

Hopewell focuses on Sustainability



Sustainability Report
2012/13

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About This Report

This is the third Sustainability Report ("Report") of Hopewell Holdings Limited ("HHL") demonstrating our commitment to transparency and accountability to our stakeholders. A summary of this Report is incorporated into the Annual Report 2012/13 of the Group (i.e. HHL and its subsidiaries). The full version of this Report is available for download at <http://www.hopewellholdings.com/en-US/corporate-sustainability/sustainability-report>.

Scope of the Report

Our sustainability reporting period follows the financial year 2012/13 (from 1 July 2012 to 30 June 2013). This Report presents our group-wide approach to sustainability and our performance in the economic, environmental and social aspects of our business. It covers the activities of HHL, its key subsidiaries and joint-venture operations central to our core businesses in Hong Kong and Mainland China. Our core operations involve four business sectors: property investment and development, hospitality, highways and power generation.

How We Report

This Report covers topics and indicators that reflect the most significant economic, environmental and social impacts from our operations, identified by our management and on-going engagement with stakeholders and industry dialogue. Different internal and external stakeholder groups have been engaged to ensure that we are responding to their expectations and concerns.

We use the Global Reporting Initiative (GRI, version 3.1) to benchmark our sustainability reporting. We are pleased to declare that this is a GRI B+ level Report, which has been verified by the Hong Kong Quality Assurance Agency (HKQAA). Performance indicators included in this Report are summarised in the GRI Index Table presented at the end of this Report.

While this Report presents a brief overview of our business and economic performance, full details of these aspects, including corporate governance, regulatory issues and directors' remuneration are presented in our Annual Report 2012/13 (downloadable at <http://www.hopewellholdings.com/en-US/corporate-communications/annual-interim-reports>).

MANAGING DIRECTOR'S MESSAGE

Since our establishment in the 1970s, we have been striving to create shared value by developing and managing building clusters and infrastructure that fosters economic development and supporting initiatives that promote sustainability. Our performance demonstrates our continuous efforts to sustain our business growth whilst maintaining our long standing partnership with the communities where we operate.

We see the importance of running our business in a pragmatic way that meets the bottom line, addresses the needs of our stakeholders and fulfils our environmental responsibility. All our core businesses — properties, highways and power plant — begin with sustainable design and construction and continue during their operations to enhance their environmental efficiency.

In Hong Kong, our success in urban redevelopment is exemplified by our efforts to transform Wan Chai into an important business district since the completion of Hopewell Centre, a significant landmark in Wan Chai. As the preparation work for Hopewell Centre II begins, we envisage that this will further stimulate the transformation of Wan Chai into a more vibrant district upon completion in 2018. To complement the development of a conference hotel, we have planned to improve the road traffic to ensure better connectivity and convenience for users. We will also build a green leisure park for the community. We hope that our development would further strengthen Wan Chai as a community that has its own distinctive blend of modernism and historical characteristics.

We are pleased to have completed the Western Delta Route in January 2013, ahead of schedule. This marks the completion of Pearl River Delta (PRD) expressway network that we initially proposed in the late 1970s, with the vision to connect Hong Kong and cities on both sides of the PRD. It is indeed a milestone for the 10th anniversary of the listing of our subsidiary, Hopewell Highway Infrastructure Limited (HHI). We believe that cities in the vicinity of the Western Delta Route will evolve into a more prosperous and socially cohesive region as a result of our infrastructure developments.

Our hospitality business has introduced a sustainable seafood menu option for our customers. We have taken initiatives to reduce food waste and recycle used cooking oil with the help of our community partners. To further raise environmental awareness, we support initiatives such as promoting the use of electric vehicles and we participate in important environmental programmes initiated by governmental and non-governmental organisations.

As we leverage our business strength to contribute to community development, we have scaled up our volunteering activities to reach disadvantaged groups, such as live-alone elderly and children with chronic diseases beyond the Wan Chai community. We have also been exploring new opportunities to offer employment to people with disabilities, help develop their skills and improve our employees' understanding of their needs.



In recognition of our on-going commitment to sustainable development, HHL and HHI have been selected as constituent stocks of the Hang Seng Corporate Sustainability Benchmark Index for three consecutive years from 2011 to 2013. HHL had also been included in the Hang Seng Corporate Sustainability Index in 2010. We are delighted that HHL has recently been selected again as a constituent stock of the Hang Seng Corporate Sustainability Index effective from 9 September 2013, making us one of the sustainability leaders in Hong Kong.

I would like to thank our employees for their outstanding efforts and our stakeholders for providing feedback and support to help us improve. This Report will further elaborate our work and our plans for the future, which reflect our stakeholders' expectations and what is important to us as a responsible corporation.

As we move forward, we will reinforce our commitment to community development and environmental protection and engage our stakeholders in this process. This long-term commitment and engagement, we believe, will strengthen our connection to nature and our community, allowing sustainability to become embedded into our corporate culture and daily lives.

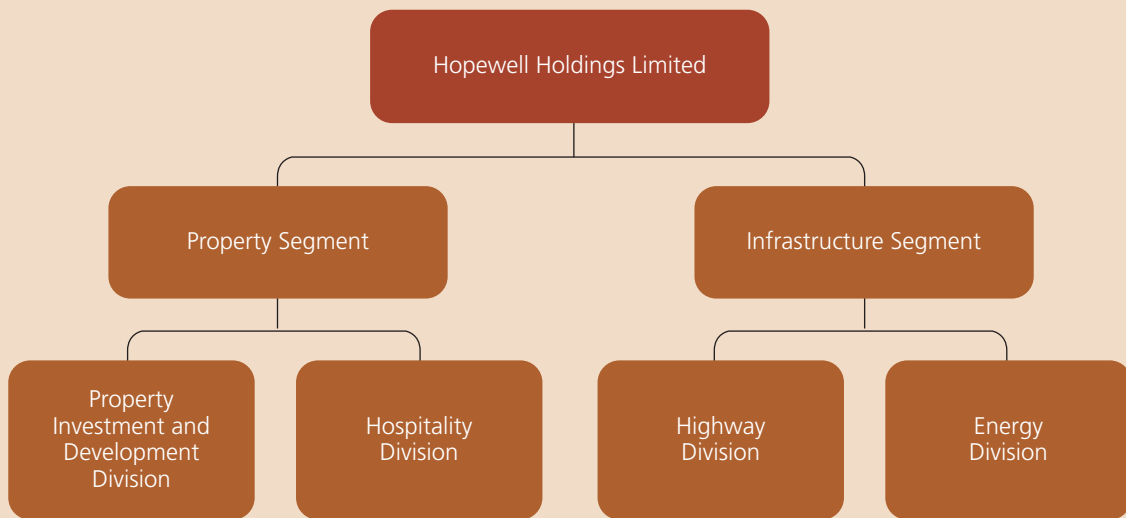
Thomas Jefferson WU

Managing Director, Hopewell Holdings Limited

OUR BUSINESS

Rooted in Wan Chai, HHL was listed on the Main Board of The Stock Exchange of Hong Kong Limited in 1972. With more than 40 years of strong presence in the property and infrastructure industries, the Group has established a solid foundation in Hong Kong and beyond that in the PRD region.

Group Structure



Property and Hospitality

Our business in the property investment and development sector consists of properties for rental and for sale. We are involved in project planning, design supervision, tendering, and overseeing the cost and quality control of premises from conception to completion. Our portfolio of completed properties include a cluster of commercial buildings, shopping arcade and serviced apartments located in Wan Chai, a large office, retail, convention and exhibition complex in Kowloon Bay and a shopping mall in Tsuen Wan.

Besides being a landlord of premier properties, we provide a wide range of high-quality facilities management and leasing services to our tenants, customers of our rental properties and, in case of sold units, the owners in Hong Kong and Mainland China.



Our Business

We have been active in the hospitality business for many years. Our first hotel project dated back to the early 1980s when we pioneered the “Build-Operate-Transfer” model for the 5-star China Hotel in Guangzhou. In Hong Kong, Panda Hotel is our flagship hotel located in Tsuen Wan which has around 1,000 guest rooms serving both business and leisure travellers. We also operate restaurants and catering business at Kowloonbay International Trade and Exhibition Centre (“KITEC”) in Kowloon Bay.

Our current projects under development in Hong Kong include the large-scale hotel project, named Hopewell Centre II and the residential-cum-commercial project, 200 Queen’s Road East both in Wan Chai. In Guangzhou, our projects include the on-going residential development of Hopewell New Town in Huadu District and the Liede Integrated Commercial Project in Zhujiangxincheng, which upon completion, will be a mixed-use commercial complex under a long-term operating lease arrangement.



Infrastructure: Highways

HHL holds an approximately 68% stake in HHI, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, specialising in highways development and operation in Mainland China. Through joint ventures with local companies in Mainland China, we currently have interests in four highway projects — the 122.8 km Guangzhou-Shenzhen Superhighway (GS Superhighway) and Phases I, II and III of the Western Delta Route, which has an aggregate length of 97.9 km. The completion of Phase III of the Western Delta Route (“Phase III West”) in January 2013 marked the completion of the entire Western Delta Route. Both the GS Superhighway and the entire Western Delta Route are currently in operation.



Infrastructure: Energy

To address the shortage of energy infrastructure in Mainland China, the Group began its power plant operations in the mid-1980s. The Group currently operates, through a joint venture (JV) company, one of the most environmentally efficient coal-fired power plants, named Heyuan Power Plant, in Guangdong province.



Our Business at a Glance 2012/13

Core Sector	Current Brands and Projects
Property & Hospitality	<p>Properties for rental in Hong Kong:</p> <ul style="list-style-type: none"> Hopewell Centre (Wan Chai) Kowloonbay International Trade and Exhibition Centre ("KITEC") (Kowloon Bay) QRE Plaza (Wan Chai) GardenEast serviced apartment (Wan Chai) Wu Chung House retail outlets (Wan Chai) Panda Place (within Panda Hotel in Tsuen Wan) <p>Residential properties for sale in Hong Kong and Mainland China:</p> <ul style="list-style-type: none"> Broadwood Twelve (Happy Valley) Hopewell New Town (Huadu, Guangzhou) <p>Properties under development in Hong Kong and Mainland China:</p> <ul style="list-style-type: none"> Hopewell Centre II (conference hotel in Wan Chai) 200 Queen's Road East (an Urban Renewal Authority redevelopment project in Wan Chai under 50:50 joint venture with Sino Land Company Limited) Hopewell New Town (apartments, townhouses, commercial areas and recreational facilities being developed in phases, in Guangzhou) Liede Integrated Commercial Project (mixed-use commercial complex under a long-term operating lease, in Zhujiangxincheng) <p>Hospitality business in Hong Kong:</p> <ul style="list-style-type: none"> Panda Hotel (Tsuen Wan) Xi Shan Chinese Restaurant and "MENU" Restaurant (E-Max of KITEC) Catering services
Infrastructure	<p>Toll expressways in operation in Mainland China:</p> <ul style="list-style-type: none"> Guangzhou-Shenzhen Superhighway Phase I of the Western Delta Route Phase II of the Western Delta Route Phase III of the Western Delta Route (commenced operation on 25 January 2013) <p>Power plant in Mainland China:</p> <ul style="list-style-type: none"> Heyuan Power Plant Phase I (2 x 600MW coal-fired power plants) Heyuan Power Plant Phase II (currently studying 2 x 1000MW coal-fired power plants, subject to approval by the People's Republic of China ("PRC") authorities)

Please refer to the Annual Report 2012/13 of HHL for more detailed economic performance of its various business operations, such as occupancy rate, sale and pre-sale results. The Annual Report shows the list of principal subsidiaries and jointly controlled entities under the Group.

Our Business

Awards in 2012/13

Governance performance:

- HHL was selected as constituent stock of Hong Kong Corporate Sustainability Index, and HHL and HHI were selected as constituent stocks of the **Hang Seng Corporate Sustainability Benchmark Index** for three consecutive years
- **Asia's Icon on Corporate Governance** (Corporate Governance Asia, 9th Corporate Governance Asia Recognition Awards 2013)
- **Asian Corporate Director Recognition Awards** for Mr. Thomas Jefferson Wu (Corporate Governance Asia, 9th Corporate Governance Asia Recognition Awards 2013)
- **Asia's Best CEO (Investor Relations)** for Mr. Thomas Jefferson Wu (Corporate Governance Asia, 3rd Asia Excellence Recognition Awards)
- **Best Investor Relations** (Corporate Governance Asia, 3rd Asian Excellence Recognition Awards)
- **Best CSR Awards** (Corporate Governance Asia, 3rd Asian Excellence Recognition Awards)
- Sustainability report 2010/11 of HHL won the **Silver Award in the "Websites: Sustainability Report" category** of the Galaxy Awards 2012 (MerComm Inc International Awards Programs)
- **Best Small-Cap Equity Deal** (FinanceAsia) received by HHI
- **National Employment Advanced Enterprise Award** (State Council of the People's Republic of China) received by GS Superhighway JV
- **3-Star Operation Case Study Award** for "廣深高速大車流情況下的交通管理" in the 36th International Convention on Quality Control Circles, Kuala Lumpur (Malaysia Productivity Corporation) received by GS Superhighway JV

Environmental performance:

- **Cleaner Production Company Award for Heyuan Power Plant, 2011–2014** (The Economic and Information Commission of Guangdong Province and Guangdong Provincial Department of Science and Technology)
- **First Runner-up of Most Significant Fuel Consumption Saver, Gold Award of Fuel Saving Percentage Improvement and Silver Award of Fuel Efficiency Percentage Improvement** (Friends of the Earth (HK), Green Power and WWF Hong Kong)
- **'LOOP Silver Label'** in the Low-carbon Office Operation Programme (LOOP) (WWF-HK)

Individual premises received the following environmental awards. For details, please see the Environmental Performance section.

- **U Green Award-Excellence of Environmental Contributions** (U Magazine)
- **Sectoral Awards** (The Environmental Campaign Committee, Hong Kong Awards for Environmental Excellence 2012)
- **Certificate of Appreciation of Power Smart Contest 2012** (Friends of the Earth (HK))
- **Wastewi\$e Label (Good Class)** of the Hong Kong Awards for Environmental Excellence
- **Indoor Air Quality Certificate (Good Class)** under Indoor Air Quality Certification Scheme for Offices and Public Places (Indoor Air Quality Information Centre)
- **Certificate of Quality Water Recognition Scheme for Buildings** (Water Supply Department)

Workplace and social performance:

- **Certificate of Appreciation 2012–2013** by Manpower Developer Award Scheme awarded by the Employees Retraining Board
- **Community Chest President's Award** (The Community Chest, 2012/2013 Annual Presentation of Awards Ceremony)
- **Caring Organisation for Retired Athletes Certificate** (Sports Federation and Olympic Committee of Hong Kong, China)
- **Caring Company Logo** (The Hong Kong Council of Social Service)
 - Hopewell Holdings Limited
 - Hopewell Highway Infrastructure Limited
 - Hopewell Property Management Company Limited
 - Hopewell Real Estate Agency Limited
 - Hopewell Centre Management Limited
 - GardenEast Management Limited
 - IT Catering and Services Limited
 - KITEC Management Limited
 - Panda Place Management Limited
 - Panda Hotel — 5 years Plus Caring Company Logo
- **Enterprises excellent in work safety 2012** (Bureau of Work Safety of Guangdong Province) received by Heyuan JV
- **Safety Culture Construction Demonstration Enterprise 2012** (Bureau of Work Safety of Guangdong Province) received by Heyuan JV

OUR SUSTAINABILITY VISION AND FOCUS

At Hopewell, sustainability has been at the heart of what we do since our founding, long before we used the term to collectively describe our actions. We take an integrated approach to sustainability, incorporating environmental and social considerations in our decision making and actions. We work with our employees and stakeholders in the industry and community to achieve our vision — creating shared value.

