

Sustainability Report 2012/13



Sun Hung Kai Properties Limited

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Our Reporting Approach

Scope of the Report

This is our third stand-alone Sustainability Report, which details the Group's initiatives, actions and achievements in our 2012/13 financial year. As with the 2011/12 Sustainability Report, this report contains information on significant economic, environmental and social impacts arising from our operations in Hong Kong from 1 July 2012 to 30 June 2013. These include our head office and wholly-owned subsidiaries in property management and construction, Hong Yip Service Company Limited ('Hong Yip'), Kai Shing Management Services Limited ('Kai Shing') and Sanfield (Management) Limited ('Sanfield'), and four hotels owned and managed by the Group: The Royal Garden, Royal Park Hotel, Royal Plaza Hotel and Royal View Hotel.

This report focuses on Hong Kong, which is in line with our business strategic direction. While we will continue to expand our business on the mainland, currently it only represents about 20% of our investments.

This report does not yet cover our business activities in telecommunications, information technology, transportation, infrastructure and logistics as their aggregate revenue is less than 50% of our Group's revenue, with each individual business accounting for less than 20% of our total revenue. We hope to eventually expand the scope of our report to include more of our subsidiaries. For more information on these businesses, please see our 2012/13 Annual Report.

To demonstrate our commitment to greater transparency and international standards of reporting, we continue to enhance our data collection system. This year we compiled quantitative data tables at the end of this report and included more case studies to illustrate our sustainability performance. We have also included indices for Global Reporting Initiative (GRI) G4 indicators and the new Stock Exchange of Hong Kong Environmental, Social and Governance (ESG) Reporting Guide for easy reference.

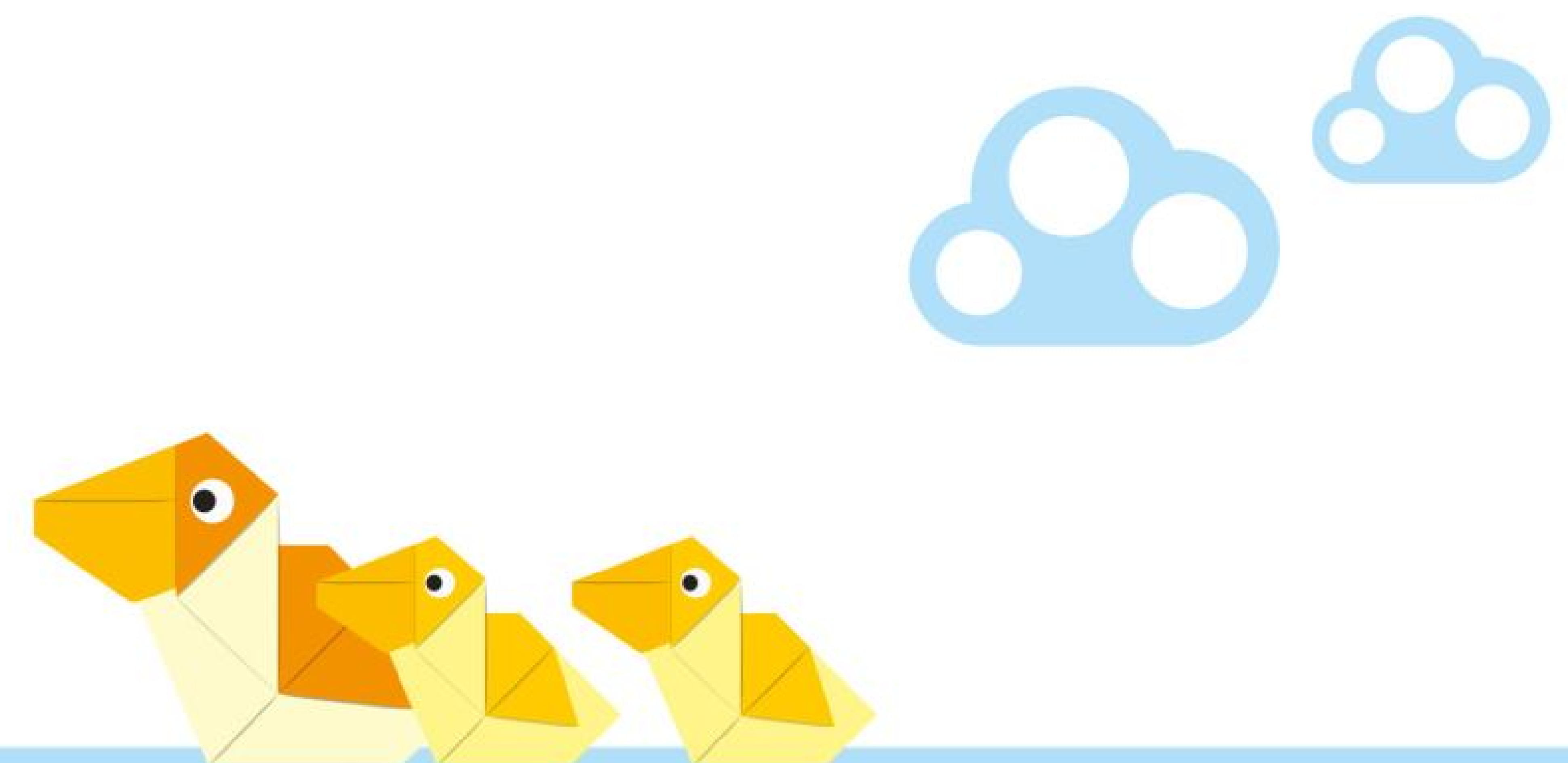
We welcome stakeholder feedback and suggestions. Please contact us at sustainability@shkp.com.

How We Report

This report is prepared in accordance with the GRI G4 sustainability reporting guidelines and takes into account industry and location specific sustainability issues. This report has been informed by an independently-managed stakeholder engagement process. Relevant business units, stakeholders and the Sustainability Report Steering Committee of Sun Hung Kai Properties Limited ('SHKP', together with its subsidiaries, the 'Group') were also engaged in a materiality assessment process to determine the most relevant issues for the Group to report on (see pages 7 to 8 for more details on the process and results).

Report Assessment and Verification

Hong Kong Quality Assurance Agency ('HKQAA') has provided independent verification of the level to which the GRI Guidelines has been applied in this report, and has assessed this report as being in accordance with the GRI G4 Guidelines 'Core' option with respect to the extent of coverage and information provided.



Message from the joint Chairmen and Managing Directors

We are pleased to present our 2012/13 Sustainability Report.

Sustainability is becoming an increasingly important issue for stakeholders globally, and this is reflected in the increasing demand for disclosure of environmental, social and governance (ESG) performance. The Stock Exchange of Hong Kong began placing a greater emphasis on strengthening board diversity and ESG reporting this year, and such initiatives help us shape our overall sustainability strategy.

At Sun Hung Kai Properties, we are committed to continuously strengthening our sustainability initiatives and reporting practices. We are proud to be one of the first companies in Hong Kong to align our report with the new Global Reporting Initiative G4 sustainability reporting guidelines, positioning us in line with best international standards. We have also included references to the new Stock Exchange of Hong Kong ESG Reporting Guide in the GRI content index. This report contains facts and figures about our sustainability initiatives plus details of our approach to managing key economic, environmental and social aspects in our daily operations in order to build our business in a sustainable way.

Stakeholder engagement is a crucial part of our reporting process, and for this we approached a wide variety of stakeholders for feedback on our sustainability performance to inform and guide future sustainability initiatives. We undertook a relevance assessment to identify sustainability issues that are of high importance to both our stakeholders and business, to review stakeholder expectations in a more strategic and effective way. The assessment was conducted in the context of the GRI G4 sustainability reporting guidelines and produced insights on the relative importance of specific ESG issues. The exercise allowed us to identify opportunities to further align our business practices with societal needs and expectations.

One of the main concerns raised by our stakeholders is the shortage of affordable housing in Hong Kong. Although this is a complex issue that involves many parties in society, at SHKP we are taking steps to contribute to a solution. Our current strategy includes building more small-to-medium apartments in the medium term.

We also extended our guarantee on newly sold residential units to three years from November 2013. Purchasing property is a big decision and we endeavour to give potential customers confidence in the SHKP promise of premium quality and great customer service.

Safety remains our number one priority. With robust safety management systems, we have achieved consistently low workplace injury rates compared to the Hong Kong construction industry average, and we work closely with employees and contractors to achieve our ultimate goal of zero accidents.

Building Homes with Heart is the philosophy that lies at the foundation of our culture, and we would like to thank our employees for their contribution of an estimated 500,000 hours of community service over the past decade. We have further defined our community investment strategy with signature programmes such as the Race to ICC-100 – an international sporting event and part of the Vertical World Circuit – through which we promote healthy and sustainable living in Hong Kong while raising funds for child and youth services.

Our strategy involves embedding sustainability into our operations and plans for the future. We will continue to apply internationally-recognised environmental standards to all property developments. We had 14 BEAM and 11 LEED certified buildings as of June 2013 and it is our intention to acquire green building certification for all new projects.

As we look forward, we will continue to engage our key stakeholders to monitor and improve our sustainability performance, and also work together with them to build a better future for Hong Kong.

Thomas Kwok Ping-kwong
Chairman & Managing Director

Raymond Kwok Ping-luen
Chairman & Managing Director

March 2014

Our Business

The Group is one of the largest property developers and landlords in Hong Kong. Publicly listed in 1972, it creates sustainable value by developing premium premises in both Hong Kong and on the mainland.

Our core business elements are property development for sale and property investment for rent. The property development process 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 a wide variety of commercial projects and also has a portfolio of hotels, high-class serviced suites and residences. Our investment property portfolio also includes industrial buildings, godowns, data centres and car parking bays.

We also have business activities in telecommunications, information technology, transportation, infrastructure and logistics.

Financial Highlights

HK\$18,619 million

in underlying profit attributable to SHKP's shareholders mainly from operations in Hong Kong and on the mainland

HK\$ 53,793 million

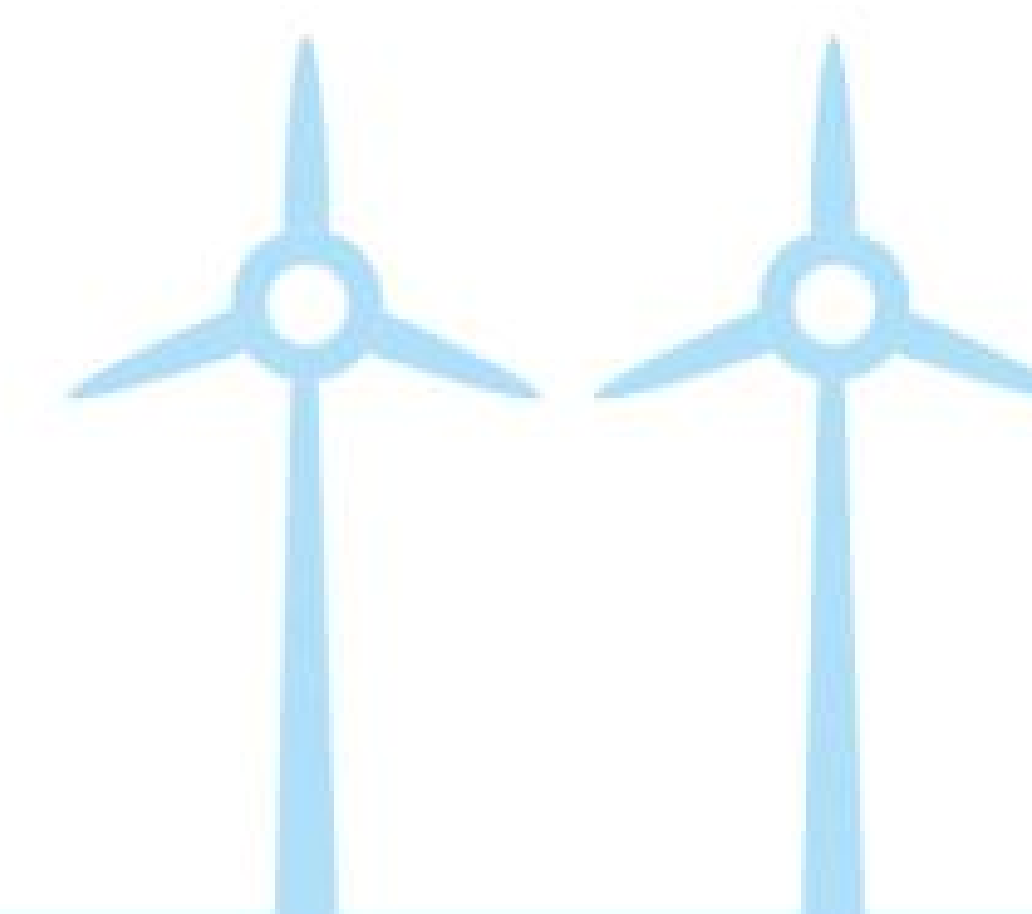
in revenue mainly from operations in Hong Kong and on the mainland

Total Hong Kong land bank of
46.6 million square feet
and
Over **27 million** square feet
of farmland (site area)

Over **37,000 employees**
in Hong Kong and on the mainland

Business Structure

Hong Kong	Property Development	<ul style="list-style-type: none"> 15.2 million sq.ft. under development for sale Over 27 million sq.ft. of farmland (site area)
	Property Investment	<ul style="list-style-type: none"> 28.6 million sq.ft. of completed investment properties Another 2.8 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"> 71.6 million sq.ft. under development
	Property Investment	<ul style="list-style-type: none"> 9.5 million sq.ft. of completed investment properties



The Group's ownership structure, principal subsidiaries and joint-venture companies are listed on pages 114 to 115, 128 to 129 and 201 to 208 of the Annual Report 2012/13.

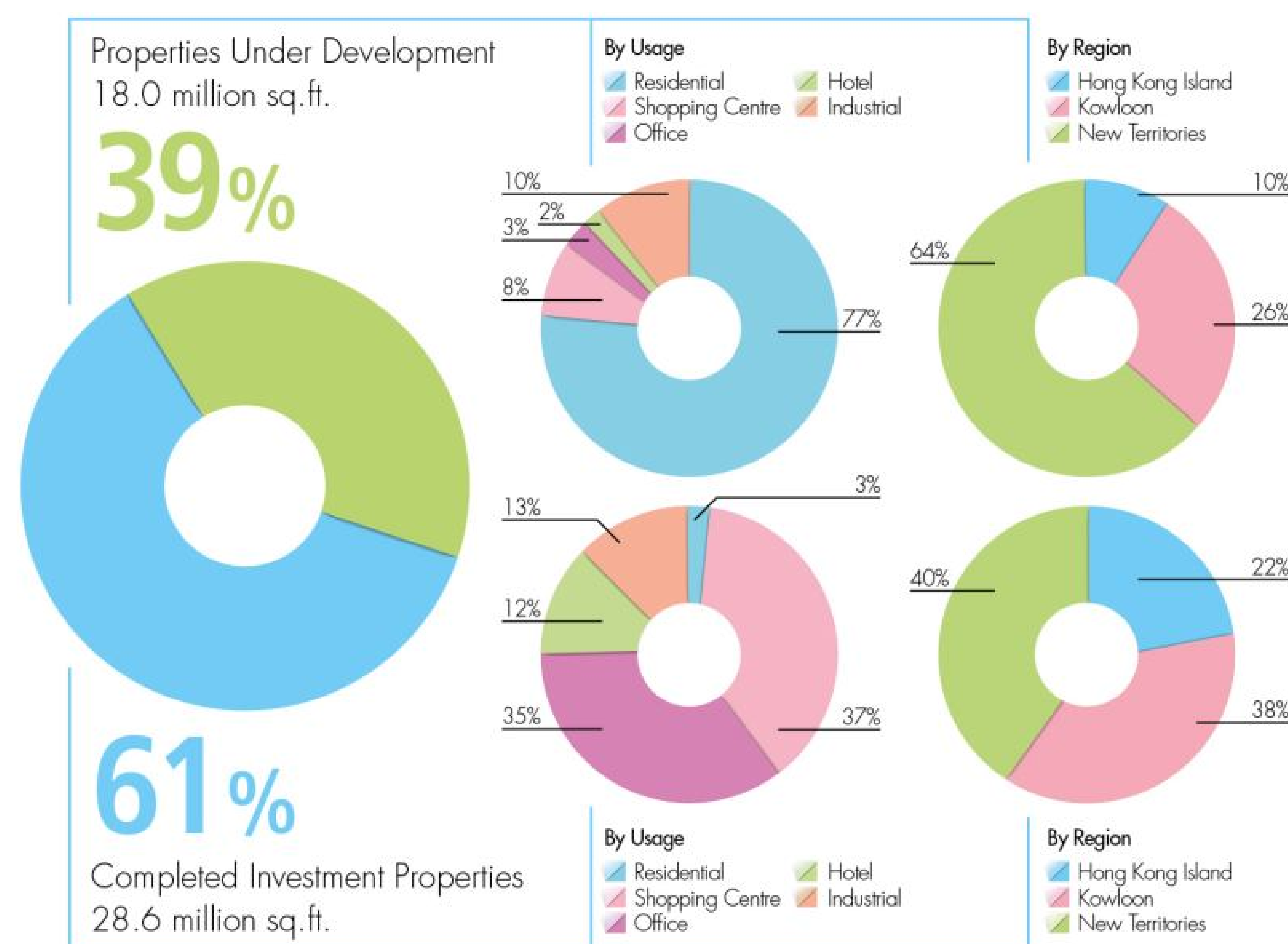
Property Business in Hong Kong

The Group's land bank in Hong Kong amounted to 46.6 million square feet of gross floor area as at the end of June 2013, consisting of 18 million square feet of properties under development and 28.6 million square feet of completed investment properties.

The Group added seven sites with a combined attributable gross floor area of two million square feet to our development land bank in Hong Kong, 1.3 million square feet of which is designated residential.

Hong Kong land bank composition

(46.6 million square feet of attributable gross floor area as at 30 June 2013)



Projects completed in 2012/13

Project	Usage	Attributable Gross Floor Area (square feet)
Century Gateway Phase 1 / V City	Residential/Shopping centre	997,000
Kowloon Commerce Centre Tower B	Office/Shops	509,000
Elite Centre	Office	207,000
49 King Yip Street	Office	120,000
Chatham Gate	Residential/Shopping centre	106,000

The Group looks after the residents and commercial tenants of its developments with caring, professional service by subsidiaries Hong Yip and Kai Shing. Together the two companies manage over 245 million square feet of residential and commercial properties in Hong Kong and on the mainland.

Hotel Business

The Group has 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, and the Royal View Hotel in Ting Kau are covered in this report. The Group's other hotels in Hong Kong are the Four Seasons Hotel Hong Kong, The Ritz-Carlton, Hong Kong, W Hong Kong, Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East.

The Group acquired a waterfront hotel site in North Point, Hong Kong in March 2013. This site can accommodate 388,000 square feet of gross floor area and will provide close to 700 guest rooms. This new development, together with other new hotels under development on the mainland as parts of integrated projects, will further raise the Group's position in the hospitality industry.

Awards and Recognition

Organiser	Award
The Community Chest Hong Kong	– President's Award Second Top Donor (Companies, Organisations & Individual Category)
Corporate Governance Asia	– Best of Asia Corporate Governance - Asia's Icon – Best CSR – Best Environmental Responsibility – Best Investor Relations Company
Euromoney	– Best Developer in Hong Kong - Overall – Best Managed Company in Asia (Property/Real Estate)
Employees Retraining Board	– Manpower Developer 1st designation (SHKP and Hong Yip) – Manpower Developer (Sanfield)
FinanceAsia	– Asia's Best Real Estate Company – Best Corporate Governance in Hong Kong – Best Corporate Social Responsibility in Hong Kong
Hang Seng Index	– Constituent stock of the Hang Seng Corporate Sustainability Index
HKSAR Environmental Protection Department	– Hong Kong Award for Environmental Excellence (for 8 developments)
Ming Pao Daily News and The Chinese University of Hong Kong	– Prestigious Corporate Brand Excellence Award – Top Ten Prestigious Corporate Brands – Hong Kong Up-and-coming Corporate Brand (Sky100 Hong Kong Observation Deck and APM) – Award for The Top Favorite Shopping Mall Voted By Hong Kong Consumer (New Town Plaza)
Reader's Digest	– Platinum Trusted Brand Award: Property Developer – Gold Trusted Brand Award: Property Management (Hong Yip & Kai Shing) – Platinum Trusted Brand Award: Carpark (Wilson Parking)
Yahoo! Hong Kong	– Yahoo! Emotive Brand Award

*For more information about our awards, please visit: <http://www.shkp.com/en-US/Pages/awards-and-recognition>

Memberships and Charters

We actively engage with industry associations, government and sustainability experts to ensure we stay at the forefront of developments in sustainability policy and best practices. Our memberships and charters include:

- Business Environment Council (Founding Member)
- Employers' Federation of Hong Kong (Corporate Member)
- Hong Kong Council of Social Service - The Caring Company Scheme Patron's Club (Jade Member)
- Hong Kong Environment Bureau and Council for Sustainable Development - Energy Saving Charter on Indoor Temperature (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") Commission on Strategic Development (Member)
- HKSAR Government Scholarship Fund Investment Committee (Member)
- The Real Estate Developers Association of Hong Kong (Executive Vice President, Director, Executive Committee Member)
- World Wildlife Fund (WWF) Hong Kong (Gold Member)



Our Approach to Sustainable Development

Sustainable development is integral to our commitment to Building Homes with Heart. As our business shapes the physical infrastructure of the city, we strive to develop properties of the finest quality, offer excellent customer service and help to build a better city for present and future generations.

