

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 2021



Delivering Value with
Distinctive Quality
建優創值 力臻恆遠

The background of the page features a vibrant green color palette with abstract, rounded shapes. A large, detailed image of green leaves is positioned in the upper left quadrant, partially overlapping a white, rounded rectangular area. The leaves are bright and appear to be illuminated by natural light, with some showing slight shadows and highlights. The overall aesthetic is clean, modern, and nature-inspired.

Contents

1.	Our Sustainability Vision	2
2.	About KWIH	3
3.	About This Report	5
4.	Major Awards and Certificates	7
5.	Empowering Our People	8
6.	Engaging Our Customers and Value Chain	14
7.	Building Our Sustainable Future	17
8.	Giving Back to Our Communities	22
9.	Appendices — Performance Data	25
10.	HK Stock Exchange ESG Guide Content Index	27

1. Our Sustainability Vision

Sustainable development is a core part of the business strategy of K. Wah International Holdings Limited (“KWIH” or “the Group”). The unprecedented challenges posed by the COVID-19 pandemic have reinforced our belief to ensure sustainability considerations be integrated into our day-to-day operations, from project planning, design and construction to customer services.

To prepare for the transition to a low-carbon economy, we have focused our efforts on resource efficiency, green building and climate resilience while responsibly managing our environmental footprint. In 2021, we reached a new milestone in our sustainability journey by securing our first green loan, a RMB500 million facility with OCBC Wing Hang Bank (China) Limited. Moving forward, we will continue to leverage different sustainable financing measures to fund the development of our green buildings projects and to enhance climate resilience measures in existing properties.

Pushing our sustainability initiatives forward, requires collective action from our employees who lay a solid foundation for organisational excellence. Over the years, we have been nurturing a people-oriented workplace that fosters open and interactive communication, supports professional development and protects the well-being of our employees. Looking ahead, we will continue to uphold our commitment to delivering quality products and services whilst creating long-term positive value for our stakeholders and communities.



2. About KWIH

With a strong foothold established in Hong Kong, KWIH (stock code: 00173) is the listed property arm of K. Wah Group. KWIH has continuously grown and become a leading integrated property developer and investor of exquisite and niche projects, with a strategic focus on Hong Kong, the Yangtze River Delta and Pearl River Delta regions. For further information on our business and financial performance, please refer to our Annual Report 2021.

Corporate Governance

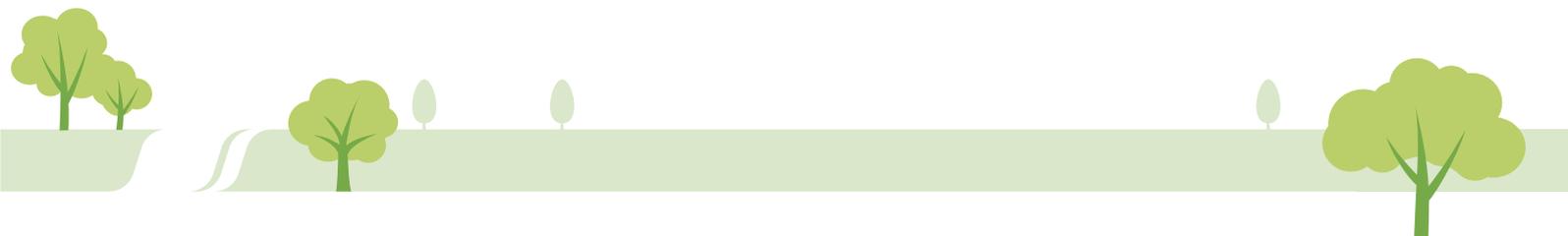
KWIH is committed to best practices in corporate governance in the interest of all our stakeholders. The Group integrates the management of Environmental, Social and Governance (“ESG”) issues throughout the Group’s corporate governance structure. Daily management of the Group has been delegated to four Board-level committees, namely, the Executive Board, the Remuneration Committee, the Nomination Committee and the Audit Committee. Together they provide strategic guidance and oversight over the Group’s business direction, sustainability approach, corporate governance and financial performance.

For more information on our corporate governance, risk management and internal control systems, please refer to the “Corporate Governance Report” section and “Biographical Information of Directors” section of KWIH’s Annual Report 2021.

Sustainability Governance and Board Statement

The Board of Directors of KWIH (“the Board”) holds overall accountability for KWIH’s ESG strategies and performance. On an operational level, the ESG Committee supports the Board to formulate sustainability strategies, coordinates the day-to-day execution of the Group’s ESG initiatives and regularly reports to the Board on the progress of KWIH’s sustainability plans. Co-chaired by two Executive Directors, the ESG Committee meets regularly together with different department representatives.

The Group identifies, evaluates and prioritises material ESG issues through regular stakeholder engagement exercises and industry landscape review. In partnership with the third-party consultant, the Group conducts an annual materiality assessment to determine the most material ESG issues which reflect the Group’s significant environmental and social impacts and/or substantively influence the assessments and decisions of our stakeholders. The outcome of the materiality analysis and associated recommendations are reported to the Board for their review and confirmation.



Risk Management and Internal Control

The Board provides oversight of the Group's risk management system, including risks and opportunities related to ESG issues. Reporting directly to the Board, the Audit Committee is responsible for detailed monitoring and regular updating on the effectiveness of the Group's risk management and internal control systems. While the Audit Committee, with assistance by our Internal Audit Department, oversees significant risks to the Group's operations, the ESG Committee specifically identifies, assesses and analyses sustainability and real estate-related risks through regular internal and external stakeholder engagements. The ESG Committee consolidates the findings and advises the Board, on risks of strategic and financial significance. The prioritised risks together with proposed mitigation plans are discussed and endorsed at Board meetings. Appropriate risk mitigation actions are being taken to manage and control individual risks identified.

Ethical Business Behaviours

We uphold the highest ethical standards and accountability throughout our operations and have a clear zero-tolerance approach for any fraudulent or unethical conduct. All employees are required to follow our Code of Business Conduct which details our compulsory expectations for responsible business conduct. In 2021, for a more in-depth refresher of best anti-corruption practices, we arranged training sessions with speakers from Independent Commission Against Corruption for our employees and directors in Hong Kong to strengthen their understanding of anti-corruption laws and enhance their alertness to corruption, conflict of interest and integrity issues. Similar training sessions were also arranged for employees at our regional offices in Shanghai, Suzhou, Guangzhou and Dongguan, etc.

The Group's whistle-blowing policy and grievance mechanism are in place to facilitate our ongoing due diligence against unethical behaviour and provide confidential channels for concerned employees at all levels to report bribery or malpractice of any form. To ensure whistle-blowers have the freedom to report grievances without fear of reprisal, all cases are treated with strict confidence and submitted to designated personnel for further investigation. During the reporting period, there were no confirmed cases of non-compliance with the relevant laws and regulations¹ relating to corrupt practices.



¹ Including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

3. About This Report

This annual ESG Report (the “Report”) provides an overview of KWIH’s ESG management approach as well as sustainability initiatives and performance for the year ended 31 December 2021 (the “reporting period”).

