

SUSTAINABILITY REPORT 2020/21



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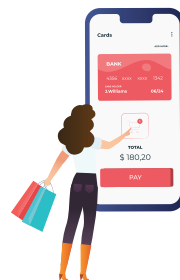


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Our Reporting Approach

Scope of the Report

Sun Hung Kai Properties Limited (SHKP) is pleased to publish its Sustainability Report 2020/21, which covers the period 1 July 2020 to 30 June 2021. This report discloses and highlights our commitment and achievements in creating value for the environment, our people, our customers, our supply chain and the community as guided by our sustainability strategy. It focuses on the sustainability performance and initiatives of our head office and wholly-owned subsidiaries of our property-related business in Hong Kong (collectively: the Group), which include our property management subsidiaries: Kai Shing Management Services Limited (Kai Shing) and Hong Yip Service Company Limited (Hong Yip); construction company Sanfield (Management) Limited (Sanfield); and the five Royal brands - Royal Park Hotel, Royal Plaza Hotel, Royal View Hotel, The Royal Garden and ALVA Hotel by Royal. The Group also disclosed the highlights and performance of selected properties on the mainland for the first time this year. Moving forward, we will continue to enhance our disclosure to provide higher transparency of the sustainability performance of our operations. During the reporting year, SHKP continued to operate on the mainland and Singapore, which together constitute an approximate 20% of our portfolio by total assets. Further details about our portfolio can be found in our [Annual Report 2020/21](#).

Other SHKP's listed subsidiaries in Hong Kong also publish independent reports in accordance with the Environmental, Social and Governance Reporting Guide (ESG Guide) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please visit their websites for their respective reports.

Reporting Standards

This report is prepared in accordance with the latest requirements as stipulated in the ESG Guide and the Core option of Global Reporting Initiative (GRI) Sustainability Reporting Standards, and with reference to the GRI G4 Construction and Real Estate Sector Disclosures. To align our strategies with international sustainability principles, the report also makes reference to the ten principles of the United Nations Global Compact (UNGC).

The report follows the four Reporting Principles as mentioned in the ESG Guide: materiality, quantitative, balance and consistency to disclose our sustainability performance. Through ongoing engagement with our stakeholders and regular review of the 'materiality' of sustainability topics, we defined the topics to be included in this report. The Sustainability Steering Committee of SHKP is involved throughout the process to review and validate the feedback from stakeholders. For more details of our stakeholder engagement approach and materiality analysis, please refer to [Our Approach to Sustainability](#) and [Appendix II](#). In terms of 'quantitative' and 'consistency', quantitative data are available throughout the report and in the Performance Tables under [Appendix III](#). Detailed and consistent methodologies are also included in the report for public scrutiny and easy comparison. The report also discloses positive and negative aspects of our performance to provide an unbiased and 'balanced' picture of SHKP's sustainability performance. Any change on the reporting scope will be reported to ensure the consistency of the report.

Report Assurance

This report has been independently assured by the British Standards Institution with respect to the extent of its coverage and information provided in accordance with the standards mentioned above. The independent assurance opinion statement is presented in [Appendix VI](#) of this report.

SHKP welcomes your comments and suggestions on our sustainability performance and reporting. Please share your feedback with us at sustainability@shkp.com.

Message from the Sustainability Steering Committee

We are delighted to present the Group's Sustainability Report for the 2020/21 financial year.

Amid the impact of COVID-19, the Group continued to show its resilience and ability to overcome environmental and social challenges. Our ongoing sustainability journey is built on a solid foundation of achievements.

During the reporting year, we placed increased emphasis on developing, driving and evaluating sustainability strategies. To create increasing value for stakeholders in these times of change, we conducted an in-depth stakeholder engagement exercise, the results of which helped inform and enhance our approach and commitment to sustainability.

To support the HKSAR Government's call for carbon neutrality by 2050, we have increased our effort to accelerate low-carbon transition and to foster sustainable practices. Alongside our existing energy reduction targets, we have launched new sustainability policies and set new targets for greenhouse gas emissions, water use and construction waste diversion.

To achieve the emissions reduction target, align with the government's ambition and improve roadside air quality, we extend our effort and promote a wider use of electric vehicles in the community by installing more charging stations at our new developments, including residential projects and shopping malls. We also explore and apply the use of renewable energy. We plan to install solar panels at our new buildings, where feasible.

As one of Hong Kong's leading property developers, we strike the balance between development and conservation. The large-scale residential project Wetland Seasons Park in Tin Shui Wai, for example, integrates the nearby wetland park's natural environment with smart, green and healthy elements to promote sustainable living.

We focus on buildings that promote environmental and social well-being, and proactively drive the transition to low-carbon. Our achievements and clearly defined strategy demonstrate our progress and commitment, and have duly been recognized. As of the end of the reporting year, we had been awarded more than 90 green-building-related certificates. We also aim to achieve the Leadership in Energy and Environmental Design (LEED) certification for all new investment properties. In particular, the Group targets to obtain LEED Gold or Platinum ratings for its core commercial projects under development. We are pleased to report we are on track to achieve this goal. For our existing building portfolio, we are constantly reviewing to enhance their sustainability performances.

In keeping with our Building Homes with Heart spirit, we aim to deliver the finest products and premium services for our customers. Our confidence in product quality has enabled us to offer a first-three-year warranty for new residential developments in Hong

Kong since 2013. Our values are also embodied in a range of supportive measures that we offer to customers, residents and tenants, such as improving indoor air quality, food safety and environmental hygiene. Meanwhile, new 5G-based technology is being applied to enhance the experiences of our building users. To keep customers up-to-date with our ongoing enhancements, we actively engage them via online and loyalty platforms including The Point by SHKP, the SHKP Club and Club Royal.

We value our employees and pay close attention to their well-being and development. To encourage COVID-19 prevention, our staff are provided with free pre-vaccination medical examinations and vaccination leave. Diverse learning opportunities are offered via online and offline training. And we participated in the HKSAR Government's Greater Bay Area Youth Employment Scheme, via which university graduates are placed in projects and offices in key Greater Bay Area cities, setting them on the path to successful careers.

We are committed to creating a long-term positive value and meeting the changing needs of the communities in which we operate. Amid social distancing, we changed our flagship sports for charity programmes and reading promotion initiatives to virtual formats. One of our reading initiatives – the online Read For More platform – has served more than 546,000 users since 2019, encouraging them to read and learn in an interactive way.

Aside from our key property development business, we cater to the needs of the community. A site near Tung Shing Lei, Yuen Long, will offer facilities that cater equally for the young and the elderly. The project promotes the concept of multiple generations living together, which bolsters family ties. Meanwhile, construction of the transitional housing project United Court in Yuen Long is underway. On completion, this will provide 1,800 units for underprivileged families who have long awaited public housing.

Our contribution and commitment to sustainability is acknowledged by the investment community. During the reporting year, we remained a constituent member of the Hang Seng Corporate Sustainability Index and the FTSE4Good Global Index series of London. We also obtained an 'A' in the latest MSCI ESG Ratings.

In these uncertain times, we are privileged to have guidance from our Chairman and the Board of Directors, and immense support from our stakeholders. Together, we will continue to thrive and build a sustainable future.

Sustainability Steering Committee

Sustainability Steering Committee

November 2021

Our Business

About Sun Hung Kai Properties Limited

SHKP has been a publicly listed company in Hong Kong since 1972 and is currently one of the largest property developers in the territory to offer premium quality residential properties, offices, shopping malls and industrial buildings.

Our core business, property development for sale and investment, adopts a vertically integrated model from land acquisition, project planning, project management, material sourcing and construction, through to sales and marketing and property management.

We maintain a portfolio of hotels and construction as well as insurance and mortgage services that create synergies with our core business. We also invest in telecommunications, information technology, infrastructure and other businesses to diversify our business risks, thus contributing to the Group's long-term recurrent income streams.

More details of our business can be found on our [website](#).

Economic Value Distribution in 2020/21

- Employee value compensation and benefits: **HK\$8,264 million**
- Total contributions to MPF and other retirement schemes: **HK\$362 million**
- Payments to providers of capital: **HK\$14,344 million**
- Payments to the HKSAR Government (including tax): **HK\$9,230 million**
- Operating costs: **HK\$48,017 million**

See the [Review of Operations](#) section of our Annual Report 2020/21 for the performance results of our property and other businesses.

Core Values

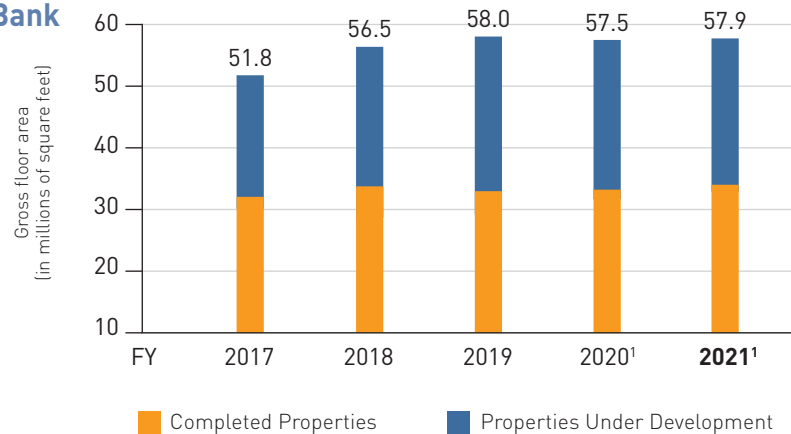
Committed to Building Homes with Heart, SHKP creates sustainable value for its stakeholders through developing premium properties, delivering first-class services and catering for the diverse needs of its customers. The following core values are the cornerstones of SHKP's sustainable development. We build a better home for everyone, in keeping with our philosophy and ideals.

Building Homes with Heart	Producing premium premises and offering quality services for an ideal living environment
Speed, Quality, Efficiency	Earning the support and trust of all stakeholders with speed, quality and efficiency
Customer First	Constantly anticipating what our customers want and offering quality products and attentive services that exceed expectations
Continuous Improvement	Keeping up with the market and setting high standards along with lifelong learning for greater adaptability and constant exploration of new ideas
Teamwork	Nurturing a pool of talented and high-calibre employees capable of achieving objectives by harnessing the power of teamwork, collective experience and professional knowledge

Hong Kong Land Bank Composition

The Group acknowledges the strong demand for affordable housing in Hong Kong and takes on the responsibility as one of the largest property developers and landlords in Hong Kong to respond to this demand. As such, the Group continues to replenish our land bank through multiple channels whenever opportunities arise, including active conversion of our agricultural lands into buildable sites. During the reporting year, the Group's attributable land bank in Hong Kong amounted to about 57.9 million square feet. This included about 23.9 million square feet of properties under development which are sufficient to meet the Group's development needs over the next five years, and around 34.0 million square feet of completed properties of different usages across the city. Details of the land acquired during the reporting period can be found in the [Land Bank section of the Chairman's Statement](#) of our Annual Report 2020/21.

Land Bank



A total of eight projects in Hong Kong with an attributable gross floor area of about 2.1 million square feet were ready for handover during the year. Of these, about 1.7 million square feet were for residential use and approximately 416,000 square feet were designated for office, retail and hotel uses, of which about 245,000 square feet were for long-term investment purposes. Please refer to the [Property Development section of the Chairman's Statement](#) of our Annual Report 2020/21 for our commitment to providing premium products and services.

¹ Completion refers to the stage in which the project is ready for handover since the financial year of 2018/19. Hence, the figures since the financial year 2018/19 cannot be used for direct comparison with historical figures.

Established for over half a century, the Group has weathered many crises and cycles together with Hong Kong and is adept at turning challenges into opportunities. The Group remains confident in the long-term economic prospects of Hong Kong. With our pledge of Building Homes with Heart, we will focus on land acquisitions and property developments to shape a better living environment and community.

Recognized for Sustainability

The Group has been recognized by various major sustainability benchmarks and indices for its commitment and positive contributions to sustainability.

 FTSE4Good	Constituent of FTSE4Good Global Index Series ²
 MSCI ESG RATINGS CCC B BB BBB A AA AAA	Obtained a rating of 'A' in the MSCI ESG Ratings assessment as of the date of this report ³
 Hang Seng Corporate Sustainability Index Series Member 2020-2021 AAA	Constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index with an 'AAA' rating
 Hong Kong Business Sustainability Index 2020 香港企業可持續發展指數 2020	Ranked 4 th in the Hong Kong Business Sustainability Index
 Greater Bay Area Business Sustainability Index 2020 粵港澳大灣區企業可持續發展指數 2020	Ranked 3 rd in the Greater Bay Area Business Sustainability Index

² FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SHKP has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

³ Please refer to MSCI disclaimer: <https://www.shkp.com/html/sustainable-development/mscidisclaimer.html>

Our Approach To Sustainability

Guided by our belief in Building Homes with Heart, Environmental, Social and Governance (ESG) factors are critical throughout the Group's decision-making processes. Our robust corporate governance strategies and policies are the foundation of our sustainable development. Our Sustainability Steering Committee continuously monitors the progress of our sustainability strategies and engages in ongoing communication with stakeholders, and the Group is committed to creating influential sustainable value for our stakeholders.

Corporate Governance

Our Board of Directors guides the overall direction of the Group's strategy and development, including our sustainability strategy. The Board, via the Executive Committee, also monitors and reviews the Group's corporate governance practices across business operations to maintain high standards and ensure compliance.

The Audit and Risk Management Committee is chaired by Eric Li with Committee members Dicky Yip, Norman Leung and Richard Wong. The Committee assists the Board in reviewing and maintaining the effectiveness of the Group's risk-management and internal-control systems. The Committee ensures relevant risks are carefully evaluated and considered during the decision-making process, including ESG-related risks. The latest terms of reference of the Committee are available on both the Group's and The Stock Exchange of Hong Kong's websites.

The Group actively communicates with stakeholders and discloses information in a timely and accurate manner in order to achieve a high level of public transparency. Our efforts in maintaining rigorous standards of corporate governance were recognized by a number of international and regional award organizations, including Asian Excellence Award 2020 by *Corporate Governance Asia* and Asia Pacific's Best Real Estate Company 2021 by *FinanceAsia*. Please refer to our [Corporate Website](#) or [Appendix I](#) of this report for the full list of awards.

Further details of our corporate governance structure and practices are detailed in the [Corporate Governance Report](#) section of our Annual Report 2020/21.

Sustainability Governance

The Group appoints the Sustainability Steering Committee to oversee and manage its sustainability issues on daily operations. The Committee is chaired by an executive director of the Group and composed of members from the Executive Committee and senior managers of key divisions. The responsibilities of the Committee include overseeing the implementation of the Group's sustainability strategy, updating the Group's sustainability policies, reviewing the Group's sustainability risks, monitoring sustainability performance, goals and targets as well as reviewing feedback from stakeholders. The Committee meets regularly to discuss the above sustainability matters, and reports to the Board for decision-making purposes on a regular basis.

In addition, we have a wide spectrum of specialists and representatives from various business sectors to further support and strengthen our sustainability work through a number of committees.

Committee	Main Responsibility
Energy Optimization Committee	To monitor energy consumption of our properties for investment purpose
Human Resources Committee	To reinforce and refine our human resources policies
Occupational Health and Safety Committee	To oversee health and safety matters across all of our construction sites and managed properties
IT Governance Steering Committee	To manage customer data and information privacy
Corporate Social Responsibility Committee	To monitor our community investment projects and partnerships

We are pleased to have finished our review on sustainability policies and published them this year, as we recognize the significance of sustainable development. The policies include Group Sustainability Policy, Climate Change Policy, Code of Conduct, Environmental Policy, Health and Safety Policy, Human Rights and Equal Opportunities Policy, Supplier Code of Conduct, as well as Sustainable Building Policy. These newly published policies will help us to manage and monitor different aspects of our operations, to maintain the high quality of our products and services while creating value to the environment and community. The progress of implementation under the sustainability policies will be reviewed regularly by our Sustainability Steering Committee and other relevant committees to ensure that our policies are up-to-date and address any new industry standards and management needs. Please refer to our [Sustainability Policies Website](#) for more details.

Our Sustainability Strategy

The Group’s sustainability strategy is built upon five priority pillars, namely The Environment, People, Customers, Supply Chain and Community. This reinforces our commitment to creating value for our stakeholders and ensures our commitment is delivered in a systematic manner.

We support the United Nations’ Sustainable Development Goals (SDGs) through mapping our sustainability strategy to join the universal call by the United Nations Member States to end poverty, protect the planet and ensure that everyone enjoys peace and prosperity by 2030. Eight out of the 17 SDGs which we believe are the most relevant to our business profile were shortlisted and mapped onto SHKP’s five priority pillars.

An outline of how we contributed to the eight SDGS are presented below. Through regular communication with stakeholders, we constantly strive to identify and seize opportunities to enhance our sustainability practices. Further details on how we contributed to the identified global goals can be found under corresponding chapters in this report.

SUSTAINABLE DEVELOPMENT GOALS



The Environment

How we contribute: Beyond compliance, the Group aims to continually improve the environmental performance of our properties and operations. Through optimizing resource efficiency, acting on climate change and leveraging on innovative solutions, the Group seeks to contribute to building sustainable cities and communities.



People

How we contribute: The Group aims to create a people-centred working environment by embracing diversity and prioritizing wellness and safety. We are dedicated to investing in our people and providing fair opportunities and ample support for them to thrive as a high-performing team.



Customers

How we contribute: By putting customers first, the Group is determined to deliver prime properties and attentive services that exceed expectations. We anticipate our customers’ needs, protect their rights, safeguard their health and safety, and we seek innovative technologies and ideas for continuous improvement.



Supply Chain

How we contribute: The Group aims to promote a sustainable supply chain in environmental, social and governance dimensions. We focus on building long-term, mutually beneficial relationships with our suppliers and contractors through active engagement and management.



Community

How we contribute: The Group puts into practice our long-standing belief in Building Homes with Heart and acts in line with the needs of the communities in which we operate. We invest in promoting education and holistic development, encouraging sports for charity and supporting the underprivileged to create a long-term positive impact.

Our Approach to Stakeholder Engagement

The Group is fully aware of the importance of regular communication with our stakeholders. We believe it is crucial to gain understanding of their priorities and expectations on our sustainability strategy and initiatives. We regularly communicate with our internal and external stakeholders through a range of communication channels and conduct in-depth discussions and surveys to gain a deeper understanding of our stakeholders' concern and interest in sustainability. Details of our Stakeholder Engagement Process can be found under [Appendix II](#).

This year we conducted an extensive stakeholder engagement with over 450 stakeholders participating through online surveys and a focus group discussion from the stakeholder review panel. Eight sustainability professionals from different fields, including employees, tenants, academic and industry associations, business partners, investors and millennials representative, were invited to participate in the discussion to collect feedback on SHKP sustainability strategy and performance, and to provide insights on how emerging sustainability trends and industry-specific issues are associated with SHKP's business. To ensure fair and open discussion, the two exercises were facilitated by an independent third-party consultant. Valuable insights and expectations on our sustainability strategy and performance were gathered through the two exercises.

Materiality Analysis

The materiality matrix provides an overview of the relative importance and significance of selected ESG topics to our stakeholders and business. This year, we surveyed over 450 internal and external stakeholders, asking them to rank the importance of the identified ESG topics.

A total of 26 topics that are relevant to our business were considered this year, with the topic Compliance being removed from the list this year as compliance issues are considered as the core and permanent feature of governance. Another topic Grievance Mechanism is also removed from the list, as the essence of which has been embedded in other related topics and is no longer being considered as a standalone topic. Meanwhile, Procurement Practices and Occupational Health and Safety have been renamed Supply Chain Management and Well-being, Health and Safety, respectively, to address broader issues related to the supply chain and employees' mental well-being. Based on the review results, 18 material topics lie within the threshold of a high materiality level for this year. Customer Privacy, Anti-Corruption and Well-being, Health and Safety are the top three material topics.

