



漢國置業有限公司

Hon Kwok Land Investment Company, Limited

(Incorporated in Hong Kong with limited liability)

Stock Code: 160

2022/23

Environmental, Social
and Governance Report

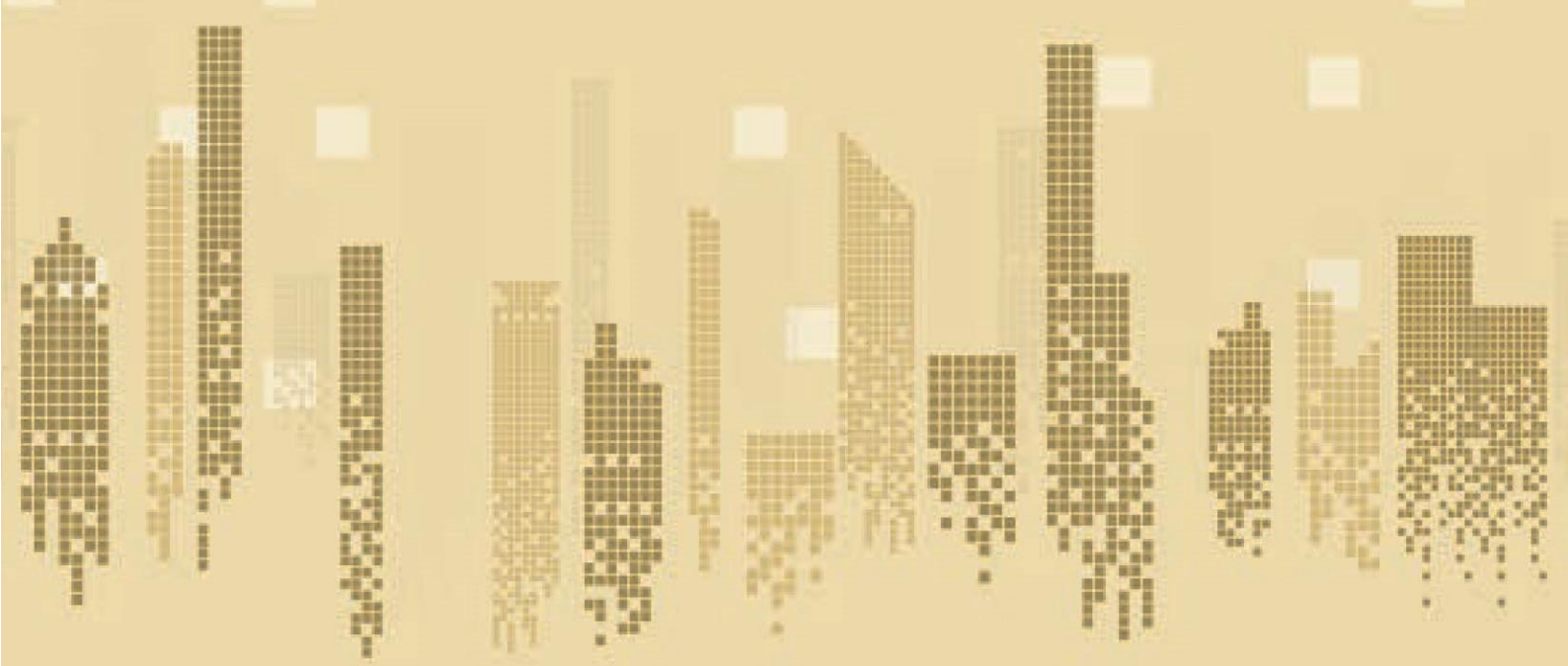


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About the Company

Hon Kwok Land Investment Company, Limited (“Hon Kwok Land”, which together with its subsidiaries referred to as the “Group” or “We”) (Stock Code: 160) is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group primarily engages in property development, property investment and property-related businesses while commercially operating in Hong Kong, Shenzhen, Guangzhou, Nanhai and Chongqing.

The Group is committed to building a better future by incorporating sustainability practices into its day-to-day operations. We have been giving our best efforts to manage all risks relating to Environmental, Social and Governance (“ESG”) without compromising the quality of products and services that we have always taken pride in. This report discloses our ESG performance that has been carefully collected and reviewed. At the same time, we work closely with our stakeholders to incorporate their expectations and opinions into our projects and operations.

About this Report

Reporting Standard

This Report was prepared in accordance with the requirements as set out in Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”), Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Group adheres to the four reporting principles listed in the ESG Reporting Guide, including materiality, quantitative, balance and consistency to prepare the Report.

Materiality: Stakeholder engagement and materiality assessment are conducted to identify material ESG issues for the reporting period. This Report covers topics that are relevant and important to the operation of the Group and our stakeholders.

Quantitative: The Group presents ESG information with quantitative key performance indicators (“KPIs”), whenever feasible.

Balance: This Report provides an unbiased picture of the Group’s performance in the ESG issues. There will not be any selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report readers.

Consistency: This Report adopts consistent methodologies to allow for meaningful comparisons of ESG data over time. Any changes to these methodologies are disclosed clearly in the corresponding sections.

Reporting Period

Unless otherwise specified, the Report covers the Group’s ESG management approach as well as sustainability initiatives and performances from 1 April 2022 to 31 March 2023 (the “Reporting Year”).

Reporting Scope and Boundary

The scope of this Report covers the Group’s business activities and operations in property development, property investment, and property-related businesses of which the Group has financial control.

