

Sustainability Report 2011/12



Sun Hung Kai Properties

Building Homes with Heart

The background features several stylized trees with white trunks and rounded, textured green canopies. Some canopies are a lighter shade of green, while others are a more vibrant yellow-green. Small green leaves are scattered throughout the light blue sky, along with a few circular, gradient-colored objects. On the right side, a small illustration of a person in a blue dress stands on a tree canopy, reaching up towards a floating leaf.

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Our Reporting Approach

Scope of the Report

This is our second stand-alone Sustainability Report, which builds on our 2010 Sustainability Report. The reporting period is the Group's 2011/12 financial year from 1 July 2011 to 30 June 2012. This is a change from our last Report, which covered the 2010 calendar year. This Report provides information on significant economic, environmental and social impacts arising from our operations in Hong Kong. These include our head office and wholly-owned subsidiaries in property management and construction Hong Yip Service Company Limited, Kai Shing Management Services Limited and Sanfield (Management) Limited. For the first time this year, we are including four hotels owned and managed by the Group: The Royal Garden, Royal Park Hotel, Royal Plaza Hotel and Royal View Hotel.

How We Report

The Report content has been informed by an independently-managed stakeholder engagement process, the identification of sector-relevant sustainability issues and the Global Reporting Initiative (GRI) sustainability reporting framework (G3.1).

Report Assessment and Verification

The Business Environment Council (BEC) in Hong Kong has provided independent verification of the level to which the GRI framework has been applied in this Report, and has assessed this Report as having achieved B+ Application Level with respect to the extent of coverage and information provided.





Message from the joint Chairmen and Managing Directors

We are very pleased to present Sun Hung Kai Properties' 2011/12 Sustainability Report.

The Group marks its 40th anniversary this year, and this Report outlines our approach to sustainable development, performance over the past year and targets for the coming year. We have been guided in each section by advice from our stakeholders through the annual engagement process, which allows us to understand their expectations of Sun Hung Kai Properties and the actions we must take. We have broadened this Report to include more aspects of our business and aim to make this an annual practice to provide stakeholders with an accurate measurement of our efforts to improve social and environmental performance.

The philosophy of Building Homes with Heart is linked with our sustainable development priorities. We put customers first and endeavour to produce the finest developments with first-class service, while minimizing our environmental impact and making a positive contribution to society. It is especially important to us to reduce energy consumption and waste generation across all operations. Regular reporting on these areas keeps us focused on our philosophy and priorities.

We continued to make improvements on our environmental and social performance last year. We added to our number of LEED- and BEAM-certified buildings and remained deeply invested in the community. We have been a part of the Hang Seng Corporate Sustainability and Hang Seng (Mainland and Hong Kong) Corporate Sustainability indices since their inception in 2010. These demonstrate our on-going commitment to

sustainable development and achievements in environmental protection, community development and corporate governance.

We recognize that we could not have achieved this success without the dedication and commitment of our employees over the past four decades. We value talented individuals and care about our staff. Together we strive to stay at the forefront of quality and market position.

As we look forward, sustainable development will continue to be vital for the viability of our business and the community. Economic conditions may offer uncertainty, but we are committed to our environmental and community initiatives and strengthening our sustainable development. We will continue to expand the Group's property business by offering premium products and services, and advance our sustainability agenda across all sectors of operation as we remain committed to Building Homes with Heart.

Thomas Kwok Ping-kwong
Chairman & Managing Director

Raymond Kwok Ping-luen
Chairman & Managing Director

December 2012

Our Business

Publicly listed in 1972, Sun Hung Kai Properties is one of the largest property developers and landlords in Hong Kong. It creates sustainable value by developing premium premises both in Hong Kong and on the mainland.

Property development for sale and property investment for rent are two core elements of the Group's business. Property development for sale is vertically integrated from land acquisition, project planning, material sourcing, construction and project management, through to sales and marketing and property management. The Group has built, leased and managed commercial projects that provide office and retail space to tenants. The Group also has a portfolio of hotels,

serviced suites and residences catering for diverse needs. The investment property portfolio also includes industrial buildings, godowns, data centres and car parking bays.

Other major business operations including property management and construction business are mainly managed through our wholly-owned subsidiaries.

We also have business activities in telecommunications, information technology, transportation, infrastructure and logistics. We aim to include additional business units in future Sustainability Reports.

Business Structure

Hong Kong	Property Development	<ul style="list-style-type: none"> • 15.4 million sq.ft. under development for sale • Over 27 million sq.ft of farmland (site area)
	Property Investment	<ul style="list-style-type: none"> • 28.5 million sq.ft. of completed investment properties • Another 2.7 million sq.ft. of investment properties under development
	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
Mainland China	Property Development	<ul style="list-style-type: none"> • 74.4 million sq.ft. under development
	Property Investment	<ul style="list-style-type: none"> • 9.4 million sq.ft. of completed investment properties

Financial Highlights

<p>HK\$21,678 million</p> <p>in underlying profit attributable to the Company's shareholders mainly from operations in Hong Kong and on the mainland</p>	<p>HK\$68,400 million</p> <p>in revenue mainly from operations in Hong Kong and on the mainland</p>
<p>Total Hong Kong land bank of 46.6 million square feet and approximately 27 million square feet of farmland (site area)</p>	<p>Over 35,000 employees in Hong Kong and on the mainland</p>

The Group adheres to a prudent financial management policy with ample liquidity and a solid financial position, and is committed to achieving a balance for earnings from property sales and investment properties, both in Hong Kong and on the mainland.

Moody's and Standard & Poor's have affirmed the Group's A1 and A+ credit ratings respectively, albeit with negative outlooks. The Group's high ratings reflect the credit rating agencies' recognition of its well-balanced business model with strong recurrent income. The Group consistently receives one of the highest credit ratings assigned to property companies in Hong Kong.

Property Business in Hong Kong

We hold a diverse land bank of 46.6 million square feet in Hong Kong, of which 28.5 million square feet are completed investment properties, and an additional 27 million square feet are farmland in terms of site area. The Group's land bank has sufficient reserves for five years' development to support property development business expansion.

With regard to our property portfolio, we distinguish between properties that we build for sale, those that we own, lease and manage, and those we do not own but manage for others. Our corporate social responsibilities vary in respect of each of these types. In 2011/12, we completed over 3.6 million square feet of properties in attributable gross floor area, including 2.8 million square feet of residential properties for sale.

The Group's investment property portfolio comprises 10.3 million square feet of retail space, 10.1 million square feet of office space, and more than 35,000 car parking bays. We have continued to refine our investment property mix over the years, gradually increasing the proportion of high-grade properties in prime locations.

Hong Kong land bank by attributable gross floor area*

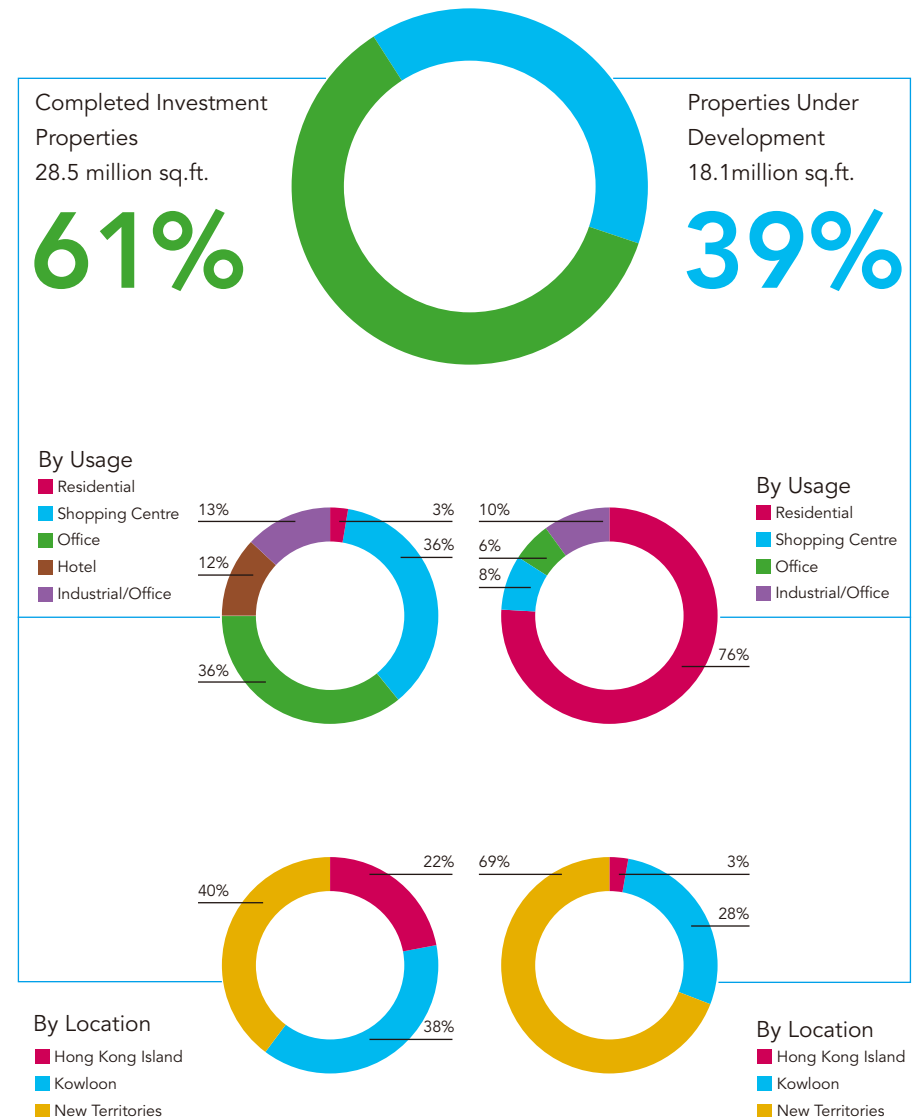
(million square feet)