Our long-term success is intertwined with the stability and prosperity of society as a whole, and as a business with roots in Hong Kong, we continuously engage our employees, customers, business partners and the public in initiatives to promote its sustainable development.

Our approach to sustainable development is guided by our Corporate Social Responsibility (CSR) policy, which outlines our commitment to ethical business practices and our responsibility to our stakeholders and the wider community. Understanding that our influence extends beyond our own operations, we work with suppliers, tenants and residents to reduce our environmental footprint, promote health and safety and raise awareness of sustainability issues. We value employees and emphasise their wellbeing and development. Through community investment initiatives, we adopt a three-pronged approach to CSR, namely Reading & holistic development, Healthy & sustainable living and Care for the underprivileged. We strive to leverage our core competencies to create long-term benefits for the community.

Our sustainability team is responsible for the integration of environmental, social and governance considerations into the Group's decision-making processes, and for formulating strategies for continued improvement of our sustainability performance. The team includes representatives from Corporate Communications and other key business units and is led by an Executive Director of the Group. The team reports regularly to the Executive Committee.

Corporate Governance

Rigorous corporate governance standards form the foundation of our approach to sustainable development and enhance our accountability and transparency, earning the confidence of shareholders and the public. We have strengthened our business continuity plan by increasing the diversity of the Board of Directors of SHKP ('Board'), enhancing our risk management system, and allocating more resources to corporate governance. In recognition of our efforts, we were honoured with Asia's Icon on Corporate Governance from Corporate Governance Asia Magazine in 2013.

The Board continues to monitor and review SHKP's corporate governance practices to ensure compliance. Following the addition of an Independent Non-Executive Director ('INED') in March 2013 and two Executive Directors in December 2013, the Board now comprises 20 Directors, seven of whom are INEDs. We will make sure that any member of the Board is the best option for SHKP at that time while safeguarding the interests of all shareholders. We adopted a board diversity policy in June 2013, which details our approach to achieve greater diversity on the Board, prior to the implementation of the new code provision in the Corporate Governance Code on board diversity for listed companies in Hong Kong in September 2013.

As disclosed in our Annual Report 2012/13, the Board has delegated specific roles and responsibilities to Executive, Audit, Remuneration and Nomination committees. In addition, a Special Committee was established in March 2012 and is empowered to mainly act as the liaison and to handle the related matters on behalf of SHKP in connection with an investigation relating to certain Directors.

All employees (including senior management), as well as members of the Board, are required to abide by our Code of Conduct, which includes provisions on avoiding conflicts of interest, anti-bribery and anti-corruption policies, and legal and regulatory obligations. In order to help contractors and suppliers comply with our standards, we provide them with training on safety, the environment and human rights.

We have well-defined whistle-blowing and grievance-handling procedures in the staff handbook. Employees can raise concerns about suspected misconducts, malpractices or improprieties confidentially, without fear of retribution.

Our Material Aspects for Disclosure

To identify material aspects for reporting, we aligned this year's stakeholder engagement process with the GRI G4 sustainability reporting guidelines. Initial issues for consideration (Figure 2) were selected from the G4 aspects, issues relevant to the property industry, the local context and global trends. To prioritise these issues, we asked internal and external stakeholders to rank the issues based on importance. We also engaged managers from across different business functions and operations to rank the same issues according to their significance to our business. Priority was adjusted with qualitative feedback from focus groups and interviews, and a materiality matrix (Figure 1) was plotted and validated by our Sustainability Report Steering Committee.

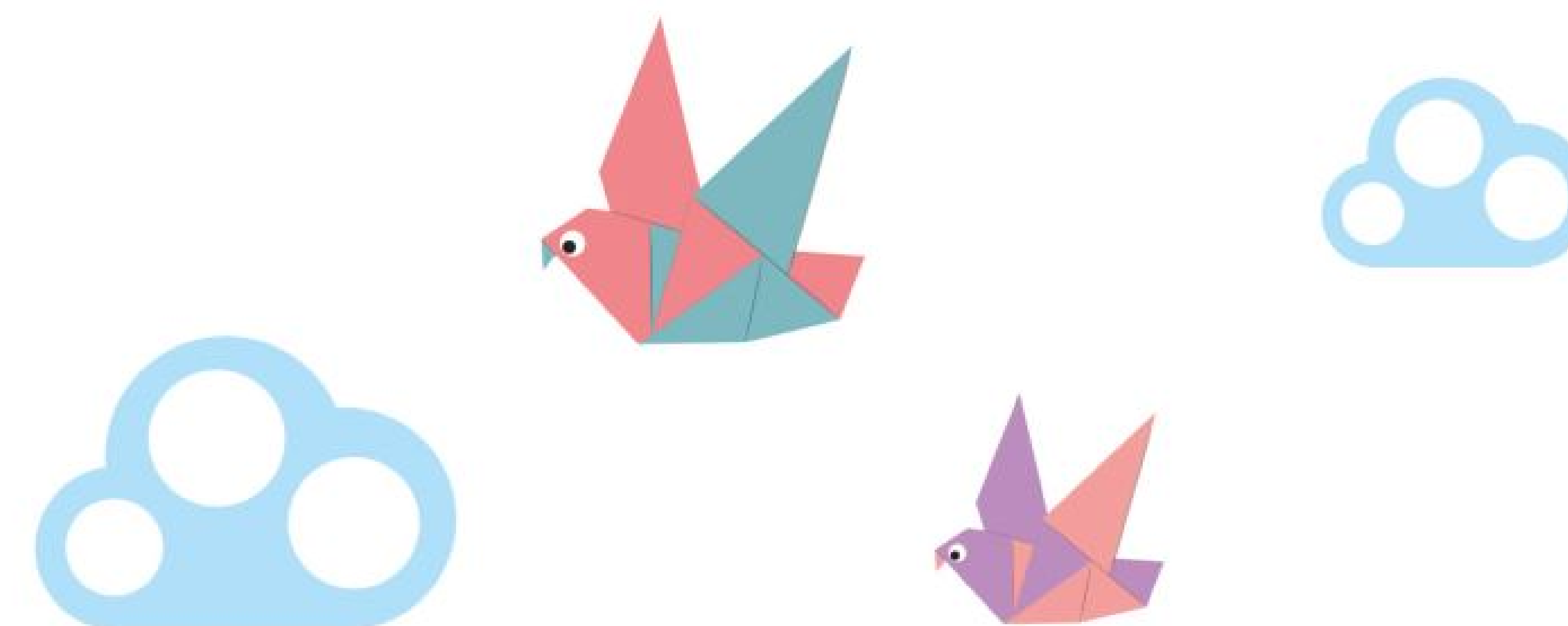


Figure 1: Materiality matrix

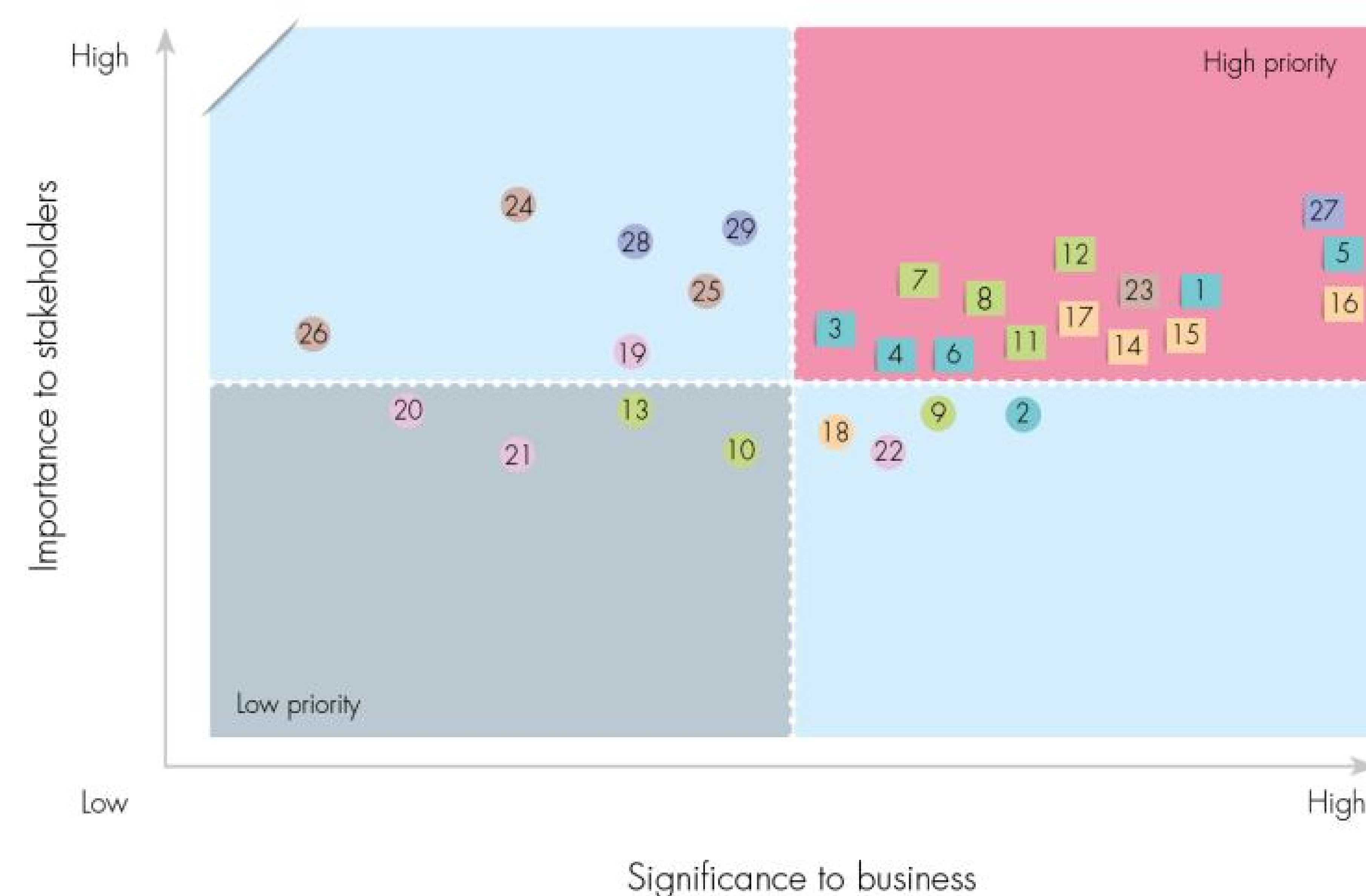


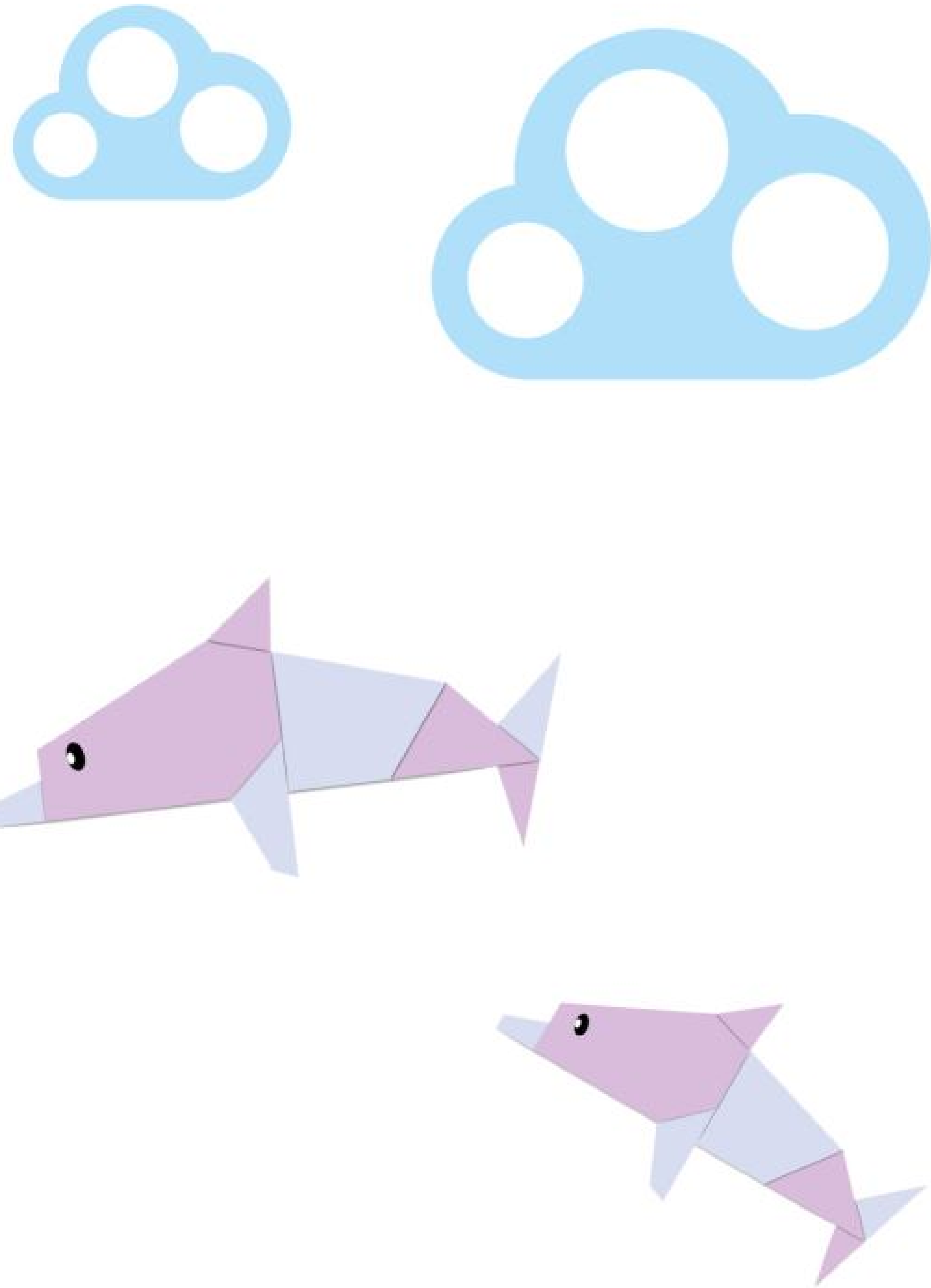
Figure 2: Issues considered



Our Approach to Sustainable Development

Material issues are those of high importance to stakeholders and high significance to our business, and we will report in detail on the following high priority issues.

High priority issues	Impact location (Inside/outside of the organisation)		Section in this report where the issue is addressed	Pages
	Inside	Outside		
Economic performance	✓	✓	Our Business	3-5
Indirect economic impacts	✓	✓	Our Supply Chain, Data Tables	20-22, 42
Customer satisfaction and responsibility	✓	✓	Our Customers	16-19
Employment practices	✓		Our People	12-15
Employee development and succession planning	✓		Our People	12-15
Employee engagement	✓		Our People	12-15
Occupational health and safety	✓	✓	Our People, Our Customers, Our Supply Chain	12-22
Sustainable buildings	✓	✓	Our Environment	31-41
Energy and greenhouse gas emissions	✓	✓	Our Environment, Data Tables	31-41, 44
Materials	✓	✓	Our Environment, Data Tables	31-41, 44
Waste	✓	✓	Our Environment, Data Tables	31-41, 44
Community investment	✓	✓	Our Community	23-30
Procurement practices	✓	✓	Our Supply Chain	20-22
Grievance mechanisms	✓	✓	Our Approach to Sustainable Development	6-8
Compliance	✓	✓	Our Approach to Sustainable Development	6-8



Commitment to Our Stakeholders



Stakeholder engagement is a key component of our strategy to anticipate, shape and adapt to changes in the business environment. Regular communication with our stakeholders allows us to understand and respond to their needs, and build business intelligence to make informed decisions, mitigate risks and strengthen key relationships. We engage our stakeholders using a variety of channels, including meetings, site visits, consultations, focus groups, satisfaction surveys and specialised platforms such as the SHKP Club. We are also actively involved in industry associations, such as the Real Estate Developers Association of Hong Kong.

Our stakeholder universe and engagement pathways



We keep stakeholders informed of our business activities through our annual and interim reports, sustainability reports, press releases, announcements and e-communications that are easily accessible online. We also have a system in place to review and relay stakeholder feedback to relevant departments for action. We review this mechanism annually, either internally or by engaging independent consultants specialised in corporate governance and internal control systems. Reports are sent to the Executive Committee for review and recommendations before proposals are passed to relevant departments for implementation.

In our 2011/12 Sustainability Report, we committed to greater engagement with staff and the wider public on sustainability issues to strengthen our reporting practices. This year, we engaged a broader range of stakeholders identified by their expertise and influence, their willingness to engage and their relationships with the Group and other stakeholders.

Progress on stakeholder concerns raised in 2011/12 Sustainability Report:

Issues raised	Progress
Increase engagement with staff and the wider public on sustainability issues	<ul style="list-style-type: none"> Expanded stakeholder engagement for sustainability report from 4 groups to 13 groups Added online survey as a new initiative to engage more stakeholders and collect quantitative information
Review workplace and labour issues with a view to improving the work-life balance in the Group	<ul style="list-style-type: none"> Granted 3 days of paternity leave at full pay to eligible male staff from 1 May 2013
Strengthen environmental initiatives, with recycling and construction waste management as a priority	<ul style="list-style-type: none"> Disclosed greater details on waste data this year
Strengthen sustainability reporting practices	<ul style="list-style-type: none"> Adopted GRI G4 reporting guidelines including a thorough materiality assessment process Included content index for the Stock Exchange of Hong Kong ESG Reporting Guide Included quantitative data tables at the back of this report

Our response to key concerns raised during the engagement process:

Affordable Housing: The shortage of affordable housing is one of Hong Kong's most important social issues. Many stakeholders raised the issue, including social NGOs, employees and suppliers, with some believing it is the responsibility of local developers to help solve this problem. Others, such as industry associations, felt that the Group should collaborate with government and peers to find a solution.

Despite government measures to cool the property market, we believe that the demand for small to medium sized apartments will remain robust. The majority of units planned for the five sites we acquired this financial year will be of small to medium size, catering to changing market demand.

Coherent Environmental Strategy: Stakeholders would like SHKP to present a clear strategy for managing its environmental impact across all subsidiaries. This includes setting and disclosing targets, and regular reporting on quantitative data (e.g. carbon emissions, construction waste generated, electricity consumed) for more project sites. Investors and suppliers in particular are concerned about this issue.

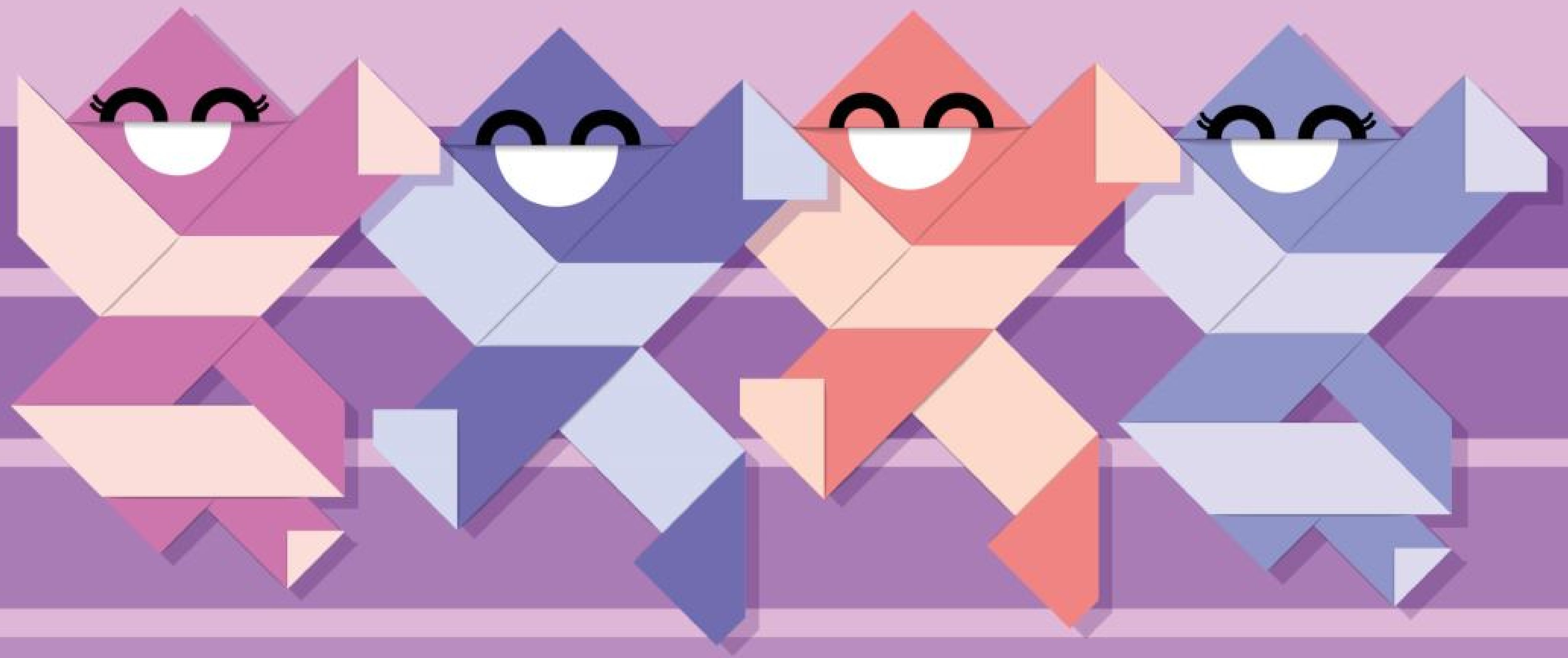
We consider protecting the environment essential for our long-term success and are committed to sustainable design and construction. By benchmarking against stringent internationally-recognised green building standards, we oversee every stage of the building life cycle, including energy, materials and waste management. We have also consolidated a data table in this report, and will extend our coverage on quantitative data reporting in future. For details of our environmental strategy, please refer to the Commitment to Our Environment section.

