



中國海外集團有限公司
CHINA OVERSEAS HOLDINGS LIMITED



“People-oriented Sustainability”

Corporate Social Responsibility Report 2010

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1 About the Report

1.1 Reporting Purpose

This is the first corporate social responsibility (CSR) report published by China Overseas Holdings Limited (the Group) and its main purpose is to communicate the Group's CSR vision, practices and performance to stakeholders in an honest and transparent way and strengthen the level of sustainability.

1.2 Reporting Scope and Boundary

We are reporting on economic, social and environmental performance from 1 January — 31 December 2010. The Group operates in three major sectors; property development, construction and investment through three subsidiaries: China Overseas Land & Investment Ltd. (COLI), China State Construction International Holdings Limited (CSCI) and COHL Investment Developing Holdings Limited (COIHL). In this report, the Group's CSR refers to these three subsidiaries.

The Group owns 552 companies in total, of which 504 companies (91%) are directly owned (equity ratio is equal to or larger than 50%), and 48 companies (9%) are indirectly owned (equity ratio is less than 50%).

Unless otherwise stated, figures in this report do not include our operations in Macau and overseas as they only represent a small proportion of our business. We will specify if operations in these locations are used as case studies.

Since it is our first CSR report, we will provide some data that predate 2010.

1.3 Reporting Period

The Group plans to publish a CSR report regularly.

1.4 Reporting Guidelines

There is no regulatory or CSR reporting standard in Hong Kong. This report is guided by the *Global Reporting Initiative (GRI) Sustainability Reporting G3.1 Framework*, and the *Guidelines on Uplifting the Corporate Social Responsibility Performance for National Enterprises*. We have also referenced, *ISO26000: Guidance on Social Responsibility*.

1.5 Access to the Report

The report is published in Traditional and Simplified Chinese and English. The online version of the report is available from our website: www.cohl.com.

1.6 Contacts

We have taken stakeholders' interest and expectations into consideration while writing this report and welcome any feedback. You may contact us at:

China Overseas Holdings Limited
Address: 10/F, Three Pacific Place, 1 Queen's Road East, Hong Kong
Fax: +852 2865 5939
E-mail: csr@cohl.com

2 Message from Chairman

“Based on a vision of “Steady development lays a solid foundation for sustainable development” and company values founded on “Exercise caution in details and implementation. Build a strong foundation to seek greater success”, we have persevered to fulfil our responsibility as a corporate citizen while facing numerous risks and challenges over the past 30 years and more.”



Laozi, the ancient Chinese philosopher, held that the ideal life is having a satisfying place in which to live and pleasant work to do. Nowadays, people’s definition of an ideal life remains the same. With the vision of people-oriented sustainability, the Group has developed and constructed a range of high quality residential and office buildings, roads and bridges, as well as public infrastructure in Hong Kong, Macau, Mainland China and overseas since its establishment in the 1970s that provide the fundamental basis for an ideal life.

More and more companies have started to publish CSR reports in recent years and the Group understands the importance of doing so, which is why we have decided to report this year. We would like to communicate our principles and vision of contributing to society to our stakeholders through this report. Based on a vision of “Steady development lays a solid foundation for sustainable development” and company values founded on “Exercise caution in details and implementation. Build a strong foundation to seek greater success”, we have persevered to fulfil our responsibility as a corporate citizen while facing numerous risks and challenges over the past 30 years and more. Various guiding strategies and policies, efficient practices, strict moderation and constant improvement, deliver the most sincere service to clients, maximise shareholders’ returns and care for our employees have enabled the Group to proactively balance the interests of different stakeholders. At the same time, it is committed to the environment and society and takes a positive role in environmental activities and charity.

We take this report as a starting point and would like to establish a more open and transparent communication platform so as to keep improving our economic, social and environmental performance while balancing different stakeholders’ expectations to build up a sustainable business.

The Group plans to continue with a management vision based on “Exercise caution in details and implementation. Build a strong foundation to seek greater success (慎微篤行、精築致遠)”. This includes proactive strategic thinking, detailed-orientated operations and a vision of people-oriented sustainable development.

A handwritten signature in black ink, appearing to be 'Yi Jun', located below the text of the Chairman's message.

Yi Jun
Chairman, China Overseas Holdings Limited

3 About the Group

3.1 Group Profile

China Overseas Holdings Limited is a subsidiary of China State Construction Engineering Corporation and started operations in Hong Kong in June 1979. The Group's listed companies include China Overseas Land & Investment Ltd. ("COLI", HKSE code: 00688), China State Construction International Holdings Limited ("CSCI", HKSE code: 03311) and China Overseas Grand Oceans Group Ltd. ("COGO", HKSE code: 00081). The total asset value and the total market value of the Group both exceed HK\$150 billion at present.

3.1.1 Group History

1. 1979–1984: Origins of the Group. In May 1981, the Group obtained the highest construction licences (Licence C) in five categories, for undertaking construction projects of unlimited tender value in buildings, port works, roads and drainage, site formation and waterworks.
2. 1985–1991: Business Development Stage. The Group grasped the rare opportunity for development, actively and prudently carried out real estate business in Hong Kong and to develop the Group's business structure from simple construction to dual-core construction and real estate. This was the Group's first strategic transformation.
3. 1992–1997: Rapid development stage. On 20 August 1992, COLI (00688.HK) was listed on the Hong Kong Stock Exchange, the first red chip company based on operating Hong Kong local business to be listed. This marked the Group's successful completion of joint-stock reform and property adjustment, and marked the second round of strategic restructuring from a purely state-owned enterprise to the state-controlled joint-stock enterprise.
4. 1998–2000: Adjustment stage. After the 1997 Asian financial crisis, the Group adjusted the basic strategy to "safe operation, steady progress" since 1998. Subsequently, the Group consolidated the operational scale of the construction business, shrank the property business in Hong Kong and developed the property business in Mainland China. As a result it achieved a gradual improvement in operating efficiency and got through the difficult time ultimately.

5. 2001–Now: Rapid Development Stage. Especially after 2003, the Group became a nationalised property developer by investing substantially in the mainland real estate market. At the same time, the Group rolled out the "cross-region-management strategy" for the construction business, which expanded the booming construction market in Macau where the gambling industry has been furiously expanding. Riding on the experience gained from the Hong Kong market, the Group also successfully tapped into other international markets like Dubai and Hyderabad, which transformed the Group into an international contractor. To sustain the long-term development of its contracting business, the Group adopted a spin-off plan and formed new financing and operating platforms. CSCI (03311.HK) was listed on the Hong Kong Stock Exchange on 8 July 2005. The Group has experienced rapid and sustainable business growth since the third transformation strategy, which led to the Group's renewal and growth.

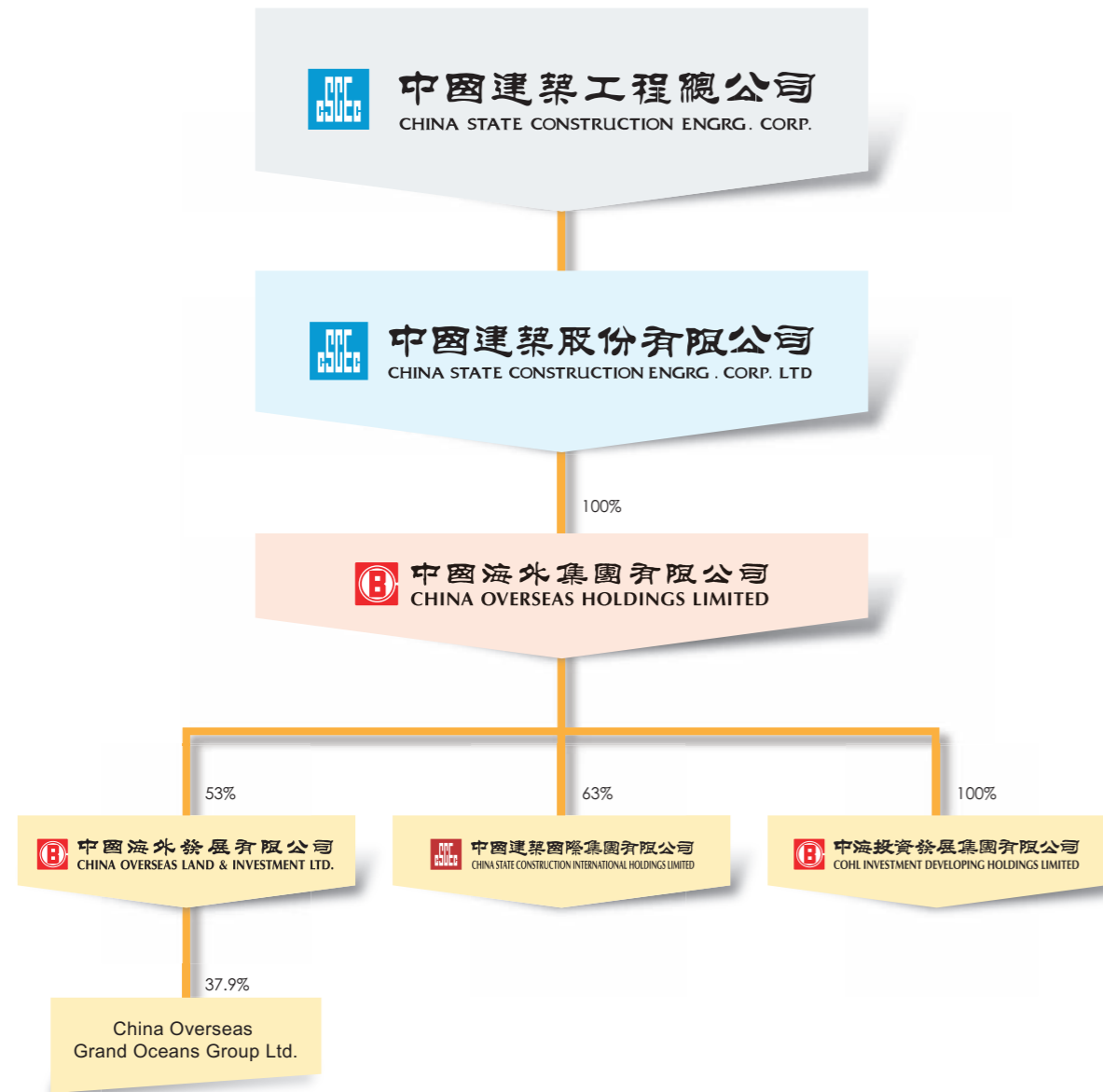
The Group's main business lies in three areas; property development, construction and investment business. Each business line is overseen by a subsidiary, details of which are outlined below.

In the past 31 years, the Group has been developed strategies, striven to perfect management, built a people-oriented corporate culture and a strategic management that offers employees room for development, a supportive work atmosphere and incentives to motivate employees. As a result, the Group has solid corporate governance. It has also been a responsible corporate citizen, making great efforts in environmental protection and community development. More detailed information is provided below in the remaining chapters.

3.2 Organisational Structure

The Group has three subsidiaries:

1. China Overseas Land & Investment Ltd. (COLI)
2. China State Construction International Holdings Limited (CSCI)
3. COHL Investment Developing Holdings Limited (COIHL)



(As at 31 December 2010)

Remarks:

China Overseas Holdings Limited: Owns 46 companies, of which 44 companies are directly-owned subsidiaries¹ (96% in total); 2 companies are indirectly-owned subsidiaries² (4% in total)

China Overseas Land & Investment Ltd.: Owns 389 companies (includes COLI and COGO), of which 371 companies are directly-owned subsidiaries (95% in total); 18 companies are indirectly-owned subsidiaries (5% in total)

China State Construction International Holdings Limited: Owns 117 companies, of which 89 companies are directly-owned subsidiaries (76% in total); 28 companies are indirectly-owned subsidiaries (24% in total)

COHL Investment Developing Holdings Limited: Is a management platform, therefore does not own any subsidiaries.

Remarks:

¹ Directly-owned: Equity ratio is equal to or larger than 50%

² Indirectly-owned: Equity ratio is less than 50%



3.2.1 China Overseas Land & Investment Ltd. (COLI)

Incorporated in Hong Kong in 1979, COLI was listed on the Hong Kong Stock Exchange in 1992. It became a constituent stock of the Hang Seng Index in 2007, making it the first Chinese property developer selected.

With its core business in property development and years of industry experience and long-term brand building, "China Overseas Property", the industry leading brand of COLI, has gradually been developed into a trans-regional, first-class Chinese property development enterprise and a national property brand and classified as a Famous trademark in China by The Trademark Office of the State Administration for Industry & Commerce of the People's Republic of China in February 2010. COLI has established a preliminary nationwide market distribution network, with major focuses on Hong Kong and Macau, the Yangtze River Delta, the Pearl River Delta, Bohai Rim, and the Northeast and Western parts of Mainland China. It has also successfully invested in and developed numerous popular and high quality properties in 31 cities or regions,

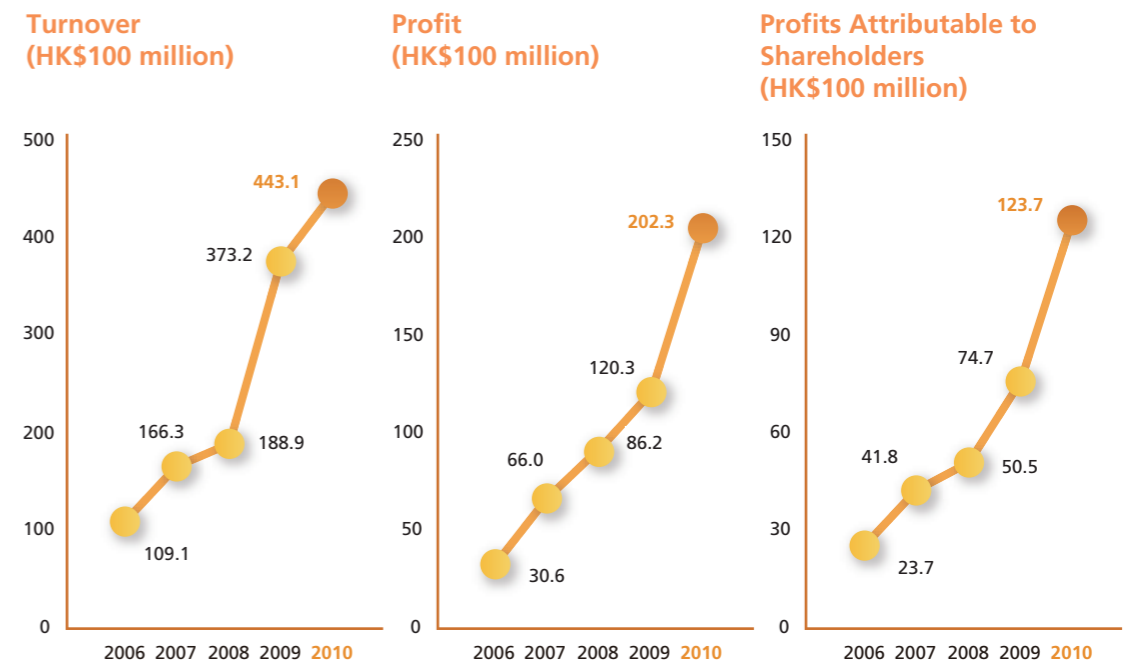


Remarks:

* Property development in 29 major cities in Mainland China, (Beijing, Shenzhen, Nanjing, Changchun, Xi'an, Suzhou, Chengdu, Foshan, Zhongshan, Shanghai, Guangzhou, Ningbo, Chongqing, Hangzhou, Zhuhai, Tianjin, Dalian, Shenyang, Qingdao, Jinan, Changsha, Nanchang, Yantai, Hohhot#, Guilin#, Yinchuan#, Nanning#, Hefei#, Jilin#), as well as in Hong Kong and Macau.

