



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

Corporate Social Responsibility Report 2012

# People-oriented Sustainability



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# 1. ABOUT THIS REPORT

## 1.1 Scope of Reporting

This Report is the third corporate social responsibility (CSR) report published by China Overseas Holdings Limited (the Group). The CSR performance referred to in this Report includes the Group's operations in Hong Kong, Mainland China and Macau covering its subsidiaries China Overseas Land & Investment Ltd. (COLI, Stock code: 00688HK), China State Construction International Holdings Limited (CSCI, Stock code: 03311HK) and COHL Investment Developing Holdings Limited (COIHL). This Report highlights the CSR performance of the Group's core businesses, including property designs and development, building and infrastructure construction, property management and urban-rural development. It reflects the material issues identified by our stakeholders and the Group.

The reporting period covers the calendar year of 2012. Given that COLI and CSCI have published their respective CSR reports, this Report discloses in summary the Group's CSR approach and key highlights in relation to its overall economic and corporate governance performance, environmental and social contribution. Part of the quantitative economic and human resource data covers that of the other listed subsidiaries of COLI and CSCI to ensure consistency with their respective annual reports. Whenever this approach is adopted it is stated clearly in this Report.

This Report is guided by the Global Reporting Initiative (GRI) Sustainability Reporting G3.1 Framework and the Guidelines to the State-owned Enterprises on Fulfilling Corporate Social Responsibilities, issued by SASAC (State-owned Assets Supervision and Administration Commission of the State Council). We have also referenced the ISO 26000: Guidance on Social Responsibility.

## 1.2 Access to the Report

This Report is published in Traditional and Simplified Chinese and English. The online version of the Report is available on our website: [www.cohl.com](http://www.cohl.com)

The CSR reports of COLI and CSCI can be accessed through the following links (Both Traditional and Simplified Chinese and English versions are available):

- China Overseas Land & Investment Ltd. 2012 Corporate Social Responsibility Report: [www.coli.com.hk](http://www.coli.com.hk)
- China State Construction International Holdings Limited 2012 Corporate Social Responsibility Report: [www.csci.com.hk](http://www.csci.com.hk)

## 1.3 Contacts

In order to improve our sustainability performance, you are welcome to express your opinions and suggestions by filling out the feedback questionnaire attached in this Report or through our communication channels.

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# 2. CHAIRMAN'S MESSAGE

*The ancient Chinese Confucian wisdom has strong implications for the sustainability journey of China Overseas. In formulating our business strategy and cultivating our corporate culture, we embrace the value stated in the "Doctrine of the Mean" (Zhongyong) which advocates balance and harmony in life by following the righteous path when dealing with people or work. We insist that integrity should lay the foundation for business where our profit and cashflow should be pursued in a transparent manner to protect the interests of our employees, customers, suppliers, investors and other stakeholders.*

Business needs to be profitable to sustain its long-term development but wealth should be made via just and ethical means through effective resource and risks management whilst being sensitive to the environmental impact and changes in market forces. We also believe corporate social responsibility (CSR) needs to be internalised and cultivating the ethics of employees is as important as enhancing their capabilities. We hope to shape the professionalism and integrity values of our employees through different training and engagement activities, while emphasising on team spirit despite any differences.

The Group always stresses the importance of being people-oriented in the hope of promoting an inclusive society. As one of the influential property developers and contractors in the region, we strive to understand the needs of people from all walks of life and to explore a development model that caters to their common interests. In addition to developing medium to high-end properties, we are also involved in public or affordable housing development projects in Mainland China, Hong Kong and Macau so as to meet the different housing needs of people with varied social backgrounds. Despite the differences in needs, we apply the same quality control, environmental and safety standards across the board when we develop, construct or manage properties.

