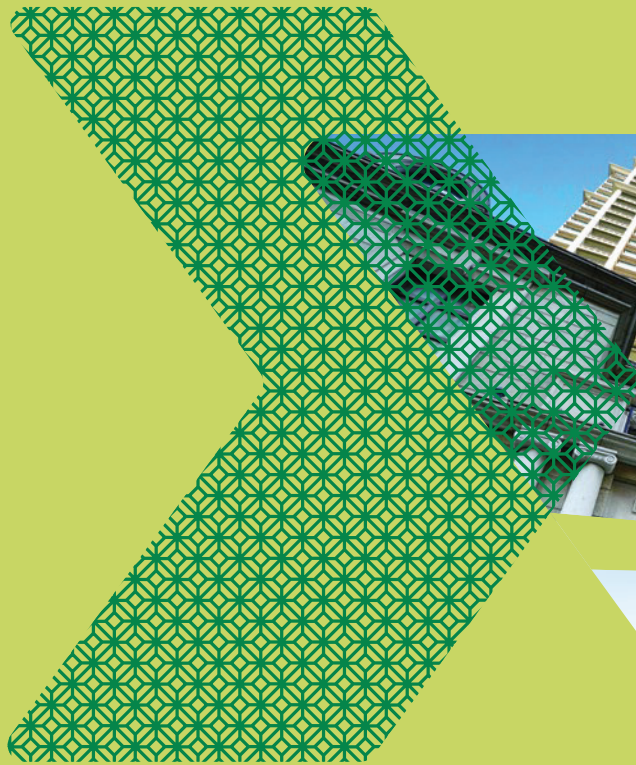


**RW** 嘉華國際集團有限公司  
K. WAH INTERNATIONAL HOLDINGS LIMITED

於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

Stock code 股份代號 00173

## Environmental, Social and Governance Report 2018



Delivering Value with  
**Distinctive Quality**

建優創值 力臻恆遠





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## 1. Our Sustainability Vision

As global environmental and social impacts become more significant, K. Wah International Holdings Limited (“KWIH” or “the Group”) acknowledges that long-term planning is crucial for a sustainable future.

KWIH is taking tangible steps to minimise our negative impacts upon the environment. We promote the principles of resource conservation, observe industry best practices, and incorporate sustainable designs and considerations from the early phases of project development. Our dedication and commitment to a sustainable future pushes us to constantly seek new opportunities to improve our performance and continue to pursue greater operational efficiency. KWIH has been listed on the Hang Seng Corporate Sustainability Benchmark Index in 2018, which helps us to evaluate our performance against other similar listed companies.

Our resilience to current and future challenges is a result of our greatest strength — our employees. We rely on our staff to achieve our sustainability objectives while delivering quality projects and services to our customers and creating long-term, sustainable value for all our stakeholders, including shareholders. The importance of our employees is reflected by the integration of people-oriented principles into our core values.



## 2. About KWIH

### Introduction

K. Wah International Holdings Limited (stock code: 00173) is the listed property arm of K. Wah Group. With a strong foothold established in Hong Kong, KWIH has grown and prospered into a leading developer and investor of exquisite and niche property projects, with a strategic focus on Hong Kong, the Pearl River Delta and Yangtze River Delta regions.

Committed to delivering premium projects built to an uncompromising standard of quality, our portfolio of residential developments, Grade A office towers, hotels, serviced apartments and retail complexes are truly one-of-a-kind. Each of our properties boasts a perfect interplay of superb design, delicate craftsmanship, top-notch facilities and innovative features, thanks to a team of seasoned professionals. As a result, we have been honoured with a host of international accolades, besides earning a reputed name for impeccable living.

Cresleigh Property, the property management arm of the Group, delivers exceptional hotel serviced property management services guided by advanced and international standards in general to premium residential buildings, commercial facilities, office towers and real estate complexes.

Sharing the common vision of excellence and sustainability, we go beyond both in the projects we develop and the communities we help grow and cultivate. We have always been a trend-setter pioneering unique and sophisticated lifestyle, embracing customers' needs and creating added value in the projects we undertake as a premiere brand.

Taking pride in our track record and strong financial capability, guided by the spirit of prudence and excellence, we will continue to adopt a progressive strategy with a disciplined approach in land acquisition, striving for setting ever higher standards of quality living spaces and delivering long term shareholder value.

### Governance structure

The Board of KWIH comprises Executive Directors, Non-Executive Director and Independent Non-Executive Directors of different backgrounds. The overall responsibilities of the Board are to set the strategy of the Group, to approve its operating budgets for achieving the Group's strategic objectives and delivering sustainable value to our shareholders.

The Board has set up 4 committees, namely, the Executive Board, the Remuneration Committee, the Nomination Committee and the Audit Committee, to assist it in carrying out its responsibilities.

- The Executive Board is responsible for overseeing the implementation of the Group's strategy set by the Board, monitoring the Group's investment and trading performance as well as funding and finance requirements, and reviewing management performance.
- The Remuneration Committee is responsible for setting policy on Executive Directors' remuneration and for fixing the remuneration packages for all directors and senior management.
- The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and identifying suitable individuals qualified to become members of the Board.
- The Audit Committee is responsible for reviewing financial information of the Group and overseeing the Group's financial reporting process, risk management and internal control systems.