The cities where COGO has operations. COGO also has projects in Beijing and Guangzhou.

which include Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong and Macau. It has provided hundreds of thousands of premium residential units to the community, offering excellent residential choices and satisfactory consumption experiences for around a million customers. Up to the end of 2010, COLI's total assets totalled HK\$162.2 billion. Its property sales totalled HK\$67.1 billion, with a turnover of HK\$44.3 billion and net profit of HK\$12.6 billion. Its total land reserves stood at 35.8 million square metres. In 2010, COLI became a constituent stock of the Hang Seng Corporate Sustainability Index and was ranked in the Financial Times Global 500, the only Chinese property developer on the list.



Remarks: 2010 Economic Performance includes China Overseas Grand Oceans Group Ltd.

3.2.1.1 Main Business Performance Summary

Property Development

- Projects with gross floor area (GFA) of 5.6 million square metres were completed.
- Saleable area of completed projects amounted to 4.7 million square metres.
- A total of 5.3 million square metres of property was sold, raising HK\$67.1 billion, representing increases of 11.2% and 40.4% respectively over 2009.

Property Investment

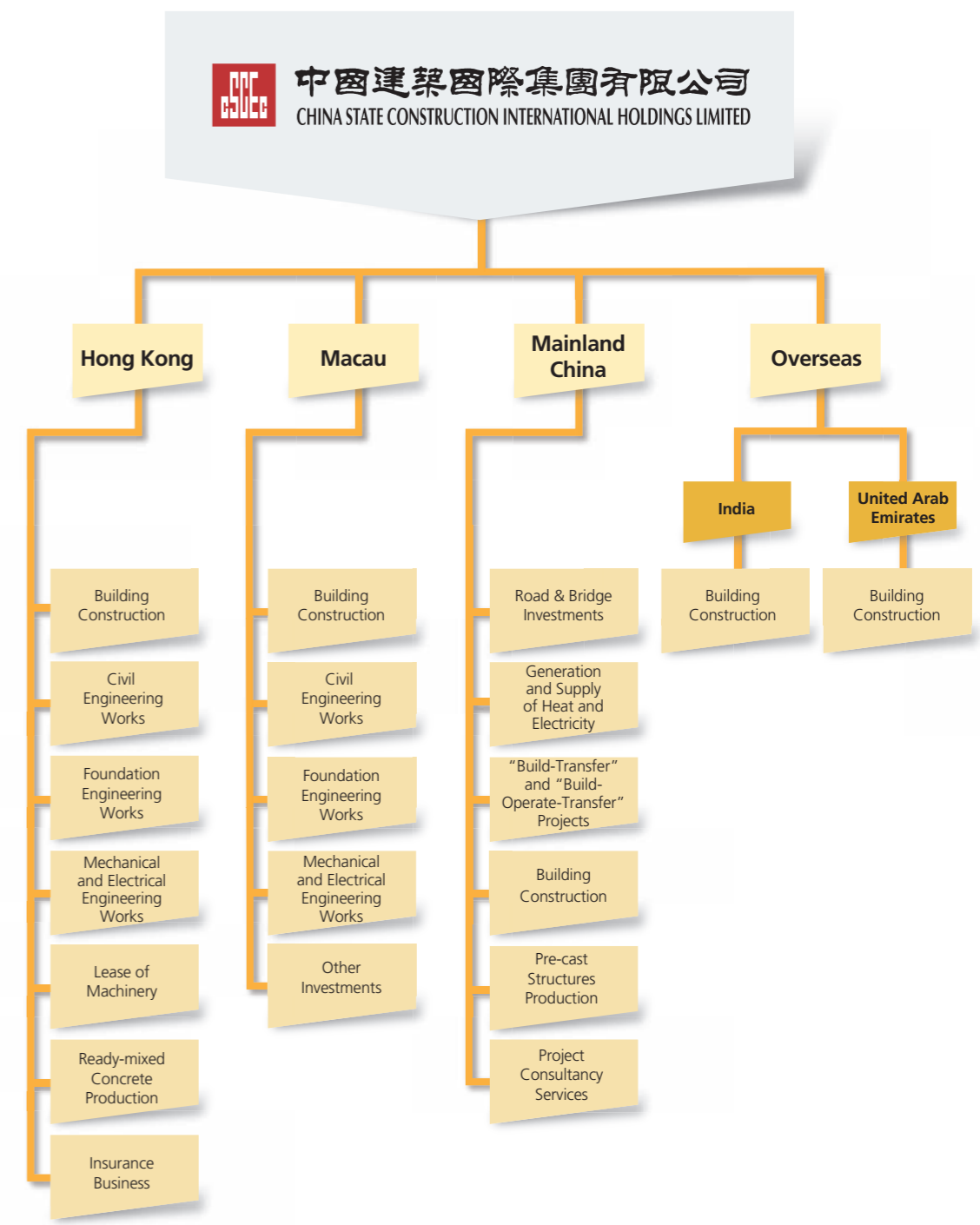
- Investment properties held as at the end of 2010 amounted to 310,000 square metres.
- Investment properties under-development or to be developed totalled over 1.5 million square metres.
- Annual rental income was HK\$294 million.
- Increase in fair value of investment property amounted to HK\$2.0 billion.

3.2.2 China State Construction International Holdings Limited (CSCI)

CSCI was founded in 1979 and was separated from COLI and listed in 2005, and is a vertically integrated construction company, engaged in building construction and civil engineering operations as well as other peripheral operations such as foundation work, site investigation, mechanical and electrical engineering, highway and bridge construction, ready-mixed concrete, pre-cast production and infrastructure investment. In July 2005, CSCI was listed on the Main Board of the Hong Kong Stock Exchange.

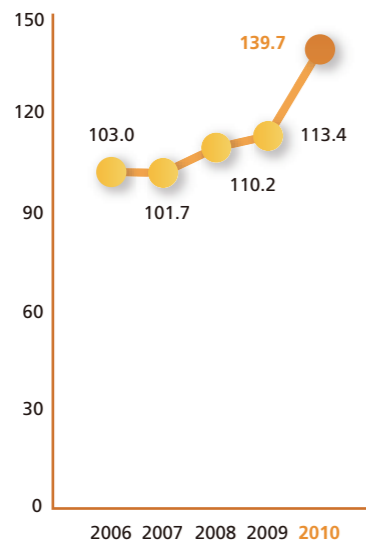
CSCI is amongst the largest construction contractors in Hong Kong. As approved by the Works Bureau, it is on the List of Approved Contractors (Group C) for Public Works for five categories and also a Group II Land Piling Specialist Contractor. Currently CSCI is one of the NW2 contractors for Hong Kong Housing Authority projects.

CSCI plays an active role in the construction industry by means of its sound and quality management, and has core capabilities in mastering high quality and technically advanced projects. It has undertaken over 780 projects in Hong Kong, Mainland China and Macau over the past 31 years, accumulating copious amounts of experience and prominent capabilities. Projects undertaken range from building works of public housing, private residential, office and commercial, industrial, hospital institutions, educational and cultural facilities, hotels, public institutions (such as Hong Kong International Airport Passenger Terminal Building); to civil engineering works of site formation, highways, bridges, reclamation and tunnel projects; as well as piling, mechanical and electrical engineering works. In recent years, drawing on the sound experiences it gained in Hong Kong and Macau, CSCI has been active in extending its reach across regional boundaries and succeeded in developing construction business in Mainland China, the United Arab Emirates and India. It has therefore built three major regional business platforms covering Hong Kong-Macau, Mainland China and overseas.

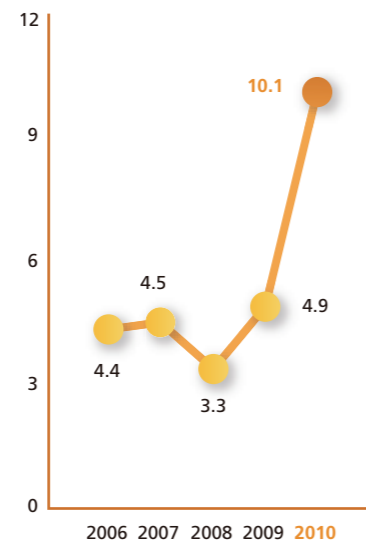


3. About the Group

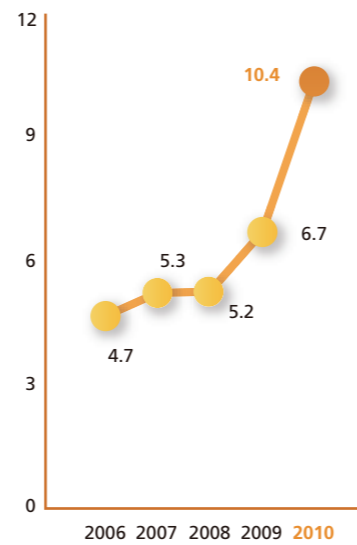
**Turnover
(HK\$100 million)**



**Profit
(HK\$100 million)**



**Profits Attributable to Shareholders
(HK\$100 million)**



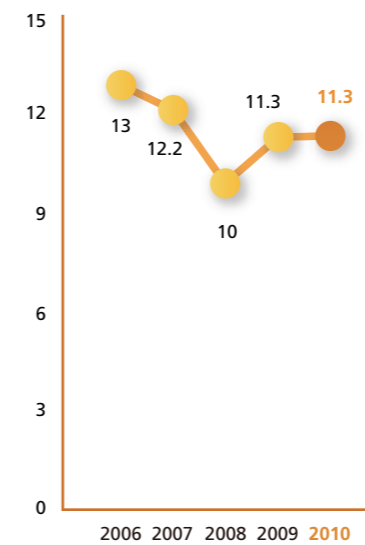
3.2.2.1 Main Business Performance

- 30 projects completed, with attributable contract value for completed projects of HK\$11.1 billion.
- 35 new contracts awarded, with attributable contract value of HK\$24.9 billion.
- 78 projects in progress, with the total attributable contract value of HK\$56.9 billion, attributable contract value for incomplete contracts was HK\$35.48 billion.

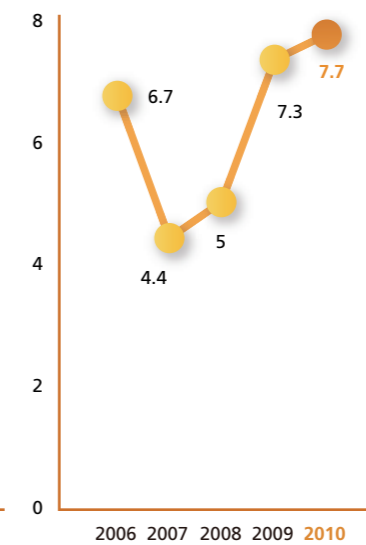
3.2.3 COHL Investment Developing Holdings Limited (COIHL)

COIHL is a management platform, and the core business consists of operating and managing infrastructure business as well as a focus on the development of urban-rural planning investment business. COIHL currently manages three main business sectors. The first business sector is investment and operation of infrastructure, and includes Shenyang Huanggu Thermoelectricity, Second Nanjing Bridge, Shandong Laizhou Harbour Affairs, Nanchang Bridge and Nanchang Xin Ba Yi Bridge and so on. The second sector is urban-rural planning investment, including Chongqing Lixiang Lake and Zibo Wenchang Lake Project. The third sector is finance and investment, including Guoyuan Trust, Guoyuan Investment, Huawei Investment, and so on. Its main areas of business operation are in Shenzhen, Shenyang, Shandong, Jiangsu, Jiangxi, Anhui, Chongqing, and so on.

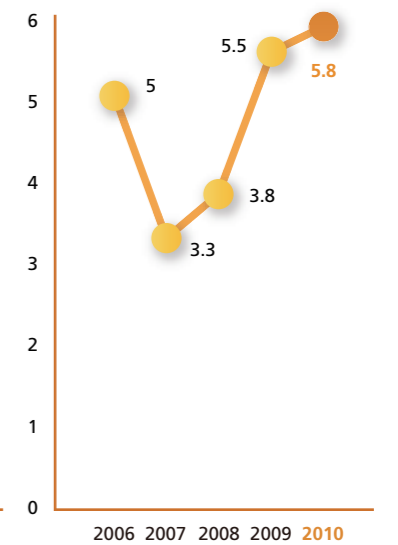
**Turnover
(HK\$100 million)**



**Profit
(HK\$100 million)**



**Profits Attributable to Shareholders
(HK\$100 million)**



3.2.3.2 Main Business Performance

- Investments total HK\$630 million
- Total management project: 10 projects

3.3 Awards and Honours

3.3.1 Overview

Throughout the years, the Group has won numerous awards including a second place in the National Science and Technology Progress Award, the Most Respected Enterprise in China, Leading Brand of China Real Estate Company, Hong Kong Ten Best Contractor Award, Outstanding Company of Contribution to CSR in China, won the Luban Prize (China's highest prize for a building project) numerous times and Zhan Tianyou Awards.

In 2010, the Group's mainland property brand — China Overseas Property — was again ranked No. 1 among "China's 20 Most Valued Property Brands", with a brand value of RMB15.5 billion. In addition, China Overseas Property was again acknowledged as No. 1 among "Leading China Property Brands" and No. 1 among China Blue Chip Real Estate Developers for seven consecutive years. COLI also joined the "Financial Times Global 500" in 2010.

3.3.2 Awards and Honours related to CSR

COLI's good corporate citizenship was recognised with a placement in the "Top 20 Corporate Socially Responsible Real Property Enterprises in China in 2010". On 26 July 2010, COLI became a constituent stock of the Hang Seng Corporate Sustainability Index. This reflects recognition of COLI's efforts in corporate sustainability including environmental protection, social responsibility and corporate governance. The Group will continue to contribute to sustainable development, fulfill the Group's long-term commitment to social responsibility, and further consolidate its position as a leader in sustainable development.

Introduction of Hang Seng Corporate Sustainability Index

Hang Seng Corporate Sustainability Index Series is the first corporate sustainability index series to cover both Hong Kong and the Mainland. The Hang Seng Indexes Company Limited exercised an extremely stringent process of selection for constituent stock. After appraising the turnover guideline performance of the top 150 companies (in terms of market value) in the Hong Kong stock market and Mainland A share market, the companies with the highest sustainable development rating were selected. The evaluation indexes for sustainable development included environment, society and corporate governance (also called ESG). As the HKSAR Financial Secretary Mr. John Tsang Chun-wah said at the launch ceremony, the index series will help the public to clearly see the efforts and the results of companies in regard to sustainable development, and will therefore allow them to identify those companies with long-term potential.