	Development for Sale	Development for Investment	Completed Investment Properties	Total
By Usage				
• Residential	13.6	0.1	0.9	14.6
• Shopping centre	—	1.4	10.3	11.7
• Office	0.8	0.3	10.1	11.2
• Hotel	—	—	3.5	3.5
• Industrial/Office#	1.0	0.9	3.7	5.6
Total	15.4	2.7	28.5	46.6

* as at 30 June 2012
Including godowns

Hong Kong land bank composition

(46.6 million square feet in attributable gross floor area as at 30 June 2012)



Projects completed in Hong Kong in 2011/12

Project	Usage	Attributable Gross Floor Area (square feet)
The Wings/Crowne Plaza Hong Kong Kowloon East/Holiday Inn Express Hong Kong Kowloon East/Vega Suites	Residential/Office/Hotel	1,541,000
Imperial Cullinan	Residential/Shopping centre	889,000
Avignon	Residential/Retail	621,000
One Regent Place	Residential	222,000
Lime Stardom	Residential/Retail	201,000
Shouson Peak	Residential	91,000
Twelve Peaks	Residential	43,000
50 Stanley Village Road	Residential	37,000



Imperial Cullinan



The Wings/Crowne Plaza Hong Kong Kowloon East/
Holiday Inn Express Hong Kong Kowloon East/Vega Suites

Our Hotels

The Group owns a portfolio of ten hotels in Hong Kong and on the mainland. The Royal Garden in Tsim Sha Tsui East, Royal Plaza Hotel in Mong Kok, Royal Park Hotel in Sha Tin, Royal View Hotel in Ting Kau are covered in this Report. The Group's other hotels are the Four Seasons Hotel Hong Kong, The Ritz-Carlton, Hong Kong, W Hong Kong, The Ritz-Carlton Shanghai, Pudong and the Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East above MTR Tseung Kwan O Station that opened this year.

The two new additions have expanded the Group's hospitality network and made it one of the leading hotel owners in Hong Kong with close to 3,900 rooms in attributable terms. We are also developing premium hotels as part of the integrated projects in several major mainland cities.

The Group's hotel portfolio performed well during the past year with healthy growth in the number of tourists and business travellers in the region.

Memberships, Charters and Awards

We participate and contribute to public policy discussions and developments through submission of consultation responses and participation in memberships and charters. Below are selected memberships and charters we are involved in:

- ✱ Business Environment Council (Founding Member)
- ✱ China Green Building Council (Founding Member of the International Membership Scheme)
- ✱ Employers' Federation of Hong Kong (Corporate Member)
- ✱ Hong Kong Environment Bureau and Council for Sustainable Development - Energy Saving Charter (Signatory)
- ✱ Hong Kong Environmental Protection Department - Carbon Reduction Charter and Carbon Audit Green Partner (Signatory)
- ✱ The Hong Kong Green Building Council (Patron Gold Member)
- ✱ Hong Kong General Chamber of Commerce (Member of the General Committee)
- ✱ Hong Kong Special Administrative Region ('HKSAR') Government Scholarship Fund Investment Committee (Member)
- ✱ HKSAR Commission on Strategic Development (Member)
- ✱ The Real Estate Developers Association of Hong Kong (Executive Vice President, Director, Executive Committee Member)

The Group was widely acclaimed by public and professional organizations for its quality management, corporate governance, brand and green performance over the years. Selected awards received during the reporting period are as follows:

Organizer	Award
Asiamoney	<ul style="list-style-type: none"> • Best Companies for Corporate Governance • Best for Disclosure and Transparency in Hong Kong • Best for Responsibilities of Management and the Board of Directors in Hong Kong • Best for Shareholder's Rights and Equitable Treatment in Hong Kong
The Asset	<ul style="list-style-type: none"> • Platinum Award for Excellence in Management and Corporate Governance
Corporate Governance Asia	<ul style="list-style-type: none"> • Best Corporate Social Responsibility in Hong Kong • Best Environmental Responsibility • Best Investor Relations Company • Best Investor Relations Professional • Best Investor Relations Website/Promotion • Asia's Best Chief Executive Officer (Investor Relations) • Asia's Best Chief Financial Officer (Investor Relations)
Euromoney	<ul style="list-style-type: none"> • Best Managed Company in the Property Sector in Asia • Best Developer in Hong Kong Overall
FinanceAsia	<ul style="list-style-type: none"> • Best Managed Company • Best Investor Relations in Hong Kong • Asia's Best Chief Financial Officer
Quality Building Award Committee (see page 18)	<ul style="list-style-type: none"> • Quality Excellence Award, Quality Building Services Engineer Award and Quality Structural Engineer Award for International Commerce Centre (ICC)
The Hong Kong Council of Social Service	<ul style="list-style-type: none"> • Caring Company designations (for 63 group companies and developments including eight '10 Consecutive Years Caring Company' titles)
HKSAR Environmental Protection Department	<ul style="list-style-type: none"> • Environmental Excellence Awards (for five developments)
HKSAR Leisure and Cultural Services Department	<ul style="list-style-type: none"> • Best Landscape Awards (for 21 developments)
Ming Pao Daily News and The Chinese University of Hong Kong ¹	<ul style="list-style-type: none"> • Prestigious Corporate Brand Excellence Award • Judging Panel Grand Award (Property Developer) • Hong Kong Consumer Grand Award (Property Developer) • Hong Kong Up-and-coming Corporate Brand Award (Sky100 Hong Kong Observation Deck)
Reader's Digest	<ul style="list-style-type: none"> • Platinum Honour in the Reader's Digest Trusted Brand Awards • Two Gold Honours in the Reader's Digest Trusted Brand Awards (Hong Yip and Kai Shing)
Yahoo! Hong Kong	<ul style="list-style-type: none"> • Yahoo! Emotive Brand Award

¹ Award presentation was held in December 2012

Our Approach to Sustainable Development

The Group's belief in Building Homes with Heart has always gone further than bricks and mortar. The Group has consistently enhanced its products and services and worked for the betterment of the territory and its society; helping its people by building quality homes and enabling the commercial and retail sectors to thrive in their businesses. The Group has also provided employment and business opportunities to thousands of individuals and companies in the process.

Sustainable development is an integral part of the Group's philosophy and corporate social responsibility is one of its priorities. We undertook a wide range of initiatives to care for the less fortunate and foster education, while keeping environmental considerations in mind in all operations. As a property developer, our main impacts include our energy consumption, greenhouse gas (GHG) emissions, and the use and disposal of construction materials. The health and safety of our staff, including contractors and sub-contractors, is a primary consideration in our planning process and day-to-day operations.

These impacts and priorities are reflected in our Corporate Social Responsibility (CSR) strategy and practices which are guided by the following set of core principles:

- ✱ We view social responsibility as an integral part of our corporate strategy
- ✱ We uphold high ethical and governance standards
- ✱ We emphasize employee development and well-being
- ✱ We value stakeholder engagement in formulating our strategy and practices
- ✱ We leverage our competencies to address community priorities
- ✱ We are committed to sustained efforts with long-term benefits

This is implemented by our CSR team, which is responsible for devising CSR strategies, monitoring performance and incorporating social, economic and environmental concerns into the Group's decision making process. The team includes representatives from Corporate Communications and other key business units and is led by an Executive Director of the Group. The team regularly reports to the Group's Executive Committee.

Corporate Governance

We believe that conducting our business in an open and responsible manner and following good corporate governance practices will serve the long-term interests of the Group and our stakeholders. We have always upheld our high standards of corporate governance with an effective Board of Directors, a good internal control system and a proactive investor-relations programme, all with the full support of our seasoned management team.

Our focus on corporate governance has been well recognized by investors and the financial community, as shown by the awards we have received from leading financial magazines in recognition of our high-quality management and corporate governance over the years.



Governance Structure

The Board of Directors has delegated responsibilities to the Executive Committee to monitor and review the Company's corporate governance practices and to execute decisions made at Board level.

