



Sustainability Report 2016/17



Sun Hung Kai Properties Limited



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Information on our independent assurance, key performance indicators as well as content index for reporting guidelines are available on the web (www.shkp.com/html/csr/shkpsreport/sr2017/index_eng.html)



Our Reporting Approach

Scope of the Report

Sun Hung Kai Properties Limited (SHKP) is delighted to publish its annual seventh standalone sustainability report, presenting our continuous commitment to value creation for the environment, our people, our customers, our supply chain and the community. This report covers the sustainability performance and initiatives of our head office and wholly-owned subsidiaries in Hong Kong, including property management subsidiaries Hong Yip Service Company Limited (Hong Yip) and Kai Shing Management Services Limited (Kai Shing), construction company Sanfield (Management) Limited, and the four Royal brand hotels – The Royal Garden, Royal Park Hotel, Royal Plaza Hotel and Royal View Hotel (collectively the Group).

The Group's listed subsidiaries in Hong Kong publish independent reports to meet the requirements of the Environmental, Social and Governance Reporting Guide (ESG Guide) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to their websites for respective reports.

Unless otherwise stated, the report covers the period from 1 July 2016 to 30 June 2017. It includes significant environmental and social impacts of our property management, construction and hotel businesses in Hong Kong, which constitutes the majority portion of our businesses. During the year, the Group continued to expand on the mainland, which now makes up about 20% of our portfolio. More details can be found in our Annual Report 2016/17.

Reporting Standards

Prepared in accordance with the ESG Guide, the Core Option of GRI Sustainability Reporting Standards (GRI Standards), and GRI's sector guidance on the Construction and Real Estate Sector, this report also follows the ten principles of the United Nations Global Compact (UNGC).

Throughout the preparation of the report, key stakeholders and the Group's Sustainability Steering Committee have been continuously engaged in reviewing material sustainability topics as per the standards mentioned above. See Our Approach to Sustainability for more details.

Report Assurance and Verification

This report has been independently verified by the British Standards Institution with respect to the extent of its coverage and information provided as per the standards mentioned above. The independent assurance statement can be found on the web at www.shkp.com/html/csr/shkp_sr_2017_vs_en.pdf.

We welcome stakeholders' feedback and suggestions. If you have any comment, please submit an online feedback form here or contact us at:

sustainability@shkp.com



Message from the Sustainability Steering Committee

We are delighted to present our 2016/17 Sustainability Report, capturing the Group's latest efforts and achievements in the area of sustainable development over the past year.

Our Group is committed to creating sustainable value for customers, shareholders, business partners, investors, employees and the wider community over the long term. Other than providing customers with products and services of impeccable quality and better returns to shareholders, we undertake various sustainability programmes and initiatives including digital technology applications, wetland restoration, energy conservation, workspace sponsorship, and site donation for the betterment of the society.

Our Group's dedication to premium-quality products and customer-oriented service has earned good market recognition of its development projects, making them preferred choices for homebuyers. We continue to offer a pioneering three-year warranty on new residential units to underpin homebuyers' confidence. The SHKP Club continues to serve as the Group's effective vehicle for two-way communication with customers, enabling us to understand and respond better to their diverse needs.

The Group has increasingly applied advanced digital technologies to enhance customer experience and facilitate operations. Many of our developments have created smartphone applications offering a variety of functions, including restaurant reservations, visitor registrations and identification, booking of clubhouse facilities and parking space navigation. Internally, our Project Monitoring Department has utilized Internet technology and smartphone applications to share the lessons learnt in construction inspections more efficiently among staff members and uphold the Group's core values of Speed, Quality and Efficiency.

Our Group's quality commitment also integrates our developments with the environment. PARK YOHO's Fairyland is an example of a once-barren marsh restored to a vibrant wetland, currently with over 180 species including one listed as 'near threatened'. Our property management subsidiaries have also taken a comprehensive approach to energy conservation and received 16 accolades, including the grand award in the shopping mall, office building and residential building categories from the first Energy Saving Championship Scheme organized by the Hong Kong Government.

Committed to making a positive impact on the community, our Group's signature sport-for-charity events included the fifth SHKP Vertical Run for Charity – Race to Hong Kong ICC and the second Sun Hung Kai Properties Hong Kong Cyclothon, raising substantial funds to support child and youth services. This year, the SHKP Reading Club introduced a free new multimedia online reading platform *linepaper*, which utilizes the latest online and social channels to promote reading among the young. To help young academic underachievers to identify life goals, our Group has for 15 years been running the Modern Apprenticeship Programme with Breakthrough with on-the-job training and mentoring.

During the year, our Group sponsored the Hong Kong X-Tech Startup Platform by providing fitted offices in Kwun Tong as its headquarters and co-working space for young people to pursue technological innovation and entrepreneurship. The Group also donated a site in Yuen Long for the development of Hong Kong's first purpose-built integrated social service facility that will include a youth hostel, home for the elderly and special-needs childcare centre to promote intergenerational interaction and social harmony.

Our Group could not have come this far without the guidance and support of the Chairman and the Board of Directors, and we would like to express our sincere thanks for their continued support over the years. We appreciate any thoughts and feedback from our stakeholders and assure that we would collaborate with them to advance Hong Kong's sustainability agenda.

Sustainability Steering Committee

December 2017



Our Business

About Sun Hung Kai Properties Limited

Sun Hung Kai Properties has been publicly listed in Hong Kong since 1972 and is now one of the largest property companies in Hong Kong, specializing in the development of premium-quality residential projects, offices and shopping centres.

The Group's core business is developing property for sale or investment with a vertically-integrated structure throughout the process from land acquisition and project planning to material sourcing, construction and project management, marketing, sales and property management.

We have operations in hotels, property management, construction, insurance and mortgage services complementing our core business, with additional investments in telecommunications, information technology, infrastructure and other businesses as low-risk investments for long-term recurrent income.

Economic Value Distributed in 2016/17

Employee value compensation and benefits:

HK\$7,455 million



Total contribution to MPF and other retirement schemes:

HK\$330 million



Payments to providers of capital:

HK\$11,291 million



Payments to government (including tax):

HK\$6,750 million



Operating costs:

HK\$48,681 million



Highlights of Hong Kong Property Business in 2016/17

Contracted sales reached nearly
HK\$44,700 million



Net rental income rose 3.4% to
HK\$13,677 million

which was generated from over
29 million square feet
of quality investment properties



Two sites with an aggregate
gross floor area of

2.8 million square feet
acquired for development



4.1 million square feet

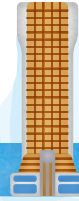
of attributable gross floor area
completed, with over three million
square feet residential units for sale



Business Structure¹

Sun Hung Kai Properties

(As at 30 June 2017)



HONG KONG

Property Development	<ul style="list-style-type: none"> 16.1 million square feet under development for sale 2.4 million square feet of completed properties pending for sale Over 28 million square feet of agricultural land (site area)²
Property Investment	<ul style="list-style-type: none"> 29.8 million square feet of completed properties for rent / investment Another 3.5 million square feet of properties under development for rent / investment
Property-related Businesses	<ul style="list-style-type: none"> Hotels Property management Construction Insurance and mortgage services
Telecommunications & Information Technology	<ul style="list-style-type: none"> Mobile telephone services Data centres and IT infrastructure
Infrastructure & Other Businesses	<ul style="list-style-type: none"> Transport infrastructure operations and management Port business Air transport and logistics business YATA



MAINLAND

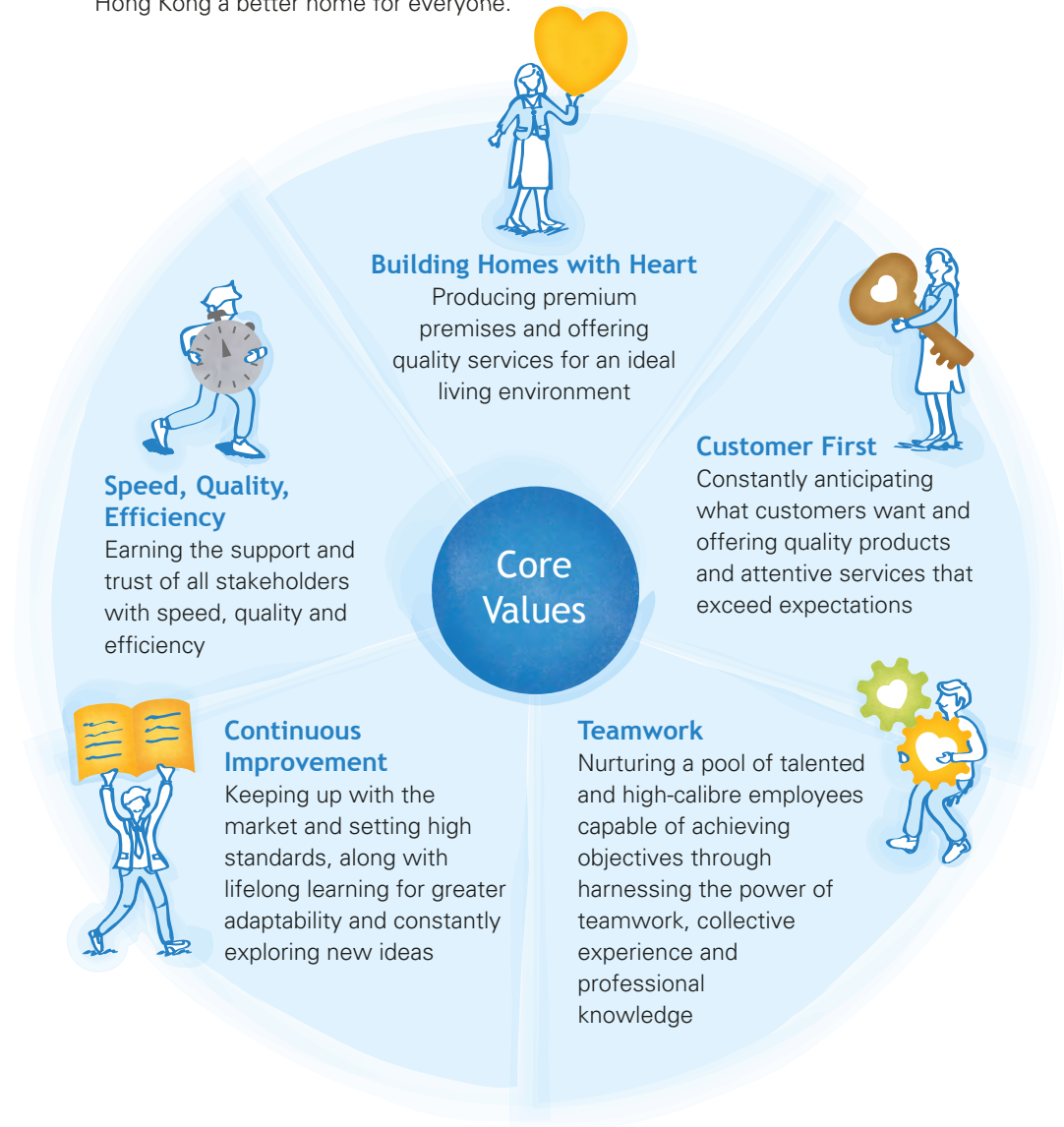
Property Development	<ul style="list-style-type: none"> 52.6 million square feet under development 1.1 million square feet of completed properties pending for sale
Property Investment	<ul style="list-style-type: none"> 12.8 million square feet of completed properties for rent / investment

¹ Diagram shows the Group's overall business structure. See Our Reporting Approach on page 1 for businesses covered in this report.

² Information is as at mid-September 2017.

Core Values

Building Homes with Heart has long been our belief and practice as the core value and cornerstone for sustainable growth and development. We are committed to making Hong Kong a better home for everyone.

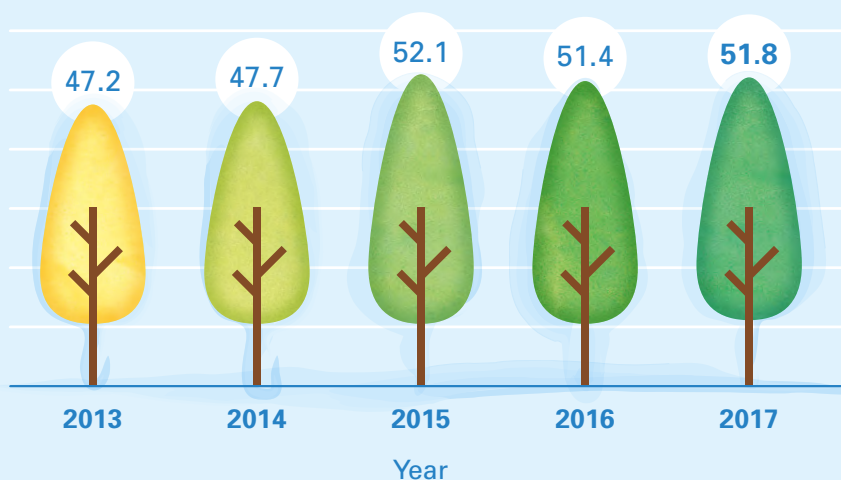


Hong Kong Land Bank Composition

The Group uses a variety of means to replenish its development land bank in the increasingly competitive land market. It acquired two sites comprising 2.8 million square feet of gross floor area through government tender and land use conversion this year, resulting in a larger land bank for long-term investment than last year. See our website or annual report for details.

We also note stakeholders' concerns about the shortage of affordable housing in Hong Kong, which is one of the material topics concluded from our stakeholder engagement. Though it is a complex issue with a number of economic and social factors influencing housing affordability, we offer a profusion of products with a diverse flat mix that ranges from units for mass markets to high-end residences. Our contribution is illustrated in the table of Projects Completed in 2016/17. Our land bank also ensures there is a steady and continuous supply to meet the growing demand for residential properties, particularly units of small-to-medium sizes. Over the next three years, the average annual residential space scheduled for completion in Hong Kong will be more than three million square feet. We will continue to obtain pre-sale consents and launch new projects in the market once they are ready.

Lank Bank (million square feet)



Land Acquired in 2016/17

Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Tuen Mun Town Lot No. 483	Residential / Shopping Centre	100	2,328,000
Sha Tin Town Lot No. 609	Residential	100	434,000

Projects Completed in 2016/17

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Grand YOHO Phase 1 & 2	9 Long Yat Road Yuen Long	Residential / Shopping Centre	100	1,842,000
PARK YOHO Genova & PARK YOHO Phase 2B	18 Castle Peak Road Tam Mi, Yuen Long	Residential	100	1,073,000
The Wings IIIB	19 Chi Shin Street Tseung Kwan O	Residential / Shops	100	257,000
Twin Regency	11 Tak Yip Street Yuen Long	Residential	100	232,000
St. Moritz	88 Lai Ping Road Sha Tin	Residential	100	130,000
W668	668-680 Castle Peak Road Cheung Sha Wan	Industrial	100	95,000
King's Hill	38 Western Street Sai Ying Pun	Residential / Shops	92	76,000
Total				3,705,000

Awards and Recognitions



Organizer	Award
BCI Asia	<ul style="list-style-type: none"> 2017 BCI Asia Top Ten Hong Kong Developer
Christian Family Service Centre	<ul style="list-style-type: none"> HK50+ Award Best of the Best for Real Estate Development and Shopping Centre
Corporate Governance Asia	<p>Hong Kong</p> <ul style="list-style-type: none"> Best Investor Relations Company Best Environmental Responsibility Best Corporate Communications Best Investor Relations Professional
Euromoney	<ul style="list-style-type: none"> Best Mixed Developer in the Global, Asia, China and Hong Kong categories <p>Hong Kong</p> <ul style="list-style-type: none"> Best Overall Developer Best Residential Developers Best Retail Developers Best Office / Business Developers
FinanceAsia	<p>Asia</p> <ul style="list-style-type: none"> Best Real Estate Company <p>Hong Kong</p> <ul style="list-style-type: none"> Best Managed Company Most Committed to Corporate Governance Best at Investor Relations Best at Corporate Social Responsibility
Hang Seng Index	<ul style="list-style-type: none"> Constituent of the Hang Seng Corporate Sustainability Index
Hong Kong Institute of Marketing	<ul style="list-style-type: none"> Market Leadership in Property Development Market Leadership in Mall Branding
Hong Kong Investor Relations Association	<ul style="list-style-type: none"> Best IR Company – Large Cap
jobsDB	<ul style="list-style-type: none"> 2016 Top Ten Companies Survey: Top 10 Companies in Hong Kong
QQ.com and Finet	<ul style="list-style-type: none"> 2016 Top 100 Hong Kong Listed Companies: Top 100 – Comprehensive Strength

Reader's Digest

- Platinum Trusted Brand Award (Property Developer)
- Platinum Trusted Brand Award (Car Park)
- Gold Trusted Brand Award (Property Management Company)
- Gold Trusted Brand Award (Shopping Mall)

The Asset

- Platinum Award for Excellence in Management and Corporate Governance

The Community Chest Hong Kong

- Third Top Donor of the Year Award
- President's Award
- Award of Merit

The Hong Kong Council of Social Service

- 15 Years Plus Caring Company Logo



The Hong Kong Polytechnic University

- Top 20 Companies of The Hong Kong Business Sustainability Index

Memberships and Charters

- Business Environment Council (Founding Member since 2002)
- Employers' Federation of Hong Kong (Corporate Member since 1994)
- The Hong Kong Council of Social Service
 - The Caring Company Scheme Patron's Club (Jade Member since 2007)
- Hong Kong Environment Bureau
 - Charter on External Lighting (Signatory since 2016)
- Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department
 - Energy Saving Charter (Signatory since 2016)
 - 4Ts Charter (Signatory since 2017)
- Hong Kong Environment Bureau and Hong Kong Water Supplies Department
 - 'Let's Save 10L Water' Campaign (Signatory since 2015)
- Hong Kong Environmental Protection Department
 - Carbon Reduction Charter and Carbon Audit Green Partner (Signatory since 2009)
- Hong Kong General Chamber of Commerce (Member since 1977)
- The Hong Kong Green Building Council (Patron Gold Member since 2011)
- The Chamber of Hong Kong Listed Companies (Corporate Member since 2004)
- The Real Estate Developers Association of Hong Kong (Corporate Member since 1974)



Our Approach to Sustainability

Sustainable development is the foundation for the Group's long-standing belief in Building Homes with Heart. Taking into account the environmental, social and governance aspects of our operations as well as our risk management strategies, we aim to create sustainable value for stakeholders. We maintain a high standard of corporate governance to oversee and implement the comprehensive policies that guide and promote the sustainability of the Group. Our integral corporate governance structure has been essential in helping to contribute to the sustainable development of our Group through the promotion of communication, transparency and trust among stakeholders.

