

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is one of the cornerstones of sustainable development. In recognition of this, the Company's CSR guiding principle is "to grow and prosper with the city", enabling us to improve individuals' standard of living, enhance the community and environment as well as strengthen the city's competitiveness. All our members adhere to and practise this principle through sustainability initiatives and community programmes.





1: Wuhan Tiandi project team organised free medical consultations to migrant workers
 2, 3: Different projects in the Company initiated fundraising activities for immediate earthquake relief action
 4: The Company sponsored the “Shanghai Schoolyard Civilised Etiquette Competition” to foster civilised values

COMMUNITY DEVELOPMENT

We aim to build a better future together with the communities in which we are involved. We take an active role in designing and implementing programmes that focus on enhancing the well-being of communities, nurturing future leaders, and broadening international horizons.

Health and Social Well-being

Since the Company set up the first ever Chongqing Emergency Medical Salvation Foundation in March 2006 with an establishment fund of RMB10 million, over 400 citizens, transient residents and visitors in the city who suffered from critical illnesses and serious accidents but could not immediately access their financial resources have benefited. The Foundation has also successfully solicited financial support from other private organisations and individuals.

We have offered free medical consultations since 2006 to over 4,500 migrant construction workers of the Wuhan Tiandi project who have no national medical insurance. We are one of only commercial enterprises to provide this free medical service. In 2008, around 600 construction workers received free consultations and health care education on preventing potential work-related illnesses such as respiratory and lung disease in November to enhance their health awareness.

Following the establishment of the RMB30 million Huangnichuan Village New Village Development Fund through our associate DALIAN TIANDI software hub project in September 2007, we put forward a plan in 2008 to construct three apartment blocks to house 460 persons. This initiative will create job opportunities for local rural residents, provide residences for people working in our

Dalian project and generate recurrent rental income to sustain the Fund. The apartment construction will start in the second half of 2009 and is expected to complete in 2010.

The 5 · 12 Earthquake in Sichuan Province was one of the worst natural disasters in recent Chinese history. The Company called for immediate earthquake relief action. Due to the concerted efforts of the Company, its sister companies and the employee volunteer organisation Seagull Club, a total sum exceeding RMB36 million was raised on the third day of the incident. The Company also co-hosted and sponsored various charity activities, including a charity auction with Wai Yin Association to raise an additional RMB1 million for the relief work.

Empowering the New Generation

The Company is committed to developing young talents for the long-term growth of our communities. Under the RMB50 million IT Talents Foundation in Dalian established by the joint donations of the Company and the Dalian government, a scholarship of RMB2.7 million was set aside in 2008 to support 490 outstanding university students from nine mainland tertiary institutions by offering grants and training development opportunities after graduation. We believe that the scholarship will further nurture talents for the fast growing IT industries in Dalian.

We have funded a RMB4.5 million scholarship running from 2005 to 2009 to allow outstanding students of Fudan University to study at the elite Yale University to broaden their horizons. In the summer of 2008, the fund supported 29 undergraduates for a six-week study tour in the US on subjects including Advanced English, Management, Finance, Law, Art, and International Relations.



SOL forged close relationship with the international community to promote sustainable urban development



KIC sponsored and provided the venue for the opening ceremony of international music festival to advocate cultural and artistic exchange

The Company title-sponsored the “Shanghai Schoolyard Civilised Etiquette Competition” in 2008 to promote a sense of “respect, cooperation, responsibility and thankfulness” among all 2.6 million primary, secondary and tertiary students in Shanghai. This was the second year the Company participated in this programme to foster civilised values in Shanghai.

Fostering International Connections

The Company continues to collaborate with international organisations to promote sustainable urban development. We title-sponsored the “CHINA NOW Urbanisation Conference” held in London in April. The conference was part of the UK’s largest ever Chinese focused programme “CHINA NOW”, which ran from February to July with a range of activities to foster the interest in and understanding of China-related subjects. Urban city planners, architects, real estate developers and policy-makers from all around the world gathered at the conference to exchange ideas and share experience in urban city planning, and to learn how our projects complement the government’s city development.