### **Risk Management and Internal Control**

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems on an on-going basis. The Group has a clear organizational structure with well-defined responsibilities, reporting lines and authority limits and budgetary controls for managers of operating divisions. Policies and procedures are in place to effect all material controls, including financial, operational and compliance controls. Risk management strategies have been established to help individual operating divisions manage the risks the Group is facing and support the Board in discharging its corporate governance responsibilities. Risk assessment exercise is performed through questionnaires and interviews with the senior executives and function heads to identify and evaluate significant risks of the Group and the results of which are reported to the Board for considering any risk mitigation actions and controls through the Audit Committee. Appropriate risk mitigation actions are being taken to manage and control individual risks.

For more details on our corporate governance and/or risk management and internal control, please refer to the 'Corporate Governance Report' section and 'Biographical Information of Directors' section of the Annual Report 2018 published by KWIH.

### 3. About this Report

This Environmental, Social, and Governance Report (“ESG Report” or “the Report”) is prepared by KWIH to present the Group’s approach and performance with regard to relevant Environmental, Social, Governance (“ESG”) issues during the reporting period of 1 January 2018 to 31 December 2018.

Unless otherwise indicated, the scope of this report includes our portfolio in Hong Kong and Mainland China under our operational control, consisting primarily of premium residential developments, Grade-A office towers, retail spaces, hotels and serviced apartments.

For supplementary information such as financial figures, please refer to KWIH’s 2018 Annual Report.

#### Reporting Standard

The content of this report has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide, Appendix 27 (“ESG Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Stock Exchange”). To facilitate reader navigation, a HK Stock Exchange content index has been included in this Report.

#### Stakeholder Engagement

To gather the views of our internal stakeholders on our ESG-related initiatives, performance, and strategies, KWIH commissioned an independent consultant to develop and implement a stakeholder engagement exercise.

In addition to the engagements conducted for the purposes of this report, we have identified various stakeholder groups important to KWIH. We hold regular engagements with these identified stakeholder groups, the activities are summarised below.

Stakeholder groups	Employees	Community Groups and NGOs	Shareholders and Investors	Media	Suppliers and Contractors
Activities	surveys; intranet; newsletters; training sessions; team-building activities; mobile app	community events; joint partnerships	circulars and announcements; annual and interim results events; one-on-on meetings; roadshows; conferences; annual general meetings; newsletters; press release	luncheons and gatherings; interviews and media audits; feedback and responses to media enquiries	screening and assessments
					

<sup>i</sup> The Appendix 27 Environmental, Social and Governance Reporting Guide of the Listing Rules issued by The Stock Exchange of Hong Kong Limited is organised into two ESG subject areas – Environmental and Social. There are various aspects under the two subject areas and each aspect sets out general disclosures and key performance indicators (“KPI”) for listed companies to report on so as to demonstrate their performance.

## Materiality Assessment

The ESG Guide identifies a diverse range of Aspects that may be covered in an ESG Report, some of which may not be significantly relevant to our operations. To determine the material<sup>ii</sup> ESG issues pertinent to KWIH, we worked with an independent consultant to conduct a three-step materiality assessment with reference to best practice.

### Step 1: Identification

Identification of potential material topics was completed through peer benchmarking and stakeholder engagement.

- Peer Benchmarking: The ESG disclosures of KWIH's industry peers were reviewed to identify commonalities and provide insight into the issues which may be considered relevant to KWIH for disclosure.
- Stakeholder Engagement: The independent consultant invited internal stakeholders to complete an online survey to rank the importance of various ESG topics and express their opinions and expectations on KWIH's performance on ESG-related issues.

### Step 2: Prioritisation

To develop a list of potentially material topics, the results from the peer benchmarking exercise and the outcomes of the stakeholder engagement were consolidated and analysed. The analysis identified ESG issues of "medium" and "high" materiality for KWIH.

### Step 3: Validation

KWIH's senior management team convened with the independent consultant to discuss the results from steps 1 and 2.

With consideration of relevance to the Group's business operations, a set of material Aspects and KPIs were confirmed for disclosure in this Report.

<sup>ii</sup> HK Stock Exchange defines materiality as "the threshold at which ESG issues become sufficiently important to investors and other stakeholders that they should be reported".

## 4. Major Awards and Certifications

Throughout the years, KWIH has been recognised for its efforts in a variety of ESG-related areas. We are proud to share the following awards and certifications presented to KWIH over the reporting period.