The Board has directed and overseen the effective implementation of the Group's strategies, while the Executive Committee is responsible for formulating business policies, making decisions on key business issues, and exercising the powers and authorities delegated by the Board. The Audit, Nomination and Remuneration Committees are all chaired by Independent Non-Executive Directors to ensure the Group's strategies are properly implemented in the best interests of the shareholders and the Group. The Board has appointed two additional Independent Non-Executive Directors with effect from 1 July 2012, bringing the total number of Independent Non-Executive Directors on the Board to six.

In view of the increasingly dynamic and challenging operating environment, the Group continued to reinforce its corporate governance and management structure by appointing five additional members to further strengthen the Executive Committee, and two Executive Directors as Deputy Managing Directors. These arrangements are testimony to the Group's commitment to sound corporate governance practices.

Proven Response to Risks

The Board of Directors and the management committees are responsible for managing risk at a Group-wide level. The Board regularly reviews the Group's internal control system including financial, operational and compliance controls and risk management functions. The Board assesses the effectiveness of internal control by considering reviews performed by the Audit Committee, executive management, independent consultants and both internal and external auditors. The Group has a robust internal audit function to monitor the effectiveness of the system and ensure the appropriate operation of core business processes. The Group's Internal Audit Department has direct access to the Audit Committee. Management committees of business and operating units are responsible for identifying and analysing risks and complying with approved policies and procedures to achieve the Group's business objectives.

We took immediate action in relation to the 2012 investigation of the senior executives of the Group. This comprised engagement with our stakeholders, including our employees, investors and the media. Our communications emphasized that business continues as usual and that the Group is a well-established company with good corporate governance run by a team of high-calibre professionals.

For more information on our approach to corporate governance, please refer to the Corporate Governance Report in the Annual Report 2011/12.

Commitment to Our Stakeholders



We engage with our stakeholders in order to both anticipate and adapt to changes in our business. Mechanisms are in place to thoroughly review feedback from stakeholders and relay this information to relevant departments for action. Annual engagement channels with our stakeholders include:



Independent Stakeholder Engagement

We employed independent third-party consultants to conduct our stakeholder engagement process. The process sought feedback specifically on our sustainability performance and helped us better understand the most material issues facing our business. For the preparation of this Report, we also engaged with employees, suppliers, contractors and NGOs through focus groups and interviews.

The findings from this engagement process were used to ensure that we addressed social, environmental and governance issues of concern as identified by our stakeholders. Feedback was also used to enhance our CSR strategy as well as provide senior management with more information about our most material issues.

“Sun Hung Kai Properties sets stringent requirements for its suppliers and contractors. By doing this, it helps raise the quality standards of properties for prospective homeowners. This also helps raise the overall standards of properties in Hong Kong by raising the bar for their peers to follow.”

Donald Yick

Director

Massford (Hong Kong) Limited (SHKP supplier)

This year's engagement process revealed some key areas that our stakeholders are concerned about:

- ✳ Increasing engagement with staff and the wider public on sustainability issues
- ✳ Reviewing workplace and labour issues with a view to improving the work-life balance culture of the Group
- ✳ Strengthening environmental initiatives with recycling and construction waste management as a priority
- ✳ Strengthening sustainability reporting practices

Progress on Actions Initiated Last Year

We assessed key stakeholder concerns raised in last year's Sustainability Report and made it a priority to address these issues. We have tracked our progress and provided relevant information in this year's Report:

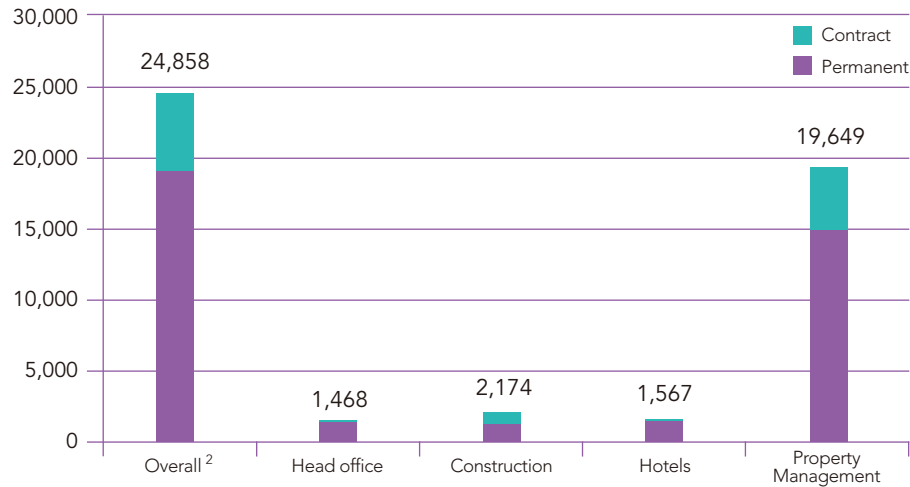
Stakeholder concerns raised in 2010 Report	Page in 2011/12 Report
Expanding the scope of our environmental and social impacts and practices disclosure	1
Working with the government, public utility companies, NGOs, residents and tenants to support and adopt environmental initiatives	6
Promoting sustainability among subsidiaries and providing more extensive disclosure relating to other operations	21 - 22
Reporting on key environmental indicators including carbon emissions, building efficiency, water usage, waste generation and recycling	30 - 32
Incorporating more energy-efficient features into properties and better managing the temperature of air conditioning at shopping centres	31
Promoting environmental features in properties to educate the public and attract potential buyers	33

Commitment to Our People

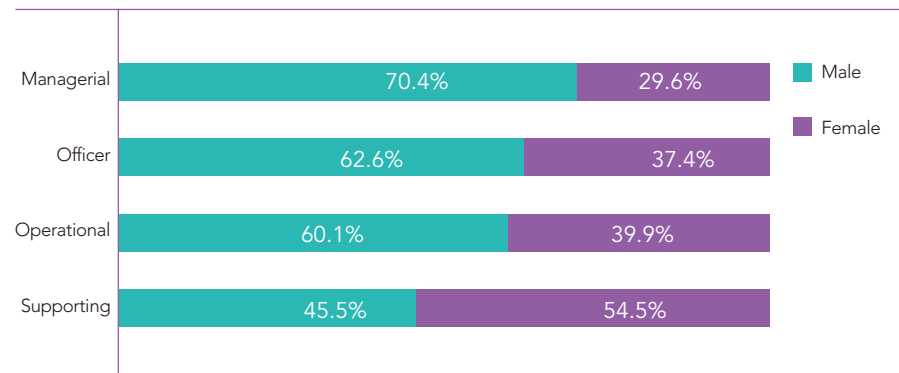


Our people are the foundation for the success of our business. We provide a comprehensive range of benefits for employees and their families, as well as extensive training and career development opportunities designed to help individuals reach their full potential.

Total workforce by employment type
(number of employees)



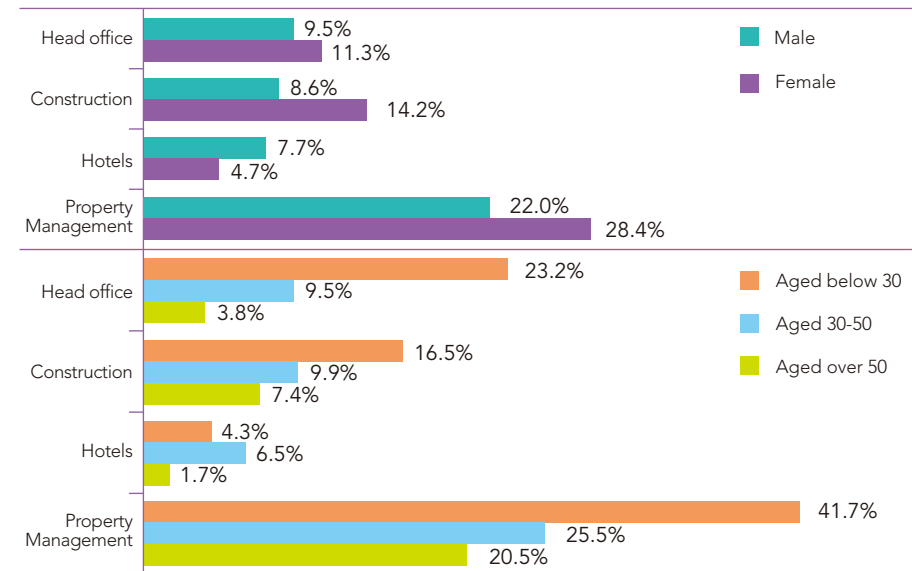
Employee breakdown by position level and gender³