The Group is concerned about the disparity between urban and rural development in Mainland China. The increasing gaps in terms of income, education and social welfare among urban and rural residents since the 1980s have created a disconnection between the local people. There is also in excess of three hundred million surplus labourers in the rural areas, causing a high unemployment rate, and many of the farmers have thus moved to urban areas. However, given the differences in education level and ways of living between villagers and urbanites, it is difficult for many of the farmers to adapt to the new environment. In recent years, the Group has made urban-rural development projects one of its core business operations, aiming to allow farmers to enjoy similar benefits that the urbanites do, to help the disadvantaged integrate into the society and to develop their



## 2. CHAIRMAN'S MESSAGE

skills and knowledge so that they can sustain their own long term development. Our urban-rural development projects have enabled the Group to create a new market, or a "Blue Ocean", that sustains our future development and creates shared valued for business and society.

With regards to charitable activities, we have been promoting social integration as reflected in our community brand slogan 'The Sea has no Limit and Love has no Boundary'. As of 2012, we have donated 10 China Overseas Hope Schools in Mainland China to provide equal education opportunities for children in poverty, with special needs and from ethnic minorities. Our long-term community partners in Hong Kong have also worked closely with us to provide a communication and sharing platform for children with different social backgrounds and abilities to promote cross-cultural understanding between children from Hong Kong and Mainland China.

The year 2012 marked a breakthrough for the Group to achieve a record high value for both its new construction contracts and property development projects. For nine consecutive years, China Overseas Property, subsidiary of COLI, was selected as a "China Blue Chip Real Estate". Our urban-rural development projects have also started to generate profit, proving the feasibility of the business model we has been exploring and adopting. Our listed subsidiaries, China Overseas Land & Investment Ltd. and China State Construction International Holdings Limited, have been selected as constituent stocks of the Hang Seng Corporate Sustainability Index, acknowledging our good performance in community development, environmental protection and corporate governance. To enhance our CSR commitment and transparency in disclosure, we have adopted a more thorough CSR data collection system that facilitates CSR reporting, which was supported by cooperation between our business units in making the improvement. Both of the listed subsidiaries have published their first stand-alone CSR report for 2012.

In future, we will continue to review our CSR data collection system to identify further improvements and to enhance transparency. We will strengthen our efforts in cultivating the ethics and capabilities of our workforce, managing stakeholder expectations and helping to develop an integrated society. Once again, I would like to express my utmost gratitude to the efforts of our employees and support from our stakeholders.