Award/Certificate	Awarding Bodies	Issuing Year(s)
Constituent Stock of Hang Seng Corporate Sustainability Benchmark Index	Hang Seng Indexes Company Limited	2018
Leadership in Energy and Environmental Design Gold Certification: Suhe Creek office project, Shanghai	U.S. Green Building Council	2018
BCI Asia Top 10 Developers Award 2018 (Hong Kong)	BCI Asia	2018
Outstanding Corporate Governance Award 2018	Quamnet	2018
Listed Company Award of Excellence 2018 — Large Cap	Hong Kong Economic Journal	2018
Best IR Company Award	Hong Kong Investor Relations Association	2018
Top 100 Hong Kong Listed Companies Selection: Best Investment Value Award	Tencent and Finet HK	2018
Hong Kong Arts Development Awards 2017: Arts Sponsorship Awards	Hong Kong Arts Development Council	2018
LinkedIn Bronze award — Best Learning Culture Award	LinkedIn	2018
2017/18 Family-Friendly Employers Award Scheme: “Family-Friendly Employers” and “Awards for Breastfeeding Support”	Home Affairs Bureau and The Family Council	2017–2018
2018 China Human Resource Pioneer Employer	TOP HR	2018
2018–2019 China’s Healthiest Workplace: Innovating Health Practice Award	Mercer (China) Ltd.	2018–2019
Employer of Choice & Employee Communication Award	Job Market	2018
9th Hong Kong Corporate Citizenship Awards: Corporate Citizenship Logo 2019	Hong Kong Productivity Council	2018
Happiness at Work Promotional Scheme 2019: Happy Company Logo	Hong Kong Productivity Council	2018–2019
Good MPF Employer Award	Mandatory Provident Fund Schemes Authority	2018
Manpower Development Award	Employees Retraining Board	2014–2018
Best Integrated Employers Award	Cantonese Business Alliance	2018
Best Talent Cultivation Award	Cantonese Business Alliance	2018



## 5. Empowering Our People

The contributions of our employees are crucial to our success and implementation of our corporate strategies to drive the continued growth of the Group. We strive to support our employees to unleash their full potential.

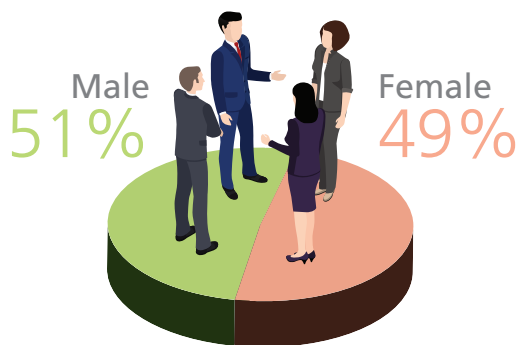
As of 31st December 2018, the number of our workforce stood at 980. Although staff retention continued to be a challenge for the property sector, our group's average employee turnover rate stood at 27% in 2018, same as the level in 2017.

### About Our People

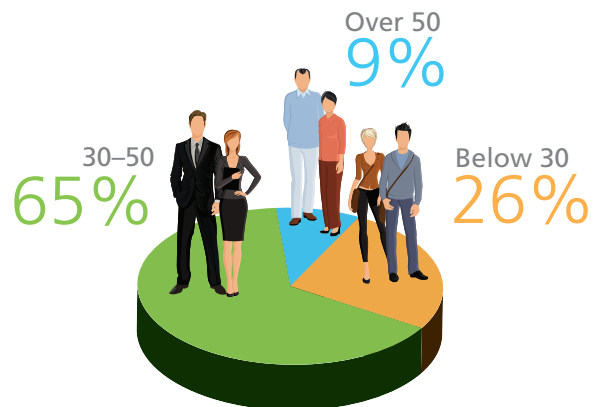
#### Workforce by employment contract, gender, and age group

		Total	Gender		Age Group		
			Male	Female	Below 30	30-50	Over 50
Hong Kong	Full-Time	213	107	106	25	149	39
	Part-Time	34	17	17	21	10	3
Mainland China — Property	Full-Time	440	219	221	62	350	28
	Part-Time	0	0	0	0	0	0
Mainland China — Hotel	Full-Time	250	139	111	100	129	21
	Part-Time	43	19	24	43	0	0
Total	Full-Time	903	465	438	187	628	88
	Part-Time	77	36	41	64	10	3

Total workforce by gender



Total workforce by age group



### Employee Turnover Rate<sup>iii</sup> by region, gender, and age group

	Total	Gender		Age Group		
		Male	Female	Below 30	30-50	Over 50
Hong Kong	29%	31%	26%	60%	29%	8%
Mainland China — Property	16%	19%	13%	21%	16%	4%
Mainland China — Hotel	45%	43%	47%	80%	23%	10%
<b>Group-wide average</b>	<b>27%</b>	<b>29%</b>	<b>25%</b>	<b>58%</b>	<b>20%</b>	<b>7%</b>

### Employment and Equal Opportunities

Our policy on “Equal Opportunities Legislations” demonstrates our commitment to create a work environment that is free from discrimination against our current and potential employees. To ensure fair and equitable recruitment and career advancement procedures, we prohibit discrimination or harassment on any grounds including gender, ethnicity, age, religion, sexual orientation, disability, education and nationality. Additionally, we emphasize the importance of promoting career development opportunities and recognition to employees based solely on merit, experience, and qualifications. During the reporting period, there were no cases of non-compliance with the relevant labour regulations of our operating locations.

The Group strives to invest in attracting the right people and retain our top-class professionals through the implementation of a friendly work environment. In addition to competitive remuneration packages, we offer a variety of benefits and facilities to accommodate the needs of our employees, including flexible working hours, family-inclusive medical and dental benefits, lactation room and other facilities available for our working mothers.

#### KWIH wins Employer of Choice Award for 3rd consecutive year

KWIH earned the Employer of Choice Award for the third consecutive year, as well as the inaugural Employee Communication Award. Entering to its 5th year, the Employer of Choice Award organized by Job Market is a prestigious award honours outstanding organizations that have demonstrated superior talent management strategies, programs and HR best practices.