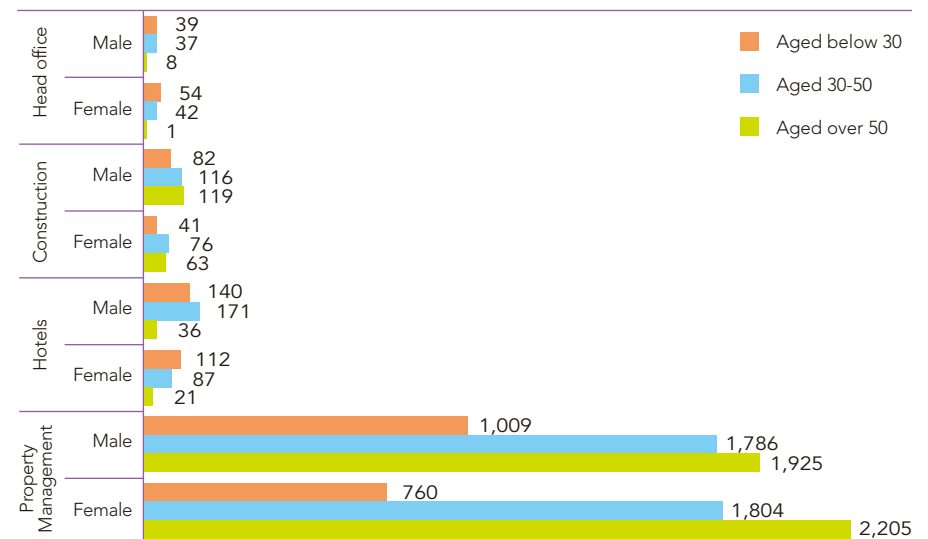
² The overall number includes only the employees covered by the scope of this Report and not the whole Group

³ Includes only the employees of our head office and wholly-owned subsidiaries in property management and construction

Staff turnover by business, operation, gender and age



New hires by business, operation, gender and age



Employee Benefits and Welfare

Our aim is to attract, retain and motivate great people who will drive our business growth. Staff remuneration is reviewed periodically and we make reference to both market rates and individual performance. Loyalty recognition programmes, medical and health benefits, paid sick leave, maternity leave and compassionate leave are offered to all members of staff. All these existing policies and benefit entitlements are reviewed regularly to maintain our competitiveness in the market. In 2010, we introduced the SHKP Group Undergraduate Scholarship Scheme, which provides full university sponsorships for children of employees. Six scholarship awards were granted in 2011/12.

We encourage our staff to strike a balance between work and life. Staff with particular needs may apply for flexible working hours and we also offer various kinds of leave to accommodate a diverse range of personal circumstances and situations. We provide a wide array of social and recreational activities for staff, contract workers and families. For 2012/13, we are committed to organizing four eco-related awareness events for our staff. A free 24-hour 'Hearty Hotline' service offers confidential counselling and emotional support as well as health advice for employees.

The Group enables retired staff to maintain ties with us through the SHKP Evergreen Club. The Club holds regular activities such as trips to the countryside, social gatherings and improved health initiatives. As part of our efforts to support our retirees and to improve the livelihood of Hong Kong's aging population, we rehire retired employees on a contract or part-time basis when appropriate job openings arise.



The Training Library stocks a wide range of learning materials for staff



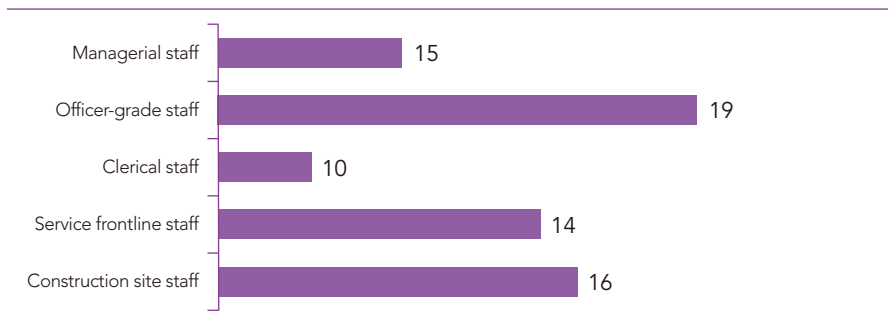
Team-building workshop to enhance performance



Staff Development

Continuous improvement is one of the core values of our corporate culture. Our staff training programmes emphasize both personal and professional growth. The programmes are regularly reviewed and we actively seek employee feedback. Based on the results of individual performance reviews, an annual training plan is developed at the beginning of each year and reviewed periodically.

Average number of training hours in 2011/12



The Group conducted more than 3,500 training classes, representing over 212,000 training hours, in 2011/12⁴, which included classroom training and seminars. In total, close to HK\$18 million was spent on staff training during the period.

Employee Engagement

The Group strives to create a harmonious workplace through a well-established system of open communications that encourages staff to voice their opinions. To keep our people informed of internal developments, information is available on our intranet and in our staff newsletter, *The SHKP News*. We continually work to reduce staff turnover and recognize that our retention rate is a direct reflection of employee satisfaction. We conduct focus groups and staff surveys to better understand employee needs and views. Exit interviews are conducted with every staff member who resigns so that we can learn more about their views and reasons for leaving.

⁴ Not including hotels

Equal Opportunities

We strictly abide by Hong Kong law that references the United Nation's Universal Declaration of Human Rights. The Group prohibits discrimination based on sex, marital status, pregnancy, disability, family status, race, colour, religion or social origin in all aspects of employment, including hiring, training and development, job allocation, salary, benefits and performance assessments.

Over **8,000** training hours were provided in 2011/12 on human rights and related ordinances⁴

In 2011/12, we had one case of alleged pregnancy discrimination at one of our hotels, which was settled after conciliation through the Equal Opportunities Commission. The Group received no other complaints of discrimination for the year.

Our equal opportunity policy is available in our staff handbook and on the Group's intranet. The policy comprises clear information on the complaint procedure for employees who believe they have been victims of discrimination.

Code of Conduct

A comprehensive Code of Conduct covers all employees including senior management and the Board of Directors. The Code includes provisions on the followings:

- ✳ Ensuring there are no conflict of interests
- ✳ Prohibiting bribery, including solicitation, offer or acceptance of advantages
- ✳ Abiding by the prevailing laws and regulations
- ✳ Policies with respect to entertainment, loans and gambling
- ✳ Policies with respect to outside employment and investment

Whistle-blowing and Grievance-handling Procedure

We have a whistle-blowing policy in place and grievance-handling procedure is explained in our staff handbook. The whistle-blowing policy is accessible to all employees and it states that no individual should experience any form of intimidation or retaliation when reporting a concern and all disclosures are treated in a confidential and sensitive manner.

Commitment to Our Customers



As part of our business commitment to ensuring best business practices, we strive to deliver service excellence to our diverse base of customers, which includes tenants and owners of residential properties and commercial tenants in shopping malls, offices and industrial buildings.

Over
310,000
members
in the SHKP Club
as of 2012

Over
10,000
guest satisfaction
surveys were collected
from in-house guests
in the past year from
the four Royal brand
hotels

New flats are checked by a professional team to ensure that fittings and finishes meet the highest standards



Group Chairman and Managing Director Thomas Kwok (first right) listens to residents during home visits

Customer Satisfaction

We have a group-wide customer satisfaction policy that emphasizes the need to give the highest regard to customer rights.

We take the issue of customer privacy seriously. We have stringent data privacy guidelines and a special team that oversees our database of clients in strict accordance with the privacy regulations of Hong Kong. This ensures that customers' rights are protected. The Group received no complaints in the past year regarding customer privacy or loss of customer data.

We were the first developer in Hong Kong to have a designated inter-departmental Property Handover Team to oversee the handover of every new property. The cornerstone of our service pledge is a two-year quality guarantee provided on all the new residential units.

The SHKP Club was established in 1996 to enhance two-way communication with our customers for continued service improvements. As of 2012, there were over 310,000 Club members. The SHKP Club provides advance information on new developments of the Group and gathers feedback from residential property owners and tenants about our products and services.



Recognition of Customer Satisfaction

Several buildings won or were selected as finalists in the 2012 Quality Building Award, presented by the Hong Kong Construction Association, the Hong Kong Institute of Architects, the Hong Kong Institute of Construction Managers, the Hong Kong Institution of Engineers, the Hong Kong Institute of Housing, the Hong Kong Institute of Surveyors, the Hong Kong Chapter of the International Facility Management Association, Hong Kong Quality Assurance Agency and the Real Estate Developers Association of Hong Kong.

The biennial awards recognize quality construction projects and the teams behind them. Entries are judged on comprehensive criteria such as project vision and implementation, cost and benefits, construction technique and quality, architecture and property and facility management.

- ✿ International Commerce Centre (ICC) – Quality Excellence Award, a top honour for overall quality and the best among all the nominations, and three other major awards
- ✿ HomeSquare – Finalists in the Hong Kong Non-Residential (Renovation and Revitalization of Existing Building) category
- ✿ Valais – Merit Winner in the Hong Kong Residential (Multiple Building) category



Group Deputy Managing Director Mike Wong (middle) and the project team accept recognitions

Customer Relations

We gather feedback from customers through a number of channels including hotlines, web forums, suggestion forms, customer surveys, face-to-face meetings, mystery shopping and opinion collection by service ambassadors. In addition, staff at all levels are encouraged to take the initiative in listening to customers' views.

Our customer relations team responds to comments relating to sales and leasing of residential property, office and malls. The team follows an established procedure with an aim to resolve all cases swiftly and efficiently. We keep systematic records of complaints and feedback and a quarterly report is given to senior management for review.