Materiality Matrix



Other Topics Considered

2	Indirect economic impacts	9	Biodiversity
3	Supply chain management	17	Human rights and non-discrimination
5	Materials	18	Freedom of association and collective bargaining
8	Water	19	Child labour and forced labour

List of Material Topics as well as Corresponding Boundaries and Impacts

Material Topics Identified	Boundaries and Impacts									GRI Standards	Page Number
	Customers/ Tenants	Employees	Government/Regulators	Professional Bodies/ Academia	NGO Partners	Shareholders and Investors	Suppliers	Media Partners and Social Media	Joint Venture Partners		
1	Economic performance	✓				✓	✓	✓	✓	GRI 201	3-4, 40-46
4	Innovation	✓	✓		✓		✓	✓	✓	N/A	10-20, 26-33 34-39, 40-46
6	Energy	✓	✓	✓	✓	✓	✓	✓	✓	GRI 302 G4-CRE1	10-20
7	Climate change mitigation and adaptation		✓	✓	✓	✓	✓		✓	N/A	10-20
10	Waste	✓	✓	✓	✓	✓	✓	✓	✓	GRI 306	10-20
11	Sustainable buildings	✓	✓	✓	✓		✓	✓		G4-CRE8	10-20, 40-46
12	Employment practices		✓	✓	✓	✓			✓	GRI 202 GRI 401	21-25
13	Employee engagement		✓	✓	✓				✓	GRI 102 GRI 103	21-25
14	Well-being, health and safety	✓	✓	✓	✓	✓	✓		✓	GRI 403	21-25, 34-39 40-46
15	Employee development and succession planning		✓	✓		✓	✓			GRI 404	21-25
16	Diversity and equal opportunities		✓	✓	✓	✓	✓	✓		GRI 405	21-25
20	Community investment	✓	✓	✓		✓	✓		✓	GRI 413	40-46
21	Anti-corruption	✓	✓	✓			✓	✓	✓	GRI 205	21-25, 34-39
22	Anti-competitive behaviour	✓	✓	✓		✓		✓	✓	GRI 206	21-25, 34-39
23	Customer satisfaction and responsibility	✓	✓	✓		✓	✓	✓	✓	GRI 102	26-33
24	Customer privacy	✓	✓	✓		✓	✓	✓	✓	GRI 418	26-33
25	Affordable housing in Hong Kong	✓		✓		✓			✓	GRI 203	3-4, 26-33, 40-46
26	Customer health and safety	✓	✓	✓				✓	✓	GRI 416	26-33

Connecting with our Stakeholders

From ongoing communications and targeted stakeholder engagement exercises conducted during the reporting year, we have received feedback and gained better understanding of our stakeholders' expectations. We appreciate their feedback and shown below are our responses to three key concerns raised by many of our stakeholders.

Investors and shareholders	Academia and non-governmental organizations (NGOs)	Customers, tenants and employees
<p>Question:</p> <p>As one of the leading property developers in the region, there are expectations from stakeholders for SHKP to commit to a long-term environmental roadmap. Considering the achievements SHKP has made so far under its 2029/30 energy target, investors and shareholders are interested in understanding SHKP plans and goals in other environmental aspects.</p> <p>Answer:</p> <p>The Group is fully aware of the importance of setting specific environmental targets in order to reinforce our commitment and efforts in taking initiatives to reduce emissions. This year, building on the energy reduction target we have previously introduced, we are pleased to announce our quantitative reduction targets in four major environmental aspects, which are greenhouse gas (GHG), electricity, water and waste. Our goal is to achieve impactful reduction by 2030. For more details of the targets, please refer to the Value Created for the Environment section in this report. Our progress will be closely monitored and disclosed annually in our Sustainability Report.</p>	<p>Question:</p> <p>The COVID-19 pandemic outbreak has affected businesses across various sectors and industries, leaving many unemployed. As a company that has been proactively supporting and contributing to the community, academia and NGOs have expressed interest in learning if SHKP has introduced programmes to address the needs of the community, especially targeting recent graduates and unemployed youth.</p> <p>Answer:</p> <p>The Group recognizes the challenge faced by recent graduates and youths when looking for employment opportunities, as a result of many businesses being impacted by the pandemic. In view of this, on top of the recurrence of our regular campus recruitment schemes, we have increased the number of placement opportunities in this year's Sanfield Summer Internship Programme. In addition, we have hosted recruitment days specifically to attract talented people previously employed in the aviation and hospitality industries, to assist them with starting a new career. Going forward, we consider looking into launching collaboration projects with local universities or tertiary institutions to further assist young people to gain hands-on experience in the industry. More information on our initiatives in providing employment opportunities to the community can be found in the Value Created for People section of this report.</p>	<p>Question:</p> <p>Fuelled by the pandemic outbreak, there has been growing concern among our stakeholders on the wellness and safety standards of our offices and shopping malls. Stakeholders are interested to learn about the features and initiatives the Group has introduced to ensure the physical and mental health and well-being of occupants and users of buildings.</p> <p>Answer:</p> <p>The Group fully understands the abovementioned growing concern and strives to support all the different aspects of well-being, health and safety. Safeguarding the mental wellness of our employees has always been one of our top priorities, we regularly organize events to promote positive mental health and provide support such as the Hearty Hotline, a 24-hour counselling hotline to support employees going through emotional difficulties. We understand that our property users tend to spend long hours indoors, so we have made extra efforts to establish a healthy and pleasant indoor environment. With the latest indoor air quality technologies and all-round disease prevention and control measures implemented, our Hong Kong International Commerce Centre (ICC) received the WELL Health-Safety Rating for Facility and Management (WELL HSR) certification this year, the first building in Hong Kong to receive such recognition. More details on measures we have taken to enhance the aspects of well-being, health and safety can be found in the Value Created for People and the Value Created for Customers sections of this report.</p>

Value Created for The Environment



Beyond compliance, the Group aims to continually improve the environmental performance of our properties and operations. Through optimizing resource efficiency, acting on climate change and leveraging on innovative solutions, the Group seeks to contribute to building sustainable cities and communities.

Material topics addressed in this section :

- Climate change mitigation and adaptation
- Energy
- Innovation
- Sustainable buildings
- Waste



Strategies and Management

Adhering to our philosophy of Building Homes with Heart, we endeavour to contribute to the development of sustainable cities while supporting the SDGs. We achieve this by strictly abiding legal and environmental standards, including the Air Pollution Control Ordinance, Waste Disposal Ordinance and Environmental Impact Assessment Ordinance, and ensuring our approach and initiatives are in line with those of the HKSAR Government. We also strive to incorporate sustainable building elements into our new development projects and make great efforts to enhance the environmental performance of our existing buildings. During the reporting year, we set progressive environmental targets by a detailed process, such as historical data review and peers benchmarking. Alongside the energy target established earlier, these will enhance the sustainability and climate resilience of our operations.



Greenhouse Gas Emissions Management: Reduce the scope 1 and 2 greenhouse gas (GHG) emissions intensity of EOC-monitored buildings¹ by 25% by 2029/30, against 2019/20 as the base year



Energy Management: Reduce the electricity consumption intensity of EOC-monitored buildings¹ by 13% by 2029/30, against 2019/20 as the base year



Water Management: Reduce the water use intensity of EOC-monitored buildings¹ by 5% by 2029/30, against 2019/20 as the base year



Waste Management: Achieve an annual diversion rate of at least 70% of construction waste in Hong Kong construction projects within the reporting scope

To put our commitment into practice, the Group actively engages the community through various measures to raise public awareness. And we strive to balance development with environmental considerations and biodiversity conservation.

Governance

Specialized committees have been formed within the Group to monitor specific areas of concern. The EOC is led by the Internal Audit Department and comprises 21 building-engineering and management specialists. In addition to overseeing energy and water consumption, the Committee evaluates the GHG emissions performance of EOC-monitored buildings, identifies areas for improvement,

provides recommendations and facilitates group-wide communication and experience-sharing. The Environmental Committees of our property management and construction subsidiaries are responsible for overseeing the implementation of environment-related policies, targets, strategies and measures.

Environmental Policy, Climate Change Policy and Sustainable Building Policy

The Group has several policies in place to guide our sustainability effort. Our **Environmental Policy** outlines our overarching approach to environmental challenges such as the use of resources, biodiversity, climate change and carbon management. Through the policy, the Group communicates with stakeholders our commitment to protecting the environment and reducing the environmental impact of our operations. During the reporting period, we formulated new **Climate Change Policy** and **Sustainable Building Policy**. The Climate Change Policy guides our efforts to mitigate the impacts of climate change and enhances our resilience and adaptability. Meanwhile, the Sustainable Building Policy illustrates our commitment to developing premium properties that are low-carbon, climate resilient and beneficial to the wellness of users. The above policies are reviewed periodically by the Sustainability Steering Committee. For the full versions, please visit our [website](#).

Environmental Management System

To achieve continual improvement, we regularly review the effectiveness of our environmental management systems, both internally and externally. Our property management and construction subsidiaries strive to adopt internationally recognized environmental management systems. 89 of our buildings and sites hold ISO 14001 Environmental Management System certifications while several properties have ISO 50001 Energy Management System certifications.

Sustainability Data Management System

Our Sustainability Data Management System, introduced in 2014, facilitates data collection across our operations and enhances monitoring of our environmental and social performance. The system is regularly reviewed and upgraded to meet new demands and standards.

¹ EOC-monitored buildings are SHKP's major investment properties in Hong Kong managed by the Energy Optimization Committee (EOC).

Developing Our Green Portfolio

We strive to design, build and operate buildings that enhance the sustainability performance of our portfolio. In the Sustainability Building Policy, the Group aims to achieve the Leadership in Energy and Environmental Design (LEED) certification for all its new investment properties. In particular, the Group targets to obtain LEED Gold or Platinum ratings for its core commercial projects under development. For details, please refer to Sustainable Building Policy in our [website](#).

To understand the potential environmental impact of our projects, we engage environmental and ecological consultants before submitting development proposals and proceeding to feasibility studies to conduct detailed studies and site surveys. The Group also assesses sites for biodiversity importance. Sites with less impact on the environment, biodiversity and ecosystem are preferred. We also developed biodiversity assessment and management plans for sites including the Wetland Seasons Park project, PARK YOHO project and Sai Sha project. We engaged external consultants to conduct ecological impact assessments of the Wetland Seasons Park project and the Sai Sha project to evaluate and carefully study the potential ecological impacts caused by the proposed development. The Group also employed an ecology consultant to monitor the restored wetland in the PARK YOHO project. By actively engaging third-party professionals, seeking approval from relevant government departments and working with business partners during planning and construction, we minimize our environmental impact.

Careful designs and stringent control of construction sites minimize impacts of our development projects during and after construction. For instance, a stepped height profile design is adopted to allow better breeze flow in the Wetland Seasons Park project. The project has preserved 35 original trees in the development area and reserved up to 35% of the site area for outdoor landscaping, planting over 1,300 trees and over 150,000 shrubs, with over 248 species of trees and shrubs in total. Natural elements were incorporated into the design to avoid disturbing animals and birds, including an earth-tone colour for facade walls. During construction, we strictly controlled noise, sewage and waste, fully complying with the requirements of HKSAR Government and the Hong Kong Wetland Park to minimize disturbance to the environment and the ecology.

A high-quality team is key to our sustainability performance. During the reporting year, we employed 52 accredited Hong Kong Building Environmental Assessment Method (BEAM) Professionals, allowing us to innovate and respond to market needs through innovation and technological enhancement. We continually leverage innovative green technology to improve our energy efficiency, material use and waste management. And we closely monitor our performance and respond in a timely manner to environmental issues during project development and operation phases.

As a result, we have been awarded 92 green-building-related certificates² in our 82 properties in Hong Kong. More than 96% (by total gross floor area) of our ongoing construction sites were also registered with BEAM Plus as of June 2021. During the year, Park Central, Tsuen Wan Plaza, Mikiki, Port 33, Valais and Imperial Cullinan were awarded 'Excellent' rating in Management in the Selective Scheme of BEAM Plus Existing Buildings V2.0. More than 30 of our commercial, industrial and residential buildings earned 'Good' ratings.

Pledging to enhance our green building commitment, Hong Yip signed a Memorandum of Understanding with the Hong Kong Green Building Council and BEAM Society. In addition, our hard work on sustainability has earned widespread recognition. Hong Yip, Kai Shing and Sanfield received nine awards at the 2020 Hong Kong Awards for Environmental Excellence. During the reporting year, three subsidiaries and our Royal brand hotels earned a total of 457 Wastewi\$e certificates, 414 Energywi\$e certificates, 15 IAQwi\$e certificates and 11 Carbon Reduction certificates. Meanwhile, Sanfield received two merit citations at the Construction Industry Council Sustainable Construction Award.

In addition to green building, SHKP values the wellness of our tenants and customers. ICC in Hong Kong was awarded the WELL Health-Safety Rating for Facility Operations and Management certification.

² This year, SHKP enhanced its disclosure to report the number of BEAM Plus new and existing building certificates (both comprehensive and selective scheme), LEED or BREEAM certificates received by properties managed under Hong Yip and Kai Shing in Hong Kong.

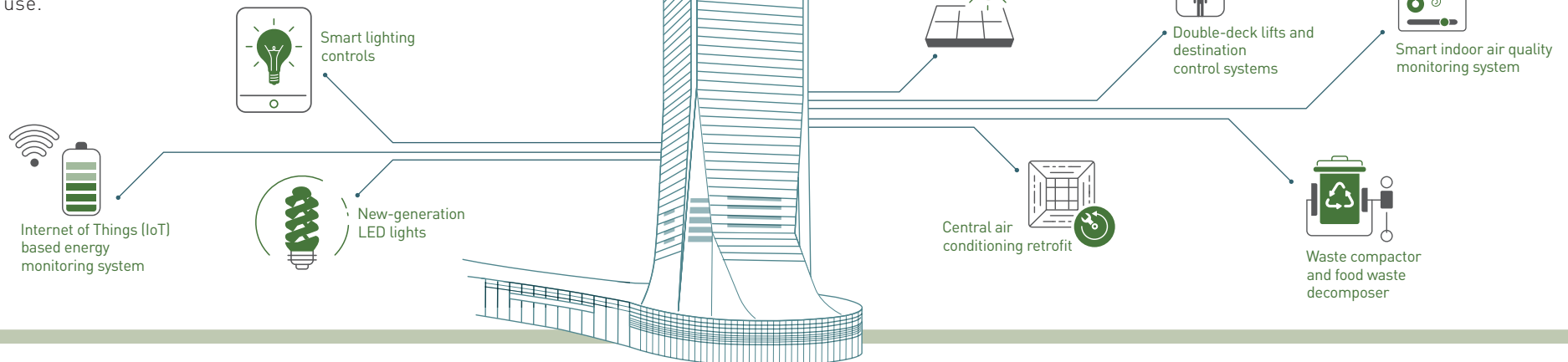
Case Study – Our Continuous Efforts in Improving Building Greenness and Wellness – ICC

In line with the steadfast green building commitment, we make strenuous environmental efforts at our construction sites, shopping malls and managed properties. Among the latter is the ICC which is Hong Kong’s first building to earn BREEAM In-Use International’s highest honour.

Maximizing Energy Efficiency

Since 2012, ICC has conserved more than 17 million kWh of energy – equivalent to a reduction of 13,000 tonnes of carbon emissions. Today, following our long established management approach of ‘I – intelligence, C – collaboration, C – continuity’ and adherence to various ISO standards, ICC maximizes energy efficiency with innovation devices such as double-deck lifts and destination control systems, Internet of Things (IoT) technology and smart lighting controls. More than 90% of the common area has been upgraded with new-generation LED lights, whose use is reviewed and optimized.

An IoT-based energy monitoring system optimizes the performance of air-side equipment, particularly air-handling systems. This year, we continued to collaborate with The Hong Kong Polytechnic University to optimize our central cooling and air conditioning. We also retrofitted our central air conditioning to enhance its life span and performance. Apart from that, a testing and commissioning system utilized machine-learning and visualization tools to analyse data and optimize our energy use.



• More than 100 solar panels on ICC’s rooftop generate approximately 30,000 kWh per year and contribute to CLP’s Renewable Energy Feed-in Tariff scheme



• ICC is Hong Kong’s first landmark building to use a large-scale digital twin model

Applying Building Information Modelling (BIM)

BIM was used to encapsulate ICC’s physical and functional characteristics in a single 3D model. This digital twin model will store the building’s lifecycle information, assisting the leasing team in showcasing it to potential tenants. Thanks to the model, existing tenants benefit from retrofitting proposals that are better designed and managed. And the model will also connect with the existing building-management system for performance enhancement.

Case Study – Our Continuous Efforts in Improving Building Greenness and Wellness – ICC

Managing Waste

ICC's large-scale waste compactor greatly reduces the size of disposables and minimizes waste load. An on-site food waste decomposer is deployed to process approximately 100kg of food waste per day. The compost is converted into organic fertilizer for the building's landscaping features, and gardens in Kowloon Station's residential blocks. Meanwhile, a partnership between tenants and building management successfully collects more than 26 types of recyclables.

Engaging Tenants

Upholding the philosophy of Green Keeping, SHKP has diligently promoted green habits to ICC stakeholders, especially tenants. The latter are invited to give suggestions on practices such as waste separation at regular meetings with building management. A bimonthly newsletter and fitting-out guidelines are provided to tenants on the latest green practices, and activities include the Celsius 26 campaign, Energy Saving Month and No Air Con Day.

Enhancing Health and Wellness

To provide a safe and hygienic environment for tenants and customers, ICC welcomed independent assessment by the International WELL Building Institute and duly earned its Health-Safety Rating for Facility Operations and Management certificate. ICC is Hong Kong's first building to have achieved this certification,

demonstrating our dedication to the pursuit of wellness. It also confirms that ICC matches global standards in cleaning and sanitization, emergency preparedness, health resources, air and water quality management, stakeholder engagement and communication, and innovation. Together, these ensured the highest level of environmental hygiene during the pandemic. We partnered with SmarTone to install 130 smart sensors, using NB-IoT technology, for indoor air quality monitoring. The whole building was recognized as Excellent Class in the Indoor Air Quality Certificate.

Earning Recognition

ICC is Hong Kong's first building to have obtained the following sustainability awards:

- BEAM Plus Existing Buildings V2.0 Comprehensive Scheme Certification – Final Platinum
- BREEAM In-Use Certification – Outstanding rating
- WELL Health-Safety Rating 2021 for Facility Operations and Management

Other selected awards:

- RICS Property Management Team of the Year 2020 – winner
- IFMA Asia Pacific Awards of Excellence 2020: Facility Management Operations category – winner
- The 2021 BRE China Award: BREEAM In-Use Commercial Award – winner

Case Study – Extending Our Green Efforts to the mainland - Shanghai IFC and Shanghai ICC

SHKP has actively developed its green portfolio not only in Hong Kong, but also on the mainland. The landmark low-carbon buildings Shanghai IFC and Shanghai ICC have environmental concepts integrated into their lifecycles, from project design and construction to daily operations and management.

In recognition of SHKP's exceptional sustainable performance on the mainland, both Shanghai IFC and Shanghai ICC attained the Platinum rating in the LEED V4.0 for Building Operations and Maintenance: Existing Buildings in December 2020, which demonstrated outstanding performance in assessment categories including location and transportation, sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality and innovation. With 103 and 100 points respectively, they are among the world's top four certified buildings under this category. Shanghai IFC gained the highest number of points in 2020, setting a world record for integrated commercial developments around the world and projects in the East Asia³.

Optimizing Energy Use

Shanghai IFC and Shanghai ICC undertake measures to ensure energy efficiency and reduce carbon. Automated systems record and calculate power consumption. Electrical and mechanical systems and meters are regularly checked and adjusted to maintain optimum levels. Both sites also utilize durable LED lighting and green refrigerants.

Managing Resources

Environmentally friendly materials and high-efficiency equipment are selected during procurement. At Shanghai IFC and Shanghai ICC, we launched a waste separation and recycling scheme, with regular record-keeping. More than 50% of recyclable waste is recycled and more than 70% of durables are reused.

³ According to the latest official data of USGBC as of December 2020.



• Shanghai ICC



• Shanghai IFC



• LEED Existing Building Platinum Certification

Managing Water Use

To increase water efficiency and lower usage, rainwater is recycled for irrigation. Sanitation facilities with water-saving designs and variable frequency pumps ensure that water use is adjusted according to need.

Engaging Tenants

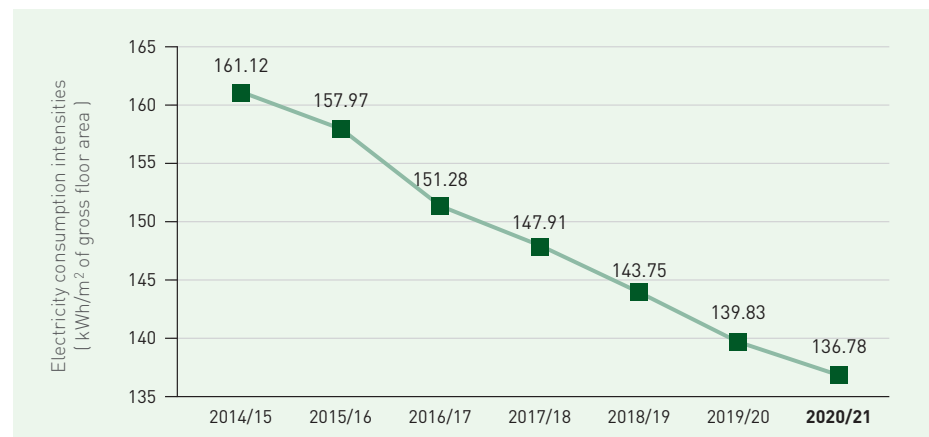
Shanghai IFC and Shanghai ICC's excellent sustainability performance has attracted first-class enterprises – who share sustainable development mindsets with SHKP – as tenants. Both parties can unite to amplify the impact of transformation initiatives. And to better understand tenants' needs regarding the indoor environment, regular questionnaires gather their feedback on aspects such as lighting performance and indoor air quality. Both Shanghai IFC and Shanghai ICC provide carpools and green transport priority parking. As a result, green transport accounts for more than 70% of tenant trips. We also share environmental protection messages with tenants via LED screens in office lobbies and lifts.

