gained better awareness on risk prevention.

Job skills training

In August 2019, each service unit of various projects in Kunshan started to focus on improving customer satisfaction, enhancing basic work operation standards and improving the environment of the property, in order to lay a good foundation for the satisfaction survey. The environmental service unit conducted trainings on mosquito control in summer and daily cleaning in the common rooms, and improved the standard requirements of such operations.



## Employee care

"Employee Care" is one of the cornerstones of Shimao's corporate culture. Shimao is committed to providing all-around benefits for its employees, and this can be seen from its compensation and benefit plan, transparent communication, employee activities and family care, showing that Shimao makes every effort to create a "loving and warm" work environment.

### ► Compensation and benefits

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

Shimao's incentive system includes performance incentive and instant incentive. Each year, HR conducts performance appraisal in cooperation with relevant department leaders. Bonuses and awards are given out based on the assessment results. The proportion of outstanding, qualified and unqualified employees follows normal distribution. In 2019, the percentage of year-end evaluation is around 100%.

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



### ► Shimao Employee Care Program

Shimao strives to build a comprehensive health welfare management platform with Shimao characteristic welfare platform for health management. Shimao employees can choose their own commercial insurance plans and medical check-up items as their welfare benefits.

According to "Shimao Group Guidelines on Employee Care Plan" and "Management and Implementation Measures on Shimao Employees Relief Fund", besides statutory social insurance and supplementary commercial insurance, Shimao continuously upgrades Employee Care Program, offering critical illness insurance, extra reimbursement of medical expense, children education endowment, philanthropic crowd funding and etc.

Shimao Employee Care Program	
Critical Illness Insurance	Extra Reimbursement of Medical Expense
Children Education Endowment	Philanthropic Crowd Funding

### ► Employee Activities

#### Shimao FUN Family Day

2019 marks the 30th anniversary of Shimao. Over the last 30 years, Shimao has witnessed the development and changes of China and has made steady progresses over time. 2019 is a year of gratitude and joy, and Shimao FUN Family Day also witnesses its fourth year. 2019 Shimao FUN Family Day celebrates the 30th anniversary of Shimao with more activities that highlight Shimao's employee care. As the largest gathering of Shimao employees every year, Shimao FUN Family Day was characterized by the big Shimao family made up of hundreds of employees' families as they participate in the activities with their family members and friends.



#### Shimao Summer Camp for Employee's Children

"Happy Work and Happy Living" is core of Shimao culture. Embodied the culture of caring employees, "Shimao Next Generation" Summer Camp was held for the fourth. Themes of the summer camps varying from "Painting", "Gaming", "Science" to "Television" (2019), "Shimao Next Generation" Summer Camp organized activities for employees' children, facilitated children to understand parents' work, and built a cozy atmosphere in Shimao like that in a big family.



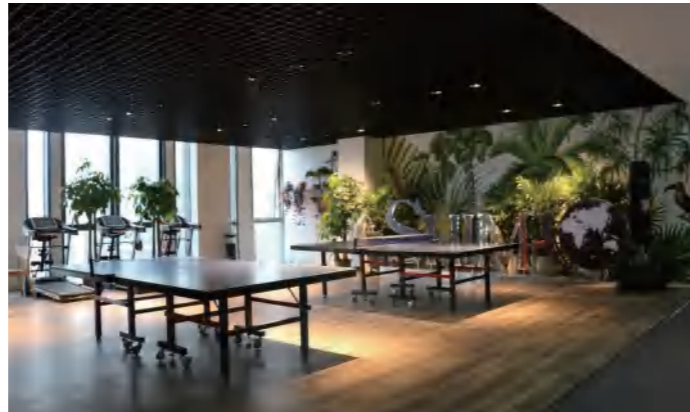
## Occupational Health & Safety

### ► Care Physical and Psychological Health

Shimao manages fitness facilities for employees to relax and relieve themselves from fatigue and stress. In Shimao Group Headquarters, a gym and a yoga room are available for all employees. In the gym, staffs can access to treadmills, rowing machines, exercise bikes and other general sports equipment as well as dressing rooms and showers. In yoga room, professional yoga instructors are brought in to guide employees for meditation with music and practices of stretching and posture, thus helping them release work-related pressure. In addition, leisure area is designed for an interruption-free discussion space; as well as reading area offers various reading materials. Not only at Shimao headquarters, other specialized companies and regional companies are also equipped with fitness facilities to encourage employees to exercises for fitness, in hope that they can come to work with full enthusiasm and more physical stamina.



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



► Care Her

March 8<sup>th</sup> in 2019, International Women's Day, Shimao sent bunches of flowers to appreciate female employees.



Occupational Safety

► Safety Policy

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

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

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

In terms of safety management, a sound safety system and strict disciplines is implemented. That is evident in the "Shimao Group Policy on Fulfilling Contracts for Decorated Residential Building Projects", Shimao stresses the importance of safety, sets targets for safe and civilized construction, that is, "no deadly and serious accidents, no major traffic accidents, no major fire accidents, and no major security accidents, to ensure a safe and civilized construction site."

In 2019, Shimao recorded zero in severe safety issue, work-related fatality.

► Safety training

Fire safety training

In the real estate industry, various occupational safety-related knowledge is needed in daily operations. Property management service providers must be equipped with some knowledge of occupational safety knowledge, so that they can proficiently practice such knowledge into work to prevent and reduce work-related accidents and occupational hazards as much as possible, thus ensuring safety. Shimao organized trainings and conducted fire drills for all employees to learn about occupational safety.



EHS training

Every month, each project unit organizes at least one special training on property management personnel's use of chemical agents, MSDS safety protection, and waste sorting, to improve employees' ability to ensure work safety and their awareness of environmental protection. At the same time, at least one fire and safety management training will be organized on a quarterly basis to improve the ability of employees to discover and resolve hidden safety hazards. All these are combined with at least one fire and other emergency drills every six months to ensure the safe and stable operation of various projects under Shimao commercial and themed entertainment. In 2019, no environmental or safety accident occurred in Shimao.



► Occupational safety training

To prevent work-related injuries and other hidden safety hazards in daily work, each service unit of various projects in Kunshan organized occupational safety education for all employees to improve their safety awareness about high-altitude operations, traffic safety and so on, in an effort to prevent and reduce work-related injuries, accidents and occupational hazards as much as possible.



► Safety construction

The general contractor must comply with the regulations of government and administration departments on construction safety and site safety, and set up and maintain safety protection measures, including setting up safety guardrails or closing off the areas around building's borders, gaps, crossings, high places, etc. In addition, the general contractor needs to set up safe passages for workers at the construction site, including setting up clear marking, safety signs, guardrails and roofs, etc., to ensure that workers are protected from harm when working on the ground or inside the building. When municipal roads are within the scope of on-site construction or may be exposed to safety risks, alternate safe passages should also be provided to ensure the safety of pedestrians and traffic outside the fenced construction site.

The general constructor should also ensure other measures and costs that may be required according to local government for safe construction. For example, it needs to provide and maintain all necessary protective wear and equipment for employees; it also needs to hang out flags, signals and signs during the day and night as required by government and administrative departments to ensure the safety of pedestrians. The general contractor should list out the items, quantity and quotation for these items when making the bidding.

► Protect employees from occupational hazards

Staff should be provided with safety protection equipment and supplies, and daily safety management supervision and inspection should be carried out. A rotation system can be adopted to ensure that there won't be long-term exposure with hazardous environment, and professional.



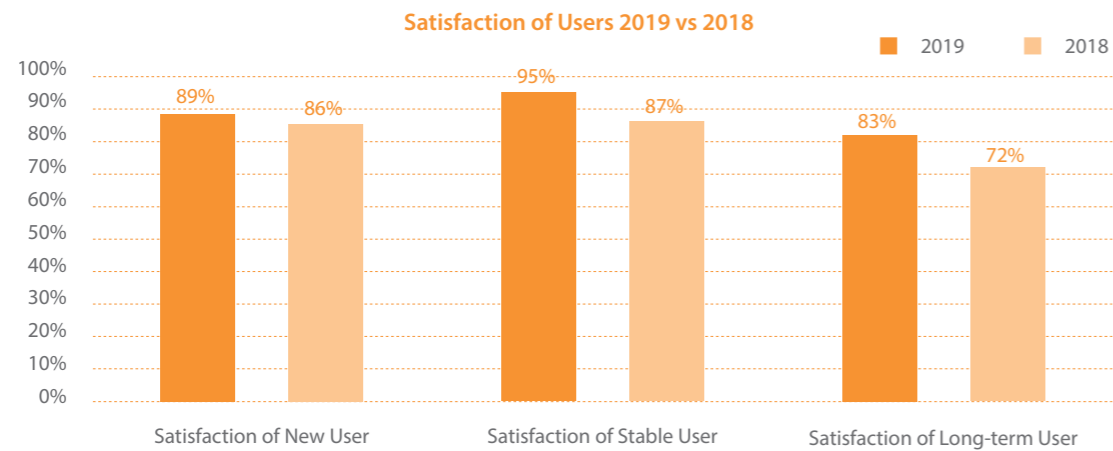
## Users

### User service

In 2019, Shimao served over **2.4 million** (2018: 2 million) users.

New Users' Satisfaction: **89%** (2018: 86%); Stable User' Satisfaction: **95%** (2018: 87%);

Long-term Users' Satisfaction: **83%** (2018: 72%)



<b>WeChat Platform</b>	<p>Launching WeChat platform of Shimao User Service in 2014, we have gathered information of over <b>1.22 million</b> rows of users, including over <b>0.22 million</b> in 2019, and the number of active users has been over <b>0.23 million</b>.</p> <hr/> <p>"In Shimao Life", official account in WeChat, has <b>240 thousand</b> followers, of whom <b>133 thousand</b> followers joined the online interaction. The online activity, #All societies look here#, attracted <b>79 thousand</b> followers and got page view of <b>64 thousand</b> times. In addition, children painting competition and photography competition received almost ten thousand works.</p>
<b>Customer Service Hotline</b>	<p>The 400 Customer Service Hotlines Helped Users: <b>176,000</b></p> <p>Hours of Communication: <b>5,357 Hours</b>, including 2,918 hours for consultation, 1,353 hours for re-visit, 637 hours for survey, 449 hours for other activities.</p> <hr/> <p>Incoming Calls Handled by each Receptionist: <b>48</b></p> <p>Answering Rate of Customer Service Hotline: <b>90%</b></p> <p>Customer Satisfaction Rate regarding Customer Service Hotline: <b>93%</b></p>
<b>User-care foundation</b>	<p>In 2019, RMB <b>3.69 million</b> was distributed to 11 projects, covering <b>22.3 thousand</b> users.</p>

### Interaction with users

By operating various user activities in 2019, Shimao initiated almost 500 user groups, contributed leisure activities of users and facilitated connection among users in neighborhood. On the other hand, many user groups actively activities initiated by other neighborhoods and by municipal organizations, amplifying impact of Shimao community. In 2019 Election of "Shimao Star Group", 22 "Shimao Star Groups" and 5 "Shimao Future Star Groups" were elected from more than 100 user groups, involving 40 thousand online votes. As the typical case of "Shimao Life", Shimao user groups are self-regulated organizations to inspire hobbies, activate neighbors, pass energy from a bunch of users to others and community.