Customer Safety and Well-being

We are committed to the well-being of our customers and to removing gender, age, disability or income-related barriers with regard to the use of our buildings. We fully comply with statutory requirements at the planning stage of every new project to ensure appropriate facilities for people with disabilities are in place. We are also committed to upgrading our existing buildings to fulfil the latest requirements whenever it is technically feasible. The Group regularly introduces new facilities in its properties in response to the needs of different age groups, particularly children and the elderly.

Examples of our initiatives include the provision of:

- ✿ Defibrillators at 45 sites and commercial properties across Hong Kong and over 700 frontline staff possessed first-aid certificates and were qualified to use these devices as of 2012
- ✿ Phonic ears for staff to better communicate with people with hearing impairments at malls such as Grand Century Place and at residential properties like Manhattan Hill and Harbour Place. Braille signs on lift panels and tactile guide paths for the blind and vision-impaired people are also provided
- ✿ Milk-warming service, pioneering children's toilets and complimentary diapers in various malls



The Group collects views from customers as part of two-way communication



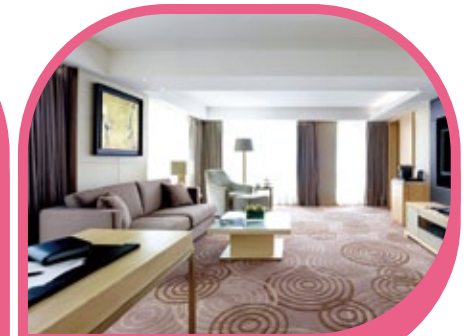
Case Study: Striving for Excellent Guest Satisfaction

In keeping with our commitment to customer satisfaction, we ensure that guests staying at our hotels enjoy top quality service. At the Royal Park Hotel, guest surveys are conducted daily to analyse guest satisfaction in order to identify areas for improvement. At the Royal Plaza Hotel, for example, monthly guest satisfaction level reports are compiled and relevant departments are required to act accordingly to mitigate any incidents.

Training is provided to hotel staff by hotel management or the human resource department on a regular basis to strengthen their customer handling abilities. They are trained to deal with customer complaints in an attentive and professional manner, ensuring a swift follow-up. The outcome is then reported to management to seek both internal and external solutions to meet customer needs.



Royal Plaza Hotel



The Royal Garden



Royal View Hotel



Royal Park Hotel

Commitment to Our Supply Chain



We emphasize responsible practice throughout our supply chain. As a property developer, we employ a significant number of workers at construction sites through contractors. To ensure that our contractors mitigate labour-related risks, our internal system for monitoring their performance includes scrutiny of their policies and behaviour with regard to standards, labour laws and safety.

Construction accident rate of **12.5** per 1,000 workers, significantly lower than 49.7 industry average

Construction site staff received over **190,000** hours of training during 2011/12



Regular seminars update contractor on safety, environmental and other related issues

Our suppliers are required to adhere to our Code of Conduct as a prerequisite for dealing with us, and we closely monitor contractor and supplier performance. Our construction subsidiary, Sanfield, has a well-established system for monitoring service delivery by contractors and suppliers which includes compliance with our standards.

To ensure fair payment to contract workers, we pioneered and implemented an autopay-to-workers-bank-account scheme in 2002 whereby all workers on our construction sites receive wages directly from sub-contractors. Additionally, we installed a system in 2007 for MPF money to be paid to sub-contractors as a reimbursement-on-confirmation-of-MPF-subscription, which removed incentives for sub-contractors to divert MPF funds. Sanfield sets an example for the industry, in that it does not charge administration fees to claimants for industrial accidents.

Training

In order to maintain good relationships with contractors and suppliers and ensure their compliance with our standards, we provide contractor training on safety, environmental considerations and other relevant issues.

On-site training of risk assessment and safety systems as well as 'toolbox talks' are provided weekly and whenever there are changes to work processes. Training sessions delivered in the reporting year include:

- ✳ Safety card renewal course
- ✳ Safe use of lifting appliances and lifting gear
- ✳ Working at height
- ✳ Safety management and housekeeping on construction sites

“The Group strives to make its construction sites safe, and it provides healthy workplaces for staff. We also project our concern for safety beyond company employees, with seminars and training for suppliers and contractors.”

Thomas Kwok

Group Chairman and Managing Director

Health and Safety

Large-scale health and safety evaluations of all projects and contractors are conducted annually. With reference to these evaluations, contractors or sub-contractors with poor safety records are excluded from our tender lists.

Sanfield has obtained internationally recognized certifications with regard to safety: ISO9001 (since 1995) and OHSAS18001 (since 2008). Kai Shing and Hong Yip are also OHSAS18001 accredited.

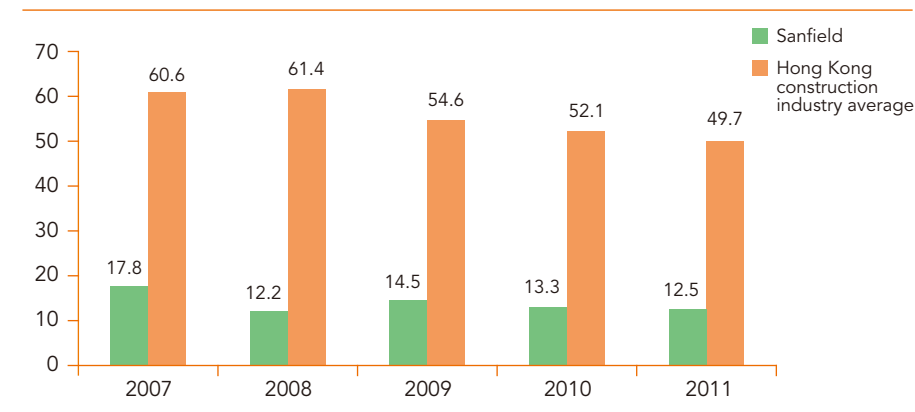
Our Safety Management Committee oversees the respective site safety committees, under which there are functional safety sub-committees at the operational level. Workers' representatives are nominated as members of these committees. Company-level inspections include quarterly 'safety and housekeeping' inspections and monthly 'second tier' safety inspections to monitor site safety compliance at construction sites. Our sites also hold monthly safety performance reviews, with the resulting reports sent to the General Manager of Sanfield.

Occupational health and safety data in 2011/12

Number of staff involved in work-related fatalities	0
Number of staff involved in work-related injuries	1,055
Lost days due to work-related accidents and disease (occupational)	19,110
Lost days due to other sick leave (not related to work-related injuries)	98,407
Injury rate per 1,000 employees	42
Lost day rate per 200,000 working hours	3.1
Absentee rate per 200,000 working hours	42.9

Our safety objectives are to have zero fatal accidents and a non-fatal accident rate of fewer than 10 incidents per 1,000 workers per year. Our accident rate is always consistently lower than the industry average.

Accident rate per 1,000 workers per annum in construction



Sustainable Procurement

We continue to work with our contractors and suppliers to develop a more sustainable supply chain. As clearly stated in the 'Guidance Note for Contractors, Consultants and Suppliers', our environmental policy requirements apply to contractors, sub-contractors and suppliers. Tenders and contracts with suppliers and contractors include an 'ethical requirement' clause to ensure that appropriate attention is given to the provisions of the 'Guidance Note'. Our Green Procurement Guidelines help us promote environmentally-responsible practices among our business associates. For example, contractors and suppliers are required to:

- ✳ Implement measures to minimize the production of waste and ensure proper waste management
- ✳ Take steps to ensure efficient use of materials and resources
- ✳ Conduct a self-assessment on performance related to professional qualifications, certified quality control and environmental policies on production when submitting tenders
- ✳ Sign agreements with the Group to confirm adherence to relevant environmental and occupational health and safety standards

Commitment to Our Community



We are committed to the sustainable development of the community in Hong Kong. Through our developments and property management activities we seek to make a positive contribution to addressing community needs.

