



深圳控股有限公司
SHENZHEN INVESTMENT LIMITED

Stock Code : 604



2015

Environmental,
Social and Governance Report



Contents

About this Report	2
Message from the Chairman	3
About Shenzhen Investment	5



Our Environmental, Social and Governance Philosophy

01

Communication with Stakeholders	8
Materiality Assessment of Environmental, Social and Governance Issues	9
Effective Governance	11
Anti-corruption	14



Care For Staff

02

Human Resources Profile	18
Human Resources Management and Staff Development	20
Occupational Health and Safety	23
Staff Protection	25



Community Investment

03

Community Activities	30
Volunteer Service	32
Caring for the Underprivileged, Contributing to Society	32
Offering Assistance in Cases of Emergencies	33



Environmental Protection

04

Energy Conservation	36
Waste Recycling and Reuse	38
Water Resources Management	40
Green Design	41
Environmental Data Sheet	43



Quality Management

05

Supply Chain Management	46
Product Quality	47
Service Quality	47

Appendix – Environmental, Social and Governance Content Index

ABOUT THIS REPORT

This report is the first environmental, social and governance report of Shenzhen Investment Limited ("Shenzhen Investment", the "Company", the "Group", "we" or "us"), which was prepared in accordance with the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the preparation of this report, Shenzhen Investment has made adequate communication with our stakeholders through independent advisers and strove to make information disclosed herein meet the four key principles of materiality, quantitative, balance and consistency as required by the Stock Exchange. The Group will continue to strengthen its collection of reporting information to enhance our performance and disclosure relating to our sustainable development.

Scope

This report summarises the efforts made by and fruits of the Group in corporate social responsibility and sustainable development during the period from 1 January 2015 to 31 December 2015 in areas of "corporate governance", "employee caring", "community work", "environmental protection", "product quality" and other aspects. The entities covered in this report include the head office 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 Co., Ltd., Shum Yip East China Property Development Co., Ltd., Shum Yip Taifu Logistics Group Holdings Co., Ltd. and Shenzhen Nongke Group Ltd..

Access to Report

This report is published in Traditional Chinese, Simplified Chinese and English, the electronic version of which is available on the official website of the Company at www.shenzheninvestment.com.

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MESSAGE FROM THE CHAIRMAN



This is our first environmental, social and governance (“ESG”) report. I would like to take this opportunity to report our ESG performance to our investors and stakeholders, and put forward our vision and commitments on social responsibility.

As a state-owned public listed company, we take up our social responsibility while creating economic values. We uphold the corporate values of being healthy, positive and transparent. We pursue sustainable growth with quality. We strive to become a corporate citizen that is accountable to and can create values for our stakeholders, including our clients, shareholders, employees and the society.

As an enterprise growing up in Shenzhen, the Group put forward the strategy of intensifying the development in Shenzhen in 2011. We have made steady progress for the last few years with encouraging performance in terms of asset structure, business layout and profitability, which lays a solid foundation for the Group’s transformation development and sustainable profitability. During the year, we achieved a turnover of HK\$18,428.2 million, representing an increase of 33.3% over the same period of last year. Excluding extraordinary items, profit attributable to shareholders was HK\$2,158.7 million, representing an increase of 32.9% over the same period of last year. In the future, the property market in China will further rally with continuous strong demand in first-tier cities, offering even more prominent rewards to our strategy to focus on Shenzhen.

Environmental protection and safety always come first under our operating philosophy. In land acquisition, development, sales and the course of operation, we consistently put environmental protection and safety in a paramount position by incorporating them into our policies and procedures in relation to decision



making and operations. We will continue to increase our input in environment and safety, as well as proactively consider adopting the best practices in China and overseas, in order to become an active contributor in the industry.

We are committed to contributing to improving our local communities, their surroundings and the wider society. Our property management business, which offers management and other services to residential and commercial properties, as well as industrial parks, has made tremendous efforts in creating values for bringing innovations to the vast number of communities and is well received by the users and the locals. We also provided assistance to rural and border areas and were recognised by local governments.

We regard our employees as our most valuable asset. During the year, we organised large-scale seminars and recruitment activities in more than a dozen universities across the country under our Shen Drive Scheme (深動力計劃), and has achieved satisfactory results in re-energising our human resources. We established clear career pathways for our employees

and optimised our procedures for training, appraisal, incentives, punishments and others. Placing great importance on building corporate culture, we are dedicated in creating a healthy workplace atmosphere that emphasises sunshine and honesty, innovation and excellence, diligence and commitment, harmony and sharing.

With regard to corporate governance, we have not only strictly complied with regulatory requirements for state-owned assets supervision and the corporate governance codes issued by the Stock Exchange, but also strived to set ourselves to the highest possible standards so as to be able to safeguard the interests and satisfy the demands of all stakeholders.

It is our belief that it requires unwavering effort to carry out corporate social responsibility. We have made strong commitment in creating positive returns to shareholders, and making the society a better place.

LU Hua
Chairman

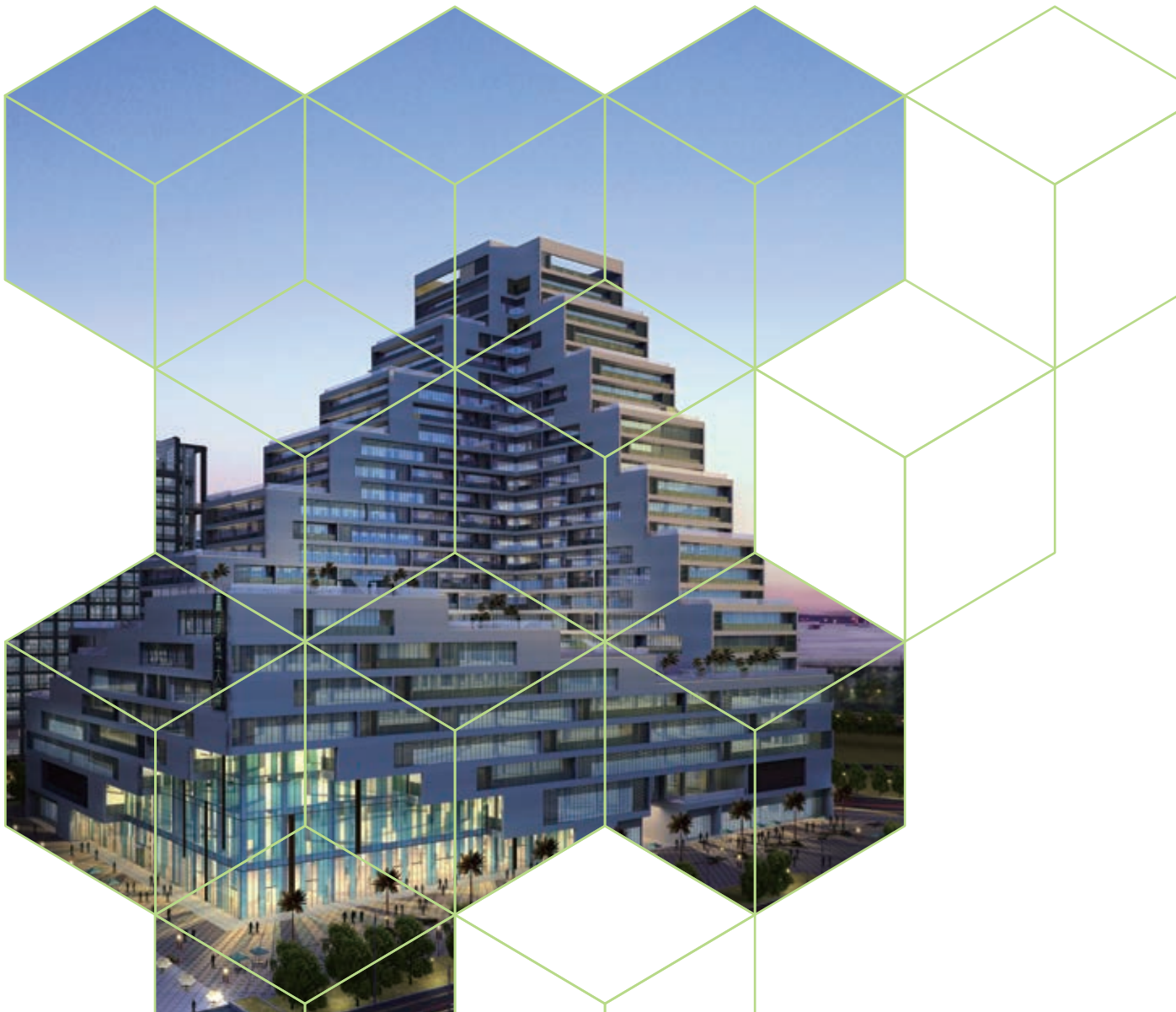
ABOUT SHENZHEN INVESTMENT

Shenzhen Investment has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 1997 (stock code: 604.HK), and is the largest listed real estate company under Shenzhen State-owned Assets Supervision and Administration Commission.

Focusing on Shenzhen and stretching out to other core cities in China, our principal activities consist of property development, property management and property investment.

Property development projects are mainly residential real estate, as well as industrial real estate and commercial complex. The Group's professional property management team manages various types of properties including government offices, office buildings, residential estates, villas and science and technology parks mainly located in Pearl River and Yangtze River deltas as well as the central region. Our investment property portfolio includes commercial, residential and industrial buildings and car parking bays, which are located mainly in Shenzhen. In addition, we are also engaged in operation of hotels and manufacture of industrial and commercial products business.

Please refer to our 2015 Annual Report for further information about our business and financial position:
http://www.shenzheninvestment.com/html/investor_report.php





01

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE PHILOSOPHY

Based in Shenzhen and spreading into other major cities of China, we make good use of our advantages in systems and resources in Shenzhen and Hong Kong. While obtaining win-win benefits with shareholders and partners, we actively promoting our own rapid, sound and sustainable development, with a view to better fulfilling our responsibilities towards all stakeholders, a mission we faithfully perform at all times.







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





1.1 COMMUNICATION WITH STAKEHOLDERS

We believe that listening to opinions of stakeholders is conducive to objective and well-rounded evaluation of our environmental, social and governance performance. Accordingly, we maintain communication with them for a range of matters through different channels in our ordinary course of business.





Stakeholders	Expectation and Requests	Methods of Communications and Feedback
Government 	<ul style="list-style-type: none"> To comply with the laws Proper tax payment Asset appreciation To boost local economic development and employment 	<ul style="list-style-type: none"> To comply with the laws Proactive tax payment Good management structure Response to national policies
Shareholders/Investors 	<ul style="list-style-type: none"> Returns on investment Information disclosure and transparency Protection of interests and fair treatment of shareholders Lower operating risks 	<ul style="list-style-type: none"> Higher operational efficiency Timely information disclosure on operation Mutual trust with investors Better governance
Employees 	<ul style="list-style-type: none"> Career development and promotion Wages and welfare Equal opportunity Health and safety Democratic management Caring for people 	<ul style="list-style-type: none"> Training and education Care for employees' well-being Open recruitment Protection of employees' interest Labour union for better communication Cultural and sport activities
Customers 	<ul style="list-style-type: none"> Integrity and fulfilment of promises Safe and high-quality products Information transparency Attentive services Opinions and complaints handling Privacy protection 	<ul style="list-style-type: none"> Lawful sales Product quality control Information publicly available Satisfaction survey Effective channels for complaints, opinions and feedback Confidentiality of customer information
Business partners and Suppliers 	<ul style="list-style-type: none"> Integrity and fulfilment of promises Sharing of resources Mutual development Win-win cooperation 	<ul style="list-style-type: none"> Cooperation in good faith Responsible procurement with regular inspection To provide fair and just procurement guidance High-level visits
Community and the public 	<ul style="list-style-type: none"> To boost development of public services in communities Public welfare and charities Environmental friendliness 	<ul style="list-style-type: none"> Social investments such as senior and low-cost housing Charitable activities Emission reduction, energy saving and other responsibility Green Building Design

As this is our first independent environmental, social and governance report, an independent third party institution was appointed in its preparation to make communication with stakeholders for relevant issues. Those communicated with consisted of our major stakeholder groups, including the government, shareholders and investors, employees, customers, suppliers, contractors, service consultants, business partners, community partners, industry associations, media and others. The communication was mainly conducted through questionnaires, seminars and individual interviews. Through these diverse methods and quantitative and qualitative analysis, deep understanding was gained about their awareness and evaluation of our environmental, social and governance performance and their expectations with respect to further work and reporting. Findings of the analysis were an important basis of the preparation of this report. In addition, relevant opinions will prove to be strong support to our formulation of development strategies for the future.