The following business activities are included in this Report:

Business / Activity	Location	
Administration	<ul style="list-style-type: none"> • Hong Kong • Shenzhen • Guangzhou • Nanhai • Chongqing 	<ul style="list-style-type: none"> • Hong Kong Headquarters • Shenzhen Office • Guangzhou Office • Nanhai Office • Chongqing Hon Kwok Centre Office • Chongqing Jinshan Shangye Zhongxin Office
Properties invested/managed	Hong Kong	<ul style="list-style-type: none"> • Hon Kwok Jordan Centre • Digital Realty Kin Chuen (HKG11), data centre at Kin Chuen Street
	Shenzhen	<ul style="list-style-type: none"> • City Square • Hon Kwok City Commercial Centre (“Shenzhen Hon Kwok Centre”)
	Guangzhou	<ul style="list-style-type: none"> • Ganghui Dasha • No. 5 Residence • The Botanica
	Nanhai	<ul style="list-style-type: none"> • Metropolitan Oasis
	Chongqing	<ul style="list-style-type: none"> • Chongqing Hon Kwok Centre • Chongqing Jinshan Shangye Zhongxin
Properties under development	Guangzhou	<ul style="list-style-type: none"> • 45-107 Beijing Nan Road development project: “The Riverside” and “Hon Kwok Building”
Hotel/ Serviced Apartments	Hong Kong	<ul style="list-style-type: none"> • The Bauhinia Hotel / Serviced Apartment (Central) • The Bauhinia Hotel (TST)
	Shenzhen	<ul style="list-style-type: none"> • The Bauhinia Hotel (Shenzhen) • City Suites

Access to the Report

The Report is available on the websites of the Stock Exchange and of Hon Kwok Land in both Traditional Chinese and English.

Board Approval

This Report has been approved by the Board of Directors of Hon Kwok Land (the “Board”) before publication.

Sustainability Governance

Board Statement

The sustainability governance structure is critical to effectively integrate sustainable practices into our operation. The Board has ultimate responsibility for the Group's ESG strategies and performance, overseeing overall ESG management and reporting.

The Board has approved the establishment of the ESG Committee, which comprises of directors and managers from different departments. The ESG Committee supports the Board to identify material ESG related risks and formulate relevant / corresponding strategies, as well as helps strengthen targets setting and reporting process. It also works closely with different departments in the implementation of ESG policies and monitoring sustainability performance. It will regularly evaluate the Group's ESG performance with targets meeting progress and report to the Board annually.

Material ESG issues are being identified and prioritised through our materiality assessment. The list of material ESG issues was reviewed and validated by the Board and incorporated into the Group's planning for business strategies and ESG initiatives. The Board, the ESG Committee and the management will continue to review the list of material ESG issues on an annual basis.

Green and Sustainable Finance

The Group supports green and sustainable finance to promote sustainability development. During the Reporting Year, the Group signed a sustainability-linked loan agreement with several banks in Hong Kong. Interest rate reduction is granted against improvements in the Group's year-on-year sustainability performance from 2023 to 2026. Three sustainability performance KPIs are set in the loan agreement, namely:

- Increase in cumulative number of green building certificates of properties held for investment;
- Increasing in training hours per staff per annum (with topics related to data protection and security), and
- Increasing in employee development training hours per staff per annum.

The Group also deposited HK\$180 million "green deposits" with a bank in Hong Kong, for which the deposit will be used by the bank to fund green projects.

Stakeholder Engagement

To understand stakeholders' expectations and related ESG issues, the Group actively engages with key stakeholders through diverse communication channels. Our stakeholders include investors and shareholders, employees, tenants and customers, suppliers and contractors. We maintain close relationships with our stakeholders with effective communication channels such as press releases, announcements, promotional materials, employee meetings, general meetings along with phone interviews and surveys.

We value the opinions of our stakeholders as they help us improve our ESG strategies and sustainable development. If you have any comments or suggestions regarding this Report or our overall ESG performance and practices, please contact us via below:

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Materiality Assessment

The Group has conducted stakeholder engagement in the previous reporting year and updated the material ESG topics in the Reporting Year through peer benchmarking and media research based on industry trends. This year, the Group identified 15 material environmental and social topics, which are the same as last year. We further renamed the material topic “Climate Risks” to "Climate Change Mitigation and Adaptation" to align with peers and also increase the coverage under climate issue.

The following table summarizes the material ESG topics which have been reviewed and confirmed by the management.

Key Aspects	Material ESG topics Identified	Why is it relevant to our operations?
Environment	Energy Management and Efficiency	<ul style="list-style-type: none"> Real estate sector is one of the sectors that contributes highest carbon footprint. Hon Kwok Land, as a property developer and manager, strives to adopt a low energy operational approach. Various measures have been adopted to improve the energy efficiency of our buildings so as to create a low carbon future.
	Greenhouse Gas Emission	
	Waste Management	<ul style="list-style-type: none"> The capacity of waste landfills is limited, the Group promotes the reduction, reuse and recycling of waste in our operations.
	Climate Change Mitigation and Adaptation*	<ul style="list-style-type: none"> Climate change has been at the top of global agenda. The physical and transition risks brought by it might affect our business significantly.
	Green Building	<ul style="list-style-type: none"> Embedding green elements into our properties firm up our position in the industry as a sustainable business.
Employment and Labour Practices	Training and Development	<ul style="list-style-type: none"> Providing training to employees can improve employees’ skills and knowledge, thus delivering better quality services to our customers.
	Talent Attraction and Retention	<ul style="list-style-type: none"> Attracting and retaining talents are important to the long-term success of the Group.
	Safe Working Environment	<ul style="list-style-type: none"> Employees are our great assets and any fatalities or injuries can lead to reputation damage and potential legal consequences.
Operating Practices	Product and Service Quality	<ul style="list-style-type: none"> It is important to provide high quality and safe environments and services for building users so as to enhance their satisfaction.
	Customer Health and Safety	
	Customer Privacy Protection	<ul style="list-style-type: none"> Customers are now more aware of the privacy protection issue, and we strictly comply with relevant regulations to eliminate information leakage.
	Business Integrity & Compliance	<ul style="list-style-type: none"> Stakeholders are now more aware of the risks of business integrity and business compliance is an essential element of good governance.
	Anti-corruption	<ul style="list-style-type: none"> We strictly comply with relevant regulations and cooperate with inquiries, if any, to eliminate corruption risk and ensure integrity.
	Supply Chain Management	<ul style="list-style-type: none"> Effective supply chain management reduces the risks from supply chain disruption.
Community	Community Investment	<ul style="list-style-type: none"> Community investment provides the Group with opportunities to contribute to the society and establish a good corporate image.
*Renamed from “Climate Risks”		

Caring for the Environment

The Group endeavors to build a green community by minimizing the adverse environmental impacts. With this vision in mind, we have adopted various environmental protection initiatives and formulating policies in the areas of energy consumption, greenhouse gas (“GHG”) emissions, waste generation, water consumption and climate risks management to manage the Group’s operational footprint. The renovation project of our Bauhinia Hotel / Serviced Apartment (Central) in Hong Kong began this year and is targeted to be completed in 2024. We have implemented various energy efficiency and waste management measures during construction stage to reduce our environmental impact.

