

HKRI

香港興業國際集團有限公司
HKR International Limited

STOCK CODE : 00480

40th
anniversary



CARING
FOR THE NEXT
40 YEARS

ESG REPORT **2017/2018**

OUR GROWTH IN 40 YEARS



1979

The Group's first property project on a piece of barren land in northeast Lantau, Hong Kong, commences. It is later named Discovery Bay, which is the first "eco-friendly town" in Hong Kong.



1983

Discovery Bay becomes a pioneer of a brand new concept of residential community and wins the highest honour award by The Hong Kong Institute of Architects.



2014

HKRI Centres One & Two and the shopping mall at HKRI Taikoo Hui, Shanghai, respectively obtain the LEED® Platinum and Gold pre-certifications by U.S. Green Building Council.



2016

The Group publishes its first Environmental, Social and Governance Report.

1977

Dr CHA Chi-ming, founder and chairman of HKRI, acquires equity interest in Hong Kong Resort Company Limited which owns the development rights of Discovery Bay.



1980s

Golf carts are introduced to commute in Discovery Bay to minimise emissions, making Discovery Bay the only community in Hong Kong that uses golf carts as a major mean of transportation.



2005

The Group establishes HKRI Care & Share, its corporate volunteer team.



2015

The Group is awarded the "10 Years Plus Caring Company" logo by The Hong Kong Council of Social Service.



2018

The Group formulates the corporate *Sustainability Policy* and is awarded the "Business for Sustainability" logo by The Hong Kong Council of Social Service.

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MESSAGE FROM MANAGEMENT

2017 was an exciting year for HKR International Limited (“HKRI” or the “Company”) as we proudly celebrated the 40th anniversary of HKRI’s devotion to creating a better living environment for the community. Recognising our long-standing commitment to sustainability, Hang Seng Indexes Company Limited included HKRI as a constituent in Hang Seng Corporate Sustainability Benchmark Index, and we are honoured to be one of the few listed companies to be awarded The Hong Kong Council of Social Service’s “Business for Sustainability” logo. We are pleased to contribute in driving our society towards a better and more sustainable tomorrow.

Guided by our values - PRI²DE - we have continued to innovate and move forward with various initiatives in the environmental, social and governance areas. We are delighted to present them in detail in our third Environmental, Social and Governance (“ESG”) Report. This year, we have extended the reporting scope to cover other indirect emissions (Scope 3) as well as our operations in mainland China. Meanwhile, the Board has formulated the corporate *Sustainability Policy* to provide guidance on implementation of sustainability strategies. Stakeholders’ opinions are crucial for our sustainable growth. Thus, during the year under

review, we conducted a comprehensive exercise to engage a wider range of stakeholders to facilitate communications and strengthen information disclosure.

We are aware that climate change affects all of us and have stepped up our efforts through multiple measures covering energy efficiency enhancement, water conservation, waste management and building environmental awareness. Our latest project in Shanghai – HKRI Taikoo Hui – which obtained pre-certification for LEED® Platinum, and our newly renovated and refurbished CDW Building in Hong Kong are prime demonstrations of our innovative approaches and commitment to green building designs. Cultural, social and environmental elements are incorporated in our building plans to deliver beneficial results which combat climate change as well as enhance the well-being and productivity of building users.

To further amplify our positive impacts, we have worked hard to promote sustainability through education, activities and procurement practices to consolidate the efforts of our suppliers, contractors and customers. Our Discovery Bay community is an outstanding example of successful collaboration between HKRI and the residents where we jointly promote the well-being of the residents and raise the environmental awareness in the community.

Having a professional team which believes in, and acts on, the vision, mission and values of the Group is one of the main reasons we are able to expand our business to other parts of the world and build a good reputation. This year, we adopted several measures to enhance staff benefits, continued to provide a friendly and productive workplace, collaborated with a research institute to run a customer service development programme, and continued to build a sustainable pipeline of internal talent via various professional training programmes. These measures have directly responded to our needs for talent continuity planning, team coherence and the pursuit of excellence.

Community provides a steady ground for the continued success of the Group. In addition to designing and building our projects in a way which causes minimal impact on the existing environment, we have also contributed extensively to the community by making in-kind sponsorships and donations, and providing manpower support through our corporate volunteer team. Partnering with Hong Kong Cyberport Management Company Limited (“Cyberport”), we sponsored 20,000 square feet of office space at CDW Building to support young entrepreneurs. We are confident that this co-working space will be an oasis for start-ups and young innovators.

We are glad that our past 40 years have laid a solid foundation for our future development. We understand that the world changes rapidly with technological breakthroughs, active communities, and other new trends and conditions which may result in challenges. However, we are confident that with the wealth of experience which we have accumulated, a pioneering spirit and a vision to create healthy, stylish and distinctive living experiences, the Group is well equipped to embrace these challenges and will continue to excel in our business operations for the years to come.



CHA Mou Zing Victor
Deputy Chairman & Managing Director

ABOUT THE REPORT

Reporting Scope and Standard

This ESG Report (the “Report”) is produced by HKRI to communicate the performance of the Group (HKRI and its subsidiaries) in four key aspects, namely environment, human capital, community and value chain, covering the period from 1 April 2017 to 31 March 2018. HKRI has diversified business interests across Hong Kong, mainland China and Asia. This year, besides the businesses, joint ventures and subsidiaries operated by HKRI in Hong Kong, we have further expanded the scope of report to cover other indirect emissions (Scope 3) and mainland China operations to increase transparency and reflect our geographical footprint. Operations listed in the diagram in the right constitute the scope of the Report.



The Report serves to disclose the Group’s ESG performance, while our corporate governance and financial performance are detailed in our 2017/2018 [Annual Report](#). To aid readers in navigating the Report content, a content index is available for reference on pages 50 to 51.

The Report has been prepared in accordance with the *ESG Reporting Guide* (“ESG Guide”), Appendix 27 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* issued by Hong Kong Exchanges and Clearing Limited (“HKEx”).

Your feedback is valuable to our continuous improvement. Please email any queries, comments or suggestions to info@hkri.com.

^a The reporting scope has been expanded to include the Group’s property development and investment projects in mainland China, but exclude quantitative disclosures of HKRI Taikoo Hui, a joint venture project in Shanghai with Swire Properties Limited, opened in November 2017.

^b The reporting scope is confined to operations based in Hong Kong.

^c Discovery Bay is based in Hong Kong.

ABOUT HKRI

In 1977, the family of Dr CHA Chi-ming, the late founder and chairman of a group of companies whose holding entity was later known as HKRI, acquired the equity interest of Hong Kong Resort Company Limited, the owner and developer of Discovery Bay on Lantau Island. Formed in May 1989, HKRI became the holding company of the Group listed on The Stock Exchange of Hong Kong Limited.

Living up to the vision and aspirations of the late Dr CHA, the Group has built diversified interests in real estate development and investment, property management, luxury hotels and serviced apartments, healthcare services and other investments in Hong Kong, mainland China and across Asia.

2017 marked the fourth decade of HKRI's success. Defined by its timeless values of PRI²DE, the Group extends its mission of creating a healthy, stylish and distinctive lifestyle to other parts in the region, expanding its positive influence to a wider community and beyond.

Vision:



To be the pioneer of innovative living space

Mission:



We strive to create a healthy, stylish and distinctive living experience through teamwork and passionate pursuit of innovation and excellence

Values:

PRI²DE



P Pioneer
- Break new grounds

R Respect
- Value the individual and cherish our environment

R

I Innovation
- Think outside the box

I Integrity
- Uphold high ethical standards

I

D Devotion
- Be committed and passionate

E Excellence
- Consistency in the pursuit of our quality standards

E

OUR SUSTAINABILITY APPROACH

Corporate Governance

The Group is committed to first-rate corporate governance principles and safeguarding the interests of our shareholders and stakeholders. The overall responsibility for ensuring effective corporate governance across the Group lies with the Board of Directors which is also in charge of strategic leadership, control and providing guidance to management on operations, sustainability strategy and reporting. The Board comprises 11 Directors: four Executive Directors and seven Non-executive Directors of whom four are Independent Non-executive Directors, with the latter constituting more than one-third of the Board. The Board also established the *Sustainability Policy* to provide guidance on the

Group's sustainability strategies and their implementation. A cross-department sustainability task force was formed to effectively carry out the sustainable policies and practices decided by the Board.

The Board has an overall responsibility to maintain appropriate and effective systems of risk management and internal controls. Key policies and procedures have been developed, implemented, and communicated to staff as well as regularly reviewed to ensure there are continued relevance and effective risk management and internal control systems. The Internal Audit Department independently reviews the risk management and internal control systems and regularly reports audit findings to the Audit Committee and the Board. To systematically

manage risks within the Group, there is a risk management framework and governance structure which consists of the Board, the Audit Committee, the risk management steering group and business lines, and the *Risk Management Policy* has been formulated to provide direction in identifying, evaluating and managing significant risks. The risk management steering group identifies, assesses and prioritises risks, establishes risk mitigation plans and assigns risk owners to closely monitor identified risks and implement the mitigation plans. Through this robust procedure, we make sure that ESG risks in our operations and supply chain are strategically addressed and minimised. Further information can be found in the Corporate Governance Report on pages 59 to 77 of the Group's 2017/2018 [Annual Report](#).

Sustainability Policy

Sustainable development is fundamental to HKRI's vision, mission and core values. Upholding our PRI²DE spirit, our goal is to build sustainable, liveable and socially responsible communities that people are proud to be an integral part of. We are committed to creating stylish and distinctive living experiences through valuing the individual and cherishing the environment, while securing long-term return and creating value for investors.

The following approaches and principles are in line with our sustainable development objectives as well as our corporate governance framework:

Care for the Community

- We aim to build sustainable communities by offering care and support to the local communities where we operate.
- We strive to promote good citizenship to employees and customers through volunteering and various community activities, encouraging all to contribute to society.
- We contribute to artistic and cultural development, encourage young talent, and provide valuable support to charitable activities and groups.

Cherish Our Environment

- We aim to be as energy efficient as possible – a goal supported by our procurement policies and procedures. We carefully consider other environmental impacts.

- We are committed to improving our environmental performance, especially by reducing emissions and streamlining waste management, to minimise our impact on the environment.
- We actively promote the use of environmentally friendly materials and integrate energy-efficient resources and technology into the design, construction, operation and maintenance of our properties.
- We encourage our staff, customers and suppliers to be proactive and demonstrate leadership in sustainable development matters to positively impact procedures at work and inspire resourceful and responsible actions within the community.

OUR SUSTAINABILITY APPROACH

Value Our People

- We evaluate our health and safety policy at least once every three years, and pro-actively monitor it on an on-going basis.
- We are committed to maintaining a safe, comfortable and rewarding working environment in which employees are treated fairly, equally and with respect, enabling everyone to realise their full potential regardless of gender, disability, family status, race, age or sexual orientation.
- We are committed to providing training opportunities to foster employees' professional growth.
- We encourage open communication and fully engage with employees through a variety of transparent channels to allow them to express

their concerns without negative repercussions.

- We fully support employee wellness, work-life balance and family-friendly practices.

Operate Responsibly

- We uphold high ethical and corporate governance standards.
- We work tirelessly to promote sustainable development in our properties and in the industry with minimal impact to the community and environment.
- Full compliance with statutory requirements is a minimum standard that we meet or exceed and we integrate industry best practices into all operations and services.

- We engage with our suppliers to follow our example and share our vision for sustainability.
- We are committed to operating in a professional and responsible manner with consistent improvement in quality standards.
- We are committed to protecting the privacy of all customer data.

