Letter from the CEO by Philip Chen

Dialogue with the Sustainability Steering Committee Chairman by Adriel Chan

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- Internal Awards and Recognitions
- Learning and Development Programs
- Hang Lung Social Club

CORPORATE GOVERNANCE
- Our Sustainability Journey
- Crisis Management

BUILDINGS AND THE ENVIRONMENT
- Standard Chartered Bank Building
- Project Management and Site safety

COMMUNITIES & PARTNERSHIPS
- Hang Lung As One Volunteer Team
- Hang Lung Mathematics Awards
- Olympia 66 - A Barrier-Free Environment
ABOUT THE HIGHLIGHTS

To cater to the needs of different stakeholders, this year we have produced 2 separate sustainability documents:

• The Sustainability Highlights 2016 present in the form of a magazine, show 10 stories that cover 4 aspects, including corporate governance, buildings and the environment, employees and community. The Highlights allow general readers to experience how Hang Lung Group integrates sustainability into business in a narrative way.

• Our digital Sustainability Report 2016 (the Report) presents details of our sustainability management approach and key performance indicators for various material sustainability aspects in a comprehensive and systematic fashion. The Report was prepared in accordance with the core option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, and the “comply or explain” provisions as well as “recommended disclosures” of the Environmental, Social and Governance Reporting Guide (ESG Guide) contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules). We also appointed Hong Kong Quality Assurance Agency (HKQAA) to provide independent verification of the information in the Report. If you are interested in the details of our sustainability performance in 2016, please scan the QR code below or visit our corporate website for the Report: www.hanglung.com/sustainability.
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Our stakeholders can contact us at HLProperties@hanglung.com for feedback and suggestions. Through our open and straightforward approach, we aim to offer investors, customers, staff and communities one of the most transparent and well-governed corporations in Hong Kong and mainland China.
2016 was an extraordinary year from the global sustainability perspective. It was a year full of surprises, just to name a few – Donald Trump’s plan to withdraw from the Paris Agreement; the Brexit challenges the long-believed economic model of globalization; the intensifying terrorism escalates global instability. Despite the macro uncertainties, we are proud that Hang Lung Properties stood firm in pursuing sustainability, and once again achieved some remarkable results.

For over 50 years, Hang Lung Properties holds a forward-looking approach to design, development and operations, which enables us to steer through obstacles and create an industry leading portfolio. We remain steadfast to our business philosophy We Do It Right, and more importantly our commitment to our employees, our business partners and the communities we serve on sustainable development and business optimization.

To give an overview on the last fiscal year, one shall never forget the memories of the two brave firefighters who lost their lives in the tragic fire incident at one of our tenants’ premises. While our crisis management protocol has effectively dealt with the situation and minimized the adverse impacts, we value the lessons learned from the incident, and we pledge ourselves through our investments, planning and training for our staff, tenants and customers to impart the crisis management strategies that protect everyone from any possible crises in the future.

We are ambitious towards the future. The management structure that drives our Sustainability Vision remains solid. Our long term business model, Build to Own and Build to Last, is an ode to how we recognize and value sustainable development.

By 2016, we substantially strengthened our internal project management system. It streamlines our process of ensuring quality and safety management of construction projects, and the necessary procedures to take our teams beyond compliance. On-going asset enhancement and optimization initiatives across our portfolio make our properties more resource-efficient and adaptive to a changing climate and business environment. Our headquarters, the iconic Standard Chartered Bank Building attained BEAM Plus V1.2 Existing Building Platinum Rating, the first office building to receive such an accreditation in Hong Kong. We also made a notable reduction in our electricity intensity, and renewing our target to cut another 12% by 2020 against our 2015 baseline.

Such accomplishments cannot be achieved without the unremitting support of all of our employees to instill and operationalize sustainability as a corporate culture across our business. Having people as our irreplaceable asset, we maintain ample investment in our learning and development programs to maximize our individual potential, and at the same time strive to create a sense of belonging among our employees through our diversified staff engagement programs. In giving back to our communities, our Hang Lung As One volunteer team continued their efforts in organizing over 100 volunteer activities in 2016, with nearly 14,000 service hours contributed by our colleagues.

These achievements were externally endorsed rather than just self-complacency. Over the last year, we have received a number of awards in different themes, such as sustainability reporting, green building development, people management, customer service and corporate governance, which humble and motivate us. All these demonstrate that Hang Lung Properties, along with our employees, are all working very hard to Go the Extra Mile.

Now we foresee both opportunities and challenges ahead of our sustainability journey, yet we will for sure uphold our commitment to invest in the long-term, to cultivate sustainable growth and to challenge the status quo. We are not walking this journey alone though. Through this fifth report we wish to articulate our sustainability strategies, and relay our appreciation to each of you who have supported us over the last year and for years to come.

We hope that you enjoy being a part of this growth.

Philip Chen
Chief Executive Officer
September 2017
2016 Highlights

Rental & property sales revenue

Hong Kong
HK$3,742 million

Mainland China
HK$3,995 million

Number of employees

Hong Kong
1,257

Mainland China
3,483

Total training hours

Hong Kong
13,746 hours

Total volunteer hours

Electricity intensity

Hong Kong
106.08 kWh/m²/year

Mainland China
82.52 kWh/m²/year

Water consumption

Hong Kong
508,609 m³

Mainland China
1,367,790 m³

Employees’ wages and benefits

Hong Kong
HK$906 million

Mainland China
HK$468 million

Greenhouse gas intensity

Hong Kong
0.0694 Tonnes CO₂e/m²/year

Mainland China
0.0870 Tonnes CO₂e/m²/year
Sustainability is indeed a Board-level priority. With their support, we established our Sustainability Steering Committee in 2012 and have published a standalone Sustainability Report since then, making this year our fifth report.

As a listed company, it is our duty to see that Hang Lung’s stakeholders are properly served. We pride ourselves on our long-term, sustainable strategy, and this means being honest with ourselves about both what we have done well, as well as our shortcomings. The level of transparency in the report is reflective of the scale of our goals, though with so much on our plate, they will take some time to achieve.

We believe that operating sustainably is not only the right thing to do, but the only way to do it.