Reducing energy consumption and greenhouse gas emissions

We implemented numerous measures on energy consumption and GHG emissions in response to relevant laws and ordinances, such as the Environmental Protection Law of the People’s Republic of China. During the Reporting Year, there are no reported incidents of non-compliance with relevant environmental laws and regulations.

The Group values the sustainability of its business and strives to incorporate environmentally friendly elements into operations. Aiming to promote green and sustainable building design with good air and water quality management, we certify our properties with sustainable building standards. Our Chongqing Hon Kwok Centre and Chongqing Jinshan Shangye Zhongxin have obtained WELL health certification, Shenzhen Hon Kwok Centre was also accredited with the Leadership in Energy and Environmental Design (“LEED”) Gold certification and WELL Health-Safety Rating (“WELL HSR”); Our Hon Kwok Building in Guangzhou was also accredited with LEED v4 Gold Certification. There were a total of 2 properties held for investment that acquired green building certificates at the end of the Reporting Year. In the future, we target to increase the number of properties with green building certifications.



*LEED Gold Certification –
Shenzhen Hon Kwok Centre*



*LEED v4 Gold Certification –
Hon Kwok Building, Guangzhou*

The Group endeavors to minimize emissions and energy consumption throughout our operation. Guidelines and policies on energy management have been formulated to govern the energy consumption of our sites and offices. For instance, the guideline in our Chongqing operation specifically lists out the air conditioning requirements such as setting temperature restriction for offices and staff dormitories. With electricity consumption being our major source of GHG emissions, not only do these policies and guidelines promote a culture of energy conservation, but also reduce the GHG emissions of the Group. The Group also designates dedicated personnel to monitor the implementation of the guidelines and check the electrical appliances regularly, aiming to respond to any abnormal situation in a timely manner.

Apart from energy management, the Group constantly upgrades our facilities with energy-efficient equipment. Energy-saving appliances and appliances with energy efficiency labels are given priority in our procurement. Properties in Chongqing, Nanhai and Shenzhen use LED lightings to conserve energy. With LED lighting installed, up to 27,400 kWh and 569,400 kWh of electricity was saved in our Chongqing offices and other properties in Chongqing respectively during the Reporting Year. Besides, lighting control sensors as well as Building Automation Systems have been installed in Shenzhen City Square and Shenzhen Hon Kwok Centre. Air-conditioning boot-up process has been optimized together with timely maintenance of condensers in Shenzhen properties. Our Guangzhou office switches off lightings for an hour during employees' lunch break. In addition, we use blackout curtains to regulate the sunlight entering the room and maintain optimal room temperature and light. Energy-saving notices are posted in our office area to remind our employees of energy-saving measures.

Environmental target:

We aim to reduce each of our GHG emission intensity and energy consumption intensity by 8% by 2030 against year 2022 (1% reduction annually). This Reporting Year, we achieved the following progress:

GHG emission intensity target progress

Business/ Activities	Unit	Progress
Offices	tonnes CO ₂ e/m ² GFA	Achieved 59% reduction
Property management	tonnes CO ₂ e/m ² GFA	Achieved 10% reduction
Serviced apartment*	tonnes CO ₂ e/room night	Achieved 1% reduction

Energy consumption intensity target progress

Business/ Activities	Unit	Progress
Offices	kWh/m ² GFA	Achieved 57% reduction
Property management	kWh/m ² GFA	Achieved 19% reduction
Serviced apartment*	kWh/room night	Achieved 23% reduction

* Due to the lack of operational control and data unavailability of The Bauhinia Hotel / Serviced Apartment (Central), The Bauhinia Hotel (TST) and The Bauhinia Hotel (Shenzhen), the target only covers our serviced apartment City Suites.

Reducing waste

Waste management is a crucial part of our daily operations, our business activities strictly adhere to the applicable rules and regulations of the place where we operate, such as the Waste Disposal Ordinance (Cap. 354) in Hong Kong and the Law on Prevention and Control of Environmental Pollution by Solid Wastes in the People's Republic of China. During the Reporting Year, there are no reported incidents of non-compliance with relevant environmental laws and regulations.

Our waste sources are mainly generated by tenants, guests, and residents of our properties during operations. The Group adopts a set of waste management practices to encourage waste generation reduction and ease the burden to the environment. For example, our Chongqing operations have formulated its waste management policy that outlines the principles and standard garbage sorting and recycling procedures. According to the policy, domestic waste is classified into four main categories: recyclables, food leftovers, hazardous waste and other waste. To supervise the daily waste disposal and management performance, we assign dedicated personnel for monitoring and inspection.

To minimize the environmental impact of waste generated in daily operations, various waste recycling practices have been widely adopted in our office and properties. For example, in Shenzhen operations, we adopt a waste management approach following the "producer-pay" principle that tenants are required to pay for their fair share of renovation waste disposal and their food leftovers, thereby promoting an incentive for waste reduction. To further enhance recycling practices, Shenzhen Hon

Kwok Centre implements waste segregation by dividing waste into dry and wet, using oil-water separation and oil-slag separation equipment. Our Guangzhou office continues to engage a third-party waste management company for providing centralized waste recycling and handling service, collecting wastepaper, ink cartridges, damaged parts of copiers and printers, fire extinguishers and fire masks. We recognized the adverse impacts on environment that can be potentially caused by hazardous waste. The hazardous waste of development projects will be handled and treated properly by the Shenzhen Urban Management Bureau.