Corporate Governance

The Board of Directors is responsible for monitoring and reviewing corporate governance practices across the Group. We take into account environmental, social and governance (ESG)-related risks in decision making and maintain effective risk management and internal control systems. Chaired by Eric Li, the Audit and Risk Management Committee is responsible for reviewing risk management and internal-control-related issues within the Group. Committee members, Dicky Yip, Donald Leung and Norman Leung, have sufficient resources to perform their duties and ensure the Group's comprehensive capability in risk management and internal control. The Committee's updated terms of reference are posted on the websites of the Group and the Hong Kong Stock Exchange.

The Group values effective communications with stakeholders and maintains a high level of transparency with the public through the provision of timely and accurate information. Our efforts in maintaining transparency and robust corporate governance were recognized in the industry this year as reflected by the designations of Best Mixed Developer in the Global, Asia, China and Hong Kong categories from *Euromoney* magazine.

See the Corporate Governance section of our Annual Report 2016/17 for details on our corporate governance structure and practices.

Sustainability Governance

Led by an Executive Director, the Group's Sustainability Steering Committee looks after daily operations and risk management matters. Comprising senior managers from key divisions, the Committee deals with sustainability issues, reviews feedback from stakeholders and updates policies whenever necessary.

Supported by specialists from different business units, the Committee ensures that the Group's operations comply with the principle of sustainability. For example, the Energy Optimization Committee monitors the energy consumption of our investment properties; the Occupational Health and Safety Committees look after the construction sites and property management services; the Corporate Communications Department manages the Group's community involvement and outreach.





Stakeholder Engagement

The engagement exercise this year focused on four areas in the ESG Guide and the Group's energy objectives and performance. For the first time this year, we have engaged peer companies in the industry to communicate our sustainability performance to a wider range of stakeholders and promote industry best practices. The exercise was facilitated by an independent third-party consultant to ensure open discussion and impartiality.

Some 320 stakeholders were engaged in an online survey and focus group discussion. They offered insights and constructive comments on sustainability issues, including economic performance, environment, workplace practices, human rights, society and product responsibility.

Stakeholder Group Engaged	Method of Engagement
Customers (including residents, commercial and industrial tenants and hotel corporate clients)	<ul style="list-style-type: none"> Online surveys Customer satisfaction surveys SHKP Club Retail stores, call centres, customer hotline, online and mobile phone applications Website and social media
Employees (from new hires to senior management)	<ul style="list-style-type: none"> Online surveys Focus groups Interviews Meetings Intranet SHKP Quality Academy SHKP Quality Raising Suggestion Scheme SHKP Work Safety Suggestion Scheme Employee engagement activities Ongoing engagement
Government	<ul style="list-style-type: none"> Online surveys Interviews Public consultations

Stakeholder Group Engaged	Method of Engagement
Industry Associations	<ul style="list-style-type: none"> Online surveys Focus groups Interviews Industry forums 
NGO Partners	<ul style="list-style-type: none"> Online surveys Focus groups Interviews Corporate social responsibility activities such as programmes run by the SHKP Reading Club and SHKP Vertical Run for Charity
Shareholders and Investors	<ul style="list-style-type: none"> Online surveys Investor meetings and conference calls Overseas roadshows Investor forums and conferences Analyst briefings and annual general meetings Annual and interim reports Investor Relations page on the Group's website
Suppliers	<ul style="list-style-type: none"> Online surveys Focus groups Interviews Audits and assessments Ongoing direct engagements
Media Partners and Social Media	<ul style="list-style-type: none"> Online surveys Focus groups Press conferences Meetings Website and social media 
Peer Companies	<ul style="list-style-type: none"> Online surveys Focus groups Real estate industry trade associations and advisory groups
Other External Stakeholders (including academia)	<ul style="list-style-type: none"> Online surveys Focus groups Interviews

How We Address Key Stakeholder Concerns

Stakeholders are generally satisfied with and recognize our achievements in sustainable development. They have also shown interests and concerns over several sustainability topics. As was the case last year, the top three material topics identified by stakeholders in this year's reporting were Compliance, Occupational Health and Safety, and Customer Privacy. Stakeholders are welcome to refer to the Addressing Key Stakeholder Concerns section of last year's report as well as relevant sections of this year's report for further information.

This year, stakeholders raised new questions and concerns during the stakeholder engagement exercise. The Group welcomes these comments and addresses selected topics as follows:



Q1: The Hong Kong Government is taking the initiative to support and promote innovation and technology. Customers are also interested in using technology to enhance their shopping experience. Is the Group also adopting IT or mobile solution to enhance its customer service?

A1: The Group embraces new technology to enhance customer service. Several of our shopping malls have already used iPhone / Android applications to provide up-to-date shopping news, some of which offer restaurant queue and reservation functions helping diners reduce waiting time. The smartphone application for YOHO Mall has car navigation functions with real-time parking information and recommended routes for motorists.

More information on our customer service initiatives can be found in the Value Created for Customers section of this report.



Q2: Local young entrepreneurs are finding it increasingly difficult to rent office space for their businesses. Some developers are willing to lease office space at a lower rate to local social enterprises or start-up businesses, to serve the community and assist talented young people. Does the Group have a similar vision for supporting young entrepreneurs?

A2: Definitely. The Group sponsored the Hong Kong X-Tech Startup Platform with fitted offices in Kwun Tong as the headquarters for its operation, along with co-working space X-LAB to support young people in pursuit of technological innovation and entrepreneurship. In a similar vein, the Group during the year donated a site in Yuen Long for Hong Kong's first purpose-built integrated social service facility that will include a youth hostel, home for the elderly and a special-needs childcare centre, promoting intergenerational interaction and social harmony. As a developer, the Group takes a holistic approach that benefits the wider community.

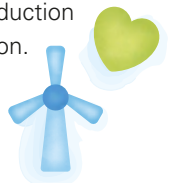
More information on our community investment initiatives can be found in the Value Created for Community section of this report.



Q3: Energy management is crucial in the property management sector. In addition to improving energy efficiency in buildings, what has the Group accomplished to echo the Government's Energy Saving Plan?

A3: The Group has a HEART (Hardware – Engagement – Adaptation – Real-time data – Target) approach to energy saving and encourages tenants and society to work together on energy saving. Our property management subsidiaries perform free energy and carbon audits for residents and tenants to identify room for saving and reduction. Our Energy Optimization Committee holds regular meetings to review energy consumption performance and share best practices among Group staff. The Group also participates in various energy saving activities and campaigns and has energy reduction targets for its properties in a commitment to progressively reducing consumption.

More information on our energy conservation initiatives can be found in the Value Created for the Environment section of this report.



Materiality Analysis

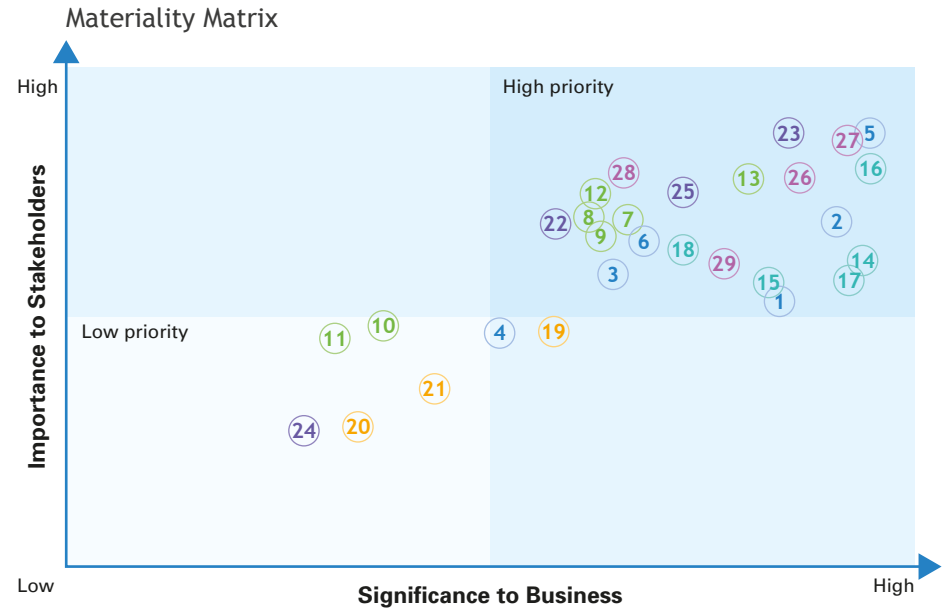
Stakeholder engagement is the foundation for identifying and ranking topics to be discussed in this report through materiality analysis, including:

Step 1: Identifying ESG Topics – This year, 22 material topics were identified from a list of 29 in 2015/16. We analyzed the latest sustainability trends in the industry; adding customer health and safety as a new topic to be considered this year and removing environmental impact of transport as its effect on the Group is minimal.

Step 2: Ranking ESG Topics – More than 300 stakeholders were invited to rank ESG topics using a scale from 1 to 6 (where 1 is of lowest importance and 6 is highest). They were also asked if material topics covered last year should remain this year and if additional topics should be considered.

Step 3: Validating the Results – The results of the ranking exercise were validated by qualitative feedback from focus groups and peer benchmarking, and the recommended material topics were finally endorsed by the Sustainability Steering Committee.

This year, 22 topics were identified as material.



Sustainability Topics Considered



<p>Economic and General</p> <ul style="list-style-type: none"> 1 Economic performance 2 Market presence 3 Indirect economic impacts 4 Procurement practices 5 Compliance 6 Grievance mechanisms 	<p>Workplace Practices</p> <ul style="list-style-type: none"> 14 Employment practices 15 Employee engagement 16 Occupational health and safety 17 Employee development and succession planning 18 Diversity and equal opportunities 	<p>Society</p> <ul style="list-style-type: none"> 22 Community investment 23 Anti-corruption 24 Public policy and advocacy 25 Anti-competitive behaviour
<p>Environment</p> <ul style="list-style-type: none"> 7 Materials 8 Energy 9 Greenhouse gas emissions 10 Water 11 Biodiversity 12 Waste 13 Sustainable buildings 	<p>Human Rights</p> <ul style="list-style-type: none"> 19 Human rights and non-discrimination 20 Freedom of association and collective bargaining 21 Child labour and forced labour 	<p>Product Responsibility</p> <ul style="list-style-type: none"> 26 Customer satisfaction and responsibility 27 Customer privacy 28 Affordable housing in Hong Kong 29 Customer health and safety



Value Created for
the Environment

Strategies and Management

In keeping with its Building Homes with Heart ideal, the Group incorporates sustainable practices in management and operations to create an excellent platform for current and future generations. Effective governance, policies and systems are in place to ensure continued improvement of environmental performance, including:



Governance - An Environmental Committee chaired by an Executive Director governs policy, strategies and actions. Dedicated committees, such as an Energy Optimization Committee (EOC), have been formed to oversee specific environmental areas of concern and to recommend energy-related improvement initiatives and facilitate knowledge exchange.

Policy - Guided by formal environmental policy, the Group goes beyond adhering to all applicable legal and environmental standards and outlines our approach to applying sustainable development principles in our businesses, including building designs and supply chain management. The objective is to steadily improve environmental performance through the active involvement of employees, business partners and the public.



System - Most properties that the Group manages are accredited with ISO 14001 Environmental Management System certifications. Regular internal and external evaluations of system effectiveness are carried out to ensure continuous improvement. In addition, an online sustainability data management system has been used since 2014 to facilitate data collection and monitoring across different business units. The system is regularly reviewed and upgraded to satisfy user needs.

As part of the community, the Group is committed to supporting local environmental policies and initiatives. Considerable efforts are made to align our environmental commitments with the Hong Kong Government's environmental targets and programmes on emissions, energy, water, material usage and waste. The Group also collaborates with non-governmental organizations on environmental campaigns to raise our employees' and the public's awareness of environmental protection.

For the past five years the Group has supported Green Power's Love Nature Campaign, which combines education with nature appreciation and outdoor exploration. Children in kindergartens and primary schools are able to learn more about the environment through activities such as eco-tours and beach clean-ups. About 30,000 students have participated in the campaign over the years learning green ideas and practices.



Beach clean-ups in SHKP Love Nature Campaign



Integrating Sustainability with Property

The Group adopts innovative green technology to enhance environmental performance in property development and management. During the year, 46 certified Hong Kong Building Environmental Assessment Method (BEAM) professionals were employed to improve various aspects of environmental protection issues, including energy efficiency, material use and waste management. A total of 40 BEAM or LEED (Leadership in Energy and Environmental Design) green building certificates were awarded to the Group.

As part of the Hong Kong Environment Bureau’s Charter on External Lighting, which aims to minimize light pollution and energy waste, the Group’s property management subsidiaries Hong Yip and Kai Shing support government initiatives to promote green property management. During the year, they received ten Hong Kong Awards for Environmental Excellence (HKAEE) in recognition of outstanding environmental achievements.

Certificates Attained from the Hong Kong Awards for Environmental Excellence (as at 30 June 2017)



	Wastewi\$e Certificate	Energywi\$e Certificate	IAQwi\$e Certificate	Carbon Reduction Certificate
Construction	4	0	Not applicable	Not applicable
Property Management	235	108	12	28
Total	239	108	12	28

The following awards, certificates and labels were received during the year by the Group’s construction and property management subsidiaries for outstanding environmental sustainability achievements:



- Environmental Merit Award in 2016 Hong Kong Construction Environmental Awards
- Hong Kong Green Organisation Certificate
- 7th Hong Kong Outstanding Corporate Citizenship Bronze Award
- Sing Tao Service Awards 2016 – Property Eco Management
- Readers’ Digest Gold Trusted Brand Award
- Outstanding Social Caring Organization Award
- Sing Tao Service Awards 2016 – Residential Property Management category

In view of rising demand from customers and tenants, many properties under our management have implemented measures to improve indoor air quality, including the installation of high jet fans in car parks and other enclosed areas, and using photo-catalyst purification in primary air unit systems. Kai Shing was recognized by the Hong Kong Environmental Protection Department as having a top 10 participation rate in the 2016 Indoor Air Quality Certification Scheme with 370,000 square metres of floor area certified.



Developing through Conserving Nature - PARK YOHO

Many people believe that development means compromising the natural environment as the two concepts seem mutually exclusive, but PARK YOHO in Sha Po has presented a solid and encouraging case which shows that development can lead to conservation, as with the restoration of five hectares of wetland now vibrant with wildlife.

Brief History of Sha Po Marsh

Farming was once common in Hong Kong, and Sha Po was a paddy field in the 1960s. By the 1980s people had left their fields to pursue opportunities in the city, leaving the land fallow. As such, the fields were taken over by nature and became a marsh where reeds and mangroves flourished, offering a habitat for a wide spectrum of species.

Unfortunately, the city began encroaching and people exploited the land by taking away soil, dumping waste, sludge and abandoned cars, which blocked water passages, resulting in the drying up of the marsh. Eventually, the area turned barren.

