



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

Stock Code : 00604



2019 Environmental, Social
and Governance Report



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About this Report

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

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

SCOPE AND BOUNDARY

This report summarizes the efforts and achievements made by the Group in corporate social responsibility and sustainable development during the period from 1 January 2019 to 31 December 2019 in areas including “responsibility governance”, “green communion”, “quality improvement”, “people oriented”, “contributing to community” and other aspects. In addition, the Group established a special topic named “Responsibility Theme: Combating COVID-19” in this report, which aims to disclose the actions and measures taken by the Group under the COVID-19 epidemic in 2020. The entities covered in this report include the headquarters of the Group and the major subsidiaries including Shum Yip Pengji Holdings Co., Ltd., Shum Yip Southern Land (Holdings) Co., Ltd., Shum Yip Terra (Holdings) Co., Ltd., Shum Yip Land Company Ltd., Shum Yip East China Property Development Co., Ltd., Shum Yip Taifu Logistics Group Holdings Co., Ltd., Shenzhen Nongke Group Co., Limited, Shum Yip Holdings (Shenzhen) Property Management Co., Ltd., Shum Yip Land Investment Development (Shenzhen) Co., Ltd., Shum Yip Intelligent Park Operation (Shenzhen) Co., Ltd., Shum Yip Commercial Management Co., Ltd., and Great Assets Development (Shenzhen) Ltd..

REPORTING STANDARDS

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

REPORTING PRINCIPLES

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

DATA SOURCES

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

ACCESS AND FEEDBACK TO THIS REPORT

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

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

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

Tel: (852) 2723 8113

Fax: (852) 2723 2263

Email: ir@shumyip.com.hk

Official website: www.shenzheninvestment.com



About the Company

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

The Group currently has a land reserve with a planned total gross floor area close to 4.38 million square meters in various cities of China, of which the quality land reserve with a planned total gross floor area of approximately 2.27 million square meters is located in the Greater Bay Area. The Company is committed to optimizing its land reserves structure, and concentrating its assets and business in the Greater Bay Area as well as key first- and second-tier cities.

Over the past years of development, Shenzhen Investment has, on the aspect of property development, been committed to offering our customers with high quality property products of various segment markets including residential building, industrial building and complex. Shenzhen Investment has initiated the mixed-ownership reform on its three major operation platforms, namely operation of intelligent park, commercial management and residential property service, seeking to further deepen transformation to exert its industry cluster capability, promote industry leading capability and optimize income and profitmaking structure. It has all along been the Company's core strategic goal to promote the long term sustainable development of its business, with an aim to bring a stable return and create value appreciation for its shareholders.

Please refer to 2019 Annual Report of Shenzhen Investment for further information about our business and financial position at: http://www.shenzheninvestment.com/s/investor_report.php



Message from the Chairman

The year 2019 is not only the 40th anniversary that China embraces reform and opening up, but also the 40th anniversary that Shenzhen witnesses its birth. Being a listed state-owned holding company based in Shenzhen, Shenzhen Investment stays true to its mission of “building living vision to achieve undertakings in Shenzhen” with the aim to become a “leader in value creation for urban space”. To this end, Shenzhen Investment focuses on the Greater Bay Area, intensifies its development in Shenzhen and attaches equal importance to the strategy of property development and sales and property holding and operation, in order to actively promote a sound and sustainable corporate development with a view to better fulfilling our responsibilities towards all stakeholders.



Operating in a Steady Manner to Reciprocate to the Shareholders

With the official launch of “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area” (《粵港澳大灣區發展規劃綱要》), Shenzhen will again embrace the great historic development opportunity of “Taking the Two Areas as Driver (雙區驅動)” (i.e. the Guangdong-Hong Kong-Macao Greater Bay Area and the Pilot Demonstration Zone of Socialism with Chinese Characteristics). Shenzhen Investment will devote more resources to Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area riding on its own strategic focus and capital advantages, while deploying actively to explore opportunities for investment through mergers and acquisitions as well as innovative way of acquiring land.

The year 2019 represents the 22nd anniversary that Shenzhen Investment was listed on the Stock Exchange of Hong Kong. Through 22 years of dedicated efforts, Shenzhen Investment has been continuously expanded in its scale of operation with its comprehensive strength being significantly enhanced. In strict compliance with the requirements under the Listing Rules of Hong Kong, we have been able to maintain corporate governance at a sound level and enhance communication and exchange with our investors through multi-channels. During the year, the Group has achieved sustained growth in all of its performance indicators, contributing to its more distinctive corporate brand and corporate image. Through unremitting efforts, the Group is expected to gradually materialize the upgrading of its strategic position from a “real estate developer” to an “operation service provider for urban construction”, achieve a sound, sustainable and steady development and create more satisfactory returns for its shareholders.

Striving for Excellence to Pursue High Quality

Shenzhen Investment has always taken environment protection and safety as an integral part of its enterprise operation. Adhering to the green operation concepts of low pollution and low carbon and by proactively responding to national policies to encourage the development of green construction and actively implementing garbage sorting in response to government’s call, we are committed to creating and establishing an ecological and livable construction environment, so as to achieve a win-win situation for both environmental quality and green ecology. In terms of project development, Shenzhen Investment has all along adhered to the concept of “Health, Quality, Culture” to proactively apply new energy-saving and emission-reduction technologies, advocate clean production and try every effort to enhance waste recycling rate, dedicating to building itself into an environmentally-friendly enterprise.

Shenzhen Investment constantly intensifies environmental protection measures during the course of project development and operation, continuously promotes and practices the philosophies of “green building”, “green construction”, “green property” and “green office” as well as participating in and obtaining environmental-protection and green building related certificates. We painstakingly deliver various types of products including “park, residential property, office building, long-term rental apartment, commercial property and comprehensive health” that focus on our customers’ demand, so as to satisfy our customers’ pursuit for excellent quality of life in an all-around manner.



Caring for our Employees to Gather Strength

Shenzhen Investment has always been attaching great importance to safeguarding the basic rights and interests of our employees and has always been adhering to the principles of equity and fairness in treating each employee. We have established welfare system in place. Besides, we proactively listen to the aspirations of our employees and constantly keep an eye on the physical and psychological health of our employees, so as to increase their sense of belonging to the Company. Adhering to the human resources concept of “morality headed and making good use of talents”, we have always been improving and completing human resource system in selecting talent and expanding talent team. We also attach great importance to our employees’ safety and health as well as training and development, aiming at providing the employees with a fair and just working environment and atmosphere where they are respected.

Forging Ahead with Thankfulness to Give Back to the Society

By proactively engaging in community building and promoting the development of public welfare undertakings, we have contributed to building a harmonious society.

Our intelligent property platform offers more convenience to homeowners’ lives, thus enabling them to enjoy better service. We have actively organized emergency fire-fighting, traffic order maintaining and other volunteer teams to assist the building of harmonious community. Besides, we actively cooperate with the government’s enterprise association service centre to support the development of small and medium-sized enterprises. We continue to contribute to targeted poverty alleviation and support the development of poverty-stricken areas, in order to give back to the society. In face of the severe outbreak of pneumonia at the beginning of 2020, we have organized working group for epidemic control soonest and strictly deploy epidemic prevention and control, such as intensifying anti-infection measures at the operating areas and equipping our employees with personal protection items, etc.. Meanwhile, we also reduce rental for commercial tenants further to donating money and medical supplies to severely affected areas, so as to proactively take our social responsibility as a corporate.

In the future, Shenzhen Investment will ceaselessly improve the disclosure of various ESG indicators, and keep active communication with various stakeholders to get aware of their needs and views. We will also implement the philosophy of sustainable development and undertake to create long-term values for our stakeholders including homeowners, tenants, investors, business partners, employees, and broad communities by making full use of our advantages, hoping to contribute to building a better civilized society.

Chairman Dr. LU Hua

Shenzhen Investment Milestones 2019

Steady Growth Achieved in Sales

Property sales of RMB16.8 billion were realized throughout the year. All the residential units of our Shum Yip Zhongcheng were sold out on the launch date, 90% units of Qianhai Parkview Bay were sold on the launch date, while sales of various projects beyond Shenzhen also beat expectations.

Identifying Strategic Business Partners Actively

The Group and its members have actively identified strategic business partners, with the Group successfully entering into a strategic cooperation agreement with China Vanke Co., Ltd. and its members reaching cooperation intentions with various local governments and state-owned enterprises, laying a solid foundation for multi-channel and multi-mode resources expansion of the Group in the future.

Great Achievements Made in Resources Expansion

By developing the overall guidelines of focusing on strategically important areas, following market cycle, making full use of the systematic advantage as a state-owned enterprise and increasing resources to its reserves through multi-channels, the Group has made ever best achievements in resources expansion, as demonstrated by the fact that members of the Group successively win bids for high quality lands.

Keeping up with the Greater Bay Area strategy

With official launch of the program to build a pilot demonstration zone in Shenzhen, development of the Group will be deeply rooted in the great historic development opportunity of "Taking the Two Areas as Driver" by devoting more resources to Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area and expanding resources and projects through multi-channels.

Shouldering the Responsibility as a State-owned Enterprise in Response to the Outbreak of Epidemic

In face of the epidemic, the Group bravely shouldered its responsibility as a state-owned enterprise by taking active actions. While carrying out anti-infection measures at properties under the Group, the Group also actively reduced a rental of approximately RMB180 million to work with our customers together to overcome difficulties.



Figures on Shenzhen Investment

The Group achieved a revenue of approximately

HK\$14.9 billion for the year,

and recorded a profit attributable to the equity shareholders of

HK\$4.062 billion

The Group had land reserves with an aggregate planned gross floor area of

4.38 million square meters

2.27 million square meters of which are located in the Greater Bay Area

Net gearing ratio (including all interest-bearing liabilities) of the Group maintained at a reasonable level of

40.7%

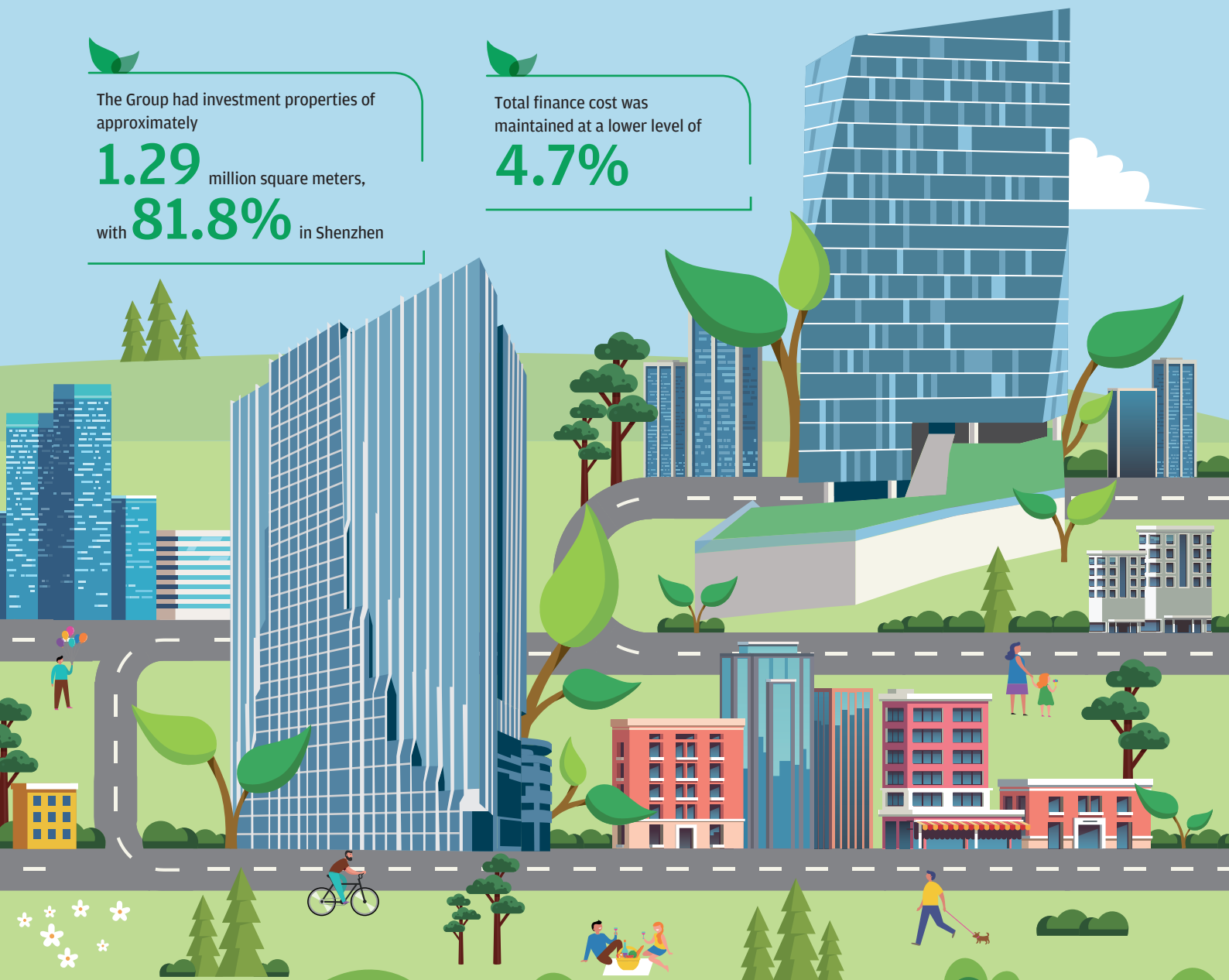
The Group had investment properties of approximately

1.29 million square meters,

with **81.8%** in Shenzhen

Total finance cost was maintained at a lower level of

4.7%



Responsibility Theme: Combating COVID-19

The unexpected outbreak of the Coronavirus Disease 2019 (COVID-19) at the beginning of 2020 altered the normal pace of our life. During the most important Spring Festival holiday of China, people across the country stayed at home and gave up family outings and visits. All of a sudden, our life was saturated with news about the pandemic, either the heartrending rising confirmed or death cases updated every day or the heartwarming stories of people who worked hard on the frontlines against the pandemic. In response to the situation, the Group took immediate actions and made careful arrangement to assume its responsibility as a state-owned enterprise proactively. It collaborated with its customers, property owners and partners from all sectors to get through all the difficulties in pandemic prevention and control and win the fight against COVID-19 pandemic.

SHOULDER THE RESPONSIBILITY AS A STATE-OWNED ENTERPRISE TO WEATHER THROUGH THIS DIFFICULT PERIOD

The sudden pandemic put great pressures on the operation of enterprises and businesses. As required by the municipal party committee, the municipal government and the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal to support the public to get through the challenge of the pandemic, the Group was committed to the principle and concept of growing together with the tenants and makes immediate responses, reflective of its courage to assume the responsibility as a state-owned enterprise. Early in the end of January 2020, the Group decided to waive off rents from the first day to the sixteenth day of the lunar year for all tenants of the UpperHills, Shum Yip Dongling and Tanglang City, etc. Further on 10 February 2020, the Group waived another two months rents, for the non-state-owned enterprises, scientific research institutions, medical institutions and private businesses who lease our own properties, of a total amount of approximately RMB180 million, which benefited more than 3,600 enterprises and private businesses with property areas of approximately 965,700 square meters and involving properties located in 18 cities across the country.



Benefited tenants expressing their gratitude to the Group

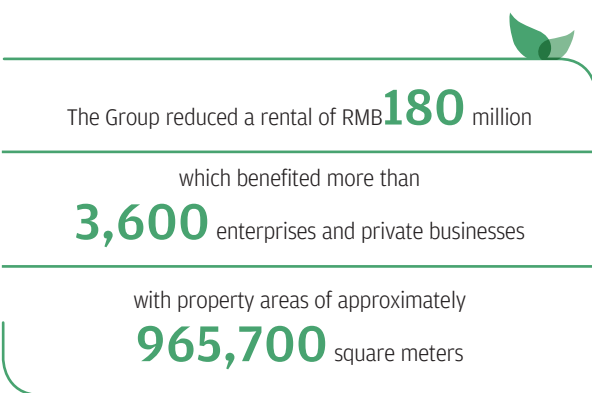
In order to facilitate the implementation of the rent waiver policy, all the entities comprising the Group adopted various measures, including but not limited to reviewing standing books, debriefing, on-site visits and making enquires of the tenants about the waiver issues, to make sure the relevant tenants be informed, receive and be entitle to the waiver, and solve the practical difficulties of each enterprise and business, boost their confidence and let them feel the care, devotion and warmth of the Group.

Such rent waiver policy was widely recognized by the relevant tenants, who showed acknowledgements and gratitude to the Group for its strong sense of social responsibility and commitment as a state-owned enterprise. Many tenants sent letters and banners of thanks to the Group.

PERSEVERE TO PROTECT OUR COMMUNITY

Since the outbreak of the pandemic, protecting the people and assets in each community, apartment, office building and park zone managed by the Group had been a duty-bound significant responsibility and historical mission of the Group. In combating the pandemic, the property management personnel of the Group acted as the invisible “retrograders” and the fastest “responders” who stood fast at the forefront of the pandemic prevention and control, and built the first line of defense for tens of thousands of families.

To implement each policy issued by the government in respect of the pandemic prevention and control and maintain a clean, tidy, safe and orderly living environment for our property owners and tenants, various property management companies under the Group established their own pandemic prevention and control groups responsible for the adoption of various prevention and control measures against the pandemic:





- implementing closed-off management over the community and setting checkpoints to measure the body temperature of everyone in and out and make classification and registration;
- Making a thorough investigation and collecting information on the travelling history of each property owner, tenant and its employee for pandemic prevention and control;
- Putting up posters in public areas and issuing articles via official WeChat account to provide important guidance on the prevention and control of COVID-19;
- Disinfecting the public areas of the community regularly, and designating a place for express package storage and disinfecting each package delivered to the community;
- Stepping up cleaning efforts to maintain a healthy and hygienic community environment.



Case Study: Convenient Living Materials Supply to the Property Owners

The property companies under the Group provided a series of convenient pandemic prevention services, among which, the Terra Group, Chengdu (泰然集團成都公司) had a self-service point in place for vegetable sales. It not only provided necessary vegetables to the community without personal contact, but also distributed pandemic prevention materials, including 5,000 surgical masks and some disinfectants purchased via various social channels, to almost 1,000 families in the community by stages.

Providing convenience services to the property owners of the community during the pandemic

Case Study: Disposal of Waste Masks

During the pandemic, disposal of waste masks was also an important problem that cannot be ignored. In all the communities managed by the property companies of the Group, there were special waste mask recycling bins in the garbage disposal sites with reminder lights in order to strengthen waste mask recycling, management and disinfection. All the waste masks collected by the property management personnel would be delivered to the local community health service centers for disposal as medical wastes.

Pandemic Prevention Notes from Property Management Personnel

- “Urban management shall be treated as careful as embroidering. In response to the pandemic, the property group will continuously implement each pandemic prevention and control work and mobilize all possible parties to improve the work carefully, thereby preventing spreading internally and importing externally to safeguard our property owners.” — Shum Yip Property Group
- “As property management personnel, we firmly believe every minor pandemic prevention effort may reduce the risk of virus spreading in the community bit by bit with one hundred or one thousand times repeat. In this special period, we will stay together with all our property owners to overcome the tough times and win this combat relevant to the safe and health of all people and usher in spring with blooming flowers and full of vigor.” — Shum Yip Intelligent Park Operation
- “Due to the nature of our work, special shifts shall be arranged during the Spring Festival holiday every year. This year is particularly busy for the sudden outbreak of COVID-19 and we have very tight schedule for the Spring Festival as compared to the previous years. We shall make careful deployment, as protecting our numerous property owners from being infected is our most important task.” — Customer Service Center in No. 1 Meilin Village (梅林一村客服中心)

Responsibility Theme: Combating COVID-19

WORK & PRODUCTION RESUMPTION AND EMPLOYEE CARE

Supporting Work and Production Resumption

Over half of the industrial parks developed, operated and managed by the Group are located in the Guangdong-Hong Kong-Macao Greater Bay Area. The resumption of work and production among the pandemic was a great challenge to the Group. In order to facilitate the relevant enterprises to resume normal production and operation, each industrial park and office building managed by the property management companies under the Group had developed and implemented various applicable policies on scientific pandemic prevention since 10 February 2020 when the first batch of enterprises officially resumed production, which provided a strong line of defense for the enterprises.