Environmental target:

We aim to reduce our waste disposal by improving our recycling rate. To achieve it, we will further strengthen our waste management practices by enhancing the waste collection and recycling procedure adopted across our operations and raising awareness of waste reduction and recycling among employees and our tenants.

Saving water resources

The Group strives to make optimal utilization of water resources and introduced water-saving initiatives. As a responsible company, we are devoted to conserving our water supply. Our water consumption is mainly for cleaning the common areas of our properties and irrigating landscape plants. We have formulated relevant policies to track water consumption and prevent abnormal water use.

The Group has implemented various water management practices and water-saving initiatives to raise the awareness of our employees and tenants. Labels and notices were posted to remind all users to avoid unnecessary water consumption. We also encourage tenants and residents to contact the property management office for the water leakage to arrange repairs on time. Besides, we have installed high-efficiency toilet flushes and toilet tanks in Chongqing offices and properties. Sensors for taps are also in place to save water. By upgrading the facilities, we have saved more than 12,000 m³ of water annually in Chongqing properties.

The Group encourages water recycling and reuse. Condensed water from the air-conditioning system is collected for the fire-fighting system in our Chongqing Jinshan Shangye Zhongxin and Shenzhen Hon Kwok Centre. Botanica in Guangzhou collects rainwater and uses it to irrigate surrounding plants.

Environmental target:

We aim to reduce our water consumption intensity by 8% by 2030 against year 2022 (1% reduction annually). This Reporting Year, we achieved the following progress:

Water Consumption intensity target progress

Business/ Activities	Unit	Progress
Offices	m ³ / m ² GFA	Achieved 84% reduction
Property management	m ³ / m ² GFA	Achieved 11% reduction
Serviced apartment*	m ³ /room night	Achieved 2% reduction

* Due to the lack of operational control and data unavailability of The Bauhinia Hotel / Serviced Apartment (Central), The Bauhinia Hotel (TST) and The Bauhinia Hotel (Shenzhen), the target only covers our serviced apartment City Suites.

Climate change mitigation and adaptation

Extreme weather such as typhoons and heavy rain brought by climate change will pose potential risks to our operations. In this regard, managing climate change risks has become one of the prime focuses of our environmental management. The Group is committed to developing and implementing sound management strategies to improve climate adaptation and resilience across all business operations.

The Group has established its robust climate risk management system to tackle climate risks. For example, our Guangzhou operation has formulated an “Emergency Plan for Typhoon and Flood”. The plan outlines our overall approach and guidelines on ensuring normal production and safety of life and property under extreme weather events. It covers topics such as raising awareness of colleagues, establishing an emergency command team, preparation of flood and typhoon control supplies. Meanwhile, the plan guides corresponding control and rescue measures under various scenarios. We also provide related employee training and require attendance checks to ensure they meet our standards.

During extreme weather occurrences, the Group constantly prioritizes our employees' health and safety. Therefore, we actively improve communication and information transparency in emergencies. Whether in our offices or in our managed properties, we have a designated department responsible for posting relevant notices in the office, and publishing messages via electronic communication apps, informing colleagues of typhoon prevention and safety precautions in advance.

Flooding is also identified as a material risk to our business, as this risk could potentially bring a direct impact on properties operations. To enhance our physical protection from flooding, we have precise guidelines for installing flood gates and flood control panels to prevent floods from entering our properties and causing harm to our precious assets. We also require personnel to dredge the sewers and pipelines to ensure the water flows smoothly. We will continue strengthening the pruning of trees and reinforcing windows on each floor to eliminate the danger of throwing objects. As a community-minded organization, we endeavor to organize our employees to cope with the aftermath and recovery of extreme weather occurrences.

To address extreme heat, we organized a "Fighting high temperature, ensuring safety, and creating performance" heatstroke prevention arrangement meeting in Chongqing during this Reporting Year, aiming to educate our employees the appropriate measures to prevent heat stroke.

Caring for Our Employees

We see employees as the valuable assets that underlie the success of the Group. Therefore, we are always trying our best to build a high-performing team by recruiting and retaining those who are capable, supporting their career development and creating a safe and friendly work environment.

Attracting talents

We endeavour to build a healthy and sound workplace for our employees. The Group sticks to its principles of fairness, diversity and does not tolerate discrimination in any form. To ensure the absolute realization of this, we strictly abide by all relevant and applicable laws and regulations in Hong Kong, including the Employment Ordinance (Cap. 57), Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527), Race Discrimination Ordinance (Cap. 602), as well as those in the People's Republic of China, namely the Labour Law and Labour Contract Law.

The issue of child and forced labour is not considered to be significant in our operations according to our materiality assessment, we would however like to express our zero-tolerance attitude towards the said matter. As stipulated in the Employee's Handbook, child and forced labour are strictly prohibited and under no circumstances will they be acceptable. During the Reporting Year, there was no non-compliance case regarding child and forced labour.

To retain our existing employees as well as attracting more talents, we offer a fair and competitive remuneration package, which includes compensation and employee benefits. The Employee's Handbook sets out all relevant terms and conditions of employment, together with fringe benefits, compensation, leave entitlement and ethical conduct.

Retaining talents

The Group understands that recognizing and rewarding employees' contributions as well as supporting them in their career paths are the keys to retaining talents in the business. We conduct performance appraisals regularly to assure that promotion, training, salary increment and internal transfer will be carried out based on employees' capabilities and performance. Our remuneration packages and policies are also reviewed regularly so that our employees are rewarded appropriately based on their working abilities and performance.