Conservation through Wetland Restoration

The Group took up the responsibility of bringing the barren land back to life, respecting nature while developing the area. Along with ecologists, a wetland restoration project was put into place between 2014 and 2015, involving:

- 1 The removal of contaminated sediment and digging to increase water storage capacity
- 2 Clearing sludge and waste from sluices
- 3 Dredging long-blocked water passages and laying pipes bringing seawater from Deep Bay via Kam Tin River, and fresh water from hillside streams in Kai Kung Leng
- 4 Rebuilding pond bunds surrounding the marsh to help control the water level
- 5 Reintroducing reeds and mangroves



Fairyland provides restored habitat for many species, including Common Kingfisher

Through such measures, the wetlands have been restored and became vibrant once again, with over 180 species recorded in PARK YOHO Fairyland, including the near-threatened four-spot midget.

Efforts to Sustain Fairyland

While the wetland restoration is complete, Fairyland is still actively managed. An ecology consultant has been employed to conduct monthly inspections to monitor the situation, and the site is managed to prevent alien species like red imported fire ants and apple snails from invading. The Group has committed ample resources from the outset and Fairyland is now self-sustaining.

Regular guided tours are conducted for PARK YOHO residents and their guests, but the number of participants is limited to comply with guidelines for minimizing disturbance to wildlife.



The restored brackish marsh integrates with Sha Po's surroundings seamlessly

See *Discover & Re-discover – Sha Po Fairyland* for more details about PARK YOHO's Fairyland:
www.shkp.com/html/ebook/park_yoho_fairyland



Swallowtail, a rare species in Hong Kong, has been attracted to Fairyland



Reducing Energy Consumption and Carbon Footprint



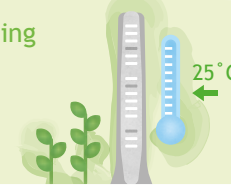
Electricity generation currently accounts for about 70% of Hong Kong's carbon footprint, and 90% of the power generated is consumed by buildings. The Group strives to improve energy efficiency in new and existing properties to reduce overall energy consumption and shrink footprints. The Government's 4Ts (Timeline, Targets, Together, Transparency) framework has been followed with the intention to contribute to the Energy Saving Plan's energy reduction target.

The Group's EOC, consisting of 27 building engineering and management specialists, monitors building electricity consumption and disseminates the latest research and international best practices. During the year, a total of 55 buildings in the investment property portfolio were supervised by EOC, resulting in the reduction of electricity consumption by more than 14% over the past six years.

The Group additionally supports the Government's Climate Action Plan 2030+, currently providing 178 electric vehicle charging stations in 69 commercial and residential properties throughout Hong Kong to encourage the use of electric cars and help build a low-carbon community. During the year, most of the Group's residential buildings, shopping malls, office buildings and hotels have set energy reduction targets.

Examples of Energy Reduction Targets in Different Types of Properties

Office Building



ICC

↓ 15%

by 2021 using 2015 as the base year

Residential Building



Chi Fu Fa Yuen

↓ 40%

by 2021 using 2011 as the base year

Shopping Mall



East Point City

↓ 15%

by 2018 using 2012 as the base year

Hotel

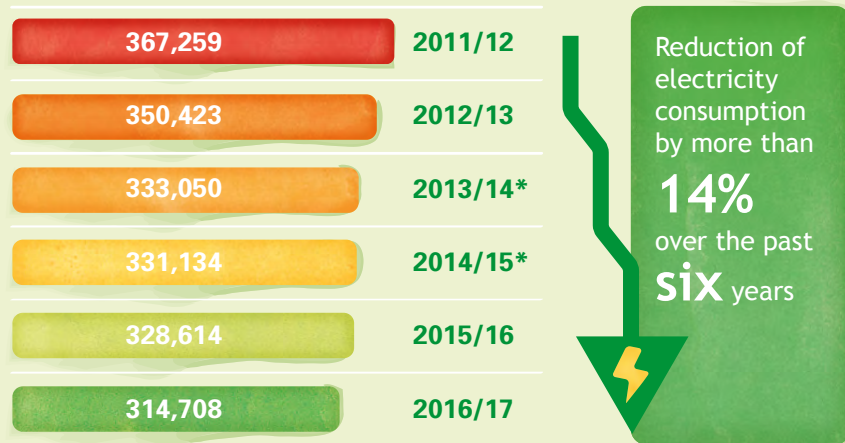


Royal Plaza Hotel

↓ 5%

by 2019 using 2015 as the base year

Electricity Consumption for Major Buildings Monitored by the Energy Optimization Committee from 2011-2017



(*000 kWh)

*Data represented covers 54 properties monitored by EOC.

The Group's property management subsidiaries are devoted to energy and carbon reduction, and their achievements were widely recognized in the past year.

- Hanson Supportive Group Award in Energy Saving Championship Scheme 2016 (Residences and Offices Categories) for Hong Yip
- Gold Award in HSBC Living Business Awards 2016 (Green Achievement Category) for Kai Shing
- Gold Award in 2016 Hong Kong Awards for Environmental Excellence for Kai Shing
- Hanson Supportive Group Award in Energy Saving Championship Scheme 2016 (Shopping Mall Category) for Kai Shing
- Bronze Award (Service Sector) in BOCHK Corporate Environmental Leadership Awards for Hong Yip
- Silver Award in Property Management – Residential Category in CLP GREEN^{PLUS} Award Programme 2016 for Hong Yip

- Champion in Carbon Reduction and Energy Saving and Highest Carbon Reduction and Energy Saving Supreme Champion in the 2015/16 Tuen Mun Yan Oi Tong Carbon Reduction Competition for Kai Shing
- 3+ Green Pioneer Award, WGO Green Office Label, United Nations Millennium Development Goals' Better World Company Label in the World Green Organisation's Green Office Awards Labelling Scheme for Kai Shing
- WGO Green Office Label in the World Green Organisation's Green Office Awards Labelling Scheme for Hong Yip
- Platinum Label in WWF Hong Kong's Low-carbon Office Operation Programme for Kai Shing
- Silver Award in Energy Management Theme Award in the Hong Kong Institute of Facility Management's Excellence Facility Management Award 2016 for Kai Shing

CASE STUDY

Energy Saving Programme

The Group strives to reduce energy consumption and enhance building energy efficiency with HEART (Hardware, Engagement, Adaptation, Real-time data and Target). Each factor is a part of the energy saving formula, so the Group's energy and carbon objectives can only be fully realized when all the factors are taken care of.



Saving energy with HEART, Hong Yip and Kai Shing have received 16 awards from the Government

Hong Yip and Kai Shing won 16 awards in the Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department's first Energy Saving Championship. Aria, ICC and Landmark North were honoured with top Hanson Grand Awards in the residential, office and shopping mall categories. The three properties demonstrate how the HEART approach contributes to energy conservation.

Aria stairwells have reduced lighting and motion sensors that turn up light intensity when people enter, reducing energy usage by 20% this year. The development is part of the Energy Saving Charter and pushes the eco-friendly theme with No Air Con Days and green product workshops that encourage residents to save energy at home.

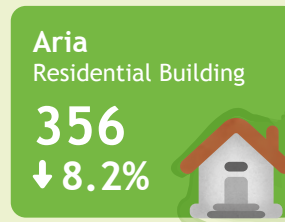


ICC has ISO 50001 Energy Management System certification and a smart system that analyzes data to control the operation time and sequence of air conditioning units and lifts. It also organizes workshops for tenants and coordinates with professional groups, vendors and universities on energy saving.

Landmark North promotes energy efficiency with hardware upgrades and innovations that include replacing air-cooled air conditioning with water cooling along with double entrance doors. The mall set a target in 2010 to reduce annual energy consumption by 30% in ten years, and the target is close to realization according to this year's figures.



Energy Reduction Achieved in 2016/17 Compared to 2015/16



('000 kWh)

Cutting Waste and Improving Resource Efficiency

The Group supports the Government's waste management and reduction policies and programmes, including the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022, adopting a tiered approach that prioritizes waste avoidance, reuse and recycling over disposal. This applies to all subsidiaries to reduce the amount of construction and solid waste sent to landfills.

While over 232,000 tonnes of construction waste was produced during the year, the construction subsidiary recycled nearly 74% of it for foundation fill, saving an estimated HK\$12 million in disposal fees¹. The same subsidiary uses building simulation programmes to streamline development.

Properties of the Group are another major source of waste, but waste management can only be effective with the involvement of tenants, customers, residents and people using the premises. Group's subsidiaries utilize a variety of initiatives such as placing recycling bins in convenient spots. East Point City has a recycling train visiting shops regularly to collect recyclables, including paper, metal, plastic and toner cartridges. Royal Plaza Hotel and The Royal Garden are signatories to the Food Wise Charter and they promote food waste reduction among guests. Sun Hung Kai Centre also organizes a computer and communication products recycling programme and festive gift recycling campaigns to return useful electronics, 'lai see' packets and unused festive gifts that would otherwise have ended up in landfills. The Group has achieved remarkable results with these collaborative programmes.



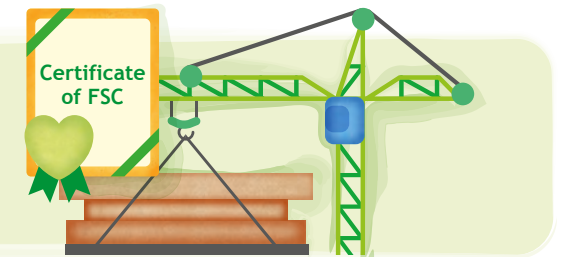
¹ The amount saved by recycling construction waste is estimated based on the unit charge for disposing of construction waste to public fills in Hong Kong (HK\$71/tonne).

Using Materials and Water Wisely

Using materials from sustainable sources is one way the Group can enhance its environmental friendliness, and it incorporates environmental concerns in procurement (details appear in Value Created for Supply Chain) at the same time as it closely monitors material consumption. In addition to meticulous construction planning, the construction subsidiary makes use of precast facades, aluminium formwork and green blocks in construction to reduce input materials. The pre-finished and smooth blocks are easy to assemble and do not require plastering, minimizing the amount of material consumption.

We require all the timber we use to be from sources that are certified as sustainable, with suppliers being mandated to produce proof of certification from the Forest Stewardship Council.

The timber we use
all comes from
sources certified as
sustainable



While the Group's businesses are not water-intensive in nature, it still works to enhance water conservation and quality. It supports the Hong Kong Water Supplies Department's 'Let's Save 10L Water' campaign, and encourages its head office and other properties to use water wisely. Its property management subsidiaries also safeguard water quality for users through efforts to maintain building plumbing and flushing systems.

Apart from Group-level efforts, individual properties have implemented a range of measures to reduce demand for fresh water. East Point City, which won Gold in the HKAEE during the year, deploys water-saving equipment such as dual-flush cisterns, automatic toilet sensors and water flow regulators in toilets, and regular inspections are conducted to detect leakage. The mall collects rainwater on its rooftop to reduce reliance on the municipal water supply, with a system that can hold 660 L of water that is used mainly for irrigating plants. Drain water from the sprinkler system is used for flushing. These measures reduced water consumption by 334,000 L.

A conceptual illustration featuring a large hand holding a yellow glove with a sensor. The hand is wearing a grey sleeve with a green cuff. The sensor is a grey rectangular device with a grid of colored dots. The background is light blue with several circular vignettes containing line-art illustrations of business scenes: a team celebrating with trophies, a meeting with laptops, and a presentation with a lightbulb idea. The text 'Value Created for People' is centered in the right vignette.

Value Created for People

Strategies and Management

People have always been crucial to our business success so the Group strives to make the workplace feel like home in the spirit of Building Homes with Heart. We attract talent from diverse backgrounds, offering them appealing compensation, providing development opportunities and building up an employee-friendly culture to sustain competitiveness in our people and our business.

The Group has a Human Resources Committee to review and enhance human resources policies and Occupational Health and Safety Committees in our property management and construction subsidiaries to monitor and mitigate potential risk in our operations. The committees provide an engaging, safe work environment that exceeds legal requirements.



“ With our people’s effort in offering quality service, SHKP can build better homes and benefit the society. ”

Attracting Talent

The Group strives to attract passionate people to contribute to its success. We have established partnerships with major local institutes to provide job opportunities to graduates. Three well-structured programmes take in candidates yearly; a two-month Summer Internship Programme, three-year Management Trainee Programme, and Graduate Surveyor and Graduate Engineer programmes.

The Management Trainee Programme is one of the Group’s signature initiatives to nurture and develop talented young people. It features property and non-property business tracks, provides all-round on-the-job learning for new graduates. Trainees in property business receive comprehensive instructions in host departments and cross-department attachments as well as fully sponsored external study opportunities.



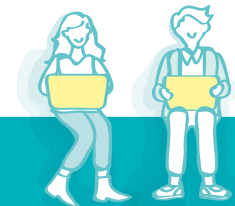
Familiarizing management trainees with our businesses



Trainees in non-property business receive competency development at our head office and business units. They are also provided with fully sponsored external study opportunities. We are committed to nurturing management trainees with diverse experience to become future leaders of the Group.

We have another programme in collaboration with the Vocational Training Council to help people with higher diplomas in engineering join our business. The programme provides on-the-job training to help graduates kick-start their careers.

We have been recognized for our continuous support to nurture the younger generation. Kai Shing was commended by the Partner Employment Award Scheme from the Hong Kong General Chamber of Small and Medium Businesses for the second year for its contribution in employing local graduates and offering internship opportunities. We will continue to provide development opportunities to young people in response to the needs of the community.



Visit SHKP Careers:
www.shkp.com/en-us/pages/job-vacancies

Embracing Diversity and Difference

We embrace differences and individuality in employees in the belief that diversity can bring energy and new ideas to our operations. We prohibit all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. Our Code of Conduct and anti-discrimination practices serve as a guide to ensure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. Physical or mental disabilities do not deter us from hiring talented people. The Group currently employs 87 people with physical or mental disabilities in various positions, from cleaners and security guards to property assistants and receptionists.

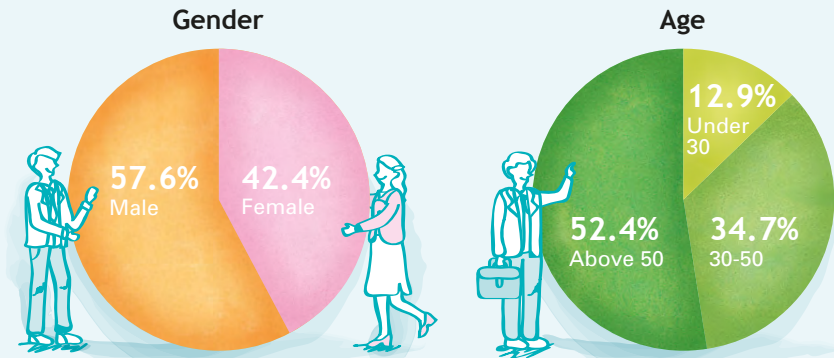
We respect our employee's roles and responsibilities to their families, and we are committed to supporting them and maintaining a family-friendly work environment.



The Group's employees have had a five-day work week from May 2017 so they can spend more time with their families. We provide breastfeeding rooms in our workplace to foster a mother-friendly culture, and mothers and those with special needs can apply for flexible working hours.

Workforce Distribution

Total number of employees: **25,051**
(as at 30 June 2017)



Family-friendly employment policies that enable employees to better manage their time and family commitments have led the Group to be designated a Distinguished Family-Friendly Employer by the Family Council since 2011.

The Group upholds human rights. We formulate company policies with reference to relevant laws and regulations and the ten principles of the UNGC. We organize internal and external training for employees to clearly communicate the Group's stance and effort in human rights matters. None of our operations are exposed to significant risk in the use of child or forced labour. Employees can take part in trade unions and collective bargaining if they wish and they can notify management or corresponding parties of any suspected misconduct or mistreatment through the Group's whistle-blowing mechanism. The Group's commitment to human rights extends to its supply chain. Please refer to the Value Created for Supply Chain section for details.

Realizing Diversity and Inclusiveness at Work

The Group does not define employees by anything other than their capability, passion and quality. We go beyond being an equal opportunity employer and firmly believe that talented people come from diverse backgrounds, where their experience and inherent characteristics shape who they are. This belief helps us hire people with high potential. Doris Cheang and Mohammad Waqas Hussain, who both work in our Sanfield construction subsidiary are two of many examples.

Thriving in a Male-dominated Workplace



Doris began working for the Group in 2013 as a construction apprentice and is now an assistant supervisor foreman at construction sites. She regularly checks various aspects of a project against blueprints to monitor building quality and ensure that the work is safe and on schedule. She also acts as a mediator between contractors and co-workers at times.

Working in a male-dominated industry, her sex unexpectedly facilitates her work. Doris said,

“Being a woman in the field makes contract supervisors and my colleagues temper their behaviour with me. They are more willing to listen when I ask for something, so this is an advantage for me.”



Doris in a male-dominated workplace



While her outgoing personality makes her a natural fit in the industry, it is her hard work and enthusiasm that have advanced her career. Doris has been devoted to developing herself from participating in the Construction Supervisor / Technician Programme and obtaining a higher diploma in Building Studies to joining our apprentice programme and receiving a bachelor's degree in Construction Management. Her positive attitude has seen her chances to grow multiply, and her willingness to learn on top of the standard apprenticeship had given Doris many more opportunities.