Around
2,000
members in the
SHKP Volunteer Team
contributed to
over **80,000**
hours of service

Over
5,200⁵
underprivileged
children have
benefitted under the
Read To Dream book
fair programmes

Our Approach to Community Investment

Community investment is an important part of our sustainability strategy. We participate in programmes that seek to create long-term benefits for the community and our business. We have established a framework for community investment that guides us in the selection and assessment of these programmes. We use stakeholder engagement to get a better understanding of socio-economic needs in Hong Kong and how best to address these needs. Our selection of programmes is also grounded in the Group's community investment principles and chosen areas of focus:

Community investment principles:

- ✱ Close partnerships with NGOs
- ✱ Direct participation with active staff engagement
- ✱ Sustained efforts and long-term community programmes
- ✱ Use of company strength, network and expertise

Areas of focus for community investment:

1. Education for future generations
2. Care for the disadvantaged
3. Promoting social harmony
4. Raising environmental awareness
5. Employee volunteering

⁵ From 2008 to 2012

Education for Future Generations

We place great emphasis on the education of young people. For the past seven years, the SHKP Book Club has organized a wide range of initiatives to foster a stronger culture of reading and writing in the community, with thousands of people participated. Major activities in 2011/12 included:

- ✱ A Letter to My Family Book Review Competition
- ✱ The fourth Read To Dream programme took nearly 1,200 underprivileged children to the annual Hong Kong Book Fair with an allowance to buy books
- ✱ Twelve issues of Books4You magazines per year

SHKP Book Club has taken thousands of children to the Book Fair in the past few years



Group Chairman and Managing Director Raymond Kwok (second right) supports A Letter to My Family SHKP Book Review Competition



SHKP Reading Index

In 2012, we conducted our first SHKP Reading Index survey to measure the Hong Kong public's reading habits and assess the state of the local reading culture. Findings included:

- ✱ My Reading Index stands at 4.81 (with 1 being the lowest and 10 the highest), indicating that the respondents' interest in reading is medium
- ✱ The Index on Hong Kong Reading Culture was 4.77 which mirrors the medium general reading atmosphere
- ✱ Around 60% of all respondents said they had reading habits
- ✱ People in Hong Kong on average read less than two books in six months and read for less than two hours a week



Proportion of the population with a reading habit:

58.2%

Proportion of the population without a reading habit:

41.8%

Care for the Disadvantaged

We strive to support disadvantaged community groups by providing practical assistance that improves their lives, enhances their employability and facilitates their integration into the community.

Under the Building Homes with Heart Caring Initiative, we continue to support and organize a range of charitable events and encourage our staff to use their professional skills to carry out basic home repairs and maintenance for disadvantaged families and individuals. Over the past year, we organized Chinese New Year luncheon for nearly 2,000 elderly people from Kwun Tong and Kwai Tsing in partnership with the Social Welfare Department and other welfare organizations. We delivered a total of 5,000 lucky bags at the lunches and during home visits to the elderly. To celebrate the Dragon Boat Festival, our volunteers worked with social welfare groups to distribute nearly 3,500 rice dumplings to seniors who live alone or are homeless, the intellectually handicapped and low-income families in Ma On Shan, Aberdeen and Sham Shui Po.

Festive Building Homes with Heart Caring Initiative events for the elderly



Promoting Social Harmony

Through various community programmes, we promote taking a positive attitude towards life, nature and family harmony. In an effort to strengthen family relationships, the SHKP Club runs loving home campaigns every year to encourage healthy, harmonious family lives. The theme for the year was Loving Home with All Your Heart. It spreads this message through the SHKP Club Cherish Your Family Facebook page, exhibitions at Group malls, competitions, seminars, surveys and workshops. Its Taste of Love competition calling for stories about special moments with the family was a success, attracting more than 6,000 entries.



Providing Career Guidance

The Group has been partnered with Breakthrough, an organization that serves youth to promote culture and education, in nurturing those being labeled as academically underachievers or deprived youth through the Modern Apprenticeship programme for almost a decade. Around 300 students participated in the latest two-year programme held during the period from September 2010 to May 2012. The programme offered soft skill training and career talks, integrated on-the-job training as well as individual mentoring by experienced staff from the Group. The objective is to help youngsters prepare for transition, explore the direction of their future career and identify key life goals.

One participant named Ah Lung said that he used to think salary was the only factor he had to consider before accepting an offer. The training and seminars taught him about the importance of self-awareness and goal-setting. He hopes to learn more about everyday workplace situations and explore his abilities and interests to find an ideal career. He encouraged young people to work hard and realize their aspirations, saying: 'Set your goals and make them happen!'



Raising Environmental Awareness

Raising community awareness of environmental issues is a crucial part of our environmental stewardship efforts. By leveraging our extensive network of residential and commercial properties, we promote and encourage environmentally-friendly behaviour among our residents and tenants.

In March 2012, we launched SHKP G Power as a platform for showcasing the Group's green policy achievement and to promote green initiatives among company subsidiaries and their respective stakeholders. It encompasses eco-friendly management, sponsorships and activities to encourage employees, customers, business partners and the community at large to care about the planet. As part of the SHKP G Power, we initiated a Love Nature Campaign to promote a greater appreciation for the natural environment among our employees and the public. We staged clean-up events and educational programmes under the campaign to raise awareness of conservation issues and the benefits of protecting Hong Kong's beaches and country parks. A total of five activities were held in 2011/12 with more than 1,000 staff members and student volunteers.

An interactive website and a social network page were also created for SHKP G Power to encourage residents and tenants to take simple steps to improve their environment, including recycling clothes, home appliances and aluminium cans, converting food waste into fertilizer, donating old books and turning off the lights and electrical items when they are not in use.

The SHKP Love Nature Campaign is launched to encourage people to appreciate nature and understand the importance of conservation



Our Contribution

We aim to leverage our core competencies in our contributions to improve community well-being. Our support for the community comes in the form of financial and in-kind donations, space in our buildings and the time and skills of our employee volunteers. We contributed a total of HK\$69 million in charitable donations in 2011/12.

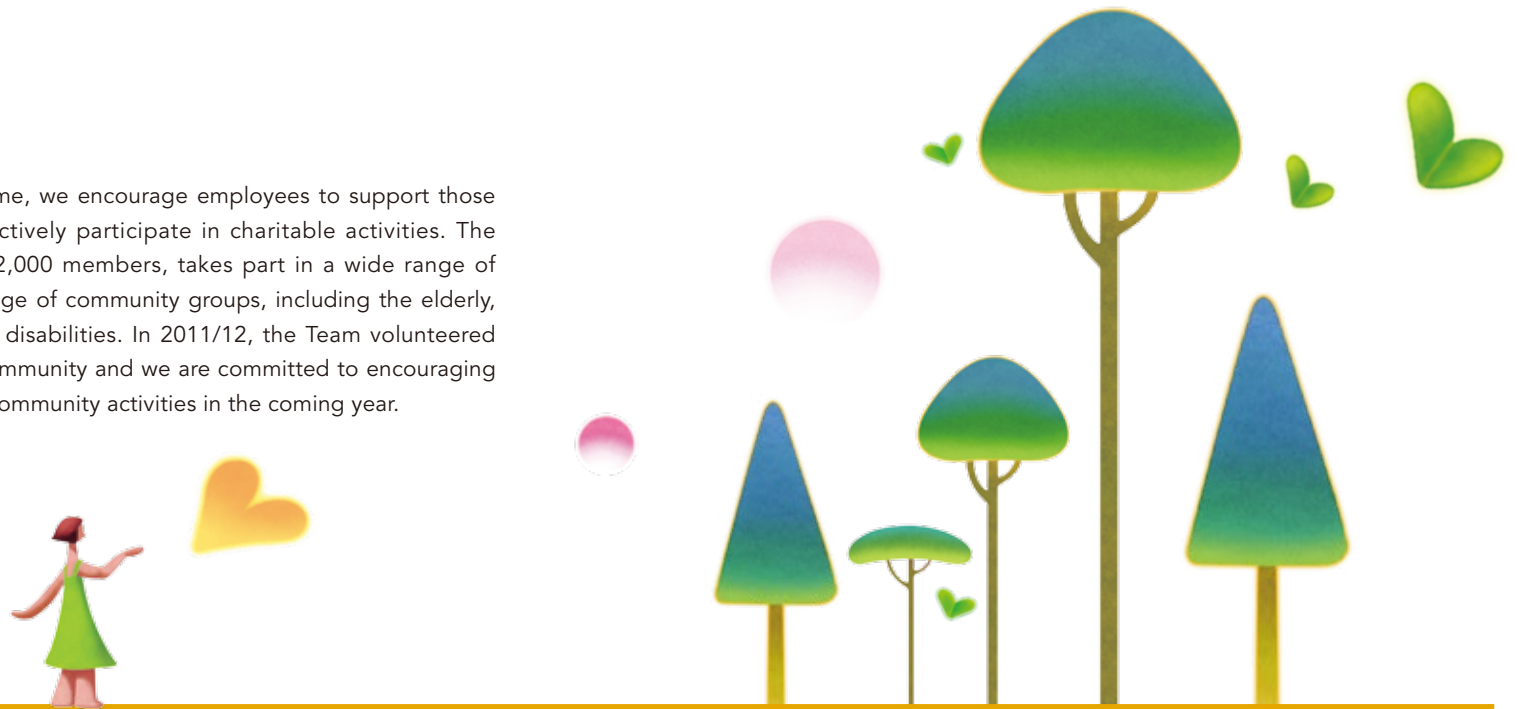
We deploy Group resources, such as landmark developments and our mall network, for charitable initiatives. The first Race to ICC-100 – SHKP Vertical Run for the Chest was held at the International Commerce Centre (ICC) in December 2012, in support of child and youth services under the administration of the Community Chest of Hong Kong. We also provide free space and promotional spots in our developments for events by community groups. In 2011/12, we hosted nearly 150 events in our malls and provide office space to social organizations such as SAGE and ORBIS on a rent-free basis or for a nominal fee of HK\$1. We will continue to leverage the Group's retail and office space for charity projects in the coming year.