We provide employees with all the trainings their jobs require, so that they are always kept up with the current industry standards. The Group supports employees' continuing education and will sponsor their course expenses in obtaining professional qualifications. Apart from external resources, we also provide internal training for employees of various positions and grades, such as induction programmes for new hires, training on property management for property front-line staff, legal training for office staff, administrative comprehensive capability training for managerial staff and maintenance training for the engineering department. In Shenzhen, employees are encouraged to actively participate in training courses. Their year-end performance reviews are linked to their training participation.

The Group is cognizant of what makes a cohesive team and builds a healthy and people-oriented workplace. During the Reporting Year, we have been putting our best efforts into enhancing the sense of belonging of our staff through a great number of team activities held such as Christmas and Chinese New Year Luncheon, birthday parties and some other recreational and leisure events.

We also celebrate International Women's Day recognizing the hard work of our female staff, and to promote gender equality at work as stated in our Equal Opportunities Policy in the Employee's Handbook. During the Reporting Year, the male-to-female employee ratio was 1:0.76.



Female employees in Shenzhen celebrated Women's Day.



An employee sports day was held in Chongqing to enhance employee cohesion, stimulate work enthusiasm, and transform the fighting spirit into work motivation.



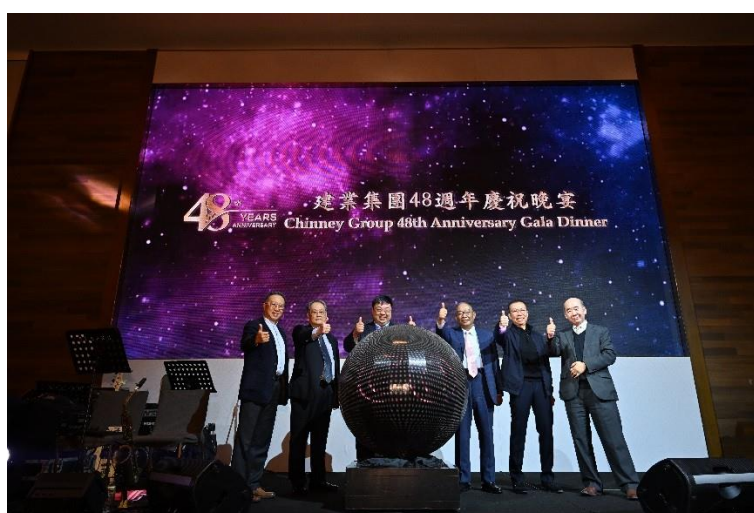
Team building activities for our Shenzhen Hon Kwok Property Company



Badminton Competition for our Guangzhou staff



Christmas party with Lucky Draw in Hong Kong office



Chinney Group 48th Anniversary Gala Dinner

Safeguarding occupational health and safety

Having regarded protecting the health and safety of our employees as one of our very top priorities, we fully comprehend our responsibility on preventing all occupational hazards from happening at all costs. We strictly abide by all relevant laws and regulations concerning occupational safety and health where our business operates, including the Occupational Safety and Health Ordinance (Cap. 509) in Hong Kong, and the Work Safety Law and the Prevention and Control of Occupational Diseases Law of the People's Republic of China.

In addition to following all applicable laws, the Office Health and Safety Guidelines in our Employee's Handbook also explicitly stated how to avoid occupational accidents and diseases so that a healthy and safe workplace can be created. Understanding that communication is always the key, we also encourage our employees to articulate to the Administrative Department if they have any concerns or suggestions for a safer and healthier workplace. Any work-related injuries, strains and illnesses are expected to be reported by employees. We also procure accident insurance for employees with high occupational risk, including drivers. Non-work-related health conditions that might potentially affect their work performance such as pregnancy, being on prescribed medications or non-work-related injuries should also be reported voluntarily so that we are able to cater for their needs by making special work arrangements or adjusting their work schedule. In Shenzhen, we provide employees with annual health check-up once a year to ensure employees are well aware of their health conditions.

We always make sure that sufficient protective tools and gear like safety insulating shoes are provided to employees that are on special duties. As we strive to minimize occupational safety risks, the safety guidelines in the Employee's Handbook acts as an Emergency Response Plan where different scenarios are included, such as fire hazards and electricity overloading. We expect and require our employees to report to the Administrative Department once any potential fire hazards are noticed, this includes when the escape routes are blocked, firefighting equipment being damaged, office equipment including electrical appliances not being properly used as well as inappropriate working practice that may result in fire risks and electrical accidents.

To make sure our employees can respond well during an emergency, regular safety meetings are arranged in Mainland China and are compulsory. Induction programmes for new hires also include sessions of fire safety and protection training. We regularly conduct fire drills, emergency drills, flood gates installment drills and safety management practices so that employees' understanding of emergency response measures will be refreshed every so often. During the Reporting Year, our properties in Chongqing participated in Chongqing area large-scale fire emergency drill. Furthermore, instructions of equipment use and exit routes are noticeably displayed in the office to remind employees about workplace safety and practices at all times.

A hygienic and clean environment also contributes greatly to employees' health. We improve the water quality and air quality at the office by installing water filets and air purifiers to promote employees' physical well-being. We also expect employees to keep the office clean and tidy all the times.



Air purifiers are placed in office premises to improve air quality

As the COVID-19 pandemic persists, certain responsive measures have been imposed by the Group to protect our employees and customers as well as the public. Anti-pandemic service bags are distributed to employees. We sanitized the office area more frequently to prevent the spread of virus. Body temperature was implemented at the office entrances. Apart from wearing facemasks at all times, employees are also expected to follow alternate working arrangements, such as shortened working hours due to worsening of situation, when in place. Employees who have been in contact, direct or indirect, or live in the same building with confirmed case(s), are required to be tested with a negative result before they can return to work. In Hong Kong, employees are provided with vaccination leave to encourage vaccination.