Yi Jun  
Chairman

China Overseas Holdings Limited

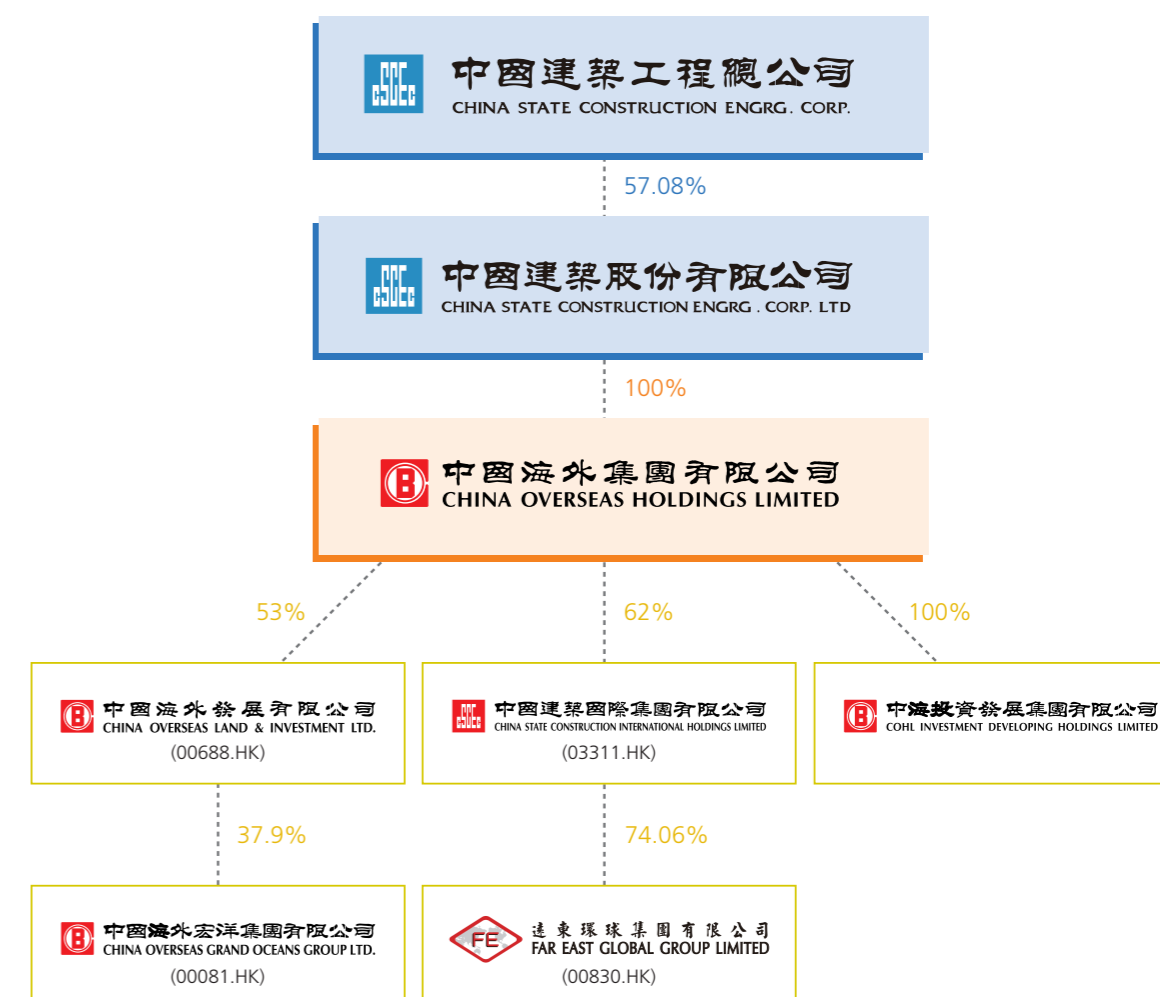


## 3. ABOUT THE GROUP

### 3.1 Business Overview

Established in June 1979, China Overseas Holdings Limited (formerly known as "China Overseas Building Development Co., Ltd.") is wholly owned by the China State Construction Engineering Corporation Limited. The Group's main business is operated through its three subsidiaries (COLI, CSCI, COIHL) which have respectively established the brands of China Overseas Property, China State Construction and China Overseas Investment. Today, the Group's business covers the whole value chain system, including property and real estate investment, construction, urban-rural development planning, infrastructure investment, pre-cast concrete production, property design planning, marketing and sales planning, after-sales service and property management.

#### Organisational Structure of the Group



\* China State Construction Engineering Corporation (CSCEC) holds 57.08% ownership of China State Construction Engineering Corporation Limited. CSCEC is a large state-owned enterprise under China's State-owned Assets Supervision and Administration Commission and was ranked 100 among the top Fortune Global 500 companies in 2012 (CSCEC is ranked the 80th in 2013).