We were the Lead Sponsor of the “Urban Regeneration Summit” organised by the Financial Times in association with Expo 2010 Shanghai. The Summit, held in September 2008 in Shanghai, attracted over 150 senior decision-makers from around the world to share views on facilitating sustainable environment and economic growth through urban regeneration.

Since the incubation of cultural exchange is one of its missions, the Knowledge and Innovation Community (KIC) sponsored the “Expo Clarion – 2008 Shanghai Spring International Music Festival cum KIC Cup Amateur Excellent

Bands”. At the opening ceremony held at KIC, over 40 bands from countries including China, the US, Australia, Japan and Korea showed their musical flair and provided a bright welcome for the Expo 2010 Shanghai.

In July, the Company also sponsored the “Shui On Cup IDSF World Cup Latin 2008 & the 5th China Shanghai International DanceSport Open” organised by the Shanghai Administration of Sports Bureau. 27 pairs of top-notch dancers representing their own countries participated in this international event in Luwan District in Shanghai.

Action to Make a Difference

The Company believes that volunteerism encourages effective self-learning. Guided by its mantra “Action to make a difference”, the Company’s employee volunteer organisation Seagull Club has set its focus on children education in the underprivileged environment. A dedicated group of 44 volunteers spent their Golden Week holidays in 2008 teaching and caring for more than 270 children in three primary schools in Jiangxi and Anhui Provinces. Many other colleagues in the Company also donated computers, printers, books, stationeries and toys to the children.

We made joint efforts with our shareholders to promote a greener environment by offering an opt-in initiative for the online version of our Annual Report 2007. In addition to the physical reduction in paper consumption, a total cost of HK\$270,000 was saved, which will be donated to support Project Hope School in rural areas. After careful considerations, several possible school locations were identified together with the project organiser. Discussion will be continued to finalise the project details.



Shui On Seagull Club focused on underprivileged children education in Jiangxi and Anhui Provinces

SUSTAINABLE DEVELOPMENT

As a socially responsible corporate citizen, the Company does not only consider environmental conservation to be part of our duty, we also regard sustainability as key to the Company's long-term development.

Consistent Implementation of Sustainable Concepts

Since the establishment of the Sustainable Development Committee in 2006, meetings have been regularly held to review progress in sustainable development at both the corporate and project levels, to discuss and lay down concrete implementation plans for the next phase and to ensure that each task proceeds systematically in accordance with established goals. We require the concepts of sustainable development to be extended from corporate level to each and every segment of our projects. At corporate level, each department submitted an action plan to the Sustainable Development Committee in 2007 that formed the basis of future proceedings. At project level, all projects in the Company seek the highest level certification of the US Leadership in Energy and Environmental Design (LEED) of the US Green Building Council wherever feasible and/or equivalent China based ratings when they are more appropriate for the nature of the project. In addition, we aim to apply LEED or equivalent standards to all our projects and implement sustainable development concepts in every phase of our developments from master-planning, materials procurement and construction management to property management.

Our efforts in sustainable development have achieved encouraging results following an initial period of development and gradual implementation. In February 2008, our headquarters at 26th floor of Shui On Plaza achieved the LEED-Commercial Interiors (CI) Silver Level. Our projects have also obtained awards for their integration of sustainable

development concepts into design and planning. For instance, the master-plan of the Wuhan project was recently awarded LEED-Neighbourhood Development (ND) Pilot Version (Stage 2) Gold rating and was the first commercial development project to achieve such a rating in the Chinese Mainland. Furthermore, the master-plan of Foshan Lingnan Tiandi project won the "Merit Award for Urban Design" of the American Institute of Architects (AIA) Hong Kong Chapter in 2008, and in February 2009, the project won the "AIA Honour Award for Regional and Urban Design", which was the profession's highest recognition of works in architecture and urban design. These awards manifest our commitment and achievement in sustainable development and also prove that we have moved in the right direction in regard to planning and execution.