<sup>iii</sup> Employee turnover rate = Total number of employees leaving the company in 2018 / Total workforce in 2018

## Continuous Training and Development

KWIH is committed to unleashing the full potential of our employees. Through internal and external training, we equip our staff with the updated relevant knowledge, latest information and advanced practices to best serve our customers and thrive in an ever-changing business environment. We provide in-house training programmes including interactive workshops and Lunch & Learn Sessions.

The Group sponsors eligible employees who seek membership in professional bodies, or pursue external training to enhance job knowledge, increase managerial effectiveness and/or acquire specific job-related skills designed to meet evolving corporate needs.



### Percentage of employees trained by gender and employee category

	Total	Gender		Employee Category		
		Male	Female	Senior Management <sup>iv</sup>	Middle Management <sup>v</sup>	General <sup>vi</sup>
Hong Kong	69%	72%	65%	38%	64%	74%
Mainland China — Property	95%	97%	94%	56%	96%	96%
Mainland China — Hotel	98%	98%	99%	100%	100%	98%
<b>Group-wide average</b>	<b>90%</b>	<b>92%</b>	<b>89%</b>	<b>46%</b>	<b>88%</b>	<b>93%</b>

### Average training hours completed per employee by gender and employee category

	Total	Gender		Employee Category		
		Male	Female	Senior Management	Middle Management	General
Hong Kong	2.1	2.0	2.2	11.1	2.0	1.1
Mainland China — Property	14.1	14.0	14.2	16.0	15.9	13.3
Mainland China — Hotel	36.4	34.7	38.3	5.5	5.5	38.0
<b>Group-wide average</b>	<b>18.3</b>					

<sup>iv</sup> Senior Management refers to employees at General Manager or above level.

<sup>v</sup> Middle Management refers to employees at Deputy General Manager, Assistant General Manager, Senior Manager and Manager level.

<sup>vi</sup> General refers to employees at Assistant Manager or below level.

### Launching e-learning platform to deliver tailor-made training

To deliver effective and engaging training opportunities, we launched an e-learning platform to allow our employees to access online courses on their computers or mobile devices. Our staff are offered a comprehensive library of interactive online courses and may choose courses that best suit their individual needs. The platform allows our employees to learn on-the-go and pursue their continuous professional development goals at their convenience.



LinkedIn and TOP HR, a professional HR media in China, awarded KWIH the “Bronze award — Best Learning Culture Award” (left) and “2018 China Human Resources Pioneer Employer Award” (right), respectively, in recognition of KWIH’s outstanding performance on professional development initiatives and human resources management.

### Launching mobile app to boost employee engagement

KWIH never compromises when it comes to organisational and communication efficiency. To meet the needs of our employees more efficiently and effectively, KWIH deploys various technologies to boost employee engagement and makes communication simplified and information immediate, interactive, and accessible anytime and anywhere.



In January 2018, our Human Resources and Information Technology Services departments launched their first mobile app, which is self-developed, in the company for internal communications, with a view to enhancing employee engagement. Since inception, 85% of our full-time employees have downloaded the app onto their smartphones to stay updated with company news and videos, courses, surveys completion and event registration.

## Employee Health and Safety

Employee health and safety is of paramount importance to KWIH. We actively engage our staff on the importance of safety through a diverse range of initiatives.

We prioritise preventative measures and encourage our employees to be mindful of healthy living in their daily lives, including in areas such as nutrition, physical activity, and stress management. In 2018, we organised a variety of activities to promote healthy lifestyles. In particular, we delivered a number of workshops and various stretching and high-energy fitness classes for our employees.

During the reporting period, there were 32 lost work days arising from work injury reported from projects in Mainland China and none in Hong Kong. Assessments and analyses are conducted after each incident to rectify any shortcomings in our safety measures and related staff training.

### Projects in Hong Kong

In order to create a risk-free worksite, our contractors are required to adhere to all relevant ordinances and rules governing safety standards. Main contractors are obligated to appoint a full-time Registered Safety Officer (“RSO”), who possesses the experience and expertise to handle safety-related issues on construction sites. A RSO is tasked with identifying and rectifying all unsafe situations and maintaining a proper maintenance log. Secondary checks are also periodically conducted by the building architect.

### Projects in Mainland China

Our projects in Mainland China are governed by Standard Operating Procedures which implement a systematic project auditing and tendering procedure. This process allows us to select contractors with exemplary health and safety records. Projects must comply with both national and local regulations. This is explicitly stated within contracts and sub-contracts. Contractors also must possess ISO 140001 and GB/T28001 certificates, and compliance is monitored through a three-level auditing process involving the site project team, the regional office and the headquarters.



### First-aid ambassadors deployed to enhance safety awareness



Complying with the Occupational Safety and Health Ordinance in Hong Kong, we regulate and extend health and safety protection by providing guidance on the responsibilities of the Group and our employees in maintaining a safe workplace. Several employees with approved first aid qualifications and CPR training are appointed as First-Aid Ambassadors, who are deployed to raise general health and safety awareness in the Group. We also conducted regular fire drills at all core projects to strengthen our emergency response capabilities.

