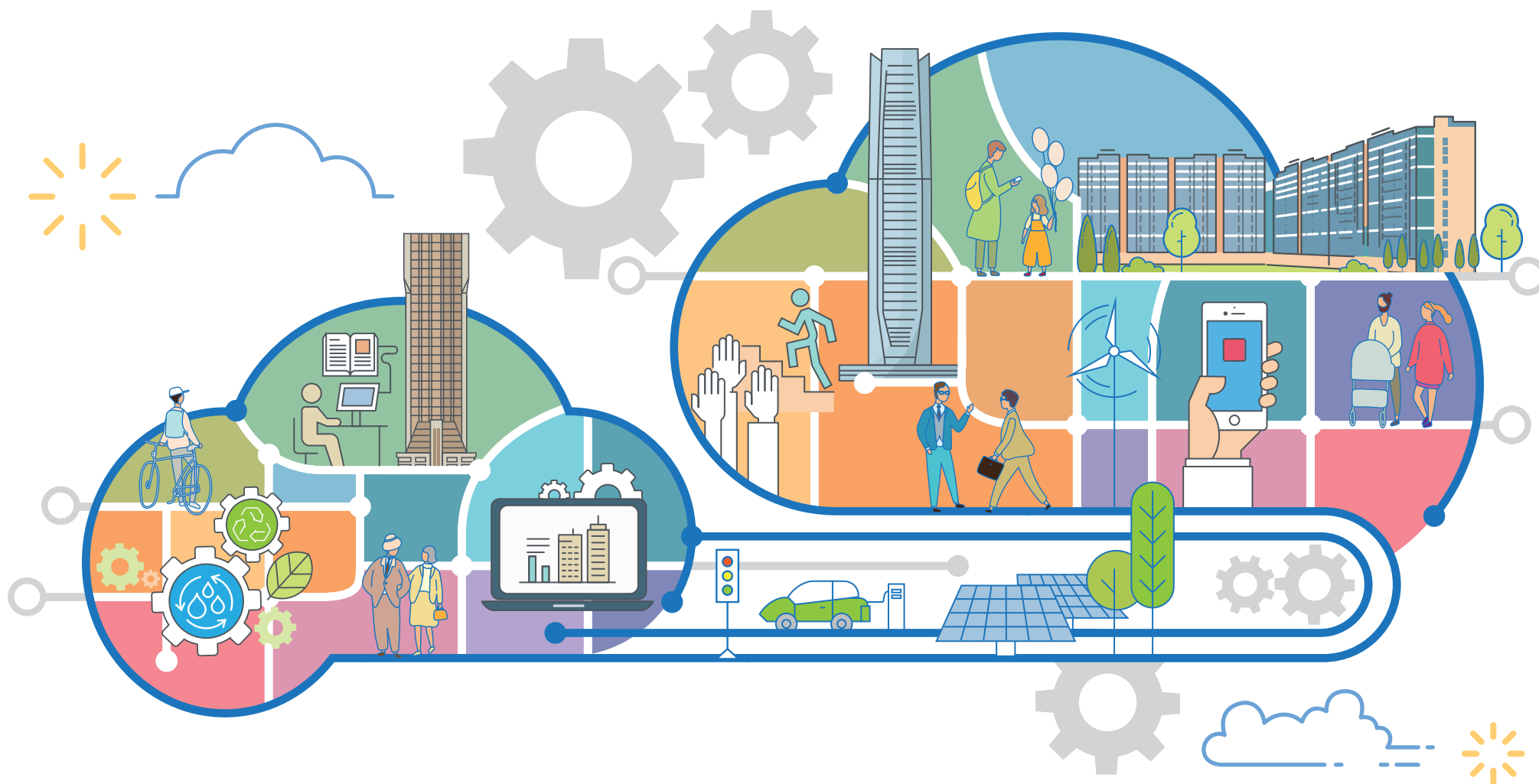


SUSTAINABILITY REPORT 2017/18



Sun Hung Kai Properties Limited

Stock Code: 0016



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Our Reporting Approach

Scope of the Report

Sun Hung Kai Properties Limited (SHKP) is delighted to publish its Sustainability Report 2017/18, which summarizes our commitment, approach and achievements in creating value for the environment, our people, our customers, our supply chain and the community. This report covers our sustainability performance as well as the initiatives of our head office and the wholly-owned subsidiaries in Hong Kong (collectively: the Group).

Independent reports are also published by other listed subsidiaries in Hong Kong 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 the respective reports.

Covering the period from 1 July 2017 to 30 June 2018, unless otherwise specified, this annual sustainability report highlights significant environmental and social impacts of our property management, construction and hotel business operations in Hong Kong. During the year, the Group continued to operate in mainland China, which comprises about 20% of our portfolio. Further details can be found in our Annual Report 2017/18.

Property Management

- * Hong Yip Service Company Limited (Hong Yip)
- * Kai Shing Management Services Limited (Kai Shing)

Construction

- * Sanfield (Management) Limited

Royal Brand Hotels

- * The Royal Garden
- * Royal Park Hotel
- * Royal Plaza Hotel
- * Royal View Hotel

Reporting Standards

This report is prepared in accordance with the 'comply or explain' provisions as well as 'recommended disclosures' of the ESG Guide, and the Core option of Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards). In order to align with international sustainability principles, this report is also prepared with reference to the ten principles of the United Nations Global Compact (UNGC).

Throughout the preparation of the report, we have constantly engaged our key stakeholders and the Group's Sustainability Steering Committee to review the relevant sustainability topics in accordance with the standards mentioned above. Please refer to 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 in the Appendix VI (page 58) of this report.

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

sustainability@shkp.com

Message from the Sustainability Steering Committee

We are pleased to present our Sustainability Report 2017/18 to highlight the Group's achievements in promoting sustainability during the year.

In keeping with the spirit of Building Homes with Heart and to create long-term value for our customers and stakeholders, the Group has placed considerable emphasis on sustainable development. Through a variety of channels, we listen carefully to our stakeholders, including direct engagement through the SHKP Club which was established in 1996 to foster two-way communications and greater understanding. From offering quality products and services to promoting environmental awareness, the Group increasingly leverages technological innovations and digital applications in order to provide the greatest value for our customers, the community and in the area of environmental protection.

Over the years, we have initiated innovative methods to offer customer-centric, premium products and services. Having pioneered the first three-year warranty for homebuyers and providing dedicated property management services, we also introduced new technologies that help enhance overall user experience, adding a human touch for building close and lasting relationships with our customers.

During the year, we launched the *SHKP Malls App* as an integrated mobile platform across more than 20 major malls, not only to improve visitors' shopping convenience but also for tenants to better understand the needs of their shoppers. Our property management subsidiaries have also introduced two self-developed smartphone applications, *Live e-as-y* and *SoProp*, to provide increasingly efficient services for our residents.

As a leading property developer in Hong Kong, the Group's environmental consciousness has been exemplified by cutting-edge facility management technologies and practices adopted in its building portfolio. We capitalized on such technologies as *Narrowband Internet-of-Things*, a smart solution to enhancing the overall performance of our buildings.

While we are only half-way towards our five-year energy reduction target, we are pleased to report that our progress has been on track. Our exemplary properties – Aegean Coast and Landmark North – have clearly demonstrated our efforts in promoting green living among residents, tenants and the public through the offering of economic incentives and creative activities. At the community level, the Group has launched Hong Kong's first free-of-charge beach and countryside clean-up mobile application – *Nature Rescue* – through its Love Nature Campaign to encourage the public in organizing their own clean-up activities.

During the year, we embarked on a variety of initiatives in the promotion of sustainability developments. Following similar support for the Hong Kong X-Tech Startup Platform, the Group has provided the Federation of Hong Kong Industries with free fitted offices for technology start-ups under a government-initiated space-sharing scheme. Celebrating its fifth anniversary, the SHKP Reading Club continued to offer a series of community-wide reading activities for young people in Hong Kong.

In addition, the Group continues to promote sporting events for charity across the city, including the sixth SHKP Vertical Run for Charity – Race to Hong Kong ICC, and the third Sun Hung Kai Properties Hong Kong

Cyclathon, to support child and youth development. Thanks to consistent and growing support from our staff over the past 15 years, since the establishment of the SHKP Volunteer Team, we have achieved fruitful results from our investments in the community. For example, the Group continued to be named the third-largest corporate donor to The Community Chest for the sixth consecutive year.

Apart from providing our employees with competitive remuneration and benefits, we are committed to ensuring that they are able to keep pace with latest digital technologies for the enhancement of their skills and productivity.

The Group has continued to be included as a constituent member of the Hang Seng Corporate Sustainability Index (with 'AA' rating) and was newly inducted in the FTSE4Good Global Index series of London, as well as the Top 20 companies of the Hong Kong Business Sustainability Index. Other awards included a first place in Global Best Developers – Overall in the Real Estate Survey 2017, conducted by international financial magazine *Euromoney*.

These landmark achievements along with other initiatives detailed in this report were the results of continued support and foresights from our Chairman and the Board of Directors. We would like to take this opportunity to express our heartfelt appreciation to them and pledge to continue to join hands with our stakeholders to develop Hong Kong and work for the betterment of the society at large.

Sustainability Steering Committee
December 2018





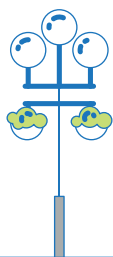
Our Business

About Sun Hung Kai Properties Limited

Publicly listed in Hong Kong since 1972, Sun Hung Kai Properties Limited is today 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 activity is property development for sale and investment, operating on a vertically integrated model that covers everything from land acquisition and project planning to material sourcing, construction, project management, marketing, sales and property management.

The Group also operates in hotels, property management, construction, insurance and mortgage services. In order to diversify our risk and to maintain a long-term recurrent income, investments have also been made in the area of telecommunications, information technology, infrastructure and other businesses.



Economic Value Distributed in 2017/18



Employee value compensation and benefits:
HK\$7,881 million



Total contributions to MPF and other retirement schemes:
HK\$356 million



Payments to providers of capital:
HK\$12,167 million



Payments to the government (including tax):
HK\$8,402 million



Operating costs:
HK\$50,191 million

Highlights of Hong Kong Property Business in 2017/18



Contracted sales reached nearly
HK\$41,600 million



Five new sites with an aggregate gross floor area of nearly **6.8 million** square feet acquired for development










Net rental income rose **6.4%** to **HK\$14,549 million**, generated from over **31 million** square feet of quality investment properties



Nearly **3.7 million** square feet of attributable gross floor area completed, of which about **2.6 million** square feet comprise residential units

Business Structure¹

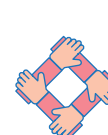
(As at 30 June 2018)

Hong Kong		
	Property Development	<ul style="list-style-type: none"> 22.7 million square feet under development with a substantial majority for sale About 32 million square feet of agricultural land (site area)
	Property Investment	<ul style="list-style-type: none"> 33.8 million square feet of completed properties with a substantial majority 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 China		
	Property Development	<ul style="list-style-type: none"> 50.7 million square feet under development with a majority for sale
	Property Investment	<ul style="list-style-type: none"> 13.8 million square feet of completed properties with a substantial majority for rent/investment

¹ Table shows the Group's overall business structure. For businesses covered in this report, please refer to Our Reporting Approach.

Core Values

Our long-standing belief in Building Homes with Heart is the core value and a cornerstone for our sustainable growth and development. We put this philosophy into practice every day and are eager to make Hong Kong a better home for everyone.



Teamwork

Nurturing a pool of talented and high-calibre employees capable of achieving objectives by harnessing the power of teamwork, collective experience and professional knowledge



Building Homes with Heart

Producing premium premises and offering quality services for an ideal living environment



Speed, Quality, Efficiency

Earning the support and trust of all stakeholders with speed, quality and efficiency



Continuous Improvement

Keeping up with the market and setting high standards along with lifelong learning for greater adaptability and constantly exploring new ideas



Customer First

Constantly anticipating what our customers want and offering quality products and attentive service that exceed expectations



Hong Kong Land Bank Composition

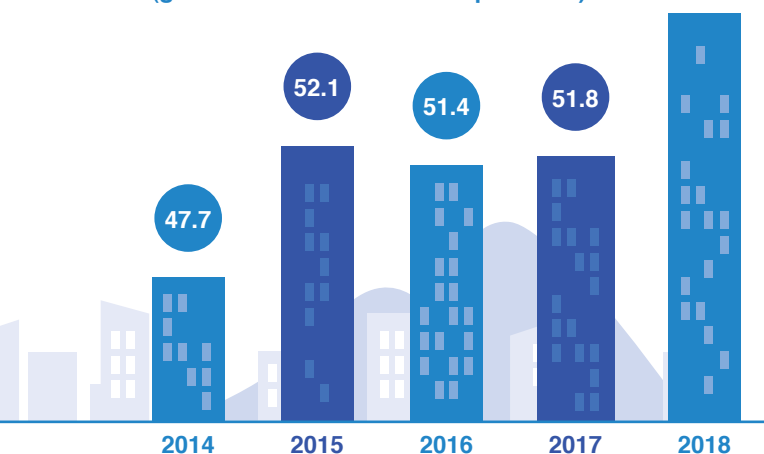
To sustain our growth in the increasingly competitive local real estate market, we need to replenish our development land bank through different means. During the reporting year, the Group acquired five sites with around 6.8 million square feet of attributable gross floor area, through government tenders, old building renewals and land use conversions. Please refer to our website or annual report for details.

Shortage of affordable housing remains a concern in Hong Kong. To meet increasing demands, we offer a wide array of products targeting different customer groups, ranging from mass markets to high-end residences. Our contribution during the reporting year is shown in the table 'Projects Completed in 2017/18'. Going forward, we will continue to obtain pre-sale consents and launch new projects in the market once they are ready in order to satisfy the needs for housing in Hong Kong.



Land Bank
(gross floor area in million square feet)

56.5



Land Acquired in 2017/18



Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Tai Po Town Lot No. 157, Shap Sz Heung	Residential/ Shopping Centre	100	4,788,000
New Kowloon Inland Lot No. 6568, Kai Tak	Residential/ Shopping Centre	100	1,328,000
New Kowloon Inland Lot No. 6550, West Kowloon	Hotel	100	374,000
Tsuen Wan Town Lot No. 428 ²	Industrial	74	149,000
222-228 Wan Chai Road	Office	92	121,000
Total			6,760,000

Projects Completed in 2017/18

Project	Location	Usage	Group's Interest (%)	Attributable Gross Floor Area (square feet)
Cullinan West / Cullinan West II / V Walk	28 Sham Mong Road, West Kowloon	Residential/ Shopping Centre	JV	1,939,000
Ocean Wings / Ocean PopWalk	28 Tong Chun Street, Tseung Kwan O	Residential/ Shopping Centre	100	563,000
Hotel VIC	1 North Point Estate Lane, North Point	Hotel	100	388,000
PARK YOHO Milano	18 Castle Peak Road Tam Mi, Yuen Long	Residential	100	345,000
Two Harbour Square	180 Wai Yip Street, Kwun Tong	Office	64.3	308,000
The Kennedy on Belcher's	97 Belcher's Street, Island West	Residential/Shops	92	85,000
Babington Hill	23 Babington Path, Mid-levels West	Residential	82.8	55,000
Total				3,683,000

Recognition in Sustainability

The Group has been included in various sustainability benchmarks and indices in recognition of its long-term commitment and strong performance in corporate sustainability.



FTSE4Good
Constituent of FTSE4Good Global Index Series³



Hang Seng Corporate Sustainability Index
Series Member 2017-2018

Constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and HK) Corporate Sustainability Index with 'AA' rating



Top 20 companies of the Hong Kong Business Sustainability Index

² This site was acquired by our information technology subsidiary SUNeVision, which is not in the scope of sustainability reporting 2017/18.

³ FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SHKP has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Our Approach to Sustainability

Underpinned by our spirit of Building Homes with Heart, the Group incorporates environmental, social and governance considerations into our operations. We continuously optimize our corporate governance strategies and policies to create sustainable value for our stakeholders. In the long term, the Group is keen to explore more sustainable development opportunities for our business and the communities that we operate in to promote engagement, transparency and trust among stakeholders.

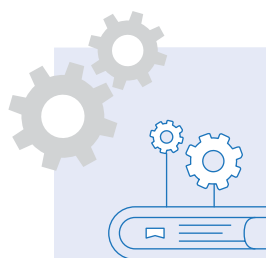
Corporate Governance

Our Board of Directors directs the overall strategy and development of the Group's operations and business, and is responsible for monitoring and reviewing corporate governance practices across the Group.

Our Audit and Risk Management Committee, chaired by Eric Li, oversees the effectiveness of the risk management and internal control systems through which environmental, social and governance (ESG)-related risks are taken into account in the process of decision making. The Committee, also comprising Dicky Yip, Donald Leung and Norman Leung as members, is provided with sufficient resources to perform its duties. The Committee's updated terms of reference are posted on the websites of the Group and The Stock Exchange of Hong Kong.

The Group values effective communications with stakeholders and maintains a high level of public transparency by providing timely and accurate information. Our efforts in ensuring transparency and robust corporate governance were recognized in the

industry this year as reflected by the designations of Best Overall Developers in Global, Asia, China and Hong Kong categories; Best Mixed Developer in Global, Asia, China and Hong Kong categories; Hong Kong's Best Residential Developers; Best Retail Developers in Asia, China and Hong Kong categories; and Best Office/Business Developers in China and Hong Kong categories from international financial magazine *Euromoney*.



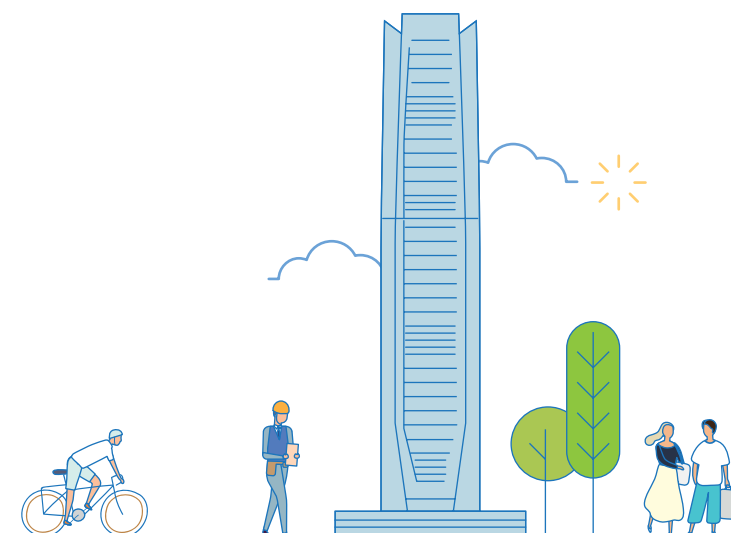
See the **Corporate Governance** section of our Annual Report 2017/18 for details on our corporate governance structure and practices.

SHKP supports the United Nations' Sustainable Development Goals (SDGs), which were adopted by world leaders in 2015, and we recognize a number of SDGs are relevant to our operations to varying degrees. We are therefore actively exploring ways to enhance our sustainability approach to better address the SDGs and complement global efforts to achieve the ambitions.

SUSTAINABLE DEVELOPMENT GOALS

Sustainability Governance

Our Sustainability Steering Committee is guided by one of the Executive Directors and comprised of senior managers from key divisions. The Committee oversees sustainability issues in regard to daily operations and risk management practices, reviews stakeholder feedback and updates related policies. In addition, specialists from various background and business functions were engaged by the Group, and committees were established to strengthen our sustainability performance across a wide spectrum of topics. For instance, the Energy Optimization Committee monitors the energy consumption of our investment properties; the Occupational Health and Safety Committees oversee construction sites and property management services; the Corporate Communications Department manages the Group's community involvement and outreach.



Stakeholder Engagement

A wide range of stakeholders was engaged on an ongoing basis to better understand their expectations and views on SHKP's ESG issues. This year, over 450 stakeholders were engaged through online surveys and focus-group discussions. Apart from gathering opinions on our performance in economic, environment, workplace practices, human rights, society and product responsibility, we specifically asked our stakeholders in the focus groups about their perception of SHKP's performance in waste management and the use of the latest technology to improve sustainability performance in our business operations. The two exercises were facilitated by an independent third-party consultant to ensure open discussion and impartiality.