Business compliance and anti-corruption

We strive to maintain a high level of business integrity as it is vital to our reputation and the protection of our business partners and customers. To achieve so, the Group is in strict compliance with the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong, and the Anti-Money Laundering Law and the Criminal Law of the People's Republic of China.

We do not, in any case, tolerate any business misconduct and malpractices, this includes any form of bribery, extortion, fraud and money laundering. As stated clearly in the Prevention of Bribery Ordinance incorporated in our Employee's Handbook, unethical business practices such as the offering and accepting of gifts are strictly prohibited. Once we discover any misconduct committed, the employees will be subject to termination of employment or disciplinary action.

Holding on to the values of openness, probity and accountability, we have formulated the Whistleblowing Policy which allows employees to voice their concerns or if they suspect any misconduct is being committed within the business. As the policy provides absolute anonymous reporting channels, it protects the whistleblowers from any unfair treatment and undesired consequences such as dismissal, victimization and disciplinary action, even for non-substantiated cases. At the same time, the Audit Committee has been tasked with handling the cases and delineating the investigation procedures. The Whistleblowing Policy not only apply to internal employees but also to our suppliers and contractors.

During the Reporting Year, there were no reported legal cases regarding the corrupt practices of our employees relating to bribery, extortion, fraud and/or money laundering. Though the Group did not provide any internal anti-corruption training to directors and employees during the Reporting Year, they are encouraged to attend anti-corruption training provided by external parties at the Company's expenses.

Caring for Our Customers

It has always been our philosophy that customers' satisfaction is our top priority. We keep improving the products and services we provide as it is the only way we believe to build unshakable trust and sustain with our customers, including residents and tenants within our business scope of property development and investment, property management, serviced apartment management and office leasing.

Providing high-quality services

High-quality services are fundamental to satisfactory customer experience and thereby our long-term business success. We value the customers' needs and aim to enhance their satisfaction by adopting a people-oriented approach in cultivating suitable living environment through the utilization of our expertise in the real estate industry.

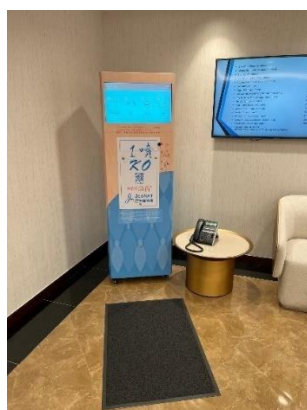
To ensure our products and services meeting the highest standards, our internal quality assurance policies require the monitoring and reviewing of service quality on a regular basis. We prioritize engaging experienced contractors to deliver promising property management services and ensure the maintenance procedures are aligned with our internal engineering department work handbook.

We are committed not only to delivering high-quality services to our customers, but also to bringing positive value throughout their entire experience with us. To further understanding customers' needs, our customer service personnel pay visits to customers every quarter, analyze findings and follow up on areas of improvement. We also conduct customer satisfaction survey annually and report the results to management. The management will timely respond to the customers' feedback in a written form.

We have established standardized complaints handling procedures as well as customer communication and feedback mechanisms. For example, for our office in Shenzhen, complaints received will be classified and handled depending on its level of severity such as ordinary, important and material. Ordinary complaints are to be handled within 2 working days while important and material complaints are to be handled within 5 working days. During the Reporting Year, figures showed that no substantial customer complaints have been received.

Safeguarding customer health and safety

Ensuring the health and safety of our customers is our very top priority. Ample resources have been put in especially during the challenging times of the COVID-19 pandemic. We disinfect our buildings daily and hand sanitisers are placed in public restrooms and lobbies. The temperature of employees and all visitors must be taken and they need to fill in and sign a health declaration form at the reception before they can enter our premises.



Sanitizing machines have been placed at office premises for anti-pandemic purposes

Protecting customer data privacy

Customer data privacy underlies trusting customer relationships especially in the era of prevalent cybersecurity risks. As such, we strictly comply with the Personal Data (Privacy) Ordinance (Cap. 486) in Hong Kong as a guidance framework for safe custody of documents section developed in our Employee's Handbook to require the safe and separate storage of customer data. Personal information of individual visitors at Hon Kwok Jordan Centre is kept for a maximum of one month whereas all tenant information in our operations in Mainland China is collected in paper form which is stored and secured with restricted access. Personal information collected from the health declaration forms are handled safely and is only used for anti-pandemic purpose.

In Hong Kong, we provided data protection and privacy training to employees during the Reporting Year to keep them up to date regarding the development of data security and protection, as well as to enhance their awareness of data breaches.

Supply chain management

The delivery of quality service and crafting of thriving living circles build on our joint effort with contractors and suppliers. As such, internal policies are in place to maintain stringent standards on their environmental and social practices and performance. The Management Measures of Project Suppliers articulates the procedures of service quality control, service inspection and supplier assessment to ensure their services delivered meet our standards. Our Supply Chain Risk Prevention Measures are also established to categorize relevant risks into classes, including natural environmental risks, social risks and economic risks, and their corresponding prevention measures are in place to build a resilient supply chain that can withstand potential threats.

The major contractor of our construction activities in Hong Kong incorporates ISO 45001:2018 Occupational Health and Safety Management Systems into its construction work with onsite safety trainings offered to its employees on a regular basis to cultivate a safety-first culture. Their environmental policies are also developed in compliance with ISO 14001:2015 Environmental Management Systems and ISO 50001:2011 Energy Management Systems. At our construction sites, measures are in place to minimize environmental impact, including dust and emissions prevention, noise control and wastewater management. To ensure service quality coupled with environmental responsibility, the quality and performance of the landscaping and cleaning services provided by experienced contractors in our property management and serviced apartment are monitored and reviewed continuously.

Caring for the Community

As a responsible and successful business, we understand that it is time for us to give back to society as it is a fundamental responsibility that cannot be detached from the sustainable development. The Group strives to spread love and positivity across the community by contributing to public health and community inclusiveness.