Group Deputy Managing Director Victor Lui (second right) visiting needy seniors to spread cheer



Mobilizing employees

As part of our employee-giving scheme, we encourage employees to support those in need through donations and to actively participate in charitable activities. The SHKP Volunteer Team, with around 2,000 members, takes part in a wide range of programmes benefitting a diverse range of community groups, including the elderly, low-income families and people with disabilities. In 2011/12, the Team volunteered over 80,000 hours in service to the community and we are committed to encouraging more staff members to participate in community activities in the coming year.



Maximizing Employee Talents

The SHKP Volunteer Team uses its professional skills to assist senior citizens who have been affected by various urban redevelopment projects. Team members carry out basic decoration and maintenance jobs at the new homes of those who have been relocated. At Tung Tau Estate, jobs included inspecting new flats, tiling floors and installing lights. SHKP Volunteer Team Leader Michelle Leung said: 'We have been helping relocate seniors affected by the redevelopment of Shek Kip Mei, So Uk and Ngau Tau Kok Lower estates for many years. Volunteers support charities in their own time and some even get family members involved. Their commitment to volunteering has a positive impact on the needy and spreads goodwill in the community to get more people involved.'

“ We encourage our staff to help address social needs by doing volunteer work, and I believe the most rewarding part of it is lending a hand to the needy and making them feel cared for and loved. The management team and staff give back to society; in keeping with our pledge of Building Homes with Heart. ”

Raymond Kwok

Group Chairman and Managing Director
SHKP Volunteer Team Captain

Commitment to Our Environment



We consider working to strengthen environmental protection as essential for our successful long-term development. Environmental considerations are integrated in the decision-making process across all our operations - from planning and procurement through to construction and the final stages of development to property management.



Environmental Policy and Management

Our commitments to the environment are outlined in the Group's environmental policy. We strive to make efficient use of resources, adopt eco-friendly construction and management practices and support community events that promote greener lifestyles and living environments. Our commitments include:

- ✱ The integration of environmental concerns into our designs, construction methods and procurement processes;
- ✱ The promotion of environmental awareness among our staff, business partners and the community;
- ✱ Working to continually improve our environmental performance;
- ✱ Compliance with related laws and regulations.

⁶ 51 buildings monitored by the Group's Energy Optimization Committee

⁷ Head office and 334 properties under management subsidiaries

A committee oversees environmental management of our operations and ensures that corporate responsibility regarding the environment is integrated into our business practices. The committee is chaired by a Deputy Managing Director and reports to the Board on performance with respect to the principal activities of the Group.

At an operational level, environmental issues are managed day-to-day by the respective business units. Where applicable, our environmental management systems are ISO14001 certified at our property management and construction subsidiaries.

We will continue strengthening our partnerships with environmental NGOs to promote environmental protection, conservation, and food waste reduction.

Environmental Performance Receives Independent Recognition

Our consistently high level of leadership and performance within the environmental protection sphere has been widely recognized by the Government and green groups.

In 2012, we won Green Building Awards for Millennium City 1, Noble Hill and Landmark North. Our outstanding landscape design and horticultural maintenance earned us 21 honours at the 2012 Best Landscape Award, including four Gold Awards for residential and commercial projects. The recognition is based on a stringent assessment of appearance, sustainability and involvement of users. We also received Corporate Green Driving Gold Award from Friends of the Earth for improving fuel efficiency by more than 12% and reducing our fuel consumption by 11%.

Our progress in reducing waste and energy use was recognized by the 348 certificates and labels we received under the Hong Kong Awards for Environmental Excellence scheme during the reporting period, details are as follows:

Carbon ¹ Less ¹	Wastewi\$e	Energywi\$e	IAQwi\$e
67	211	51	19

Climate Change and Energy Management

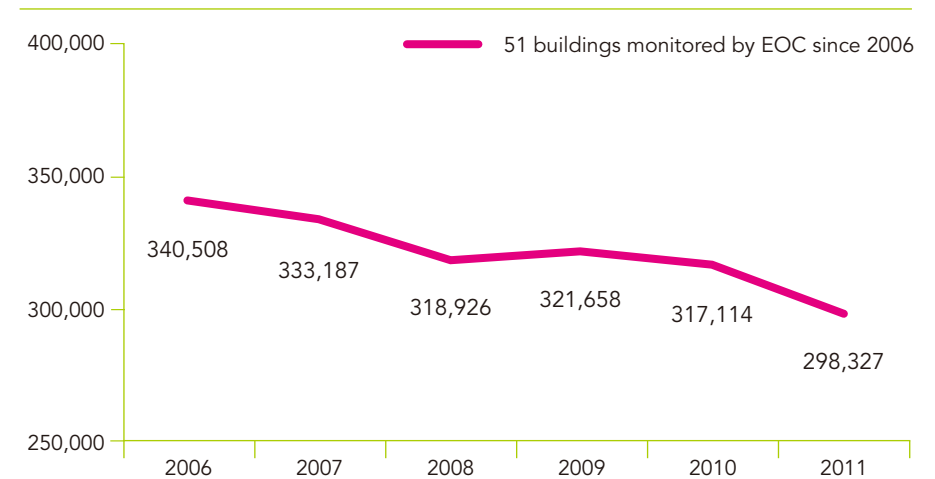
Climate change is a key business challenge and we continue to improve our understanding and management of the associated potential risks. We are actively involved in various consultation groups and forums on climate change and green building issues.

We operate in accordance with environmental regulations and aim to go beyond compliance whenever practicable. Precautionary measures have been taken with respect to emerging environmental issues and related legislative changes. For example, we took early action to prepare for and ensure compliance with the Hong Kong Building Energy Efficiency Ordinance that came into effect in September 2012. This has enabled us to ensure that our building designs are in strict compliance and are certified to be compliant with the Ordinance. Additionally, the Group committed to the Hong Kong Government's Energy Saving Charter, pledging to maintain the indoor temperature of 18 shopping malls between 24 and 26 degrees Celsius from July to September 2012. The number of participating malls was the highest among developers.

We have been conducting voluntary carbon audits since 2008 and currently cover a total of 131 properties, including 51 office buildings and shopping malls, 20 industrial buildings and 60 residential buildings, an increase of 19 buildings from 2010/11. We aim to extend carbon audits to cover all our managed properties. Our actions, based on the findings of these audits, have led to a 4.8% year-on-year reduction of indirect carbon emissions from our property management subsidiaries Hong Yip and Kai Shing, and a 1.5% reduction in head office.

Our Energy Optimization Committee (EOC) monitors energy consumption and drives energy-efficiency improvements in our major retail properties and offices. The Committee comprises teams from Project Management, Property Management, Retail Marketing, Office Leasing and Internal Audit. The main tasks of the Committee include the regular review of electricity consumption, promotion of measures to save electricity, and research into new techniques and developments relating to energy saving. From 2006 to 2011, electricity expenses of the 51 buildings monitored by EOC have decreased by HK\$43 million, or 12%. For 2012/13, we commit to continue implementing energy saving initiatives.

Electricity consumption (MWh)



Energy Savings at Hotels

Our hotel operations are in the process of replacing halogen bulbs in guestrooms with LED lighting. For example, The Royal Garden completed this refitting in 2011, contributing to a 113,979 kWh reduction in electricity usage and a 61.5 tonne reduction of carbon emissions in 2011/12.

Water Use

Water is a vital resource, and we continually monitor our usage with the twin aims of improving efficiency and minimizing waste. Our property management subsidiaries encourage the individual property site offices to implement specific water conservation plans and relevant figures are recorded at the site level.

A rainwater collection system involving three sets of rainwater storage tanks with a total capacity of 11,000 litres has been installed to gather rainwater for general cleaning and general irrigation purposes at Kowloon Commerce Centre (KCC). The rainwater is collected and filtered before being diverted to the storage tanks for subsequent delivery to supply points on the building's Green Roof, Sky Garden, and other areas of the property.

In 2011, we installed systems to make use of underground water at some construction sites and new projects. Non-potable underground water is being pumped from water wells installed at the construction sites of Riva and Chatham Gate for dust suppression, flushing and cleaning purposes. The water is then reused at vehicle-washing facilities. Water consumption at these construction sites will be reduced by 1 to 2% during the two-year construction period. Permanent underground water pumps were also installed at the Solar Tower at Ma Wan Park to provide water for toilet flushing.

Waste Reduction

Management and reduction of waste is a key part of our environmental initiatives. As construction results in one of the largest sources of waste for the Group, we seek to use recycled building materials whenever appropriate. Recycled wood has been used for the Peak One, Sky One and Peak House projects exterior walkways. Carpeting at our Shanghai IFC office tower on the mainland has been manufactured using recycled materials.