Q1. Hang Lung has recently come to be a leader in sustainability among Hong Kong listed companies. Clearly, there is commitment from the Board and management. Could you share some of the thought process behind this?

The elements of “sustainability” resonated with me long before it became a popular term. In particular, sustainable environmental and societal values have been close to my heart for decades.

I was fortunate to have grown up surrounded by greenery, and so spent a lot of time outdoors. I have always been drawn to nature and its ecosystems, and am interested to see its protection and preservation. In the ultra-urban environment of Hong Kong, I have also seen the myriad of social issues that we face, from poverty to public health challenges, which government alone cannot solve.

Governance was a topic that I was only exposed to after joining the workforce, but its value was immediately apparent to me while I was working in mainland China in the mid-2000s.

Since sustainability is part of my own value system, it is at the same time easy and difficult to apply to business. Easy, because I am applying my own beliefs to the organization, but difficult because there are so many compromises that must be made in the process.

Q2. Your corporate sustainability goals are clear, but can you tell us what sustainability means to you personally?

Since sustainability is part of my own value system, it is at the same time easy and difficult to apply to business. Easy, because I am applying my own beliefs to the organization, but difficult because there are so many compromises that must be made in the process.
Q3. There are some who do not see the full value of sustainability, or who do not understand it. How would you explain why Hang Lung should be sustainable?

Hang Lung is here to create value for its shareholders and stakeholders. Doing it in a sustainable manner means that we are looking at how value accrues over time, rather than at one point in time. As we consider the effects of decisions over longer periods, we must naturally look up and down the value chain. This results in us putting emphasis on our communities and the environment. To a large extent, this also informs our governance structure.

Q4. As the Chairman of the Sustainability Steering Committee, what do you see as the greatest opportunities and challenges relating to sustainability?

The opportunities are endless! We employ almost 5,000 employees, who touch hundreds of thousands of customers every day across Hong Kong and mainland China. To use just one example, if we could leverage this stakeholder base to help conserve energy or reduce waste, then we could have a substantial impact on our carbon footprint. Now replace “conserve energy” with any other sustainability goal, and you get the idea.

Perhaps the biggest challenge, however, will be convincing all these stakeholders that it is in our own interest to lead more sustainable lifestyles!

Q5. What plans do you have for the coming years?

We have historically done well in governance and green buildings. In recent years, we have made leaps and bounds in measurement and transparency. Going forward, we would like to focus on building operations, and engaging our communities.

There are external factors too. In Hong Kong, there have been developments in regulation on issues such as waste charging, energy efficiency, and occupational health and safety. As we build up our internal reporting systems, we will be able to effectively tackle these and more.

We also focus on our people and culture, as they are the driving force behind our long-term success. In recent years, we have invested substantially in talent recruitment and retention, and we must now groom and nurture them to create an effective, efficient, and culturally-aligned team.

Q6. How can Hang Lung achieve a leadership position amongst our peers?

Although we perform relatively well today, the market places increasing emphasis on sustainability. Yet, one of the best things about sustainability is that it is not a zero-sum game. In fact, when we all do better, we all reap even more rewards.

Still, I believe that people and culture are the keys to success. We must also continually drive for operational excellence, and communicate clearly to our employees what sustainability looks like in respective roles. With buy-in from our employees, we can then extend our impact to our customers, tenants, business partners, and other stakeholders, at which point we can comfortably say that we are doing our part.
Developing a supportive workplace requires a positive corporate culture, the right people and an inclusive outlook. One of the pillars of our Sustainability Vision is to be an ‘Employer of Choice’ that attracts high-potential employees and retains top talent who will help drive our future growth.

In pursuit of this objective, we take a multi-faceted approach that builds the knowledge and skills of our employees and promotes the view that personal and professional development is an ongoing process. Reflecting our belief that ambition and a strong team spirit are the building blocks of a sustainable and vibrant workplace, we have implemented a series of engagement programs that aim to promote employee well-being and strengthen bonds among colleagues.
Recognizing Achievements and Leading by Example

The Group’s long-term success relies in large part on keeping our excellent team motivated. In a highly competitive market for talented employees, we are continuously looking for new and effective ways to retain our best performers. Recognition encourages individuals to take pride in their jobs and enhances loyalty. More importantly, it lets our employees know that their work is valued and appreciated.

Our corporate culture incentivizes our people to do the right thing and always be striving to do it better. In support of these goals, we have established several awards – including the Emerald Award and Hang Lung Leading Edge Marketing Awards – that celebrate outstanding contributions by our employees and encourage them to ‘Go the Extra Mile’.

Promoting a Culture of Service Excellence

With investment in building hardware already established as an industry norm, we are sharpening our competitive edge by enhancing our software and positioning ourselves as a customer service leader among commercial property developers. The Emerald Award, which entered its second year in 2016, is helping us drive forward with these objectives by recognizing employees who are taking the lead to deliver exceptional frontline customer service and serve as role models for their colleagues.
**The Emerald Award Process**

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<tr>
<th>Nomination</th>
<th>Evaluation</th>
<th>Award presentation ceremony</th>
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| Frontline staff are nominated by general managers, supervisors or colleagues. In 2016, 245 nominations were received from properties in Hong Kong, Shanghai, Shenyang, Jinan, Wuxi, Tianjin and Dalian. | The nominees are evaluated on:  
- customer service performance  
- sense of accountability  
- initiative  
- problem-solving skills  
- creativity  
- uniqueness | The winners are announced at the Emerald Award Presentation Ceremony, which is an opportunity for all staff to celebrate their achievements. This year, we wanted to show our appreciation for the contributions of our employees by hosting the ceremony at a five-star hotel in Hong Kong. The ceremony was attended by over 100 industry professionals, tenants of our properties and members of the media, as well as members of our management team. Each winner received a certificate and our prestigious Emerald Pin, adorned with white gold and emeralds. The winners also took part in a three-day exchange tour that gave them the opportunity to learn more about customer service in other industry sectors. |

"I don’t think about receiving praise from customers. I don’t think that removing a toilet is annoying. Providing a good service is my responsibility. I just do the best I can."

Yu Ronghua, Technician, Grand Gateway 66

"Over many years of service, I have always worked with sincerity and done my best to take care of every customer."