Reporting Standard and Scope

This Report is prepared in accordance with the latest requirements of the ESG Reporting Guide, Appendix 27 (“ESG Guide”)² to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Stock Exchange”).

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

For a full list of ESG Aspects, respective key performance indicators (“KPIs”) and their reference within this Report, please see the HK Stock Exchange ESG Guide Content Index included on P.27 to 33 of this Report.

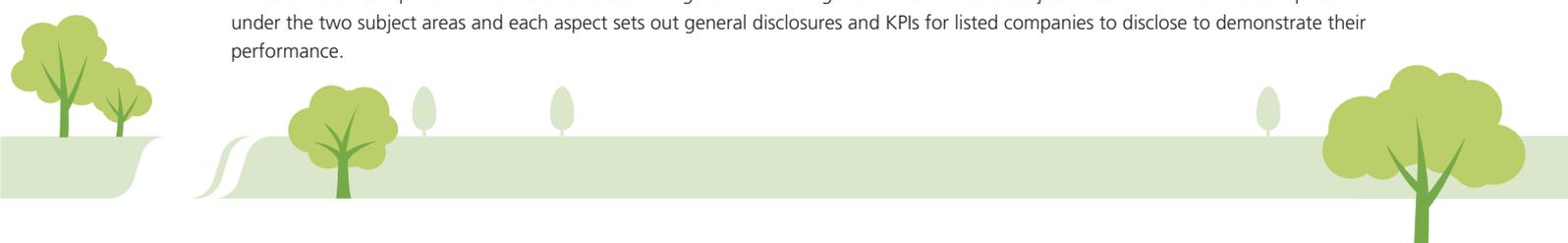
Stakeholder Engagement

We regularly engage our stakeholders to understand their concerns and expectations on our ESG initiatives, performance and future strategies. Their views and feedback enable us to identify risks and opportunities, balance different interests and make informed decisions. Details on our stakeholder groups and engagement channels are provided in the table below.

Stakeholder Groups

Shareholders and Investors	Employees	Suppliers and Contractors	Customers and Tenants	Community Groups and NGOs	Media
Channels and Activities					
Annual General Meetings; Annual and interim results press conferences; Announcements and circulars; One-on-one meetings; Roadshows; Investor conferences; Analyst briefings; Press releases; Surveys	Surveys; Intranet; Newsletters; Training sessions; Team-building activities; KWIH Mobile App	Screening and assessments; Surveys	Surveys; Customer mobile app; Customer service hotlines	Community events; Joint partnerships; Surveys	Luncheons and gatherings; Interviews and media audits; Feedback and responses to media enquiries; Press releases

² The ESG Guide comprises two levels of disclosure obligations and is organised into two ESG subject areas. There are various aspects under the two subject areas and each aspect sets out general disclosures and KPIs for listed companies to disclose to demonstrate their performance.

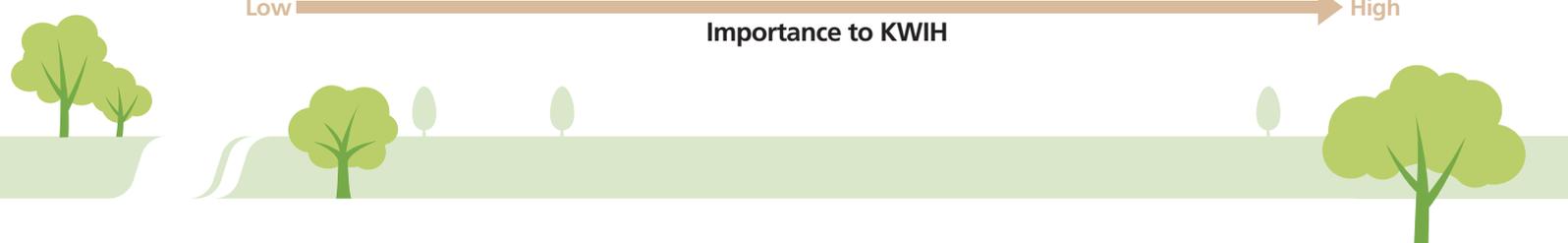
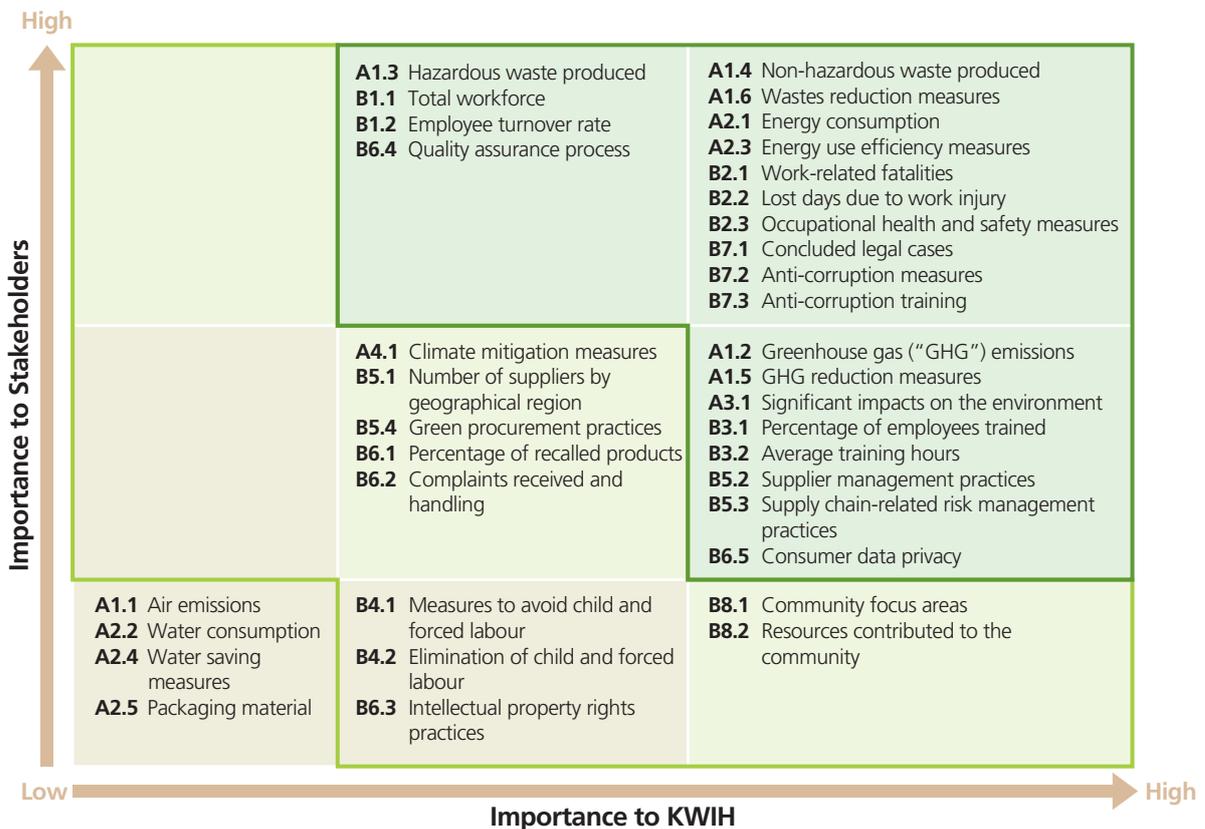