Measure 1: All-Around Disinfection to Stop Virus Spread

In the Animation Building (動漫大廈) managed by Shum Yip Land Property (深業置地物業), all the entrances and exits, the public area in the lobby, doorknobs in public areas, lift cars, filters of the fresh air system, the office area of customer floors, underground car-parking spaces, garbage bins, garbage collection points, sewerage, public washrooms and other areas were disinfected on a daily basis to stop the virus from spreading among customers.

In preventing and controlling the pandemic, the service center of the Animation Building initiatively adopted the UV disinfection mode for the lift cars, which could precisely kill the virus in a lift car, one of the high-risk places for work resumption.



Anti-epidemic measures for elevators

Measure 2: Ramping up Propaganda for Pandemic Prevention Information

In addition to the efforts in improving the knowledge on pandemic prevention and self-protection of its employees, each property company of the Group provided the prevailing state of the pandemic and relevant prevention information via the lobby and lifts of each office building as well as customer WeChat group and official WeChat account.



Disinfection in elevators



Disinfection in public areas



Manual on epidemic prevention and control



Posting anti-epidemic measures in elevators for promotion purpose



Measure 3: Big Data-Supported Work and Production Resumption

By means of resources integration and leveraging on the strong intelligent park operation platform, Shum Yip Intelligent Park Operation Company worked together with the enterprises in the park to combat the pandemic:

- Using an AI-enabled video surveillance system to surveil the population density in relevant places and, based on the then circumstance, allocating necessary manpower to disperse the crowds, meanwhile, using anti-intrusion alarm system to control visitors into the park effectively;
- Using the effective and reliable IoT network to figure out the production resumption position of enterprises in the park by reference to their consumption of water and electricity to facilitate the registration and confirmation of enterprises resuming work and production as required by the government while providing data support to the property service center for the allocation of pandemic prevention materials in advance;
- Using an environmental monitoring system to implement real-time environmental monitoring to the enclosed spaces, including the indoor areas on each floor, each fire apparatus access road and the underground car-parking spaces, and improving indoor ventilation if it shows abnormal environmental quality; and
- Relying on a cloud service platform to provide services without any personal contact, allowing the property owners to reserve and solve property-related issues and minimize face to face contacts.

Protecting Employee Health and Safety

In order to protect employee health and safety and prevent further spread of the pandemic, the Group issued the Notice on Implementing Pandemic Prevention and Organizing Work Resumption (《關於嚴格落實防疫要求穩妥有序組織復工的通知》) and took a series of steps to ensure the safety of work resumption:

- Investigating the traveling history of all employees during and around the Spring Festival holiday and finding out where the employees spent their holidays;
- Distributing masks and other protective materials to employees and requiring them to wear correctly;
- Adopting a distributed working model to avoid crowd gathering risk;
- Disinfecting and cleaning the working places on a daily basis and ensuring ventilation; and measuring the body temperature of every person working at the forefront and getting to know the real-time physical condition of employees.

Case Study: Care for Employees of Wuhan Branch

Considering Terra Wuhan Branch (泰然武漢分公司), a subsidiary of the Group, is located in the epicenter, the Group procured 2,000 surgical masks in Shenzhen and delivered to Wuhan Branch immediately. Besides, the Group proactively contacted with Shenzhen Property Management Association and Wuhan Property Management Association for the coordination of materials supply in order to help Wuhan Branch to improve its pandemic prevention and control and protect employee health and safety. Further, the Company informed its employees stranded in Hubei not to return to Shenzhen until the pandemic ended and employees returned from Hubei to accept a 14-day self-quarantine and medical observation carefully. During the quarantine period, the Group provided food to its employees to ensure their normal life.

Meanwhile, in order to improve cohesiveness and inspire the employees, the Group visited the employees working at the forefront of the pandemic prevention and control with funds granted for the purchase of protective materials, improvement of food and beverage standard and as health benefits, which provided strong supports to the employees working at the forefront, particularly, those who stuck to their posts, worked hard and fought the pandemic at the forefront in the worst-hit areas of Hubei.

Responsibility Theme: Combating COVID-19

STORY OF COMBATING COVID-19: ODE TO A TRIUMPHANT RETURN - HOLIDAY INN RESORT CHAOHU HOT SPRING PROVIDING PREMIUM SERVICES TO MEDICAL TEAMS AIDING HUBEI

On 24 March 2020, Holiday Inn Resort Chaohu Hot Spring (hereinafter referred to as “Holiday Inn Resort Chaohu”) ushered in a batch of special and distinguished guests - members of the sixth and seventh Anhui medical teams aiding Hubei.

Instructed by the experts from the Covid-19 Command Center of Anhui Province (安徽省疫情防控指挥中心), Holiday Inn Resort Chaohu established several professional reception teams rapidly, including a food safety assurance team, a living hygiene assurance team and a 24/7 logistics team, and arranged immediate training for them. In addition, the Group separated the guest zone from the staff zone of the hotel in order to provide a pleasant, safe and comfortable dining, accommodation and living environment to the medical staff.

All the teams are operated quickly and properly:

Living hygiene assurance team:

Ordering living materials, including towels, laundry detergent, washing bags and clothes hangers and making personalized allocation to the reserved rooms to ensure the daily uses of the medical staff during their rest period, and also conducting a full disinfection and sterilization to all hotel areas every 2 days.

Food safety assurance team:

Establishing a comprehensive set of operation procedures from raw materials procurement, processing to distribution with stringent food safety control. With efforts in selecting and purchasing thermal insulation lunch boxes and thermal insulation distribution equipment and adjusting routes and methods of distribution, and after various outings, discussions and rehearsals, the team was able to deliver 200 boxes of food to the needed persons within half an hour, which prevented the food from being cold.



Members of medical teams aiding Hubei arrived at the hotel



Members of medical teams aiding Hubei arrived at the hotel



Food safety assurance



24/7 logistics team:

Establishing a WeChat group with members of medical teams for communication in a timely manner, and coordinating with the hygiene assurance team and food assurance team to satisfy their needs as soon as practicable. It undertook to provide 24/7 housekeeping services to make sure all the requests to be responded and satisfied.



24/7 housekeeping services



7 April 2020

Dear all,

Thank you!

Thank you so much for your hard work. On 24 March, a beautiful, sunny spring day with blooming flowers, the 170 members of the seventh Anhui medical team aiding Hubei began their return journey with excitement. On our way home, we were flattered by all the courteous reception and felt the kindness and warmth of people in our hometown. When we arrived at the Holiday Inn Resort Chaohu Hot Spring, we were deeply impressed by the beautiful view of the hotel and your enthusiasm. The rooms we lived in are spacious and bright, with elements of salute on the TV screen and on the table, together with everything for daily use, showing your thoughtfulness. Looking outside of the window, the green bamboos, singing birds and blooming flowers are all in our eyes and we felt the breath of spring. What a surprise!

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Back from Hubei, even though we haven't arrived at our own home, we feel the warmth and comfort of home because of you. This letter conveys all our appreciation, which is hard to express with words. We won't say goodbye because we expect to meet again in the future. Last but not least, on behalf of all team members, Tong Jiabing would like to express our sincerest gratitude once again to all the hotel staff. Please accept our gratitude for all your support.

Sincerely,

All members of the seventh Anhui medical team aiding Hubei



01 Our Environmental,



Shenzhen Investment is based in Shenzhen. Building the “Pilot Demonstration Zone of Socialism with Chinese Characteristics” is a historic opportunity for Shenzhen’s high quality development. Shenzhen Investment will implement the national strategy for regional development in a proactively manner and take this opportunity to realize a growth that is in line with the economic soar of China and the Greater Bay Area. We make good use of the advantages in systems and resources in both Shenzhen and Hong Kong. While obtaining win-win benefits with enterprises, shareholders and business partners, we actively promote a sound and sustainable corporate development with a view to better fulfilling our responsibilities towards all stakeholders, being the responsibilities we dedicated to fulfill at all times.



Social and Governance System



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

Our Environmental, Social and Governance System

1.1 OUR SUSTAINABILITY APPROACH

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

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

- **Enhancing the awareness of fulfilling social responsibility**

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

- **Gradually improving social responsibility management system**

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

- **Exploring ways to establish social responsibility reporting system**

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

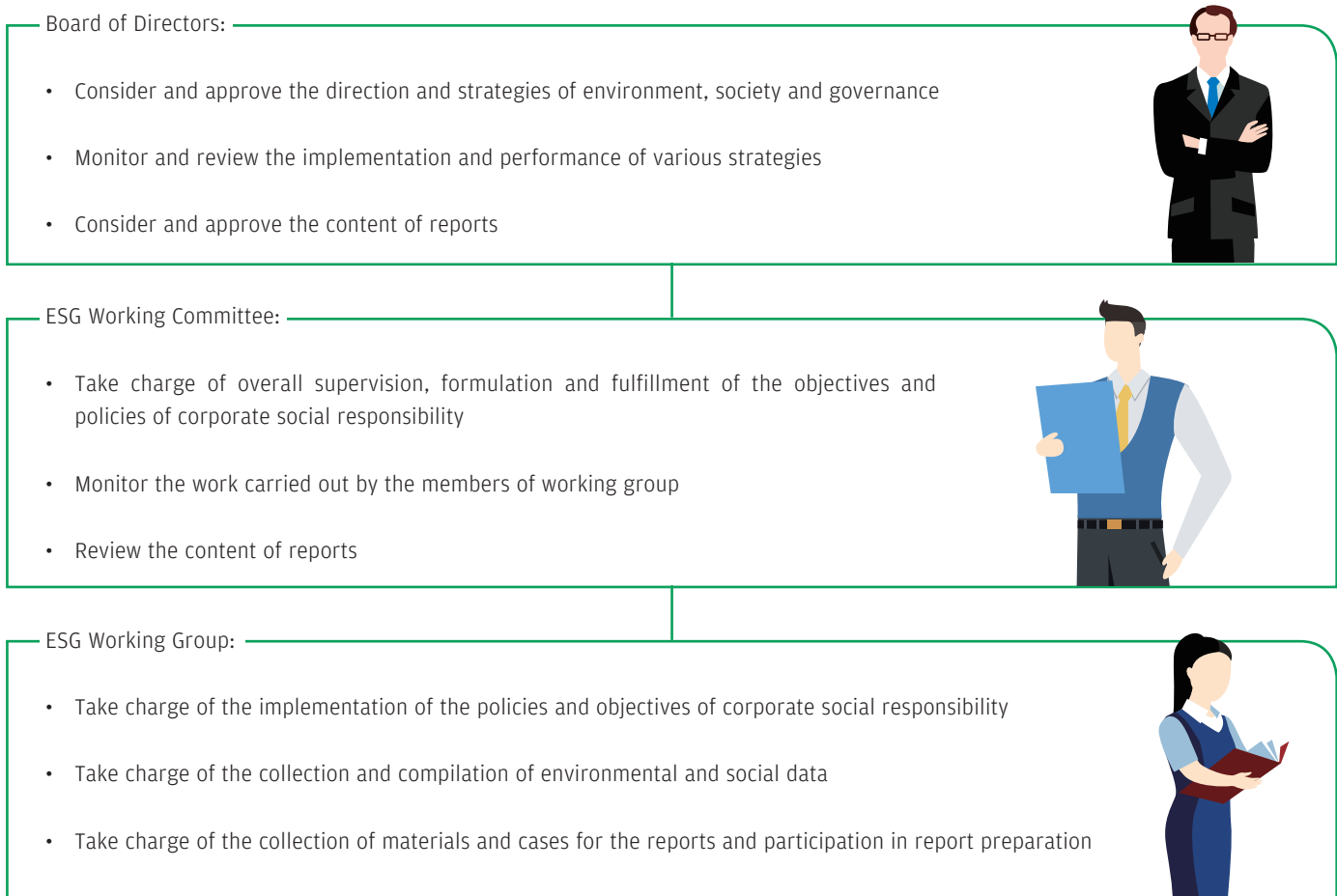


Kicking-off meeting for ESG work in 2019

1.2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

In 2019, we have organized trainings for the Board of Directors and the ESG Working Group and learned the latest compliance requirements of the Stock Exchange of Hong Kong, both of which deepened the management and executives' understanding on ESG work. We have also reviewed the achievements made and deficiencies existed in ESG work in 2018 and further clarified the participation mechanism and management scope of the Board of Directors.





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





Our Environmental, Social and Governance System

1.3 COMMUNICATION WITH STAKEHOLDERS

Shenzhen Investment attaches great importance to efficient communication with stakeholders and has always insisted on building diversified and efficient communication mechanisms and close relationships with the stakeholders. Shenzhen Investment also actively understands and responds to the stakeholders' requests, and protects their rights to know and to participate so as to achieve harmony and win-win.

Stakeholders	Expectation and Requests	Methods of Communications and Feedback	Measures Taken in 2019
Governments and Regulators 	<ul style="list-style-type: none"> • Law-abiding compliance operations • Appreciation in assets value • To support local development 	<ul style="list-style-type: none"> • Regular report and communication • Forum and exchange activities • To respond on national policies actively 	<ul style="list-style-type: none"> • Carried out 164 clean interviews • Assisted with Provincial and Municipal Commission for Discipline Inspection in investigating and handling 10 cases • Ceaselessly carried out regular inspections and supervisions while finalizing rectification report
Shareholders and Investors 	<ul style="list-style-type: none"> • To acquire returns on investment • Information disclosure and transparency • To protect the interests and fair treatment of shareholders • To lower operating risks 	<ul style="list-style-type: none"> • To improve operational efficiency • To achieve open and transparent information disclosure • To maintain mutual trust with investors • Communication and visit 	<ul style="list-style-type: none"> • Met with more than 400 investors and received 100 investor teams for project research • Convened a general meeting • Paid dividends • Dispatched 5 shareholders' circulars and 4 statements of changes in equity of major shareholders • Published 24 announcements (including monthly sales announcement) and 12 Monthly Statements of Movements in Securities
Customers 	<ul style="list-style-type: none"> • To safeguard the quality and safe of products • To optimise customer services • Privacy protection • Opinions and complaints handling 	<ul style="list-style-type: none"> • Compliance sales activities • Product quality control • Satisfaction survey • To formulate effective channels for complaints, opinions and feedback • To hold relevant customer activities 	<ul style="list-style-type: none"> • Built a comprehensive quality management and control system • Conducted customer satisfaction surveys regularly • Strictly implemented customer information management and formulated corresponding rewards and penalties system • Fully upgraded the Group's brand promotion and organized a number of offline promotion campaigns to enhance brand awareness
Employees 	<ul style="list-style-type: none"> • To protect of basic rights and interests • Career development and equal promotion opportunity • Health and safety • Democratic management • Caring for people 	<ul style="list-style-type: none"> • Staff representative congress • Employee trainings • To hold cultural and sport activities • To establish labour union for better communication 	<ul style="list-style-type: none"> • Selected 50 high potential employees under 30 years old for key training • The total training hours of the Group's employees was approximately 170,000 hours with a coverage rate of nearly 60%

Stakeholders	Expectation and Requests	Methods of Communications and Feedback	Measures Taken in 2019
<p>Business Partners and Suppliers</p> 	<ul style="list-style-type: none"> • Integrity and fulfillment of obligations • Resource sharing • Win-win development 	<ul style="list-style-type: none"> • To provide fair and just procurement guidance • Responsible procurement with regular inspection • To seek strategic partners actively 	<ul style="list-style-type: none"> • Strictly implemented the relevant management measures on tendering and bidding for standardizing the tendering and bidding process • Released more than 1,000 bidding information by the sunshine procurement platform and achieved a capital saving rate of 36.39% • Reached cooperation intention with leading enterprises in the industry and multiple governments
<p>Community and the Public</p> 	<ul style="list-style-type: none"> • To boost development of public services in communities • Public welfare and charities • Environmental protection 	<ul style="list-style-type: none"> • To promote social investments, talent apartments, senior housing etc. • To participate in charitable activities and targeted poverty alleviation actively • Green construction and to create green office space 	<ul style="list-style-type: none"> • Cooperated with the government on PPP project to build the second talent apartment under the Group • Made achievements in targeted poverty alleviation work in Songlin Village • Held many healthy and interesting community activities in the commercial, industrial and residential area of the Group

In addition, in the preparation of the ESG report, we have conducted a wide range of questionnaire survey, with the active participation of various stakeholders. By the questionnaire survey, we have got a full understanding of demands from and expectation of the Company's management and all stakeholders in respect of the disclosure and management of ESG-related information, which laid a foundation for the follow-up identification of the material issues of ESG.



Ensuring effective communication with shareholders



Field visit and communication

Our Environmental, Social and Governance System

1.4 ESG MATERIAL ISSUES

Based on the ESG work in the previous years, we conducted many in-depth interviews with stakeholders in 2019 to understand the viewpoints from key stakeholders and the change of their needs. In combination with our own situation of operation, the Company ranked the issues by materiality.



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

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



02 Responsibility



Adhering to its corporate mission of “building living vision to achieve undertakings in Shenzhen” and the integrity principle of “behaving with integrity and working with honesty”, Shenzhen Investment integrates corporate social responsibility into its business operation, and lays a solid foundation for shouldering its corporate responsibility by virtue of innovative spirit and legitimate business operation, thus creating greater value for the society.

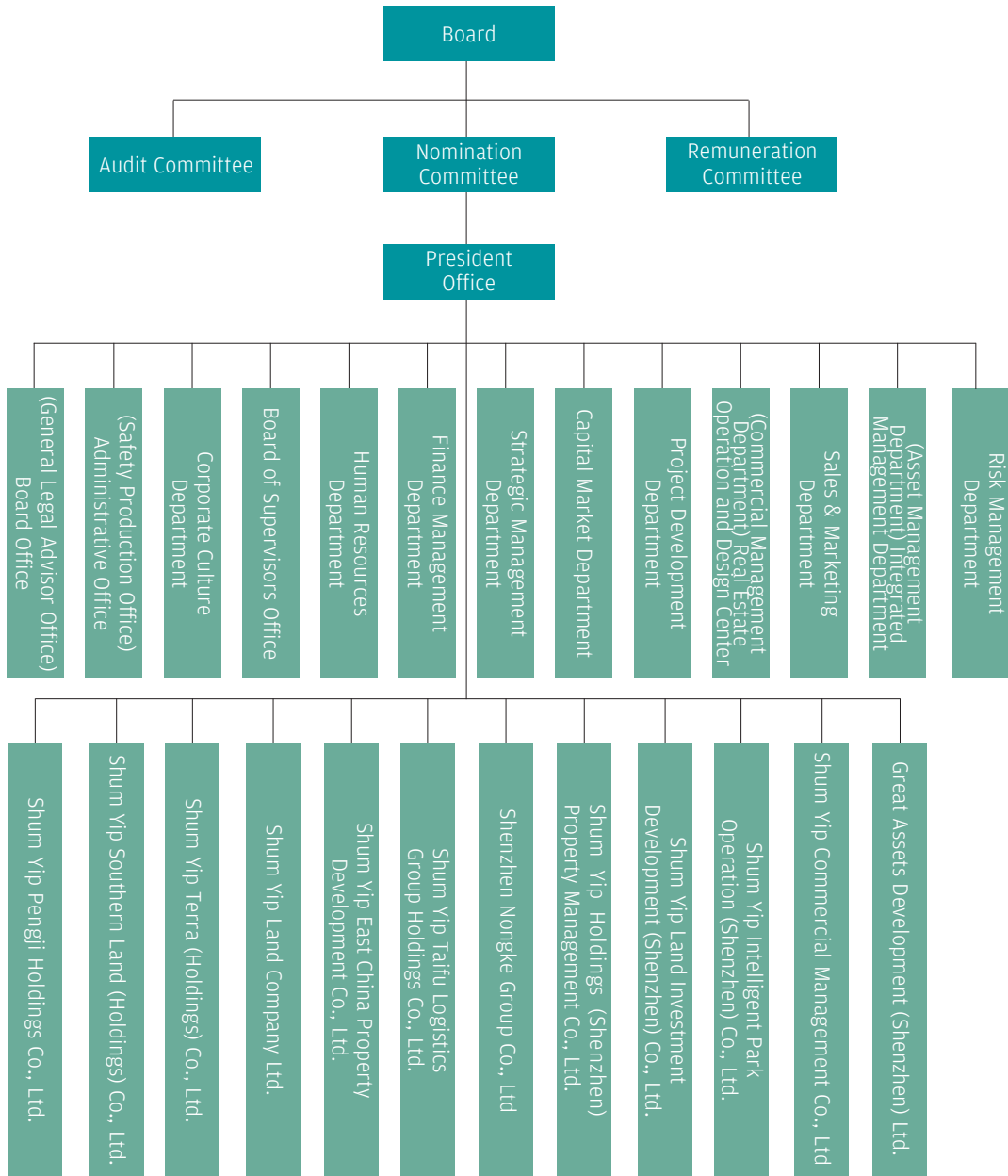


Governance

Responsibility Governance

2.1 EFFECTIVE GOVERNANCE

Governance Structure of the Company



Corporate Governance

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

During the year, in accordance with revisions to the Corporate Governance Code and relevant provisions under the Listing Rules, the Board adopted the dividend policy and the nomination policy for directors to make sure that we have conformed to the latest compliance requirements on corporate governance. In addition, we studied the consultation document on revising ESG guidelines issued by the Stock Exchange at first time, conducted relevant trainings for directors and staff, as well as reviewing and developing relevant work plans according to the latest requirements.