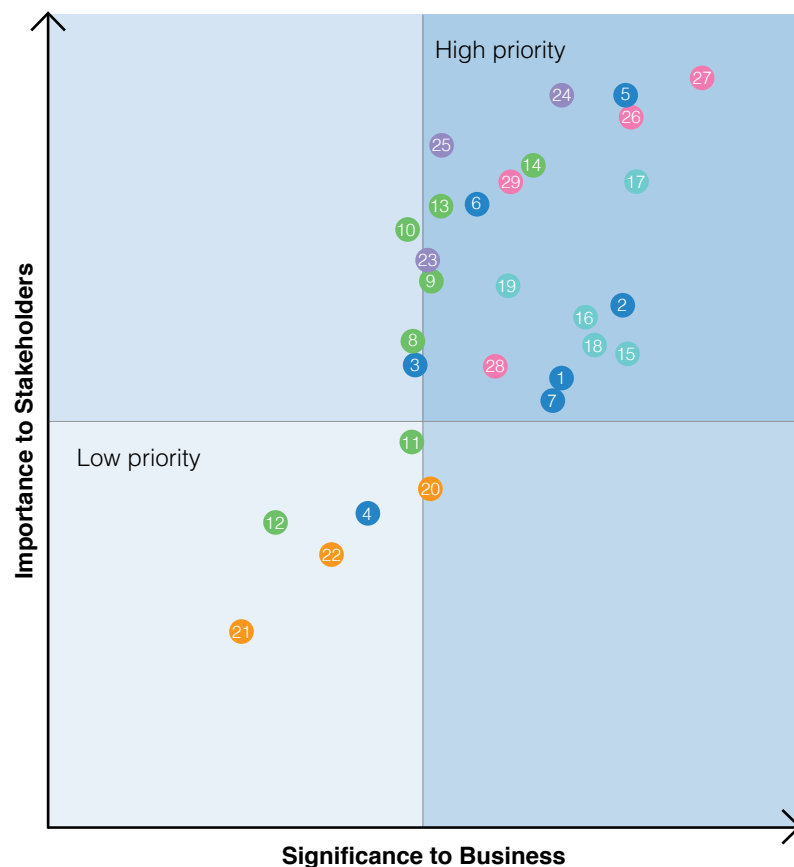
Materiality Matrix

A total of 29 ESG topics were identified for this year's materiality analysis exercise, of which 28 were adopted from the list in 2016/17. Public policy and advocacy was removed from the list, given the low importance and impact on stakeholders and our business. Additionally, innovation was added as a new topic this year in response to the latest trends in the industry. This year, we surveyed over 450 stakeholders to rank the importance of the identified ESG topics.

We mapped the results of our materiality analysis onto a matrix to reflect the relative importance and impact of the 29 issues to our stakeholders and our business. A total of 20 topics were considered as material this year. As in the past two years, the top three material topics identified by stakeholders in this year's reporting were Compliance, Occupational Health and Safety, and Customer Privacy. The materiality matrix, formed from the result of stakeholder engagements, guides us in preparing the report.



Materiality Matrix



Economic and General	Environment	Workplace Practices
Human Rights	Society	Product Responsibility

Other Topics Considered

3	Indirect economic impacts	12	Biodiversity
4	Procurement practices	20	Human rights and non-discrimination
8	Materials	21	Freedom of association and collective bargaining
10	Climate change mitigation and adaptation	22	Child labour and forced labour
11	Water		

List of Material Topics and Corresponding Boundary and Impact

	Material Topics Identified	Boundary and Impact		GRI Standards	Page Number
		Within the Group	Outside the Group		
1	Economic performance	✓	✓	GRI 201	3-5
2	Market presence	✓	✓	GRI 202	3-5
5	Compliance	✓	✓	GRI 307; GRI 419	52-57
6	Grievance mechanisms	✓	✓	GRI 103	11,19,26, 33,38
7	Innovation	✓	✓	N/A	25-31
9	Energy	✓	✓	GRI 302; G4-CRE1	10-17
13	Waste	✓	✓	GRI 306	10-17
14	Sustainable buildings	✓	✓	G4-CRE8	10-17
15	Employment practices	✓	✓	GRI 401	18-24
16	Employee engagement	✓		GRI 102	18-24
17	Occupational health and safety	✓	✓	GRI 403	18-24
18	Employee development and succession planning	✓		GRI 404	18-24
19	Diversity and equal opportunities	✓		GRI 405	18-24
23	Community investment	✓	✓	GRI 413	37-44
24	Anti-corruption	✓	✓	GRI 205	32-36
25	Anti-competitive behaviour	✓	✓	GRI 206	32-36
26	Customer satisfaction and responsibility	✓	✓	GRI 102	25-31
27	Customer privacy	✓	✓	GRI 418	25-31
28	Affordable housing in Hong Kong	✓	✓	GRI 203	3-5
29	Customer health and safety	✓	✓	GRI 416	25-31

Responding to Key Stakeholder Concerns

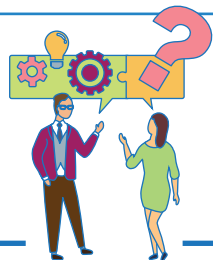
We are very pleased to learn that the Group continues to be recognized by our stakeholders as a company that builds homes with heart. Through stakeholder engagement exercises held in the reporting year, questions and comments were collected on our performance in sustainable development. We welcome and appreciate their feedback, and have selected here three questions that many stakeholders have expressed concern and interest to discuss.

Q Peer companies and suppliers:



Innovative application of technology is a growing trend in property management. It is observed that SHKP has developed smartphone applications, such as the SHKP Malls App and the Intake Easy device, for its customers' convenience. Is the Group also exploring other innovative technological solutions to enhance resource efficiency of its operations?

SHKP is committed to investing in the effective use of innovation and technology. Specifically, the Group sees the potential of the commercial application of IoT (Internet-of-Things) technology as a means to improve operational efficiency and quality. We have been supporting our subsidiaries on the introduction of technologies in property management and across other commercial aspects, such as construction, healthcare, event management and smart city development. During the year, Kai Shing and SmarTone collectively launched a smart management solution in ICC with IoT applied, allowing ICC to meet or exceed the energy-saving target set by the Government for commercial buildings. We believe this innovative system will help to set a new industry standard in smart and eco-friendly property management in Hong Kong. More information on the management solution implemented in ICC can be found in the Value Created for Customers section in this report.



For details of our stakeholder engagement process and materiality analysis approach, please refer to the Appendix II (page 48).



Q The Government, NGOs, residents and tenants:



The Hong Kong Government is about to implement the Municipal Solid Waste Charging Scheme (the Charging Scheme). Stakeholders, including but not limited to the Government, residents, tenants and NGO partners, are interested in understanding the measures the Group will take to support the Charging Scheme, and whether the Group's property management subsidiaries have taken any measures to prepare tenants and residents for the Charging Scheme.

SHKP is aware of the Charging Scheme and our property management subsidiaries, Hong Yip and Kai Shing, have been exploring ways to help our tenants and residents to prepare for this new challenge. During the reporting year, our property management subsidiaries disseminated the message of the upcoming Charging Scheme through creative activities, workshops and exhibitions to increase the awareness of our tenants and residents. Additionally, we try to minimize waste generation within our properties through initiating such activities as waste audits and food waste recycling programmes. More information on waste reduction and environmental education initiatives can be found in the Value Created for the Environment section of this report.

Q Employees and labour rights concern group:



Public awareness of mental health and wellness has been growing in recent years, especially in fast-moving cities like Hong Kong. Mental stress does not only affect employee performance but also affects the quality of the working atmosphere and workplace turnover. What has the Group done in supporting and enhancing employee mental health and wellness?

The Group values talent and encourages the creation of a happy, healthy and harmonious workplace. In addition to the traditional health and safety management policies to ensure workplace safety, we have implemented a host of measures to promote the physical and mental well-being of our people, including flexible working hours, a 24-hour counselling and emotional support hotline and workshops and competitions to promote the awareness of exercising. Further, the Group is against any kind of discrimination, including mental disabilities. To show our support in this area, we currently employ people with mental disabilities in a variety of positions, including cleaners, security guards, property assistants and receptionists. More information on our people initiatives can be found in the Value Created for People section in this report.



Value Created for the Environment



Strategies and Management

Guided by the motto of Building Homes with Heart, SHKP is devoted to creating a sustainable future for our next generation. To achieve this, the Group goes beyond the minimum requirement of adhering to all applicable legal and environmental standards, and continues to put forth dedicated efforts toward aligning our commitments with

the Hong Kong Government's environmental targets and programmes on emissions, energy, water, material use and waste management. Throughout the years, the Group has also been active in helping to raise public awareness about climate change and environmental issues by supporting various initiatives.

Governance

- ✱ The Environmental Committees in our property management and construction subsidiaries oversee the environment-related policies, strategies and actions of their respective business.
- ✱ Specialized committees, such as the Energy Optimization Committee (EOC), led by the Internal Audit Department, monitor specific environmental areas of concern and are responsible for recommending improvement initiatives and facilitating knowledge exchange within the Group.



Environmental Policy

- ✱ The Group's formal environmental policy outlines our approach to applying sustainable development principles in our businesses, including building designs and supply chain management.
- ✱ The Group aims to continuously improve its environmental performance with contributions and support of our employees, business partners, the public and other stakeholders.



Environmental Management System

- ✱ Most properties and building construction sites managed by the Group are accredited with ISO 14001 Environmental Management System certifications.
- ✱ The Group regularly conducts internal and external assessments of system effectiveness to ensure continuous improvement.



Sustainability Data Management System

- ✱ Established in 2014, the environmental data management system serves to facilitate data collection and monitors activity across different business units.
- ✱ The Group regularly reviews and upgrades the system to meet user needs.



Promoting Sustainability in Property Development

To enhance our sustainability performance and to keep pace with the rapid development of technologies, the Group has employed a total of 40 certified Hong Kong Building Environmental Assessment Method (BEAM) professionals during the reporting year. As a result, we have applied green innovations to improve energy efficiency, material use, waste management and other issues while developing and managing our properties. In recognition of our efforts toward building a sustainable future, the Group has been awarded 44 BEAM or LEED (Leadership in Energy and Environmental Design) green building certificates. During the reporting year, the office zones of the International Commerce Centre (ICC) were awarded the 'BEAM Plus Existing Buildings V2.0' Platinum Certificate.

Our property management subsidiaries, Hong Yip and Kai Shing, encourage building designs that adopt green measures. For instance, we have been supporting the Hong Kong Environment Bureau's Charter on External Lighting since 2016 to minimize light pollution and save energy while reducing overall emissions. During the reporting year, buildings under the management of Hong Yip and Kai Shing earned 27 honours at the Hong Kong Leisure and Cultural Services Department (LCSD) Best Landscape Award 2018 in recognition of our efforts towards promoting green living. We also took home a number of accolades from the Hong Kong Awards for Environmental Excellence (HKAEE) in recognition of our commitment to environmental protection.



Certificates from the Hong Kong Awards for Environmental Excellence

(as at 30 June 2018)

	Wastewi\$e Certificate	Energywi\$e Certificate	IAQwi\$e Certificate	Carbon Reduction Certificate
Construction	4	0	Not applicable	Not applicable
Property Management	253	183	28	32
Total	257	183	28	32



In recent years, we have noticed that our customers and tenants have become increasingly concerned about indoor air quality. In response to this, we have taken steps to improve the indoor air quality of many of our properties, including the installation of high jet fans in parking lots and other enclosed areas, in addition to using photo-catalyst purification in primary air unit systems. These measures have achieved satisfactory results. In the reporting year, Kai Shing and Hong Yip have earned a total of 24 and 13 Excellent Class of Indoor Air Quality Certificates respectively.

SHKP's Property Management Subsidiaries Win Big at the 2017 Hong Kong Awards for Environmental Excellence



SHKP's subsidiaries, Kai Shing and Hong Yip won a host of honours at the 2017 HKAEE, with Landmark North and Aegean Coast striking gold in the Property Management (Commercial & Industrial) and Property Management (Residential) categories, respectively. This latest awards event saw Kai Shing become the city's only establishment to win 11 gold awards within a decade. Hong Yip and Kai Shing were also recipients of the 10th Anniversary Special Awards. These accolades represent a new level of respect from industry professionals toward SHKP's exceptional performance in green property management.

Landmark North Promotes Low-carbon Living to Combat Climate Change

Landmark North believes that 'Everyone Can Help Combat Climate Change.' Under the administration of Kai Shing, Landmark North has been promoting low-carbon living among tenants, customers and the community at large with emphasis on reducing waste and carbon emissions.

Landmark North has introduced a waste audit pilot scheme for tenants to enhance their understanding of waste composition and to identify opportunities to increase the rate of recycling in the reporting year. Landmark North also actively promoted less plastic waste through the installation of a water refill station and a plastic bottle recycling machine. By recycling bottles through the machine, mall visitors are able to

earn points for gift redemptions as a motivation for them to support this. The machine also provides information regarding the amount of carbon dioxide equivalent emissions that can be reduced by recycling plastic bottles.



Landmark North has recycled an average of over 6,000 plastic bottles per month since the installation of the plastic bottle recycling machine



Landmark North's podium garden features a planting area as well as an aquaponics ecosystem, allowing tenants and the public to experience the fun of organic farming. The podium garden, also known as the 'Environmental Restoration Park', is decorated with reused materials in order to promote the concept of 'upcycling' to the public.



Landmark North's podium includes an outdoor planting area, an aquaponics ecosystem and a butterfly garden to provide green space for both people and animals in the complex



The 'Environmental Restoration Park' utilizes reused or upcycled materials to reduce the amount of waste sent to landfill

Aegean Coast Goes Green Together with Support from the Residents

Aegean Coast works relentlessly to spread the message of Go Green Together. It promotes a 'three-step environmental audit', an innovative solution giving residents and the community useful tips on reducing leftovers and other waste as well as lowering energy consumption. Home visits have been conducted to share the message with the residents, and over 100 households have participated in the audits, resulting in over 21,000 kg of recycled food waste in 24 months.



Conducting home visits to residents to share useful tips on reducing food waste, other waste and energy usage

To sow the seeds of green living throughout the community, the Aegean Coast residential development has launched a number of creative activities, workshops and exhibitions to promote messages focusing on food waste reduction, water efficiency improvement, and the upcoming Municipal Solid Waste Charging Scheme.



Aegean Coast has launched a programme to collect recyclables at residents' homes on a regular basis with tailor-made mobile trash bins



Aegean Coast has launched a food waste recycling and organic farming programme to encourage residents to adopt a 'Use Less, Waste Less' lifestyle

Aegean Coast also embraces renewable energy options and promotes the use of sustainable energy in public areas. It was among the first properties to install a solar on-grid system, which will be connected to a power company's grid in support of their latest Renewable Energy Feed-in Tariff Scheme. Similarly, Aegean Coast took advantage of the clubhouse's tilted glass canopy and installed a proprietary solar-powered, mist cooling system, using rainwater to generate mist, which cools the clubhouse's glass canopy and lowers the indoor temperature.



Aegean Coast actively promotes renewable energy



Aegean Coast takes the initiative to develop an innovative solar-powered mist cooling system that turns rainwater into mist to cool the clubhouse's glass canopy and lower the indoor temperature

Increasing Energy Efficiency and Minimizing Carbon Footprints

In light of increasing threats from climate change to our business and the community at large, the Group has recognized the need to take precautions to mitigate the impact from such changes. Our approach to the issue is closely linked with our approach to energy management in which our goal is to transform to a low-carbon and climate-resilient economy. In this regard, we have adopted a wide range of measures to improve energy efficiency and reduce carbon footprints across all of our properties. We supported the Government's Climate Action Plan 2030+ and the Energy Saving Plan for Hong Kong's Built Environment 2015~2025+. We have also adopted the voluntary 4Ts (Timeline, Targets, Together, Transparency) framework to reduce electricity consumption.

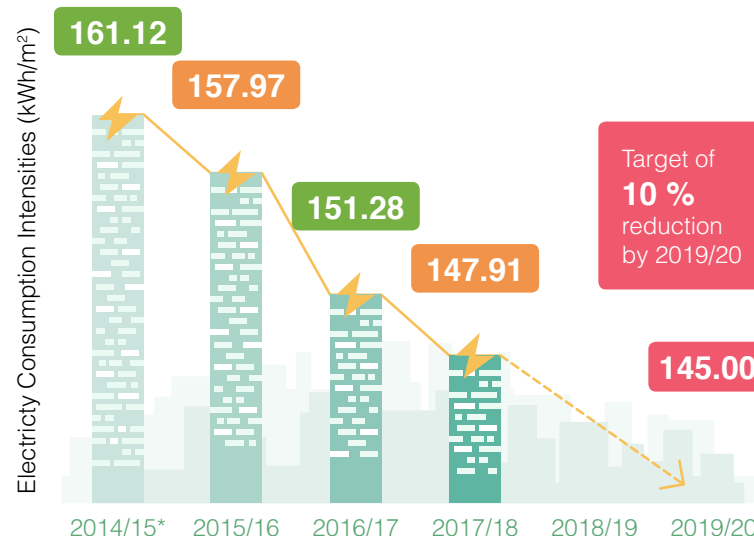
For example, East Point City, one of our shopping malls, has reached their 2018 target of reducing energy usage by 15% using 2012 as the base year.

During the reporting year, the Group's EOC has a total of 20 building engineering and management experts who are responsible for monitoring power consumption and providing up-to-date information to the Group. A total of 55 buildings in the investment property portfolio have been supervised by the EOC, achieving an electricity consumption reduction of over 16% over the past

seven years. Various other measures have also been adopted to achieve lower energy consumption, such as the installation of more efficient lighting, replacement of old water-cooled chillers, linking the operation of facilities to a smart Internet-of-Things network and the improvement of air conditioning operations.

During the reporting year, the Group also provided 199 electric vehicle charging stations at 77 commercial and residential properties to encourage the use of more environmentally friendly electric vehicles.

Electricity Consumption Intensities for Major Buildings Monitored by the Energy Optimization Committee from 2014-2018



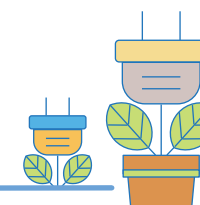
*The data covers 54 properties monitored by the EOC.

The Group commits to reducing electricity consumption intensity by **10%** by fiscal year 2019/20 (using 2014/15 as the base year).

To illustrate our determination in reducing energy consumption and combating climate change, we have formulated a Group-wide energy reduction target. Our goal is to reduce electricity consumption intensity by 10% by fiscal year 2019/20, using 2014/15 as the base year. The target has been conveyed to all our subsidiaries and has gained their full support. Since then, most of our residential buildings, shopping malls, office buildings and hotels have established their respective energy-saving targets, and progress towards reaching those targets has been encouraging.



A total of 55 buildings in the investment property portfolio supervised by EOC have reduced electricity consumption by more than **16%** over the past **seven** years.



Reducing Waste and Conserving Resources

The Group actively supports the Government's waste management as well as reduction policies and plans, including the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022. To this end, we have adopted a three-tiered approach that prioritizes waste avoidance along with reduction and recovery over disposals in all of our subsidiaries to achieve sustainable municipal solid waste management.

Our construction subsidiary has also adopted building simulation programmes to simplify the construction process and to avoid unnecessary use of resources.

The Group's properties are another major waste generation source as waste management can only be carried out effectively with the support of our tenants, customers, residents and everyone associated with the buildings. With that in mind, the Group's subsidiaries have adopted a variety of measures to reduce the amount of waste being sent to landfills. Aria, which received the bronze award in the Residential category at the 2017 HKAEE, collects leftover food from residents and transforms it into organic fertilizers for the estate's gardens, making use of food-waste composters. Tsuen Wan Plaza, the recipient of the Outstanding Green Leadership Award and Certificate of Merit in the Commercial and Industrial category, continues to implement its waste reduction and recycling policies. On food waste, our headquarters and a number of shopping malls expressed their support in the Government's 'A Food Waste & Yard Waste Plan for Hong Kong 2014-2022' through participating in the Organic Resources Recovery Centre Phase 1, where their food waste will be recycled into renewable energy. Additionally, Kai Shing and Hong Yip have extended their support in tackling the food waste problem and implemented their

own internal food waste initiatives across half of their managed properties. These collaborative programmes collectively have achieved excellent results.

Using Resources Wisely

The Group believes that sourcing materials based on environmental considerations and monitoring resource consumption both play an important role in enhancing our overall environmental performance.

Sourcing Materials with Environmental Considerations



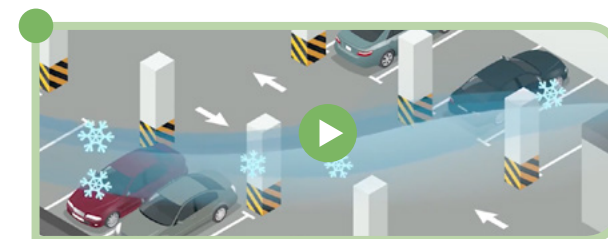
The Group incorporates environmental concerns into its procurement process. Timbers used in construction are all certified as sustainable. It is a mandatory requirement for suppliers to obtain proof of certification issued by the Forest Stewardship Council. In addition to careful construction planning, our construction subsidiary also uses pre-cast facades, aluminium formwork and green blocks to minimize material consumption. The use of pre-finished and smooth blocks further reduces material consumption as neither of them require plastering. See Value Created for Supply Chain for further details.