Community investment

During the Reporting Year, we made donations to the local communities where we operate and the elderly and contributed to anti-pandemic support, totaling HK\$133,000. We also coordinated and supported various volunteering activities, including visiting the elderly that lives alone and distributing lucky bags to them, involving 23 volunteers and over 115 volunteering hours.



Donations were made to support the Community Day held by the Association of Chartered Certified Accountants (ACCA).

Blood Donation activity in Chongqing



A community-organized unpaid blood donation campaign was held at the Chongqing Hon Kwok Centre in 2022. Our employees and tenants signed up and donated blood during the campaign.

Volunteering activities in Hong Kong



The volunteer team sent blessing bags to the elderly.



Our volunteer team delivered “Lucky Bag” with “Rice Dumplings” to the elderly – organized by the Lok Sin Tong Benevolent Society Kowloon.

In-kind Donation to Local Communities in Hong Kong



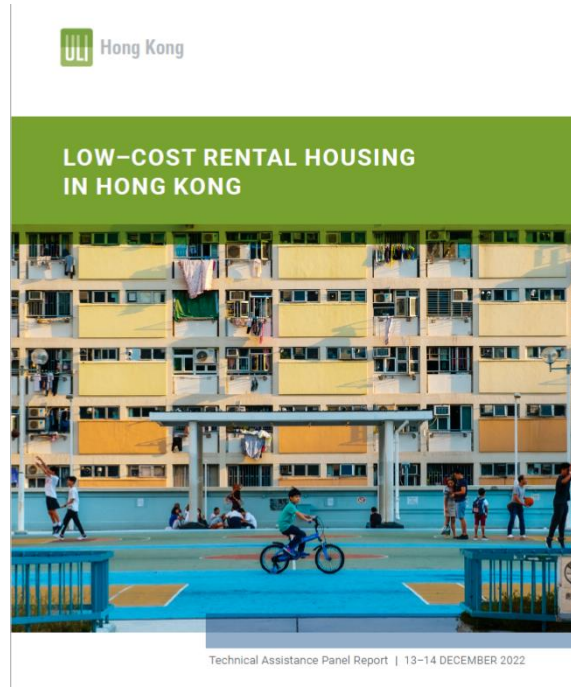
Collaborated with volunteers from SoCO and Salvation Army, we re-distributed the demolished furniture and electrical appliances from our Bauhinia Hotel to the elderly living alone, the homeless, underprivileged families, etc.

Cash Donation to Local Communities in Guangzhou



In 2022, the Group made donations to the Yuexiu District Government for poverty alleviation in the rural area.

During the Reporting Year, the Group also sponsored a Technical Assistance Panel which is an offshoot of Urban Land Institute (ULI) Advisory Services programme. This Technical Assistance Panel aims to identify alternative private-sector solutions to shorten the public rental housing waiting list and alleviate the housing shortage problem. Full details of the programme can be referred to <https://hongkong.uli.org/get-involved/housing-tap/>.



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Cover: Hong Kong, SAR – November 2019: Children playing on
kids playground in Hong Kong.

**KNOWLEDGE
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Key Performance Table

The following table shows data of applicable environmental and social KPIs listed on the ESG Reporting Guide.

Environmental Performance			
	Unit	2022/23 ⁱ	2021/22 ⁱⁱ
Emission			
Greenhouse gas (GHG) emissions			
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	62	60
Indirect GHG emissions (scope 2)	tonnes CO ₂ e	14,472	16,907
GHG emission intensity			
Offices	tonnes CO ₂ e/m ² GFA	0.0401	0.0966
Property management	tonnes CO ₂ e/m ² GFA	0.0165	0.0184
Serviced apartment	tonnes CO ₂ e/room night	0.00089	0.00090
Waste generation			
Hazardous waste	tonnes	4.42	4.55
Non-hazardous waste	tonnes	3,776	5,066
Energy consumption			
Petrol consumption			
Offices	L	23,169	22,683
	kWh	215,847	211,321
Electricity consumption			
Total	kWh	24,955,968	32,150,777
Offices	kWh	333,636 ⁱⁱⁱ	1,064,035
Property management	kWh	24,595,422	31,058,477
Serviced apartment	kWh	26,910	28,265
Energy consumption intensity			
Offices	kWh/m ² GFA	84.24 ^{iv}	196.00
Property management	kWh/m ² GFA	28.48	35.00
Serviced apartment	kWh/room night	1.53	2.00

ⁱ The reporting scope does not include properties under development. Digital Realty Kin Chuen (HKG11), The Bauhinia Hotel (Central) and The Bauhinia Hotel (TST) are excluded in the scope of 2022/23 due to lack of operational control and data unavailability. The Bauhinia Hotel (Shenzhen) is also excluded as the hotel was not in operation in 2022/23.

ⁱⁱ The reporting scope did not include properties under development. Digital Realty Kin Chuen (HKG11) was excluded in the scope of 2021/22 due to the lack of data availability.

ⁱⁱⁱ The decrease in electricity consumption of offices was mainly due to air-conditioning system upgrade in Chongqing. The new electricity billing system in Metropolitan Oasis, Nanhai also contributed to the decrease, which electricity bills for the certain public areas were paid by the residents.

^{iv} The decrease in energy consumption intensity of offices is mainly due to air-conditioning system upgrade in Chongqing.

Environmental Performance			
	Unit	2022/23ⁱ	2021/22ⁱⁱ
Water consumption			
Total water consumption	m ³	229,370	269,026
Offices ^v	m ³	1,687 ^{vi}	10,425
Property management	m ³	223,851	254,806
Serviced apartment	m ³	3,832	3,795
Water consumption intensity			
Offices ^{vii}	m ³ /m ² GFA	0.4990	3.0800
Property management	m ³ /m ² GFA	0.2592	0.2900
Serviced apartment	m ³ /room night	0.2184	0.2226

^v The reporting scope covers Chongqing and Shenzhen Offices only.