Chan Mun Kan, Guest Service Supervisor, Amoy Plaza

"Language can be an obstacle. But relationships can blossom once trust is built up. Embracing the responsibilities of my job has helped me forge friendships with residents from different parts of the world."

Chen Wei, Senior Guest Service Associate, Grand Gateway 66

"Receiving an Emerald Pin is a great honor for me. I hope more colleagues will strive to achieve this award in the future!"

Betty Zhang, Senior Guest Service Associate, Parc 66

"Providing customers with dedicated and professional service is my responsibility. I believe my passion for my work and care for customers illustrates the spirit of Hang Lung Star Service."

Zhang Xuan, Senior Guest Service Associate, Parc 66

"The Emerald Pin is a goal that we all pursue with enthusiasm and effort. We will continue to place great emphasis on providing quality service."

Liu Miaomiao, Assistant Guest Service Associate, Palace 66
Hang Lung Leading Edge Marketing Awards

In 2015, we launched the Hang Lung Leading Edge Marketing Awards to recognize team achievements in creating successful marketing campaigns that build up the positive image of the brands represented at our shopping malls. The Awards encourage creativity, excellence, channel integration, quality execution and tenant partnerships in marketing campaigns across the Hang Lung portfolios.

17 entries from 13 shopping malls
2 rounds of judging by 8 senior executives from different departments
7 winners

Gold Award

Center 66 - ‘Cool Bear’
Fashion Walk - Fashion Intelligence Index

Silver Award

The Peak Galleria - Running Pac-Man

Bronze Award

Palace 66 - Magic Power
Fashion Walk - Christmas ExTREEvaganza
Riverside 66 - Mr. Skeleton
Plaza 66 - Aurora
Enabling Employees to Shine

Personal and professional development is an ongoing journey. The Group considers an effective learning and development program to be a critical part of keeping our employees motivated and encouraging them to build a strong sense of loyalty and pride towards our business.

Our training and employee development initiatives are centered on Academy 66, which provides well-rounded learning experiences for colleagues at all levels of our organization. In 2016, we extended the capacity and reach of Academy 66 with the launch of eAcademy 66, a convenient e-learning platform that enables employees to further their personal and professional development at their own pace. This new learning channel helped support a 12% year-on-year increase in the total number of training hours recorded across Hong Kong and mainland China in 2016.

Well-rounded Learning Experience

We are working to expand the number and range of our internal and external training programs. In 2016, we organized hundreds of training courses, tutorials and workshops to equip our people with the necessary skills and knowledge to help them excel as employees and individuals. Our programs fall into one or more of the following broad categories:
Nurturing Our Employees

Looking ahead, we will further enhance our internal capacity and help our employees achieve their professional aspirations through actions such as revamping our staff orientation program, introducing a greater variety of training modules and formulating more personalized development plans for employees with high potential. With the goal of enabling our employees to shine, we are determined to create shared values among our people and provide high-quality service that will differentiate us from our peers and support our long-term success.
恒隆星級客戶服務 | 高級課程
客戶服務標準執行工作坊
Fostering a Fun, Friendly and Cohesive Workforce: The Hang Lung Social Club

The Group places great importance on the well-being and holistic development of our people. Healthy and satisfied employees are able to perform at their best and contribute the energy and ideas that will help grow our company.

Established in 2011, the Hang Lung Social Club (the Social Club) offers our employees opportunities to cultivate personal interests and hobbies, and provides a space that brings colleagues together in a social environment.

The ‘New’ Hang Lung Social Club

In 2015, the Social Club was reorganized to provide a more balanced and diversified array of activities that closely align with the interests of our staff. At the same time, the committee that had previously been responsible for managing all the Social Club activities was restructured into 4 taskforces.

This new structure has allowed us to allocate resources more effectively, establish clearer goals for the activities we organize, and better share our corporate values – such as sustainability, health and well-being, and good work-life balance – with our staff. By building common values with our employees, we can nurture a sense of belonging to one united team and strengthen our corporate identity.

Plaza 66, the founding property of our “66” brand in mainland China, is a unique Home to Luxury in Shanghai, which houses over 100 international, renowned luxury goods and fashion brands, and offers upscale dining options. Located at one of the “10 Most Famous Commercial Streets in China”, Plaza 66 perseveres to raise the bar of customer experience by rolling out an Asset Enhancement Program in phases from mid-2015. Most of the works had been completed with new brands starting to move in by the end of 2016. Visit us and experience the refreshed Plaza 66!

Address: 1266 Nanjing Xi Lu, Jing’an District, Shanghai
In 2016, the Social Club organized everything from our landmark Annual Dinner event to a bowling competition and a guided tour at Hong Kong Wetland Park. Providing a diverse range of social and leisure activities is an important element of our efforts to keep our people enthusiastic and engaged throughout the year.

### Annual Dinner 2016

Over 500 colleagues from Hong Kong and mainland China attended our Annual Dinner. With its circus theme, the event was a grand spectacle that was full of excitement, fun and many memorable moments.

### Guided Tour at Hong Kong Wetland Park

We also organize leisure activities to raise awareness among colleagues and their family members about environmental and sustainability issues. In 2016, over 60 people took part in a guided tour at the Hong Kong Wetland Park to learn about Hong Kong’s efforts to protect various wetland animal and plant species.

### Team Bowling Tournament

Sports are effective ways to promote teamwork and stronger friendships. Over 30 colleagues participated in a friendly team bowling tournament organized by the Social Club in 2016.
Establishing Interest Clubs

Following its reorganization, the Social Club now supports and coordinates a number of themed interest clubs. Each interest club is run by a committee that reports to the Social Club but has the flexibility and authority to organize large-scale events or recurrent staff activities relevant to the club’s theme. As of June 2017, 4 interest clubs were in operation: the Hang Lung Dragon Boat Team, the Runners’ Club, the Photography Club and the Hang Lung Football Team.

**HANG LUNG DRAGON BOAT TEAM**

The team, established in early 2016, organizes weekly training sessions from February to May to prepare our dragon boat team members for racing during the Dragon Boat Festival.

**RUNNERS’ CLUB**

Being the first established themed interest club, the club organizes bi-weekly training sessions for colleagues, and sponsors employees who participate in selected races on behalf of the Group.