### Encouraging employees to live healthily — Oxfam Trailwalker 2018 Challenge

We supported our employees in Oxfam Trailwalker Hong Kong 2018. Our KWIH employees joined hands with K. Wah Group's Stanford Hotels International to complete the rugged 100 km MacLehose Trail within 32 hours and 25 minutes. KWIH senior management and staff showed their full support by raising funds and cheering to the team at different checkpoints along the trail. Our other colleagues volunteered to support the trekkers with food and refreshment throughout the gruelling journey.



## Caring for Employees

KWIH maintains continuity in the promotion of work-life balance and the collaboration through employee-led interest groups and engagement activities.

### K. Wah Social Club

Consisting of representatives from different departments, K. Wah Social Club ("the Club") is a self-managed group sponsored by the Group. The purpose of the Club is to engage our staff and their families in the organisation and execution of charitable events and activities.

#### Objectives of the Club

To give back to and care for the community

To enhance sense of belonging and team spirit of employees

To provide training ground for cross-functional leadership

To promote corporate citizenship through participation in social/charitable activities

The Club Committee currently consists of one Committee Chairman, and 11 representatives from various departments. Committee members are limited to two-year terms in order to give colleagues more opportunities to participate.

In 2018, the Club regularly offered a wide range of activities, such as dragon boat competitions, movie days, wine tastings, and macaroon workshops. Through these opportunities, our staff are able to develop their personal interests and build closer bonds with one another, thus reinforcing their strong sense of belonging within the Group and enhancing individual well-being.



### KWIH Annual Staff Party

In May 2018, more than 550 of our staff and guests attended the Group's annual staff party to celebrate its remarkable achievements in the past year. The evening was run as a carnival event, complete with corners and folk art stalls offering traditional games such as "rainbow throws" and old nostalgic goodies such as "dragon-beard" candies and dough figurines, as guests and colleagues took a trip down memory lane to reminisce Hong Kong of the old times.

The Chairman Dr. Lui Che-woo thanked the staff for their hard work in his welcoming speech. "On behalf of the management, I would like to express sincere appreciation to you all, whose united effort has contributed to another year of sound overall operating results for the Company," he said.

The "Staff Excellence Awards" were also presented in commendation of colleagues whose services had manifested K. Wah's core value of "impeccable quality".





## 6. Engaging Our Customers and Value Chain

KWIH is committed to delivering quality products and services that exceed customer expectations. We engage and monitor every stage of our day-to-day operations and maintain close communication with our service providers, suppliers and contractors to ensure integrity and high quality throughout our value chain.

During the reporting period, there were no non-compliance cases relating to health and safety, advertising, labelling and privacy matters linked to products and services provided.

### Customer Health and Safety

Customer health and safety is of pivotal importance to KWIH. To maintain our high health and safety standards, we implemented proactive contractor engagement measures. In Hong Kong, we require all contractors to fully comply with relevant regulations set forth by the government, including, but not limited to, The Buildings Ordinance and The Fire Safety (Buildings) Ordinance. In Mainland China, strict tendering guidelines and quality control processes are in place to ensure the structural integrity and overall quality of our completed projects. All projects are subject to periodic inspections through our quality management systems.

### Advertising Standards

We put ourselves in our customers' shoes and understand that purchasing a property could be a significant decision. Thus, in line with our accountability principle, our marketing strategies strive to provide customers with the full, accurate, transparent and timely disclosure of information in order to facilitate their decision-making. To this end, we make sure all our property advertisements are in full compliance with relevant local and national regulations, including the Residential Properties First-hand Sales Ordinance in Hong Kong and other applicable legislation on advertising in Mainland China.

### Privacy

KWIH values the trust our customers place in us and gives its best to ensure all personal data collected from our customers is handled in the most secure manner.

To align the Group's stringent security management approach, only authorised personnel have access to customer data, which is stored in guarded servers with a secure IT infrastructure. We prohibit the disclosure of all data collected from current and former employees to any third party without prior written consent.

Additionally, we strictly comply with the Hong Kong's Personal Data (Privacy) Ordinance and all relevant applicable personal data protection legislations in Mainland China to make sure that all personal data collected from our customers shall be adequately protected. In 2018, there were no reported cases of non-compliance with relevant laws and regulations.

## Supply Chain Management

KWIH works closely with our suppliers and contractors to mitigate social and environmental risks arising from the extensive supply chain, resulting in safe working conditions and sustainable environmental practices. In long-term partnerships with the suppliers and contractors who align with our expectations on quality standard and sustainability performance across our projects, we manage to enhance our operational efficiency and minimise ESG-related risks.

## Quality Assurance

At KWIH, we pursue excellence at every stage of a project, from idea formulation to execution. To ensure contractors fully meet the Group's expectations on their quality standard and sustainability performance across our projects, we require all contractors to abide stringent minimum requirements, primarily regarding compliance with local laws and regulations, health and safety standards, and product quality and delivery.

### Hong Kong

Prior to the commencement of tendering, all contractors are required to undertake a pre-qualification screening, which specifies quality-related terms and conditions. For instance, the ISO 9000 quality management system certification is required for our qualified contractors. We also prioritise contractors who have relevant industry experience to assure product quality.

During the construction stage, a Clerk of Works is commissioned to conduct regular assessment with contractors to monitor and assess their work and ESG performance. For projects that will be assessed under the Building Environmental Assessment Method ("BEAM"), we appoint a qualified BEAM coordinator/consultant to ensure the required standards are followed.