Using Water Wisely



Although the Group's business operations do not consume a great deal of water, we have spared no efforts in saving water and improving water quality. The Group has supported the Hong Kong Water Supplies Department's 'Let's Save 10 L Water' campaign, and encourages the head office and other properties to make more prudent use of water. Our property management subsidiaries actively maintain the plumbing and flushing systems of buildings to ensure water quality.

Apart from measures covering the entire Group, individual properties have also reduced their demand for water in various ways. Mikiki collects condensate water from air-conditioning and fan units (which is about 20 °C) to cool their car park by 3 - 5 °C, helping them to take home a bronze award in the Commercial and Industrial category at the 2017 HKAEE Awards.



Video showing how Mikiki adopts innovative and environmentally friendly means to cool their car park (in Cantonese only).

<https://youtu.be/z4o7-7Xv0dE>



Reducing Resources Consumption



The Group continuously explores new ways to reduce its resources consumption. For instance, Aria, the bronze award-winner in the Residential category at the 2017 HKAEE Awards, has fully adopted a proprietary smart patrol system, called Nitrol, to reduce paper consumption. This complete patrolling solution allows control room staff to monitor in real time patrol information via photos or voice records on a cloud-based, integrated platform instead of using traditional paper records. In addition, 17 properties managed by Kai Shing, have been actively reducing their use of plastic umbrella bags while earning the special honour of 'Great Support' by Greeners Actions for the sustainable development of Hong Kong.

Promoting Public Environmental Awareness

As a key member of the community, the Group is committed to promoting public awareness of environmental protection and conservation. To achieve this goal, the Group has collaborated with a number of

non-governmental organization (NGO) partners while also developing Hong Kong's first countryside and beach clean-up mobile application, and establishing two environmental educational centres at Landmark North in Sheung Shui and HomeSquare in Sha Tin.



Hong Kong's First Countryside and Beach Clean-up Mobile App

SHKP, guided by its belief in Building Homes with Heart, serves the community and proactively promotes sustainable living through a wide array of interesting initiatives. To encourage more people to love and appreciate nature, SHKP has collaborated with Green Power to develop Hong Kong's first free countryside and beach clean-up mobile app.

This app is specially designed to help alleviate the countryside and beach refuse problem, as well as contribute toward maintaining Hong Kong's natural beauty. Refuse in the countryside and along the shorelines not only ruins the natural scenery but also increases the risks to wild animals if they feed on inedible garbage. In addition, refuse and debris can release harmful elements due to decomposition or oxidation if exposed to the sun, air or seawater, which can seriously harm the environment and ecosystem.

Encouraging the Public to Participate in Clean-up Activities

The app provides information about clean-up activities across Hong Kong and includes a map of refuse-deposit black spots. Citizens who are eager to take part in countryside and beach clean-up activities throughout Hong Kong are encouraged to download this app to receive updated status reports about beaches in Hong Kong and participate in various activities at different districts.

Promoting Nature Protection through Ecological Lessons

In addition to information about clean-up activities across Hong Kong, the Nature Rescue mobile app also provides such functions as an ecological classroom that provides facts on plants and animals, which users may encounter while cleaning up the environment. To promote the importance of protecting nature, the ecological classroom also reminds the public not to capture, frighten, chase after or play with animals or pick any plants at clean-up sites.

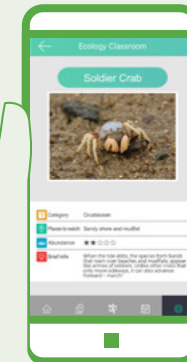
Creating Synergies by Connecting Like-minded People

The free mobile app Nature Rescue encourages users to help clean up the countryside and beaches with their friends and family while enjoying Hong Kong's natural treasures. The app also includes a chat room, which helps bring together like-minded people in Hong Kong and let them share experiences. Members of the public who enjoy and love nature and are interested in contributing to Hong Kong's nature protection efforts are welcome to download the app and become a part of the Nature Rescue team.



The free mobile app *Nature Rescue* – an information and social networking platform which connects interested members of the public and encourages them to enjoy and appreciate nature

The free mobile app *Nature Rescue* includes an ecological classroom to educate the public about wildlife in Hong Kong



During the reporting year, the Group supported various green initiatives throughout the community to promote environmental awareness. WWF and Green Power are two of our long-term partners on environmental protection. The Group has also joined the global event - WWF Earth

Hour - for the tenth straight year by having more than 200 residential estates, shopping malls and commercial and industrial buildings in the territory switch off their lights for an hour. Furthermore, for six years in a row the Group has been a supporter of the Love Nature Campaign, organized by Green Power. This campaign combines

elements of indoor learning and outdoor visits. Children in kindergartens and primary schools learn to explore and appreciate nature from their experiences on coastal clean-ups and eco-tours. Over 30,700 students have participated in and enjoyed the campaign over the years.

Environmental Education Centre at Landmark North in Sheung Shui

The Environmental Education Centre at Landmark North was founded in 2015 by the Landmark North Green Organization (LNGO), comprising a group of passionate staff who were concerned about the impact of climate change. Since then, LNGO has been serving tenants, students and the general public with their mission of promoting the importance of environmental awareness and sustainability both on individual premises and throughout the wider community. The Centre continues to roll out new green programmes, including exhibitions, a Student Environmental Protection Ambassador Scheme and other outreach activities.



✱ The Education Centre holds workshops to teach the public to upcycle kitchen waste, such as orange peels, into garbage enzymes, which can then be used as a detergent after few months of fermentation



✱ The exhibition covers a wide range of topics, such as municipal waste, plastic recycling and sustainable seafood. It aims to educate the public about various possible and effective actions people can take to contribute to environmental protection



✱ The environmental protection student ambassadors visited the Education Centre to gain understanding on possible ways to combat climate change

Student Environmental Protection Ambassador Scheme

The Education Centre established the Student Environmental Protection Ambassador Scheme in 2015 in the belief that education is the fundamental way to change human behaviour. Student ambassadors are invited to participate in seminars, workshops, guided eco-tours and more. They are also encouraged to share their experiences with their friends and families. By the end of the reporting year, there were over 300 ambassadors from about 20 schools.

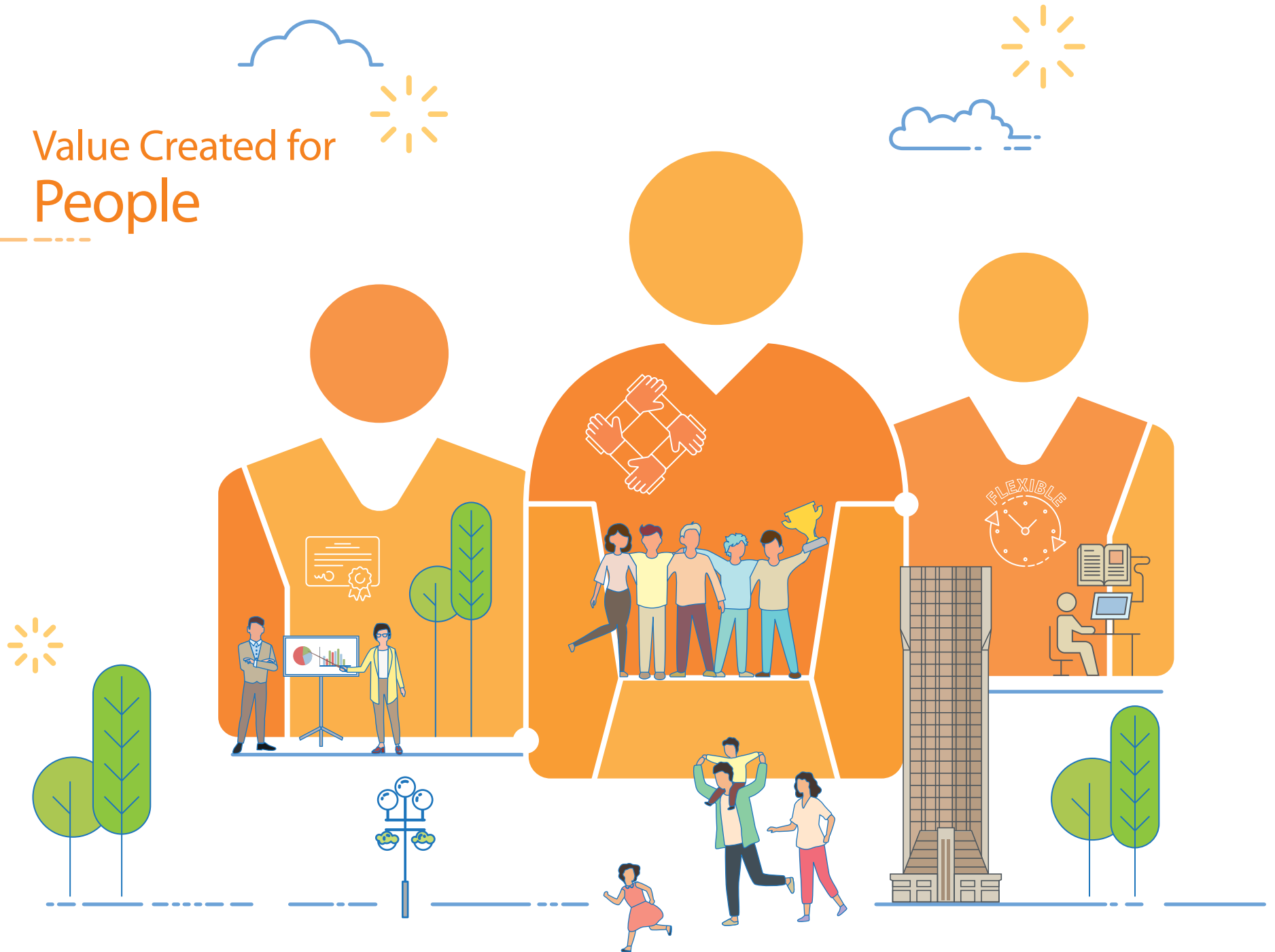
Generating Renewable Energy within the Community

In 2017, the Education Centre held an event called 'Generate 1,000 kilowatt-hours of Electricity with 1,000 People.' LNGO built a human-powered generator from a used bicycle and encouraged each participant to ride on it for 30 minutes to turn kinetic energy into electrical energy. The event attracted a lot of participants and was effective in raising public awareness on renewable energy.



✱ The bicycle generator has attracted a great deal of interest from the public

Value Created for People



Strategies and Management

People serve as the foundation for our quality service delivery and the success of our business. As such, we are committed to creating a warm and rewarding workplace to attract, retain and develop talents. We also endeavour to offer attractive career prospects, learning opportunities and rewarding remuneration to our staff.

At the Group level, the Human Resources Committee is in place to reinforce and refine human resources policies while Occupational Health and Safety Committees in our property management and construction arms are responsible for monitoring occupational health and safety performance as well as mitigating potential risks in our daily operations. To better facilitate the personal growth of our employees, the Internal Affairs Department at the Group level formulates annual training plans based on feedback received from employees. Thanks to the concerted efforts made by these business units, we are able to see our employees thrive and deliver remarkable services to our customers.

The Group is also committed to complying with laws and regulations on employment, diversity, occupational health and safety as well as labour standards.

Becoming an Employer of Choice

Recruiting the right talent to the Group is the key to the success of our business operations. Over the years, we have spared no effort in building up partnerships with local educational institutions and attracted graduates through three well-structured programmes: the Summer Internship Programme, Management Trainee Programme, and Graduate Surveyor and Graduate Engineer programmes. These educational schemes help to nurture younger generations through on-the-job training, mentorships and external learning opportunities, equipping them with a variety of skills while developing future leaders for the Group.

We also collaborate with the Vocational Training Council to offer recruitment programmes for final year students from higher-diploma programmes in various disciplines, providing internship opportunities for students that connect most of them to our graduate positions.

Our efforts towards being an 'employer of choice' have been widely recognized. For example, we were named as a 'Top 10 Employer' in the jobsDB's 'Top Ten Companies Survey 2017' for the second year running. Our Hong Yip also won the 'Manpower Developer 1st – Grand Prize Award' in the ERB Manpower Developer Award Scheme for their efforts in providing internship and employment opportunities and enhancing the quality of human resources for the entire industry. Kai

Shing also earned 'Best Graduate Employers Award' from JobMarket for recognizing their commitments in recruiting and developing young talents. As part of the talent development initiatives, Kai Shing has launched a structured and comprehensive one-year Property Officer Trainee Programme for university graduates since 2005. This programme aims at grooming high-calibre graduates to become property management professionals. We will continue to provide development opportunities for the younger generations.



Familiarizing management trainees with our businesses



Visit SHKP Careers:

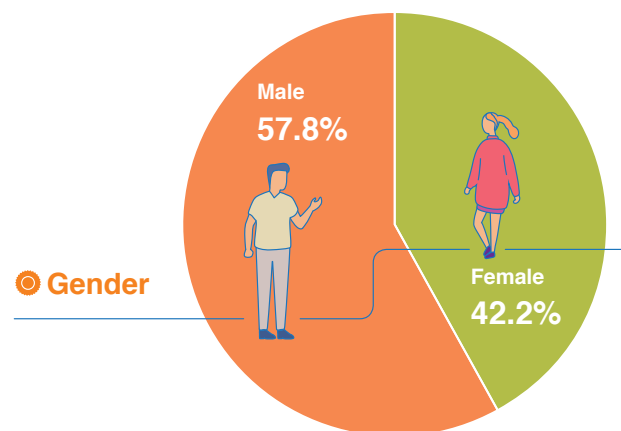
www.shkp.com/en-us/pages/job-vacancies

Creating a Cohesive Company Culture

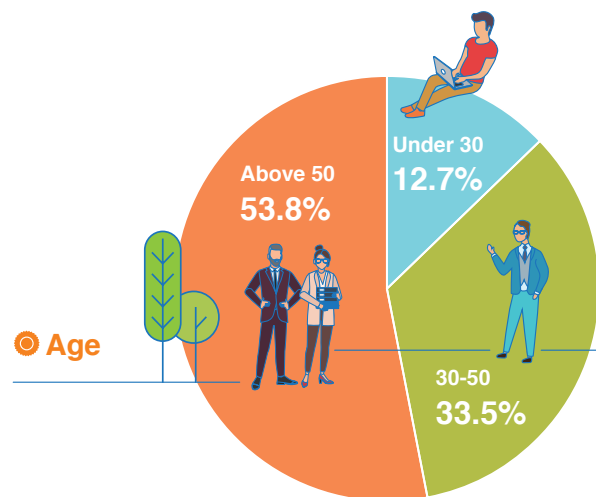
We are committed to promoting diversity and inclusivity in the workplace. Diversity in the workforce helps generate new ideas and bring synergy to our business operations. Going beyond all legal requirements, we have a specific Code of Conduct and anti-discrimination practices in place for our employees and business partners to follow. The Code prohibits all forms of discrimination in the workplace, including gender, age, family status, sexual orientation, disability, race and religion. We aspire to maintain diversity and respect the goal of equal opportunity employment in our operations and at the workplaces of our business partners.

Workforce Distribution

Total number of employees: **24,783**
(as at 30 June 2018)



We believe that physical or mental disabilities should not be an obstacle for talent to thrive. To this end, the Group currently employs 86 people with physical or mental disabilities in a variety of positions, including cleaners, security guards, property assistants and receptionists. We strive to provide opportunities to let everyone shine with their skills.



Our philosophy of Building Homes with Heart provides us with a greater understanding and appreciation of the importance of families among our employees. We respect their roles and responsibilities in the family and offer our staff a family-friendly workplace. For example, we have implemented flexible work hours for those with special needs since May 2017, to enable employees to reserve more time for their families. Also, we provide mother-friendly measures, including breastfeeding facilities in our workplace and flexible working hours for mothers-in-need.

We strive to uphold human rights. With reference to the Employment Ordinance and international advocacy, we prohibit the use of child labour and forced labour in our business operations. Employees can exercise their freedom of association by participating in trade unions and collective bargaining. A whistle-blowing mechanism is also in place for employees to report any incidents of misconduct or mistreatment. Such practices also extend to our supply chain. Please refer to the Value Created for Supply Chain section for details.





Our Inter-generational Workplace

At SHKP, our employees come from diverse backgrounds, including experienced professionals and young graduates across different generations. This mix of employees has created a positive synergy and enables transfer of knowledge between the different generations. The story of Hondy Hui and Alex Chan from our property management division illustrates how our experienced staff have successfully passed on their insights and knowledge to the newcomers of the Group who are often faced with challenges and difficulties kicking off their careers.

Young Workforce Thriving in a Traditional Industry

Alex joined our internship programme at Hong Yip from the Institute of Vocational Education and after graduation was assigned to work at the clubhouse of The Parcville. His responsibilities mainly include serving guests, managing clubhouse facilities and organizing seasonal events.



Hondy (left) and Alex (right) work together to provide their best-practice expertise in clubhouse management

With only six full-time staff serving residents from 1,600 units, Alex was rather anxious in the beginning. With constant advice and guidance from his supervisor Hondy, Alex has now acquired comprehensive clubhouse management knowledge and skills and is handling his tasks with ease. And having mastered the art of serving our customers, Alex noted,

“Our team has made considerable efforts to ensure proper pool water quality management. In addition to adhering to all legal requirements, we aim to do even more to create a safe and comfortable environment for our customers. This, I believe, is the true essence of serving customers with our hearts.”

Mingling Experience with Creativity

Recalling his experience with a harsh supervisor, Hondy fully realizes that the old-fashioned management style is no longer applicable to the young generation today. Accordingly, he has been keeping up with the latest trends and uses the appropriate skills to communicate with his junior colleagues.

In organizing seasonal events, experience alone is not sufficient to create an unforgettable memory for guests. Creativity often plays a more important role. Extending his compliments to Alex, Hondy recalled,

“At the Halloween Party last year, Alex and other young colleagues were given a free hand and delegated with full responsibilities for transforming the clubhouse into a haunted house. The event was very successful and everyone who attended had a great deal of fun.”

Hondy understands the importance of giving the younger generation opportunities to develop their potential and let their careers blossom. As a supervisor,

his role entails giving younger staff clear directions and assisting them to implement their plans. The ultimate achievement of executing successful tasks not only gives young employees pleasure but also bolsters their confidence on the job, providing the right impetus for further development in the industry.



Alex enjoys working in the clubhouse where he finds pleasure and a sense of achievement from his work



The ripple effect of such positive outcomes means that the younger generation will continually improve on their previous achievements. We believe that as we continue to support and nurture the younger generation, they will be able to thrive while helping to drive the Group to ever-greater success.





Listening to Our People

Our employees are essential to our business development. We strive to recognize their needs, and listen to their suggestions and feedback. To better understand the needs of our staff, we have engaged our stakeholders, including employees, in a structured and systematic manner with reference to the AA1000 Stakeholder Engagement Standard. We also offer financial support and overseas exchange opportunities to the children of our employees.

For the last eight years, our employees have been given above-average salary increments. Under today's performance-driven culture, we recognize outstanding work performance using formal appraisal reviews and annual internal awards, including the Quality Raising Suggestion Scheme, Work Safety Suggestion Scheme, Best Handover Quality Award, Safety Award Scheme and Long Service Award. These awards are presented by deputy managing directors each year to illustrate our level of recognition in these areas.

We extend our employee care all the way to the families of those who work for us. Since 2010, the SHKP Group Undergraduate Scholarship has been helping to relieve the financial burdens of employees whose children are accepted for undergraduate studies. To date, more than 70 children of our staff have received subsidies for their university education. Another programme, SHKP Evergreen Club, was established to continue connecting with retired employees of the Group through regular activities, including countryside trips, social gatherings and special interest classes.

Promoting Personal Advancement



Our employees contribute directly to our service quality. For this reason, we work hard to provide training and nurture their personal advancement. The Group's Internal Affairs Department designs and formulates talent development plans every year based on employees' needs and feedback collected. Self-learning opportunities, including internal classroom training, training library and e-learning programmes are open for employee-learning purposes. Job rotation and secondment opportunities are available for our employees to broaden their horizons in the industry.

Experts in the industry are also invited to give lectures to our employees. Topics include: the latest industry developments, architecture and design, engineering, construction, customer service and management.