Accelerating Low-carbon Transition

To adapt to the low-carbon economy, SHKP carefully considers climate change when developing energy management and strategies. We support external initiatives, such as the Government's Climate Action Plan 2030+ and the Energy Saving Plan for Hong Kong's Built Environment 2015-2025+. We have joined the Carbon Audit • Green Partner, have been a signatory to the Carbon Reduction Charter since 2009. In addition, since 2008, we have performed voluntary carbon audits at most of our properties. SHKP and its subsidiaries Hong Yip, Kai Shing and the Royal Plaza Hotel have also signed the Business Environment Council's Low Carbon Charter, stepping up their efforts and commitment to decarbonization in Hong Kong. We are working with our other Royal brand hotels to commit to the charter before 2025.

We have a group-wide target to reduce the electricity consumption intensity of EOC-monitored buildings by 13% by fiscal year 2029/30, against 2019/20 as the base year. This year, we achieved an electricity consumption intensity of 136.78 kWh/m² of gross floor area – a reduction of 2.18% since 2019/20⁴. We have adopted further energy-saving measures at our EOC-monitored buildings and all subsidiaries, including residential and commercial buildings, shopping malls and hotels.

Electricity Consumption Intensities of Major Buildings Monitored by the EOC, 2014/15-2020/21*



*EOC monitored 54 properties in 2014/15, 55 from 2015/16 to 2018/19, 53 in 2019/20 and 60 in 2020/21.

⁴ The Group has revisited the historical data and improved the data accuracy. The electricity consumption intensity in 2019/20 was 139.83 kWh/m² of gross floor area.

In addition to the energy reduction target, the Group also commits to a GHG emission target during the reporting year, to reduce the scope 1 and 2 GHG emissions intensity of its EOC-monitored buildings by 25% by 2029/30 against 2019/20 as the base year. This year, due to the situation beyond our control, we recorded a significant reduction of around 24% since 2019/20. Such reduction is mainly contributed by the remarkable reduction in grid emissions intensity for both utility companies in Hong Kong during the reporting period. Despite of that, we will continue to monitor our performance and review the progress made against our target, while seeking to reduce our GHG emissions intensity and striving for the target and review the target along our operations in coming years.

Retrofitting measures – such as chiller sequencing optimization, LED lighting, chiller plant replacement and smart escalator sensors – enhance energy efficiency in our buildings. During the reporting year, the Group implemented more than 280 energy-saving projects, of which 90 were successfully granted CLP Eco Building Fund and three were HKE Smart Power Building Fund. Those energy-saving projects are implemented in our managed shopping malls, residential and commercial buildings. We have rolled out eco-efficiency programmes to help our shopping mall tenants optimize their energy use, and provide free energy audits and technical advice to enhance efficiency.

We leverage smart technology and digital solutions to reduce energy use. IoT technology monitors and analyses energy consumption at our BEAM Plus-certified Sun Hung Kai Centre and other commercial and residential buildings. Smart systems assist efficient combinations of chillers and pumps that automatically match a building's load. And we have implemented a protocol to automate the control of power systems, providing better data communication for energy efficiency enhancement. V City utilizes cloud-based chiller optimization for advanced data management, energy analysis and data visualization. This and other energy-saving initiatives have reduced electricity consumption at the shopping mall for five consecutive years.



• Solar panels installed on the rooftops of buildings

To promote renewable energy and reduce carbon emission, Hong Yip launched the Solar PV Panel Energy Saving Scheme during the reporting year. More than 7,700 solar panels will be installed on the rooftops of over 14 managed buildings; a project expected to be completed by mid-2022. An estimated 14.4 million MJ of renewable energy will be generated

annually – equivalent to the annual consumption of 1,000 households in Hong Kong. Other managed residential, commercial and industrial buildings are also equipped with solar panels. Brill Plaza joined CLP's Renewable Energy Feed-in Tariff (FiT) scheme last year and achieved zero tariffs for months. It has become one of the scheme's largest-scale of ultra-low emission industrial and commercial buildings in the district. Kai Shing installed solar panels at 12 buildings, including Tai Po Mega Mall and ICC during the year. At our construction sites in Shap Sze Heung, solar panels were installed to generate renewable energy for on-site offices. The solar panels were the first renewable energy system installed at a temporary site in Hong Kong to sell power as part of the CLP FiT Scheme. The use of solar panels helps to reduce GHG emissions and helps us build a greener community across our operations.

Climate Resilience Strategies

To address the opportunities and risks of climate change, we have developed strategies to strengthen our governance, enhance our climate-risk management and improve our performance. During the reporting year, we formulated a new Climate Change Policy to enhance our resilience and adaptability. We have also set a target to reduce the scope 1 and 2 GHG emissions intensity by 2029/30, against 2019/20 as the base year, in order to mitigate our impact on climate change.

The Group has incorporated physical and transitional risks relating to climate change risks in our risk assessments and strategies. We reference the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) framework in the

management of climate-related risks and opportunities. An inter-departmental Crisis Operation Management Committee – led by an executive director – deals with critical incidents at our business units and subsidiaries, including extreme weather events. This Committee regularly reviews climate risks and discusses to enhance the Group's resilience against extreme weather. Meanwhile, the Audit and Risk Management Committee monitors and reviews the risks associated with the transition to low-carbon, and stays abreast of evolving environmental rules and regulations.

The climate-related risks and opportunities identified for the Group are:

Risks	
Acute physical risks, such as super typhoons or other extreme weather events	Possible impacts: damage to building structures and electricity shortages may occur with more frequency. Businesses may be disrupted, leading to loss of revenue.
Chronic physical risks, such as changes in rainfall patterns	Possible impacts: heavy rains may lead to flooding, which may damage structures and facilities. This will impair value and increase maintenance costs.
Transitional risks, such as policies and legal requirements	Possible impacts: stringent climate change policies and regulations – both existing and emerging – are expected to increase operating costs.
Opportunities	
Sustainable building	Possible impacts: Guided by increasing market demand, we will need to incorporate more climate-resilient elements into our new developments, and continually enhance the environmental performance of existing buildings. Ultimately, this may lower operating and maintenance costs.

An internal review in 2018/19 evaluated our risk assessment framework, precautionary measures and emergency responses, particularly regarding extreme weather such as super typhoons and heavy rainfall. With extreme weather occurring more frequently, we have stepped up efforts to incorporate climate-resilient elements in our buildings. For instance, a comprehensive system defends against extreme conditions such as typhoons. The system identifies contingencies at the affected building and recommends actions as the weather approaches. Floodgates are installed in properties in low-lying areas and areas prone to flooding, including main entrances and carpark entrances. Remotely monitored sensors at critical locations – such as mains switch rooms – alert staff to flooding. We have also procured submersible pumps for some of our shopping malls.

Our property management teams actively communicate with employees, tenants and local communities regarding our responses to extreme weather. Hong Yip and Kai Shing have developed operational handbooks and established a Typhoon Command Centre to strengthen monitoring and control under extreme weather conditions. Hong Yip offers emergency support to more than 300 buildings if they are damaged by typhoon while Kai Shing has an Emergency Support Team in the event of adverse weather. In some cases, a control room in shopping mall will become an emergency control centre. The emergency team will closely monitor conditions at the shopping mall during typhoons and rainstorms, and undertake emergency rectification when it is safe to do so. Individual properties have also developed their own strategies to mitigate physical risks, according to their needs.

Our property management and construction subsidiaries have ISO 14001-certified Environmental Management Systems to deal with the impact of climate change, energy and carbon emissions on our daily operations. Combined with our progressive targets and careful monitoring, these systems support our transformation to a low-carbon business.

Reducing Waste

The Group adopts a three-tier approach that prioritizes waste avoidance over waste reduction and recovery to manage waste generated by our operations sustainably. We support the HKSAR Government's waste management plans, including the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022. Construction and demolition waste from our construction work and general waste produced from our properties are the major waste sources of the Group. We avoid sending construction waste directly to landfill and are committed to achieving an annual diversion rate of at least 70% of construction waste in Hong Kong construction projects within the reporting scope to minimize construction waste that needs to be sent to landfills. During the reporting year, we have achieved around 97% construction waste diversion rate.

We introduced various solutions to reduce waste and materials consumption at our construction sites. We try to avoid errors during construction as much as possible by adopting innovative construction methods. BIM and precasting streamline our on-site construction processes: they raise productivity, improve quality management and avoid the waste associated with faulty work. To reduce waste, we purchase raw materials in appropriate quantities and sizes and seek

to transfer excavated sand and soil to other sites for backfilling, reclamation and other purposes. Scrap steel, such as bored piles and I-beams, is also recycled. Other innovative methods include the extensive use of prefabricated steel reinforcing bars and a new method of leveraging turntables to install dual-use bridges.

Dimensions of materials are standardized at design and building stages to reduce waste, and recycling facilities are mandatory. We collect materials such as paper, cardboard, metal, aluminium, plastic and glass, transfer unwanted materials to local recycling centres and, wherever possible, undertake deconstruction rather than demolition.

At our hotels and property management subsidiaries, we minimize waste generation and divert waste from landfill. Tenants and customers are encouraged to consume resources responsibly, and we promote the recycling of waste, including festive food, red envelopes and – following the installation of reverse vending machines – plastic bottles. During the reporting year, we partnered with external parties to further reduce waste and promote recycling. Selected shopping malls participated in the Environmental Protection Department's Source Separation of Commercial and Industrial Waste and Greeners Action's Beverage Cartons Clean Recycling Pilot Programme. In addition, 195 of our residential buildings, shopping malls, commercial and industrial buildings, and three of our Royal brand hotels, signed the Environmental Protection Department's Glass Container Recycling Charter. Kai Shing also joined the Program of Umbrella Bags Reduction by Greeners Action for the fourth year. A total of 33 Kai Shing properties have earned certificates after green audit; 29 properties received the golden certificates.

Amid increasing demand for takeaways during the pandemic, Kai Shing and Green Earth organized the Single-use Dining Ware Clean Recycling Programme at New Town Plaza Phase III and Castello. More than 1,300kg of disposable utensils were taken to a recycling facility, where they were recycled and turned into recycled plastic. 27 Hong Yip properties in Eastern District, Kwun Tong and Sha Tin participated in the Environmental Protection Department's Plastic Recycling Pilot Scheme, to encourage the recycling of bags, containers, polyfoam, tableware and other plastic materials, to tackle the increasing impact of takeaways and prepare for the municipal solid waste (MSW) charging scheme.

We promote food waste separation and recycling at our properties and have advocated the HKSAR Government's A Food Waste & Yard Waste Plan for Hong Kong 2014-2022 since 2018. Hotels, shopping malls and residential properties collaborate with food and beverage tenants to deliver food waste to the Organic Resources Recovery Centre for treatment. During the reporting year, 38 of our commercial and residential properties had food waste management in place, with collections of approximately 900kg per day for Hong Yip and 2,000kg for Kai Shing. At Park Central, an external company provides waste collection and recycling for our tenants. Food is sorted, treated and turned into animal feed. We also organize programmes for tenants to educate them about the handling of food and reduce consumer food waste.

Utilizing Resources Efficiently

We incorporate environmental considerations into our procurement and prioritize the use of sustainable materials. We minimize unnecessary consumption through careful decision and close monitoring.

Efficient Water Consumption

Most of our businesses are not water-intensive. Water discharged from our operations followed local government requirements, including the Hong Kong's Water Pollution Control Ordinance (WPCO). Wastewater from our residential and commercial building is discharged through municipal drainage systems. At our construction sites, wastewater is treated and discharged in accordance with respective regulations.

Nonetheless, we are committed to enhancing water management, reducing wastage and raising conservation awareness across our operations. During the reporting year, we set a target to reduce the water use intensity of our EOC-monitored buildings by 5% by 2029/30, against 2019/20 as the base year. This year, we recorded an increase of 6% from 2019/20. The possible reason is we are exploring and adopting the use of water-cooled chillers for lower energy consumption in some properties. We will continue monitoring the data, investigating the reason and suggesting water saving measures.

To better conserve water, Hong Yip supports the Water Supplies Department's Let's Save 10L Water 2.0 Campaign. At our construction sites, rainwater is collected for cooling and irrigation while grey water from offices is used to clean sludge at water treatment plants. Wastewater is also collected and treated for wheel-washing. The Group implemented conservation projects at our 99 managed properties during the reporting year. 11 of those managed properties harvested water by installing collection tanks. At Harbour North, a collection system was installed to reuse condensation water for flushing in restrooms. And at Port 33, smart technology detects leakages and control water gates.

Considering the Environment While Sourcing

Our Environmental Policy, Sustainable Building Policy, Supplier Code of Conduct and procurement guidelines embed environmental considerations into our sourcing. In order to source goods or services that are good for the environment, clauses or specifications relating to environmental protection are included in our procurement process of our property management. At our construction subsidiary Sanfield, all new timber must be Forest Stewardship Council (FSC)-certified to qualify under BEAM Plus system. New timber for temporary works must also be certified by the FSC or similar sources, and we encourage the reuse of old timber. Subcontractors are required to submit monthly certificates and delivery records to ensure full compliance. The Group uses precast facades, aluminium formwork and green blocks to reduce resource consumption during construction. Pre-finished and smooth blocks are encouraged, to avoid plastering. More details on our supply chain management are available in [Value Created for Supply Chain](#).

Utilizing Technology to Minimize the Use of Resources

Technology reduces resource consumption at our managed properties. To reduce the use of paper, we encourage customers and visitors to use our mobile SHKP Malls App to make reservations at restaurants. Tablets at customer service counters feature information such as shopping mall directories and promotions, and collect customer feedback. And our property management subsidiaries are upgrading their customer service software to create a paperless workflow.

Nurturing Public Environmental Consciousness

We are dedicated to educating our local communities about environmental protection, climate change and sustainability. To raise public awareness, we set up education centres at our shopping malls, including HomeSquare and Landmark North. Seminars, workshops and outreach activities at environmental education centres raise the awareness of shopping mall tenants, students and the public. Similar environmental education takes place at Tsuen Wan Plaza's outdoor green spaces, where events organized with schools and NGOs in our community raise the awareness of tenants, customers and target groups.

To better engage the community during the reporting period, we partnered with environmental NGOs like Green Power to promote environmental conservation, supported the Love Nature Campaign for a ninth consecutive year, and undertook traditional clean-up actions. Meanwhile, educational videos were broadcast online so that students – whose classes were suspended – could study ecology at home. During the year, 180,000 children were engaged.

We participated in WWF's Earth Hour for a 13th consecutive year: more than 310 properties that we own or manage switched off nonessential lights for an hour. We also encouraged employees to participate in the Community Chest's Green Low Carbon Day, which raises funds for projects such as food recycling and community gardens.

YOHO MALL set up the YOHO Urban Farm, which spans over 10,000 ft², making it the largest urban farm in a New Territories mall. Located in the Landscaped Ground in YOHO MALL I, the farm will grow more than 100 farm products each year, including various seasonal fruits and vegetables, colourful seasonal flowers, and herbs for well-being and cooking. The farm products will be rotated on a seasonal basis. Visitors can learn what fruits and vegetables are in season for added farming fun. There will also be occasional experience guided tours to help participants learn more about farming and tips for green living.

To promote sustainable transport, we encourage the use of electric vehicles and, to date, have installed 828 charging stations at nearly 140 commercial and residential properties.

We engage customers and tenants to promote green and sustainable living. Hong Yip organizes a wide range of programmes to promote sustainable living in some of its sites, such as an upcycling programme at Tsuen Wan Plaza at which mobile



- Tsuen Wan Plaza joined hands with tenants to display a mobile hoarding which was refurbished and redecorated with waste

hoarding was refurbished and redecorated with waste from the shopping mall. Ecology exhibitions and Big Waster exhibition were also held to foster the sense of Think Green, Live Green among local residents. Meanwhile, Kai Shing provided technical advice to tenants on resource conservation and waste minimization. We encouraged new tenants to reuse decorations and equipment from old tenants in shopping malls and offices including HomeSquare, MOKO and New Town Plaza. And, at Wonderland Villas, we raised residents' environmental awareness by inviting Green Living Volunteers to be storytellers.

Our efforts to construct a green and sustainable community were recognized by the public and various organizations. During the year, 216 of our property management and construction sites were named Hong Kong Green Organization. 11 of our managed properties were also rewarded at the Green Council's Hong Kong Green Awards 2020. Among them, four won gold in the Green Management Award – Service Provider (Large Corporation) category.

Value Created for People



The Group aims to create a people-centred working environment by embracing diversity and prioritizing wellness and safety. We are dedicated to investing in our people and providing fair opportunities and ample support for them to thrive as a high-performing team.

Material topics addressed in this section :

- Anti-corruption
- Diversity and equal opportunities
- Employee development and succession planning
- Employee engagement
- Employment practices
- Well-being, health and safety



Strategies and Management

Committed to shaping a people-centred workplace culture, SHKP endeavours to attract, retain and capitalize on top talent. We offer competitive benefits, provide a safe and healthy work environment, and support our staff to enable them to thrive as a high-calibre team and deliver outstanding goods and services to our customers.

At the Group level, different business units are in place to manage employment and labour topics. They also ensure compliance with relevant laws and regulations on employment, diversity and inclusion, well-being, health and safety, and labour standards, including the Employment Ordinance and Occupational Health and Safety Ordinance.

Our Human Resources Committee is in place to reinforce, refine and review human resources policies. Occupational Health and Safety Committees in our property management and construction arms monitor health and safety performance and mitigate any potential risks in daily operations. The Internal Affairs Department is responsible for employees' well-being and formulates annual training plans pertaining to staff feedback.

To meet and exceed common standards of business ethics and integrity, we communicate our standards and expectations for employees through respective policies and guidelines, via our Staff Handbook, **Code of Conduct** and **Health and Safety Policy**. In accordance with our corporate values, we support the international principles and guidance of the United Nations Global Compact, the Universal Declaration of Human Rights and the Sustainable Development Goals. As stipulated in our policies, we strictly prohibit the employment of child or forced labour throughout our employment practices. Any case of employment of illegal or forced labour will be investigated and dealt with in accordance with respective policies set out by the Group. Above all, the policies provide the basis for the Group to meet and exceed standards of business ethics and integrity.

Offering Opportunities for Talents

To attract and retain talents, and maintain our market competitiveness, we offer attractive employee packages. We ensure the packages are linked to employees' performance and contributions to SHKP.

To nurture young talent, we partner with local educational institutions for campus recruitment, Summer Internship Programmes, Management Trainee Programmes, and Graduate Surveyor and Graduate Engineer Programmes. Under such schemes, on-the-job training, external learning opportunities, mentorship and professional qualification sponsorship are provided to equip local young talents with skills and knowledge.

SHKP also collaborates with the Vocational Training Council to provide final-year engineering students from higher diploma programmes with internship opportunities, akin to graduate positions. This year, we took part in the HKSAR Government's Greater Bay Area Youth Employment Scheme, enabling fresh university graduates to explore career opportunities in the Group's operations in GBA cities. Of the real estate developers in Hong Kong, we took the largest number of recruits from the scheme's first batch of candidates.

We appreciate and recognize employees' superior performance with appraisals, career progressions and annual awards. The awards, presented by the deputy managing directors, include the Quality-Raising Suggestion Scheme, Work Safety Suggestion Scheme, Best Handover Quality Award, Safety Award Scheme and Long Service Award.

In order to hear all voices of dissent, the Group has introduced a whistleblowing mechanism, employee suggestion boxes and regular opinion surveys. Employees can raise matters of concern such as suspected misconduct, malpractice, impropriety, fraud-related or safety-related matters of grave concern, without fear of retaliation or reprisal. Our whistleblowing mechanism and internal procedures ensure that we make every effort to protect whistleblowers' identity and disclosures in a confidential and sensitive manner.

Similar practices extend to our supply chain, please refer to the **Value Created for Supply Chain** section for details.

Case Study – Fostering Job Opportunities

COVID-19 had a profoundly disruptive impact on all sectors and businesses. SHKP absorbed some of the shock by acquiring talent laid off in other sectors. Staff from airlines, hotels and other customer-oriented industries – battered by the pandemic – were recruited to be part of our high-calibre team, their skills in hospitality and experience of dealing with customers proving a perfect match for our business.

Kai Shing held a large-scale Gear Up For New Career event to recruit more than 200 customer-service assistants, concierges, customer-service officers and club assistants. On-the-job training and support familiarized the new recruits with our property management team and business operations. Their previous experiences in customer-oriented industries, and excellent communication and interpersonal skills, meant they adapted quickly to their new roles at Kai Shing.

Hong Yip also made special effort to recruit suitable candidates with past experiences in the hospitality industry, such as hotel staff and flight attendants. Complemented by our intelligent management system, the new recruits are able to fit in to their new roles and continue to deliver professional and high-quality services to customers.

Under the pandemic, the Group opened new doors for talents with matching skills and experience. With their transferrable skills and talents, these recruits were able to reinvent themselves in our team. By hiring them, we are able to support local employment and livelihoods of affected groups.