**PHOTOGRAPHY CLUB**

Established in mid-2016 to serve the Group’s many photography enthusiasts, the club organized 3 workshops and 4 field trips in its first year of operation.

**HANG LUNG FOOTBALL TEAM**

We recently established the Hang Lung Football Team, with 17 team members joining the first training session at Victoria Park in April 2017.

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*It has been a pleasure to be the coach of Hang Lung Dragon Boat Team, and to see the entire team commit themselves to training every week despite their busy work schedules. It was amazing to see the team spirit that was built in only a few months among members who worked in different departments and had seldom interacted before.*

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Mr. Kwok
Hang Lung Dragon Boat Team Coach

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Value Creation for Employees

The Social Club’s function extends far beyond the organization of leisure activities for employees and their friends and families. Its deeper impact is the valuable role it plays in building connections and camaraderie among colleagues across departments and at all levels of our operations. By facilitating the development of a cohesive and energized workforce, we will continue to move forward with our aspiration to be an employer of choice and grow with our employees.
CORPORATE GOVERNANCE

A growing proportion of society now views ‘corporate governance’ as a measurement of a company’s capacity to manage its social and environmental impacts in a responsible way.

‘Sound Governance’ is a pillar of our Sustainability Vision, reflecting our commitment to maintaining a high standard of corporate governance as the central element of our sustainable growth strategy. The success of initiatives to enhance our capacity in areas such as legal compliance, internal controls, risk management and crisis preparedness are important parts of how we evaluate our progress. Under the unifying leadership and guidance of our Board of Directors, we rely on the dedication and drive of our employees to ensure we keep moving in the right direction.
Our Sustainability Journey: Building from the Ground Up

To be honest, the term ‘sustainability’ didn’t carry much weight in a business context when I was asked to set up the Group’s sustainability management structure early in 2012. But I knew we needed to take action, and I decided to adopt a slightly different approach. In addition to developing high-level policies and strategies, we put substantial effort into raising internal awareness and involving and engaging as many colleagues as possible in our sustainability activities. I am proud to see that after only 5 years, sustainability has evolved from a term that most of our colleagues were not aware of to now being a central element of our corporate culture and deeply embedded in our decision-making.

Bella Chhoa
Vice Chairperson, Sustainability Steering Committee

At Hang Lung, we view sustainability as key to our future success and an integral part of our corporate culture. Each member of our workforce is responsible for doing their part, from members of the Board to our frontline staff. We rely on all our employees to support our sustainability objectives, as well as to meet our targets and set clear priorities that support the growth of our business. To better align the goals and objectives of different arms of the Group with our corporate sustainability strategy, we developed a Sustainability Vision that focuses on 5 pillars: Sound Governance, Sustainable Buildings, Green Operation, Employer of Choice and Community Integration.

This is the only way to Do It Right and to ensure sustainability factors are ingrained into the decision-making processes and management of the Group.

Please email to mt@hanglung.com for any enquiries.
Embracing a Journey of Continuous Learning

Our pursuit of sustainability has been a journey of continuous learning and improvement, filled with challenges but with rewarding achievements. In order to keep moving forward in our efforts, we periodically review our progress to reflect on what we have achieved and where we aim to go next.

- Took the first step towards integrating sustainability into our corporate strategy by recognizing the importance of green buildings.
- Set a goal to obtain Leadership in Energy and Environmental Design (LEED) Gold Certification – an international benchmark for sustainable architecture issued by the US Green Building Council – for all our newly completed projects in mainland China.
- Palace 66 became our first LEED Gold certified property.
- Became one of the 30 constituent companies of the Hang Seng Corporate Sustainability Index.
- Formalized the sustainability management structure along with establishing the Sustainability Steering Committee.
- Formulated our Sustainability Vision that sets out our overall direction in pursuing sustainability.
- Established the Hang Lung As One volunteer team in Hong Kong.
- Established Academy 66, our flagship development program.

- Applied for our first LEED Certification (for Palace 66).
- Issued our first standalone sustainability report based on the internationally recognized standards Global Reporting Initiative (GRI) G3.1 Guidelines.
- Launched the corporate-wide Integrity Program to demonstrate our commitment to upholding high ethical standards.
- Our 23-39 Blue Pool Road residences became the first project in Asia to join the LEED for Homes International Pilot Scheme.
- Became one of the 30 constituent companies of the Hang Seng Corporate Sustainability Index.
- Established Academy 66, our flagship development program.
Envisioning the Future

While pleased with the progress we have made in pursuing greater sustainability; we recognize that this is a continuous process. We will continue to adopt local and international best practices that help enhance our capacity and hone our edge in all aspects of sustainability as part of our aspiration to become a sustainability leader in the future.

Sustainability is a long journey, and it may take decades to operationalize it in an organization. I am glad to see that our top management has been demonstrating strong determination to drive change over the past few years. Despite the long path that lies ahead, we have laid a strong foundation with sustainability now widely recognized as one of the core values of the Group. I am confident that we can go a lot further and continue to have positive impacts on the environment, society and economy.

Jonathan Li
Sustainability Manager
Stay Calm in a Crisis: Emergency Preparedness and Response

While the Group takes appropriate precautions to mitigate risk and avoid negative incidents, we cannot prevent every crisis. An important part of running a responsible business is to ensure that we are well prepared to handle different types of emergency situations. In late 2015, we formalized our crisis management structure and launched our corporate-wide Crisis Management Manual, which outlines robust measures and mechanisms to prepare for and respond to a wide variety of crises, including financial, human, mechanical, technical and climatic incidents.

The Group’s diverse portfolio in Hong Kong and across 8 cities in mainland China encompasses site conditions that vary significantly due to differences in building design, neighborhoods and the surrounding environment. For this reason, we have developed site-specific, case-by-case crisis response plans on top of our Group-wide Crisis Management Manual. For example, in Shenyang, we need to conduct emergency drills that take the impact of heavy snow into consideration.

C. F. Kwan
Director - Corporate Communications & Investor Relations
Crisis Manager

While documenting our crisis management protocols is an important part of the process, we place equal emphasis on ensuring our employees understand our procedures and building the capacity of all employees to respond efficiently and effectively in a crisis situation.