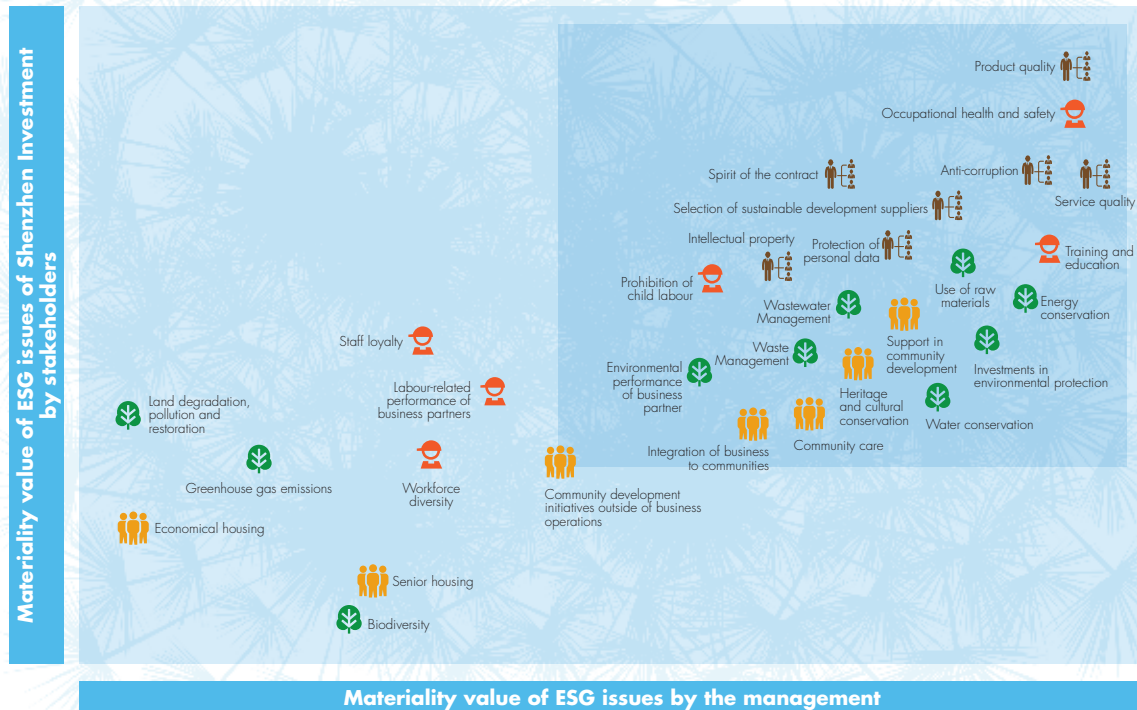
1.2 MATERIALITY ASSESSMENT OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

Shenzhen Investment is involved in a range of environmental, social and governance issues due to the size and coverage of our business. Consequently, materiality assessment was adopted to determine the priority of such issues. Such materiality assessment was mainly based on two factors, stakeholder engagement surveys and management workshops.

The assessment shows 22 material issues with respect to environment, society and governance, the management methods and performance relating to which are set out in corresponding sections herein.

No.	Category	Environmental, social and governance issues	Selected material issues
1	Environmental 	Energy conservation	✓
2		Water conservation	✓
3		Use of raw materials	✓
4		Waste management	✓
5		Wastewater management	✓
6		Greenhouse gas emissions	
7		Investment on environmental protection initiatives	✓
8		Environmental performance of business partners	✓
9		Biodiversity	
10		Land degradation, pollution and restoration	
11	Employment and labour practices 	Workforce diversity	
12		Staff loyalty	
13		Occupational health and safety	✓
14		Training and education	✓
15		Prohibition of child labour	✓
16		Labour-related performance of business partners	
17	Operating practices 	Anti-corruption	✓
18		Selection of sustainable development suppliers	✓
19		Product quality	✓
20		Service quality	✓
21		Intellectual property	✓
22		Personal privacy	✓
23		Protection of personal data	✓
24	Community 	Community care	✓
25		Integration of business to community	✓
26		Community development initiatives outside of business operations	✓
27		Senior housing	
28		Heritage and cultural conservation	✓
29		Economical housing	
30		Support in community development	✓

Materiality matrix of environmental, social and governance issues of Shenzhen Investment



1.3 EFFECTIVE GOVERNANCE

It is our belief that high-standard corporate governance is based on regulations with procedure management as the core and informatisation as the platform. The Group has established a unified and standardised management and control system which is implemented and consolidated through informatised means so as to improve work quality and efficiency.

Better systems

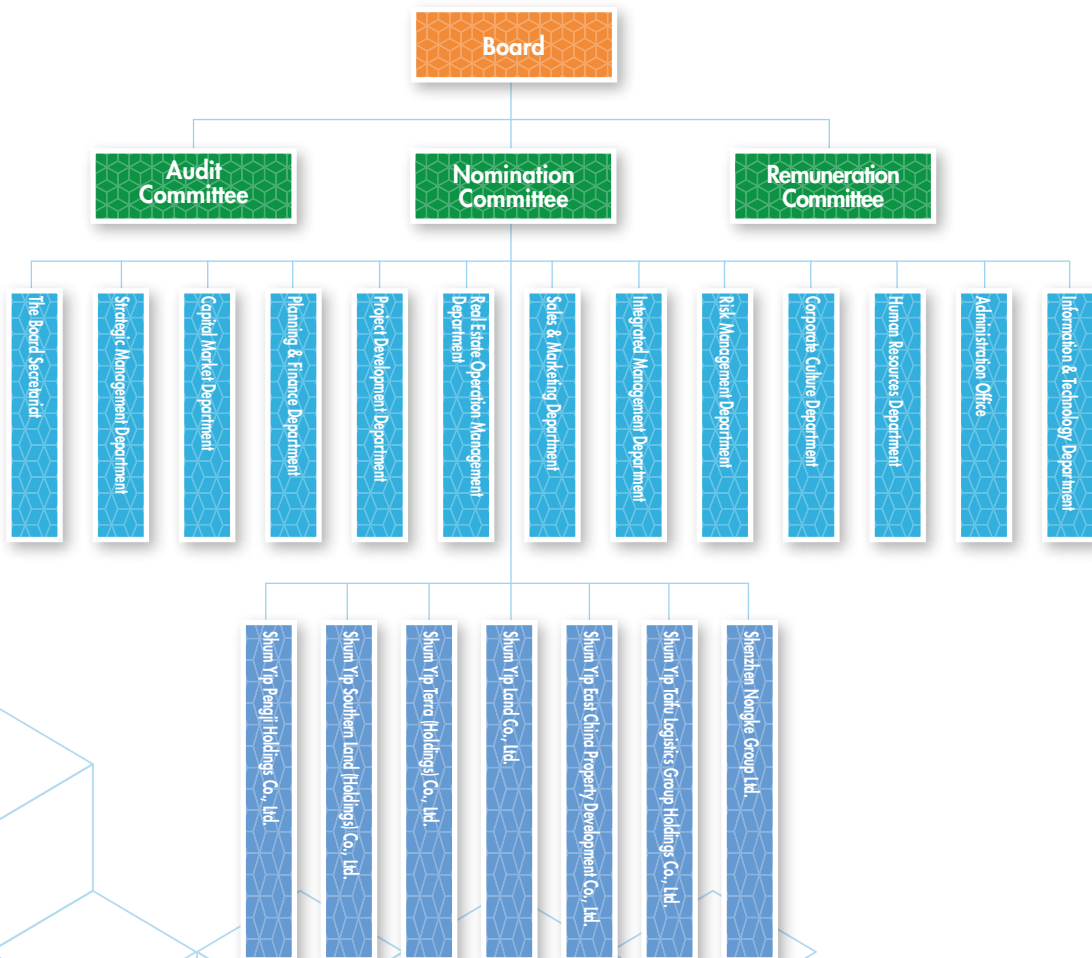
In order to ensure the management system was clear and the powers and obligations at the head office and subsidiaries are further well-defined, a 3-level hierarchy consisting of “policies+measures+rules” is established covering the five categories of corporate governance, strategic planning, operation, management and internal control. Taking into account the needs arising from the strategic transition and specific circumstances, relevant policies are continuously revised and stronger promotion, training and monitoring for policies in place are implemented within the Group to ensure the execution and observance of the policies and comprehensive efforts for efficient governance.



Corporate governance structure

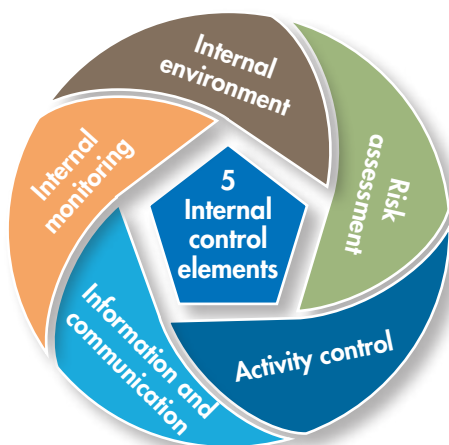
In addition to strict compliance with the governance responsibility of a listed company (please refer to the Corporate Governance Report contained in our 2015 annual report for details), Shenzhen Investment ensures efficient governance through the sophisticated structure of management by the board of directors (the “Board”). Under the leadership of the chairman, the Board is responsible for formulating general policies and strategies of the Group so as to supervise, evaluate and manage the operation and financial performance of the Company. The Board ensures the operational efficiency and effectiveness of the Company through proper risk control policies and procedures, and strives to enhance long-term shareholder value by virtue of a sound corporate governance structure. Committees under the Board, including the audit committee, the nomination committee and the remuneration committee, are assigned with different authorities and powers while they are required to make recommendations to the Board on its governance regularly. The Board manages the efficiency and performance of departments and subsidiaries through these committees. The clear corporate governance structure and well-defined powers and obligations among decision-making units ensure compliance and efficiency of the Company’s operation.