#### ► Shimao User Photography Competition

Themed "Passion & Love", "Love Country & Love Family & Love Life", 2019 Photography Competition for Shimao Users collected 2,424 photos from 976 individual users and 1,135 photos from 78 user groups of photography. These photos revealed bless to China as well as love and understanding to life.

From fall of 2017, the routine activity "Shimao User Photography Competition" has been a vital way of recording life. By the end of 2019, the competition has involved 2,469 users and 6,600 photography works.



### ► Shimao Happy Run

2019 is 70th anniversary of People Republic of China and 30th anniversary of Shimao Group.

Along with Shimao in thirties, users joined "Happy Run" with accumulated 25,120 kilometers as well as sweat and smile to celebrate happy life.

April 20th, the first session of "WE ARE FAMILY—2019 Shimao Happy Run" was held in Chaoyang Park of Nanchang. Totally, 7,010 Shimao users in 14 cities, including Nanchang, Yinchuan, Wenchang, Zhangjiagang, Jinjiang, Guangzhou, Shenyang, Qingdao, Suzhou, Hangzhou, Kunshan, Tianjin, Changzhou, Wuhan, ran 25,120 kilometers.



### ► Shimao Children's Painting Competition

501 child painters with their 1,015 paintings elaborated the "Beautiful China" and "Chinese Dream" in their eye; 14 painting lectures was held in multiple Shimao communities, inspiring children to paint "Beautiful China" with their pens; 6-day traveling in Guizhou themed ethnic culture awarded child painters to travel eastern area of Guizhou and feel ethnic happiness.

After 2019 the 15<sup>th</sup> Children Painting Competition was completed, "Painting Classroom" was launched in multiple Shimao communities of 12 cities, including Xuzhou, Dalian, Qingdao, Nanjing, Taizhou, Wuhan, Zhengzhou, Chongqing, Luzhou, Yinchuan, Shaoxing, Wenzhou and etc. Children were gathered to complete the painting through instruction of teachers. The "Painting Classroom" brought comfortable afternoon for children in summer days.



### ► Shimao User Philanthropic Group

"Diversity and Gathering". Sharing common hobbies to be friends and pursuing freedom without burden of pressure, the users in Pingtan, Fujian—forming the user philanthropic group of Fuzhou Pingtan Straits Future City--not only made their own life great but also care the unprivileged others and the whole society. The group voluntarily visited and help elders living alone due to young generation flowing out for jobs.



### ► Photosynthetic Education

2019 Photosynthetic Education launched "Descent Plan of Intangible Cultural Heritage" and go lived 26 packs of self-written "Stories of Intangible Cultural Heritage". By the November of 2019, the plan has covered 39 cities, delivered 250 lecture hours and taught 20 thousand people. Especially, Shandong and Western Regional Companies embedded summer camp into the pack of "Stories of Intangible Cultural Heritage", leading more than 100 families to happy hours in out-door activities.



Beside the lectures, in April, Suzhou-Shanghai Region Company promoted the curriculum of "Stories of Intangible Cultural Heritage" in the 10<sup>th</sup> United Nation Chinese Language Day and introduced the curriculum representing efforts and achievement of Chinese enterprises in traditional culture to more than 500 ambassadors and art & culture figures, earning recognition and appreciation of UNESCO. In November, the curriculum was promoted in Shanghai Children's Medical Center, where the children with special conditions had the equal opportunity to learn the traditional culture. In addition, Shimao equipped online learning videos with curriculum to fulfill the vision – "24 hours action for descent of intangible cultural heritage". Currently, Shimao Photosynthetic Education already became the leader of community-wise descent of intangible cultural heritage among peers.



## User Service

### ► Community renovation

Shimao Service regards service quality as both a cornerstone and a core of its businesses. In 2019, it renewed and upgraded its basic services and service concepts. After the brand renewal on August 5, Shimao took the initiative to bring services to the front so that more users can actually see the services and feel the care of Shimao. Traditional management is more about things and properties, but this method was transformed to focusing on providing active service to owners and users based on user thinking. A top-down awareness of services was established, and service providers should actively find out about users' needs and to meet them.

Since August 5, 2019, Shimao Service has taken active actions to tackle the concerns voiced by users in Suzhou and Shanghai about community environmental issues, and has developed and maintained a total of more than 1 million square meters of green spaces for making communities green.

<b>40+ types</b> <b>Angiosperms</b> Hedera Helix Chrysanthemum ...	<b>93+ types</b> <b>Shrub</b> Buxus Sinica Ericales ...	<b>116+ types</b> <b>Arbor</b> Albizia Julibrissin Magnolia Denudata ...
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Shimao Service never stops its steps to make renewals and upgrades. Through taking supervision and suggestions from users, Shimao Service Suzhou and Shanghai made careful, professional and detailed plans to upgrade the facilities and equipment that the property owners pay close attention to, and ensure that each suggestion is addressed in a targeted way.

Major safety inspections have been carried out and **3,501** security action items have been checked, among which **3,433** have been rectified, registering a completion rate of **98.05%**, to ensure that the communities can be safer, more convenient and more beautiful and colorful.

### ► Property owner visit

In 2019, Shimao Property Management paid visits to **420,617** customers, covering 100% of its long-term existing proprietors.



Before the Spring Festival, Shimao Service made customized lucky goody bags as gifts for all customers in its 180 projects across China. For those customers who were not at home, Shimao Service put up Spring Festival couplets for them.

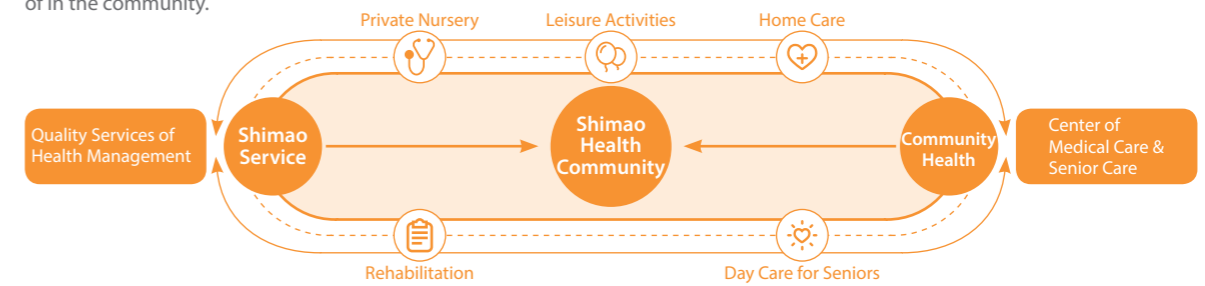
### ► Comprehensive services

Committed to building "M wisdom +" communities into lovely, fun and warm communities, Shimao organized **1,122** events and activities in total for over 180 projects nationwide in 2019.



### ► Shimao Yiyuan Health Management Center

Shanghai Shimao Riviera Garden launched "Shimao Yiyuan Health Management Center", which integrates Shimao Group's high-quality medical and health resources and brings advanced medical examination equipment, professional doctor teams, customized traditional Chinese medicine physiotherapy programs and customized overseas medical projects, adding up to a full set of "Shimao Yiyuan Health Management project". This is a new community health sector for ensuring that the elderly and the sick are taken care of in the community.



### ► Smart shared parking - Inpark

In the process of upgrading Shimao communities across China to make them intelligent, Shimao Service has developed a series of intelligent solutions for meeting the different management needs of various communities and to help solve daily issues of residents. Shaoxing Yujin Huating has launched its first smart shared parking space app Inpark, with which property owners can rent out their idle parking space through the app, thus easing the shortage of temporary parking space. Shanghai Shimao Riviera Garden put into place a community identification system, through which residents can scan their face as identification for going in and out. To put an end to the safety hazard of falling objects in the community, Anhui Wuhu Shimao Riviera Garden created a mobile monitoring system, which supervises objects falling from high altitude to ensure the safety of owners.



### Privacy Protection

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

## Supplier

### Supplier performance



### Supplier Conduct Code

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

### Product quality of supplier

#### ► Construction contractor

According to the "Shimao Group Construction Contract Bidding Procedures", bidding price over 2 million RMB shall not be determined until conducting one or more round discussions on the bidding. After the last bid evaluation is completed, the bidding cost management department shall report its evaluation. At the end of the bid evaluation report, one or more bidding candidate units should be recommended based on technical and business eligibilities for the references of relevant decision-making personnel.

According to the "Procedures for Inspecting Engineering Contractor", the Contractor Inspection and Evaluation Team is the ad hoc decision-making body for contractor inspection and filing, and is responsible for making contractor inspections and evaluations. If any member of the Contractor Inspection and Evaluation Team finds major frauds such as fabrication in the inspected, the inspection results will be recorded as failure, and the corresponding contractor will be disqualified from pending inspection. Only the constructors that get at least 60% of the total votes can be assessed as passing.

In 2019, the annual evaluation qualification rate of the constructors under the six major categories was **91%**,

and the constructors managed by regional companies of Shimao Group registered an evaluation qualification rate of **96%**.

#### ► Material and service suppliers

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

Shimao has also formulated "Shimao Supplier Assessment Guide" to specify the processes for short-listing and evaluation. A competitive merit-based mechanism is established, where high-performance suppliers will be hired to maintain Shimao's goal of stably improving project quality while controlling quality risks.

#### ► Food suppliers

Shimao Hotels and Resorts strictly abides to the <Food Safety Law of the People's Republic of China>. Shimao requires all hotels to establish food safety systems and food monitoring committees to monitor and trace the entire supplying process from inspection, cargo receipt, storage, raw material processing, cooking to food-serving, making sure that the foods used meet China's food safety standards. Shimao provides regular food safety training to staff working in the food and beverages function, and implements the latest food safety regulations and standards in a timely manner.