Materiality Assessment

In preparation for this Report, an independent consultant was appointed to conduct a comprehensive stakeholder engagement and materiality assessment to determine the most material ESG topics to the Group for disclosure by the following three-step process:



Materiality Matrix

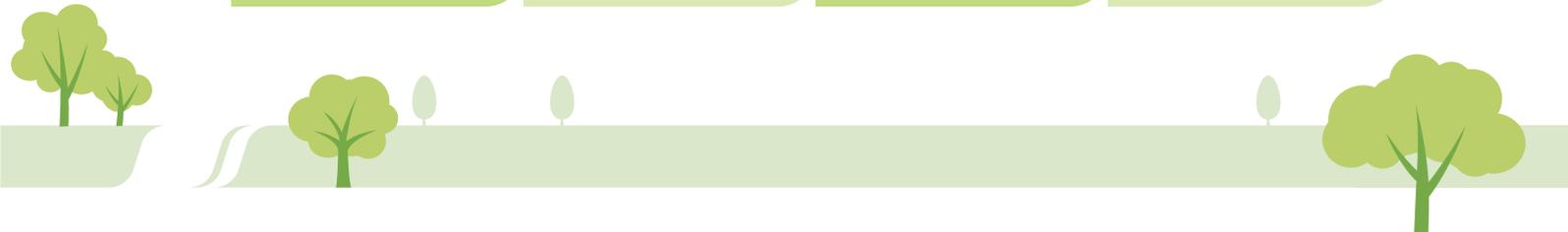


4. Major Awards and Certificates

Our commitment to sustainability has once again been well recognised in 2021. We are proud to present the below awards and certificates received during the reporting period.



2021	2012–2022	2020–2024	2018–2021
<p>BCI Asia</p> <p>BCI Asia Hong Kong's Top 10 Developers 2021</p>	<p>The Hong Kong Council of Social Service</p> <p>Caring Company</p>	<p>Employees Retraining Board</p> <p>ERB Manpower Developer Award</p>	<p>The Hong Kong Productivity Council</p> <p>Happiness at Work Promotional Scheme</p>
<p>2021</p> <p>The Mandatory Provident Fund Schemes Authority</p> <p>Good MPF Employer Award</p>	<p>2021</p> <p>Job Market</p> <p>Employer of Choice Work-Life Balance Award COVID-19 Caring Employer</p>	<p>2021</p> <p>Tophr.net</p> <p>China Human Resources Pioneer Employer 2021</p>	<p>2021</p> <p>East Week</p> <p>Outstanding Corporate Strategy Awards 2021</p>
<p>2021</p> <p>Hong Kong Investor Relations Association</p> <p>HKIRA 7th Investor Relations Awards 2021: Certificate of Excellence</p>	<p>2021</p> <p>Leadership Business Award</p> <p>Devoted Developer with Thoughtful Layout Design Award of Excellence</p>	<p>2021</p> <p>The Leading 9+2 • The 2nd Greater Bay Area Navigation Award</p> <p>Best Real Estate Development of Guangdong-Hong Kong-Macao Greater Bay Area</p>	<p>2021</p> <p>Mirror Post</p> <p>Outstanding Corporate Social Responsibility Award</p>



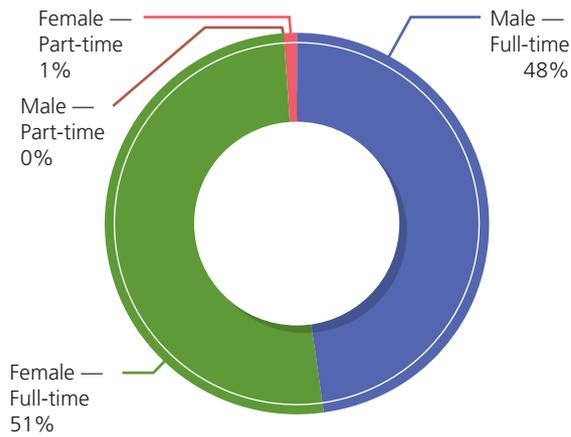
5. Empowering Our People

The success of our business is inextricably tied to our people whose talent, innovation and contribution enable us to drive operational excellence. In line with our people-oriented approach, we place a strong emphasis on building an inclusive and supportive work environment that encourages participatory communication, facilitates personal development and protects the health and well-being of all employees.

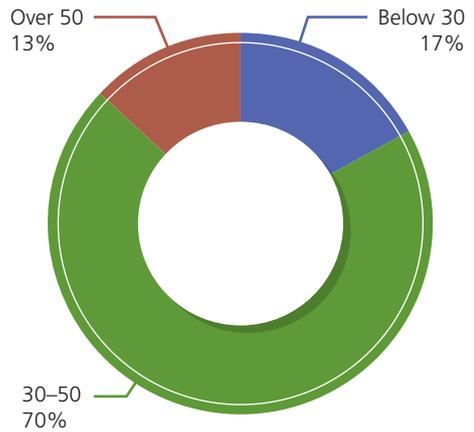
Human Capital Profile

As of 31 December 2021, the Group has a competent team of more than 1,000 talented and experienced employees³. In our endeavour to be an employer of choice in the industry, we have stepped up our efforts to nurture a caring and positive work environment. During the reporting period, our voluntary employee turnover rate was 26%.

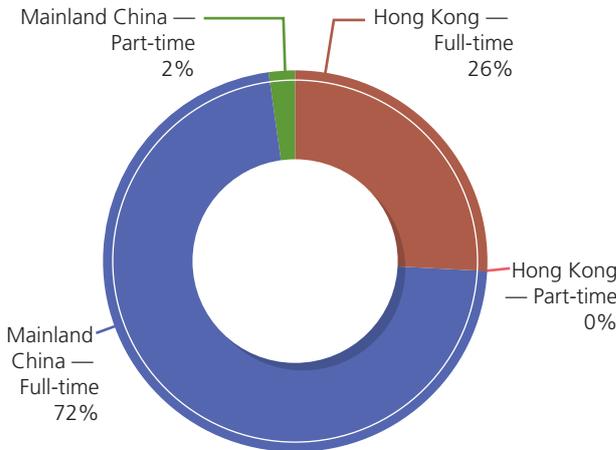
Employment type, by gender



Employees, by age group



Employment type, by region



Employee turnover rate



³ This figure reflects full-time and part-time employees in our Hong Kong and Mainland China portfolio.

Employee Benefits and Equal Opportunities

To build a stable and resilient workforce, we make great efforts in attracting and retaining every passionate individual who shares our core corporate values. Apart from providing attractive remuneration packages, we offer employees a variety of fringe benefits, including:



Discretionary annual performance bonuses and share option scheme



A range of leave entitlements



Competitive medical insurance, dental plan, medical checkup benefits, personal accident insurance, etc.



Complimentary vaccination schemes against influenza

To create an inclusive and supportive working environment, we pay special attention to accommodating the needs of working families. In addition to the provision of lactation room for working mothers, we have introduced flexible working arrangements to allow employees to balance their work with personal commitments.