In striving to achieve sustainability, we prefer to work with companies that share our vision in our investment decisions, joint venture partnerships and supply chain. We encourage employees to operate our business in line with our vision. Our business is built on a strong foundation of sound corporate governance and effective risk management and we abide by the laws and regulations in the jurisdiction in which we operate, striving to exemplify best practice and leadership in all we do.

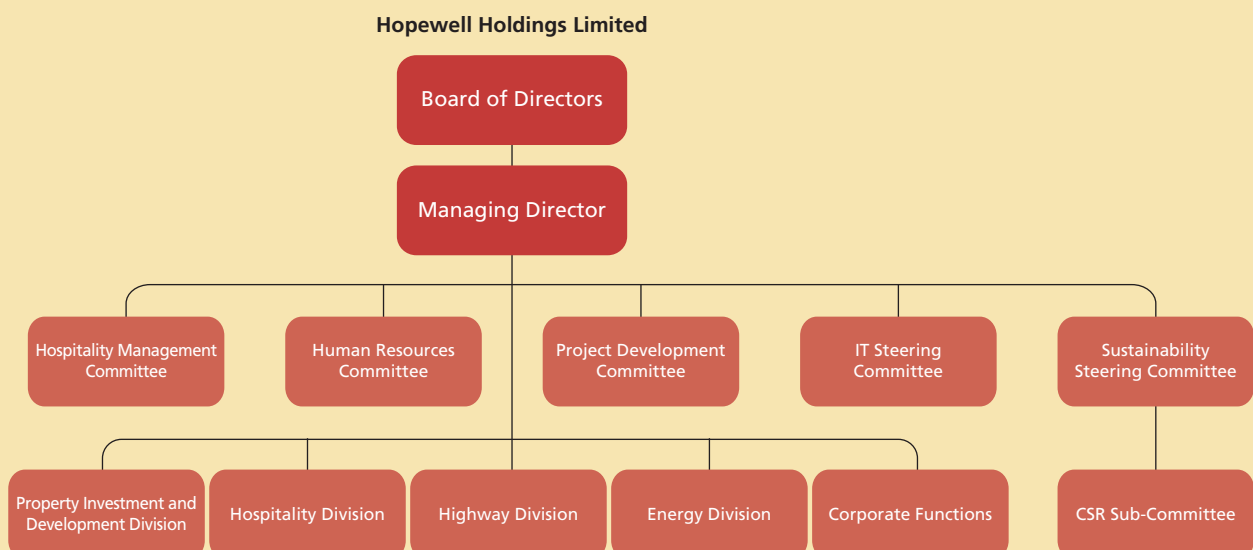
Our core sustainability values:

- We regard the promotion of sustainable community growth to be as important as achieving long-term business growth
- We believe a thriving community facilitates our continuing business success
- We consider the ongoing communication with our stakeholders as vitally important to uphold the well-being of the community
- We will continue to listen to our stakeholders' views and work together with them to achieve a win-win scenario

Integrating Sustainability in Business

We believe incorporating sustainability into our business helps us to operate our business more efficiently, better manage environmental risks, address local communities and stakeholders' concerns and strengthen our license to operate.

We ensure that our sustainability vision is realised through the establishment of formal governance structures and policies to guide our business actions and decisions, consolidating our sustainability efforts. The Group has had a Sustainability Steering Committee (the Committee) since 2011 and a CSR Sub-committee comprising senior management representatives from relevant business units and corporate functions was formed in 2012. The Committee is chaired by the Managing Director of the Group and comprises four members of senior management from HHL and HHI to oversee the Group's sustainability vision, strategies and principles. The CSR Sub-committee is responsible for planning, implementing, monitoring and evaluating the Group's CSR activities.



Our Sustainability Vision and Focus

We focus on minimising the impact of our operations on the environment and creating positive impacts in the community through our business:

Sustainability Features and Initiatives	Property Investment & Development	Hospitality	Highway	Energy
Governance and Engagement				
Sound corporate governance practices	✓	✓	✓	✓
Risk management	✓	✓	✓	✓
Stakeholder engagement	✓	✓	✓	✓
Integrating social and environmental responsibility into value chain	✓	✓	✓	✓
Environmental Initiatives				
Sustainable design	✓		✓	✓
Enhancing energy efficiency	✓	✓	✓	✓
Managing carbon footprint	✓	✓	✓	✓
Waste reduction and recycling	✓	✓	✓	✓
Greenery management	✓		✓	
Promoting electric vehicles	✓		✓	
Social Initiatives				
Equal employment practices	✓	✓	✓	✓
Workplace health and safety	✓	✓	✓	✓
Ensuring safe and healthy environment for communities	✓	✓	✓	✓
Promoting food safety and sustainable consumption		✓		
Providing barrier-free access and facilities	✓	✓		
Enhancing convenience for communities to facilitate economic and social development	✓		✓	✓
Improving traffic efficiency	✓		✓	

Our Sustainability Vision and Focus



Operating on a Solid Foundation

We are committed to sound corporate governance to manage our business and risks effectively. The Group's highest governance body is the Board of Directors (the Board), which comprises seven Executive Directors (including the Chairman), two Non-Executive Directors and five Independent Non-Executive Directors. During the year, the Group appointed an additional Independent Non-Executive Director to strengthen its corporate governance. The position and responsibilities of the Chairman remain separated from those of the Managing Director to ensure that there is a clear division of duties. The Board is responsible for setting the strategic direction and policies of the Group and provides supervision of the management. We have established an Audit Committee and a Remuneration Committee with written terms of reference publicly available online.¹

The Group complies with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules except for the deviation from code provision A.5.1 of the Corporate Governance Code which requires the establishment of a nomination committee. At present, the Group does not consider it necessary to establish a nomination committee as it has policies and procedures for the selection and nomination of Directors in place.

All staff are required to support and participate in the risk management processes adopted by the Group. It is the responsibility of every employee to evaluate, understand and report risk issues under their areas of responsibility to their superiors. Where appropriate and necessary, mitigation measures and reporting should also be ultimately made to the Executive Directors.

Ensuring Business Integrity

With our sound corporate governance in place, we expect our employees to work with a high degree of integrity. We communicate our expectations on their conduct in the Group-wide Code of Conduct ("the Code")². All employees are required to sign the Code upon employment and comply fully with it during their tenure. During the reporting year, we revised the Code and organised briefing sessions to update employees. Our Code helps employees to meet the standards and behaviour expected of them, and includes issues such as bribery, conflicts of interest, relations with suppliers and contractors, investors, customers and consumers. Relevant policies and mechanisms are detailed in the Employee Handbook provided to staff on their first day at the company and are communicated to employees on our intranet and training whenever applicable.

We issued a Whistleblowing Policy with the purpose of providing a confidential platform for our employees to report on any issues arising in our operation. Briefing sessions on the policy were conducted for employees to understand the procedures. We also continued to organise training on bribery prevention throughout the year to increase awareness and promote business integrity. During the reporting year, 121 employees of assistant manager grades or above attended this training, representing 10.4% of the Group's workforce.

Our Whistleblowing Policy was released in August 2012 and is available online:

http://www.hopewellholdings.com/img/upload/policies/HHL-Whistleblowing_Policy_e_2012.pdf

¹ For terms of reference for the Audit Committee and Remuneration Committee, please visit: <http://www.hopewellholdings.com/en-US/corporate-governance/corporate-governance-framework>

² Our Code of Conduct is publicly available online on our corporate website: http://www.hopewellholdings.com/img/upload/policies/pp_CodeOfConduct_Eng.pdf

STAKEHOLDER ENGAGEMENT



The Group values the importance of engaging with stakeholders in formulating our business decisions, managing our business operations, and identifying community needs for our community investment. We consider employees, customers, investors and shareholders, business partners, suppliers and the communities in which we operate to be our key stakeholders. We engage with them through various formal and informal communication platforms.

The table below outlines our engagement with different stakeholder groups.

Stakeholder Group	Type of Engagement
Employees	<ul style="list-style-type: none"> • Annual performance appraisal • Training, seminars and briefing sessions • HH Social Club • 24-hour Employee Assistance Program Hotline • Face-to-face meetings • Independent focus groups and interviews • Recreational and volunteering activities
Customers and tenants	<ul style="list-style-type: none"> • Annual customer satisfaction survey • Organising events such as QRE festival • Commuter satisfaction survey for highway users • Mobile application and website for highway users on traffic condition updates • Annual campaign on highway service quality and safety • Guest comment card and client feedback survey at our venues • Designated customer hotline • Interviews conducted by third party • Corporate website • Social media (e.g. Facebook)

Stakeholder Engagement

Stakeholder Group	Type of Engagement
Investors and shareholders	<ul style="list-style-type: none"> • Annual General Meeting • Investor and press conferences and briefings • Face-to-face meetings • Conference calls • Corporate website
Business partners	<ul style="list-style-type: none"> • Face-to-face meetings • Interviews conducted by third party • Briefing sessions and seminars
Suppliers	<ul style="list-style-type: none"> • Face-to-face meetings • Daily work reviews • Supplier assessment • Interviews conducted by third party
Communities & Non-Governmental Organisations (NGOs)	<ul style="list-style-type: none"> • Employee volunteering activities • Green Park Committee (Hopewell Centre II) • Participation in programmes initiated by NGOs • Organising public events • Interviews conducted by third party
Governments and industry associations	<ul style="list-style-type: none"> • Participation in programmes or charters initiated by governments or industry associations • Conferences and meetings • Sponsoring seminars held by Chartered Institution of Highways and Transportation (HK Branch) every year • Sponsored and spoke at 2P2R Conference initiated by Hong Kong Institute of Highways and Transportation

HHL's Corporate Memberships

- Hong Kong Green Building Council (Institutional Member)
- Hong Kong Corporate Governance Charter, launched by the Chamber of Hong Kong Listed Companies (Founding Signatory)
- Real Estate Developers Association of Hong Kong (Safety Partnering Programme Scheme Member)
- Hong Kong General Chamber of Commerce
- The Hong Kong Management Association
- The Canadian Chamber of Commerce
- Chamber of Hong Kong Listed Companies
- Friends of the Earth (HK) (Earth Partner)
- WWF Hong Kong (Gold Member)
- CSR Asia Strategic Partner
- Business Environment Council

Stakeholder Engagement

Independent Stakeholder Engagement 2012/13

Since 2011, the Group has commissioned an independent consultant to conduct our stakeholder engagement exercise to determine our reporting priorities, understand their perception and suggestion of the Group's sustainability performance. We believe that engaging our stakeholders through a third party on a confidential basis provides opportunities for our stakeholders to be more open and critical, which in turn enables the Group to gather valuable feedback to make continuous improvement.

In the previous reporting year, we conducted materiality assessment based on the seven core areas addressed in the ISO 26000 guidance — including corporate

governance, workplace practices, human rights, the environment, fair operating practices, consumer issues and community involvement and development — and identified several relevant issues that the stakeholders and management regarded as material to the Group. Whilst our concern to the seven core areas and their relevant issues remains unchanged, we continued to engage with our stakeholders to better understand their perception and expectations relating to our sustainability performance. The outcome of the materiality assessment remains valid about sustainability issues which are seen as high priority for both stakeholders and the Group's senior management and also informs what have been included in this Report.

The materiality assessment result

Core-areas	Issues
Labour practices	1 Conditions of work and social protection
	2 Health and safety at work
Fair operating practices	3 Anti-corruption
Labour practices	4 Employment and employment relationships
The environment	5 Prevention of pollution
	6 Sustainable resource use
Consumer issues	7 Protecting consumers' health and safety
Organisational governance	8 Organizational governance
Human rights	9 Fundamental principles and rights at work
Fair operating practices	10 Respect for property rights
Consumer issues	11 Consumer data protection and privacy
The environment	12 Protection of the environment, biodiversity and restoration of natural habitats
Human rights	13 Economic, social and cultural rights
Consumer issues	14 Consumer service, support, and complaint and dispute resolution
	15 Community involvement
Community involvement and development	16 Social investment
Human rights	17 Discrimination and vulnerable groups
Community involvement and development	18 Employment creation and skills development
The environment	19 Climate change mitigation and adaptation
Fair operating practices	20 Promoting social responsibility in the value chain

Stakeholder Engagement

This year, we engaged with our employees, tenants, investors, suppliers, highway users and the Wan Chai community. Management Trainees (MT) were selected as part of the employee group to collect feedback on the MT Programme, employment practices and career development opportunities. We gathered feedback from our tenants at Hopewell Centre as it is one of our landmark buildings in Hong Kong to identify whether we are addressing their concerns and meeting their expectations. We recognise the importance of ensuring that the Group's sustainability values are incorporated in our value chain and thus we engaged with our suppliers. The Wan Chai community representatives were selected as this is a community which the Group has been rooted in since our founding and their feedback enables us to identify areas in which we can better serve the community.

Our stakeholder engagement provided us with the following feedback:

- It is recognised that senior management has been strengthening its efforts and commitment in contributing more resources and time to improving employee welfare and environmental protection which resulted in the Group making much progress in recent years.
- Stakeholders appreciated the involvement of the Managing Director and senior executives in community works and believe this enhances the Group's corporate image.
- HHL is regarded to have contributed vastly to the development of Wan Chai.
- Some stakeholders appreciated HHL's proactive engagement with the community prior to the construction of Hopewell Centre II and time spent to explain the concept and plan of the development.
- Stakeholders gave credit to HHL for minimising the noise and dust pollution in its ongoing construction activities in Wan Chai.
- The Management Trainee Programme is considered to be good at providing management trainees with an overview of the company and opportunities to manage projects independently at an early stage.
- When it comes to sourcing products or services, HHL was perceived to have put safety of the products or services first, followed by the environmental-efficiency and quality of the goods or services it purchased. Stakeholders trust that HHL will not compromise on safety, environmental standards or quality for lower cost.
- The management of the Western Delta Route is regarded as highly efficient in terms of the highway operator's responsiveness to traffic emergencies, notification of traffic condition and road signage system.
- Whilst the Sustainability Report provides a comprehensive picture of the Group's sustainability performance, it is expected that future Reports will disclose more data and future plans of the Group.
- Stakeholders want the Group to continue supporting the current environmental and community causes and to be innovative in leveraging its core business in supporting causes in the future.

OUR PEOPLE



Our employees are the driving force for our sustainable growth. We are committed to creating a working environment that will fully utilise our employees' potential. In pursuing greater diversity in the workforce, we advocate equality irrespective of gender, age, disability, marital status, pregnancy, family status, sexual orientation and race, as outlined in our Employee Handbook. Employment, promotion, salary review and redeployment are made strictly based on individual performance. We respect the rights of employees to associate, promote collective bargaining and we are open to continuous dialogue with our employees. The Group's senior management works closely with our partners to ensure that all workers employed at our joint venture operations are treated fairly in accordance to the same high standards applied within the Group.



We place great emphasis on health and safety, training and performance assessment of our employees. Reporting and feedback mechanisms have been in place and communicated to various business units to allow employees to raise concerns about violations of conduct, workplace human rights issues or personal matters. We make use of the intranet system to engage with our employees and publish staff surveys and evaluation reports. To strengthen internal communication, we are in process of revamping the intranet system.