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<th>Cases and Information Sharing</th>
<th>Regular Crisis Drills</th>
<th>IT Disaster Recovery Drill</th>
<th>Crisis Audits</th>
<th>Online Crisis Management Course</th>
<th>Crisis Management Workshop</th>
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<tbody>
<tr>
<td>Sharing of landmark crisis cases in Hong Kong with senior management</td>
<td>Conducted over 200 drills in 2016</td>
<td>Regularly conducted in both Hong Kong and mainland China</td>
<td>Completed auditing all properties across Hong Kong and mainland China by July 2017</td>
<td>All Group colleagues (except operational staff) participated in the course in 2016</td>
<td>Engaged external consultant to organize workshops in mainland China</td>
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Background
In July 2016, Tianjin experienced an extremely heavy rainstorm that caused the city’s main roads to flood and pushed river water levels to nearly 2 meters above normal. To minimise and manage the negative impact at our Riverside 66, our Crisis Management Team in Tianjin immediately began implementing the relevant emergency protocols and remained in active communication with tenants, government departments and suppliers throughout the incident.

Major Actions Taken
1. For the safety of our tenants and customers, we evacuated the mall and closed it for most of the day.
2. In order to ensure the orderly and safe evacuation of the mall, we provided real-time updates through the in-mall broadcast system and Riverside 66’s Weibo account.
3. We used sandbags to protect vulnerable locations and had cleaning teams standing by in case the situation deteriorated.
4. A number of colleagues remained at the mall overnight to continuously monitor the situation and ensure that the mall would be fully operational on the following day.

Aftermath
Although normal mall operations were disrupted for almost a day, all tenants and customers were safely evacuated and we minimized the negative impact and losses caused by the flood.
Background
In June 2016, a fire broke out at a tenant’s premises at Amoycan Industrial Centre in Ngau Tau Kok, Hong Kong. As the Group holds a majority share in the property, we immediately mobilized our Crisis Management Team. The team worked to ensure that all relevant parties, including employees and the general public, were kept apprised of the situation on a timely basis by issuing multiple staff announcements and media statements.

Major Actions Taken
1. We kept in close contact with relevant government departments to provide all necessary support.
2. We set up support centers and deployed additional manpower at the nearby Amoy Plaza to provide assistance, a resting space and basic necessities for all those affected by the fire.
3. We arranged for the St. John Ambulance Brigade to provide medical services.
4. We commissioned authorized professionals to thoroughly assess the safety and structural integrity of the building after the incident.

Aftermath
Sadly, this tragic incident claimed the lives of 2 firefighters. However, our colleagues demonstrated a high degree of professionalism in working to minimize further adverse impacts by following our emergency protocols and maintaining clear and frequent communication with all those affected by the fire.

Creating an Effective Crisis Management Culture
Good crisis management requires that we have robust protocols in place and, more importantly, that our entire team is ready to implement these effectively and efficiently in an emergency situation. We will maintain a continuous cycle of practice, evaluation and improvement to continue building the capacity of our crisis management system and ensure our employees are well-prepared to handle any crisis event.
The concept of green buildings and eco-friendly design has become increasingly commonplace in Hong Kong and mainland China over the past 2 decades. However, what is still often overlooked is that buildings are part of a broader social fabric. The social value of these structures is their role as places where people live, work and play.

‘Sustainable Buildings’ and ‘Green Operation’ are two of the pillars of our Sustainability Vision. Since 2007, we have invested significant time and resources in ‘greening’ our portfolio, establishing teams and structures that will push our environmental and social objectives forward, and reporting on the challenges we face as well as our achievements.
Under our ‘Build to Own and Build to Last’ business model, we strive to minimize our potential negative impact on the environment. Incorporating state-of-the-art green design features into our new buildings is part of the solution, but we must also take steps to narrow the disparity in sustainability performance between our old and new buildings. We, therefore, allocate resources for investment in the optimization of our aging properties, with the aims of improving their operating efficiency, enhancing the health and well-being of their occupants, and maintaining our long-term competitiveness.

Standard Chartered Bank Building
Completed in 1990, Standard Chartered Bank Building is a Grade-A office building located in the heart of the financial district in Central, Hong Kong, and distinguished by its architectural design that melds the artistic with the practical. However, by 2012, many of the building’s facilities, especially its central air-conditioning chiller, were approaching the end of their functional lifecycle and were highly energy inefficient in comparison to more modern systems.

Review and Refitting
To address this situation, the Group invested nearly HK$30 million in a review and refitting project that covered 4 main areas:
Replacement of Chiller Plants
We worked for 2 years, overcoming a number of site and time constraints, to replace the old air-cooled chiller plant with a high-efficiency water-cooled system and increase cooling capacity by over 20% to meet future demand. Other features that enhance energy saving and reduce environmental impacts include:

- Introduction of a remote control system (direct digital control) that facilitates the continuous monitoring of plant operation and energy consumption
- Automatic tube-cleaning machine in place that reduces maintenance needs
- The use of non-CFC refrigerants

The new chiller plant offers greater reliability, ease of maintenance and equipment longevity. Along with other energy-saving measures, such as the installation of energy-efficient light fixtures, we achieved a 3,855 MWh net reduction in electricity consumption, representing a total energy cost saving of nearly HK$6 million, between 2013 and 2016.

Other Key Actions
In addition to energy-saving initiatives, we reduced overall water consumption by more than 10% by replacing 160 old-style water faucets with sensor-type low-flow-rate faucets. Additional air purifiers were installed inside the air handling unit (AHU) on each office floor to enhance indoor air quality (IAQ), enabling us to provide a healthier indoor environment for our staff and tenants and meet the ‘Excellent’ Class IAQ standard of the HKSAR Government.