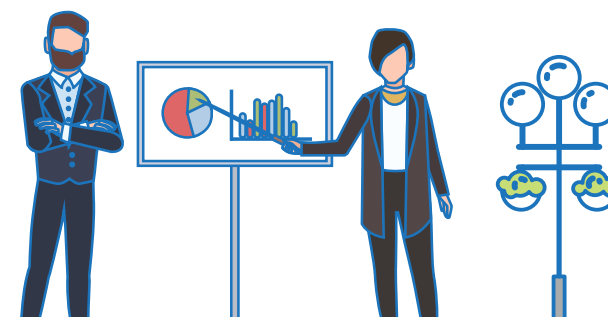
This year, to keep up with the pace of digital development, we offered training to our employees on the very latest technological developments. For example, we held seminars on virtual reality (VR), big data and the application of social media. We invited a professor from Harvard Business School to share the trend of new technology and overseas success stories of companies which incorporated the latest technologies into their overall business development. Employees now have the chance to understand and experience how technology can be integrated into our business operations. In the face of more extensive and severe cyber-attacks, we have also organized sharing sessions on cybersecurity to raise employees' awareness of the issue. Through these training opportunities, we hope our employees can work intelligently and efficiently utilizing the technologies.



Colleagues enjoy a seminar delivered by Professor David Yoffie from Harvard Business School

The People Development Academy in our property management subsidiary Hong Yip continues to offer training opportunities to our employees. As a pioneer in the industry, the Academy was approved by the Hong Kong Council for Accreditation of Academic and Vocational Qualification for running programmes at Level 1 to 3 of the Qualification Framework (QF) scheme in 2010. Currently, the Academy operates 15 QF-recognized in-house training programmes, more than half of the QF programmes offered by all companies in the industry.

This year Hong Yip's dedication to developing our employees earned the company the 'QF Gold Star Employer Award' under the QF Scheme by the Education Bureau. Hong Yip also won the 'Manpower Developer 1st – Grand Prize Award' under the Employees Retraining Board's Manpower Developer Award Scheme.



Caring for Health and Safety

We treat our employees' and interested partners' health and safety with the utmost care and have wide-ranging occupational health and safety management policies and systems in place. Going beyond compliance with the Occupational Safety and Health Ordinance and other relevant legislations, the occupational health and safety management systems we have in place at our subsidiaries level have earned OHSAS 18001 accreditation. With the latest ISO 45001 Occupational Health and Safety Management Systems now published, we will conduct a gap analysis to bridge our current system with those of the latest international standards and requirements.

Our Occupational Health and Safety Committees are responsible for overseeing health and safety performance while mitigating any potential risks during business operations. To ensure that staff members are aware of occupational health and safety issues, we arrange safety training for every new employee on issues related to emergency responses and procedures. Site inspections and drills are regularly conducted to maintain staff awareness. We also welcome innovations that contribute to the maintenance of a healthy and safe workplace. Employees are encouraged to submit their ideas and practices to enhance workplace safety through our Work Safety Suggestion Schemes.

Thanks to our employees' support, the Group has maintained a low rate of 27.6 accidents per 1,000 workers. This rate was lower than the industry average of 32.9 accidents per 1,000 workers in 2017.

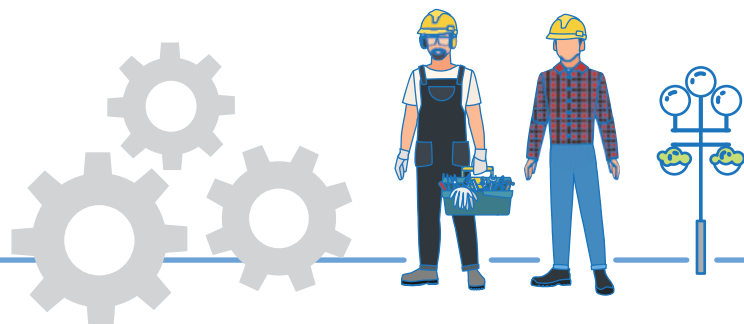
In addition to physical health and safety, we believe that the mental fitness of employees is directly related to their overall happiness and work productivity. Our Internal Affairs Department regularly organizes a wide range of events to promote well-being and work-life balance. For those employees in need, we also have a Hearty Hotline service which provides 24-hour counselling and emotional support from professional social workers, psychologists and counsellors. We try to extend our care to cover the holistic health and well-being of our employees.

✱ The Group's accident rate of **27.6** accidents per 1,000 workers¹

✱ Hong Kong's industry average of **32.9** accidents per 1,000 workers²

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 2018) from the Hong Kong Labour Department.



Long-term Investment in Employees' Well-being

Long working hours are a common phenomenon in Hong Kong. This leads to a work-life imbalance and a degraded state of health among workers. As an 'employer of choice', we extend our care to employees' well-being and work-life balance by initiating and supporting various employee activities. The following are some examples of the programmes we initiated during the year:

Promoting Physical Well-being

Physical health is more than being able to walk and eat. To keep physically fit, employees are encouraged to maintain a healthy lifestyle. This year, we invited professors and health practitioners to deliver talks and workshops on topics that ranged from ageing to

eczema. These courses help provide key information to our employees when coping with common medical issues.

Exercising and sports are the simplest ways to promote employees' health. To encourage staff members to exercise more, we regularly hold workshops and competitions. During the year, we organized a tournament to let our employees showcase their bowling talents and we also held a cardio-workout workshop to encourage our employees to try out new exercises.

Extending our support further, we also encourage our employees to participate in external sporting activities. The feedback from these activities has

been remarkable. We sponsored employees to take part in The Community Chest Corporate Challenge, the Hong Kong Streetathon, and Rotary Hong Kong Ultramarathon. Our employees' relay team, through hard work and dedicated training, became corporate relay champions at the Rotary Hong Kong Ultramarathon.

Extending Care to the Family

The family plays a very important role in everyone's life. For this reason, we organize talks on nurturing good relationships with families. For example, we held a seminar on 6A character education for children as well as a talk on communicating with parents. These talks help enable our employees to learn important life-long skills in getting along with their families.

Putting theory into practice, we have also held events that enable our employees to spend more time with their families. In the summer of 2017, we organized a Chinese pastry cooking class for our staff and their children, so that they could share some fun quality time with each other.



Our employees actively participate in external sports events



Our employees spending quality time with their children



Value Created for Customers



Strategies and Management

Building Homes with Heart has long been the fundamental principle in managing our product and service quality. As a responsible developer, our ultimate goals are to provide the finest products and services to our customers and create comfortable homes, productive workplaces and enjoyable recreational facilities for everyone's well-being. We have a set of service protocols to monitor customer satisfaction as well as health and safety, in addition to maintaining information privacy to protect the rights of our customers and clients. We build long-term relationships with our customers through SHKP Club and Club Royal, and communicate with them regularly, providing feedback to meet their needs and respond to their concerns.

Building Homes of the Finest Quality

The Group adheres to the philosophy of Building Homes with Heart during each phase of project development.

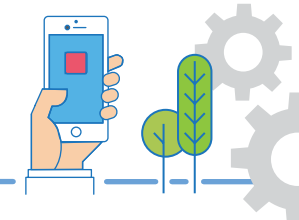
Our consistency in using top-quality materials for all our project developments and the thorough inspections carried out by our professional teams during property handovers have been widely acclaimed by the public. Our vertically integrated business structure enables full quality assurance at every stage of a development, from land acquisition, project planning and management, material sourcing and construction all the way to marketing, sales and property management. Experts focus on different aspects and oversee each stage of the development to ensure overall product quality.

The Group initiated a three-year warranty policy on new residential developments in 2013 to gain additional trust from customers. This warranty period is the longest offered by any Hong Kong developer and fully reflects the confidence we have in our product quality in addition to being a responsible developer.

Mobile applications were developed to facilitate the property handover process. During the year, an 'Intake Easy' device was developed by Hong Yip to assist the handover process at Century Link. Using a tablet, owners can sign off on all documents involved in the process. They can also keep track of how the situation is being handled, using digital devices. Any defects spotted during the handover can be logged and uploaded to the platform. This enhances the overall handover efficiency and helps owners manage the quality assurance process.



Intake Easy mobile application developed by Hong Yip



Providing Outstanding Property Management Services

The Group provides outstanding management services once properties enter the operational phase, in order to further maintain customer satisfaction through its subsidiaries – Hong Yip and Kai Shing. They also follow international standards in property and facility management to ensure premium services, and that health and safety, information security and technological information are effectively delivered to customers.

The Group is committed to continually improving its property management services through the use of innovative technologies.

During the reporting year, Kai Shing worked with SmarTone to incorporate pioneering NB-IoT (Narrowband Internet-of-Things) technology as a smart management solution at the International Commerce Centre (ICC). This advanced innovation

integrates a grid of NB-IoT-enabled sensors used in monitoring water leakage, doors, air quality and lighting levels to back-of-the-house control. This end-to-end digital control enhances the effectiveness and efficiency of its property management team who can accurately manage the performance of the different aspects of a building in order to maintain an optimal environment for customers.

Enhanced Smart Property Management with Hand-held Mobile Devices

Providing quality property management services for customers has always been a commitment of the Group. Leveraging the rapid advancement of today's technologies, the Group has employed the latest innovations to enhance overall customer experience of our products and services.

Smart Property Management in Malls - SHKP Malls App



In January 2018, the SHKP Malls App was officially launched in response to market developments and customer needs. Incorporating the latest information on dining, parking, shopping, promotional activities and special offers as part of an integrated membership programme of the Group's 26 malls, the new App offers an exceptional experience for customers. 'Eat E-asy's e-ticket and e-table functions allow users to reserve tables and make pre-orders at restaurants that are registered in the network through the App. In addition, the 'Park E-asy' allows users to obtain

real-time parking space vacancy information, use intelligent parking navigation and initiate a car search, among other features, saving them much time and offering a great deal of convenience.

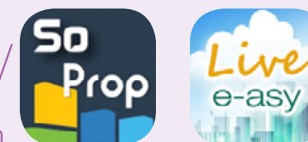
The SHKP Malls App, developed with iBeacon technology, also serves as a platform to create mutual benefits for customers and merchants. At iBeacon-enabled malls, the App allows users to receive the latest promotion and discount offers while allowing tenants to share promotion updates effectively with their target shoppers. By the end of June, the SHKP Malls App recorded over 220,000 downloads.

Smart Residential Property Management

The Group has also introduced innovative ideas and applied the latest technologies in residential property management with the aim of providing a smart and convenient living experience for residents.

Kai Shing and Hong Yip have developed two smartphone applications – Live e-asy and SoProp, which respectively provide property management and facilities booking services.

Additionally, the Group provides residents at St. Martin with the Intelligent Living App to realize the advantages of smart living. Apart from making reservations for different kinds of facilities and payment of management fees, a '24/7 Chatbot' service will be introduced through which artificial intelligence technology will be applied to answer residents' inquiries at all times, while other smart living services such as shared bike and electronic rental management services will be provided.



The Group and its property management subsidiaries are committed to enhancing their services to meet international standards.

Business Continuity: ISO 22301

- ✱ ICC has an ISO 22301-accredited issues and crisis management system where regular drills are conducted to prepare for business disruption incidents. Business continuity procedures have also been established whenever high-priority risks are identified.



Customer Satisfaction and Complaints Handling: ISO 10002

- ✱ Our property management subsidiaries have an ISO 10002-accredited complaints management system to establish a 'customer-first' environment.
- ✱ We are committed to undertaking formal reviews for each complaint we receive and provide a response within an appropriate time.

Health and Safety: OHSAS 18001

- ✱ We have OHSAS 18001-accredited health and safety management systems that go beyond regulatory requirements.
- ✱ Health and safety are considered as our top priorities, and we carry out regular audit and review to monitor the effectiveness of the systems in place that supports these priorities.

Information Security: ISO 27001

- ✱ Hong Yip plays a leading role in the information security services market for property and facility management, and was the first local property management company to obtain ISO 27001 certification.
- ✱ We provide professional training to employees who manage sensitive customer and company information.

Service Quality: ISO 9001

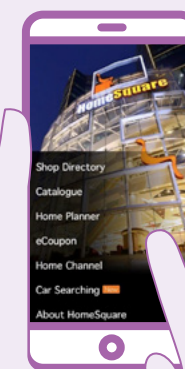
- ✱ We benchmark quality management against industry best practices to maintain a high quality of services, earning us ISO 9001 certification for our quality management system.
- ✱ We provide clear guidelines and regular training for employees to equip them with effective customer handling skills.

Home Ambassador Offering Personalized Customer Service Support

HomeSquare is the first one-stop shopping mall for home furnishings in Hong Kong. In 2017, it introduced Hong Kong's first home ambassador service to make customers feel truly at home. On top of general customer service skills, the home ambassador team is equipped with knowledge of all tenant brands, product categories, offers, features and more, offering meticulous services that help customers plan their shopping route and accompany them in looking for products that meet their needs. The caring and personalized customer service at HomeSquare has been recognized by the 2017 Hong Kong Awards for Industries: Customer Service by the Hong Kong Retail Management Association.

An achievement such as this is the result of continued investments in team enhancement. When new ambassadors join the team, they are assigned to senior ambassadors who act as mentors and guide them to familiarize with the brands and home products in the mall. The team meets every month to share case-handling experience and learn about the latest product information of tenants. Surprise checks and reviews are carried out regularly to ensure the service standard of the team.

To make shopping a truly convenient experience for our customers, HomeSquare introduced a HomeSquare App that incorporates the latest product briefs, photos and promotions of the mall to help customers search for their desired products. The additional iRuler and Wish List functions in the App are designed to facilitate customer purchasing decisions, in which customers can record the measurements of their home interior.



✱ HomeSquare App designed for the convenience of the home planner

Taking Good Care of Hotel Guests

The Group is committed to creating a comfortable home-away-from-home experience for our hotel guests. We strive to provide caring service and quality catering to maximize customer satisfaction. To this end, we have established guest service standards for our hotels to ensure that our employees take good care of guests from the moment we welcome them. Regular training is offered to staff so that they can handle different situations professionally at all times. Training covers standard behaviour, telephone courtesy, complaint resolution and more. We attach great emphasis on food quality and safety, which considerably affect customers' well-being. Our relentless efforts to provide quality hospitality to our guests have been widely recognized by travel and online agencies, such as Agoda.com, Hotels.com, Booking.com and Rakuten Travel.

Committed to Continuous Improvements in Products and Services

The Group works together with its staff for continuous improvement in products and services. Several award schemes have been introduced to recognize staff members who offer products and services of outstanding quality, and we encourage the contribution of innovative ideas. The Quality Raising Suggestion Scheme encourages staff to come up with innovative and feasible ideas for improving service quality and efficiency. The Customer Care Ambassador Election and Best Handover Quality Award schemes recognize outstanding staff members and teams that provide customer service in malls and at the handover of new residential units.

Quality Raising Suggestion Scheme



The Quality Raising Suggestion Scheme has been implemented for 24 years. Innovative and feasible suggestions raised by our staff have contributed to the Group's greater success in enhancing work efficiency and customer service. This year, the Quality Raising Gold Award went to Hong Yip, for digitizing the process for settling management fees, providing residents with a convenient and eco-friendly way to pay fees while reducing the workload of frontline staff.

Customer Care Ambassador Election



Achieving continued success for a decade, the Customer Care Ambassador Election encourages and recognizes professional and caring customer services. The theme of this year was 'Make You Feel at Home.' Over 100 customer care ambassadors and 20 malls participated in the election. Seven awards were presented in recognition of the 'Serving with Heart' spirit of the customer care ambassadors who paid careful attention to customers' needs.

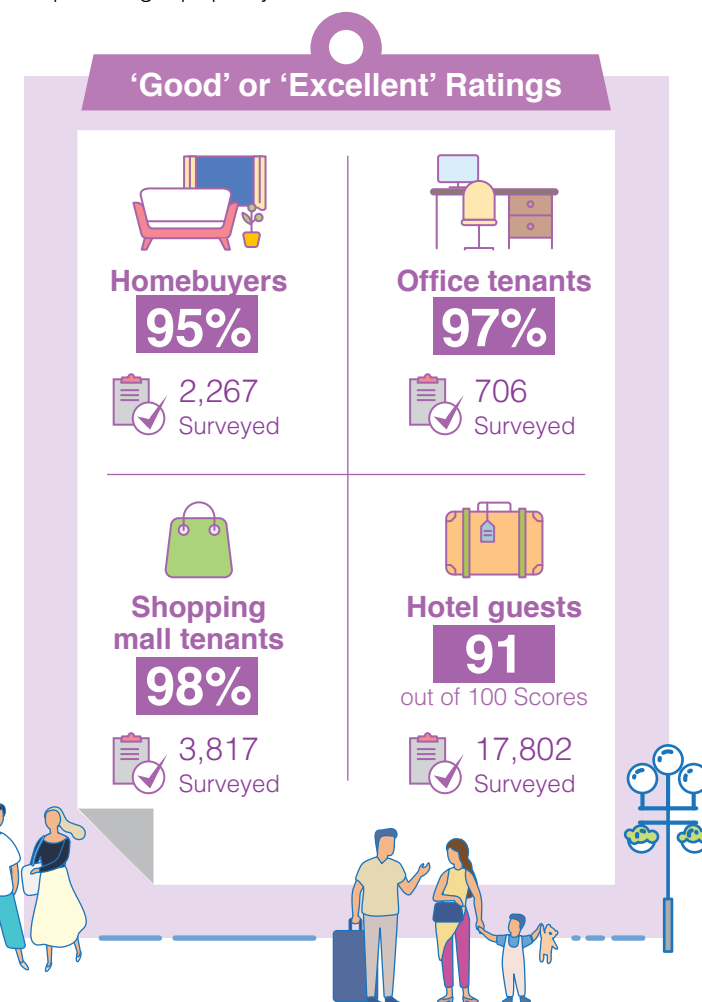
Best Handover Quality Award



The handover of a property is a major step within the entire quality assurance process as the occasion forms customers' first impression of our product quality and services. The Group therefore has recognized the outstanding performance of the team by giving them the 'Best Handover Award' to motivate continued improvement and top professional services. The 'Best Handover Gold Award' this year went to Twin Regency for the finest building quality, service quality and team spirit delivered to new owners.

Listening to Customers' Feedback

We pay considerable attention to our customers' experience of our business operations. We consider opinions from our customers a valuable resource for motivating our continued improvement. By carefully listening to customers' feedback and proactively acting on their comments, our operations in different business sectors were positively appraised during the year for providing top quality customer services.



The implementation of our strictly established customer service protocols and operational procedures typify our commitment to offering quality service. Comments and complaints from shopping malls, offices and residential properties are handled by our Group complaint resolution system and are followed up thoroughly by corresponding teams from respective divisions within a reasonable time frame subject to the nature of the complaint.

SHKP Club

The Group established the SHKP Club in 1996, the first developer club of its kind in Hong Kong, and today with over 400,000 members it also remains the largest. The Club has proven to be an effective communication channel to maintain long-term relationships with customers. Members are also offered property-related benefits and leisure activities that are reminders of loving homes. Multiple communication channels are used to enhance two-way communication such as surveys, social media, and other online channels.

- ❖ A 'Mother's Day Sweet Togetherness' cake-making workshop for families to celebrate Mother's Day
- ❖ A territory-wide 'Best Partner in the Family' competition that received more than 10,000 entries in which members share quality time moments with family members
- ❖ A series of Lovey-loving Family Heart-warming Moments comics on the Facebook page to promote the idea of family companionship

Membership in the SHKP Club
now exceeds **400,000**

– the largest developer club in Hong Kong

Adhering to the principle of Building Homes with Heart, the Club has organized a variety of activities together with 'Loving Home' campaigns on both offline and online channels such as its website and the Cherish Your Family Facebook page to promote domestic harmony. These include:

- ❖ A set of innovative and easy-to-learn exercise videos broadcast in SHKP malls, offices and on Facebook and YouTube to promote 'Loving Home, Loving Health' by encouraging participation in sports. The videos have attracted over 26,000 views
- ❖ 'Be a Good Companion to Your Child' family talk with an expert who shares valuable child-rearing skills
- ❖ A roving exhibition, 'Lovey-loving Family' – a 'Loving Home Together' AR journey provides an interactive platform for the public to share joyful moments with loving home messages using AR technology. Over 1.1 million loving home commitments were collected from the event



❖ A series of 'Love Family, Love Health' initiatives were organized to motivate members and the public to build healthier and happier lives



❖ 'Lovey-loving Family' – a 'Loving Home Together' AR journey

Performance of Hotels

48

All Complaints | **Response within 48 hours**

Performance of Property Management



Emergency Complaints | **Immediate response**

10

Verbal Complaints | **Verbal response within 10 minutes**



Written Complaints | **Written response within 10 working days**

A variety of interactive family activities are offered to members. SHKP Club supports the Economic Forum: *Outlook for the Global Macro-Economy and Hong Kong's Asset Markets* by The Chinese University of Hong Kong, which gathers members together and holds discussions on the latest developments in the global macro economy. A series of parent-child arts and crafts workshops at the PARK YOHO Carnival was exclusively provided to members. A Ninja Training Camp in MOKO was also opened to over 100 children, teaching them to listen and understand before taking action. SHKP Club members were also invited to special events at SHKP malls and hotels, such as the 3D Sketch Town event in the IFC mall, free movie previews at the new cinema in YOHO MALL and Winter Heart-warming Dessert Workshop in The Royal Garden.