We make every effort to deliver initiatives that could make a difference to our employees' lives — both inside and outside the work environment. By strengthening communication with our employees, we aim to cultivate a sustainable workplace culture that advocates cooperative and healthy workforce that is able to thrive and maintain good work-life balance. HH Social Club serves as an effective platform to enhance the relationship among our employees.

Advocating Diverse and Inclusive Workforce

As an employer supporting equal opportunities, we offer job opportunities for people with disabilities. At Panda Hotel, we offered jobs to a person with disability as reservations service associate and to a hearing and speech impaired person as a public area cleaner. We will continue to explore opportunities to employ people with disabilities across the Group's business portfolio.

Featured initiative: Providing opportunities for people with disabilities

We newly hired an employee who needs wheelchair support to work as a Ticketing Officer in KITEC. We specially modified the working counter to facilitate his convenience and provide him with a mentor to coach him on relevant job skills as well as helping him to adapt to the working environment.

To prepare our staff to interact with people with disabilities, we conducted equal employment opportunities training programme in July 2012 and held a seminar on "How to work with colleagues with disabilities" in May 2013.

We see this as learning opportunity on our end too. Through the feedback provided by our new colleague we will be able to further enhance his working experience and expand the programme in the future.



We continue to support the Hong Kong Athletes Career and Education Programme (HKACEP) initiated by the Sports Federation and Olympic Committee of Hong Kong, China to help former athletes find mainstream employment following their retirement from professional sport. We take pride in having employed several retired athletes since 2008 to take on business-related roles and invite them to bring new perspectives to the Group. We were awarded the "Caring Organisation for Retired Athletes" by HKACEP.

Securing Employee Benefits

We conduct a salary benchmark to provide competitive remuneration packages for our employees irrespective of gender. Additional financial incentives include share options and share award schemes, as well as discretionary bonuses based on individual and business performance. Other financial benefits include transportation allowance and reimbursement of tuition fees for eligible employees. We provide medical insurance coverage to all employees, with some insurance plans extending to family members of employees. All our full-time employees receive retirement benefits following the labour laws in Hong Kong and Mainland China.

We provide marriage, maternity, compassionate and examination leave. With the approval of divisional or department head, employees below managerial grade are eligible for leave in compensation for overtime work. Employees are briefed on their benefits, for example Panda Hotel organised a briefing session in November 2012 to all staff on the Mandatory Provision Fund- Employee Choice Management.

We offer a five-day work week policy to all office staff. All operational staff working at Panda Hotel are given an additional 12 days off a year. We are flexible and open-minded in terms of providing special working arrangements for staff in need on a case by case basis. For example, we provide some staff unpaid leave for further study.

Our People

We give time and thought to things that we can do for our employees. We give our employees birthday cards and cash vouchers on their birthdays, offering free tickets to concerts held in KITEC, and discount vouchers for stores within our premises from time to time. To show our gratitude to employees who have served the Group for a long time, we grant them Long Serving Employees awards as a token of appreciation.

"I believe little things do count to enhance employee loyalty. Despite e-cards being widely used nowadays, it is warm to receive an actual birthday card from Hopewell. Even though the gift value is small, it just touched people heart."

Mr. Gary Man
Systems Manager, HHI

We conduct exit interviews and collect statistics on staff turnover and recruitment analysis. We compile the statistics and exit interview findings into a monthly report for management to make timely decisions on manpower planning.

Supporting Employee Growth

We offer on-the-job learning and various training programmes to enhance employees' abilities and specialised skills, which are tailored to addressing their knowledge and skills gaps. During the reporting year, we revamped our employee performance appraisal system and collected additional information about training needs. We have developed training courses and seminars, either conducted in-house or by external experts, to target different grades of management, operations and technical staff. These include programmes aimed at:

- Updating employees' knowledge on regulations and voluntary codes relevant to their operation
- Improving employees' understanding of the Group's operations and working procedures
- Emphasising the importance of integrity value and anti-corruption
- Strengthening customer services and other technical skills
- Fostering business leaders and nurturing quality management skills
- Supporting career-building efforts for young employees
- Increasing awareness of occupational health and safety
- Increasing environmental awareness
- Promoting emotional stability



We collect feedback from training participants on their satisfaction level and recommendations for future improvement. Employees can find the training evaluation summaries on the intranet.

Our MT Programme has been organised for seven years to provide a structured training programme for young talent. The Programme provides a comprehensive view of the Group's business and equips MTs with the practical skills and knowledge needed for their career and personal development. They are assigned mentors who are experienced managers to coach them and provide them regular feedback. The Programme is considered a key component of our succession planning. We are exploring the set-up of an executive development programme for high-flyers as part of our approach to develop and retain staff with great potential.

"With the extensive support from the management, the Management Trainee (MT) Programme provides a unique job rotation platform for MTs to acquire all-rounded skills and positive work attitude essential to paving the way up the corporate ladder."

Mr. Donald Wu
Leasing Manager (former management trainee)

In Mainland China, both the GS Superhighway JV and the West Route JV have their own training centres at the management office to provide practical training for toll collectors, rescue staff and patrol staff to ensure they maintain high-quality service standards and increase their safety awareness. Quizzes on technical knowledge and job simulation exercises were organised throughout the year as refresher training. For the employees at Heyuan Power Plant JV, emphasis was placed on health and safety training for the management and frontline employees.

Emphasising Health and Safety

We do not compromise on the safety of our employees to reduce our operational costs. We provide comprehensive information on occupational safety to our employees by organising training and simulation exercises targeted to the needs of different business divisions. We established an Occupational Health and Safety section on our intranet system and developed relevant comprehensive operational manuals and guidelines.

Hopewell Health Consultation Day

In May 2013, we held a Health Consultation Day to provide information on basic health checks and consultation services for our employees. Prior to the Consultation Day, we engaged with our employees to understand the type of consultation they are interested in or need. Employees were given the opportunity to choose their top three common health issues from the list we identified, including spine healthiness and bone density checking, nutrition, sight test and traditional Chinese medication.



Our People

Employees who need to enter construction sites are required to have a Construction Industry Safety Training Certificate which equips them with knowledge of the latest safety legislation and health safety issues related to construction work.

All our premises have fire safety measures in place. We have been working with the Fire Service Department of HKSAR Government to instil employees' awareness about fire safety through relevant seminars, fire drills and training of Fire Safety Ambassadors. Regular safety inspections and improvement works of our premises were conducted to protect our employees, tenants, residents and users of our buildings. We ran first aid training and simulation exercises such as chemical leakage drills, gas leakage drills, injury and crime handling throughout the year to ensure our employees are capable of dealing with different situations. Our premises have pledged to support workplace hygiene as advocated by the Hong Kong Occupational Safety and Health Council.

We also recognise other safety risk areas such as injuries caused by slips and trips, faulty appliances and manual handling accidents. Therefore, we place great emphasis on the health and safety of our employees working in our hotel, restaurants and properties by providing them with necessary training and safety guidelines as well as protective equipment or tools. Overall, our injury rate has dropped by approximately 24% compared to the previous year.

We apply the same safety standards to employees working at the GS Superhighway JV and West Route JV companies. Protective equipment and facilities are provided, especially to frontline staff members. Our highway JV companies continued to improve the standards of living and working environment for employees. In the reporting year, renovations were carried out in sports facilities at both GS Superhighway JV and West Route JV. To reduce impact from traffic noise, soundproof glass was installed at staff dormitories of West Route JV. Other improvement works carried out includes the installation of solar-powered water heating system at staff dormitory buildings of West Route JV, and the installation of water purifiers and boilers at toll plazas of the GS Superhighway.

To remain in line with the global NOSA standard on occupational health and safety risk management, around 90% of the Heyuan Power Plant employees attended the NOSA training to raise awareness on health and safety issues and risk analysis. All power plant employees are required to attend fire safety training. The Heyuan Region, where our power plant is located, is an area where

earthquakes occur (with magnitude ranging from 2.2-4.8). Even though no injuries have occurred among employees at the power plant, all employees are required to attend earthquake response sessions. Building inspections are conducted after earthquakes to ensure safety. Other large-scale disaster simulation exercises conducted during the reporting year include flood hazards for power plants and ammonia gas leakages. Other safety training were organised for senior management, new employees, safety inspectors, messengers and interns.

Attending to Employees' Emotional Needs and Work-Life Balance

We recognise the importance of employee well-being in ensuring consistent performance at work. We continued to run the Employee Assistance Programme (EAP) offering all staff counselling services, critical incident management, work-life balance activities and training to improve their physical and mental health. Seminars and workshops organised during the reporting year include cancer prevention, healthy eating, traditional massage, parent-child relationships, and stress management. Our 24-hour hotline has enabled employees and their spouses to discuss personal problems or financial distress in confidence.

Employees are encouraged to participate in sporting activities to maintain their physical wellness. The HH Social Club organises volunteer and leisure events for staff and encourages participation in sporting activities such as football and bowling. Various interest classes such as photography, western and Chinese bakery classes were also organised during the reporting year. Such activities enhance team spirit and offer staff the opportunity to develop new skills and interests.



To further engage our employees, we organise birthday parties for them regularly. We also organised a Halloween BBQ party for 100 participants. Our Christmas Party in December 2012 attracted 407 participants with an increase of 27% compared to last year.

Our JV companies in Mainland China organised a variety of activities such as sports games, competitions, festive celebrations and group wedding ceremony for staff. Before Phase III West was officially in operation in January 2013, a cycling activity was held for the staff to ride on the highway. A badminton match was organised for frontline employees in Heyuan Power Plant.

Instilling Sustainability Awareness

We aim to internalise sustainability not just through developing policies but also providing meaningful activities for employees to participate. We regularly engage employees on sustainability issues through activities organised at the HH Social Club, a platform to mobilise our employees in volunteering initiatives.

We issue a certificate of recognition and special awards to our employee volunteers for their outstanding

contributions. Volunteers are invited to share their experiences through an online forum on the intranet. Information on volunteer participation rates in different departments are disclosed to employees.

We organise training for our employees to enhance their sustainability knowledge (including environmental, social and governance aspects) and influence those around them to follow suit. This is particularly important for key management staff seconded to JV companies in terms of being able to share this knowledge and related experience with the local partners and employees.



Objectives of Hopewell's Corporate Volunteer Team:

- To encourage staff to contribute to the well-being of society
- To share their volunteering experience in community-related projects so as to encourage greater participation
- To strengthen their sense of belonging to our Group
- To provide an additional platform for team building



ENVIRONMENTAL PERFORMANCE

We are committed to continuously strengthening our efforts towards environmental management and integrating initiatives across our business. We are considering formalising our commitment in a Group-wide environmental policy to guide us in the process of addressing the environmental impacts of all our operations.

Our priorities for action are to:

- Raise public and employee awareness on environmental responsibility
- Incorporate high environmental standards in our development and infrastructure projects
- Address climate change and reduce carbon emissions focusing on energy efficiency
- Achieve cleaner air by promoting the use of electric vehicles

Promoting the Use of Electric Vehicles

We strongly support the use of electric vehicles (EVs) to promote cleaner air by reducing roadside emissions. To encourage the use of EVs in the community, we installed over 40 EV charging points in the car parks of our commercial and residential properties. We are also actively exploring the possibility of installing electric vehicle charging facilities along our highways. Two charging points were installed along the GS Superhighway for internal use. Our employees are encouraged to use the EVs during business trips to promote the practice of green driving.

"We have consistently been promoting a low carbon and energy saving lifestyle by taking the lead in introducing zero carbon dioxide emissions EVs. We aspire to influence our peers and other companies, and join us in using green vehicles for a sustainable environment in the future"

Mr. William Wong
Executive Director, HHL



Environmental Performance

New addition to our EV fleet

As a pioneer in the use and promotion of EVs, we were the first corporation in Hong Kong to purchase a new Renault FLUENCE Z.E. with zero carbon dioxide emissions. This has further increased the Group's green car fleet and it helps to mitigate the environmental impact of our operations.

Supporting EV Research and Development

Enhancing the efficiency of EV charging stations is crucial for the wide acceptance of EVs. Academic research is an important avenue to reaching this goal. We financially support the Innovation Technology Fund Application research project undertaken by The Hong Kong Polytechnic University. The project aims to devise a more user-friendly EV charger that reduces the charging time and extends the driving range.

Raising Awareness on Environmental Responsibility

In order to fulfil our environmental responsibility it is important to increase our employees' understanding of environmental issues and enable them to make more responsible choices. Our Go Green Workplace campaign promotes green practices in the workplace, recognises the efforts of our staff in environmental protection at corporate level and encourages them to sustain the green efforts in their daily lives. As part of our green office practices, we encourage waste recycling, paper reduction and switching off lights and electrical appliances.

We engage in a range of programmes run by green groups and governmental authorities not only because it helps to enhance our own performance but also to raise the awareness of our employees and the public. Some examples of the programmes we joined include:

- WWF Hong Kong Earth Hour 2013
- The WWF Hong Kong Low-carbon Office Operation Programme (LOOP)
- Green Office Awards Labelling Scheme (GOALS) organised by the World Green Organisation
- Friends of the Earth (HK) Power Smart Programme 2012
- Take a Brake Low Carbon Action organised by Friends of the Earth (HK), Green Power and WWF Hong Kong
- Green Lunch initiated by Green Monday
- HKSAR Environment Protection Department Carbon Reduction Charter
- Energy Saving Charter on Indoor Temperature organised by the HKSAR Environment Bureau
- HKSAR Development Bureau Greening Partner Campaign



Environmental Performance

Integrating Environmental Considerations in the Property Division

We are actively taking steps towards minimising and reducing the environmental impact across all facets of our property business including design, construction and management.

Sustainable property development

We support the adoption of green buildings standards developed by the local governments in Hong Kong and Mainland China. In Hong Kong, we support HK-BEAM Society's Building Environmental Assessment Method (BEAM) initiative which aims to assess, improve, certify and label the performance of buildings to ensure healthy, efficient and environmentally sustainable working and living environments. The 200 Queen's Road East Project, currently under development with expected completion in 2015, was awarded a Provisional BEAM 'Platinum Standard' Certificate for meeting the standards established under BEAM for New Buildings.

For Hopewell New Town, we adopted Mainland China's Green Building Code and Standards — the national evaluation standard for all green buildings. The project takes a structured approach to using green techniques and materials, with an integrated design process that considers the entire life cycle of buildings and the long-term development of the surrounding area.

Efficient property and facilities management

The environmental management system of Hopewell Property and Facility Management Limited, ISO 14001:2004 was renewed in 2013. Environmental audits were conducted internally and verified by a third party to ensure the effectiveness of the system and that our environmental activities are in line with the standard. Potential environmental risks during operations are evaluated covering aspects such as use of natural resources, recycling of materials, handling of waste, chemicals storage, building and facility maintenance, gardening, cleaning and pest control. Measures to address potential risks were discussed and agreed during monthly operation meetings. The audit findings highlight our strengths in enhancing efficiency in our air-conditioning systems, resource consumption and waste recycling. Opportunities for improvement were identified, including the training of more ISO14001 internal auditors and promoting environmental awareness.

Environmental targets have been set for Hopewell Centre, QRE Plaza, KITEC, Panda Place and Broadwood Twelve covering waste reduction, energy savings, reduction of paper, other resource use and raising environmental awareness. The results and the targets are reviewed yearly.