### Environment performance of suppliers

Shimao is committed to joining hands with suppliers for contributing to building an environmentally friendly society. During the process of materials purchase bidding, Shimao Purchasing Management Center will send a procurement specialist to inspect the participating companies. One of the inspection standards is that "The bidding company should have a workplace environment that is clean and tidy, well-lit and ventilated. Factory waste should be discharged in an environmentally friendly way". Companies with poor environmental performance will not be considered. For project construction, "Shimao Policy on Fulfilling Contracts for Decorated Residential Building Projects" clearly states that the contractors should strictly follow the "Green Construction Guidelines" issued by the Ministry of Construction, and their environmental protection work should meet the requirements of the ISO14000 environmental management system. "Safety Work Guidelines for Maintenance and Construction" requires construction waste to be removed and transported away daily. Stacking on-site or dumping into the domestic garbage bins is prohibited. When the construction work is completed, the materials should be used up and the site cleared. In addition, the contractors shall take effective measures to control various types of pollution caused by the construction to the environment, such as dust, exhaust gas, wastewater, solid waste, noise and vibration.

#### ► Considerate construction

<b>Garbage disposal</b>	The general contractor shall set up a centralized garbage collection station at the construction site. Setting up a garbage collection point on the building floors is strictly forbidden, and garbage indoor and outdoor should be cleaned up and taken to the centralized garbage collection station on time for shipping out. The general contractor must remove all garbage generated during the construction (including any changed and additional construction). The garbage inside the building should be transported by the contractors to the designated place on each floor to be collected by the general contractor to the centralized garbage collection station for shipping out. The interval between garbage shipment at any time should not be longer than three days.
<b>Environment protection</b>	The general contractor shall take all necessary measures to reduce the damage of wastewater, waste gas, waste residue, dust and noise caused to the environment and residents nearby the construction site. Wastewater, waste gas, and waste residue must be treated and discharged in accordance with the requirements of government and administration departments. Pneumatic drilling rigs must be equipped with mufflers, compressors must be in good performance condition making as little noise as possible, and such equipment should be placed as far away from neighboring houses as possible. All machinery should be equipped with equipment for reducing possible interference on radio, television and communication.

# 03 Society

54 Social responsibility 64 Cultural responsibility 65 Integrity Responsibility 69 Product Responsibility






## Society

Key issues: Investment in Community | Anti-Fraud & Anti-Corruption | Descent of Cultural Legacy | Social Equality

### Social responsibility

As an international and comprehensive large-scale investment group, over the last 30 years, Shimao has never stopped actively fulfilling its corporate social responsibility while attaining rapid development. Under the leadership of Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao Group, Shimao actively participates in many public welfare projects that cover targeted poverty alleviation, cultural protection and promotion, AIDS-fighting activity, social harmony promotion, medical assistance, disaster relief, and education, thus bringing dreams and hopes to thousands of families and individuals.

				By the end of 2019, Shimao has donated more than <b>1.55 billion RMB</b> , benefiting <b>22 million people</b> through charity projects.
"Cultural Inheritance"	"Medical Assistance for Poverty Alleviation"	"Community Care"	"Life Illumination"	

have become four focuses of Shimao's public welfare endeavor.

### Cultural Inheritance


#### ► Forbidden City Gallery – a new cultural intellectual property jointly launched by Shimao and the Palace Museum for Wuyi Mountain tourism

In recent years, Shimao Group has made in-depth expansion into the field of cultural relics protection, and has made practical efforts for the promotion of Chinese culture through supporting the protection and inheritance of cultural heritage. On August 7, 2019, the Forbidden City Gallery Wuyi Mountain Branch was officially opened in Wuyishan City, Fujian Province. Wuyi Mountain Branch adopted local cultural characteristics to create a new intellectual property of cultural tourism products. The Forbidden City Cultural Products and Books Store, Forbidden City Meeting Room, Forbidden City Tea House, Forbidden City Lecture Hall, and Forbidden City Exhibition Hall were launched, various cultural and artistic exchanges and activities have been held through these facilities to allow more access to cultural events in people's daily life, thus these facilities can be messengers and ambassadors of cultural heritage and development and make their contributions to the protection of Chinese culture. In the future, the Forbidden City Gallery Wuyi Mountain Branch will make full use of the rich resources and influence of the Forbidden City during its operation, while combining the local heritage and culture in Wuyishan, so that the seeds of traditional culture will be bloom and flourish to become a new cultural attraction of Wuyishan.



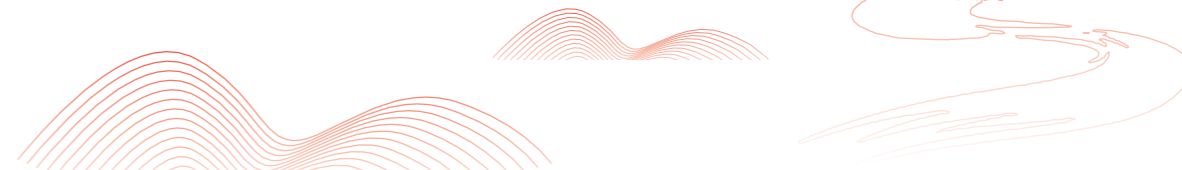
#### ► Maritime Silk Road Museum

The Palace Museum Maritime Silk Road Museum (temporary name) is the result of Shimao Group's long-term endeavor of exploring and developing cultural and creative business, promoting Chinese culture as Shimao's social responsibility. The Museum, whose main building has been completed, was expected to open to public in the second half of 2020. The museum is located in Quanzhou, Fujian Province, the start of the Maritime Silk Road in history. It covers an area of 11,482 square meters and a building area of 30,447 square meters. The Museum is designed to embody the beauty and exquisiteness of the southern Fujian province and to promote the cultural highlights along the Maritime Silk Road. Against the background of the "Belt and Road" initiative, the Museum established by Shimao Group will further promote the spirit embodied by the Maritime Silk Road and facilitate the growth and flourishing of traditional cultures.

  
It covers an area of **11,482** square meters and a building area of **30,447** square meters



The museum is planned to open 5 galleries, including the Palace Museum Gallery, the Shimao Collection Gallery, the Maritime Silk Road-themed Gallery, the Digital Map of Silk Road Gallery, the Special Gallery. The galleries and collections demonstrate the resource of Shimao in arts & cultures and competency in integration of cultural resources, as well as the active respond to advocacy of "One Belt One Road" and promotion of traditional Chinese cultures.



## Medical Assistance for Poverty Alleviation

### ► Shimao Charity Hospital

On July 15, 2019, Shimao Group and the government of Guangchang County, Jiangxi Province signed a donation agreement. Shimao donated 3 million RMB to build a "Shimao Charity Hospital" in Chishui Town, Guangchang County, Jiangxi Province. This hospital is for improving the local medical and health care, and providing basic medical services to local people, thus contributing to the poverty alleviation. This is also the first time for Shimao's charity hospitals to be established in Jiangxi province.



At the donation ceremony, Hui Wing Mau said: "Jiangxi is a landmark place of the contemporary revolutions in China's history. We look forward to achieving some practical and effective assistance to the people of Guangchang with our charity projects. We also hope that we can all brainstorm and join hands together to take the opportunity to directly participate in rejuvenating this area and building up momentum, so that the disadvantaged people here can be lifted out of poverty as soon as possible."

In 2008 when the Wenchuan earthquake happened, under the leadership of Hui Wing Mau, Shimao Group donated more than 100 million RMB for building Shimao Charity Hospitals in the towns hit most badly by the earthquake in western China, and for providing safe, effective and affordable preliminary medical care and services to the local people. For more than ten years, Shimao has built more than 100 Shimao Charity Hospitals in Sichuan, Yunnan, Gansu, Shaanxi, Hebei and other provinces and cities, covering more than 20 million people.



For more than ten years, Shimao has built more than **100** Shimao Charity Hospitals



covering more than **20 million people**

## Community Care

### ► We Are Family

In August 2019, We Are Family – Zhejiang and Hong Kong Exchange and Sichuan and Hong Kong Exchange activities were held in Hangzhou city and Sichuan province respectively. More than 1,000 young people from all walks of life in Hong Kong traveled to cities including Hangzhou, Shaoxing, Chengdu and Guang'an, and gained a better understanding of the profound Chinese culture and the rapid development of China in modern times.

At the China Conservation and Research Center for the Giant Panda, Dujiangyan Base, a pair of newborn male and female baby pandas were named "Sihai" and "Yijia" (meaning we are family even when we come from different places), and their names represent a sincere good wish for the long-lasting friendship between Sichuan and Hong Kong.

"Five-star red flag/ I am proud of you/ Five-star red flag / Your glory reigns true..." When young people from Sichuan and Hong Kong sang this song "Red Flag Fluttering" together on the stage of the ceremony themed "Gathering Together under the National Flag", their excited singing and powerful voices were especially touching because one could feel the sincere patriotic feelings shared among these young people.



In 2010, the New Home Association was founded by Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao Group, together with several business partners. The Association is committed to providing one-stop services encompassing living, education, training and work for new migrants and ethnic minorities from Mainland China to Hong Kong, so that they can adapt quicker and in turn contribute to Hong Kong's prosperity and stable growth.

"We Are Family" is the signature project of the Association, and since 2015, more than 10,000 young people from all walks of life in Hong Kong have been sponsored for visiting Mainland China under this project. 2019 marks the 70th anniversary of the founding of the People's Republic of China, and Shimao built up a bridge of communication with its practical actions to allow young people in Hong Kong to share the experience of young people in Mainland China as they witness the rapid development of China.



► Belt and Road Cataract Blindness Eradication Campaign

To actively respond to appeal of "One Belt One Road" and implement progress, in November 2017, "New Home Association" led by Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao Group, cooperated with "Action with Belt & Road Hong Kong Center" and the "Asian Foundation for the Prevention of Blindness". Mr. Hui Wing Mau donated HKD 10 million to Belt and Road Cataract Blindness Eradication Campaign and made almost ten thousand cataract patients access to treatment and regain sight.

Donated  
**HKD 10 million**  
to Belt and Road  
Cataract Blindness Eradication  
Campaign



On December 17, 2019, a celebration of completion of Belt and Road Cataract Blindness Eradication Campaign in Kampong Cham Province in Cambodia was conducted. Mr. Hui Wing Mau, Chairman of the Board of Directors of Shimao Group, said that—Love is giving—he was proud of helping almost ten thousand patients to regain sight. As a proponent of "One Belt One Road", Shimao will continue to contribute to the progress of "One Belt One Road".



Life Illumination

► Shimao Rainbow Care Center

On September 27, 2019, Xiamen Shimao Rainbow Care Center for Children with Severe Diseases was officially opened at the Xiamen Social Welfare Center. This marked that the "Shimao Rainbow Care Center" officially entered Xiamen in addition to Nanjing, and more orphaned children with severe diseases or disabilities can be helped.



Over the years, through continuous exploration and making summaries and reflections, Shimao Rainbow Care Center has established a distinctive set of care-taking models for children with critical and severe diseases, and has made positive contributions to the development of children's public welfare. Xiamen Shimao Rainbow Care Center looks to join force with various participators to provide these children with love, health and hope.