- Kai Shing organized sharing sessions and on-the-spot interviews for local job-seekers at the Gear Up for New Career recruitment event
- New hires expand our talent pool, ensuring our business will continue to thrive in years ahead

Embracing Diversity and Inclusion at Work

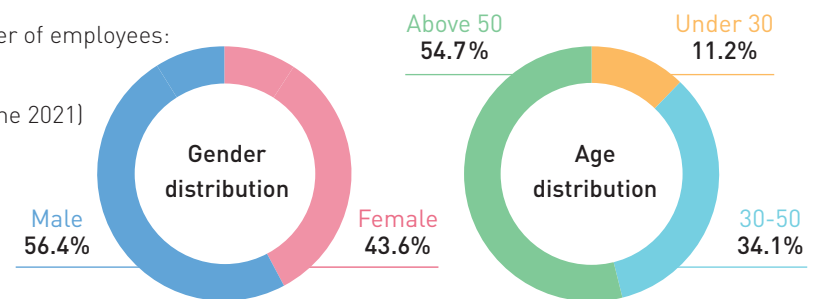
In our supportive and inclusive workplace, different talented individuals connect and bring synergies to benefit our businesses. Our commitment to promoting human rights, equal opportunities and inclusive excellence in a discrimination-free workplace is stipulated in our Staff Handbook, Code of Conduct, Human Rights and Equal Opportunities Policy and other relevant practices. Our employment practices do not discriminate on the grounds of gender, marital status, pregnancy, disability, family status, race, colour or religion. Employees found to have engaged in unlawful discrimination or harassment may be disciplined or dismissed.

We actively promote gender diversity and have achieved 32.2% female representation in management positions. To bring employees together and transcend differences, we offer fair employment opportunities for the physically and mentally disabled. And, to ensure mutual respect, we provide training on diversity and inclusion for all employees.

At the end of the reporting period, we employed more than 650 people with physical or mental disabilities, and from ethnic minorities, in a range of available positions such as cleaners, security guards and receptionists. During the reporting year, we found zero reported incidents of discrimination and harassment.

Workforce Distribution

Total number of employees:
25,964
(as at 30 June 2021)



To encourage inclusiveness at work, Hong Yip, together with the Hong Kong Federation of Women's Centres, organized the Building up Sustainable Mutual Support Network for New-Arrival Women and Single Mothers. The programme seeks to provide women-friendly job opportunities. Utilizing its industry expertise, Hong Yip also assigned engineering staff to teach repair-and-maintenance skills and knowledge.

Alongside creating opportunities for women, we have shaped a family-friendly culture at work to support employees' various roles and responsibilities in their families. Employees are entitled to fully paid maternity leave for 14 weeks or a full-pay paternity leave for up to five days, in excess of the legal requirements. We offer flexible working hour options for those with special needs to facilitate their family-work balance. For nursing mothers, we provide breastfeeding rooms in our workplaces to foster a mother-friendly culture. Social and recreational activities are regularly organized for employees and their families to enhance family relationships and parent-child interactions.



• Hong Yip creates women-friendly job opportunities to encourage inclusion

Our comprehensive, family-friendly welfare and benefits schemes extend to the children of our employees, including financial support schemes and overseas exchange opportunities. For instance, the Group has since 2003 provided full scholarships for employees' children to join AFS overseas exchange programmes.

Our SHKP Group Undergraduate Scholarship Scheme enables talented secondary school graduates from underprivileged families to pursue undergraduate degrees. Since its launch, the programme has sponsored 95 children of employees.

Unlocking Our People's Potential

To enhance our people, we provide different learning channels, including structured training programmes, a training library, job rotations, secondment opportunities and self-learning channels. Our Internal Affairs Department's annual talent development plans are designed to refine individuals' professionalism, skills, experience and performance. To encourage participation, we regularly update available training details to encourage our talents to participate in a variety of courses.

The SHKP Quality Academy tailors training and learning for different ranks according to personal and team-specific goals. To keep our talent up-to-date with industry trends, we earmark tailor-made resources for a range of training, which focuses on four major disciplines:

- business and people management;
- construction;
- property management; and
- personal development.

We also sponsor programmes ranging from seminars and short courses to bachelor's degrees and master's programmes.

Amid COVID-19, we leverage our e-training platform to deliver digital and virtual learning, allowing training anytime and anywhere. Our SHKP training library at the headquarters houses over a thousand printed books and hundreds of e-books, enabling employees of the Group to enrich themselves in many aspects. During the reporting year, we delivered more than 5,500 classes, seminars, webinars and online programmes.

Since 2007, the People Development Academy (the Academy) established by Hong Yip has been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualification. The Academy provides training and courses equivalent to Level 1-3 under the Hong Kong Qualifications Framework, offering opportunities for staff to gain recognized qualifications and advance their careers. Under a Credit Accumulation and Transfer arrangement with tertiary institutions, Hong Yip guarantees its staff credit transfers without further needs to retake any programmes. Since our Academy's establishment, more than 5,000 employees have successfully earned their respective qualifications.

In recognition of its people development efforts, Hong Yip received the Employees Retraining Board (ERB) Manpower Development Scheme's Excellence Award for Employers for a twelfth successive year. It also won the Grand Award at the Classified Post HR Appreciation Awards 2020, for HR Best Practice in the Training and Development Category.

Our construction arm Sanfield continues to co-organize a four-year Apprenticeship Training scheme with the Construction Industry Council and the Vocational Training Council, for students at the level of Hong Kong Diploma of Secondary Education Examination (HKDSE) or above. On-the-job training and full subsidies allow them to pursue Higher Diploma programmes. On completion of their studies, the apprentices may be promoted to junior management and enjoy a career in the construction industry.

From Health and Safety to Employee Well-being

We prioritize occupational health, safety and well-being at work. Our health-and-safety systems and policies ensure the effective management and mitigation of relevant risks at all our subsidiaries and across our operations. We comply strictly with all applicable legal requirements in the jurisdictions in which we operate. Hong Yip and Kai Shing are adopting ISO 45001-certified Health and Safety Management Systems that go beyond statutory requirements.

Occupational Health and Safety Committees oversee the health-and-safety risks, performance, targets and initiatives of our business activities. We conduct regular health-and-safety audits and incident investigations at all our operations to identify, mitigate and reduce existing and potential hazards. Regular health-and-safety inspections and drills, and training in emergency response and procedures, enhance our staff's awareness. In addition, our Work Safety Suggestion Scheme consults our staff for collecting and recognizing their innovative ideas and solutions for improving workplace safety. The Scheme also boosts employees' participation and awareness of health, safety and well-being and helps staff remain alert to those potential risks.

Health, safety and well-being remain top priorities across our business units. Our hotel teams assessed and identified health-and-safety risks, such as manual lifting, hand tool injuries, and slips, trips and falls on the same level. To minimize such risks at the workplace and operations, we offer training for our hotel staff to equip them with health, safety and well-being knowledge at work. Meanwhile, our construction team's unstinting efforts to ensure health, safety and wellness at work have maintained a low accident rate of 4.52 accidents per 1,000 staff¹. No fatalities among employees of the Group have been recorded in the last three reporting years.

To enhance employees' wellness, productivity and work-life balance, our Internal Affairs Department organizes a wide range of training and workshops and circulates health advice. To demonstrate an active and healthy lifestyle, our employees, who are also distance-running enthusiasts, formed a team to take part in the Construction Industry Virtual Happy Run 2021 and won first runner-up. Apart from promoting physical activity, we offer a free Hearty Hotline with 24-hour counselling service, through which professional social workers, psychologists and counsellors support the mental wellness of employees and their families facing personal and work difficulties. Face-to-face counselling is available for those with special needs. We have set up a SHKP Evergreen Club for retired employees, and club events are held regularly, especially during festival seasons.



• SHKP was first runner-up in the Perseverance Corporate Prize at the Construction Industry Virtual Happy Run 2021

During the pandemic, we prioritized a safe and healthy working environment. We supplied anti-pandemic items, arranged flexible working schedules and provided free virus-screening tests. To support Hong Kong in achieving herd immunity, we were one of the first property developers to participate in the HKSAR Government's vaccination outreach service, both at the Group's headquarters and shopping malls. To further encourage staff to be vaccinated, incentives such as lucky draws, vaccination leave and free pre-vaccination medical checks were offered at our headquarters and subsidiaries.



• SHKP supported the HKSAR Government's Early Vaccination for All campaign and encouraged the public, employees and their families to be vaccinated as soon as possible

¹ The calculation uses the methodology adopted by the Hong Kong Construction Association.

Value Created for Customers



By putting customers first, the Group is determined to deliver prime properties and attentive services that exceed expectations. We anticipate our customers' needs, protect their rights, safeguard their health and safety, and we seek innovative technologies and ideas for continuous improvement.

Material topics addressed in this section :

- Affordable housing in Hong Kong
- Customer health and safety
- Customer privacy
- Customer satisfaction and responsibility
- Innovation



Strategies and Management

Building Homes with Heart is the core belief of our business and it supports us on our journey to achieve the SDGs. A set of service protocols is in place to monitor customer satisfaction and protect customers' rights, which underlines our commitment to crafting superior living environments, productive workplaces and entertaining leisure facilities. We safeguard the health and well-being of our customers while striving for continuous improvements in the goods and services we offer and constantly elevate customer experience through the SHKP Club, The Point by SHKP and Club Royal. By accelerating the application of innovative technologies, we continue to unlock the potentials in smart construction and management of our properties.

Building Quality Homes with Technology

We focus on core values of Quality, Speed, Efficiency throughout our project cycles. Our vertically integrated development model ensures stringent quality control at all development stages, from land acquisition, project planning and management, material sourcing and construction to marketing, sales and property management. Our high-calibre building materials, exquisite craftsmanship, state-of-the-art building technology and professional handover inspections have earned wide public recognition. Our confidence in product quality is reflected in the three-year warranty that we have offered for new residential developments in Hong Kong since 2013. This is the longest warranty offered by Hong Kong developers.

Design and construction

We anticipate customers' needs when we design our projects. Through close supervision of construction and meticulous selection and strict quality assessment of building materials, we maintain the highest safety and quality standards. We monitor technology changes and seek to utilize the latest technology in our development projects to enhance quality and efficiency. For instance, we use drones to film construction sites, to monitor progress and help create 3D maps. Based on the data from Building Information Modelling (BIM) models, we make use of a hybrid reality platform to simulate future

progress of the construction site. During the reporting year, Downtown 38 and Mount Regency – both SHKP projects – were named Buildings of the Year at the Hong Kong Professional Building Inspectors Academy Awards 2020. W LUXE was named a Quality Commercial Building in recognition of its building quality.

Pre-sale

Our internal experts inspect every building's quality, as per SHKP standards, before sale. Our project monitoring team conducts further quality audits to ensure our completed projects have zero defects. To ensure transparency and to protect buyers, internal control procedures on responsible marketing are in place. An internal expert committee regularly reviews and closely monitors the preparation and release of marketing and communication materials, including sales brochures, to make sure they comply with all relevant regulations and industry guidelines, including the Residential Properties (First-hand Sales) Ordinance, when our residential properties are completed and put on the market for sale. We offer regular training in responsible marketing, advertising and sales.

Handover

We usually plan handover processes six months in advance. At least three full-scale checks of all units are conducted, covering more than 120 items in each unit, to ensure their quality and product safety are up to standard. We provide sufficient training to our sales and customer service teams to equip them with the necessary knowledge and skills to deliver complete, accurate and easy-to-understand information to homebuyers during property handover.

After-sale

In addition to offering a first-three-year warranty for new residential units in Hong Kong, we appoint our qualified safety officers to constantly monitor and review sold properties. In addition, mobile apps enhance the overall property handover experience: homebuyers can readily sign off documents, report any defects spotted during the handover, and keep track of all repairs and maintenance works during the warranty period. We also collect customer feedback through a property handover survey, to enable continual improvement.

Excelling in Property Management

Our property management subsidiaries Hong Yip and Kai Shing are on the frontline, fulfilling our pledge to put customers first. We follow international property and facility management standards to ensure customers' health and safety and to protect their privacy, and we provide professional management using new technology.

Since the launch of the all-in-one SHKP Malls App in 2018, and the customer loyalty programme The Point by SHKP in 2019, we have been constantly offering new exclusive services to our customers. For example, via the app, customers have enjoyed a seamless driving experience with Hong Kong's first and largest Contactless Parking and Auto Payment Parking service network. In addition, a takeaway self-pick-up service – which covers more than 100 restaurants in 27 shopping malls – offers discounts and redeemable points on the app. To support businesses in these tough times, we provide this service to our restaurant tenants without commission fees. To date, membership of The Point by SHKP has surpassed 1.2 million.

SHKP actively explores opportunities to apply innovative digital solutions to property management. In addition to the application of Internet of Things (IoT) in commercial and residential properties, mobile apps for residential developments offer a smart living experience. Their functions include smart card access, visitor registration, management fee payment, facilities reservation, mail notification and remote control of smart home systems.

To reduce the chance of damage to facilities in the event of water leakage, Hong Yip developed a smart water leakage alarm and automatic cut-off system. This sends real-time notifications to the property management team from a cloud integrator, allowing them to monitor the system via smartphone.

Kai Shing's intelligent facility management system is called 'IDEA': Information integration, Data collection, Emergency response and Analysis. It gives engineers a full view of a property's maintenance records, inspection schedules and facilities specifications. The system also provides real-time parameter comparisons, collects data for lifecycle analysis and generates inspection reports. Kai Shing aims to gradually implement IDEA in different projects to enhance efficiency and move towards truly intelligent and green management.

The Group and our property subsidiaries have adopted the following international standards to maintain robust management and ongoing improvement:

Business Continuity: ISO 22301

Kai Shing uses ISO 22301 Societal Security - Business Continuity Management Systems at ICC. Regular drills help the team swiftly and effectively handle disruptions to business. Meanwhile, continuity procedures help identify high-priority risks.

Customer Satisfaction and Complaints Handling: ISO 10002

To support SHKP's 'customer-first' philosophy, our property management subsidiaries use ISO 10002-certified Complaints Handling Management Systems to help identify complaints and their causes, and areas for improvement. We conduct formal reviews for each complaint we receive and provide prompt responses.

Facility Management: ISO 41001

For its work at ICC, Kai Shing is the first company in Hong Kong to earn the internationally recognized ISO 41001 Facility Management System certification. This requires standardized and consistent assessments, and measurements of procedures and performance of a practicing facilities management company.

Health and Safety: OHSAS 18001 and ISO 45001

Our OHSAS 18001 and ISO 45001-certified Health and Safety Management Systems are in place and go beyond statutory requirements. Regular audits and reviews are conducted to monitor the systems' effectiveness.

Information Security: ISO 27001

Hong Yip is Hong Kong's first property management company to have obtained ISO 27001 Information Security Management certification in the property and facility management sector. To ensure the security of data, employees who handle sensitive customer and company information are well trained.

Service Quality: ISO 9001

Our property management and construction subsidiaries' quality management systems are ISO 9001-certified. We constantly benchmark our performance against industry best practice to identify areas for improvement. Clear guidelines and regular training maintain high customer service quality.

Offering Quality Hospitality Services

Providing memorable experiences for our customers starts with exceptional services. Training and established service standards equip our hotel staff with the skills to handle challenging circumstances in a professional manner. Topics range from standard everyday behaviour and telephone courtesy to refreshing training on the *Forbes Travel Guide*, to benchmark our service against its Star Ratings standards.

Our hotels have rolled out award schemes to motivate staff, including the Guest Compliment Award at The Royal Garden and the Royal Plaza Hotel, and the Smiling Award and Excellent Service Award at The Royal Garden and the Royal View Hotel. We monitor customer feedback through online platforms to better understand and respond to their needs and concerns. We have engaged our hotel customers through Club Royal since 2004. To date, more than 36,000 members enjoy exclusive monthly newsletters, emails and a hotline that keeps them up-to-date with hotel discounts and promotions. Our outstanding hospitality service is recognized by offline and online travel agencies such as Agoda.com, Booking.com, TripAdvisor and *Forbes Travel Guide*.

With fewer international guests during the epidemic, our focus switched to local demand. We rolled out a wide variety of Stay & Dine packages, with dinner offers renewed by seasonal festive themes to attract discerning visitors. Staycation packages – featuring city tours, in-room pet amenities, special room decorations and long-stay offers – catered for different customers' needs. We will continue to keep abreast of the times, to curate unrivalled hospitality experiences based on our guests' evolving needs.

Prioritizing Customers Health, Safety and Well-being

The health, safety and well-being of guests, visitors and users at our hotels, shopping malls, office and residential developments and operations remain our top priorities. Our construction and property management subsidiaries have OHSAS 18001 or ISO 45001 Occupational Health and Safety Management System certifications, and our major shopping malls, offices and residential project are equipped with automated external defibrillators (AED). To deal with emergencies, all our major shopping malls, offices and residential projects frontline staff are trained in customer safety and first aid. To ensure customer and tenant safety, we regularly inspect fire protection systems, conduct fire drills and safety talks, and prohibit unauthorized activities in our shopping malls.

Our SHKP hotels follow ISO 22000-certified food safety management systems and conduct regular food-safety audits. We also require hotel staff to strictly follow food hygiene guidelines, monitor and follow up on restaurant hygiene.

Amid the pandemic, we spared no effort to undertake preventive measures across our operations. These included constant disinfection, contactless technology, good ventilation and air-conditioning in our buildings. We supported restaurant outlets at shopping malls to improve air flow exchange rate by complying with Food and Environmental Hygiene Department (FEHD) requirements. We measured the fresh air intake flowrate of the restaurant dining area and counterchecked with the FEHD's recommended minimum flowrate of six air changes per hour. We advised the tenant to install air purification devices for those who could not meet the requirement. Most of our properties have held 'excellent' or 'good' certifications from the Indoor Air Quality Information Centre since 2006. In addition, 300 caring ambassadors were recruited to assist with hand sanitizing and temperature measuring in our shopping malls.

In our residential properties, pipe leakage inspection robots in light wells prevented the spread of the virus. Thanks to the efforts of our management teams, the St Martin and Mount Regency projects earned awards for 'Anti-epidemic and environmental hygiene' at the Hong Kong Professional Building Inspectors Academy Awards 2020.

All food and beverage staff at our hotels must be fully vaccinated against COVID-19 to ensure the safety of our team and customers. Unvaccinated staff must undergo COVID-19 screening at the Government's Community Testing Centres. In recognition of our anti-epidemic efforts, Royal Park Hotel and Royal Plaza Hotel hold Sharecare Health Security VERIFIED™ status in the *Forbes Travel Guide*, which covers more than 360 health and hygiene standards. The hotels have also been accredited under the Anti-Epidemic Hygiene Measures Certification Scheme by Hong Kong Quality Assurance Agency.

To encourage the public to be vaccinated, we launched a HK\$10 million SHKP Day Day Lucky Draw campaign. Hong Kong permanent residents aged 18 or above who have received two doses of vaccines on or before 31 August 2021 stood a chance to win the prize.

We have taken further steps to cater for customers' preference for outdoor activities. During the year, we renovated outdoor spaces at our shopping malls and introduced complementary outdoor facilities. Examples include New Town Plaza's rooftop grass sports park, which incorporates a balance bike park and a recreational venue for pets, YOHO Mall's new urban farm, and bike-parking facilities. Our residential project St Michel has obtained SHKP's first WELL precertification. It uses HEPA filters and Nano Confined Catalytic Oxidizer

air treatment systems to keep the Particulate Matter 2.5 (PM_{2.5}) and Volatile Organic Compound (VOC) at healthy levels. The project also strengthens connections between the community and nature with communal landscaped areas, vertical greening and a children's play area. Measures to enhance guests' wellness in our hotels include in-room exercise bikes, meditation rooms, natural aromatherapy, and smart lighting.

Case Study – Leveraging Technologies to Get Through the Pandemic and Enhance Customer Experience

To protect customers during the pandemic, we looked to new technology. We applied antimicrobial coatings and UV sterilizers that work 24-7 to decompose bacteria, viruses, odour and VOC in common areas. Ion air purifiers have been installed in lifts, and automatic disinfection machines are available in public restroom, entrances and corridors, with disinfectant sprayed every 15 minutes. Customers can also use our UV disinfection cabinet and full-body disinfection machines to sanitize their clothes and belongings. Additionally, to minimize social contact, we introduced robots with functions such as area sterilization, food and document delivery, and – at our shopping malls – automatic door sensors and touchless lift buttons.

Kai Shing's use of IT solutions to safeguard properties against disease earned it the Anti-epidemic Technology Product Award at the Hong Kong Retail Technology Industry Association's Retail Innovation Awards 2020. In addition, our shopping malls Harbour North, Tsuen Wan Plaza, Park Central, Mikiki, K-Point and the Tsuen Kam Centre have earned Anti-epidemic Hygiene Measures Certification from the Hong Kong Tourism Board and Hong Kong Quality Assurance Agency.