### Mainland China

Similar quality assurance systems are in place across our projects in Mainland China.

Our pre-qualification screening generates a list of qualified contractors with satisfactory performance in the areas such as quality, safety, and product/service knowledge.

Our Standard Operating Procedure ("SOP") is in place from design and tendering to quality control. For example, our SOP in design guides the selection of materials to align with both national regulations and internal standards. In conjunction with the local government's periodic inspections, we conduct bi-monthly site inspections to ensure compliance with all relevant laws and regulations.



### Ethical Business Behaviour

As part of our robust corporate culture, we are committed to upholding the highest ethical standards and business integrity throughout our operations; KWIH adopts a zero-tolerance approach towards any form of corruption. Our Code of Business Conduct details the requirements for professional behaviour and applicable legislation which all our employees are obligated to follow. We actively raise internal awareness of anti-corruption practices by organising seminars and providing guidelines on receiving gifts.

The Group's whistle-blowing policy and grievance mechanisms are easily accessible to all employees through the intranet and staff handbook. Employees at all levels may raise concerns regarding improper behaviours to the Human Resources Department. To grant all whistle-blowers the ability to report without fear of reprisal, all cases are treated confidentially.

During the reporting period, there were no confirmed cases of non-compliance with the local or national anti-corruption regulation.

## 7. Building Our Sustainable Future

Striving to promote greater environmental stewardship for a better future, we put into practice our dedicated commitment to environmental sustainability by ensuring electricity, fuel, water, and other materials and resources are used in an efficient and prudent manner. During the reporting period, there were no non-compliance cases relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

### Energy Optimisation and Emissions Reduction

KWIH has a deep understanding of the fundamental hallmarks of our business: quality and excellence. We develop high quality properties and buildings while seeking to improve the environmental performance of our buildings and operations. Given the close link between energy consumption and GHG emissions, we are stepping up efforts and expanding our initiatives in order to optimise energy efficiency and reduce GHG footprint of our buildings, with a view of mitigating the direct impacts of our business as well as environmental concerns for the communities in which we operate. Some of our initiatives include:



Replace obsolete lighting fixtures with LED or other energy efficient light sources



Install building automation systems to efficiently control lighting and air-conditioning



Encourage employees to commute by public transport/mass transit to reduce roadside emissions



Install solar window films to reduce heat gain in air-conditioned spaces



Install video conference systems to reduce business travel



Utilise posters and stickers to remind employees to turn off unused electrical appliances



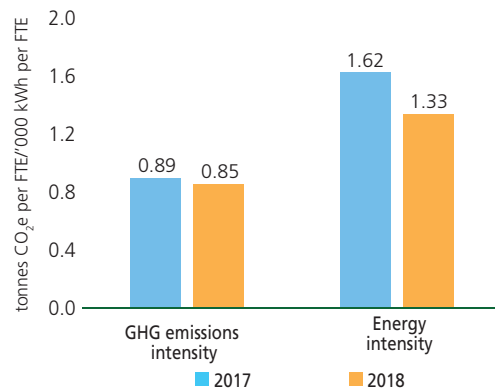
Purchase hybrid passenger cars for the company fleet to reduce fuel use and roadside emissions

Our concerted efforts towards environmental protection resulted in a decrease of the Group's overall energy intensity and GHG intensity by 18% and 5% in 2018, respectively, as compared to 2017. We will continue to explore energy-saving opportunities to further augment our sustainability performance.

GHG Emissions <sup>vii</sup> (Tonnes of CO <sub>2</sub> e)	
Scope 1 Emissions — Fuel Use	275.34
Scope 2 Emissions — Purchased Electricity	546.76
Scope 3 Emissions — Business Air Travel	101.23
Total GHG emissions	762.74
GHG emissions intensity (tonnes CO <sub>2</sub> e per FTE) <sup>viii</sup>	0.85

Energy Consumption ('000 kWh)	
Direct Energy Consumption — Fuel	504.13
Indirect Energy Consumption — Electricity	700.21
Total energy consumption	1,204.34
Energy intensity ('000 kWh per FTE)	1.33

### GHG emissions and energy intensity

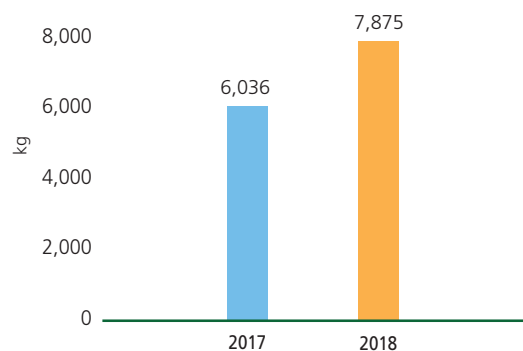


## Resource and Waste Management

KWIH takes great care of proper waste management and enhancement of resource efficiency. In accordance with the Waste Disposal Ordinance of Hong Kong, we appoint licensed operators to collect and dispose of construction waste. We engage specific sub-contractors with the necessary expertise to ensure proper disposal of hazardous construction waste. Our contractors are required to follow the *Best Practice Guide for Environmental Protection on Construction Sites* issued by the Hong Kong Construction Association. For our projects in Mainland China, our contractors are required to comply with local laws and regulations concerning waste disposal.