^{vi} The decrease in water consumption of offices was mainly due to air-conditioning system upgrade in Chongqing. A new central inverter air conditioner was installed to replace old fixed-frequency air-conditioning, which significantly reduced water consumption.

^{vii} The reporting scope covers Chongqing and Shenzhen Offices only.

Social Performance			
	Unit	2022/23	2021/22
Workforce profile			
Total workforce	no. of people	325	343
Total workforce by gender			
Male	no. of people	185	200
Female	no. of people	140	143
Total workforce by employment category			
Full time	no. of people	325	342
Part time	no. of people	0	1
Total workforce by age group			
Under 30	no. of people	46	50
30 – 50	no. of people	218	228
51 or above	no. of people	61	65
Total workforce by geographical region			
Mainland China	no. of people	287	301
Hong Kong	no. of people	38	42
Employee turnover			
Employee turnover rate	%	10.46	11.26
Employee turnover rate by gender			
Male	%	10.27	12.65
Female	%	10.71	9.22
Employee turnover rate by age group			
Under 30	%	17.39	20.18
30 – 50	%	10.09	8.79
51 or above	%	6.56	12.40
Employee turnover rate by geographical region			
Mainland China	%	10.45	11.38
Hong Kong	%	10.53	10.26
Occupational health and safety			
Injury rate	per 1,000 full-time-equivalent (FTE) workers	0	0
Lost days due to work injury	days	0	0
Work-related fatalities ^{viii}	number	0	0
Rate of Work-related fatalities ^{viii}	%	0	0
Development and training			
Percentage of employees trained	%	73	75

^{viii} The number and the rate of work-related fatalities occurred in each of the past three years including the Reporting Year was 0.

Social Performance			
	Unit	2022/23	2021/22
Percentage of employees trained by gender			
Male	%	69	80
Female	%	79	69
Percentage of employees trained by employee category			
Senior management	%	64	61
Managers	%	47	70
Frontline and general staff	%	92	78
Average training hours completed per employee by gender			
Male	hours	4	5
Female	hours	6	8
Average training hours completed per employee by employee category			
Senior management	hours	5	3
Managers	hours	4	5
Frontline and general staff	hours	5	7
Supply chain management			
Number of suppliers by geographical region			
Mainland China	number	146	143
Hong Kong	number	3	4
Anti-corruption			
Concluded legal cases	number	0	0

Appendix – HKEx ESG Reporting Guide Content Index

General Disclosures and KPIs		Reference / Remarks
A. Environmental		
Aspect A1 Emissions		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Caring for the Environment
KPI A1.1	The types of emissions and respective emissions data.	Not disclosed. The Group generated no significant emissions during the Reporting Year.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table – Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table – Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Performance Table – Environmental Performance
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Caring for the Environment - Reducing energy consumption and greenhouse gas emissions
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.	Caring for the Environment – Reducing waste
Aspect A2 Use of Resources		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		Caring for the Environment
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Performance Table – Environmental Performance

General Disclosures and KPIs		Reference / Remarks
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Performance Table – Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Caring for the Environment - Reducing energy consumption and greenhouse gas emissions
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.	Caring for the Environment – Saving water resources There were no water sourcing issues within the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not disclosed. The Group generated no significant packaging material during the Reporting Year due to the business nature.
Aspect A3 The Environment and Natural Resources		
General Disclosure Policies on minimising the issuer’s significant impacts on the environment and natural resources.		Caring for the Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Caring for the Environment
Aspect A4 Climate Change		
General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Caring for the Environment – Climate change mitigation and adaptation
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.	Caring for the Environment – Climate change mitigation and adaptation

General Disclosures and KPIs		Reference / Remarks
B. Social		
Employment and Labour Practices		
Aspect B1 Employment		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>		<p>Caring for Our Employees – Attracting talents</p> <p>Caring for Our Employees – Retaining talents</p>
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Key Performance Table – Social Performance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Table – Social Performance
Aspect B2 Health and Safety		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>		<p>Caring for Our Employees – Safeguarding occupational health and safety</p>
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Performance Table – Social Performance
KPI B2.2	Lost days due to work injury.	Key Performance Table – Social Performance
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Our Employees – Safeguarding occupational health and safety
Aspect B3 Development and Training		
<p>General Disclosure</p> <p>Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.</p>		<p>Caring for Our Employees - Retaining talents</p>

General Disclosures and KPIs		Reference / Remarks
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Performance Table – Social Performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Table – Social Performance
Aspect B4 Labour Standards		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>		Caring for Our Employees - Attracting talents
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Our Employees - Attracting talents
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Our Employees - Attracting talents
Operating Practices		
Aspect B5 Supply Chain Management		
<p>General Disclosure</p> <p>Policies on managing environmental and social risks of the supply chain.</p>		Caring for Our Customers – Supply chain management
KPI B5.1	Number of suppliers by geographical region.	Key Performance Table – Social Performance
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Caring for Our Customers – Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Caring for Our Customers – Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Caring for Our Customers – Supply chain management

General Disclosures and KPIs		Reference / Remarks
Aspect B6 Product Responsibility		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>		Caring for Our Customers
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not disclosed. We do not produce products that can be recalled.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Caring for Our Customers – Providing high-quality services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not disclosed. This is not identified as a material topic by the Board.
KPI B6.4	Description of quality assurance process and recall procedures.	Caring for Our Customers – Providing high-quality services We do not have any product recall procedures due to business nature.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Caring for Our Customers – Protecting customer data privacy
Aspect B7 Anti-corruption		
<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>		Caring for Our Employees – Business compliance and anti-corruption
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.	Caring for Our Employees – Business compliance and anti-corruption Key Performance Table – Social Performance

General Disclosures and KPIs		Reference / Remarks
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Caring for Our Employees – Business compliance and anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Caring for Our Employees – Business compliance and anti-corruption
Community		
Aspect B8 Community Investment		
General Disclosure		Caring for the Community
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Caring for the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Caring for the Community