### 3. ABOUT THE GROUP

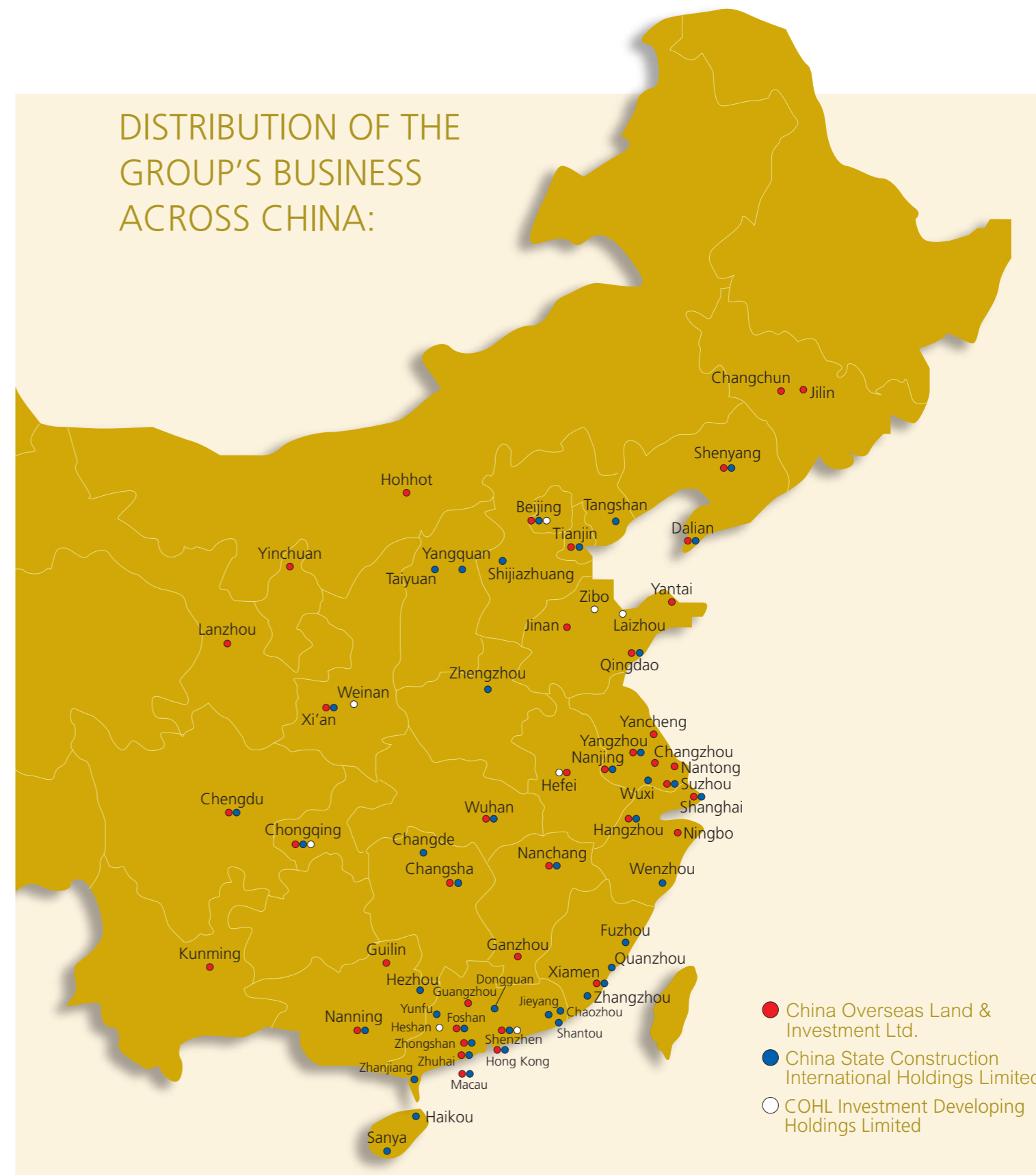
#### Three main businesses of the Group:

Subsidiary	China Overseas Land & Investment Ltd. (COLI)	China State Construction International Holdings Limited (CSCI)	COHL Investment Development Holdings Limited (COIHL)
Brand	China Overseas Property	China State Construction	China Overseas Investment
Core Businesses	Real estate development, property investment, property management, planning and architectural design	Core business includes building construction, civil engineering works, infrastructure investment design  Other peripheral business includes foundation engineering works, site investigation, mechanical and electrical engineering works, highways and bridges construction, concrete and pre-cast components concrete production and curtain wall systems	Urban-rural development planning, infrastructure investment and operation, financial investment
Operating regions	Hong Kong, Mainland China and Macau	Hong Kong, Mainland China and Macau	Mainland China
Listed company owned	China Overseas Grand Oceans Group Ltd. (00081.HK)	Far East Global Group Limited (00830.HK), acquired in February 2012 by CSCI	COIHL is an investment, financing and management platform, thus it does not own any listed companies