Our commitment to providing workplace diversity and equal opportunities is documented in our “Equal Opportunities Legislations” policy which sets out a fair recruitment and promotion process based on individual merits, experience and qualifications regardless of gender, age, nationality, ethnicity, religion, disability and sexual orientation. Additionally, child and forced labour are strictly prohibited within the Group’s operations and along our supply chain in strict compliance with relevant legislative requirements in Hong Kong and Mainland China⁴.

During the reporting period, there were no cases of non-compliance with relevant laws and regulations⁴ relating to compensation and dismissal, recruitment and promotion, labour practices, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

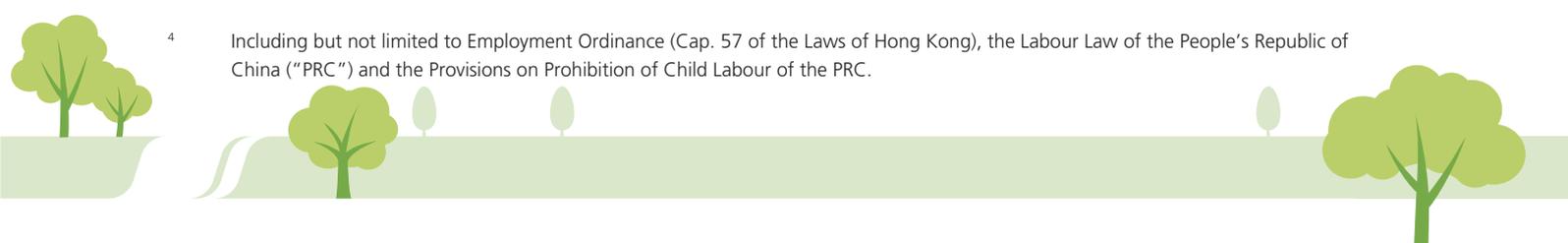
JobMarket’s Employer of Choice Award 2021

Acknowledgements were given in recognition of our people-oriented approach. KWIH was honoured to be named the “COVID-19 Caring Employer” and to receive the Employer of Choice Award for the sixth straight year as well as the Work-life Balance Award from JobMarket.



This award scheme recognises well-managed, high-performing, industry-leading organisations that provide a stimulating and supportive workplace. Moving forward, KWIH will continue to improve its employment practices and talent management strategies for our employees.

⁴ Including but not limited to Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People’s Republic of China (“PRC”) and the Provisions on Prohibition of Child Labour of the PRC.



Continuous Development and Training

The continued development and personal growth of our workforce are key to the long-term prosperity of the Group. Apart from providing eligible employees with external training subsidies, we encourage employees from different departments and at various career stages to enhance their professional knowledge and competency through our tailored training programmes which emphasise the importance of soft skills such as communication and cooperation in addition to hard skills such as technical knowledge and customer service. Additionally, as we continue to adjust to a “new normal”, we leverage digital platforms to promote online courses and e-learning.

Percentage of employees trained



95%

Average training hours per employee



14.9

Total training hours completed by employees



15,037

Site visit at Guangzhou sales office

To foster knowledge exchange and experience sharing within the company, the Project Department of our Dongguan office held a field trip to the sales office, show flats and the construction site of the commercial portions of Cosmo, KWIH’s large-scale integrated community development in Guangzhou. Experience and industry best practices were shared between the Guangzhou and Dongguan offices, enhancing the quality of our project management.



“K. Wah Seminar” on development of China and the National 14th Five-Year Plan

With a significant business presence in China, the Group recognises the importance of understanding the most-to-date economic and policy direction at the national level. In tandem with the commencement of the National 14th Five-Year Plan, KWIH organised two sessions of the “K. Wah Seminar” with active participation of over 200 management and employees. Guest speakers from two local universities were invited to share how Hong Kong corporates can participate in the nation’s domestic circulation and be a “facilitator” in its external economic activities to seize development opportunities presented by this 14th Five-Year Plan.

Employee Health and Safety

The health and safety of our employees is always our utmost priority. We have worked diligently and implemented precautionary measures to minimise potential occupational hazards across our operations. To nurture a safety-first culture internally, we organised talks and workshops throughout the year, covering topics such as accident prevention, fire precaution and first aid. Periodic inspections of safety gear, personal protection equipment and workplace hygiene are conducted to improve general housekeeping.

Our COVID-19 Support

The ongoing COVID-19 pandemic in 2021 had continued to significantly affect the community. As a caring company, we remain committed to protecting our employees and implementing a range of preventive measures to reduce the transmission risk on our premises.

Cleaning and disinfecting: We strengthened our disinfecting procedures during the COVID-19 outbreak, increasing our cleansing frequency using diluted bleach solution with a focus on high contact areas at the offices such as door handles, handrails, meeting rooms, lifts and escalators. To better maintain proper air ventilation and filtration, we placed disinfection diffusers in the workplace, as well as cleaning air filters and duct systems more regularly.

Preventive measures: KWIH provided each employee with medical masks. Visitors and face-to-face meetings in the company's premises were restricted. We also set up designated temperature screening stations at our premises to monitor visitors and employees for the symptoms of fever.

Encouraging vaccination: In support of the HKSAR Government's "Early Vaccination for All" campaign for building an immune barrier, we provided employees with vaccination leave for each dose received to ensure that they can have sufficient time to recuperate after getting vaccinated. We also arranged free transport shuttle services and offered employees and their family members subsidies for pre-vaccination medical check-ups.



We are also mindful of the safety of our contracted and subcontracted workers. Site conditions are well-managed through a multi-pronged approach.

During the reporting period, there were 2 lost days due to work injuries reported from a project in Mainland China. To prevent recurrence and improve our safety performance, we investigated all incidents and implemented remedial measures as appropriate.

Projects in Hong Kong

As part of our tendering process, we perform a pre-qualification exercise to screen contractors with good safety records. Going beyond statutory requirements, we require our main contractors to appoint a full-time Registered Safety Officer (“RSO”) who has the experience and expertise to manage onsite safety-related issues. The RSO is responsible for monitoring and maintaining the overall safety of the construction sites according to the approved Safety Plan. Secondary inspections are also conducted by an Authorised person and registered structural engineer on a periodic basis.

Projects in Mainland China

Our Standard Operating Procedures (“SOPs”) set out a systematic tendering and auditing mechanism to manage our projects in Mainland China. We prioritise contractors who outperform in the health and safety standards. Apart from regulatory compliance, contractors must possess ISO 14001 and GB/T28001 or ISO45001 certificates. A three-level auditing process involving the site project team, the regional office and the headquarters is also in place to monitor the level of compliance.



Caring for Employees

The Group encourages our employees to practise a healthy work-life balance. During a period where the pandemic situation was stabilised with only single-digit cases reported daily, we organised staff activities while maintaining a high degree of vigilance and adopting all necessary precautionary measures. These included interest classes, festive gatherings, staff outings and team building events. Additionally, we continue to leverage our existing platforms, including K. Wah Social Club, K-Channel and KWIH Mobile App, to strengthen internal communication and staff engagement.