Structure



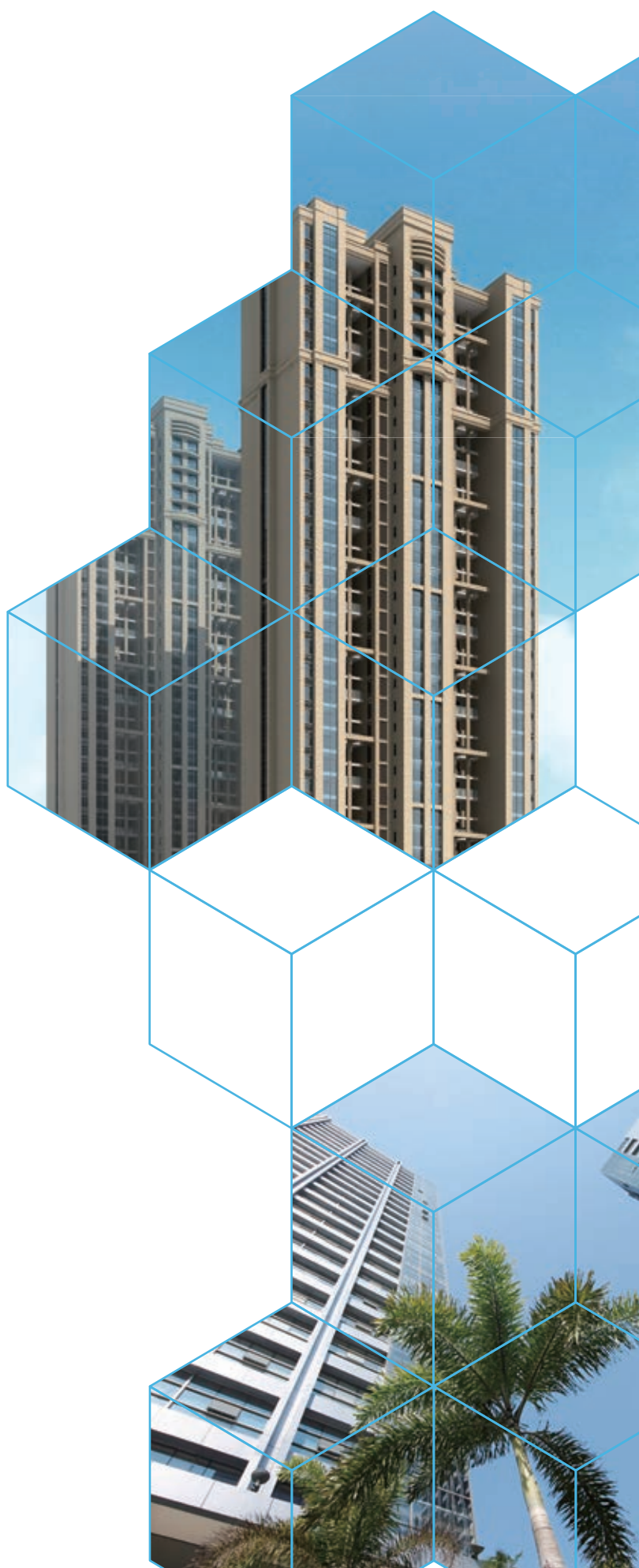
Internal control and risk management system

In accordance with requirements of the Corporate Governance Code set out in the Rules Governing the Listing of Securities on the Stock Exchange, Shenzhen Investment has established and maintained proper and effective risk management and internal control system. The Group conducted an overall review and evaluation on the stability and effectiveness of the internal control system and risk management in 2015 from five aspects, namely internal environment, information and communication, risk assessment, activity control and internal monitoring, for the purposes of drawing up specific measures to prevent potential risks in the future.



In 2015, we established a circular managerial accountability mechanism of audit rectification and issued relevant policies such as the Administrative Rules on Supervision and Management of Audit Rectification (《審計發現問題整改監督管理細則》). Special audits were conducted on key governance areas such as bulk materials procurement, internal control, fund management and security and economic responsibilities during terms of office. This resulting effectiveness enabled stronger supervision and control.

A circular managerial accountability mechanism of audit rectification



Informatised management

The establishment of informatised platforms can enhance the overall information sharing and process streamlining capabilities within the Company and thus improve its operational efficiency. Aiming to facilitate data sharing, functional integration, information sharing and assistance to decision making, the Group has built business information platforms for OA office, financial management, management of project progress and others, which enhance the real-time control of the Company over the movements of its businesses and procedures, speed up information delivery and standardise managerial behaviour.

Furthermore, project companies, through learning from experience of benchmark companies and their own exploration, have established an information management system for on-site crew and contracts standardisation administrative system so as to bring their informatisation development to a new level.

1.4 ANTI-CORRUPTION

For the establishment of anti-corruption systems, we continue to improve on relevant internal policies and standards with a view to building a company of integrity which encompasses the integration of the penalty and prevention schemes covering education, policies and supervision into the management of the Company.

Responsibility



In 2015, the Group implemented an integrity accountability system and issued the Rules on Accountability for Loss of Assets with a view to forging an effective accountability chain spanning from the top to the bottom with responsibilities assigned to each level.

Rules



With standardised operation with respect to construction tenders, investments in projects, capital management and human resources, the Group ensures the compliance of business operation and enhanced the effectiveness of managerial supervision to prevent risks.

Education



Innovative anti-corruption education models are actively developed. Employees are offered with multi-layered and multi-category education programmes according to their ranks and responsibilities. In terms of the method of delivery, we encourage a combination of classes and experience sharing, theories and practices, and discipline bottom lines and positive and negative case studies to effectively enhance the appeal and penetration of anti-corruption education.



A visit to the Guangdong anti-corruption education base



Our staffs participated in the training entitled "Policies and Practices of Tender and Procurement"

We are committed to creating a workplace atmosphere of integrity by embedding probity practices and concepts as core values into every staff starting from management level, and to provide strong safeguard and support to the sound and sustainable development of the Group.





CARE FOR STAFF

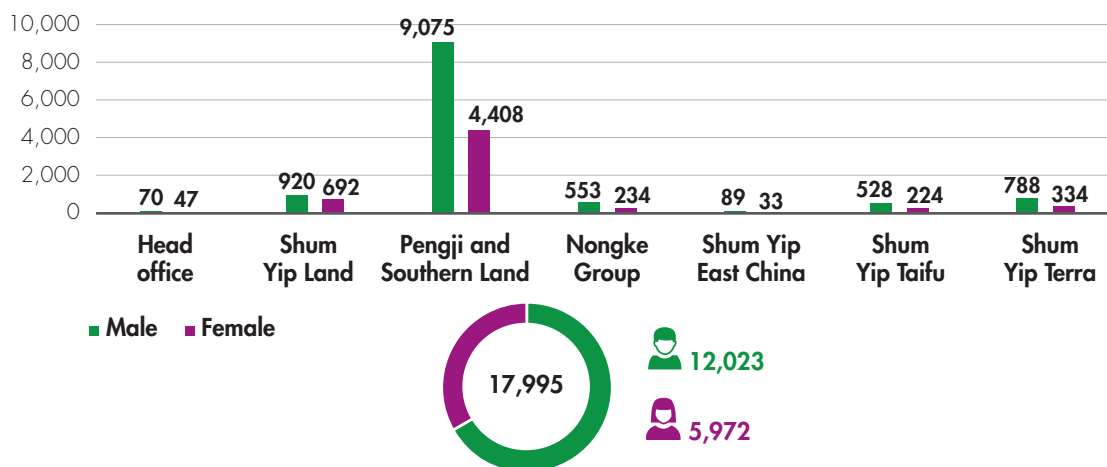
Our staff is the cornerstone of the sustainable development of Shenzhen Investment. The Group has strove to put into practice the human resources philosophy of “utilisation of talents with morality as priority” and the strategy of “people-and-performance-oriented”. Focusing on continuously improving its human resources system and culture building, the Group has strengthened its staff development mechanisms through designing diverse career paths for staff to enable them to leverage their potential and to achieve their individual ambitions and values.

Furthermore, we give due respect to pivotal position of staff in the Company and provide them with safe workplace with a good atmosphere. In addition to reasonable salaries and benefits, we offer comprehensive protection and care in their lives and work to enhance their sense of identity and belonging so that their abilities and potential are released and sustained and they can grow and share with the Company.

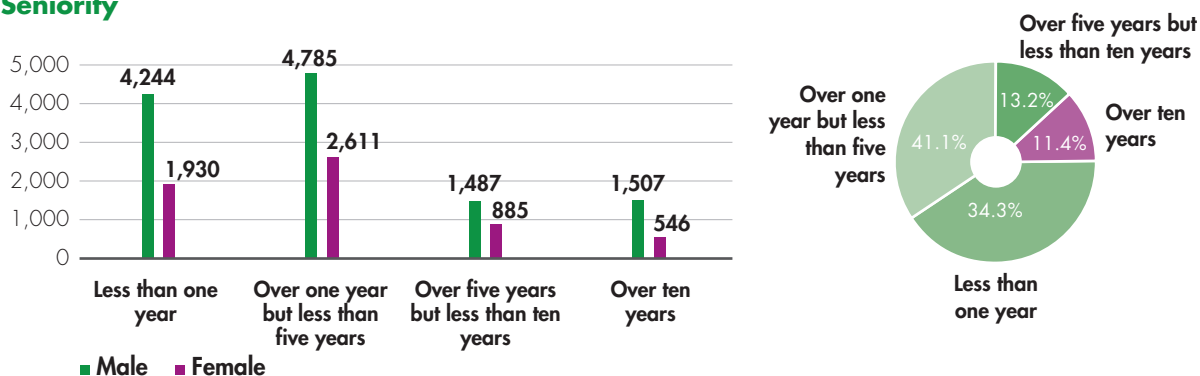


2.1 HUMAN RESOURCES PROFILE

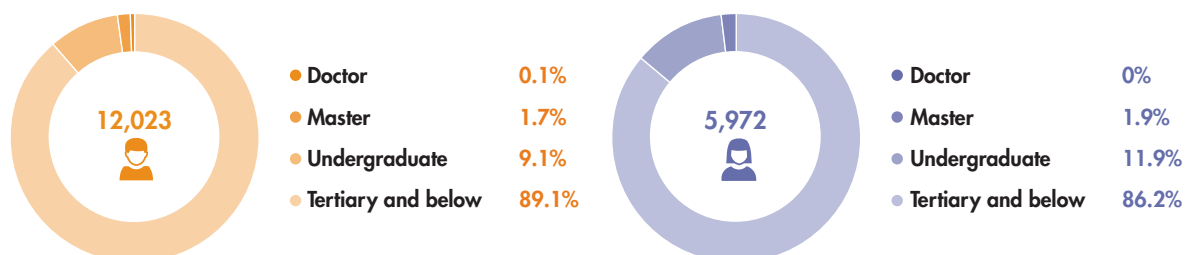
Workforce composition of the head office and major subsidiaries