All in all, we will steadfastly implement measures as required to monitor performance on a regular basis and, take stakeholders' feedback into consideration to achieve significant and continuous improvement. We will evaluate this Policy regularly, or as appropriate from time to time, and we will provide all the necessary resources and expertise to implement this policy effectively.

Stakeholder Engagement

Engaging our stakeholders is at the core of the Group's continued success and sustainable development. Our

internal and external stakeholders include customers, management teams, employees, the government and industry associations. We actively engage them and provide updates on

our recent developments through diverse channels such as newsletters, surveys and community activities. The table below outlines our stakeholder engagement methods:

Stakeholder Groups

Customers
(including residents, tenants, customers of transportation services and healthcare, hotel guests and club members)



Engagement Channels

- Customer satisfaction surveys
- Customer service hotlines, emails, mobile phone applications
- Websites and social media
- Newsletters
- Annual / interim reports
- ESG reports
- Resident clubs
- CSR activities

Management Team

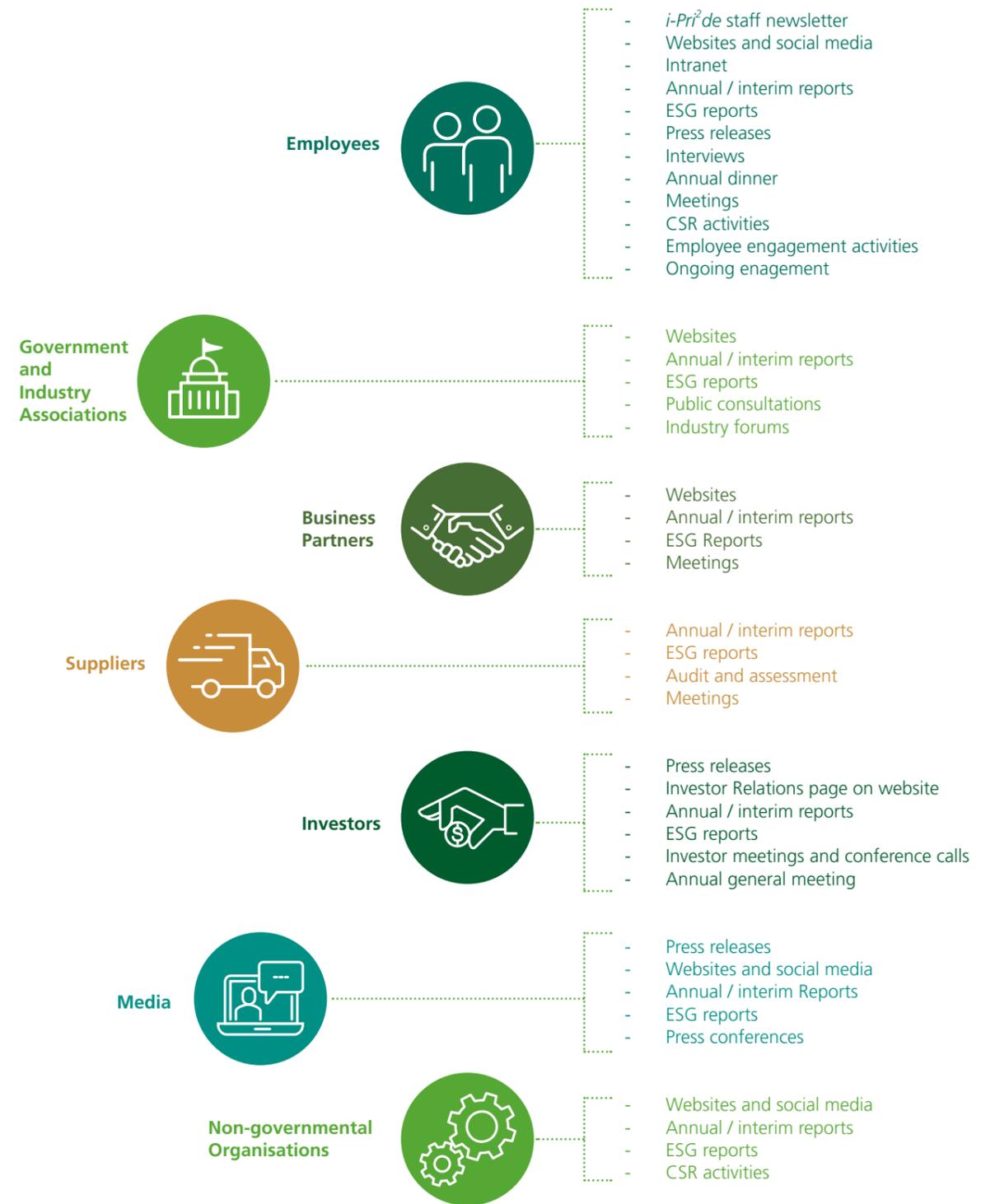


- *i-Pr²de* staff newsletters
- Websites and social media
- Intranet
- Annual / interim reports
- ESG reports
- Press releases
- Interviews
- Annual dinner
- CSR activities
- Ongoing engagement

OUR SUSTAINABILITY APPROACH

Stakeholder Groups

Engagement Channels

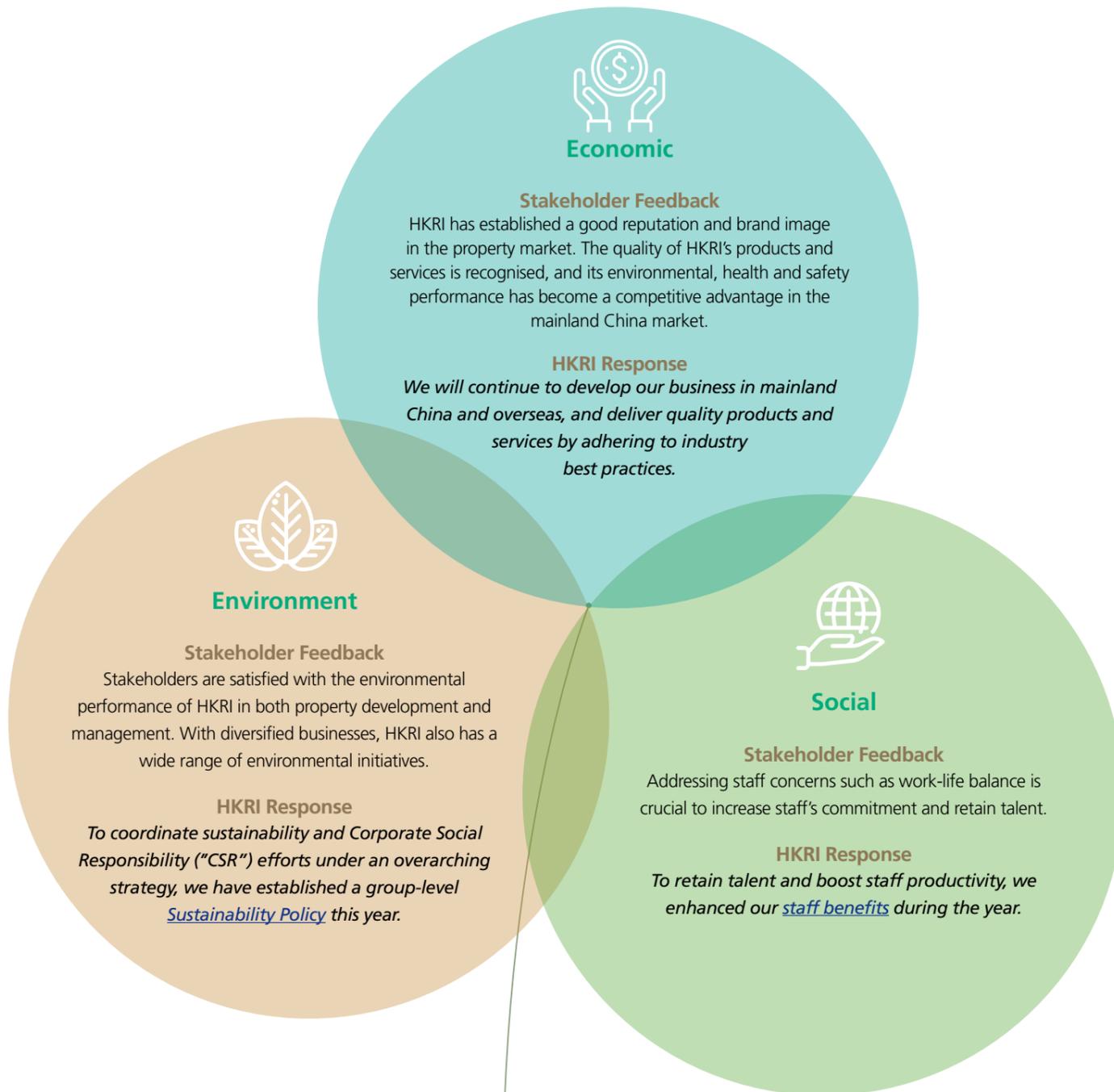


OUR SUSTAINABILITY APPROACH

To supplement these communication channels, a third-party consultant was appointed to conduct a comprehensive engagement exercise in 2017 to collect feedback and suggestions

from a wider range of internal and external stakeholders through an online survey, interviews and focus group discussions. The stakeholders engaged included directors and senior

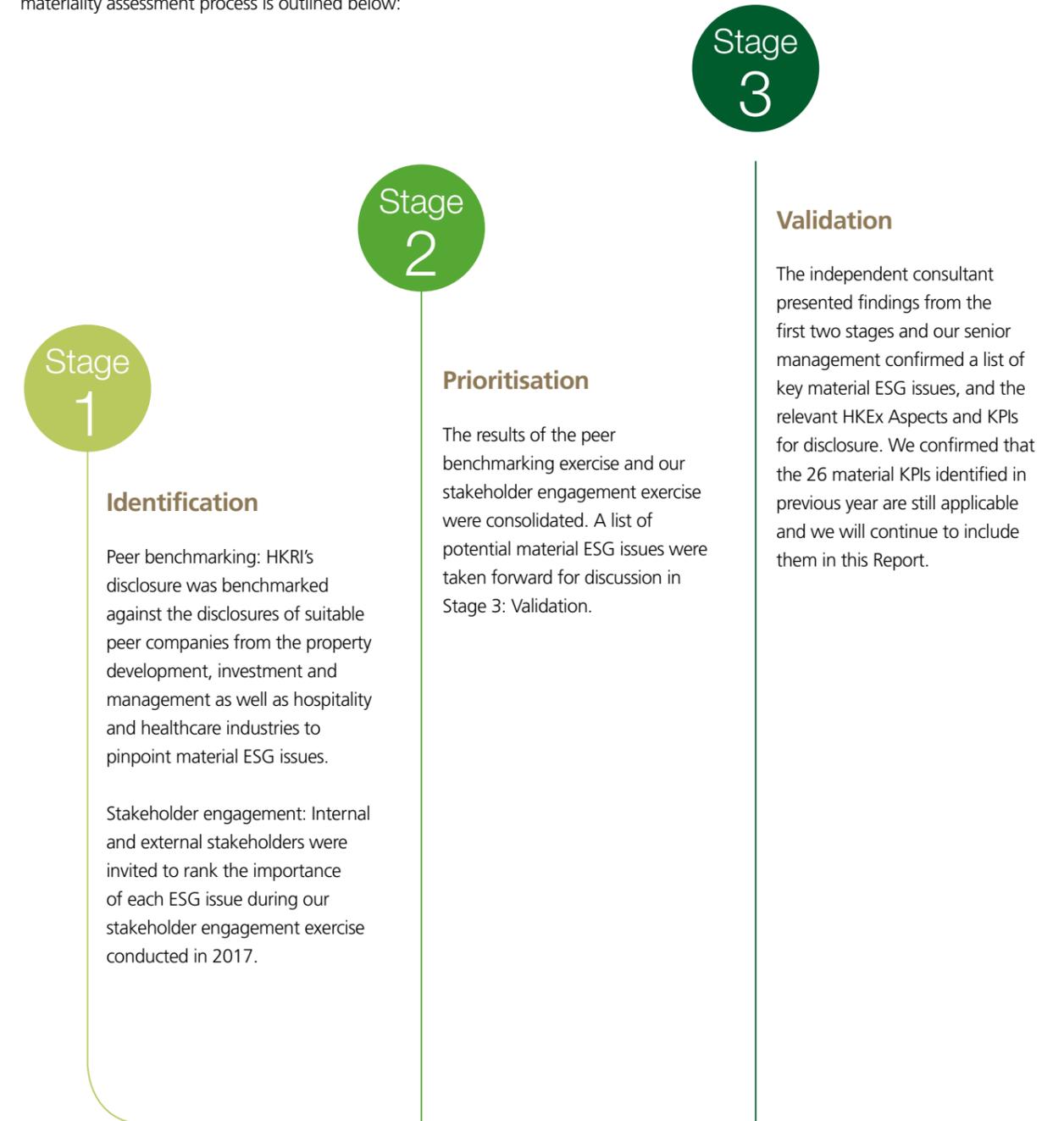
management, contractors, tenants, non-governmental organisations (“NGO”) and representatives of the Discovery Bay City Owners Committee.