Since 2013, under the leadership of Mr. Hui Sai Tan, Jason, the Vice Chairman of Board of Directors and President of the Shimao Group, Shimao started to pay attention to orphans with severe diseases and make donations to support their medical treatment and daily life. "Nanjing Shimao Rainbow Care Center for Children with Severe Diseases" was established to provide treatment, companionship and care for orphans suffering from severe diseases. In order to help more orphans and disabled children, the successful experience of Rainbow Care Center was promoted and replicated with the support of Xiamen Social Welfare Center, and Shimao Group sponsored and set up Xiamen Shimao Rainbow Care Center, which mainly focuses on orphans with disabilities and serious illnesses that need special care. The Center also strives to improve the quality of life of these children.

As of the end of 2019, Shimao Rainbow Care Center has received 92 children with critical illness, representing positive contributions to the development of charity for children.



► **"Spectacled Brother" for children with serious illnesses**

On August 2, 2019, the donation ceremony of Shimao Group's "Spectacled Brother" charity project, which was also the opening ceremony of the Magic Theater, was held at the Shanghai Children's Medical Center. At the ceremony, Shimao Group donated 5 million RMB to the Shanghai Charity Foundation for the special fund of "Spectacled Brother" to help children aged from 0 to 14 who suffer from major diseases but have difficulties covering the treatments.

On the same day, "Spectacled Brother Magic Theatre" - the first public welfare space in Shanghai Children's Medical Center - was opened with the donation from Shimao Group. The theatre is devoted for bringing comfort to hospitalized children there through various educational and entertainment shows. This marks that Shimao Group's "Spectacled Brothers" project has expanded its services from providing medical care and financial help to including cultural and humanistic care for children with serious illnesses. "Spectacled Brothers" project continues to contribute to the development of children's public welfare.



In May 2016, Shimao and Shanghai Charity Foundation jointly set up the "Shanghai Charity Foundation Spectacled Brother Fund" to help children aging between 0 to 14 who suffer from major diseases. As at December 31, 2019, the Fund has cooperated with 6 children's hospitals in China, including Shanghai Children's Medical Center, Fudan University's Pediatric Hospital, Shanghai Children's Hospital, Shanghai Xinhua Hospital, Xiamen Children's Hospital and Children's Hospital of Nanjing. The Fund has donated 10,825,000 RMB to help more than 230 disadvantaged children with serious illnesses, and more than 80% of these children have seen recovery or have had their disease alleviated. Since its establishment, the "Spectacled Brothers" project has developed into one of the most influential children's public welfare programs in Shanghai through making constant innovations and broadening its project scopes. "Spectacled Brothers" looks forward to work together with stakeholders in the future to help the development of public welfare in Shanghai.

In addition, during the Children's Day (June 1) 2019, Shanghai Children's Medical Center organized celebration events, and Shimao Group's volunteers from "Class III of Grade Three" organized a "Spectacled Brother" charity show at the Magic Theater for the children with serious illnesses there. Ms. Zong Ming, deputy mayor of Shanghai, came to the event and gave her praises to "Spectacled Brother" charity. She presented the children there with picture books of Spectacled Brother as gifts and extended the good wish that the "magic glasses" of "Spectacled Brother" can help children gain speedy recovery. Furthermore, the "Spectacled Brother" project also won the title of "Children's Ambassador" awarded by the hospital.



► **Class III of Grade Three**

Shimao Class III of Grade Three is a group of volunteers formed by Shimao staff under Shimao's charity endeavors. These volunteers demonstrate great vigor, compassion and strong public-welfare sentiment. Relying on Shimao's public service platform, they sacrifice their spare time to carry out public service activities that bring positive influences all around. Helping others has become part of their positive lifestyle. In Chinese, "Class III of Grade Three" includes three horizontal and three vertical lines, which can make up the Character "Shi" and also means "Every little bit builds up", representing the group's belief in "converging every little caring action for great deeds".



## Fighting against COVID-19

### Shimao Group



Shimao Group donated **HKD 30 million** for epidemic prevention work in Wuhan and its surrounding areas.



Shimao Group donated **1.05 million** medical masks to Wuhan, Hong Kong, Beijing, Shanghai, Fujian, Hunan, Zhejiang, Jiangsu, Liaoning, Shandong and other provinces and cities as well as oversea communities.

### Shimao Hotel



Shimao Star donated a total of **11,000 disposable shower caps** to Wuxi People's Hospital as a substitute for medical protective caps.



Shimao Hotel & Resort accommodated a total of **345 medical staff** of the PLA medical team, providing logistical support for those fighting the virus at the front line.

### Shimao Commercial and Themed Entertainment



Shimao Commercial and Themed Entertainment believes that everyone is in the crisis together and we should help each other, so it waived all of rents from January 25 to February 9, 2020, for certain commercial properties, including Shimao Plaza and Shimao 52+; and waived part of rent from 10th February 2020 to 13th March 2020 with flexible scheme. The amount of waiver accumulated to around **RMB 150 million**.

### Shimao Service



Over **12,000 Shimao Service employees** gave up holidays and devoted themselves to fight against epidemic.



All employees have worked for more than **12,672,000 hours** to secure safety of the **2.4 million residents** in Shimao's **280+ communities**.



Shimao Service consumed **66 tonnage disinfectant** per day by average to sterilize thoroughly.



Shimao Service offered **220,780 masks** to users, easing the most urgent situation at the critical moment;



and **checked body temperature of 2,062,947 persons** in communities with rigorous standard.



With no charge for service, Shimao Service delivers **147.6 tonnage** of fresh vegetables and completed **460,407 times** of purchase by order of users.



Shimao Service sent over **206,907 daily reports** to keep users updated about development of COVID-19.



Shimao Service got over **16,319 messages and letters** of appreciation from users.

Notes: Figures as of May 2020

For Shimao Group Headquarters and affiliated companies and projects, series policies and guidelines against epidemic were launched immediately and continuously, including Guidelines of COVID-19 Prevention and Control, Manual of COVID-19 Personal Prevention, Provision of COVID-19 Prevention and Control, Guidelines of COVID-19 Long-Term Prevention and Control. In practices, Shimao sterilized office area and air-conditioning by internal staffs and external professionals. In addition, air purifiers are deployed.

For safety of working in office, Shimao offered masks for employees and their families every day. Meanwhile, Shimao distributed Vitamin-C effervescent tablet and deployed other medicines enhancing immunity of employees.

For safety of business travelling, Shimao equipped travelling employees with higher protection, including sufficient 3M KN95 masks, antibacterial wipes, one-off gloves, one-off raincoat, safety goggles.

### Shimao Group donated HK \$ 30 million to help fight the new coronavirus

Curbing the COVID-19, Shimao Group, a member of many patriotic Hong Kong companies, announced on January 26 that it would donate 30 million Hong Kong dollars to Wuhan and the surrounding areas.

The donation will contribute to prevent and control COVID-19 in Wuhan and the surrounding areas, purchase shortage medical device and material, and support frontline medical workers, securing safety and health of local people.

The sense of responsibility is in the gene of Shimao Group, which pays close attention to pandemic and fulfills its corporate responsibility, with Chinese people to unite willingness and fight disease.



### Hui Wing Mau accompanied the Chief Executive of the Hong Kong Special Administrative Region to visit ethnic minorities in Hong Kong

Mrs. Carrie Lam Cheng Yuet-ngor, the Chief Executive of the Hong Kong S.A.R., participated in the New Home Association's initiative to visit ethnic minority families in the Yau Tsim Mong community, Hong Kong. Mr. Hui Wing Mau, the Chairman of the Board of the New Home Association and the Chairman of the Board of Directors of Shimao Group, accompanied her to visit several minority ethnic families, understanding pandemic impact on their living and distributing anti-pandemic material like mask, to appeal unity in fighting pandemic.



Since the coronavirus broke out, New Home Association has continuously cared the living condition of ethnic minorities. By making anti-epidemic videos, the association raised the ethnic minority's awareness of COVID-19 prevention and proactively cared the influenced families. The visit, participated by Mrs. Carrie Lam Cheng Yuet-ngor and Mr. Hui Wing Mau, expressed care of Hong Kong S.A.R Government to local ethnic minority.

### Products to combat COVID-19

Shimao saw the deep demand of "Health", building two paths comprising of "Micro-innovation + Macro-innovation". Through adding modules such as "Cleaning" and "Anti-bacteria", Shimao iterated the standards of interior design and implementation. Through accelerating certification standard of health to defend disease, Shimao is leading the revolution of real estate.

Shimao commits to quality living scenarios and cares the various living demands of different users, improving the products that covers all stages of users demands. In innovating living environment, Shimao's properties have distinctive advantages against the pandemic; for instance, "Non-touch pass" and "Voice control" through Smart Home Solution; the human-centered design of spaces in homes making long-time staying home comfortable; in addition to interior design considering wind and light, the facilities designed for all-age serves human's health needs.

### Technology to combat COVID-19

Maojia, an APP developed by Shimao IoT Technology Co., improved the services by adding modules, such as "Vegetable Delivery", "Intracity Express", "Electronic Passport of Health", to ease the problems of buying vegetables and logistics.

Shimao Service integrated internal resources of education--"Mao Yue Dao"--and healthcare to offer service, such as "Online education" and "Online Diagnostics".

Shimao Hotel introduced robotic staffs and smart devices to deliver non-touch service.

Shimao Commercial and Themed Entertainment launched mode of "Online Service", completing leasing business and shopping without stepping outside.

## Cultural responsibility

### Community culture

#### ▶ Singing patriotic songs

2019 marks the 70th anniversary of the founding of the People's Republic of China and the 30th anniversary of Shimao Group. Shimao Service invited Shimao's communities in 11 cities across the country to participate in the song-singing events themed "My Country, My People" to express a patriotic feeling towards China and celebrate the National Day with mob-flash events in the community. More than 10,000 residents participated in these events. Shimao's "My Country, My People" singing events in 11 cities were widely reported by the media, communities, and the property management association. These grand events saw more than 10,000 participators express their shared patriotic feelings through emotional singing of these touching songs and fluttering national flags, and they also represented a love letter to China from all the residents in Shimao's communities. The newly founded Shimao Service is going to facilitate property owners and users to live a happier and better new life.



### Traditional culture

#### ▶ Classical Han culture experience

Xi'an was the capital of the Western Han Dynasty (206 B.C.-24 A.D.). Han culture has long been part of Xi'an's traditional culture. On November 2, Shimao Service brings Han culture to residents in Xi'an Shimao City through a unique Han cultural market that brought people back in time. The residents got in close contact with the Han classical study workshop and traditional Han culture, and such an event also reflected the colorful cultural events that a Shimao cultural community enjoys.