❖ Winter heart-warming dessert workshop at The Royal Garden

❖ PARK YOHO Carnival Sea Creatures in a Fantasy Glass Workshop

Visit our SHKP Club:
www.shkpclub.com



Club Royal

The Group set up Club Royal in 2004 to facilitate communications between our hotel customers and the Group. To date, the Club has over 34,500 members. Apart from connecting members through monthly newsletters, emails and the hotline, it features hotel discounts exclusive to Club Royal members.

Safeguarding Customers' Health and Safety



The Group places a high priority on customer health and safety across all our properties and operations. As a consequence, instead of just fulfilling standard legal requirements, our construction and property management subsidiaries have had their health and safety management systems OHSAS 18001 accredited. In case of life-threatening situations such as sudden cardiac arrest, major shopping malls, offices and residential projects under the Group have been equipped with automated external defibrillators (AED) for resuscitation, with first-aid training and AED user-instructions provided to the property management staff.

We also treat indoor air quality seriously as it directly impacts the health of our property users, particularly those with respiratory illnesses. This also allows us to create cosy and healthy environments for our property users. In addition to adopting the latest indoor air quality technologies, we conduct inspections of air-handling units and replace filters regularly to improve the ventilation and air quality in all of our properties. As a result, many of our buildings have received 'Excellent' or 'Good' Class Indoor Air Quality certifications from the Indoor Air Quality Information Centre.

For our hotel operations, food safety has been identified as a significant issue and is a focal point of concern for the hotel management staff. Most of

our hotels have Hazard Analysis Critical Control Point systems to safeguard food hygiene, and The Royal Garden has even earned ISO 22000 certification for its food safety management system. Our hotels also examine food audit results to safeguard the quality of the food items we serve to our guests.

Apart from ensuring that our subsidiaries and properties implement prudent measures, we also raise our users' awareness of health and safety. For example, while we conduct regular inspections of fire systems, our property managers arrange periodic fire drills and arrange safety talks for our tenants. Through this collaborative model, we are able to minimize health and safety risks for users.

Securing Customers' Data Privacy

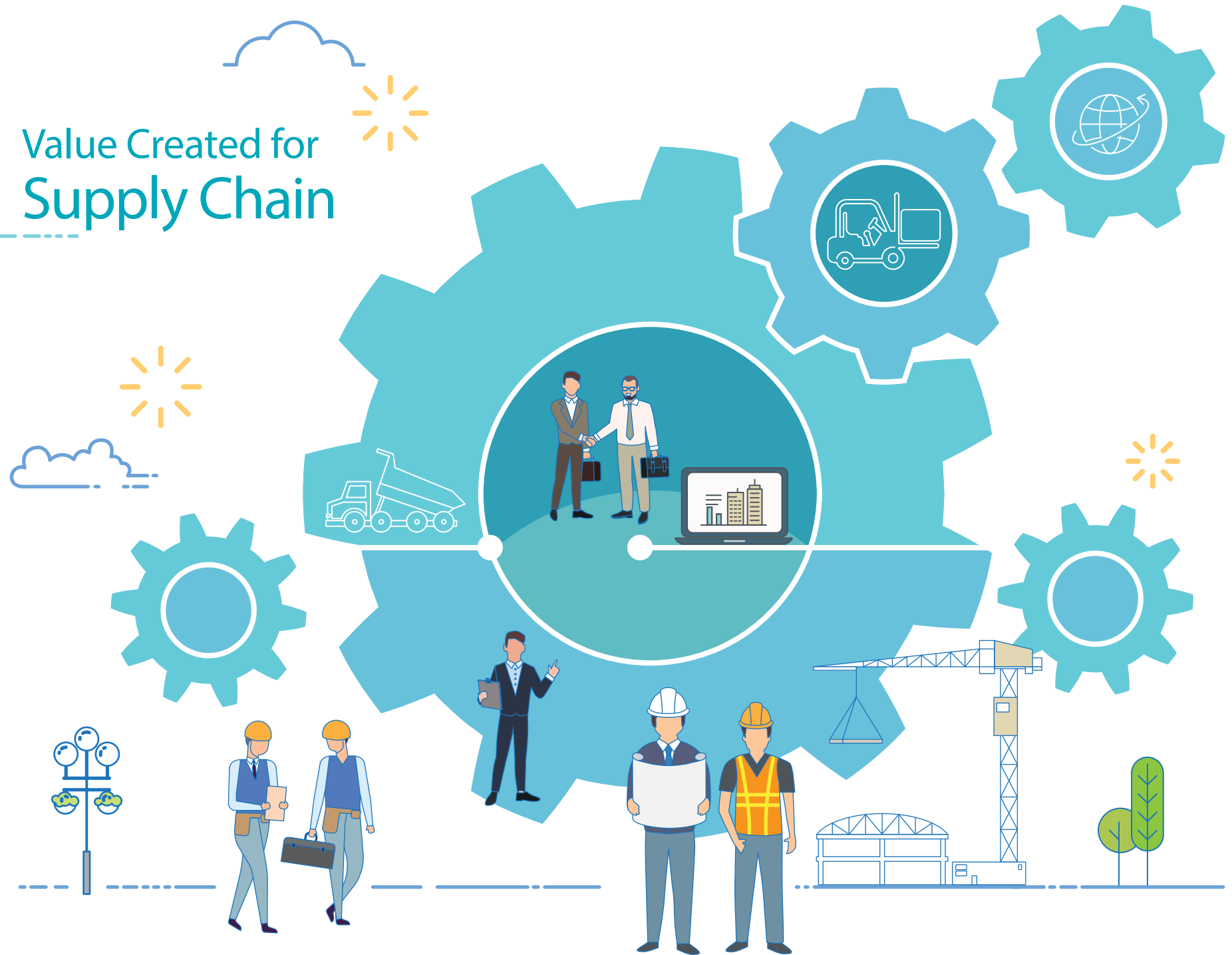


We emphasize data privacy protection and cyber security in all of our business operations. While we make use of various information and digital technologies to disseminate information to enhance our customers' experience, the Group fully understands that users are still apprehensive about their data privacy. To address their concerns, we have initiated a set of policies and procedures that comply with all relevant laws and regulations. In particular, the Customer Data (Privacy) Policy¹ addresses the collection and use of customer data.

Moreover, an IT Governance Steering Committee oversees matters related to information security management in all operations, and the IT Department manages personal data in a proper and secure manner. Our frontline employees and IT Department are also provided with training on managing sensitive customer and corporate information. The IT Department also hosts seminars covering cyber security to share ways on how to avoid cyber security pitfalls.

¹ For details of the Customer Data (Privacy) Policy, please refer to www.shkp.com/pages/customer-data-policy.

Value Created for Supply Chain



Strategies and Management

As a responsible company, the Group strives not only to comply with all the laws and regulations under which we operate, but also to build a better and greener future together with our supply chain.

A comprehensive supply chain management mechanism, comprising a code of conduct and supplier evaluation systems, has been adopted to monitor and evaluate various performance aspects

of our suppliers from the quality of their products and services to the ethical practices of their business operations. The Group also abides by the ten principles of the United Nations Global Compact and encourages our suppliers to do the same.

To promote social responsibility within the supply chain, our suppliers and contractors are required to follow the Group's environmental and occupational health

and safety policies along with strict standards for corporate governance. In addition, we support freedom of association, believe that all employees within the supply chain should be free from discrimination, and do not tolerate child or forced labour in our suppliers' operations. We periodically review the performance of our suppliers and contractors to ensure their compliance and continuous improvements.

Building a Sustainable Future With Our Contractor – Gammon Construction Limited

The Group is committed to operating its businesses in a socially and environmentally responsible way to create long-term value for our company as well as the society at large. We continue to collaborate with our building contractors to nurture a sustainable future. Gammon Construction Limited (Gammon) is one of our long-term partners that consistently delivers high quality projects and offers innovative and sustainable solutions and services.

Below are some examples of creating sustainable value in which Gammon and SHKP collaborate.

Reducing Pollution through Early Electrification

Gammon and SHKP have adopted an early engagement approach and have been working together on ways to allow earlier on-site electrification. One common way is to connect the construction site to a nearby SHKP project that is already connected to the power grid. This approach eliminates the use of

diesel generators, which release exhaust emissions, create noise pollution and generate higher carbon emissions per kilowatt of electricity consumed. It also reduces the risk of potential land and water contamination posed by diesel storage and filling.

Generating Renewable Energy with a Solar Photovoltaic System

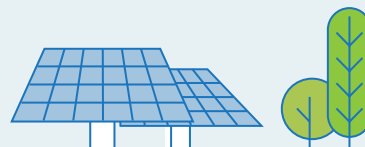
To help combat climate change, Gammon and SHKP have recognized the need to use renewable energy sources where possible, and will participate in the Renewable Energy Feed-in Tariff Scheme introduced by local power companies, which will come into effect in 2019. With support from the Group, Gammon will solarize upcoming construction sites by setting up solar photovoltaic (PV) systems. PV panels will be placed in the outdoor areas of construction sites to generate renewable solar energy for on-site usage and to feed excess power back to the power grid.

Developing Solutions to Preserve Valuable Trees

SHKP and Gammon share the same belief that trees are important elements of the city landscape and valuable assets in a community, and that preservation of important trees is necessary in a development project. Wherever possible, our landscape team works together with Gammon to devise the most appropriate preservation measures to retain rare and precious trees on site by ensuring their survival during and after construction so as to reduce the need for transplanting. Ecologists and arborists of SHKP and Gammon have also been exploring the application of real-time sensor technology to protect trees from possible theft and to identify early signs of health problems.



Ecologists and arborists of SHKP and Gammon work together to protect the habitat of living creatures on site

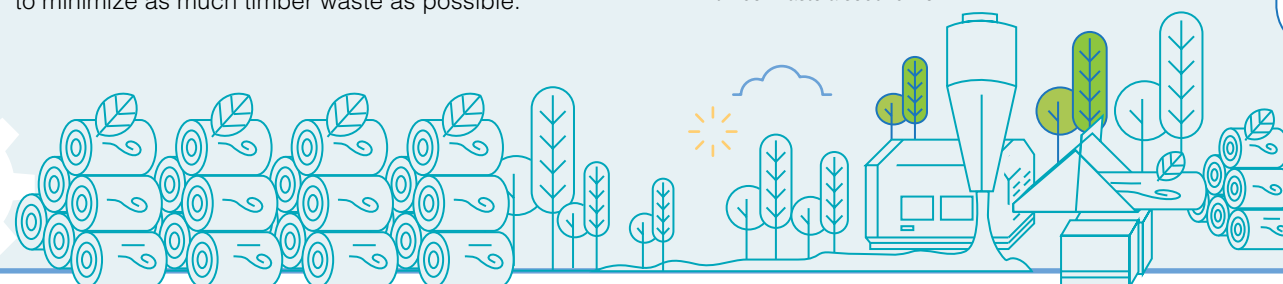


Reducing Timber Waste by Turning Felled Trees into Mulch

With ecological protection a priority, a limited timber recycling choices in Hong Kong, SHKP and Gammon strive to minimize the number of trees lost during construction through early communication and planning at the design stage. When the felling of trees is unavoidable, Gammon seeks to process the resulting timber debris by wood chipper. The processed wood chips are reused as mulch either in other Gammon's projects for soft landscape work or in SHKP nurseries to minimize as much timber waste as possible.



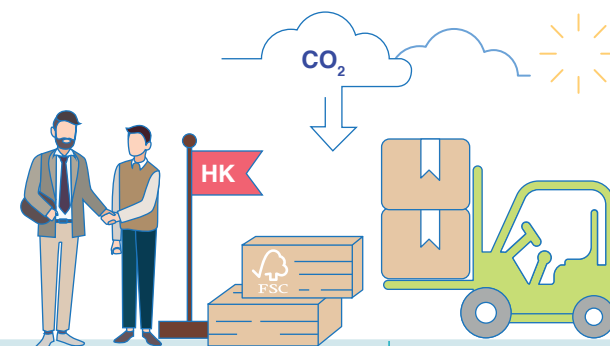
Processed wood chips are used as mulch to give timber waste a second life



Supporting Responsible and Sustainable Procurement

A diverse pool of devoted suppliers is crucial to our business success. The Group is proud to have worked with more than 4,500 suppliers during the reporting period, spending a total of HK\$8.5 billion with them. Local suppliers are given priority whenever possible in order to reduce carbon emissions brought about by transportation. We also support local business development, promote local employment, and work hard to foster local economic growth. During this reporting year, over 95% of our products and services were sourced locally.

Additionally, the Group minimizes risks in our supply chain and secures the stability of our product supply by avoiding over-reliance on a single supplier in a specific area. During the reporting period, our five largest suppliers accounted for less than 30% of our total purchases.



	Head Office	Construction	Hotels	Property Management
Number of Suppliers – Hong Kong	52	308	2,131	2,050
Number of Suppliers – Non-Hong Kong	–	7	34	43

“Gammon and SHKP share the common goal of being a more sustainable business. We value SHKP's commitment to collaborate and co-create solutions together with us enabling both our businesses to contribute to more sustainable construction.”

Emma Harvey

Group Sustainability Manager
Gammon Construction Limited





To help encourage our business partners to take on environmental and social responsibilities, we continue to act as a role model in expanding the proportion of our procurement from suppliers that have incorporated social and environmental concerns into their own business operations. To this end, we give priority in our selection process to suppliers that demonstrate environmental commitments such as adopting ISO 14001 environmental management system requirements or green procurement policies. E-Order system has also been developed to reduce the papers used during the procurement process. Our support also extends to small, medium and social enterprises, which we try to include in our procurement practices when opportunities arise.

Monitoring and Reviewing our Expectations of Suppliers

We have high expectations concerning the sustainability performance of our suppliers. Operating in accordance with local laws and regulations is only the minimum requirement for our suppliers to work

with us. In order to achieve sustainable development throughout the Group's value chain, our tender invitations and supplier contracts clearly state the necessary requirements for suppliers' environmental and social standards.

Given the various requirements the Group sets for suppliers, we have established an evaluation mechanism that involves regular assessments to ensure that our suppliers live up to the Group's expectations. We periodically inspect construction sites for environmental issues such as air quality and wastewater treatment. Sustainability evaluations are also carried out on contractors and suppliers in the Property Management division upon completion of work and during annual performance appraisal, and the results serve as an important indicator for future contractors and supplier selection. Suppliers who fail to meet the criteria stated in the tender, ignore relevant laws and regulations or commit misconducts during the contract period can be downgraded or removed from our tender list.

Food safety is a significant risk factor in our hotel business operations and is considered a priority in hotel management. Improper processing and logistics from suppliers can result in food contamination and spoilage, posing potential health risks for our hotel guests. Supplier audits and on-site inspections are conducted to assess personal hygiene, food processing and storage conditions, pest control, equipment cleaning, waste management and chemical storage management in order to ensure public health and food safety standards are met. We pay special attention to high risk items, including fresh seafood and ready-to-eat food items. Suppliers who fail to achieve satisfactory audit results are

immediately removed from our approved supplier list. During the reporting period, 100% of our food suppliers met the requirements in our food audits.

Protecting the Welfare and Well-being of our Construction Workers

Construction workers are the cornerstone of the Group's property development business and we regard their welfare and health and safety as one of the key focus points of our supply chain. For this reason, the Group established a Construction Wage Protection Partnership Scheme to safeguard the compensations of our construction workers. Furthermore, our construction contractors are required to follow strict health and safety protocols to prevent injuries and loss of valuable human life at our work sites.

The Construction Wage Protection Partnership Scheme, which represents the first of its kind in the industry, aims to ensure that construction workers in the supply chain are paid in a timely and fair manner, and are covered by the Mandatory Provident Fund retirement scheme. We believe this scheme should help motivate workers to deliver high quality work for fair rewards and compensation.

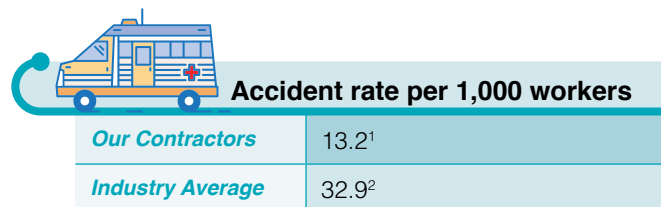
Additionally, regular training is provided to raise construction workers' awareness about health and safety risks and to equip them with knowledge and safe work method to work safely and without risk to health for preventing injuries. Over 760,000 attendances for health and safety training sessions during the reporting period covering such topics as safety card renewal, the safe use of lifting equipment, working at height, manual materials handling, safety management and on-site housekeeping.



To evaluate health and safety risks on-site and to ensure that health and safety performance meet desired expectations, competent internal site-safety professionals are assigned to conduct compliance audits every quarter. Additionally, external safety audits under the Factories and Industrial Undertakings (Safety Management) Regulation are conducted every six months.

Transparent and unbiased reporting on safety incidents is essential for the Group's assessment of its overall health and safety performance. To accurately measure safety statistics, we have waived standard industry fees levied on claims submitted by contractors at all project sites to prevent them from interfering with workers' accident claims.

During the reporting year, zero fatalities were recorded at construction sites where the Group was the main contractor or subcontractor.

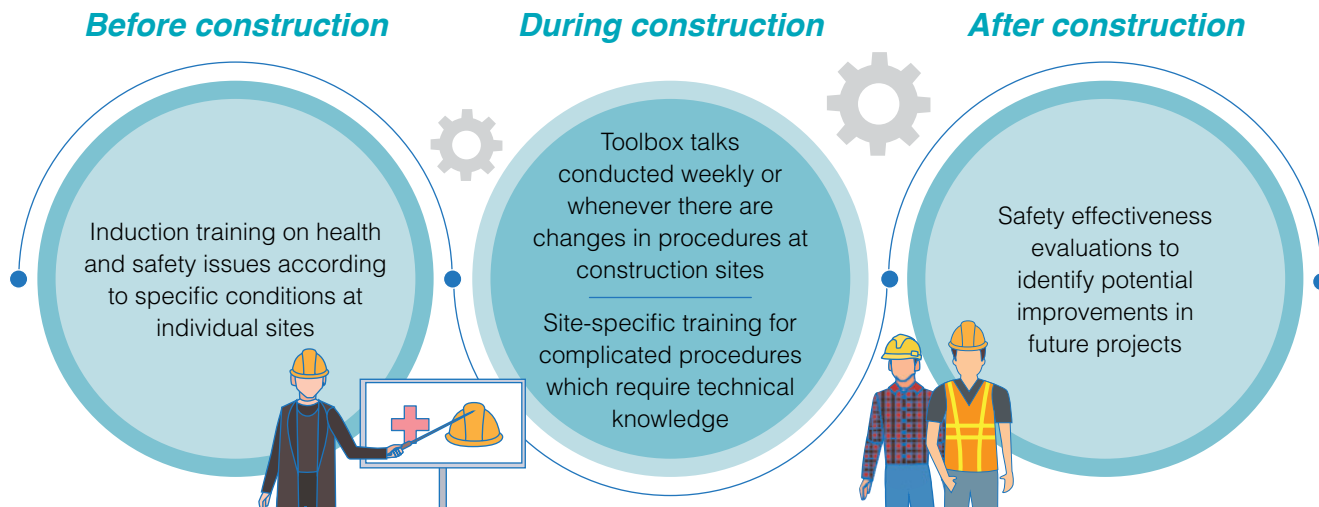


1 Calculation uses the methodology adopted by the Hong Kong Construction Association.

2 Industry rate is calculated on the calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2018) from the Hong Kong Labour Department.

Anti-corruption

We uphold the highest ethical and governance standards in our business operations and we extend our anti-corruption commitment throughout our supply chain. Our Code of Conduct clearly states that no staff shall accept advantages, gifts or entertainment from our business partners, including suppliers and contractors.