2.2 ANTI-CORRUPTION

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

Taking Active measures to promote the fulfillment of entities responsibility and strengthen supervision

The Group actively promotes the establishment of anti-corruption systems. On one hand, it improves and clarifies accountability system by issuing the “List of Entities Responsibility” (主體責任清單) which divides the responsibilities of the Group’s leading group members into 45 articles under 14 items, and on the other hand, it urges its subordinate enterprises to refine the content of “Two Responsibilities” (兩個責任), which are to be undertaken by employees at each level, so as to ensure that anti-corruption work of the Group is firmly implemented in an all-around manner.

The Board of Supervisors Office of the Company has earnestly performed its supervision responsibilities and taken the initiative to carry out discipline review and improved enforcement effect. During the year, the Company received totally 22 petition letters and whistle-blowing, among which, 9 cases with problems and clues were handled; of relevant responsible personnel, 10 were punished. The Company will conduct supervision over and provide guidance for making up deficiency in systems and improving such systems by disciplinary inspection proposal, OA system reporting and other ways, so as to achieve the desired effect of “imposing a harsh sentence on one people as a warning to others” (辦理一案、警示一片).

Formulating and improving relevant systems to establish a long-term supervision mechanism

- Formulating the “Implementation Measures for Alert Talks (Trail)” (《談話提醒工作實施辦法(試行)》) to remind and educate leaders in charge and leaders with specific duties in the manner of talks by administration authority in the daily supervision and management, so as to conduct timely supervision and make a remedy. Throughout the year 2019, a total of 67 person-times were “reminded of the discipline and prevented from corruption” (咬耳扯袖) and 3 person-times received “criticism, self-criticism and alert talks” (紅臉出汗) under the system. Of all the alerted cases, 8 person-times involved political discipline, 27 person-times involved organizational discipline, 38 person-times involved integrity discipline, 5 person-times involved mass discipline and 48 person-times involved work discipline;



A meeting for establishment of anti-corruption systems

- Formulating the “Implementation Measures for Integrity Audit (Trail)” (《廉政審核工作實施辦法(試行)》) to further standardize integrity audit work on selection, appraisal, recommendation for recognition and reward of employees etc.;

Responsibility Governance

- Formulating the “Notice About Strengthening the Supervision and Administration of Weddings and Funerals Affairs by Management of An Enterprise”(《關於加強企業管理人員操辦婚喪喜慶事宜監督管理的通知》) to strictly control the process, form and scale of wedding and funeral affairs;
- Strictly implementing the requirements under the “Anti-corruption Measures on Prevention of Malfeasance in Construction Project Tendering”(《工程建設項目招標廉潔從業風險防控辦法》) and the “Management Measures for Bid Evaluation Expert Pool for Major Bidding Projects (Tentative)” 《重要招採項目評標專家庫管理辦法(暫行)》 to jointly promote full disclosure of bidding and procurement information of the Company in combination with the real estate department, so as to realize transparency in procurement and prevent and control the risks of malfeasance;
- In order to improve the “six-in-one” general supervising system, the Board office (office of the general legal advisor), the financial management department and the risk management department jointly set up the joint supervision committee of the Group under the leadership of the board of supervisors of the Group. The committee issued the “Rules of Procedure for the Joint Supervision Committee”(《聯合監督委員會議事規則》) and held the first joint supervision committee meeting to deploy tasks for joint supervision, assign primary supervision responsibilities to all departments and made recommendations for rectification;
- The Group has no concluded legal proceedings relating to bribery, extortion, fraud, money laundering in 2019.

Strengthening education and direction for building a team with loyalty, integrity and responsibility

- Under the overall supervision pattern of “six-in-one”, the mode of chairman of the Board of Supervisors was firstly implemented at the level of secondary enterprises in the municipal state-owned enterprises system with a discipline inspection and supervision office set up separately. Currently, there are more than 30 employees who specialize in the work of discipline inspection and supervision in the system of the Group, representing a great increasing power of supervision;
- Take full advantages of education and publicity to create an integrity environment. The Group organized 37 integrity-themed lectures and conducted incorruption-related induction training for more than 200 new employees throughout the year. The Group published the first internal Special Issue of Discipline Inspection and Supervision, distributed nearly 2,000 petitioning brochures and posted 216 integrity posters;
- Cases were based instead of training. Corporate employees were selected to participate in the handling of cases by the Group and worked together with the Municipal Commission on State-Owned Assets Supervision and Administration so as to improve the work capability of discipline inspection and supervision officers of each enterprise;
- The study month activity of discipline education was conducted seriously to promote the development of integrity culture into enterprises and strengthen employees’ integrity and self-discipline.

2019

37 integrity-related thematic courses organized

Nearly 2,000 integrity-related brochures distributed

More than 2,000 employees were organized to watch 26 educational videos of alert



The Group published the first internal Special Issue of Discipline Inspection and Supervision

2.3 SOCIAL RECOGNITION

During the year of 2019, the honors received by Shenzhen Investment in the fulfillment of social responsibility and other responsibilities were as follows:

Name of award

- BBB in the MSCI ESG Ratings
- Top 100 Most Valuable Real Estate Listed Companies Brand in China 2019
- Four prizes in the International ARC Awards 2019
- China Excellence IR Awards 2019-Best Case Award
- Ranking No. 234 in Top 100 Chinese (Global) Listed Companies in 2019



SHENZHEN INVESTMENT LIMITED
(604)

Industry: Real Estate Development & Diversified Activities
Country: Hong Kong

MSCI ESG RATINGS

CCC	B	BB	BBB	A	AA	AAA
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MSCI BBB rating



China Excellence IR Awards 2019—Best Case Award



Ranking No. 234 in Top 100 Chinese (Global) Listed Companies in 2019



03 Green Communion



Amid the ever changing worldwide energy structure and the increasingly deepened economic globalization, environmental protection issues such as climate change have posed great challenges to the natural conditions and social environment of traditional production and operation of enterprises, which is also the social responsibility incumbent upon an enterprise during its strategic development and participation in competition. The Group has stringently abided by the laws and regulations on environmental protection and energy conservation, and formulated the “Guidelines for Environmental Protection” according to the actual situation. The Environment, Social and Governance Working Committee is responsible for overall coordination and arrangement, and continuous monitoring and regular reviewing of our developed environmental protection policies as well as enhanced management of the business which involves environmental protection.



During development and construction of projects, we have persisted in applying its product philosophy of “Health, Quality, Culture”. By applying various energy-saving and emission-reduction measures, the Group has realized its concepts of green building, clean production and waste recycling thoroughly in the process of project development and operation, dedicating to building a resources-saving and environmentally-friendly enterprise.

Green Communion

3.1 GREEN BUILDING

Through more than two decades of dedicated efforts in property market, the Group insists on integrating the concepts of environmental protection and green living environment into its products. Green building is a concept that minimises the use of resources (in terms of energy, land, water and building materials) throughout its life cycle, so as to provide a healthy, comfortable, intelligent and highly efficient space for the residents, and buildings that stand harmoniously with the nature.

Our practices made and honors received on green building

UpperHills

Adhering to the environmental protection concept of creating a win-win situation between urban development and nature, the project strived for harmonious unity among building, human and nature.

It has introduced green ecology by connecting Lianhuashan with Bijiashan through the linked landscape corridor, thus creating a green, environmentally-friendly and energy-saving space with multiple functions.



View corridor connecting to UpperHills



R&D Building

R&D Building of UpperHills

This project is a green and ecological building that ingrates environmental protection with aesthetics, and was awarded the Leadership in Energy and Environmental Design (LEED) by the United State Green Building Council as well as the Core and Shell series gold pre-certification (2009 edition).

Shum Yip Terra Building

This project provides a view of urban green environment through consecutive ecological roof greening, boosts micro climate environment surrounding office blocks and creates a unique ecological green office space amid high-density urban space.



Shum Yip Terra Building



Parkview Bay

This project is strategically positioned as a two-star national green building, with green and environmentally-friendly building materials being applied and the weight of recyclable materials accounting for more than 6% of the total weight of building materials used.



Parkview Bay



Pengji Business Space-time Building(鵬基商務時空大廈)

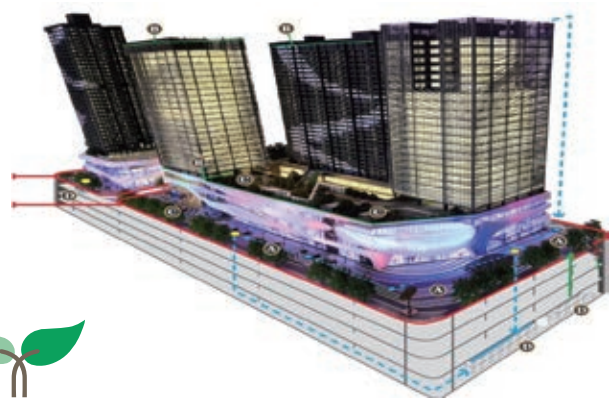
This project is equipped with split air-conditioners and adopts exterior wall insulation technology with its public areas enjoying natural ventilation and lighting, all of which have minimized operating costs, demonstrating that the building has embraced a technology-based and energy-saving office era.

Pengji Business Space-time Building



Shum Yip Taifu Square

This project is the first commercial complex in Shenzhen that adopts the full concept of sponge city. It signifies the commercial development direction of sponge city construction through the overall layout of “underground + ground + air space” and by adopting water permeable landscape and dry jet technology. The project has a total area of approximately 20,000 m² in terms of sponge city construction.



Schematic diagram of the sponge construction for the project of Shum Yip Taifu Square

Green Communion

3.2 GREEN CONSTRUCTION







The Group is fully aware of the importance of green construction to a real estate enterprise. Therefore, the Group and each of its subsidiaries formulate relevant measures in accordance with the relevant requirements under the Law of the People's Republic of China on Environmental Protection 《中華人民共和國環境保護法》 and based on the specific condition of each enterprise to intensify the identification and management of environmental factors in all aspects. At the meantime, the Group penetrates management of construction life cycle into projects through the cloud platform of BIM technology, requires that energy-saving, emission-reduction and environmental-protection related management requirements must be strictly implemented in all projects under construction, and takes various measures for energy-saving, water-saving purposes and to reduce waste emission. In 2019, no incident of Shenzhen Investment was found to have negative impact on the environment and the natural resources.

Strictly complying with relevant laws and regulations to set up environmental objectives

In terms of project construction, it is clearly stipulated on environmental management that:

- the legal ground of environmental management shall be clarified. The Company strictly abides by the Law of the People's Republic of China on Environmental Protection 《中華人民共和國環境保護法》, the Law of the People's Republic of China on Appraising Environment Impacts 《中華人民共和國環境影響評價法》, the Municipal Solid Waste Management Practices 《城市生活垃圾管理辦法》, the Policy on Hazardous Waste Pollution Control Technologies 《危險廢物污染防治技術政策》, the Regulations of Guangdong Province on Environmental Management of Construction Projects 《廣東省建設項目環境管理條例》, the Regulations of Shenzhen Special Economic Zone on Environmental Protection 《深圳經濟特區環境保護條例》, the Regulations of Shenzhen Special Economic Zone on Environmental Protection of Construction Project 《深圳經濟特區建設項目環境保護條例》 and the Regulation of Shenzhen Special Economic Zone on Noise Pollution Prevention and Control 《深圳經濟特區環境噪聲污染防治條例》 as well as other laws and regulations, and it is required that contractors shall strictly carry out the requirements under relevant environmental laws and regulations to conduct civilized construction according to laws and minimize the impacts of construction on lives of residents during construction;
- the environmental protection responsibilities and objectives of a contract letting party and a contractor shall be clarified to perform their respective responsibilities of environmental protection and take corresponding measures on environmental protection;
- specific policies and safeguard measures on environmental protection shall be put in place, which provide measures on reward and punishment for environmental protection. In case that no effective measures on dust prevention and dust suppression are taken, no garbage pools are set up and construction/household waste is not grouped on respective site or processed in a timely manner in the construction site, leading to impact on the environment, a liquidated damage shall be paid accordingly.

At present, it is required that all projects under construction in Shenzhen shall reach the criteria of 100% on the following aspects:

 <p>recycle and treatment of polluted solid wastes</p>	 <p>strict control of noise emission</p>	 <p>up-to-standard discharge of acid and alkali wastewater from construction upon retreatment</p>	 <p>eradicating the leak of radioactive substances</p>	 <p>timely restoration and rehabilitation of ecological environment that is damaged during construction</p>	 <p>discharge of wastewater meeting grade II discharge standards from living areas in the construction site</p>
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Setting up organizations and implementing systems to safeguard green construction

As required by the Group, green construction shall be conducted on all projects under construction according to relevant regulations, which is highly valued by each project company during specific construction of a project. Taking the project of Shum Yip Dongling as an example, the leading group has established a green construction management committee under the project department to fully implement green construction, develop a goal and make a plan, prepare a program, carry out green construction and create the Qingsan (清三) new demonstration project, all of which have achieved obvious environmental and social benefits. As the concept of green construction continues to develop, the construction project will achieve faster and better development.

In order to safeguard the smooth going of green construction, the Group has taken, inter alia, the following measures at management level:

Establishing an organization mechanism

The project company organizes the management team to list the results of clean project inspection as the basis for evaluating the performance of a project leader. A green construction operation mechanism under the centralized administration of the management committee with each division undertaking respective responsibility and carrying out specific measures, is generally established for each project, which has effectively ensured the smooth going of green construction works;

Establishing a guarantee system for green construction











In terms of safety and technology measures, the Company prioritizes the arrangement of a green construction demonstration project for each construction project. Construction of a project utilizing special fund will not be approved until a green construction planning is carried out and a pollution treatment solution is developed prior to its application.



Establishing an organization mechanism to implement systems

Green Communion

Green construction measures at technology level taken by Shenzhen Investment mainly include:

 <p>Water-saving and water resources management</p>	<ul style="list-style-type: none"> Harvest roof rainwater for green land and street flushing and try every effort to lead road rainwater to green land and water permeable bricks to make the rainwater sink into ground for water conservation purpose; Make the best of municipal water supply pressure to adopt non-negative pressure water supply equipment; Reduce water consumption in the project of Shum Yip Dongling Garden (深業東嶺花園) by recycling the underground water that should be abstracted in the phase of construction, with 19 precipitation wells being set up in foundation ditch at the construction site and a daily abstraction of 1,000m³ of underground water. The project company drains the abstracted underground water through a drain to vehicle washing bay, and such water is then reutilized for vehicle washing. It is subsequently planned that partial abstracted underground water will be drained to a reservoir for future fire-fighting and construction purposes.
 <p>Energy saving and energy consumption management</p>	<ul style="list-style-type: none"> Intensify energy saving and consumption reduction management of energy-consuming facilities by prioritizing the procurement of energy saving and environmentally-friendly products in an effort to reduce expenditure in working costs upon procurement; Improve technical parameters of facilities to enhance their operating efficiency; LED lights are comprehensively utilized instead of the original high-power lamps during construction.
 <p>Dust management</p>	<ul style="list-style-type: none"> Construction parties are strongly required to adopt dust control measures and conduct real time monitoring of environmental data (including particle concentration) on computer and mobile phone terminals.
 <p>Noise management</p>	<ul style="list-style-type: none"> While being contractually bound to implement relevant requirements, the related construction parties shall strictly comply with relevant laws and regulations including the Regulation of Shenzhen Special Economic Zone on Noise Pollution Prevention and Control 《深圳經濟特區環境噪聲污染防治條例》 to make a reasonable arrangement of operation hours, thus reducing noise pollution during nighttime.
 <p>Biodiversity conservation</p>	<ul style="list-style-type: none"> Strictly comply with various laws and regulations on land development including the Law of the People's Republic of China on Land Management 《中華人民共和國土地管理法》 and firmly adhere to the bottom line when formulating relevant plans for green land development, brownfield development and biodiversity. During the process of development, the land resources can be sustainably utilized for the purpose of biodiversity conservation.
 <p>Application of BIM green construction technologies</p>	<ul style="list-style-type: none"> The BIM system and precise & detailed design are all adopted for the UpperHills, the Shum Yip Dongling Garden, the Qianhai Project and other projects to realize precise construction and reduce materials consumption, thus enhancing construction quality and efficiency. <div style="display: flex; justify-content: space-around; align-items: center;">    </div>
 <p>Application of prefabricated construction</p>	<ul style="list-style-type: none"> Construction process of prefabricated structural engineering is adopted for the Qianhai Project, thereby significantly controlling and improving waste water discharge, waste gas emission and dust emission at the construction site.



3.3 GREEN PROPERTY

The Group continues to propel the implementation of green property development concept of its property companies and comprehensively promote scientific management of water, electricity and energy consumption, which goal was considered as the key work for the Company to develop green property management. Concurrently, property companies under the Group have strictly complied with the Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Appraising Environment Impacts (《中華人民共和國環境影響評價法》), the Municipal Solid Waste Management Practices (《城市生活垃圾管理辦法》), the Policy on Hazardous Waste Pollution Control Technologies (《危險廢物污染防治技術政策》) as well as other related laws and regulations, and have undertaken to perform the requirements under ISO14001 Environmental Management System.

As the economic globalization continuously embraces further development, climate change has emerged as a great challenge faced by humankind for sustainable development. We are fully aware of the fact that climate change will bring about both challenges and opportunities to a real estate enterprise in business development. We will continue to keep an eye on climate change related policies, proactively respond to climate change as well as promoting urban green development and harmonious coexistence.

By taking various measures and keeping on summarizing experiences on green development, property companies under the Group have established complete energy management system and enhanced the level of energy conservation and environmental protection, thereby delivering a comfortable, healthy and green living and office space to homeowners.

Energy-saving management

Through the remote meter reading system with the Internet of Things technologies, Shum Yip Intelligent Park can record the real-time data of water and electricity meters of users and the utilities in the park so as to monitor energy consumption and conduct data analysis. Taking full advantage of the sustainable development of renewable energy, we introduced the photovoltaic energy saving system for promotion in the park. The smart technology was applied to control the public lightning of each building in the park and the lightning of the environmental landscape.