Specific Awards and Honours

Our projects have won recognition from Bloomberg International Property Awards and Zhan Tianyou Awards for quality, design and management. The Group has extended its vision to the formation of an integrated value-chain system. This covers the entire property development process, comprising land acquisition and investment, construction planning, design and execution, sales and marketing, and after-sales service as well as property management.



3. About the Group

Overall Strength

Awarder	Awards or Honours	Recipient
DHL and South China Morning Post	DHL/SCMP Hong Kong Business Awards — China Company Award 2010	China Overseas Land & Investment Ltd.
Hang Seng Indexes Company Limited	A constituent stock of the Hang Seng Corporate Sustainability Index	China Overseas Land & Investment Ltd.
China Property and Housing Research Community of Ministry of Housing and Urban-Rural Development & Economic Observer	Top 20 Corporate Socially Responsible Real Property Enterprises in China in 2010	China Overseas Land & Investment Ltd.
The Trademark Office of the State Administration for Industry & Commerce of the People's Republic of China	Famous trademark in China	China Overseas Property Group Company Limited
The Council of Social Service	Caring Company 2008–10	China Overseas Land & Investment Ltd. and China State Construction International Holdings Limited
	Caring Company 2009/10	China Overseas Holdings Limited

Health and Safety

Awarder	Awards or Honours	Awarded Projects
Labour Department of Hong Kong	Construction Industry Safety Award Scheme 2009/2010 Civil Engineering Sites — Gold	Reconstruction and Improvement of Tuen Mun Road — Tai Lam Section
	Construction Industry Safety Award Scheme 2009/2010 Building Sites (Private Sector) — Silver	Construction of Shopping Centre at Yau Tong Estate Redevelopment Phase 4
Development Bureau of Hong Kong	Considerate Contractors Site Award Scheme 2009 — Silver	Development at Anderson Road — Site Formation
Occupational Safety & Health Council of Hong Kong	Best Safe Working Cycle Site — Gold and Best Performance Award — Bronze	Construction of Shopping Centre at Yau Tong Estate Redevelopment Phase 4
Occupational Safety & Health Council of Hong Kong	Safety Promotional Award — Silver	Site Safety Award Stamps Redemption Scheme

Design and Construction

Awarder	Awards or Honours	Recipient
U.S. Green Building Council	Gold Award of LEED Green Building Certification	Beijing China Overseas Plaza
Bloomberg, the New York Times and so on	Bloomberg International Property Awards (Asia Pacific) 2010	Olympic City, Shenzhen (Best Interior Design Award) Windsor Pavilion, Beijing (Best High-rise Architecture Award) Mt. Riviera, Hangzhou, Manor Park, Ningbo, Villa Utopia, International Community, Chengdu (Best Architecture Award)
Working Guidance Committee of Residential Construction of China Civil Engineering Society	2010 Zhan Tianyou Resident Golden Award	Xujiang Palace, Suzhou, Mt. Riviera, Hangzhou, The Arch, Nanjing
	2010 Zhan Tianyou Resident Building Excellence Awards	The Silver Carse, Qingdao, Dragon Peninsula, Chengdu
	2010 Zhan Tianyou Resident Outstanding Technology Award	Classic Palais, Dalian, Park Royal, Guangzhou
	2010 Zhan Tianyou Excellent Community Planning Award	The Metropolis, Beijing Olympic City, Shenzhen
	2010 Zhan Tianyou Outstanding Community Environment Award	Fairyland, Zhongshan
China Construction Industry Association	China Construction Project Luban Award	Beijing China Overseas Plaza
Development Bureau of Hong Kong	2009 Outstanding Environmental Management & Performance Awards — Silver	Construction of Siu Sai Wan Complex
Development Bureau of Hong Kong	2009 Hong Kong Awards for Environmental Excellence (Construction Industry) — Certificate of Merit	Tuen Mun Road — Tai Lam Section and Un Chau Estate Phase 5

4 Sustainable Management

Based on a vision “**Steady development lays a solid foundation for sustainable development (鑄百年長春基業)**” and company values founded on “**Exercise caution in details and implementation. Build a strong foundation to seek greater success (慎微篤行、精築致遠)**”, the Group advocates CSR and integrates social responsibility into company operations.

4.1 Background Analysis of Corporate Sustainable Development

As a growing property and construction company in the intensely competitive property industry in Hong Kong and Macau, the Group is now poised to move to another stage of development. The Group is ready to tackle the challenges and leverage the opportunities associated with sustainability in a rapidly developing environment.

The Group’s SWOT Analysis

Strengths

- Develop an influential brand in China’s property industry
- Establish an excellent management team based on intense market competition and including professional and international employees
- Gain advantages to develop marketing strategies, specific project management, quality control and cost control
- Support from the parent company, China State Construction Engineering Corporation, and access to local and international finance

Weaknesses

- The core business is not diverse enough and risk management ability is relatively weak
- The new business areas additional to the core business are still at an embryonic stage

Opportunities

- China’s fast growing economy enables the property industry to thrive
- Industrialisation and civilisation intensify the demand for urban comprehensive construction
- National regulations promote the use of green building technologies
- The launch of “Ten Major Infrastructure Projects” brings the Hong Kong property industry a golden opportunity for development

Threats

- The uncertainty of the national policies on property market management
- The intense competition in construction industry
- The raises of the cost for resource and materials
- The global economy is still not stable

Based on the SWOT analysis above, which took a range of internal and external factors into consideration, the Group developed the following strategies to ensure the mid- and long-term sustainable development:

- Improve regional strategic management for sustainable development
- Strengthen innovation and quality control and develop more green and energy saving residential buildings
- Apply innovative management and organisational strategies to speed up regional and professional processes
- Value talent and improve the human resource structure through advanced HR management and encouragement policies
- Strengthen the development of “China Overseas Corporate Culture” and fulfil our responsibility to “enhance shareholders’ value, benefit the community and enhance employees’ value” as a good corporate citizen
- Increase inputs into low-income housing projects for development and participate in poverty alleviation and charity projects
- Promote the implementation of urban-rural planning investment project, explore new ways to innovate China’s urbanisation, and assist farmers to get rich
- Increase competitiveness overseas and develop an international brand



4.2 Corporate Governance Principles and Structure

The Group fully understands the importance of corporate governance to the Group's sustainability. As a result, the Group has made significant efforts to improve its corporate governance in three ways: ensure the Group and all companies with the Group comply with national and local laws and regulations; the board of directors strengthens organisational management to ensure the interests of different stakeholder groups; guided by corporate governance principles, the Group continues develop its competitiveness so as to increase value for stakeholders. The Group believes that these are the key factors that ensure efficient operation while balancing stakeholders' interests.

The subsidiaries ensure strict compliance with the principles of group governance, and have won several governance awards.

In 2006, COLI's Board and Mr. Kong Qingping, Chairman and CEO, have both been selected as an Awardee for Directors Of The Year Awards 2006 in the category of Listed Company (SEHK-Non-Hang Seng Index Constituents): Board of Directors and an Awardee for Directors Of The Year Awards 2006 in the category of Listed Company (SEHK-Non-Hang Seng Index Constituents): Executive Directors respectively by The Hong Kong Institute of Directors.

Also in 2009, CSCI's Board and Mr. Zhou Yong, Vice-Chairman and CEO, have both been selected as an Awardee for Directors Of The Year Awards 2009 in the category of Listed Company (SEHK-Non-Hang Seng Index Constituents): Board of Directors and an Awardee for Directors Of The Year Awards 2009 in the category of Listed Company (SEHK-Non-Hang Seng Index Constituents): Executive Directors respectively by The Hong Kong Institute of Directors.

In the past, the Group has improved the ability of the board of directors to monitor internal management and risk management through the introduction of a more transparent communication platform and efficient accountability system. In future, the Group will continue to improve the corporate governance for sustainable development.

4.2.1 The Board of Directors and Board Committees

The Managing Board (the "Board") plays a core role in corporate governance and has a clear division of work with the management. Along with the Director of the Board, the Board includes two vice-directors of the board and four executive directors. The Board focuses on the overall strategies, policies and business plan of the Group, and monitors financial performance, internal controls and risk management.

Taking international and local best practices into consideration, the Group has established the following Board Committees: Human Resource Management Committee, Strategy and Risk Management Committee, Treasury Management Committee, Compliance Committee and Corporate Social Responsibility Committee. Four of the 13 directors are independent non-executive directors in COLI. Four of the 11 directors are independent non-executive directors in CSCI. Both boards of directors in these two listed companies have an Audit Committee, a Nomination Committee and a Remuneration Committee. Most of the members of the Board Committees are independent non-executive directors and their independent decision is critical to corporate governance.

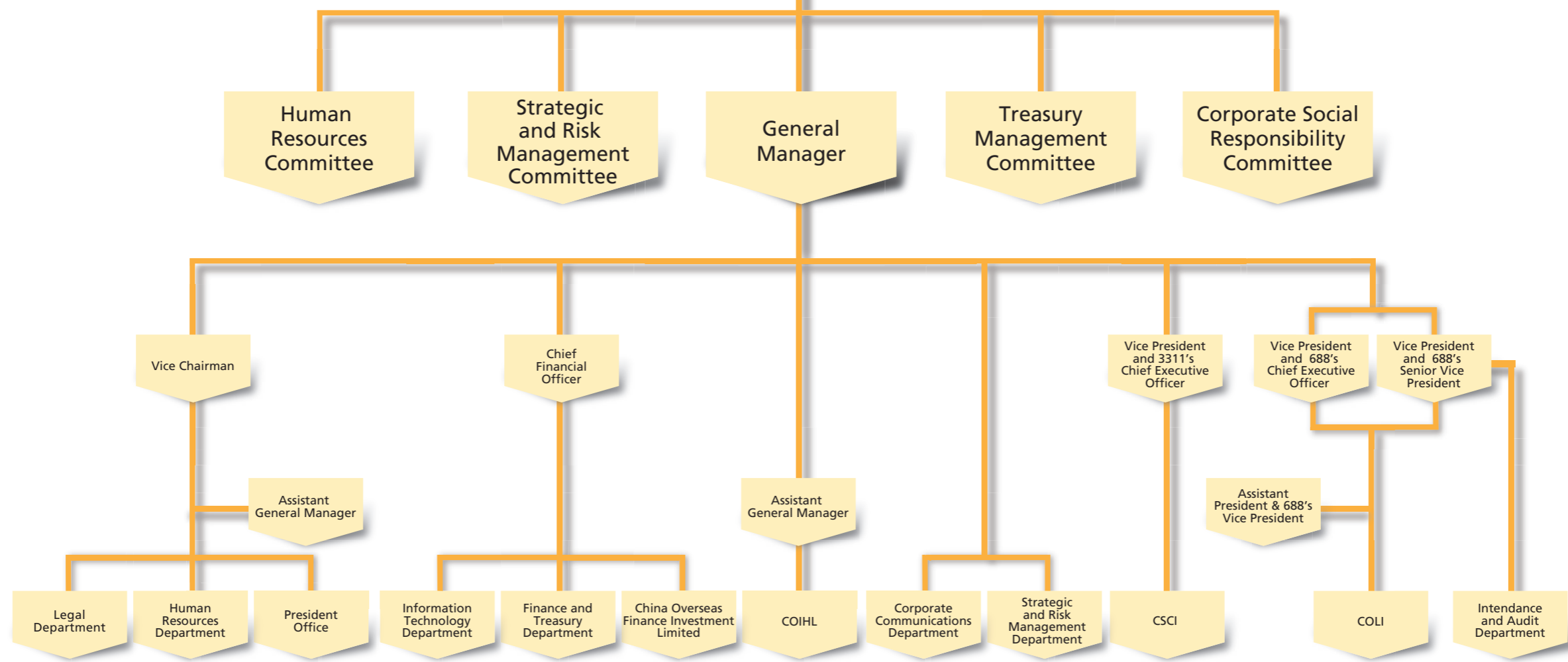
Every Committee is authorised to operate independently. All Committees report their decisions, investigation results and suggestions to the Board.

To ensure independence, the Group's Chairman and the General Manager cannot be the same person, and their responsibilities are outlined in the Board of Directors' Duty Statement. In short, the Director of the Board is responsible for ensuring the Board is fulfilling its responsibility, that corporate governance is of the highest level, and that all Board members are provided with reliable and timely information. The General Manager takes a leading management role and puts into operation the critical strategies developed by the Board.

All Committees have defined clear duties, provide appropriate suggestions to the Board and make timely decisions within their duty scope. Sufficient resources, like a professional secretarial department, is provided to Committees to enable them to fulfil their obligations. According to the duty scope, the Board and the Committees are regularly evaluated and audited to assess performance and effectiveness.



China Overseas Holdings Limited
Managing Board



4.3 Compliance

Compliance is the foundation of corporate social responsibility. The Group adheres to the principles of compliance and honesty in its daily operations. From employees to external partners, from policies to practices, from action to evaluation, the Group has established a complete management system to ensure that compliance is embedded in all business operations.

4.3.1 Internal Compliance

In order to provide the Group and the subsidiaries stable support for sustainable development, the Group has established a full set of internal operation compliance policies and guidelines. Besides ensuring the companies have correctly interpreted these policies and guidelines and implemented them in daily practice, the Group also conducts scheduled and unscheduled audits to verify practices and adjust policies and guidelines to comply with industry practices and relevant regulations.

For example, in order to strengthen contract management to prevent risks and to maintain the legal interests of the Group, we published and implemented *Policies on Contracts Moderation and Management of COLI*. This is in accordance with *the Contract Law of The People's Republic of China*, *System on Contract Management for China State Construction Eng. Corp. Limited* and COLI's relevant management system. In order to standardise governance structure and group rules of procedures, the Group developed and implemented *COLI Policies on Managing the Three Key Issues and the One Influential Issue*.

In addition, the Group legal department and internal supervision audit department worked closely on compliance issues. Apart from providing professional legal services, they set up an investigation team of lawyers and internal auditors that drafts, interviews, reviews initial documents, and complies investigation reports. This ensures the compliance in the internal audit process.

Specific training on internal compliance is provided to employees to make sure that policies and practices are implemented in daily operations.

4.3.2 External Compliance

In addition to internal compliance, the Group also has a compliance system to manage external relations with business partners. Through the improvement of its risk management system, our system guarantees high quality contracts and reduces financial, market, operational and legal risks.

For example, in order to strengthen tender management, standardise tender procedures, maintain the Group and tenderers' legal rights, increase economic return and stamp out corruption, the Group developed and implemented *COLI Tender Management Policy*. This is in accordance with *The Bidding Law of the People's Republic of China* and relevant internal management policy. In order to strengthen the relationship with customers, to protect and increase the customer service standard to property owners, the Group developed and implemented *COLI Property Service Supplier Supervision Formula*.

4.3.3 Corruption and Bribery Prevention and Punishment

Through a combination of stringent policies and strong operational support, the Group has worked hard to deal with corruption and bribery.

The Group launched its *COLI Temporary Provisions on Accountability*, *COLI Policies on Conversation with Integrity and Efficiency*, and *COLI Grievance Mechanism* (the latter two will be relaunched after amendments are finalised during 2011). By 31 December 2010, the Group had organised seven training sessions for more than 350 employees on these issues. In 2010, there was no incident of bribery in the Group.