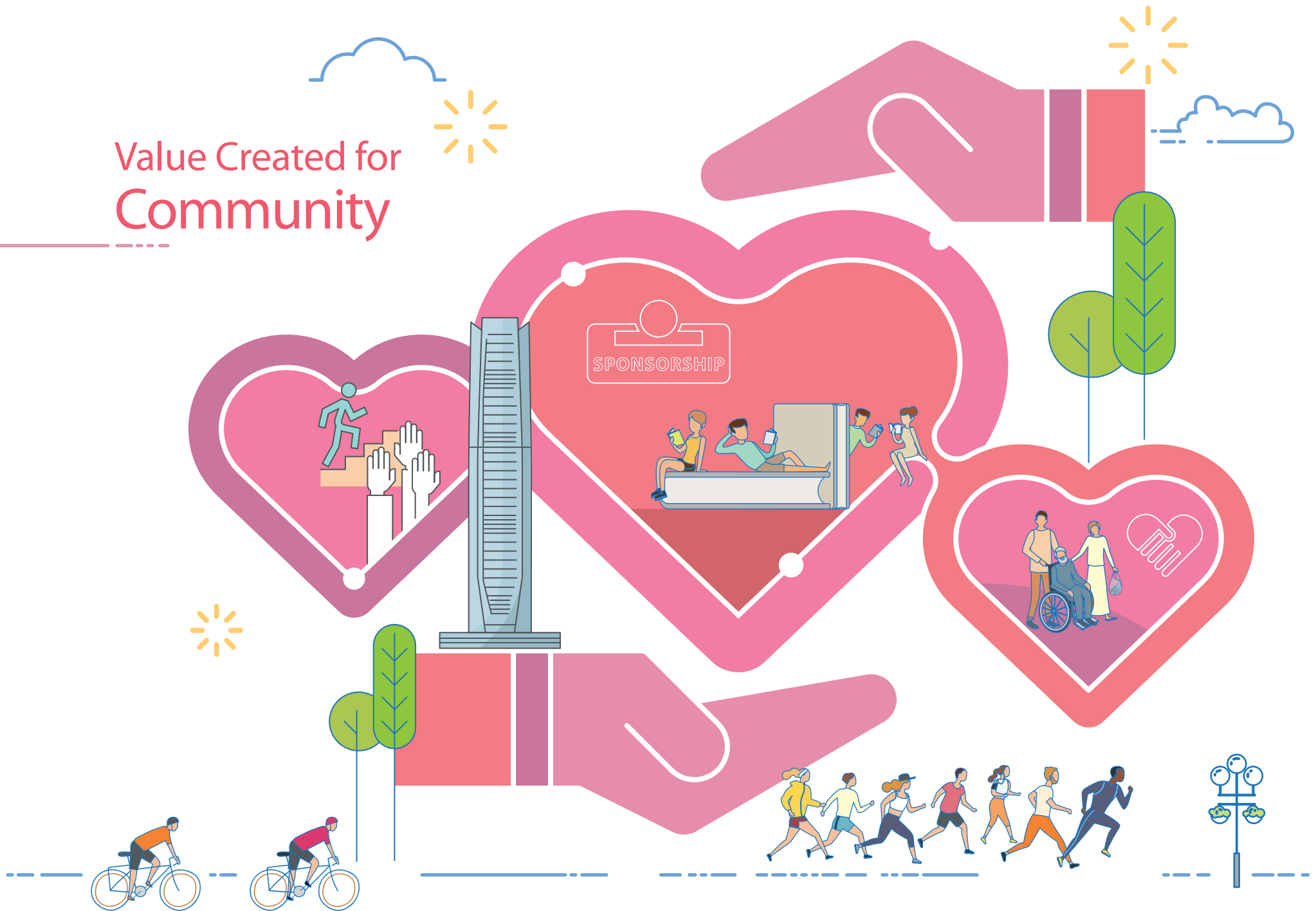
Up-to-date anti-corruption policies can be found on our online vendor platform. Tendering companies and board members are also required to declare conflicts of interest, if any. Supplier and contractor assessments are duly conducted to ensure that ethical business practices have been adopted. The Group did not knowingly cooperate with any contractors or suppliers who failed to comply with our anti-bribery and corruption policies during the reporting year.

The Group has established whistle-blowing channels to encourage both our internal and external stakeholders to raise any concerns about suspected misconduct, malpractice, impropriety, or unethical or unfair treatment along the supply chain. All reported cases are handled promptly and confidentially to protect the relevant parties from retribution or reprisals. In case any suppliers or contractors are found to have contravened our Code of Conduct or anti-corruption policies, such contraventions will be reported to the appropriate law enforcement authorities.

Competition

We support fair competition with the objective of ensuring prudent and just practices across our value chain, and we consistently strive to tackle anti-competitive behaviour. We strictly abide by the Competition Ordinance and ensure that relevant regulations and anti-competitive behaviour are thoroughly understood by inviting external experts to conduct respective training programmes on this subject. We actively prevent bid rigging in the tendering process by periodically updating and evaluating our authorized list with qualified and pre-approved companies. Only companies on the list are invited to tender, and we clearly state the anti-collusion requirements in tender documents. To ensure tender competitiveness, the number of tenderers being invited is strictly monitored. Moreover, all tenderers are required to submit an integrity and anti-collusion confirmation letter, assuring that there is no anti-competitive behaviour occurring in their business operations. Our whistle-blowing mechanism allows our internal and external stakeholders to raise concerns regarding any misconduct, including anti-competitive behaviour.

Value Created for Community



Strategies and Management

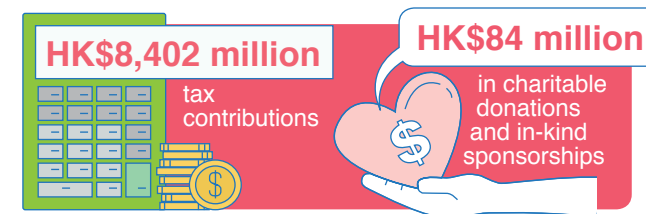
Adhering to its belief in Building Homes with Heart, the Group has been actively reaching out to understand the needs of the community and collaborating with charitable organizations to respond to their needs.

Our Corporate Social Responsibility Committee, comprising top executives of the Group, is responsible for overseeing our community investments and partnerships with charitable organizations. The Committee has established the following community investment strategies to ensure that benefits for the community are maximized:


- ✳ Build close partnerships with non-governmental organizations and other stakeholders

- ✳ Encourage direct participation by actively engaging our staff
- ✳ Promote long-term, sustainable community programmes
- ✳ Contribute to the community through the strategic use of our resources and networks as well as the skills of our staff

Translating our community investment strategy into our three-pronged approach, we hope to respond to the needs of society through a wide range of activities focusing on: (1) encouraging reading and education, (2) sponsoring sporting events for charity and healthy living, and (3) providing care for the underprivileged.



We were recognized by The Community Chest of Hong Kong as the 'Third Top Donor' for six consecutive years, and received a President's Award, and Award of Merit for the year. In recognition of its dedication to serving the community, the Group has been designated a 'Caring Company' for 16 consecutive years and has seen the same recognition bestowed on its 84 related entities during the year, 36 of which have earned such recognition for the 10th or 15th year.

	Reading and Education 	Sports for Charity and Healthy Living 	Care for the Underprivileged 
Objective	✳ Promote a reading and learning culture	✳ Encourage healthy lifestyles and sports for charity	✳ Support the needy
Commitments 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 digital platforms to promote reading for pleasure and self-development 	<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 that help the underprivileged and address social needs
Achievements in 2017/18	<ul style="list-style-type: none"> ✳ Launched a series of 'Happy Reading - Give Me FIVE' activities to celebrate the 5th Anniversary of SHKP Reading Club ✳ Solicited more than 54,000 members of the SHKP Reading Club in Hong Kong and on the mainland ✳ Engaged over 40,000 primary and secondary schools students and held 125 sharing sessions and workshop activities through the Read & Share school outreach programme 	<ul style="list-style-type: none"> ✳ Attracted a record-breaking 1,900 participants to join the SHKP Vertical Run for Charity – Race to Hong Kong ICC ✳ Donated HK\$8.68 million through the SHKP Vertical Run for Charity – Race to Hong Kong ICC and Sun Hung Kai Properties Hong Kong Cyclothon to support children and youth development 	<ul style="list-style-type: none"> ✳ Awarded the 7th Hong Kong Volunteer Award Corporate Award by the Agency for Volunteer Services ✳ Celebrated the 15th anniversary of the establishment of the SHKP Volunteer Team ✳ Eighteen apprentices were involved in the Modern Apprenticeship Programme
Goals for 2018/19	<ul style="list-style-type: none"> ✳ Nurture reading habits among children, young people and the public at large through a wide range of fun reading initiatives ✳ Introduce a new online reading platform to promote and spread the joy of reading 	<ul style="list-style-type: none"> ✳ Promote the fun of exercise and healthy living among the public ✳ Contribute to the development of child and youth well-being using top up donations and proceeds from the Group's signature sporting events 	<ul style="list-style-type: none"> ✳ Reach out to a wider group of beneficiaries through partnerships with charitable organizations ✳ Engage more staff to participate in charitable events

Promoting Reading for Holistic Development

The Group believes that continuous reading and learning will facilitate the accumulation of skills and knowledge, ultimately contributing enormously to the holistic development of individuals as well as the overall development of our community. That is why the Group has invested considerable resources towards cultivating regular reading habits in Hong Kong.

To foster a reading and learning culture in Hong Kong, the Group established the SHKP Reading Club (the

Club) in 2013, which serves as a free platform for the public that promotes the joy of reading for everyone in the community through a variety of programmes and competitions. By the end of the reporting year, the Club will have attracted more than 54,000 members in Hong Kong and on the mainland. To date, over 200,000 people have participated in the Club's various activities.

In July 2017, the SHKP Reading Club launched a free multimedia reading platform, leveraging digital and

traditional communication channels to lead young people into the world of reading. The platform's website, mobile app, social media channels and print magazine not only featured lifestyle themes covering a variety of reading perspectives and recommended books from Hong Kong and worldwide, but also offered multi-media contents such as audio books and videos that appeal to young people.

SHKP Reading Club: 'Happy Reading Give Me FIVE'



The SHKP Reading Club has been successful in reaching out to individuals to promote reading for holistic development. To this end, the 'Happy Reading Give Me FIVE' campaign coupling charity with reading has been launched to celebrate the 5th anniversary of the Club, including a reading-themed afternoon tea, overseas travel sponsorships, community exploration, video-sharing and inter-generational reading fun.

The individual celebration activities under the campaign will be launched in phases from May 2018 onwards. Two of the activities were held during the reporting year.

Reading Tea Time

Reading Tea Time is the first celebratory activity. In collaboration with sky100 and Café 100 by the Ritz-Carlton, Hong Kong, the Club offered a specially-designed afternoon tea set for visitors. A portion of the proceeds were then used to purchase reading resources for disadvantaged children in foster care. The message of encouragement from the visitors were delivered to the beneficiaries, through a personal note on a themed postcard included with the tea set.



Reading Stories from Afar

The Club collaborated with GLO Travel to provide financial sponsorships that enabled young people to broaden their horizons and knowledge through travel and reading. Members of the public were invited to submit travel proposals with creative reading-related itineraries for the judging panel to select and determine the actual sponsorship amounts.



Read to Dream

Read to Dream, one of the Club's signature events, was held for the 10th year in collaboration with St James' Settlement and the Hong Kong Trade Development Council, exposing students to the joys of reading. A series of activities were held under the theme 'SpREAD the Loving Seeds' in which 1,700 disadvantaged students visited the 2017 Hong Kong Book Fair under the sponsorship of SHKP. Five celebrity guests were also invited to share their passion for reading and how reading helped support them in the face of challenges. A total of 25,000 disadvantaged students have benefited from the programme since 2008.

Read & Share

The Club has partnered with the Hong Kong Aided Primary School Heads Association (HKAPSHA) for the fourth year to present the Read & Share school outreach programme, sowing the seeds of reading on campus. One hundred and twenty-four primary and secondary schools from different districts in Hong Kong have participated in the programme. Participating schools utilize the support and activities offered by the Club to meet the specific needs of each school to promote reading. A 'Letter to My Family' writing competition, which was part of the programme, was held to offer a chance for the students to share their thoughts and feelings from reading with their families and friends. Over 40,000 primary and secondary school students have participated in 125 reading sessions and workshops in the academic year 2017/18.

Visit the SHKP Reading Club for more details about the programmes:

www.shkpreadingclub.com

Read On, Move On

The Club has planned a series of Read On, Move On activities combining the joy of reading and exercising to encourage members to lead a healthy and balanced lifestyle. During the reporting year, activities such as Kam Tin Cycling Cultural Tours, How Yogis Read, and the Sheung Wan Stairway Cultural Tour were introduced to offer a different kind of reading fun. The series attracted over 100 participants.

Exercising for Health and Charity

The Group is deeply committed to the 'exercise for good' spirit and has promoted and supported sports for charity over the years. We believe the positive impact of exercise is maximized for individuals and the community when it is incorporated with a good cause. For this reason, we have continued to organize our signature event - SHKP Vertical Run for Charity - Race to Hong Kong ICC - for six straight years and have lent our support to the Sun Hung Kai Properties Hong Kong Cyclothon for the third year. In addition, we also sponsored our own staff to participate in various charitable sporting events, including 'Hike for Hospice', The Community Chest Corporate Challenge, UNICEF Charity Run, Hong Kong Streetathon, Run for Wellness, Running Oi Man and others to inculcate the 'exercise for good' spirit among employees.



Visit the SHKP Vertical Run for Charity for more details about the event and the official charities serving the children and young people by utilizing the event proceeds:

www.shkpverticalrun.com

SHKP Vertical Run for Charity - Race to Hong Kong ICC

The sixth SHKP Vertical Run for Charity - Race to Hong Kong ICC, as well as the grand finale of the Vertical World Circuit was successfully held in December 2017. We received a record-breaking number of participants this year as over 1,900 runners from 35 nations and regions across the world, of which 90% were local runners, took part to support the event. The event successfully generated HK\$6 million donations, including top-up from the Group and proceeds from the event, which were donated to The Community Chest of Hong Kong and The Hong Kong Council of Social Service to support underprivileged children and youth.

Programmes benefitting from this event include: the SHKP Rainbow with KIDS initiative through The Hong Kong Council of Social Service, which supports children and youth who have suffered a family crisis; St. James' Settlement's 'Grow Goal Glow' Life Planning Creator and Heep Hong Society's 'Holistic Employment Support Scheme for High-functioning Adolescents and Young Adults with Autism Spectrum Disorders' through The Community Chest of Hong Kong.



* Executive Directors and Deputy Managing Directors of SHKP Victor Lui (right) and Mike Wong (centre) and Executive Director of SHKP Adam Kwok (left) took the lead in the Fun Climb 82



Supporting Children and Youth Together with The Community Chest of Hong Kong

CASE STUDY

The Group believes in the effectiveness of distributing donations via charity partners and collaborating with them on community investment programmes. For this reason, the Group has nurtured a long-term partnership with The Community Chest of Hong Kong (the Chest), to which it has been the 'Third Top Donor' for six consecutive years. The Chest has continued to serve as one of the official charities of the SHKP Vertical Run for Charity – Race to Hong Kong ICC.

The Chest has a stringent donation allocation and monitoring protocol and processes to ensure that any funds raised are allocated to quality programmes that make a measurable difference for people in need. This gives SHKP the confidence to maintain and extend its partnership with the Chest. St. James' Settlement's 'Grow Goal Glow' Life Planning Creator and Heep Hong Society's 'Holistic Employment Support Scheme' are the two programmes subsidized by proceeds from the SHKP Vertical Run for Charity – Race to Hong Kong ICC this year.

'Grow Goal Glow' Life Planning Creator helps students to set their three-year career goals and multiplies the programme outcomes through encouraging them to share the learning and experience in career planning with their peers, senior Secondary students and the public. Diversified experiential learning programmes are included to equip students with a diploma or sub-degree to gain a better understanding of themselves, their career interests and the workplace, boosting their confidence to carve out their own career path. This programme is expected to benefit over 4,800 youths.

The 'Holistic Employment Support Scheme for High-functioning Adolescents and Young Adults with Autism Spectrum Disorders' helps high-functioning adolescents (HFA) and young adults with autistic spectrum disorder to integrate into mainstream work settings through a wide range of workshops, seminars and job-matching programmes. The scheme engaged 46 HFA youths, 19 parents and 45 employees during the year. The scheme

enhances HFA youth's self-understanding and job skills, and also enabled parents and the public to understand more about youths with HFA.

“Huge thanks go out to the Heep Hong Society for their guidance. This programme has enhanced my self-esteem. I am happy to meet more friends and have a positive attitude towards work.”

One of the HFA youths who participated in the scheme

Sun Hung Kai Properties Hong Kong Cyclothon

Organized by the Hong Kong Tourism Board, the Sun Hung Kai Properties Hong Kong Cyclothon was held in October 2017 as one of the largest cycling events in the city to promote healthy lifestyles while advocating care for underprivileged children and youths. SHKP was the title and charity sponsor of the event for the third straight year. The new highlight, Union Cycliste Internationale (UCI) Asia Tour Class 1.1 Road Race, was introduced this year and named the 'Sun Hung Kai Properties Hong Kong Challenge'. The event

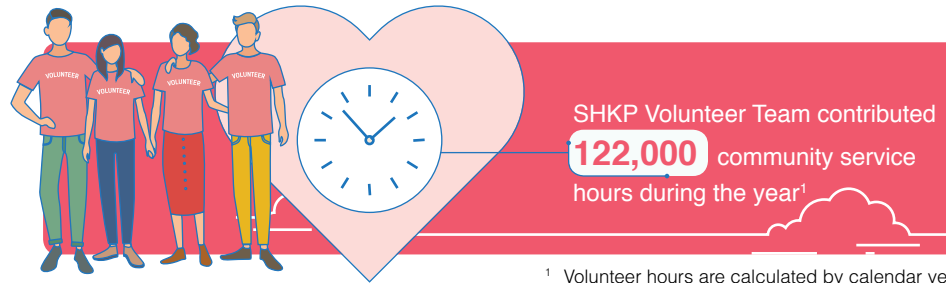
attracted about 4,900 participants including staff and volunteers from SHKP who joined to show their support in 'exercise for good' ideal. With the extra contributions from SHKP and part of the donated enrolment fees, the event has successfully generated HK\$2.68 million which was donated to the Boys' & Girls' Clubs Association of Hong Kong and The Community Chest of Hong Kong to support learning and wellness programmes for underprivileged children and youth.

SHKP Exercise for Good in Schools

The SHKP Exercise for Good in Schools, a school outreach programme to encourage sportsmanship and giving, is featured with professional cycling training sessions and experience sharing by athletes. Students are able to experience the fun of exercise and to develop important habits associated with living a healthy lifestyle. Five primary schools comprising over 2,700 students participated in the programme. The cycling mileage accumulated by students were converted to book vouchers and distributed to 200 disadvantaged students.

Responding to the Needs of Society

The Group adheres to the belief in Building Homes with Heart and this is reflected in the establishment of the SHKP Volunteer Team (the Team) in 2003. To date, there are 2,600 volunteers on the team give their time and expertise to support the elderly and underprivileged in our society.



¹ Volunteer hours are calculated by calendar year.

Celebrating the 15th Anniversary of the SHKP Volunteer Team's Establishment

Putting the Building Homes with Heart Philosophy into Practice throughout the Community

The Team was established in 2003 to realize the aim of Building Homes with Heart. Backed by the support of our management and the Corporate Social Responsibility Committee as well as the collective power of our staff, their friends and family, the Team seeks to sow the seeds of love as it serves the disadvantaged throughout the community. Besides funding volunteer activities, the Group also provides

training opportunities, cash allowances and insurance coverage to encourage active participation. The Annual Volunteer Recognition Day was launched with the partnership of the Social Welfare Department and non-governmental organizations (NGOs) to express appreciation for many committed volunteers.

Maximizing the Positive Social Impact

The Team believes that collaboration is the key when it comes to community service in order to see rewarding results. We work closely with various government departments, NGOs, civil volunteers and corporate volunteer teams to integrate resources on large-scale volunteering programmes while leveraging our own resources and connections. For instance, our staff in the construction and property management subsidiaries used their professional skills to assist seniors affected

by the redevelopment of housing estates to relocate to new homes, carry out home inspections, and do basic refurbishment work. This package of services was later extended to underprivileged families and those recovering mental patients through a collaboration with the Social Welfare Department in order to provide them with a warm and cozy home. To ensure maximum value for the community, the Team has also been adding their support as volunteers for the Group's long-term initiatives over the years, including Read to Dream and the Love Nature Campaign.

The Team has contributed about 1.1 million service hours over the past 15 years, benefitting close to 500,000 people from our various programmes and partnerships.

CASE STUDY



✿ For 15 years, the Team has committed itself to the ABC Principle in an effort to help build a more harmonious Hong Kong



✿ Michelle Leung (left), and Tak Hang (middle), participated in a beach cleaning activity

Creating Synergy in the Community

Our ABC Principle is inculcated in the hearts of our volunteers and participants, which forms a synergy that creates a long-term positive impact on the community. Beneficiaries whom we have served are subsequently motivated to voluntarily help others in their own communities. During our volunteer programmes, beneficiaries, students and other volunteers are able to learn basic home-inspection procedures, house repair work, and refurbishing skills, which enable them to form small teams to help their neighbours.