Adopting 5G Technology to Enhance Customer Experiences

During the reporting year, SmarTone's 5G LAB was unveiled at the Sky100 Hong Kong Observation Deck of ICC. Featuring some of Hong Kong's newest

5G applications, and emerging international applications, the 5G LAB informs the public about 5G's latest development, and how the 5G infrastructure will support Hong Kong's evolution as a smart city and innovation and technology hub. The 5G LAB echoes our value of Building Homes with Heart and represents another step in our journey to leverage technology for smart living.



• Adopting 5G technology to enhance customer experiences

Case Study – Leveraging Technologies to Get Through the Pandemic and Enhance Customer Experience

We joined hands with our subsidiary SmarTone, transforming shopping malls with 5G technology to provide brand-new shopping experiences. The first 5G robot, MOKO BUDDY, has been launched at MOKO. Its smart route-planning guides customers to designated stores and facilities, while anti-pandemic, environmental and promotional information is displayed on-screen. The robot monitors security, provides delivery services to shopping mall tenants and detects obstacles, slippery floors and other environmental factors in real time, helping staff to provide timely assistance to customers.

Meanwhile, we have introduced smart restrooms at our shopping malls. Using the high-speed 5G network and multiple sensors, display screens provide customers with real-time information on estimated waiting times and usage conditions. This diverts them to less busy restrooms and hence reduces queues. The smart restrooms are also equipped with sensors that measure air quality, including temperature, humidity and PM_{2.5}, etc. Data is analyzed on our 5G cloud management platform. In addition, restroom supplies sensors ensure timely replenishment.

Smart restrooms were also introduced in our office buildings. All restrooms of ICC have 5G sensors to detect water leakage. Thanks to instant notifications from smart sensors, the management team can take immediate action and minimize the impact on tenants and facilities.



• Tsuen Wan Plaza's robot ambassador serves customers



• 5G Smart Restrooms are equipped with sensors to monitor indoor air quality

Valuing Customers' Feedback

Staff engagement is vital for the provision of products and services that exceed customers' expectations. Internal awards express our appreciation of their contributions. We also encourage staff to take part in external awards to gain industry recognition for their work.

Quality-Raising Suggestion Scheme

This was the 27th year of our scheme to encourage staff's innovative suggestions for promoting efficiency and enhancing service quality. The Quality Raising Gold Award went to two projects, MIC Prefabricated MEP Modular Construction and Trustful Intelligence Platform. MIC Prefabricated MEP Modular Construction, developed by the Teamfield Building Contractors Ltd. and Everlight E&M Engineering Company Ltd., is using the prefabricated mechanical and electrical and plumbing (MEP) modular technique. With the use of BIM, MEP pipes and their supporting frame were assembled offsite. The modules were then delivered to site and installed concurrently with superstructure construction by tower crane. This will provide significant benefits to the project in terms of productivity, quality and safety. Trustful Intelligence Platform, developed by Trustful Engineering & Construction Co. Ltd., is a smart platform with connection to all related parties for project monitoring, approval procedure and project document storage.

Best Handover Quality Award

The handover of a property is an important step: it gives customers a first impression of our product and service quality. As such, the Best Handover Quality Award was established to recognize the teams with outstanding performance in this important stage. This year, St Martin earned the award for offering the finest building quality, service quality and team spirit to new owners.

Service Talent Award

The Hong Kong Retail Management Association's Service Talent Award (previously known as Service & Courtesy Award) is the 'Oscar' of the retail sector. This year, our SHKP customer care ambassadors were lauded for their excellent service and

scooped 15 major awards. Apart from staff awards, SHKP malls also clinched a number of team awards, including The Best Team Award (Top 3) for New Town Plaza I and Potential Brand Award – Bronze for Harbour North. As voted by judges and the public, YOHO MALL was awarded Top 10 Outstanding Service Flagship Store and APM was awarded Top 10 Outstanding Service Retail Brands. Meanwhile, Landmark North and Metroplaza won Retail Anti-Pandemic Award – Merit, recognizing their smart, innovative measures and extra cleaning during the pandemic.

Maintaining Frequent and Timely Customer Engagement

Feedback from customers enables us to provide better products and services that suit their needs. The high satisfaction rates we have maintained over the years drive our ongoing improvement. This year, complementing our channels for customers to voice their concerns, we simplified procedures and promoted closer communication by publishing QR code surveys in our residential developments, shopping malls and commercial buildings.

Latest Result from Customer Engagement Surveys

Homebuyers	Office tenants	Shopping mall tenants	Hotel guests
Achieved 'Good' or 'Excellent' rating: 99%	Achieved 'Good' or 'Excellent' rating: 99%	Achieved 'Good' or 'Excellent' rating: 99%	Scored: 91 out of 100
10,602 Surveyed	1,359 Surveyed	6,635 Surveyed	15,931 Surveyed

Customer-service protocols and procedures are part of our commitment to delivering premium services. A resolution system handles and addresses complaints, while all feedback from shopping malls, offices and residential properties is followed up by relevant divisions within a reasonable time-frame, subject to the nature of the feedback. Customer service training enhances our staff's skill in handling complaints and challenging situations.

Performance of Hotels	
All Complaints	Response within 48 hours
Performance of Property Management	
Emergency Complaints	Immediate response
Verbal Complaints	Verbal response within 10 minutes
Written Complaints	Written response within 10 working days

SHKP Club

To create long-term and effective two-way communication with customers, we established the SHKP Club in 1996. We were Hong Kong's first developer to establish a loyalty club, and it remains the largest of its kind, with more than 430,000 members. The club provides property-related benefits, information and engagement activities, to promote a 'loving home' for potential and existing customers. It also collects customer feedback via surveys, social media,



- New online workshops and webinars were launched for SHKP Club members with the theme Loving Home in Harmony this year

experiential activities and other online means. Amid the pandemic, the Club's Loving Home Campaign features an array of online interactive initiatives with the theme of Loving Home in Harmony. Webinars, online workshops and other activities were launched to foster a more caring and harmonious community:

- Property information was delivered through virtual tours and social media links to facilitate communication

- Crossovers with shopping mall tenants such as Francfranc Christmas Floral Online Workshop and the Homeless Easter Egg Storage Lamp Online Workshop were launched to enhance members home lives
- Nurture Your Child's Talent and Accompany Your kids on their Study Journey online seminars, to enhance parent-child relationships
- Facebook quizzes promoting SHKP malls and driving customer interaction were offered to our Facebook page followers, attracting more than 3,000 entries
- The territory-wide Loving Home with Endless Joy campaign – encouraging the public to share their secrets for happy and harmonious family lives – drew over 6,000 entries
- The first online award ceremony for Encyclopedia of Family Harmony Competition was organized and attended by more than a hundred winners and their families



- Property-related offers and information are shared with customers via online and interactive channels



- For the first time, the SHKP Club broadcast the Encyclopedia of Family Harmony Competition presentation ceremony live via an online platform, enabling winners to share the joy with family members and friends

Securing Customers' Data Privacy

While we explore technology and innovation to bring new experiences to our customers, information security remains a top priority. Our IT Governance Steering Committee, led by executive management, oversees information security, including the security of our infrastructure. This Committee regularly meets with, and reports to, the Board to help them oversee our cybersecurity strategy. In daily operations, our IT department safeguards customer information and data security. Policies and procedures are regularly reviewed and updated in accordance with the Personal Data (Privacy) Ordinance and other relevant laws and regulations. Customers are informed of how their personal information is collected, handled and used through our **Customer Data (Privacy) Policy**. All homebuyers are required to sign a Personal Information Collection Statement (PICS) with preliminary agreements for the purchase of our properties. The purposes of collecting their personal data, and how we will handle that data, are clearly stated in the PICS.

To prevent breaches, we require all staff to follow the latest customer data handling procedures. Frontline staff receive regular data-privacy and cybersecurity training to ensure they protect customer and company information. During the reporting year, we arranged online seminars on cybersecurity trends, and the policies and tools that we use to safeguard data security. We issue cybersecurity alerts and tips through our intranet to keep our staff aware of fraudulent emails and the use of USBs. To lower the risk of data loss, only endorsed and registered removable drives will be used.

Detailed internet guidelines for business units cover website production, covering design, footers, language usage, content and data collection. Business units are required to follow these guidelines. Obligations for each business unit during each data-collection process are also highlighted in the guidelines. Any webpage that collects customer data is required to include the Customer Data (Privacy) Policy, to comply with relevant laws and regulations.

Value Created for Supply Chain



The Group aims to promote a sustainable supply chain in environmental, social and governance dimensions. We focus on building long-term, mutually beneficial relationships with our suppliers and contractors through active engagement and management.

Material topics addressed in this section :

- Well-being, health and safety
- Anti-competitive behaviour
- Anti-corruption
- Innovation



Strategies and Management

Firmly attached to our belief in Building Homes with Heart, we are dedicated to supporting the SDGs and building a more transparent, resilient and sustainable supply chain. We also strive to promote environmental and social responsibility among our business partners. A **Supplier Code of Conduct** is in place to facilitate communication and align our expectations of ethical standards, including legal compliance, anti-corruption, environmental protection, health and safety and labour practices, with our suppliers, contractors and subcontractors. Through green procurement policies, we also advocate for the integration of sustainable considerations in purchasing building materials, building services equipment and office products.

In addition to complying with Supplier Code of Conduct and relevant environmental and social laws and regulations, such as the Waste Disposal Ordinance, the Employment Ordinance and the Occupational Safety and Health Ordinance, all our suppliers and contractors are also required to perform in accordance with the Group's **Environmental Policy, Health and Safety Policy, Human Rights and Equal Opportunities Policy** and our quality requirements. We also encourage our suppliers to commit to the ten principles of the United Nations Global Compact and the Universal Declaration of Human Rights. Child or forced labour is strictly prohibited along the supply chain and we promote a discrimination-free and inclusive work environment.

We closely monitor our new and existing suppliers. A comprehensive supply chain management mechanism has been established to evaluate their compliance status and performance in various sustainability aspects through the adoption of a vertically integrated approach, covering the process of selecting and retaining suppliers, regular assessment of their performance and the development of evaluation systems. Under the evaluation systems, we in particular review the human rights risks in terms of compliance and labour management. We are concerned on whether the suppliers provide reasonable compensation as well as a safe working environment to their employees. Our tender documents require business partners, contractors and suppliers to strictly follow with the laws and regulations on labour rights and interests in order to ensure appropriate labour

rights protection measures are implemented and to better manage human rights risks in our supply chain.

Entrenching Sustainability into Our Procurement Decisions

Working with a diverse supplier base is an integral part of our procurement process, such as suppliers of building materials, building services equipment and office equipment for property-related businesses and food suppliers for hotel business. During the reporting year, we collaborated with over 5,300 suppliers, spending more than HK\$8 billion. To mitigate supply chain risk, we adopted multiple sourcing strategies to avoid over-reliance on any one supplier. Our five largest suppliers contributed to less than 30% of our total purchases during the reporting year.

	Head Office	Construction	Hotels	Property Management
Number of Suppliers – (Hong Kong)	65	463	2,208	2,484
Number of Suppliers – (Non-Hong Kong)	0	9	55	43

The Group advocates taking environmental and social factors into consideration in making procurement decisions. When selecting suppliers, we give preference to those who have made strong environmental commitments such as those who follow ISO 14001 Environmental Management System standards and adopt green procurement policies. For our hotel operations, suppliers providing products which are biodegradable, recyclable, Forest Stewardship Council certified or Marine Stewardship Council certified with reasonable prices are given priority consideration in the process of selection. During the reporting year, 44% of our total procurements were made by taking environmental factors into consideration. In addition, we endeavour to support small, medium and social enterprises by offering them cooperation opportunities during our procurement process whenever possible. We prioritize purchases from local suppliers to reduce carbon emissions from transportation and to support local economic development. During the reporting year, 98% of our suppliers were locally based.

Managing Environmental and Social Risks of Our Supply Chain

Identifying, assessing and minimizing the environmental and social impacts of our suppliers is the essence of our sustainable supply chain strategy. For example, natural disasters and unpredictable events such as extreme weather, epidemics, safety incidents, labour disputes, as well as shortage of raw material and natural resources may pose threats to the supply chain, leading to an unstable supply of goods or provision of services. While the Supplier Code of Conduct underpins the minimum standards that SHKP expects from our suppliers and contractors, our policies on tendering and suppliers/contractors management further reinforce our expectations by stipulating the requirements and required certifications with regard to quality, environment, energy and occupational health and safety. Regular assessments and evaluations are conducted for suppliers and contractors who have been accepted on our tender list. Sustainability-related factors are assessed at least annually for all suppliers and contractors across all our subsidiaries to ensure their performance stays aligned with our requirements. In cases where suppliers breach laws and regulations, fail to meet tender requirements, commit misconduct, or fail to achieve satisfactory results during the contract period, we will downgrade or delist them from our tender list. Apart from closely monitoring the supply chain risk, we also provide training programmes related to occupational health and safety, environmental management and product quality to raise suppliers' awareness about respective sustainability issues.

For our construction subsidiaries, only those subcontractors who have fulfilled our selection requirements and pass the performance evaluation will be considered during the tendering process. The sustainability performance of suppliers, contractors and subcontractors is assessed biannually during the contract period. Use of sustainable materials for construction is integrated into the contract work specifications. To identify and manage potential environmental issues arising from air pollution, waste management and wastewater treatment, we carry out regular inspections on our construction sites. All staff and subcontractors are required to attend training on quality assurance at least once every year. During the reporting year, we have launched an exercise to study and identify Volatile Organic Compound (VOC) absorbing or air-purifying paint products which are able to further improve the indoor air quality of our development when completed.

The property management subsidiaries require every supplier and contractor to sign an Environmental, Occupational Health and Safety (OHS) Commitment form and to comply with our environment and energy related policies. Preference is given to suppliers and contractors who can demonstrate their commitment to occupational health and safety as well as environmental management. To minimize potential health risk in the supply chain, Hong Yip has participated in the Charter

on Preferential Appointment of OSH Star Enterprise scheme to give preferential appointment to OSH Star Enterprises which have sound safety management systems and have passed the Occupational Safety and Health Council's stringent safety audits to carry out repair, maintenance, alteration and additional works.

Our hotel business operation is specifically exposed to food-safety risks. As such, we pay high attention to ensure proper food processing and transportation. Through preliminary qualification checks, suppliers are required to provide certificates such as product laboratory test reports, effective food factory licences, food safety certificates and food grade certificates to prove their materials meet our safety and quality requirements. Supplier questionnaires, food sample laboratory testing and pre-delivery quality checks are also performed to ensure the high quality of the products. Food health certificates are required for each delivery. Suppliers' performance in terms of the quality of products, punctuality of delivery and after-sales services is assessed periodically. In addition, the Group carries out audits and on-site inspections annually on risk factors related to personal hygiene, food-processing and storage conditions, waste management, safety of working conditions, validity of food safety certification, chemical storage management, equipment cleaning and pest control, ensuring public health and food safety requirements are met. Special attention is given when handling high-risk food such as ready-to-eat food and fresh seafood. During the coronavirus pandemic, we have undertaken stricter control measures for our suppliers such as requiring them to sign health declaration forms, as well as requesting temperature screening for any person who enters hotel premises. In case of non-compliance by the food suppliers, immediate rectification is required, followed by a re-audit. During the reporting year, 100% of our food suppliers in use fulfilled the requirements of our food audits.

We also strive to reduce our environmental and social impacts with suppliers and contractors in our operations through the adoption of new technologies such as the application for carbon reduction and efficient use of resources at construction sites. For example, our construction site at Sai Sha Road was the first project in Hong Kong to introduce solar photovoltaic systems, which is expected to generate 50,000 kWh of electricity annually for on-site electrification. In addition, we applied early electrification and low-carbon concrete to further reduce the project's carbon footprint and used integrated tree-management platforms to monitor the conditions of the trees throughout the entire construction process. The project received the Gold Award Contractor in New Works at the CIC Sustainable Construction Award 2020 by Construction Industry Council (CIC) in recognition of its innovations and significant contributions to sustainability.

Case Study – Creating Innovations to Support Sustainable Construction

The Group embraces and actively integrates the use of innovative technology into traditional construction practices in collaboration with its business partners, aiming to drive low-carbon and sustainable transition in the value chain. Our integrated commercial project at 98 How Ming Street in Kwun Tong featuring an array of new technological applications has earned industry recognition, for example, the Gold Award in the Innovative Safety Initiative Award 2020 (Health & Welfare). The innovations adopted at the site are shown as below:

Enhance Construction Quality and Efficiency

With the support of 5G network and cutting-edge technology, physical and digital information can be efficiently interpreted, ultimately improving resource efficiency, workflows and precision. For instance, the construction site uses BIM to present real-time, highly detailed construction models for engineers to review the design and layout, materials and craftsmanship. With Mixed Reality (MR), the digital information is superimposed on the physical environment, delivering a seamless translation from abstract ideas into physical objects. Also, electrical and mechanical modular integrated construction methods are introduced to boost overall construction quality and reduce wastage.

Minimize Environmental Impacts During Construction Process

It was the first-ever exothermic welding being used to replace traditional electric arc welding in Hong Kong, helping to curb the emission of waste gases and fumes during the welding process. Also, a groundwater circulation system was built at the construction site to enable the use of groundwater instead of fresh water, and an excavation and lateral support (ELS) system was set up to substantially reduce the consumption of steel. In addition, electric vehicles are used in the project to reduce emissions.

Improve Safety Performance on Construction Sites

SmartWorks system, which was developed by our subsidiary SmarTone, was deployed at the site to enhance the occupational safety and health of our construction workers. The system is integrated with programmes such as Smart Helmet, Smart Health station, large machine Danger Radar, access control and environment station. The Smart Helmet which is equipped with sensors and GPS trackers will send out a real time alert to site supervisors if a construction worker falls down. Also, the transport machinery has laser lights installed to reduce the risk of workers entering the operating zone of the machinery by accident.



• The Use of MR technology at the construction site

Ensuring the Health and Safety of Our Construction Workers

Understanding that construction workers play an important role in property development projects, we emphasize health and safety for the employees of our construction subsidiaries. Designated safety targets are set for all construction sites covering all employees under SHKP and those of our contractors, including zero fatal accidents, fewer than 0.5 serious accidents¹ per 1,000 workers, and fewer than eight accidents per 1,000 workers. To achieve the targets, all contractors are required to comply with our Safety and Health Policy Statement, relevant environmental, occupational health and safety policies, and strictly follow our health and safety protocols to prevent work-related injuries and fatalities. They are also required to adopt the Occupational Health and Safety Management System that meets the requirements of ISO 45001 certifications. If a project fails to meet the target rates, project managers and site agents are required to attend the Safety Executive Committee meeting following which they are required to commit further enhancement measures. The safety performance of each employee will also be one of the consideration factors of their annual performance bonus. In addition, we encourage workers to report work-related hazards and hazardous situations to their supervisors or site managers without any fear of reprisals. They will also consider leaving work situations that are considered to be unsafe. During the reporting year, the accident rate for our contractors at construction sites was 9.18 per 1,000 workers² which was much lower than the industry average of 26.1 per 1,000 workers³. In spite of this, we will keep stepping up our efforts in ensuring workplace safety given that we have yet to achieve our internal target. We will review our safety measures and strengthen the safety awareness of our workers to achieve a lower accident rate in the future. Regrettably, one fatal incident among our contractors occurred during the reporting year. Following a review meeting, a thorough accident investigation was conducted and risk assessment on lifting operations was conducted for all sites to avoid the re-occurrence of similar incidents. The lifting safety, control mechanism and safety procedures of lifting by crane lorries, including the qualifications of associated co-workers, training and permit systems, rigging methods and particular safety rules were reviewed and further enhanced.

To promote a positive health and safety culture, we offer a range of training courses

for our workers at different construction phrases. Prior to the implementation of each project, we provide tailored training on health and safety issues to all workers based on the specific conditions of each construction site. During construction, site-specific training is offered for complicated procedures that require special technical knowledge. Toolbox talks are also conducted weekly, or whenever there are changes in procedures. During the reporting year, over 880,000 attendances were recorded for the health and safety training sessions which covered topics such as the safe use of lifting equipment, working at heights, safety card renewal, manual material handling, general safety management, on-site housekeeping and hazard identification. Health talks and training on the topics of anti-alcohol, drugs and smoking are also provided for our contractors.

To identify and monitor potential on-site health and safety risks, we arrange internal site-safety professionals to conduct compliance audits quarterly. External safety audits are also performed biannually according to Factories and Industrial Undertakings (Safety Management) Regulation. Pursuing enhanced safety performance in future projects, we carry out safety effectiveness evaluations upon project completion to identify areas for improvement. In addition, our contractors are exempted from paying any standard industry fees levied on claims for all project sites in order to capture the most accurate and reliable data on work-related accidents and injuries.

We have also made strenuous efforts to mitigate the health risk of coronavirus spread at our construction sites. For example, we changed all meetings to video conferencing, installed an automatic disinfection spray machine at office entrances and introduced foot-operated wash basins on the site to reduce exposure to virus. Apart from these, we executed product inspections in factories before delivery remotely via video cameras to manage risk while ensuring the quality of the products.