Team buildings activities were organized for employees to build trust and facilitate teamwork amongst each other.

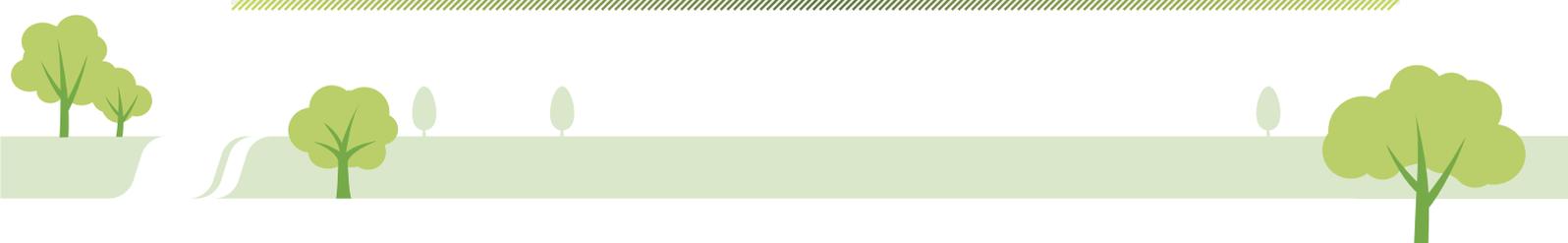


To help employees unwind their work pressure, KWIH organized various workshops during which participants created their unique artworks.

Colleagues from Cresleigh Property participated in a teambuilding workshop to foster departmental cohesion. With this fun-filled event, colleagues could take the opportunity to work closely in future cross-departmental projects and cooperation.



KWIH organizes day trip for employees every year to strengthen team spirit.



6. Engaging Our Customers and Value Chain

KWIH takes pride in the delivery of high-quality products and services to the satisfaction of our customers. In pursuit of operational excellence, we monitor every stage of our day-to-day operations and maintain positive long-term relationships with our value chain partners through proactive management.

Customer Health and Safety

The health and safety of our customers and tenants remain an important priority across our operations. From building construction to facility management, we take this responsibility seriously and implement stringent control measures to ensure a healthy and comfortable environment across our development projects. As outlined in the tender documents, we require contractors to adhere to all applicable regulatory compliance⁵. We have also taken a step further by incorporating sustainability elements such as greenery and landscape design into the holistic planning process.

In response to the pandemic outbreak, visitors and face-to-face meetings in the company's premises were restricted. We have also stepped up the cleaning and disinfection of the sales office and show flats. Automated temperature screening stations were set up with face covering and social distancing policies. Multiple hand sanitiser dispensers have also been installed to enable our customers, tenants and visitors to disinfect their hands frequently.

Advertising Standards

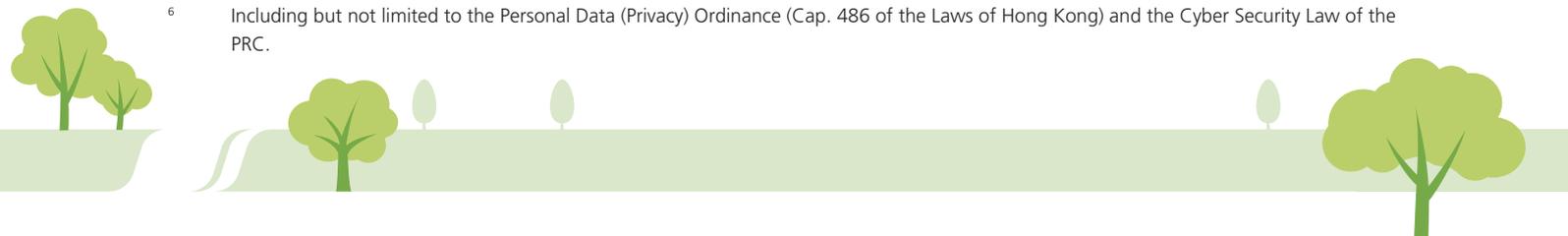
Providing customers with accurate, transparent and consistent information on our projects and services helps them make informed decisions and build trust in our relationship. Our frontline personnel are also required to provide accurate information on marketing and sales, and to act with due diligence. As part of our responsible marketing commitment, we make sure all our advertisements and other promotional materials are in full compliance with relevant local and national regulations, including the Residential Properties First-hand Sales Ordinance in Hong Kong and other relevant regulations in Mainland China.

Data Privacy

We are committed to protecting the privacy of our customers' data and intellectual property rights. Our privacy guidelines and procedures cover the use and management of data and information in accordance with the relevant regulatory requirements⁶. All employees are required to adhere to these internal guidelines in a safe and secure manner when handling customer data. Only authorised personnel can access customer data on a need-to-know and need-to-use basis. All data is stored in guarded servers which are protected by an up-to-date firewall and anti-virus software.

⁵ Including but not limited to the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong) and the Fire Safety (Buildings) Ordinance (Cap. 572 of the Laws of Hong Kong).

⁶ Including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and the Cyber Security Law of the PRC.



Quality Assurance

The Group takes full responsibility for its products and services and follows all relevant regulatory requirements and internal guidelines under stringent mechanisms to ensure the promised quality is delivered and to monitor performance.

Projects in Hong Kong

To identify the right contractors for long-term collaboration, we perform a pre-qualification screening against several quality-related criteria. For instance, contractors should obtain the ISO 9000 quality management system certification.

During the construction stage, we commission a Clerk of Works to enhance workmanship and site management. For projects which will be assessed under the Building Environmental Assessment Method (“BEAM”), we appoint a qualified BEAM coordinator/consultant to ensure the required green buildings standards are closely followed.

Projects in Mainland China

A quality assurance system has been introduced for our projects in Mainland China. Pre-qualification screening generates a list of contractors with satisfactory performance in the areas of quality, knowledge and safety standards.

The design, tender and quality control stages are managed by respective SOPs. For example, the design SOPs provide guiding principles for the use of materials based on national requirements and best industry practices. Additionally, we conduct regular site audits to ensure full compliance with relevant codes and regulations.



We highly value feedback collected from our customers as they help us to identify opportunities for continuous improvement. To ensure we address customer concerns in a consistent and efficient manner, we have set out standardised complaint-handling procedures. For our Hong Kong operations, once a complaint case is received, our customer service officers will follow a standard procedure to record and report the issue to their supervisor. A designated employee will be appointed to conduct a thorough investigation and follow up with the complainant in a timely manner.

A similar mechanism is in place at Cresleigh Property, our property management arm in Mainland China. Upon receipt of a written complaint, our receptionist will prepare a detailed log and report the issue to the responsible party and department. The customer service representative will then conduct a review and investigation with follow-up actions implemented as appropriate. A final response is then sent to the complainant within seven days. All complaints associated with our property management services are lodged for internal record.

Supply Chain Management

At KWIH, we are dedicated to integrating environmentally and socially responsible practices along our supply chain. In our selection process, suppliers, contractors and business partners are assessed against their track records, past environmental and safety performance, ISO or relevant certifications and project references. Contractors or suppliers are required to adhere to our expectations on quality, environmental protection, health and safety requirements and regulatory compliance. During the reporting period, KWIH has a total of 903 key suppliers⁷, 330 from Hong Kong and 573 from Mainland China respectively.