#### ▶ The Double Ninth Festival events

Shimao Service has always been providing considerate services to make customers feel at home, and has organized a variety of community activities to make communities heart-warming and harmonious places. In 2019, Shimao Service has organized an array of events for the Double Ninth Festival, including birthday parties for the elderlies, tea parties and flower arrangement parties, and presented thoughtful gifts to property owners, ensuring that they left the events with a lot of happy memories.



## Integrity Responsibility

### Anti-fraud system

#### ▶ Anti-Fraud Standards Expert Panel

Shimao Group co-builds Enterprise Anti-Fraud Alliance and improves enterprise anti-fraud. Themed with "Grand Development, Higher Standard", the alliance focuses on critical points, promotes members to achieve mutual benefit and growth, leads platform building, talent development, industry improvement, and think tank, the efforts that are recognized widely. In addition, the alliance upgraded sharing system of dishonesty behavior database among members, established 3 committees which are internal control, auditing, and investigation, improved political leadership of party branch in the alliance by establishing communist youth league and women committee, held 20 experience sharing seminar, assembled ISO/TC309 anti-fraud work group, explored assessment and certification of anti-fraud framework, built mechanism of talent development between universities and enterprises, edited bluebook, initiated professional certification of "Supervisory Auditor" by launching examination committee, explored co-investigation and cross-auditing among members, and built standards of professional and framework of knowledge sharing in order to be "Definer of Anti-fraud" and lead development of anti-fraud.



#### ▶ China's Enterprise Anti-Fraud Alliance

For anti-corruption and anti-fraud, Shimao strengthened accountability of individual, intimidated criminal with heavy punishment to illegal cases, and cooperated with companies in real estate and in supply chain to form mechanism of co-investigation and anti-fraud, working on resolution and corporate governance of preventing crimes and high-risk fraud together.

#### Co-Founder of Enterprise Anti-Fraud Alliance

Enterprise Anti-Fraud Alliance, found on June 18, 2015 by Alibaba, Country Garden, Fosun, Midea, SF-express, Shimao, Vanke, CIMC and other leading companies, along with Guangdong Enterprise Institute for Internal Controls, Sun Yat-Sen University Internal Control Research Center for Enterprises and NPOs, targeted anti-fraud through innovation and cooperation to implement anti-fraud initiative and guidelines in enterprises, share dishonesty record of individuals and companies, build communication network of anti-fraud, and build clean business environment, becoming the most influential and respectful anti-fraud organization.

As the first private anti-fraud platform, the alliance led in anti-fraud, integrity culture, healthy development and etc.

#### 2019 Bluebook of Enterprise Anti-Fraud in China

2019 Bluebook of Enterprise Anti-Fraud in China, authored by Shimao Group and Sun Yat-Sen University, observed and analyzed status quo of anti-fraud in Chinese companies, guided implantation of anti-fraud, and promoted framework of anti-fraud management, presenting efforts and progress of anti-fraud by companies in order to encourage more new joiners.

In 2018-2019, Shimao Group was awarded top 10 companies, top 10 cases among Enterprise Anti-Fraud Alliance, and 2 staff of Shimao Internal Audit Department were awarded leading individuals.



## Ethics and Code of Conduct

### ► Employee Ethics

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

In 2019, Shimao updated and released <Shimao Group Code of Ethics 2.0>. To sustainably facilitating quality growth and achieving vision of centennial Shimao, Shimao Group detailed code of ethics, including requirement of self-regulated behaviors for individual and the mechanism of reward and punishment.

On November 20, 2019, with the purpose to enhance awareness of self-compliance, Group Audit Center, with Suzhou-Shanghai Region Company and Nanjing City Company, debuted mini-movie themed "Monitor and Control" in Shimao Compliance Theater located in Hilton Nanjing Riverside, where representatives from the above departments as well as working teams and supervisors of local projects attended.



### ► Supplier Rules

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


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


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


## Internal reporting mechanism

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

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

- 

When receiving whistle-blowing and conducting an inspection, it should be done in a confidential way without revealing the identity of the whistle-blowers. Specifically, the whistle-blower's name, work unit, whistle-blowing content, etc. should be strictly kept confidential. It is strictly forbidden to forward the whistle-blowing materials to the reported unit or individual;
- 

Inspection materials must not be extracted or copied. The materials are read-only to the Audit Department staff of headquarters or regional branches, relevant senior management personnel, and relevant personnel authorized by the audit director. The Audit Department has strictly restricted the scope of person who has access to whistle-blowing information both from the regulation and process. If the whistle-blowing needs to be transferred to the higher level for judgement, it should be conveyed in an appropriate form, specifically, the name, identity, unit, etc. of the whistle-blower should be hidden.
- 

It is strictly forbidden to disclose the name, work unit and job position of the whistle-blowers in the process of publicizing and rewarding unless the person agrees with that.



In 2019, the Group Audit Center received a total of 12 cases, with a resolution rate of **100%**, and handed over **4** cases to the judiciary which were already closed.

## Compliance Training

In order to regulate outsourcing of construction and sales, Group Audit and Information Management Center and Operation Center, along with Group Construction Center, Costing Center, Marketing Center, Finance Center, Legal Center, released the guideline of outsourcing of construction and sales, the guideline which defines components in outsourcing of construction and sales: the signing subject, block terms, threshold controlling, net profit margin, mechanism of management and approval, measurement of outsource in sales performance, and punishment.

Shimao carries out regular on-job training for new employees and trainings on professional integrity and management. In 2019, the coverage rate of new employees receiving compliance training was 100%. In order to facilitate learning and raise employee awareness of working ethics and integrity, the app "Shimao People" launched education and training sections to make training more flexible. Furthermore, Shimao conducts employee integrity education quarterly and shares audit cases on "Shimao People" regularly.

## Risk Management and Internal Control

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

### ► Organizations of Risk Management

The Board acknowledges its responsibility for regulating and maintaining sound and effective risk management and internal control systems of the Company and reviewing their efficiency through the Audit Committee.

The senior management is responsible for managing the Company's risk management plan and ensuring the Company's operation is in compliance with the risk management policy in response to the external changes and risk tolerance of the Company. The senior management is accountable to the risk arising from the Company's operation, which includes to ensure the business strategies of the Company conform with its risk philosophy and culture under the regulation of the risk management policy and procedures.

The executive committee of the Group is responsible for the annual risk report through the Internal Audit Department of the Company. Members of the Internal Audit Department regularly hold meetings with the senior management to review and assess risks, and to discuss the solutions to significant internal control deficiency (if any), which include making changes and then reassessing the relevant risks based on the results and formulating remedial measures. The executive committee is responsible for reviewing

### ► Continuous Risk Monitoring

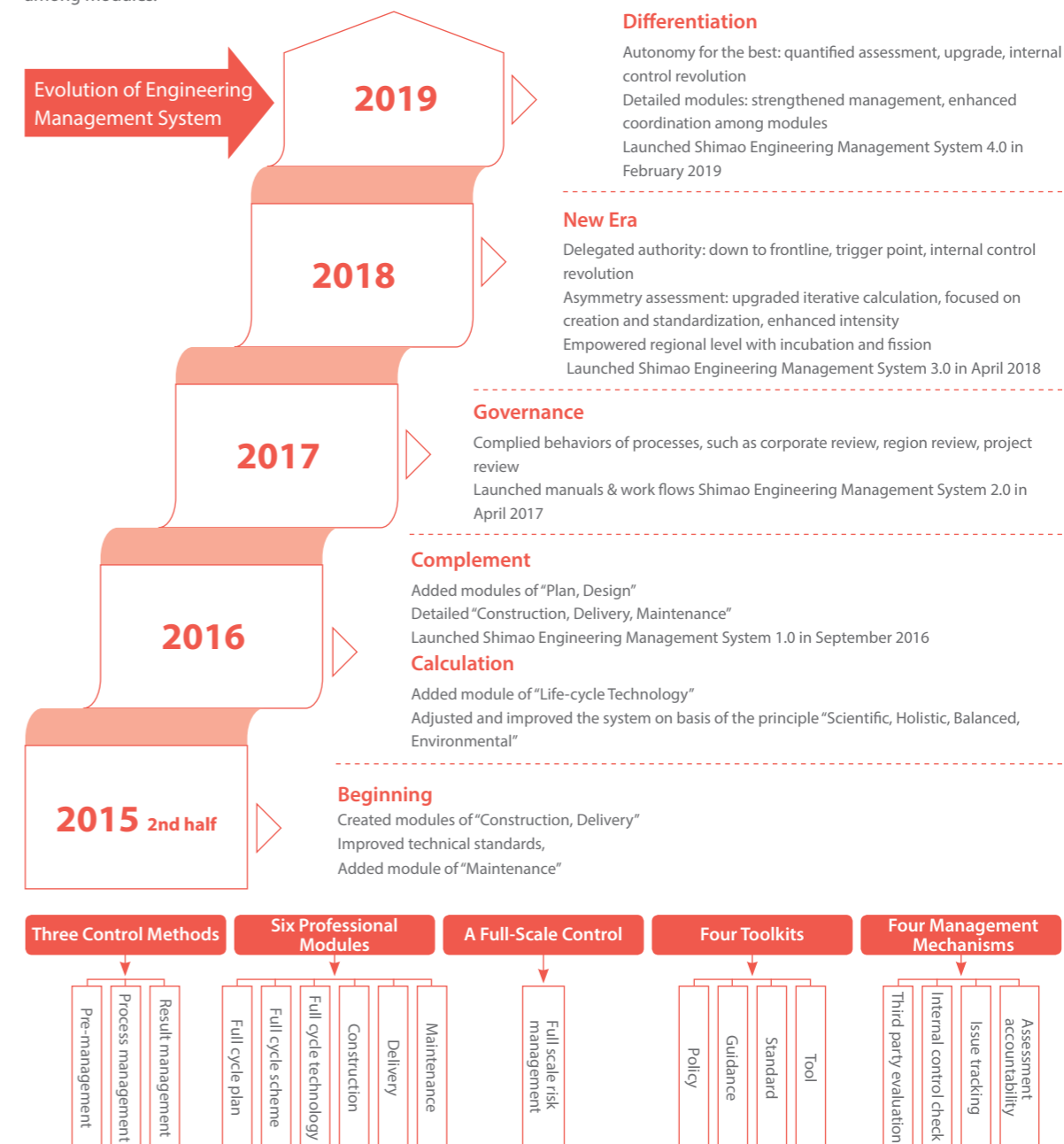
The Company continues to enhance the comprehensive risk management system to ensure that the Company's strategies and operation will not have materially adverse effects on the economy, environment and social in pursuit of sustainable business success.