Doris was one of the 12 recipients (out of 223 registered apprentices) of the 2016 Outstanding Apprentices Award Scheme from the Vocational Training Council. She was also one of the two winners of Sir Edward Youde Memorial Outstanding Apprentice Awards. We are delighted to have Doris in our team.

Bringing All Together in Cantonese

Mohammad works as an assistant foreman in Sanfield. He is among the 151 ethnic minority employees hired by the Group, including assistant foreman, assistant electrical and technical supervisor, security guard, receptionist and other daily workers.

As a Hong Kong-born Pakistani, Mohammad can speak fluent Cantonese. He participated in the first Cantonese Competition for Ethnic Minorities in Hong Kong and received Gold Award in the Individual – Advanced Level category. As Cantonese is predominantly spoken on construction sites, he understands what people say and this makes him a capable moderator between local workers and minority groups. His involvement has helped create a more harmonious workplace for all. Mohammad said,

“If we make more Hong Kong friends, we can all improve our Cantonese abilities.”

Besides his proficiency in Cantonese, Mohammad is a dedicated employee. His attitude and impressive job performance earned him a merit award in the 2015 Outstanding Apprentices Award Scheme by the Vocational Training Council.



Mohammad (on the second right) and his colleagues in the workplace

Did You Know?

- Apart from the SHKP Group Undergraduate Scholarships, sponsorship is available to those who wish to pursue master's degrees.
- Ethnic minority workers are provided with additional language assistance when applying for Construction Industry Safety Card.
- Internal Safety and Labour Ordinance training is provided to all new employees regardless of their background, in English for minority workers.



Recognizing Demands and Suggestions

Our people are the cornerstone of our success and the Group listens and responds to their needs and suggestions. Employees have been given above-average salary increments for a seventh consecutive year. Financial support in mortgages and personal loans are provided, as well as overseas exchange opportunities for the children of our employees.

Outstanding work performance is recognized with formal reviews and annual awards. We have Quality Raising and Work Safety Suggestion Schemes, Best Handover Quality and Safety Award Schemes and Long Service Awards presented by Deputy Managing Directors each year.

In 2010, the SHKP Group Undergraduate Scholarship Scheme was set up to provide financial assistance to employees' children who are encouraged to pursue knowledge and participate in extra-curricular activities. In addition, the SHKP Evergreen Club was formed to organize regular activities such as countryside trips, social gatherings and classes to connect retired employees with the Group. Kai Shing's initiatives on caring for employees won Silver Award in the 2016 HSBC Living Business Awards (Caring for People category).

Annual Awards to Recognize Employees' Achievements



Enabling Professional and Personal Development

We are committed to providing continuous training and learning opportunities to staff to develop talents and to expand our business. The Group's Internal Affairs Department is responsible for formulating annual development plans for employees according to their needs and feedback every year. Internal classroom training, a training library and e-learning programmes are also available for self-learning. The Group additionally offers employees job rotations or secondments to expand their horizons.

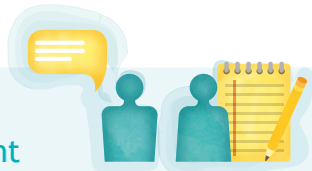
We invite experts to give lectures and provide training on topics such as industry development, trends in architecture and design, engineering, construction, customer service and management.

Our property management subsidiary Hong Yip has shown its dedication to employee development with the establishment of the People Development Academy since 2007 to enhance employees' skill and knowledge in delivering quality customer service. The Academy has been approved by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications for programmes at Levels 1 to 3 of the Qualification Framework (QF) scheme in 2010, and has organized ten QF-accredited programmes attended by about 3,000 employees.

Well-established training and development programmes have earned the Group recognition in the Employees Retraining Board's Manpower Developer Award Scheme and the Hong Kong Institution of Engineers' Graduate Scheme "A" Training. Our property management subsidiaries' initiatives were also honoured with awards including the Security Services Best Training Award. Taking Hong Yip as an example, it has won the Excellent Award for Employers by Employees Retraining Board consecutively for seven years.



Knowledge Transfer in the Project Monitoring Department



The Group provides numerous formal training and learning opportunities for employees as noted above. With continuous learning so ingrained in our corporate culture, some departments have initiated activities to capture and exchange knowledge internally. The Project Monitoring Department's knowledge transfer programme is a noteworthy example as it has used innovative media to engage team members for almost three decades and won an award in the Quality Raising Suggestion Scheme.

How was Knowledge Transfer Initiated in the Department?

The Project Monitoring Department was established in 1994 to supervise construction projects to ensure all aspects meet our high quality standards. Errors are occasionally discovered during inspections. In order to facilitate the first knowledge transfer, the head of the department initiated this programme with the involvement of the team in 1988 looking for ways to share the lessons learnt from projects.

How has Knowledge Transfer Transformed in the Department?

There have been various methods to enable and encourage more people to participate in knowledge transfer since the idea came up nearly 30 years ago. The process began with the publishing of a construction manual in 1988. The manual was compiled in collaboration with the Construction Department, and circulated among people involved in projects, as a reference to avoid recurrence of typical mistakes in building works. More volumes were published in 1990, 1996 and 2005 sharing more commonly observed mistakes in construction.



Five volumes of construction manual have been published as guidebooks to avoid common issues in projects

With the advancement in Internet technology, the Project Monitoring Department established the Community of Practice (CoP) in 2007 with support from the Group's IT Department as an online platform to facilitate the sharing of knowledge, reference resources, tools and expertise, becoming an important resource with the ongoing contribution of cases and ideas from the team.



The CoP has been developed into a resourceful online platform with contributions from the team

Share



To enable more interactive functions, a smartphone application was recently developed to provide a more conveniently accessible guide for the team, including items to be checked in factory visits for fabrication works, quality procedures for works under construction and post-construction final checks. It has proved especially useful for new staff.

CoP has recorded over

2,000 entries

with nearly

5,000 photos

So far, the CoP has recorded over 2,000 entries with nearly 5,000 photos. The department is continuously working to bring more insights and a better user experience to the team. With the concerted effort of Project Monitoring and other related departments, a fifth volume of the manual was published in August 2016 with updated content and examples.

How has Knowledge Transfer Brought Value to the Department?

The department's knowledge transfer programme has been transformed from a sharing programme to an important asset management initiative. It has enabled the department to fulfil the Group's core values of Speed, Quality, Efficiency by better monitoring project quality and cost. The programme has also fostered a culture of contribution that the team also has knowledge sharing sessions in its bi-weekly meetings. The Group looks forward to implementing similar programmes across all business units.

Maintaining a Safe and Healthy Workplace

We value the health and safety of our employees and have occupational health and safety management policies and systems in place. Our safety management systems for construction and property management meet regulatory requirements and have OHSAS 18001 accreditation. The Occupational Health and Safety Committees oversee health and safety performance.



Safety training is arranged for every new employee to raise their awareness of emergency responses and procedures. Regular site inspections and evacuation drills are also conducted. We welcome employees to take part in the Work Safety Suggestion Scheme to solicit innovative, practical ways to enhance workplace safety.

All these measures mean the Group's accident rate remains lower than the industry average. A rate of 14.6 accidents per 1,000 workers was recorded on construction sites during the reporting year¹ compared to the industry rate for construction in Hong Kong at 34.5 accidents per 1,000 workers in 2016².

¹ Calculation uses the methodology adopted by the Hong Kong Construction Association.

² The industry rate is calculated based on the calendar year. Reference was made to the Occupational Safety and Health Statistics Bulletin (August 2017) from the Hong Kong Labour Department.

We believe mental health is also crucial for employees' well-being and productivity. A team in our Internal Affairs Department is responsible for organizing social events for employees and their families to promote well-being and work-life balance. We also have the Hearty Hotline that provides 24-hour counselling and emotional support from social workers, psychologists and counsellors for employees and their families.



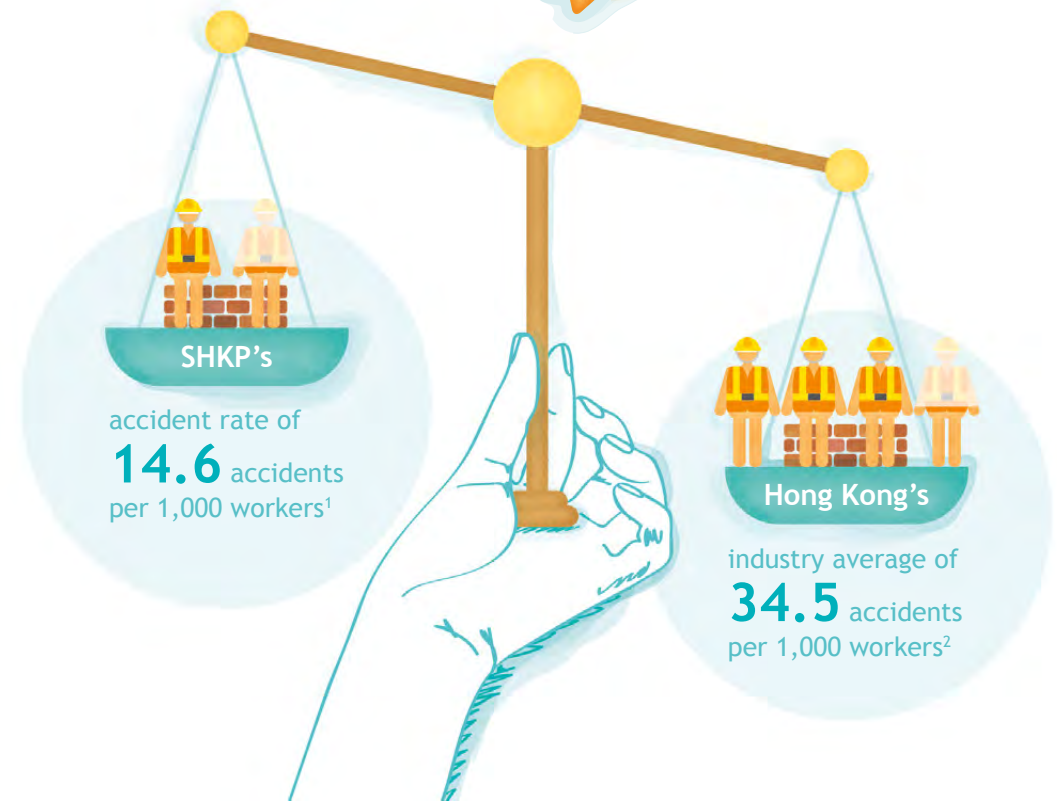
A variety of work-life balance activities arranged to promote employees' well-being

Hearty Hotline



24
hours

counselling and
emotional support





Value Created for Customers



Strategies and Management

The concept of Building Homes with Heart has been deeply embedded in the management of our product and service quality. Recognizing that as a developer our product quality would affect our customers' well-being, our ultimate goal is to provide them with comfortable homes, productive workplaces and enjoyable recreational spaces. We engage with customers through various channels, including the SHKP Club and Club Royal, for greater success, and our customer service protocols cover a wide range of service issues such as satisfaction, health and safety, and information privacy in order to better protect their rights.

Developing Property of the Finest Quality

The Group is dedicated to Building Homes with Heart and has earned widespread recognition for top-quality materials along with meticulous and comprehensive inspections by professional property handover teams. To ensure product quality throughout the development process, the Group follows vertical integration processes in quality assurance, involving experts on different aspects looking after every stage of our development, from land acquisition, project planning and management, materials sourcing and construction to marketing, sales and property management.



The Group's top management takes the initiative to receive feedback on quality from customers by visiting new developments

To earn further trust from customers, in 2013 the Group initiated a three-year warranty on new residential developments. The warranty represents the longest period of coverage offered by a Hong Kong property developer and demonstrates that we not only take our responsibility seriously, but also have absolute confidence in our product quality.

The Group sees the needs of different customers as equally important. We work to overcome barriers across age, gender, disability, income, and linguistically and culturally diverse groups when we design properties to ensure equal access. We use a scoring system and checklist with reference to the latest design manual – Barrier

Free Access – published by the Buildings Department that allows us to evaluate barrier-free facilities and upgrade the amenities of our properties whenever necessary and feasible, thus enhancing access.

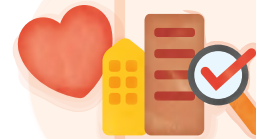
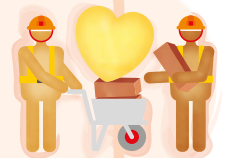


Design

- Anticipate customer needs based on our extensive experience in property development and customer feedback

Construction

- Select materials with strict quality assessments
- Monitor work to ensure a high level of safety and quality



Pre-sale

- In-house experts inspect building quality against the Group's quality standards
- Conduct quality audits with our project monitoring team and ensure there are no defects in finished projects

Handover

- Start planning operations for handover six months in advance, conduct at least three full scale checks of over 120 items in every unit
- Deliver complete, accurate and understandable information to consumers following the applicable sales regulations



After Sale

- Monitor and review health-and-safety items of all properties managed by qualified safety officers
- Offer a three-year warranty to buyers of new residential units
- Solicit feedback from customers and actively respond to their needs

International Recognition of Premium Property Quality



ICC was honoured as one of the 125 most important structures in the past 125 years by the US *Architectural Record* magazine. ICC was the only building in Hong Kong on the list, which included famous landmarks such as the Empire State Building in New York and Centre Georges Pompidou in Paris. This recognition highlights ICC's position as a quality development.

Our architects keep the concepts of Intelligence, Collaboration and Continuity in mind from design to operation of the building and place great emphasis on enhancing its synergy with other components of the ICC complex to create a favourable environment for different users – including tenants, residents and guests – in addition to outstanding structural design.

Intelligence

Advanced technologies are deployed in ICC to benefit users. Its elevator system uses destination controls that allow office tenants to choose their floors by putting a card on the reader, and provides secure, convenient mobility for high-end tenants such as multinational investment banks. ICC also has extensive sensors inside the building, so management can adjust the air temperature to a more precise scale for improved comfort by effective control of each sub-system.



Collaboration

We designed ICC complex as a paradigm of transit-oriented development with luxury residences, modern stores and six-star hotels collaborating to fulfil the needs of customers in a wide range of aspects. Residents, tenants and guests enjoy upscale shopping, dining, entertainment and cultural offerings close to their living and work space. The complex effectively combines the concepts of live, work and play in a single location.

Continuity

Given Hong Kong's status as a commercial hub, ICC attaches high importance to ensuring business continuity at all times. It has three data centres to enhance connectivity and prevent system failure. The power system is supported by two sub-stations, power cells, 12 generators and fuel reserves for emergencies. Office tenants can communicate with partners from different time zones and continue business even under extreme weather conditions. ICC has also been certified with ISO 22301 Business Continuity Management System for its commitment to minimizing the impact of disruptive incidents.



Visit our ICC: www.shkp-icc.com

Providing Exceptional Property Management

The Group ensures customer satisfaction by providing optimal property management after completion through subsidiaries Hong Yip and Kai Shing. They follow international standards in property and facility management, and strive for premium service quality in a wide range of aspects including health and safety, information security and technological information.

In an effort to maintain continued improvement, the Group constantly introduces new technology to complement property management needs. For example, Kai Shing's IT team integrated a Rewards e-as-y function into the shopping mall's mobile app to help visitors gain points for their loyalty programme with ease. Likewise, Hong Yip adopted a SoProp mobile app that enables residents to use for identification to enter their buildings and book clubhouse facilities. The application also allows the management office to send QR codes to visitors so that they can gain access without having to fill in a logbook.



Efforts by the Group and its property management subsidiaries are widely recognized as meeting international standards and have won various awards.

Information Security: ISO 27001

- Hong Yip is a market leader in information security for property and facility management, and was the first local property management company to obtain ISO 27001 certification.
- Training is provided to employees who manage sensitive customer and company information.

Service Quality: ISO 9001

- We benchmark quality management against industry best practices and our management systems are certified to ISO 9001.
- We give staff clear guidelines and regular training to enhance their abilities to resolve customer issues continuously.



Customer Satisfaction and Complaints Handling: ISO 10002

- Our property management subsidiaries have an ISO 10002-accredited complaints management system to create a customer-focused environment.
- We undertake a formal review of all customer complaints to ensure that feedback is provided within an appropriate time.

Health and Safety: OHSAS 18001

- We provide OHSAS 18001-accredited health and safety management systems that surpass regulatory requirements.
- We regard health and safety as top priorities and carry out regular tests to evaluate the effectiveness of these systems.



Business Continuity: ISO 22301

- Kai Shing has an ISO 22301-accredited Issues and Crisis Management System at ICC and conducts regular drills to prepare for business disruption incidents. Business continuity procedures are devised whenever substantial risks are identified.