System management

Pengnan Company (鵬南公司) formulates the Energy-saving and Consumption Reduction Management Measures (《節能降耗管理辦法》), which provides the duty of energy-saving management, the application and approval of energy conservation project, data copy, analysis and processing, accuracy control of water meter and electricity meter, daily water and electricity management and control measures, foreign-related water and electricity management and control measures, data statistics and reporting, inspection and notification. The company also intensifies management and control measures on energy consumption, advocates the philosophy of green and environmental protection and promotes the utilization of energy-saving technologies, so as to reduce water and electricity consumption.



Energy-saving effectiveness

- In Shum Yip Intelligent Park (深業智慧), water and electricity supply volume is statistically analyzed on a monthly basis, and all the property service centers are reminded to strictly control public water and electricity supply on a timely basis;
- In Tairan Park (泰然園區), costs of directly purchased electricity reduced by RMB514,400 throughout the year 2019, while water rate for the park reduced by RMB528,600 as compared with that of last year;
- Business unit of Shum Yip Property conducted energy efficiency transformation on water pump of the No.3 Building in the project of Noble Times. Thereupon, the power saving rate achieved about 70%;
- Pengji Property Management Service Company Limited (鵬基服務公司) conducted energy efficiency transformation on water pump of the project of Business Building. Thereupon, power consumption will be cut down by approximately 60,000-80,000 kilowatt-hours every year;
- Business unit of Shum Yip Property conducted energy efficiency transformation on underground garage of the project of Shum Yip Coast by replacing the old ones with 1,500 energy-saving lamps. Thereupon, power consumption will be cut down by 131,900 kilowatt-hours every year;
- Business unit of Shum Yip Property conducted energy efficiency transformation on underground garage of the project of Guangzhou Jincuiwan (廣州金翠灣) by replacing 150 energy-saving lamps. Thereupon, power consumption will be cut down by 17,000 kilowatt-hours every year;
- Shum Yip Land sets time interval for running air-conditioners in properties under its management and arranges reasonable inspection to make sure that air-conditioners are turn off when leaving. Temperature in lift car is set at 26 degrees Celsius with power off for 8 hours from 23:00 to 07:00.

Green Communion

Old equipment upgrading in property

Shum Yip Intelligent Park not only achieves energy saving and consumption reduction but also boosts the operational safety and reliability of elevators by updating some old elevators, that is to gradually upgrade drive control system with higher energy consumption to advanced variable voltage variable frequency (3VF) control system batch by batch. By December 2019, 45 old elevators in the park have been upgraded.

At the same time, by application of the “Intelligent Elevator Management” (電梯智慧管理) platform, Shum Yip Intelligent Park has established new model for elevator maintenance management, new model for four dimensional IoT monitoring of elevator, new model for elevator emergency rescue, traceability mechanism for important components management of elevator, supervision mechanism of elevator taker over safe operation condition of the elevator and new model for elevator safety inspection management in property, in order to make sure that maintenance personnel will timely arrive at the site within 10 minutes (within 30 minutes for national technical specifications) in case of elevator failure, which has effectively tackled the management difficulties and hard nuts in elevator industry, tremendously cut down manpower cost in daily elevator management as well as reducing and preventing elevator accidents. Since the Intelligent Elevator Management platform was applied, maintenance quality of elevators in the park is fully guaranteed with timeliness of maintenance greatly enhanced but no false maintenance records. According to statistics, the mean rescue time all reduced by 5 minutes as compared with that when the platform has not been applied in the 11 emergency disposals for people trapped in an elevator in 2019, representing a significant improvement.

In 2019, in light of the fact that water supply pipeline network within the park gets old and has high water loss, Shum Yip Intelligent Park adopted various technical means and measures to upgrade and relocate water supply pipeline network within the park, and replaced and newly installed 41 secondary water meters. Besides, it also commissioned a professional company to detect leakage of the water supply main pipeline utilizing professional equipment (i.e. the pipeline leakage detecting device), which has effectively avoided water loss within the park. Furthermore, the property service center is required to aggregate monthly water loss volume within the area and timely analyze and figure out the cause once an exceptional condition is identified. From January to December 2019, water loss rate in the park decreased from 19.53% for the same period of 2018 to 14.38%, representing a drop of 146,344m³ in water loss. Balance of payments for water charges amounted to -RMB254,700, representing a decrease of RMB528,600 over the same period of last year.

Conducting publicity and education campaigns for ecological civilization construction

Promotion of green property does not only require efforts from the property company, but also needs active cooperation by homeowners. To this end, property companies under the Group actively seek for supports from the homeowners’ committee and homeowners to implement various energy-saving and reformation projects. Meanwhile, they proactively conduct publicity campaigns for ecological civilization construction to advocate the new concepts of ecological civilization comprising circular development, green development and low-carbon development.

Spreading of knowledges about ecological civilization and environmental protection is carried out in various projects based on actual circumstances on site, aiming to deliver the concepts of green and environmental protection to customers. For instance, in the Jingu Project (金谷項目), a LED screen is utilized to display relative publicity logos, which will catch the eyes of the customers as they step into the lobby; in the Jingsong Project (勁松項目), a blank wall in the backyard is utilized to post publicity logos, which not only beautifies the environment of the park but also promotes the concept of ecological civilization within the park.



3.4 URBAN REDEVELOPMENT

Stepping into the 21st century, urban redevelopment has become an increasingly important issue for China to solve the dilemma encountered in urban development as the urban economy and industrial upgrading experienced rapid development. Shenzhen, as a typical city with “large population but limited territory”, has experienced the three landmark phases from “old city reconstruction” to “urban redevelopment” and then to “intensifying overall coordination and the responsibilities of each district and delegate authorities in shantytowns transformation” (強區放權). As a large municipal state-owned enterprise, the Company has always been actively fulfilling its mission and assuming its social responsibility over the past years. During this process, it does not only witness the development and changes of Shenzhen personally, but also accumulates extensive experiences of urban redevelopment in participating in city construction of Shenzhen and successfully launches a large number of elaborate projects that set models for urban redevelopment in Shenzhen.

Three-dimensional growth of intelligence applications in city - review and outlook of the urban redevelopment model of Shum Yip Terra

Established in the 1980s, Shenzhen Industrial Park Development Company (深圳工業區開發公司) (predecessor of Shum Yip Terra of the Group) is one of the earliest property and industrial park development enterprises in China and has all along been committed to the development and construction of Chegongmiao area in Shenzhen over the past three decades. Actively responding to various policies issued by the state, the province and the city, the Group proactively participated in the redevelopment of the old city. After obtaining the qualification of being a leader in the unified planning of Chegongmiao area, the Group has concentrated its manpower and material resources to comprehensively put forward relevant works to realize the upgrading of the area by upgrading and renovating old properties in the area and improving supporting facilities in the park.

Locating at prime area surrounding CBD of Futian District and served as an important transportation hub, Chegongmiao area enjoys the exceptional advantage of location. Based on international high-end standards and by integrating the development philosophy of “being prudent and pragmatic, pioneering and innovative” shaped over the past three decades, Shum Yip Terra has create a cosy, safe, low-carbon and efficient area with distinguished architectural features. Among them, Terra Licheng was planned to be built into the Hub of Fashion Headquarters in the Greater Bay Area. At the green space to the west of the second redevelopment unit of Chegongmiao, a “Rubik’s cube community” is built in the form of container architecture to improve regional supporting services, which intensifies the remodeling of regional cultures in Chegongmiao, including the “Chegong culture”, the “entrepreneurial culture” and the “culture of southern Guangdong promoted in Shangsha and Xiasha”, while adopting diversified interesting designs, both contribute to the creation of its own brand image of Chegongmiao, thereby enhancing its regional influence.



Terra Licheng

The second redevelopment unit of Chegongmiao serves as “the heart land” in Chegongmiao area. Shum Yip Terra plans to build the project into a mega-structure building of 482 meters in height after taking into consideration of the current industrial forms in Chegongmiao, and intends to centralize the financial institutions during redevelopment by taking advantage of the large amount of financial enterprises in the area, dedicating to creating a high-end financial association in the future. The financial and technical center is comprised of five separate buildings, which are bounded up through public supporting commercial portion and constitute a complete group of buildings, offering the introduced financial institutions with office space similar to single-detached dwellings. At the meantime, a wing building to the machine room under unified administration is also set up, which will dramatically lower the equipment maintenance cost in the future and reduce the risk factors.

We believe that the secret to urban redevelopment lies in three-dimensional growth of intelligence applications in city to wring more value out of creating urban space based on the high cost land resources.

Green Communion

3.5 EFFECTIVE UTILIZATION OF RESOURCES

The Group has consistently been adhering to the principles of rational utilization of both land and resources and performing reasonable composite indicators to create synergy among environmental benefits, economic benefits and social benefits.

Case Study: The 3.0 Version of Waste Separation promoted in No. 1 Meilin Village

No. 1 Meilin Village, under the management of Wansha Real Estate Company (萬廈居業物業公司) of the Group, is a large-scale residential community occupied in 1998 with an aggregate of 6,840 households and approximately 30,000 residents. The waste separation work in No.1 Meilin Village is firmly conducted based on the “Administrative Measures for Classification and Reduction of Domestic Waste in Shenzhen 《深圳市生活垃圾分类和减量管理办法》”. It is designed to enhance resource recycling and recovery rate by adhering to the mission of building an ecological, circular and civilized residential community. The waste separation work in the community is promoted under the leadership of the management office with the owner participating in on a voluntary basis by advocating a civilized and environmentally-friendly lifestyle.

Progress of the 3.0 Version of Waste Separation promoted in No. 1 Meilin Village:

- In November 2018, totally 35 centralized disposal sites for waste separation of Version 3.0 were set up for 6,840 households in the community.
- On 1 January 2019, waste separation and dumping for glass, metal, plastics, battery and bulb were launched first.
- On 27 June 2019, waste separation for kitchen garbage was conducted in the community. By propagandizing waste separation through various methods, aspects, channels and perspectives, the property company was committed to enhancing the residents’ awareness of and engagement in waste separation.



Centralized disposal sites for waste separation



Publicity campaign carried out to promote domestic waste separation



The “Guidelines for Household to Dump Domestic Waste Separation 《家庭生活垃圾分类投放指引》” posted in the community



The waste separation banners hung in the community



Distribution of guidelines for domestic waste dumping by staff members to residents



The waste separation supervisor team in uniform



- As of 20 October 2019, the waste separation has achieved its phased results with the daily average collection volume of kitchen garbage exceeding 3.12 tonnes, the monthly recycling amount of kitchen garbage in the community reaching 90 tonnes and the amount of household kitchen garbage separation reaching 0.37kg. In September, a total of 16 vehicles of bulky waste, 14,950kg of waste glass, 3,865kg of metal, 2,545kg of plastics, 4,856kg of paper, 1,483kg of old clothes, 460kg of hazardous used batteries and 470kg of waste lamps have been collected, representing an effective implementation of waste reduction and separation and recording an engagement of 60% in waste separation by residents.



Centralized recycling and handling of hazardous waste by specialized companies designated by urban management bureau



Verification of the collection volume of kitchen garbage with the terminal treatment company every night before the kitchen garbage is cleared and shipped out of the community

Green Communion

Creating a demonstration base that takes waste separation as new fashion

At present, the waste separation in Meilin No.1 Village has achieved its phased results. Since the beginning of this year, leaders and experts at all levels have visited Meilin No.1 Village to carry out survey and provide guidance, where the waste separation model promoted has received consistent praises.



Leaders visited the waste separation disposal sites in Meilin No.1 Village

Case Study: The project to demolish original buildings of Shum Yip Taifu Square

The area of buildings and appurtenances of Shum Yip Taifu Square pending demolition amounts to 12,000 square meters, while construction waste generated from demolishing permanent structure will be approximately 1.46 tonnes/square meter. It is expected that approximately 17,520 tonnes of construction waste will be generated upon completion of demolition. In order to make a reasonable disposal of construction waste to achieve discharge reduction, the project company develops a discharge reduction and integrated utilization program for construction waste.

A mobile crushing and screening plant for construction waste is established at the construction site to separate, crush and screen construction waste, and prepare recycled aggregate and other recycled building materials, which are then reused for project construction or recycle to backfill engineering projects such as other buildings and municipal roads, etc. based on actual circumstances and as the project construction requires. Ultimately, 100% of the construction waste accepts green processing and the rate of multipurpose utilization of recycled construction waste at the construction site reaches more than 95% through separate collection, centralized processing, recycling construction waste at the construction site and direct sale of recycled aggregate, thus effectively and actually implementing the environmentally-friendly concept of green construction.



Construction waste separation, recycling and processing



3.6 GREEN OFFICE

We have always been advocating the idea that our employees shall attach importance to green life and green office and have promoted green office throughout the Company to use various energies in a scientific and rational way to reduce energy waste and cost. For this purpose, the Company promulgated a series of management measures and regulations, such as Regulations on Paperless Office Management (《無紙化辦公管理規定》), Measures for the Management of Official Vehicles (《公務車輛管理辦法》) and Environmental Protection Guidelines of Shenzhen Investment Limited.

Green Office Measures

Water and electricity saving

- Post a tip of “Lights off when leaving” beside the switch and turn off lighting fixtures at the end of a workday;
- Fix energy-saving lamps at the place where more than 2 hours (including 2 hours) of continuous lighting is required;
- Indoor lighting fixtures are only required to be switched on in a weather with poor indoor lighting such as cloudy and rainy days, while indoor lighting fixtures shall not be switched on in circumstances with adequate indoor lighting;
- Post a tip of “Turning off when leaving” beside the switches and taps in the toilets in the office area;
- Fix energy-saving lamps and water-saving devices in the toilet;
- Set time interval for running air-conditioners and arrange reasonable inspection to make sure that air-conditioners are turn off when leaving.

Paperless office

- The Group has established EIP office system to improve office efficiency and reduce office paper consumption;
- All meetings are convened through online meeting system and the attendees are encouraged to read meeting materials using a tablet.

Energy-saving publicity

Post energy-saving publicity slogans and remind the employees of attaching importance to energy-saving and environmental protection.

Standardise the use of vehicles

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

Avoid the generation of waste products and waste materials

- Use packaging materials reasonably, minimize the generation of waste materials, waste and hazardous waste, and achieve the garbage classification. Waste such as kitchen garbage, used batteries, waste paper and so on, undergoes centralized collection and treatment to reduce environmental pollution.

Office space administration

Disinfection: A professional disinfection company is arranged to conduct disinfection on the office area and garden every week to eliminate the four pests (i.e. flies, mosquitoes, mice and cockroaches).

Stone conservation: Develop a stone conservation plan to make sure that the stone-paved ground is lustrous and bright.

Green maintenance: Develop a maintenance plan with landscaping company for maintenance of green plants in the office area and the gardens on various floors.

Air conditioner cleaning: Regularly clean the outlet of air conditioners and carpets to prevent bacteria.



3.7 ENVIRONMENTAL DATA

ESG Indicator	Unit	Environmental Data		
		2019 data	2018 data	2017 data
A1. Emissions				
A1.2 Greenhouse gas emissions in total and intensity				
Scope I: CO ₂ emissions	Tonnes	5,281.37	3,797.83	5,024.41
Scope II: CO ₂ emissions	Tonnes	39,683.17	19,485.42	19,522.03
Total CO ₂ emissions	Tonnes	44,964.54	23,283.24	24,546.44
Emission intensity (tonnes/HK\$ million)	Tonnes/HK\$ million	3.01	1.40	2.39
A1.3 Total hazardous waste produced and intensity				
Fluorescent tubes or energy-saving lamps with mercury	Tubes	9,415	3,510	6,222
Printer cartridge used	Units	3,574	2,351	9,095
Abandoned electrical and electronic equipment	Pieces	380	119	218
Total hazardous waste	Kilogrammes	7,913	3,912	23,262
Hazardous waste intensity	Kilogrammes/HK\$ million	0.53	0.24	2.27
A1.4 Total non-hazardous waste produced and intensity				
Wastepaper	Kilogrammes	50,731.00	42,446.00	51,691.00
Construction waste	Tonnes	229,357.00 ¹	32,113.00	11,500.00
Food waste produced	Kilogrammes	514,158.00	463,843.00	212,333.00
Total non-hazardous waste	Tonnes	229,921.89	32,619.29	11,764.02
Non-hazardous waste intensity	Tonnes/HK\$ million	15.41	1.96	1.15
A1.5 Total hazardous waste recycled				
Electronic equipment recycled	Pieces	207	260	219.00
A1.6 Total non-hazardous waste recycled				
Metals recycled	Kilogrammes	840.00	58,183.00	3,500.00
Plastic recycled	Kilogrammes	3,069.00	3,511.00	2,030.00
Wastepaper recycled	Kilogrammes	27,936.00	10,121.00	8,983.00
Glass recycled	Kilogrammes	5,604.00	4,565.00	4,771.00
Reinforcing steel recycled	Tonnes	1,218.00	3,689.00	1,252.00
Earth recycled	Cubic metres	40,120.00	129,061.00	/
A2. Use of Resources				
Concrete	Cubic metres	258,332.00	318,019.00	389,198.00
Bricks	Cubic metres	45,709.00	57,999.00	173,770.00
Reinforcing steel	Tonnes	29,774.00	107,441.00	129,476.00
Stones	Tonnes	61,853.00	9,554.00	58,015.00
Timber	Tonnes	4,145.00	5,161.00	28,601.00

¹ The increase in construction waste in 2019 was due to increased construction in progress of the Company.



ESG Indicator	Unit	Environmental Data		
		2019 data	2018 data	2017 data
A2.1 Energy consumption by type in total and intensity				
Total energy consumption	Megawatt hours	69,869.01	53,298.66	52,679.58
Energy consumption intensity	Megawatt hours/HK\$ million	4.68	3.20	5.14
Gasoline	Litres	543,791.00	413,640.00	508,408.00
Diesel oil	Litres	451,227.00	221,960.00	194,010.00
Liquefied petroleum gas	Litres	74,599.00	82,037.00	69,203.00
Natural gas	Cubic metres	1,224,310.00 ²	941,626.00	1,506,632.00
Total power consumption	Kilowatt hours	47,428,200.00	36,967,208.00	30,372,163.00
A2.2 Water consumption in total and intensity				
Total water consumption	Cubic metres	1,684,064.99	1,292,552.00	540,268.00
Water consumption intensity per HK\$ million	Cubic metres/HK\$ million	112.88	77.66	52.69

Notes:

- The environmental data for the whole year of 2019 covers the operational data of Shenzhen Investment's offices areas (including the headquarters of the Group and its subordinate units) and the residential properties and commercial properties under property management by the Group (including the waste, energy consumption, water consumption and carbon emissions of the property management offices and non-shared areas). The data of energy consumption, water resources consumption and greenhouse gas emissions were only collected for projects under operation for 12 consecutive months or more.
- Carbon emissions only refer to carbon dioxide emissions, excluding types of greenhouse gas such as methane and nitrous oxide emitted by other emission sources.
- Based on the business activities of Shenzhen Investment, exhaust emissions during its operation, including nitrogen oxides, sulphur oxides and other discharge of pollutants governed by national laws and regulations, are not significant.
- According to the ISO 14064 GHG inventory standards, GHG emissions category I refers to direct greenhouse gas emissions, particularly direct emission sources owned and controlled by the organization, such as emissions from its own vehicles; GHG emissions category II refers to indirect energy emission sources, such as indirect green-house gas emissions caused by the purchase of electricity.
- Carbon dioxide is calculated according to the Accounting Method and Reporting Guide for Greenhouse Gas Emissions from Industry and Other Sectors (for Trial Implementation) issued by the National Development and Reform Commission, where the emission factors of the outsourced power were based on standards for Reporting Guideline on Environmental KPIs under How to Prepare an ESG Report published by The Stock Exchange of Hong Kong Limited in March 2020.

² The increase in consumption was due to expanded scope of data statistics with commencement of operation of such projects as Landmark Hotel(置地酒店) in 2019.