<b>Legal &amp; Compliance Risks</b>	<ul style="list-style-type: none"> <li>■ Strict control of contract templates</li> <li>■ Seeking internal and external legal opinion and reviewing compliance, for business and new implementation</li> <li>■ Enhancing protection and management system for trademarks and copyrights</li> <li>■ Continuously monitoring and assessing impact of latest regulatory</li> </ul>
<b>Project Risk</b>	<ul style="list-style-type: none"> <li>■ Revising "Project Risks Examining System"</li> <li>■ Implementing risk control over the entire project cycle</li> <li>■ Due diligence, including review by 3rd party professional</li> <li>■ Providing routine and holistic report to senior management, and monitoring progress, in order to enhance management supervision</li> </ul>
<b>Procurement Risk</b>	<ul style="list-style-type: none"> <li>■ Clearly defining responsibilities and authorities of each department in Purchasing Management Center, and establishing a structure with separation of powers for checking and balancing strategic procurement from the manufacturers or brand owners</li> <li>■ Formulating comprehensive strategic procedures for the procurement and tendering of materials and equipment</li> <li>■ Organizing preparation meetings with strategic suppliers, and establishing mechanism for evaluation and feedback on contract performance feedback</li> </ul>
<b>Environment Risk</b>	<ul style="list-style-type: none"> <li>■ Assessing impacts on the environment for each project</li> <li>■ Strengthening controls of environmental impacts during construction</li> </ul>

## Product Responsibility

### Shimao Engineering Management System 4.0

Based on System 3.0: improvement of quality management and internal control, Shimao engineering management system proceeded into version 4.0 in 2019, building brand by quality, gaining reputation by service, refining management in detail, and facilitating future by innovation and information transformation. The 4.0 system further empowered competent regional companies with autonomy, quantified assessment of internal controls, refined granularity of module management, and improved connection among modules.



# 04

## Environment



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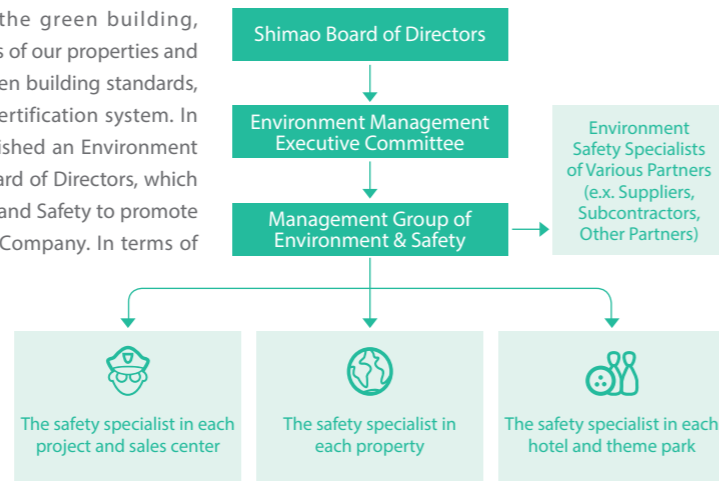


## Environment

Key issues: Green Building | Energy Consumption & Waste Management | Climate Change & Greenhouse Gas Emission | Employee/Owner/Tenant's Involvement of Environment | Mindset of Sustainability | Efficiency of resource consumption | Energy & Emission Management in Public Area

### Green Building

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



### Green Building Policy

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

### Certification of Green Buildings



### ► IWBI Case: Changsha Shimao Global Finance Center & Shenzhen Qianhai Shimao Financial Centre

In 2019, Shimao Commercial and Themed Entertainment Sector continued to adhere to the concept of "for an enhanced life in big cities" and kept up with the pace of green development. It has entered a cooperation agreement with the International WELL Building Institute (IWBI) for Changsha Shimao Global Finance Center and Shenzhen Qianhai Shimao Financial Centre to jointly promote the concept of healthy architecture and explore a healthy building space with people at its core.



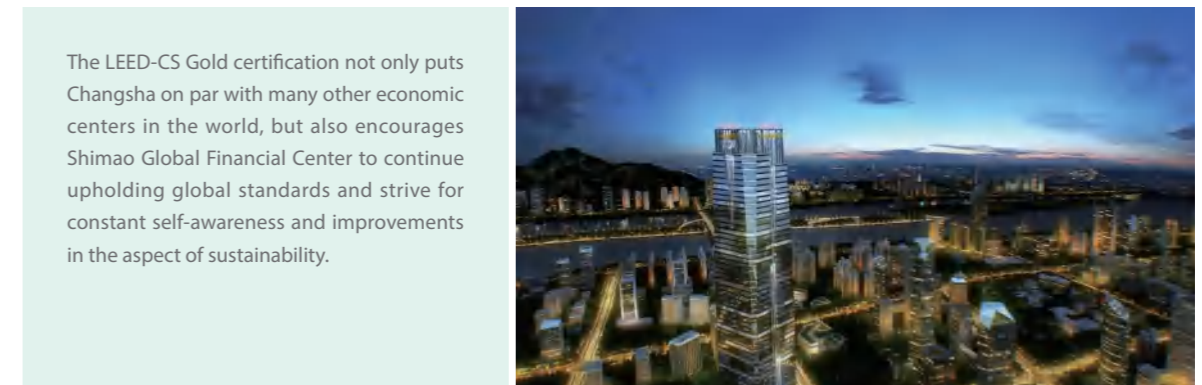
WELL Building Standard for healthy buildings is a dynamic evaluation and rating system based on building performance. It is jointly certified by IWBI and the Green Building Certification Inc (GBCI). It is the world's first "people-oriented" green building certification standard, focusing on researching the relationship between people and space, and between space and health. Having 7 core systems and 102 indicators that systematically value the physical and mental health of the residents, it is known as the Oscar in the architectural field. Shimao Commercial and Themed Entertainment Sector always values the philosophy of "for an enhanced life in big cities" and therefore pay special attention to the relationship among city, people, and life. This is on the same page as WELL's green building certification standards that focus on residents' physical and mental health.

Shimao Commercial and Themed Entertainment Sector and IWBI's cooperation reached for projects in Changsha and Shenzhen means a new starting point for a unique service standard system encompassing technology, service and intelligence that endeavors to bring users a comfortable and good experience when they are in the buildings, and it also means a significant step for Shimao Commercial and Themed Entertainment Sector as it is practicing its branding plan of "experience plus".

### ► LEED Case: Changsha Shimao Global Finance Center

Changsha Shimao Global Financial Center has become an outstanding example among urban buildings in 2019 as it won the United States WELL Health Building Standard and LEED-CS gold certification. It embodies the concept of green building through and through:

- 1. The skirt building adopts a new fan unit with a heat recovery function, and the tower uses a compound heat recovery and air processing unit;
- 2. Rainwater recycling systems are used to reclaim water for watering the plants, washing the roads and replenishing the water on-site. The volume of the rainwater collection tank is 45m<sup>3</sup>;
- 3. The air-conditioning system adopts a PM 2.5 filtering system and an electrostatic precipitator;
- 4. Solar panels are used on top of the skirt building;
- 5. LED lighting is used in public areas and underground garages;



The LEED-CS Gold certification not only puts Changsha on par with many other economic centers in the world, but also encourages Shimao Global Financial Center to continue upholding global standards and strive for constant self-awareness and improvements in the aspect of sustainability.

## Energy Consumption

Shimao pledges to continuously increase the efficiency of using electricity and other energy, adapt energy-saving devices and technology, and keep monitoring performance of energy saving.

### Energy Saving Cases

#### ► Non-fossil energy usage

##### 1. Solar water heating systems are brought in

Cases: Fuzhou Shimao Cloud Guling, Changsha Shimao Global Finance Center, Wuxi Railway Station, Nanjing Shimao International Center, Gulangshuizhen

#### ► Electricity Reduction

##### 1. LED energy-saving lights are adopted

Cases: Changsha Shimao Global Finance Center, Fuzhou Shimao Cloud Guling, Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre, Jinluowan

##### 2. Group supervisory control systems are installed/ energy feedback systems are adopted for elevators

Case: Project Dongwang, Shine City, Shimao Nuoshawan

##### 3. Full heat recovery systems are adopted to lower energy consumption of air-conditioners

Case: Hangzhou Shimao Wisdom Tower; Shanghai Shimao Tower

##### 4. Current VFD technology is adopted, such as using VFD cooling machine and VFD pump

Case: Nanjing Shimao International Center applied VFD in cooling pump and centrifugal fan to save energy

### Energy-saving renovation

#### ► Hyatt on the Bund Shanghai

In order to further reduce the environmental damages, Shimao carried out energy-saving renovations of its hotels. Take Hyatt on the Bund Shanghai as an example, in 2019, because of the innovation, the peak engineering energy consumption in a single month is down by about 190,000 RMB, with an average annual saving of about 900,000 RMB.

The energy saving measures in this hotel include:

A.	Auto-start/stop cooler
B.	Automatic temperature adjustment
C.	Automatic pump selection to adjust water flow
D.	Automatic tower selection for frequency conversion
E.	The system can automatically and timely track the end energy load and outdoor temperature changes, thus respond in a timely manner
F.	After the system is put into use, the starting-up, stopping, and operation of the pump will function in a strategic way that optimizes the running time and efficiency of the pump
G.	After the system is put into use, the humidity inside the hotel is significantly eased, the operating power of the entire system is significantly reduced, and the operating efficiency improved.

## Water Utilization

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

### Water-saving Cases

#### ► Water Recycling

##### 1. Rainwater recycling systems are adopted

Case: Changsha Shimao Global Finance Center which installed rainwater recycling system for plants watering, paths cleaning and garden water replenishment with a cistern of 45 cubic meter, Shenzhen Longgang Shimao Shenzhen-Hong Kong International Centre, Maoming Wisdom City, Shimao Shine City in Nanjing, Shui Mu Yun Zhu, Wujiang Park in Suzhou and etc.

##### 2. reclaimed water is used

Cases: Project Dongwang, Shimao Metropolis, Project Xisha, Classic Chinese Chic

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

Case: Fuzhou Shimao Cloud Guling

## Emission

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

### Environment Protection Cases (Indoors & Outdoors)

#### ► Ozone protection

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

Case: Shanghai Shimao Tower

#### ► Air purification

##### 1. New blower units for heat recovery are installed, bringing in fresh air from outdoors with a significantly reduced energy consumption

Case: Changsha Shimao Global Finance Center, Wuxi Railway Station, Shine City, Xitangyuwan

##### 2. The air conditioning system adopts a filtration system for fine particulate matter (PM2.5) and a classic dust removal system

Case: Wujiang Park in Suzhou, Shimao Shine City in Nanjing

##### 3. Nano photonic technology is adopted to simulate natural ecology, and high-voltage static electricity is applied to purify indoor air.