ABC Principle:



Association to work as a team



Belief in Building Homes with Heart



Commitment to serve the community and reach out to those in need

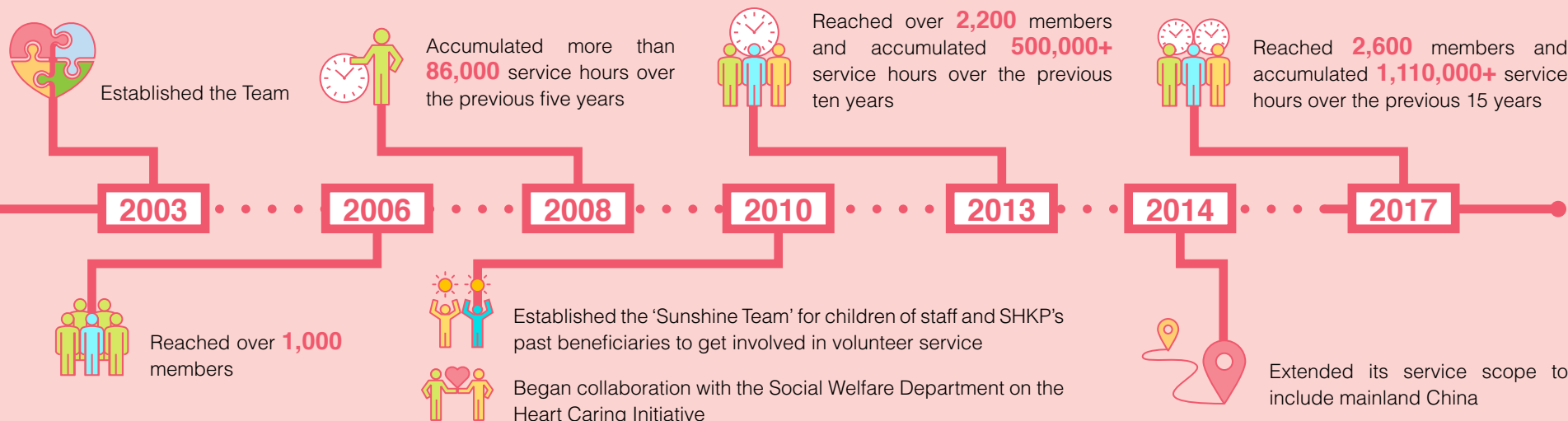
The Team received various awards from the Social Welfare Department in recognition of their on-going efforts. The Team has also been named among the top four corporate organizations with the highest number of volunteering hours for 12 consecutive years among the past 15. Over 3,900 individual volunteer members and 282 families have received the highest number of service hour awards. Recently, the Team also took the 2nd runner-up spot at the 2016-18 Best Corporate Volunteer Service Project Competition organized by the Social Welfare Department and the '7th Hong Kong Volunteer Corporate Award' from the Agency for Volunteer Services. We hope that the spirit of building homes beyond mere physical boundaries will help spread more seeds of love throughout the community and leave a greater social impact.

“As we help people, we want to pass along the volunteer spirit of ‘helping people help others’. I am particularly impressed by Tak Hang, who became my mentee nine years ago in the SHKP Mentorship Programme ‘Reaching a New Horizon.’ Influenced and inspired by the Team, he later joined the Sunshine Team as a volunteer and has been actively participating in many of our community services.”

Michelle Leung
Chief Leader of SHKP Volunteer Team

SHKP Volunteer Team Milestones over the Past 15 Years

CASE STUDY



Sowing the Seeds of Love with the Building Homes with Heart Caring Initiative

SHKP has organized various activities under the Building Homes with Heart Caring Initiative, including home visits, maintenance work and staging festive events since 2011, all in an effort to provide care and support for the elderly and disadvantaged families in the community. SHKP has continued to organize Poon Choi lunches at Noah's Ark to celebrate Chinese New Year with the elderly for the eighth consecutive year. One thousand and seven hundred elderly people from the Central Western, Islands and Yau Tsim Mong districts were invited to celebrate the Year of the Dog while enjoying lunch and performances. In addition to the Poon Choi lunch celebration, 7,500 mooncakes were distributed to seniors in Kowloon City, Tsuen Wan and Sham Shui Po during the Mid-Autumn Festival. We also paid home visits in Sham Shui Po, providing goodie bags and hand-wrapped rice-dumplings to 3,000 single elderly residents and senior couples during the Tuen Ng Festival.

Modern Apprenticeship Programme

The Group has been sponsoring and co-hosting the Modern Apprenticeship Programme since 2003, helping to nurture young people aged 16 to 24 who lack a tertiary education to discover their unique strengths, talents and interests. In collaboration with Breakthrough, 18 apprentices were engaged in a ten-week internship at SHKP this year. Under the guidance and support of staff mentors, apprentices were able to discover their strengths and potential in order to plan their future career paths. One of the apprentices, Tse Yin-kwan

was about to become an arborist, but discovered a new interest in becoming an engineer after witnessing the passion and professional working attitude of all the co-workers in the Technical Department. Over the past 16 years, this programme has nurtured the growth of over 300 young people who otherwise would have struggled due to their limited academic foundations.

Bringing Educational Opportunities to the Young Generation

The SHKP-Kwoks' Foundation was established in 2002 to provide sponsorships for talented students with limited financial means in Hong Kong and on the mainland so they can pursue a tertiary education. The Foundation offers scholarships at renowned institutions in Hong Kong and in over 20 provinces in China, including: The Chinese University of Hong Kong, Peking University, Tsinghua University, Hunan University, Tianjin University and others. The Foundation has been collaborating with The Chinese University of Hong Kong for 12 consecutive years, helping a total of over 60 students. One of the scholarship programmes at Southeast University has proven to be highly successful, with 60% of the student beneficiaries going on to earn a master's or a doctor of philosophy degree after the first bachelor degree scholarship programme phase. The Foundation has started the second phase of this sponsorship programme to support more disadvantaged students seeking to pursue a tertiary education.

Supporting the Pursuit of Technological Innovation and Entrepreneurship

The Group encourages innovation and supports technological investment, especially among young entrepreneurs. In addition to sponsoring the Hong Kong X-Tech Startup Platform, the Group has recently contributed free fitted offices in Kwun Tong for the Federation of Hong Kong Industries. Targeted at young entrepreneurs, the co-working space will be used as an incubation service centre to support the Government-initiated Space Sharing Scheme for Youth, and will serve as a venue to showcase innovative hi-tech products.



The launch ceremony of INDEX, a shared space for startups



Appendices



Appendix I - Awards, Memberships and Charters

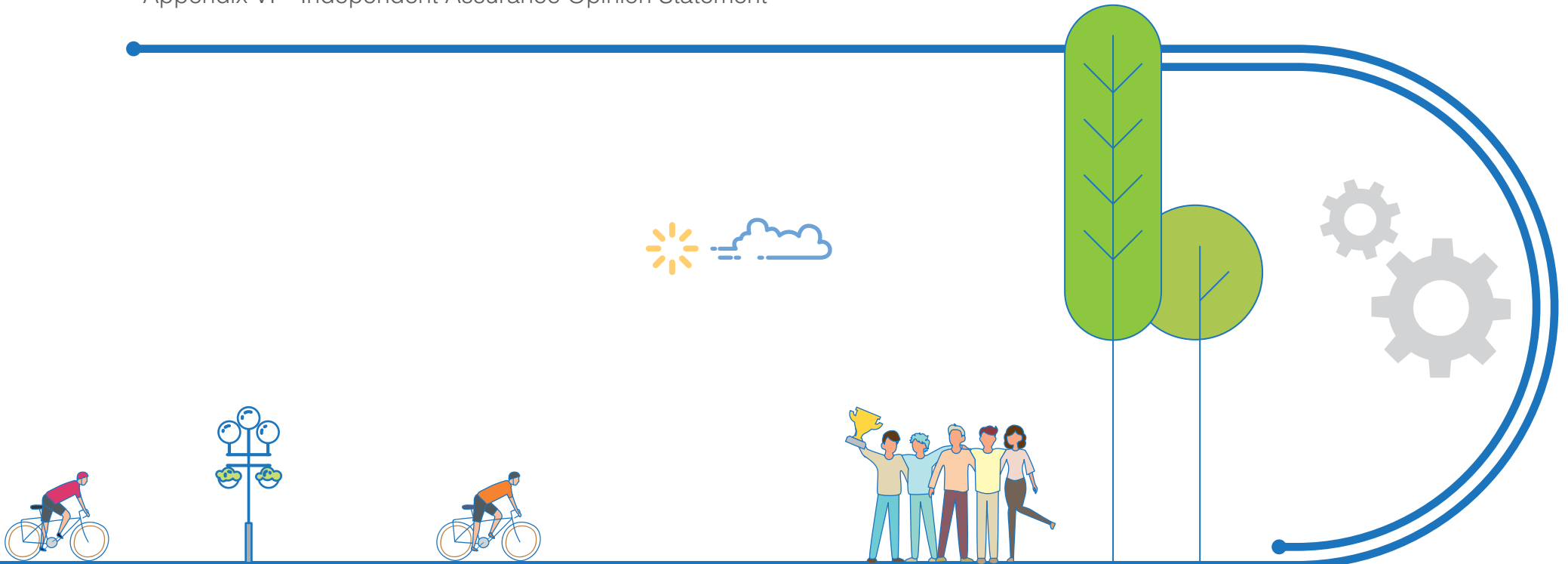
Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology

Appendix III - Performance Tables

Appendix IV - HKEx ESG Reporting Guide Index

Appendix V - GRI Standards Content Index - Core

Appendix VI - Independent Assurance Opinion Statement



Appendix I – Awards, Memberships and Charters

Awards and Recognitions

Organizer	Award	Awarded Unit
Agency for Volunteer Service	The 7th Hong Kong Volunteer Award • Corporate Award	SHKP
Agoda.com	Gold Circle Awards 2017	Royal Garden Hotel Royal Plaza Hotel
BCI Asia	2018 BCI Asia Top Ten Hong Kong Developer	SHKP
China Light and Power	GREEN^{PLUS} Award 2017 • Joint Energy - Saving Award • Property Management (Residential Category) - Gold Award • Smart Business Energy Saving Award • Property Management - (Industrial and Commercial Category) - Silver Award	Hong Yip Kai Shing
Corporate Governance Asia	• Best Investor Relations Company, Hong Kong • Best Environmental Responsibility, Hong Kong • Best Corporate Communications, Hong Kong • Best Investor Relations Professional, Hong Kong	SHKP
Eastweek magazine	Hong Kong Service Awards	Hong Yip
Environmental Campaign Committee, Hong Kong Environmental Protection Department in conjunction with nine organizations	2017 Hong Kong Awards for Environmental Excellence • HKAEE 10 th Anniversary Special Award • Gold Award • Silver Award • Bronze Award • Certificate of Merit • Outstanding Green Leadership Award	Hong Yip Kai Shing Kai Shing • Landmark North • Aegean Coast Hong Yip & Kai Shing • 13 properties
Euromoney	• Best Overall Developers in the Global, Asia, China and Hong Kong categories • Best Mixed Developers in the Global, Asia, China and Hong Kong categories • Best Retail Developers in the Asia, China and Hong Kong categories • Best Office/Business Developers in the China and Hong Kong categories • Best Residential Developers in the Hong Kong category	SHKP

Organizer	Award	Awarded Unit
FinanceAsia	Asia's Best Companies 2017 • Best Real Estate Company in Asia • Best Managed Company in Hong Kong (Ranked 1 st) • Most Committed to Corporate Governance in Hong Kong (Ranked 1 st) • Best at Investor Relations in Hong Kong (Ranked 1 st) • Best at Corporate Social Responsibility in Hong Kong (Ranked 1 st)	SHKP
Friends of the Earth (HK)	Power Smart Energy Saving Contest • Biggest Unit Saver Award (Property Management) - Champion • Biggest Unit Saver Award (Property Management) - First-runner-up	Kai Shing Hong Yip
Hong Kong Education Bureau	Qualification Framework Scheme 2018QF Gold Star Employer	Hong Yip
Hong Kong Employee Retraining Board	ERB Manpower Developer Award Scheme • Manpower Developer 1 st - Grand Prize Award	Hong Yip
Hong Kong Environment Bureau, Hong Kong Electrical and Mechanical Services Department	Energy Saving Championship Scheme 2017 • Supreme Grand Award - Hanson Supreme Grand Award • Hanson Grand Award (Officer Building) • Hanson Outstanding Award (Officer Building) • Hanson Merit Award (Officer Building) • Hanson Grand Award (Shopping Mall) • Hanson Merit Award (Shopping Mall) • Hanson Merit Award (Residential Building) • Best Presentation Award (Cross-category) • Best 4Ts Award (Cross-category)	Kai Shing • ICC Hong Yip & Kai Shing • 13 properties
Hong Kong Investor Relations Association	Investor Relations Awards 2017 • Best IR Company, Large Cap	SHKP
Hong Kong Police Force	2017 Kowloon West Best Security Services Award • Honorable Managed Property • Four-Star Managed Property • Treble-Star Managed Property • Double-Star Managed Property • Outstanding Managed Public Carpark	Kai Shing • 6 properties
Hong Kong Retail Management Association	Hong Kong Awards for Industries - Customer Service • Customer Service Award • Customer Service Certificate	Kai Shing • HomeSquare Kai Shing • The Leighton Hill

Organizer	Award	Awarded Unit
Hong Kong Water Supplies Department, Hong Kong Buildings Department, Hong Kong Electrical and Mechanical Services Department, Hong Kong Fire Services Department, Hong Kong Food and Environmental Hygiene Department, and Hong Kong Home Affairs Department	Quality Management • Caring Buildings Property Management Competition <ul style="list-style-type: none"> Silver Award Bronze Award 	Hong Yip • Valais Hong Yip • Imperial Cullinan
International Council of Shopping Centers	2018 ICSC China Shopping Centre & Retailer Awards <ul style="list-style-type: none"> Emerging Technology - Gold Emerging Technology - Silver Marketing – Silver Development and Design (Renovation/Expansion) - Silver 	 Kai Shing • East Point City Kai Shing • APM • Landmark North Hong Yip • Mikiki Kai Shing • PopWalk Kai Shing • MOKO
International Facility Management Association – Hong Kong Chapter	Asia Pacific Best Managed Sustainability Programme Award	Kai Shing
JobMarket	Best Graduate Employers Award	Kai Shing
jobsDB	2017 Top Ten Companies Survey <ul style="list-style-type: none"> Top 10 Companies in Hong Kong 	SHKP
Occupational Safety & Health Council, Hong Kong Labour Department, Hong Kong Electrical and Mechanical Services Department, and The Hong Kong Association of Property Management Companies	Best Property Safety Management Award 2017/18	Hong Yip & Kai Shing • 8 properties
Rakuten Travel	Rakuten Travel Bronze Award 2017	Royal View Hotel
Reader's Digest	<ul style="list-style-type: none"> Platinum Trusted Brand Award (Property Developer) Gold Trusted Brand Award (Property Management Company) 	SHKP Hong Yip Kai Shing

Organizer	Award	Awarded Unit
Sing Tao Daily	<ul style="list-style-type: none"> Sing Tao Service Awards 2017 - Property Eco Management Sing Tao Service Award - Residential Property Management category 	Hong Yip Kai Shing
The Asset	The Asset Corporate Awards	SHKP
The Community Chest Hong Kong	<ul style="list-style-type: none"> Third Top Donor of the Year Award President's Awards Award of Merit 	SHKP
The Hong Kong Council of Social Service	15 Years Plus Caring Company Logo	SHKP
The Hong Kong Institute of Facility Management	Excellence in Facility Management Award 2017 <ul style="list-style-type: none"> Grand Award (Retail category) Excellence Award Silver Award Merit Award 	Kai Shing • APM Hong Yip & Kai Shing • 22 properties
TripAdvisor	Certificate of Excellence	Royal Park Hotel Royal View Hotel
WWF Hong Kong	Low-carbon Office Operation Programme (LOOP) <ul style="list-style-type: none"> Platinum Label Gold Label Silver Label 	Kai Shing • Millennium City 5 Kai Shing • ICC • Landmark North Kai Shing • New Town Plaza

Memberships and Charters

Memberships

- Business Environment Council (Founding Member since 2002)
- Employers' Federation of Hong Kong (Corporate Member since 1994)
- The Hong Kong Council of Social Service of The Caring Company Scheme Patron's Club (Jade Member since 2007)
- 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)

Charters


- Charter on External Lighting of Hong Kong Environment Bureau (Signatory since 2016)
- Energy Saving Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2016)
- 4Ts Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2017)
- 'Let's Save 10L Water' Campaign of Hong Kong Environment Bureau and Hong Kong Water Supplies Department (Signatory since 2015)
- Carbon Reduction Charter and Carbon Audit Green Partner of Hong Kong Environmental Protection Department (Signatory since 2009)

Appendix II – Stakeholder Engagement Process and Materiality Analysis Methodology

Stakeholder Engagement Process

SHKP fully recognizes the benefits of proactive communications for sustainable development of the Group. We believe that stakeholder engagement is essential for the communication of our sustainability performance to our stakeholders, and for our understanding of their expectations. Understanding the values and opinions of our shareholders will enable the Group to build long-term trust with them and to prepare ourselves for future challenges.

Stakeholders are engaged annually via corresponding methods listed below.

Stakeholder Group Engaged	Method of Engagement
Customers (including residents, commercial and industrial building tenants and hotel corporate clients)	<ul style="list-style-type: none"> Online surveys Customer satisfaction surveys SHKP Club Club Royal Retail stores, call centres, customer hotline, online and mobile phone applications Website and social media
Employees	<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"> Interviews Public consultation
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 Community programmes run by the SHKP Reading Club, SHKP Vertical Run for Charity and the SHKP Volunteer Team
Shareholders and Investors	<ul style="list-style-type: none"> Online surveys Focus groups 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 website

Stakeholder Group Engaged	Method of Engagement
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 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

Materiality Analysis Methodology

Guided by the AA1000 Stakeholder Engagement Standard while referencing to the principles of inclusivity, materiality, responsiveness and impact of the latest AA1000 Accounting Principle, we adopt a three-pronged approach to assess materiality. Our process of identifying, ranking and validating the materiality of relevant ESG topics to SHKP enables us to understand the significant economic, environmental and social impacts to the Group's business.

Step 1: Identifying ESG Topics

We adopt the list of ESG topics from previous materiality analysis and further refine its contents after having considered the feedback from our stakeholders and the latest sustainability trends in the industry. ESG topics are categorized into six key themes:

- Economic and general;
- Environment;
- Workplace practices;
- Human rights;
- Society; and
- Product responsibility.

Step 2: Ranking ESG Topics

Stakeholders were engaged through online surveys from which we will rank the importance of ESG topics to the Group, using a scale of 1 to 6 (with '1' being not important at all and '6' being very important). They were also asked to review the priorities of the material topics arranged last year and determine whether they should remain the same and if additional topics should be considered.

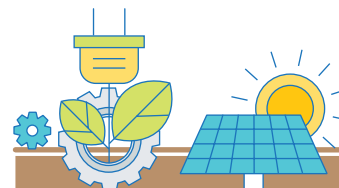
Step 3: Validating the Results

The ranking results were validated by qualitative feedback collected from focus groups and peer benchmarking, and the final results were endorsed by the Sustainability Steering Committee.

Appendix III – Performance Tables

Environmental Performance

	Unit	2017/18 ¹	2016/17 ²
Greenhouse gas (GHG) emissions within the Group			
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	62,405	59,227
Indirect GHG emissions (scope 2)	tonnes CO ₂ e	288,180	307,743
GHG emission intensity			
Head office	tonnes CO ₂ e/m ²	0.072	0.074
Construction	tonnes CO ₂ e/m ²	0.0121	0.0106
Property management	tonnes CO ₂ e/m ²	0.065	0.068
Hotels	tonnes CO ₂ e/room night	0.039	0.041
Waste disposal within the Group			
General waste	tonnes	104,977	85,730
Construction and demolition waste	tonnes	539,877	232,453
Waste recycled³ within the Group			
Paper	kg	4,672,566	3,552,403
Plastic	kg	38,959	56,399
Metals	kg	42,755	22,309
Used cooking oil	kg (2017/18)/L (2016/17)	20,068	18,814
Food waste	kg	203,511	546,465
Glass	kg	54,207	59,682
Construction and demolition waste	tonnes	174,386	170,880
Energy consumption within the Group			
Total energy consumption	Gigajoules (GJ)	2,944,308	2,946,487
Head office	GJ	9,773	9,979
Construction	GJ	153,449	143,817
Property management	GJ	2,529,996	2,543,534
Hotels	GJ	251,091	249,157
Energy intensity			
Head office	GJ/m ²	0.44	0.45
Construction	GJ/m ²	0.103	0.084
Property management	GJ/m ²	0.55	0.55
Hotels	GJ/room night	0.31	0.31
Electricity consumption			
	GJ	1,826,663	1,873,319
	kWh	507,406,434	520,366,510
Head office	GJ	5,868	5,984
	kWh	1,630,121	1,662,218
Construction	GJ	70,767	89,005
	kWh	19,657,376	24,723,460



	Unit	2017/18 ¹	2016/17 ²
Property management ⁴	GJ	1,549,627	1,578,914
	kWh	430,452,054	438,587,229
Hotels	GJ	200,401	199,417
	kWh	55,666,882	55,393,603
Gas consumption			
	GJ	1,025,054	1,008,882
Head office	GJ	199	204
Construction	GJ	560	800
Property management	GJ	974,996	959,719
Hotels	GJ	49,299	48,159
Fuel consumption			
	GJ	92,590	64,285
Head office	GJ	3,705	3,791
Construction	GJ	82,122	54,012
Property management	GJ	5,373	4,901
Hotels	GJ	1,391	1,581
Diesel consumption⁵			
	L	2,456,884	1,673,415
Head office	L	4,163	0
Construction	L	2,282,236	1,484,317
Property management	L	150,491	166,663
Hotels	L	19,994	22,434
Petrol consumption⁵			
	L	152,490	174,074
Head office	L	111,130	118,462
Construction	L	20,198	31,945
Property management ⁶	L	N/A	N/A
Hotels	L	21,162	23,667
Water consumption within the Group			
Total water consumption	m³	3,321,801	3,728,657
Head office	m ³	4,915	4,889
Construction	m ³	322,850	408,572
Property management	m ³	1,892,042	1,819,871
Hotels	m ³	1,101,994	1,495,325

1 Environmental data of 2017/18 include head office, 34 construction sites, 80 buildings from property management, and four Royal brand hotels.