Manpower Shortage: Employees and investors feel that there is a shortage of manpower and turnover in the property industry is perceived to be high. At more junior levels, the post-80s generation values work-life balance and are difficult to retain. Stakeholders want to know how the Group plans to attract and retain talent, and its strategy to deal with the shortage of labourers.

We value the wellbeing and development of our employees and are proud to be considered a good employer by our people. We provide a comprehensive benefits plan and opportunities for training and career development. We also regularly engage with our people to understand and respond to their needs.



Commitment to Our People



Our employees are the human face of the Group – helping us construct and manage not just property but also our connections with clients, corporate partners and business contacts, and the wider community. In order to attract and retain the best talent, we strive to provide an attractive place to work and grow by offering competitive pay and benefits packages, an inclusive and engaging work environment, and opportunities to develop the skills and attributes to achieve great professional and personal results.



Employee Benefits and Welfare

Our compensation and benefits packages are designed to attract, motivate and retain top-calibre staff who will actively contribute to the sustainable growth of our business.

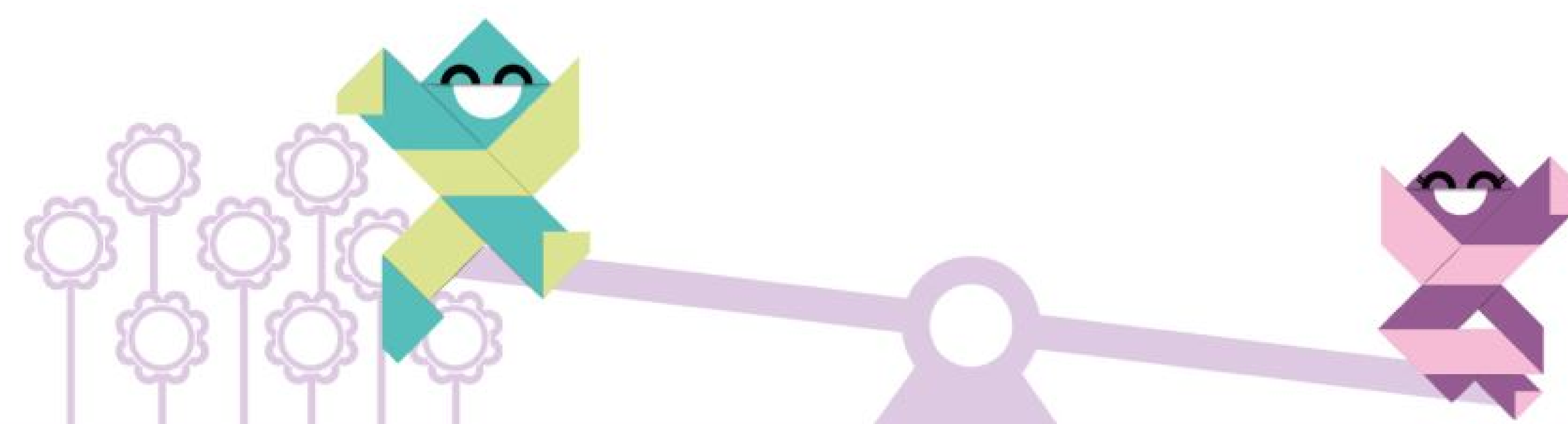
Employee remuneration is benchmarked against both market rates and internal performance targets. Pay levels are reviewed on an annual basis with reference to a wide range of metrics and we regularly participate in salary trend surveys.

Permanent employees enjoy benefits such as comprehensive medical coverage that includes preventive health check-ups, and some family members are also covered by our medical scheme. We also offer a wide variety of paid leave including maternity, paternity, compassionate and study leave, organise leisure, recreational and special interest activities, and provide a 'Hearty Hotline' - a 24-hour support service offering counselling and health advice.

We operate a number of defined contribution schemes for all permanent employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5% to 10% of the employee's salary. In December 2000, we also set up an employer sponsored MPF scheme for other employees.

As a sizeable Hong Kong employer, we design our retirement policies with the consideration of the social issues arising from our city's aging population. In addition to providing financial benefits, we maintain a close relationship with retired employees through the Evergreen Club, which provides important social contact for our 'golden generation' and encourages them to remain physically and mentally active through a series of organised trips, gatherings and health initiatives.

When appropriate, we also hire retirees for temporary, contract or part-time positions, making use of their extensive company knowledge and skills base, while providing them with additional income.





Employee trainings cover a wide range of practical skills and professional development.

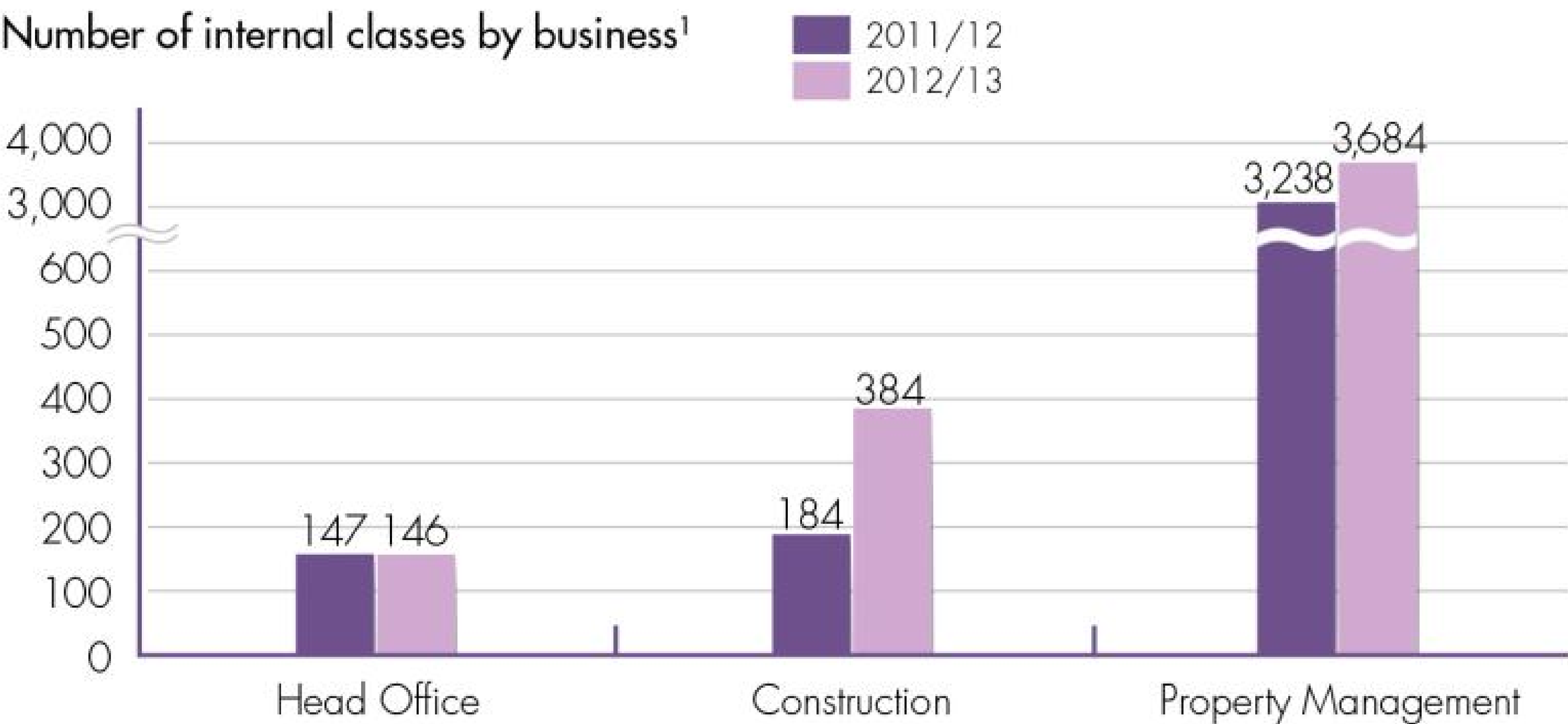
Employee Development and Succession Planning

We provide opportunities for employees to attain the knowledge and skills they need to not only fulfil their job responsibilities but also to improve their career advancement prospects, adapt to changing markets and industry practices, and achieve personal growth.

We work with staff to develop individualised annual development plans that reflect their job nature, professional potential and personal ambitions. Employee input and feedback is encouraged at all stages, including during annual performance reviews. We have guidelines in place to ensure reviews are executed consistently by managers across the Group and run annual briefing sessions for staff on the performance review process and objectives.

Our retention strategy includes providing good career advancement opportunities for capable staff by giving preference to internal promotion whenever possible. In addition, developing individuals with high potential for future leadership roles through training and mentorship programmes makes the most of our existing intellectual capital and helps us manage our business continuity and succession planning risks. We organise annual business seminars with noted Harvard Business School (HBS) professors, and executives with outstanding performance are selected to attend an intensive training programme at HBS each year. Five executives from across our business units attended this year.

We held over 5,800 training classes during the reporting year, of which more than 4,000 were internal.



¹ We began including training classes held by hotels this year, so a comparison with 2011/12 is invalid.

Employee Engagement

Our employee engagement initiatives put a strong emphasis on open two-way communication through a variety of channels. Our Quality Raising Suggestion Scheme encourages employees to offer ideas for enhancing workplace safety and improving the quality and efficiency of our operations, with annual prizes awarded for the best suggestions. Employees can also provide opinions and feedback confidentially through a centralised suggestion box to be processed by a designated team.

In selected business units, we conduct regular employee surveys that cover issues such as pay and benefits, company performance, training and appraisal procedures. For the past two years, we have employed an independent third party to conduct staff focus groups to encourage employees to air their opinions, priorities and concerns more freely. Regular social and recreational activities provide informal opportunities for management and staff to exchange their ideas and views.

All employees who resign are asked to participate in an exit interview so that we can learn more about their reasons for leaving and take appropriate action in the case of any emerging trend. The average length of service among head office employees is 10.6 years, with 42.2% of employees having served for 10 years or more.

We provide information on company developments through our intranet and staff newsletter, *The SHKP News*. For time-sensitive or significant operational or corporate matters, we have an established system to ensure information cascades from senior management to affected staff at all levels in an efficient and effective manner.

Diversity and Inclusion

We abide by Hong Kong law that references the United Nation's Universal Declaration of Human Rights. We have comprehensive equal employment opportunities and anti-discrimination policies in place that protect potential and existing employees from being disadvantaged or excluded on the basis of characteristics such as gender, age, family status, sexual orientation, disability, race or religion.

Our policy is covered in orientation sessions for all new employees. We also provide training and other awareness-raising activities to promote respectful behaviour and tolerant attitudes among staff, and have a formal complaint procedure for any employee who feels that they have been subject to discrimination.



Activities to promote a culture of diversity and inclusion.

Health and Safety

We are committed to continually improving our occupational health and safety (OH&S) policies and practices, which protect and promote the wellbeing of our employees, contractors and customers.

We have OHSAS 18001-certified OH&S management systems in place for our construction and property management divisions, with established targets, measures and procedures that are regularly reviewed. Our standards exceed both legal and regulatory requirements.

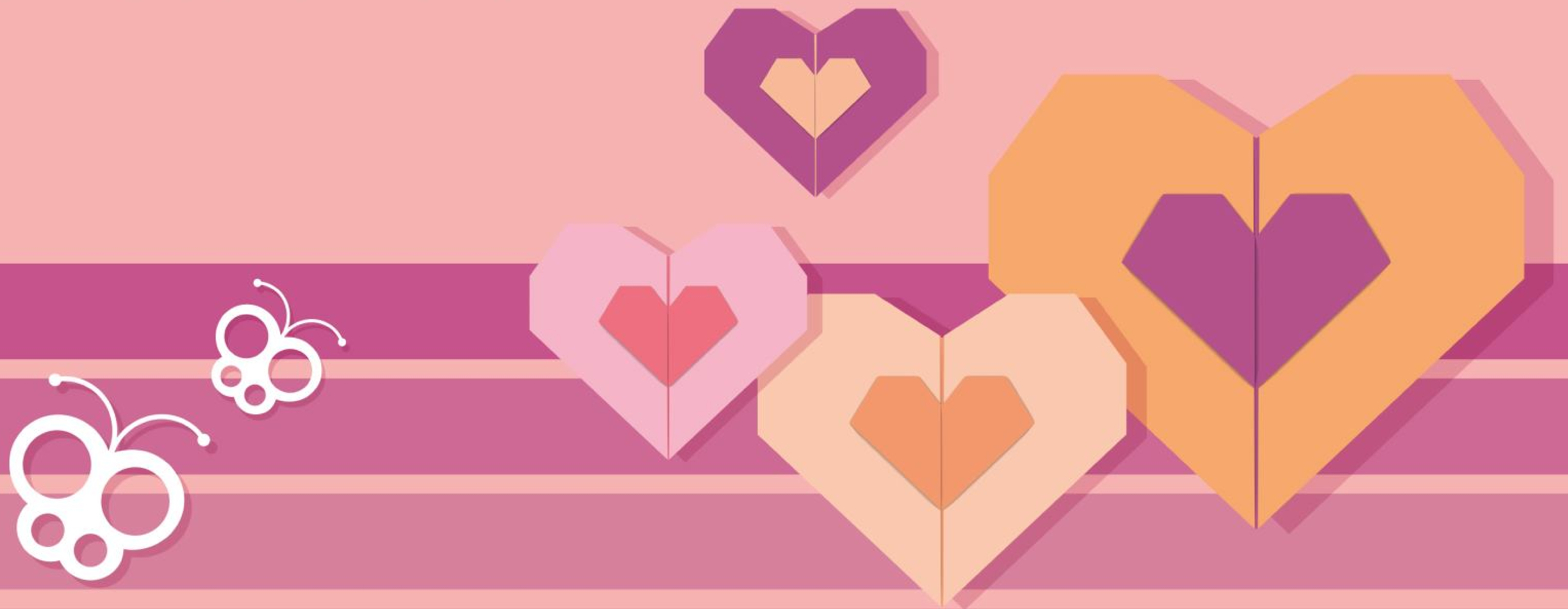
There is a Safety Management Committee in Sanfield that includes workers' representatives and oversees site safety management committees, under which there are functional safety sub-committees and safety-related circles at the operational level. Our 'Safety Stars' initiative identifies workers with an excellent safety record and trains them to serve as on-site ambassadors to promote safe working practices and mediate between safety committees and the workforce.

Going beyond a well-established safety system, we strive for continual improvement in relevant practices. The Work Safety Suggestion Scheme, initiated by Chairman and Managing Director Thomas Kwok, has been in place for four years to encourage construction staff to come up with innovative ideas to improve work safety. Winning ideas, picked by a judging panel consisting of senior management from various departments, are then sent to the relevant business units for feasibility studies.

In addition to general OH&S training for all staff, construction workers are required to undertake further general and site-specific safety induction courses and participate in weekly on-site safety briefings and toolbox talks.



Commitment to Our Customers



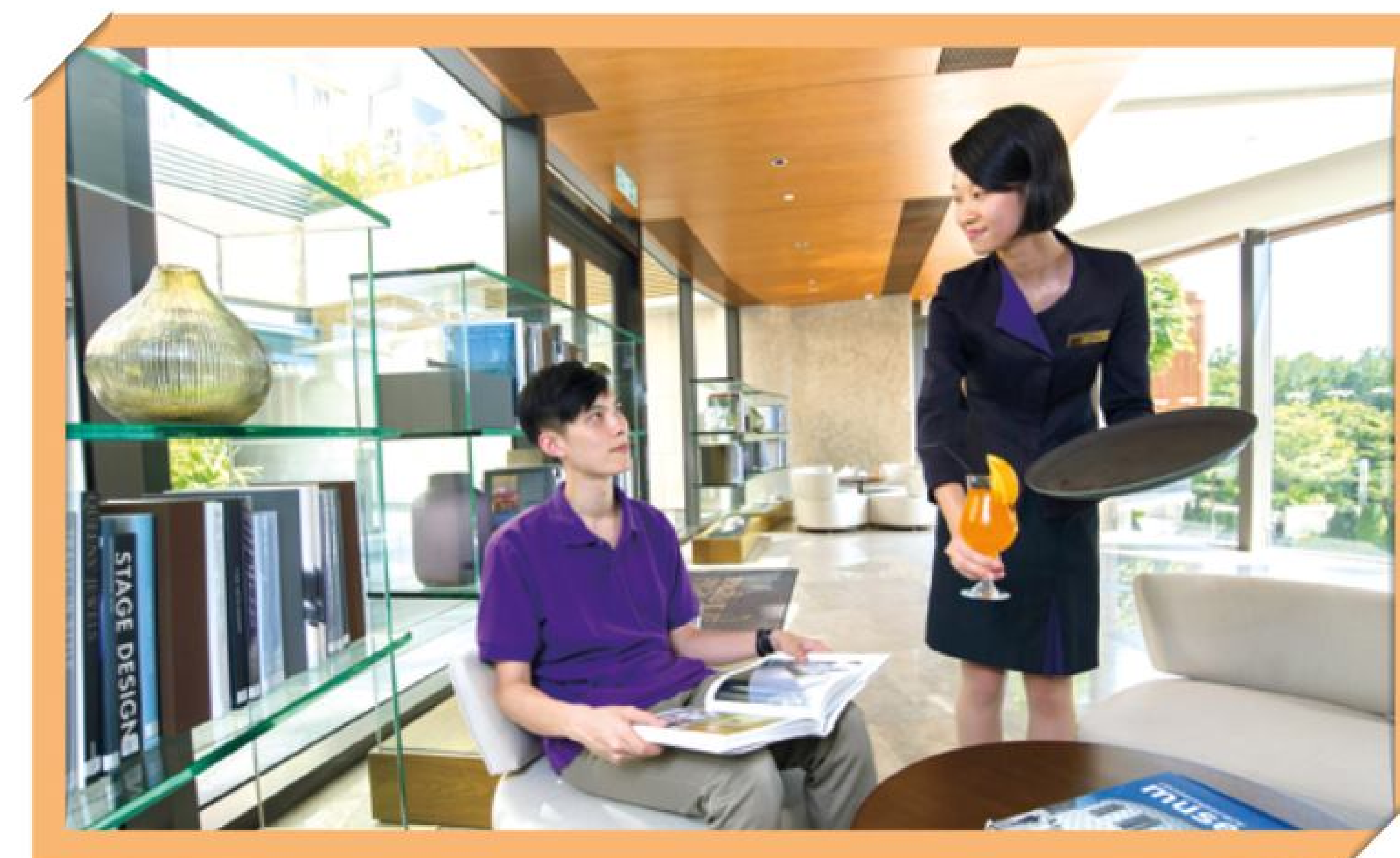
We strive to build lasting relationships with our customers, and invite them to share their feedback with us through hotlines, suggestion forms, surveys, opinion polls and through social media. It is essential that we keep updated of their needs and expectations, and respond to concerns quickly and effectively. Members of our Board and senior management also meet residents and commercial tenants face to face, and follow-up action is taken for continued enhancements.