04 Quality Improvement



Shenzhen Investment has always maintained its product and service quality at a high level. We believe that the quality of real estate products is not only limited to the quality of its construction work, so the Company can win the long-term loyalty from customers for its brand after improving the quality of each section of a project such as planning, design, building, utilisation, maintenance, and service. Meanwhile, we seek industrial transformation based on the demands from customers and provide more comfortable, convenient lifestyle with high quality for customers through different types of products.



Quality Improvement

4.1 SUPPLY CHAIN MANAGEMENT

The Group has always been committed to adhering to the concept of high standards of business ethics and honest operation. In order to ensure that the Group's suppliers will comply with various regulations and maintain good operating standards and business ethics, the Group has formulated the "Code of Conduct for Suppliers" (《供應商行為準則》) to encourage the Group to give priority to suppliers who implement sustainable development policies beneficial to the community and the environment. The Code further sets out the standards for selecting suppliers, for example, the suppliers shall prohibit child labour, forced labour, and discrimination but respect intellectual property protection, etc.

The Group further strengthened the management of tendering procurement in 2019. The Group strictly implemented the requirements of "Anti-corruption Measures on Prevention of Malfeasance in Construction Project Tendering of Shum Yip Group" (《深業集團工程建設項目招標廉潔從業風險防控辦法》) and "Management Measures for Bid Evaluation Expert Pool for Major Bidding Projects (Tentative)" (《重要招採項目評標專家庫管理辦法(暫行)》) under which it conducted tender supervision on 155 primary and secondary construction projects of its subordinated enterprises whose contract value amounted to RMB3.997 billion in total and assigned 370 bid evaluation experts and 102 supervisors for 51 primary projects in the system. During the tender process, the supervisors performed their duties earnestly and rectified 9 irregularities, marking significant improvement in the tender standardisation.

Through the standardised tender, a total of RMB0.23 billion was saved over the budget target cost. The Group put great efforts to promote the sunshine procurement, further achieving full coverage of sunshine trading and full disclosure of trading information. The whole system released 1,608 procurement messages on the sunshine procurement service platform involving an amount of RMB3.709 billion, of which the transaction amount was RMB2.36 billion, saving capital of RMB1.349 billion with a capital saving rate of 36.39%.

4.2 PRODUCT QUALITY ASSURANCE

We firmly believe that product quality is an important indicator to enhance the comprehensive competitiveness of enterprises. On the basis of strictly compliance with the national quality standards and norms specified in the "Construction Law of the People's Republic of China" (《中華人民共和國建築法》), the "Regulation on Quality Control of Construction Projects" (《建設工程質量管理條例》) and the "Provisions on Supervision and Management of Quality of Construction Projects" (《建設工程質量監督管理規定》), the Group set up a Quality Management Leading Group separately and employed third-party professional organisations to conduct 100% comprehensive quality inspection and evaluation on the developed projects.

Taking the construction project as an assessment unit, the Company formulated the progress and quality assessment indicators of the construction project. An assessment will be made according to the quality test results with reference to the self-inspection reports submitted by various real estate holding enterprises together with the circuit inspection scoring for the projects of the Group, achieving a link between the assessment results and the annual performance appraisal of the various real estate holding enterprises.

Shum Yip Terra of the Group formulated the "Measures on Construction Quality Management of Shum Yip Terra (Holdings) Co., Ltd." (《深業泰然(集團)股份有限公司工程質量管理辦法》) to strictly manage and control the construction quality of its projects. In 2019, Shum Yip Terra was honored the awards of "Benchmark Enterprise in Regional Development" (區域發展標杆企業) and "Five-Star Residential Area" (五星級住宅區) by virtue of its excellent quality of products.



4.3 SERVICE QUALITY ASSURANCE

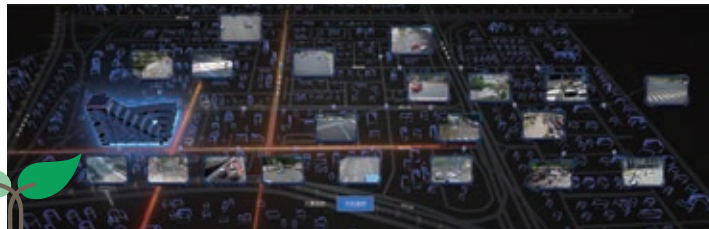
We pay high attention to the rights and interests of the customers and the management and maintenance of the relationship with customers and has strictly complied with the “Law of the People’s Republic of China on Product Quality” (《中華人民共和國產品質量法》), “Law of the People’s Republic of China on the Protection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

Intelligent Park Operation

Based on the ecological value chains of corporate customers in the park, Shum Yip Intelligent Park has established eight operating service platforms, namely property service platform, park supporting platform, administrative service platform, marketing service platform, human resources service platform, financial service platform, business service platform and information exchange platform, to facilitate the development of enterprises in the park. Once entering the industrial park, an enterprise can enjoy one-stop services on these eight platforms, whether it is looking for funds, talents, products, services, partners, marketing brands or seeking for government’s support.



Shum Yip smart and intelligent APP - Shenhui Tong



Shum Yip smart and intelligent system

By building the smart building system, smart security system, energy management system and information exchange system, the Group completed smart management on people and equipment in the park so as to monitor the condition of equipment and the flow of people in the park from time to time and save energy as well as ensure security. Collecting, integrating and analyzing a large number of scattered management data and equipment data in the park provided data supports for urban management and industrial upgrading.

The real-time monitoring and the perimeter prevention of public areas in the park can warn illegal entering across border and objects throwing in a high building, control the concentrated degree of crowds and high risk persons and conduct real-time trace through eagle-eye network. Two-way immediate snap shooting for managing persons at the entrance and exit and pushing videos of visitors, combined with smart access control system, ensure two-way safety of the park and unit buildings. The real-time monitoring on environmental conditions in main equipment rooms can send warning signals timely in case of unusual flooding. The real-time warning of fire alarms and timely management and control of fire sources help to realize process-based operation and maintenance and mobile available information in the fire-fighting system.

By taking advantage of network technologies to conduct smart inspection of IoT, the Group collected relevant information and data of facilities and equipment to monitor their operation conditions, parameters, operation time, reminder of maintenance periods and warning signals of unusual things, so as to timely prevent the equipment failures in operation and troubleshooting.

Through the park information platform and the enterprise information database built by network technologies, enterprises and merchants in the park can release and share all kinds of supply and demand information so as to achieve rapid communication between the two parties, provide timely exchange of information among enterprises and implement support of service and technologies.

Quality Improvement

4.4 PRODUCT SAFETY PROTECTION

With the safety work as its priority, the Group has always spared no efforts to abide by this rule, committing to providing customers with safer products and services, as well as providing employees with a safe work environment.

Scaling up Efforts in “Improving Security by Science and Technology” and Management and Control of Key Projects

Attaching great importance to the work of “Improving Security by Science and Technology”, the Group encourages enterprises to increase investment in safety production and strengthens the application of informationized and smart safety technologies, such as IoT and intellisense. The smart fire-fighting IoT technology was utilized in partial projects of real estate company of the Group by installing a number of sensors in the fire-fighting water, electrical and monitoring systems to detect water pressure, voltage, fire disaster and other conditions, and the sensors will send real-time monitoring data to the mobile terminal, thus achieving the targets of detecting, early warning and smart management. Information technologies, such as BIM (Building Information Model), IoT and intellisense were utilized in some other projects under construction to conduct smart supervisions on constructions, including smart personnel attendance, smart monitoring of large facilities, dynamic process management of large and dangerous constructions, smart video monitoring, traceable duty performance, traceable enterprise self-examination and traceable pre-shift safety education, thus preliminarily realizing the closure management on the whole process of potential safety problems. After two years’ operation, the intelligent supervision platform has greatly improved construction quality and efficiency of safety supervision, achieving its phased results.

Establishing a Comprehensive Emergency Response Division for Ensuring a Safe Park

Terra Real Estate Company of the Group has established a comprehensive emergency response division, which implements a 24-hour on-duty readiness system to ensure the safety and stability of Chegongmiao Area by strictly following the rescue time target requirements of “one, three and five” (i.e. one minute for preparation, three minutes for arrival and five minutes for disposal well) of the security emergency response rescue team in the district.

In 2019, the comprehensive emergency response division operated 5 times, including 2 fire alarms and 3 social assistances. It was able to rush to the scene of the accident in the first time to put out the fire and rescue the trapped people before the arrival of the squadron of fire brigade, thus avoiding the economic loss and social impact caused by the spread of the fire and the casualties.

In holidays and special protection periods, the comprehensive emergency response division patrolled the Chegongmiao Area once every 2 hours a day and provided security and on-duty tasks in batches at fixed points for the leisure and entertainment venues and densely populated places in the park, ensuring the safety and stability of the park.

In the meanwhile, for many “Three Small” places (i.e. small stores, small workshops and small entertainment venues) in the area, the comprehensive emergency response division carried out irregular screening and governance work against potential problems and urged households to eliminate the potential safety problems in time.



Skills taught during emergency drill



Emergency drill carried out in a property

4.5 MARKETING AND SALES SERVICES MANAGEMENT

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

Improving Customer Service Management System

In 2019, the Group further improved customer service management system, and successively improved the management systems including "Delivery Operation Guidelines Process" (《交付作業指引流程》), "Operation Guidelines for Customer Daily Complaints" (《客戶日常投訴作業指引》), "Operation Guidelines for Project Handover" (《項目移交作業指引》), "Circuit Inspection System for Delivery Region" (《交付區域巡檢制度》), "Operation Guidelines for Crisis Handling" (《危機處理作業指引》) and "Operation Guidelines for After-Sale Maintenance and Repair" (《售後維保、維修作業指引》). Based on the multiple touch point services, we deeply kept in touch with homeowners and customers, communicated with customers in time and handled the customer complaints efficiently, improving customer satisfaction. Meanwhile, we handled the customer complaint related problems in a timely manner to ensure service quality.

Protection of Customer Privacy

We strictly comply with the relevant national laws and regulations, regulatory requirements of the industry and management systems involving protection of customer privacy. Sales staff are regulated and managed by the form of "authority control + data segregation (權限控制+數據隔離)" and each position in the marketing line (such as sales, planning, contract and other segments) hid their customer data from each other, so no specific employee can obtain all the information of customers. When in need, the overall data will be under unified management and control by the management of the marketing department.

Enhancing Brand Awareness and Trust Comprehensively through High-Quality Service

In 2019, the Group formulated the "Brand Management System" (《品牌管理制度》) to fully implement the upgrading of brands, requiring each enterprise to highlight the Company's brand and create marketing atmosphere by various marketing activities.

East China Company has always insisted on the marketing concept and objectives of "Making Full Use of Prime Location (寶地寶用)" and "Building Regional Price Benchmark and Quality Benchmark (打造區域價格標杆和質量標杆)". It conducted in-depth regional research to create popular products in the market. While ensuring high quality of its products, East China Company have successfully set a regional price benchmark and created a good corporate reputation, thus achieving its sustainable and high-quality development.



On advertising for its all projects, based on the principle of "objectivity, truthfulness and accuracy", the Group focused on product quality and customers' concern without any false promise and strictly complied with the requirements of "Advertisement Law of the People's Republic of China" (《中華人民共和國廣告法》) and other relevant laws and regulations about real estate.

Quality Improvement

Openness, Fairness, Brightness and Transparency – Sales Record of Shum Yip Zhongcheng

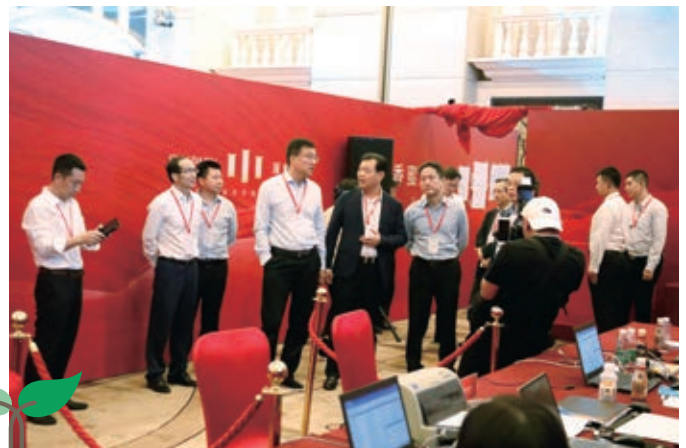
Shum Yip Zhongcheng under the Group is one of the new high-profile residential projects in Shenzhen in 2019. The Group commissioned a third party to monitor the whole sales process of the property by the public sentiment monitoring system. The Company has established an internal public sentiment monitoring work group, which cooperated with authoritative media and we media actively to release positive public sentiment reports on major nodes, thus timely outputting official statements, actively providing transparent sales information and releasing the official authoritative information at first time. The work group monitored 10,153 related comments and handled 810 sensitive comments in 52 days.



Preserved lottery information



A representative of the developer collected the preserved data CD



Supervision department under the Discipline Inspection Committee carried out an on-site inspection



Live broadcasting

On the project lottery day, many representatives from Shenzhen Notary Association, Shenzhen Housing and Urban - Rural Development Bureau, major media and the Group's supervision office were present for joint supervision for the purpose of ensuring the fairness of lottery. The lottery equipment was first opened for special use with the software installed on site. The shooting and recording in all directions was conducted in the whole venue, providing a guarantee available for future tracing and inspection in case of any doubt.

During the launching period of Shum Yip Zhongcheng, the sales team had received 4,000 batches of customers in total. On the housing choosing day, 192 sets of housing were sold out in good order in the venue without customer complaint, marking a legend of the real estate market in Shenzhen in 2019.



4.6 RESPONDING TO CUSTOMERS' COMPLAINTS

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

During the year, we received a total of 133 complaints related to building quality, 53 complaints related to marketing and sales services and 74 complaints related to properties. After receiving complaints from customers, we handled and responded actively, strictly implemented the Company's established systems and procedures based on the laws and regulations and the contract agreements, and maintained sincere communication with customers. For the fierce complaints, the relevant functional department shall present to inquire the related person and conduct investigation and discuss solutions with the project leader actively so as to comfort customers and resolve complaints.

Case Study: Strengthening the Property Foundation and Improving the Service Quality

In 2019, closely focused on the concept of “Strengthening the Property Foundation and Improving the Service Quality (夯實物業基礎·提升服務品質)”, Terra Real Estate Company of the Group took multiple measures to improve the quality of property service and the customer satisfaction. The third party satisfaction survey scored 87.83 points in 2019, up 0.85 points from 2018. With respect to the site quality, the Group formulated the “Third Party Satisfaction Improvement Plan” 《第三方滿意度提升計劃》 and “Key Checklist of Cleaning Service Standards (Trail)” 《清潔服務標準重點檢查表(試行)》 respectively. In the meanwhile, the Group strengthened the supervision of daily, weekly and monthly inspection of each project and assigned special persons to verify the implementation of satisfaction improvement plan at each project to ensure the steady improvement of service quality of each project. In addition, the Group has formulated the “Management Measures for Manager Cleaning Day” 《經理清潔日管理辦法》, under which the project manager takes a lead in driving the “master” awareness of all employees in the service center. For the complaints from the customers, Terra Property insists on conducting irregular spot checks on the recording telephones of each project and monitors the handling process and the time nodes of relevant complaints of each project in the CRM system are followed up, urged and promptly paid a return visit by special persons. So the return visits rate of all the complaints and the customer satisfaction rate both reached 100%.



Case Study: Making Use of Mobile APP to Improve Processing Efficiency

In September 2019, Tanglang City West apartment project of the Group was handed over, involving 1,070 furnished apartments. Before handing over, the project company had organized construction, supervision and property management units, and employed a professional third-party inspection company to conduct several rounds of stringent preliminary inspection and rectification so as to minimize the systematic risks and engineering defects. When handing over, the project company timely launched the software of “complaint and warranty system” in mobile platforms such as mobile phone, so that the property owners could feed back problems through multiple channels and the property manager could handle such feedbacks on a timely manner. The system divided complaints from customers into several professional aspects such as construction quality, design quality and sales service, which would be directly handled by respective responsible departments within handling time limit set for every aspect. The whole clear and transparent process has greatly improved the treatment efficiency of customers' complaints, thus enhancing customers' satisfaction steadily.



05 People Oriented



Employees are the most precious resources and wealth for corporate sustainable development. The Group attaches great importance to safeguarding of the basic rights and interests of our employees and has always insisted on the principle of equity and fairness to treat all employees. In addition, taking employees' development as the first priority, the Group continues to optimize its remuneration package, designs diversified career development channels, and establishes appropriate talent training system, in a bid to offer a career development platform for each employee. In relation to welfare benefits, the Group provides employees with safe working environment and sound working condition. The Group provides comprehensive protection and care in the life and work of our employees, aiming to increase their sense of recognition and belonging, release and sustain their ability and potential, and ultimately, drive our employees to grow and develop along with the Group.



People Oriented

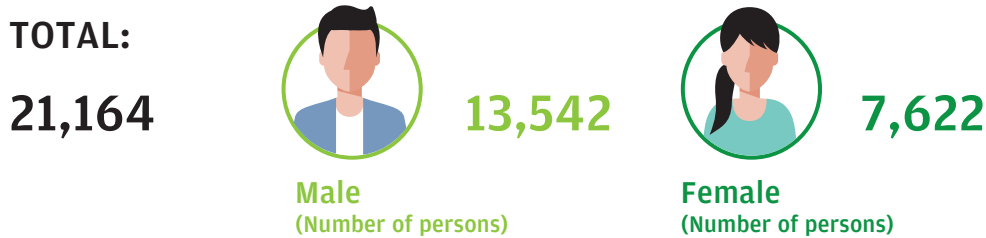
5.1 EMPLOYMENT AND PERFORMANCE MANAGEMENT

Shenzhen Investment firmly believes that employees are the core factor to maintain corporate competitiveness, so it adheres to creating a working environment with fairness, equity and respect for all employees. In relation to employment and performance management, the Group and its subsidiaries strictly comply with Labour Law of the People’s Republic of China 《中華人民共和國勞動法》 and Hong Kong Employment Regulations 《僱傭條例》. The Group has established and improved its internal Guidelines for Staff Recruitment 《員工招聘指引》 and Administrative Measures for the Selection and Appointment of the Management 《管理人員選拔任用管理辦法》 under which it selects and manages talents possessing both integrity and merit based on the performance, fairness and equity. Meanwhile, the Group has also formulated corresponding system and administrative measures with respect to various aspects such as remuneration and benefits, staff promotion, redesignation, leave, awards and evaluation, so as to conduct management in a systematic and regular way.

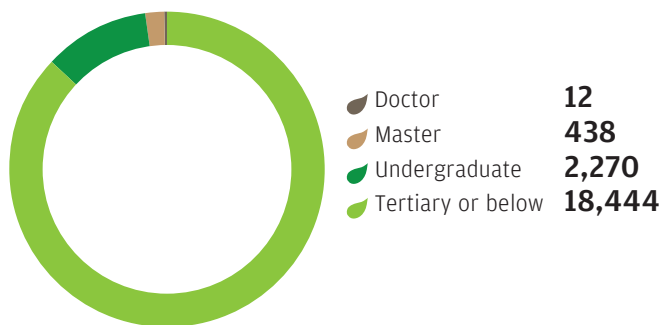
Team Diversity

For the development and selection of talents, Shenzhen Investment builds a multi-level and all-around talent team and treats its employees with fairness and equity regardless of their gender, age, family condition, disability, ethnicity, religion and other factors. It is encouraged to provide employees with equitable opportunities for benefits and promotion so as to propel the diversified development of talent team.

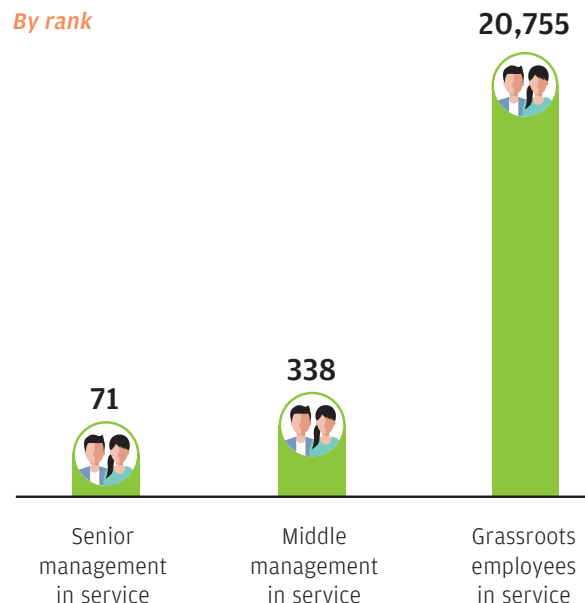
Total workforce by gender, employment type, age group and geographical region.