Achievements:

- Hong Yip has received Sing Tao Service Awards – Property Eco Management for 11 consecutive years.
- Hong Yip has won Hong Kong Service Awards from *Eastweek* magazine for 13 consecutive years.
- Valais attained a Gold Award in the 2016/17 Best Property Safety Management Award.
- Six properties managed by Kai Shing were recognized in the 2016 Kowloon West Best Security Services Awards and more than ten staff received Outstanding Security Guard and Best Security Guard Awards.
- Kai Shing won a Sing Tao Excellent Services Brand Award 2016 in the Residential Property Management category for an 11th consecutive year.
- Nineteen office, commercial or residential properties under Kai Shing won the Excellence in Facility Management Award 2016 from the Hong Kong Institute of Facility Management.
- Six properties under Kai Shing won Best Property Safety Management Award 2016-17.



CASE STUDY

Award-winning Customer Service

The Group strives to keep customers happy with their premium service quality for existing properties while continuing to pursue excellence for new property developments. The MOKO shopping mall completed a major revamp in the second half of 2015, resulting in a more attractive layout and improved service, bringing with it a number of industry awards in 2016.



The renovation project won the highest Gold Award in the Renovations / Expansions category of the 2016 Asia Pacific Shopping Center Awards from the International Council of Shopping Centers. We believe that quality customer service is a key factor in creating long-term value on top of the structural design of a mall. The MOKO customer care team received a Customer Service Award in the 2016 Hong Kong Awards for Industries: Customer Service from the Hong Kong Retail Management Association. The team was highly praised for its professional and caring service during assessments by mystery shoppers and judges.

MOKO strives to improve customer service by continuously arranging comprehensive training to educate staff on professional, practical customer service. The Group responds to the needs of staff and cultivates a cheerful work environment to encourage staff to serve customers with their heart.

The Group also introduces innovative mall services. MOKO was the first Hong Kong mall to provide same-day delivery. Customers can take their purchases to a designated pick-up point and our staff help arrange delivery. MOKO won a Silver Best Service Outlet Award in the Hong Kong Retail Management Association 2016 Service & Courtesy Awards, which are regarded as the Oscars of the retail sector.

Commenting after an award presentation ceremony, MOKO General Manager Raymond Chan said,

“Taking part in competitions builds rapport within the team and fosters a culture to serve. We will continue to strive for perfection and offer diverse value-added services for delightful shopping.”



Visit our MOKO: www.moko.com.hk

Enhancing Stays for Hotel Guests

Striving for high customer satisfaction by providing caring service and quality food, the Group is committed to creating homes away from home for our hotel guests. The Guest Service Standards for our hotels ensure that our employees take good care of guests from the day we greet them on arrival to the day we bid them farewell. Periodic training is given to staff so that they can handle different circumstances professionally at all times. Such training covers standard behaviour, telephone courtesy, complaint handling and more. We also attach great importance to food quality and safety, which can substantially affect customers' well-being. As a result of our unceasing efforts to enhance quality and service, our hotels were widely recognized by travel agencies.

Achievements:

- The Royal Garden and several Group restaurants were listed in the *Michelin Guide Hong Kong & Macau*.
- The Royal Garden and Royal Park Hotel received Gold Circle Awards from Agoda.com for consistently high guest reviews.
- The Royal Plaza Hotel received an award from TripAdvisor as one of the Top 25 Hotels for Families in Asia Travellers' Choice as well as one of the Top 10 Hotels for Families in China.
- The Royal Park Hotel received a Certificate of Excellence from TripAdvisor in recognition of its hospitality excellence.
- The Royal View Hotel received an award in GoHome Best Serviced Apartment Awards 2017 organized by GoHome online property portal in Hong Kong, reflecting its excellent service and comfortable living environment.
- Our commitment to providing prestigious hospitality to customers has earned the Group many awards for service excellence from online agencies, including Agoda.com, Hotels.com and Booking.com.



Pursuing Continuous Improvement in Products and Service

We encourage our staff to strive for continuous improvement in their workplace. Recognizing that healthy competition is conducive to generating innovative ideas and enhancing product and service quality, the Group has established several award schemes to recognize staff members who have made outstanding contributions and improvements in product and service quality. The Quality Raising Suggestion Scheme and Work Safety Suggestion Scheme were introduced to encourage employees to offer ideas for daily operations with diverse targets such as quality, efficiency and workplace health and safety. Winning entries have to be feasible ideas that the Group can put into practice.

Quality Raising Suggestion Scheme



The Quality Raising Suggestion Scheme has been running for 23 years. We solicit innovative, feasible ideas to enhance work efficiency and customer service and look to apply them in daily operations. Staff contributed various suggestions this year for the greater success of the company. The Quality Raising Gold Award went to a smartphone application invented by Hong Yip and Lik On Technology colleagues that replaces resident cards for building and clubhouse access, saving time and improving security.

Work Safety Suggestion Scheme



The Work Safety Suggestion Scheme was in its eighth year. Silver Award this year went to staff in the Construction Department who devised an improved way of erecting perimeter safety fences for buildings under construction, producing consistent, stronger fencing with less work.

Customer Care Ambassador Election

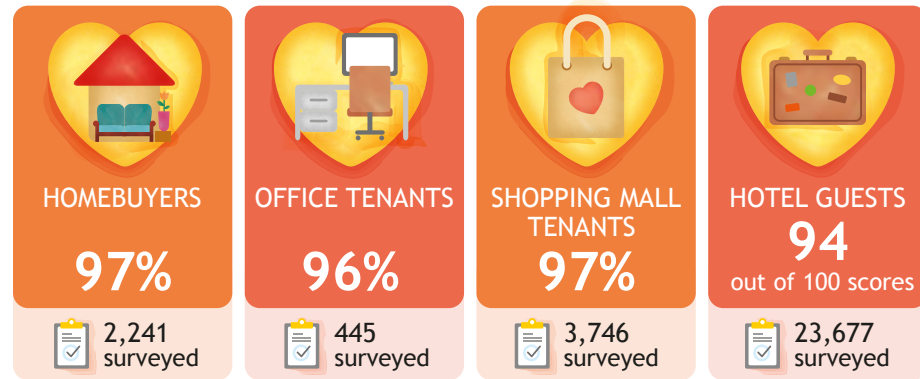


The Group values customer service in addition to technological innovations in properties it manages. Its Customer Care Ambassador Election encourages employees to serve customers with heart. Elections are based on public votes and assessments by mall supervisors and mystery shoppers. Staff this year generally received higher scores from mystery shoppers than last, exhibiting improvement in overall service quality.

Bridging the Gap with Customers

Customer opinions are the key to formulating future improvements. We genuinely listen to customers over various business sectors, and our efforts in customer service produced positive comments and feedback over the year.

'Good' or 'Excellent' Ratings



We adhere to stringent customer service protocols and operational procedures that underscore our commitment to quality service. A Group complaint resolution system handles comments and complaints from shopping malls, offices and residential properties. All comments and suggestions are carefully followed up by responsible teams from respective divisions within a reasonable timeframe depending on the business nature.

Performance of Hotels

All Complaints

Response within

48
hours

Performance of Property Management

Emergency Complaints

Immediate response



Verbal Complaints

Verbal response within

10 minutes



Written Complaints

Written response within

10 working days



SHKP Club

The Group pioneered developer-loyalty clubs in 1996 with the SHKP Club to boost communication with potential and existing customers, and it remains the largest developer club in Hong Kong with over 380,000 members. As a key communication channel, the Club builds long-term relationships with customers by providing property-related benefits and leisure activities that promote loving homes. Multiple communication channels are used, including surveys, social media and other online channels, to follow market trends.

The largest developer club
in Hong Kong with over

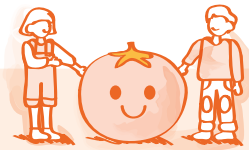
380,000
members



The Club celebrated its 20th anniversary with special property incentives on new residential developments for members. Rising sophistication among members has led to activities with interactive elements and parent-child participation. The Club took members to carnivals for new developments, and staged a family tour of wetlands in Yuen Long that are part of PARK YOHO to offer a better understanding of ecology. The Love in SHKP Tour family activities enabled members to learn about the Group's diverse businesses such as a workshop with SmarTone on virtual-reality technology and a tour of a Kowloon Motor Bus depot highlighting nostalgic retired buses and unseen aspects of operations. A Family Fun Day saw members invited to Sun Hung Kai Centre for seminars delivered by a clinical psychotherapist and a registered dietician, along with a healthy lunchbox workshop and a parent-child yoga session.

The Club follows the Building Homes with Heart ideal and promotes domestic harmony with Loving Home campaigns on its website, Cherish Your Family Facebook page and a variety of activities and competitions for members and the public. These have included:

- The Lovey-loving Family Health Exhibit comic gallery in Group's malls to promote healthy lifestyles, which attracted over a million views
- Plans for Family Health Competition that drew more than 7,500 entries, which offered practical ways to improve family health
- Ten Ways to be Healthy and Lovey-loving Family comics on the Club's Cherish Your Family Facebook page
- Lectures for members with experts offering advice on emotional health in children
- Get Moving! Shopping mall events that brought over 1,000 members and relatives to YOHO Mall movie previews, IFC Mall's Sketch Town digital art installation, Special Ninja Training Camp at MOKO and more



SHKP Club's popular Lovey-loving Family Health Exhibit comic gallery

Members visit new Group's developments to tour the landscapes and join exclusive workshops



Club members got free priority screenings of *Dangal* and *Bad Genius* for the official opening of YOHO Mall



The Club collects feedback to understand customers better



Visit our SHKP Club: www.shkpclub.com

Club Royal

Following the success of SHKP Club, the Group established another two-way communication channel between hotel customers and the Group via Club Royal. The Club began in 2004 and now has nearly 34,000 members. While communicating with members through a monthly newsletter, email and a telephone hotline, the Club also offers them exclusive hotel discounts.

Respecting Customers' Rights Protecting their Health and Safety



We consider customer health and safety in all of our residential and commercial properties, including shopping malls and hotels. The health and safety management systems of our construction and property management subsidiaries are OHSAS 18001-accredited and surpass basic legal requirements.

Air quality can directly affect the health of users, especially those suffering from respiratory diseases. We arrange regular inspections of air-handling units and replace filters on a regular basis to improve ventilation and maintain good air quality in all of our buildings at all times. By applying the latest technology on indoor air quality, many of our buildings have qualified for 'Excellent' or 'Good' Indoor Air Quality certification from the Indoor Air Quality Information Centre, demonstrating our principle of creating comfortable environments for our property users.

Understanding that prevention is better than treatment, we offer a series of measures to minimize health and safety risk. To increase tenants' awareness of health and safety, our property managers arrange periodic fire drills along with talks on safety topics. We also conduct regular inspections of fire systems. These measures are above the legal requirements.

We consider food safety risk as a significant issue in our hotel business, and accordingly it is a priority with hotel management. Most Group's hotels have Hazard Analysis Critical Control Point systems that help prevent food-borne diseases. Our hotels review food audit results carefully to ensure the quality of their food supplies. The food safety management system at The Royal Garden also has ISO 22000 certification.

Ensuring Customers' Information Security



The Group takes customer privacy issues very seriously. Data privacy is a significant concern of our stakeholders in the new information era. A set of policies and procedures are in place to ensure compliance with the relevant laws and regulations. We have established a Customer Data (Privacy) Policy on the collection and use of customer data, which can be found on our website at www.shkp.com/pages/customer-data-policy. We have an IT Governance Steering Committee overseeing all information security management issues to protect customer data in all of our operations. Personal data is properly managed by the IT Department under stringent security. Relevant training on managing sensitive customer and company information is provided to frontline employees as well as the IT Department.

Value Created for Supply Chain

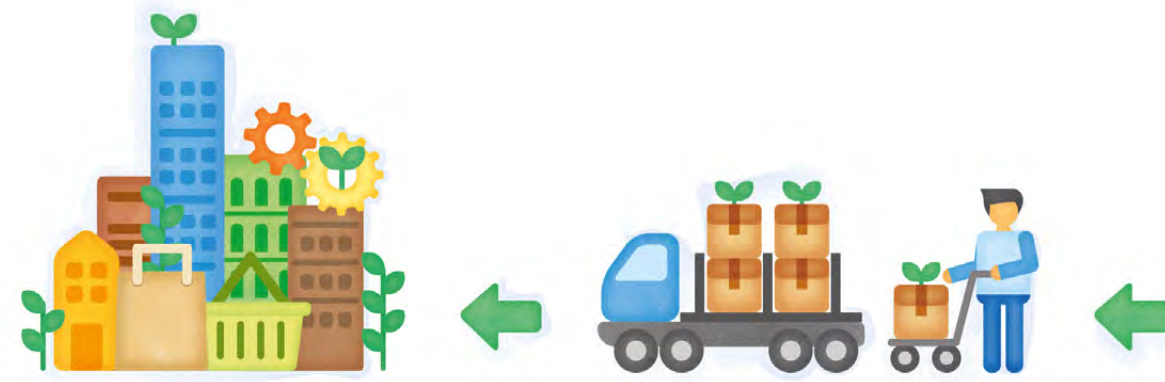


Strategies and Management

Suppliers are indispensable to our value chain as their responsible business practices are crucial in contributing to our success in the pursuit of quality excellence and in enhancing our reputation. With a comprehensive supply chain management mechanism, we have been able to monitor and evaluate different aspects of their performance including product and service quality and business ethics. Suppliers are required to follow the Group’s environmental and occupational health and safety policies to ensure that they will help build a better future with us. Periodic reviews are performed in order to ensure compliance.

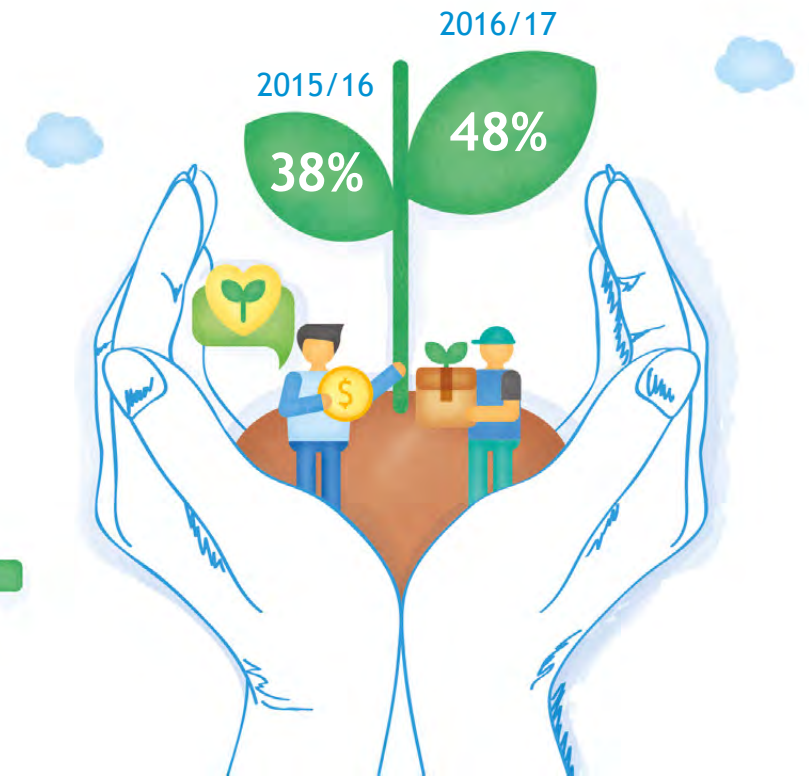
Engaging Suppliers

The Group’s diverse supplier base helps drive innovation and the delivery of high-quality products and service, while contributing to local economic growth. This year, the Group has engaged more than 5,200 suppliers and subcontractors, paying them a total of HK\$8.1 billion. Choosing local suppliers whenever possible reduces the carbon footprint attributed to product transportation. This year, over 95% of our products were sourced locally this year. The Group minimizes risk in its supply chain by avoiding reliance on a single supplier for a particular area, and its five largest suppliers accounted for less than 30% of purchases this year.



	Head Office	Construction	Hotels	Property Management
Number of Suppliers - Hong Kong	50	313	2,307	2,581
Number of Suppliers - Non-Hong Kong	–	7	31	42

Proportion of Goods Purchased with Environmental Consideration



Achieving Greater Success with Suppliers

The Group is keen to create sustainability value through long-term partnerships with suppliers and has worked with Schindler Lifts (Hong Kong) Limited (Schindler Lifts) for decades on mobility solutions. We benefit from their pool of talent in a variety of specialist disciplines from engineering design to construction management. Through innovation, they have continued to improve the environmental footprint of their products and social conduct, and these are in line with our Group's sustainability initiatives.

The Group engages Schindler Lifts as early as the planning phase of a project. We believe that having an understanding of building requirements and traffic and population simulation will enable them to construct efficient buildings by better utilizing space and systematic population flow along with the latest technology in elevators and escalators.