Hopewell Centre II

Hopewell Centre II is a large scale development with total GFA of 101,600 sqm and total investment cost of about HK\$9 billion. Site preparation works commenced at the end of 2012 and the construction work is expected to be completed in 2018. The development plan aims to strike a balance between economic returns and environmental protection with sustainability features being integrated from the design stage, with the overriding aim of achieving a BEAM Plus certification.

The project includes a green park open to public use, and an extensive tree-planting plan will be implemented alongside. Upon completion, the green park will provide a venue for public recreation and enjoyment. A Green Park Committee has been established to ensure the best design and balance of tree species for the park.



Building	Target (covering calendar year 2013)
Broadwood Twelve	<ul style="list-style-type: none"> Reduce water consumption by 1% in public area compared to the previous year Increase the recycled amount of paper, aluminium and plastic bottles by 10% compared to the previous year Ensure 50% of purchased products are environmentally friendly
Hopewell Centre	<ul style="list-style-type: none"> Maintain electricity consumption levels (measured in monthly variations of less than $\pm 5\%$ compared to the corresponding month in the previous year) Maintain the level of paper use (measured in monthly variations of less than $\pm 5\%$ compared to the corresponding month in the previous year) Promote paper recycling and maintain the same amount of recycled paper every month (measured in monthly variations of less than $\pm 5\%$ compared to the corresponding month in the previous year)
KITEC	<ul style="list-style-type: none"> Reduce paper consumption in the office by compared to the previous year Recycle 140,000kg of paper in 2013 Promote environmental protection to customers through at least three activities
Panda Place	<ul style="list-style-type: none"> Increase energy efficiency per square feet, maintaining the same level of energy consumption given the increase in the public area managed Reduce number of batteries consumed by keeping the number of monthly disposable batteries used under 10 Promote and support environmental education activities to customers
QRE Plaza	<ul style="list-style-type: none"> Maintain electricity consumption levels (measured in monthly variations of less than $\pm 5\%$ compared to the corresponding month in the previous year)

Environmental Performance

Managing our carbon footprint

We have been actively implementing measures to monitor and reduce our carbon emissions by enhancing our energy efficiency. We conduct annual carbon audits on major properties we own. This year's GHG Emissions Reports for Hopewell Centre, and KITEC highlight potential areas for further reducing our emissions, including encouraging tenants in Panda Place to adopt energy saving design in

fitting-out works and adjusting the operating time of outdoor lighting at KITEC according to seasonal changes.

Enhancing energy efficiency

This year we reduced our electricity consumption by 3.45% across our commercial property portfolio. This is a result of the various energy conservation initiatives, some of them are captured below:

Building	Energy conservation initiatives
Hopewell Centre	<ul style="list-style-type: none">Joined the Energy Saving Charter of the HKSAR Government for the period of June to September 2013 to maintain the indoor temperature at the office building between 24-26°C
KITEC	<ul style="list-style-type: none">Maintained an average indoor temperature between 24-26°C during June to September 2012 and 2013 as part of our commitment to the HKSAR Government's Energy Saving Charter
Panda Place	<ul style="list-style-type: none">Replaced T8 lights of the advertising displays with LED lightsAdjusted the outdoor lighting period according to daytime duration for each season
GardenEast	<ul style="list-style-type: none">Replaced lighting fixtures with more energy efficient LED lightsChose more energy efficient appliances when replacing older ones



Environmental Performance

In September 2012, the Buildings Energy Efficiency Ordinance came into full operation with the aim of enhancing building energy efficiency in Hong Kong. Under the Ordinance, newly constructed buildings and major retrofitting works need to comply with design standards of the Building Energy Code. Additionally, commercial buildings need to undergo energy audits every 10 years. We were prepared for the Ordinance since we had already been adopting energy efficiency measures across our entire building portfolio. Major retrofitting works performed at Panda Place in 2012 were certified as compliant with the Building Energy Code by a Registered Energy Assessor. Our plan is to complete the first round of energy audits for all our commercial buildings within the next two years.

Healthy environment for building users: water and indoor air quality

It is our responsibility to ensure our buildings offer a pleasant and healthy environment. As most people spend over 70% of their time indoors³, we need to ensure high standards of water and indoor air quality for our building users.

Hopewell Centre, QRE Plaza, KITEC, Panda Place, Broadwood Twelve and GardenEast have been awarded the Quality Water Recognition Scheme for Buildings Certificate organised by the Water Supplies Department of HKSAR Government, recognising the proper maintenance of the plumbing system in the premises to provide good water quality to consumers.

As a demonstration of good indoor air quality attained, Hopewell Centre and GardenEast were awarded Good Class Certification in the Indoor Air Quality (IAQ) Certification Scheme for offices and/or public spaces by the IAQ Information Centre of the HKSAR Government. In addition, GardenEast applied for the IAQwi\$e Label of the Hong Kong Awards for Environmental Excellence (HKAEE) and we expect to obtain the label at the end of 2013.

Waste

We are involved in a series of waste management initiatives promoted by various governmental and non-governmental organisations. Participating in these initiatives provides us with a structure to set waste reduction targets, track and measure our performance and gain recognition for our efforts.



³ According to the data provided by the HKSAR Government, see: HKSAR Government (March 2013) "Helping to Clean the Air", <http://www.gov.hk/en/residents/environment/public/green/helpcleanair.htm>

Environmental Performance

Initiative	Our involvement
Wastewi\$e Label Programme of the Hong Kong Awards for Environmental Excellence (HKAEE)	Hopewell Centre, KITEC, Panda Place and Broadwood Twelve are participating in this programme. Most targets set under the programme covering waste reduction and avoidance have already been achieved. Panda Place was awarded the Wastewi\$e Label "Class of Good" in 2013–14. The label for other properties are likely to be awarded towards the end of 2013 or beginning of 2014. ⁴
Programme on Source Separation of Waste organised by the Environmental Protection Department of the HKSAR Government	Participating properties include Hopewell Centre, QRE Plaza, KITEC, Panda Place and Broadwood Twelve.
Conscientious Recycling Programme organised by Friends of the Earth (HK)	KITEC joined the programme in 2012 to recycle used computers, electrical and electronic equipment.
Computer Recycling Programme organised by the Environmental Protection Department	Hopewell Centre joined the programme in 2013 to recycle used computers and computer accessories.
Computer Refurbish Project organised by Caritas	HHL joined the programme in 2012 to recycle used computers and computer accessories.
Plastic Resources Acquisition Partnership Scheme organised by Yan Oi Tong	Hopewell Centre, GardenEast and Wu Chung House have participated in the scheme since 2011 to support the recycling of plastic items together with its residents.

⁴ Although Broadwood Twelve had achieved three waste avoidance initiatives in 2012/13, it had failed to achieve three initiatives in at least two categories (waste avoidance and waste reduction) therefore it cannot be awarded the Wastewi\$e Label in 2013. Broadwood Twelve plans to achieve one more initiative in 2013/14 and be awarded the Wastewi\$e Label in 2014.

Integrating Environmental Considerations in the Hospitality Division



Guest engagement

At our Panda Hotel, we encourage our guests to adjust their room temperature and to re-use linen and towels in order to reduce the amount of energy and water used. To send out an eco-friendly message to our guests, we continue our Christmas tradition of decorating trees with recycled materials collected from the hotel.

Serving sustainable seafood

In recognition of growing concerns about conserving marine biodiversity and the future of global fisheries, our hospitality division references the WWF Hong Kong guidelines when purchasing seafood to be served in our hotel, restaurants and banquet venues. We worked with WWF Hong Kong to develop and roll out an alternative

Environmental Performance

menu, the Ocean Friendly Menu, featuring WWF's sustainable seafood guidelines at our restaurants and in the wedding menu of Panda Hotel. We also continue to promote shark-free menu option to lower fin consumption

at banquets in our facilities. We do not serve shark fin at the Group's annual dinners. The shark fin consumption this year was 18.75% less than that in the previous reporting year.

Shark fin consumption

Period (Financial year)	Unit	Consumption (kg)	Total cover — Banquet (table)	Consumption per table (kg/table)	% Change (FY12/13 VS FY11/12)
2012/13	Panda Hotel	243	105,078	0.0026kg/table	-18.75%
	ITC *	499.84	176,136		
	Total	742.84	281,214		
2011/12	Panda Hotel	239	135,472	0.0032kg/table	
	ITC *	814	196,191		
	Total	1,053	331,663		

* ITC is the Group's subsidiary responsible for the catering business

Diverting waste from landfill

Over 3,000 tonnes of food is discarded every day in Hong Kong. To ease pressure on landfills, we continue to operate a food waste collection and recycling scheme at Panda Hotel and our restaurants, with a total of 347,939 litres of food waste collected in 2012/13 and recycled into animal feed.

In May 2013 we joined Food Angel, a food rescue and assistance programme, where surplus food from our restaurants was collected by Food Angel, prepared in its kitchens and distributed in meal boxes to individuals and families in need. Up until 30 June 2013, we rescued 72 kg of food that would have otherwise been sent to the landfill.

We expanded our cooking oil recycling by joining a programme that converts used cooking oil into consumable biodiesels in a safe and eco-friendly manner.⁵ Since this initiative began in May 2013, 464 litres of oil have been collected.

Integrating Environmental Considerations in the Highway Infrastructure Division

We consider the environment from an early stage of planning and all the way through to construction, management and maintenance of our highways.

Environmentally responsible construction approach

During construction, we required our contractors of Phase III West to strictly comply with our environmental protection requirements to prevent damages and pollution to the peripheral environment. This includes the proper disposal of construction waste, adoption of effective measures to prevent water pollution, minimising geological risks caused by construction activities, and minimising the impacts to the peripheral residential areas through managing noise and air pollution.

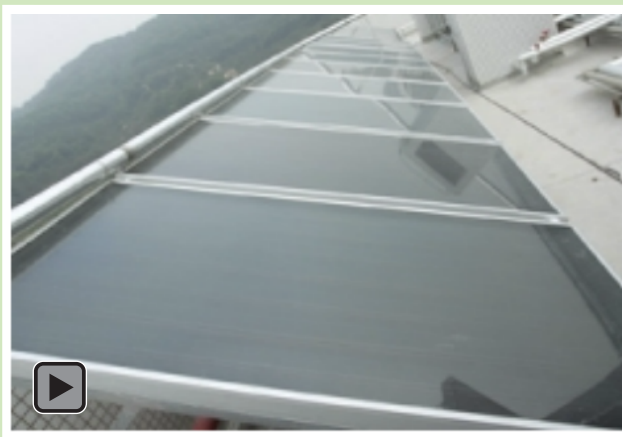
We planned the expressway route by considering its potential negative environmental impact and adopted a more expensive approach that protects the ecological value of the local mountain by building the highway consistent with the topography of the area and building tunnels through the mountain.

⁵ The programme is co-organised by Dynamic Progress International Limited, Friends of the Earth (HK) and supported by Hong Kong Federation of Restaurants & Related Trades.

Environmental Performance

Investing in energy saving technology

We invested intensively in energy saving technology including LED and T5 lighting and solar powered water-heating.



In May 2013, the GS Superhighway JV completed the replacement of all the conventional low-mast sodium lamps to LED lights along the entire main alignment of the GS Superhighway, bringing the total of over 6,000 LED lights. As a result of the replacement, we saw a drop of approximately 21% in electricity consumption on year-on-year basis. To date, more than 10,000 T8 fluorescent lamps in the JV's office and living areas had also been replaced with T5 lamps. For Phase III West, around 4,500 LED lights and 7,000 energy-saving sodium lights were installed in the tunnels and toll plazas.

Greenery along expressways

We work with the local government to provide more greenery along our expressways. The areas around interchanges and main alignment of expressways are fully covered by greenery. We are aware that tree planting is important as it can help remove dust particles in air and absorb carbon dioxide.



Mitigating water and noise pollution

Noise barriers with a total length of almost 12 kilometres were installed alongside the main alignment of Western Delta Route. In the densely populated Shenzhen Special Economic Zone, noise barriers were built that covers 20% of the Shenzhen section of the GS Superhighway. We collect storm water run-off through a pipe system and transport it to local water treatment facilities to ensure better wastewater quality.

Sharing our experience

HHI has been invited by the local government to share its environmental initiatives as best practice in expressway construction and operation. We are committed to support the promotion of environmental protection and influence our peers. For example, the GS Superhighway JV attended the 36th International Convention on Quality Control Circles held by Malaysia Productivity Corporation in Kuala Lumpur, to share its experience in ensuring traffic efficiency and safety during peak hours. It won the highest 3-star award in the convention in recognition of the high quality management practice.

Integrating Environmental Considerations in the Energy Division

The Heyuan Power Plant has put in place comprehensive environmental management guidelines with clear divisions of responsibility for different departments, a dedicated environmental management team, environmental performance indicators (including sulphur dioxide (SO₂), nitrogen oxides (NO_x), noise, smoke and dust levels); and pollution management procedures.



Environmental Performance

Heyuan Power Plant is one of the most efficient and environmentally responsible coal-fired power plants in Guangdong Province. We recognise that coal is an important natural resource for power generation in Mainland China. However, with its impact on climate change in mind, we emphasise clean production and use coal-fired combusting technology that can achieve higher efficiencies than conventional coal-powered units to significantly reduce carbon emissions. Our ultra-supercritical coal-fired plants consume less coal to create the same amount of electricity and we have low NOx burners that reduce emissions of this greenhouse gas.

Systems upgrade

With increasing concerns over air pollution, the power plant flue gas desulphurisation wastewater treatment system was improved this year. In March 2013, we completed installation of NOx reduction system (worth about RMB 60 million) for Unit 2 of the power generating units. We spent around RMB 1.1 million for installation of lift inside the chimney and upgraded the Continuous Emission Monitoring System (CEMS), which allows relevant emission data of the power plant to be effectively accessible by our staff as well as the inspector of PRC authorities.

Renewable power

The Group has terminated its research on wind power and ocean current power development as the research would require enormous resources and take a long time to develop the technology, which would not in line with the direction for the Group's future development.

Environmental inspection

The Heyuan Power Plant implemented measures to ensure we adhere to the Emission Standard of Air Pollutants for Thermal Power Plants as released by the General Administration of Quality Supervision, Inspection, and Quarantine of the PRC and Ministry of Environmental Protection in 2011. We invited third parties to carry out monthly noise, wastewater and air pollution monitoring throughout the year and provide us a monthly report based on the results. The environmental inspection division of the Guangdong Province conducted quarterly stack sampling to evaluate the effluent pollutants emitted to the atmosphere. It also conducted environmental audits on our CEMS system. We achieved all the environmental standards required.

Environmental crisis management

We developed comprehensive procedures to handle environment-related emergencies, including ammonia leaks during power generation. The system was checked by relevant experts and registered with the Environmental Protection Department in Guangdong Province. A more efficient reporting mechanism has been developed to update senior management about emergencies.



CASE STUDY 1:

CREATING SHARED VALUE — THE WESTERN DELTA ROUTE



2013 marks the 10th anniversary of HHI and we are pleased to have completed Phase III West ahead of schedule in January 2013. The Western Delta Route completes the PRD expressway network which includes the GS Superhighway, the Humen Bridge and the Guangzhou East-South-West Ring Road that we proposed in the late 1970s, with its vision to unleash Guangdong and the PRD region following the PRC's economic reform in the 1970s. It was the Group's aim to construct the PRD expressway network to allow people to be connected and goods to be transported at a faster pace to encourage economic development and prosperity.