3 checks

for each residential unit before handing over to owners

3-year guarantee

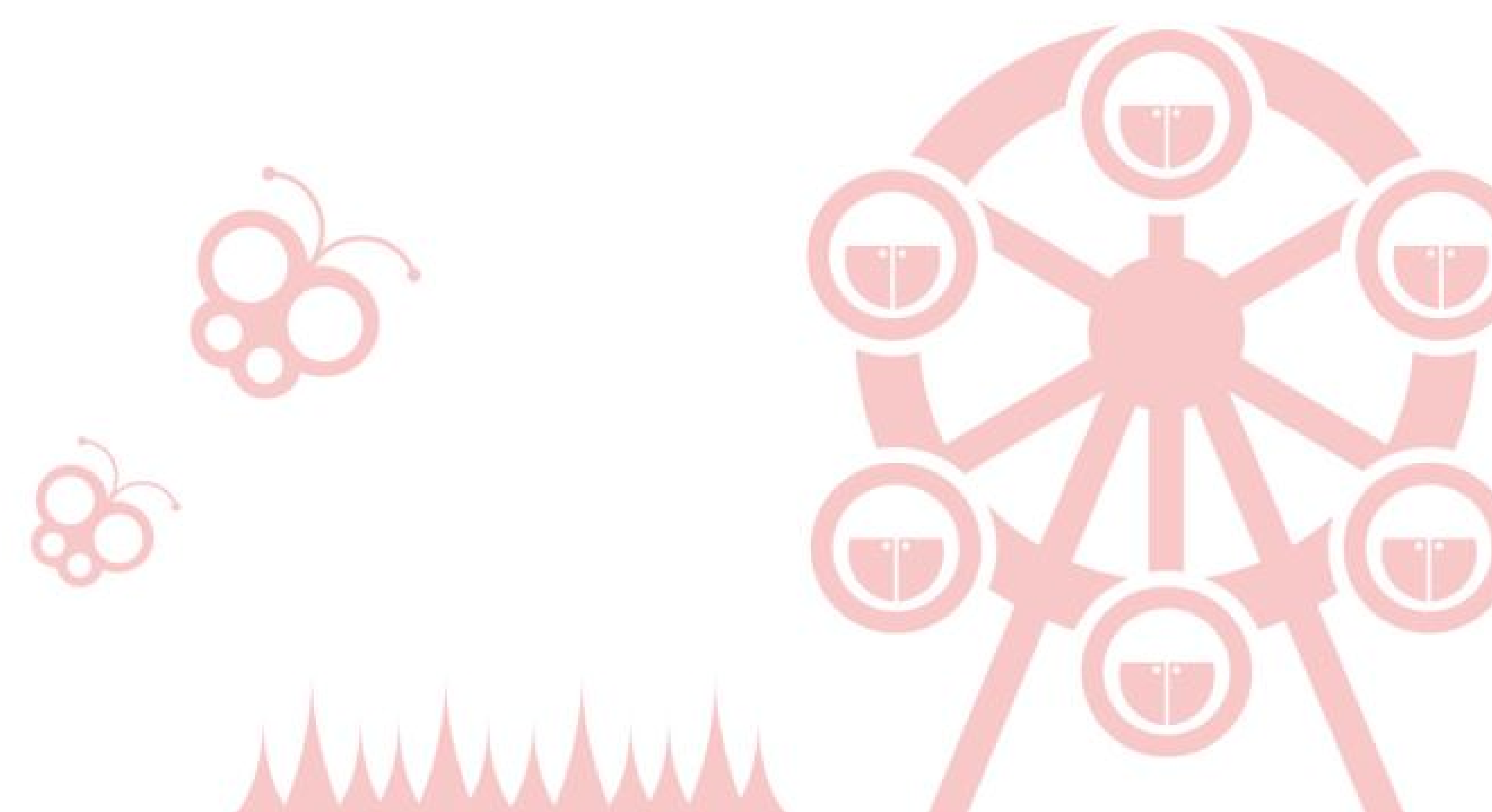
on newly-sold residential units to enhance our quality pledge



Superior property management service is one of the factors that set our developments apart.



Group Chairman and Managing Director Thomas Kwok (middle) visiting residents of one of our developments.



Property Quality and Proactive Service

Buying a property is a big decision and we endeavour to make the process as smooth and convenient as possible. We were the first developer in Hong Kong with a designated team responsible for facilitating the handover of each property, and the only developer that has this team in place six months before owners take possession. The inter-departmental Property Handover Team ensures that each residential unit is checked at least three times against a checklist of over 70 items. In addition, our project monitoring team conducts quality audits prior to the handover to identify and resolve any defects in fittings and finishings. From November 2013, we extended our guarantee on all newly sold residential units from two years to three years, to give potential buyers peace of mind and bolster customer confidence in our developments.

Our marketing materials comply with government regulations and clearly state the saleable area of our properties. To ensure compliance with the Residential Properties (First-hand Sales) Ordinance which came into effect in April 2013, a committee comprising representatives from various departments including Construction, Project Management, Property Management, Sales, Information Technology, Internal Audit and Legal was set up to coordinate the preparation and review of the sales brochures as well as other detailed requirements under the Ordinance. External legal advisers and surveyors are also engaged to confirm our compliance. Our relationship with customers is based on trust, and we take privacy issues seriously. We have stringent guidelines and a dedicated team that is responsible for protecting customer privacy and complying with the Personal Data (Privacy) Ordinance. Our data security policy stipulates that we may not use customer data in direct marketing or communication without getting prior consent from our customers.

Focus on customer service for our hotel guests

- We value customer comments and collected feedback from over 22,000 guests during the reporting period. On average, hotel guests gave a score of 86 out of a possible 100 for our hotel facilities and service.
- As we continually upgrade our facilities, we make every effort to minimise any disturbance or inconvenience to our guests. During renovation of the Royal Plaza Hotel this year, we installed ion air purifiers in public areas and in room corridors for the health of our guests. We also provided a free shuttle service for guests who wished to use nearby swimming facilities while our pool was under renovation.

We take care of customer wellbeing by providing healthy and pleasant environments.



Proactive service meets customer needs.



Handover team conducts quality audits prior to handover.



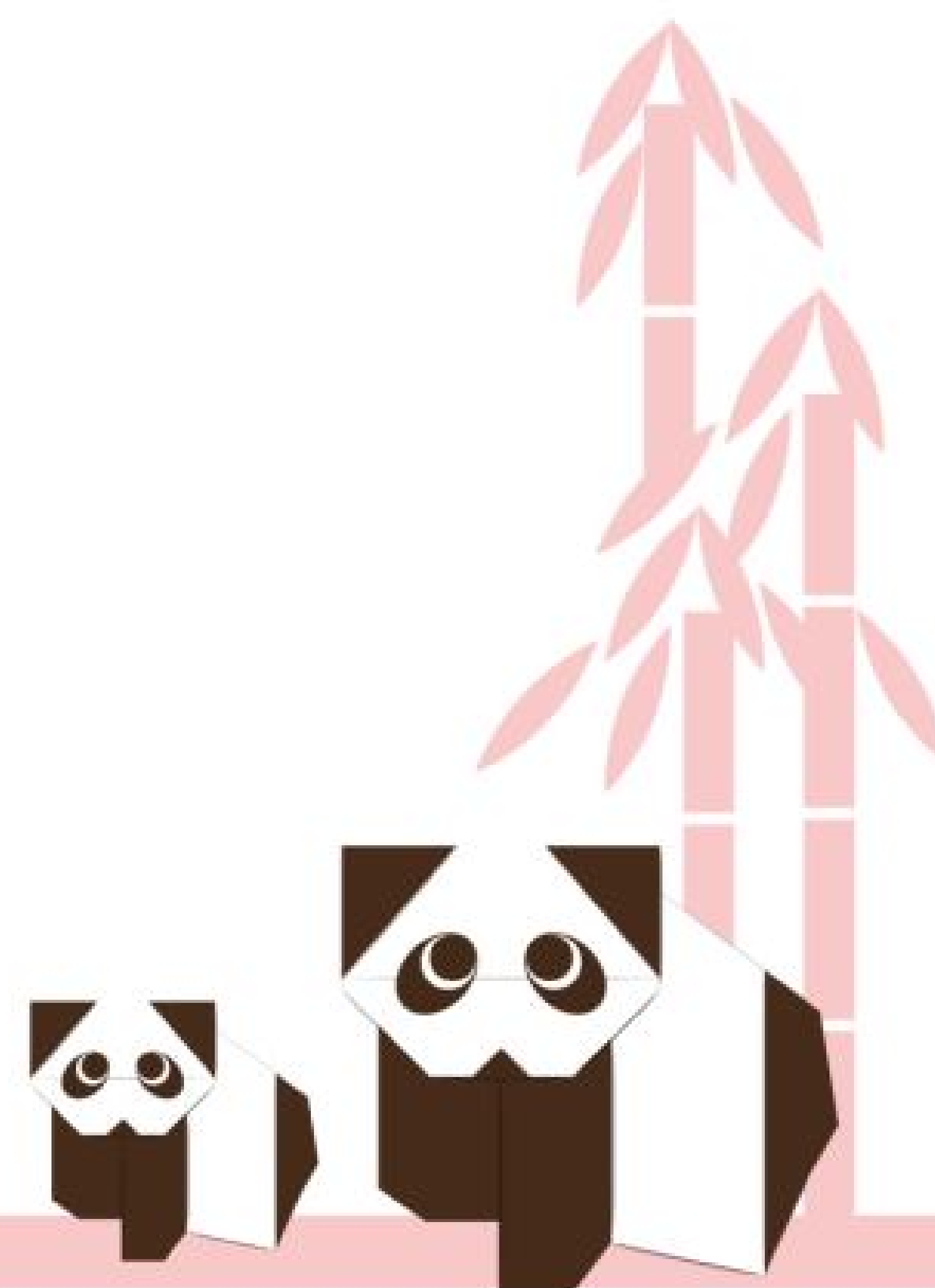
The SHKP Club is an initiative to enhance our two-way communication with residents of the Group's properties and customers. It provides useful information and shopping benefits to its nearly 320,000 members and organises a variety of recreational and educational activities and events that emphasise the importance of family and community relationships. Pictures from the winners of the 2012 Pictures of Love photo competition were displayed in a roving exhibition that attracted more than 600,000 views, and our Tales of Family Support competition received more than 6,000 essays, poems, comics, illustrations, song lyrics and radio dramas from contributors aged three to 83 years old. We also make an effort to engage with tenants of our commercial properties by providing regular updates and activities including seminars on retail competitiveness and environmental initiatives.

Through technology, we are exploring new ways to serve our customers. Following success at New Town Plaza, the new V City mall also developed an Eat Easy mobile application (app) that enables patrons to book tables at any restaurant in the mall remotely, and provides notifications on queue status. We have also developed an app for residential properties managed by Kai Shing to provide registered users with real-time news about their property, the weather and traffic.

Customers can easily contact a member of our staff by email or phone to raise concerns, and we have a comprehensive procedure for handling complaints. Our dedicated customer relations team is responsible for monitoring and handling comments collected from various public channels. An annual report reviewing all customer comments and complaints collected, and follow up actions made throughout the year is presented to members of the Board and senior management, plus the project management, construction, property sales, leasing and property management teams.



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



Customer Safety and Wellbeing

We manage health and safety risks across the value chain, from the design of our buildings, to the materials we select, to the way we manage our properties and hotels.

Our initial designs comply with all regulatory requirements, including sanitary provisions and provisions on escape routes. The construction materials we select also take customer safety into consideration, for example, we select paints with lower levels of volatile organic compounds ('VOCs').

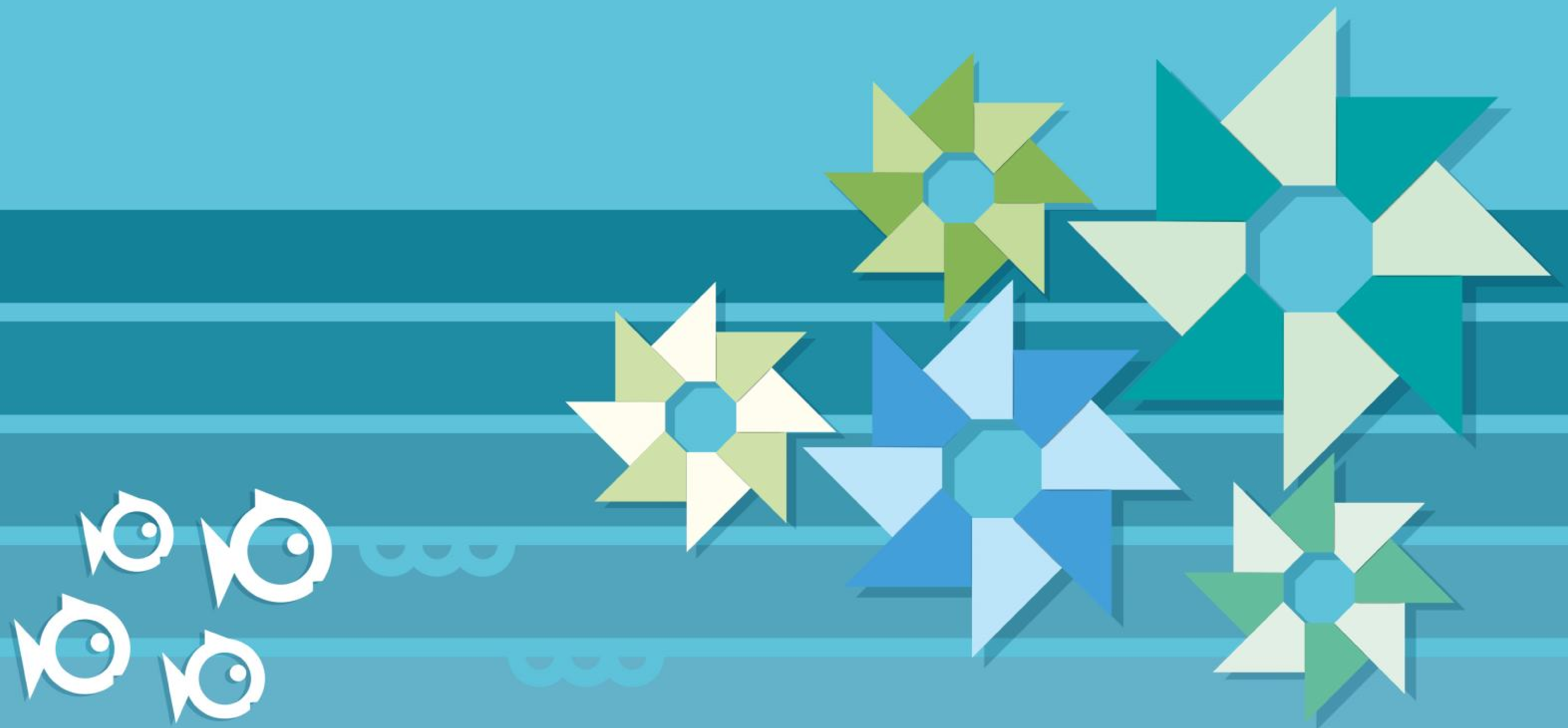
In our property management business, we employ qualified safety officers who are responsible for monitoring and maintaining the health and safety systems in all the buildings we manage. These safety officers hold regular safety briefings with sanitation and security teams and other onsite staff, and often organise safety briefings and fire drills for our tenants as well, to ensure they are well informed of the safety procedures.

We received 45 IAQwi\$e labels in the 2013 Hong Kong Awards for Environmental Excellence ('HKAEE') for our continuing efforts to improve the indoor environment of our commercial buildings and public spaces for our customers. We regularly invite external consultants to assess the air quality in our commercial buildings, and air-conditioning cleaning and disinfecting services are provided free of charge to our tenants at least once a year.

The International Commerce Centre ('ICC') illustrates our efforts on air quality. Since 2010, ICC has continuously been certified Excellent Class for the Indoor Air Quality ('IAQ') accreditation. Advanced technologies such as automatic tube cleaning, condenser water filtration systems, double layer air filters and ozone air purification systems allow for a reduction in dirt accumulation, limit bacteria breeding, improve indoor air quality and can lower energy consumption by around 8%. ICC's ventilation system boosts the movement of air and continually enhances air purification.

We demand high standards of quality and safety from our suppliers. In our hotels business, we manage food safety by auditing our suppliers and conducting annual site inspections. Our supplier audit checklist covers food storage conditions and temperature, chemical management systems, pest prevention measures, worker hygiene and sanitation of facilities, transportation and packaging. We also check all food safety certification, licences and lab reports. If a supplier fails our audit we suspend all orders immediately, and if we have to return unsafe produce three times in a single month we consider terminating the contract.

Commitment to Our Supply Chain



We recognise the importance of promoting responsible operating practices across our supply chain. All of our suppliers and contractors are required to adhere to a strict Code of Conduct, which references the Group's Environmental Policy and Occupational Health and Safety Policy. We have a robust management system in place to regularly evaluate supplier performance and ensure that our high standards are met. Failure to do so can result in the supplier being downgraded or even removed from our tender lists. In 2012/13 two construction contractors were delisted due to late payments to workers.

We value our relationships with suppliers, some of which have been built over decades of partnership, and we leverage their expertise to improve our own sustainability performance. For example, we are working with one supplier to produce toilets that use half the typical volume of water for flushing.

Supporting local suppliers has benefits for the local economy and reduces the carbon footprint of the products and materials we source. In 2012/13, over 90% of the procurement budget for operations covered in this report was paid to local suppliers.