Here are some examples of technology in our developments:

PORT Technology

PORT (Personal Occupant Requirement Terminal) technology is the latest transit management elevator system and is used in ICC. This intelligent system helps group passengers going to the same or nearby floors in the same elevator. With fewer intermediate stops, the system can efficiently reduce travel time and save energy up to 30% over conventional elevators.



Double-deck Elevators

Double-deck elevators provide efficient mobility solutions for mixed-use buildings. Passengers are directed to floors for lower or upper boarding based on their destinations, and as double-deck elevators serve two floors at the same time they can carry twice as many passengers. The design can effectively manage massive flows of people, which is important for skyscrapers accommodating thousands of users every day.

Power Factor One

Power Factor One is an energy converter embedded in an elevator system that returns power generated by the lift to the building's power grid. The drive efficiency is 95%, resulting in lower energy consumption. This system is being used in some of our shopping malls, including APM.

Schindler Lifts is developing more innovative technologies and the Group continues exploring collaboration opportunities with suppliers to seek more efficient and greener mobility solutions. We will work closely with our suppliers in the model of our partnership with Schindler Lifts and create more successes in the future.



The drive efficiency is 95%, resulting in lower energy consumption

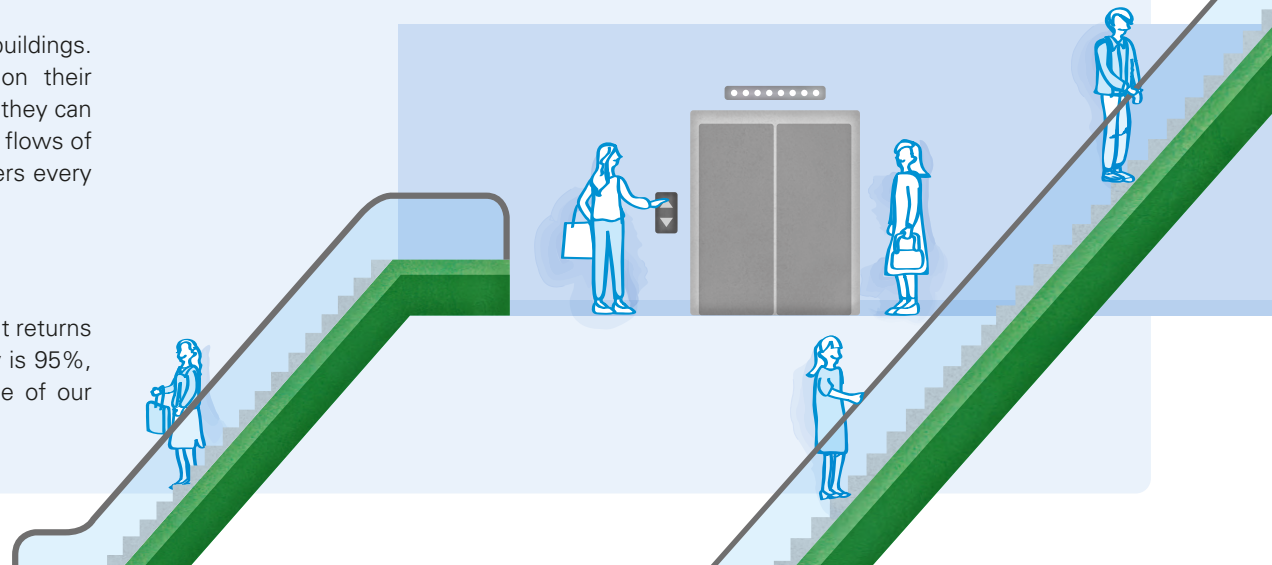


Derek Chan
Existing Installation Director
Schindler Lifts (Hong Kong) Limited

“

Sustainability is encapsulated in our motto of 'Thinking Ahead. Acting Today.' As the proud partner of SHKP's projects, we provide smart, innovative and green mobility solutions so that together, we are continuously reducing our environmental impact and contributing to the development of sustainable cities for the future.

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Building a Responsible Supply Chain Creating Shared Commitment with Suppliers for Sustainability

We have high expectations in the sustainability performance of our suppliers with the aim of achieving sustainability throughout the value chain. Our requirements for suppliers' environmental and social standards are clearly stated in tender invitations and supplier contracts starting with the selection process.

With a commitment to meeting its sustainability goals with suppliers, the Group has adopted a series of measures to promote sustainability in the procurement process. Potential suppliers which can demonstrate the ability to deliver on environmental standards including ISO 14001 Environmental Management System requirements and green procurement policies are given priority in our selection process. We also try to identify small- to medium-sized suppliers as well as social enterprises.

The Group expects suppliers to improve continually and follow responsible business practices; operating in accordance with local laws and regulations. We also encourage suppliers to adhere to our environmental and occupational health and safety policies and follow stringent corporate governance standards.

The Group abides by the ten principles of the UNGC and encourages suppliers to do the same. Our suppliers' employees should enjoy freedom of association and be free from discrimination. Child and forced labour are strictly prohibited. We give regular training to suppliers to strive for improvement and fulfil our commitment to enhancing sustainability along the supply chain.

The Group established a Construction Wage Protection Partnership Scheme to enhance conditions for workers in the supply chain. The scheme ensures that construction workers are paid in a timely and fair manner, and are covered by the Mandatory Provident Fund retirement scheme, in the belief that fair rewards and compensation will motivate workers to deliver high-quality work.

We have a set of review mechanisms to monitor compliance on a regular basis to ensure that supplier performance meets the Group's requirements. Periodic inspections of construction sites on environmental issues such as air quality and waste water treatment are carried out. Sustainability evaluations are conducted on contractors and suppliers in the property management division biannually and the results will serve as an important indicator for future supplier selections. Suppliers failing to meet the standards stated in the tender, infringing on relevant laws and regulations or committing misconducts in the contract period can be downgraded or removed from our tender list.

Food safety issues are one of the key foci of our hotel business. Improper processing and logistics from suppliers can lead to food contamination and spoilage, posing potential health risk and dampening the satisfaction of our hotel guests. The Group has carried out rigorous food audits on suppliers, covering personal hygiene, food processing and storage conditions, pest control, equipment cleaning, waste management and chemical storage management. Special attention is paid to high-risk items such as fresh seafood and ready-to-eat food. A full 100% of our food suppliers obtained satisfactory results this year. Suppliers who fail to meet requirements in the audits are immediately removed from our approval list.

Extending Our Health and Safety Commitment

We have precise health and safety protocols for the Group's contractors to strictly follow to prevent injuries or fatalities at our construction sites and this shows our respect for human life. There are other initiatives at construction sites including sunshade brims and UV protective clothes for site workers to improve health and safety conditions.

Some construction site work carries health and safety risks, but these can be minimized by educating workers on proper procedures and ways for prevention. The Group arranges mandatory health and safety training before the start of work covering a wide range of aspects in different stages of a project. These include safety card renewal, safe use of lifting apparatuses, working at height, manual handling, safety management and housekeeping. This year, we recorded over 350,000 attendances for health and safety training courses.

Before Commencement

- Induction training on health and safety issues, in particular on conditions of individual sites



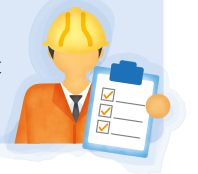
During Construction

- Weekly 'toolbox talks' or whenever there are changes in procedures
- Site-specific training for complicated procedures requiring technical knowledge



Post Completion

- Assessment of safety effectiveness to identify areas for improvement in future projects



We conduct regular reviews with contractors and subcontractors following the Group's health and safety management policies and applicable procedures to ensure that their health and safety performance fulfils expectations. Site safety personnel conduct quarterly compliance checks and we do biannual safety audits in accordance with the Factories and Industrial Undertakings (Safety Management) Regulation.

Accident Rate Per 1,000 Workers

Our contractors

13.9¹



Industry average

34.5²



Transparent, comprehensive reporting on safety incidents helps the Group evaluate health and safety performance. Workers may be dissuaded from filing accident claims by charges for making such claims, so we waive the standard industry fees levied on claims filed by contractors at all projects to measure safety statistics accurately.

During the year, we recorded zero fatalities at construction sites where we were the main contractor and subcontractor.

¹ Calculation uses the methodology adopted by the Hong Kong Construction Association.

² Industry rate is calculated on the calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin Issue 17 (August 2017) from the Hong Kong Labour Department.

Anti-corruption

Our Code of Conduct and anti-corruption policy set out our commitment to guarding against bribery and corruption. We also have the same expectations for our suppliers and contractors, and relevant policies are available on our online vendor platform. We require tendering companies and board members to declare any conflicts of interest. They are also encouraged to report suspected misconducts via our whistle-blowing mechanism. Violations of the Code of Conduct and anti-corruption policy are reported to regulators. We did not knowingly work with any contractors or suppliers that failed to comply with the Group's anti-bribery and corruption policies during the year.

The Group has established whistle-blowing channels. All our employees are welcome to report suspected cases of misconduct, malpractice, impropriety or unethical and unfair treatment. The mechanism provides that all reported cases are promptly and thoroughly examined while the information is kept confidential to protect the relevant parties. Cases are referred to the responsible law enforcement authorities if any misconduct is found after investigation.

Competition

Anti-competitive behaviour is viewed as a high risk in our value chain and we endeavour to tackle such practices at all times. We prevent bid rigging in the tendering process by frequently updating and evaluating our authorized list with qualified and pre-approved companies. Only companies on the list are invited to tender. All tenderers are additionally required to submit an integrity and anti-collusion confirmation letter stating that there is no anti-competitive behaviour in their businesses.

The Group has had external experts training our employees on relevant regulations, anti-competitive conduct and management of such risks within the supply chain since the enactment of the Competition Ordinance in June 2012.



Value Created for Community



Strategies and Management

As a major property developer and leader in Hong Kong's real estate market, we are keenly aware of our responsibilities to the community, motivated by the Group's philosophy of Building Homes with Heart as our business continues to grow.




Comprising top executives of the Group, our Corporate Social Responsibility Committee plays a vital role in overseeing our investments in community activities. Working for the benefit of the community, the Committee ensures that our community investment strategy follows these key principles:

- Build close partnerships with non-governmental organizations and other stakeholders;
- Encourage direct participation through actively engaging our staff;
- Promote long-term, sustainable community programmes; and
- Contribute to the community through strategic use of our resources and networks, and the skills of our staff.

Our three-pronged approach reaffirms our community investment strategy. We hope to address society's needs and benefit the community with a wide range of initiatives that promote reading and education, sports for charity, healthy living and care for the underprivileged.



During the year, we paid HK\$6,750 million in tax to the Hong Kong Government and gave HK\$48 million in charitable donations and in-kind sponsorships. Recognized by The Community Chest of Hong Kong as the Third Top Donor for the year, the Group also won a President's Award and Award of Merit in recognition of its contributions to society. The Group and 87 related entities were also named Caring Companies for the year. SHKP and seven subsidiaries, including Hong Yip, Royal Park and Royal Plaza, earned the distinction for the fifteenth year while 61 other entities earned the title for five or more years. The accreditation is testimony to the Group's care for the underprivileged as well as its contributions to the welfare of the community over the years.

	Reading and Education 	Sports for Charity and Healthy Living 	Care for the Underprivileged 
Objectives	<ul style="list-style-type: none"> • Promote a reading and learning culture 	<ul style="list-style-type: none"> • Encourage healthy lifestyles and sports for charity 	<ul style="list-style-type: none"> • Support the needy
Commitments for 2016/17	<ul style="list-style-type: none"> • Provide opportunities to nurture reading habits among children, youths and the public 	<ul style="list-style-type: none"> • Encourage more people to participate in sports events and exercise for wellness • Continue promoting work-life balance for staff and among all • Contribute to the well-being of children and youths 	<ul style="list-style-type: none"> • Partner with charitable organizations to help more underprivileged people and families
Achievements in 2016/17	<ul style="list-style-type: none"> • Introduced the free <i>linepaper</i> interactive platform to promote reading to the younger generation • Presented by SHKP Reading Club, a series of Read On, Move On activities coupled the enjoyment of reading and exercise • Read to Dream programme sponsored more than 1,600 underprivileged students to attend the 2016 Hong Kong Book Fair 	<ul style="list-style-type: none"> • Staged the fifth SHKP Vertical Run for Charity – Race to Hong Kong ICC • Continued as the title and charity sponsor of the second Sun Hung Kai Properties Hong Kong Cyclothon 	<ul style="list-style-type: none"> • Ran the 15th annual Modern Apprenticeship Programme • Sponsored 10,000 square feet of free co-working space for young local entrepreneurs' start-ups • Donated a site to the Hong Kong Sheng Kung Hui Welfare Council for the construction of an intergenerational service centre
Goals for 2017/18	<ul style="list-style-type: none"> • Promote and sustain reading culture in Hong Kong and on the mainland • Reach a wider audience via <i>linepaper</i> to promote enjoyment of reading 	<ul style="list-style-type: none"> • Continue support for major annual sporting events • Maximize the value of sports with effective use of proceeds 	<ul style="list-style-type: none"> • Maintain strong partnerships with charitable organizations • Promote initiatives for the underprivileged to address social needs

Cultivating a Culture of Continuous Learning



The Group believes that continuous building of skills and knowledge through reading helps a person's holistic development and encourages intellectual exchanges and relationships that contribute to the better society.

Inspiring and Enriching Individuals through the SHKP Reading Club

The SHKP Reading Club was established by the Group in 2013 to encourage sharing of knowledge within a learning culture, aiming to maximize the joy of reading with various programmes and competitions. The total number of members in Hong Kong and on the mainland has exceeded 50,000.

The Club uses digital and traditional channels as part of its ongoing efforts to promote reading. It has introduced the free *linepaper* interactive reading platform website and smartphone application with a variety of content such as articles by columnists, interviews with authors, audio books and videos. There is also an English Corner featuring interesting works to spread appreciation of literature.



Visit *linepaper*: www.linepaper.com

Read to Dream

The Read to Dream programme has been the SHKP's annual signature event, with St James' Settlement and the Hong Kong Trade Development Council exposing students to the



Showing disadvantaged students the world of reading through Read to Dream

fun of reading since 2008. The programme took over 1,600 underprivileged students to the 2016 Hong Kong Book Fair and offered them all allowances to buy books. The Club also ran a booth at the fair and invited celebrity guests to give talks and workshops to spread the joy of reading.

Read & Share

The Group continued to work with the Hong Kong Aided Primary School Heads Association to present the Read & Share programme to schools from different districts over the 2016/17 academic year. The programme consisted of a variety of children's poetry activities to encourage children to create and enjoy the fun of reading. Over 30,000 teachers and students took part in 100-plus activities, including workshops with poets and illustrators, and talks with writers and book lovers.

2016/17 Young Writers' Debut Competition

The sixth biennial competition staged by the Group and Joint Publishing (Hong Kong) attracted over 1,100 entrants. With the theme 'future', the competition was intended to bring out the authors' dreams and aspirations. Nine winners had their books published for debut at the 2017 Hong Kong Book Fair.

Read On, Move On

The Club this year continued to encourage reading and sports through various membership activities of Read On, Move On that combines reading and sports. Activities included cultural cycling tours, talks on the benefits of exercise, and stair-climbing tours to introduce participants to reading and exercise. The events drew nearly 100 participants.

Letter to My Family Book Review Competition

This competition in the Building Homes with Heart spirit encouraged people to express their love for family in letters. It drew 6,600 entries on topics like childhood memories, challenges in life and relationships with parents, grandparents and children. The winners were recognized at a presentation in August 2016.

Visit SHKP Reading Club: www.shkpreadingclub.com



Contributing to Sports for Charity and Healthy Living

The positive impact of exercise is maximized for individuals and the community when it is done along with a good cause. The Group has demonstrated the 'exercise for good' spirit by promoting and supporting sports for charity over the years. This year, the Group's signature events included the SHKP Vertical Run for Charity and the Sun Hung Kai Properties Hong Kong Cyclothon.

SHKP Vertical Run for Charity

SHKP Vertical Run for Charity began in 2012 at ICC in Hong Kong and extended to Shanghai IFC in 2014. The Race to Hong Kong ICC is the final event on the Vertical Run Circuit, an annual race series at iconic skyscrapers around the world. The rising popularity of the event over the years has attracted more than 10,000 runners, raising in excess of HK\$30 million. As in previous years, proceeds from the 2016 races were donated to official charity partners to support child and youth services in Hong Kong and Shanghai.



Race to Hong Kong ICC as sports for charity since 2012

Visit SHKP Vertical Run for Charity: www.shkpverticalrun.com



SHKP Rainbow with KIDS

Proceeds from the SHKP Vertical Run for Charity and additional funds from the Group go to charities including The Community Chest of Hong Kong and The Hong Kong Council of Social Service to sponsor projects that help disadvantaged local children and youth.