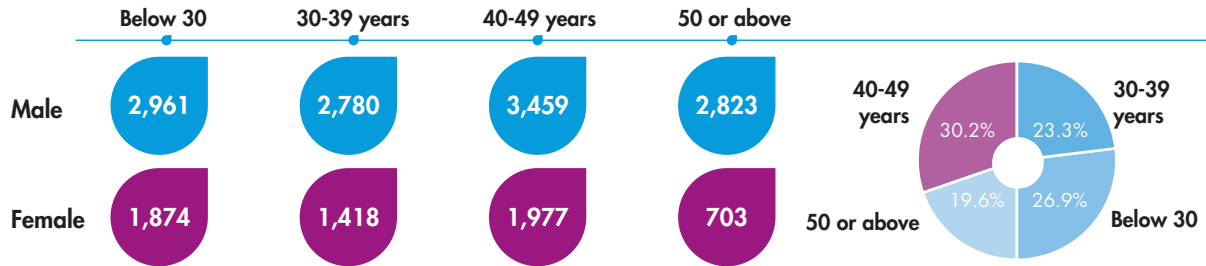
Seniority



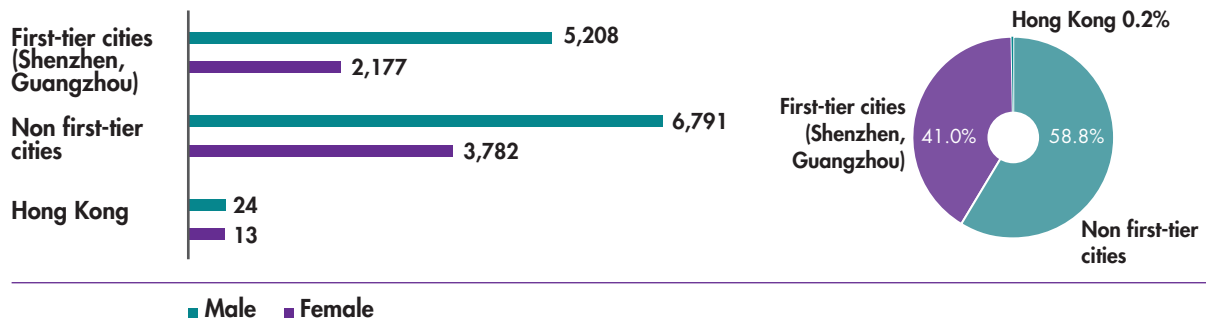
Education level



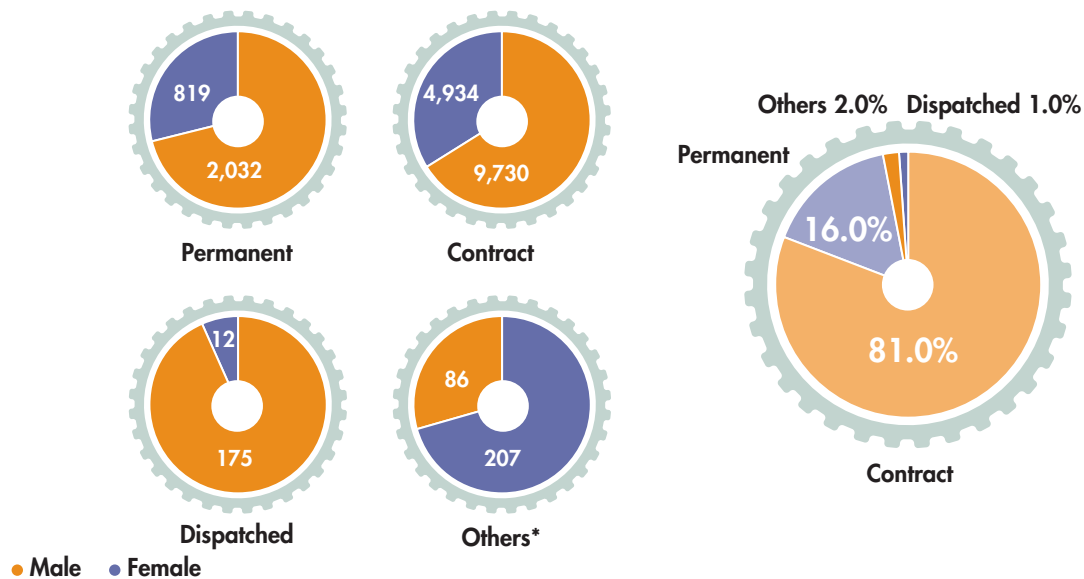
Age



Geographical location



Type of employment



* Others included those employed on a project basis and those rehired after the retirement age under employment agreements.

2.2 HUMAN RESOURCES MANAGEMENT AND STAFF DEVELOPMENT

Aiming at marketisation, the Group placed emphasis on the cultivation and growth of talents by strengthening career development and human resources expansion and enhancing relevant management with a view to attracting competent personnel.

Human resources development

In 2015, we commenced a six-month study on career development. During the period, we collected relevant data from subsidiaries and made reference to industry data issued by third party human resources intermediaries for the purposes of systematically understanding the status and existing issues of the Group's workforce and expectations of human resources development by the subsidiaries and entry level staff. Based on this, career development proposals were issued for our talent pool, financial teams, sales teams, "Shen Drive" (深動力) and other staff containing well-defined and scientific cultivating directions for each hierarchy, so that relevant work could go on a systematic, scientific and regulated track sooner.

Together with the study, we initiated human resources seminars at the same time to further optimise relevant internal policies to ensure that entry level staff of the Group would thoroughly understand human resources policies of the Group and enhance their sense of belonging and identity, thereby achieving full coverage of relevant policies.

Mechanisms of staff selection and development

The Group selects its staff based on virtues and strives to build open, fair, just and reasonable mechanisms for staff competition and selection through which the competent can come to the fore. For recruitment, emphasis is placed on assigning tasks and development of staff through active encouragement for self-learning and provision of more training as well as better development mechanisms, wider promotion paths, bold recruitments focusing on tasking the right person. These efforts leverage staff's potential and realise their ambitions and values.

In 2015, in accordance with the operational needs of the Group, selection-related work at each level of the Group was strengthened by strict application of relevant measures. Vacancies were filled through open recruitments. Furthermore, interactions between the head office and members of the Group were continuously increased to further strengthen the sharing of human resources ideas and expand staff's career paths.

Campus placement

This is the second year the Group carried out unified campus placement. In addition to the 11 campuses covered in last year, Peking University and Tsinghua University were added to the programme, which, while making recruitments, efforts also paid on the promotion of the brand of the Group with the younger generation. For fresh graduates, the Group not only provided standardised career paths, promotion mechanisms and established training schemes but also staff benefits such as housing and canteens. Furthermore, a range of hobby groups and recreational activities are organised for our staff every year.

This year's campus placement attained better results as compared with that of last year. We believe these outstanding graduates will add new energy and dynamics for further transformation and development and lay solid foundations for better teams of the Group.



The Group has named its campus placement programme as “Shen Drive” (深動力) for the first time, which was used as the standardised icon of us as an employer in the event such that prospective employees were recruited under our brand and were offered systematic and professional cultivation and management, thereby enriching the talent pool of the Group for different areas. The “Shen Drive” (深動力) programme will greatly enhance the brand value of Shenzhen Investment.



At campus placement site



Staff recruited through campus placement paid a visit to a project of the Group

Staff training

The Group established a training institute in 2012 which, with its training schemes, served as a platform to cultivate and develop our staff. At present, the schemes mainly focus on the following three aspects:

- **Staff training and development:** Training programmes were tailored for and matched with the abilities of different levels of staff such as newcomers, high-potential staff, project managers and management.
- **Management capability training:** Training programmes relating to business-related capabilities such as corporate strategy, human resources, finance, audit, real estate development, marketing, information technology and integrated management were organised.
- **Sharing-based training:** The Group encourages self-initiated sharing sessions by all member companies within the Group with the objective of optimal sharing of resources to conduct sharing-based training sessions for relevant members within the Group.



The opening ceremony of Shumyip Training Institute

At the early stages of the institute's operation, outstanding training resources and distinguished trainers and training suppliers have already been widely adopted. Up to a hundred trainers were carefully selected on an annual basis. The institute has managed resources by category and streamlined the operations to ensure that the resources were adequately deployed.



In 2015, owing to the well-established platform of Shumyip Training Institute which aimed for better staff fostering and management, we have initiated two systematic staff development projects for newcomers and middle-level staff with new functional positions, and 12 seminars on specific topics such as brand building, new accounting standards and management of fire and safe production and 6 sharing-based training sessions among members within the Group. The total numbers of training programmes and that of participants have both recorded a sharp increase from last year.



Training for newcomers in 2015

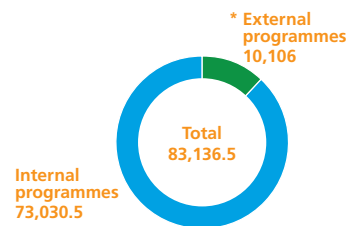


The Group's commencement of the "BT to VAT" planning project and seminar

This year, the Group engaged 19 lecturers and completed their evaluation in accordance with the Kirkpatrick Model. According to post-training feedback from participating staff, the Group's training for the year has generated good results. Furthermore, we have put in place a staff feedback mechanism under which findings of survey were communicated to relevant departments for follow-ups. For example, the real estate operation department of the Group, in light of survey findings about training needs, proposed to hold more training on operation and management of commercial properties in order to boost the operational and managerial quality and capabilities of staff to better serve customers.

In the future, Shumyip Training Institute will continue to provide staff with more diversified and systematic training, thereby strengthening the sense of cultural identity and belonging of staff at different levels and enhancing their expertise and occupational ethics in order to support the business development and fulfilment of strategic goals of the Group in different areas.

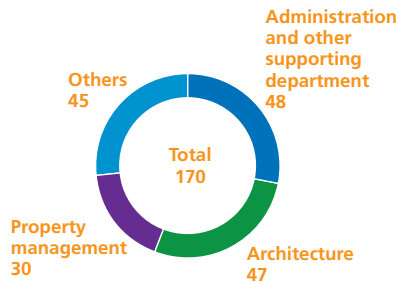
Staff training hours



Total staff training hours

* The tuition is subsidised by the Company or attending external training sessions during working hours as allowed by the Company

Number of business-related training sessions



2.3 OCCUPATIONAL HEALTH AND SAFETY

Work safety is the foundation and security for the sustainable development of an enterprise. A comprehensive work safety management and supervision system is vital for enhancing safety performance. The Group places great emphasis on the occupational health and safety conditions of its employees. It proactively implements national, provincial and municipal government's requirements on work safety, and strictly complies with the Work Safety Law, as well as the "Five Implementations, Five Achievements" and the "Nine Rules".

The accident rate resulting from safe production issues within the Group has always been maintained at a low level. During the year, we successfully achieved our goal of zero fatalities. The fatality rate and injury rate are both zero.

Structure for work safety management

The companies under the Group have each established a work safety management committee ("WSMC"), and formulated policies and management structure in relation to occupational health and safety issues. Every year, the Group enters into a Safe Production Commitment with companies under the Group. It encourages regular inspections and reporting, thereby maintaining a safe working environment for employees and establishing a solid foundation for steady development.

During the year, the WSMC of the Group convened a total of 8 meetings on work safety. The management of the Group conducted over 20 visits to various companies under the Group, major projects and construction sites in order to supervise work safety on site. Moreover, the Group has assigned over 60 safety inspectors to conduct 28 inspections on various safety aspects. As required, all companies under the Group have established safe production offices stationed with full-time management personnel. For real estate project companies with over 70 employees and those engaging in the development of skyscraper or complex projects, there will be at least one full-time safety manager. Currently, there are over 60 full-time and part-time safety managers in total within the Group, an arrangement which is essential to ensure the implementation of various safety works.



The management of the Group conducted inspection of work safety on site



Professionalism of the safe production team

In 2015, the WSMC and other internal and external expert institutions including Shumyip Training Institute, Shenzhen State-owned Training Center and Shenzhen Occupational Safety Training Center, jointly organised 6 large-scale trainings and examinations, covering the Work Safety Law, standardised constructions and skills for safe production positions. Over 750 persons who are responsible for work safety at different levels attended the trainings. Apart from conducting regular safety workshops, such as education on accidents related to safety during the Safe Production Month and targeted training sessions for special operators on safety issues of hazardous chemicals, flammable and explosive materials, with a focus on strengthening the safety aspects of management and control over construction operations, densely populated premises, fire safety, etc.