OUR SUSTAINABILITY APPROACH

Materiality Assessment

In accordance with the results from the stakeholder engagement exercise, the consultant has conducted a robust and structured materiality assessment to identify a list of key material ESG issues to be included in the Report. The materiality assessment process is outlined below:



MEMBERSHIPS AND AWARDS

HKR International Limited

"10 Years Plus Caring Company" Logo

"Business for Sustainability" Logo

Organiser
The Hong Kong Council of Social Service

Good MPF Employer 2016-17 presented with

- Support for MPF Management Award
- E-Contribution Award

Organiser
Mandatory Provident Fund Schemes Authority

"Love and Peace of Mind" Corporate Engagement Program 2016

- Community Engagement Award

Organiser
Senior Citizen Home Safety Association

Bronze Award for Volunteer Service

2017 Tsuen Wan & Kwai Tsing District Caring Shop and Company Award

Organiser
Social Welfare Department



Hong Kong Resort Company Limited

CAPITAL & CAPITAL WEEKLY

The Outstanding Developer Awards 2017

- Urban Design & Master Planning Award
- Green Development Award

Organisers
CAPITAL and CAPITAL Weekly magazines

Eco-brand Awards 2017

Organiser
East Week magazine



La Cresta

CAPITAL & CAPITAL WEEKLY

The Outstanding Developer Awards 2017

- Luxury Mid-levels Low Density Landmark Residence Award

Organisers
CAPITAL and CAPITAL Weekly magazines

International Property Awards
The Asia Pacific Awards 2017

- 5 Star Award - Best Mixed-use Interior Hong Kong

- Award Winner - Mixed-use Interior Hong Kong

- Award Winner - Office Interior Hong Kong

- Award Winner - Interior Design Show Home Hong Kong

Organiser
International Property Media

IDA Design Awards 2017

- Honorable Mention - Interior Design
- Honorable Mention - Other Interior Design

Organiser
Farmani Group

2GETHER

International Property Awards
The Asia Pacific Awards 2017

- Award Winner - Office Interior Hong Kong

Organiser
International Property Media

Golden A' Design Award Winner for Interior Space and Exhibition Design Category 2016-2017

Organiser
A' Design Award & Competition

Discovery Bay Services Management Limited

2017 Hong Kong Awards for Environmental Excellence

- Bronze Award - Property Management (Residential)

Organiser
Environmental Campaign Committee

FoodEver WasteNever Awards

- FoodEver Award - Diamond Class

Organiser
Hong Kong Women Professionals and Entrepreneurs Association

CLP Green^{Plus} Award 2017

- Joint Energy Saving Award

Organiser
CLP Power Hong Kong Limited



MEMBERSHIPS AND AWARDS

Auberge Discovery Bay Hong Kong

Ctrip Travelers' Top Spot
- Gold Award - Most Popular Hotel 2016

Ctrip 2016 Best Selling Hotel
Organiser
Ctrip

2017 Most Liked Wedding Message Award
- Wedding Category - Most Liked Fairy Tale Wedding

Organiser
Wedding Message magazine

Customer Review Awards 2016

- Score 8.2 Out Of 10

Organiser
Agoda

Loved by Guests Awards 2017

- Score 4.3 Out Of 5

Organiser
Hotels.com



Oasis One

Sohu Property Awards

-Creative Project 2017

Organiser
Sohu Focus

HKRI Taikoo Hui

LEED® Platinum Pre-certification (Core & Shell Version 2.0) (HKRI Centres One & Two)

LEED® Gold Pre-certification (Shopping Mall)

Organiser
U.S. Green Building Council

Amazing Shanghai Awards 2017

- Most Popular Commercial Landmark

Love Shanghai Awards 2017

- Shopping Destination of the Year

Organiser
TimeOut Shanghai magazine

Most Popular Landmark Award 2017

Organiser
SHANGHAI TIMES

Best 50 – Best Shopping Mall Award 2017

Organiser
Shanghai WOW



Riviera One

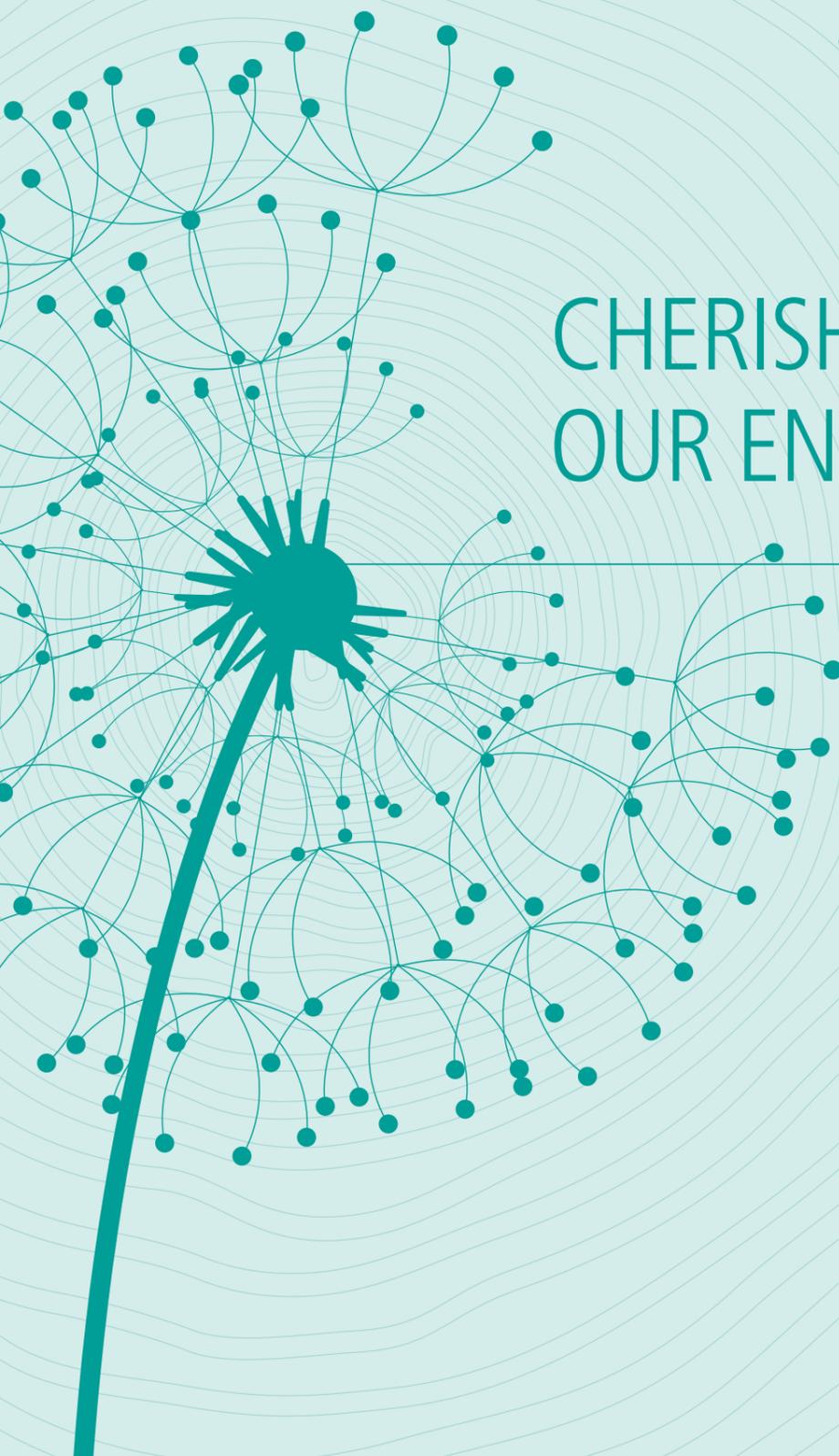
Habitat of Honour Award 2017

Organisers
Jiaxing Broadcast and Television Group and Jiaxing University Real Estate Research Center

Professional Memberships

HKRI actively participates as a corporate member in Building Services Operation and Maintenance Executives Society, Business Environment Council, and Hong Kong Institute of Human Resource Management, playing our part in key issues relevant to our operations such as climate change, building services and talent acquisition in the construction industry. Our transportation operation has also become an organisational member of The Chartered Institute of Logistics and Transport in Hong Kong since 2016.

To acquire up-to-date knowledge and market information, a majority of our staff members have joined various professional bodies and actively participate in activities organised by these bodies. We recognise the value that brings to the Group and highly support our staff in the pursuit of knowledge and professional development.



CHERISHING OUR ENVIRONMENT

-7.2%

Energy Consumption in Hong Kong
Compared to 2015/2016

CHERISHING OUR ENVIRONMENT

Aspiring to create a healthy and sustainable living experience, we adopt a holistic approach to govern environmental protection initiatives in our operations. Adhering to industry best practices, we aim to minimise adverse environmental impacts that arise from our diversified business activities, including property development, investment and management, transportation, hospitality, and healthcare. We endeavour to infuse sustainability concepts and bring innovative solutions to our operations by designing green buildings, conserving natural resources and enhancing environmental awareness amongst our employees and the wider community.

Designing Green Buildings

Keeping a sustainable future in mind, we are committed to adhering to green building standards and promoting the use of environmentally friendly materials throughout a building's lifecycle, from planning to design, construction, operation, maintenance and renovation. It is our internal *Project Management Guideline* which guides and encourages us to integrate sustainable design features into our development projects and pursue the Hong Kong Building Environmental Assessment Method ("BEAM") Plus certification for our properties.

Our dedication to designing and developing green buildings is well-demonstrated in our recent property development and asset enhancement projects. For instance, Oasis One and Riviera One, the new projects in mainland China, will be equipped with energy-efficient facilities and over 30% of green coverage. Furthermore, Oasis One fulfilled the requirement of Star Label under the Green Building Rating System. For HKRI Taikoo Hui, our flagship mixed-use development in Shanghai which opened in November 2017, the design concept has not only preserved the traditional Shanghainese

CHERISHING OUR ENVIRONMENT

architectural style, "Shikumen", but also provided vast open spaces for leisure, entertainment and cultural activities, encouraging social cohesion of adjacent neighbourhood. The 250-metre glass canopy is one of the key sustainability elements in the building design, bringing in natural daylight and saving energy. Its office towers and retail mall obtained pre-certifications for LEED® Platinum (Core & Shell Version 2.0) and Gold respectively. In addition, the two office towers also provide favourable condition for tenants to earn the WELL Platinum and Gold certifications for commercial interiors.