As part of our monitoring mechanism, we conduct audits, site visits and quality assessments on our suppliers or contractors, when appropriate to ensure our stringent requirements are fully met. Areas of concern are identified and addressed through proactive corrective actions for future improvement. Suppliers or contractors who consistently fail to meet the expected standards may be subject to contract termination. This approach enables us to better manage ESG-related risks arising from our supply chain while building effective long-term relationships with our partners.

Our Environmental Policy, which is applied throughout the Group, and related SOPs guide our business operations and employees to integrate climate change and other environmental considerations into our procurement decisions. For instance, whenever possible, local and regional construction materials with a lower carbon footprint are preferred. Furthermore, we consider the environmental and social impacts in the full product and service lifecycle.



⁷ Key suppliers are those contracted for projects or subcontracted processes to provide a wide range of construction materials, including concrete, steel, interior decoration materials, as well as a variety of services such as labour, design and consulting.

7. Building Our Sustainable Future

The Group's Environmental Policy, which is supplemented by internal guidelines and relevant SOPs in Hong Kong and Mainland China, is the overarching policy to guide our approach in managing environmental footprint. We endeavour to address environmental concerns arising from the Group's business operations, including climate change, resource management, emission reduction and green building, in an environmentally responsible manner.

Acknowledging energy and paper as our major sources of GHG emissions and waste of our operational area respectively, KWIH has set relevant quantitative targets accordingly.

GHG Emission Intensity



-26%

By 2025, reduce GHG emission intensity by 26% from 2016 baseline

Energy Intensity



-39%

By 2025, reduce energy intensity by 39% from 2016 baseline

Paper Recycling Rate



60%

By 2025, maintain paper recycling rate in Hong Kong office at least 60% per year

Sustainable Buildings



For all our new residential developments in Hong Kong and investment properties in Mainland China, we aim to obtain a green building certification

During the reporting period, we complied with all applicable legal and regulatory requirements⁸ regarding environmental protection and there were no non-compliance cases relating to air and GHG emissions, discharges into water and land, and the generation of hazardous and non-hazardous wastes.

⁸ Including but not limited to the Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong), the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong), the Environmental Protection Law of the PRC, and the Energy Conservation Law of the PRC.

Energy Optimisation and Emission Reduction

Energy use from our operations remains the most significant contributor to our carbon footprint. We have set medium-term GHG emissions and energy reduction targets. To achieve so, KWIH remains attentive to any potentially feasible energy-efficiency measures which may be implemented throughout the Group. Our ongoing initiatives include optimising efficiency and encouraging employees to practise resource conservation within the Group.

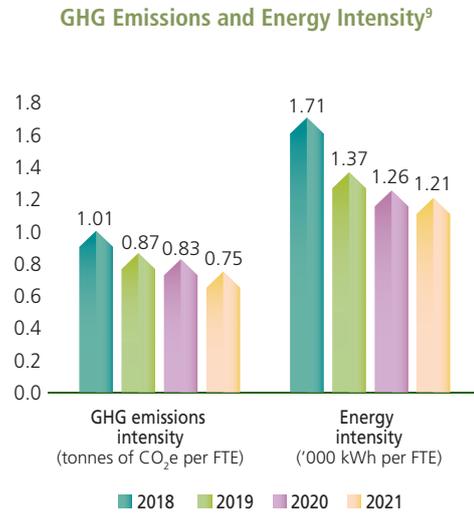
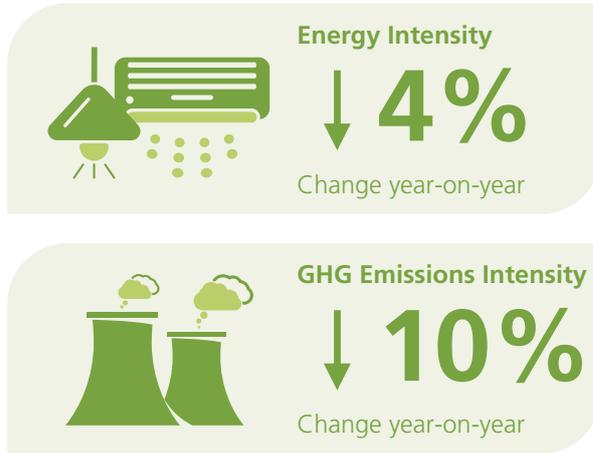
Active Energy Optimisation and Emission Reduction Initiatives	
 <p>Ongoing LED light fixture replacement programme</p>	 <p>Solar window film installation to reduce indoor heat gain whilst maximising natural light</p>
 <p>Fleet conversion to electric or hybrid vehicles to enhance fuel efficiency and lower roadside emissions</p>	 <p>Regularly scheduled energy performance checks on company fleet to monitor efficiency standards</p>
 <p>Continued roll-out of automated timing controls and sensors on lighting systems</p>	 <p>Adoption of air-conditioning zoning to maintain a comfortable and energy-efficient work environment</p>
 <p>Reduced business travel through video conferences and meetings</p>	 <p>Prominent posters and notices to remind employees to practice environmentally friendly behaviours including turning off electrical appliances when not in use</p>

Improving energy efficiency at J Metropolis

We are dedicated to continually optimising the energy performance of our existing buildings. At J Metropolis in Guangzhou, a large-scale efficiency enhancement project was conducted around the exterior landscaped gardens and building lobby. Highlighted initiatives included the replacement of more than 140 obsolete lights with energy-efficient light sources and solar-powered landscape lighting fixtures to increase brightness while lowering the energy cost.



Our continual efforts alongside the implementation of environmental initiatives have led us a step closer to our newly developed targets. During the reporting period, we reported a decrease of the Group’s overall energy intensity and GHG emissions intensity by 4% and 10%, respectively, from 2020 levels.



Resource and Waste Management

Responsible resource management is an integral part of our environmental stewardship. KWIH has worked to minimise the amount of landfilled waste and augment our resource efficiency. Within our offices, we work to promote proper waste handling. Employees are encouraged to adopt double-sided printing and reuse office supplies whenever possible. Recycling bins with clear signage are placed to collect waste paper and other recyclables. Our commitment to cultivating resource use awareness helped to divert 5,105 kg of paper from landfills in 2021 through our office recycling at our Hong Kong offices.



At our Mainland China offices, we collect and recycle plastic bottles, aluminium cans as well as non-confidential documents through designated recycling vendors to ensure the materials are properly treated.

All development projects in Hong Kong are conducted in strict adherence to the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong). All construction wastes produced are collected and handled by appointed licensed operators which are also required to comply with the “Best Practice Guide for Environmental Protection on Construction Sites” issued by the Hong Kong Construction Association. Similar requirements are imposed on our Mainland China contractors who are required to comply with national laws and regulations regarding waste disposal.

⁹ GHG emissions and energy intensity data in 2019 and 2020 have been restated following an internal data base review.

¹⁰ 5,105 kg of paper disposed in landfills emits an estimated 24.5 tonnes of CO₂e.