With respect to workers at construction sites, we offer special safety trainings in order to enhance employees' knowledge in work safety and their ability in preventing and handling emergencies. These trainings include safety within construction sites, electricity use at construction sites and special equipment safety trainings, which are complemented with safety videos containing cases of safety accidents.



Fire drill conducted during the 2015 Safe Production Month

Projects of the Group have been recognised by Shenzhen Construction Safety Supervisory Headquarters and Shenzhen Architecture Association in terms of its capabilities in work safety and civilised construction, etc. Nearly 800 construction and supervisory entities of approximately 3,000 persons visited our project sites for inspection and learning, and our practices were highly recognised by industry peers.

Emergency communication mechanism

The Group further strengthens the communication mechanism which is normalised for emergency situations. It has established a 24-hour duty roster for work safety throughout the Group and has set up a 24-hour special hotline, thereby ensuring timely understanding and acknowledgment of various safety incidents. In case of emergency, responsible personnel will be able to arrive at the site promptly, and handle the incident in a scientific and reasonable manner. With the efforts made by all employees across the Group, we have never experienced any major safety accidents, thus contributing to the orderly operation of the Company and harmony of the society.



Construction site

Building a work safety culture

In 2015, the Group fully implemented the new Work Safety Law. By establishing our own excellent work safety culture, the Group propagates safety production knowledge to its employees and workers. It provides comprehensive professional knowledge and skill training for employees, and ensures that work safety and occupational health of employees and workers will be put at top priority.

By creating an excellent work safety culture of “learning, understanding and observing the laws”, the Group enhanced employees’ awareness on work safety laws.



Training on Work Safety Law

During the year, the Group organised the Work Safety Knowledge Contest, which received great response from employees. During the online phase, nearly 11,000 employees in total participated in the contest via WeChat. The final phase was very competitive, and companies under the Group enjoyed the final competition through real-time video streaming.



2015 Work Safety Knowledge Contest

Certificate of safety production standardisation

The investment made by the Group on safe production has been recognised by third parties. The first 5 entities under the Group, Pengji and Southern Land, Terra, Shum Yip Land and Taifu Company have obtained third-class enterprise certificate of safe production standardisation. In addition, Shum Yip Land has made a good demonstration in promoting standardisation of civilised construction.

2.4 STAFF PROTECTION

Compliance

As the largest listed real estate company under the State-owned Assets Supervision and Administration Commission of Shenzhen Municipality, Shenzhen Investment has incorporated the concept of compliance of operations into every part of its corporate management from the outset. With respect to human resources management, Shenzhen Investment and all its subsidiaries were strictly in compliance with laws and regulations regarding human resources, including the Labour Law of the People's Republic of China, the Labour Contract Law of People's Republic of China and the Provisions on the Prohibition of Using Child Labour. In 2015, we did not discover any significant risk exposure in relation to the employment of child or juvenile labour for works of hazardous nature, forced or compulsory labour in any operation.

Remuneration and benefits

With reference to the market standard, we have established a comprehensive and unique staff career development path which meets the needs of the Company. Together with the ancillary remuneration incentive policy, the remuneration system and performance appraisal system linked with promotion path have been established throughout the Group, thus ensuring reasonable remuneration and benefits offered to the employees.

Meanwhile, we offer our employees with a series of healthcare programmes, such as labour insurance and annual health check. In addition, the Group also offers our employees with other protective measures, such as improving the living conditions in dormitories and the working environment, thereby enhancing the satisfaction of our employees, and let our employees feel the warmth and care from the Company as a big family.

For instance, we have set up designated smoking rooms and lounges in the office area of construction sites, thus creating a clean and comfortable working environment for employees to rest. In addition, we have installed cooling sprays at construction sites in order to create a working environment with more favourable temperature and humidity in summer for workers, thus avoiding heat stroke in a high temperature environment.

Aid fund

The Group strives to provide comprehensive protection and caring for its employees. For example, we have formulated the Tentative Administrative Measures for Aid Fund, aiming to help employees who are facing difficulties or diseases within the Group.



The management visit employees before the Spring Festival

Cultural and sport activities

The Group values culture and sporting events as bonding activities, and highly values the importance of inter-group cooperation and integration. Currently, we have organised diversified cultural and sport activities which have facilitated the cultivation of team spirit in the Group. During the reporting period, the companies under the Group organised different cultural and sport activities such as the Second Corporate Culture Month and Harmony Badminton Cup, the Solitaire Card Competition, the Waterside Walk, the March 8 Tea Party, as well as healthcare talks. These served as platforms for employees to display their talents, and were effective ways to show their spirits, philosophy and quality.



Diversified cultural and sport activities of the Group



Furthermore, the Group is innovative with the ways in offering cultural and sport activities. We organise different hobby groups such as Tai Chi, yoga and bakery classes, and establishes amateur cultural and sport teams. We proactively participate in different cultural and sport activities in the community, and as such also strengthen our external influence and internal cohesion. Our effort has been recognised and awarded several times.



Tai Chi performance by female employees at the March 8 Women's Day event





03

COMMUNITY INVESTMENT

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

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

During the year, we invested **over RMB7 million** for charitable causes and had in total over **10,000 employees** participating in community volunteer services, totalling over **10,000 hours** of service.





3.1 COMMUNITY ACTIVITIES

We organise services tailored for various communities with different characteristics, and the Group, together with the property companies under the Group, have organised different types of activities, innovated community culture, and won several national, provincial, municipal and regional awards. We hope to communicate and exchange opinions with people from different sectors by participating in community activities, thereby to create a better and more harmonious community.

UpperHills of the Group has participated as the “Chief Cooperative Partner” of Shenzhen International Marathon for two consecutive years since 2014.



Shenzhen Marathon cheering activities conducted by UpperHills – the 2nd Green Marathon



Shenzhen Marathon training camp of UpperHills

“You Run and I Donate”, a large-scale charity running campaign

In November 2015, the charity fundraising cum healthy running event was held at Yundonghai.



“Flea Market for Children’s Charity”

In August 2015, the event was co-organised with our Qiaoxiang Property Management Office and Youth Development Foundation, which aims to provide teenagers with opportunities to have practical experience and skill training, thereby enhancing their confidence and understanding over the needs of people from different sectors.

“Protecting Children Rights and Creating Harmonious Society” charity fundraising event

The event was held on International Children’s Day on 1 June 2015, and is aimed to educate parents about the importance of protecting and caring for the children, while raising funds for children living in poverty in rural areas.





Warm up area of UpperHills next to the race lane of Shenzhen Marathon



"Do A Good Deed Every Day" charity bazaar

The event was held at Meilin I Village in May 2015, and is aimed to encourage residents to donate goods for the charity bazaar. All funds raised from the bazaar were donated to the children in poverty and those suffering from thalassemia.

Large-scale fire drill to protect and raise residents' safety awareness

In November 2015, the property management office, together with relevant government authorities including Futian Fire Safety Committee, conducted a joint fire drill to raise the residents' awareness on fire prevention.



Used clothes recycling within the community

As a way to protect our environment, our property management companies have placed used clothes recycling banks at different communities.

Upon sterilisation and cleaning, clothes collected will be donated to people in need.

The "Community Culture" has been established by the property companies under the Group and has been recognised as a national benchmark standard. We have won various awards, including the Enterprise Contributing Corporate Culture Establishment of the 30th Anniversary of Shenzhen Special Region, Shenzhen Top 10 Outstanding Enterprise for Corporate Culture Establishment and Shenzhen May 1st Labour Day Award.

3.2 VOLUNTEER SERVICE

Shenzhen Investment encourages its employees to participate in different voluntary services, and to devote as a new-era volunteer with professional knowledge, responsibility and innovative capabilities. We have established our own volunteer team and sub-teams for companies under the Group. Through prolonged implementation and exploration, learning and exchange, we continue to learn from past experience, and establish comprehensive serving philosophy and procedures. Hence, our volunteer service has become an important charity event to be held regularly with specific standard. Meanwhile, coupled with our internal establishment, we share our volunteer activities and the views, experiences and joining methods of volunteers via difference information sharing platforms such as talks, notice boards and WeChat, thereby promoting volunteer services to the whole Group. In 2015, the Group served over 13,000 people in aggregate.

Apart from joining the volunteer team of the Group, our employees have also joined outside volunteer associations, and served as leaders of different volunteer teams and community volunteer associations. They have devoted their spare time to volunteer services, and giving their contribution and caring to people in need.



Charity volunteer day

3.3 CARING FOR THE UNDERPRIVILEGED, CONTRIBUTING TO SOCIETY

Since 2005, the Group has put great efforts in helping the underprivileged, and offered assistance to poorer villages in Dushan County of Guizhou, Fengman Village of Lianjiang and Gangkou Village of Jieshi, Lufeng. The Group has established a steering group for poverty works and has gained the corporate-wide support, and is fully devoted to such charity works. The Group has devoted in terms of

capital, human resources and material investment, and has engaged in construction and repair of roads and bridges, as well as established specialised cooperatives in order to establish an effective system to curb poverty and to provide a multi-pronged approach of technological assistance, cultural promotion, environmental improvement and education to target groups. The Group has performed its social responsibilities, and promoted the harmonious development in our society.

Over the past decade, based on the needs of society in different places, the Group has completed numerous constructions for villages in respect of infrastructure construction, with an aim to improve living environment and medical condition, as well as education development and sustainable development.

Examples	
Infrastructure construction	<ul style="list-style-type: none"> • installation of underground sewage pipes • installation of street lighting facilities • construction of garbage collection points • conversion of low-yield fishponds • development of village recreation centres • construction and repairing of roads and bridges
Improvement of living environment and medical conditions	<ul style="list-style-type: none"> • reconstruction of dangerous buildings • purchase of ambulance for hospitals • improvement of medical facilities and hygiene conditions
Education development	<ul style="list-style-type: none"> • repairing and construction of "Hope Primary Schools" • reconstruction of campus and facilities in primary schools • purchase of educational equipment and facilities • establishment of education fund • arrangement of voluntary teaching in primary schools
Sustainable development	<ul style="list-style-type: none"> • assigning agriculture experts to provide training on basic agriculture knowledge to villagers • facilitating the development of collective and individual poultry farming projects • repairing and construction of agriculture trade market in Gangkou Village • putting an end to poverty





The Group offers help to rural villages in poverty

In the progress of offering our caring services for the underprivileged, together with our voluntary services, the Group has adopted "one-on-one" caring mechanism to enhance the propaganda effect and to cultivate the concept of wealth as a result of hard work and diligence, which ultimately helped poor villagers build their confidence. The Group has contributed to the society and fulfilled its undertakings on offering help to citizens by taking practical actions. Through working in a precise and practical manner, the Group has facilitated the successful implementation of targeted assistance, and won awards in the provincial "double targeted" poverty caring inspection for the years.

Apart from targeted assistance, the Group and all employees proactively participated in donation campaigns for other disastrous events, and have responded to charity activities, thus reflecting the mindset of "united support from around when one falls into trouble".