Meanwhile, in our newly renovated and refurbished CDW Building in Hong Kong, floor-to-ceiling glass windows are used to enhance natural lighting for indoor areas.

As a pioneering "eco-friendly town" in Hong Kong, Discovery Bay has been planned to have residential buildings with differing heights to facilitate natural ventilation since the very beginning. In addition, large green zones such as the Central Park, natural mangrove sites and hiking trails have been planned ahead to provide the community with easy access to nature. We continue our

pledge to protect the environment in new developments in Discovery Bay by using low-emissivity glass windows, roof gardens as well as vertical green walls to control heat transfer and to provide extensive greenery and environmental benefits to the surrounding neighbourhood.

Green Office Design in Hong Kong and Shanghai

Adopting sustainability principles in our building design, we leverage our expertise to create green workplaces to enhance resource-use efficiency, produce a positive and comfortable working environment, and boost employees' productivity in the long run. During the year, we renovated and set up new offices in Hong Kong and Shanghai. We adopted an open-office design, bringing in natural lighting and facilitating air ventilation amongst office spaces. Energy-efficient air-conditioning and lighting systems, automatic switch-off timers as well as motion

sensors were installed in offices to enhance our energy performance. To minimise the indirect emissions generated from transportation, we have maximised the use of video conference systems. In addition, during the design and renovation stages of the offices, we conserved resources whenever possible. For example, we reused furniture and packing cartons in good condition to minimise waste generation.



Behind-the-scenes Tour at Ocean Park

Partnering with Ocean Park Conservation Foundation Hong Kong, HKRI's corporate volunteer team- HKRI Care & Share organised a behind-the-scenes educational tour at Ocean Park in January 2018. The tour aimed at introducing the conservation work undertaken to protect coral reefs and giant pandas in order to enhance the understanding of nature and wildlife conservation among colleagues. An educational talk on the importance of environmental conservation was also delivered, enabling some 40 participants to better understand the hard work behind-the-scenes and the challenges ahead. After the tour, participants were keen to change their behaviours in their daily lives to reduce waste and the use of plastics to help conserve nature.

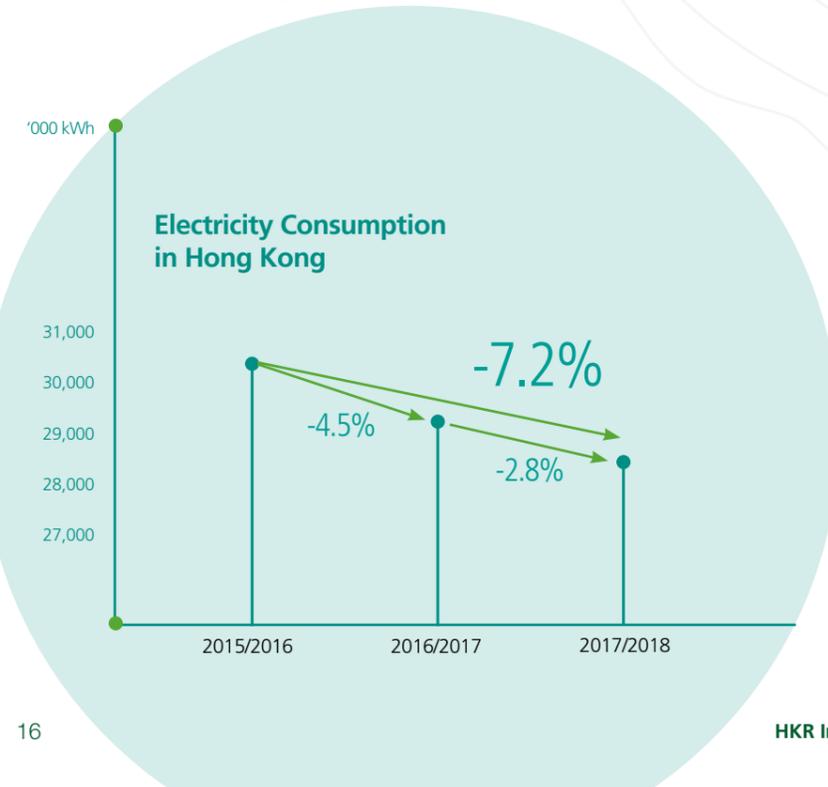
CHERISHING OUR ENVIRONMENT

Conserving Our Resources

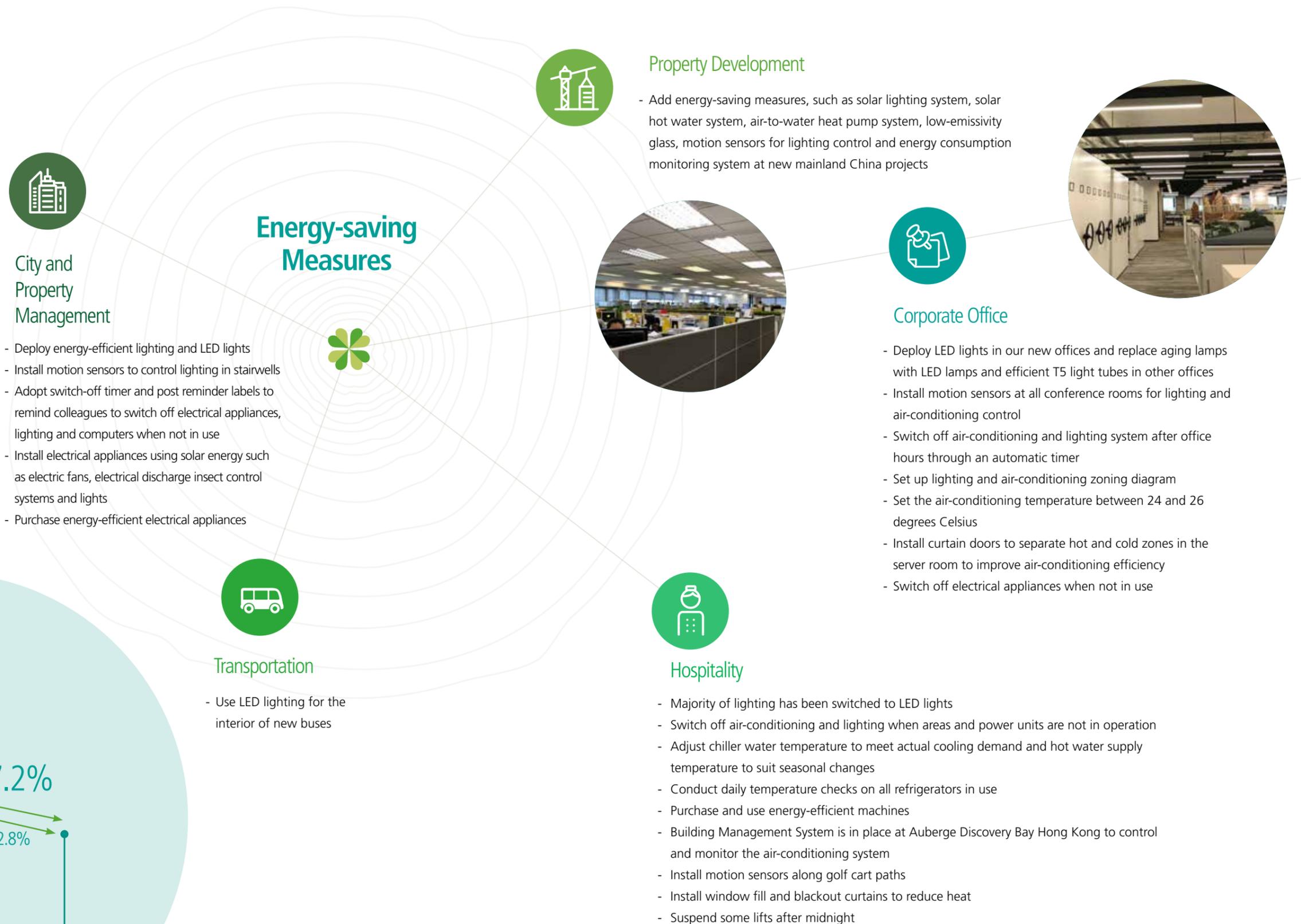
Energy Saving and Emission Reduction

As a company that has been a signatory of the *Energy Saving Charter* launched by HKSAR's Environment Bureau since 2016, we are conscious of managing and monitoring our energy consumption and emissions. Among our business portfolio, the majority of the impacts arise from energy consumption at our investment properties and fuel used by our fleet of ferries and buses. As such, we constantly monitor and analyse our energy and fuel consumption with our data logging system and robust operation process to evaluate our energy usage, identify excessive consumption and take corrective actions.

As there is a close relationship between energy consumption and greenhouse gas emissions, we strive to seize every opportunity to reduce our energy consumption through regular reviews of our energy performance, optimisation of our operating systems and upgrading to energy-efficient equipment. As compared to 2015/2016, we have further extended our energy-saving efforts and reduced our electricity consumption by 7.2% in Hong Kong.



CHERISHING OUR ENVIRONMENT



CHERISHING OUR ENVIRONMENT

We emphasise cutting emissions in order to contribute to cleaner and healthier air quality in Hong Kong. We monitor and reduce air emissions from our operations through technologically-feasible emission

reduction measures and fuel optimisation. For instance, we continue to replace our fleet of buses with greener and cleaner models. In this regard, it is expected that more than 80% of our bus fleet would

meet Euro V or VI standards by the end of 2018. Subject to market availability, any new diesel vehicles to be purchased must comply with the latest emission standards.



CHERISHING OUR ENVIRONMENT



Water

Understanding that freshwater is a scarce natural resource, we have stepped up our efforts to further develop water-saving plans across our operations. Among all operations, hospitality operation accounts for the majority of our water consumption, which, for this year's presentation purposes, is all located in Hong Kong. To further save water, hospitality operation has adopted water-saving measures, such as using water-efficient dishwashers at Discovery Bay Golf Club which can save more than 72% of water consumption. At Discovery Bay, as the municipal water supply from the HKSAR Government has met Discovery Bay's needs since 2000, the reservoir, which was once the major supply of water to thousands of households in the community, is now used for flushing and irrigation at Discovery Bay, thus reducing the consumption of municipal water. In addition, a water leakage detection system is also in place to monitor underground water mains and detect leakage in advance to further minimise water wastage. To further enhance water-saving efforts in our managed properties, we have adopted conservation measures such as dual-flush systems, infrared flush sensors, flow restrictors and automatic

faucets. Meanwhile, we make good use of rainwater at our projects in mainland China by storing rainwater for irrigation and watering unpaved roads.

Waste

Recognising that waste is one of the environmental impacts that arises from our operations, we are committed to carefully managing and reducing the amount of waste generated through a holistic approach. The core principle is to reduce consumption and to recycle or convert waste materials into useful resources for the community. In view of our diversified business activities, we have adopted different approaches to managing hazardous and non-hazardous waste.

Managing Hazardous Waste

Clinical waste and engine oil are two examples of unavoidable hazardous wastes generated by our healthcare and transportation operations; however, they only account for a small portion of the total waste produced by our operations.