The 97.9km Western Delta Route provides the most direct and convenient route for road users traveling in and out of the town centres of Guangzhou and Zhuhai, shortening the travel time to one hour from over two hours on existing local roads. One of the positive impacts the Western Delta Route has been to encourage economic development in the region with new residential and industrial buildings being built close to the highway.

The Western Delta Route exemplifies how the Group conducts its business by incorporating both environmental and community considerations and ensuring continuous community engagement into our planning, construction and operation. Sustainable design was adopted to increase the highway's durability from the start. Greenery is grown along the highway to absorb carbon and to make it more appealing for road users as well as those living closely. We incorporated environmental protection initiatives during operations including the installation of LED lighting in the tunnel of Phase III West which are centrally controlled in accordance with the weather conditions and day light hours to optimise energy efficiency.

It is our responsibility to ensure road safety and efficient traffic management. We have signage along the highway to promote road safety and we organised a 'Safety Month' in June to raise awareness among road users. Managing traffic effectively on the highway helps to enhance road safety. We installed 24 electronic toll collection lanes and 19 automatic card-issuing machines at the entrances to the Western Delta Route to enhance operational efficiency and reduce congestion.

The Group has been engaging with the community to understand their expectations. West Route JV recently engaged with those living near the highway in relation to conducting maintenance work. West Route JV also has a customer hotline to allow road users to express their concerns and raise any questions they might have with regards to the Western Delta Route.

For the well-being of the JV employees and the environment, a water system using solar energy was installed at the Zhongshan South, Ronggui and Bijiang living areas. Soundproof glass was installed for dormitories.

Building on our success with GS Superhighway, we will continue to improve the environmental performance and operation of the Western Delta Route. We envisage the completion of Western Delta Route will further stimulate the economic growth and urbanization of the region and provide sustainable growth to HHI Group's business, thus creating a win-win situation for both the business and the community.

CASE STUDY 2: CONNECTING PAST AND FUTURE — WAN CHAI COMMUNITY



While supporting the redevelopment and upgrading of Wan Chai is our primary community investment focus, we recognise the need to not just preserve local heritage, but also to promote it. Part of our contribution to the community is in preserving the heritage that lends itself to Wan Chai's distinctive character and charm.

The 200 Queen's Road East Project is a URA redevelopment project in which Hopewell formed a 50:50 JV with Sino Land Company Limited to jointly develop. The area was formerly the Lee Tung Street/ McGregor Street area, part of it was also known as "Wedding Card Street", and which has strong historical significance in Hong Kong. As of 30 June 2013, the Group had injected approximately HK\$2.2 billion of its own funds into it. Work on the project's superstructure is currently underway, and the development is expected to be completed in 2015.

The project will comprise residential and commercial buildings and will incorporate redevelopment, heritage conservation and green elements. As part of the project, there will be restoration of a row of three-pre-war shophouses on Queen's Road East.

Upon completion of the project, there will be four residential towers to provide the community with 1,300 residential units of varied sizes and layouts. The retail quarter will be a tree-lined pedestrian walk equipped with shopping and dining options, forming one of the largest retail clusters in Wan Chai and also expanding the Group's rental property portfolio.

The project will also provide a convenient pedestrian link between the Kennedy Road residential neighbourhood in Mid-Levels and the Wan Chai North commercial area. There will be a direct connection between Wan Chai MTR Station and "The East" (a cluster of the Group's properties in Wan Chai) under current planning.

We hope to provide a new identity to 200 Queen's Road East Project which can reflect the harmonious combination of the East and the West as well as heritage and modernity. The development is not only expected to create job and business opportunities, but also to attract more visitors to the area, creating a new and unique landmark in Hong Kong.

CUSTOMERS AND COMMUNITIES



We are committed to responsible business practices and to working together with communities to realise a more sustainable future. We leverage our expertise in property and infrastructure development as well as the capabilities of our employees to support our work on community involvement and development.

We believe that serving the wider community goes hand in hand with our responsibility to serve our customers because the people that live and work in our neighbourhoods are the same people that use our facilities, drive on our highways, patronise our shops and dine at our restaurants. Therefore, we strive to ensure that our property and infrastructure are designed, constructed and operated with the community in mind.

Our priorities for action are:

- Developing Wan Chai into a vibrant business district while preserving its historical values
- Providing engagement opportunities for people in the communities where we operate
- Developing and investing in good quality infrastructure deemed important to economic growth and social cohesion in Mainland China
- Ensuring the safety of our employees, customers and communities
- Enhancing operational efficiency of the infrastructure we develop and manage
- Partnering with NGOs for good causes
- Raise our employees and public awareness and involvement in environmental and social responsibility

Customers and Communities

We aim to build safe, vibrant and connected communities by developing infrastructure that increases safety and efficiency, organising public events to bring people together, and supporting disadvantaged groups through financial and in-kind donations in partnership with local NGOs. Our community work is guided by four core pillars which include Youth development, Sports, Arts and Culture, Environment and sustainable communities, and Volunteering and community engagement. We regularly review our community initiatives to ensure that they meet needs in the community and we work with our NGO partners to identify areas where the Group can contribute.

Building Vibrant Communities

Nowhere are our community investment efforts more apparent than in Wan Chai, where the Hopewell Centre, our flagship development, has stood for over thirty years. The establishment of The East, which brings together Hopewell Centre, QRE Plaza, GardenEast, Wu Chung House and the footbridges that we built to connect the buildings in Wan Chai over the years, has successfully turned Queen's Road East into a business, dining, shopping and entertainment hub. Our two in-progress projects, Hopewell Centre II and the 200 Queen's Road East redevelopment project, together with the proposed building of a 1km pedestrian walkway linking the south of Wan Chai and the north, are anticipated to infuse more life into the local community.

We aim to create thriving and vibrant communities by bringing people together with events and entertainment. Our annual QRE Festival in Wan Chai has become a must-do event recommended by the Hong Kong Tourism Board. For a small fee, participants are provided with a map and passport, and walk around south Wan Chai discovering various restaurants, shopping outlets, galleries and cultural heritage sites, sampling gourmet canapés and international wines. The Piazza at the Hopewell Centre provides a space for artistic installations and free interactive events including music, arts and cooking classes. We have developed a dedicated website to detail programmes of the QRE Festival: <http://www.qre.com.hk/>.

Preserving Heritage

The Wan Chai district has a colourful history and, despite being located between two busy areas (Central and Causeway Bay), has retained its character and sense of community. Several important heritage sites including the Blue House, Hung Shing Temple and the oldest post office in Hong Kong are located in Wan Chai, but these sites are often underappreciated and in need of refurbishment. As we strive to transform Wan Chai into a modern business district, we aim to retain its historical characteristics.



Customers and Communities

Engaging Communities

As well as organising public events to providing opportunities for engagement, we take steps to communicate with our customers and community members, and use their feedback to inform our actions and improve our performance. We actively encourage customers to share their views with us and conduct regular customer satisfaction assessments. For example, we conduct tenant satisfaction survey regularly and this year, we achieved an average satisfaction rate of 94% on the overall performance of the property management service. In addition to customer services hotlines, customer surveys, guest comment cards (at Hopewell Centre, Panda Place and Panda Hotel) and events evaluation forms (at KITEC), we also use Facebook and other online platforms to engage our customers. Customer complaints are promptly investigated and resolved, and customers are informed of remedial actions taken to address the issue and prevent or minimise its reoccurrence in the future.

We adhere to the Personal Data (Privacy) Ordinance and handle customer information with care. We ensure that customers and communities are provided with transparent and reliable information about our projects and policies. We have built a clear and concise website to share information about the development of Hopewell Centre II (http://www.hopewellcentre2.com/eng/index_eng.html) and have taken a proactive role in engaging with schools nearby, communicating our future plans for the project and listening to their opinions.

"Hopewell is responsive to customer feedback. There have been occasions where an incident had happened at Hopewell Centre or a customer had lodged a complaint, and the property management would take swift actions"

Mr. Kelvin Ko
Managing Director
Verity Consulting Limited
(Hopewell Centre Tenant)

In Mainland China, our GS Superhighway JV holds a campaign to encourage road users to interact with toll collection staff and managers, who will answer queries and provide assistance in a responsive and efficient way. Six hundred employees joined the campaign last year. We also installed noise barriers at certain sections of our highways where there are residents nearby.

"I believe Hopewell has contributed vastly to the Wan Chai community in terms of infrastructure building and stimulating business opportunities in Wan Chai. The Company could take a step further to promote cultural heritage tourism in the district."

Mr. Joesph Vieira
La Maison Restaurant Owner
Wan Chai community member

New initiatives for road users

In September 2012, the GS Superhighway JV launched an official website to provide road users with updates of traffic conditions every five minutes and useful information for route planning, such as locations of petrol stations and service areas. A 24-hour emergency service hotline was also provided timely assistance to road users in need. In cooperation with China Mobile, a free mobile application was created to provide road users with updated information on road conditions.

Along the highway, the number of changeable message signboards reached 75 from 12 in 1997 when the highway began to operate. These signboards provide accurate and timely information on the road conditions ahead.

Providing Barrier Free Environment and Convenience

We continue to work towards barrier-free access at our properties by providing disabled car parking spaces, wheelchair ramps and tactile indicators for the visually impaired. We extended barrier-free access to our back office to support people with disabilities.

We have made substantial investments to improve traffic systems around our developments and to enhance convenience and safety for the public. In Kowloon, we provide a free shuttle bus service between KITEC and Kowloon Bay MTR station. In Wan Chai, we allow people travelling between Kennedy Road and Queen's Road East to have easier access to both places by using the lift in Hopewell Centre that operates 24 hours. As part of the Hopewell Centre II project, we will reserve 10% of the land in the site for widening pedestrian pavements on both Kennedy Road and Queen's Road East near our buildings. To ease the pedestrian and vehicular traffic entering and exiting the Hopewell Centre II, a network of pedestrian flyovers and subway tunnels will be also built to connect our buildings and the MTR station in anticipation of the increased traffic around the area.

Ensuring Safety and Efficiency

One of our primary responsibilities is to promote safety and efficiency for our customers and the general public. Ensuring fire safety at our premises, food safety of our catering business and traffic safety of road users are all crucial to the well-being of those using our services. We only employ qualified security personnel who are professionally trained through both in-house and external programmes. We ensure clean water is supplied on our premises. We undertake monthly microbiological tests on our food and conducted a Benzo(a)pyrene test on our cooking oil in December 2012 to ensure they are safe for consumption.

As a highway operator, safety is promoted through different communication channels such as our websites, mobile applications and road signs. An annual safety campaign has been held annually.

Our highways are designed to allow further road widening in anticipation of growing traffic volumes, and more durable road bases were built with over 100cm in depth, compared to the standard of 70 to 80 cm for highways in Mainland China, to reduce maintenance work that could create congestion. The increased installation of surveillance cameras and electronic toll collection points, and a large team of professionally trained patrol, rescue and traffic monitoring staff enable us to act efficiently in the event of congestion, vehicle breakdowns and accidents.



Customers and Communities

Working with Long-Term NGO Partners

Partnering with NGOs on a long-term basis enables us to better understand the needs of our communities. We are selective about entering into sponsorship agreements unless we can ensure that our investment in the community is consistent with our core values and creates real impact. The kind of support we provide includes financial donations and in-kind support such as free venues for charity events, fund-raising activities and skilled employee volunteers. Hopewell's Managing Director, Mr. Thomas Wu, is a member of the board of directors of the Community Chest of Hong Kong and the Hong Kong Sports Institute.

Some of the NGOs we have been working with include

- Friends of the Earth (HK)
- St. James' Settlement
- The Business Environment Council
- The Community Chest of Hong Kong
- The Hong Kong Outstanding Students' Association
- The Hong Kong Red Cross
- The Hong Kong Student Army Camp
- The Playright Children's Play Association
- WWF Hong Kong

We aim to sponsor social or environmental programmes on a long-term basis to provide stable support to our NGO partners which means that often programmes that have meaningful impact to the community are ran year after year. We encourage our employees to contribute to community development and the HH Social Club, as a volunteering platform, helps to coordinate staff members from the Group's business units and subsidiaries in volunteering. In Mainland China, the GS Superhighway and Western Delta Route JVs have recruited over 500 and 400 employees respectively in the volunteer teams, participating in a variety of community services that serve local communities.



Customers and Communities

Supporting the Elderly and Young Patients through Large-Scale Volunteering Activities

Our employees play an increasingly active role in supporting a variety of community initiatives initiated by NGOs, such as the Community Chest Walk for Millions, Skip Lunch Day, Dress Special Day, Love Teeth Day and the Hong Kong Red Cross Red Décor Day. To further raise our employee awareness about social and environmental responsibility, we organise two large volunteering activities in Hong Kong every year, around the Tuen Ng (Dragon Boat) Festival and Christmas. We recognise the need to support the elderly in our communities, particularly those who are having difficulty supporting themselves financially or are living alone. We also provide support for young patients with chronic illness and their families.

Caring Hong Kong: Tuen Ng Volunteer Visit to the Elderly

Tuen Ng Volunteer Visit to the elderly has been our anchor programme, for the third consecutive year. On 1 June 2013, the Group and St. James' Settlement organised visits to live alone elderly in Hong Kong. The event was one of the programmes under "Hong Kong: Our Home", the citywide public participation campaign launched by the HKSAR Government to foster mutual help among neighbours and show concern for the underprivileged. 110 HH Social Club members, our Hong Kong and China staff members from HHI, the Group's senior executives, as well as families, friends and business partners participated in this programme. The team visited around 140 single elderly homes in Wan Chai, Causeway Bay, North Point, Kwun Tong, Kwai Chung and Kwai Fong, reaching out to more districts than the three in the previous year. The total number of beneficiaries in Tuen Ng Volunteer Visit Programme was 800 this year.



More than just an elderly visit

In the early morning of the visit, the volunteers prepared bags of presents, including fruit, daily necessities, as well as healthy rice dumplings made with "Five Grains" specially prepared by the volunteers from Panda Hotel.

Representatives from St. James' Settlement conducted a pre-visit briefing with the volunteer team to equip them with the skill sets to better communicate with the elderly and identify their needs. The volunteers were briefed on techniques in conducting foot health assessment for the elderly during the visit, and to identify appropriate treatment for the elderly suffering from foot ailments.

Customers and Communities



Hopewell-Playright Christmas Playday

In December 2012, we partnered with Playright Children's Play Association to hold the "Hopewell-Playright Christmas Playday" at Panda Hotel for 100 young patients aged between 2 to 15 years old with chronic illness. These young patients were from Princess Margaret Hospital, Caritas Medical Centre and Kwong Wah Hospital. The event was organised with a series of play activities, environmental-themed performances and a Christmas meal, with Panda Hotel providing the venue and all the food and drinks. Many of their families also joined in.

A strong working team was formed for the event made up of around 70 HH Social Club volunteers and nine Playright Hospital Play Youth Ambassadors from the Hopewell sponsored programme — "Play Actions of Hospital Play Youth Ambassador Group". The ratio of volunteers to children was one to one to allow more attention to every young patient. We sponsored the two-year Youth Ambassadors programme to train youngsters to pass on their care to other young patients in hospitals, for example, conducting games that facilitate treatment of children. Our volunteers also arranged a hospital visit in December to share the festival celebrations with young patients who could not join the Playday.



Environmental-themed celebration

HH Social Club volunteers performed a "green drama" especially written for the event to convey an environmental message to all participants about the importance of cherishing natural resources and to celebrate Christmas in an environmentally responsible way.

To set an example and encourage recycling among participants, the gifts were packed with HH Social Club recycled bags and meals were served with reusable meal boxes.