One of the projects sponsored by the 2016 SHKP Vertical Run for Charity was SHKP Rainbow with KIDS by The Hong Kong Council of Social Service. Following the spirit of Building Homes with Heart, the programme provided support for about 160 children suffering from such crises as the passing away of a parent, domestic violence or the breaking up of a family. Participating actively in the planning stage, a typical beneficiary is a four-year-old girl Siu Wai, who suffered major emotional changes after her father passed away. With the help of professional counselling and therapy from the programme, she gradually became more stable and was able to deal with the stress and depression brought by this tragic event.

Backing Sun Hung Kai Properties Hong Kong Cyclothon

Staged by the Hong Kong Tourism Board and held in September 2016, the Sun Hung Kai Properties Hong Kong Cyclothon is the biggest cycling event in the city and aims to promote healthy lifestyles and to raise funds for charity. As title and charity sponsor for the event for the second year in a row, SHKP made additional contributions towards donations raised partly from enrolment fees to support child and youth services. Over 500 staff took part in this year's event, which included four races and five cycling activities. Of the many projects funded by the event this year, the SHKP Smart Kids Learning Projects by The Hong Kong Federation of Youth Groups encourages independent learning among 400 underprivileged children by providing them with free comprehensive learning support including STEM. Another beneficiary, The Boys' & Girls' Clubs Association of Hong Kong, used the proceeds to sponsor the SHKP Health Angel – Child Health Promotion Project to enhance health awareness and living skills among underprivileged families.



The Group's staff participated in the event to promote healthy and sustainable living



Contributing to a Caring Society

The Group has put its long-standing belief of Building Homes with Heart into practice, forming the SHKP Volunteer Team in 2003. The 2,600 members volunteer in multiple initiatives that support the elderly and underprivileged in society, and this year the team put in over 121,000 service hours¹.

121,000
hours
community
service



¹ Volunteer hours are calculated by calendar year.

15th Modern Apprenticeship Programme

In 2017, the Group staged its 15th annual Modern Apprenticeship Programme with youth organization Breakthrough as part of its commitment to helping young people who have underperformed in school to find better futures. The 23 apprentices this year had ten-week internships with the Group in various positions, from construction and property management to hospitality and project monitoring. Candidates were able to build professional skills while exploring their potential and career interests with guidance and support from SHKP staff acting as mentors. For the first time, the mentors went on an exchange trip to Taiwan with full sponsorship from the Group.

Started in 2003, the programme has helped some 300 students whose studies are at a marginal level. Through the programmes, the young apprentices have developed social skills, identified their career aspirations and learned about the value of teamwork. Agnes Wong from the first batch of candidates started working for the Group in 2004 and is now a Customer Service Officer at one of its subsidiaries.



Mentors, participants and guests at the start of the 15th Modern Apprenticeship Programme



Agnes Wong, one of the apprentices of the first Modern Apprenticeship Programme

Bringing Educational Opportunities to the Young Generation



The SHKP-Kwoks' Foundation is committed to nurturing talents through financial support for students completing undergraduate degrees. Since its establishment in 2002, the Foundation has set up scholarship funds and sponsored over 30 training schemes at renowned institutions in Hong Kong and more than 20 provinces on the mainland, such as The Chinese University of Hong Kong, Hunan University and Xi'an Jiaotong University. The Foundation for the first time also sponsored eight students to attend the 2016 Asia Conference held by the Harvard Project for Asian and International

Relations with The Chinese University of Hong Kong. Discussions of international issues led by industry leaders have broadened students' international horizons.



Students sponsored by the Foundation at the 2016 Asia Conference



Sustaining the Building Homes with Heart Caring Spirit

In addition to home visits and maintenance under the Building Homes with Heart Caring Initiative, the Group has organized festive events for the elderly every year since 2011. Some 1,700 elderly people from Tai Po and Southern District were invited to Poon Choi lunches at Noah's Ark to welcome the Year of the Rooster. SHKP Volunteer Team members also paid home visits to the elderly and distributed over 7,000 gift parcels to them during the Lunar New Year.

Investing in Tomorrow for Social Development

During the year, the Group sponsored the Hong Kong X-Tech Startup Platform (HKX), with the X-LAB co-working space for young entrepreneurs to start businesses in technology at lower cost. The co-working space offers young entrepreneurs a chance to seek guidance and support from mentors and investors. The first phase of 3,500 square feet of co-working space and for HKX's headquarters was opened since December 2016 and the extension of the first phase was opened this year, bringing the total area to about 10,000 square feet. During the year the Group also donated a 10,000-square-foot site in Yuen Long to the Hong Kong Sheng Kung Hui Welfare Council, reinforcing its dedication to promoting social and intergenerational harmony. An intergenerational integrated service building incorporating a youth hostel, residential care for the elderly and a centre for special-needs children will be built. Detailed planning of the project is to be carried out.

Supporting technology startups by providing X-LAB co-working space





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Information for Shareholders

SHKP's shares are listed on The Stock Exchange of Hong Kong Limited (Stock Exchange) and are traded over the counter in the United States in the form of American Depositary Receipts (ADR).

Stock Exchange: 16
Bloomberg: 16 HK Equity
Reuters: 0016.HK
Trading Symbol for ADR: SUHJY
CUSIP: 86676H302
ISIN: HK0016000132





Performance Tables

Environmental Performance

	Unit	2016/17 ¹	2015/16 ²
Greenhouse gas (GHG) emissions within the Group			
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO _{2e})	59,227	62,175
Indirect GHG emissions (scope 2)	tonnes CO _{2e}	307,743	306,949
GHG emissions intensity			
Head office	tonnes CO _{2e} /m ²	0.074	0.074
Construction	tonnes CO _{2e} /m ²	0.0106	0.0070
Property management	tonnes CO _{2e} /m ²	0.068	0.069
Hotels	tonnes CO _{2e} / room night	0.041	0.042
Waste disposal within the Group			
General waste	tonnes	85,730	74,760
Construction and demolition waste	tonnes	232,453	370,340
Waste recycled within the Group			
Paper	kg	3,552,403	2,789,241
Plastic	kg	56,399	71,169
Metal	kg	22,309	24,547
Used cooking oil	litre	18,814	14,372
Food waste	kg	546,465	341,787
Glass	kg	59,682	76,310
Construction and demolition waste	tonnes	170,880	273,905

¹ Environmental data of 2016/17 include head office, 35 construction sites, 80 buildings from property management, and 4 Royal brand hotels.

² Environmental data of 2015/16 are adjusted to reflect actual situation, and include head office, 44 construction sites, 80 buildings from property management, and 4 Royal brand hotels.

³ The data refers to energy consumption of common area and air conditioning system in office buildings and shopping malls.

	Unit	2016/17 ¹	2015/16 ²
Energy consumption within the Group			
Total energy consumption	Gigajoules (GJ)	2,946,487	2,988,447
Head office	GJ	9,979	9,984
Construction	GJ	143,817	130,469
Property management	GJ	2,543,534	2,602,483
Hotels	GJ	249,157	245,512
Electricity consumption	GJ	1,873,319	1,866,731
	kWh	520,366,510	518,536,303
Head office	GJ	5,984	5,985
	kWh	1,662,218	1,662,422
Construction	GJ	89,005	63,178
	kWh	24,723,460	17,549,411
Property management ³	GJ	1,578,914	1,600,247
	kWh	438,587,229	444,513,153
Hotels	GJ	199,417	197,321
	kWh	55,393,603	54,811,318
Energy intensity			
Head office	GJ/m ²	0.45	0.45
Construction	GJ/m ²	0.084	0.060
Property management	GJ/m ²	0.55	0.56
Hotels	GJ/room night	0.31	0.31
Gas consumption	GJ	1,008,882	1,043,398
Head office	GJ	204	224
Construction	GJ	800	800
Property management	GJ	959,719	996,140
Hotels	GJ	48,159	46,233
Fuel consumption	GJ	64,285	78,319
Head office	GJ	3,791	3,775
Construction	GJ	54,012	66,491
Property management	GJ	4,901	6,096
Hotels	GJ	1,581	1,958



	Unit	2016/17 ¹	2015/16 ²
Water consumption within the Group			
Total water consumption	m ³	3,728,657	3,834,376
Head office	m ³	4,889	5,208
Construction	m ³	408,572	641,727
Property management	m ³	1,819,871	1,622,178
Hotels	m ³	1,495,325	1,565,262
Water intensity			
Head office	m ³ /m ²	0.22	0.23
Construction	m ³ /m ²	0.24	0.30
Property management	m ³ /m ²	0.39	0.35
Hotels	m ³ /room night	1.86	2.00
Major construction materials used			
Concrete	m ³	495,020	729,125
Bricks	piece	1,948,791	4,729,037
Steel ⁴	tonnes	89,341	98,292

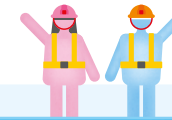
Social Responsibility Performance

	Unit	2016/17		2015/16	
Employment practice					
		Permanent	Contract	Permanent	Contract
Total workforce by employment contract⁵		19,569	5,482	20,119	4,645
Head office	no. of people	1,500	27	1,469	32
Construction	no. of people	2,153	783	2,799	51
Property management	no. of people	14,324	4,615	14,203	4,530
Hotels	no. of people	1,592	57	1,648	32
		Male	Female	Male	Female
Total workforce by gender		14,434	10,617	14,411	10,353
Head office	no. of people	776	751	780	721
Construction	no. of people	2,202	734	2,159	691
Property management	no. of people	10,491	8,448	10,486	8,247
Hotels	no. of people	965	684	986	694

⁴ The data of joint steel and reinforcing steel bar are re-grouped as steel.

⁵ Seasonal and part-time employment does not cause significant variations to the total workforce.

	Unit	2016/17		2015/16	
Total workforce by age group					
Head office					
Under 30	no. of people	176		173	
30-50	no. of people	932		931	
Above 50	no. of people	419		397	
Construction					
Under 30	no. of people	590		608	
30-50	no. of people	1,264		1,171	
Above 50	no. of people	1,082		1,071	
Property management					
Under 30	no. of people	2,073		2,115	
30-50	no. of people	5,632		5,654	
Above 50	no. of people	11,234		10,964	
Hotels					
Under 30	no. of people	398		409	
30-50	no. of people	869		899	
Above 50	no. of people	382		372	
		Male	Female	Male	Female
Total new hires		4,508	4,312	4,878	4,424
Head office					
Under 30	no. of people	24	42	27	51
30-50	no. of people	30	52	39	28
Above 50	no. of people	10	2	9	1
Construction					
Under 30	no. of people	158	42	226	59
30-50	no. of people	158	95	175	86
Above 50	no. of people	121	70	127	101
Property management					
Under 30	no. of people	669	675	789	602
30-50	no. of people	1,022	1,049	1,125	1,056
Above 50	no. of people	2,047	2,078	2,109	2,226
Hotels					
Under 30	no. of people	85	92	96	82
30-50	no. of people	129	85	122	104
Above 50	no. of people	55	30	34	28



	Unit	2016/17		2015/16	
		Male	Female	Male	Female
Employee turnover⁶ by gender (number and rate⁷)					
Head office	no. of people	45	57	58	54
	%	5.8	7.6	7.4	7.5
Construction	no. of people	221	78	239	90
	%	10.0	10.6	11.1	13.0
Property management	no. of people	1,772	1,917	2,018	2,013
	%	16.9	22.7	19.2	24.4
Hotels	no. of people	295	223	241	233
	%	30.6	32.6	24.4	33.6
Employee turnover⁶ by age group (number and rate⁸)					
Head office					
Under 30	no. of people	26		36	
	%	14.8		20.8	
30-50	no. of people	68		67	
	%	7.3		7.2	
Above 50	no. of people	8		9	
	%	1.9		2.3	
Construction					
Under 30	no. of people	126		141	
	%	21.4		23.2	
30-50	no. of people	103		104	
	%	8.1		8.9	
Above 50	no. of people	70		84	
	%	6.5		7.8	
Property management					
Under 30	no. of people	721		733	
	%	34.8		34.7	
30-50	no. of people	1,062		1,173	
	%	18.9		20.7	
Above 50	no. of people	1,906		2,125	
	%	17.0		19.4	
Hotels					
Under 30	no. of people	150		156	
	%	37.7		38.1	

	Unit	2016/17		2015/16	
		Male	Female	Male	Female
30-50	no. of people	268		245	
	%	30.8		27.3	
Above 50	no. of people	100		73	
	%	26.2		19.6	
Occupational health and safety					
Total number of work-related fatalities	no. of people	0		1	
Work-related fatalities rate	per 1,000 workers	0		0.04	
		Male	Female	Male	Female
Injury rate ⁹	per 1,000 workers	21.68	35.51	24.91	31.78
Lost days ¹⁰	days	12,473	16,913	13,182	16,460
Lost day rate ¹¹	%	0.21		0.22	
Absentee rate ¹²	%	0.98		1.08	
Development and training					
		Male	Female	Male	Female
Average training hours per employee by gender and employee category					
Managerial	hours	14.3	15.8	13.4	16.7
Office-grade	hours	17.5	17.9	16.8	16.3
Supporting	hours	14.0	8.6	8.2	6.7
Operational	hours	11.3	7.1	10.3	7.3
Total / Average training hours for health and safety at construction sites	hours	281,056		404,482	
	hours per employee	11.2		16.3	

⁶ The definition of employee turnover follows respective industry standard according to business nature. For our hotel business, turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. For our head office, construction and property management business, voluntary turnover is included in the calculation.

⁷ Turnover rate refers to total number of employee turnover of the gender group per the total number of employees of the corresponding gender group.

⁸ Turnover rate refers to total number of employee turnover of the age group per the total number of employees of the corresponding age group.

⁹ Injury rate refers to work-related injuries with sick leave equal or greater than three days per the total number of employees of the corresponding gender group.

¹⁰ Lost day refers to sick leaves due to all types of work-related injuries.

¹¹ Lost day rate refers to sick leaves due to all types of work-related injuries per the scheduled working days of the total number of employees.

¹² Absentee rate refers to all types of work-related injuries and non-work-related sick leaves per the scheduled working days of the total number of employees.





HKEx ESG Reporting Guide Index


General Disclosures and KPIs	Description	Reference	Page no.	Remarks
ENVIRONMENTAL				
ASPECT A1: EMISSIONS				
General disclosure		Value Created for the Environment	11-17	There were two cases of non-compliance during the reporting period relating to construction dust. HK\$22,000 in fines were paid and we have undertaken remedial work in accordance with law. The Group will continue monitoring and improving its environmental performance
KPI A1.1	The types of emissions and respective emissions data	N/A	N/A	Air emissions are not material to our operations
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Performance Tables	i	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	N/A	N/A	The Group generated no significant hazardous waste during the reporting period
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Value Created for the Environment; Performance Tables	17; i	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Value Created for the Environment	15-16	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Value Created for the Environment	17	Hazardous waste generation and handling are not material to our operations

ASPECT A2: USE OF RESOURCES				
General disclosure		Value Created for the Environment; Value Created for Supply Chain	11-17; 32-36	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity	Performance Tables	i	
KPI A2.2	Water consumption in total and intensity	Performance Tables	ii	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Value Created for the Environment	15-16	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Value Created for the Environment	17	Water sourcing is not material to our operations
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	N/A	The use of packaging material for finished products is not applicable to the Group's business
ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES				
General disclosure		Value Created for the Environment; Value Created for Supply Chain	11-17; 32-36	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Value Created for the Environment; Value Created for Supply Chain	11-17; 32-35	





SOCIAL				
EMPLOYMENT AND LABOUR PRACTICES 				
ASPECT B1: EMPLOYMENT				
General disclosure		Value Created for People	18-24	Please refer to the Directors' Report and Corporate Governance Report chapters (pp. 106-146) of our Annual Report 2016/17 for details. There was no material non-compliance regarding employment and labour practices during the reporting period
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Performance Tables	ii	Seasonal and part-time employment does not cause significant variations in the total workforce. Hong Kong is the only location of operations covered in this report
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Performance Tables	iii	
ASPECT B2: HEALTH AND SAFETY				
General disclosure		Value Created for People	18-24	There was no material non-compliance regarding occupational health and safety during the reporting period
KPI B2.1	Number and rate of work-related fatalities	Performance Tables	iii	
KPI B2.2	Lost days due to work injury	Performance Tables	iii	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Value Created for People	24	

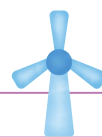
ASPECT B3: DEVELOPMENT AND TRAINING				
General disclosure		Value Created for People	18-24	
KPI B3.1	The percentage of employees trained by gender and employee category	N/A	N/A	All of our employees received regular training relevant to their jobs. We report the average training hours as required by KPI B3.2, which demonstrates our effort in talent development. Please refer to the Performance Tables and Value Created for People for details
KPI B3.2	The average training hours completed per employee by gender and employee category	Performance Tables	iii	
ASPECT B4: LABOUR STANDARDS				
General disclosure		Value Created for People	18-24	The child and forced labour issues are not material to our operations. There were no non-compliance incidents regarding child and forced labour during the reporting period
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	N/A	N/A	See remark for B4 General Disclosure
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	N/A	See remark for B4 General Disclosure