Striving for Excellence through Innovation

Committed to striving for excellence through innovation, the Company applies the world's most advanced and quality design, construction and material techniques to project development. We emphasise research and development, and we also study the feasibility of using new construction techniques and materials to implement green and sustainable concepts.

During the year, Phase 2 of KIC Village was granted completion acceptance by the Government, which signified the successful application of prefabricated and sandwich thermal-insulating wall panel techniques innovated and developed by our Company. Prefabricated thermal-insulating wall panel keeps the strengths of prefabricated batch production, weather-resistance and durability. Furthermore, the adoption of the unique sandwich thermal insulation technique is effective in minimising the use of air-conditioning because of its long-lasting efficacy in

temperature control, and thus energy saving. In October 2008, our prefabricated and sandwich thermal-insulating wall system obtained the Utility Model Patent of “a prefabricated thermal insulation wall panel” granted by the Chinese Government. The Company was invited to sit on the editorial board of the national standard “Code for Construction of Concrete Structures” overseen by the China Academy of Building Research and took up a similar position for the Shanghai “Design Specifications on Prefabricated Residential Building” overseen by Tongji University.

Minimising Consumption through Resources Management

Another of our sustainable development targets is the efficient utilisation of resources. Apart from rainwater collection and recycling, water saving sanitary fittings as well as the techniques of utilising solar and wind energy are widely applied to our projects. The result is that we achieved energy savings and consumption reduction by recycling construction materials dismantled from the construction process. For instance, bricks dismantled from the former site of Foshan Lingnan Tiandi were used as the construction site safety fence during the development. The recycling of construction waste was acclaimed by both local government and the community.

Encouraging Environmental Conservation through Green Procurement

Following affiliation with the Hong Kong Green Council in 2007, Shui On Land has expedited our involvement in green procurement. As the founding member of the “Hong Kong Green Purchasing Charter” (HKGPC) under the Council, the Company sat on the Membership Approval Committee. We have participated in seminars and activities organised by the Chapter, and we have also spoken in various green purchasing sharing sessions to exchange ideas and experience with other counterparts.

We have completed several strategic procurement collaborations and carried out green policies by introducing the latest environmental standards in related products. Materials and products provided by selected partners are required to meet our sustainable development standards in both their production and application aspects; this also means that they need to possess “Environmental Label” accredited by the Ministry of Environmental Protection of the People’s Republic of China. In addition, these materials and products outperform others in the market in the area of water and energy saving, radioactivity, solubility of lead

and cadmium, materials collection and recycling, etc. Our strategic procurement partners include market leaders that show outstanding achievement in energy saving and environmental conservation such as Kohler, Toto, Nabel, Cimic, Siemens and Oulin.

Rising to Challenges through Global Collaboration

We require ourselves to achieve sustainable development while equally caring about global energy and environmental issues. We constantly seek more extensive collaborations to respond to these challenges.

In mid-2008, a strategic collaboration memorandum with the United Nations Development Programme (UNDP) was signed in response to the energy and environmental challenges in China. We will share our experience on sustainable development via the UNDP platform and mobilise partners as well as tenants to play a part in various activities. The UNDP is the United Nations’ global development network and has a presence in 166 countries. UNDP works with countries on solutions to global and national development challenges. We are UNDP’s only property strategic partner in the Chinese Mainland.

In November, the “US/China Green Tech Summit” organised by China’s Yangtze Council and United States’ Bay Area Council, and co-organised by Shui On Land, was held in Shanghai. More than 400 experts from China and the US participated in the Summit to promote cooperation. They shared ideas on the exploration of innovative future renewable and green-tech energy as well as sustainability.