Dedicated to Youth Education and Underprivileged Sports Development

We help young people and the underprivileged groups to achieve their potential by providing opportunities for them to get involved in sports and education activities.

Realising sporting dreams of intellectual disabled youth: "Strike" Bowling Programme

In partnership with St. James' Settlement, we have been running the "Strike" programme for two years. It was Hong Kong's first bowling training programme for intellectually challenged young people, with the ultimate goal of training them to take part in the 37th Hong Kong Special Olympics Bowling Competition on 14 March 2013.

The "Strike" Programme invited Ms. Vanessa Fung, former representative of Hong Kong Bowling Team as the coach, while HH Social Club volunteers acted as training partners. More than 30 intellectually challenged youth participated in three bowling training programmes. Eight of them were selected for the Hong Kong Special Olympics Bowling Competition, and some successfully won awards in the competition, including two Gold, one Silver and two Bronze Medals.



Expanding global perspectives: Hopewell-Newsweek Education Programme



Building on the success of last year, we partnered with Newsweek Magazine on an initiative to promote awareness of global issues among local university students and improve their English language proficiency and analytical skills. The first programme of its kind in Hong Kong targeted students at seven Hong Kong universities and ran from October 2012 to December 2012.

The programme invited students in Journalism departments and English departments to participate. We sponsored a total of 42,900 copies of Newsweek which were distributed to participating university students. Participating students were invited to submit an essay in response to one of four thought-provoking questions based on current political and social issues. 15 winners were selected by editorial experts and an Awards Presentation Ceremony was held with the top five winners sharing their experience and lessons learned in the programme.

Customers and Communities

Promoting Arts and Culture

We continue to play a role in promoting arts and cultural development, as well as facilitating the staging of large-scale sporting events, by making good use of our premises. Some of the sponsorships included:

- Hong Kong Federation of Handicapped Youth hand-made products display at MENU
- Handicraft fairs at E-Max to raise funds for the Hong Kong Family Welfare Society (HK\$23,758.30 raised) and World Green Organisation (HK\$16,495.30 raised)
- Panda Hotel sponsorship of Tsuen Wan Lighting Festival
- Proceeds from the QRE Discovery Walk in Wan Chai were donated to the Hong Kong Ambassadors of Design.



PROCUREMENT AND SUPPLY CHAIN

The Group recognises the importance of managing our procurement and supply chain effectively and minimising and mitigating risks. We understand that businesses are now expected to take greater accountability of the conduct of suppliers pertaining to workers and the environment. It is our responsibility to ensure that our business values and ethics are translated into our value chain. Our sourcing activities are based on strict but fair agreements with our suppliers.

Beyond the strict requirements in the quality of goods or services provided by our suppliers and contractors, we value their integrity, environmental responsibility and ethical labour practices. We do not compromise on safety of subcontracted workers or environmental wellbeing for cost. We impose strict management controls to ensure transparency in the procurement and tendering process to guard against bribery and corruption. Our environmental, labour practice and governance requirements are all clearly laid out in the tendering contract. We require some of our suppliers to submit audit reports based on tender requirements.

We maintain regular and frequent engagement with suppliers to ensure that they can voice their concerns with regards to meeting our standards. Regular formal assessments are conducted and attention is given to high-risk suppliers such as those providing chemical products. As part of our assessment exercise, a ranking system is adopted where companies with an internationally recognised safety system, such as OHSAS 18001, can gain higher points during the assessment process.

We are working to develop a Group-wide supply chain policy. We aim to increase our employees' awareness about sustainable supply chains through training and involving them in policy setting.

Property Management and Hospitality

We have over 770 contractors and suppliers to support our real estate operations, facility and hotel management. They are companies which provide cleaning services, security guards, facilities maintenance, amenities supplies, packaging, food, beverages and printing. We require all contractors and suppliers to comply with statutory requirements and to officially acknowledge our environmental guidelines for suppliers, outlining safe and energy efficient products (such as use of bio-degradable plastic, energy saving lighting, environmental safe guest amenities), anti-pollution (such as use of vehicles and equipment that create less noise and air pollution) and waste separation and management.

We monitor the workers of our service contractors in terms of meeting the government statutory minimum wage, working hours and health and safety protection. Spot inspections and annual assessments are conducted to identify non-compliance. Contractors and suppliers who fail to comply with our requirements are subject to termination of contract, removed from our database or are required to demonstrate further improvement.



Food safety is a priority in our catering business. We conduct monthly laboratory tests for e-coli, salmonella and staphylococcus on high-risk food items. As a supporter of equality in trade, we approached fair trade product suppliers to explore opportunities of introducing their products, including tea, coffee, sugar and wine into our hotel and catering services. We are moving towards sourcing sustainable seafood with the engagement of WWF Hong Kong to ensure seafood we serve is not caught or farmed in a way that hampers ecosystems.

Procurement And Supply Chain

Property and Highway Development Projects

We closely monitor the construction progress of our property and highway infrastructure development projects carried out by third parties. We work with professionally-qualified contractors, such as architects and civil engineers, who need to comply with their own stringent accreditation standards. They are governed by our contracts that outline expectations on work quality, safety and compensation, energy efficiency, corruption prevention and other statutory requirements. Construction contractors are required to strictly follow the environmental protection terms and conditions by using engineering techniques that could minimise environmental impacts. We place occupational health and safety as the first priority on construction sites.

For Phase III West construction contracts, we require our contractors to set aside a fixed amount of resources for

protective equipment and facilities as well as for supporting safety education and promotion. The construction workers are protected by the Safety Production Agreement and Warranty of Wage Payment for Construction Site Workers as part of the tender contracts. Spot checks and annual assessment are conducted.

Coal-fired Power Plant

As coal mining safety in China is a critical issue, we are particularly careful in selecting coal suppliers that maintain good safety records with low accident and fatality rates. Our chosen suppliers are those with consistent records showing a much lower fatality rate per million tonnes of coal than the industrial average in Mainland China (0.374 in 2012). We have developed long-term partnerships with large and reputable coal suppliers in Mainland China who tend to be more aware of sustainability issues than peers.



PROGRESS OF ACTIONS AND SUSTAINABILITY TARGETS FOR 2012/13

Progress of Previous Targets and Actions

The following table presents our progress in executing the actions we committed to in our Sustainability Report 2011/12:

Targets and Actions for 2012/13	Status of Achievement by end of June 2013
Property	
Strengthen participation in environmental initiatives	Achieved. Several environmental targets have been set for different premises, as shown in the Environmental Performance section
<ul style="list-style-type: none"> Hopewell Centre and KITEC plan to participate in the Wastewi\$e Label Programme organised by the Environmental Campaign Committee (ECC) and Environmental Protection Department (EPD) of the Hong Kong Government. This scheme requires participants to meet a set of requirements and targets in waste reduction, recycling and green purchasing 	
Continue our commitment to lower our carbon footprint	Achieved
<ul style="list-style-type: none"> KITEC will apply for the "Carbon 'Less' Certificate" issued by the ECC and EPD 	
Hospitality	
Introduce a sustainable seafood menu	Introduced Ocean Friendly Menu in September 2012
<ul style="list-style-type: none"> Become listed as an Ocean Friendly Menu provider 	
Food recycling	Partnered with Food Angel to distribute surplus food to beneficiaries such as Helping Hand, New Life Psychiatric Rehabilitation Association and Hong Kong Society for the Protection of Children
<ul style="list-style-type: none"> Participate in the food donation programme to donate excess food 	
Examine the feasibility of installing water-saving devices on taps in guestrooms	Feasibility study conducted. We are considering replacing shower heads and wash basin taps at the Health Club and staff locker room and toilet instead
Conduct additional activities to strengthen our Employee Assistance Programme	Organised healthcare consultation, personality tests and massage workshop for employees
Explore opportunities with local NGO to recycle used cooking oil	Engaged with Dynamics Progress International Limited (DPI), a local bio-diesel manufacturer in Hong Kong that joined force with Friends of the Earth (HK) to convert used cooking oil into renewable energy. The initiative is also supported by Hong Kong Federation of Restaurants & Related Trades
Explore opportunities to introduce more fair-trade products	We looked into the possibility of providing Fair Trade certified tea, coffee, sugar and wine in Panda Hotel and KITEC catering line and will continue to review the opportunities

Progress Of Actions And Sustainability Targets For 2012/13

Targets and Actions for 2012/13	Status of Achievement by end of June 2013
Highways	
Consider using national or international CSR standards as a working guideline at our GS Superhighway JV Company to strengthen staff knowledge of sustainability issues at the company	In progress
<p>Continue to implement energy saving initiatives</p> <ul style="list-style-type: none"> Install LEDs in low-masked lights along the main alignment of the GS Superhighway. Install LEDs and energy-saving sodium lights at Phase III West tunnels and toll plazas to reduce energy consumption. 	<ul style="list-style-type: none"> GS Superhighway JV completed the installation of LED lights along the entire main alignment of the GS Superhighway in May 2013 Installed around 4,500 LED lights and 7,000 energy-saving sodium lights at Phase III West tunnels and toll plazas
<p>Provide additional services that benefit the community</p> <ul style="list-style-type: none"> Open Phase III West in the first quarter of 2013 to shorten commuting time between Guangzhou and Zhuhai from approximately two and a half hours to one hour Launch the GS Superhighway website to provide road users with traffic condition updates 	<ul style="list-style-type: none"> Phase III West commenced operation on 25 January 2013, shortening the commuting time between Guangzhou and Zhuhai to one hour Launched the GS Superhighway website: http://www.g4gs.cn/
Energy	
Install Unit 2 NOx reduction system by January 2013	Completed
Continue to improve the power plant thermal efficiency	Power plant thermal efficiency increased by 0.03%
Enhance flue gas desulphurisation reduction and removal performance	Improved flue gas desulphurisation system for Unit 2
Carry out NOSA audit in 2013	NOSA audit will be conducted at a later stage because more focus was put on workplace health and safety training for employees
Target zero injury by providing occupational safety and health training to prevent the occurrence of accidents	No injuries in the workplace in the reporting year. One employee suffered from Achilles tendon rupture in a basketball match organised by a peer company

Progress Of Actions And Sustainability Targets For 2012/13

Targets and Actions for 2012/13	Status of Achievement by end of June 2013
General	
Long-term goals for work practices <ul style="list-style-type: none"> • Increase engagement with staff • Encourage staff to participate in more CSR activities • Strengthen staff awareness of sustainable practices within the Group's operations and at JV partner companies 	On-going. Please see Our People section for more details
Update Code of Conduct and related policies	<ul style="list-style-type: none"> • Updated Code of Conduct and issued Whistleblowing Policy. Conducted briefing on the Code and Policy
Develop a formal stakeholder engagement strategy	In progress
Develop a Green Park Committee to solicit views on the design of the Green Park that is part of Hopewell Centre II development plans	Achieved
Develop a Group-wide environment policy	In progress
Develop a centralised data collection system that will capture statistics on training, staff development and other welfare programmes across all our businesses	On-going
Establish a formal policy to allow our employees to take volunteer leave	In progress
Formalise an assessment system to examine the effectiveness of our community involvement and employee volunteering programmes	In progress
Develop a Group-wide policy for responsible procurement and supply chain practice	In progress

Progress Of Actions And Sustainability Targets For 2012/13

Targets and Actions for 2013/14

Based on business development decisions by our management and the views and expectations of our stakeholders, we have established the following targets for our core business operations and other sustainability issues for 2013/14:

Areas of Concern	Targets and Actions for 2013/14
Property	<ul style="list-style-type: none"> Strengthen efforts in achieving barrier free access certification <ul style="list-style-type: none"> The current barrier free access facilities and services of Hopewell Centre, QRE Plaza, KITEC and Panda Place will be reviewed by Hong Kong Federation of the Blind. Improvement plans will be developed after the review Conduct energy audits for our commercial buildings Monitor the progress of meeting the environmental targets set in relation to waste reduction, energy savings, reduction of paper, other resource use and raising environmental awareness Strengthen efforts on heritage preservation in Nam Koo Terrace and 200 Queen's Road East Project
Hospitality	<ul style="list-style-type: none"> Work with property management business units to utilise resources to enhance the Employee Assistance Programme Organise social festive activities for NGOs Enhance guest engagement and brand development <ul style="list-style-type: none"> Examine new media Conduct feasibility study on customer relationship management system Continue participating in food donation and waste recycling programmes
Highways	<ul style="list-style-type: none"> Install more noise barriers along the expressways to further mitigate the impact to the residential areas in proximity Carry out improvement works at Taiping and Nantou living quarter to provide a better living environment for staff of GS Superhighway JV Maintaining smooth traffic and a high quality of service standard as key priorities on our management's agenda. Provide JV staff members with professional training in business etiquette, dealing with emergency incidents and managing heavy traffic. Internal contests will also be held to enhance service quality and staff morale via positive competition
Energy	<p>The Heyuan JV plans to carry out the following initiatives:</p> <ul style="list-style-type: none"> Install the NOx reduction system for Unit 1 in the second half year of 2013 Continue to improve the power plant thermal efficiency and coal consumption Reinforce sense of safety through occupational health and safety training Strengthen leisure activities for employees for better work life balance Organise competitions for staff to enhance their team spirit and sense of belonging Encourage employee volunteering
General	<ul style="list-style-type: none"> Assess and explore information technology solutions to improve workplace efficiency Promote and upgrade corporate branding Enhance employee relations and staff engagement Revamp human resource analytical reports to provide timely information for management Acquire and retain talents and high potential staff effectively Continue to recruit retired athletes

ECONOMIC PERFORMANCE TABLE

	2011/12 (HK\$ million)	2012/13 (HK\$ million)
Revenue⁽¹⁾		
Property letting, agency and management	707	798
Hotel, restaurants and catering operations	461	462
Property development	1,267	1,009
Toll road investment	2,386	2,244
Power plant	1,493	1,378
Treasury income	246	257
Others	–	–
Total	6,560	6,148
Earnings before interest and tax ("EBIT")⁽¹⁾		
Property letting, agency and management	445	509
Hotel, restaurants and catering operations	130	145
Property development	335	222
Toll road investment	1,036	749
Power plant	86	146
Treasury income	246	257
Others	-142	-127
Land conversion gain of Hopewell Centre II	–	2,249
Total	2,136	4,150
Operating cost ⁽²⁾	718	685
Employee wages and benefits ⁽³⁾	403	416
Payment to providers of capital ⁽⁴⁾	1,387	1,322
Government Tax	365	295
HK Profits Tax	65	72
PRC Taxation	263	195
Deferred Tax	37	28
Charitable donations	2	1

⁽¹⁾ Please refer to Management Discussion and Analysis section of the Annual Report 2012/13 for definitions of Revenue and EBIT above, and reconciliation with Consolidated Statement of Profit or Loss and Other Comprehensive Income

⁽²⁾ Includes cost of sales and services, selling and distribution costs, administrative expenses, but excludes staff costs and charitable donations

⁽³⁾ Represents staff costs disclosed in the Annual Report, including directors' emoluments

⁽⁴⁾ Represents dividends recognised as distribution during the year plus finance costs

ENVIRONMENTAL PERFORMANCE TABLES

Property and Hospitality Division

Indicator	Unit	2011/12	2012/13
Energy use			
Purchased electricity	MWh	58,380	58,646
	GJ	210,168	211,126
Industrial diesel	Litres	1,821	1,265
	GJ	70	49
Diesel oil	Litres	239,606	220,525.42
	GJ	8,592	7,908.04
Petrol	Litres	23,023	24,380
	GJ	741	785
Town gas	GJ	22,637	19,779
CO2e emissions			
Direct CO2e emissions	Tonnes	1,509	2,693.51
Electricity indirect CO2e emissions	Tonnes	35,873	36,589.52
Other indirect CO2e emissions	Tonnes	555	291.09
Waste disposal⁽¹⁾			
Construction waste	Tonnes	3,312	2,460
Commercial waste	Tonnes	204,404	9,209
Waste recycled⁽²⁾			
Paper	Kg	218,319	203,793.00
Plastic	Tonnes	2.20	3.54
Metals	Tonnes	0.50	0.59
Food	Litres	412,650	347,939
Used cooking oil	Barrels	478	29
Waste⁽²⁾			
Fresh water used	m ³	392,791	395,019
Reused water	m ³	2,266	1,887
Materials used⁽²⁾			
Paper	Ream	11,002	10,277
	Kg	27,448	25,150

⁽¹⁾ For 2011/12, the waste disposal data of construction waste and commercial waste of Hopewell Centre covered October 2011 to June 2012. The data for 2012/13 covers the full reporting year.