¹ The definition of serious accident refers to work-related injuries that result in hospitalization for more than 21 days, loss of 20% of working ability or fatalities.

² Calculation uses the methodology adopted by the Hong Kong Construction Association.

³ Industry rate is calculated on the calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin [August 2021] from the Hong Kong Labour Department.

Anti-corruption

Committed to upholding the highest standards of governance and integrity, the Group has zero tolerance for all forms of corruption and bribery along the value chain. While ensuring compliance over the Prevention of Bribery Ordinance under the supervision of the Board, we clearly stipulate anti-corruption standards within the Group's Anti-corruption policy, Code of Conduct and Supplier Code of Conduct. For example, our staff are prohibited from soliciting, accepting or offering advantages, gifts or entertainment from any business partners, including suppliers and contractors. These requirements are communicated to all our staff during induction training and are freely accessible on the Group's intranet and website. In addition, to promote ethical business practices and awareness of all directors and employees, internal refresher training on industry-specific ethical standards and anti-corruption practices are held on a regular basis. We have also invited the Independent Commission Against Corruption (ICAC) to deliver integrity training workshops during the year. Directors are provided with additional training materials on anti-corruption and business ethics. More than 7,500 of our employees have attended the above trainings during this reporting year alone.

We have also made continuous efforts to prohibit any corruption, money laundering, extortion, anti-competition, fraud, false declaration or other malpractices across the supply chain. To ensure all suppliers and contractors understand and follow our anti-corruption policy, the policy is available on our online vendor platform. Our tendering companies are also required to declare any potential or apparent conflict of interest. Vendors would be suspended from tendering or removed from the approved vendor list should there be actual or suspected corruption activities. During the reporting period, the Group did not knowingly work with any suppliers or contractors who contravened our anti-bribery and corruption policy.

The Group has a whistleblowing mechanism for internal and external stakeholders to report any suspected cases of misconduct, malpractice, impropriety, unethical or unfair treatment. Employees may raise their concerns through suggestion boxes. The Audit and Risk Management Committee has an overall responsibility for the mechanism, whereas the Group Head of Internal

Affairs and the Head of Internal Audit are responsible for overseeing and implementing the mechanism. Major issues in the case will be reported to the Audit and Risk Management Committee for review. In case of suspected corruption or other criminal offences, a report will be made to either the Chairman and Managing Director or Audit and Risk Committee or relevant law enforcement authorities to decide the best course of action. During the reporting year, there were no material breaches of the Code of Conduct and laws relating to anti-corruption and competition.

Our robust corporate governance framework is fundamental to our anti-corruption efforts. For more information related to our corporate governance structure and practices, please refer to the [Corporate Governance Report](#) section of our Annual Report 2020/21 for details.

Competition

Fair competition serves as a foundation for creating a prudent and just supply chain. We strive to prohibit any anti-competitive behaviour in compliance with the Competition Ordinance. To prevent bid-rigging during tendering processes, we regularly update and evaluate our authorized list with qualified and pre-approved companies. Only companies that are on our list are invited for tendering, and all tender documents clearly stipulate our anti-collusion requirements. The number of tenders being invited are also strictly monitored to ensure a competitive tendering process. Signing of integrity and anti-collusion confirmation letters is required for all tenderers to declare that there is no anti-competitive behaviour in their operations. In addition, we invited external professionals to organize online seminars to raise the awareness on anti-competitive behaviour.

Value Created for Community



The Group puts into practice our long-standing belief in Building Homes with Heart and acts in line with the needs of the communities in which we operate. We invest in promoting education and holistic development, encouraging sports for charity and supporting the underprivileged to create a long-term positive impact.

Material topics addressed in this section :

- Affordable housing in Hong Kong
- Community investment
- Economic performance
- Sustainable buildings
- Well-being, health and safety



Strategies and Management

With Building Homes with Heart as our long-standing belief and core value, SHKP pays close attention to the community's needs and responds proactively. SHKP's Corporate Social Responsibility Committee, led by the Group's senior executives, oversees our community investments and partnerships with charitable organizations. A three-pronged approach governs our work in the community:

- (1) encouraging reading and holistic development, especially among youths;
- (2) promoting sports for charity and healthy living; and
- (3) providing care for the underprivileged.

The strategies that guide our investment in, and promotion of, well-being in the community are:

- building close partnerships with non-governmental organizations and other stakeholders;
- encouraging direct participation by our staff;
- promoting long-term, sustainable community programmes; and
- contributing to the community through strategic use of resources and networks as well as applying the skills of our staff.

During the reporting year, SHKP contributed more than HK\$46 million to charity and in-kind sponsorships, and made HK\$9,230 million in tax contributions. Our investment programme, contributions and long-term commitments to the community have earned widespread recognition. We have been named a Caring Company for the 19th consecutive year along with 82 of our business units. 35 of those units – from shopping malls and hotels to property management and



• A blood donation day at SHKP during the year

construction – were awarded the honour for the 10th or 15th consecutive year. These recognitions demonstrated SHKP's long-standing commitment to operating as a responsible corporate and its community contribution under the philosophy of Building Homes with Heart.

¹ Volunteer hours are calculated by calendar year.

SHKP Volunteer Team

To better contribute and give back to our community, our employees formed a SHKP Volunteer Team in 2003. The team seeks to generate synergy and create long-term value for the community, and is committed to our 'ABC caring spirit' philosophy:

- A: Association to work as a team
- B: Belief in Building Homes with Heart
- C: Commitment to serve the community and reach out to those in need



• An SHKP volunteer teaches community partners about home inspection and basic renovation

By providing training and insurance coverage for volunteers, we hope to incentivise more employees to actively participate. To date, the team consists of 2,900 volunteers and, in 2020, contributed more than 70,000 hours of charity work¹.

SHKP volunteers participated in a wide range of services. Leveraging our corporate expertise, they offered home inspection services and basic renovations to elderly people living alone, disabled people and underprivileged families. The team shared its experience, knowledge and techniques by publishing and distributing a pre-move checklist and a renovation guide for SHKP's community volunteer partners. Those partners help establish stronger and more sustainable community support, thus spreading our spirit of volunteerism.

Social distancing has disrupted elderly people's social lives. The SHKP Volunteer Team offered timely support by calling and video-conferencing with them. In place



• SHKP volunteers deliver surgical masks

of in-person visits, we delivered surgical masks to their mailboxes. Our ongoing efforts earned the Honour Award in the Social Welfare Department's Highest Service Hour Award (Private Organizations – Category 1) in 2019, for the 14th consecutive year.

Fostering a Reading Atmosphere

Reading and Holistic Development	
Objective	<ul style="list-style-type: none"> Promote a happy reading and learning culture among youths
Approach	<ul style="list-style-type: none"> Spread the joy of reading through SHKP Reading Club programmes and initiatives Inspire youth's interest by sharing experiences and book recommendations on our online Read for More platform Promote reading via seamless online-offline experiences

SHKP believes reading facilitates holistic development of individuals and the society. Accordingly, we have invested great resources in promoting a passion for reading among the young. The SHKP Reading Club – an open and complimentary hub – organizes activities, programmes and competitions. To date, the club has enrolled more than 57,000 members in Hong Kong and on the mainland.

Read for More Online Platform

Our interactive Read for More, launched in 2019, promotes reading and sharing among youth. It features inspiring and accessible multimedia content and celebrity interviews. This year, the Club expanded the content line-up by introducing detective fiction books and English literature. Since the platform's debut, it has attracted more than 546,000 users and 2.075 million page views. More details can be found on the [Read for More](#) website.

Read to Dream

Read to Dream is one of the SHKP Reading Club's signature events. Since its launch, more than 28,000 underprivileged students have benefited. In collaboration with St. James' Settlement (SJS) and Hong Kong Trade Development Council, Read to Dream 2021 was held online for the first time spanning the entire school summer vacation of 1.5 months. Selections of offline activities including drama performance at schools and cultural tours to a local water village provided experiential engagement for the students involved. Via our community partners – the Federation of New Territories Youth Foundation and the Tai Po Youths Association – 1,500 students have benefited from the summer programme, nearly 50% more than the previous programme.

Read & Share Programme

Since 2014, the SHKP Reading Club has collaborated with the Hong Kong Aided Primary School Heads Association (HKAPSHA) to organize the Read & Share programme. The programme provides annual school-based support for teachers to promote reading. So far, more than 250 primary and secondary schools have participated. During the 2020/21 academic year, the programme focused on offering reading promotion sponsorships

and school outreach activities. The former – capped at HK\$30,000 – enabled 31 primary and secondary schools to implement their own creative ideas for effectively promoting reading among students.

Case Study – SHKP Reading Club 'Return to School' to Deliver a Seamless Online-to-offline Reading Experience

The SHKP Reading Club strove to provide reading and sharing opportunities amid the pandemic. As schools gradually resumed face-to-face classes, the SHKP Reading Club hosted outreach activities in the form of dramas and board games. This academic year, 25 secondary schools participated in the school outreach activities of the SHKP Reading Club.

The Live Theatre staged a sci-fi love story, and the author and actors discussed its message with students. We broadcast the performance via Zoom so students could enjoy the drama remotely. Over 500 students watched the live webcast at the same time.

Together with the online reading platform Read for More, which offers multimedia content about books and interviews, SHKP Reading Club extends the students' reading experience from offline to online.



• School outreach activity under SHKP Reading Club's Read & Share programme

Contributing to Healthy Lifestyles and Exercising for Charity

Sports for Charity and Healthy Living	
Objective	<ul style="list-style-type: none"> Encourage healthy lifestyles and Sports for Charity
Approach	<ul style="list-style-type: none"> Organize and/or sponsor signature charitable sporting events and other initiatives to advocate the spirit of Sports for Charity to help the underprivileged children and youths Promote the fun of exercise and the importance of a healthy and sustainable lifestyle to the public

SHKP Sports for Charity Initiatives

SHKP is committed to Sports for Charity and strives to promote healthy lifestyles through sporting events. SHKP Vertical Run for Charity – Race to Hong Kong ICC and the Sun Hung Kai Properties Hong Kong Cyclothon are two of our signature Sports for Charity events. In light of COVID-19, both were suspended during the reporting period to ensure the health and safety of participants and the public.

Despite the pandemic, we continued to support charitable sports and health-related programmes by donating to community projects. These programmes include SHKP Science & Innovation Project for the Gifted (Phase II and III), SHKP Art to Heart Expressive Arts x Navigation for Youth Mental Wellness and SHKP Rainbow with KIDS.

- In collaboration with The Boys' & Girls' Clubs Association of Hong Kong (BGCA), we have sponsored the SHKP Science & Innovation Project for the Gifted since 2016. This provides free STEM courses for gifted children from low-income households, benefiting more than 300 children and their families. This year, participants were given the opportunity to showcase their STEM art projects to the public at Hong Kong City Hall.
- The school-based SHKP Art to Heart Expressive Arts x Navigation for Youth Mental Wellness programme supports the well-being of secondary students. Participants enjoy the opportunity to express and manage their emotions through creative art. Two years of support from SHKP has allowed the programme to

reach 58 secondary schools, benefiting more than 3,700 students, teachers and social workers.

- To support children and youth with difficulties, SHKP has since 2017 sponsored the SHKP Rainbow with KIDS project. Run by the Hong Kong Council of Social Service (HKCSS), it has enabled more than 700 children and youth, and their families, to recover from crises. Amid the challenging pandemic period, four participating organizations provided online training and therapy to families and offered counselling to those in need.

The Group will closely monitor the impact of COVID-19 and continue to support programmes under Sports for Charity when they resume. In the meantime, we will explore alternative ways to promote sports and healthy lifestyles.

More details can be found on the [Sports for Charity](#) website.

Sponsoring the SHKP Supernova Cycling Team

To promote cycling to the young generation, we have since 2019 sponsored the SHKP Supernova Cycling Team. Underprivileged but talented and passionate cyclists between the ages of 12 and 18 receive professional training. Five members of the team have become part of the Hong Kong Cycling Team and represented Hong Kong at international events. Another three have been selected to join the Hong Kong Junior Cycling Team, while two have been nominated to join a professional training programme in France and compete in high-level European races.

Case Study – Promoting Cycling in Community

During the reporting year, SHKP has introduced various initiatives to promote cycling and the pursuit of healthy lifestyle by enhancing our facilities and providing convenience to cyclists.

Bike SUNday X SHKP Supernova Virtual Race 2021

The pandemic brought a halt to major sporting events but opened the door for virtual sports. During the year, we sponsored the Bike SUNday x SHKP Supernova Virtual Race 2021: Hong Kong's first large-scale eSports cycling competition. Held in May, the race attracted 200 riders. It provided valuable experience for the young members of the SHKP Supernova Cycling Team, one of whom won the race.

SHKP Cycling Academy

SHKP has sponsored the SHKP Cycling Academy since 2018. The SHKP Cycling Academy provides systematic track cycling training to students and holds inter-school cycling competitions to promote the Exercise for Good philosophy. Through the Academy, SHKP hopes to foster student's sportsmanship and nurture future talented cyclists to become elite athletes for Hong Kong.



• Bike SUNday x SHKP Supernova Virtual Race 2021

To date, approximately 300 students from more than 20 secondary schools have participated. Over 100 students received track cycling passes to ride at the Hong Kong Velodrome after a year of training and approximately 3,200 have participated in cycling promotion activities.

Providing Convenience for Cyclists

To cater for the needs of cycling enthusiasts and create a bicycle-friendly environment, SHKP integrates helpful elements into its shopping malls. We have included bicycle-friendly facilities in our five shopping malls along the Tuen Mun-Ma On Shan biking track. Bicycle areas are also designated in our other malls with facilities like indoor parking spaces, self-service repair stations and tire inflators. Customer service centres at selected shopping malls allow cyclists to borrow repair tool kits. We also offer snacks, energy drinks, self-charging stations and comfortable seats for cyclists to take a rest and rejuvenate. These facilities enhance comfort and convenience for cyclists in town.



• Bike parking area at V City

• Bike self-service repairing station at YOHO Mall in Yuen Long

Caring for the Community

Care for the Underprivileged	
Objective	<ul style="list-style-type: none"> Support the needy
Approach	<ul style="list-style-type: none"> Sponsor charitable and educational programmes in Hong Kong and on the mainland Provide timely and critical support to families in need, via our Building Homes with Heart Caring Initiative Encourage employees and their families to volunteer Donate and support community development and worthy causes

SHKP partnered with various organizations to support the underprivileged by supporting community projects. During the reporting period, we continued to serve the underprivileged in our community through signature projects, including the Building Homes with Heart Caring Initiatives supported by the SHKP Volunteer Team, the SHKP-Kwoks' Foundation and youth start-up platforms.

Building Homes with Heart Caring Initiative



• The Building Homes with Heart Caring Initiative collaborates with social welfare organizations to distribute gift bags

SHKP adheres to its Building Homes with Heart philosophy and has served the community, particularly the elderly and underprivileged, since 2011 through a variety of community activities. As the Mid-Autumn Festival approached, the SHKP Volunteer Team collaborated with social welfare organizations to distribute gift bags, containing mooncakes, stationery and hand sanitizers, to underprivileged families. We also distributed festive food and personal-protection items to the elderly, so that they could stay home and receive useful supplies. These efforts benefited 12,000 people.

At Chinese New Year, we sent festive greetings across the community through gift bags and online activities to spread a festive mood among the elderly. 10,000 Chinese New Year gift bags were distributed through contactless methods to ensure proper hygiene.

Elderly Care from Property Management

The management team of Kai Shing visited the Sun Tuen Mun Centre to provide the elderly with pandemic-prevention supplies. They also helped those in need to purchase daily necessities. And they invited participation in volunteer activities, so the elderly could contribute to the community and share a sense of belonging. Kai Shing's efforts earned three awards in the Property Management Division of 2020-2021 Hong Kong Excellent Carers Election, organized by the Hong Kong Association of Gerontology.

Supporting Charitable and Fundraising Events by Social Welfare Organizations

We welcome partnerships with social welfare organisations and support their fundraising events. Since 2014, Hong Yip has partnered with external organizations to run PeaceBox, a campaign that delivers love and blessings around the city every Easter. Over the past seven years, nearly 60,000 peace boxes have been donated to the needy.

This year, during the pandemic, peace boxes containing daily necessities, food, toys, stationery and pandemic-related supplies were delivered to underprivileged families, elderly people and the homeless.

Our employees actively participated in fundraising events. This year, the annual Community Chest Dress Casual Day was enthusiastically supported by 27 departments.



• The SHKP leasing team enjoys Community Chest Dress Casual Day



• PeaceBox campaign 2021

Transitional Social Housing United Court for Underprivileged Families

Partnering Hong Kong Sheng Kung Hui Welfare Council (the Welfare Council), SHKP has provided land in Yuen Long at nominal rental to develop a large-scale transitional social housing project called United Court. On completion, around 1,800 units are expected to benefit 5,000 underprivileged families. The affordable people-oriented project will be equipped with facilities and social services, including public spaces, social enterprise stores and weekend markets. The project caters to the needs of the neighbourhood and enhances the quality of the life of the residents with its community elements. SHKP and the Welfare Council will also provide employment assistance and opportunities, and vocational training, for residents where appropriate and practical. The ground-breaking ceremony for the project's construction took place in June 2021 and the project is expected to be completed in 2022.

Multigenerational Housing Project for the Young and the Elderly

Adding choice and a new perspective to the housing market, our Tung Shing Lei project in Yuen Long is SHKP's first multigenerational housing project. Of the around 1,500 apartments, not less than 10 per cent will be configured suitably for the elderly. A wellness centre, kindergarten / nursery will provide residents with easy access to healthcare services and education. The wellness centre will be equipped with recreational and healthcare facilities for the elderly. The project features elderly friendly designs for grandparents, while the children and grandchildren can live in either a same big unit or a separate unit in the same development. The project promotes the concept of multiple generations living together, which bolsters family ties.

Supporting the Community Through SHKP-Kwoks' Foundation



• Sharing knowledge and practical training to enhance the skills of rural doctors

Since its establishment in 2002, the SHKP-Kwoks' Foundation (the Foundation) has actively supported the country's call to fight poverty by sponsoring and participating in more than 75 charity projects. These have benefited more than 65,000 people across 28 provinces and cities. During the reporting year, the Foundation continued to provide scholarships to university students.

This year, the Foundation donated RMB1.5 million to the Hong Kong Poverty Alleviation Association, to support the Rural Doctors Training Programme in Sichuan. Of the 500 participants, those who passed an assessment were qualified to provide health and medical services in remote villages, improving residents' access to medical services. The Foundation also provided RMB300,000 to install solar-powered streetlights in poverty-stricken villages in Dingxi, Gansu. This enhanced living conditions for 700 families.

Supporting Startup by Offering Free Fitted Co-working Space

SHKP strives to empower young entrepreneurs and to promote technological innovation. We continued to offer co-working space during the year, including INDEX – jointly established with the Hong Kong Startup Council of the Federation of Hong Kong Industries, and fully equipped office premises for the Hong Kong X-Tech Startup Platform and the Federation of Hong Kong Industries. During the reporting year, more than 34 startup-focused events were held in our offices. These allowed over 650 young entrepreneurs to connect with local scholars, investors and industry experts.