Case: Shanghai Shimao Tower

#### ► Air Quality Monitoring

##### 1. Air quality is monitored in real time

Case: Fuzhou Shimao Cloud Guling

## Waste Management

Shimao Group strictly complies with environment laws and regulations such as “the Law of the People’s Republic of China on Water Pollution Control” and “the Law of the People’s Republic of China on Air Pollution Control”. Shimao promises to continuously reduce the ecological impact of waste disposal, promote waste classification and recycling, and monitor the impact of waste on the environment as well as related work improvement.

### Waste management Cases

#### ► Construction waste recycling plan

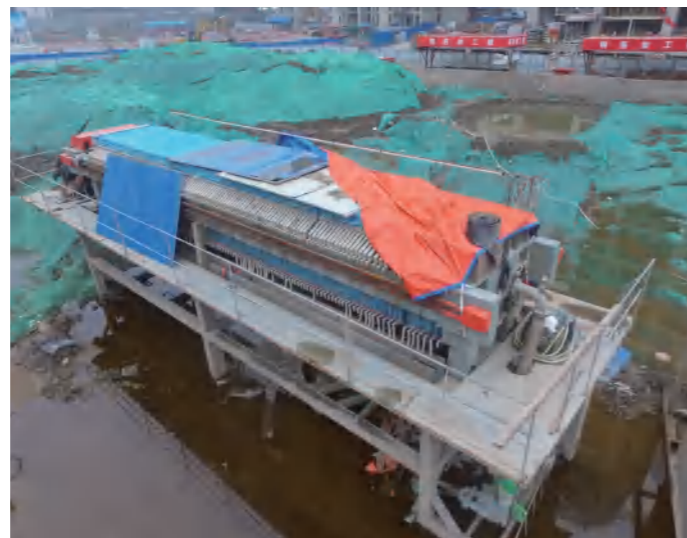
The general constructors of Shenzhen Shimao Qianhai Centre and Changsha Shimao Global Finance Center have developed and implemented waste management plans. Under these plans, more than 75% of waste comes from construction, demolition, and site clearance can be reused or recycled. Materials made from recycled contents accounted for 20% of the total value of the materials used for the projects. 40% of construction materials and raw materials used were manufactured within 800 kilometers from the construction site. For wood materials, products, and components, more than 95% of the wood used was certified under the Forest Stewardship Council (FSC) standard.

#### ► Hazardous waste disposal

Hazardous waste is regularly counted to make sure the records are correct, and such waste is stored and marked separately. Necessary fire extinguishing equipment is provided; hazardous waste will be timely collected and stored on-site only temporarily before being transferred to qualified hazardous waste treatment centers. Non-hazardous waste will be cleaned out daily in accordance with relevant rules for garbage classification, and a qualified garbage collection company should be hired for waste disposal. At the same time, we make clear requirements to the merchants and proprietors to use environmentally friendly materials when doing decorations. We also make pilot application of treatment equipment for organic waste microbe in an aim to solve the issue of turning waste into resources on-site and ensuring harmless treatment.

#### ► Wastewater reduction and recycling

Through prefabrication at factory and assembly on-site, Shimao greatly reduces the emission of dust and sewage that would be caused by wet construction at the construction site, and the noise was also lowered, causing less noise impacts on the surrounding neighborhood.



When laying down the piles and foundation of Nanjing Shimao International Center, a mud pressure filter was used. It can process 140 cubic meters of mud per hour and 80% of the water in the mud can be pressed out for reuse, reducing fresh water consumption; the remaining 20% of the sediment would be transported outside. Such a treatment has a smaller negative impact on the environment in the city than transporting mud directly.

## Making the Earth Green

### Employee involvement

#### ► Green office

Launching “Daily Office Code of Conduct” on March 2019, Shimao focuses on five cores--Action, Efficiency, Kindness, Frugality, Environmental Protection--and eight dimensions--such as business travelling, Office appliances, and Energy saving, thus incorporating environmental responsibility into daily office operations.

For business travels	Office appliances	Printing and photocopying	Energy saving
<ul style="list-style-type: none"> <li>Distant video conference is promoted to reduce the business travels needed for conferences;</li> <li>Travelling to cities that can be reached via high-speed rail within 4 hours by one-way should be made via high-speed rail preferably. Travelling within the city should be preferably made via underground transit and other public transportation.</li> </ul>	<ul style="list-style-type: none"> <li>Replacement of daily office supplies with used ones instead of buying new supplies is promoted, such as for pens, paper towels, transparent plastic, batteries, etc.</li> <li>Pen holders, rulers, staplers, tape holders, craft knives, scissors, calculators, and other non-expendable office supplies should be recycled and disinfected to redistribute to public areas, such as print room, meeting rooms.</li> <li>Reusable cup is advocated for employees; Bottled water is for visitors only.</li> </ul>	<ul style="list-style-type: none"> <li>Company documents for internal circulation should use double-sided printing or printed on the back of acceptable wastepaper. Color printing should not be used unless necessary. Draft documents should be circulated using electronic documents as much as possible.</li> <li>Employees are encouraged to put useable wastepaper at designated collection points in the printing area for public use.</li> <li>In addition to the above requirements, the green conducts implemented also cover energy saving and consumption reduction, use of company vehicles and office equipment, internal conference services and reception.</li> </ul>	<ul style="list-style-type: none"> <li>Employee should turn off all devices in the seat before she/he leave the seat for long period.</li> <li>The last one who leave the office should turn off the light in the area.</li> <li>The last one who leave the meeting room should turn off the light and other devices after close of meeting.</li> </ul>



#### ► Classification of Municipal Solid Waste

To improve environment and promoting sustainable development, Shimao Group actively reacted to MSW Classification Policy which was effective on 1 July 2020 and enacted by Shanghai Municipal Government, conducting series of campaigns of MSW Classification in advance. All campaigns were “MSW Classification” themed, including videos played continuously in workplaces and posters set in office area.

Among the campaigns, various quizzes were designed to enhance the knowledges of MSW Classification. Thanks to the efforts, employees were able to engage into the MSW Classification and contribute to green earth.



## Property owner involvement

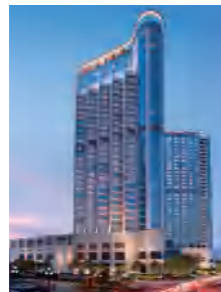
### ► Reducing the use of disposable supplies for hotel guests

Shimao Hotel is committed to a sustainable development strategy and has been making constant efforts to reduce the use of disposable and consumable products as well as cut-downs on the purchase of plastic products.



#### Le Royal Méridien Shanghai

In 2019, Le Royal Méridien Shanghai withdrew from the use of plastic straws and plastic stirrers and replaced them with paper straws and stainless-steel spoons instead. The hotel also stopped placing the amenities sets containing six disposable items (toothpaste, toothbrush, shower cap, shaver, nail file, bath ball) in the guest room, but only provide them upon request. Sewing kits and shoe cloths have also been switched into upon request only.



#### Hyatt on the Bund Shanghai

Disposable tableware made of paper or stalk have been adopted to replace plastic products, thus reducing the use of 180,000 plastic straws, 38,000 pieces of disposable plastic packaging containers, and 112,000 pieces of disposable plastic forks and spoons in 2019. Non-woven laundry bags and shoe bags have been put to use, thus reducing the use of 8,800 plastic laundry bags and 9,950 plastic shoe bags in 2019.

## Waste classification promotion

Shimao actively cooperates with the waste classification policies in China and puts into places waste classification and recycling facilities. At present, nearly 80% of all Shimao communities are equipped with classified garbage bins, including in cities like Suzhou, Shanghai, Zhejiang, Chengdu, Fujian, Beijing, Tianjin, Shandong, and in the Northeast area of China.



Shenyang Shimao New Wulihe Project built an exhibition hall to promote environment protection. There, visitors can have hands-on experience about garbage classification. This is an effort that Shimao made to make New Wulihe a benchmark for waste sorting in Shenyang. In order to ensure the effective implementation of waste classification, Shimao had arranged staff there for explanation, and adopted a point reward scheme to encourage residents to sort their garbage.

In Chongqing, Chengdu and Xi'an, Shimao carried out events themed "Implementing Waste Classification with Shimao". Shimao not only invited experts and police officers in the environmental protection area to explain the local waste classification regulations, but also promoted waste classification in various communities via multiple channels. During the events, the host gave a detailed introduction about waste classification, and used waste classification puppet figures for a more vivid impression, so that residents could fully grasp the benefits and relevant standards of waste classification.

## Conversation of Biodiversity

On September 15, 2019, 176 youngsters from 83 countries gathered in conversation area of biosphere of Changbaishan, attending opening ceremony of 2<sup>nd</sup> youth forum of "Man and Biosphere Program". It was the 2<sup>nd</sup> forum to invite youngsters who live or work in conversation area of biosphere, following the 1<sup>st</sup> forum which was held successfully in conversation area of biosphere of The Po Delta in Italy.

UNESCO summoned the youngsters to offer youth an opportunity to engage more concretely in the preparation of "Committed to Biodiversity", in order to work towards the 15th Conference of the Parties of the Convention on Biological Diversity (CBD COP 15) which will be held in China in 2020. The 2019 MAB Youth Forum, implemented in partnership with the Global Youth Biodiversity Network, was made possible thanks to the support of the Chinese MAB National Committee, the International Alliance of Protected Areas and of Shimao Group Holdings Limited.

Theme was announced for landmark of 2020 UN Biodiversity Conference -- Ecological Civilization: Building a Shared Future for All Life on Earth. The theme of the 2020 UN Biodiversity Conference gives voice to the aspirations of people around the world to build a global society in which economic, social, cultural and environmental concerns are addressed in a truly holistic way, by recognizing that nature is the fundamental infrastructure supporting life on earth

The forum was attended by the local and national authorities, followed by inspirational keynote speeches. "I pledge that UNESCO will continue to strengthen its efforts to empower youth, to listen to their voice and engage with them in the post-2020 agenda for biodiversity," said UNESCO Deputy Director General, Mr. Xing Qu, in his message to the young participants. And representative of Shimao Group, stated that it's a "... pleasure to cooperate with UNESCO to support the 2019 MAB Youth Forum and we hope that, with our continuous efforts, exploration and attempts in achieving sustainable development, we will further strengthen the protection of biodiversity with all parties..."