At our healthcare operation, we are cautious in the handling of all hazardous waste produced in order to avoid any contamination to the natural environment or posing any threat to human health.

Clinical waste is segregated from other waste, carefully packed, labelled and stored in a designated area and collected by licensed clinical waste collectors for proper disposal. Our handling process fully complies with the *Waste Disposal Ordinance (Cap. 354)*. Furthermore, we always remind our employees to pay extra care and attention, and strictly adhere to the clinical waste handling protocol when handling clinical waste.

At our transportation operation, used engine oil is collected by a registered external waste collector to ensure proper treatment and to reduce impacts on the surrounding environment. Wastewater at the depot is also channelled to a waste water treatment plant before discharge to ensure compliance with relevant ordinances in Hong Kong.

Managing Non-hazardous Waste

To systemically and strategically manage the generation of non-hazardous waste, we have a comprehensive waste management plan in place to oversee and guide waste management practices. We are committed to adopting waste recycling practices and reducing waste disposal at landfills across all operations.

As a property developer, a large portion of our waste is generated from our property development projects. During the design and tendering process, we adopt a paperless approach by issuing soft copies of tender drawings and documentation to selected tenderers. During the construction stage, we maximise the use of reusable and recyclable materials and encourage the upcycling of construction waste. For instance, fallen trees are

CHERISHING OUR ENVIRONMENT

upcycled into stools and tables that can be used by the community. We work hand-in-hand with our contractors and on-site team members to make sure construction waste is properly handled.

At Auberge Discovery Bay Hong Kong, in addition to placing recycling bins in public areas and promoting double-sided printing, we actively collect plastic bottles from guest rooms, food and beverage outlets and banquet halls to maximise our recycling efforts.

We have also appointed a professional third party to collect and recycle used tyres from our transportation operation. On top of internal practices, we also

encourage our tenants, customers, and residents to recycle by setting up waste collection and separation facilities to collect common recyclables, used clothes, second-hand books, toys, fluorescent tubes, energy-efficient bulbs and glass bottles at Discovery Bay and other managed properties. Recyclables collected are donated to various NGOs such as The Salvation Army, Christian Action and Crossroads Foundation to help the underprivileged. Glass bottles collected at Discovery Bay are ground into small granules of sand through a glass grinder and the sand is used for local repair work. We also actively participate in the Christmas tree and peach blossom trees recycling

campaigns organised by Environmental Protection Department ("EPD"). In addition, all festive decorations in Discovery Bay are environmentally friendly with the majority of materials used being recyclable.

We also acknowledge that food waste, which is inevitably generated in our hospitality operation and tenants' daily operations, may pose negative impacts to the environment. We have long promoted the concept of food waste minimisation and reuse. Discovery Bay is a pioneer in the introduction of food waste composters. With the support of residents and tenants, over 25,640 kg of food waste was recycled through

CHERISHING OUR ENVIRONMENT

the two food composting machines supplied for the community during the year and the compost produced is used for gardening purposes. Our hospitality operation has also adopted food recycling practices by collecting, recycling or converting used coffee grounds and unused fruits into useful materials. Since 2016, the hospitality operation has joined the EPD's "Waste Cooking Oils" Recycling Administrative Registration Scheme to collect waste cooking oil and recycle it into biodiesel. We also follow recommended practices from the Food Wise Hong Kong Steering Committee to minimise food waste generation.

During the year, there were no non-compliance cases relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Building Environmental Awareness

Encouraging behavioural change is essential to drive, and constantly improve our sustainability performance. Therefore, we endeavour to enhance environmental awareness and instil a sense of environmental responsibility among our employees, the Discovery Bay community and other communities we manage.

To foster a green working environment, we regularly put up related posters and notices around corporate offices and circulate memos in Hong Kong and mainland China to remind employees of sustainable practices and green behaviours. We also actively organise various activities and campaigns to promote awareness of resource management and to increase related knowledge amongst our employees.

At Discovery Bay, we reach out to residents to raise and enhance their environmental awareness, and regularly organise and participate in green activities such as Recycling Day, flea market, plant market and the monthly earth-hour programme.



Green.Icon@DB

Aspiring to inform our residents of the latest environmental trends and related knowledge, we transformed an abandoned refuse station at Discovery Bay into an exhibition centre - Green.Icon@DB to provide up-to-date information on green initiatives and convey green lifestyle messages to residents. Moreover, the centre also acts as a venue for food waste composting and glass bottle recycling. To further promote the exhibition centre, it is now one of the designated attractions in the Discovery Bay Eco-tour.



RESPECTING OUR PEOPLE

-17%

Lost Days Due to Work Injury
Compared to 2016 / 2017

RESPECTING OUR PEOPLE

Our continued success is built on our staff's contribution and dedication to integrating PRI²DE values into daily operations. Committed to respecting every individual, we endeavour to provide an open and collegial working environment which sparks innovation and empowers staff members to turn their ideas into reality. In an inclusive, compassionate and connected space, our people exhibit strong cohesion with a shared enthusiasm for pursuing quality and continuous improvement.

Talent Attraction and Retention

As at 31 March 2018, our workforce in Hong Kong and mainland China consisted of 1,495 professional and enthusiastic individuals. Employees are crucial to the Group's long-term development. We are keen to attract talented individuals who are passionate about creating innovative living spaces and are able to seamlessly collaborate with other members in a multicultural environment.

As an equal opportunity employer, our selection process is based on experience and individual merits regardless of gender, disability, family status, race, age and sexual orientation. Our emphasis

on equality and integrity is reflected in the Group's Employee Handbook and Code of Conduct, as well as our policies and procedures on non-discrimination, anti-harassment and racial equality. Furthermore, a grievance mechanism is in place for employees to raise and report concerns to senior management through an efficient and secure channel. During the year under review, the Group was in full compliance with relevant laws and legislation, including the *Employment Ordinance (Cap. 57)* and the anti-discrimination ordinances in Hong Kong.

We offer competitive remuneration packages and comprehensive fringe benefits, including medical insurance, discretionary bonus, and leave

RESPECTING OUR PEOPLE

entitlements for different circumstances such as marriage leave, maternity and paternity leave as well as sporting competition leave. Recognising the

importance of attracting, rewarding and retaining the right people, we therefore regularly review and enhance

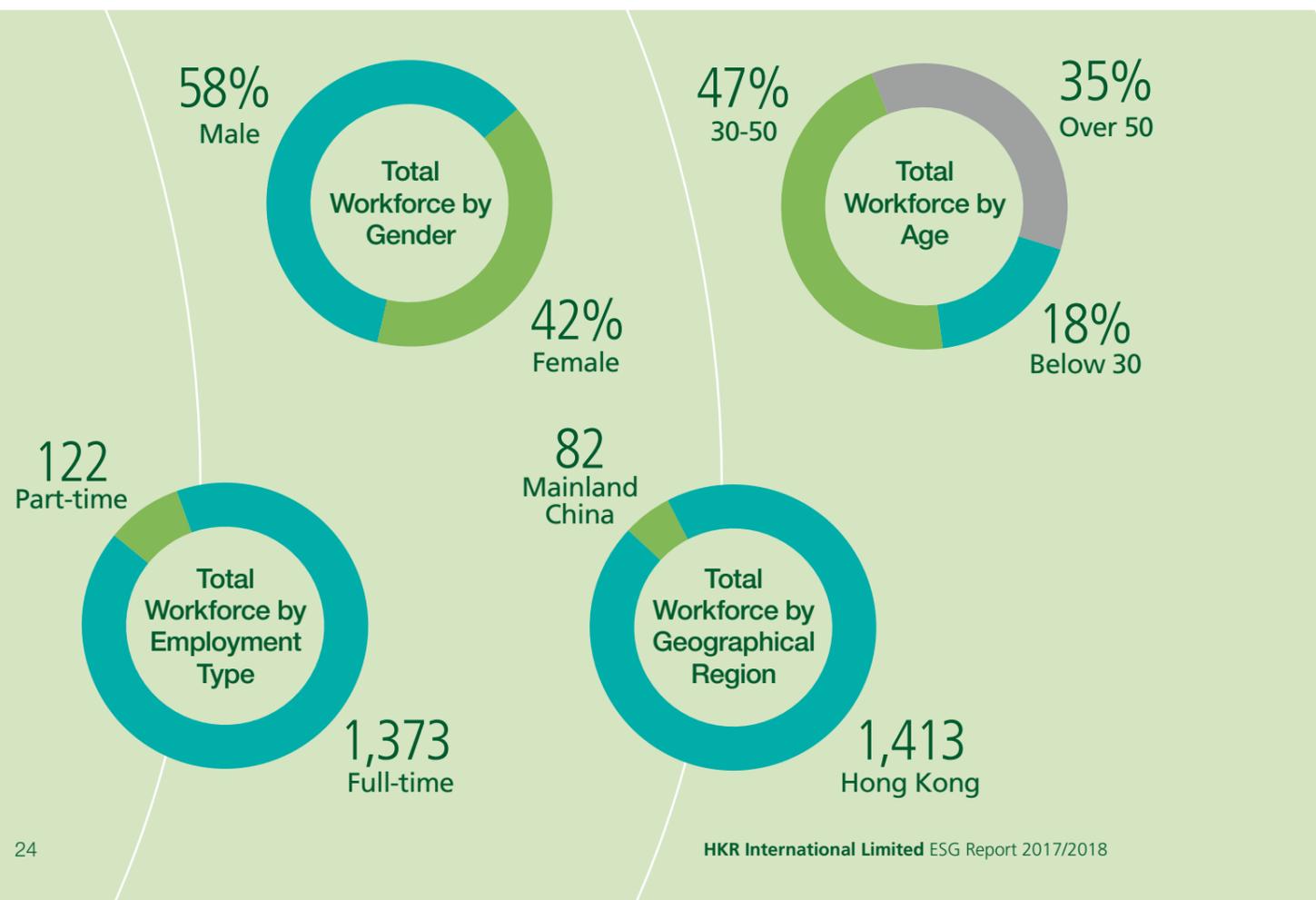
our staff benefits and policies. We made enhancements on the benefits during the year.

-  Maternity leave: Extended to 70 days of full paid leave
-  Paternity leave: Extended to five days of full paid leave
-  Compassionate leave: Extended to employees under probation
-  Post-retirement contract: Extended to a maximum term of three years after retirement
-  Appreciation for a year of full-time service: Six sets of round trip ferry tickets to Discovery Bay for employees' family members
-  Employee gift: Festive gifts and fruit baskets in the event of childbirth, major illness and work injury
-  Medical benefits for staff and their family members: Affinity medical card programme eligible for staff members' parents, spouses, children, siblings, parents-in-law and siblings-in-law



During the year, there were no non-compliance cases relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Due to our unrelenting efforts in enhancing work conditions, we have consecutively received a number of annual awards, including "Good MPF Employer" by Mandatory Provident Fund Schemes Authority.



HKRI Summer Internship Programme

Themed "HKRI CaRe", our 2017 Summer Internship Programme provided an all-encompassing experience to nurture young talent. During this ten-week programme, 20 interns were provided with first-hand job experience and group training activities such as orientation day, and proposal development and presentations. They also joined the HKRI Care

& Share volunteering activity to enjoy organic farming with underprivileged children in order to heighten their recognition of the importance of good citizenship and environmental awareness. The programme ended with a graduation ceremony to celebrate interns' shared moments and achievements at HKRI.