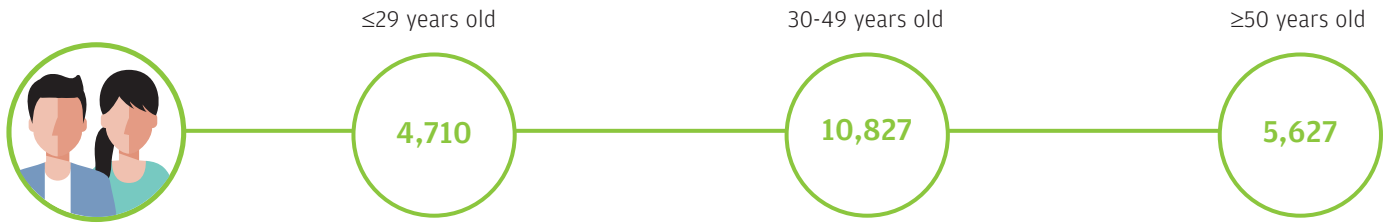
By education level



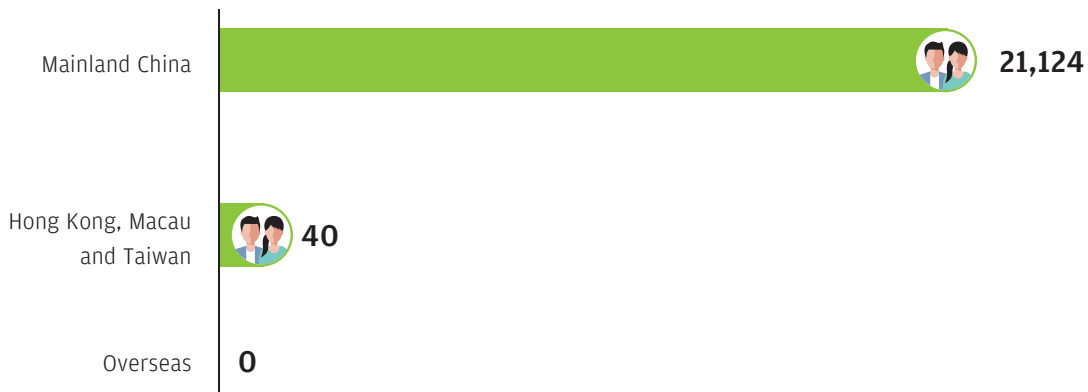
By rank



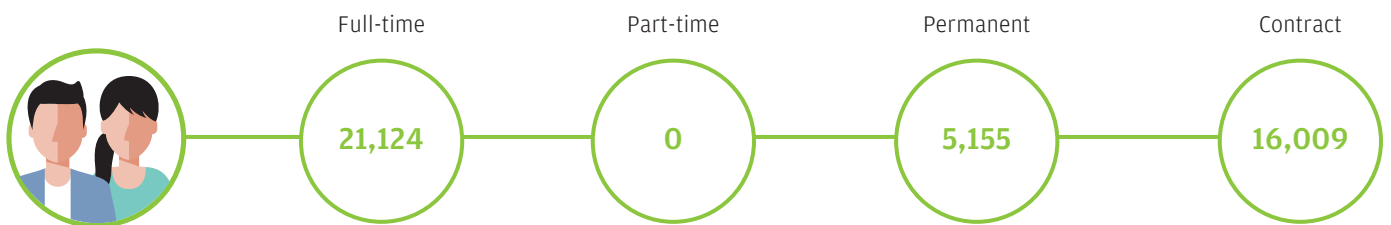
By age



By geographical location



By type of employment



People Oriented

Board Diversity

We ensure that the members of the Board have a wealth of knowledge and experience in the real estate development, business management, administrative management, financial management, legal and other various fields, and review annually whether the structure, size and composition diversity of the Board are in line with the Company's development strategy and contribute to the business success, and make advices to the Board.

We formulated the Nomination Policy of Shenzhen Investment Limited in 2019, and continued to seek to improve the effectiveness of the Board and realize the sustainable and balanced development in accordance with the consistent Board Diversity Policy of the Company. We insist that all Board appointments will be made on a merit basis and take into account various observable standards of candidates, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and legal interests of the shareholders of the Company. The Nomination Committee will review the relevant policies as and when due course to ensure the policies are appropriate and effective. For details of the composition of the Board members, please refer to the Annual Report 2019 of Shenzhen Investment Limited.

Remuneration and Performance Management System

Shenzhen Investment insists on a performance-oriented employee development and evaluation model. Complete management system has been formulated in relation to the establishment of a talent team, the market-oriented recruitment, remuneration and performance evaluation. The Group has also formulated evaluation standards for the sales of projects and the development progress of construction to give recognition to outstanding projects annually.

Staff Performance and Remuneration Management

Management System for Staff Remuneration
《員工薪酬管理制度》

Management System for Appraisal of Staff Performance
《員工績效考核管理制度》

Performance and Remuneration Management for the Senior Management

Management Measures for Remuneration Management and Performance Appraisal for the Senior Management (Trail)
《高管人員薪酬管理與績效考核管理辦法》(試行)

Rules on the Implementation of Annual Appraisal for the Senior Management
《高管人員年度考核實施細則》

Tentative Administrative Measures for Remuneration and Performance of the Senior Management of the Group's Subsidiaries
《集團所屬企業高級管理人員薪酬與績效管理暫行辦法》

Equity Incentive Scheme
《股權激勵計劃》

Project/Other Performance Appraisal

Tentative Measures for the Implementation and Management of Performance Award for Real Estate Projects
《地產項目績效獎實施管理暫行辦法》

Management Measures for Special Contribution Award
《特殊貢獻獎管理辦法》

Tentative Measures for Incentive for Urban Redevelopment Projects
《城市更新項目激勵暫行辦法》

Tentative Measures for the Implementation and Management of Individual Award for Real Estate Projects
《地產項目單項獎實施管理暫行辦法》
Administrative Measures for Incentive and Appraisal of Innovation Work of the Group
《集團創新工作激勵與考核管理辦法》



5.2 PROTECTION OF EMPLOYEES' RIGHTS AND INTERESTS

In strict compliance with the labour laws and regulations of the places where it operates and based on the “Labour Law”, “Labour Contract Law” and other relevant laws issued by the state, Shenzhen Investment has established many management systems such as “Management Measures for Appointment and Resignation of Staff”, “Staff Manual” and “Leave Management System”, in order to prevent various ethical conduct risks, safeguard the legal rights of our employees, and prohibit gender discrimination, child labour, forced labour, harassment and abuse.

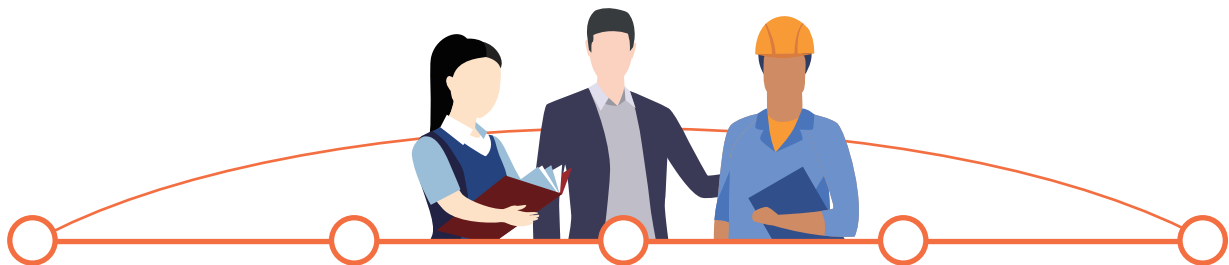


In relation to remuneration and benefits, the Company insists on the principle of equal pay for equal work, and pays salaries on time. It provides labour protection for employees at all levels, including the payment of overtime pay according to required standards. In addition, it implements protection measures for working at special positions, including the provision of high temperature subsidies according to required standards.

Staff Communication

The Group attaches great importance to the communication with the general staff. It has established a platform of communication with staff through the labour union to listen to staff’s demands and suggestions and carried out various staff activities around the labour union. We update the Company’s news periodically through OA internal network system, WeChat official account, and internal magazine so that all staff can keep up with the latest development of the Company.

In 2019, the Group strengthened the communication with staff based on five aspects of “protection, participation, establishment, education, and supervision”.



Protection of employees’ rights and interests

- Urging and guiding the labour union of subsidiaries to sign collective labour contracts according to laws
- Setting up files of employees in difficulty
- Ensuring the annual physical examination of employees

Participation in the corporate governance

Urging and guiding the newly established company through mixed-ownership reform to implement the staff protection system and form the labour union

Establishment of the labour union organization

Facilitating the subsidiaries of the Group to establish the labour union organization and complete the internal selection according to laws

Performance of the supervision responsibility

Organizing the subsidiaries to conduct special inspection on the labour union funds, the labour protection, and the welfare of employees

Employees’ education and development

- Organizing 17 employees to participate in various business skill training in Shenzhen
- Organizing training courses for the labour union

People Oriented

Staff's Activity and Welfare

Interest activity group

The Group carried out interest group activities for staff from Monday to Friday, including Tai-Chi, yoga, kickboxing, table tennis, badminton, basketball and so on. It also provided fitness equipment in the Company for all staff to use.



Theme activities for staff

The Group irregularly carried out various staff activities throughout the year such as spring and autumn tour, reading month, and Women's Day. Especially for sports competition, the Group actively participated in the matches of table tennis, badminton and others in the state-owned asset system. In 2019, the Group successfully held the first enterprise sports meeting in the system, which enhanced the exchange of experience and risks among each enterprise and realized new breakthrough in the staff cohesion.



Extensive staff welfare

The Group distributed welfare materials according to laws and regulations, implemented various reward policies, gave birthday care for staff, and regularly carried out staff health checkup and special examination.

People Oriented

5.3 EMPLOYEE DEVELOPMENT AND TRAINING

Establishment of a Multi-level Talent Team by Propelling its All-around Building

The Group attaches great importance to the cultivation of young talents, committing to expanding its excellent and young talent reserve. During the year, the Group issued the Implementation Opinion on Further Strengthening the Building of Talent Team (Tentative) 《關於進一步加強人才隊伍建設的實施意見(暫行)》 under which the Group has ability to systematically build its base of talent reserve, employees with high potential, and fresh graduates.

Talent reserve : The Group has identified 12 employees as its talent reserve through written tests, interviews, keynote speeches and examination within the entire system and cooperated with Tsinghua Shenzhen International Graduate School to carry out systematical cultivation of the talent reserve.



Selection of employees with high potential : The Group has selected 50 employees with high potential from young employees aged under 30 to conduct concentrated cultivation, track their jobs and broaden a growth platform for these outstanding employees.

Market-oriented selection and appointment : The core of the market-oriented selection and appointment relies on the implementation of contractual management. The Group has officially signed a contractual agreement with 12 members of operating team from 4 mixed-ownership reform enterprises in accordance with the requirement of the mixed-ownership reform conducted by the Municipal State-owned Asset Supervision and Administrative Commission and the market-oriented selection and appointment by the operating team to establish connective mechanism of the contractual management. The Group has established differentiated remuneration and appraisal system and made decisions on the appointment, the remuneration, the performance appraisal and the personnel withdrawal in accordance with contracts so as to really make changes up or down in the position and the remuneration.

“Shen Drive”(深動力) campus recruitment : “Shen Drive”(深動力) campus recruitment is of great importance to the Group’s talent introduction, cultivation and reserve, injecting new vigor and vitality to the Group from time to time. The year of 2019 witnessed the sixth “Shen Drive”(深動力) campus recruitment, achieving excellent effect. “Shen Drive”(深動力) campus recruitment lasted for 1 month and 4 days, covering 17 renowned universities in 13 cities. Only its online talks attracted more than 20,000 graduates to watch and received over 10,000 resumes. More than 5,000 students attended its campus talks, among which, 370 students entered into the final interview after several rounds of selection. The Group signed contracts with about 160 students in 2019.



New employees visited project of the Company



New employees

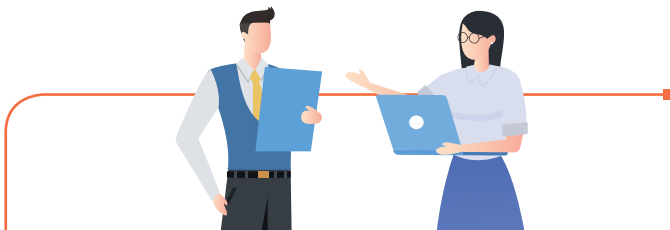


Actively Implementing employee training by Innovating Talent Cultivation Mode

In 2019, the Group explored the innovation of the talent cultivation mode with a view to conducting targeted talent cultivation work in multi-models based on hierarchies and professions, including leadership improvement courses cooperated with Tsinghua University, talent reserve training courses, and new staff induction training course.



Training for new employees



Professional training

Meanwhile, we have also always paid attention to the amendments to the Corporate Governance and the Listing Rules, and provide the Directors with the latest materials and information about the industry and the supervision. During the year, the trainings for our Directors included briefings and sessions relating to the industry, the business, and their duties.

Considering the actual needs for the development of the Group, the Group carried out targeted special trainings on various businesses, including those for legal officers and on commercial property and resource assets.

Certain training courses organized in 2019



Management-leadership training

for a period of 15 months,

160 hours, and **50** persons



Talent reserve training

for a period of one and a half years,

12 persons



Induction training for new staff from campus recruitment

for a period of 6 days,

112 persons



Professional training



Professional training for resources assets

People Oriented

5.4 OCCUPATIONAL HEALTH AND SAFETY

Safety is the eternal subject of an enterprise which is in turn the responsibility subject of work safety while the leader of an enterprise is the first person responsible for the safety of the enterprise. Firmly adhering to the philosophy of “people oriented for prioritizing life”, the Group has always put the Group’s work safety and employee’s health and safety in the first place. The Group has not had any fatal accidents throughout the year.

Shenzhen Investment, in cooperation with the parent company, made a commitment on the main responsibility of work safety, namely “strictly abiding by Work Safety Law of the People’s Republic of China 《中華人民共和國安全生產法》, Prevention and Control of Occupational Diseases Law of the People’s Republic of China 《中華人民共和國職業病防治法》, the Law of the People’s Republic of China on Environmental Protection 《中華人民共和國環境保護法》, the Law of the People’s Republic of China on Evaluation of Environmental Effects 《中華人民共和國環境影響評價法》 and other relevant laws and regulations, improving the rules and regulations on the management of work safety and environmental protection, implementing the system of responsibility of all personnel for work safety and environmental protection, actively cooperating with the relevant authorities for supervision, consciously safeguarding public rights and interests, and accepting social supervision”.

Scientific and Systematic Work Safety Management

Work safety meetings

During this year, the Group held the annual work safety meeting once and regularly held monthly and quarterly meetings to analyze and discuss the work safety;

The office of the Safety Committee reports the progress of work safety at the President’s meeting every month; it organizes to analyze, study and deploy specific issues of work safety every week and hold 52 meetings in 2019.

Improving and Perfecting Systems to Make up for Shortage of Management of Work Safety

The Group has made amendments to Work Safety Management System 《安全生產管理制度》 to enable its work safety management to more adapt to the development needs of new situation. The Group has formulated Administrative Measures for Interviews on Work Safety 《安全生產約談管理辦法》 and Administrative Measures for Informing Risks of Work Safety 《安全生產風險告知管理辦法》 to effectively manage the inaction and the slow action in the work safety and promote the early prevention and resolution of major safety risks and dangers. In addition, the Group has formulated Systems of Work Safety Assessment, Rewards and Penalties 《安全生產考核獎懲制度》 for its headquarters and subsidiaries respectively to put great efforts into the work safety assessment, rewards and penalties.

Implementation of the responsibility of all personnel for work safety

- Entering into work safety responsibility agreement with each subordinate enterprise of the Group
- Entering into work safety responsibility agreement with each department of the headquarters of the Group
- Entering into employee work safety responsibility agreement with all employees of the Group



Annual work safety meeting



The entering into of work safety responsibility agreement

Inspection, Drill, and Training for Work Safety

The Group continued to improve the standardization system of work safety and the establishment of “double” prevention mechanism, and carried out work safety inspection in accordance with its plan.

Special safety inspection: leaders of the Group and members of the office of the Safety Committee conducted inspection and supervision of work safety in each enterprise for 45 time at the end or beginning of years, holidays, disastrous weather or other periods of special prevention and protection.



The President made an inspection tour to Terra Licheng



Safety production experts conducted inspection

Safety inspection by experts: the office of the Safety Committee engaged external experts to conduct safety inspection for 12 times in some pivotal projects such as Shum Yip Zhongcheng and Shum Yip Taifu Square.

In order to strengthen the building of system and capability of emergency management, enhance the comprehensive capability to respond to accidents and better safeguard the safety of employees, each company carried out work safety month activities, irregularly organized safety drill and paid great efforts to publicity, education and training on safety.

Safety drill: the Group and each enterprise carried out many emergency drills in various business fields, thus improving the rapid response mechanism and the emergency dealing capability.

The property group carried out an emergency drill activity at Qiaoxiang Village under the theme of “preventing risks, eliminating hidden dangers and containing accidents”. Featuring a complete range of drill subjects, an orderly organization, and real and practical exercises, this large-scale drill activity trained the team and educated the employees, achieving excellent effects.



Emergency drill carried out by the property group

People Oriented

In addition, at the emergency drill activity organized by Intelligent Park in Chegongmiao under the theme of “preventing fire risks and building happy families”, many scientific and technological methods were applied, for example, shooting videos with drones for remote synchronous watching and fighting fire with unmanned fire trucks and drones, which was received high praise and full recognition from the government and the relevant authorities of the jurisdiction.



Emergency rescue training



Emergency drill for driverless fire truck



The site of “double blind” (雙盲) drill carried out at the headquarters of the Group

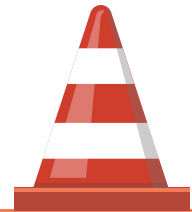
Work safety training and publicity: in order to cultivate a professional team for safety, 50 employees engaging in work safety were selected from the entire group to participate in the training and exam on training certified safety engineers and obtained outstanding results through systematic study. Throughout the year, the Group carried out work safety training for about 600 hours, including 12 types such as fire safety, food safety, and work safety awareness.



Training for certificated safety engineer



Organized the employees to participate in field educational activities during work safety month

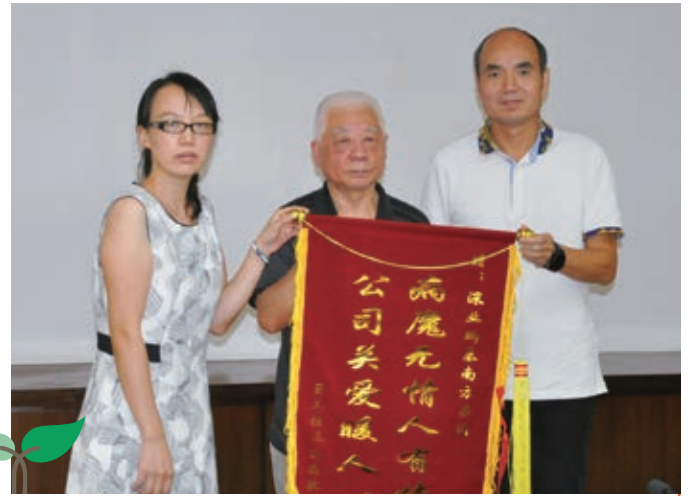


Organized the employees to watch educational video of safety alert during work safety month

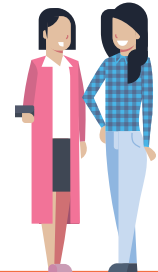
People Oriented

Health of Employees

The Group attaches great importance to the physical and mental health development of employees. It regularly carries out physical health examination for all employees every year and purchases supplemental medical insurance for employees. In addition to legal protection of employees' rights and interests, the Group issued Measures for Management of Mutual Fund for Serious Diseases (《重大疾病互助基金管理辦法》) under which the Group can receive charity donations, express sympathy to the Group's employees in difficulty, and help employees with serious diseases and their immediate family members. The breakdown of the income and expense of the fund is available to the public on the internet every year.