In 2018, targeted waste reduction and recycling remain as the top priority in our operational environments. We aim to identify the impacts of paper use from our business activities and adopt diversified measures to continually reduce our paper consumption and improve recycling performance. For instance, we encourage employees to adopt double-sided printing and reuse paper whenever possible. Our Hong Kong office recycled 7,875 kg of paper, a 30% rise as compared to 2017. The recycled paper in the year helped to avoid approximately 38 tonnes CO<sub>2</sub>e of GHG<sup>ix</sup>. Besides paper, we place designated bins in the office to collect and recycle other waste such as plastic bottles, aluminium cans and other types of recyclables. Furthermore, our Shanghai and Nanjing offices have installed an Office Automation System to handle internal applications and approval procedures online, aiming for creating a paper-less office.

### Recycled Paper



<sup>vii</sup> GHG emissions and energy consumption data are confined to Hong Kong K. Wah Centre, Hong Kong J SENSES, Twin Peaks and our offices in Mainland China.

<sup>viii</sup> FTE: Full-time Equivalent Employees

<sup>ix</sup> About 38 tonnes CO<sub>2</sub>e of GHG would be released if 7,875 kg of paper is to be disposed of in landfills.

## Green Buildings

The incorporation of sustainable features into building design has an immense role to play in the mitigation of adverse environmental impacts and the liveability of the surrounding community. At KWIH, our development projects follow industry best practices and embed sustainable concepts directly into the project cycle. For example, during site planning and the design stages, we work to integrate our newly-built properties into the surrounding neighbourhood and environment with minimal disturbance. In Mainland China, our company design guidelines emphasise environmental stewardship practices and encourage our partners to exceed national requirements. For instance, water conservation systems, including water monitoring fixtures, water-saving sanitary fittings and water recycling systems for plant irrigation, are encouraged. In addition to the National Government's green building requirements, we also explore certifications from regional and international green building rating schemes such as Leadership in Energy and Environmental Design ("LEED").

### Suhe Creek office project, Shanghai

KWIH is committed to improving the environmental performance of our buildings that are built on internationally recognised green building standards. The design, construction and maintenance of our Suhe Creek office project, Shanghai, has been designated at the beginning to impose positive impacts on the surrounding community and the environment.

In 2018, the Suhe Creek office project, Shanghai earned LEED Gold Certification from the United States Green Building Council under its LEED Core and Shell Development rating. We have introduced a wide range of strategies in the building in order to achieve sustainable site development, water conservation, energy saving, efficient use of materials and resources, high indoor air quality, innovative design and regional priority.



## 8. Giving Back to Our Communities

As a responsible property developer in Hong Kong and Mainland China, KWIH is committed to creating positive impacts in the communities where we operate. In line with our core principle of “giving back to the society from which one has benefitted”, we are devoted to investment and engagement in the communities in which we operate, with focus areas on community empowerment, arts and culture, youth development and environmental protection. Through delivering extensive programmes, we aspire to promote greater integration and harmony for the betterment of the society.

In 2018, we engaged more than 20,000 members of the public in both of our volunteering activities and outreach programmes. In recognition of our continued efforts and outstanding performances, KWIH was awarded Arts Sponsorship Awards in Hong Kong Arts Development Awards 2017 and Corporate Citizenship Logo in the 9th Hong Kong Corporate Citizenship Awards.

### Community Empowerment

#### The Global Goals Jam, Hong Kong

In 2018, we showed our full support to sponsor The Global Goals Jam (GGJ) in Hong Kong. Launched in 2016 under the aegis of the United Nations Development Programme and the United Nations Foundation, GGJ serves as an international platform by offering a two-day exclusive workshop for people from all around the world contributing to the 17 global goals for sustainable development by sharing their stories, projects and visions for the future.



### Filled children's heart with care and love: "Pizza Master Chef & Movie Appreciation" with St. James' Settlement

In collaboration with St. James' Settlement, KWIH created a meaningful day with more than 20 children and our volunteer team in a pizza-making workshop. We spent the lovely day in the workshop tour and made our own pizzas to savour. We went to enjoy a lovely movie in a theatre and completed the day with joy and fullness.



### Sowing the seeds of love to children in Shanghai and Nanjing

The volunteer teams from our Shanghai and Nanjing offices hosted various activities to help young people.

In June, our Shanghai employees paid a charity visit to CereCare Wellness Centre for Children in Xuhui District, Shanghai for the fifth consecutive years. Our volunteers listened to the stories of the children and joined them in the rehabilitation class. The children were gratified and sang together for our staff with their sincere thankfulness.

Established in 2003, the CereCare Wellness Center is a non-profitable residential treatment center that can currently accommodate up to 30 children with cerebral palsy. The Center provides a environment combined with innovative therapies so that children afflicted by cerebral palsy.

In May, our Nanjing employees visited Guxiong Primary School in Nanjing. To show our love and care to those students with heavy financial burden, our representatives listened to their difficulties and challenges and shared with them some festive gifts and good books for reading.