### 3. ABOUT THE GROUP

#### DISTRIBUTION OF THE GROUP'S BUSINESS ACROSS CHINA:



### 3. ABOUT THE GROUP

#### Economic Data of the Group in 2012<sup>1</sup>

Direct Economic Value	HK\$
Revenue	81,311,019,000
Distributed Economic Value	
Operating cost (cost of sales and direct operating expenses)	53,891,154,000
Total employee salaries and benefits <sup>2</sup>	2,658,054,000
Total donation	2,705,951
Payment to capital providers <sup>3</sup>	1,535,210,000
Tax paid to national governments	10,949,499,000

<sup>1</sup> Economic Data covers China Overseas Holdings Limited and its subsidiaries which the Group has over 50% share ownership, including COLI, CSCI and COIHL. The data also covers Far East Global Group Limited which CSCI owns over 50% of the equity.

<sup>2</sup> The overall employee salaries and benefits include salaries of the Board and employees as well as other employee costs. The total amount of employee pension and retirement insurance contributed by the Group in 2012 were HKD110,699,000.

<sup>3</sup> The data only includes dividend distributed during the reporting year.



### 3. ABOUT THE GROUP

#### 3.2 Highlights in 2012

- Two of the Group's listed companies — COLI and CSCI — are selected as **constituent stocks of the Hang Seng Corporate Sustainability Index**.

- In February 2012, **CSCI successfully acquired Far East Global Group Limited**, an international company responsible for providing one-stop curtain wall solutions for high-end property development. The acquisition complemented the Group's existing business and facilitates its plan to expand business overseas.

- To date, the Group has four listed companies — China Overseas Land & Investment Ltd. (00688.HK), China State Construction International Holdings Limited (03311.HK), China Overseas Grand Oceans Group Ltd. (00081.HK) and Far East Global Group Limited (00830.HK). The Group had **total assets of HK\$270 billion** and **total market capitalisation of HK\$250 billion**.

- The Group was actively involved in the construction of affordable housing in Mainland China, with nearly **9,000 affordable housing projects** accomplished and **over 15,000 projects under construction** by CSCI.

- The Group's **"Sons of the Sea"** human resources initiative has successfully **recruited 557 students, a 16% increase compared to 2011**.

- The Group underwent restructuring of COIHL's operations and human resources in order to put urban-rural development projects as COIHL's main business, with the aim of solving the problems associated with the China's agricultural industry, villages and farmers, **raising farmers' standard of living while exploring business opportunities** in this uncontested market space or "Blue Ocean".

- The Group actively strengthened its efforts in **promoting anti-corruption practices** and improving related management systems. The Group developed corresponding anti-corruption mechanisms for its three main business categories (property development, construction and infrastructure investment).

- The Group **donated two more Hope Schools** in Mainland China through the China Overseas Charity Fund, which brings the total to **10 China Overseas Hope Schools**.