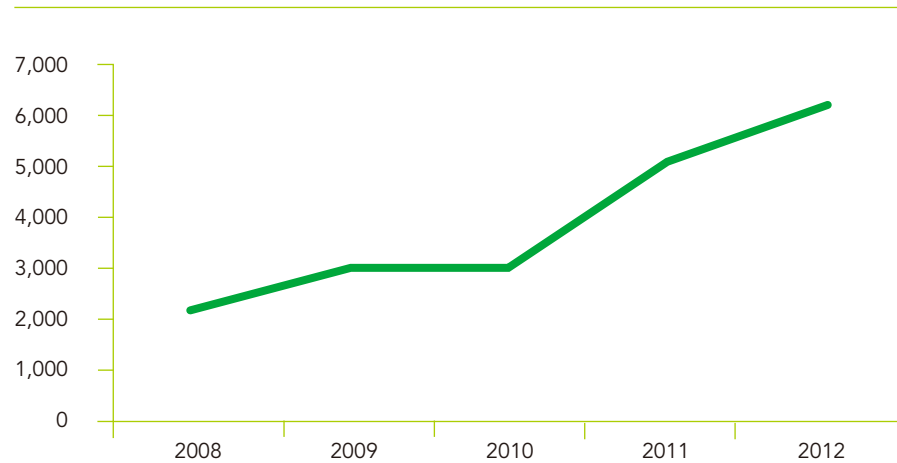
Food waste recycling at ICC

Waste recycled at hotels (kg) in 2011/12



We are keen to implement more measures to reduce food waste. As of June 2012, we have 23 properties engaged in food waste recycling programmes which involve the collection of food waste such as vegetables, fruit and meat for decomposition by a food waste eliminator for conversion into organic fertilizer. One of our residential developments, Park Island, currently recycles an average of six tonnes of food waste per month.

Monthly food waste collected at Park Island (kg)



Urban Biodiversity

As a responsible developer, we are aware of the impact urbanization has on biodiversity and we are continually exploring ways to improve the protection of local ecology. We go beyond complying with government requirements related to biodiversity, which include the provisions of the Hong Kong Environmental Impact Assessment Ordinance and the Nature Conservation Policy. Our One Regent Place, upcoming Chatham Gate and The Wings developments will follow the government's tree preservation policy as required under their land leases. Extensive vertical greening is planned for the facade of upcoming projects, including Kowloon Commerce Centre (KCC) Tower B, Chatham Gate and Century Gateway. We won Skyrise Greenery Awards in the Private Development category for Peak One, Avignon, Aria and New Town Plaza Phase One.

The low-density Avignon residential development on Castle Peak Road has a 380,000-square-foot garden designed by internationally-renowned landscape architects to create an eco-friendly backyard for residents. Avignon received a Gold Award (Soft Landscape Design Award category) in the Best Landscape Award for Private Property Development 2012.

Sustainable Design and Construction

In planning new projects, we examine the layout of buildings in terms of sunlight and ventilation in order to make efficient use of lighting, air conditioning and other electrical systems to help reduce post-development energy consumption. We have adopted a precautionary approach to ensure that our future developments address all potential risks.

We support international and local building rating schemes, including Leadership in Energy and Environmental Design (LEED) and the Hong Kong Building Environmental Assessment Method (BEAM). All our project managers must follow appropriate standards during the design stage of a project. As of 2012, 14 buildings have been certified and pre-certified under BEAM and four buildings certified under LEED in Hong Kong and on the mainland. We also have 12 buildings certified under the Hong Kong Green Mark Certification Scheme. Since 2011, we intend to acquire green building certification for all new projects. We also encourage our staff to attain appropriate green knowledge and qualifications, with six colleagues from the construction teams having already qualified as BEAM professionals. For 2012/13, we aim to attain LEED and BEAM certification for our upcoming projects, including Elite Centre on 22 Hung To Road and Kwun Tong Inland Lot 173.



Avignon residential development received a Gold Award in the 2012 Best Landscape Award

Case Study: Kowloon Commerce Centre – A Model of Sustainable Design

Kowloon Commerce Centre (KCC) is a premium twin tower office complex in West Kowloon, conveniently linked to the rest of Hong Kong by railway connections. The design and construction of KCC incorporated many advanced environmentally friendly features and is a model of progressive sustainable design. The intelligent development combines international specifications, high technology and fine architecture.

- ✳ Tower A of KCC has attained full LEED gold certification while Tower B has achieved gold precertification prior to its expected completion
- ✳ Extensive low-emissivity glass walls maximize natural daylight benefitting 75% of the occupied area with natural lighting
- ✳ Water-efficient landscaping reduces water usage by 50%
- ✳ Natural ventilation conforms to ASHRAE and CIBSE indoor air quality standards, ensuring a healthy indoor environment for tenants and customers
- ✳ Recycled materials were extensively used during construction and over 40% of the materials used were extracted, processed and manufactured regionally
- ✳ A footbridge linking KCC to the nearby MTR station provides tenants and locals with a safe and convenient option for public transportation, which reduces traffic and related roadside emissions in the neighbourhood



Global Reporting Initiative (GRI) Index

This Report was prepared using Global Reporting Initiative G3.1 guidelines, a voluntary framework to guide organizations reporting on their sustainability performance.

The tables listed on this page include the GRI G3.1 Profile Disclosures and Performance Indicators we addressed in this Report. For indicators that we selected to report on, but did not cover in the report content, we have provided a short explanation.

Page	Section	GRI Indicators Covered
1	Our Reporting Approach	3.1 – 3.3, 3.5 – 3.8, 3.10, 3.11
2	Message from the joint Chairmen and Managing Directors	1.1, 4.2
3	Our Business	2.1 – 2.10, 4.12, 4.13, SO5, EC MA
7	Our Approach to Sustainable Development	1.2, 4.1, 4.3, 4.8, 4.9, 4.11, SO4
9	Commitment to Our Stakeholders	4.14 – 4.17
12	Commitment to Our People	3.9, 4.4, 4.6, 4.8, EC3, LA1, LA2, LA3, LA7, HR4, SO3, LA MA, HR MA
16	Commitment to Our Customers	PR5, PR8, PR MA
20	Commitment to Our Supply Chain	HR2, HR MA
23	Commitment to Our Community	SO1, EC8, SO MA
29	Commitment to Our Environment	3.9, EN4, EN5, EN6, EN14, EN18, CRE8, EN MA
35	Global Reporting Initiative Index	3.4, 3.12
36	Verification Statement	3.13
	SHKP Annual Report 2011/12 (P.104-115)	4.4, 4.5, 4.7, 4.10

GRI Indicator		Comment
EC4	Significant financial assistance received from the government	We did not receive any significant financial assistance from the government
LA4	Percentage of employees covered by collective bargaining agreements	None of our employees are covered by collective bargaining agreements
HR6	Operations identified as having significant risk for incidents of child labour and measures taken to contribute to the elimination of child labour	There are no operations at risk in Hong Kong for incidents of child labour
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	There are no operations at risk in Hong Kong for incidents of forced or compulsory labour
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	There were no significant fines of this kind
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	2,447 participants took part in the Group's training on anti-corruption policies and procedures As employees may attend training more than once, a percentage of participants may not reflect the percentage of employees



Contact us

We value stakeholder feedback.

To provide us your views and comments please contact:

sustainability@shkp.com

Verification Statement

Scope of Work

The Business Environment Council Limited (BEC) has been commissioned by Sun Hung Kai Properties Limited (SHKP) to conduct an independent verification of its Sustainability Report 2011/12 ('the Report').

The objective of this verification exercise is to provide assurance on the Report content against the reporting scope and to assess if the Report meets the requirements of the Global Reporting Initiative (GRI) G3.1 Sustainability Reporting Guidelines. The Report covers the performance period from 1 July 2011 to 30 June 2012.

The information in the Report is prepared under the exclusive responsibility of SHKP. BEC was not involved in the preparation of any of the content in the Report.

Methodology

BEC conducted sample checks of representative group-wide data and claims in the Report through a thorough review of relevant documentation. Raw data and supporting evidence were examined and evaluated against the Reporting Principles for ensuring report quality including balanced reporting, comparability and accuracy of data, as well as timeliness, clarity and reliability of the information reported.

Opinion

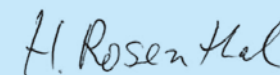
Based on the outcome of the verification process, it is in our opinion that the Report has been prepared in accordance with the GRI Reporting Framework with sufficient consideration of the Reporting Principles to meet the requirements of **Application Level B+** of the G3.1 Guidelines.

The Report provides a timely account of SHKP's sustainability commitments, performance and challenges in relation to its core business activities in Hong Kong for the reporting period. BEC considers this Report an accurate, comparable, clear and reliable presentation of SHKP's initiatives and achievements towards corporate sustainability in the financial year of 2011/12.

BEC encourages SHKP to consider the inclusion of the following aspects in the preparation of its future reports:

- ✱ To keep expanding the scope of reporting to cover more of its business units in terms of sustainability performance in the Report
- ✱ To continue improving the stakeholder engagement process with a wider range of groups to further enhance stakeholder inclusiveness
- ✱ To conduct additional data assurance as a measure to further improve reporting and accuracy

For and on behalf of Business Environment Council Limited



Mr. Hendrik Rosenthal
Director – Policy and Research
December 2012

www.shkp.com