Donation made by employees of the Group

3.4 OFFERING ASSISTANCE IN CASES OF EMERGENCIES

During the reporting period, a land slide occurred in Guangming New District of Shenzhen. The Group proactively responded to rescue instructions, and arranged six excavators from within the Group to conduct a 24-hour non-stop excavation process at the rescue site. Our rescue team has sent out a total of 280 rescue personnel on rotation basis, and back-up vehicles for over 200 times. We worked with CNPC emergency repair team and have completed the emergency repair works for the natural gas transmission pipes which supplies to Hong Kong via the transmission pipes from Western China to Eastern China, of which 370 metres of oil and gas pipes were repaired and approximately 200,000 square metres of land were excavated. These rescue missions were completed smoothly.



The rescue site



ENVIRONMENTAL PROTECTION

In face of challenges arising from global climate change and the shifts in the ecosystem, it is our pivotal responsibility to strictly comply with the environmental protection laws and regulations formulated by the government, and to proactively respond to environmental protection policies issued by the government. We strive to add environmental protection elements into traditional architectural methods, thus contributing to the construction and development of a vibrant city.

Shenzhen Investment held numerous real estate development and property management companies, with huge area of properties under development and management. We proactively conduct technology exchange with international energy conservation and low-carbon building experts who are backed by leading researches, and explore into the development and use of photovoltaic panels, renewable energy, wind power generation and water resources utilisation etc., thereby learning from the experience in designing green buildings from within and outside China, as well as exploring the application of energy conservation and low-carbon construction technology in the Group's projects. The Group strives to make greater contribution in energy conservation and emission reduction.

We have incorporated innovative measures in energy conservation, waste recycling, water resources management and green design research, aiming to lower the impact of building and citizen living on the environment to the fullest extent. The Group's Wondershine Residence is currently the management service provider of Qiaoxiang Estate, the largest energy efficient residential area in China. Leveraging the edges of adopting energy, water, land, material efficient and environment conservation technology in all residential units in Qiaoxiang Estate, the Group strives to explore new property management model focusing on energy conservation and emission reduction, and creates a comfortable environment of high quality and standard for residents.

Meanwhile, we implement the concept of environmental protection and energy conservation in our daily operations, and encourage employees to participate in various green charity activities, thus gradually create a green city with high living quality.

ENVIRONMENTAL PROTECTION CERTIFICATION AND IDENTIFICATION RECEIVED BY THE GROUP IN 2015



Organisation	Certification and award
U.S. Green Building Council	Shum Yip UpperHills – Theatre: U.S. LEED-CS platinum pre-certification
U.S. Green Building Council	Shum Yip UpperHills – Book Store: U.S. LEED-CS platinum pre-certification
U.S. Green Building Council	Shum Yip UpperHills – Tower Two: U.S. LEED-CS gold pre-certification
Shenzhen Greenery Property Management Professional Committee	Shum Yip Terra Building: Two-star green property management project identification

4.1 ENERGY CONSERVATION

Energy utilisation not only consumes the limited natural resources in the world, it also produces greenhouse gases such as carbon dioxide, thus expediting the process of global climate change. Buildings are one of the major sources of energy consumption in big cities. Shenzhen Investment highly focuses on different standards for energy consumption. On the basis of complying with the national energy consumption standards, Shenzhen Investment has further improved the efficiency of energy consumption in order to lower operating costs and reduce the effect of over-energy consumption on the environment, thus creating a win-win situation for both society and economy.

We are equipped with high efficiency equipment, and have introduced all-rounded intelligent surveillance system, thus reducing unnecessary consumption in minor procedures. We have upgraded the energy conservation facilities in existing buildings, formulated energy conservation rules in daily management system, and promoted the education on energy conservation, thereby enhancing the awareness of our employees and the public on energy conservation, and fostering the habit of saving energy and maintaining a green living style.

Green construction

The structural construction of projects by the Group highly focuses on energy conservation and efficiency enhancement. Main structure materials and precast parts which meet the People's Republic of China's requirements on energy conservation are used in order to minimise impairment incurred during the construction. Local construction materials will be used whenever possible, thus reducing logistics costs, lowering operation costs and avoiding utilisation of public transportation resources. Apart from setting up detailed technology requirements for building construction so as to ensure construction quality, we also take pre-emptive considerations at design stage to minimize the chances of inefficient use of resources, such as cordoning off areas preserved for designated use at the construction site.

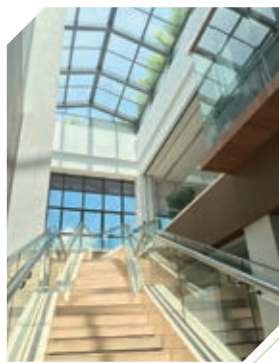
During the construction of UpperHills project, numerous energy conservation and low carbon construction technologies have been implemented, including "aluminium formwork system", "high-rise construction lifting platform", "cast-in-situ hollow floor" and "ready-mixed mortar". During the construction phase, we have been developing and discovering new green construction technology, and promoting energy conservation and emission reduction in architecture industry. The project has become the leader and benchmark within the whole industry, and has received excellent response from government authorities and industry peers. It also won the title of "National Demonstrative Construction for Green Buildings" granted by China Construction Industry Association under the Ministry of Housing and Urban-Rural Development.

Green lighting

In order to conserve energy in an effective manner, to reduce emissions, to better manage energy consumption, and to implement energy conservation works effectively, we have adopted various energy conservation measures, on the basis that the regular use of facilities by our customers and employees were not to be affected. Lighting upgrading works were completed in numerous offices, commercial buildings, car parks and communities of the head office and subsidiaries of the Group. Dated lighting facilities, which have been in service for long, were upgraded to the latest LED lighting models. Hence, the space design has been improved, and operating costs and carbon emission have greatly reduced.



Take Shum Yip Terra Building as an example. Lighting in public area at different floors, car parks and other area has been upgraded to LED energy-saving lighting. Sensor switches have been installed in emergency access, and lighting in the building will be switched on or off automatically, thereby reducing unnecessary lighting in daytime. After the adopting of green lighting energy conservation measures, the energy consumption of lighting in Terra Building reduced significantly.



Design of skylight window in Terra Building, which has reduced energy consumption for daytime lighting

Property companies under the Group have cooperated with intelligent technology companies for the launch of 24-hour lighting energy saving works at car parks in Hongli Village, Yutingyuan and other small districts, among which, solely for Meilin I Village, the electricity tariff has been reduced by RMB100,000 per year.

We have also installed solar and wind power turbine power generation system at two bridges and elevated bridges in UpperHills, aiming to reduce lighting energy consumption. We have installed energy saving lighting surveillance system, which will conduct real-time detection of day lighting level and intelligent adjustment. Sensors are installed along pedestrian walkways where lighting will turn on automatically when there is any pedestrian. This reduces unnecessary energy consumption effectively, and prevents light pollution from affecting citizens living nearby and natural environment.

Skylight windows are widely used in shopping malls at UpperHills. Courtyard light well and photic zone are reserved at platform area. Through microenvironment optimisation, the ventilation, lighting and comfortable

level of the whole compound have been considered thoroughly. We have maximised the use of natural lighting and reduced daytime artificial lighting, thereby reducing energy consumption.



Natural lighting at shopping mall of Shum Yip UpperHills

Cooling and heating energy saving system

Under Shum Yip UpperHills project, we have centralised all refrigerating machines, chilled water pumps, condensing water pumps, cooling towers and other cooling machines which are necessary for the shopping mall, Tower One and Tower Two. Cold water will be conveyed to the end-use equipment at different buildings via water pipe network. As compared with the distributed cooling system installation under normal circumstances, operating expenses of approximately RMB3.50 million will be saved each year. Besides, coupled with the ice thermal storage system, ice will be produced at valley load electricity consumption during the night, and stored in ice storage equipment. Cooling power will be released through ice melting in daytime, thus reducing energy consumption of air-conditioners at peak hours, as well as lowering the installed capacity of air-conditioning system.



Centralised cooling system





Ice storage equipment

UpperHills also utilises the heat recycling system, which operates the ventilating fan and creates wind power and thermal buoyancy effect to increase or decrease outdoor temperature. Hence, outdoor temperature will be close to indoor temperature, thereby lowering energy consumption from cooling or heating for ventilation.

UpperHills utilises both cooling and heating energy saving systems. It is expected that approximately 11.67 million units of on-peak consumption would be transferred every year, with reduction in **electricity consumption of 1.112 million units per year and carbon emission of 980 tons per year** (equivalent to the carbon dioxide absorption of 55-hectare forest per year).

Application of solar energy

Application of solar energy is one of the most common low-carbon environmental protection technologies. We have installed solar panels at rooftops, which transform solar energy into electricity power, thus reducing energy consumption. For example, solar panels have been installed at the rooftops of bookstores and shops in UpperHills, with total area of 420 square metres and total investment of approximately RMB464,000. Upon installation of solar panels, it is expected that 49,350 units of electricity consumption will be saved every year, which is equivalent to RMB49,000. The expected payback period would be nine years. Moreover, we have linked domestic electric water heater with solar panels, thus achieving water heating through solar power. In respect of power charging system for electric vehicles, we have adopted photovoltaic system to provide DC power supply for electric vehicles. During the charging process, such system can display the battery power level, charging status and charging cost etc.



Photovoltaic electricity supply system

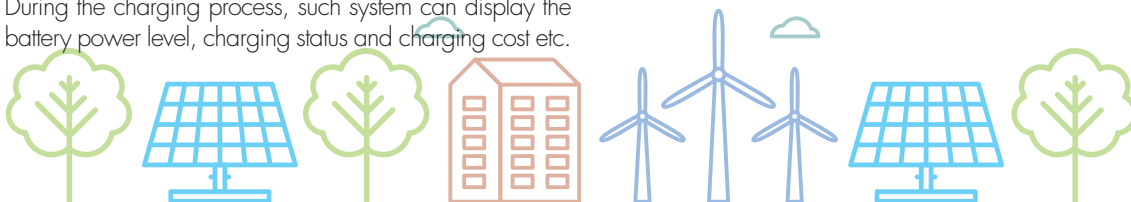
Management of energy saving in daily operations

To manage and regulate energy conservation measures during daily operations, and to foster a culture of conservation, particularly energy conservation and emission reduction, the Group has applied corresponding energy saving management measures. For example, the Group has formulated the operation schedule and strictly executed operations on schedule. We assign special operators responsible for daily inspection of equipment and systems, and make comparison and conclusion on the effect of energy conservation on a monthly basis. Energy conservation reminders are posted on the switches of public lighting at different floors, thereby reminding the staff to reduce unnecessary energy consumption.

4.2 WASTE RECYCLING AND REUSE

Recycling and reuse of construction waste

During the construction stage, the Group's projects opt for recyclable construction materials and construction equipment. The Group also oversees and approves construction plans and measures to avoid wastage. The general contractor collectively collects and processes construction waste. Recyclable construction waste such as reinforcing steel, glass, gypsum board, plastic and cardboard were then handled collectively as resources to recycling companies for processing. Unrecyclable construction waste such as concrete residue and bricks would first be used on site for backfilling, and the remaining waste would then be transported to municipal landfills or incinerators for processing. It is worth to note that the UpperHills project recycled and used 75% of construction waste (not toxic or hazardous) during the construction period.



Recycling and reuse of domestic waste

The property management companies under the Group organises various activities in the community to promote to residents the benefits and significance of waste separation. The activities have transformed the abstract environmental protection concept into common and understandable real life scenarios, such as “recycling paper of 50kg = a twenty-year-old tree = the newspaper to be read for a month by seven families” and other vivid examples, so as to improve the residents’ comprehension and interests in environmental protection issues, and ultimately to encourage people to practise low-carbon green living concepts. The property company has also set up a “Waste Recycling Services Center” in the community to collect the residents’ recyclable waste and renewable resources at market price. The initiative was well received by the residents.