RESPECTING OUR PEOPLE

Training and Development

Believing that the capabilities of our employees determine our success, we invest ample resources in our people's learning and development. Tailored to meet the needs of our different operations, we offer a diverse range of programmes and in-house training on topics such as leadership enhancement, digital marketing, customer service, communication skills and knowledge sharing for all HKRI employees. Since the establishment of the HKRI Employees Learning & Development Faculty in 2016, the Group's learning

curriculum has been reviewed and enhanced regularly. Specific courses were held during the year, including a management programme to strengthen the leadership skills of our supervisors and managers, and the Maritime Trainee Programme to offer on-the-job training and subsidies to attend courses and examinations at Maritime Services Training Institute in order to create a sustainable pipeline of internal talent for our ferry operation. In addition, education allowance and tuition reimbursement are provided for full-time employees to attend external courses.

Furthermore, employees are offered options to apply for internal transfer to other departments according to their professional development needs.



RESPECTING OUR PEOPLE



10,428

Total Training Hours



8

Average Training Hours per Full-time Employee



77%

Full-time Employees Trained



Customer Service Development Programme

Partnered with PolyU Technology & Consultancy Company Limited, we developed a customer service development programme namely "PRI²DE to Serve as One", for staff members at hospitality operation to improve their service quality, operation efficiency and productivity, and, eventually, to elevate guest satisfaction. Comprised of 16 classes, the programme was attended by over 400 frontline staff and supervisors.

Celebrating 40 Sparkling Years

The HKRI Annual Dinner held in January 2018 was themed "Celebrating 40 Sparkling Years" to celebrate the Group's four decades of achievements and recognise the efforts of all staff members. During the award ceremony, we applauded the commitment of our employees and awarded three Outstanding Teams and four Outstanding Employees. Through this event, we hope to pay tribute to all "HKRI people" who have demonstrated the Group's PRI²DE values, teamwork and spirit.



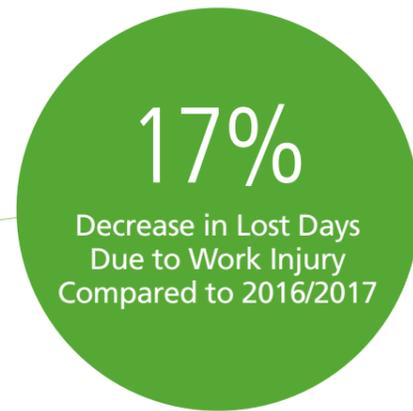
RESPECTING OUR PEOPLE

Occupational Safety and Health

We are committed to maintaining a safe and comfortable working environment. Besides organising the Group's Occupational Safety and Health ("OSH") talk, most of our businesses have their own OSH management committees to develop designated

guidelines to meet different operational needs and ensure the provision of safety equipment and training courses. To advance the application of OSH measures, a Corporate Health and Safety Management System based on ISO 45001 is under development.

Safety is the first priority for our construction projects. Although the majority of construction site workers are not directly employed by the Group, we strictly require all contractors to follow a set of OSH requirements that are in compliance with regulations, and to designate a safety



RESPECTING OUR PEOPLE

inspection officer to submit bi-weekly safety reports. In addition, we regularly monitor construction sites to ensure all safety measures are properly implemented.

To nurture a safety-first culture in Discovery Bay, a cross-departmental OSH Committee was established and a manual was developed to provide guidelines and advice on safety risk mitigation. In addition, city management operation has adopted various practical OSH measures, including organising regular safety trainings, audits and drills, and distributing safety-related notices, to maintain top-of-mind awareness. A weekly exercise class is also arranged to improve physical health and prevent injuries for all staff. To prevent recurrence

of incidents, we review and investigate the root causes, and share findings and suggestions during safety refresher courses and monthly meetings. The city management operation's efforts successfully lowered the accident rate by about 50% year-on-year, far exceeding its annual goal.

In mainland China, we have strict protocols in place to make sure employees are well-trained in terms of fire safety and to maintain a smoke-free and healthy workplace. Protective gear is provided to ensure employees' safety especially on construction sites. Our Hangzhou office also conducts daily workplace inspections to ensure our office equipment is up to the prevailing health and safety standards.

We pay extra attention to employees who carry out relatively higher risk job duties. In strict compliance with the *Radiation Ordinance (Cap. 303)*, every employee at our healthcare operation who comes into contact with radiation is required to carry a radiation dosimeter at all times and undertake annual medical examinations in Occupational Health Clinics. The radiation doses of each worker are monitored on a monthly basis through the monitoring service provided by the Radiation Health Unit.

During the year, there were no non-compliance cases relating to the provision of a safe working environment and the protection of employees from occupational hazards.

Strategy Workshop

In January 2018, a two-day strategy workshop was held with 28 management members across different operations at Auberge Discovery Bay Hong Kong. The workshop provided opportunities for management to exchange their views and present their ideas on specific topics. There was a competition session that encouraged participants to contribute suggestions for the Group's future development.



Fresh and Clean Working Environment

Employees are our most valuable asset and their well-being is of the utmost importance. We implement proactive measures to ensure good health of our employees. At our office premises in mainland China, we monitor the indoor air quality regularly to safeguard employees from allergens and pollutants and ensure compliance with relevant laws and regulations. We also encourage the placement of leafy plants and activated carbon bags to purify and beautify the environment. In addition to medical insurance, regular body checks are arranged to ensure staff wellness. We also circulate health-related tips via email and the *i-Pr@de* staff newsletter to encourage our employees to live a healthy lifestyle.



RESPECTING OUR PEOPLE



A Compassionate Workplace

We aim to foster positive and harmonious relationships at the

workplace. To promote open communication, an open-office design was adopted at our new offices. We fully engage employees and build a connected workforce through a

variety of transparent channels such as regular meetings, performance reviews, internal newsletters and reporting mechanisms to allow them to express concerns without negative

RESPECTING OUR PEOPLE



repercussions. We review the opinions collected and implement appropriate measures. For instance, to support lactating mothers, a breastfeeding room is provided in the office.

To boost staff morale and promote work-life balance, we also organised a wide variety of activities throughout the year, including monthly birthday parties, annual parties, outings, team

building workshops and interest classes. Meanwhile, yoga classes and ball games are regularly arranged to encourage staff to exercise.

Live Green, Work Healthy

For the tenth consecutive year, HKRI has participated in Community Business' Work-Life Balance Week. This year, we arranged a series of activities under the theme of "Live Green, Work Healthy", including plant jamming / zentangle workshops, a Chinese medicine consultation and acupuncture session, and seminars on psychological and physical well-being.



40th Anniversary Party

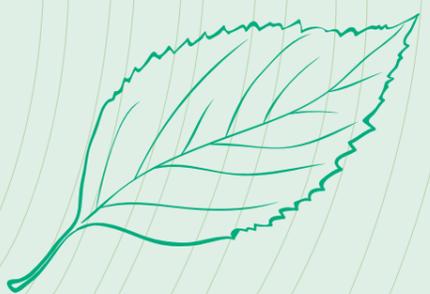
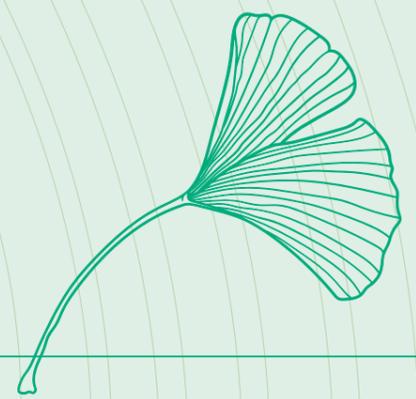
To create more wonderful memories on our shared journey, we invited our staff members and business partners to celebrate the Group's 40th anniversary together at Auberge Discovery Bay Hong Kong in February 2018. At this retro-themed new year party, all our guests enjoyed an evening with various spectacular performances.



CARING FOR OUR COMMUNITY

+30%

In-kind Sponsorships & Donations
Compared to 2016/2017



CARING FOR OUR COMMUNITY

Deeply rooted in the Hong Kong community, we shoulder our share of corporate social responsibility in making the city and the communities we serve a better place. To bring our care and love into society, we reach out to serve the needy, especially the elderly and underprivileged families, and support NGOs through volunteering, and providing in-kind sponsorships and donations. Meanwhile, we promote the concept of good citizenship to employees, Discovery Bay and other communities we manage through community activities, encouraging all to contribute to society.

In recognition of our active contribution to the community, HKRI was awarded the "10 Years Plus Caring Company" logo and the "Business for Sustainability" logo by The

Hong Kong Council of Social Service, and the "Bronze Award for Volunteer Service" by Volunteer Movement under Social Welfare Department of Hong Kong.

Serving the Needy

Our corporate volunteer team, HKRI Care & Share (established in 2005), and volunteer teams at other operations have been actively collaborating with NGOs to serve the needy in Hong Kong. Our NGO partners include Chinese YMCA of Hong Kong, Asbury Methodist Social Service, Produce Green Foundation, Outlying Island Women's Association ("OIWA"), Ocean Park Conservation Foundation Hong Kong and Food Grace. Besides providing voluntary tutoring and caring services to primary students in Tung Chung, we also sponsored underprivileged school children in

the region for a year-long English Learning Programme during the year to improve their social mobility. To widely spread the volunteer spirit, employees' families and friends, and summer interns were invited to join the volunteer teams to enjoy farming with underprivileged children and visit the elderly. We also collected and donated idle stationery to families in need in Tsuen Wan to help them get prepared for the new school year. During the year, our volunteers contributed 513 service hours.

On top of volunteering, we also supported the needy by offering sponsorships and donations to NGOs and charitable groups, such as The Hong Kong Down Syndrome Association, The Society of AIDS Care, Harmony Home Association, Taiwan and Hong Kong Breast Cancer Foundation.



CARING FOR OUR COMMUNITY



Organic Farming with Children

With the growing popularity of organic farming, HKRI Care & Share co-organised an organic farm tour with Produce Green Foundation on 29 July 2017. Over 30 children from Christian Family Service Centre (Family Energizer) and Jockey Club Fu Shin Lutheran Integrated Service Centre were invited to experience organic farming and learn more about green living. 30 volunteers, including HKRI interns, joined the activity.



Lunch with the Elderly

The elderly population is an important constituent of our society and requires the community's care and support. HKRI Care & Share co-organised a lunch gathering with Chinese YMCA of Hong Kong on 11 November 2017, inviting a total of 80 elders living in remote areas to a fun-filled dim sum lunch.



Job Hunting Workshop

Auberge Discovery Bay Hong Kong held a job hunting workshop in June 2017 for the Tung Chung community and a career talk combined with a hotel visit for the unemployed and retirees. The programmes provided participants with practical interview and resume writing skills as well as information about working in a hotel.



Health Talks

To promote a healthy lifestyle and provide health tips, our healthcare operation provided two talks on elderly health in August and September 2017.

In-kind Sponsorship and Donations

Over HK\$3,888,025

Contributed
513
Volunteer
Service Hours



CARING FOR OUR COMMUNITY



Supporting Arts Development and Talent

Creativity and innovation are our core values, and rendering support to arts development and talent is, therefore, one of our key focuses. At Discovery Bay, we have arranged an artwork display area at the pier and a weekly Cantonese Opera Training Programme is held to promote this traditional Chinese performing art. A graffiti design competition was also held during the year to encourage students at Discovery Bay to design for the gate of the exhibition centre, Green.icon@DB. Creativity is not bound by age. We sponsored the drama "The Legend of Those were the Days" presented by Neighbourhood Advice-Action Council ("NAAC") and a group of talented seniors at Discovery Bay. We are also an active supporter of Hong Kong Arts Festival and have sponsored its programme for ten consecutive years, through which overseas artists are invited to perform in Hong Kong to promote cultural exchange between Hong Kong and other regions. This year, the Group sponsored "Pas de deux for Toes and Fingers", performed by world renowned ballerina Svetlana Zakharova and violinist Vadim Repin in March 2018.