4.4 CSR Management Structure

In order to improve the Group’s CSR performance and competitiveness, the Group formed a CSR Committee, set up China Overseas Charity Fund Limited and established the trademark for “The Sea Has No Limit and Love Has No Boundary” (海無涯愛無疆) in 2008. This has enabled the Group to implement medium and long term development plans and continue our philanthropic support of key programs such as China Overseas Hope School Projects.

The CSR Committee is responsible for developing the Group’s CSR policies and managing relevant issues, and coordinating operations.

Members of the Group’s CSR Committee

Director	Kong Qingping
Vice Director	Li Jianbo
Members	Zhu Yijian, Dong Daping, Liu Wei Min, Xiong Sixun, Lam Yuen
Secretary	Liu Wei Min

4.5 Stakeholder Communication

All business organisations have relationships with stakeholders and the Group places great importance on communicating with key stakeholders. Only with effective communication can the Group understand different stakeholders’ expectation in order to balance various interests.

The Group’s communication with stakeholders differs depending on interests and expectations, as shown in the table below.

The Group’s Stakeholder Communication Approach

Stakeholders	Expectations and requests	Methods for communication and feedback
Government	Legal compliance Preserve and increase the value of assets Fulfilment of tax obligations	Compliance management Implementation of government policies Supervision and appraisal Performance reports and public consultation Improve governance structure Timely tax payment
Shareholders (Investors)	Revenue and returns Satisfaction with the Company’s market value Interests protected Clarity regarding operating conditions	Increase profitability Enhance management of market value Timely disclosure of operational information
Financial Organisations	Integrity and fulfillment of promises Risk control and prevention Maintain trustworthiness Win-win cooperation	Implementation of contracts Mutual visits by senior management Strategic cooperation Regular communication

4. Sustainable Management

Stakeholders	Expectations and requests	Methods for communication and feedback
Employees	Shared growth Salaries and benefits Health and safety Caring for people	Protection of interests Labour contracts Democratic approach to communications Rational proposals Education and training Labour protection
Customers	Integrity and fulfillment of promises Information transparency Protection of proprietary business knowledge High-quality products High-quality services	Fulfillment of contracts Research of needs Surveys of satisfaction levels Daily communications Propose and feedback
Strategic Partners	Win-win cooperation Win-win development Sharing of resources	Fulfillment of agreements Mutual visits by senior management Regular meetings Multi-channel cooperation Forward-thinking research and studies
Supply Chain	Mutual development Open and fair procurement Fulfillment of promises Secure payments	Recommendations and support Disclose procurement information Fulfillment of contracts Listen to feedback Negotiations and information exchanges

Stakeholders	Expectations and requests	Methods for communication and feedback
Community and the Public	Boost development of local industry Promote development of community public services Boost employment Education and training Public welfare and charities Participate in the community Go green	Support and guidance Research of needs Training and promotional activities Communication activities Public welfare initiatives

The Group has established a complete stakeholder communication system, assigning different departments the responsibility for dialogue with different stakeholder groups to deepen mutual understanding. The results of this are communicated in sections below.

5 Environment

The Group understands that protecting the environment is the responsibility that no companies should ignore, and has thus established the commitment on environmental protection as follows:

- Complies with the laws and regulations, contract conditions and related requirements on environmental protection
- Reduces pollution
- Reduces construction waste
- Reduces natural resource consumption
- Achieves continual improvement

These five elements will improve the Group's environmental performance, assist it to monitor and improve its environmental protection system, and satisfy increasing customer demands for environmental improvements.

Guided by these commitments, the Group has been continually improving its environmental performance, polishing the environment management system and satisfying growing expectations from customers.

Key Achievements in 2010	Targets for 2011
1. Incorporated energy efficient technology into project design; for example the Beijing China Overseas Plaza gained a LEED Certified Gold Rating	1. Continue integrating green design concepts in all aspects of the business
2. Incorporated environmental protection into building technology	2. Increase staff and other resources to develop environmental protection technology
3. Promoted policies for green building	3. Maintain strong performance related to green building
4. Maintained innovative work and strong performance in green office and green property management	4. Promote innovation with regard to green offices and green management in all operations
	5. Centralise and improve environmental data recording across business units as the basis to improve the Group's environmental performance and increase transparency

The vision of the Group is to be "responsible for the natural environment, reduce the consumption of resources and build a harmonious society". Guided by this, we are now seeking to use our experience in building to incorporate green building concepts into the China Overseas Property project development system holistically. This applies to both residential communities and commercial buildings, and a pilot project in this field, Beijing China Overseas Plaza, has gained a LEED Certified Gold Rating.

On the basis of "Measures for the Promotion and Implementation of Green Building of China Overseas Property" and "Technical Guidelines for Green Building of China Overseas Property", the Group supports research and development into green building technology, and have implemented a range of pilot projects to showcase green building design. We have also focused on better environmental protection in offices, site energy conservation and community property management in order to strengthen overall environmental performance. We have promoted efficient paper use, more video conferences over travel, better site drainage, noise control, dust and pollution prevention, and so on (through "Management System for Construction Safety of China Overseas Property"). We have put environmental protection into practice through new technology and green ideas.



Chart: Main Environmental Data¹

	Unit	2010
Energy consumption		
Site electricity consumption	KWH	6,789,812.48
Site diesel consumption	L	8,390,673.60
Site petrol consumption	L	317,609.73
Materials		
Concrete	m ³	425,289.88
Cement mortar	m ³	11,931.50
Reinforcing steel bar	Tons	78,000.80
Joist steel	Tons	14,529.38
Disc	Tons	7,583.15
Cement	Tons	15,665.47
River sand	Tons	43,026.12
Stones	Tons	61,384.59
Water consumption, sewage recycling and discharge		
Construction site water consumption	Tons	649,330.87
Site water discharge through storm drain	Tons	275,882.57
Site water discharge through sewer	Tons	171,636.10
Site water discharge by other means	Tons	15,000.00
Waste treatment		
Site solid waste	Tons	981,102.01
Amount of site recycled materials	Tons	109,500.83
Materials reutilised on site	Tons	62,187.40
Amount of site waste treated by landfill	Tons	221,972.27
Amount of site waste treated by fill bank	Tons	295,482.79
Amount of office paper recycled ²	Tons	11.58

¹ The data of *Energy consumption, Water consumption, Sewage recycling and discharge, Waste treatment (excluding the data of Amount of office paper recycled)* covers the 54 construction sites in Hong Kong in 2010, including infrastructure projects, civil engineering projects and building construction, etc.

² The data of *Amount of office paper recycled* covers the amount of paper recycled from offices of the China Overseas Building in 2010.

This is the first CSR report from the Group and the scope of our mainland business is complex. We acknowledge that our data collection system needs to be improved, and we will work towards this aim for future reports.

5.1 Green Design

Shortly after the Group was established, it recognised the importance of environmental protection (and later the potential impact of climate change). Over the past 31 years, we have promoted the idea of green design in various business areas. From commercial buildings to residential communities, the Group takes environmental protection into full consideration in every project design and uses advanced technology to incorporate the idea of energy conservation into architectural design in the best possible way.

For example, in the Park Avenue — International Community, Suzhou, the Group introduced the following green design: save energy for heating and air conditioning by using suitable building surface materials and save energy for lighting by using energy-saving glass; collect recyclable gray water and reuse for gardening, sanitation, cleaning the parking area and flushing after processing, which helps to save water.

5.1.1 Green Commercial Building

Building a Green Business Empire — Case Study of Beijing China Overseas Plaza

China Overseas Plaza is located in the core area of Beijing CBD, and adjacent to the China World Trade Center, Kerry Center and China World Trade Center Tower 3. The project is comprised of two Grade A office buildings, an ancillary commercial building and the commercial podium on the north side. It covers an area of about 19,000 square metres, with a building area of 150,000 square metres.

China Overseas Plaza was built in accordance to LEED green architectural standards, aiming to unify the harmonious development of people, architecture and nature. A sound and healthy business environment has been created by merging the natural and built environments, and minimising environmental harm as much as possible. The curtain wall, hall, elevators, air conditioning, software and hardware configuration (such as 5A wisdom) were all planned and designed in strict accordance to LEED standards in order to create a green office space. The project received an International LEED Gold Rating Certification.

The energy conservation measures and green technology highlights in this project include:

- The setting of the service room group control system is subject to the change of the total cooling load. The optimum control of water chiller unit, water pump, cooling tower and other equipment will be realized to enable all equipment to always operate at the optimum working condition.
- The cold water and the hot water circulating pumps on high floors of the middle building, the cold water circulating pump in the inner zones of buildings in winter, and the cooling water circulating pump in the 24-hour service room for tenants are operated with variable frequency, to save energy.



LEED Gold Rating and China Overseas Plaza

- The cooling tower utilises a frequency conversion fan. The fan speed is adjusted according to load changes to save energy.
- Variable volume fans have been used in the commercial podium, which are automatically adjusted according to indoor loads to reduce energy use.
- The car park air exhaust and supply system is operated according to CO and NOx sensor-controlled air supply and exhaust fan to save energy.

China Overseas Plaza meets the requirements of LEED certification. This not only reflects China Overseas Property's CSR, but brings real benefits to tenants.

China Overseas Property has based its technical expertise on solid research and development. As a consequence of this work, we were elected as the first group leader in March 2010 of the Green Real Estate Group of China Green Building Council (CGBC). In this role, we will help the Group to promote environmental friendly and low carbon green buildings nationally.

5.1.2 Scientific Research

Technology is the basis for development. The Group made a significant commitment to conducting research and development into environmentally friendly and low carbon green building products in 2006. Over the years, the Group has investigated, formulated and implemented measures and technical guidelines and demonstration pilot projects, and applied and promoted green technology in a new generation of residential buildings.

We wrote *Measures for the Promotion and Implementation of Green Building of China Overseas Property* to specify feasible project development and management procedures, and establish technological controls suitable for green residential communities. The document is the basis of a management system designed to ensure the comprehensive and extensive application of proven green building technology in project development and the creation of higher quality and more environmental friendly residential environment.

We wrote *Technical Guideline for Green Building of China Overseas Property*. This document integrates *China's Green Building Evaluation Criteria GB/T 50378-2006* and the US Green Building Council LEED-NC Standard. As our basic green building guideline, it is characterised by technical guidance, means by which to control costs, and ensure high quality standards. It guides us on project development, and has been used over 20 projects. We have revised the document on the basis of our experience in those projects.

5.2 Green Building

As a leader in the building sector, the Group has ensured that our business partners abide by local laws and regulations as well as meet local government expectations. CSCI has established a Safety and Environment Department that has the responsibility for supervising safety and protecting the environment on all projects.

On July 9, 2007, we issued *China Overseas Property Construction Safety Management System (for Trial Implementation)* as a guidance document for site safety and environmental protection. This covered specific measures for site drainage organisation, noise control, dust and pollution prevention, and so on. It explicitly described how these should be managed onsite during the construction process.

The Group manages an average of 125 construction sites simultaneously in Hong Kong and Mainland China. Hence, the Group established "Environmental Management Standard Procedure" and strictly follows the supervision measurement in order to control the impact to the community by air, water and noise pollution, wastage, and dangerous and chemical materials. The Group believes that by looking after the small things, the large things will take care of themselves. For instance, detailed energy conservation is one of the foundations of green building:

- Use energy efficient appliances and equipment, such as Grade A labelled appliances, T5 or LED light tube, etc.
- Post energy saving tips and install infrared automatic photovoltaic sensors
- Disconnect time adaptors
- Use daylight illumination
- Generate electricity by using solar energy/windmills for items such as water heaters, lighting and mosquito killer lamps, etc.

Case Studies on Establishing An Environmental-friendly Community with Green Buildings

Case 1: In building the tunnel of the Typhoon Shelter section of the Central-Wan Chai Bypass in Hong Kong, we used surplus dredged materials from a nearby project — the third phase of land reclamation project in Central. This not only helps to reduce the pressure on public landfills, but also reduces the noise and air pollution produced by materials transportation.

Case 2: In rebuilding the Lower Ngau Tau Kok Estate, we introduced an innovative dissecting and swinging method to dismantle old buildings. Dismantled pieces like walls and ceilings were reused in the new construction site, which greatly reduced the dirt and the amount of waste produced in the project.

5.3 Green Office and Green Community Management

The idea and measures of environmental protection of the Group are not only reflected in architectural design and construction, but also run deeply through the details of daily office and community management.

5.3.1 Green Office

The Group established a commitment to green offices years ago and it is now second nature for staff. The two areas we have had most success is in "dual-purpose paper" and video conferencing.

The sharp decline of forest areas is one of the important factors that affect global climate change. As a responsible corporate citizen, the Group not only organizes units at all levels to conduct afforestation activities every year, but also seeks opportunities to protect forests in our daily work. Since we implemented the "dual-purpose paper" policy (which refers to recycling paper used on only one side), office paper consumption has reduced progressively every year.

Since greenhouse gas emissions have become a major environmental concern, the Group has reduced its emissions by green building design and effective construction. We have also reduced business trips by actively promoting the application of video conferencing. COLI established and opened a video conference system in June 2001. Upgraded twice since then, we held more than 300 video conferences in 2010. The Information Technology Department oversees the system and conducts relevant training. In this way we have substantially reduced greenhouse gas emission generated during business trips and contributed positively to reducing our impact on global climate change.

5.3.2 Green Community Management

Currently, subsidiaries of the Group provide property management services for 180 residential communities. The Group invests significant manpower and material resources every year to build green residential communities, which is substantially supported by residents.

- Comprehensively advocate green concepts, environmental protection, hygiene and health. We promote household waste classification and collection, used battery recycling and pet waste collection, etc.
- We have conducted a series of promotion activities in communities to introduce the concept of environmental protection to jointly create a positive, healthy and environmentally friendly community.
- Make the best of advanced technology, explore energy savings, and save public hydroelectric resources.
- Make full use of the resources like desks, chairs, platforms, etc, in many different property management sites which to-be dismantled to ensure that no resources is wasted and develop a sustainable training foundation of property management.

Introduction to Energy Saving Projects

Water pump energy savings: Three management agencies, included Sunny Palm, The Sea View and Ju Hao Garden oversaw this project in 2010. We saved a total of 385,320 KWH and RMB262,000 (approximately HK\$308,000) in these three projects per year.

Improvement in water pump synchronisation: Implemented in Hilary Villa and Bel Casa, saving about 168,000 KWH and RMB114,000 (approximately HK\$134,000) per year.

Improvement in roof tank energy savings: Implemented in Hailian Building and Hai Li Building, saving about 96,762 KWH and RMB65,800 (approximately HK\$77,300) per year.

Remarks: Based on RMB0.68 (approximately HK\$0.8) per KWH.

5.3.3 Others

The Group not only strives to implement relevant environmental protection measures internally, but also works with partners or environmental protection agencies on various projects. For instance, the Group participates in the World Wide Fund for Nature's "Earth Hour" and The Conservancy Association's "Walk for the Environment" every year.

Our policies related to climate change and environmental protection mean we will continue to strengthen the implementation of the environmental protection work in the future, and create better residential and work environments.