A waste battery recycling bin in the community



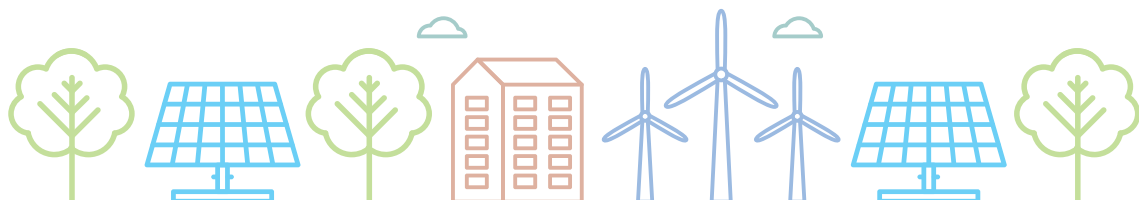
Community resources recycling day

The Group also strictly complies with its management measures in daily office work. In addition to sorting and recycling daily solid waste such as bottled water and waste batteries, we also require our maintenance contractors to sort and recycle the aluminium keel, wrapped wires, boards, gypsum boards and bricks discarded during the partial renovation of the office. We also hired a professional cleaning company to transport the waste to waste transfer station for recycling. The staff canteen has also entered into a transportation agreement with a professional cleaning company for the transportation of kitchen waste in canteen to the spots designated by the government for processing.



The professional cleaning company is carting away kitchen waste

The Group has also set up an old computer recycling and reuse scheme. The Company collects all the old computers and resells them to the staff or donates them to the “Hope Primary Schools” in the poor villages. Last year, we donated ten computers to Lufeng Jieshi Town Gangkou Village School, which not only helped the students in need, but also alleviated the burden of landfills and avoided serious soil and water pollution from heavy metals.



UpperHills is equipped with a fully automated garbage compressor, which only requires one person to operate so as to reduce the garbage size by 50%. The equipment also reduces the workload in the disposal area. It is clean, hygienic and equipped with advanced deodorizing device which can effectively cut off the unpleasant smell produced by garbage and harmful bacteria.



Fully automated garbage processing system

The automobile industry park under the management of Guangzhou Pengji Property Management Company is equipped with a professional grinder, which grinds the organic waste produced within the park area from time to time. After adding compound fertilisers for fermentation, the grinded organic waste is fully transformed to organic fertilisers which can be used in the conservation of the green belt area and plants in the park. The exploration of grinding, composting and reusing organic waste is an innovation practice to achieve energy saving and emission reduction via resources regeneration, which is highly recognised by the owners. The company was awarded the honorary title of "National Property Management Model Enterprise in Energy Saving" in National Real Estate Summit on Energy-saving and New Materials Issues.

4.3 WATER RESOURCES MANAGEMENT

We strictly comply with the Water-saving Design Standard for Civil Construction of the PRC during the process of product design and construction. By using water-saving sanitary wares and rainwater and condensation recovery system, water resources can be effectively recovered and reused, thereby saving expenditure on water. We have also adopted effective management on wastewater to avoid pollution of clean water resources. At the same time, the Company has also actively organised promotion and education activities and cooperated with the property companies to promote the concepts of water conservation to the community.

Rainwater harvesting

We have designed and adopted rainwater harvesting and reuse systems in a number of projects. For example, Terra Building has invested RMB720,000 in the installation of rainwater integrated utilisation system equipment with an underground rainwater harvesting tank of about 300 cubic metres, harvesting rainwater from the rooftop gardens of a total of six towers and indoor air conditioning condensate. The treated water will be used in water replenishment for building's landscapes, watering plants in rooftop gardens and road washing. Thus, a maximum of 29 tonnes of water can be saved per day, such that about 5,800 tonnes of water can be saved every year (in terms of 200 days). Based on the market price of RMB4.8 per tonne for water in Shenzhen, it is estimated that water expenses of about RMB27,800 can be saved every year.



Rainwater harvesting system

UpperHills has also installed a rainwater and condensate recycling system. The system collects rainwater from Tower 1, Tower 2 and outdoor terraces and air conditioning condensate. The water processed for recycling is used to replenish water for cooling towers, watering plants, toilet flushing in office areas and other aspects. It is estimated that rainwater and condensate recovery can save a **maximum of about 100,000 tonnes** of water every year. Based on a price of RMB4.8 per tonne for water in Shenzhen, RMB480,000 can be saved.



Reclaimed water harvesting

UpperHills is equipped with a reclaimed water and condensate reuse system. Reclaimed water project collects the quality miscellaneous drainage from Tower 1 and 2 for processing and uses the processed water in toilet flushing in Tower 1, Tower 2, theatre and book store. The total size of project investment amounts to about RMB6.0 million. It is estimated that a maximum of about 93,000 tonnes of water can be saved every year. Based on a price of RMB4.8 per tonne of water in Shenzhen, RMB450,000 can be saved.



Reclaimed water harvesting system

Guanlan Rose Garden of Shum Yip Terra is designed and installed with a reclaimed water processing system and a reuse system which collect the overflow water from the outdoor swimming pool, quality miscellaneous drainage and septic tank effluent as water sources of reclaimed water for the uses of carpark washing, watering plants in rooftop gardens and road washing. Reclaimed water of 80 cubic metres is processed every day. It is estimated that the investment will amount to RMB620,000. Water of 16,000 tonnes can be saved every year (in terms of 200 days), and water expenses of RMB76,800 can be saved upon completion.

Wastewater management

The Group has established its approach for wastewater disposal, sorting and discharging domestic wastewater and wastewater according to national standards. Wastewater from the canteen will be discharged into catering grease trap via designated pipes and drainage for oil-water separation process, upon which the wastewater will be discharged into municipal sewage pipes. The personnel designated by the property company will clean up the waste oil when the grease fouling exceeds 30% of the trap's liquid capacity. We also hire units designated by the Environmental Protection Bureau to collect and process the waste oil.

Community promotion

The property companies under the Group carry out general inspection on water-saving devices and equipment in the community in charge, strengthens the inspections on facilities and equipment such as drains and taps, arranges the maintenance staff to conduct water-saving improvement works and installs variable frequency domestic water supply equipment. In addition, it advocates the staff and community residents to be aware of the importance of water conservation to cultivate good water consumption patterns through different ways such as themed activities, billboards and gentle reminders.

4.4 GREEN DESIGN

Following the requirement of low-carbon and green design, we utilise natural resources in respect of space, landscape, transportation and materials selection and optimise the functional layouts of buildings to pursue harmonious balance between construction, human and nature. By introducing natural scenery into the buildings, the people are guided to gradually shift their lifestyle to a low-carbon, environmental-friendly, healthy and natural one.

Space utilisation

We place great emphasis on connecting the existing infrastructure and protecting natural resources during urban development.

Take UpperHills as an example. Considering UpperHills' unique geographic location (surrounded by parks on three sides) and its spectacular surrounding natural environment, based on the idea of building a green city complex, we have proposed a bold concept of "stitching the cities". This concept refers to the connection of Lianhua Mountain and Bijia Mountain, commonly referred to as the two "city green lungs" of 4,700 mu, through the construction of two bridges at both east and west sides in the UpperHills project. The seamless connection will form a green walkway of about one kilometre long, which will become part of the city green walkways in Shenzhen and will be opened to the citizens for free all day long. It will only take 15 minutes for the people to walk from Lianhua Mountain Park to Bijia Mountain Park, enjoying the unique natural scenery of the two parks during their journey.



With respect to Shum Yip Terra Building, we have also adopted the unique concept of terrace-backward rooftop gardens for green construction design, constructing over twenty wooded gardens and outlining open scenic patios to become common ecological space for each floor. By building a sophisticated and tranquil atmosphere and being beneficial to moisturizing and heat insulation, we have created a space in harmony with nature. In addition, the concave L-shape building structure also favours the natural ventilation in public spaces and indoor ventilation in transition seasons, thus reducing the energy consumption for air conditioning in an imperceptible manner during the buildings' operation and reflecting low-carbon and environmental-friendly concept.

The planning and design of Shumyip Dongling also adhere to our energy-saving, environmental-friendly and sustainable green concept. "Comb-shape layout" is formed through the grey space urban design of the landscape corridor so as to better draw the clean air from the mountain park into the site, reducing and regulating the greenhouse gas emission of the site. Mobile green common areas are formed by utilizing the commercial space on the ground floor and semi-open underground space of the building. At the same time, the different backward terraces of the base construction form layered scenic planting terraces at different heights.

Transportation network

In order to alleviate air pollution resulting from exhaust emission from motor vehicles and to promote the construction of green cities, we advocate the use of public transport. We give full consideration to the overall development and multi-purpose utilisation of the underground area in construction planning and design by setting up convenient transportation system and optimizing underground traffic routes so as to offer convenience to public transport and low-emission motor vehicles. We have also developed transportation network for pedestrians and bicycles with safe parking and related convenient facilities for bicycles so as to encourage the use of bicycles in pursuit of low-carbon lifestyle. We have also made proactive responses to the government on providing ancillary charging devices for new electric vehicles. 60 energy-saving charging piles have been installed in the office car park of Shum Yip Terra Building. We will also install 200 convenient charging piles for electric vehicles in UpperHills in the future so as to promote the popularisation of environmental-friendly electric vehicles.



A charging pile for electric vehicles in the car park

Green balcony

With the continuous urbanisation progress at present, there have been more and more high-rise buildings. Urban land is becoming scarce resources and thus the per capita living area in urban area is not as spacious as rural courtyard houses or residence. It is difficult for residents to enjoy the proximity to natural environment during their spare time. In view of the above, Nongke Group under Shenzhen Investment has actively invested in and provided support for the research and development on growing vegetables on balconies. Growing vegetables on balconies refers to growing vegetables, fruits and other crops in the areas such as rooftops, balconies, patios and walls with the use of modern agricultural technology and enriching the functions of balcony area at home with the integration of landscape design. It not only provides healthy food for families, but also becomes a place for agricultural knowledge popularisation for the children and leisure for the elderly. Moreover, it can increase urban green areas and improve ecological environment.



4.5 ENVIRONMENTAL DATA SHEET

Office

Resources usage	
Gasoline consumption for administrative fleet (litres)	507,929
Electricity consumption (kilowatt hours)	6,568,130
Domestic water consumption (cubic metres)	189,469
Paper consumption (kilograms)	16,025
Resources recycled	
Metals (kilograms)	150
Plastic (kilograms)	60
Wastepaper such as paper/packing boxes/cardboards (kilograms)	2,330
Glass (kilograms)	20
Kitchen waste (kilograms)	42,160
Electronic equipment (e.g. computers) (pieces)	149

Hotel

Resources usage and emission	
Gasoline consumption for administrative fleet (litres)	81,244
Electricity consumption (kilowatt hours)	6,231,427
Domestic water consumption (cubic metres)	349,678
Paper consumption (kilograms)	4,816
Resources recycled	
Metals (kilograms)	1,681
Plastic (kilograms)	53
Wastepaper such as paper/packing boxes/cardboards (kilograms)	4,132
Glass (kilograms)	40

Construction site

Resources usage	
Gasoline (litres)	421,471
Electricity consumption (kilowatt hours)	18,135,556
Domestic water consumption (cubic metres)	983,023
Diesel oil (litres)	967,198
Natural gas (cubic metres)	42,183
Materials recycled	
Construction waste (tonnes) (including but not limited to concrete residue and bricks)	98,702
Reinforcing steel (tonnes)	3,180
Materials consumption	
Concrete (tonnes)	1,234,671
Bricks (tonnes)	8,308,493
Reinforcing steel (tonnes)	185,343
Stones (tonnes)	53,340
Timber (tonnes)	138,107

Total Greenhouse Gas Emission¹

Scope 1²: 5,349 tonnes

Scope 2³: 19,734 tonnes

Notes:

1. The total greenhouse gas emission amount was calculated with reference to "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" (2010 edition), "CO2 Emission Information Reporting Guidance of Guangdong Enterprises (2014 edition)", and the "Emission Factors for Greenhouse Gas Inventories" by the Environmental Protection Agency of the United States.
2. Direct emissions and removals.
3. Energy indirect emissions.