OPERATING PRACTICES

ASPECT B5: SUPPLY CHAIN MANAGEMENT

General disclosure		Value Created for Supply Chain	32-36	
KPI B5.1	Number of suppliers by geographical region	Value Created for Supply Chain	33	This report only covers the Group's operation in Hong Kong
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	Value Created for Supply Chain	32-36	



ASPECT B6: PRODUCT RESPONSIBILITY

General disclosure		Value Created for Customers	25-31	There was no material non-compliance regarding product responsibility during the reporting period
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	N/A	There were no recalls concerning the provision and use of the Group's products and services that have a significant impact on our operations
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Value Created for Customers	28, 30	There were no substantiated complaints received during the reporting period
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A	N/A	Intellectual property rights are not material to our operations

KPI B6.4	Description of quality assurance process and recall procedures	Value Created for Customers	25-31	See remark for KPI B6.1 for recall procedures
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Value Created for Customers	31	

ASPECT B7: ANTI-CORRUPTION

General disclosure		Value Created for Supply Chain	36	There was no non-compliance with anti-corruption practice in the reporting period
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 case	Value Created for Supply Chain	36	There were no cases regarding corrupt practices brought against the Group or its employees during the reporting period
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Value Created for Supply Chain	36	



COMMUNITY

ASPECT B8: COMMUNITY INVESTMENT

General disclosure		Value Created for Community	37-41	
KPI B8.1	Focus areas of contribution	Value Created for Community	37-41	
KPI B8.2	Resources contributed to the focus area	Value Created for Community	37-41	



GRI Standards Content Index - Core

GRI Standards Indicator	Detail	UNGC's Ten Principles	Reference	Page no.	Remarks
GENERAL DISCLOSURES					
ORGANIZATIONAL PROFILE					
102-1	Name of organization		Our Reporting Approach	1	
102-2	Activities, brands, products, and services		Our Business	3-5	Our principal subsidiaries are listed on pp. 216-221 of the Group's Annual Report 2016/17. None of our products or services are banned in certain markets
102-3	Location of headquarters		Our Business	3	Hong Kong
102-4	Location of operations		N/A	N/A	Hong Kong, Mainland China and Singapore
102-5	Ownership and legal form		Our Business	3	Listed on The Stock Exchange of Hong Kong Limited
102-6	Markets served		Our Business	3-5	
102-7	Scale of the organization		Our Business	3-5	A detailed breakdown of financial information is presented on pp. 4-6 of our Annual Report 2016/17
102-8	Information on employees and other workers	Principle 6	Performance Tables	ii	Seasonal and part-time employment causes no significant variation in the total workforce. Workers who are not employees are not covered in this indicator
102-9	Supply chain		Value Created for Supply Chain	32-36	
102-10	Significant changes to the organization and its supply chain		N/A	N/A	No significant change
102-11	Precautionary principle or approach		Value Created for the Environment	11-17	Our environmental policy is listed on our website at: www.shkp.com/pages/environmental-mission-and-strategy
102-12	External initiatives		Our Business	6	
102-13	Membership of associations		Our Business	6	
STRATEGY AND ANALYSIS					
102-14	Statement from senior decision-maker		Message from the Sustainability Steering Committee	2	

ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behaviour		Our Business	3-6	More details can be found on our website at: www.shkp.com/en-us/pages/building-homes-with-heart
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GOVERNANCE

102-18	Governance structure		Our Approach to Sustainability	7	More details on Corporate Governance can be found on pp. 106-122 of our Annual Report 2016/17
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STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups		Our Approach to Sustainability	8	
102-41	Collective bargaining agreements	Principle 3	N/A	N/A	None of our employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders		Our Approach to Sustainability	8	Stakeholders are identified based on their knowledge of selected material issues and businesses
102-43	Approach to stakeholder engagement		Our Approach to Sustainability	8	
102-44	Key topics and concerns raised		Our Approach to Sustainability	9-10	



REPORTING PRACTICE

102-45	Entities included in the consolidated financial statements		Our Reporting Approach	1	See our Annual Report 2016/17 (pp. 216-221) for details
102-46	Defining report content and topic boundaries		Our Approach to Sustainability	10	
102-47	List of material topics		Our Approach to Sustainability	10	
102-48	Restatements of information		N/A	N/A	See our Performance Tables for further information
102-49	Changes in reporting		Our Reporting Approach	1	No significant change in topics boundary
102-50	Reporting period		Our Reporting Approach	1	



102-51	Date of most recent report		N/A	N/A	See our Sustainability Report 2015/16
102-52	Reporting cycle		Our Reporting Approach	1	
102-53	Contact point for questions regarding the report		Our Reporting Approach	1	
102-54	Claims of reporting in accordance with the GRI Standards		Our Reporting Approach	1	Core
102-55	GRI Content Index		GRI Standards Content Index	N/A	See Content Index for Reporting Guidelines (www.shkp.com/html/csr/shk_p_sr_2017_cifrg_en.pdf) for details
102-56	External assurance		Our Reporting Approach; Independent Assurance Opinion Statement	1	See Independent Assurance Opinion Statement (www.shkp.com/html/csr/shk_p_sr_2017_vs_en.pdf) for details

MANAGEMENT APPROACH

103-1	Explanation of the material topic and its boundary		Our Business; Our Approach to Sustainability	3; 10	Aspects that have an impact within the Group only: (1) Employment practices; (2) Employee development and succession planning; and (3) Diversity and equal opportunities. All other aspects have an impact both inside and outside the Group
103-2	The management approach and its components		N/A	N/A	See Strategies and Management section in each chapter for details
103-3	Evaluation of the management approach		N/A	N/A	See Strategies and Management section in each chapter for details

ECONOMIC TOPICS

ECONOMIC PERFORMANCE



Management Approach					
201-1	Direct economic value generated and distributed		Our Business	3	See Group Financial Summary chapter on p. 6 of our Annual Report 2016/17 for details

MARKET PRESENCE

Management Approach			Our Business; Value Created for People	3-5; 18-24	
202-2	Proportion of senior management hired from the local community		N/A	N/A	Hong Kong is our major location of operation. All our executives are hired from Hong Kong. See our website - Directors and Board Committee: www.shkp.com/en-us/pages/directors-and-organization for details

INDIRECT ECONOMIC IMPACTS

Management Approach			Value Created for Supply Chain; Value Created for Community	32-36; 37-41	Indirect economic impacts include jobs supported in the supply chain and community initiatives
203-1	Infrastructure investments and services supported		N/A	N/A	We work closely with government and local communities when developing properties and must take into consideration the impact of our developments on local traffic conditions and other infrastructure. While our investments are commercial, we go beyond regulatory requirements to build high-quality properties like ICC and MOKO. See pp. 27-28 for studies of these two properties

PROCUREMENT PRACTICES

Management Approach			Value Created for Supply Chain	32-36	
204-1	Proportion of spending on local suppliers		Value Created for Supply Chain	32	Local suppliers are defined as suppliers in Hong Kong. Hong Kong is the only location of operation covered in this report

ANTI-CORRUPTION

Management Approach		Principle 10	Value Created for Supply Chain	36	
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205-3	Confirmed incidents of corruption and actions taken	Principle 10	Value Created for Supply Chain	36	There were no cases regarding corrupt practices brought against the Group or its employees during the reporting period
ANTI-COMPETITIVE BEHAVIOUR					
Management Approach			Value Created for Supply Chain	36	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		Value Created for Supply Chain	36	We strictly abide by the Competition Ordinance and are not involved in any cases regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation (if any) in Hong Kong
ENVIRONMENTAL TOPICS					
MATERIALS					
Management Approach		Principle 7,8,9	Value Created for the Environment	11-17	
301-1	Materials used by weight or volume		Performance Tables	i-ii	The major materials we use are for construction-related activities. Although timber is not a major material used, all the timber use to be from sources that are certified as sustainable. Use of packaging material for finished products is not material to our operations
ENERGY					
Management Approach		Principle 7,8,9	Value Created for the Environment	11-17	
302-1	Energy consumption within organization		Performance Tables	i	
302-3	Energy intensity		Performance Tables	i	
CRE1	Building energy intensity		Performance Tables	i	

WATER					
Management Approach		Principle 7	Value Created for the Environment	11-17	
303-1	Water withdrawal by source		Performance Tables	ii	Municipal water is the only source for entities covered in this report
CRE2	Building water intensity		Performance Tables	ii	
EMISSIONS					
Management Approach		Principle 7,8,9	Value Created for the Environment	11-17	
305-1	Direct (Scope 1) GHG emissions		Performance Tables	i	The methodology for estimating greenhouse gas emissions comes from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong – 2010 edition. The emission factors for purchased electricity are illustrated by reference to the information released by CLP and HEC in 2016
305-2	Energy indirect (Scope 2) GHG emissions		Performance Tables	i	See remark for 305-1 above
CRE3	Greenhouse gas emissions intensity from buildings		Performance Tables	i	
EFFLUENTS AND WASTE					
Management Approach		Principle 7,8,9	Value Created for the Environment	11-17	
306-2	Waste by type and disposal method		N/A	N/A	The Group processed no significant hazardous waste during the reporting period
LAND DEGRADATION, CONTAMINATION, AND REMEDIATION					
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations		N/A	N/A	The Group purchases land directly from the government

SOCIAL TOPICS					
EMPLOYMENT					
Management Approach		Principle 3,4,5,6	Value Created for People	18-24	
401-1	New employee hires and employee turnover		Performance Tables	ii-iii	
OCCUPATIONAL HEALTH AND SAFETY					
Management Approach		Principle 1,2	Value Created for People	18-24	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Performance Tables; Value Created for Supply Chain	iii; 35-36	
TRAINING AND EDUCATION					
Management Approach		Principle 6	Value Created for People	18-24	
404-1	Average hours of training per year per employee		Performance Tables	iii	
DIVERSITY AND EQUAL OPPORTUNITY					
Management Approach		Principle 6	Value Created for People	18-24	
405-1	Diversity of governance bodies and employees		N/A	N/A	See Directors' Biographical Information chapter on pp. 147-158 of our Annual Report 2016/17 for details
LOCAL COMMUNITIES					
Management Approach		Principle 1,8	Value Created for Community	37-41	
413-1	Operations with local community engagement, impact assessments, and development programmes	Principle 1	Value Created for Community	37-41	Community investment and engagement are managed at Group level, so 100% of the businesses in this report implement local community engagement
CUSTOMER HEALTH AND SAFETY					
Management Approach			Value Created for Customers	31	

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		N/A	N/A	There were no non-compliance incidents in the reporting period
CUSTOMER PRIVACY					
Management Approach			Value Created for Customers	31	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		N/A	N/A	There were no substantiated complaints regarding breaches of customer privacy or loss of customer data during the reporting period
PRODUCT AND SERVICE LABELING					
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		Our Business; Value Created for the Environment; Value Created for Customers	6; 13, 16; 27-29	
GRIEVANCE MECHANISMS					
Management Approach			Our Approach to Sustainability; Value Created for Customers	7; 25-31	
COMPLIANCE					
Management Approach			Our Approach to Sustainability	7-10	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations
307-1	Non-compliance with environmental laws and regulations		N/A	N/A	There were two cases of non-compliance during the reporting period relating to construction dust. HK\$22,000 in fines were paid and we have undertaken remedial work in accordance with law. The Group will continue monitoring and improving its environmental performance
419-1	Non-compliance with laws and regulations in the social and economic area		N/A	N/A	There was no non-compliance with laws and regulations in the social and economic areas in Hong Kong (if any) during the reporting period



Independent Assurance Opinion Statement

Statement No.: SRA-HK-681052

Sun Hung Kai Properties Limited Sustainability Report 2016/17

The British Standards Institution is independent to Sun Hung Kai Properties Limited (hereafter referred to as "SHKP" in this statement) and has no financial interest in the operation of SHKP other than for the assessment and assurance of 2016/17 SHKP Sustainability Report ("Report").

This independent assurance opinion statement has been prepared for SHKP only for the purposes of assuring its statements relating to the Report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of SHKP.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by SHKP. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to SHKP only.

Scope

The scope of engagement agreed upon with SHKP includes the followings:

1. The assurance covers the whole Report, and focuses on systems and activities of SHKP and its wholly-owned subsidiaries in Hong Kong, which include property management, construction and hotel businesses during the period from 1st July 2016 to 30th June 2017. The Report is prepared in accordance with the Hong Kong Stock Exchange's ("HKEx") Environmental, Social and Governance Reporting Guide ("ESG Guide"), in accordance with the Core Option of GRI Sustainability Reporting Standards ("GRI Standards") and GRI's sector guidance on the Construction and Real Estate Sector, and with reference to the ten principles of the United Nations Global Compact ("UNGC").
2. Type 1 Moderate Level of Assurance evaluates of the nature and extent of SHKP's adherence to three reporting principles, which include Inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the Report has been evaluated.

This statement was prepared in English and translated into Chinese for reference only.



Opinion Statement

We conclude that the Report provides a fair view of the SHKP's sustainability programmes and performances in the reporting year. We believe that the economic, social and environmental performance indicators are fairly represented in the Report, in which SHKP's efforts being made to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers. We planned and performed this part of our work to obtain the necessary information and explanations. We considered SHKP has provided sufficient evidence that SHKP's self-declaration of compliance with the HKEx ESG Guide, the Core Option of GRI Standards, and GRI's sector guidance on the Construction and Real Estate Sector and with reference to the ten principles of UNGC were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to SHKP's policies to provide a check on the appropriateness of statements made in the Report
- Discussion with senior executives on SHKP's approach to stakeholder engagement. We had no direct contact with external stakeholders
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out
- Review of key organizational developments
- Review of supporting evidence for claims made in the Report
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness.

Conclusions

A detailed review against the principles of Inclusivity, Materiality and Responsiveness and HKEx ESG Guide, and in accordance with GRI Standards, GRI's sector guidance on the Construction and Real Estate Sector and the ten principles of UNGC is set out below:

Inclusivity

The Report has reflected a fact that SHKP is seeking the engagement of its stakeholders through numerous channels such as online surveys, focus groups, customer satisfaction surveys, SHKP Club, retail stores, call centres, customer hotline, online and mobile phone applications, websites and social media, interviews, meetings, intranet, SHKP Quality Academy, Quality Raising Suggestion Scheme, Work Safety Suggestion Scheme, employee engagement activities, on-going engagement, public consultations, industry forums, corporate social responsibility activities such as SHKP Reading Club & SHKP Vertical Run for Charity – Race to Hong Kong ICC, investor meetings and conference calls, overseas road shows, investor forums and conferences, analyst briefings and annual general meeting, Annual and Interim Reports, Investor relations page on the group website, real estate industry trade associations and advisory groups, audits and assessments, press conferences, and more.

SHKP's operation involves various methods of engaging its stakeholders on daily basis. The Report covers economic, social and environmental aspects concerned by its stakeholder with a fair level of disclosures. In our professional opinion, SHKP adheres to the principle of Inclusivity. Our view in area for enhancement to the Report was adopted by SHKP before issue of this opinion statement.

Materiality

SHKP publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies SHKP's material aspects by using appropriate method of materiality analysis and demonstrating material issues in a matrix form. Area for enhancement to the Report was adopted by SHKP before issue of this opinion statement.

Responsiveness

SHKP has implemented practices to respond to the expectations and perceptions of its stakeholders. It includes various surveys and feedback mechanisms to both internal and external stakeholders. In our professional opinion, SHKP adheres to the principle of Responsiveness. Area for enhancement to the Report was adopted by SHKP before issue of this opinion statement.

HKEx ESG Guide Reporting

Based on our verification review, we are able to confirm that social responsibility and sustainable development key performance indicators and disclosures in two ESG subject areas (Environmental and Social) being reported are based on HKEx ESG Guide.

In our professional opinion, the Report covers the SHKP's social responsibility and sustainability issues. Area for enhancement to the report was adopted by SHKP before issue of this opinion statement.

GRI Standards Reporting

SHKP provided us with their self-declaration of compliance with GRI Standards "In Accordance" - Core option and GRI's sector guidance on the Construction and Real Estate Sector.

Based on our verification review, we are able to confirm that social responsibility and sustainable development disclosures in all three categories (Environmental, Social and Economic) are reported with reference to "In accordance" with the GRI Standards – Core option.

In our professional opinion the report covers SHKP's social responsibility and sustainability issues.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibility

It is the responsibility of SHKP's senior management to ensure the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors, who are experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEx ESG Guide, UNGC's Ten Principles, ISO 10002, ISO 14001, OHSAS 18001, and ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Mr. Wilfred Chan

Head of Operations, BSI Asia Pacific
Operations Director, BSI Hong Kong

Hong Kong
1st December 2017

* Remarks

For Type 1 Moderate Level of Assurance, BSI evaluates the publicly disclosed information, systems and processes the organization has put in place to ensure adherence to three Principles and the performance information that demonstrates adherence from the Report for verification, including evaluation of the application level of the Report. The process involves site visits, interviews, audit trails etc.