6 Quality Assurance

Starting from selecting suppliers through to the implementation workflow, customer service and communications, the Group has developed a unified strategy for quality control. Each business unit is responsible for refining the system and implementing policies based on specific conditions. A strict quality control process ensures a high level of business standards throughout the construction and service life-cycle.

Key Achievements in 2010	Targets for 2011
1. Implemented Customer Relations Management (CRM) System	1. Conduct Customer Satisfaction Index Assessment 2011
2. Held seminars on CRM System	2. Further strengthen the work of China Overseas Property Club, focus on website rebuilding and national linkage customer care activity
3. Conducted CRM personnel certification examination	3. Develop "Clicking input and Tracking Output" system based on iOS platform, and improve CRM software to improve customer experience
4. Carried out exchange programs for the customer service personnel that located in different cities	
5. Formed customer-oriented service consciousness and "Work Guideline for Customer Services"	

The Group is an international contractor and national property developer. Over the past 31 years, the Group has provided high-quality products and service for customers. Based on a system of practical, rigorous and scientific management, the Group is well managed. From supplier to customer service and communication, the Group has a set of uniform strategies, with business units able to interpret Group policy according to local business conditions. A system of continuous improvement ensures quality control in every aspect of our business.

6.1 Quality Management System

The Group attaches great importance to quality management. We have therefore established a quality management system to ensure professional management.

To meet the Group's strategic demands across various regions, and to ensure our management structure meets the medium- and long-term needs of business development, COLI established a position called "Quality specialist" at headquarters in 2010, who is responsible for the entire quality system (formation, implementation and upgrading). This has enhanced the ability of regional and local companies to work together effectively and ensure quality control.

6.2 Quality Purchasing and Implementation Management

To ensure high quality construction and service, the Group carefully monitors the quality of raw material. We assess suppliers to ensure the provision of quality materials, and by doing so maintain strategic, cooperative relations with excellent suppliers.

6.2.1 Supplier Access and Assessment Mechanism

The Group established a supplier management process for supplier access and to assess performance. This includes a process for bidding, investigations, tender evaluations and decision-making. Companies tendering for work must first meet a pre-qualification check. Investigations conducted during this stage include company size, qualifications, previous project experience and other aspects related to product construction. Only qualified companies are able to bid through a qualified contractor and supplier platform.

6. Quality Assurance

6.2.2 Implementation Process Management

Since centralised purchasing was implemented in 2004, China Overseas Property has established strategic and cooperative relationships with suppliers by adopting all-round, long-term and stable policies. This not only has the benefit of ensuring excellent suppliers, but also allows us to enter into relations with suppliers capable of developing new projects and technologies, and provides quality service at competitive prices. This clearly benefits us by improving efficiency and overall product quality. It also provided a win-win situation to suppliers with benefits such as increased market share and reasonable profits.

As for the raw materials and services provided by suppliers, China Overseas Property has established controls related to material purchasing, which covers material quality, inspection of incoming merchandise, and so on, with summaries and records for each link.

6.2.3 Maintaining Long-term Cooperation with Excellent Suppliers

The Group respects its partners, regardless of company size. Its subsidiaries communicate with suppliers to ensure raw materials and services provided meet requirements, and strive for long-term sustainable cooperation.

6.3 Quality Service

6.3.1 Continue to Improve Customer Service

The Group maintains close relations with customers in real estate development. Our customer service system has inherited our management philosophy of "Excellent Integrity, Eternal and Excellent Products". It serves customers through the finest front-end system and sustain this after initial sales. The CRM System (implemented in 2010) ensures systematic customer service processes at the highest standard.

6.3.2 Strengthen Communication with Customers

To strengthen our relations with the community, we have established a customer association (China Overseas Property Club) that enhances our customer service. As of June 2010, the China Overseas Property Club caters to over 100,000 members. Continuous feedback from members leads to constant improvement.

6.3.3 Provide Transparent Information to Customers

China Overseas Property provides customers with transparent and clear information concerning the enterprise and products at www.coli.com.hk, the official website of COLI, and www.cohl.cn, the brand website of China Overseas Property. We have other websites for other specific projects. Additionally, we introduce projects at exhibitions and other venues that provide the community and customers with information about the positive (and negative) aspects of all developments.

We utilise communication channels such as phone and SMS to provide urgent information if needed. Bulletin boards and notices are posted on site for residents.

6.3.4 Customer Satisfaction Index

To ensure customer satisfaction, the Group conducts regular surveys.

The property management subsidiary of COLI, China Overseas Property Service Ltd conducted a customer satisfaction survey for Hong Kong in 2010. This consisted of interviewing 899 persons for their views on residential building management, public security, cleaning and maintenance. The result was an 88.8% satisfaction rate.

In addition, in 2010 our Property Management Department of China Overseas Property conducted a customer satisfaction survey in 82 residential properties. We surveyed 15,555 households, with results showing satisfaction ranging from a score of 43.90 to 86.37. Customer satisfaction was higher in 22 of the properties than 2009.

We have followed up with customers who returned "unsatisfied" or "very unsatisfied" responses and have noted and categorised specific comments and suggestions. Solutions have been developed to deal with these issues. A report was provided to headquarters to ensure follow up.

7 Health and Safety

The Group believes that an excellent health and safety management system is the basis for preventing employees from accidents, disease and injury. To ensure the health and safety of staff, the Group has made a commitment to:

- Putting health and safety at the first place, and creating a high standard healthy and safe working environment.
- Carrying out regular assessments and providing employees with information on the risks associated with construction.
- Providing safety education and training to employees.
- Establishing effective communication and consultation channels with employees.
- Strict compliance with regulations and contractual requirements.
- Improving employees' safe behaviour through safety audits.
- Taking reasonable, practical and innovative measures to continually improve the Group's health and safety performance.

Under the guidance of the above commitment, the Group's subsidiaries have formulated health and safety systems based on the provision of effective resources, and as far as it is reasonable and practicable, the health and safety of direct and sub-contracted employees will be guaranteed.

Key Achievements in 2010	Targets for 2011
1. There was no serious accident in 2010	1. Prevent accidents and especially serious accidents to avoid prosecutions due to breach of rules
2. An accident rate of 7.3 per 1,000 employees, which is a reduction by 21.5% comparing to year 2009	2. Continue to reduce the rate of industrial injuries and accidents
	3. Reduce the accident rate per 1,000 employees to below 7

Remarks:

- ¹ The term serious accident means
 - Death
 - Broken legs/arms etc.
 - A single accident resulting in several injuries
 - Cause heavy damage to the project or property, and may lead to any of the above
- ² Accident rate per one thousand people refers only to CSCI's business in Hong Kong. The annual accident rate per 1,000 people = (Accident number/Average daily staff) X 1,000.

Safeguarding health and safety is a reflection of how an enterprise cares about its employees. The Group's basic policy is "Safety and people oriented", and this is the basis of our safety management system. We also conduct training, education and other activities to create a safety-oriented corporate culture.

CSCI achieved OHSAS 18001 International Standard Certification in 2002. The Group has since built on this achievement to develop an integrated management system to manage construction. Over the years, CSCI has won various awards, such as Civil Engineering Construction Sites Gold Award and Building Sites Gold Award under Construction Industry Safety Award Scheme and Considerate Contractors Site Award Scheme Gold Medal.

To provide powerful safeguards for the implementation of policies and systems, all subsidiaries have established a Safety and Environmental Protection Department. For instance, CSCI employs over 100 persons engaged in safety and environmental protection. All these personnel have been systematically trained. There are on average 2.5 (not less than 1) dedicated safety management personnel for each project undertaken, who have clear responsibility for safety.

7.1 Health and Safety Education

Without a system of implementation, good policies are confined to paper. Therefore, the Group attaches great importance to health and safety education for its employees. The Group provides relevant trainings to ensure employees at all levels can understand, implement and maintain policy requirements.

The Group requires all new staff to receive safety training, so as to be familiar with the Group's health and safety requirements and work. CSCI employs a safety consulting company to provide regular and specialised trainings. For instance, CSCI provides safety training to site managers and sub-contractors on correctly applying risk assessment methods, and establishes safety workshops on clarifying company and legal requirements. New and updated safety information is provided via the intranet. If specialised training for site managers is needed to improve the level of safety management or required by the law or other contracts, the Group will pay training expenses in full.

To improve the standard and quality of training, the Group offers many courses. Parts of them are recognised by the Labour Department in Hong Kong, such as the Course for Mandatory Basic Safety Training — Constructional Engineering Category (Safety Card) and Course for Confined Space Safety Training — Certified Worker Safety Training Category. Before entering the site, workers must receive induction training. Induction training includes site introduction, emergency response, hazard identification and site safety requirements, etc. Two morning assemblies concerning safety are held each week and on-site discussions are conducted regularly to explain safety information and problems found during site investigation, which must be solved by front-line managers and workers, so as to enhance safety alertness.

In addition, to create a strong culture of health and safety, the Group carries out various safety promotion activities on its sites regularly, such as the Safety and Environment Protection Knowledge Competition, the Quality Safety and Environmental Protection Promotion Month, the Midsummer Rainbow Promotion Activity and Civilised Construction Site Exchange, etc., to raise the safety awareness of the employees at all levels, promote communication between them, encourage them to work safely and establish and constantly improve the Group's safety culture. In 2010, over 500 safety technology communications were conducted for the Group's projects under construction. We conducted training equivalent to 250,000 sessions and over 3,000 notices of rectification for potential safety issues were sent to sub-contractors. All issues were rectified.

The designated team promotes the propaganda by hanging banners in the office and on construction sites, posting publicity materials and accident cases, etc. For instance, during "Safety Production Month" CSCI carries out various publicity and education activities, so as to improve the employees' awareness of safety production and create a culture of safety, carry out site emergency drills, arrange training according to speciality and publicise correct methods. During "Safety Production Month" in 2010, 26 construction sites and 4,500 workers participated in safety production related trainings and drills in Hong Kong; 38 safety supervisions were arranged and about 520 workers participated in the safety operation trainings in Mainland China. A series of safety education activities reduced the number of serious accidents and the accident rate in 2010 to the new lowest record in history.

The Group also conducts active communication and exchange in safety work, invites officials from the Labour Department in Hong Kong to visit the company and explain safety work, so as to learn from professional suggestions and establish good partnerships. The Group also welcomes outside agencies to visit the company, so as to exchange safety experiences, widen the vision and improve the Group's overall performance and image of safety.

Case Study on "Midsummer Rainbow" Safety Promotion

Summer is hot and wet in Hong Kong, and accidents occur more frequently. CSCI therefore conducts the "Midsummer Rainbow" promotion activity from August to September every year, implying that in the "grey" midsummer work safety is a "rainbow", striving for zero industrial accidents and prosecutions due to breach of rules on the site.

During the activity, publicity slogans promote the action themes, CSCI signs the safety charter with the sub-contractor to make a commitment to safety responsibility, cooperates with the sub-contractor to hold competitions or award activities to improve the employees' awareness, carry out August and September project risk assessments and formulate corresponding safety precautions, take measures on sunstroke prevention to take care of the employees, arrange weekly joint special investigations to determine existing safety potential and set up working groups to follow up with rectification.

Comparing with the same period in 2009, the number of accidents was reduced by 50%, from 12 to 6 in August and September; the accident rate was reduced by 37%, from 1.45 to 0.9. There were no any serious accidents due to breach of rules.



7.2 Health and Safety Inspections, Accountability and Incentives

To guarantee the implementation of health and safety work, the Group formulated a comprehensive health and safety inspection system and transparent award system to encourage every employee to actively participate in the supervision of health and safety affairs.

According to the laws of Hong Kong, all subsidiary construction companies and sites of the Group should conduct a safety audit semi-annually the overall safety system and site safety of conditions. The audit is registered by the government and conducted by a qualified auditor. The copy of the audit report is filed with the Labour Department. CSCI has OHSAS 18001 System Certification and this requires a follow-up audit annually.

The daily inspection of the Group includes: daily site safety inspection; weekly joint safety investigation with owners and the consulting company; regular and special site safety investigation by the Safety and Environmental Protection Department; and uninformed inspection by the Labour Department in Hong Kong. Each specific department carries out safety inspections weekly to determine the safety potential and follow up with rectification. Each project must determine the major hazards on construction sites and is required to develop and implement systems to avoid the serious accident.

To enhance all site personnel's enthusiasm and consciousness in participating in safety management, the Group adopted a management method integrating incentives with accountability, which puts incentives first and accountability second. The Group formulated the "Site Safety and Environmental Protection Performance Incentives" to encourage all units to actively participate in the occupational safety and health competition held by the Development Bureau, the Labour Department and Occupational Safety and Health Council, etc., and make efforts to win various awards. The recognition of our safety performance by the industry helps improve the Group's brand image.

In addition, the Group formulated the "Civilised Site Construction Incentives" and the "Labour Insurance and Premium Incentives". Based on open and fair incentives, the site teams meeting the requirements are awarded to encourage cooperative work so as to improve the overall safety level on site. In 2010, a total of HK\$3 million was awarded to sites performing well.

Champion of 2010 Civilised Construction Promotion Activity: Choi Wan Road Phase II 3A



The site dedicates to strengthen the safety measures in the site environment and actively develops good-neighbourly relations

CSCI held the civilised construction promotion activity in April 2010. The assessment criteria are zero industrial injuries, zero prosecutions, civilised site construction management, CI image, resource input and innovative concept, etc.

Choi Wan Road Phase II 3A is a Hong Kong Housing Authority project, comprised of four residential buildings, one seven-floor shopping mall with parking lots and a park. During construction, the site actively practised the 5S and CI image, and achieved outstanding performance in innovative concept. For instance, without contractual requirements, the project was the first to adopt an iron enclosure to seal the floor pinboard edge, reducing harm of overhead work for roofing pinboard projects. The site also actively developed good-neighbourly relations. For instance, it cooperated with Jordan Valley St. Joseph's Catholic Primary School to hold the "Occupational Safety Starts From Me" painting competition, which was shared with the site safety officer, to cultivate the students' occupational safety and health awareness from childhood.

7. Health and Safety

The Group not only takes measures to encourage managers, but also tries to enhance workers' enthusiasm to participate in safety work. The Group formulated the "Site Safety Award Stamps Redemption Scheme" to encourage the site workers to actively participate in safety work and motivate other workers. Workers' efforts can result in praise and recognition and also gifts they can share with family members. The direct encouragement and influence of family members is an ongoing source of motivating safety work.

The most appealing part is that site workers can be awarded with gifts if they participate in safety work every day and maintain a record of zero industrial injuries. By this means, the safety awareness of the workers can be improved, the enthusiasm of safety supervision by the front-line managers can be enhanced, and the Groups' safety culture and performance can be improved constantly. The expenses for relevant incentive plans are expected not to exceed HK\$50,000 for one site each year. In addition, the safety star of a site is selected on a monthly basis and outstanding workers are awarded.