16,500
sub-contracted workers

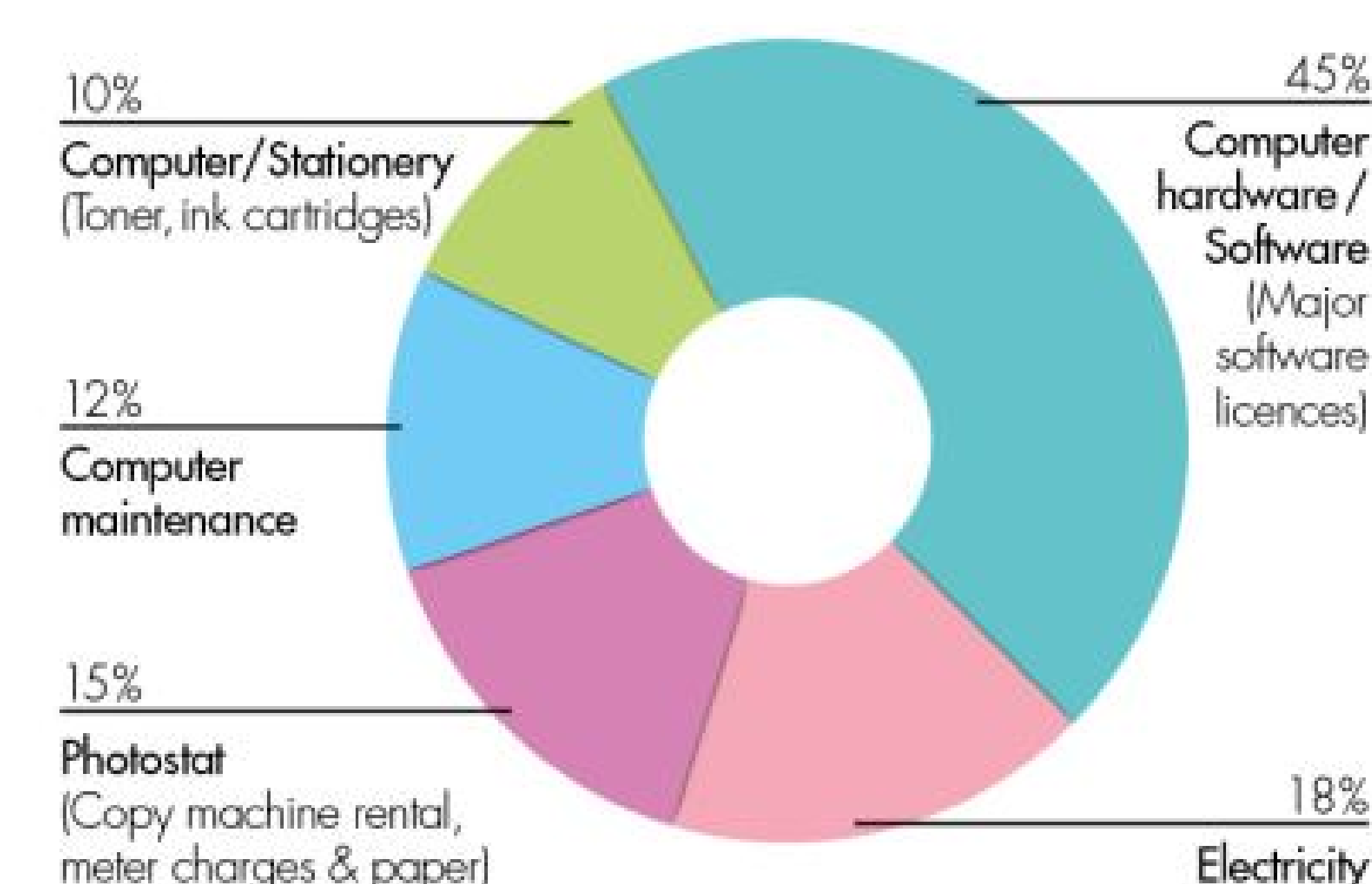
received safety briefings in 2012/13

Our Supply Chain

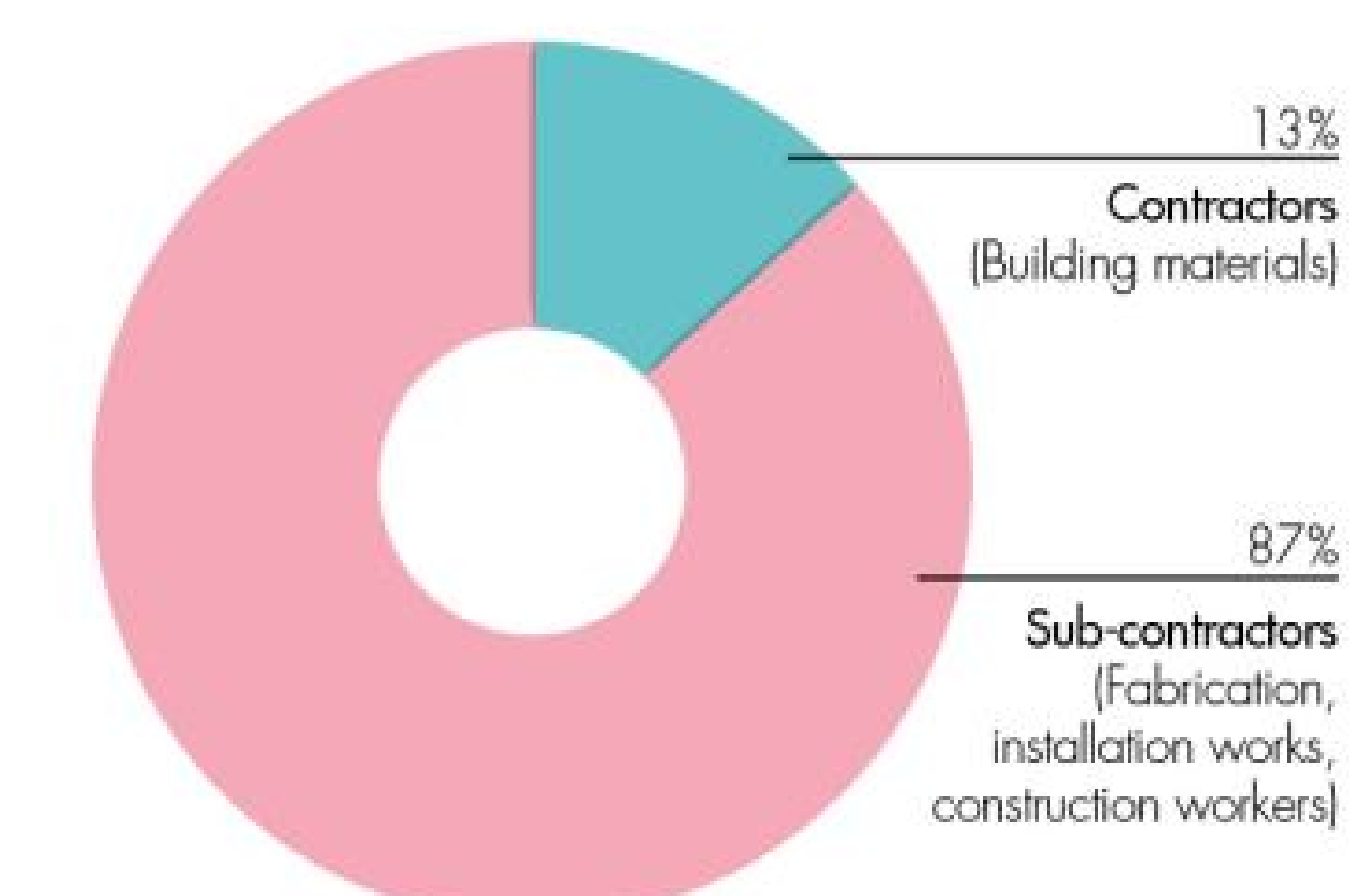
The scale of the Group and diversity of businesses we invest in, mean that we have over 1,000 suppliers, which represent a spending of over HK\$9.4 billion annually. The majority of our suppliers are local businesses. We use suppliers to source goods, such as building materials; utilities, such as electricity and water; labour, such as sub-contracted construction workers, security and sanitation staff in our properties; distributors and wholesalers of fresh and processed food and beverages for our hotels and staff canteen; manufacturers providing products from customised taps to toiletries; and services such as data management systems and consultancy.

We have identified our most significant suppliers based on expenditure level. The charts show the relative expenditure for different types of suppliers for Head Office, Construction and Hotels. The Property Management chart is calculated by number of deals, which better represents our impact across the supply chain.

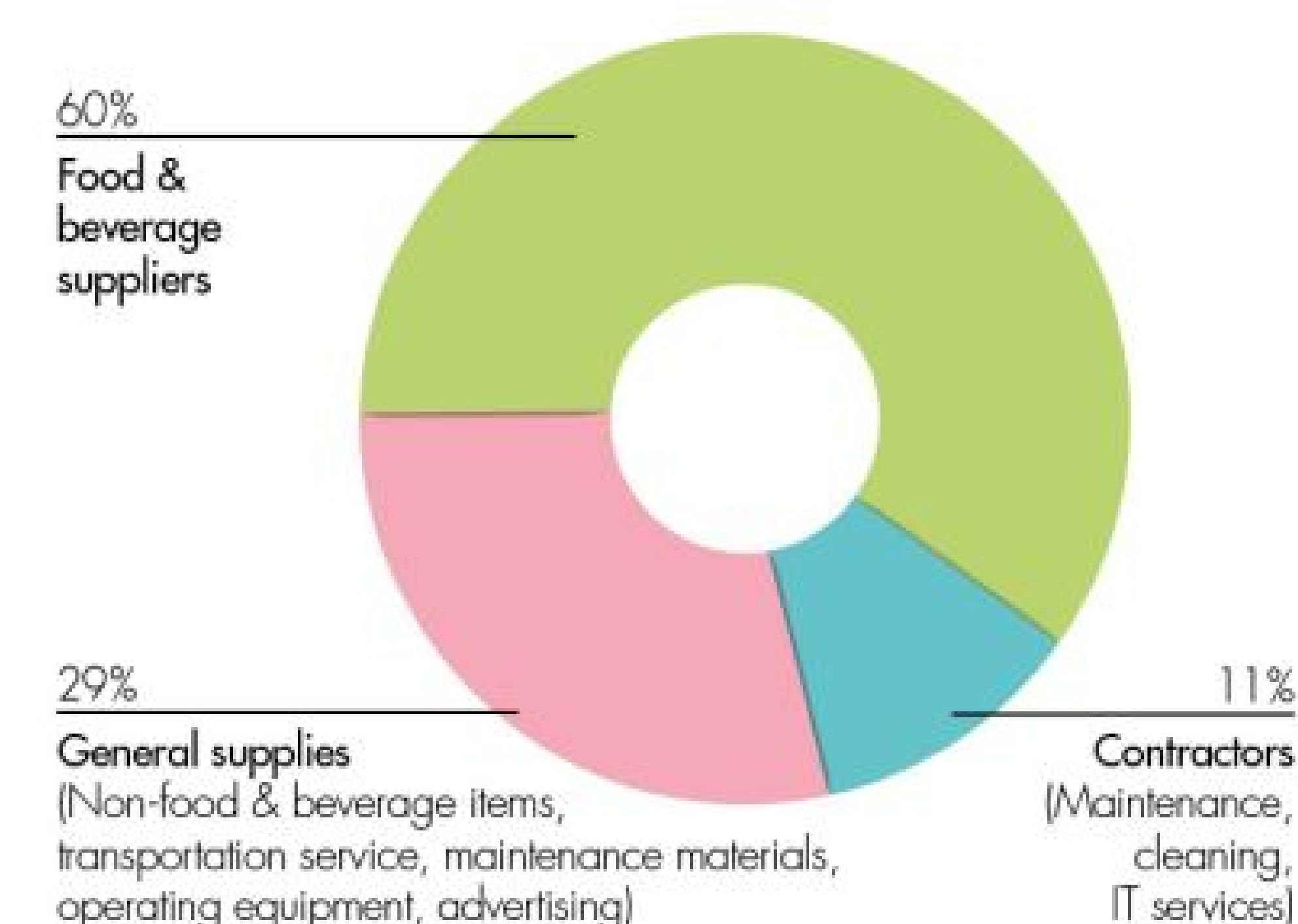
Head Office



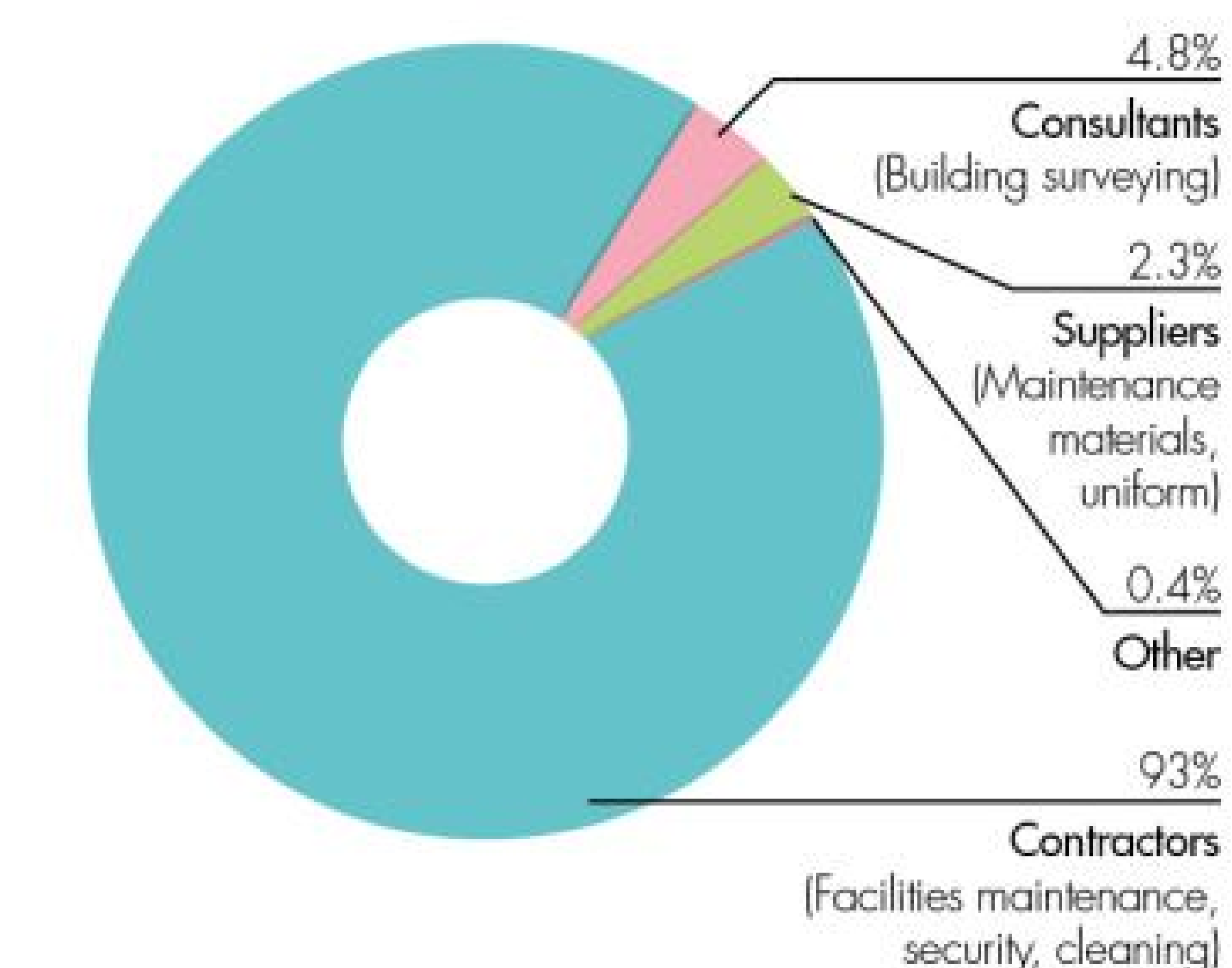
Construction



Hotels



Property Management



Our core business elements involves large-scale construction projects that require substantial engagement of contracted workers, and therefore workplace health and safety and employment practices are a key focus of our supply chain sustainability efforts.

Occupational Health and Safety

Occupational health and safety is one of the major areas of risk in the construction business, and we work closely with our contractors to implement various safety initiatives on our construction sites. We employ around 16,500 construction workers through contractors, all of whom are expected to attend a safety briefing before they start working to ensure on-site safety protocols are clearly communicated. We also provide life-saving equipment, such as Auto-CPR devices, on key construction sites to support emergency resuscitations.

Our accident rates are consistently lower than the local industry average, and our objective is to achieve zero fatal accidents and an incident rate of fewer than 10 per 1,000 workers. This year, there were no fatal injuries for Sanfield sub-contracted workers, and the accident rate was 16.3 per 1,000 workers, which is lower than the construction industry average of 44.3 per 1,000 workers.

Requirements for labour insurance and compensation for occupational injuries are outlined in our tender contracts, and claim procedures are described in manuals that are distributed to all contractors and construction site employees. Some contractors in Hong Kong charge pre-claim fees for industrial accident compensation, indirectly discouraging claims and artificially improving safety statistics. This practice is not condoned at Sanfield, and we have taken steps to eliminate these charges.

For more information on our safety management structure, please see our 2011/12 Sustainability Report.

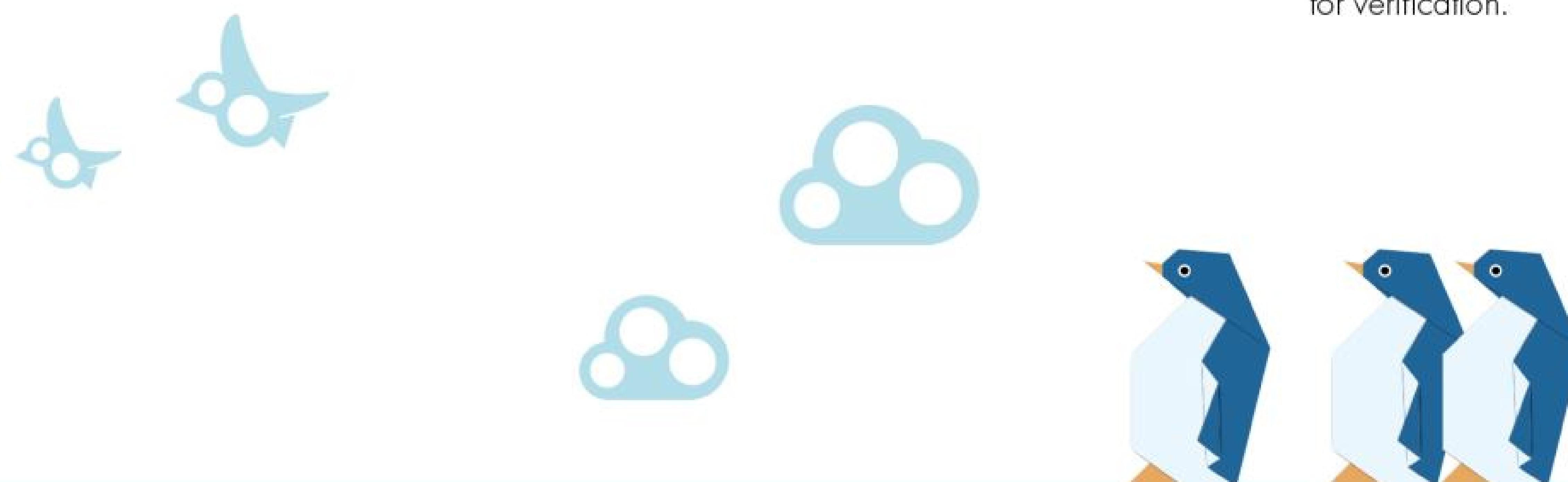
Fair Treatment of Contract Workers

We believe that our contract workers deserve to be treated fairly. There have been many reported cases of malpractice in Hong Kong, particularly with regard to timely wage payments, which is why we have initiatives in place to mitigate this risk.

- To ensure full and timely payment, we ask that contractors set up an auto-pay service that deposits wages directly into workers' bank accounts.
- In cases where direct auto-payment cannot be enforced, contractors must provide payment records for all contract workers, signed by workers, to acknowledge wage payments. We also conduct spot checks to prevent malpractice.
- To ensure contractors contribute to Mandatory Provident Fund (MPF) retirement schemes for their workers, we provide reimbursement for this cost only on confirmation of MPF subscription
- Our contract terms clearly state that contractors must pay no less than the average market wage to workers. We have established an intranet for contractors to keep them informed of the Minimum Wage Ordinance.

Sustainable Procurement

Our Environmental Policy and Green Procurement Policy are communicated to all sub-contractors and suppliers. As we move towards attaining Building Environmental Assessment Method (BEAM) Plus certification in our new developments, we need to ensure that the construction materials are sourced from within an 800km radius of the project site. All the timber we use in construction is sustainably sourced, and we require suppliers to provide the relevant documents and certificates for verification.



Commitment to Our Community



Our Approach to Community Investment

We consider it essential to be a positive force for the sustainable development of Hong Kong. Each day, our different businesses interface with a broad spectrum of stakeholders, and thus our group-wide community investment efforts are equally diverse. We adopt a three-pronged approach to CSR, namely reading and holistic development, healthy and sustainable living and care for the underprivileged, with each of these targeting specific goals and audiences. We make strategic use of our resources, our networks and leverage the skills and enthusiasm of our people to make a lasting contribution to society.

Working closely with our community partners and government helps us to better identify how we can create a cohesive, inclusive and caring society. We also have long standing relationships with many NGOs in Hong Kong. These relationships underpin our contribution to the community, and we greatly appreciate the expertise of our NGO partners in helping us reach those in need.

In order to develop and maintain strong and mutually beneficial relationships, we believe that it is our responsibility to engage as many individuals across different communities as we can. Our volunteer activities are open to all employees and their families and friends and range from caring for the elderly, education, health and wellbeing to environmental education.



Three-pronged approach to CSR:

	Reading and Holistic Development	Healthy and Sustainable Living	Care for the Underprivileged
Purpose	Nurturing future generations and cultivating a habit of reading	Encouraging quality, healthy and sustainable lifestyles	Offering resources and support to the less fortunate
Programme	<ul style="list-style-type: none">SHKP Reading Club (Young Writer's Debut Competition, Reading Index, Read to Dream, Read to Build Good Character, Annual Book Fair, Complimentary Publications)Nobel Laureate Lecture SeriesLittle Arts LoversModern Apprenticeship	<ul style="list-style-type: none">Race to ICC-100Community Chest Corporate ChallengeHong Chi Climbathon & othersLove Nature CampaignGreen Buildings (LEED/ BEAM certification)	<ul style="list-style-type: none">Building Homes with Heart Caring InitiativesEmergency ReliefSocial Inclusion (Visits to sky100 & Noah's Ark)Scholarships and GivingSHKP Volunteer TeamRental Concession for NGOs

Reading and Holistic Development

Achievements

- Nearly 2,000 disadvantaged local children supported by our Read to Dream programme
- 10 promising young writers realise the dream of getting their first books published as part of the Young Writers' Debut Competition
- 10 full scholarships provided to enable our employees' children to continue their tertiary education in Hong Kong or on the mainland



SHKP Reading Club

We believe that supporting the holistic development of young people will help to secure a brighter future for Hong Kong. We have actively promoted reading since 2005 and in December 2013 the SHKP Reading Club was launched as a platform to engage the public in our reading initiatives.

One of our initiatives is the Read to Dream programme, which enabled almost 1,200 underprivileged children to attend the Hong Kong Book Fair in 2013, and provided them with allowances to buy books. The second annual SHKP Reading Index survey revealed that interest in reading in Hong Kong has increased since last year.

In addition to promoting a stronger culture of reading in Hong Kong, the fourth biennial Young Writers' Debut Competition was held in 2013, which received over 2,000 entries from promising young writers in Hong Kong and, for the first time, the mainland. The ten winners were able to realise the dream of publishing their first books, and under the coaching of renowned creative professionals, were able to present their completed works at the 2013 Book Fair.

We also organised an impressive line-up of cultural activities for all ages including seminars with celebrity speakers, reading and writing workshops and guided cultural tours.



Group Chairman and Managing Director Raymond Kwok (middle) talks about reading with underprivileged children.

Little Arts Lovers Project

We sponsored a Little Arts Lovers project to nurture creative expression in local children through exposure to performing arts, interaction with artists from different parts of the world and participation in workshops designed to build self-confidence and creativity. In partnership with the Hong Kong Arts Festival Society (HKAF), children from 13 local schools were invited to experience performances including *Bothanica* by the MOMIX Dance Theatre, *Champagne for Gypsies* by the Goran Bregovic Wedding and Funeral Orchestra and *The Green Snake* by the National Theatre of China. Local artists were invited to host educational seminars and distribute educational materials developed by HKAF, professional art instructors and a local creative brand.