05

QUALITY MANAGEMENT

Shenzhen Investment adheres to the principle of “Long-term Plan, Quality First” and maintains product and service quality at the highest level. With respect to supply chain management, we focus on the exploration into how the engagement of intermediaries will improve the management standard and fulfil social responsibilities. While maintaining product quality, we also believe that good service quality is of equal importance. Therefore, we have also been striving to provide high-quality customer services, marketing and information management services to customers.





QUALITY

5.1 SUPPLY CHAIN MANAGEMENT

Over the years, the Group has formulated the Interim Measures for Business Integrity and Risk Prevention and Control of Construction Project Tendering, the Administrative Measures for Engagement of Intermediaries, the Administrative Measures for Counter Signing of Integrity Contracts and other systems. Each of the project companies has also strictly complied with the requirements and established a comprehensive tendering and bidding management system which set up standards for procedures including tendering, tender opening, bid evaluation, successful bidder determination and entering into contracts. The system has facilitated the integration and management of the suppliers, of which comprehensive evaluation on the potential suppliers in respect of engagement process could be conducted, thereby introduced an evaluation mechanism for suppliers to strictly discipline tendering. The contracts are not only approved by the relevant business departments but also reviewed by professional lawyers. The "Counter Signing of Integrity Contracts" is consistently implemented in a conscientious manner. The system plays an important role in ensuring the progress, quality and safety of construction projects.

With respect to supervision, the Group has established the Guidelines on Tendering Supervision Work, the Rules on the Management of Supervisors Name List and other systems and set up a supervisory team to strengthen supervision and inspection and mitigate business fraud risk, ensuring more reasonable and effective investigation, selection, evaluation and management of suppliers, more standardised tendering procedures, clearer powers and responsibilities and lower costs. In 2015, the Group performed several hundred times of cross-checks on bidding projects, strengthened the "Red Line" awareness and "Bottom line" thinking and improved the scientificity and compliance of the tendering and procurement system of the Group.

Shenzhen Investment has also been enhancing the policy and mechanism of supply chain management. We have been paying more and more attention to the use of raw materials and materials and their impacts on the environment. The suppliers which achieve better in respect of environmental and social performance will be our priority according to the project requirements in the future so as to realise the philosophy of corporate citizenship and create long-term value for stakeholders. The following table is an overview of data in relation to supply chain management.

Number of suppliers in terms of geographical locations

Region	General contractor	Sub-contractor	Materials supplier	Other suppliers
First-tier cities (Shenzhen and Guangzhou)	1	18	25	1
Non-first-tier cities	3	129	3	8
Hong Kong	0	0	8	0
Others	0	0	21	0



5.2 PRODUCT QUALITY

In order to standardise quality management, ensure the product quality of the Group, establish quality brand image of the Group, improve recognition and prevent the occurrence of quality issues and incidents, we have strictly complied with the national, provincial and municipal regulations and obtained ISO and other international standard certifications.

The Group has established a quality management and control system to ensure the quality of the materials and equipment used in the construction meeting the standards. In addition, we have adopted mobile quality on-site inspection system, mobile equipment management system and mobile maintenance scheduling system so as to further improve on-site services quality and efficiency and achieve standardised management to reduce operation costs and improve operation efficiency.



Quality management and control by the third party construction technical consultant



5.3 SERVICE QUALITY

Customer privacy

As Shenzhen Investment has a customer base and significant customer information, the protection for customer privacy is therefore one of the issues we care about the most. The "Informatised Management System" formulated by the Group including the management system and policy regarding the protection for customer privacy requires the informatised management work to comply with the relevant laws and regulations of the PRC, the regulatory requirements of the industry and the relevant confidentiality requirements of the Company, and shall assist the staff to understand for strict implementation, thus ensuring the safety of customer privacy and customer information.

In the whole process of marketing, we adopt encryption technique in order to protect the information of every customer, and offer one-on-one customised sales services to customers.

Intellectual property rights

The "Informatised Management System" requires the head office and companies under the Group to respect intellectual property rights, use copyrighted application software, and avoid the security flaw and legal disputes arising from the copyright of software.

Marketing services

The Group formulated "Measures for the Management of Marketing" to regulate and enhance the management of marketing of the Group. We integrate resources, and constitute professional marketing teams which form a unified channel to face the customers and provide "all-staff-and-whole-process" integrated services after training management. We also carefully identify the needs of potential customers.

The Group has built a centralised and unified CRM sales system which realised full coverage of sales system, unified the standard of information, regulated the business process, and realised the realtime monitoring of the Group's sales. The Group uses easy-to-use electronic selling system to enhance customers' experience.

In addition, we flexibly apply new media tools for promotion and expanding communication channels to realise realtime communication with customers. We apply our professionalism and service quality to various forms of offline marketing activities, truly implementing the idea of "customer first" and "customer orientation".

During the reporting period, we received 171 complaints related to building quality, and 6 complaints related to sales, and the general complaints rate was 3% of sold units (after the delivery of possession). We actively handled customers' complaints and were dedicated to improving on making customers fully experience the value of the services.



Marketing activities



Marketing activities

Property services

The property companies under the Group, as the pioneer in China, have initiated a 24-hour property service, established Owners Committee mailbox, and carried out home visit and satisfaction survey on a monthly and semi-annual basis. They deal with complaints about property management through the handling mechanisms of "Responsibility System of First Asking" and "One-stop Service" to ensure that customer opinions and appeals can have instant feedback and settlement, which helps further enhance customers' recognition and satisfaction towards the property. In addition, they have also initiated a system which regularly reports their works to Owners Committee for the purpose of achieving interactive communication and building a platform for democratic communication.

Our property management team strives to improve and enhance the living quality, and create quality living environment for customers. For the professional property management services, the property companies under the Group have companies which provide professional services with various qualifications such as power facilities installation, metrological verification, repair and maintenance of elevator, gardening and greenery construction, and sanitizing.

On this basis, through the "Property+Internet" mode, we have established the mobile property management service platform to realise intelligent property management services. For the community owner services section, we provide the owners with basic property services such as car parking recharge, property exterior maintenance notification, payment, and a platform for complaints and advices, and value-added services such as intelligent access control, community e-commerce, booking public services, thereby building the community services industry chain.

The property companies under the Group have successively obtained honours at the national, provincial and municipal levels such as "National Property Management Demonstration Residential Community" and "National Property Management Excellent Demonstration Building", and created many "No.1" among the property management industry in China. They have also been awarded the name of "Brand of Shenzhen" which was selected by Shenzhen citizens through mass-election, and ushered the State Leaders' visit.





APPENDIX



APPENDIX – ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTENT INDEX

“Environmental, Social and Governance Reporting Guide”		“Shenzhen Investment Environmental, Social and Governance Report”
Levels	General disclosures and key performance indicators	Section/Statement
A. Environment		
A1: Emissions	General disclosure	Environmental Protection – Water Resources Management Environmental Protection – Waste Recycling Environmental Protection – Green Design
	KPI A1.1 The types of emissions and respective emissions data	Environmental Protection – Environmental Data Sheet
	KPI A1.2 Greenhouse gas emissions in total and intensity	Environmental Protection – Environmental Data Sheet
	KPI A1.3 Total hazardous waste produced and intensity	Environmental Protection – Environmental Data Sheet
	KPI A1.4 Total non-hazardous waste produced and intensity	Environmental Protection – Environmental Data Sheet
	KPI A1.5 Description of measures to mitigate emissions and results achieved	Environmental Protection – Energy Conservation Environmental Protection – Green Design Environmental Protection – Environmental Data Sheet
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Environmental Protection – Water Resources Management Environmental Protection – Waste Recycling
A2: Use of Resources	General Disclosure	Environmental Protection – Energy Conservation
	KPI A2.1 Energy consumption in total and intensity	Environmental Protection – Environmental Data Sheet
	KPI A2.2 Water consumption in total and intensity	Environmental Protection – Environmental Data Sheet
	KPI A2.3 Description of energy use efficiency initiatives and results achieved	Environmental Protection – Water Resources Management Environmental Protection – Energy Conservation Environmental Protection – Green Design
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Environmental Protection – Water Resources Management
	KPI A2.5 Total packaging material used for finished products and with reference to per unit produced	This issue is not applicable to Shenzhen Investment.
A3: The Environment and Natural Resources	General Disclosure	Environmental Protection – Green Design
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Protection – Green Design
B. Social		
B1: Employment	General Disclosure	Care for staff
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region	Care for staff – Human Resources Profile
	KPI B1.2 Employee turnover rate by gender, age group and geographical region	We plan to disclose relevant information in the future report.
B2: Health and Safety	General Disclosure	Care for staff – Occupational Health and Safety
	KPI B2.1 Number and rate of work-related fatalities	Care for staff – Occupational Health and Safety
	KPI B2.2 Lost days due to work injury	Care for staff – Occupational Health and Safety
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Care for staff – Occupational Health and Safety

“Environmental, Social and Governance Reporting Guide”		“Shenzhen Investment Environmental, Social and Governance Report”
Levels	General disclosures and key performance indicators	Section/Statement
B3: Development and Training	General Disclosure	Care for staff – Human Resources Management and Staff Development
	KPI B3.1 The percentage of employees trained by gender and employee category	Care for staff – Human Resources Management and Staff Development
	KPI B3.2 The average training hours completed per employee by gender and employee category	Care for staff – Human Resources Management and Staff Development
B4: Labour Standards	General Disclosure	Care for staff – Staff Protection
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	Care for staff – Staff Protection
	KPI B4.2 Description of steps taken to eliminate such practices when discovered	Care for staff – Staff Protection
B5: Supply Chain Management	General Disclosure	Quality Management – Supply Chain Management
	KPI B5.1 Number of suppliers by geographical region	Quality Management – Supply Chain Management
	KPI 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 Management – Supply Chain Management
B6: Product Responsibility	General Disclosure	Quality Management – Product Quality/Service Quality
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	We plan to report in the future report.
	KPI B6.2 Number of products and service related complaints received and how they are dealt with	Quality Management – Service Quality
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights	Quality Management – Service Quality
	KPI B6.4 Description of quality assurance process and recall procedures	Quality Management – Product Quality
	KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Quality Management – Service Quality
B7: Anticorruption	General Disclosure	Our Environmental, Social and Governance Philosophy – Effective Governance/Anti-Corruption
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Our Environmental, Social and Governance Philosophy – Effective Governance
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Our Environmental, Social and Governance Philosophy – Effective Governance
B8: Community Investment	General Disclosure	Community Investment
	KPI B8.1 Focus areas of contribution	Community Investment
	KPI B8.2 Resources contributed to the focus area	Community Investment