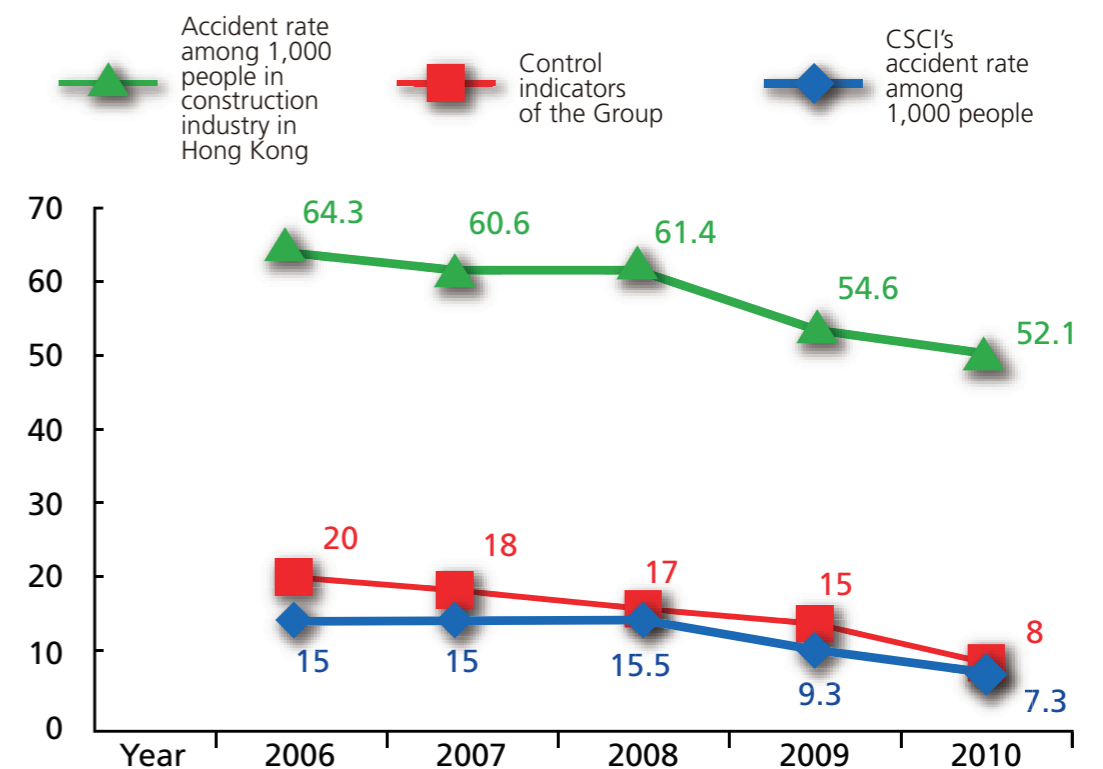
Meanwhile, according to the "Comprehensive Assessment Methods for Site Civilised Construction Performance", a yellow or red card will be issued to sites that fail to meet the minimum requirement in safety management during regular site assessments and safety record assessments according to circumstances. In 2010, 6 yellow cards and zero red cards were issued to the sites. The sites with yellow or red cards must immediately formulate a rectification plan and complete the rectification within 7 days. The Group will send personnel to check the rectification results on site.

To further improve safety rules and regulations, the Group drafted the "Comprehensive Assessment, Reward and Penalty Methods for Project Safety Civilised Construction Performance" in 2010, which specifies rewarding conditions and standards as well as safety production; and issued and implemented the Group's "Safety Production Management Manual" to provide systematic guidance for safety production.

The Group signed an agreement on safety production responsibility for each project to implement so as to control construction safety. The Group also clarifies safety production targets, management indicators and responsibilities, so that each project is safe. For every post and step of production, all employees shall participate in safe production.

With constant efforts by the Group, the industrial injury accident rate has been lower than the average rate of the construction industry in Hong Kong every year, and has reduced year by year. The Group made great progress in 2010, with zero serious accidents; the annual accident rate among 1,000 people was continually reduced to 7.3, with no serious complaint received.

Accident rate among 1,000 people from 2006–2010, control indicators and accident rate among 1,000 people in the construction industry



Note: The accident rate among 1,000 people is calculated basing on CSCI's business in Hong Kong.
 Accident rate among 1,000 people = (number of accidents/average number of workers per day) × 1000.

8 China Overseas and the Community

Under the guidance of corporate social responsibility strategy, The Group's community development work adheres to systematic operation and works on company base. In 2008, the Group established the CSR Committee, and incorporated the "China Overseas Charity Fund Limited", set the "The Sea has no Limit and Love has no Boundary" brand and developed a mid- and long-term development plan on corporate social responsibility. It also outlined the Group's blueprint for the community development. It takes community development, education and charitable donations as areas of focus and continues to invest in the "China Overseas Hope Schools".

Purposes of the China Overseas Charity Fund

1. Contribute to poverty relief; take care of, assist and protect those in need, by reason of ill-health, disability, financial hardship or other disadvantage;
2. Advocate, promote and participate in the activities of advancement of education, science, art and research; publicise the research achievements; contribute to other activities considered helpful to promote the above said activities;
3. Advocate, raise funds for and promote the activities of advancement of citizenship and social welfare carried out by the community and the welfares agencies; publicise research achievements;
4. Organise, support or participate in the construction of facilities that bring and will bring profits to the society and the social welfares agencies.
5. Carry out other charitable practices.

Key Achievements in 2010

1. Involved in Tianjin Affordable Housing Project
2. Opened the China Overseas Shaling Hope School
3. Hosted the "China Overseas Summer Camp for Mainland and Hong Kong Youth 2010"
4. Started the "Learning Station" training program with Hong Kong Single Parents' Association
5. Organised activities to visit China Overseas Hope Schools
6. Hosted the new year drawing competition in China Overseas Hope Schools
7. Organised China Overseas planting trees activities

Targets for 2011

1. Develop Chongqing Affordable Housing Project
2. Programs in Hope schools
 - (i) Visit Xinjian Special Education School in Dujianyan, Xichuan province
 - (ii) Host the second "China Overseas Summer Camp for Mainland and Hong Kong Youth 2011"
 - (iii) Host the third new year drawing competition in China Overseas Hope Schools
3. Move China Overseas Shaling Hope School to its new campus. Select the location for China Overseas Hope School in 2012
4. Organise the summer training program with Hong Kong Single Parents' Association
5. Benefit for the employees
 - (i) Organise "Mental Health First Aid Course" for employees
 - (ii) Provide Badminton courses for employees
6. Organise donation and charity activities in the name of China Overseas Charity Fund and the Group's Corporate Social Responsibility Committee

8.1 Community Development

In planning and selecting community development projects, the Group is particularly concerned about the project's impact on the local community in sustainable development. Different communities have different economic, social and environmental features. To fully understand the needs of local communities is the first step in a successful community development project. When the development of local communities meets the needs of the project plan and in the implementation process they communicate with local communities and modify the project timely, community development projects can have a role to play.

The following cases illustrate how the Group fulfills its social responsibility in the development of community using the examples of affordable housing projects.

Case studies on Affordable Housing Project

The Group understands the demand of low-income families on the needs of affordable housing. Therefore the Group actively participates in the construction of affordable housing in Mainland China and Hong Kong to satisfy the need of low-income family.

In Mainland China, the Group participated in two affordable housing projects in Tianjin City in 2010 — Jun Liang Cheng and Jinzhong Street of the Dongli District. The total building area is 550,000 square metres. The project is expected to finish in 2012 and about 5,900 suites of affordable housing will be available.


In Hong Kong, the Group is involved in the construction of six public housing estate projects by the Hong Kong Housing Authority in 2010. About 11,800 suites were built in which the Fifth Phase of Un Chau Estate, Former Cheung Sha Wan Police Residence and the Second Phase of the Hung Hom Estate are redevelopment projects.

8.2 Education



The Group understands that the education of young people is closely related to the future development of the region. Therefore, the Group has invested heavily each year to support the development of education.

In Mainland China, the construction of hope schools is a highlight of the Group's support in education. By the end of 2010, six hope schools developed by the Group had been put into use. The Group expects to change the city with education and its responsibility. The Group also continued implementation of the "One on One" Project, which provided stationery for poor students, to encourage them to study hard and serve the society in future.

Hope schools  supported by the Group:

China Overseas Qinglong Hope School

Location: Hanzhong, Shaanxi Province

Used since: 2005

Capacity of students: 80



China Overseas Sanquan Hope School

Location: Nanchuan, Chongqing

Used since: 2007

Capacity of students: 600

Sanquan Town, where the school is located, is a typical impoverished town. 80% of the village communities and population are scattered in mountainous areas. Due to limitations, the education level there was low with many poverty-stricken students. It usually took two hours and more for a student to finish the round-trip between school and home, and there weren't many dormitories. After this school was put into use, the education level has improved.



China Overseas Xihu Hope School

Location: Changchun, Jilin Province

Used since: 2008

Capacity of students: 440



China Overseas Sanxia Hope School

Location: Yunyang, Chongqing

Used since: 2008

Capacity of students: 600

Yunyang, where the school is located, is in the hinterland of the Three Gorges reservoir area in Chongqing City. It is the largest reservoir resettlement county and also the focus of national poverty alleviation and development. It is also a big county for education, with more than 250,000 school-age children (6–17 years old).

Immigration, natural population growth, the children of migrant workers and the schooling of stay-at-home children have put a strain on educational resources. This primary school has greatly eased the burden on the schooling of migrant children.



Xinjian Special Education School in Dujiangyan

Location: Dujiangyan, Sichuan Province

Used since: 2008

Capacity of students: 170

Founded in October 1989, the predecessor of the school is Dujiangyan School for Deafmutes. In 2007 it was renamed Special Education School of Dujiangyan. It is the only special education school (special education centre) in Dujiangyan. In the 2008 Wenchuan earthquake, all school facilities were destroyed. In the aftermath of the earthquake, the Group donated more than RMB20 million to rebuild the special education school and then rename it "Xinjian Special Education School in Dujiangyan".



The school is based on the philosophy of "education changes every child's life", with the goal of "educating disabled talent — student achieving a sunshine life." It delivers nine-year compulsory education, rehabilitation, vocational and technical training for over 100 children with impaired hearing and mental disabilities.

China Overseas Shaling Hope School

Location: Liaoning, Shenyang Province

Used since: 2010

Capacity of students: 1,080

The school is adjacent to 400 acres of clear lake, wetland. The landscape and the environment are beautiful. The school covers an area of 43 acres. The floor space of the main teaching building is 5,300 square meters. The school has 24 classes covering 6 grades, with a functional, complete set of the music rooms, art classrooms, computer classrooms, reading room etc.



8. China Overseas and the Community

The group is dedicated to organising employees to serve in voluntary teachers. In addition to poor students in Hong Kong, we are also concerned about poor students from mountainous poor areas in Mainland China. Led by enthusiastic group leaders' dedicated to education, some employees visited China Overseas Hope Schools in the mainland and funded poor students. Employees have participated in supporting poor high school students from Hubei Three Gorges areas (Zigui, Xingshan, Enshi, Lichuan, etc), which was organised by the Shenzhen Nanshan District Volunteer Worker Union. Since 2006, based on incomplete statistics, over 150 employees have participated in education supporting activities in the mainland, with an accumulated value of more than HK\$0.7 million. Besides monetary support, books and language learning materials, computers were also donated by employees. More than 380 students have received support, consisting of 300 primary school students and 80 high school students. 24 of the funded high school students enrolled at Wuhan University, Hubei University, Hubei University of Technology, Beijing Polytechnic University, Sichuan Conservatory of Music, Zhongnan University of Economics and Law, etc from 2008–2011. Students' self esteem and eagerness to learn have inspired and encouraged the supporting employees. Employees not only financially support poor students, but also encourage students, by means of sending mail, and teaching students the theory of "Knowledge can change one's destiny".



Case Study on Hong Kong — Mainland Student Exchange Program



Student Exchange Program

The Group cooperated with the Hong Kong-registered charity TREATS and launched the innovative Hong Kong — Mainland Student Exchange Program. From 30 July to 2 August 2010, the "China Overseas Summer Camp for Mainland and Hong Kong Youth 2010" was successfully held in Dujiangyan, Sichuan. 39 people attended the event, including representatives from China Overseas Qinglong Hope School, China Overseas Sanquan Hope School, China Overseas Xinhua Hope School, China Overseas Sanxia Hope School, Xinjian Special Education School in Dujiangyan and students and teachers from Hong Kong.

This activity is based on the spirit of mutual assistance, friendship and equality. It aims to deepen understanding between students from the Mainland and Hong Kong. It is for the participants to broaden their horizons, inspire mind and help others. It is also for the purpose of enhancing the children's self-reliance and team collaboration capabilities and enhancing the special children's self-confidence, self-presentation and social skills. We hope that students from different regions, different backgrounds, different abilities can join hands together to create a better tomorrow.

"China Overseas Holdings Limited is not just offering money to build schools or give students the hardware. More importantly, the Group also takes into account the soft skills from the student to give care."

Fung Wai Ping
Deputy Director of TREATS

8.3 Charity and Donation

Adhering to the principal of “from the society, for the society”, the Group makes large amount of monetary and material donations every year through holding or joining various charity events. The Group’s Staff Association and the affiliating Staff Association of the Group’s Headquarter, China Overseas Property Staff Association, China State Staff Association, China Overseas Investment Staff Association, China Overseas Photography Association, China Overseas Sorority, China Overseas CSR Department and China Overseas Volunteers Association have been set up, making active contributions to the establishment of a corporate culture of social responsibility by fulfilling their respective duties and cooperating closely. On 22 April 2009, China Overseas Charitable Foundation Co. Ltd., the specialised charity organisation of the Group, was set up to develop strategies and carry our charity projects in a more professional manner.

By 2010, the Group had donated over HK\$120 million to contribute to poverty reduction, disaster relief, educational advancement and public welfare improvement.

The Group’s Staff Association and its affiliations have responded actively to fundraising advocates for drought-stricken Guangxi and earthquake-stricken Yushu. Donations by the China Overseas Charity Fund in 2010 are as follow:

- RMB1 million (or approximately HK\$1.17 million) for drought relief in Baise, Guangxi Province
- HK\$1 million to Hong Kong Chinese Enterprises Charitable Foundation Limited for Earthquake Relief in Yushu, Qinghai Province
- RMB608,000 (or approximately HK\$714,500) to Jiangheyuan Giving Thanks Charity Association for Earthquake Relief in Yushu, Qinghai Province
- HK\$1 million to Hong Kong One Country Two Systems Research Institute

Case Studies on Great Love Knows no Boundary, Pray for Yushu

At 7:49 am, on 14 April 2010, a devastating 7.1-magnitude quake hit the Tibetan Autonomous Prefecture of Yushu in Qinghai Province, causing huge loss and leaving the region in utter ruin. The Group took immediate action to raise funds at units of all level and donated HK\$1 million to Hong Kong Chinese Enterprises Charitable Foundation Limited for earthquake relief.



The Third Visit to Qinghai Province

Case 1: Love Is All Around

On 16 April, the Western China Branch of China Overseas Property Management Company promptly convened an urgent meeting at which it was decided that “Love Is All Around” would be held to contribute to the earthquake relief. Donation points were set up in communities in Chengdu, Chongqing and Xi’an and donation notices were sent to all residents and employees. As the activity concluded, RMB53,217.8 (approximately HK\$62,543) was raised and a large amount of material donations were collected, including clothes, sleeping bags, tents and blankets.