Healthy and Sustainable Living

Achievements

- Inaugural Race to ICC-100 — SHKP Vertical Run for the Chest, where around 300 runners participated, raising **HK\$5.3 million** for children and youth in need
- 6 Eco-awareness activities, including beach clean-up and eco-tours, were organised with over 800 participants as part of SHKP Love Nature Campaign to promote environmental appreciation



Race to ICC-100

The inaugural Race to ICC-100 – SHKP Vertical Run for The Chest demonstrated how we leverage our network and properties to promote a social cause. The 2,120-step vertical run to the Sky100 Hong Kong Observation Deck of the International Commerce Centre engaged not just a few hundred runners, but in the lead up to the event we promoted healthy living through flash mobs and other awareness raising events in our shopping mall network, engaging the wider community. We also approached our anchor tenants for support and sponsorship.

All proceeds were donated to The Community Chest to provide children and youth with care and assistance, development and training programmes for personal growth, plus a wide range of activities to enhance leadership and interpersonal skills, expand their social networks and develop a sense of responsibility.



The Race to ICC-100 — SHKP Vertical Run for The Chest promotes healthy and sustainable living.

Healthy living initiatives

We have sponsored the Corporate Challenge (half marathon and 10km race) for 18 years, and our senior management runs together with hundreds of employees and their relatives and friends. All funds raised in 2013 were donated to elderly services, including rehabilitation and aftercare services operated by The Community Chest. Meanwhile, over 200 employees participated in the 2013 Hong Kong Marathon to promote sports and the spirit of helping the needy. Our employees also teamed up with students from the Hong Chi Association and Hong Kong Amputees Sport Association runners to participate in the Hong Chi Climbathon in the spirit of social integration.



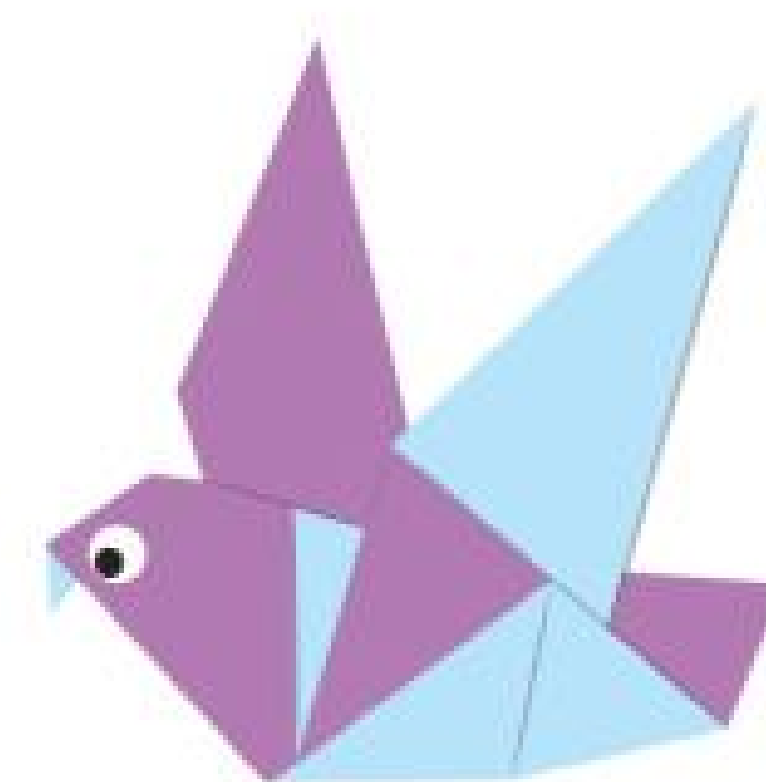
We encourage employees to do more sports and to participate in the Community Chest Corporate Challenge.



We organise eco-awareness activities to bring people closer to nature.

Love Nature Campaign

We are working to raise environmental awareness in all aspects of our value chain including employees, tenants, residents and the general public. Through the SHKP Love Nature Campaign, we organise beach cleanup activities, eco-tours and dolphin watching to raise awareness of conservation and encourage people to enjoy Hong Kong's beautiful beaches and country parks. We also organise green exhibitions, workshops and actively promote waste separation and recycling in our properties by providing separate receptacles for a variety of materials including glass and used clothing. SHKP G Power is a platform to collect and share our green efforts and achievements with our diverse property portfolio through green management, and activities to encourage people to consider the environment in their day to day lives. Please refer to www.shkpgpower.com for details of our environment-related activities.



Care for the Underprivileged

Achievements

- HK\$66 million in charitable donations
- Received the **President's award** and named **Second Top Donor** by The Community Chest
- SHKP Volunteer Team's **2,200** members celebrated its 10th Anniversary by giving **more than 120,000 hours of community service** (equivalent to over 54 hours per person)
- **Over 31,000 seniors** received goodie bags and shared festive joy with the SHKP Volunteer Team through our Building Homes with Heart Caring Initiative
- **Nearly 200 South Asian families** in Tung Chung visited by the SHKP Volunteer Team to understand their culture and daily needs and promote social harmony and integration



Building Homes with Heart Caring Initiative

Hong Kong has one of the largest income distribution gaps in the developed world. We believe that it is important to support the integration of disadvantaged and marginalised groups, such as the elderly, new immigrants, low-income families and people with disabilities, to create a more inclusive society for all.

Each year, our Building Homes with Heart Caring Initiative mobilises teams of senior executives and staff volunteers to connect with and contribute to the community. During the reporting period, our team utilised expertise in engineering, construction and property management to assist 80 elderly households displaced by the redevelopment of Pak Tin Estate in choosing, inspecting, decorating and cleaning their new homes. Volunteers helped to tile floors and install new light fixtures, and checked in with seniors after the move to make sure they were settling in to their new surroundings.

During three important festivals in the lunar calendar – Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival – our employees spread the festive spirit in the community by visiting the

elderly and disadvantaged families. 15,000 traditional rice dumplings and 14,000 goodie bags with gifts of food and scarves knitted by employees were also distributed.



Group Deputy Managing Directors Mike Wong (top) and Victor Lui (right) visit elderly.



Empowerments to NGOs

We leverage the Group's retail and office space for charity. Our extensive network of shopping malls provides free space and promotional spots for charitable projects. We also offer office rental concessions to NGOs so their funds can be channelled into their direct beneficiaries. This year we continued to support ORBIS, Make-A-Wish Hong Kong, Hong Kong Society for the Aged, Mission to New Arrivals, Jubilee Ministries and St James' Settlement.

Employee volunteering: SHKP Volunteer Team

Care for the community is part of our corporate culture, and our employees are passionate about supporting sustainable development in the communities in which we operate. We make the most of their energy by providing them with opportunities to volunteer through the SHKP Volunteer Team. Marking its tenth anniversary this year, the Team now has over 2,200 members and contributed a record 120,000 hours of service in 2012. One of our model volunteers, Ho Yiu-tong, was presented with a gold Highest Total Hours of Service in Ten Years award from the Chairman and Managing Director Raymond Kwok, for putting in 3,700 hours of service, or an average 370 hours each year. SHKP Volunteer Team consists of four service teams to leverage the skills of our employees for home maintenance, senior care, youth and child development and disabled care, plus the Sunshine Team which encourages children of employees and beneficiaries to contribute to society and inherit the spirit of caring for the community.

Scholarship and giving to the next generation

We partner with educational institutions to set up scholarships for students with high potential but limited resources to support their academic development. The SHKP-Kwoks' Foundation, established in 2002, offers financial aid so that talented students with limited means can complete undergraduate courses at prestigious mainland institutions including Peking University, Tsinghua University, Zhejiang University, Shanghai Jiaotong University, Fudan University, Nanjing University, Sun Yat-Sen University, Tianjin University and Sichuan University. In Hong Kong, we have supported scholarships for MBA students of The Chinese University of Hong Kong since 1997. We also provide financial assistance to children of our employees. Full-time students at Hong Kong or mainland universities are eligible, and are chosen based on their school and public examination results, overall accomplishments and financial need. This year's recipients are attending the University of Hong Kong, the Chinese University of Hong Kong, Hong Kong University of Science and Technology and Hong Kong Baptist University.



The SHKP Volunteer Team marked its 10th anniversary.



ICC Light and Music Show

The ICC Light and Music Show, designed to spread a message of positivity, has set a Guinness World Record for the largest light and sound show on a single building. The show runs twice a night every day of the year for the enjoyment of tourists and local people, and changes with the seasons and for special occasions. Spectators can listen to the synchronised soundtrack of the light show by downloading a special mobile phone application.

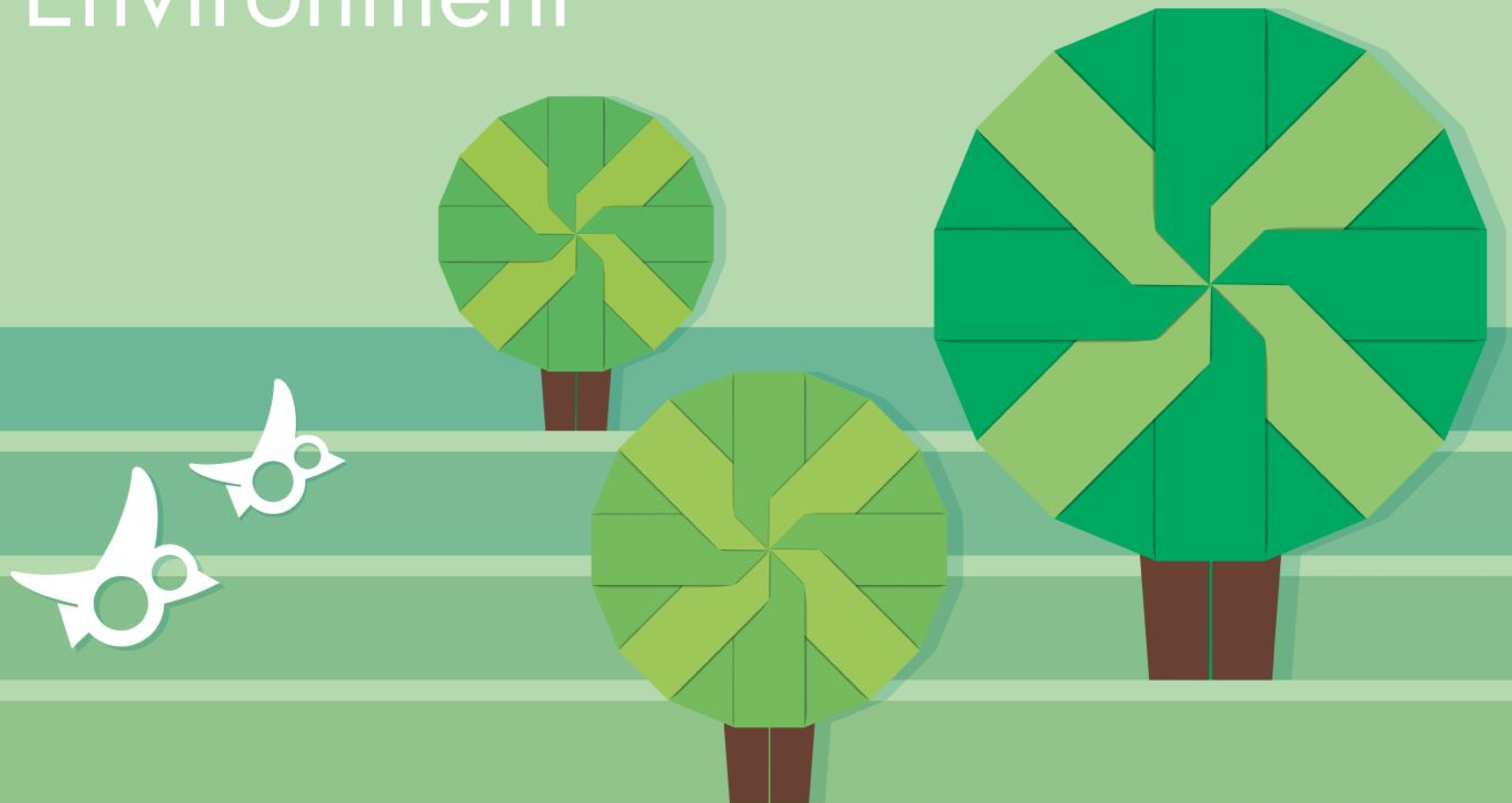
We have taken environmental aspects into consideration in the design and operation of the light show. The energy consumption of the LEDs is much lower than conventional façade lighting, and they are currently set to operate at only 30 to 50% of their maximum intensity. The total energy consumption of ICC's façade lighting between 6 to 10 pm each night is therefore controlled at 1,004.4 kWh. In the design stage, we also took precautions to minimise the impact of the light show at street level and on our tenants.



The ICC Light and Music Show changes with the seasons and is a signature attraction of Victoria Harbour.



Commitment to Our Environment



We consider protecting the environment essential to sustainable development and our long-term success. Environmental considerations are integrated in the decision-making process across all our operations – from planning and procurement through to construction and property management. We also support community events that promote greener lifestyles and living environments.



Environmental Management

Policy

Our environmental policy guides our environmental practices across all our operations, stating our commitment to:

- Use environmentally-friendly designs, materials and construction methods, and explore innovative green alternatives
- Choose suppliers and sub-contractors that follow environmentally-sound practices
- Continuously improve our environmental performance and make efficient use of resources
- Promote environmental awareness among staff, business partners and the public

Our property management and construction businesses have environmental policies in place specifically related to their sectors.

Environmental Committee

A committee led by an Executive Director oversees the environmental management of our operations and is responsible for formulating environmental targets, policies and strategies, ensuring that environmentally-sound practices are followed by all departments.

Environmental Management System

A group-wide environmental management system is in place. We were one of the first Hong Kong developers to have ISO14001-certified environmental management systems for various business arms. Sanfield has been certified under ISO14001 for Construction of Buildings and Civil Engineering Works since 2002, while Kai Shing and Hong Yip have been certified since 1998 and 2001 respectively.

As part of our environmental management system, we identify and manage the environmental impacts of our activities. In our construction business, the impacts that we manage include the use of land, materials, water, energy and chemicals and the generation of waste, dust and noise. In our property management business, we manage the environmental impact of our resource consumption (such as energy, water and paper) and waste generation.

To support our efforts to continuously improve environmental performance, we use a range of local assessment and evaluation systems in our properties, including:

- Carbon Reduction Labelling System by HKQAA
- Hong Kong Green Mark Certificate by Hong Kong Q-Mark Council
- Low-carbon Office Operation Programme (LOOP) by WWF
- Environmental labels such as Wastewi\$e, Energywi\$e, IAQwi\$e and Productwi\$e and Carbon'Less' certificates from HKAEE, number of labels and certificates are as follows:

	Wastewi\$e	Energywi\$e	IAQwi\$e	Carbon'Less'
Hong Yip	213	35	7	27
Kai Shing	71	27	38	37
Construction	3	3	0	0
Total	287	65	45	64

Sustainable Design and Construction

We are committed to sustainable design and construction. From the planning stage through to completion, project teams consider potential environmental impacts of a new project across its life cycle and make provisions to reduce them.

In planning new building projects, we thoroughly examine building alignment in terms of sunlight and ventilation to reduce the need for electricity (e.g. lighting, air conditioning) and improve energy efficiency during the operation of the building. Based on these assessments, we are able to evaluate the environmental impact related to different designs and construction plans and allow for an appropriate weighting of alternatives to reduce the impact of the development on the environment and the neighbourhood. Green spaces and special landscaping are part of all our developments to offer residents and tenants a comfortable, refreshing environment.

We support international and local building rating schemes including the Leadership in Energy and Environmental Design (LEED) and the Hong Kong Building Environmental Assessment Method (BEAM). We are piloting both as an environmental benchmark for our developments. It is our intention to acquire green building certification for new projects, which we have done since 2011. The latest additions include Elite Centre at 22 Hung To Road at certified level and Kwun Tong Inland Lot 173 obtaining LEED Gold level for core and shell development certification.

Choosing sustainable materials

- All our timber comes from sustainable sources, and we require suppliers to provide us with proof of certification.
- We used reflective rooftop tiles at our Hung To Road site to reduce heat transmission to the upper floors of the building. This, coupled with insulation, helps to keep the top floor cool and the air conditioning costs low.
- At our Wong Chuk Hang site the walls will all be made with 'greenblock', a pre-finished, smooth block that is easier to assemble and does not require plastering. This reduces the input material required, and the waste produced. The straightforward process also helps to reduce waste by reducing the risk of damage to the blocks.

As of 2013, 14 buildings had been certified or pre-certified under BEAM and 11 buildings certified under LEED in Hong Kong and on the mainland.

The total number of employees having qualified as BEAM professionals reached 46 this year as part of our commitment to increasing the number of employees that are trained and have specialised knowledge in various aspects of the entire green building life cycle.

The construction industry in Hong Kong is heavily regulated by the government. From the initial stages of a project, developers are required to conduct thorough environmental impact assessments and consult with stakeholders in the surrounding community. The Hong Kong Buildings Ordinance encourages developers to aim for at least BEAM Plus Bronze level pre-certification, which includes specifications on the maximum distance for sourcing of building materials (800km from project site), energy efficiency measures and other sustainable building practices.

We work on a diverse portfolio of different projects from single tower blocks in the city centre, to large multi-phase residential complexes and industrial buildings. As such, we apply different sustainability considerations to different projects depending on the location, the targeted end user as well as cost and space considerations. At the start of each project, we decide the green building specifications, and the type and level of certification to pursue. We are committed to improving the sustainability of our buildings, and are testing sustainable materials and technologies at selected sites.



During construction, our environmental officers conduct monthly site inspections and produce an environmental report. For example, every three months a sample of waste water is analysed to test pH, suspended particles and other chemicals. Although water tests are required by the Environmental Protection Department, we take our responsibility one step further and have installed water treatment systems at all of our construction sites. The system is an added precaution to remove some of the suspended particles from grey water before it is released to the sewage system. To reduce our water consumption on site, we reuse some of the treated water for washing vehicles, reducing dust inhalation and flushing toilets. In October 2012, Sanfield was fined HK\$3,000 for going over the acceptable dust level at Hoi Bun construction site. We increased our dust control measures and did not encounter any further complications.



Green elements are integral to our developments.

Climate Change and Energy Management

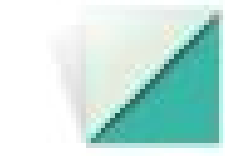
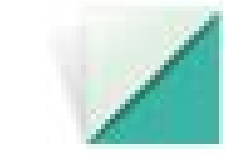
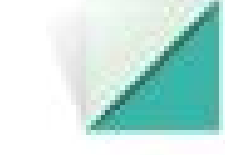
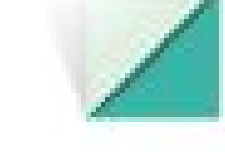
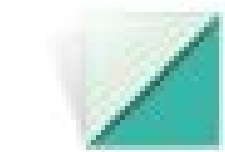
We understand climate change is a key business challenge and we continue to enhance our understanding of climate change associated risks and opportunities by being actively involved in various consultation groups and forums on climate change and green building issues. Operationally, we have conducted voluntary carbon audits since 2008 and our efficiency initiatives have resulted in an 11% average reduction in the carbon footprint of our managed properties since 2010. We have also received 82 HKAEE Carbon 'Less' Certificates as of June 2013 for achieving a carbon reduction of at least 3% in our properties in 2012/13. Our aim is to gradually extend the carbon audits to cover all our managed properties. The energy our buildings use in their operation accounts for our most significant contribution to climate change. We continue to take action to reduce this impact by investing in building technology and energy efficiency, such as installing water-cooled air conditioning systems with frequency converters, optimising lift drives, water pump inverters and power-saving lighting.

- We invested in renewable energy facilities installing solar panels or wind turbines in commercial, residential and retail properties. For example, wind and solar power systems are in place in Millennium City in Kwun Tong, and Grand Century Place in Mong Kok, supporting the lighting systems of the car park and roof.
- We installed water faucets and urinals in Metroplaza and Grand Century Place that can generate electricity to power the automatic sensors when water moves through an internal turbine, thereby self-sustaining the process.
- We installed curtain walls with low-e glazing in new residential buildings (The Cullinan) and commercial buildings (Kowloon Commerce Centre, Millennium City 6, C-Bon Centre, International Finance Centre and International Commerce Centre) to reduce the air conditioning load required by buildings and to maximise natural daylight, providing 75% of the occupied area with natural lighting.



Rooftop greenery of Millennium City 6 grows under sunlight and lowers the indoor temperature by absorbing heat.