⁽²⁾ For 2011/12, the recycling data of paper, plastic and metals of Hopewell Centre covered October 2011 to June 2012, whereas that of Broadwood Twelve covered August 2011 to May 2012. The data for 2012/13 covers the full reporting year.

⁽³⁾ Panda Hotel consumption data is estimated by the number of boxes recycled powered by standard box weight.

⁽⁴⁾ Panda Hotel consumption data is estimated by the number of drum of food recycled powered by number of days.

Environmental Performance Tables

Highway Division⁽¹⁾

Indicator	Unit	2011/12			2012/13		
		GS Superhighway JV	West Route JV	Total	GS Superhighway JV	West Route JV	Total
Energy use							
Purchased electricity (non-renewable)	MWh	28,082	4,378	32,460	24,038	6,143⁽⁶⁾	30,181
	GJ	101,095	15,761	116,856	86,537	20,272	106,808
Renewable energy ⁽²⁾	MWh	–	13.49	13.49	–	11.65	11.65
	GJ	–	48.56	48.56	–	41.94	41.94
Diesel oil	Litres	370,364	23,975	394,339	476,192	13,505	489,697
	GJ	13,281	860	14,141	17,076	484	17,561
Petrol	Litres	559,345	164,903	724,248	545,920	254,963	800,883
	GJ	18,000	5,307	23,306	17,568	8,205	25,772
CO2e emissions							
Direct CO2e emissions	Tonnes	2,541	513	3,054	2,798	728	3,526
Electricity indirect CO2e emissions	Tonnes	27,414	4,274	31,687	23,466	5,997	29,463
Water							
Fresh water used ⁽⁴⁾	m ³	495,624	96,346	591,970	479,912	89,306⁽⁶⁾	569,218
Materials used⁽⁵⁾							
Cement	Tonnes	361,969	314,776	676,745	16,973	81,391	98,364
Steel	Tonnes	13,200	77,606	90,806	2,238	5,777	8,015
Steel strand	Tonnes	701	6,560	7,261	21	42	63
Bitumen	m ³	33,240	0	33,240	7,356	25,557	32,913

⁽¹⁾ In 2011/12, we disclosed the environmental performance of our highway division (including GS Superhighway and Western Delta Route) as a whole. This year, we decided to separate the environmental performance data of these two highways to allow readers to have a better understanding of their performance respectively. Phase III West commenced operation on 25 January 2013

⁽²⁾ Estimated data based on the energy consumption of all surveillance cameras powered by micro wind and solar power on the Western Delta Route.

⁽³⁾ Calculation of the 2012/13 carbon emission is based on the purchased electricity figures applying the default Mainland China Southern Grid emission factor of 976.2 gCO₂/KWh

⁽⁴⁾ Water consumption within living area only

⁽⁵⁾ Include the consumption of materials for major repair and maintenance work in GS Superhighway and construction work in the Western Delta Route

⁽⁶⁾ Estimated data in 2013 is based on average monthly data from July 2012 to May 2013

Environmental Performance Tables

Energy Division

Indicator	Unit	2011/12	2012/13
Operation			
Electricity sent out	GWh	6,995	6,237
	TJ	25,183	22,452
Own electricity consumption	GWh	422	395
	TJ	1,519	1,420
Coal consumed	TJ	63,360	56,607
Oil consumed	TJ	7.90	7.3
Thermal efficiency	%	42.2	42.2
Availability factor	%	87.3	90.7
Air emissions			
Direct CO ₂ e emissions ⁽¹⁾	kT	5,562	4,969
Indirect CO ₂ e emissions ⁽²⁾	kT	0.59	0.55
Power plant emission factor (Intensity)	tCO ₂ /GWh	790.73	792.23
SO ₂ ⁽³⁾	kT	2.57	1.93
NO _x ⁽³⁾	kT	7.91	6.09
Dust particles ⁽³⁾	kT	0.73	0.41
Waste produced			
Pulverized Fuel Ash (PFA)	kT	297.19	242.44
Gypsum	kT	71.89	78.20
Slag	kT	24.05	19.61
Crystalline Salt	kT	0.50	0.58
Pebble Coal	kT	4.28	4.24
Mud/Sludge	kT	7.046	5.49
Waste recycled/reused			
Pulverized Fuel Ash (PFA)	kT	297.19	242.44
Gypsum	kT	71.89	78.20
Slag	kT	24.05	19.61
Crystalline Salt	kT	0.50	0.58
Pebble Coal	kT	4.28	4.24
Mud/Sludge	kT	7.05	5.49
Water⁽²⁾			
Fresh water used	kT	12,958	11,809
Reused/Recycled Water	%	100	100
Wastewater discharged	%	0	0

⁽¹⁾ Calculations based on the 2006 IPCC Guidelines for National Greenhouse Inventories. Emission source included is the coal consumed. Emission factors used are CO₂: 87.3tCO₂/TJ, CH₄: 0.001tCO₂/TJ, N₂O: 0.0015tCO₂/TJ.

⁽²⁾ Includes emissions related to transportation in the plant area.

⁽³⁾ SO₂, NO_x and dust particles data derived from plant emissions monitoring system.

SOCIAL PERFORMANCE TABLE

		The Group ⁽¹⁾		GS Superhighway JV ⁽²⁾		Western Route JV ⁽³⁾		Heyuan Power Plant JV ⁽⁴⁾	
Total Full-time Workforce		2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
by Location	no.								
Hong Kong		1,189	1,163 (5)	3	3	2	2	0	0
Mainland China		194	209	2,648	2,578	686	960	258	266
Total HK and China Employees ⁽⁶⁾		1,383	1372	2,651	2,581 (8)	688	962 (7)	258	266
by Gender	%								
Female		39.48	40.74	39.91	39.36	40.41	37.63	10.08	11.28
Male		60.52	59.26	60.09	60.64	59.59	62.37	89.92	88.72
by Age Group	%								
Under 30 years old		23.79	21.94	55.90	53.08	71.95	74.95	53.88	51.13
30-50 years old		58.13	56.41	42.32	44.87	26.16	23.18	44.19	45.86
Over 50 years old		18.08	21.65	1.77	2.05	1.89	1.87	1.94	3.01
by Employment Category	%								
Senior Management	no. (%)	16 (1.17)	16 (1.17)	10(0.38)	8 (0.31)	8 (1.16)	7 (0.73)	5 (1.94)	9 (3.38)
Managerial		179 (12.94)	186 (13.56)	28(1.06)	31 (1.20)	22 (3.20)	19 (1.98)	24 (9.3)	21 (7.89)
General		1,188 (85.90)	1,170 (85.28)	2,613 (98.57)	2,542 (98.49)	658 (95.64)	936 (97.30)	229 (88.76)	236 (88.72)
Minority groups within workforce	%	0.51	0.73	1.85	1.86	0	1.56	3.1	3.01
Governance Bodies ⁽⁹⁾									
by Gender	no.								
Female		1	1	1	1	0	0	1	1 ⁽¹²⁾
Male		15	15	9	9 (11)	8	8 (10)	6	6 ⁽¹²⁾
By Age Group									
Under 30 years		0	0	0	0	0	0	0	0
30-50 years old		4	4	6	5	6	6	6	6
Over 50 years old		12	12	4	5	2	2	1	1
Employee turnover rate ⁽¹³⁾	no. (%)	268 (19.38)	387 (28.21)	427 (16.11)	509 (19.72)	111 (16.13)	151 (15.70)	5 (1.94)	8 (3.01)
by Gender	no. (%)								
Female		98 (7.09)	130 (9.48)	191 (7.20)	258 (10)	41 (5.96)	72 (7.48)	0 (0)	1 (0.38)
Male		170 (12.29)	257 (18.73)	236 (8.90)	251 (9.72)	70 (10.17)	79 (8.21)	5 (1.94)	7 (2.63)
by Age Group	no. (%)								
Under 30 years		112 (8.10)	161 (11.73)	362 (13.66)	426 (16.51)	N/A	136 (14.14)	4 (1.55)	2 (0.75)

Social Performance Table

		The Group ⁽¹⁾		GS Superhighway JV ⁽²⁾		West Route JV ⁽³⁾		Heyuan Power Plant JV ⁽⁴⁾	
Total Full-time Workforce		2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13
30-50 years old		128 (9.26)	175 (12.76)	65 (2.45)	78 (3.02)	N/A	14 (1.46)	1 (0.39)	6 (2.26)
Over 50 years old		28 (2.02)	51 (3.72)	0 (0)	5 (0.19)	N/A	1 (0.10)	0 (0)	0 (0)
New Employee									
No. of new employee	no.	454	471	280	440	103	444	18	16
Rates of new employee hire ⁽¹⁴⁾	%	32.83	34.33	10.56	17.05	14.97	46.15	6.98	6.02
Occupational Injuries									
by Region	no.								
Hong Kong		44	33	0	0	0	0	0	0
Mainland China		0	0	5	10	0	2	0	0
by Gender	no.								
Female		21	12	1	1	0	1	0	0
Male		23	21	4	9	0	1	0	0
Lost Days due to Injuries	Days	470.5	558.5	N/A	N/A	0	67	0	0
Work-Related Fatalities		0	0	0	1	0	0	0	0
Rate of Injury per 1000 employees⁽¹⁵⁾		31.81	24.05	1.89	3.87	0	2.08	0	0
Employees receiving regular performance reviews	%	100	100	100	100	100	100	100	100

⁽¹⁾ The Group workforce includes HHI management employees and employees of other subsidiaries under the control of HHL.

⁽²⁾ The Group has 32.64% stake in GS Superhighway JV through HHL.

⁽³⁾ The Group has 34% stake in West Route JV through HHL.

⁽⁴⁾ The Group accounted for 35% stake of the Heyuan Power Plant through a joint venture with Shenzhen Energy Group Company Limited.

⁽⁵⁾ The Group has only 43 part-time employees, 41 in Hong Kong and 2 in Mainland China, and all these part time employees are not included in the above Table.

⁽⁶⁾ No part-time employees have been hired by the three joint venture companies in Mainland China

⁽⁷⁾ 6 HHL employees also counted as employees of West Route JV

⁽⁸⁾ 4 HHL employees also counted as employees of GS Superhighway JV

⁽⁹⁾ The Group's Board of Directors is the highest governance body. Separate Boards of Directors govern the joint venture companies in Mainland China.

⁽¹⁰⁾ 2 HHL directors were on the board of West Route JV, including the Managing Director of HHL and HHL.

⁽¹¹⁾ 3 HHL directors were on the board of GS Superhighway JV, including the Managing Director and Chairman of HHL and HHL.

⁽¹²⁾ 3 HHL directors and management were on the board of Heyuan Power Plant JV

⁽¹³⁾ Employee turnover rate was calculated as: Total no. of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service divided by total workforce during the reporting year

⁽¹⁴⁾ Rates of New Employee Hire was calculated as: Total new employees divided by Total workforce

⁽¹⁵⁾ Rate of occupational injury was calculated according to the definition adopted by the Labour Department of Hong Kong government, i.e., Total number of occupational injuries per year/ Total employment size X 1,000 employees=number of injuries per 1,000 employee during the reporting year.

VERIFICATION STATEMENTS



Statement GRI Application Level Check

GRI hereby states that **Hopewell Holdings Limited** has presented its report "Hopewell Focuses on Sustainability" (2013) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 September 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Hopewell Holdings Limited has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 4 September 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Verification Statements



VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) was commissioned by Hopewell Holdings Limited (hereinafter referred to as "Hopewell") to undertake an independent verification of the Sustainability Report 2012/13 (hereinafter called "the Report"). The Report stated Hopewell's sustainability performance and efforts made for the period from 1 July 2012 to 30 June 2013. The verification team did not partake in the compilation of the data and information in the Report.

The aim of this verification was to provide assurance on the completeness and accuracy of the information stated in the Report. The Report's coverage of indicators defined in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.1 (G3.1) was also assessed to confirm if the B+ application level had been achieved.

Methodology

The process used in this verification was based on current best practices. The Report was reviewed based on the following criteria:

- The principles of completeness, accuracy, neutrality, comparability and responsiveness, as set out in the Institute of Social and Ethical Accountability standard AA1000, and
- The Global Reporting Initiative (GRI) G3.1 Guidelines.

The verification procedure included reviewing relevant documentation and verifying the selected representative sample of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

Conclusion

Based on the outcome of the verification process, the verification team determined that the Report fulfils the B+ application level of the GRI G3.1 Guidelines.

The information presented in the Report provided a material and complete representation of the performance of Hopewell in the context of sustainable development. The verification team confirmed that the Report was prepared based on factual statements and that the data contained within the Report are accurate. It is a fair and honest representation of initiatives, targets, progress and performance on Hopewell's sustainable development achievements.

Opportunities for improvement on the reporting structure and content are separately submitted to Hopewell for their consideration on the compilation of future sustainable development reports. It does not affect our opinion on the Report.

Signed on behalf of Hong Kong Quality Assurance Agency

A handwritten signature in black ink, appearing to read 'Jorine', is written over a faint circular stamp.