Green Buildings

The Group is dedicated to incorporating sustainability considerations regarding, inter alia, the use of materials, energy consumption, water conservation and air quality into building construction and operations.

The new property development projects are designed with sustainability features from the onset including, water-saving devices, monitoring meters, occupancy sensors and light control timers, etc. We make efforts in the initial construction stages of site planning and design to ensure our projects are well integrated into the neighbourhood and the surrounding environment with minimal disturbance. In addition to local and national green building standards, we design, build and retrofit our properties in accordance with the requirements of internationally-recognised rating schemes such as the Leadership in Energy and Environmental Design (“LEED”) to manage significant impacts of our buildings on the environment and natural resources.

Our Green Building Portfolio

Location	Project Name	Assessment Standard and Rating
Hong Kong	Grand Victoria	BEAM Plus New Buildings v1.2 Provisional Gold
	Kai Tak NKIL 6577	BEAM Plus New Buildings v1.2 Provisional Gold
	Kai Tak NKIL 6554	BEAM Plus New Buildings v1.2 Provisional Gold
	Kam Sheung Road Station Package One Property Development	BEAM Plus New Buildings v1.2 Provisional Gold
	K.SUMMIT	BEAM Plus New Buildings v1.2 Provisional Gold
	K.CITY	BEAM Plus New Buildings v1.2 Unclassified
	Solaria	BEAM Plus New Buildings v1.2 Unclassified
	The Spectra	BEAM Plus New Buildings v1.1 Gold
	Twin Peaks	BEAM Plus New Buildings v1.1 Bronze
Shanghai	EDGE	U.S. LEED Gold Certification



Climate Change

The Group recognises climate change as highly material to our business operations and services. We have made continuous efforts to assess climate impacts on our operational resilience while proactively managing climate risks and considering ways to capture opportunities. As outlined in our Environmental Policy, we strive to manage climate risks across our business operations and develop mitigation, adaptation and resilience strategies in line with industry best practices.

Our operations could be vulnerable to climate physical risks such as extreme weather events. These might impact our business whether through business interruption, property damages from flooding or by putting the safety of our employees, customers and tenants at risk. Apart from the approach and initiatives disclosed in the above sections, we ensure that necessary information and resources are available for coping with the physical impacts of climate change and managing potential climate transition risks (e.g. changes in customer preferences, climate-related mandates, etc.). The Group also maintains ongoing communications with the stakeholders regarding climate impacts and works to support business partners to decarbonise.

KWIH tapping into green financing



KWIH's subsidiary, Shanghai Kaitong Wenan Construction Development Co., Ltd., secured a RMB500 million green loan facility with OCBC Wing Hang Bank (China) Limited in 2021. This loan fund our investment in EDGE, the Suzhou Creek office project in Shanghai, which was completed in 2020. This office tower incorporates different green features in its design and already earned LEED (core and shell) Gold certification.

This loan is KWIH's first green loan and marks our ambitions in developing green buildings. The Group will continue to explore various green financing means for our development projects and actively bring in more environmentally friendly features in future projects to mitigate climate change impacts on our communities.



8. Giving Back to Our Communities

KWIH upholds the long-standing belief of “giving back to the society from which one has benefited” by devoting our dedication to making positive impacts through our community programmes. Due to the COVID-19 pandemic, out of an abundance of caution, we refrained from conducting many of our regularly planned community programmes, however, over the past year we kept our community spirit through the contributions in Hong Kong and Mainland China.

Response to COVID-19

“K. Wah Cares” Vaccination Incentive Campaign

In a bid to encourage citizens to get vaccinated for building an immune barrier against COVID-19, KWIH launched the “K. Wah Cares” Vaccination Incentive Campaign from July to November in 2021. The eligible lucky draw winners received e-coupons for dining for post-vaccination enjoyment with friends and family, with a total worth of HK\$1 million.



Supporting the underprivileged against COVID-19

KWIH further collaborated with Tung Wah Group of Hospitals (“TWGHs”) to donate HK\$1 million for vulnerable members of the community alleviating their income insecurity and financial burden associated with potential vaccination costs such as pre-vaccination medical check-ups, transportation fees and other related expenses. Students, service users of TWGHs and their direct family members were all eligible for this subsidy.



(Left to right) Mr. Kazaf Tam, 2021/2022 Chairman of TWGHs; Dr Lui Che-woo, Chairman of KWIH; Mr. Alexander Lui Yiu Wah, Executive Director of KWIH

Community Empowerment

Driven by our people-oriented spirit, we are keen to support diverse social segments, including the elderly and underprivileged groups in order to promote social inclusion and develop stronger community bonds.

Henan Flood Relief Donation

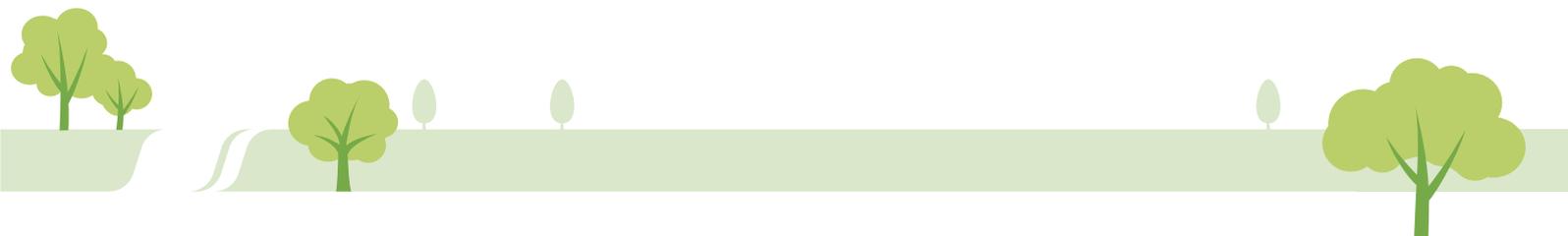
In July 2021, Henan province in Mainland China was hit hard by extremely heavy rains and floods. We are deeply saddened by the casualties and property losses caused by the disaster. KWIH donated HK\$5 million, through the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, to support the emergency responses and relief efforts in Henan province.



Mr. Alexander Lui Yiu Wah (second from left) and Mrs. Paddy Tang Lui Wai Yu (second from right), Executive Directors of KWIH present cheque to Mr. Tan Tieniu, Deputy Director of the Central Government's Liaison Office in Hong Kong (middle).

Home visit to the elderly

A group of KWIH staff from Guangzhou and Dongguan offices visited the home of the elderly living alone in villages in Huadu District, Guangzhou. Our volunteers prepared and distributed festive gifts, food and supplies to them in order to give them emotional support.



Youth Development

As the youth are tomorrow's leaders, we have been nurturing the next generation by unlocking their full potential and empowering them to create a brighter future for themselves and our shared communities.

Sharing Session and Mock Interviews

To facilitate youngsters to get a heads start in Shanghai and the Greater Bay Area ("GBA"), the Group organized sharing sessions and mock interviews. In Hong Kong, KWIH partnered with The Arete, a non-government think tank, and invited a government official and our colleagues to share insights into GBA workplace culture and its huge business prospect so that young people could grasp the exciting career opportunities in the booming GBA.