To encourage local talent, we invited young Hong Kong artists to design souvenirs to commemorate the Group's 40th anniversary celebration.

CARING FOR OUR COMMUNITY

Building a Lovable Community

We strive to build and foster a caring and sustainable community wherever we operate and Discovery Bay best demonstrates this dedication. To strengthen the community cohesiveness and instil the volunteer spirit in Discovery Bay, we established the Love.Together@DB, a dedicated caring and volunteering platform for the Discovery Bay community. To celebrate the fifth anniversary of Love.Together@DB and the 40th anniversary of the Group, we organised and supported a variety of community events and programmes throughout the year, including eco-tours, dog behavioural training activities, green workshops, Chinese opera group, the DB Heart Family Storytelling Programme, the DB Family Farm and a basketball tournament, to make positive contributions to the community. The community groups in turn serve those in need, for example, the Chinese opera group pays regular visits and performs at elderly centres during festivals to share love.

We aim to re-create this successful model at City One, our residential project in Jiaxing city, Zhejiang Province. By sponsoring and organising community activities, we have built a strong connection between residents and nurtured their interest in Chinese culture, building another lovable and harmonious community.



Drama Staged by Discovery Bay Senior Citizens "The Legend of Those were the Days"

To celebrate our 40th anniversary at Discovery Bay, the drama club formed by Discovery Bay senior residents staged a performance of "The Legend of Those Were the Days" at Hong Kong Cultural Centre and Hong Kong Arts Centre, in October 2017 and January 2018 respectively. The performances hailed the achievements of Discovery Bay and HKRI with the community and Hong Kong citizens. More than 100 Discovery Bay residents and other underprivileged families were invited to enjoy the drama. Many government officials and legislators attended the performances as well.



"Behind-the-scenes Tours in DB" School Programme

We worked with schools in Discovery Bay to design a new "Behind-the-scenes Tours in DB" school programme for students. The programme includes guided tours to ferry operation, Discovery Bay plant nursery and recycling facilities, as well as classroom activities and projects. The first event was held in October 2017 with 80 primary school students attending a fun-filled "sea classroom". They visited the navigation room, met the ferry captain and crew, and learnt about the facilities at the piers and on board as well as tips on wearing life jackets. Eco-tours were held to visit the plant nursery and greenery facilities to nurture students' green living and environmental concepts.

Encouraging Young Talent

To support the HKSAR Government's "Space Sharing Scheme for Youth", we leased 20,000 square feet of office space at CDW Building, the largest co-working space under the scheme so far, to Cyberport in December 2017 at one-third of the market rent to promote technology development and encourage youth entrepreneurship. Cyberport would be setting up its first off-site Smart-Space office.



COMMUNITY EVENT HIGHLIGHTS

Green



Eco-tour
Love.Together@DB,
city management operation



Edible Surplus Food Collection Event
City management operation and Food Grace



DB Family Farm
Love.Together@DB



Deco-your-farm Workshop
Love.Together@DB

Green

Animal Care

Harmonious Family



DB Family Carnival cum
Father's Day Photo Contest
Love.Together@DB,
NAAC and OIWA



DB Heart Family Storytelling Programme
Love.Together@DB and OIWA



DB Dog "Home Sweet Home"
Carnival
Love.Together@DB,
city management operation
and NGOs

COMMUNITY EVENT HIGHLIGHTS

Cultural Heritage



Cantonese Opera Training Programme
Love.Together@DB and
charity groups



DB Cultural Carnival
Love.Together @DB and NAAC

Serving the Needy



Caring the Elderly
HKRI Care & Share,
Love.Together@DB,
Auberge Discovery Bay Hong Kong
and healthcare operation



Stationery Collection
HKRI Care & Share and
Asbury Methodist Social Services



English Learning Programme Sponsorship
Love.Together@DB and OIWA

Serving the Needy



After School Children Care Service
Auberge Discovery Bay Hong Kong
and OIWA

Healthy Living



DB Basketball Tournament Community
Health Cup
Love.Together@DB and
city management operation



Smoke Free Hero Community Carnival
Love.Together@DB and OIWA

MANAGING OUR VALUE CHAIN



-49%

Service-related Complaints
Compared to 2016/2017



MANAGING OUR VALUE CHAIN



Throughout our operations, we work with suppliers and contractors who not only meet our technical requirements, but are also aware of their exposure to environmental and social risks and have taken active measures to address them. By having a robust supplier evaluation and monitoring system in place and following stringent legal requirements and best practices in our own operations, we are committed to providing quality products and services to our customers while minimising our impact on the environment and the wider community.

Supplier Assessment

We uphold high ethical standards and require our employees to strictly observe anti-corruption legislation, and related policies outlined in the Group's Employee Handbook and Code of Conduct as well as the Group's procurement guidelines. We have strict and clear supplier management and selection procedures. A database of approved suppliers and contractors is maintained, reviewed and

evaluated regularly to ensure products and services are of satisfactory quality. Our suppliers are impartially selected based on their competence, experience, service quality, track record and our operational needs. Effective monitoring and management controls are also in place to detect and prevent bribery, fraud or other malpractices in the process of procurement and tendering. For instance, employees are required to fill out a designated form to report on gifts received from our business partners and suppliers. Before working with the Group, suppliers are also required to sign a declaration for conflicts of interest. Representatives from Independent Commission Against Corruption are invited each year to deliver workshops for our staff to refresh best practices knowledge and to provide updates on anti-corruption legislation. In addition, the *Reporting and Handling Process for Concern about Possible Improprieties Policies and Procedures* is in place for employees to report any suspected misconducts.

During the year, there were no cases of non-compliance with laws and regulations related to bribery, extortion, fraud and money laundering and we did not receive any reports of non-compliance with the company procurement policy.

A Responsible Supply Chain

Our procurement policies and procedures are designed to achieve our goal to be as environmentally friendly as possible. During the procurement process, we are committed to maximising the use of sustainably managed, recycled and reused materials. We also promote the concept of integrating environmental factors into business decisions to our suppliers by prioritising those who strive to improve the energy efficiency of their own products, use materials which do not contain ozone-depleting constituents, and manage their environmental impacts on the surrounding neighbourhood. For instance, when purchasing new buses, our transportation operation prioritises suppliers that perform better in terms

MANAGING OUR VALUE CHAIN

of energy efficiency and emissions. For property development, contractors are encouraged to comply with BEAM Plus guidelines with specific requirements on noise control and materials used. The "Green Contractor Charter" system is in place for city management operation to encourage contractors to adopt green measures in renovation work. We advocate green messages by engaging suppliers in our sustainability activities, such as our food waste and Edible Surplus Food Collection Event, to raise their environmental awareness. To minimise the carbon footprint from the transportation of goods and to support local economy, over 98.5% of our procurement is from local suppliers or local agents of overseas suppliers.

Quality Assurance and Customer Satisfaction

Drawing on our experience over the past 40 years, each of our operations has established a quality assurance process by complying with legislation, voluntary

codes and industry best practices. Regular communication channels and feedback systems are also in place to gather information on customer satisfaction and suggestions for improvement. Our diverse portfolio of customers include residents, passengers on buses and ferries, guests of hotels and clubs, and customers of our healthcare services.

Reflecting our PRI²DE commitment - the pursuit of quality - we adopt a prudent and professional attitude in property development. Technical specifications, fitting-out and mechanical and engineering installations are clearly stated during the tendering process. Apart from the strict tender evaluation process, we also ensure that adequate site monitoring resources are deployed to check the workmanship and materials used on site to ensure compliance with technical specifications. For our projects in mainland China, the main contractors are responsible for the preparation of weekly reports on safety and work quality for the Group. Regular meetings are

conducted to continuously monitor safety and work quality. All non-compliance items will need to be rectified before project handover. Defect liability period is provided to buyers of brand new flats. Considering the geographical constraint for some customers, a flat-selection App for mainland projects was developed to save buyers' travelling time and improve their overall experience.

For our city management operation, as residents' feedbacks are valuable for improvement, we gather their views through suggestion boxes, a 24-hour customer service hotline, and direct discussions at the business centre and local management offices. We use centralised electronic systems to record and track the progress of investigations and we follow up with residents in a timely manner to address their concerns. To foster a two-way dialogue in sharing and exchanging ideas with different parties, we set up regular meetings with different resident group representatives, including the City Owners Committee and the Village Owners Committee.

Providing reliable transportation for our residents is one of our priorities. We are proud that our buses and ferries ran according to schedule on over 90% of service days. Service interruptions were primarily due to factors outside our control such as adverse weather conditions, traffic incidents and road works. Similar to our city management operation, we engage our residents via a customer service hotline, emails and our quarterly Passenger Liaison Group meetings. Suggestions or comments received are thoroughly reviewed by relevant operational units to further enhance our services.

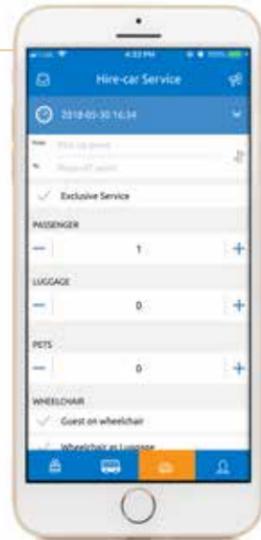


MANAGING OUR VALUE CHAIN

Service improvement programmes during the year:



A Baby Care Room with various breastfeeding and changing facilities was set up onboard a ferry to provide a safe and cozy environment for passengers to care for their babies.



A new hire car booking function was added to the Discovery Bay Transport App. Residents can now use the App to request hire car services at any time with a simple click on their phone.

In our healthcare operation, to act in the best interests of our patients, our dental section has voluntarily applied for, and has been assessed and certified, under the ISO 9001:2008 Quality Management System. As a way to evaluate our performance, we invite patients to fill out a feedback card after their visits. We also have an established customer complaint handling procedure to better address any concerns our patients may have.

For our hospitality operation, we have standard operation procedures and have also provided trainings for proper handling of operation related complaints. In addition, we formed a customer service taskforce committee during the year to continuously enhance customer service. To ensure food safety is in compliance with legal requirements⁴, food provided by our suppliers is carefully inspected,

and would be immediately returned to suppliers if the quality is found to be unsatisfactory. All complaints or suggestions for service enhancement related to vendors and contractors are handled by the purchasing department. We also adopt a "First-in, First-out" approach in the food and beverage department, which includes proper labelling, storage and rotation of food inventory to ensure all food and beverages to be served are fresh and safe to consume.

During the year, there were no non-compliance cases relating to health and safety, advertising, labelling and privacy matters relating to products and services provided that required remedies.

Data Privacy

We take proactive measures to protect our customers' personal information. The

Group's policy on personal privacy, access to and handling of customers' personal data and confidential information provides guidelines on customer information handling. For instance, personal information is collected for said purposes only and with consent from our customers; data files are kept in central storage locations with restricted access; regular reviews of authorised users are conducted; and confidential documents are shredded before disposal. In our transportation operation, customer records collected during daily operations through Octopus and T-card transactions are strictly protected in our internal system and not disclosed to any third parties.

During the year, there were no cases of non-compliance with the *Personal Data (Privacy) Ordinance (Cap. 486)*. We will continue to uphold our commitment to safeguarding our customers' information.

⁴ Factories and Industrial Undertakings Ordinance (Cap. 59); Fire Safety (Buildings) Ordinance (Cap. 572); Fire Safety (Commercial Premises) Ordinance (Cap. 502); Electricity Ordinance (Cap. 406); and Food Safety Ordinance (Cap. 612).