In order to express our love and care for female employees, the Group regularly carries out lectures about female health education every year, arranges female special physical checkups, and purchases medical insurance for female employees.



Activity held on Women's Day

The Group encourages its employees to keep good exercise habits so as to improve their physical fitness. To this end, the Group establishes various sports and health interest groups from time to time and irregularly carries out competitions of basketball and table tennis and so on among each enterprise.



During the outbreak of coronavirus, the Group provides every employee with epidemic protective equipment, adopts separate dining system, and makes flexible adjustments to the working hours, ensuring zero infection for all employees of the Group.





06 Contribution to



While promoting its production and operation, Shenzhen Investment also assumes its social responsibility. During the course of business development, it stays true to its original mission and vision, proactively participates in community construction, focuses on social problem and organizes diversified community activities to make a contribution to the establishment of a harmonious society.

In addition to the establishment of a mutual aid fund within the Company, we are also engaged in community services, development-oriented poverty alleviation, emergency assistance and other public services. Besides, we encourage our employees to participate in charitable activities to fulfil our corporate social responsibility together.

During the year, the Group had nearly 2,465 employees participated in community volunteer services for a total of over 13,732.5 hours.



Community

Contribution to Community

6.1 CARING FOR THE UNDERPRIVILEGED

Assisting Songlin Village out of poverty

As 2019 is crucial for China to further implement and strengthen the anti-poverty campaign, we insist on the principle of “helping the truly poverty-stricken with genuine actions” and continue to proceed with its poverty alleviation work in Songlin Village, Tianxin Town, Longchuan County, its targeted recipient of poverty alleviation. By the end of 2019, the total number of registered poor households in Songlin Village reduced by 56 (224 persons) from 59 (236 persons) to 3 (12 persons) with the help of the Group. We completed the roadbed reinforcement for all roads from the village to the town and the village to other villages with more than 20 households and 100 villagers. Public facilities, including electricity, post service, communication, television broadcasting, optical fiber and safe water, are in place and available to every family. There are 150 waste containers placed all over the village and in the charge of 3 cleaners for the purpose of waste collection and disposal. The public service facilities are broadly all in readiness in the village, including but not limited to a party member service center, a culture square, a healthcare station and a library. Besides, there is an elementary school (grade 1 to 4) and a kindergarten in the village.



Healthcare station of Songlin Village before reconstruction



Healthcare station of Songlin Village after reconstruction



Culture square of Songlin Village before reconstruction



Culture square of Songlin Village after reconstruction

On the basis of the poverty alleviation work in the previous years, the Group increased its investment in poverty alleviation in the areas of industrial development, consumption growth and employment increase in 2019.

Industry-based poverty alleviation

Considering the progress of its industry-based poverty alleviation programme, i.e. the spirulina chook farming (螺旋藻蛋雞養殖), and utilizing the provincial poverty alleviation project fund of RMB99,790 and self-raised fund of RMB21,641, the Group purchased chicks and feeds for households with labor force to help the poor households to increase their income.



Spirulina eggs, the poverty alleviation product



Commencement ceremony for the industrial base



The constructed industrial base

Consumption-based poverty alleviation

The Group procured the headquarter and the labor union organizations of the Terra Company (泰然公司) and Nongke Company (農科公司), subsidiaries of the Group, to “consume instead of direct assistance” and mobilized the public to “consume instead of donation” to participate in the consumption-based poverty programme and purchase the agricultural and sideline products from its targeted poverty alleviation villages. During the fourth quarter of 2019, the total purchase amount for consumption-based poverty alleviation reached to RMB360,000 and help the poor households to increase their income by RMB1,000 each. The consumption-based poverty alleviation has achieved outstanding effects in Tianxin Town.

Employment-based poverty alleviation

In order to improve the ability of the poor to find jobs, the Group invested RMB30,000 in organizing six labor skill trainings for those with working abilities and providing certain assistance to those who were willing to find a job, as a part of its efforts to help the poor to realize employment transfer or local employment.

Contribution to Community

End-to-end poverty alleviation

As the government proposes, encourages and calls for end-to-end poverty alleviation, being a state-owned enterprise, the Group deems the precise poverty alleviation and aiding-Tibet and Xinjiang project as not only a significant responsibility but also an honorable mission bestowed by the times.

Aiding-Tibet



Higher than the Qinghai-Tibet Plateau is dream and more beautiful than the snowscape is love. Since the aiding-Tibet project commences, Nongke Company, a subsidiary of the Group, has made various initiatives to further step up the end-to-end support efforts in capital and technology exports in order to facilitate the implementation of poverty alleviation work in Chayu County and Chayu Farm, Linzhi City.

Industry-based poverty alleviation for development. The “Yanchuixue III” dendrobium candidum planting project on Chayu Farm is a crucial project undertaken by Nongke Company in aiding Tibet and also a key industrial project in progress by the aiding-Tibet workgroup on Chayu Farm. Leveraging on its own patent of invention, i.e. the “dendrobium propagation technique” (石斛增殖擴繁技術) and the unique climate

on the Tibet Plateau, Nongke Company has brought the seedlings of dendrobium from vegetative propagation, together with the innovative planting concept and management approach of dendrobium candidum, to Chayu Farm. While working hard toward “blood transfusion” in aiding Tibet, Nongke Company pays more attention to “blood making”. It selects and designates cadres and professional technicians to provide instructions on-site. Committed to aiding Tibet through industrial development, the Group will also drive the transformation and upgrading of the characteristic agriculture and animal husbandry industry in the farm and boost the economy of the farm to have a qualitative leap.



Municipal leaders of Shenzhen inspected the planting base of dendrobium candidum



Professional and technical staff conducted planting technology training of dendrobium candidum for workers



The base of dendrobium candidum



The clean water project

People-oriented service to warm the heart of employees. The improvement of people’s living standard is a cornerstone for the establishment of a harmonious society and also a priority on which the aiding-Tibet cadres of the Group focuses. Clean water helps and waste water harms. At the early stage in Tibet, the water condition for drinking and usage was tough on Chayu Farm, frequently with cloudy water and even breaks. Through on-site research, the aiding-Tibet workgroup made reformation and upgrading to the existing klunky reservoir and water tower, which guaranteed drinking water safety from the source.

Inspired by the aiding-Tibet spirit, the employees of the Company established a dental clinic and donated books by self-financing, driving their family members as well as the public to participate in the cause of aiding-Tibet in a proactively manner to improve communication between different ethnic groups and constitute a “three-in-one” pattern of aiding-Tibet.



The aiding-Tibet cadres conveyed their greetings to the needy workers of Chayu Farm

Contribution to Community

6.2 COMMUNITY WELFARE

We cooperate with the property manager, the community and the property owners committee for resource sharing, and encourage our employees to participate in such activities to serve the public. We pay attention to the development of the enterprises in the community, focus on the life and security of the property owners in the community and, by organizing diversified activities, facilitate the construction of spiritual civilization of the residents in the community.



Implementing national policies to support the development of small and medium-sized enterprises



The performing group of Yangko

Shum Yip Intelligent (深業智慧) proactively implements the policies issued by the NDRC, reflected by the reduction of costs of the small and medium-sized enterprises and the support for the development of the 3,000 small and medium-sized enterprises in the park. In strict compliance with the rectification requirements pursuant to the Meeting on Refund Rectification by Exclusive Power Supply Entities (《專供電主體退費整改工作會議》) held by Shenzhen Market Supervision and Administration and the relevant requirements under the Notice of Shenzhen Development and Reform Commission and Shenzhen Market Supervision and Administration on Further Settlement and Regulation of Power Supply Charge by Non-Power Companies (Shen Fa Gai [2019] No.246) (《深圳市發展和改革委員會、深圳市市場監督管理局關於進一步清理和規範轉供電環

節收費有關事項的通知》(深發改[2019]246號)), Terra Property (泰然物業), a subsidiary of the Company returned power charge of over RMB300,000 to the users in the park, allowing them to be benefitted from the national policy on tax cut and fee reduction.

UpperHills public welfare activities



As a “top-class urban complex in Asia” with the most diversified functions and the most harmonious relationship between people and the environment in the central business district in Shenzhen, UpperHills always focuses on public welfares, shoulders public interests and social responsibility, and seeks to keep a balance among the commerciality, serviceability and public welfare of a project. In 2019, the UpperHills, based on the diversified comprehensive service platform of the party member service station integrating policy propaganda, social

affairs, employment and entrepreneurship, business service, business contact and cultural exchange, was actively involved in various public welfare activities, including the 99 Giving Day to help the autistic children to realize their dreams; organized a public welfare fair to invite the public to participate in public welfare undertakings; cared for women and children; provided strong support to community activities and work and provided venues and manpower to assist the organization of cultural and recreational activities by the community for free, etc.

The East China Company’s child development center



The East China Company keeps active communication and exchange with the Women’s Federation at each level. With their joint efforts, the “Happy Tree” child development center was established in July 2019. The East China Company not only provides venue to the center for free but also finances the construction of the center. Aimed to “be with you on the road to growth”, the center provides a space for recreation, entertainment and study to the children living in Shum Yip Huafu. Various interest and training activities are organized regularly to arouse the interests of the children.

Contribution to Community

6.3 COMMUNITY CULTURE

Shum Yip Lecture, the cultural feast

As an internal training platform of the Group, Shum Yip Lecture, organized for 2 consecutive years, has become a brand activity of Shum Yip. It walks out of the enterprise and into the community to be more open and diversified in its form, content, theme and interactivity and becomes a new carrier of Shum Yip's vision of "Leader in Value Creation for City Spaces", thus providing a cultural feast to the public.

Chen Lei, founder of "hey-stone" (混子曰), a supper popular WeChat account, told "the History in Comic Form" (漫畫說歷史) at Shum Yip Lecture, which was well received and recognized by the parents and students unanimously.



Together with Benlai Bookstore (本來書店), the Group planed "the 2nd Shum Yip Lecture" (深業講堂第二講) and invited Liushenleilei, a well-known writer to make a speech, and monitored and schemed a 6 days' "Exhibition of Works and Collections by Jin Yong" (金庸小說畫作·典藏刊物展), which embodied the martial arts spirit and connotation of Master Jin Yong and greatly improved the cultural atmosphere among the public.



Mid-autumn garden tour organized by Terra • Tian'an High-tech Park

In order to promote the construction of spiritual civilization in the park, the Group organized a Mid-autumn garden tour upon upgrading and renovation of Tian'an Cultural Square and Jiexin Park. In addition to traditional lantern riddles and lantern show, the garden tour also introduced various interesting interactive games, which has attracted a large number of participants and created a warm festival atmosphere. There were also snowy mooncake DIY and fan DIY activities on site to spread the traditional culture of China in recreational form.



The garden tour

During the garden tour, the Group cooperated with Shenzhen Volunteer Service Foundation in organizing charity sales. Employees of all subsidiaries of the Group raised a total amount of RMB2,214.46, which was donated to Shenzhen Volunteer Service Foundation in the name of the Group to contribute to the public welfare undertaking.



Talent Town project in Shapuwei Village

We believe a city cannot develop without cultural support. During the process of business development and urban redevelopment, we preserve and inherit local customs, history and culture with constant respect in order to allow people to enjoy our project result supported by culture.

In response to the call of the municipal community and the municipal government of Shenzhen on "attracting and retaining talents", the Group launched the "Youth-Focused Room Card Program" (青年房卡計劃). The project of LM Talent Apartments (水圍擲盟人才公寓), the first youth-focused Room Card Program received great success and was well recognized by the public. Based on its previous experience and with support from the government, the Group is committed to redeveloping Shapuwei, a village with 1,000 years' history. It also established a talent town in Shapuwei Village and helped the villagers to renovate the old buildings and install new pipelines and circuits in order to avoid potential safety hazards.



After twists and turns, people came from far away and settled down here; and now they are pleased to witness the redevelopment of the ancient village to present a new look. Completion of the project reformation will bring stable and considerable rental incomes to Shapuwei villagers, drive the improvement of the village environment and urban quality, and significantly benefits the development of the community.

Contribution to Community

6.4 VOLUNTEER SERVICE

Shenzhen Investment encourages its employees to actively participate in various volunteer service work and is committed to contributing to the volunteer service undertaking and becoming a spreader of love and positive energy.

Each subsidiary of the Group has a community volunteer service base in place to expand the form of service and drive the normalization of volunteer services.

Youth is more wonderful with U - U-station

The volunteer service is a lofty public welfare undertaking. The Group focuses on three aspects, namely “improving awareness, creating atmosphere and facilitating implementation”, in conducting the operation work of U-station service. Through continuous diversification and improvement of U-station construction, the Group endeavors to improve the quality of its volunteer service and, with its joint efforts with the wide volunteers, establish a civilized park, where people help each other and live together harmoniously.

In order to provide better services to the citizens, there are maps printed on the leaflets of U-station, and umbrellas, drinking water, chargers and other living material are also offered to the passersby upon request.



The Group has entered into cooperation with the Volunteer Foundation (志願者基金會). With support from the Volunteer Foundation, our U-station will improve its management and operation to provide more convenient and warm-hearted volunteer service to the community and citizens.



Traffic management assistant and volunteer group

In order to promote civilized travelling and transportation in Chegongmiao area, the Smart Park (智慧園區) established a traffic management assistant group who, after accepting professional training by the traffic police, is responsible for providing traffic guidance and control during the morning and afternoon rush hours from Monday to Friday, and direct the citizens to drive courteously and in compliance with traffic lights and other rules. Later from August 2019, the Group has been responsible for directing pedestrian traffic and promoting the pedestrians to walk courteously in order to ensure smooth flows of traffic in the park.

In the meantime, the Company arranges volunteers in red waistcoat with a flag on hand to be responsible for traffic duty during the morning rush hours (8:30-9:00) every Monday at the place usually with frequent traffic jams in the park.



Volunteer school guard team

In the community of Wanlin Lake managed by Pengji Property Company (鵬基物業公司), traffic jams are frequently occurred in the section next to the school nearby for years, which significantly affects the travelling of local property owners and forms certain potential safety hazards to the students on the way to or from school.

To this end, the property company has established a volunteer school guard team. During the period when students go to school and come back from school, 4 volunteer members will be responsible for order maintenance with parent members at the entrance and exit of the school and traffic control in the section next to the school. For two years, the volunteer members of the property company have provided a safe and smooth travelling environment to the property owners in the community and the staff and students in the school.



07

Summary of



Sustainability Development

Summary of Sustainability Development

LIST OF POLICIES

ESG Indicator	Laws and Regulations/Policies	Internal policies
A. Environment	<p>Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》)</p> <p>Law of the People's Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》)</p> <p>Atmospheric Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》)</p> <p>Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》)</p> <p>Regulations on the Implementation of the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法實施細則》)</p> <p>Ocean Environmental Protection Law of the People's Republic of China (《中華人民共和國海洋環境保護法》)</p> <p>Administrative Regulations of the People's Republic of China on the Prevention of Pollution and Damage of Marine Environment by Terrigenous Pollutant (《中華人民共和國防治陸源污染物污染損害海洋環境管理條例》)</p> <p>Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution (《中華人民共和國固體廢物污染環境防治法》)</p> <p>National Hazardous Waste Inventory (《國家危險廢物名錄》)</p> <p>Evaluation Standard for Green Construction of Building (《建築工程綠色施工評價標準》)</p> <p>Emission Standard of Environment Noise for Boundary of Construction Site (《建築施工場界環境噪聲排放標準》)</p>	<p>Guidelines on Environmental Protection of Shenzhen Investment (《深圳控股環境保護指引》)</p> <p>Environmental Factors Operation Control Procedures of Shenzhen Investment (《深圳控股環境因素運行控制程序》)</p>



ESG Indicator	Laws and Regulations/Policies	Internal policies
B1. Employment	<p>Labour Law of the People's Republic of China《中華人民共和國勞動法》</p> <p>Labour Contract Law of the People's Republic of China《中華人民共和國勞動合同法》</p> <p>Law of the People's Republic of China on Employment Promotion《中華人民共和國就業促進法》</p> <p>Social Insurance Law of the People's Republic of China《中華人民共和國社會保險法》</p> <p>Provisions of the People's Republic of China On the Prohibition of Child Labor《中華人民共和國禁止使用童工規定》</p> <p>Law of the People's Republic of China on the Protection of Minors《中華人民共和國未成年人保護法》</p> <p>Regulations on Minimum Wage《最低工資規定》</p>	<p>Work Guidelines for Staff Recruitment《員工招聘工作指引》</p> <p>Administrative Measures for the Selection and Appointment of the Management of the Shum Yip Group Limited《深業集團有限公司管理人員選拔任用管理辦法》</p> <p>Manual for the Management and Control of Human Resources《人力資源管控手冊》</p> <p>Administrative Measures for Campus Recruitment of the Shum Yip Group《深業集團校園招聘管理辦法》</p> <p>Tentative Administrative Measures for the Selection and Appointment of the Senior Management of the Shum Yip Group' Subsidiaries《深業集團所屬企業高級管理人員選拔任用管理暫行辦法》</p> <p>Remuneration Management System of the Headquarters of the Shum Yip Group《深業集團總部薪酬管理制度》</p> <p>Tentative Administrative Measures for Remuneration and Performance of the Senior Management of the Shum Yip Group' Subsidiaries《深業集團所屬企業高級管理人員薪酬與績效管理暫行辦法》</p> <p>Administrative Measures for Special Contribution Award of the Shum Yip Group《深業集團特殊貢獻獎勵管理辦法》</p> <p>Administrative Measures for Incentive and Appraisal of Innovative Work of the Shum Yip Group《深業集團創新工作激勵與考核管理辦法》</p> <p>Management System for Performance Appraisal of Staff from the Headquarters of the Shum Yip Group《深業集團總部員工績效考核管理制度》</p> <p>Administrative Measures for Attendances of the Staff from the Headquarters of the Shum Yip Group《深業集團總部員工考勤管理辦法》</p> <p>System for Leaves of the Staff from the Headquarters of the Shum Yip Group《深業集團總部員工請休假制度》</p> <p>'Shen Drive' Measures for Development and Management of Talents of the Shum Yip Group《深業集團「深動力」人才發展與管理辦法》</p> <p>Management Measures for New Talent of the Shum Yip Group《深業集團新員工優才管理辦法》</p> <p>Management Measures for Intern of the Shum Yip Group《深業集團實習生管理辦法》</p>