Case 2: Pray for Yushu

The Group began giving aid to Qinghai Province as early as 2007 under the “one on one” charitable education scheme titled “China Heart, Universal Love”. 30% of the children in Zhouqu Mailai County in the Tibetan Autonomous Prefecture of Yushu are needy students whose family gross annual income does not exceed RMB1,000 (approximately HK\$1,175).

In August 2010, the fourth month after the devastating earthquake, the Group sent a team to visit the quake-stricken Qinghai for the third time, donating RMB608,000 (approximately HK\$715,000) to JiangHe Yuan Charity Association for earthquake relief undertakings, contributing relief payment of RMB500 (approximately HK\$590) to each of the 41 poverty-stricken families, and entrusting the JiangHe Yuan Charity Association to release RMB1,000 (approximately HK\$1,175) to each of the 25 orphans in its school on 7 September. Such charitable acts will be held through the three-year relief period.

“It is the responsible, progressive and longstanding charity that China Overseas is committed to.”

Living Buddha Reteng

Vice Chairman of JiangHe Yuan Charity Association

Case Study on Fulfilling Commitment to Social Welfare

1. On 10 January 2010, led by Mr. Kong Qingping, Vice Chairman and President, Mr. Li Jianbo, Vice Chairman and other senior management of the Group, over 300 officers and construction workers took part in the “Walks for Millions” held by the Community Chest of Hong Kong, one of the flagship fund-raising events in Hong Kong. HK\$100,000 was raised by the Group during the event to improve and develop elderly care services provided by the member social welfares agencies of the Community Chest.
2. On 11 April 2010, led by Mr. Xiao Xiao, Vice Chairman of COLI, and Mr. Cheong Chit Sun, Executive Director of CSCI, over 100 officers, construction workers and their family members joined the fundraising “Walk for the Environment 2010” held by the Conservancy Association in which the participants could enjoy the nature, experience the uniqueness of history, geography and ecology of the countryside in Hong Kong and bring the message of environmental protection to children. During the activity, participants from the Group raised HK\$40,000 for the Conservancy Association to carry out conservation and environmental protection education.



Walk for Millions and Walk for the Environment

8.4 Voluntary Works

The Group proactively responds to the needs of the society. Other than financial contributions, the Group through its volunteer team, combined with the power of employees and the support from their families, organised and participated in various community activities, including caring for vulnerable groups, which include elderly, orphans, single parent families, and people with intellectual disabilities. These activities considered the needs of different people.

China Overseas Planting Trees activities

- At the beginning of June 2009, China Overseas Sorority, together with their volunteer team and CSCI Safety and Environmental Protection Department, organised a tree planting event in Hong Kong Fung Yuen Butterfly Reserve.



- In 2010, the Group arranged three tree planting events to remove weeds and fertilise trees planted in 2009. The event was attended by employees and the Hong Kong Single Parents Association, which helps school children and their parents.
- The tree planting events provided an opportunity for participants to exercise and to express their love for the environment. The activity fully reflects the Group’s team spirit.
- By inviting students and their parents from Learning Stations to participate in these activities, it enables the students to better understand diversity in society and that growing up requires care and nurture from family, school, and society.

Support of the Standing Straight Day

On 14 March 2010, the Group Volunteer team supported the Standing Straight Day which was co-organised by the Children's Chiropractic Fund and the Democratic Alliance for the Betterment and Progress of Hong Kong. In Siu Sai Wan Sports Ground, 30 volunteers helped to provide security and to maintain order at the event. This event was attended by 3,000 participants including primary school teachers, students, parents and members of the public.



Warm Welcome in Winter

On 13 December 2010, China Overseas Property in Hong Kong and Sik Sik Yuen collaborated with Tsz Man Estate Management Advisory Committee to host a lunch for elders. The elderly enjoyed the event.



Dragon Boat Festival

To promote and encourage residents to care for the community, China Overseas Property in Hong Kong organised a team of 13 volunteers and Tuen Mun Nam Long Bay residents to participate in the event of dragon boat festival, and delivered dumplings to the elderly.

Case Study on "Learning Station"

Through the China Overseas Charity Fund, the Group co-operated with the Hong Kong Single Parents' Association to launch the Learning Station training programme in Sham Shui Po District in Hong Kong. The programme provided tutoring to new arrivals in Hong Kong and children from single parent or low income families, and invited parents and students to attend sharing sessions regularly.



"Learning Station" Activities

As well as providing financial support and goods to the programme, the Group's employees and their family members also volunteered in the programme as mentors and activity planners. Over the past two years, more than 30 volunteers participated in the programme, about half of whom were friends and relatives of our employees. Mentors answered students' homework queries and used a variety of teaching methods to improve English and attitudes towards learning. In addition, mentors also emphasised the parent-child relationship and organised a range of social welfare activities to allow students, parents and volunteers to have a fruitful experience.

Our program has not only improved students' academic records. It has also, and perhaps more importantly, improved their family relations and built a friendly bridge between students and volunteers. The parents, children and volunteers unite in sharing activities and form a supporting network.

In November 2010, the Learning Station project applied for "Partnership Fund" support from the Hong Kong Government so that more students could benefit. Learning Station was also commended under the "2010 Love Sham Shui Po Partners" scheme overseen by the Sham Shui Po District Social Welfare Office of the Hong Kong Social Welfare Department. This project was recognised by the community for the benefits it brought. In the future, the Group will continue to innovate and expand our services to benefit more people.

"China Overseas Holdings Limited is willing to make long-term commitments to community projects, and grow together with the community."

Yu Sau Chu, Jessie

Chief Executive of the Hong Kong Single Parents Association

9 Human Resources

As an international contractor and nationwide developer in China, a high standard of human resource management and brand image are highly valued by the Group. The Group believes that human resources, which provides strong strategic support to our vitality and competitiveness, is our most valuable asset. Talent is the basis and driving force for issues such as sustainable growth of business, improvement of core competence and employee development. The Group therefore has a well defined human resource management system and it shows the quality of our work on human resources management.

Key Achievements in 2010

1. EMBA course jointly established with Nankai University
2. Further expanded the scale of "Sons of the Sea" Programme; numbers increased 39% over the previous session
3. Organised Table Tennis Tournament for China Overseas Cup 2010

Targets for 2011

1. Incrementally establish the group unified network appraisal platform so as to implement a full network appraisal system
2. Provide medical plan benefits for employees
3. Organise the 6th "Sound of China Overseas" Show

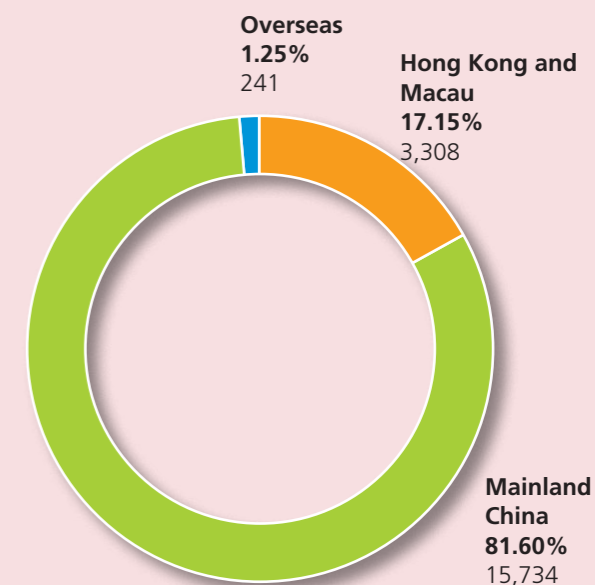
9.1 Talent Employees

Throughout the past 31 years, the Group has adhered to a "people-oriented" approach that cares for every employee, and which is the basis of our management philosophy. We have trained a large number of elites in the industry. Besides constructing high-quality buildings, the Group also creates a warm workplace for our employees. As an employer supporting equal opportunity, the Group is committed to providing equality for all employees in the process of recruitment, training, promotion, transfer, compensation, benefits and termination of contracts.

In 2010, there were 19,283 employees in the Group headquarters and three subsidiaries.

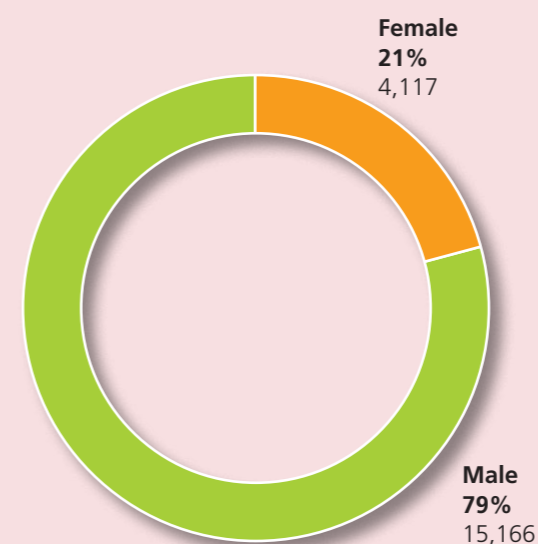
Distribution of Staff by Location

Hong Kong and Mainland China cover most of the businesses of the Group and its three subsidiaries, which account for 98.75% of staff. As the business expands, there are now 241 employees in India and the UAE, which make up 1.25% of the total.



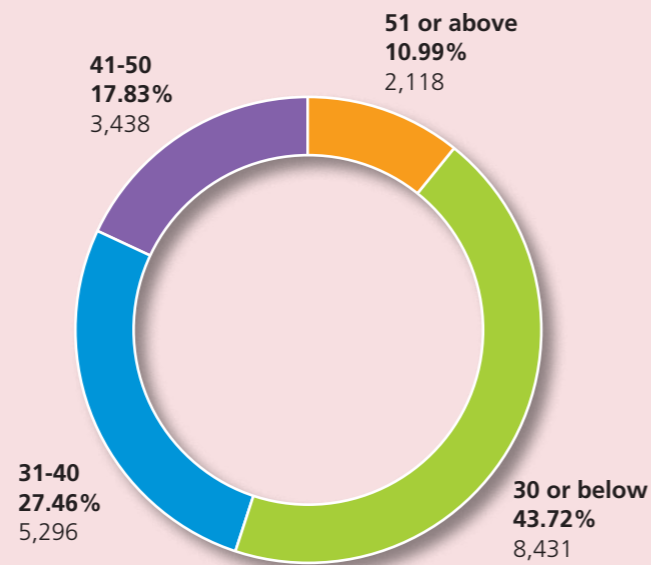
Distribution of Staff by Gender

The Group proactively promotes equal employment opportunities. A majority of the Group's business is related to real estate, construction and infrastructure, which is traditionally dominated by males, but it will increase the proportion of female employees to establish a diverse workforce wherever feasible.



Distribution of Staff by Age

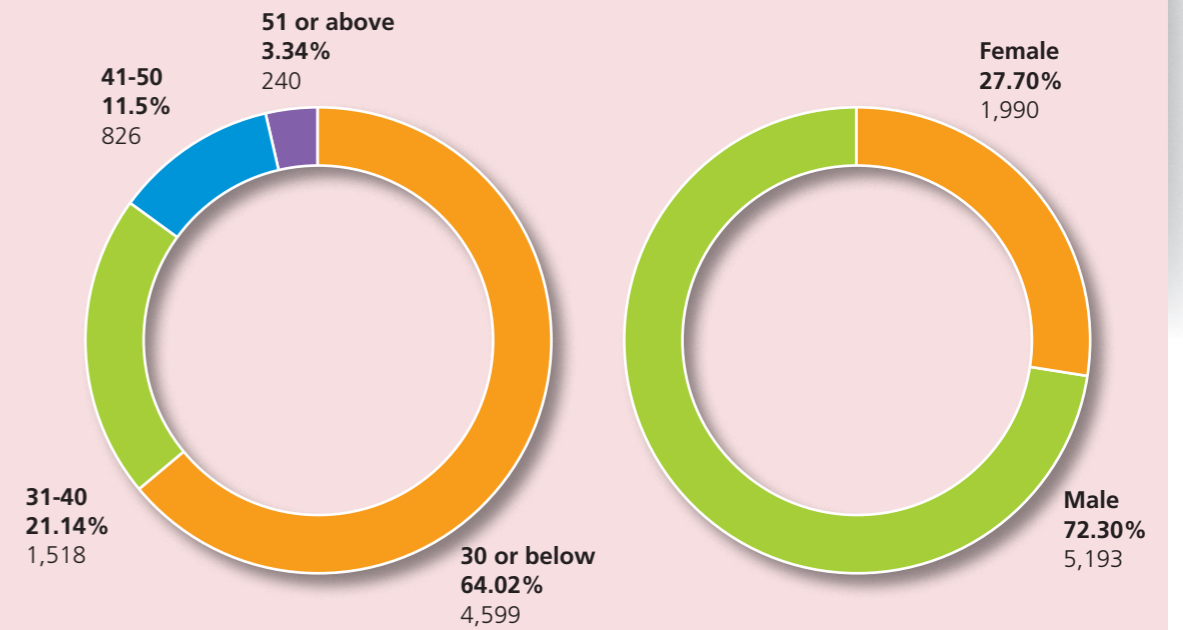
The Group emphasises human resources and it recruits new employees according to the needs of different positions and ensure an even age distribution of employees in each category. The Group is committed to nurturing talent and actively recruits graduates for this purpose. We encourage employees to develop their potential and, coupled with experienced senior employees, create energetic teams of professionals.



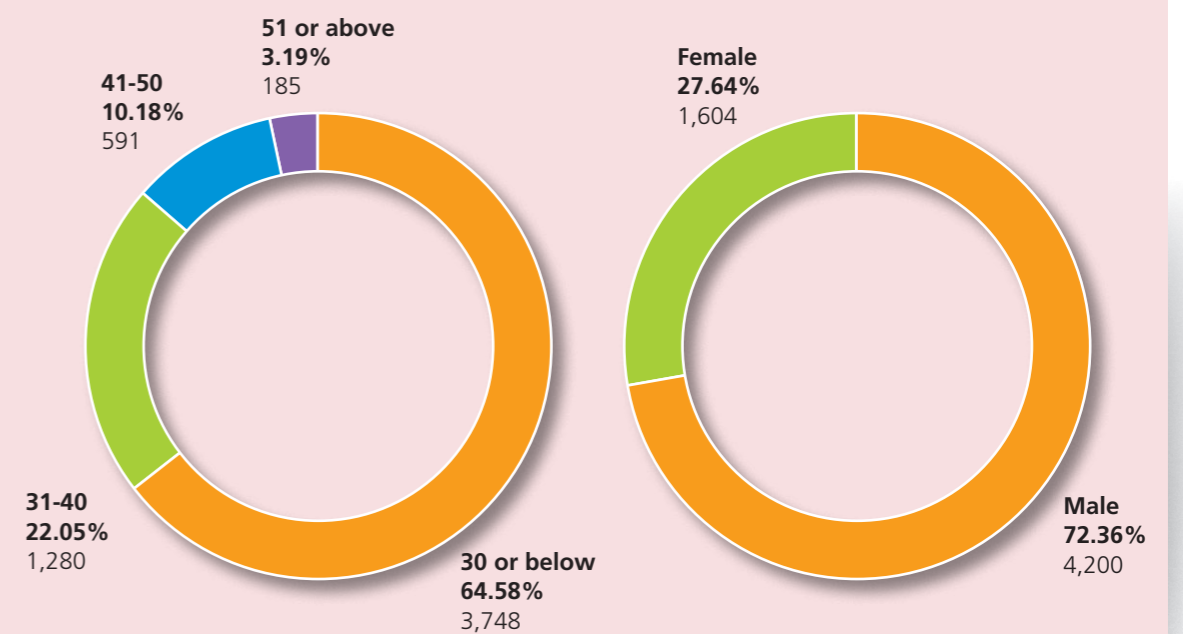
In response to rapid development and employee turnover at the Group and its subsidiaries, in 2010 the Group employed a total of 7,183 new employees, 7.7% more than in 2009.