## Arts and Culture

### Promoting opera to sustain the development of arts

KWIH has spared no effort in advancing arts development in Hong Kong and promoting opera as an essential part of its good attempt. As the Honorary Patron of Opera Hong Kong (“OHK”) since 2013, KWIH has donated HK\$15 million to OHK in support of their efforts in promoting opera in Hong Kong. Through such endeavours, it has not only provided local artists with more valuable opportunities for cross-cultural exchange and performance participation, but has also enhanced a greater public appreciation of opera, with a view to sustaining the value and heritage of arts development and elevating the stature of Hong Kong as an international metropolis.

In 2018, we worked closely with OHK for 27 opera performances, attracting more than 24,000 audiences. We supported the performances of *K. Wah Opera Hong Kong Summer School 2018 — The Magic Flute* and the *K. Wah Opera Hong Kong Children Chorus Annual Concert 2018*, offering children an opportunity to perform and demonstrate their talent. 12 mini-opera school tours as well as a mini-concert were held to introduce the beauty of opera to children and teenagers. Additionally, four undergraduates and a postgraduate student were awarded in our K. Wah Vocal Scholarships in the year. The K. Wah Vocal Scholarships allow our local talents to pursue further musical training at local and overseas universities.

In 2018, KWIH garnered the “Award for Arts Sponsorship” at the Hong Kong Arts Development Awards 2017 from the Hong Kong Arts Development Council, in recognition of its contribution to the development of the arts in Hong Kong.





## Opera performances throughout 2018

### MORE THAN

**25**  
opera  
performances

**24,000**  
audience

**298**  
participating  
children

**45**  
participating  
young artists



## Youth Development

### Inaugural Cornell CUHK Regional Real Estate Competition, Asia

The youth are the leaders of tomorrow; we endeavour to nurture the next generation to reach their full potential and empower them to create a better future. KWIH has made a concerted effort to nurture young talent for the real estate industry. In 2018, we exclusively sponsored the first Annual Cornell CUHK Regional Real Estate Competition, Asia. Eight undergraduate teams from Hong Kong, Mainland China, Taiwan, Korea and Indonesia participated in the case competition and articulated high quality analyses and presentations. By providing a platform for students to apply their knowledge to real-world challenges, we allow young adults to explore international business issues and demonstrate a strong sense of commercial sensitivity and a global vision.



## Environmental Protection

### Day Run. Night Walk for the Green Earth


Raising awareness is essential for enhancing environmental protection within the community. As such, we provide opportunities for our employees and members of the public to participate in environmental volunteer work and activities to help strengthen their environmental knowledge and awareness.

KWIH sponsored the "Day run. Night Walk for The Green Earth" to spread the message of Cherish the Earth and promote a "zero-waste" lifestyle. Our employees formed a corporate team to join this green walk. The participants managed to finish the night walk with cheers and were proud to render full support to this green initiative.




## 9. HK Stock Exchange ESG Guide Content Index

KPI	Description	Page Number	Remarks
<b>A. Environmental</b>			
A1	General Disclosure — Emissions	18–19	
A1.1	The types of emissions and respective emissions data	N/A	Due to the nature of KWIH's business, this KPI is considered not material.
A1.2	Greenhouse gas emissions in total and intensity	19	
A1.3	Total hazardous waste produced and intensity	N/A	Due to the nature of KWIH's business, this KPI is considered not material.
A1.4	Total non-hazardous waste produced and intensity	19	
A1.5	Description of measures to mitigate emissions and results achieved	18	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	19	
A2	General Disclosure — Use of Resources	18–20	
A2.1	Direct and/or indirect energy consumption by type in total and intensity	19	
A2.2	Water consumption in total and intensity	N/A	This KPI is not significantly under KWIH's operational control.
A2.3	Description of energy use efficiency initiatives and results achieved	18	
A2.4	Description of issue in sourcing water, water efficiency initiatives and results achieved	N/A	This KPI is not significantly under KWIH's operational control.
A2.5	Total packaging material used for finished products	N/A	Due to the nature of KWIH's business, this KPI is considered not material.



KPI	Description	Page Number	Remarks
A3	General Disclosure — The Environment and Natural Resources	18–20	
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	18–20	
<b>B. Social</b>			
B1	General Disclosure — Employment	9, 14	
B1.1	Total workforce by gender, employment type, age group and geographical region	8	
B1.2	Employee turnover rate by gender, age group and geographical region	9	
B2	General Disclosure — Health and Safety	12	
B2.1	Number and rate of work-related fatalities	N/A	There are no reported cases of work-related fatalities.
B2.2	Lost days due to work injury	12	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	12–13	
B3	General Disclosure — Development and Training	10–11	
B3.1	Percentage of employees trained by gender and employee category	10	
B3.2	Average training hours completed per employee by gender and employee category	10	
B4	General Disclosure — Labour Standards	N/A	We abide by relevant employment ordinances and statutory requirements. No relevant cases of non-compliance were recorded.
B5	General Disclosure — Supply Chain Management	17	



KPI	Description	Page Number	Remarks
B6	General Disclosure — Product Responsibility	16	
B6.4	Description of quality assurance process and recall procedures	17	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	16	
B7	General Disclosure — Anti-corruption	18	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	18	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	18	
B8	General Disclosure — Community Investment	21	
B8.1	Focus areas of contribution	21–25	
B8.2	Resources contributed to the focus area	21–25	

### Contact Information

We welcome your feedback on this Report and our overall ESG performance. Please feel free to send us comments or suggestions related to this report by contacting the Corporate Affairs Department at the following address:

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