Electricity Consumption of Standard Chartered Bank Building
External Endorsement

The project has received external recognitions:

- The first existing office building in Hong Kong to attain a Platinum Rating in the Final Assessment under BEAM Plus for Existing Buildings Version 1.2, Hong Kong Green Building Council
- Award in Renovation category (Hong Kong Chapter) and Regional Award in Renovation category, Excellent Intelligent Green Building Awards 2016, Asia Pacific Intelligent Green Building Alliance

We recognize the value of building for sustainability and will continue to incorporate green features throughout the lifecycle of our properties – from architectural design and construction to management and operations – to provide buildings that make a positive contribution to the future of our communities. We will spare no effort to working to overcome the limitations of existing buildings and implementing environmental and social measures to enhance efficiency, reduce negative environmental impacts and improve the well-being of our tenants and customers.

The achievements of Standard Chartered Bank Building project speak volumes to the Group’s Sustainability Vision and commitment to long-term investments that will benefit society at large.

"The Group is enhancing the performance of all its buildings, and we are especially proud of the recognition we have received from the Hong Kong Green Building Council under its BEAM Plus assessment. Given the many constraints we encountered during the retrofitting project, we had originally set our sights on achieving a Gold rating, but our determination to always strive for excellence took us beyond our initial expectations. Achieving a Platinum rating has set a new standard for the Group as well as for the industry as regards optimizing the environmental performance of existing buildings."

S. W. Lam
Deputy General Manager – Property Services
In 2013, the Group embarked on a comprehensive review of its project and construction site safety management system in an effort to strengthen current approaches and support the development of future projects. In 2016, we officially launched a new Project Management Manual, which has significantly advanced our project management capacity by providing greater clarity on the key fundamental control principles and procedures governing the various stages of our project development cycle.

We acknowledge that our previous safety management structure was relatively less robust in certain areas. Based on the findings of our review and industry best practices, we have taken significant steps, such as standardizing the design guidelines and contract templates, and initiating systematic site audits, to address the inadequacies and ensure that all of our construction projects are consistently managed to the same high standards.

Development from Within

With major projects in different cities in mainland China, it is critical that our key executives on project development have a solid understanding of our project management principles and procedures as set out in the Group’s new Project Management Manual. To help achieve this, we organized 7 Project Management Manual Workshops and a two-day Project Management Conference in 2016.

The workshops were held between April and October for senior executives from various departments. Attendees had the opportunity to share their views and experiences on how to control project costs and monitor project progress and safety. Attendees had to pass a test on our online learning platform, eAcademy 66, to show that they were familiar with and understood the content of the Project Management Manual.

Chief Executive Officer Philip Chen and Executive Director Adriel Chan, together with 3 well-known industry practitioners – Mr. H.B. Kan, Mr. Kenneth Poon and Mr. Thomas Tsang – shared their experiences with 85 senior executives on the first day of the Conference. On the second day, Independent Non-Executive Directors, Dr. Andrew Chan and Ms. Anita Fung, gave their views and insights on the drivers of change for improving project management at the Group, the role of innovation, and the value of risk profiling.
Supporting Site Safety

Construction site safety management is one of the core elements of our Project Management Manual. Since 2015, we have been working to strengthen safety management systems at our construction sites to better meet stakeholder expectations on protecting the safety of site workers. Key areas include:

- Safety Supervision Capability
- High-risk Work Process Safety
- Fire Safety
- Special Equipment Safety
- Safety Inspection
- Emergency Preparedness
- Accident Investigation
- General Construction Safety
- Safety Preparation
- Site Security
- Project Management
- Health & Safety
- Fire Safety

We go beyond the statutory requirements by hiring third-party consultants to monitor and advise on construction site safety for key projects in mainland China. These consultants are responsible for ensuring that we uphold the highest possible compliance and safety standards and provide appropriate training where deemed necessary.

Number of accidents per 100,000 man-hours in 2016: 0.032

The Way Forward

We will continue to refine our project management system to incorporate new elements that will strengthen our ability to manage all possible risks throughout the project development cycle. This will require continual strategic business planning along with the active participation of our colleagues and our contractors. Maintaining a strong project management and safety performance will help ensure that the Group stays competitive and serve as a positive influence on our industry peers in mainland China.

Over the years, I have seen enhanced cooperation and buy-in from all of our teams. The reinforced approach and mechanisms in place have significantly streamlined the way we manage our project costs, progress, quality and safety. The launch of the new Project Management Manual is the starting point of a dynamic learning process instead of an end result. We will remain humble and continue to learn from best practices, so that we can continue to enhance our procedures and address practical needs as our business continues to grow.

Gabriel Cheung
Director - Cost & Controls
One of the United Nations Sustainable Development Goals is to create sustainable communities that support the social and economic advancement of people living in cities while striving to protect our precious natural resources.

As a large company operating in the property development and management industry, we acknowledge the crucial role we play in helping to build sustainable communities. With ‘Community Integration’ as a pillar of our Sustainability Vision, we aspire to create inclusive built environments by integrating social considerations into our planning and investment decisions, and by participating in community-rooted projects and initiatives that will help drive social progress.

COMMUNITY AND PARTNERSHIPS
The Group is committed to creating social value for our communities while enhancing business value. In 2012, Hang Lung Properties established the Hang Lung As One volunteer team in Hong Kong, and has since expanded the initiative to include our mainland China portfolio in Shanghai, Shenyang, Jinan, Wuxi, Tianjin, Dalian, Kunming and Wuhan.

Our volunteer programs focus on 3 main areas:

**Volunteers in Hong Kong**

Among our various volunteer activities in Hong Kong, we operate 2 flagship volunteer programs – the Architectural Tour Program and the Cultural Heritage Series in 2016.
Architectural Tour Program

The Architectural Tour Program has become a special initiative for the Group. By enabling members of Hang Lung As One volunteer team to utilize their property development expertise to foster learning and engage with local students, we are connecting the community more closely to Hong Kong’s rich history through the lens of architecture and how it has helped shape our city’s identity.

Since 2014, over 140 Hang Lung As One volunteers have served as Architectural Tour guides, enabling more than 240 students to take part in the Program. Our volunteers are trained to give students an in-depth learning experience and enhance their understanding of Hong Kong’s culture and growth by explaining how this is reflected in changes in local architecture over time.

Connecting students with local architecture has been a great deal of fun. Each of these buildings tells its own story that is culturally and historically significant to the city. As a whole, they make up the landscape of Hong Kong, and represent growth, community and prosperity.