Changbaishan

## Appendix Award and Certifications

Award	Awarder	Awardee
The 9th Shanghai Philanthropy Star	Shanghai Charity Foundation	Hui Sai Tan, Jason, Shimao Group
2019 Most Attractive Employers	Universum	Shimao Group
2019 The Best Employer in China	Zhaopin Ltd., Center for Social Research of Peking University	Shimao Group
2019 The Best Employer in Chinese Real Estate	China Real Estate Association, China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute, Employer Evaluation Center of E-House	Shimao Group
2019 The Best Employers Top 100	Liepin.com	Shimao Group
2019 Innovative Implementation of HR Information Technology	Chine e-HR Society	Shimao Group
2019 The Best HR Shared Service Center in Great China Area	HRoot	Shimao Group
2019 The Example of HR Team Management	51Job	Shimao Group
2019 The Most Innovative Employer	Liepin.com	Shimao Group
The Company of Excellent Quality	National Office for Science & Technology Awards (Affiliated to Ministry of Science and Technology, P.R.C.)	Shimao Group
2019 The Company for Poverty Alleviation Award	People's Daily, International Finance News	Shimao Group
2019 The Most Influential Company	China Business Journal	Shimao Group
2019 The Most Influential Real Estate Brand	2019 Jin Ling Award (organized by China Times)	Shimao Group
2019 Brand Influence Example Award of Real Estate Enterprises	17 <sup>th</sup> China's Financial Annual Champion Awards	Shimao Group
Best Hotel Owner of the Year	12 <sup>th</sup> Asia Hotel Forum	Shimao Hotel & Resort
Most Progressive Hotel Brand of the Year	12 <sup>th</sup> Asia Hotel Forum	Shimao Star-ETHOS
Best Business Hotel of the Year	12 <sup>th</sup> Asia Hotel Forum	InterContinental Fuzhou
2019 Kincentric Best Employers	Kincentric	Shimao Star

## Award and Certifications

Award	Awarder	Awardee
Best Hotel Owner of the Year	13 <sup>th</sup> Grand Hotels	Shimao Hotel & Resort
The Attractive Hotel Brand of the Year	13 <sup>th</sup> Grand Hotels	Shimao Star-ETHOS
The Most Influential Hotel Group in China	The 8th China (Shanghai) International Hotel Investment Franchise and Franchise Exhibition	Shimao Star
The Best New Hotel Group of the Year	Travel Weekly China, M&C China	Shimao Star
"City Achievement 2020" Value List - Capability of Operation Top 5 in Real Estate Companies	iqidian.com (affiliated to ifeng.com)	Shimao Commerce& Theme Entertainment
2019 Best Operation of Culture & Travel of the Year	World Tourism Cities Federation	Shimao Commerce& Theme Entertainment
2019 Top 20 Commercial Property in China	China Index Academy	Shimao Commerce& Theme Entertainment
2019 Top 30 Management Capacity of Commercial Property in China	China Index Academy	Shimao Commerce& Theme Entertainment
Gold Award in Renovations and Expansions Category	International Council of Shopping Centres	Shanghai Shimao Festival City (Shimao Commercial & Theme Entertainment)
Silver Award of Renovation Project	MIPIM ASIA 2019	Shanghai Shimao Festival City (Shimao Commercial & Theme Entertainment)
2019 Leading Companies in Residential Property Service	China Property Management Institute, China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute	Shimao Service
2019 Top 500 Property Management Companies	China Property Management Institute, China Real Estate Appraisal Center of Shanghai E-House Real Estate Research Institute	Shimao Service
The Best IR Team of 2019 The Greater China Hong Kong Listed Companies	Gelonghui	Shimao Group
2019-2020 The Best Case Award	The 3 <sup>rd</sup> China Excellent IR Award	Shimao Group
The 10 Best Companies	Enterprise Anti-Fraud Alliance	Shimao Group
The 10 Best Cases	Enterprise Anti-Fraud Alliance	Shimao Group
The 2 Leading Workers in Audit Department	Enterprise Anti-Fraud Alliance	2 Internal Audit Staffs, Shimao Group

## Award and Certifications

Project	Gold LEED
Shenzhen Shimao Qianhai Centre	Gold LEED-CS
Exhibition Center, Land A1, Nanjing Straits City (Commercial)	Gold LEED-NC
Nanjing Shimao International Center	Gold LEED-NC
Shanghai Shimao Tower	Gold LEED-NC
Changsha Shimao Global Finance Center	Gold LEED-CS

Project	Silver LEED
Fuzhou Shimao Cloud Guling	Silver LEED
Building No.3, Land A, Nanjing Straits City (Commercial)	Silver LEED-NC

Project	Green Building 3-Star
Shenzhen Shimao Qianhai Centre	Green Building 3-Star
Section No.9 & underground, North Land E, Wuxi Railway Station	Green Building 3-Star
Nanjing Shimao International Center	Green Building 3-Star

## HKEX ESG Reporting Guide Index

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<b>B. Social</b>			
Employment and Labour Practices			
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Aspect B2: Health and Safety	Partner (P41-43)	B2.1	Employee (P42)
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Aspect B3: Development and Training	Partner (P37-39)	B3.1	Employee (P38) Performance Data Summary (P85)
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Aspect B4: Labour Standards	Partner (P34, P50)	B4.1	Employee (P34) Suppliers (P50)
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Aspect B6: Product Responsibility	Partner (P44-49) Society (P69)	B6.1	/
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		B7.2	Integrity Responsibility (P65-67)
Aspect B8: Community Investment	Society (P54-64)	B8.1	Social Responsibility (P54-62) Cultural Responsibility (P64)
		B8.2	Social Responsibility (P54, P58, P62)

## Performance Data Summary

Workforce Profile				
Total Workforce		10,854		
By gender	Female	4,660		
	Male	6,194		
By employment type	Full-time	10,854		
	Part-time	0		
By age	Under 30 years old	4,098		
	30 to 50 years old	6,103		
	Above 50 years old	653		
By regional company or By geographical region	Real Estate Sector		Hospitality Sector	
	Headquarters	527	North	184
	Jiangsu and Shanghai	737	Northeastern	459
	Zhejiang	524	East	3,884
	Strait	1,461	Central	306
	Northern China	573	South	0
	Central China	494	West	230
	Southern China	345		
	Western	650		
	Shandong	480		
By staff level	Non-management	6,395		
	Management	4,304		
	Senior management female	50		
	Senior management male	105		
Ethnic minority		299		
Disables		58		
New Hires				
Total new hires		4,545		
By gender	Female	1,760		
	Male	2,785		
By employment type	Full-time	4,545		
	Part-time	0		
By age group	Under 30 years old	2,271		
	30 to 50 years old	2,138		
	Above 50 years old	136		
By regional company or By geographical region	Real Estate Sector		Hospitality Sector	
	Headquarters	78	North	59
	Jiangsu and Shanghai	144	Northeastern	125
	Zhejiang	209	East	1,781
	Strait	685	Central	97
	Northern China	207	South	0
	Central China	255	West	208
	Southern China	148		
	Western	318		
	Shandong	188		

## Performance Data Summary

Turnover					
Total turnover		3,725			
By gender	Female	1,548			
	Male	2,177			
By employment type	Full-time	3,725			
	Part-time	0			
By age group	Under 30 years old	1,783			
	30 to 50 years old	1,810			
	Above 50 years old	132			
By regional company or By geographical region	Real Estate Sector		Hospitality Sector		
	Headquarters	61	North	61	
	Jiangsu and Shanghai	152	Northeastern	123	
	Zhejiang	104	East	1,959	
	Strait	318	Central	75	
	Northern China	156	South	0	
	Central China	172	West	198	
	Southern China	95			
	Western	126			
	Shandong	109			
Training					
Frequency of employee received training		201,120	Average hours of training		
By gender	Female	95,367	By gender	Female	33.64
	Male	105,753		Male	29.77
By staff level	Non-management	163,868	By staff level	Non-management	43.12
	Management	37,253		Management	18.05

## Performance Data Summary

Note: Headquarter refers to Headquarter of Shimao Group;  
Commercial refers to the commercial projects currently  
operated by Shimao Group.

Use of Resources	Unit <sup>1</sup>	2019 Headquarters	2019 Commercial
Total Energy consumption	GJ	8,187.1284	628,704.1202
Electricity	GJ	5,211.6892 <sup>2</sup>	627,570.0463
Gasoline	GJ	1,487.7196	567.0369
Diesel	GJ	N/A <sup>3</sup>	N/A <sup>3</sup>
Intensity of energy consumption	GJ/sq.m.	0.8781 <sup>4</sup>	0.3038
Total water consumption	cu.m.	N/A <sup>5</sup>	2,553,905.5582
Intensity of water consumption	cu.m./sq.m	N/A <sup>5</sup>	1.2341
Paper	Ton	7.5935	17.2666
Package Materials	Ton	2.4794	0.3886

Emission & Disposal	Unit	2019 Headquarters	2019 Commercial
Total Carbon Emission <sup>5</sup>	Ton	4,859.4240	111,329.5046
Direct green-house gas emission	Ton	129.9093	49.5143
Indirect green-house gas emission	Ton	4,729.5146	111,279.9903
Electricity	Ton	912.0456	109,824.7581
Paper	Ton	36.4490	82.8798
Wastewater Purification	Ton	N/A <sup>5</sup>	1,372.3524
Business Travel <sup>6</sup>	Ton	3,781.0200	N/A <sup>6</sup>
Intensity of carbon	Ton/sq.m.	0.5212	0.0538
NOx Emission	Ton	0.3201	0.1100
SOx Emission	Ton	0.0007	0.0003
Particle Emission	Ton	0.0305	0.0105
Total disposal of hazardous waste <sup>7</sup>	Ton	0.4010	11,888.1700
Hazardous waste intensity	Ton/sq.m.	0.0000	0.0057
Total disposal of non-hazardous waste <sup>8</sup>	Ton	20.8100	28,605.3200
Non-hazardous waste intensity	Ton/sq.m.	0.0022	0.0138
Total Discharge of wastewater	Ton	N/A <sup>5</sup>	1,960,503.4000
Intensity of wastewater	Ton/sq.m.	N/A <sup>5</sup>	0.9473

1. To unify the measurement of energy, in 2019, the measurements of electricity, gasoline, diesel were unified to "GJ" instead of "KWH" or "Cubic Meter"

2. For some reason, there was overlap of consumption of electricity between Headquarter and Commercial. We commit to quantify the overlap for figures in future.

3. No diesel was consumed in 2019.

4. The significant increase of intensity resulted from the fact that the square of office is significantly less in 2019 than that in 2018, due to relocation of office in 2018.

5. All figures related to water/wastewater of Headquarter were recorded in those in Commercial.

6. All data of business travelling was recorded in that data of Headquarter.

7. Disposal of hazardous waste consists of scraped cartridge, battery, and etc.

8. Disposal of non-hazardous waste consists of used paper, metals, and etc.

Note: In case there is no currency symbol, the disclosed amount of currency is calculated in RMB

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

You can contact us by email at [csr@shimao.com](mailto:csr@shimao.com) or write to us:

8 Floor, Shanghai Shimao Tower, No. 55 Weifang West Road, Shanghai, P.R.C

Brand Management Department

Shimao Group Holdings Limited