Appendix I - Awards, Memberships and Charters

Awards and Recognitions

Organizer	Award	Awarded Unit
British Research Establishment	The 'Outstanding' rating	Kai Shing • ICC
CTgoodjobs	Best HR Awards 2020 • Employer of the Year: Grand Award • Best Gen Z Attraction: Grand Award • HRBP Team of the Year • Learning and Development Team of the Year	Kai Shing
Euromoney	Innovative Green Development Sector, Global, Asia Pacific, China, Hong Kong • Best Developer	SHKP
Federation of Hong Kong Industries (FHKI)	BOCHK Corporate Environmental Leadership Awards 2020 • Bronze	Hong Yip • Wonderland Villas Kai Shing • Millennium City 1,2,3&6 Management Services Office
Green Council	Hong Kong Green Awards 2020 • Green Management Award (Service Provider): Large Corporation and SME	Kai Shing • 11 properties
Hong Kong Employee Retraining Board	ERB Manpower Developer Award Scheme • ERB Excellence Award for Employers	Hong Yip
	• Super Manpower Developer • Manpower Developer	Hong Yip Kai Shing
Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department	Energy Saving Championship • RCx Merit Award	Hong Yip • Sun Hung Kai Centre • Mikiki
Hong Kong Retail Management Association	2020 Service Talent Award	
	Top 10 Outstanding Service Flagship Stores	Kai Shing • YOHO MALL
	Top 10 Outstanding Service Retail Brands	Kai Shing • APM
	Excellent Service Stars (18 Participants)	Kai Shing • 10 properties
HR Appreciation Awards	Classified Post HR Appreciation Awards 2020 • Grand Award of HR Best Practice – Training & Development	Hong Yip

JobMarket	Employer of Choice Award 2020 • Employer of Choice Award • Appreciation Culture Award	Hong Yip & Kai Shing	
	• Employee Communication Award	Hong Yip	
	• Professional Awards – Next Generation Development Award	Kai Shing	
Occupational Safety & Health Council	The 19th Hong Kong Occupational Safety & Health Award		
	• Best Performance Award – Work Safe Behaviour Award	Hong Yip • Valais	
	• Safety Management System Award – Bronze	Kai Shing • Millennium City 5 • APM	
	• Pointing and Calling Best Practices Award – Gold & Bronze	Hong Yip • Valais • Harbour North	
	• Safety Performance Award	Kai Shing • 3 properties	
	The 8th Best Property Safety Management Award		
	• Best Property Management Award – Resident's RMAA Works Safety Enhancement Award – Gold Award	Hong Yip • Oscar by the Sea	
	• Best Property Management Award in Occupational Safety and Health – Bronze & Merit Award	Kai Shing • New Town Plaza Phase I • Landmark North	
	The Asset	The Asset ESG Awards 2020: Gold Award	SHKP
	The Hong Kong Council of Social Service	15 Year Plus Caring Company logo	SHKP, Hong Yip, Kai Shing, Sanfield, Royal Park Hotel, Royal Plaza Hotel and The Royal Garden Kai Shing • Castello Management Services Office
10 Year Plus Caring Company logo		Royal View Hotel Kai Shing • 25 properties	

The Hong Kong Institute of Facility Management	Excellence in Facility Management Award 2020	
	• Grand Award (Retail) • Grand Award (Office Building)	Kai Shing • HomeSquare • Landmark North
	• Excellence Award	Hong Yip • 7 properties Kai Shing • 31 properties
	• Merit Award	Kai Shing • 5 properties
	Theme Award – Sustainability • Gold Award (Residential) • Gold Award (Commercial) • Silver Award (Institutional & Others) • Bronze Award (Commercial)	Hong Yip • Valais Kai Shing • Landmark North Hong Yip • New Tech Plaza Kai Shing • Homesquare
	Innovative Technology Award	Kai Shing • Millennium City 5
The Hong Kong Chapter of International Facility Management Association (IFMA)	Asia Pacific Awards of Excellence 2020	
	Environmental Stewardship Award • Second Runner Up • Certificate of Excellence	Kai Shing • 3 properties
	Occupational Health and Safety Award • Certificate of Excellence • Certificate of Merit	Kai Shing • 4 properties
	Facility Management Operations Award • Winner	Kai Shing • ICC
TripAdvisor	Travelers' Choice Award	Royal Park Hotel and Royal Plaza Hotel
World Green Organization	Green Office Awards Labelling Scheme (GOALS)	Hong Yip • 3 properties Kai Shing • 14 properties

Please visit our [website](#) for awards and recognitions relating to corporate governance performance.

Memberships and Charters

Memberships

- Business Environment Council (Founding Member since 2002)
- Employers' Federation of Hong Kong (Corporate Member since 1994)
- Hong Kong General Chamber of Commerce (Member since 1977)
- The Chamber of Hong Kong Listed Companies (Corporate Member since 2004)
- The Hong Kong Council of Social Service of The Caring Company Scheme Patron's Club (Jade Member since 2007)
- The Hong Kong Green Building Council (Gold Patron Member since 2011)
- The Real Estate Developers Association of Hong Kong (Corporate Member since 1974)

Charters

- 4Ts Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2017)
- BEC Low Carbon Charter (Signatory since 2021)
- Carbon Reduction Charter and Carbon Audit • Green Partner of Hong Kong Environmental Protection Department (Signatory since 2009)
- Charter on External Lighting of Hong Kong Environment Bureau (Signatory since 2016)
- Charter on Preferential Appointment of OSH Star Enterprise of Occupational Safety and Health Council (Signatory since 2016)
- Charter on the Sales of First-hand Residential Properties of Estate Agents Authority (Signatory since 2018)
- Energy Saving Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2016)
- Glass Container Recycling Charter of the Environmental Protection Department (Signatory since 2016)
- Let's Save 10L Water 1.0 & 2.0 Campaign of Hong Kong Environment Bureau and Hong Kong Water Supplies Department (Signatory since 2015)
- Organ Donation Promotion Charter of Department of Health (Signatory since 2016)

Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology

Stakeholder Engagement Process

Since 2013, SHKP has started to engage stakeholders to understand their expectations and obtain feedback on our sustainability strategy and performance. To enable a more effective and systematic engagement, we introduced a three-year stakeholder engagement approach in 2018/19 to engage a more focused group of stakeholders through in-depth discussions on an annual basis, and supplemented by a more extensive engagement every three years via survey. The purpose is to gather feedback and industry trends from sustainability professionals and representatives from stakeholder groups that form our stakeholder review panel, while ensuring the feedback of every stakeholder group is considered and acknowledged. These engagements allow us to review the priorities of sustainability topics and provide guidance for us to make informed decisions and actions to respond to future sustainability challenges.

Furthermore, we engage stakeholders regularly through the following communication channels.

Stakeholder Groups	Methods of Engagement
Customers and Tenants (including residents, commercial and industrial building tenants and hotel corporate clients)	<ul style="list-style-type: none"> • Customer satisfaction surveys • SHKP Club • SHKP Malls App and The Point by SHKP • Club Royal • Concierge, retail stores, call centres, customer hotline, online and mobile phone applications • Website and social media
Employees	<ul style="list-style-type: none"> • Interviews • Meetings • Intranet • SHKP Quality Academy • Quality Raising Suggestion Scheme • Work Safety Suggestion Scheme • Employee engagement activities • Ongoing engagement
Government and Regulators	<ul style="list-style-type: none"> • Interviews • Meetings • Public consultation
Professional Bodies and Academia	<ul style="list-style-type: none"> • Interviews • Industry forums
Shareholders and Investors	<ul style="list-style-type: none"> • Investor meetings and conference calls • Overseas roadshows • Investor forums and conferences • Analyst briefings and annual general meetings • Annual and interim reports • Investor Relations page on SHKP's website

NGO Partners	<ul style="list-style-type: none"> • Interviews • Community programmes run by the SHKP Reading Club, SHKP Vertical Run for Charity and the SHKP Volunteer Team
Suppliers	<ul style="list-style-type: none"> • Interviews • Audits and assessments • Ongoing direct engagements
Media Partners and Social Media	<ul style="list-style-type: none"> • Press conferences • Meetings • Website and social media
Joint-Venture Partners	<ul style="list-style-type: none"> • Real estate industry trade associations and advisory groups

Materiality Analysis Methodology

Guided by the AA1000 Stakeholder Engagement Standard and with reference to the principles of inclusivity, materiality, responsiveness and impact of the latest AA1000 Accounting Principles, we adopt a three-step approach. The approach allows us to identify, prioritize and validate the materiality of the ESG topics relevant to SHKP for management and disclosure.

Step 1: Identifying ESG Topics

With reference to previous materiality analysis, we further refine the list of ESG topics taking into account stakeholders' feedback and updated sustainability trends in the industry. ESG topics are categorized into six key themes:

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

Step 2: Ranking ESG Topics

We engaged an extensive group of stakeholders via online surveys on a regular basis, from which they ranked the relative importance of ESG topics to the Group on a scale of 1 to 6 (with '1' being not important at all and '6' being very important). Moreover, stakeholders were asked to review preceding years' material topics identification on whether the topics should remain unchanged and if additional topics should be considered.

Step 3: Validating the Results

Qualitative feedback from stakeholder review panels were collected along with benchmarking exercises to validate the ranked results. Lastly, the final materiality analysis results were reviewed and endorsed by the Sustainability Steering Committee.

Appendix III – Performance Tables

Environmental Performance

	Unit	2020/21 ¹	2019/20 ²	2018/19 ³
Greenhouse gas (GHG) emissions within the Group				
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	37,885	42,750	57,112
Indirect GHG emissions (scope 2)	tonnes CO ₂ e	208,992	266,658	321,290
Indirect GHG emissions (scope 3) - Business air travel	tonnes CO ₂ e	7	-	-
GHG emission intensity (Scope 1&2)				
Head office	tonnes CO ₂ e/m ²	0.069	0.076	0.076
Construction	tonnes CO ₂ e/m ²	0.008	0.007	0.031
Property management	tonnes CO ₂ e/m ²	0.044	0.058	0.064
Hotels	tonnes CO ₂ e/room night	0.032	0.045	0.038
Waste disposal within the Group				
General waste	tonnes	113,365	109,657 ⁴	99,644
Construction and demolition waste ⁵	tonnes	42,668 ⁶	28,379	211,379
Waste recycled within the Group				
Paper	kg	2,362,147	2,770,874	4,160,359
Plastic	kg	52,054	37,020	24,442
Metals	kg	16,915	15,301	17,988
Used cooking oil	kg	10,645	13,928	20,083
Food waste	kg	318,327	473,249	405,403
Glass	kg	57,987	42,425	45,970
Construction and demolition waste	tonnes	272,069	672,583	237,197
Energy generation within the Group				
Total renewable energy generated and exported - Solar⁷	kWh	255,437	-	-
Energy consumption within the Group				
Total energy consumption	Gigajoules (GJ)	2,436,295	2,514,719	3,102,267
Head office	GJ	9,642	9,622	10,050
Construction	GJ	140,898 ⁶	118,556	391,112
Property management	GJ	2,013,385	2,172,285	2,467,345
Hotels	GJ	272,371	214,255	233,760
Energy intensity				
Head office	GJ/m ²	0.43	0.43	0.45
Construction	GJ/m ²	0.086 ⁶	0.061	0.229
Property management	GJ/m ²	0.43	0.47	0.54
Hotels	GJ/room night	0.34	0.36	0.29
Electricity consumption				
	GJ	1,781,566	1,735,467	2,071,995
	kWh	494,879,342	482,074,068	575,554,138
Head office	GJ	6,446	6,289	6,205
	kWh	1,790,536	1,746,884	1,723,748
Construction	GJ	51,214	58,136	347,397
	kWh	14,226,118	16,148,947	96,499,187
Property management ⁸	GJ	1,497,864	1,495,953	1,521,295
	kWh	416,073,375	415,542,421	422,581,990
Hotels	GJ	226,042	175,089	197,097
	kWh	62,789,313	48,635,817	54,749,213

	Unit	2020/21 ¹	2019/20 ²	2018/19 ³
Gas consumption				
Head office	GJ	259	241	253
Construction	GJ	- ⁹	5,625	- ⁹
Property management	GJ	511,866	672,448	942,168
Hotels	GJ	45,141	38,150	35,390
Fuel consumption				
Head office	GJ	2,937	3,092	3,591
Construction	GJ	89,684 ⁶	54,795	43,715
Property management	GJ	3,654	3,884	3,882
Hotels	GJ	1,188	1,016	1,272
Diesel consumption				
Head office	L	3,628	3,405	3,903
Construction	L	2,464,968 ⁶	1,479,233	1,207,212
Property management	L	102,164	107,594	108,747
Hotels	L	11,179	12,926	17,726
Petrol consumption				
Head office	L	87,727	92,830	107,880
Construction	L	52,658	62,074	19,296
Property management	L	224	1,344	- ¹⁰
Hotels	L	24,660	17,341	19,988
Water consumption within the Group				
Total water consumption	m³	3,033,605	2,392,227	3,376,840
Head office	m ³	5,021	4,676	4,929
Construction	m ³	799,833 ⁶	367,158	258,627
Property management	m ³	1,729,332	1,619,701 ¹¹	1,961,294
Hotels	m ³	499,419	400,692 ¹²	1,151,990
Water intensity				
Head office	m ³ /m ²	0.23	0.21	0.22
Construction	m ³ /m ²	0.49 ⁶	0.19	0.15
Property management	m ³ /m ²	0.37	0.35	0.43
Hotels	m ³ /room night	0.62	0.67	1.43
Major construction materials used				
Concrete	m ³	449,069	346,569	313,800
Bricks	piece	2,250,297	1,619,481	2,605,350
Steel	tonnes	143,009	81,962	54,942

- Environmental data of 2020/21 include head office, 30 construction sites, 87 buildings from property management, and 5 Royal brand hotels.
- Environmental data of 2019/20 include head office, 34 construction sites, 82 buildings from property management, and 4 Royal brand hotels.
- Environmental data of 2018/19 include head office, 30 construction sites, 80 buildings from property management, and 4 Royal brand hotels.
- General waste disposal of 2019/20 is updated to reflect actual situation.
- We have enhanced our recycling practice at construction sites and harmonized the calculation methodology recycling data to reflect actual situation since 2019/20. Therefore, figures since 2019/20 cannot be used for direct comparison with historical data.
- Data variance is due to a number of construction sites are in superstructure stage, resulting in increase in energy, fuel, diesel and water consumption, and waste disposal.
- The renewable energy generated by the Group was exported to CLP's Feed-in Tariff Scheme.
- The data refers to electricity consumption of common area and air conditioning system in office buildings, shopping malls and residential properties.
- Gas consumption by construction sites was not significant.
- Petrol consumption by property management operation was not significant.
- Water consumption of the six managed properties is updated to reflect actual situation.
- The calculation methodology has been updated to better reflect the water consumption in our hotels.

Social Performance

		Unit		2020/21 ¹		2019/20 ²		2018/19 ³	
Employment practice									
		Permanent		Contract		Permanent		Contract	
Total workforce by employment contract¹³		22,866		3,098		21,964		4,290	
Head office	no. of people	1,634	20	1,627	24	1,580	28		
Construction	no. of people	3,048	61	2,976	67	2,907	69		
Property management	no. of people	16,565	2,925	15,867	4,113	14,112	4,681		
Hotels	no. of people	1,619	92	1,494	86	1,567	95		
		Male		Female		Male		Female	
Total workforce by gender		14,639		1,325		14,891		11,363	
Head office	no. of people	843	811	844	807	817	791		
Construction	no. of people	2,381	728	2,312	731	2,247	729		
Property management	no. of people	10,442	9,048	10,804	9,176	10,526	8,267		
Hotels	no. of people	973	738	931	649	966	696		
Total workforce by age group									
Head office									
Under 30	no. of people		207		218		204		
30 – 50	no. of people		932		949		943		
Above 50	no. of people		515		484		461		
Construction									
Under 30	no. of people		506		527		504		
30 – 50	no. of people		1,452		1,407		1,368		
Above 50	no. of people		1,151		1,109		1,104		
Property management									
Under 30	no. of people		1,805		1,916		1,868		
30 – 50	no. of people		5,581		5,860		5,490		
Above 50	no. of people		12,104		12,204		11,435		
Hotels									
Under 30	no. of people		392		388		432		
30 – 50	no. of people		883		807		828		
Above 50	no. of people		436		385		402		
		Male		Female		Male		Female	
New hire by gender (number and rate¹⁴)									
Head office	no. of people	85	101	87	92	87	119		
	%	10.1	12.5	10.3	11.4	10.7	15.0		
Construction	no. of people	533	262	415	197	428	207		
	%	22.4	36.0	17.9	26.9	19.1	28.4		

		Unit		2020/21 ¹		2019/20 ²		2018/19 ³	
Property management	no. of people	3,717	3,638	4,011	4,259	3,878	3,382		
	%	35.6	40.2	37.1	46.4	36.8	40.9		
Hotels ¹⁵	no. of people	249	160	81	85	358	248		
	%	25.6	21.7	8.7	13.1	37.1	35.6		
New hire by age group (number and rate¹⁶)									
Head office									
Under 30	no. of people		84		86		89		
	%		40.6		39.4		43.6		
30 – 50	no. of people		97		86		110		
	%		10.4		9.1		11.7		
Above 50	no. of people		5		7		7		
	%		1.0		1.4		1.5		
Construction									
Under 30	no. of people		269		197		203		
	%		53.2		37.4		40.3		
30 – 50	no. of people		274		215		228		
	%		18.9		15.3		16.7		
Above 50	no. of people		252		200		204		
	%		21.9		18.0		18.5		
Property management									
Under 30	no. of people		1,014		1,115		1,206		
	%		56.2		58.2		64.6		
30 – 50	no. of people		1,969		2,258		2,050		
	%		35.3		38.5		37.3		
Above 50	no. of people		4,372		4,897		4,004		
	%		36.1		40.1		35.0		
Hotels¹⁵									
Under 30	no. of people		116		52		220		
	%		29.6		13.4		50.9		
30 – 50	no. of people		221		63		287		
	%		25.0		7.8		34.7		
Above 50	no. of people		72		51		99		
	%		16.5		13.2		24.6		

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

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

15. New hire for hotel increased significantly as ALVA Hotel By Royal came into operation in 2020/21 and the hotel business gradually recovered from COVID-19.

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

Social Performance

	Unit	2020/21 ¹		2019/20 ²		2018/19 ³	
		Male	Female	Male	Female	Male	Female
Employee turnover¹⁷ by gender (number and rate¹⁸)							
Head office ¹⁹	no. of people	70	89	36	66	47	75
	%	8.3	11.0	4.3	8.2	5.8	9.5
Construction ¹⁹	no. of people	239	85	134	48	202	79
	%	10.0	1.7	5.8	6.6	9.0	10.8
Property management	no. of people	1,897	924	1,479	1,454	1,757	1,858
	%	18.2	21.3	13.7	15.8	16.7	22.5
Hotels ¹⁹	no. of people	334	243	125	122	360	233
	%	34.3	32.9	13.4	18.8	37.3	33.5
Employee turnover¹⁷ by age group (number and rate²⁰)							
Head office¹⁹							
Under 30	no. of people		52		38		50
	%		25.1		17.4		24.5
30 – 50	no. of people		97		56		67
	%		10.4		5.9		7.1
Above 50	no. of people		10		8		5
	%		1.9		1.7		1.1
Construction¹⁹							
Under 30	no. of people		157		70		115
	%		31.0		13.3		22.8
30 – 50	no. of people		111		76		99
	%		7.6		5.4		7.2
Above 50	no. of people		56		36		67
	%		4.9		3.2		6.1
Property management							
Under 30	no. of people		573		478		710
	%		31.7		24.9		38.0
30 – 50	no. of people		1,152		815		1,012
	%		20.6		13.9		18.4
Above 50	no. of people		2,096		1,640		1,893
	%		17.3		13.4		16.6
Hotels¹⁹							
Under 30	no. of people		163		60		168
	%		41.6		15.5		38.9
30 – 50	no. of people		292		93		311
	%		33.1		11.5		37.6
Above 50	no. of people		122		94		114
	%		28.0		24.4		28.4

	Unit	2020/21 ¹		2019/20 ²		2018/19 ³	
		Male	Female	Male	Female	Male	Female
Employee turnover¹⁷ by employee category (number and rate²¹)							
Managerial	no. of people		124		81		96
	%		9.6		6.1		7.5
Officer-grade	no. of people		483		332		411
	%		16.4		11.5		14.8
Supporting	no. of people		603		497		652
	%		17.6		14.4		19.6
Operational	no. of people		3,671		2,554		3,452
	%		20.1		13.7		19.5
Occupational health and safety							
Total number of work-related fatalities	no. of people		0		0		0
Work-related fatalities rate	per 1,000 workers		0		0		0
Lost time injury frequency rate - employees	Number of lost time injury (N) per million hours worked		3.63		3.27		6.45
Lost time injury frequency rate - contractors	N per million hours worked		3.45		2.98		3.80
		Male	Female	Male	Female	Male	Female
Injury rate ²²	per 1,000 workers	23.43	29.49	17.12	24.82	21.43	32.15
Lost days ²³	days	16,815	22,577	12,786	21,010	11,957	23,772
Lost day rate ²⁴	%		0.25		0.23		0.25
Absentee rate ²⁵	%		0.96		0.91		1.05
Development and training							
		Male	Female	Male	Female	Male	Female
Average training hours per employee by gender and employee category							
Managerial	hours	17.1	20.6	14.8	15.5	16.8	18.6
Officer-grade	hours	20.3	31.5	16.9	18.8	14.7	16.6
Supporting ²⁶	hours	7.2	10.4	3.4	5.2	10.1	5.6
Operational ²⁶	hours	6.6	4.2	5.5	3.1	10.8	7.0
Total / Average training hours for health and safety at construction sites	hours	365,773		333,952		321,037	
	hours per employee	14.1		12.7		12.8	
Anti-corruption and anti-competition							
Reported case of corrupt practices	no. of cases		0		0		0
Reported case of anti-competitive behaviour	no. of cases		0		0		0

17. In 2018/19, the definition of employee turnover refers to employees who leave the company voluntarily or due to retirement, dismissal or other reasons. Since 2019/20, the definition of employee turnover follows respective industry standards according to business nature. For our hotel business, turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. For our head office, construction and property management business, voluntary turnover is included in the calculation. The total voluntary employee turnover rate in 2020/21 is 20.7%.

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

19. The recovery from COVID-19 has resulted in changing job market in 2020/21. Nonetheless, the number of new hire increased and compensated the turnover.

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

21. Turnover rate refers to total number of employee turnover of the employee category per the total number of employees of the corresponding employee category.