Jorine Tam
Assistant Director, Strategic Business
September 2013

GRI INDEX TABLE

STANDARD DISCLOSURES PART I: Profile Disclosure		
1. Strategy and Analysis		
Profile Disclosure	Reported	Cross-reference/Direct answer
1.1	Fully	Managing Director's Message Our Sustainability Vision and Focus Progress of Actions and Sustainability Targets for 2013/14
1.2	Fully	Our Sustainability Vision and Focus Environmental Performance Customer and Communities Procurement and Supply Chain
2. Organisational Profile		
Profile Disclosure	Reported	
2.1	Fully	About This Report Our Business
2.2	Fully	Our Business
2.3	Fully	Our Business
2.4	Fully	Our Business
2.5	Fully	About This Report Our Business
2.6	Fully	About This Report Our Business
2.7	Fully	About This Report Our Business
2.8	Fully	Our Business Social Performance Table Economic Performance Table Please also refer to our Annual Report 2012/13, p2–10, 20–68
2.9	Fully	No material changed in share capital structure during the reporting year
2.10	Fully	Our Business
3. Report Parameters		
Profile Disclosure	Reported	
3.1	Fully	About This Report
3.2	Fully	About This Report
3.3	Fully	About This Report
3.4	Fully	Back Cover
3.5	Fully	About This Report Stakeholder Engagement
3.6	Fully	About This Report
3.7	Fully	We consider the boundary for our sustainability reporting to be sufficient to comply with the GRI completeness principle, covering material topics and Indicators that could reflect our significant economic, environmental, and social impacts and enable stakeholders to assess our performance in the reporting period
3.8	Fully	About This Report
3.9	Fully	We have established a system for gathering, consolidating, analysing and reporting non-financial data. For bases of calculations please refer to the Social and Environmental Performance Tables

GRI Index Table

3.10	Fully	No re-statement as we followed the format in the previous Sustainability Report of 2011/12
3.11	Fully	There are no significant changes from previous reporting period in terms of scope and boundary of the report
3.12	Fully	GRI Index Table
3.13	Fully	Since the last reporting period, we have been seeking external party to verify our Report. This year, we continue to engage with HKQAA to conduct our verification
4. Governance, Commitments, and Engagement		
Profile Disclosure	Reported	
4.1	Fully	Our Sustainability Vision and Focus Please refer to the Corporate Governance Report section in our Annual Report 2012/13
4.2	Fully	Our Sustainability Vision and Focus The Board is chaired by Sir Gordon Ying Sheung Wu and the Managing Director is Mr. Thomas Jefferson Wu
4.3	Fully	Our Sustainability Vision and Focus Social Performance Table Please refer to the Corporate Governance Report section in our Annual Report 2012/13
4.4	Fully	Stakeholder Engagement
4.5	Fully	Please refer to the Corporate Governance Report section in our Annual Report 2012/13
4.6	Fully	Our Sustainability Vision and Focus Please refer to the Corporate Governance Report section in our Annual Report 2012/13
4.7	Fully	Social Performance Table. Please refer to the Corporate Governance Report section in our Annual Report 2012/13
4.8	Fully	Our Sustainability Vision and Focus Our People
4.9	Fully	Our Sustainability Vision and Focus Environmental Performance Customer and Communities Procurement and Supply Chain
4.10	Fully	Please refer to our Annual Report 2012/13
4.11	Fully	Our Sustainability Vision and Focus Environmental Performance Customer and Communities Procurement and Supply Chain
4.12	Fully	Our Sustainability Vision and Focus Environmental Performance
4.13	Fully	Stakeholder Engagement
4.14	Fully	Stakeholder Engagement
4.15	Fully	We define stakeholders as those who are directly involved with or impacted by our businesses or who constructively seek community and environmental improvements
4.16	Fully	Stakeholder Engagement
4.17	Fully	Our Sustainability Vision and Focus Stakeholder Engagement

STANDARD DISCLOSURES PART II: Disclosure on Management Approach (DMA)

DMA	Reported	
DMA EC	Fully	Managing Director's Message Customers and Communities Please refer to our Annual Report 2012/13
DMA EN	Fully	Environmental Performance
DMA LA	Fully	Our People
DMA HR	Fully	Our People Customers and Communities Procurement and Supply Chain
DMA SO	Fully	Our Sustainability Vision and Focus Customers and Communities
DMA PR	Fully	Customers and Communities

STANDARD DISCLOSURES PART III: Performance Indicators

Economic		
Performance Indicator	Reported	
Economic performance		
EC1	Fully	Economic Performance Table
EC2	Partially	Environmental Performance
EC3	Fully	During the reporting year, the Group made contributions to the Hong Kong's Mandatory Provident Fund (MPF) Schemes amounted to HK\$11,233,000 . For more details of MPF and other benefit plan such as share Option Scheme, please refer to our Annual Report 2012/13
Market presence		
EC5	Fully	We complied with local minimum wage laws in both Hong Kong and Mainland China. All our employees, who fall under the category subject to minimum wage rules, are paid at or above the minimum wage. There is no difference of wage rate due to gender distinction. Employees performing similar jobs are paid based on performance and experience
EC6	Fully	There is no policy for preferring locally based suppliers. Our selection of suppliers is based on various considerations. Further details please refer to the 'Procurement and Supply Chain'

GRI Index Table

Indirect economic impacts		
EC8	Fully	Case Study 1 Case Study 2 Customers and Communities We see a strong positive correlation between the traffic growth on GS Superhighway and GDP growth of Guangdong. Please refer to http://www.hopewellhighway.com/WebSite_en/ir/doc/HHI_Economic_Backdrop_Eng.pdf for more information
EC9	Fully	Case Study 1 Case Study 2 Customers and Communities Please refer to http://www.hopewellhighway.com/WebSite_en/ir/doc/HHI_Economic_Backdrop_Eng.pdf for more information
Environmental		
Performance Indicator	Reported	
Materials		
EN1	Fully	Environmental Performance Table
Energy		
EN3	Fully	Environmental Performance Table
EN4	Fully	Environmental Performance Table
EN5	Fully	Environmental Performance
EN6	Fully	Environmental Performance
EN7	Fully	Environmental Performance
Water		
EN8	Fully	Environmental Performance Table
EN10	Fully	Environmental Performance Table
Biodiversity		
EN14	Fully	Environmental Performance
EN15	Partially	We followed the sustainable seafood guideline developed by WWF Hong Kong which produced Hong Kong's first pocket-sized Seafood Guide in 2007, sharing the results of its scientific assessment of the sustainability status of 67 popular seafood species
Emissions, effluents and waste		
EN16	Fully	Environmental Performance Environmental Performance Table
EN17	Fully	Environmental Performance Environmental Performance Table
EN18	Fully	Environmental Performance
EN20	Fully	Environmental Performance Table
EN21	Partially	Environmental Performance Table
EN22	Fully	Environmental Performance Table
EN23	Fully	There were no significant spills within the reporting period

GRI Index Table

Products and services		
EN26	Fully	Environmental Performance
Compliance		
EN28	Fully	There have been no significant fines for non-compliance with environmental laws and regulations during the reporting period
Transport		
EN29	Fully	Environmental Performance
Overall		
EN30	Partially	Environmental Performance
Social: Labor Practices and Decent Work		
Performance Indicator	Reported	
Employment		
LA1	Fully	Social Performance Table
LA2	Fully	Social Performance Table
LA3	Fully	Our People
Labor/management relations		
LA4	Fully	There are no formal collective bargaining agreements in place in the context of Hong Kong. However, all employees hired by the JV companies in Mainland China are covered by collective bargaining agreements
LA5	Fully	Our Group's employees are informed of major operational changes (e.g. closure) at least 1 month in advance
Occupational health and safety		
LA7	Fully	Social Performance Table
LA8	Fully	Our People
Training and education		
LA10	Partially	Average training hour was 2.4 hours per year per permanent employee directly hired by the Group
LA11	Fully	Our People
LA12	Fully	All our employees received regular performance appraisal during the reporting year
Diversity and equal opportunity		
LA13	Fully	Social Performance Table
Equal remuneration for women and men		
LA14	Fully	We respect the principle of equal pay for work of equal value, with appropriate consideration of employees' experience, qualification and performance, regardless of gender distinction
Social: Human Rights		
Performance Indicator	Reported	
Non-discrimination		
HR4	Fully	We received no complaints of discrimination within the reporting year. We have policies and training on Equal Opportunity

GRI Index Table

Child labor		
HR6	Fully	No operation identified as having significant risk of child labour. Our suppliers also have to officially acknowledge our guidelines for suppliers which include the requirement of not hiring child and forced labour
Forced and compulsory labor		
HR7	Fully	No operation identified as having significant risk of compulsory labour. Our suppliers also have to officially acknowledge our guidelines for suppliers which include the requirement of not hiring child and forced labour
Security practices		
HR8	Fully	All our security personnel are professionally trained and qualified. They have fulfilled both in-house and external training programmes
Remediation		
HR11	Fully	No incidents related to the grievances related to human rights reported by tenants, customers or visitors
Social: Society		
Performance Indicator	Reported	
Local communities		
SO1	Fully	We anticipate and assess the needs of our communities when planning our community programmes and infrastructure development. Read more on Customers Communities, Case Study 1 and 2
SO10	Fully	Our Sustainability Vision and Focus Customers and Communities
Corruption		
SO2	Fully	Every business units
SO3	Fully	Our Sustainability Vision and Focus
SO4	Fully	No incident of corruption was identified
Public policy		
SO5	Fully	Environmental Performance Customers and Communities
Anti-competitive behavior		
SO7	Fully	There were no incidents of anti-competitive behavior, anti-trust, and monopoly practices reported

GRI Index Table

Social: Product Responsibility		
Performance Indicator	Reported	
Customer health and safety		
PR1	Partially	Customers and Communities
PR2	Fully	There were no incidents of non-compliance concerning health and safety of our products and services reported
Product and service labeling		
PR3	Fully	We complied with all regulations related to provision of information about our products and services. We ensure fair and transparent presentation of our marketing information
PR4	Fully	No incident of non-compliance with regulations and voluntary codes concerning product and service information and labeling
PR5	Partially	Stakeholder engagement Customers and Communities
Marketing communications		
PR6	Fully	Customers and Communities We provide description of our development projects in sales brochures and corporate website. The disclosure of information related to our property, products or services follow the guidelines issued by the Consumer Council, Real Estate Developers Association of Hong Kong, as well as all requirements specified by relevant government authorities
PR7	Fully	No incident of non-compliance identified in relation to marketing communication practices
Customer privacy		
PR8	Fully	No incident of substantiated complaints identified in relation to customer privacy

GLOSSARY

Building Environmental Assessment Method (BEAM)	A voluntary scheme and leading initiative in Hong Kong aiming to benchmark and improve environmental performance of all building types. A common set of performance standards are available for developers, designers, architects, engineers, contractors and operators to encourage them to reduce the environmental impacts of buildings through the planning, design, construction, management and demolition life cycle.
BEAM Plus	A comprehensive environmental assessment scheme recognized by the Hong Kong Green Building Council (HKGBC) which has been officially launched since 1st April 2010. BEAM Plus is demonstrated as a cost effective management tool to benchmark performance, prioritise improvement, and communicate achievements for a building or property portfolio.
BEAM Pro	BEAM PRO stands for BEAM Professionals, who are green building professionals trained and accredited by the Hong Kong Green Building Council (HKGBC) in all aspects of the BEAM Plus of the entire green building life cycle. A key role of BEAM Pro is to inject the latest green building standards and practices into everyday building planning, design, construction and operation.
Carbon Audit	A carbon audit, sometimes referred to as a 'carbon footprint', is a systematic means of measuring and recording the greenhouse gases emissions of an organisation or a building within a defined system boundary. This includes measurement of all greenhouse gases produced in daily operation through burning fossil fuels for electricity, heating, transportation, etc, usually in the unit of tonnes (or kg) of carbon dioxide equivalent.
Carbon Audit. Green Partner	"Carbon Audit. Green Partner" is promoted by the Environmental Protection Department and the Electrical and Mechanical Services Department of Hong Kong. Organisations are invited to join this scheme by signing the Carbon Reduction Charter and undertook to carry out activities in support of greenhouse gas emission reduction.
Energy Audit	An energy audit is a regular review of the usage of energy in a building to increase effectiveness of energy. The auditors examines the energy account of energy consuming equipment, checks the way energy is used in its various components and identifies savings opportunities.
Hong Kong Energy Efficiency Registration Scheme for Buildings	This scheme was launched by the Electrical and Mechanical Services Department for promoting the application of Building Energy Codes (BEC) since October 1998. It provides an official platform for interested parties to register their buildings which comply with BEC, which requires commercial buildings to conduct energy audits effective from 21 Feb 2011. Previously, energy audits were voluntary.
The Forest Stewardship Council (FSC)	Set up in 1993 following the Rio environmental summit, the FSC is a non-governmental, non-profit organisation that promotes environmentally responsible, socially acceptable and economically sustainable use of forests. The most important tool used in the marketing of these forest products (such as paper) is the FSC seal that is placed on products meeting these criteria.
Global Reporting Initiative ('GRI')	A multi-stakeholder-governed institution which provides a framework for sustainability reporting. This globally recognised framework sets out the principles and indicators that entities can use to measure and report their economic, social and environmental performance.
Global Reporting Initiative 'Level B'	This covers the Profile and Management Approach disclosures of the reporting company and minimum 20 GRI Performance Indicators, including at least one from each of the economic, environment and social indicators.

Greenhouse Gas (GHG)	<p>Greenhouse gases include carbon dioxide (CO₂), nitrous oxide (N₂O), hydro fluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and water vapour.</p> <p>Scope 1 emissions: Also known as direct emissions, occur onsite or from sources that a company owns and controls. This may include the combustion of fuels (e.g. boilers, furnaces, turbines); its vehicle fleet; and refrigerants.</p> <p>Scope 2 emission: Indirect emissions that result from the generation of the electricity, heat or steam a company purchases.</p> <p>Scope 3 emission: All indirect emissions other than those covered by scope 2. Examples include emissions associated with waste-related emissions and any business travel or employee commuting in vehicles not owned or controlled by the company.</p>
Greening Partner Charter by HKSAR Development Bureau	Greening partners will pledge to promote quality green environment and tree management in Hong Kong and will participate in a range of public engagement activities, such as community tree surveillance talks, tree appreciation and landscape design seminars.
Green Lunch by Green Monday	The initiative aims to promote healthy environmentally friendly living in Hong Kong where participants will go meatless on Monday to reduce carbon footprint.
IAQwi\$e Label of Hong Kong Awards for Environmental Excellence (HKAEE)	It is a recognition scheme established to recognise participants achieving Indoor Air Quality (IAQ) standards beyond certification requirements of the IAQ Certification Scheme.
NOSA	NOSA stands for National Occupational Safety Association. It is a wholly owned subsidiary of MICROmega Holdings Limited, a company listed on the Johannesburg Stock Exchange. NOSA is a leading global supplier of occupational risk management services and products for mining operations.
Stakeholder engagement/dialogue	A constructive conversation with groups that have a vested interest in an organisation, the aim is to get to know and, where relevant, consider the various expectations and needs of the diverse interest groups in corporate decisions and planning, governance, social and environmental performance.
"Take a brake" by Friends of the Earth (HK)	The campaign aims to encourage participants to drive less and promote green driving habits so as to promote low carbon living among drivers and non-drivers.
WWF Hong Kong's Low-carbon Office Operation Programme (LOOP)	LOOP has been established by WWF Hong Kong to enable Hong Kong companies and organisations to become part of the solution to climate change. By participating in LOOP, companies or organisations are engaged to reduce their greenhouse gas emissions generated from office operation via the adoption of managerial and technological best practices, staff behavioural adaptation, and a labelling scheme.
Wastewi\$e Label	The Wastewi\$e Label is a recognition scheme established to recognise the effort of participating businesses or organisations in Hong Kong in reducing waste generated within their establishments or generated through the services and products they provide.
WWF's Ocean friendly menu	The Ocean-Friendly Menu programme is designed to assist catering services providers in selecting sustainable seafood to provide alternative choices for the public. Participants are required to design an additional menu containing only seafood from Green — Recommended and Yellow — Think Twice categories according to the WWF Hong Kong Seafood Guide.



HOPEWELL HOLDINGS LIMITED

For the full Sustainability Report, please visit:

www.hopewellholdings.com/Sustainability

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www.hopewellholdings.com

This is the third year that we published a Sustainability Report, demonstrating our continuing commitment to transparency and accountability to our stakeholders. The annual Sustainability Report provides an in-depth coverage of our sustainability activities and performance. Highlights of the Report have been incorporated into our Annual Report 2012/13.

We have written the Report according to the Global Reporting Initiative (GRI) sustainability reporting G3.1 Framework and verified by the Hong Kong Quality Assurance Agency ("HKQAA").