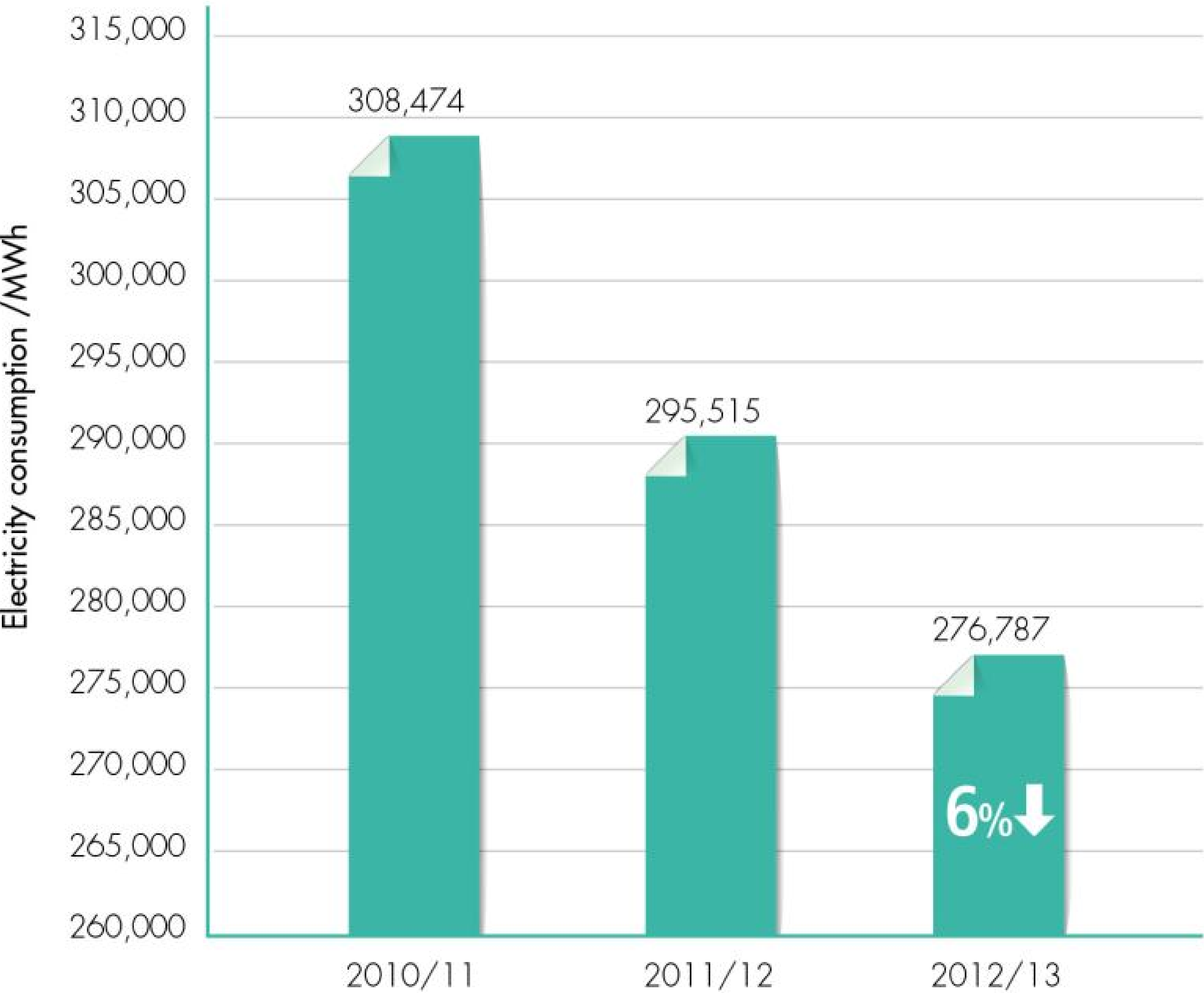
We again joined various energy saving and carbon reduction campaigns and initiatives in partnership with green groups, universities and government.

-  We signed the Environment Bureau's Energy Saving Charter on Indoor Temperature for a second year, pledging to maintain the indoor temperature of 18 shopping malls between 24 and 26 degrees Celsius from June to September 2013. The number of participating malls was one of the highest among developers.
-  Hong Yip won a Biggest Units Saver Award (property management category) in the 2012 Friends of the Earth Power Smart Energy Saving Contest, saving a total of 4.78 million kWh of electricity in just three months. 400 of our developments including malls, offices and residences entered this territory-wide energy saving contest this year.
-  Kai Shing won a gold label in the Low-carbon Office Operation Programme organised by the WWF for International Commerce Centre and Millennium City 5.
-  We took part in the Take a Brake – Corporate Green Driving award scheme for a third time, with green driving workshops and putting theory into practice to reduce carbon emissions. We won a gold award for reducing fuel consumption by 11.9% and silver for improving fuel efficiency by 4% as a result of our vehicles having used 532 fewer litres of fuel during September and October 2012.
-  We supported WWF's global Earth Hour for the fifth consecutive year and offered the Sky100 Hong Kong Observation Deck for the kick off. Over 200 developments managed by the Group switched off their lights for the hour to support carbon reduction and energy saving.



Our Energy Optimisation Committee ('EOC') monitors energy consumption and drives energy-efficiency improvements in the majority of commercial buildings owned and managed by us. The main tasks of the EOC include regular review of electricity consumption, sharing of effective measures to save electricity and research of new techniques and developments relating to energy saving. In 2012/13, electricity consumption was reduced by 6% compared to 2011/12, and by 10.27% compared to 2010/11.

Energy consumption (MWh) for major¹ buildings monitored by the EOC



¹ 50 buildings included for the presentation of 3 consecutive years of data (1-3 Minden Avenue was sold in 2012).

Waste Reduction

Waste management is becoming an increasingly important issue in Hong Kong. We are playing our part to reduce the amount of waste generated in our development projects and the buildings that we manage.

We use technology to reduce our paper consumption. A Share Information Technology Platform is being implemented at MTRC Nam Cheong Station residential project for central storage of electronic documentation to reduce the need for hardcopy form flow submissions. At Group level, we are replacing paper employee salary slips and supplier invoices with electronic ones. We implemented a Go-Online Scheme in 2012 encouraging SHKP Club members to convert to digital communication from printed communication. It is estimated that the number of printed copies of the Club newsletter was reduced by 80% by the end of 2013.

Raising awareness among our tenants, residents and workforce of the importance of recycling is one of our priorities. A group-wide waste recycling programme was organised in 2013 with over 100 drop-off points in residential estates, office buildings and shopping malls. Recycled items include Chinese New Year gifts, old clothes and toys, old computers and electrical appliances.



Proactive food waste recycling programme in ICC

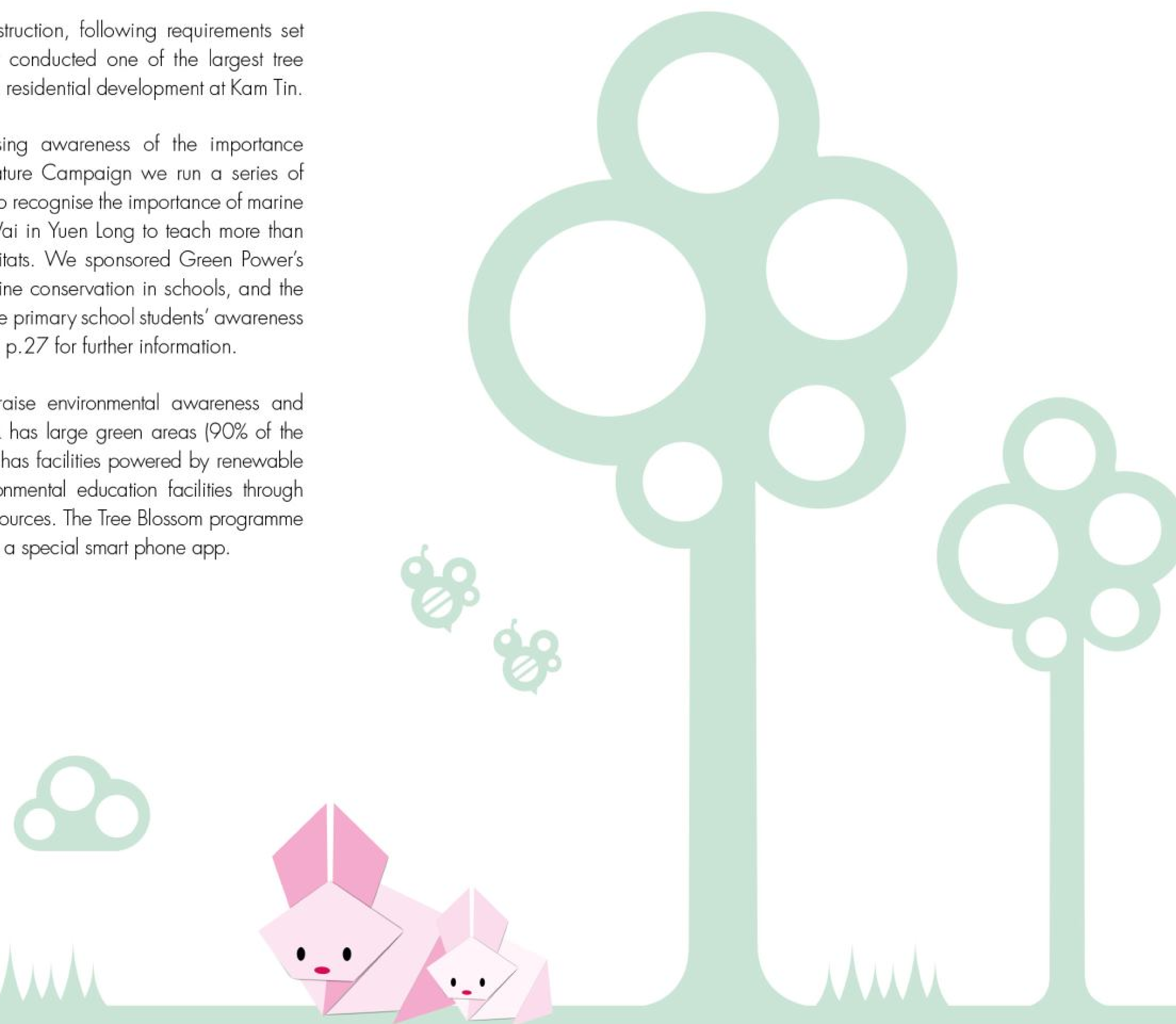
Urban Biodiversity

We are aware of the impact urbanisation has on biodiversity and explore ways to improve the protection of local ecology.

Preserving old trees is a priority during planning and construction, following requirements set by relevant HKSAR Government departments. We recently conducted one of the largest tree transplants in Hong Kong involving a mature banyan tree at a residential development at Kam Tin.

We actively organise community activities aimed at raising awareness of the importance of biodiversity conservation. As part of our SHKP Love Nature Campaign we run a series of educational events for our staff, young people and the public to recognise the importance of marine conservation. We arranged a guided tour of Nam Sang Wai in Yuen Long to teach more than 100 participants about migratory birds and mangrove habitats. We sponsored Green Power's 'train-the-trainers' workshops that help teachers promote marine conservation in schools, and the production of interactive multimedia educational kits to increase primary school students' awareness of nature preservation in a fun way. Please see case study on p.27 for further information.

Ma Wan Park is an important platform that we use to raise environmental awareness and promote biodiversity conservation in the community. The park has large green areas (90% of the 5.6 hectare park) planted with thousands of native trees and has facilities powered by renewable energy. We provide regular environmental tours and environmental education facilities through interactive multimedia to encourage conservation of natural resources. The Tree Blossom programme offers eco-tours led by arborists to introduce different trees with a special smart phone app.



Raising Awareness of Environmental Issues

We believe protecting environment requires collective effort from the community, and raising public awareness is a crucial part of our environmental efforts. The online platform SHKP G Power and the Love Nature Campaign are two of the avenues that we use to promote environmental protection.

For our staff, we provide regular training and seminars on environmental standards, such as a technical seminar on LED lighting, complemented by site visits and outdoor activities. Employees are also encouraged and sponsored to participate in environment-related seminars organised by external parties, such as the Environmental Protection Department, WWF Hong Kong, Friends of the Earth, Green Power and Business Environment Council.

A dedicated 'Green Living' section of our intranet provides staff updated environmental information about our environmental policy, green office practices and even a Green Games Zone and an environmental suggestion box. A 'Green Knowledge' section was launched under 'SHKP e-learning Campus' which provides an energy calculator and green living tips. New collections of environment-related publications are available in our training library.



Employees and their friends and families are encouraged to participate in green activities.



ICC is one of our developments with an electric vehicle charging station.



Case Studies

Large Tree Transplantation

In one of our residential development projects in Kam Tin, we went to great lengths to make sure an old banyan tree was transplanted safely out of our building site. We faced many challenges: the tree was 17 to 19m in height and 22 to 28m wide, and we discovered decay in the main trunk that meant we would have to preserve as many of the aerial roots as possible to keep the tree alive. Initial calculations showed that the root ball could weigh hundreds of tonnes, which meant that the usual transplantation method of lifting by crane would not be a viable option. Eventually, we worked with our contractor to devise an ingenious and cost-effective system of lubricated metal rods placed on sliding metal plates to reduce friction, allowing the tree to be easily pulled by diggers 150m to its new home.



Sustainable Design of 22 Hung To Road

The new Elite Centre at 22 Hung To Road demonstrated how we take environmental and human health impacts into consideration during the development of a project. At the pre-planning stage, we conducted various studies to reduce the impact of the development on the surrounding community. The site is located in an urban area with existing basic services, and is close to public transport.

Water efficiency is achieved by installing dual-flush toilets, sensors and low-flow water fixtures that reduce consumption by 40%. Sea water from the city mains supply is used for flushing to further reduce potable water requirements. Meters have been installed in the lighting and plumbing systems to monitor and record energy consumption and water use within the tenant space, which can provide data for ongoing optimisation of electricity and water consumption performance over time.

55.6% of the materials used were manufactured within 800km of the project site. This helps to support the regional economy and reduce the environmental impacts of transportation. We also used paints that have lower levels of VOCs to reduce any adverse health effects on occupants.

Throughout the planning and construction phases, we engaged an internal consultant to ensure LEED standards were met. The site was ultimately LEED certified for core and shell development.





Putting sustainability into practice at International Commerce Centre

International Commerce Centre (ICC), one of the tallest buildings in the world, is not only an immense achievement of engineering and architectural design, but a front runner in sustainable operations and management in Hong Kong. ICC prides itself in continually improving building efficiency, while conserving resources and mitigating environmental impacts.

ICC was awarded LEED for Commercial Interiors Platinum Certificate in 2013, demonstrating our commitment to providing commercial interiors and tenant spaces that offer a healthy, sustainable and productive work environment. ICC is also Platinum HK-BEAM certified as a result of the efforts made to mitigate environmental impacts associated with the construction process.

GreenKeeping, a term coined by the ICC management team, describes the constant effort put in to pollution and energy saving management measures to maximise energy efficiency and optimising carbon reduction. ICC's Green Committee frontlines GreenKeeping by reviewing environmental policies, setting targets, reporting on management measures and arranging training activities for staff, tenants and customers.

Recycle, Reuse and Reduce (3R's)

ICC has a range of 20 recyclable items on its collection list. The participation rate in the ICC waste separation programme increased from 60% in 2010 to 90% in 2013. The recyclable waste collected increased from 65,000kg in 2011 to 94,000kg in 2012, a 44.6% increase.

Turning Food Waste to Good Use

Hong Kong's food waste accounts for approximately 40% of all solid waste collected daily. In 2012, ICC installed its own food waste decomposer and started collecting food waste from tenants. Nearly 11,000kg of food waste was collected from January to June 2013. In addition to in-house composting, ICC works with Kowloon Biotechnology Ltd. to convert some of its food waste to fish feed.

CarbonSmart Movement

ICC invited the Hong Kong Productivity Council to introduce the Carbon Smart programme to its tenants. Through the programme, tenants are able to receive 50% sponsorship from the HKSAR Government to carry out carbon audits or join the WWF Low-carbon Office Operations Programme (LOOP).

Urban Farmer - Experimental Farm Experience for Tenants

In an effort to engage ICC's tenants in green and low-carbon life, an experimental farm was set up for free participation on ICC's Level 8 podium. Seasonal seeds are provided, as well as a rainwater collection system for irrigation.

Green Triathlon

ICC held an indoor triathlon this year to raise funds for Green Power in support of green events in Hong Kong.



ICC is a front-runner in sustainable operations and management in Hong Kong.

ICC actively engages tenants in green and low-carbon life.



Green Tours are conducted at Sky100 Hong Kong Observation Deck.

Green Tours at sky100 and Low Carbon Tours for Students

In 2013, ICC conducted green tours at its Sky100 Hong Kong Observation Deck, using simple models and graphs to illustrate green practices, and showcase LED lamps and vertical greening. ICC also conducted tours for HKSYPICIA Wong Tai Shan Memorial College students, educating them on ICC's energy saving, waste management and green practices.

Sharing Green Management Experience with the Industry and the Community

ICC organised over 300 sharing events with 2,000 people from the property management industry, schools, community groups and various other organisations.

Data Tables

Economic	Unit	GRI	2012/13	2011/12
Direct economic value generated				
Revenue	HK\$ million	G4-EC1	53,793	68,400
Total underlying earnings before interest and tax (EBIT)	HK\$ million	–	19,300	24,988
Total reported earnings before interest and tax (EBIT)	HK\$ million	–	38,487	44,470
Economic value distributed				
Operating cost	HK\$ million	G4-EC1	34,493	43,412
Employee wages and benefits	HK\$ million	G4-EC1	5,675	5,054
Total contributions to MPF & other retirement schemes	HK\$ million	G4-EC1	279	244
Payment to providers of capital	HK\$ million	G4-EC1	8,802	8,652
Contributions to government (including tax)	HK\$ million	G4-EC1	3,342	5,284
Community	Unit	GRI	2012/13	2011/12
Charitable donations				
Total monetary donations	HK\$ million	G4-EC1	66	69
Volunteering				
Number of volunteers	number	G4-EC7	2,200	2,000
Volunteer hours	hours	G4-EC7	120,000	80,000

Workforce by Employment Type

	Total	Permanent	Contract	Daily Workers
Head Office	1,461	97.4%	2.6%	0.0%
Construction	3,024	48.3%	26.5%	25.2%
Hotels	1,944	85.7%	0.5%	13.8%
Property Management	22,665	66.4%	20.3%	13.3%

New Hires in Hong Kong

	Total	Male	Female	Aged below 30	Aged 30 - 50	Aged over 50
Head Office	133	54.1%	45.9%	45.8%	47.4%	6.8%
Construction	703	70.1%	29.9%	35.6%	37.8%	26.6%
Hotels	479	53.7%	46.3%	42.0%	47.2%	10.8%
Property Management	9,081	50.1%	49.9%	18.2%	35.3%	46.5%
TOTAL	10,396	51.7%	48.3%	20.8%	36.2%	43.0%

Employee Turnover in Hong Kong

	Total	Male	Female	Aged below 30	Aged 30 - 50	Aged over 50
Head Office	112	46.4%	53.6%	33.9%	60.7%	5.4%
Construction	349	70.2%	29.8%	34.1%	44.7%	21.2%
Hotels	465	54.2%	45.8%	36.6%	47.7%	15.7%
Property Management	4,431	49.4%	50.6%	19.4%	36.2%	44.4%
TOTAL	5,357	51.1%	48.9%	22.1%	38.2%	39.7%

Full-time Employees in Hong Kong by Position Level and Gender

		Total	Managerial	Officer	Supporting	Operation
Head Office	Male	784	53.7%	70.6%	52.4%	82.2%
	Female	677	46.3%	29.4%	47.6%	17.8%
	Total	1,461	100.0%	100.0%	100.0%	100.0%
Construction	Male	1,759	77.8%	100.0%	89.4%	87.4%
	Female	503	22.2%	0.0%	10.6%	12.6%
	Total	2,262	100.0%	100.0%	100.0%	100.0%
Hotels	Male	967	57.7%	64.7%	70.0%	31.0%
	Female	708	42.3%	35.3%	30.0%	69.0%
	Total	1,675	100.0%	100.0%	100.0%	100.0%
Property Management	Male	11,209	57.0%	68.5%	63.0%	38.2%
	Female	8,441	43.0%	31.5%	37.0%	61.8%
	Total	19,650	100.0%	100.0%	100.0%	100.0%
TOTAL	Male	14,719	58.8%	70.1%	62.9%	46.6%
	Female	10,329	41.2%	29.9%	37.1%	53.4%
	Total	25,048	100.0%	100.0%	100.0%	100.0%

Proportion of Staff Receiving Regular Performance Reviews

		By gender		By employment category				Proportion of staff receiving performance reviews
	Total staff	Male	Female	Managerial	Officer	Supporting	Operation	
Head Office	1,461	46.3%	53.7%	26.4%	47.2%	21.5%	5.0%	100.0%
Construction	2,262	77.8%	22.2%	2.6%	8.4%	25.6%	63.5%	100.0%
Hotels	1,675	37.3%	49.8%	16.3%	15.3%	3.9%	51.6%	87.1% ¹
Property Management	19,650	53.7%	35.0%	2.6%	6.0%	10.1%	69.9%	88.7% ¹
TOTAL	25,048	54.3%	35.9%	4.9%	9.3%	11.8%	64.3%	90.2%

¹: Daily workers do not receive annual performance reviews

Full-time Employees in Hong Kong by Position Level and Age

		Total		Managerial	Officer	Supporting	Operation
Head Office	Aged below 30	198	13.6%	0.0%	18.6%	21.0%	5.5%
	Aged 30 - 50	917	62.7%	56.9%	66.9%	66.3%	39.7%
	Aged over 50	346	23.7%	43.1%	14.5%	12.7%	54.8%
	Total	1,461	100.0%	100.0%	100.0%	100.0%	100.0%
Construction	Aged below 30	391	17.3%	0.0%	1.6%	12.4%	22.0%
	Aged 30 - 50	996	44.0%	55.2%	69.8%	62.9%	32.6%
	Aged over 50	875	38.7%	44.8%	28.6%	24.7%	45.4%
	Total	2,262	100.0%	100.0%	100.0%	100.0%	100.0%
Hotels	Aged below 30	414	24.7%	3.1%	17.2%	50.0%	29.6%
	Aged 30 - 50	933	55.7%	72.3%	69.1%	45.2%	48.9%
	Aged over 50	328	19.6%	24.6%	13.7%	4.8%	21.5%
	Total	1,675	100.0%	100.0%	100.0%	100.0%	100.0%
Property Management	Aged below 30	2,214	11.3%	3.0%	31.6%	48.5%	5.4%
	Aged 30 - 50	6,806	34.6%	74.8%	61.1%	42.1%	30.4%
	Aged over 50	10,630	54.1%	22.2%	7.3%	9.4%	64.2%
	Total	19,650	100.0%	100.0%	100.0%	100.0%	100.0%
TOTAL	Aged below 30	3,217	12.8%	1.9%	23.5%	38.6%	8.0%
	Aged 30 - 50	9,652	38.6%	67.5%	64.6%	48.8%	31.7%
	Aged over 50	12,179	48.6%	30.6%	11.9%	12.6%	60.3%
	Total	25,048	100.0%	100.0%	100.0%	100.0%	100.0%

Training Expenditure 2012/13

Total Training Expenditure	Expenditure (HKD)	% Total training expenditure
Internal	3,687,532.11	45%
External	3,055,146.33	55%

Training by Staff Category 2012/13¹

Training by Staff Category	Average No. of Hours	No. of Staff	Total Training Hours
Managerial staff	15.08	1,279	19,283
Officer-grade staff	13.67	3,128	42,761
Clerical staff	9.05	2,709	24,529
Service frontline staff	11.66	12,942	150,840
Construction site staff	3.22	5,629	18,147
Suppliers	1.03	6,479	6,672

¹. We are committed to reporting on average training hours by gender in the 2013/14 Sustainability Report

Training

Training Programme Topic	Expenditure (HKD)	No. of classes	No. of trainees
Corporate culture training and new employees orientation	424,000	221	5,997
Environmental protection	156,000	95	1,674
Human rights & ordinances	67,000	122	2,071
Occupational safety	667,000	957	13,778
Personal development	176,000	87	1,354
Professional development	5,252,000	4,400	34,590
TOTAL	6,742,000	5,882	59,464

Note: 2,081 employees were trained in anti-corruption policies and procedure in the 2012/13 financial year, representing 8.31% of our total full-time workforce.