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

3 The definition of paper, metal and food waste recycled are adjusted in 2017/18 to reflect the actual situation of the Group.

4 The data refers to electricity consumption of common area and air conditioning systems in office buildings, shopping malls and residential properties.

5 Considered that diesel and petrol are the major fuel being used by SHKP, their respective consumptions are reported.

6 Petrol consumption by property management operation is not significant.

	Unit	2017/18 ¹	2016/17 ²
Water intensity			
Head office	m ³ /m ²	0.22	0.22
Construction	m ³ /m ²	0.22	0.24
Property management	m ³ /m ²	0.41	0.39
Hotels	m ³ /room night	1.37	1.86
Major construction materials used			
Concrete	m ³	512,691	495,020
Bricks	piece	4,703,541	1,948,791
Steel ⁷	tonnes	102,773	89,341

Social Responsibility Performance



Unit		2017/18	2016/17		
Employment practice					
		Permanent	Contract	Permanent	Contract
Total workforce by employment contract ⁸		19,377	5,406	19,569	5,482
Head office	no. of people	1,532	25	1,500	27
Construction	no. of people	2,221	704	2,153	783
Property management	no. of people	14,011	4,612	14,324	4,615
Hotels	no. of people	1,613	65	1,592	57
		Male	Female	Male	Female
Total workforce by gender		14,348	10,435	14,434	10,617
Head office	no. of people	798	759	776	751
Construction	no. of people	2,212	713	2,202	734
Property management	no. of people	10,351	8,272	10,491	8,448
Hotels	no. of people	987	691	965	684
Total workforce by age group					
Head office	Under 30	no. of people	194	176	
	30 – 50	no. of people	924	932	
	Above 50	no. of people	439	419	
Construction	Under 30	no. of people	573	590	
	30 – 50	no. of people	1,281	1,264	
	Above 50	no. of people	1,071	1,082	
Property management	Under 30	no. of people	1,946	2,073	
	30 – 50	no. of people	5,452	5,632	
	Above 50	no. of people	11,225	11,234	
Hotels	Under 30	no. of people	427	398	
	30 – 50	no. of people	855	869	
	Above 50	no. of people	396	382	

Unit		2017/18	2016/17		
		Male	Female	Male	Female
New hire by gender (number and rate ⁹)					
Head office	no. of people	78	97	64	96
	%	9.8	12.8	8.2	12.8
Construction	no. of people	466	233	437	207
	%	21.1	32.7	19.8	28.2
Property management	no. of people	3,667	3,497	3,738	3,802
	%	35.4	42.3	35.6	45.0
Hotels	no. of people	294	230	269	207
	%	29.8	33.3	27.9	30.3
New hire by age group (number and rate ¹⁰)					
Head office	Under 30	no. of people	84	66	
		%	43.3	37.5	
	30 – 50	no. of people	83	82	
		%	9.0	8.8	
	Above 50	no. of people	8	12	
		%	1.8	2.9	
Construction	Under 30	no. of people	201	200	
		%	35.1	33.9	
	30 – 50	no. of people	260	253	
		%	20.3	20.0	
	Above 50	no. of people	238	191	
		%	22.2	17.7	
Property management	Under 30	no. of people	1,226	1,344	
		%	63.0	64.8	
	30 – 50	no. of people	1,983	2,071	
		%	36.4	36.8	
	Above 50	no. of people	3,955	4,125	
		%	35.2	36.7	
Hotels	Under 30	no. of people	197	177	
		%	46.1	44.5	
	30 – 50	no. of people	245	214	
		%	28.7	24.6	
	Above 50	no. of people	82	85	
		%	20.7	22.3	

⁷ The data of joint steel and reinforcing steel bar are re-grouped as steel.

⁸ Seasonal and part-time employment does not cause significant variations to the total workforce.

⁹ New hire rate refers to total number of new hire of the gender group per the total number of employees of the corresponding gender group.

¹⁰ New hire rate refers to total number of new hire of the age group per the total number of employees of the corresponding age group.

Unit		2017/18		2016/17	
Employee turnover ¹¹ by gender (number and rate ¹²)					
		Male	Female	Male	Female
Head office	no. of people	35	77	45	57
	%	4.4	10.1	5.8	7.6
Construction	no. of people	213	65	221	78
	%	9.6	9.1	10.0	10.6
Property management	no. of people	1,891	2,050	1,772	1,917
	%	18.3	24.8	16.9	22.7
Hotels	no. of people	339	251	295	223
	%	34.4	36.3	30.6	32.6
Employee turnover ¹¹ by age group (number and rate ¹³)					
Head office	Under 30	no. of people	35	26	
		%	18.0	14.8	
	30 – 50	no. of people	70	68	
		%	7.6	7.3	
	Above 50	no. of people	7	8	
		%	1.6	1.9	
Construction	Under 30	no. of people	104	126	
		%	18.2	21.4	
	30 – 50	no. of people	120	103	
		%	9.4	8.1	
	Above 50	no. of people	54	70	
		%	5.0	6.5	
Property management	Under 30	no. of people	712	721	
		%	36.6	34.8	
	30 – 50	no. of people	1,156	1,062	
		%	21.2	18.9	
	Above 50	no. of people	2,073	1,906	
		%	18.5	17.0	
Hotels	Under 30	no. of people	199	150	
		%	46.7	37.7	
	30 – 50	no. of people	271	268	
		%	31.7	30.8	
	Above 50	no. of people	120	100	
		%	30.3	26.2	

Unit		2017/18		2016/17	
Occupational health and safety					
Total number of work-related fatalities	no. of people	0		0	
Work-related fatalities rate	per 1,000 workers	0		0	
		Male	Female	Male	Female
Injury rate ¹⁴	per 1,000 workers	23.35	33.54	21.68	35.51
Lost days ¹⁵	days	12,499	21,917	12,473	16,913
Lost day rate ¹⁶	%	0.25		0.21	
Absentee rate ¹⁷	%	1.05		0.98	
Development and training					
Average training hours per employee by gender and employee category					
		Male	Female	Male	Female
Managerial	hours	14.2	15.9	14.3	15.8
Office-grade	hours	14.4	16.5	17.5	17.9
Supporting	hours	7.7	6.4	14.0	8.6
Operational	hours	9.3	5.3	11.3	7.1
Total/Average training hours for health and safety at construction sites	hours	304,483		281,056	
	hours per employee	12.3		11.2	
Anti-corruption and anti-competition					
Reported case of corrupt practices	no. of cases	0		0	
Reported case of anti-competitive behaviour	no. of cases	0		0	

11 In 2016/17, the definition of employee turnover follows respective industry standards 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. In 2017/18, we aligned the definition of turnover as employees who leave the company voluntarily or due to retirement, dismissal or other reasons to enable a more comprehensive disclosure.

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

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

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

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

16 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.

17 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.

Appendix IV - HKEx ESG Reporting Guide Index

General Disclosures and KPIs	Description	Reference (Page Number)	Remarks
Environmental			
Aspect A1: Emissions			
General disclosure		Value Created for the Environment (10-17)	There were three cases of non-compliance during the reporting period relating to noise and water pollution. HK\$33,000 in fines were paid and we have undertaken remedial work in accordance with the law. Continuous monitoring work will be carried out to ensure compliance with relevant laws and regulations.
KPI A1.1	The types of emissions and respective emissions data	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 (49-51)	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	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 (10-17); Performance Tables (49-51)	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Value Created for the Environment (10-17)	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Value Created for the Environment (10-17)	Hazardous waste generation and handling are not material to our operations.
Aspect A2: Use of Resources			
General disclosure		Value Created for the Environment (10-17); Value Created for Supply Chain (32-36)	



KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Performance Tables (49-51)	
KPI A2.2	Water consumption in total and intensity	Performance Tables (49-51)	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Value Created for the Environment (10-17)	
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 (10-17)	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	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 (10-17); Value Created for Supply Chain (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 (10-17); Value Created for Supply Chain (32-36)	
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 (pp. 102-153) of our Annual Report 2017/18 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 (49-51)	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 (49-51)	Hong Kong is the only location of operations covered in this report.
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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 (49-51)	
KPI B2.2	Lost days due to work injury	Performance Tables (49-51)	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Value Created for People (18-24)	



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	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 Value Created for People and Appendix III - Performance Tables for details.
KPI B3.2	The average training hours completed per employee by gender and employee category	Performance Tables (49-51)	



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	See remark for Aspect B4 General disclosure.
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	See remark for Aspect 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 (32-36)	Hong Kong is the only location of operations covered in this report.
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	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 (25-31)	There were no material complaints received during the reporting period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	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 (25-31)	

Aspect B7: Anti-corruption

General disclosure		Value Created for Supply Chain (32-36)	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 cases	Value Created for Supply Chain (32-36)	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 (32-36)	

Community





Aspect B8: Community Investment


General disclosure		Value Created for Community (37-44)	
KPI B8.1	Focus areas of contribution	Value Created for Community (37-44)	
KPI B8.2	Resources contributed to the focus area	Value Created for Community (37-44)	

Appendix V - GRI Standards Content Index - Core

GRI Standards Indicator	Detail	UNGC's Ten Principles	Reference (Page Number)	Remarks
General Disclosures				
GRI 102: General Disclosure (2016)				
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. 212–217 of SHKP's Annual Report 2017/18. None of our products or services are banned in certain markets.
102-3	Location of headquarters		Our Business (3-5)	Hong Kong
102-4	Location of operations		N/A	Hong Kong, Mainland China and Singapore
102-5	Ownership and legal form		Our Business (3-5)	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)	As at 30 Jun 2018, the Group employed close to 37,500 employees. A detailed breakdown of financial information is presented on pp. 4–6 of our Annual Report 2017/18.
102-8	Information on employees and other workers	Principle 6	Performance Tables (49-51)	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	No significant change

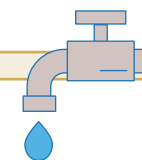
102-11	Precautionary principle or approach		Value Created for the Environment (10-17)	Our environmental policy is listed on our website at: www.shkp.com/pages/environmental-mission-and-strategy .
102-12	External initiatives		Awards, Memberships and Charters (46-47)	
102-13	Membership of associations		Awards, Memberships and Charters (46-47)	
Strategy				
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 (3-5)	More details can be found on our website at: www.shkp.com/en-us/pages/building-homes-with-heart .
Governance				
102-18	Governance structure		Our Approach to Sustainability (6-9)	More details on Corporate Governance can be found on pp. 102–119 of our Annual Report 2017/18.
Stakeholder Engagement				
102-40	List of stakeholder groups		Stakeholder Engagement Process and Materiality Analysis Methodology (48)	
102-41	Collective bargaining agreements	Principle 3	N/A	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders		Our Approach to Sustainability (6-9); Stakeholder Engagement Process and Materiality Analysis Methodology (48)	Our stakeholder identification and selection process is guided by AA1000 Stakeholder Engagement Standard (2015) and follows the principles of inclusivity, materiality, responsiveness and impact from the latest AA1000 AccountAbility Principles (2018).

102-43	Approach to stakeholder engagement		Stakeholder Engagement Process and Materiality Analysis Methodology (48)	
102-44	Key topics and concerns raised		Our Approach to Sustainability (6-9)	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		Our Reporting Approach (1)	More details can be found on pp. 212–217 of our Annual Report 2017/18.
102-46	Defining report content and topic boundaries		Our Approach to Sustainability (6-9)	
102-47	List of material topics		Our Approach to Sustainability (6-9)	
102-48	Restatements of information		N/A	See our Appendix III - Performance Tables for further information.
102-49	Changes in reporting		Our Reporting Approach (1); Our Approach to Sustainability (6-9)	
102-50	Reporting period		Our Reporting Approach (1)	
102-51	Date of most recent report		N/A	Our most recent report, Sustainability Report 2016/17, was published in December 2017.
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 - Core (54-57)	
102-56	External assurance		Our Reporting Approach (1); Independent Assurance Opinion Statement (58-59)	

GRI 103: Management Approach (2016)				
103-1	Explanation of the material topic and its boundary		Our Approach to Sustainability (6-9); Stakeholder Engagement Process and Materiality Analysis Methodology (48)	
103-2	The management approach and its components		See Strategies and Management section in each chapter for details.	
103-3	Evaluation of the management approach		See Strategies and Management section in each chapter for details.	
Economic Topics				
GRI 201: Economic Performance (2016)				
Management Approach			Our Business (3-5)	
201-1	Direct economic value generated and distributed		Our Business (3-5)	See Group Financial Summary on pp. 6 of our Annual Report 2017/18 for more details.
GRI 202: Market Presence (2016)				
Management Approach			Our Business (3-5)	
202-2	Proportion of senior management hired from the local community		Our Business (3-5)	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.
GRI 203: Indirect Economic Impacts (2016)				
Management Approach			Value Created for Supply Chain (32-36); Value Created for Community (37-44)	Indirect economic impacts include jobs supported in the supply chain and community initiatives.
203-1	Infrastructure investments and services supported		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.

GRI 204: Procurement Practices (2016)				
Management Approach			Value Created for Supply Chain (32-36)	
204-1	Proportion of spending on local suppliers		Value Created for Supply Chain (32-36)	Local suppliers are defined as suppliers in Hong Kong. Hong Kong is the only location of operation covered in this report.
GRI 205: Anti-corruption (2016)				
Management Approach		Principle 10	Value Created for Supply Chain (32-36)	
205-3	Confirmed incidents of corruption and actions taken	Principle 10	Value Created for Supply Chain (32-36)	There were no cases regarding corrupt practices brought against the Group or its employees during the reporting period.
GRI 206: Anti-competitive Behaviour (2016)				
Management Approach			Value Created for Supply Chain (32-36)	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		Value Created for Supply Chain (32-36)	There were no legal proceedings involving anti-competitive behaviour or involving anti-trust and monopoly practices (if any) in Hong Kong during the reporting period.
Environmental Topics				
GRI 301: Materials (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-17)	
301-1	Materials used by weight or volume		Performance Tables (49-51)	The major materials we use are for construction-related activities. Although timber is not a major material used, all the timber use is from sources that are certified as sustainable. Use of packaging material for finished products is not material to our operations.
GRI 302: Energy (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-17)	
302-1	Energy consumption within organization		Performance Tables (49-51)	
302-3	Energy intensity		Performance Tables (49-51)	

G4-CRE1	Building energy intensity		Performance Tables (49-51)	
GRI 303: Water (2016)				
Management Approach		Principle 7	Value Created for the Environment (10-17)	
303-1	Water withdrawal by source		Performance Tables (49-51)	Municipal water is the only source for entities covered in this report.
G4-CRE2	Building water intensity		Performance Tables (49-51)	
GRI 305: Emissions (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-17)	
305-1	Direct (Scope 1) GHG emissions		Performance Tables (49-51)	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.
305-2	Energy indirect (Scope 2) GHG emissions		Performance Tables (49-51)	See remark for 305-1 above. The emission factors for purchased electricity are illustrated by referring to the information released by CLP and HEC in 2017, and that for purchased towngas is adopted from Towngas in 2017.
G4-CRE3	Greenhouse gas emissions intensity from buildings		Performance Tables (49-51)	
GRI 306: Effluents and Waste (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-17)	
306-2	Waste by type and disposal method		Performance Tables (49-51)	The Group processed no significant hazardous waste during the reporting period.
GRI 307: Environmental Compliance (2016)				
307-1	Non-compliance with environmental laws and regulations		Our Approach to Sustainability (6-9)	There were three cases of non-compliance during the reporting period relating to noise and water pollution. HK\$33,000 in fines were paid and we have undertaken remedial work in accordance with the law. Continuous monitoring work will be carried out to ensure compliance with relevant laws and regulations.



Land Degradation, Contamination and Remediation				
G4-CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations		N/A	The Group purchases land directly from the government.
Social Topics				
GRI 401: Employment (2016)				
Management Approach		Principle 3,4,5,6	Value Created for People (18-24)	
401-1	New employee hires and employee turnover		Performance Tables (49-51)	
GRI 403: Occupational Health and Safety (2016)				
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 (49-51); Value Created for People (18-24); Value Created for Supply Chain (32-36)	
GRI 404: Training and Education (2016)				
Management Approach		Principle 6	Value Created for People (18-24)	
404-1	Average hours of training per year per employee		Performance Tables (49-51)	
GRI 405: Diversity and Equal Opportunity (2016)				
Management Approach		Principle 6	Value Created for People (18-24)	
405-1	Diversity of governance bodies and employees		N/A	See Directors' Biographical Information on pp. 143–153 of our Annual Report 2017/18 for details.
GRI 413: Local Communities (2016)				
Management Approach		Principle 1,8	Value Created for Community (37-44)	



413-1	Operations with local community engagement, impact assessments, and development programmes	Principle 1	Value Created for Community (37-44)	Community investment and engagement are managed at Group level, so 100% of the businesses in this report implement local community engagement.
GRI 416: Customer Health and Safety (2016)				
Management Approach			Value Created for Customers (25-31)	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		N/A	There were no non-compliance incidents in the reporting period.
GRI 418: Customer Privacy (2016)				
Management Approach			Value Created for Customers (25-31)	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		N/A	There were no substantiated complaints regarding breaches of customer privacy or loss of customer data during the reporting period.
GRI 419: Socioeconomic Compliance (2016)				
419-1	Non-compliance with laws and regulations in the social and economic area		Our Approach to Sustainability (6-9)	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations. There was no non-compliance with laws and regulations in the social and economic areas in Hong Kong (if any) during the reporting period.
Product and Service Labelling				
G4-CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		Value Created for the Environment (10-17); Value Created for Customers (25-31)	



Independent Assurance Opinion Statement

Sun Hung Kai Properties Limited Sustainability Report 2017/18

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 2017/18 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 following:

1. The assurance covers the whole Report, and focuses on systems and activities of SHKP and its wholly-owned subsidiaries ("the Group") in Hong Kong, including property management, construction and hotel businesses during the period from 1st July 2017 to 30th June 2018. The Report is prepared in accordance with the Hong Kong Stock Exchange's ("HKEx") Environmental, Social and Governance Reporting Guide ("ESG Guide") and the Core option of GRI Sustainability Reporting Standards ("GRI Standards"), 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.

Statement No.: SRA-HK-701308



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 and the Core option of GRI Standards, 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 in accordance with HKEx ESG Guide and GRI Standards 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, customer satisfaction surveys, focus group discussions, SHKP Club, Club Royal, customer service hotline, regular project meetings, regular vendors screening and performance evaluation, mobile phone applications, websites and social media, corporate newsletter, SHKP Quality Academy, SHKP Quality Raising Suggestion Scheme, SHKP Work Safety Suggestion Scheme, team building activities, annual performance appraisal, public consultations, industry forums, flagship community programmes such as SHKP Reading Club, SHKP Vertical Run for Charity – Race to Hong Kong ICC, Sun Hung Kai Properties Hong Kong Cyclothon, SHKP Volunteer Team, investor meetings, overseas road shows, investor forums and conferences, analyst briefings and annual general meetings, audits and assessments, press conferences, press

release, media interviews and meetings, site visits by SHKP's senior management team, real estate industry trade associations and various sustainability related advisory groups, sustainability reporting, indices, 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. 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 real estate 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 2018

*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.



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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: 0016

Bloomberg: 16 HK Equity

Reuters: 0016.HK

Trading Symbol for ADR: SUHJY

CUSIP: 86676H302

ISIN: HK0016000132