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

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

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

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

26. More staff participated in our live webinar and training in 2020/21, resulting in an increase in training hours.

Appendix IV - HKEx ESG Reporting Guide Index

General Disclosures and KPIs	Description	Reference (Page number)	Remarks
Environmental			
Aspect A1: Emissions			
General disclosure		Value Created for the Environment (10-20)	There was no material non-compliance regarding the emission of greenhouse gas, water and waste during the reporting period. Relevant sustainability policies are available on our website .
KPI A1.1	The types of emissions and respective emissions data	N/A	Air emissions are not material to our operations.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Appendix III - Performance Tables (50-52)	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	N/A	The Group generated no significant hazardous waste during the reporting period.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Value Created for the Environment (10-20); Appendix III - Performance Tables (50-52)	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Value Created for the Environment (10-20)	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Value Created for the Environment (10-20)	Hazardous waste generation and handling are not material to our operations.
Aspect A2: Use of Resources			
General disclosure		Value Created for the Environment (10-20); Value Created for Supply Chain (34-39)	Relevant sustainability policies are available on our website .
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Appendix III - Performance Tables (50-52)	
KPI A2.2	Water consumption in total and intensity	Appendix III - Performance Tables (50-52)	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Value Created for the Environment (10-20)	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Value Created for the Environment (10-20)	We do not encounter any problems in sourcing water for our daily operations, hence, this is not material to the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	The use of packaging material for finished products is not applicable to the Group's business.

Aspect A3: The Environment and Natural Resources			
General disclosure		Value Created for the Environment (10-20); Value Created for Supply Chain (34-39)	Relevant sustainability policies are available on our website .
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Value Created for the Environment (10-20); Value Created for Supply Chain (34-39)	
Aspect A4: Climate Change			
General disclosure		Value Created for the Environment (10-20)	Relevant sustainability policies are available on our website .
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Value Created for the Environment (10-20)	
Social			
Employment and Labour Practices			
Aspect B1: Employment			
General disclosure		Value Created for People (21-25)	Please refer to the Corporate Governance Report (pp. 106-123) and Directors' Report (pp. 124-146) sections of our Annual Report 2020/21 for details. There was no material non-compliance regarding employment and labour practices during the reporting period.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Appendix III - Performance Tables (50-52)	Seasonal and part-time employment does not cause significant variations in the total workforce. Hong Kong is the only location of operations covered in this report.
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Appendix III - Performance Tables (50-52)	Hong Kong is the only location of operations covered in this report.
Aspect B2: Health and Safety			
General disclosure		Value Created for People (21-25)	There was no material non-compliance regarding occupational health and safety during the reporting period.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Value Created for People (21-25); Appendix III - Performance Tables (50-52)	
KPI B2.2	Lost days due to work injury	Appendix III - Performance Tables (50-52)	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Value Created for People (21-25)	

Aspect B3: Development and Training			
General disclosure		Value Created for People (21-25)	
KPI B3.1	The percentage of employees trained by gender and employee category	N/A	All of our employees received regular training relevant to their jobs. We report the average training hours as required by KPI B3.2, which demonstrates our effort in talent development. Please refer to the Value Created for People and Appendix III - Performance Tables for details.
KPI B3.2	The average training hours completed per employee by gender and employee category	Appendix III - Performance Tables (50-52)	
Aspect B4: Labour Standards			
General disclosure		Value Created for People (21-25)	Child and forced labour issues are not material to the Group's operations. There were no non-compliance incidents regarding child and forced labour during the reporting period.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	N/A	See remarks for Aspect B4 General disclosure.
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	See remarks for Aspect B4 General disclosure.
Operating Practices			
Aspect B5: Supply Chain Management			
General disclosure		Value Created for Supply Chain (34-39)	
KPI B5.1	Number of suppliers by geographical region	Value Created for Supply Chain (34-39)	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Value Created for Supply Chain (34-39)	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Value Created for Supply Chain (34-39)	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Value Created for Supply Chain (34-39)	

Aspect B6: Product Responsibility			
General disclosure		Value Created for Customers (26-33)	There was no material non-compliance regarding product responsibility during the reporting period. Labelling is not relevant to SHKP business.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	There were no recalls concerning the provision and use of the Group's products and services that have a significant impact on our operations.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Value Created for Customers (26-33)	There were no substantiated complaints received during the reporting period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A	Intellectual property rights are not material to our operations.
KPI B6.4	Description of quality assurance process and recall procedures	Value Created for Customers (26-33)	Recall procedures are non-material to the Group's operations.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Value Created for Customers (26-33)	
Aspect B7: Anti-corruption			
General disclosure		Value Created for Supply Chain (34-39)	There was no non-compliance with anti-corruption practice in the reporting period.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Appendix III - Performance Tables (50-52)	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Value Created for People (21-25); Value Created for Supply Chain (34-39)	
KPI B7.3	Description of anti-corruption training provided to directors and staff	Value Created for Supply Chain (34-39)	
Community			
Aspect B8: Community Investment			
General disclosure		Value Created for Community (40-46)	
KPI B8.1	Focus areas of contribution	Value Created for Community (40-46)	
KPI B8.2	Resources contributed to the focus area	Value Created for Community (40-46)	

Appendix V – GRI Standards Content Index – Core

GRI Standards Indicator	Detail	UNGC's Ten Principles	Reference (Page number)	Remarks
GRI 101: Foundation (2016)				
General Disclosures				
GRI 102: General Disclosure (2016)				
Organizational Profile				
102-1	Name of organization		Our Reporting Approach (1)	
102-2	Activities, brands, products, and services		Our Business (3-4)	Our principal subsidiaries are listed on pp.228-233 of our Annual Report 2020/21 . None of our products or services are banned in certain markets.
102-3	Location of headquarters		Our Business (3-4)	Hong Kong
102-4	Location of operations		N/A	Hong Kong, Mainland and Singapore
102-5	Ownership and legal form		Our Business (3-4)	Listed on The Stock Exchange of Hong Kong Limited
102-6	Markets served		Our Business (3-4)	
102-7	Scale of the organization		Our Business (3-4)	As at 30 June 2021, SHKP and its principal subsidiaries and joint ventures employed more than 38,500 employees. A detailed breakdown of financial information is presented pp.4-6 of our Annual Report 2020/21 . More details of our business are listed on our website .
102-8	Information on employees and other workers	Principle 6	Appendix III - Performance Tables (50-52)	Seasonal and part-time employment causes no significant variation in the total workforce. Workers who are not employees are not covered in this indicator.
102-9	Supply chain		Value Created for Supply Chain (34-39)	
102-10	Significant changes to the organization and its supply chain		N/A	No significant change
102-11	Precautionary principle or approach		Our Approach to Sustainability (5-9)	Our Sustainability Policies are listed on our website

102-12	External initiatives			Appendix I - Awards, Memberships and Charters (47-48)
102-13	Membership of associations			Appendix I - Awards, Memberships and Charters (47-48)
Strategy				
102-14	Statement from senior decision-maker			Message from the Sustainability Steering Committee (2)
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour			Our Business (3-4) More details can be found on our website .
Governance				
102-18	Governance structure			Our Approach to Sustainability (5-9) More details on Corporate Governance can be found on pp.106-123 of our Annual Report 2020/21 .
Stakeholder Engagement				
102-40	List of stakeholder groups			Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (49)
102-41	Collective bargaining agreements	Principle 3	N/A	There are no formal collective bargaining agreements in place within SHKP. Yet, our employees can enjoy the freedom to take part in trade unions and collective bargaining if they wish.
102-42	Identifying and selecting stakeholders			Our Approach to Sustainability (5-9); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (49) Our stakeholder identification and selection process is guided by AA1000 Stakeholder Engagement Standard (2015) while referencing the principles of inclusivity, materiality, responsiveness and impact from the latest AA1000 AccountAbility Principles (2018).

102-43	Approach to stakeholder engagement		Our Approach to Sustainability (5-9); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (49)	
102-44	Key topics and concerns raised		Our Approach to Sustainability (5-9)	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		Our Reporting Approach (1)	More details can be found on pp.228-236 of our Annual Report 2020/21 .
102-46	Defining report content and topic boundaries		Our Approach to Sustainability (5-9); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (49); Appendix III - Performance Tables (50-52); Appendix VI - Independent Assurance Opinion Statement (60-61)	
102-47	List of material topics		Our Approach to Sustainability (5-9)	
102-48	Restatements of information		Appendix III - Performance Tables (50-52)	
102-49	Changes in reporting		Our Reporting Approach (1); Our Approach to Sustainability (5-9)	
102-50	Reporting period		Our Reporting Approach (1)	
102-51	Date of most recent report		N/A	Our most recent report - Sustainability Report 2019/20 - was published in November 2020.
102-52	Reporting cycle		Our Reporting Approach (1)	We publish our sustainability report annually.
102-53	Contact point for questions regarding the report		Our Reporting Approach (1)	

102-54	Claims of reporting in accordance with the GRI Standards		Our Reporting Approach (1)	
102-55	GRI Content Index		Appendix V - GRI Standards Content Index (55-59)	
102-56	External assurance		Our Reporting Approach (1); Appendix VI - Independent Assurance Opinion Statement (60-61)	

GRI 103: Management Approach (2016)

Management Approach

103-1	Explanation of the material topic and its boundary		Our Approach to Sustainability (5-9); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (49)	
103-2	The management approach and its components		See Strategies and Management section in each chapter for details.	
103-3	Evaluation of the management approach		See Strategies and Management section in each chapter for details.	

Economic Topics**GRI 201: Economic Performance (2016)**

Management Approach

201-1	Direct economic value generated and distributed		Our Business (3-4); Value Created for Community (40-46)	See Group Financial Summary chapter on pp.6 of our Annual Report 2020/21 for more details.
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GRI 202: Market Presence (2016)

Management Approach

202-2	Proportion of senior management hired from the local community		N/A	Hong Kong is our major location of operation. The majority of our executives are hired from Hong Kong. See our website - Directors and Board Committees for details.
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GRI 203: Indirect Economic Impacts (2016)

Management Approach

			Value Created for Supply Chain (34-39); Value Created for Community (40-46)	Indirect economic impacts include jobs supported in the supply chain and community initiatives.
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203-1	Infrastructure investments and services supported		Value Created for Supply Chain (34-39); Value Created for Community (40-46)	We work closely with government and local communities when developing properties and must take into consideration the impact of our developments on local traffic conditions and other infrastructure. While our investments are commercial, we go beyond regulatory requirements to build high-quality properties.
GRI 204: Procurement Practices (2016)				
Management Approach			Value Created for Supply Chain (34-39)	
204-1	Proportion of spending on local suppliers		Value Created for Supply Chain (34-39)	Local suppliers are defined as suppliers in Hong Kong. Hong Kong is the only location of operation covered in this report.
GRI 205: Anti-corruption (2016)				
Management Approach		Principle 10	Value Created for People (21-25) ; Value Created for Supply Chain (34-39)	
205-2	Communication and training about anti-corruption policies and procedures	Principle 10	Value Created for People (21-25); Value Created for Supply Chain (34-39)	
205-3	Confirmed incidents of corruption and actions taken	Principle 10	Appendix III - Performance Tables (50-52)	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
GRI 206: Anti-competitive Behaviour (2016)				
Management Approach			Value Created for People (21-25); Value Created for Supply Chain (34-39)	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		N/A	There were no legal proceedings involving anti-competitive behaviour, or involving anti-trust and monopoly practices (if any) in Hong Kong during the reporting period.

Environmental Topics				
GRI 301: Materials (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-20)	
301-1	Materials used by weight or volume		Appendix III - Performance Tables (50-52)	The major materials we use are for construction-related activities. Although timber is not a major material used, all the timber used is from sources that are certified as sustainable. Use of packaging material for finished products is not considered material to the Group's operations.
GRI 302: Energy (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-20)	
302-1	Energy consumption within organization		Appendix III - Performance Tables (50-52)	
302-3	Energy intensity		Appendix III - Performance Tables (50-52)	
302-4	Reduction of energy consumption		Appendix III - Performance Tables (50-52)	
G4-CRE1	Building energy intensity		Appendix III - Performance Tables (50-52)	
GRI 303: Water and Effluents (2018)				
Management Approach		Principle 7	Value Created for the Environment (10-20)	
303-1	Interactions with water as a shared resource		Value Created for the Environment (10-20)	Municipal water is the only source for entities covered in this report. All water discharged from our operations was transported to the local municipal wastewater systems.
303-2	Management of water discharge-related impacts		Value Created for the Environment (10-20)	See remark for 303-1 above.

303-5	Water consumption		Appendix III - Performance Tables (50-52)	See remark for 303-1 above.
G4-CRE2	Building water intensity		Appendix III - Performance Tables (50-52)	
GRI 305: Emissions (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-20)	
305-1	Direct (Scope 1) GHG emissions		Appendix III - Performance Tables (50-52)	Direct emissions include fuel, diesel and petrol. The methodology for estimating greenhouse gas emissions comes from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong – 2010 edition.
305-2	Energy indirect (Scope 2) GHG emissions		Appendix III - Performance Tables (50-52)	See remark for 305-1 above. Indirect emissions include purchased electricity and town gas. The emission factors for purchased electricity are illustrated by referring to the information released by CLP and HEC in 2020, and that for purchased town gas is adopted from Towngas in 2020.
305-4	GHG emissions intensity		Appendix III - Performance Tables (50-52)	
305-5	Reduction of GHG emissions		Appendix III - Performance Tables (50-52)	
G4-CRE3	Greenhouse gas emissions intensity from buildings		Appendix III - Performance Tables (50-52)	
GRI 306: Waste (2020)				
Management Approach		Principle 7,8,9	Value Created for the Environment (10-20)	
306-1	Waste generation and significant waste-related impacts		Value Created for the Environment (10-20)	The Group generated no significant hazardous waste during the reporting period.
306-2	Management of significant waste-related impacts		Value Created for the Environment (10-20)	See remark for 306-1 above.

306-3	Waste generated		Appendix III - Performance Tables (50-52)	See remark for 306-1 above.
GRI 307: Environmental Compliance (2016)				
Management Approach			Our Approach to Sustainability (5-9)	
307-1	Non-compliance with environmental laws and regulations		Our Approach to Sustainability (5-9)	There was no material non-compliance with relevant environmental laws and regulations during the reporting period.
Land Degradation, Contamination and Remediation				
G4-CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations		N/A	The Group purchases land directly from the government.
Social Topics				
GRI 401: Employment (2016)				
Management Approach		Principle 3,4,5,6	Value Created for People (21-25)	
401-1	New employee hires and employee turnover		Appendix III - Performance Tables (50-52)	
GRI 403: Occupational Health and Safety (2018)				
Management Approach		Principle 1,2	Value Created for People (21-25) Value Created for Supply Chain (34-39)	
403-1	Occupational health and safety management system		Value Created for People (21-25); Value Created for Supply Chain (34-39)	
403-2	Hazard identification, risk assessment and incident investigation		Value Created for People (21-25); Value Created for Supply Chain (34-39)	
403-3	Occupational health services		Value Created for People (21-25); Value Created for Supply Chain (34-39)	
403-4	Worker participation, consultation, and communication on occupational health and safety		Value Created for People (21-25); Value Created for Supply Chain (34-39)	

403-5	Worker training on occupational health and safety		Value Created for People (21-25); Value Created for Supply Chain (34-39); Appendix III - Performance Tables (50-52)	
403-6	Promotion of worker health		Value Created for People (21-25); Value Created for Supply Chain (34-39)	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Value Created for People (21-25); Value Created for Supply Chain (34-39)	
403-8	Workers covered by an occupational health and safety management system		Value Created for People (21-25); Value Created for Supply Chain (34-39)	
GRI 404: Training and Education (2016)				
Management Approach		Principle 6	Value Created for People (21-25)	
404-1	Average hours of training per year per employee		Appendix III - Performance Tables (50-52)	
GRI 405: Diversity and Equal Opportunity (2016)				
Management Approach		Principle 6	Value Created for People (21-25)	
405-1	Diversity of governance bodies and employees		Appendix III - Performance Tables (50-52)	See Directors' Biographical Information chapter on pp.147-157 of our Annual Report 2020/21 for details of the diversity information of our Board of Directors.
GRI 406: Non-discrimination (2016)				
Management Approach		Principle 6	Value Created for People (21-25)	
406-1	Incidents of discrimination and corrective actions taken		Value Created for People (21-25)	There were no non-compliance incidents in the reporting period.
GRI 413: Local Communities (2016)				
Management Approach		Principle 1,8	Value Created for Community (40-46)	

413-1	Operations with local community engagement, impact assessments, and development programmes	Principle 1	Value Created for Community (40-46)	All our community investments and engagements are managed at Group level.
GRI 416: Customer Health and Safety (2016)				
Management Approach			Value Created for Customers (26-33)	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		N/A	There were no non-compliance incidents in the reporting period.
GRI 418: Customer Privacy (2016)				
Management Approach			Value Created for Customers (26-33)	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		N/A	There were no substantiated complaints regarding breaches of customer privacy or loss of customer data during the reporting period.
GRI 419: Socioeconomic Compliance (2016)				
Management Approach			Our Approach to Sustainability (5-9)	
419-1	Non-compliance with laws and regulations in the social and economic area		Our Approach to Sustainability (5-9)	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations. There was no non-compliance with laws and regulations in the social and economic areas in Hong Kong (if any) during the reporting period.
Product and Service Labelling				
G4-CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		Value Created for Environment (10-20); Value Created for Customers (26-33)	

Appendix VI – Independent Assurance Opinion Statement

Sun Hung Kai Properties Limited Sustainability Report 2020/21

The British Standards Institution is independent to Sun Hung Kai Properties Limited (hereafter referred to as “SHKP” in this statement) and has no financial interest in the operation of SHKP other than for the assessment and assurance of SHKP Sustainability Report 2020/21 (“Report”).

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

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

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

Scope

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

1. The assurance covers all information and data presented in the Report, and focuses on systems and activities of SHKP and its wholly-owned subsidiaries (“the Group”) in Hong Kong, including property management, construction and hotel businesses during the period from 1st July 2020 to 30th June 2021. The Report is prepared in accordance with the Hong Kong Stock Exchange’s (“HKEx”) Environmental, Social and Governance Reporting Guide (“ESG Guide”) and the Core option of GRI Sustainability Reporting Standards (“GRI Standards”), and with reference to the ten principles of the United Nations Global Compact (“UNGC”).
2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 (“AA1000AS v3”) evaluates the nature and extent of SHKP’s adherence to four reporting principles, which include Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the Report has been evaluated.

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

Statement No.: **SRA-HK-754453**



Opinion Statement

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

Our work was carried out by a team of sustainability report assurers in accordance with AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered SHKP has provided sufficient evidence that SHKP’s self-declaration of compliance with the HKEx ESG Guide and the Core option of GRI Standards, and with reference to the ten principles of the UNGC were fairly stated.

Methodology

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

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

Conclusions

A detailed review against the AA1000AP (2018) Principles of Inclusivity, Materiality, Responsiveness and Impact, and in accordance with HKEx ESG Guide and GRI Standards and the ten principles of the UNGC is set out below:

Inclusivity

The Report has reflected a fact that SHKP is seeking the engagement of its stakeholders through numerous channels such as customer satisfaction surveys, SHKP Club, SHKP Malls App and The Point by SHKP, Club Royal, concierge, retail stores, call centres, customer hotline, online and mobile phone applications, website and social media, interviews, meetings, intranet, SHKP Quality Academy, Quality-Raising Suggestion Scheme, Work Safety Suggestion Scheme, Employee engagement activities, ongoing engagement, public consultation, industry forums, community programmes run by the SHKP Reading Club, the SHKP Volunteer Team, investor meetings and conference calls, investor forums and conferences, analyst briefings and annual general meetings, annual and interim reports, investor relations page on SHKP's website, audits and assessments, ongoing direct engagements, press conferences, real estate industry trade associations and advisory groups, and more.

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

Materiality

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

Responsiveness

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

Impact

SHKP has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable SHKP to assess its impact and disclose them in the Report. In our professional opinion, SHKP adheres to the principle of Impact. Areas for enhancement of the Report were adopted by SHKP before the issue of this opinion statement.

HKEx ESG Guide Reporting

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

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

GRI Standards Reporting

SHKP provided us with their self-declaration of compliance with GRI Standards "In accordance" - Core option. Based on our verification review, we are able to confirm that social responsibility and sustainability related disclosures in all three categories (Environmental, Social and Economic) are reported with reference to "In accordance" with the GRI Standards – Core option.

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

Assurance Level

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

Responsibility

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

Competency and Independence

The assurance team was composed of Lead Auditors, who are experienced in real estate sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEx ESG Guide, UNGC's Ten Principles, ISO 10002, ISO 14001, OHSAS 18001, ISO 45001 and ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Mr. Stephen Yu

Chief Operating Officer
Hong Kong China Operational Resilience Director
24th October 2021



AA1000
Licensed Report
000-157/V3-DIGBY



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Information for Shareholders

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

Stock Exchange: 16

Bloomberg: 16 HK Equity

Reuters: 0016.HK

Trading Symbol for ADR: SUHJY

CUSIP: 86676H302

ISIN: HK0016000132