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Stephen Wong
Deputy General Manager – Property Services
Cultural Heritage Series

The Cultural Heritage Series was launched in 2016 to inspire primary school students and promote the importance of preserving Hong Kong’s cultural heritage. We are proud to have organized a range of engaging activities for our employees and the community under this initiative.

Exploring Cantonese Opera

Our volunteers introduced the basic techniques of Cantonese Opera to children from underprivileged families. Participants had the opportunity to learn about the distinctive falsetto style of singing, perform the water sleeve dance and handle stage props.

Moveable Type Printing

Our volunteers and 20 primary school students visited a workshop in Sheung Wan district, where they made notepads using moveable type printing techniques. The students set cast-metal type pieces and operated traditional printing machines while learning about the development of the printing industry in Hong Kong from the 1950s to 1970s from the experienced print shop masters.

Bamboo Scaffolding

Hong Kong is one of the best places in the world to see examples of bamboo scaffolding craftsmanship. Our volunteers accompanied a group of students to join the Da Jiu Festival in Tuen Mun, which they received a demonstration of the techniques used to craft bamboo flower stands and construct bamboo theaters.

Fire Dragon Dance

Our volunteers took a group of underprivileged children to Pok Fu Lam village to try their hand at crafting a huge ten-meter-long and three-meter-high ‘Fire Dragon’ from bamboo and straw. The dragon was used as part of Mid-Autumn Festival celebrations.
Shaping the Future

In 2017, the Hang Lung As One volunteer team will continue to build bonds of care with people in the community under the theme ‘Shaping the Future’. Through active engagement with our stakeholders and the dedication and passion of our volunteer teams, we will continue to contribute to a variety of development initiatives with the aims of having a long-term positive socio-economic impact in our communities and creating shared benefits that will support the sustainable growth of the Group.
Summing Up the Value of the Hang Lung Mathematics Awards

The Group values education as the key to creating a prosperous and sustainable community, as a tool for young people to gain a competitive advantage and as a channel through which we can articulate our vision for a positive and sustainable future.

In 2004, we established the Hang Lung Mathematics Awards (HLMA), a biennial mathematics research competition for secondary school students across Hong Kong. The objectives of this program are to encourage the younger generation to understand the value of mathematics and for Hang Lung Properties to work within the community to promote lifelong learning.
The Group co-organizes the HLMA with the Institute of Mathematical Sciences and the Department of Mathematics at the Chinese University of Hong Kong (CUHK). Since 2004, nearly 2,000 secondary school students have taken part in the competition, including about 240 students in nearly 80 teams from 60 schools in 2016. Scholarships worth a total of HK$7 million have been awarded to various student teams, and an additional tuition scholarship for undertaking an MSc in Mathematics at CUHK will be granted to a teacher from each winning school.

This year, the Gold Award went to Mr. Sun Kai Leung of Bishop Hall Jubilee School for his research paper titled ‘On the Summation of Fractional Parts and its Application’. According to Professor Shing Tung Yau, Chairman of the 2016 HLMA Scientific Committee, the judging panel were of the collective opinion that Leung’s research was highly original and represented a “breakthrough” in mathematics.

**Mathematics Corner: Tower of Hanoi Problem**

Every student who submitted a research project to HLMA undertook a stimulating process of testing their creativity in developing and applying theories to solve complex mathematical problems.

This year, Mr. Hoi Wai Yu from La Salle College investigated a new way to solve the well-known ‘Tower of Hanoi’ puzzle that was invented by the French mathematician Edouard Lucas in 1883. What makes this puzzle interesting is that many of us may have encountered it as a small child! The puzzle involves moving a tower of discs, stacked in descending size from bottom to top, from one of the three poles to another, one disc at a time and never placing a larger disc on top of a smaller one. The complexity of this puzzle increases as more discs are introduced.

Yu developed a generalized formula to solve the puzzle no matter how many discs are involved. His imagination, passion and creativity to challenge himself and use new ideas are the type of personality traits we wish to nurture in members of the younger generation through the organization of the HLMA.
Extending the Influences of the HLMA

Beyond the competition itself, our goal is to leverage the influences and resources of the HLMA to have a broader impact on society.

Coordinated by our Corporate Communications Department, our Hang Lung As One volunteer team in Hong Kong launched our Hang Lung Mathematics Tutorial Classes for the first time in 2015, under which colleagues, past HLMA participants and students from the Department of Mathematics at CUHK offered free mathematics tutorial classes for underprivileged primary school students. We continued these efforts in 2016, organizing a series of activities under the banner of ‘Hang Lung Fun Mathematics Tutorial Classes’.

Social Media Platform (Public)
Tutorial Classes (Students)
Competition (Participants)
Hang Lung Mathematics Awards

Enhancing the reach and impact of the Hang Lung Mathematics Awards through various means of engagement and communication

I used to think that mathematics was a headache. After taking part in the tutorial classes, mathematics now seems like a piece of cake!

Ma Hon To
P.4 Student, Chi Hong Primary School

I hope that the classes will demonstrate to the students that mathematics is far more than simply memorizing formulas and that they will start to enjoy applying mathematics in a practical way in their everyday lives.

Patrick Chiu
General Manager – Information Technology

Hang Lung Fun Mathematics Tutorial Classes 2016

Training

The program was kicked-off by holding tailor-made training days and outings to equip staff volunteers with tools for teaching and communicating with primary school students.

Teaching

Our trained staff volunteers offered 6 one-on-one tutorial classes for students at Chi Hong Primary School to stimulate their interest in mathematics by introducing the subject in a fun and interactive way.

Completion

To wrap up the four-month program, we organized a Graduation Party with fun mathematics games and activities for our volunteers and participating students.

In February 2016, we launched a Facebook fan page ‘Hang Lung Mathematics Awards – To Infinity’ as a way to further extend the reach of the HLMA. By sharing mathematics tips and games via this social media platform, we aim to articulate mathematics concepts and theories in a casual and fun way that will encourage students to think about how mathematics and sciences can be applied and used in everyday life.
The Chairman’s Office and the Corporate Communications Department co-launched the ‘Hang Lung Mathematics Awards – To Infinity’ Facebook page in 2016. The page, which expands on mathematical theories using videos and animations, had received over 12,000 likes by mid 2017.