Summary of Sustainability Development

ESG Indicator	Laws and Regulations/Policies	Internal policies
B2. Health and Safety	<p>Labour Law of the People's Republic of China《中華人民共和國勞動法》</p> <p>Fire Prevention Law of the People's Republic of China《中華人民共和國消防法》</p> <p>Work Safety Law of the People's Republic of China《中華人民共和國安全生產法》</p> <p>Prevention and Control of Occupational Diseases Law of the People's Republic of China《中華人民共和國職業病防治法》</p> <p>Regulation on Work-related Injury Insurance of the People's Republic of China《中華人民共和國工傷保險條例》</p> <p>Law of the People's Republic of China on Emergency Response《中華人民共和國突發事件應對法》</p> <p>Provisions on the Supervision and Administration of Occupational Health in the Workplace《工作場所職業衛生監督管理規定》</p> <p>Regulations on the Reporting, Investigation and Handling of Production Safety Accidents《生產安全事故報告和調查處理條例》</p> <p>Regulations on the Safety Administration of Hazardous Chemicals《危險化學品安全管理條例》</p> <p>Interim Regulations for the Accident Investigation and Handling of Potential Safety Hazards in Workplace《安全生產事故隱患排查治理暫行規定》</p> <p>Occupational Disease Classification and Catalog《職業病分類與目錄》</p>	<p>Work Safety Management System《安全生產管理制度》</p> <p>Production Safety Accident Emergency Plan of the Headquarters of Shum Yip Group Limited《深業集團有限公司本部生產安全事故應急預案》</p> <p>Production Safety Accident Emergency Plan of the Shum Yip Group Limited《深業集團有限公司生產安全事故應急預案》</p> <p>Administrative Measures for Work Safety Risk Disclosure《安全生產風險告知管理辦法》</p> <p>Expert Reserve Management Measures for Work Safety《安全生產專家庫管理辦法》</p> <p>Administrative Measures for Work Safety Assessment, Rewards and Penalties of the Headquarter《本部安全生產考核獎懲管理辦法》</p> <p>Administrative Measures for Work Safety Assessment, Rewards and Penalties of the Subordinate Enterprises《直屬企業安全生產考核獎懲管理辦法》</p>



ESG Indicator	Laws and Regulations/Policies	Internal policies
B3. Development and Training	N/A	Measures for Management of the Shum Yip Group's Trainings《深業集團培訓工作管理辦法》 Interim Administrative Measures for Job System and Ranks of the Shum Yip Group《深業集團職位體系及職級管理暫行辦法》 'Shen Drive' Measures for Development and Management of Talents of the Shum Yip Group《深業集團「深動力」人才發展與管理辦法》 Shum Yip Group's High Potential Talent Management Measures (Trial)《深業集團高潛質人才管理辦法(試行)》 Administrative Measures for New Employee Mentor Training of the Shum Yip Group《深業集團新員工導師培養管理辦法》 Rules for Assessment New Employee Mentor Training Period of the Shum Yip Group《深業集團新員工導師培養期考核細則》 Management Measures for New Talent of the Shum Yip Group《深業集團新員工優才管理辦法》 Management Measures for Fresh Graduates Job Rotation of the Shum Yip Group《深業集團應屆生輪崗管理辦法》
B4. Labour Standards	Labour Law of the People's Republic of China《中華人民共和國勞動法》 Provisions on the Prohibition of the Use of Child Labour《禁止使用童工規定》 Law of the People's Republic of China on the Protection of Minors《中華人民共和國未成年人保護法》	Work Guidelines for Staff Recruitment《員工招聘工作指引》 Manual for the Management and Control of Human Resources《人力資源管控手冊》
B5. Supply Chain Management	Tendering and Bidding Law of the People's Republic of China《中華人民共和國招投標法》	The Suppliers Management System《供應商管理制度》 Implementation Measures for Contracts Management of Shenzhen Investment《深圳控股合同管理實施辦法》 Procurement Control Procedures《採購控制程序》 Code of Conduct for Suppliers of Shenzhen Investment《深圳控股供應商行為準則》 Administrative Measures for Engagement of Intermediaries《選聘中介機構管理辦法》 Management Measures for Bid Evaluation Expert Pool for Major Bidding Projects《重要招採項目評標專家庫管理辦法》 Anti-corruption Measures on Prevention of Malfeasance in Construction Project Tendering《工程建設項目招標廉潔從業風險防控辦法》 Tentative Rules for Inspection and Assessment of Integrity Contracts《廉政合同檢查考核暫行細則》 Tentative Administrative Measures for Counter Signing of Integrity Contracts《廉政合同雙簽管理暫行辦法》

Summary of Sustainability Development



ESG Indicator	Laws and Regulations/Policies	Internal policies
B6. Product Responsibility	<p>Trademark Law of the People's Republic of China (《中華人民共和國商標法》)</p> <p>Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》)</p> <p>Patent Law of the People's Republic of China (《中華人民共和國專利法》)</p> <p>Construction Law of the People's Republic of China (《中華人民共和國建築法》)</p> <p>Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》)</p> <p>Law of the People's Republic of China on Product Quality (《中華人民共和國產品質量法》)</p> <p>Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》)</p> <p>Opinions of the General Office of the State Council on Promoting Healthy Growth of Construction Industry (《國務院辦公廳關於促進建築業持續健康發展的意見》)</p> <p>Guiding Opinions of the General Office of the State Council on Vigorously Developing Prefabricated Buildings (《國務院辦公廳關於大力發展裝配式建築的指導意見》)</p> <p>Notice of the State Council on Promoting the Sustained and Sound Development of the Real Estate Market (《國務院關於促進房地產市場持續健康發展的通知》)</p> <p>Opinions on Promoting the Modernization of Housing Industry and Improving Housing Quality (《關於推進住宅產業現代化提高住宅質量的若干意見》)</p> <p>National Guidelines for Design of 1- and 2-Star Eco-friendly Building (《國家綠色建築設計一、二星級設計指引》)</p> <p>Management Measures for 1- and 2-Star Eco-friendly Building Identification Logo (For Trial Implementation) (《一二星級綠色建築評價標識管理辦法(試行)》)</p> <p>Detailed Rules for Implementation of Eco-friendly Building Identification Logo (Revised for Trial Implementation) (《綠色建築評價標識實施細則(試行修訂)》)</p> <p>GB 50368-2005 Construction Code for Residential Buildings (《住宅建築規範GB 50368-2005》)</p> <p>Measures for Regulating the Sales of Commercial Houses (《商品房銷售管理辦法》)</p>	<p>Marketing Management Measures (《營銷管理辦法》)</p> <p>Complaint Handling Policy (《客戶投訴處理規程》)</p> <p>Information Construction and Administration System (《信息化建設管理制度》)</p> <p>Information System Security Management Rules (《信息系統安全管理細則》)</p> <p>Measures for the Confidentiality of Inside Information and Registration of People with Inside Information (《內幕信息保密及知情人登記管理辦法》)</p>



ESG Indicator	Laws and Regulations/Policies	Internal policies
B7.Anticorruption	<p>Company Law of the People's Republic of China《中華人民共和國公司法》</p> <p>Anti-money Laundering Law of the People's Republic of China《中華人民共和國反洗錢法》</p> <p>Anti-monopoly Law of the People's Republic of China《中華人民共和國反壟斷法》</p> <p>Anti-unfair Competition Law of the People's Republic of China《中華人民共和國反不正當競爭法》</p> <p>Interim Provisions on Banning Commercial Bribery《關於禁止商業賄賂行為的暫行規定》</p> <p>Tendering and Bidding Law of the People's Republic of China《中華人民共和國招投標法》</p>	<p>Whistleblowing Policy of Shenzhen Investment《深圳控股舉報政策》</p> <p>Measures for Business Integrity and Risk Prevention and Control of Construction Project Tendering《工程建設項目招標廉潔從業風險防控辦法》</p> <p>Implementation Management Measures for Bid Evaluation Expert Pool for Major Bidding Projects《重要招採項目評標專家庫實施管理辦法》</p> <p>Tentative Rules for Inspection and Assessment of Integrity Contracts《廉政合同檢查考核暫行細則》</p> <p>Tentative Administrative Measures for Counter Signing of Integrity Contracts《廉政合同雙簽管理暫行辦法》</p>

Summary of Sustainability Development

KEY PERFORMANCE INDICATOR LIST

ESG Indicator	Environmental Data			
	Unit	2019 data	2018 data	2017 data
A1. Emissions				
A1.2 Greenhouse gas emissions in total and intensity				
Scope I: CO ₂ emissions	Tonnes	5,281.37	3,797.83	5,024.41
Scope II: CO ₂ emissions	Tonnes	39,683.17	19,485.42	19,522.03
Total CO ₂ emissions	Tonnes	44,964.54	23,283.24	24,546.44
Emission intensity (tonnes/HK\$ million)	Tonnes/HK\$ million	3.01	1.40	2.39
A1.3 Total hazardous waste produced and intensity				
Fluorescent tubes or energy-saving lamps with mercury	Tubes	9,415	3,510	6,222
Printer cartridge used	Units	3,574	2,351	9,095
Abandoned electrical and electronic equipment	Pieces	380	119	218
Total hazardous waste	Kilogrammes	7,913	3,912	23,262
Hazardous waste intensity	Kilogrammes/HK\$ million	0.53	0.24	2.27
A1.4 Total non-hazardous waste produced and intensity				
Wastepaper	Kilogrammes	50,731.00	42,446.00	51,691.00
Construction waste	Tonnes	229,357.00 ¹	32,113.00	11,500.00
Food waste produced	Kilogrammes	514,158.00	463,843.00	212,333.00
Total non-hazardous waste	Tonnes	229,921.89	32,619.29	11,764.02
Non-hazardous waste intensity	Tonnes/HK\$ million	15.41	1.96	1.15
A1.5 Total hazardous waste recycled				
Electronic equipment recycled	Pieces	207	260	219.00

¹ The increase in construction waste in 2019 was due to increased construction in progress of the Company.



ESG Indicator	Environmental Data			
	Unit	2019 data	2018 data	2017 data
A1.6 Total non-hazardous waste recycled				
Metals recycled	Kilogrammes	840.00	58,183.00	3,500.00
Plastic recycled	Kilogrammes	3,069.00	3,511.00	2,030.00
Wastepaper recycled	Kilogrammes	27,936.00	10,121.00	8,983.00
Glass recycled	Kilogrammes	5,604.00	4,565.00	4,771.00
Reinforcing steel recycled	Tonnes	1,218.00	3,689.00	1,252.00
Earth recycled	Cubic metres	40,120.00	129,061.00	/
A2. Use of Resources				
Concrete	Cubic metres	258,332.00	318,019.00	389,198.00
Bricks	Cubic metres	45,709.00	57,999.00	173,770.00
Reinforcing steel	Tonnes	29,774.00	107,441.00	129,476.00
Stones	Tonnes	61,853.00	9,554.00	58,015.00
Timber	Tonnes	4,145.00	5,161.00	28,601.00
A2.1 Energy consumption by type in total and intensity				
Total energy consumption	Megawatt hours	69,869.01	53,298.66	52,679.58
Energy consumption intensity	Megawatt hours/ HK\$ million	4.68	3.20	5.14
Gasoline	Litres	543,791.00	413,640.00	508,408.00
Diesel oil	Litres	451,227.00	221,960.00	194,010.00
Liquefied petroleum gas	Litres	74,599.00	82,037.00	69,203.00
Natural gas	Cubic metres	1,224,310.00 ²	941,626.00	1,506,632.00
Total power consumption	Kilowatt hours	47,428,200.00	36,967,208.00	30,372,163.00
A2.2 Water consumption in total and intensity				
Total water consumption	Cubic metres	1,684,064.99	1,292,552.00	540,268.00
Water consumption intensity per HK\$ million	Cubic metres/HK\$ million	112.88	77.66	52.69

Notes:

- The environmental data for the whole year of 2019 covers the operational data of Shenzhen Investment's offices areas (including the headquarters of the Group and its subordinate units) and the residential properties and commercial properties under property management by the Group (including the waste, energy consumption, water consumption and carbon emissions of the property management offices and non-shared areas). The data of energy consumption, water resources consumption and greenhouse gas emissions were only collected for projects under operation for 12 consecutive months or more.
- Carbon emissions only refer to carbon dioxide emissions, excluding types of greenhouse gas such as methane and nitrous oxide emitted by other emission sources.
- Based on the business activities of Shenzhen Investment, exhaust emissions during its operation, including nitrogen oxides, sulphur oxides and other discharge of pollutants governed by national laws and regulations, are not significant.
- According to the ISO 14064 GHG inventory standards, GHG emissions category I refers to direct greenhouse gas emissions, particularly direct emission sources owned and controlled by the organization, such as emissions from its own vehicles; GHG emissions category II refers to indirect energy emission sources, such as indirect green-house gas emissions caused by the purchase of electricity.
- Carbon dioxide is calculated according to the Accounting Method and Reporting Guide for Greenhouse Gas Emissions from Industry and Other Sectors (for Trial Implementation) issued by the National Development and Reform Commission, where the emission factors of the outsourced power were based on standards for Reporting Guideline on Environmental KPIs under How to Prepare an ESG Report published by The Stock Exchange of Hong Kong Limited in March 2020.

² The increase in consumption was due to expanded scope of data statistics with commencement of operation of such projects as Landmark Hotel(置地酒店) in 2019.

Summary of Sustainability Development



ESG Indicator	Data list on society	Unit	2019 data
B1 Employment			
B1.1	Total workforce by gender, employment type, age group and geographical region.		
	Total number of employees	person	21,164
	By gender		
	Male employees	person	13,542
	Female employees	person	7,622
	By rank		
	Senior management in service	person	71
	Middle management in service	person	338
	Grassroots employees in service	person	20,755
	By education level		
	Doctor	person	12
	Master	person	438
	Undergraduate	person	2,270
	Tertiary and below	person	18,444
	By age		
	≤29 years old	person	4,710
	30-49 years old	person	10,827
	≥50 years old	person	5,627
	By geographical location		
	Mainland China	person	21,124
	Hong Kong, Macau and Taiwan	person	40
	Overseas	person	0
	By type of employment		
	Full-time	person	21,164
	Part-time	person	0
	Permanent	person	5,155
	Contract	person	16,009



Data list on society		Unit	2019 data
B1.1	Employee turnover rate by gender, age group and geographical region³.		
	Employee turnover rate	percentage	33.55%
	By gender		
	Male employee turnover rate	percentage	33.16%
	Female employee turnover rate	percentage	34.25%
	By age		
	≤29 years old	percentage	40.79%
	30-49 years old	percentage	26.41%
	≥50 years old	percentage	40.47%
	By geographical location		
	Mainland China	percentage	33.94%
	Hong Kong, Macau and Taiwan	percentage	7.50%
	Overseas	percentage	0
B2 Health and Safety			
B2.1	Number and rate of work-related fatalities		
	Work-related fatalities	person	0
B2.2	Lost days due to work-related injuries		
	Total number of days lost due to work-related injuries	day	1,189.5

³ The formula for calculating turnover rate is: turnover rate = number of employee turnover/total number of employees.

⁴ The training data for 2019 do not include those made by Shum Yip Holdings (Shenzhen) Property Management CO. Ltd, a subordinate unit of the Group, which will make the disclosure in next years after improvement of its training management system.

Summary of Sustainability Development



ESG Indicator	Data list on society	Unit	2019 data
B3 Development and Training⁴			
B3.1	Number of employees trained		
	Total number of persons attending training	person-time	105,302
	By gender		
	Total number of male employees	person-time	61,652
	Total number of female employees	person-time	43,650
	By type of employment		
	Total number of senior management	person-time	239
	Total number of middle management	person-time	2,393
	Total number of grassroots employees	person-time	102,670
B3.2	Employee training hours		
	Total training hours	hour	161,076.25
	By gender		
	Training hours of male employees	hour	91,031.05
	Training hours of female employees	hour	70,045.20
	By type of employment		
	Total training hours of senior management	hour	3,197.50
	Total training hours of middle management	hour	12,463.20
	Total training hours of grassroots employees	hour	145,415.55



ESG Indicator	Data list on society	Unit	2019 data
B5 Supply Chain			
B5.1	Number of suppliers by geographical region		
	Professional services suppliers		
	Number of suppliers in Guangdong Province	supplier	1,259
	Number of suppliers in Mainland China (Other than Guangdong Province)	supplier	118
	Number of suppliers in Hong Kong, Macau and Taiwan	supplier	19
	Number of suppliers in overseas	supplier	0
	Engineering suppliers		
	Number of suppliers in Guangdong Province	supplier	1,068
	Number of suppliers in Mainland China (Other than Guangdong Province)	supplier	446
	Number of suppliers in Hong Kong, Macau and Taiwan	supplier	1
	Number of suppliers in overseas	supplier	0
B6 Product Responsibility			
	Number of products and service related complaints received		260
	Project/building quality issues before delivery	case	42
	Project/building quality issues after delivery	case	91
	Property issues	case	74
	Marketing services issues	case	53
B7 Anticorruption			
	Number of raised or concluded legal cases regarding corrupt practices	number	0
B8 Community Investment			
B8.2	Resources contributed to the focus area		
	Total investment in targeted poverty alleviation	RMB	5,485,875.00
	Total investment in charitable activities/donations	RMB	385,407.00
	Total number of employees to participate in volunteering activities	person-time	2,465
	Total hours of employees to participate in volunteering activities	hour	13,732.50

Appendix: Environmental, Social and Governance Content Index



Environmental, social and governance areas and general disclosures and key performance indicators (KPI)		Section
Environment		
A1: Emissions	General disclosure	Green Communion, Summary of Sustainability Development
	A1.1 The types of emissions and respective emissions data	Not applicable as gas emissions are of little significance for the Group's operation
	A1.2 Greenhouse gas emissions in total intensity	Summary of Sustainability Development
	A1.3 Total hazardous waste produced and intensity	Summary of Sustainability Development
	A1.4 Total non-hazardous waste produced and intensity	Summary of Sustainability Development
	A1.5 Description of measures to mitigate emissions and results achieved	Green Communion
	A1.6 Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved	Green Communion
A2: Use of Resources	General disclosure	Green Communion, Summary of Sustainability Development
	A2.1 Energy consumption by type in total and intensity	Summary of Sustainability Development
	A2.2 Water consumption in total and intensity	Summary of Sustainability Development
	A2.3 Description of energy use efficiency initiatives and results achieved	Green Communion
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green Communion
	A2.5 Total packaging material used for finished products and with reference to per unit produced	Not applicable as no packaging materials are used for the finished products of the Group
A3: The Environment and Natural Resources	General disclosure	Green Communion, Summary of Sustainability Development
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Green Communion



Environmental, social and governance areas and general disclosures and key performance indicators (KPI)			Section
Environment			
		General disclosure	People Oriented, Summary of Sustainability Development
B1: Employment	B1.1	Total workforce by gender, employment type, age group and geographical region	People Oriented, Summary of Sustainability Development
	B1.2	Employee turnover rate by gender, age group and geographical region	People Oriented, Summary of Sustainability Development
		General disclosure	People Oriented, Summary of Sustainability Development
B2: Health and Safety	B2.1	Number and rate of work-related fatalities	Summary of Sustainability Development
	B2.2	Lost days due to work injury	Summary of Sustainability Development
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	People Oriented
		General disclosure	People Oriented, Summary of Sustainability Development
B3: Development and Training	B3.1	The percentage of employees trained by gender and employee category	Summary of Sustainability Development
	B3.2	The average training hours completed per employee by gender and employee category	Summary of Sustainability Development
		General disclosure	People Oriented, Summary of Sustainability Development
B4: Labour Standards	B4.1	Description of measures to review employment practices to avoid child and forced labour	People Oriented
	B4.2	Description of steps taken to eliminate such practices when discovered	People Oriented
		General disclosure	Quality Improvement, Summary of Sustainability Development
B5: Supply Chain Management	B5.1	Number of suppliers by geographical region	Summary of Sustainability Development
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Quality Improvement

Appendix: Environmental, Social and Governance Content Index



Environmental, social and governance areas and general disclosures and key performance indicators (KPI)		Section
Environment		
	General disclosure	Quality Improvement, Summary of Sustainability Development
B6: Product Responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable as there was no product and service recalls that had a significant impact on the Group's operations during the reporting period
	B6.2 Number of products and service related complaints received and how they are dealt with	Quality Improvement
	B6.3 Description of practices relating to observing and protecting intellectual property rights	Quality Improvement
	B6.4 Description of quality assurance process and recall procedures	Quality Improvement
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality Improvement
B7: Anticorruption	General disclosure	Responsibility Governance, Summary of Sustainability Development
	B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Responsibility Governance
B8: Community Investment	General disclosure	Responsibility Theme, Contribution to Community
	B8.1 Focus areas of contribution	Responsibility Theme, Contribution to Community
	B8.2 Resources contributed to the focus area	Responsibility Theme, Contribution to Community, Summary of Sustainability Development



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