PAVING OUR WAY TO LONGEVITY AND EXCELLENCE



It has been a successful and fruitful 40 years for HKRI, which was made possible with the support of our dedicated employees, business partners and community members. We are delighted to see the steady progress in our sustainability and CSR initiatives. In this joyful and fruitful year of 2017/2018, we were excited to witness several achievements, including the opening of the refurbished CDW Building in Hong Kong and the grand opening of HKRI Taikoo Hui in Shanghai. As we turn a new page, we will continue to build sustainable,

liveable and lovable communities and create stylish and distinctive living experiences in different parts of the region. To do so, we are committed to improving our environmental performance, promoting good citizenship to our stakeholders, providing support for our employees and caring for the community. As we are ready for new challenges, we will continue to create shared values with our stakeholders collaboratively and to take the PRI²DE spirit in our business operations for the next 40 years to come.



Caring for our employees



Fostering green community



Celebrating our 40 years of success



Refurbishment of CDW Building



The grand opening of HKRI Taikoo Hui



Our new office at CDW Building



Cherishing our environment



Caring for our community

PERFORMANCE DATA SUMMARY



HKEx KPI	Unit	Hong Kong		Mainland China	
		2017/2018 ^e	2016/2017	2017/2018 ^e	2016/2017
A. Environmental					
A1.1	The types of emissions and respective emissions data				
NOx ^f	Tonnes	2.01	0.023 (restated)	0.0050	/
SOx ^g	Tonnes	5.83	5.90 (restated)	0.00013	/
PM ^h	Tonnes	0.11	/	0.00037	/
A1.2	Greenhouse gas emissions in total and intensityⁱ				
Direct emissions (Scope 1)	Tonnes of CO ₂ e	26,803.11	26,650.65 (restated)	24.21	/
Energy indirect emissions (Scope 2)	Tonnes of CO ₂ e	19,940.83	20,525.16	65.33	/
Other indirect emissions (Scope 3)	Tonnes of CO ₂ e	114.27	/	2.05	/
Total	Tonnes of CO ₂ e	46,858.21	47,175.81 (restated)	91.59	/
Intensity	Tonnes of CO ₂ e / Full-time Employee (FTE)	36.30	34.69 (restated)	1.12	/
A1.3	Total hazardous waste produced and by intensity				
Clinical Waste ^j	kg	395.00	255.10	/	/
	kg/FTE	3.06	1.71	/	/
Used Engine Oil ^k	kg	13,006.00	12,070.00	/	/
	kg/FTE	13.97	22.69	/	/
Lube Oil ^l	Litre	600.00	400.00	/	/
	Litre/FTE	1.45	0.91	/	/
Batteries ^j	kg	8,847.00	/	/	/
	kg/FTE	21.49	/	/	/
A1.4	Total non-hazardous waste produced and by intensity				
Recycled Paper Waste ^l	kg	115,811.90	1,864.00	84.00 ^m	/
	kg/FTE	179.83	4.23	3.23	/
Recycled Carton Waste ⁿ	kg	10,380.00	9,689.00	/	/
	kg/FTE	25.13	21.97	/	/
Recycled Plastic Waste ^l	kg	15,587.00	823.00	/	/
	kg/FTE	24.20	1.87	/	/
Recycled Aluminium Cans ^o	kg	14,935.00	/	/	/
	kg/FTE	64.65	/	/	/

PERFORMANCE DATA SUMMARY



HKEx KPI	Unit	Hong Kong		Mainland China	
		2017/2018 ^e	2016/2017	2017/2018 ^e	2016/2017
A1.4	Total non-hazardous waste produced and by intensity				
Recycled Waste	Litre	9,336.00	1,104.00	/	/
Cooking Oil ⁿ	Litre/FTE	22.61	2.50	/	/
Recycled Food Waste ^l	kg	25,650.50	42,184.00	/	/
	kg/FTE	39.83	173.60	/	/
Recycled Glass Bottle Waste ^p	kg	83,501.00	136,800.00	/	/
General Waste ^q	kg	684,836.00 ^r	21,600.00	3	/
	kg/FTE	1,063.41	72.00	0.12 ^m	/
A2.1	Energy consumption by type				
Electricity	'000 kWh	28,486.90	29,321.66	92.86	/
	'000 kWh/FTE	22.07	21.56	1.13	/
LPG ⁿ	'000 kWh	1,728.24	1,656.77 (restated)	/	/
	'000 kWh/FTE	4.18	3.76 (restated)	/	/
Unleaded Petrol ^s	'000 kWh	1,112.02	1,147.30	81.41 ^t	/
	'000 kWh/FTE	1.19	2.16	1.45	/
Euro V Diesel ^k	'000 kWh	18,157.61	17,800.66	/	/
	'000 kWh/FTE	19.50	33.46	/	/
Marine Light Diesel ^u	'000 kWh	69,256.29	70,098.89	/	/
	'000 kWh/FTE	133.13	131.76	/	/
Diesel ⁿ	'000 kWh	551.58 ^r	96.26	/	/
	'000 kWh/FTE	0.59	0.18	/	/
A2.2	Water Consumption in total and intensity				
Total	m ³	346,644.00 ^v	260,199.00	277.59	/
Intensity	m ³ /FTE	268.51	191.32	3.39	/

PERFORMANCE DATA SUMMARY



HKEx KPI	Unit	Hong Kong		Mainland China					
		2017/2018 ^e	2016/2017	2017/2018 ^e	2016/2017	2017/2018 ^e	2016/2017		
B. Social									
B1.1	Total workforce by gender, employment type, age group and geographical region	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
	<i>By gender</i>								
	Male No. of people	784	57	833	89	30	0	/	/
	Female No. of people	507	65	527	89	52	0	/	/
	<i>By age group</i>								
	Under 30 No. of people	228	33	232	87	14	0	/	/
	30-50 No. of people	593	51	628	62	59	0	/	/
	Above 50 No. of people	470	38	500	29	9	0	/	/
	Total No. of people	1,291	122	1,360	178	82	0	/	/
B1.2	Employee turnover rate by gender, age group and geographical region								
	<i>By gender</i>								
	Male %	22.95		11.57		16.67		/	/
	Female %	28.50		12.37		26.92		/	/
	<i>By age group</i>								
	Under 30 %	45.59		8.20		28.57		/	/
	30-50 %	23.60		11.64		22.03		/	/
	Above 50 %	16.73		4.10		22.22		/	/
	Overall %	25.19		23.94		23.17		/	/
B2.1	Number and rate of work-related fatalities								
	By number No. of people	0		0		0		/	/
	By rate %	0		0		0		/	/
B2.2	Lost days due to work injury								
	Total Days	2,273		2,753		0		/	/
B3.1	The percentage of employees trained by gender and employee category								
	<i>By employee category</i>								
	General %	79.09		75.73		41.27		/	/
	Middle Managers %	82.71		73.11		23.53		/	/
	Senior Managers %	45.00		56.52		0		/	/
	<i>By gender</i>								
	Male %	72.19		63.99		33.33		/	/
	Female %	89.94		92.41		38.46		/	/
	Overall %	79.16		75.00		36.59		/	/

PERFORMANCE DATA SUMMARY



HKEx KPI	Unit	Hong Kong		Mainland China	
		2017/2018 ^e	2016/2017	2017/2018 ^e	2016/2017
B3.2	The average training hours completed per employee by gender and employee category				
	<i>By employee category</i>				
	General Hours	7.83	11.20	2.06	/
	Middle Managers Hours	9.19	23.00	1.18	/
	Senior Managers Hours	1.78	1.90	0	/
	<i>By gender</i>				
	Male Hours	8.87	13.00	1.67	/
	Female Hours	6.55	10.50	1.92	/
	Overall Hours	7.96	12.05	1.83	/
B6.2	Number of service related complaints received				
	Total No. of cases	534	1,037	0	/
B7.1	Number of concluded cases regarding corrupt practices brought against HKRI				
	Total No. of cases	0	0	0	/
	^e The 2017/2018 data reporting scope is extended to mainland China, while 2016/2017 data only covers Hong Kong operations.				
	^f The 2016/2017 data is confined to the emissions from the LPG use in Hong Kong. Due to the improved availability of vehicle use data, the 2017/2018 data scope of NOx emissions has expanded to include the vehicular emissions in Hong Kong, Hangzhou city and Jiaying city. We will continue to expand the reporting scope to include vessel NOx emissions as our data collection capacity matures.				
	^g This data is confined to the emissions from the LPG use in Hong Kong, the vessel emissions in Hong Kong and the vehicular emissions in Hong Kong, Hangzhou city and Jiaying city.				
	^h This data is confined to the vehicular emissions in Hong Kong, Hangzhou city and Jiaying city. Due to the improved availability of vehicle use data, we are able to calculate PM emissions this year. We will continue to expand the reporting scope to include vessel PM emissions as our data collection capacity matures.				
	ⁱ Scope 1 emissions include combustion of LPG, Euro V diesel, diesel, unleaded petrol and marine light diesel, and fugitive emissions from refrigerant. Scope 2 emissions include indirect emissions from electricity purchased. Scope 3 emissions include emissions from business air travel.				
	^j This data is confined to our healthcare operation.				
	^k This data is confined to our transportation and hospitality operations.				
	^l This data is confined to our Discovery Bay city management and hospitality operations. Data increase is due to expansion of data scope to hospitality operation.				
	^m This data is confined to our Shanghai office.				
	ⁿ This data is confined to our hospitality operation. Data increase is due to its data scope expansion.				
	^o This data is confined to our Discovery Bay city management operation.				
	^p All of our operations, tenants and residents in Discovery Bay contributed to achieve this great amount of recycled glass bottles, saving natural resources.				
	^q This data is confined to our hospitality operation and our office in Hong Kong. Data increase is due to expansion of data scope to hospitality operation.				
	^r Data increase is due to expansion of data scope to hospitality operation.				
	^s This data is confined to our transportation and hospitality operations.				
	^t This data is confined to our company fleet in Jiaying city and Hangzhou city.				
	^u This data is confined to our transportation operation.				
	^v Data increase is due to the expansion of data scope and a repair work conducted at Discovery Bay Golf Club. A small pond had to be drained and refilled, resulting in an increase in water use.				

HKEX ESG REPORTING GUIDE CONTENT INDEX



Aspect	HKEx KPI	Description	Page Number/ Remarks
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A2 Use of Resources	A2	General Disclosure	16-21
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	A2.3	Description of energy use efficiency initiatives and results achieved	16-18
	A2.4	Description of issue in sourcing water, water efficiency initiatives and results achieved	19
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not material to HKRI
A3 The Environment and Natural Resources	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	14-21
B. Social			
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	B2.2	Lost days due to work injury	48
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	28-29

HKEX ESG REPORTING GUIDE CONTENT INDEX



Aspect	HKEx KPI	Description	Page Number/ Remarks
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B3 Development and Training	B3	General Disclosure	26-27
	B3.1	The percentage of employees trained by gender and employee category	48
	B3.2	The average training hours completed per employee by gender and employee category	27, 49
B4 Labour Standards	B4	General Disclosure	We abide by relevant employment ordinances and statutory requirements of Hong Kong. No relevant cases of non-compliance were recorded.
B5 Supply Chain Management	B5	General Disclosure	42-43
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where and how the practices are being implemented and monitored	42-43
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	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	42
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HKRI
香港興業國際集團有限公司
HKR International Limited
STOCK CODE : 00480
(Incorporated in the Cayman Islands
with limited liability)

40th
anniversary

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