Work-related Injury Cases by Gender¹

	Total staff	No. of staff by gender		lost days
		Male	Female	
Head Office	3	1	2	26
Construction	11	6	5	1,470
Hotels	97	62	35	1,106
Property Management	815	412	403	23,329
TOTAL	926	481	445	25,931

¹. There were no work-related fatalities in 2012/13

Lost Days and Absenteeism

	Total sick leave	Total staff	lost days
Head Office	Leave for work-related injury Non-work related absenteeism	3 941	26 2,606
Construction	Leave for work-related injury Non-work related absenteeism	11 1,228	1,470 8,192
Hotels	Leave for work-related injury Non-work related absenteeism	97 1,067	1,106 3,904
Property Management	Leave for work-related injury Non-work related absenteeism	815 11,113	23,329 96,149
TOTAL	Leave for work-related injury Non-work related absenteeism Overall no. of lost days and absenteeism	926 14,349 15,275	25,931 110,851 136,782

Energy Use and Emissions

	Unit	GRI-G4	Head Office	Construction ¹	Hotels ²	Property Management ³
Gross floor area (GFA)	m ²	–	86,405.00	2,433,933.39	121,486.58	6,363,858.24
Guest room nights (Hotels Only)	Nights	–			642,507.00	
Energy use ^{4, 5}						
Electricity consumption in FY 12/13	kWh	EN3	12,374,000.00	19,537,830.00	34,271,552.00	370,002,387.77
Electricity consumption in FY 11/12	kWh	EN3	12,014,000.00	Not Yet covered in previous report	Not Yet covered in previous report	381,789,937.00
Electricity consumption in FY 10/11	kWh	EN3	12,224,000.00	Not Yet covered in previous report	Not Yet covered in previous report	399,806,236.00
Gas consumption FY12/13 ⁶	GJ	EN3			996.04	
Energy intensity (includes gas and electricity) per guest room night FY 2012/13 (Hotels only)	GJ/room night	EN5			0.19	
CO₂e emissions						
Indirect Greenhouse Gas (GHG) emissions (scope 2) ⁷	Tones (t)	EN16	8,661.80	13,676.48	23,990.09	259,001.67
Emissions intensity	t/m ²	EN18	0.139	0.006	0.085 (0.016 t per guest room night)	0.041

¹ 34 building sites

² 4 hotels

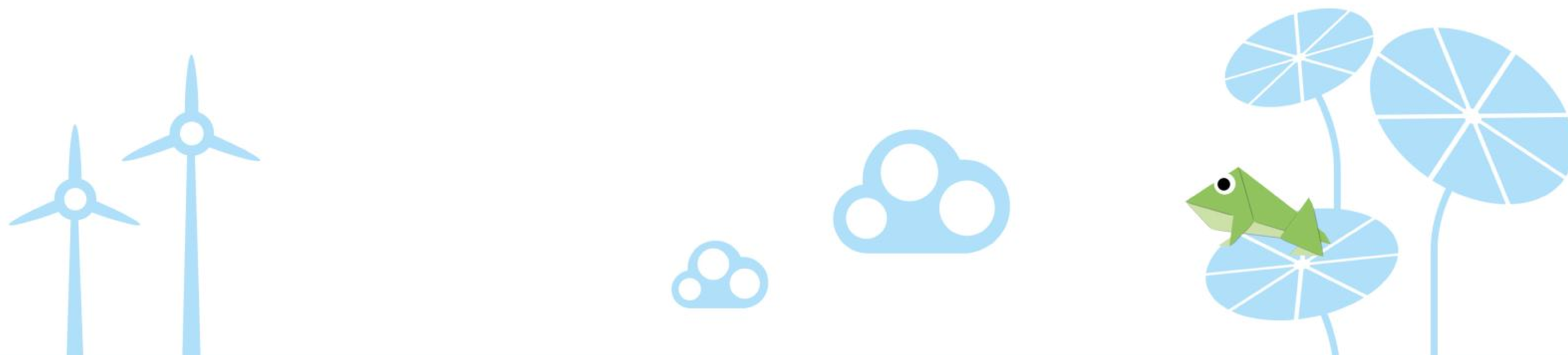
³ 237 buildings managed by Hong Yip and Kai Shing

⁴ Unable to calculate total energy consumption for the whole organisation due to insufficient data for Construction, Property Management and Head Office

⁵ Electricity consumption for Head Office and Property Management are non-billable electricity, which is the electricity used in the common areas of the properties only and do not include electricity used by tenants

⁶ Gas consumption for hotels refers to usage in kitchens and boilers

⁷ Indirect GHG emissions (scope 2) for Head Office and 237 managed properties is an estimation calculated based on electricity consumption only, using territory-wide default emissions factor of 0.7 kg/kWh (taken from www.epd.gov.hk). We are committed to providing more comprehensive calculation on GHG emissions in 2013/14.



Materials and Waste Data for Sample Construction Sites (7 sites¹)

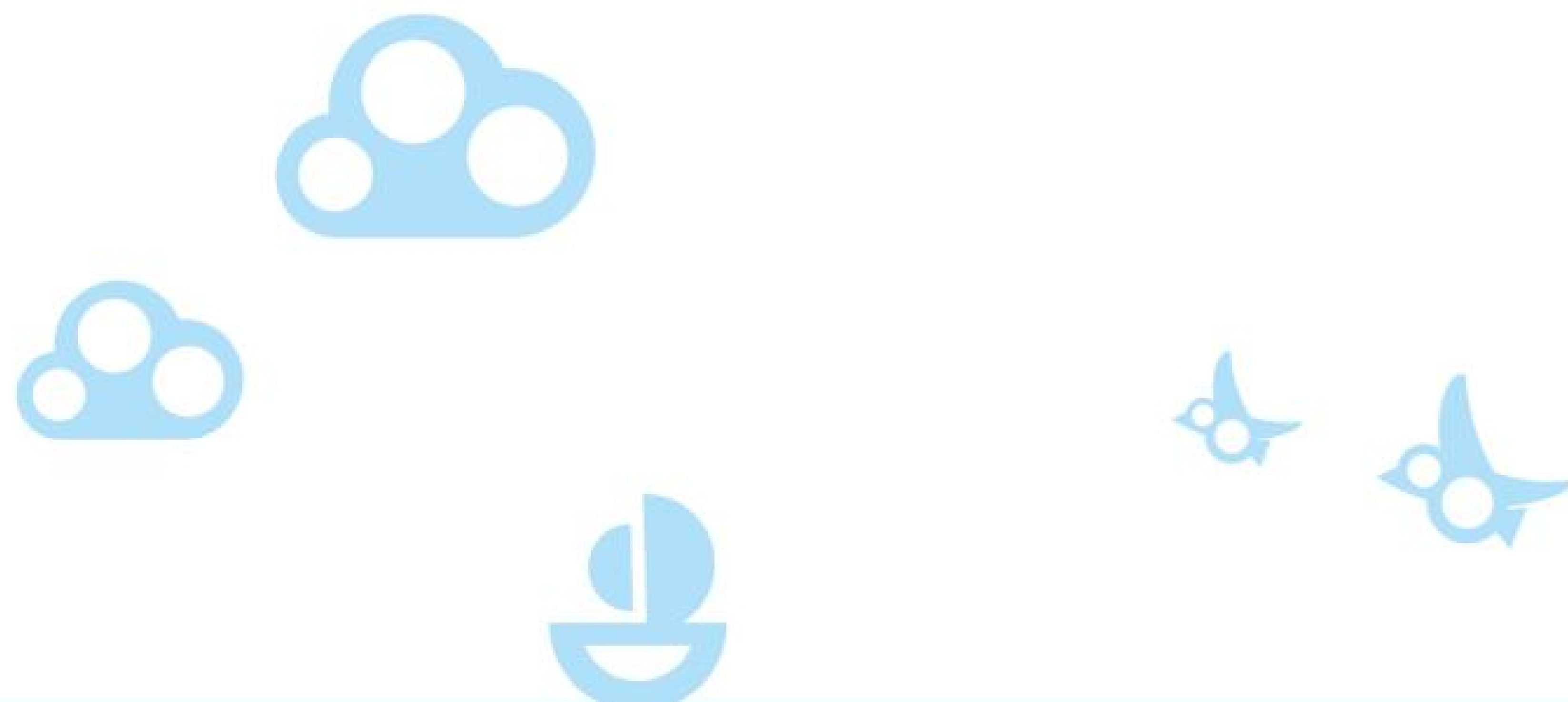
	Unit	GRI-G4	Fanling	HaYauTin	Tuen Mun (447)	Sha Po (South)	Tseung Kwan O (66B)	Ho Man Tin	Casam Beach
Gross floor area	m ²		112,636.20	21,686.16	144,513.12	81,711.63	67,650.57	80,755.56	7,267.52
Construction Materials									
Bricks	m ³	EN1	693.00	876.00	514.63	3,709.60	5,110.00	0.00	459.45
Cement	tonnes	EN1	146.00	514.00	956.30	4,434.10	1,886.00	0.00	141.30
Cement Mortar	m ³	EN1	243.00	38.00	1,272.50	4,755.40	3,002.00	0.00	201.80
Concrete	m ³	EN1	32,882.00	23,940.00	8,939.90	22,570.10	57,714.00	43,724.40	11,652.80
Discs	tonnes	EN1	0.00	0.00	0.00	0.00	151.00	0.00	31.95
Joist steel	tonnes	EN1	0.00	0.00	0.00	0.00	62.00	0.00	20.63
Office paper	tonnes	EN1	1.90	0.00	2.31	1.33	0.43	0.50	0.14
Reinforcing steel bars	tonnes	EN1	2,696.00	4,165.00	202.52	419.52	12,536.00	13,863.11	2,526.50
Sand	tonnes	EN1	302.00	1,425.00	3,681.10	11,225.58	3,972.00	25.57	282.28
Stones	tonnes	EN1	6.00	0.00	665.15	1,686.70	2,487.00	998.40	238.70
Construction Waste									
Total solid waste generated ²	tonnes	EN23	1,646.60	15,714.00	21,356.62	40,728.30	86,675.00	18,730.09	456.97
Percentage of solid waste that is recycled	%	EN23	6.05%	88.40%	16%	58%	95%	97%	0%
Percentage of input materials to landfill	%	EN23	93.95%	11.60%	84%	42%	5%	3%	100%

¹ Sites are at different stages of progress, use of materials data from 2012/13 only

² Solid waste is separated on site. Recycle bins and area for separating inert and non-inert materials for reuse and recycle are provided on site. Typically, construction waste is disposed of in landfills or public fills. The waste disposed to the public fills (called 'inert waste material') is reused by the government for reclamation

Types and Weight of Waste Recycled

	Paper (kg)	Food (kg)	Plastic (kg)	Metal (kg)	Cooking oil (kg)
Head Office	345,000.00	383,546.00	134.46	17.25	-
Hotels	67,494.00	19,068.00	907.00	-	17,660.50
Property Management (348 properties)	11,178,973.00	370,475.00	435,940.00	541,912.00	-
TOTAL	11,591,467.00	773,089.00	436,981.46	541,929.25	17,660.50



Global Reporting Initiative G4 Content Index for 'In accordance' – Core

GENERAL STANDARD DISCLOSURES				
General Standard Disclosures	HKEx ESG Guide Reference	Page	Section/ Comments	External Assurance
STRATEGY AND ANALYSIS				
G4-1		2	Chairmen's Statement	✓
ORGANISATIONAL PROFILE				
G4-3		2	Our Business	✓
G4-4		3-4	Our Business	✓
G4-5		3	Our Business	✓
G4-6		3	Our Business Apart from Hong Kong and the mainland, we have business in Singapore which contributed less than 2% of revenue	✓
G4-7		4	Our Business	✓
G4-8		3	Our Business	✓
G4-9		3	Our Business	✓
G4-10	KPI A1.1	42-43	Data Tables	✓
G4-11		46	No employees are covered by collective bargaining agreements	✓
G4-12	KPI C1.1	21	Our Supply Chain	✓
G4-13		3-6	Our Business	✓
G4-14		32-41	Commitment to Our Environment Please refer to p.32 for our environmental policy and p.39 for case study which demonstrate our effort in mitigating environmental risk	✓
G4-15		5	Memberships and Charters	✓
G4-16		5	Memberships and Charters	✓

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17		1	Our Reporting Approach	✓
G4-18		7-8	Our Approach to Sustainable Development	✓
G4-19		8	Our Approach to Sustainable Development	✓
G4-20		8	Our Approach to Sustainable Development	✓
G4-21		8	Our Approach to Sustainable Development	✓
G4-22		46	There are no restatements of information provided in previous reports	✓
G4-23		46	There are no significant changes in scope / aspect boundaries of the report	✓
STAKEHOLDER ENGAGEMENT				
G4-24		10	Commitment to Our Stakeholders	✓
G4-25		7,11	Our Approach to Sustainable Development, Commitment to Our Stakeholders	✓
G4-26		7	Our Approach to Sustainable Development	✓
G4-27		11	Commitment to Our Stakeholders	✓
REPORT PROFILE				
G4-28		1	Our Reporting Approach	✓
G4-29		1	Our Reporting Approach	✓
G4-30		1	Our Reporting Approach	✓
G4-31		1	Our Reporting Approach	✓
G4-32		46-47	Global Reporting Initiative G4 Content Index for 'In accordance' – Core	✓
G4-33		1, 48	Our Reporting Approach, Verification Statement	✓
GOVERNANCE				
G4-34		6	Our Approach to Sustainable Development	✓
ETHICS AND INTEGRITY				
G4-56		6	Our Approach to Sustainable Development	✓

Material Aspects	GRI G4 Indicator	HKEs ESG Guide	Page reference/ comment	Omissions	External Assurance
Economic performance	DMA		3-4		✓
	G4-EC1	KPI D1.2	42		✓
Indirect economic impacts	DMA		21, 24-30		✓
	G4-EC7		21, 24-30, 42		✓
Employment practices	DMA	GD-A1	13-15		✓
	G4-LA1	KPI A1.1 KPI A1.2	42		✓
Employee development and succession planning	DMA	GD-A3	14		✓
	G4-LA9	KPI A3.1 KPI A3.2	43		✓
	G4-LA11		43		✓
Occupational health and safety	DMA	GD-A2	15		✓
	G4-LA6	KPI A2.1 KPI A2.2 KPI A2.3	43		✓
Employee engagement	DMA		14		✓
	Indicator		Channels engaging employees		✓
Customer satisfaction and responsibility	DMA	GD-C2	18-19		✓
	G4-PR2		There were no incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during the reporting period		✓
	G4-PR5	KPI C2.4	18-19		✓
	G4-PR6		The Group does not sell any banned or disputed products		✓

Procurement practices	DMA	GD-C1	21-22		✓
	G4-EC9	KPI C1.2	21		✓
Community investment	DMA	KPI D1.1	24		✓
	G4-SO1		24-30		✓
Sustainable buildings	DMA		22, 32-34		✓
		GD-B3 KPI B3.1	32-38, 45		✓
Materials	DMA	GD-B2	33-35		✓
Energy and greenhouse gas emissions	EN1		45	Currently covers 7 case study sites. We are committed to reporting on more sites in future	✓
	DMA	GD-B1 KPI-B2.3	33-34		✓
	G4-EN3	KPI-B1.2 KPI-B2.1	44	Major properties are monitored by the Energy Optimisation Committee, buildings with GFA below 50,000 square feet are excluded	✓
	G4-EN5		44	Data included is electricity only as gas and other fuel data is currently not available	✓
	DMA	KPI B1.5	34-36		✓
Waste	G4-EN23	KPI B1.4	45	Currently covers 7 case study sites. We are committed to reporting on more sites in future	✓
	DMA		6, 11, 14, 15, 19		✓
Grievance mechanisms	DMA		33-34		✓
Compliance	DMA		33-34		✓
	G4-EN29		33-34		✓

Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency ('HKQAA') was commissioned by Sun Hung Kai Properties Ltd ('SHKP') to provide independent assurance of the SHKP Sustainability Report 2012/13 ('the Report') which was prepared in accordance with the Core option of the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI). The Report states SHKP's major activities and achievements on sustainable development from 1 July 2012 to 30 June 2013.

Assurance Methodology

The assurance process used was based on current best practices and was undertaken with reference to the AA1000 Assurance Standard ('AA1000AS'), aiming to assess the Report's adherence to the principles of Stakeholder Inclusivity, Materiality, and Responsiveness. In addition, reliability of the selected sustainability information and data was verified against the International Standard on Assurance Engagement 3000 – 'Assurance Engagement Other Than Audits or Reviews of Historical Financial Information' for a reasonable level of assurance.

The assurance process consisted of:

- reviewing sampled documentation
- checking the data management mechanism
- communication with or interviewing relevant personnel responsible for compiling the data
- verifying the selected representative samples and examining the supporting evidence, including raw data that supports the report contents
- undertaking analytical procedures over the reported data

Accuracy and reliability of the aggregated data was sample tested. The processes for data collection, aggregation, estimation, calculation and internal vetting were reviewed and examined in order to confirm the extent of robustness. Detail verification results and recommendations are stated in a separate report provided to SHKP.

Independence

HKQAA was not involved in collecting and computing the reporting data or in the development of the Report. HKQAA's activities are independent from SHKP.

Conclusion

Based on the evidence sampled, the information presented in the Report has provided a material and complete representation of the performance of SHKP in the context of sustainable development.

The verification team confirmed that the Report which was prepared based on factual statements and the data contained within the Report are accurate. It is a fair and honest representation of initiatives, targets, progress and performance on SHKP's sustainable development achievements.

The Report provides an adequate and reasonable account of SHKP's sustainability performance on material aspects during the reporting period and demonstrates satisfactory disclosure of the Core option of the GRI's G4 Sustainability Reporting Guidelines.

Signed on behalf of Hong Kong Quality Assurance Agency



Ronnie Ng
Assistant General Manager
27th January, 2014



Thomas Ma
Verification Team Leader
27th January, 2014

www.shkp.com