Dedicated Commitment of All Staff

We believe that sustainable development relies on efforts from both the management and staff at all levels. We have initiated our “Green Office” activities to promote environmental policies and concepts in the work place. Progress will be regularly announced to encourage all staff members to put our beliefs into action. In early 2008, we set up a new “Sustainable Development” page on our intranet to share the Company’s policies, plans, achievements and other related updates with every member. In order to further familiarise staff members with sustainability concepts, the Sustainable Development Committee organised a logo design competition for our intranet. The logo designed by the champion was endorsed as the new logo of the “Sustainable Development” webpage.



1: The first “US/China Green Tech Summit” promoted bilateral cooperation and development in environmental conservation techniques
 2, 3: Housing many international cleantech and venture capital organisations, KIC successfully held the “Cleantech and Venture Capital Forum” during the year to further drive the industry development

SUSTAINABLE DEVELOPMENT INITIATIVES:

Corporate	Achieve/Target – Green Building Certification	Features
1. Shui On Land Ltd HQ – 26/F, Shui On Plaza	Achieved LEED-Commercial Interiors (CI) Silver Level	CO ₂ sensor to improve indoor air quality; daylight sensors; addition of task lights; water-saving sanitary fixtures.
2. Shui On Land Ltd HQ – 25/F, Shui On Plaza	Achieved LEED-CI Silver Level	
Projects – Master-planning Stage	Achieve/Target – Green Building Certification	Features
1. Wuhan	Achieved LEED-Neighbourhood Development (ND) Pilot Version (Stage 2) Gold rating	Energy, water and waste savings by mixing land uses, connecting to public transit systems, utilising existing cultural and architectural characteristics, building at appropriate densities and orienting the development to maximise solar and wind access;
2. Chongqing	Registered as LEED-ND pilot project; targeting to achieve LEED-ND Gold rating	district-wide infrastructure, including centralised heating and cooling, water source heat pumps, rainwater collection and recycling, and comprehensive green roof systems.
3. Dalian	Target to achieve the highest feasible LEED-ND rating	Encourage use of public transit systems and appropriate development densities to preserve the unique natural environment; orient buildings to maximise natural wind ventilation to mitigate temperate extremes; water re-use and water recycling; use of thermal ocean pumps for ocean thermal energy conversion.
4. Foshan	Target to achieve the highest feasible LEED-ND rating	City core site selection with high existing development density and small pedestrian-friendly blocks; preservation and adaptive reuse of 22 heritage architecture sites and numerous historic buildings; reuse and recycling of project construction materials; improved indoor air quality through building orientation and wind harvesting; integrated public transport systems.

Projects – Development Stage	Achieve/Target – Green Building Certification	Features
1. Xihu Tiandi, Hangzhou	Pre-certified of LEED-Core & Shell Platinum Level. The original pre-certification had expired and was re-registered	Natural ventilation; earth cooling; radiant cooling/heating; rainwater collection & recycling; photo voltaic for indoor public and sign lighting system; green roof systems.
2. Wuhan Tiandi, Wuhan	Target to achieve LEED-Core & Shell certification Gold Level	Outdoor radiant cooling/heating; outdoor spot cooling; rainwater collection & recycling; recycling and local material utilisation; green roof systems; double Low-E coated window glazing; natural ventilation; low-flow plumbing fixtures and water-saving sanitary fittings.
3. Chongqing Tiandi, Chongqing	Target to achieve LEED-Core & Shell certification Gold Level	Outdoor radiant cooling; water source heat pump; rainwater collection & recycling; recycling and local material utilisation; double Low-E coated window glazing; natural ventilation; low-flow plumbing fixtures and water-saving sanitary fittings.
4. Taipingqiao 126/127, Shanghai	Target to achieve LEED-Core & Shell certification Gold Level	High efficiency HVAC system; improved indoor air quality with CO ₂ sensor; low-flow plumbing fixtures and water saving sanitary fittings; high performance curtain wall with shading devices; light pollution reduction; low-emitting material (low VOC) finishes.
5. KIC Plaza, Phase II, Shanghai	Target to achieve LEED-Core & Shell certification Silver Level	Double Low-E coated glazing; low-emitting materials; improved indoor air quality with CO ₂ sensor; low-flow plumbing fixtures and water-saving sanitary fittings.
6. KIC Lot 5-5~8, Shanghai	Target to achieve LEED-Core & Shell certification Gold Level	Double Low-E coated glazing; low emitting materials; low-flow plumbing fixtures and water-saving sanitary fittings; natural ventilation; daylight control & occupancy sensor; high performance chillers; heat recovery; rainwater recovery.
7. KIC Livework, Phase II, Lot 7-7, 7-9, Shanghai	Target to achieve Chinese Green Building 2 Star Certification	External wall insulation, rainwater collection & recycling; photo voltaic for landscape lighting; water-saving landscape irrigation system; double Low-E coated glazing window with thermal break; water-saving sanitary fittings.
8. Rainbow City, Phase III, Lot 4, Shanghai	Target to achieve Chinese Green Building 2 Star Certification	External wall insulation, rainwater collection & recycling; photo voltaic for landscape lighting; water-saving landscape irrigation system; double Low-E coated glazing window with thermal break; water-saving sanitary fittings.
9. Rainbow City Lot 6, Shanghai	Target to achieve Chinese Green Building 2 Star Certification	To be decided.