In Shanghai, the Group organized one-on-one career consultations for MBA students at Shanghai University. The consultation provided information on employment policies, job search techniques, and the latest recruitment information so that participants can better map their career development.



The event generated enthusiastic responses attracting more than 100 Hong Kong young people to join in-person and online.



During the consultations, the representative from KWIH promptly responded to the students' concerns about career development, job-hunting and industry news, etc.

Internship programme

KWIH invited university students to intern at Hong Kong offices in 2021 summer. During the two month internship programme, eight university students gained valuable working experience and a better understanding of the competitive edge and work culture in the property development sector.



9. Appendices — Performance Data

Workforce¹¹ by region, employment contract, gender, and age group

		Total	Gender		Age Group		
			Male	Female	Below 30	30–50	Over 50
Hong Kong	Full-time	264	131	133	41	163	60
	Part-time	0	0	0	0	0	0
Mainland China — Property	Full-time	538	255	283	57	441	40
	Part-time	0	0	0	0	0	0
Mainland China — Hotel	Full-time	191	96	95	63	103	25
	Part-time	14	4	10	14	0	0
Total	Full-time	993	482	511	161	707	125
	Part-time	14	4	10	14	0	0

Employee turnover rate¹² by region, gender, and age group

		Total	Gender		Age Group		
			Male	Female	Below 30	30–50	Over 50
Hong Kong		32%	31%	33%	51%	30%	25%
Mainland China — Property		12%	11%	12%	21%	11%	5%
Mainland China — Hotel		55%	57%	53%	94%	34%	24%
Group-wide average		26%	26%	26%	60%	19%	18%

Percentage of employees trained¹³ by region, gender and employee category

		Total	Gender		Employee Category		
			Male	Female	Senior Management ¹⁴	Middle Management ¹⁵	General ¹⁶
Hong Kong		65%	57%	73%	75%	95%	53%
Mainland China — Property		108%	104%	111%	93%	100%	111%
Mainland China — Hotel		100%	100%	100%	100%	100%	100%
Group-wide average		95%	91%	99%	83%	99%	94%

¹¹ This figure reflects full-time and part-time employees in our Hong Kong and Mainland China portfolio as of 31 December 2021.

¹² Employee turnover rate = Total number of employees leaving the company in 2021/Total workforce in 2021

¹³ This figure reflects the number of employees (including both active employees and leavers) trained per the total employees as of 31 December 2021.

¹⁴ Senior Management refers to employees at General Manager or above level.

¹⁵ Middle Management refers to employees at Deputy General Manager, Assistant General Manager, Senior Manager and Manager level.

¹⁶ General refers to employees at Assistant Manager or below level.

Average training hours completed per employee¹⁷ by region, gender and employee category

	Total	Gender		Employee Category		
		Male	Female	Senior Management	Middle Management	General
Hong Kong	4.6	2.5	6.6	2.6	6.3	4.1
Mainland China — Property	6.1	5.6	6.7	6.0	9.0	5.0
Mainland China — Hotel	51.4	51.3	51.4	48.2	48.2	51.6
Group-wide average				14.9		

Greenhouse gas emissions^{18 19} in total and intensity

GHG Emissions (Tonnes of CO ₂ e)	
Scope 1 Emissions — Fuel Use	138.16
Scope 2 Emissions — Purchased Electricity	589.48
Scope 3 Emissions — Business Air Travel	12.40
Total GHG Emissions — Scope 1, 2 and 3	740.04
GHG Emissions Intensity (Tonnes of CO₂e per FTE²⁰)	0.75

Energy consumption by type in total and intensity

Energy Consumption ('000 kWh)	
Direct Energy Consumption — Fuel	467.87
Indirect Energy Consumption — Electricity	735.86
Total Energy Consumption	1,203.73
Energy Intensity ('000 kWh per FTE)	1.21

¹⁷ The figures reflect the total hours of employee training during the year (including training hours of both active staff and leavers) per the total employees as of 31 December 2021.

¹⁸ 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.

¹⁹ GHG emissions are calculated with reference to the emission factors documented in the China Electricity Council and the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) issued by the Electrical and Mechanical Services Department and Environmental Protection Department, HKSAR Government.

²⁰ FTE: Full time equivalent employees. The number of KWIH's FTE in 2021 was 993.

10. HK Stock Exchange ESG Guide Content Index

Aspect	HK Stock Exchange KPI	Description	Page Number/ Remarks
A. Environmental			
A1 Emissions	A1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	17-19
	A1.1	The types of emissions and respective emissions data	Due to the nature of KWIH's business, this KPI is considered not material.
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	26
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Due to the nature of KWIH's business, this KPI is considered not material.
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	19
	A1.5	Description of emissions target(s) set and steps taken to achieve them	17-19
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	17-19

Aspect	HK Stock Exchange KPI	Description	Page Number/ Remarks
A2 Use of Resources	A2	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	17-19
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility)	26
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	This KPI is not significant under KWIH's operational control.
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	17-19
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	This KPI is not significant under KWIH's operational control.
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Due to the nature of KWIH's business, this KPI is considered not material.
A3 The Environment and Natural Resources	A3	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	17-21
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	17-21

Aspect	HK Stock Exchange KPI	Description	Page Number/ Remarks
A4 Climate Change	A4	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	17-21
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	21
B. Social			
B1 Employment	B1	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	8-9
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	25
	B1.2	Employee turnover rate by gender, age group and geographical region	25

Aspect	HK Stock Exchange KPI	Description	Page Number/ Remarks
B2 Health and Safety	B2	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	11-12
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	No reported cases of work-related fatalities over the past three years including the reporting year.
	B2.2	Lost days due to work injury	12
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	11-13
B3 Development and Training	B3	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	10
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	25
	B3.2	The average training hours completed per employee by gender and employee category	26

Aspect	HK Stock Exchange KPI	Description	Page Number/ Remarks
B4 Labour Standards	B4	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	We abide by relevant employment ordinances and statutory requirements. No relevant cases of non-compliance were recorded during the reporting period.
	B4.1	Description of measures to review employment practices to avoid child and forced labour	9
	B4.2	Description of steps taken to eliminate such practices when discovered	9
B5 Supply Chain Management	B5	General Disclosure Policies on managing environmental and social risks of the supply chain.	16
	B5.1	Number of suppliers by geographical region	16
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	16
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	16
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	16

Aspect	HK Stock Exchange KPI	Description	Page Number/ Remarks
B6 Product Responsibility	B6	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	14-16
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	During the reporting period, no products sold or shipped were recalled for safety and health reasons.
	B6.2	Number of products and service related complaints received and how they are dealt with	15
	B6.3	Description of practices relating to observing and protecting intellectual property rights	14
	B6.4	Description of quality assurance process and recall procedures	15-16
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	14

Aspect	HK Stock Exchange KPI	Description	Page Number/ Remarks
B7 Anti-corruption	B7	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4
	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	4
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	4
	B7.3	Description of anti-corruption training provided to directors and staff	4
B8 Community Investment	B8	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	22
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	22-24
	B8.2	Resources contributed (e.g. money or time) to the focus area	22-24

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