The Group's employee turnover rate increased to 30.1% in 2010, mainly due to the conditions in the industry. About half of the Group's employees are responsible for property management, and the employee turnover rate of employees at the operational level is relatively high (46.37%). The Group's overall employee turnover rate is 10.88% if the property management business is put aside. In an effort to reduce the employee turnover rate in property management, the Group plans to enhance pay and benefits, and provide training that enhances employee development, job satisfaction and sense of belonging. The Group will also streamline work processes to reduce employee workload.

New Employees in 2010



Staff Turnover in 2010



9. Human Resources

It should be noted that due to its wide range of business, the Group has more employees than covered in this report. As such, the strategy and spirit of human resource management penetrates more deeply than indicated here.

9.2 Career Development

The quality and capacity of employees guarantee the core competitiveness of the Group. As a result, we give priority to systematic human resource management and training. The "Measures on the Management of Training Funds for the Staff from Mainland in Headquarters" has been drawn up to ensure a semi-autonomous approach for extensive, well-targeted and in-depth training. In 2010, 13,470 training programs were held, involving a total expenditure of about HK\$3.64 million.

The Group's Employee Training Statistics

Project	Top Management	Other		Total
		Managerial Employee	Professional Technicians	
Training (overseas training excluded)	143	1,990	5,833	7,966
Self-study	84	636	2,777	3,497
Online training	10	562	1,412	1,984
Overseas training	0	18	5	23
Total	237	3,206	10,027	13,470

In order to promote leadership and the high quality of its senior managerial employees, the Group has jointly established an Executive Masters of Business Administration (EMBA) with Nankai University. 27 top management participated in and graduated from the course in 2010. In addition, a special leadership course has also been established at the China Europe International Business School (CEIBS) to deliver training to mid-level managers and department heads at headquarters and our subsidiaries, and executive officers of regional companies affiliated with our subsidiaries.

To provide comprehensive security and support for employee careers, the Group has also established the "Sons of the Sea (海之子)" Progressive Training Scheme which supports employees in career development.

Case Study on The "Sons of the Sea" Progressive Training Scheme

The "Sons of the Sea" Progressive Training Scheme" was established to enhance our training of future elite personnel by implementing "Industry certificates training" together with leading universities in the mainland, aiming at discovering future mainland real estate elite and inspiring them to develop future leadership potential.

- **Third year college students or early year postgraduate students:** We have established a research program and an internship program to nurture future industry elites. An accreditation system is jointly implemented by leading universities in China and aims to develop candidates' interests and leadership potential in the property sector.
- **Fresh graduates:** We recruit outstanding graduates from universities. Our assessment centre, which oversees this process, is very advanced in China.
- **New employees:** By the orientation program and the intensive training program, together with identification, nurturing and coaching from internal experts, the Group aims at adding value to its human resource. By comprehensive training scheme, the Group hopes to help new employees to achieve a bright future.

Numbers of staff recruited through the "Sons of the Sea" campus recruitment scheme from 2006 to 2010.

Remarks: Recruitment Scheme was suspended due to the financial crisis in 2009



The Sons of the Sea Training Scheme



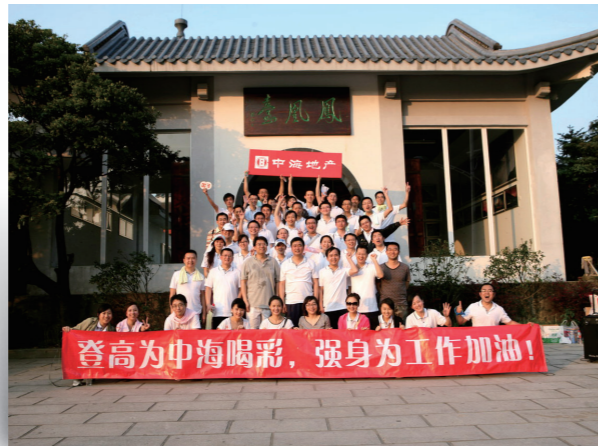
9.3 Caring for our Employees

In addition to effectively supporting career development, the Group is also mindful of the ensuring effective work-life balance initiatives.

One way of doing this is through sporting and cultural events. For example, the Table Tennis Tournament of China Overseas Cup 2010 was held on 19-20 September in Jinan, Shandong, and involved top management and 75 team leaders and members.



The Group actively cares for company culture to create a harmonious atmosphere, especially through large and small sporting activities, such as, Climbing the Mountain and Tiger Leap Cup Competition, to build an efficient employee team.



On 11 September 2010, China State Construction Engineering Corporation held its first sports games in Beijing. The Group sent 45 employees, 120 security guards and 30 flag holders. We participated in all of the seven group events and 15 individual events in five sporting categories, the Group received a "Good Sportsmanship Award". The harmonious and healthy atmosphere also brought the Group "2010 China Millions Worker Health Month" Award.

- The Table Tennis Tournament of China Overseas Cup 2010
- The 5th "Sound of China Overseas" Show in 2008
- The Badminton Tournament of China Overseas Cup 2007
- The 4th "Sound of China Overseas" Show in 2006

Note: Events were suspended due to the Group's 30th Anniversary Ceremony in 2009. Sporting and cultural events are held in alternate years

In order to meet pressing needs and alleviate financial burdens caused by emergencies or serious diseases, the Staff Associations at all levels actively organised donations, demonstrating a commitment to mutual help.

Case Study on Staff Co-operation

Employee of China Overseas Property in Qingdao subsidiary, Mr. Yuan Ye, has been bedridden suffering from a cerebral hemorrhage. With perseverance and support from family, the Group and colleagues, his condition started to recover. In early December 2010, the Staff Association of the Group and China Overseas Property donated RMB80,000 through China Overseas Charity Fund.



In order to create harmony within the Group and reflect the Group's care for employees' families, and further strengthen "China Overseas — Home" concept, the Group organises family activities, travel and festival dinners to ensure employees are cared for outside the workplace.



In order to provide for retirees, the Group has issued "Provisional Measures on the Management of Retirees". In this, we state that on-time payment of statutory securities, such as pensions, is guaranteed and various supplementary items are adopted, including festive visits, gifts and dinners, travel and emergency cards.

10 A Bright Outlook

With the commencement of the “twelfth five-year plan” period (from 2011 to 2015), China State Construction Engineering Corporation has entered a new phase of strategy-guided development, which will also provide guidance for the mid- and long-term development of the Group.

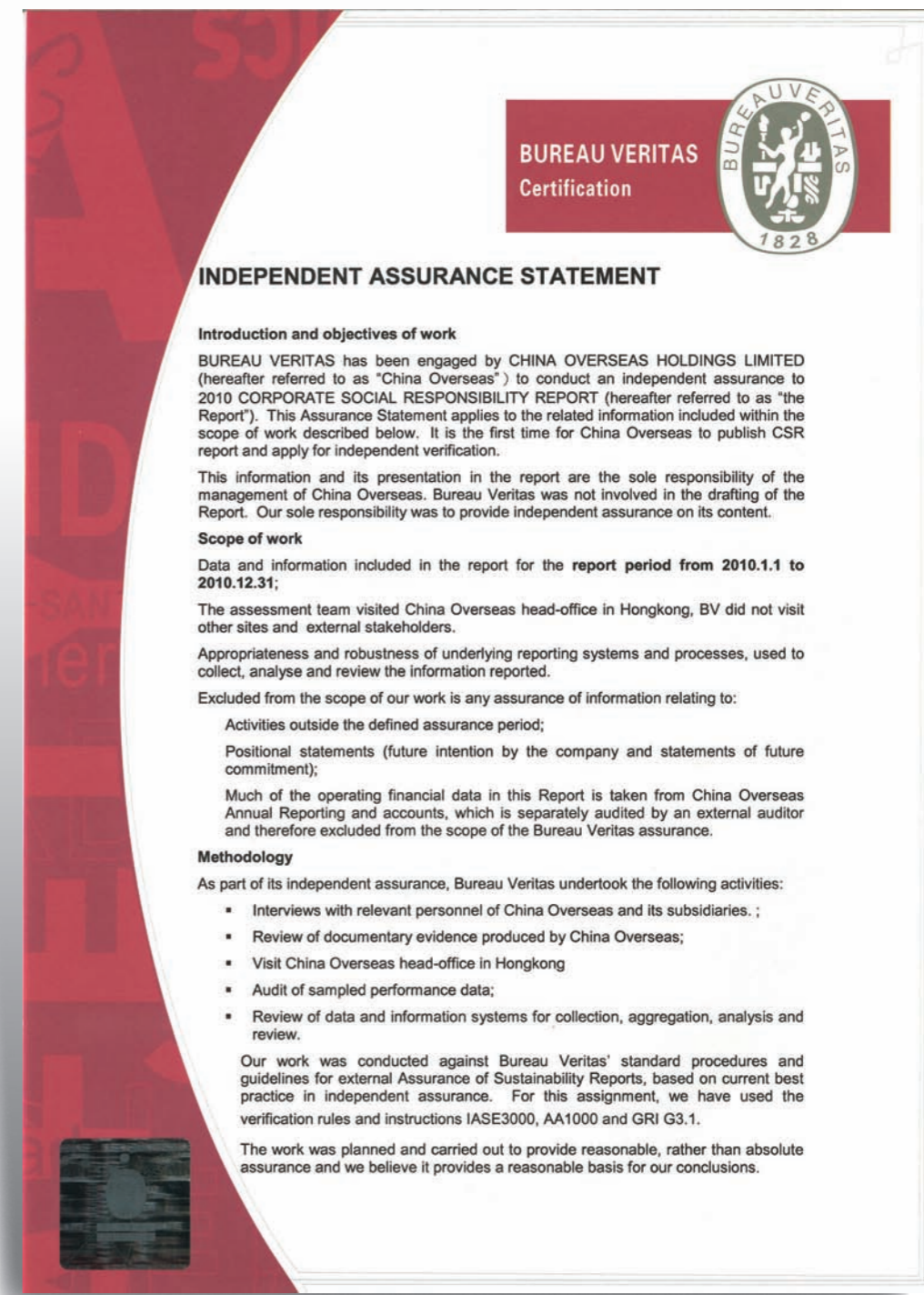
The Group will continue efforts to improve management and control mechanisms, optimise the authorisation and centralisation scheme within the Group, promote the organisational functionality, enhance management efficiency, reduce management costs and standardise governing structures, modernise operations, adopt market-based mechanism and professional management. It will provide organisational support, and human and financial resources for subsidiaries to enhance competitiveness and expand. Focusing on the development of the two listed companies in construction and property, the Group will also merge with or acquire profitable enterprises, foster new business, construct a platform for development, expand state-owned assets and grow in strength by promoting investment, grasping strategic opportunities and upgrade and integrate enterprises directly administrated by the Central Government, and utilise its capital, management and well known brand.


In addition, the Group will strengthen its management of corporate social responsibility; continue utilising its well-knit management and control mechanisms to achieve more in promoting economic and social development and environmental protection. It will shoulder its responsibilities as the leading enterprise in the sector, and help improve CSR in Hong Kong, Macau and Mainland China.

11 Individual Verification Statement

In order to enhance the transparency and reliability of the report, BV HK Co. Ltd was engaged to conduct an independent assurance based on GRI G3.1.

In the event of discrepancies between the Chinese and English version, the Chinese version shall prevail.





BUREAU VERITAS
Certification

Our findings

On the basis of our methodology and the activities described above, it is our opinion that: The information included in the report is objective, reliable and free from material mistake or misstatement; During the process of assurance engagement, BV also identified some improvement opportunities to be included in the "Key areas for ongoing development".

Objectivity

The information and data presented in the report is objective, reliable and traceable. China Overseas has implemented data management system to collect, analyse, check and compile information in all domains covered by the report. Sufficient evidences are supplied and have strong reliability and traceability.

Completeness

The Report describes China Overseas social responsibility strategy, underlying management systems, actions and performance in six areas of sustainable management, environmental performance, quality control, OHS management, community harmony and employee care. The report has good completeness because it covers China Overseas head-office and 3 subsidiary group companies and discloses economic, environmental and society information of China Overseas in 2010.

Materiality

According to GRI (G3.1), ISO26000 standard and "SASAC corporate social responsibility on guidance" requirements, China Overseas identifies and discloses many core subjects on organizational governance, environment, society and economy. The key issues are in line with industry characteristics and makes easy for readers to evaluate the report and to make decision.

Responsiveness

China Overseas identified key issues which stakeholders concerned through stakeholder survey and communication method. These key issues were generally responded in the report.

Sustainability

The report describes China Overseas sustainability management, such as corporate internal controls and risk management, environmental design and building, customers relationship management, economic data growing etc. So China Overseas has good prospects for sustainable development.

Key areas for ongoing development

Based on the assurance work conducted, the following opportunities for improvement have been identified for China Overseas:

It is better for China Overseas to improve the report's completeness and responsiveness, such as: disclosure of environmental performance during construction, GHG emission data, employee satisfaction and the proportion of local procurement.



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- It is better for China Overseas to develop quantity data management system to improve the report's completeness and CSR management.
- China Overseas shall consider extending report's scope to its key suppliers, to promote development of social responsibility and business ethics management in supply chain.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Society and Environmental management with almost 180 years history in providing independent assurance services. No member of the assurance team has a business relationship with China Overseas. We have conducted this verification independently, and there has been no conflict of interest.



Jishun Xing
Regional Chief Executive Greater China
BUREAU VERITAS
Industry & Facilities Division

2011-11-01

May Huang

May Huang
Assurance Team Leader
BUREAU VERITAS
Industry & Facilities Division
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2011-11-01

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GRI Indicators	Comments
2.9 Significant changes during the reporting period regarding size, structure, or ownership	No significant change during the reporting period
3.2 Date of most recent previous report (if any)	This is our first CSR report
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisition, change of base years/ periods, nature of business, measurement methods)	Same as above
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Same as above
SO4 Actions taken in response to incidents of corruption	No related incident in the Group in 2010
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	No related incident in the Group in 2010
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No related incident in the Group in 2010

12.2 Feedback Form

Dear our Honourable Readers,

Thank you for reading our first China Overseas Holdings Limited Corporate Social Responsibility Report. We hope to hear your feedback, which will help us to better fulfill our social responsibilities and make improvements in our work. Thank you for your time and your valuable comments.