Hang Lung Mathematics Awards - To Infinity has an audience of over 1.5 million and has gained a huge following within the education sector in Hong Kong.

The Group has collaborated with social media key opinion leaders to create a wide range of interactive games and engaging videos for the page.

This social media publicity campaign won the Silver Stevie Award at the 13th Annual International Business Awards in the ‘Communications or PR Campaign of the Year – Sponsorship’ category.

Spring City 66 makes a unique contribution to the city landscape of Kunming. Integrating with green building features that align with the LEED Gold rating requirements, Spring City 66 succeeds in creating a seamless link between the project’s internal and external environments.

The project is expected to be completed in phases from 2018.

Address: 15 Dongfeng Dong Lu / 433 Beijing Lu, Panlong District, Kunming
Setting Out to Create a Barrier-Free Community

The Group’s business philosophy of ‘We Do it Right’ reflects how we plan and how we build. We design properties that encompass the needs of the people we serve, integrate into the fabric and culture of the local community, and promote inclusiveness and accessibility.

Projections indicate that two-thirds of the world’s population will live in cities by 2050. With rising urbanization comes a growing need for access and convenience. We are thinking about the future, which will require the built environment to be more ‘connected’ with and integrated into local communities.

About Olympia 66

The construction of Olympia 66 began in 2011 and the building officially opened in September 2016. This world-class commercial property is a 221,900-square-metre shopping mall located in Dalian – one of the most populous cities in Liaoning Province in mainland China.

Its design reflects careful consideration of the spirit of the city and the need to create a good blend of connectivity and unique, sustainable architecture.
It was an honor to act as the liaison with the China Disabled Persons’ Federation and to be part of the initiative that focused on providing barrier-free access for local disabled and elderly populations at Olympia 66. Supporting barrier-free access was inspiring, as disabled individuals and elderly people are often neglected during the design of buildings. In providing this access, we are upholding our desire to recognize and meet the diverse needs of our customers and offer everyone a complete Hang Lung experience.

Sophia Sun,
Renovation Officer, Service Delivery

Olympia 66 was selected as the pilot site for the Barrier-Free Access Enhancement Project we launched in 2016. The newest addition to our mainland China portfolio, Olympia 66 is pioneering barrier-free access to commercial space in Dalian for customers with disabilities and special needs. Through the enhancement of our barrier-free access provisions in the mall, we aim to offer customers with special access needs a complete shopping experience that expands their ability to live independently. Accessible design, facilities and services at Olympia 66 include:

| Accessible sidewalks | • 1,100 meters of sidewalk incorporate guided pathways for the blind
| | • Wheelchair access is provided at crosswalks to facilitate safe passage for wheelchair users and children
| Accessible entrances | • 4 main entrances and exits provide an elevator to the lobby
| | • A stainless steel ramp in the drop-off area facilitates access by wheelchair users and other individuals with mobility challenges
| Accessible revolving door | • Blue wheelchair deceleration buttons are available for people with mobility impairments to slow down the rotation of revolving doors
| Electronic touch screen | • 35 electronic touch screens installed near main entrances and the elevator lobby provide information on elevator locations, accessible bathrooms, and mother-and-child-friendly bathrooms
| | • The screens also provide information on the shortest route to various locations and printers have been installed for the convenience of customers
| Sign guidance | • 3 types of signs guide customers to elevators, accessible bathrooms, and mother-and-child-friendly bathrooms
| Accessible bathrooms | • 22 accessible bathrooms and 15 mother-and-child-friendly bathrooms are provided in the mall
| Accessible elevators | • 5 groups of elevators are provided on every floor, including an elevator that offers improved access
| | • Elevators constructed for improved accessibility have armrest railings, buttons installed in low positions, braille buttons and a voice broadcast system to ensure access for children and people with disabilities
| Accessible parking spaces | • 22 accessible parking spaces are provided on each floor of the car park
| | • Parking spaces are clearly marked for wheelchair users and those with young children
| Accessible services | • Strollers for children and wheelchairs are available to borrow at 3 service counters at the entrance
Hang Lung’s efforts to integrate accessibility into its design have been recognized by the local community. Representatives from the Dalian Disabled Persons’ Federation (the Federation), together with 10 wheelchair users, visited Olympia 66 on the 2016 National Day of Assisting Disabled Persons, and spoke highly of the barrier-free, accessible environment in the mall. The Federation also named Olympia 66 as the ‘Model for Accessible Business Centers in Dalian’.

Considering the needs of all of our customers and tenants is critical to our long-term success and to ensuring that we deliver on our objective of providing an inclusive environment. As of June 2017, our barrier-free design efforts had been extended to Palace 66 in Shenyang. Our ultimate goal is to build a barrier-free access culture across our entire portfolio in mainland China, through enhancing our design and use of hardware as well as through the services we provide. We will continue to invest in and improve accessibility at our existing and new shopping malls, taking the necessary steps to achieve the Group’s sustainability objectives and build properties that balance design with the needs of the community.
Emerald Awards

Do you want to be the “Emerald Award” winner?

We welcome all full and part time colleagues to participate in this worthy activity by sending us your nominations or self-recommendations.

ACT NOW and share your touching story about ‘going the extra mile’. Just go to our Intranet to see the details of the “Emerald Award”.

Sustainability Crossword

ACROSS
1. Someone who designs green building in plural (10)
2. A waste management approach to reduce the amount of waste generated with the best efforts (12)
3. Abbreviation of an international green building certification scheme (4)
4. A type of energy-efficient lighting (3)

DOWN
9. Name of a green building certification scheme in Hong Kong (4)
10. Name of the process to verify the information of our Sustainability Report by a third party (9)
11. Our corporate newsletter (11)
12. Something disastrous if mishandled (6)
13. Name of the program we have to enhance staff wellbeing (8)
14. Abbreviation of the process to assess environmental impacts resulted from a construction project (3)
15. Latest green building rating we achieved for Standard Chartered Bank Building (8)
16. Abbreviation of our flagship community partnership program (4)

If you are interested in the details of our sustainability performance in 2016, please scan the crossword QR code to access our Sustainability Report 2016.

The answer of the crossword will be publicly announced.