PEOPLE AND TALENT DEVELOPMENT

Staff are the Company's most valuable asset. We provide opportunities to attract talents with high potential, and to grow and develop our staff to their full competence.

Launching of Shui On Academy

In addition to continuous on-the-job training, systematic learning of Shui On's specific skills requirements enables our staff and associates to gain the necessary skills and knowledge for work improvement and career advancement.

The Shui On Academy was established in November with the objective of providing company-wide in-house learning opportunities on leadership, management and professional know-how. The Company has signed a Memorandum of Understanding (MoU) with a top business school in the United States – the Stephen M. Ross School of Business at the University of Michigan. The Academy and the Ross School will adopt innovative approaches to design a range of programmes catering to the specific needs and interests of our Shui On people.



Dynamic training and team-building programmes aimed to strengthen cohesion within the Company via nurturing the staff and fostering their communications

A total of 1,700 training hours were fulfilled in 2008 within the Company. The number of training hours and enrolments is expected to increase, with more programmes being made available by the Academy.

CEO Speaker's Series

Another new learning initiative was introduced during the year to enrich staff's understanding of the Company's development and business opportunities as well as relevant market knowledge. Two sessions themed "Keys to Being a Successful Property Developer" and "Strategic Development of SOL" were held to invite high-level external speakers, together with our Chairman, to share their views and experience on our business strategies and development in the current social and economic environment.

Grooming of Leadership

To identify high-calibre employees at an early stage and to prepare them with custom-made programmes to take up management and leadership responsibilities are among the objectives of the various trainee programmes for the sustainable growth of the Company.

Management Cadet (MC) Programme

This fast track development programme was established in 2002 for internal staff with at least two years of employment experience, focusing on their potential for taking up core management positions in an accelerated time frame. There were 12 management cadets as of 31 December 2008.

Management Trainee (MT) Programme

Established in 1997, this programme aims to prepare fresh graduates to take up management positions. Under mentorship guidance, the trainees go through a rigorous two-year training of personal development and management skills. The Company recruited 15 new members in 2008. As of 31 December, among the 61 management trainees 27 had successfully completed the programme.

The Graduate Trainee (GT) Programme

Aiming to develop talents to take up relevant professional positions in the Company, this programme provides industry-specific training as well as teaching essential management techniques. Duration of the course varies for different professional streams. Throughout the programme, job rotation arrangements are made for each trainee and a 6- to 12-month secondment to external profession institutions is also arranged where applicable. There were 36 graduate trainees as of 31 December, of which 13 were newly recruited in the year for our programmes in Shanghai, Chongqing and Wuhan. The Company is expecting the first batch of Commercial, Legal, HR and IT trainees to report for duty in 2009 as a functional stream under the GT Programme.