### 3. ABOUT THE GROUP

#### 3.3 Awards and Honours in 2012

Award	Awarded Units	Awarding Bodies
Caring Company Logo 2011/12	<ul style="list-style-type: none"> <li>China Overseas Holdings Limited (logo received for 3 consecutive years)</li> <li>China Overseas Land &amp; Investment Ltd. and China State Construction International Holdings Limited (logo received for 4 consecutive years)</li> <li>China Overseas Property Service Ltd. (under China Overseas Land &amp; Investment Ltd; logo received for 7 consecutive years)</li> </ul>	The Hong Kong Council of Social Service
Hong Kong Outstanding Corporate Citizen Award	<ul style="list-style-type: none"> <li>China Overseas Holdings Limited</li> </ul>	Hong Kong Productivity Council and Committee on the Promotion of Civic Education
Hang Seng Corporate Sustainability Index Series	<ul style="list-style-type: none"> <li>China Overseas Land &amp; Investment Ltd.</li> <li>China State Construction International Holdings Limited</li> </ul>	Hang Seng Indexes Company Limited
1st ranking of the Top 20 China Real Estate Enterprises by Brand Value 2012	<ul style="list-style-type: none"> <li>China Overseas Land &amp; Investment Ltd.</li> </ul>	China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal
Leading China Real Estate Company Brand <ul style="list-style-type: none"> <li>Top of China Real Estate Enterprises by Brand Value</li> <li>Outstanding Brand in Property Service, China</li> </ul>	<ul style="list-style-type: none"> <li>China Overseas Land &amp; Investment Ltd.</li> <li>China Overseas Property Management Ltd. (under China Overseas Land &amp; Investment Ltd.)</li> </ul>	Enterprise Research Institute of Development Research Center of the State Council of P.R. China, Institute of Real Estate Studies of Tsinghua University, and China Index Academy
China Blue Chip Real Estate Corporation (1st ranking for the 9th time)	<ul style="list-style-type: none"> <li>China Overseas Land &amp; Investment Ltd.</li> </ul>	The Economic Observer
The 2012 Hong Kong Awards for Industries (HKAI) — Productivity and Quality	<ul style="list-style-type: none"> <li>China State Construction International Holdings Limited</li> </ul>	Hong Kong Productivity Council
Quality Public Housing Construction and Maintenance Awards 2012 — New Works Projects — Outstanding Contractors (Building — Bronze Award)	<ul style="list-style-type: none"> <li>China State Construction Engineering (Hong Kong) Limited (under China State Construction International Holdings Limited)</li> </ul>	Hong Kong Housing Authority
Top 100 Outstanding Civil Projects in a Century	<ul style="list-style-type: none"> <li>China State Construction Engineering (Hong Kong) Limited</li> </ul>	China Civil Engineering Society
Quality Public Housing Construction and Maintenance Awards 2012 — New Works Projects — Outstanding Contractors (Piling — Outstanding Award)	<ul style="list-style-type: none"> <li>China State Construction Engineering (Hong Kong) Limited</li> </ul>	Hong Kong Housing Authority

More information about the awards received by COLI and CSCI, please refer to their respective 2012 CSR reports.



## 4. OUR SUSTAINABILITY CONCEPT AND STRUCTURE

### 4.1 Our Sustainability Concept

We have a vision of “Building an Evergreen Business” and a philosophy of “Exercise caution in details and implementation; Build a strong foundation to seek greater success”. The Group’s insistence on stable operations and outstanding property products and services has formed a strong basis for it to promote CSR. We apply strict requirements on corporate governance and quality control, and operate on the principle of “People-oriented” in developing human resources and promoting society’s cultural and economic development. The Group is highly concerned about environmental protection, which is intricately linked to the daily lives of the staff and communities. Based on our stakeholder expectations, our capacities and the industries’ conditions, we set short-to-long term sustainable development strategies. Our concept of sustainable development is as follows:

<b>Corporate Governance and Economic Responsibility</b>	<ul style="list-style-type: none"> <li>Comply with the laws, regulations and ethical codes</li> <li>Strengthen anti-corruption and improve the company’s management efficiency</li> <li>Strengthen innovation and strategic development to accelerate progress in regional expansion and professionalism</li> <li>Implement “Headquarters-Regional-Local” three-tier quality management system to support systematic business development and ensure detailed quality control is carried out</li> <li>Apply strict quality standards on the processes of construction, property development, property service and urban-rural development projects</li> <li>Establish win-win strategic partnership with suppliers</li> <li>Increase competitiveness overseas and develop an international competitive advantage</li> </ul>
<b>Environmental Protection</b>	<ul style="list-style-type: none"> <li>Strengthen innovation, develop green properties and adopt energy saving and carbon efficiency measures</li> <li>Develop green neighbourhoods and communities</li> <li>Promote green offices</li> </ul>
<b>Staff Management</b>	<ul style="list-style-type: none"> <li>Foster “China Overseas Corporate Culture”, promote integrity, innovation, practicality and excellence</li> <li>Strengthen human resource strategy through good people management and incentive policies</li> <li>Place strong emphasis on staff welfare and career development and nurture team spirit</li> <li>Build a comprehensive safety management system</li> </ul>
<b>Community Development</b>	<ul style="list-style-type: none"> <li>Promote the implementation of urban-rural development projects, explore new ways to drive innovation in China’s urbanisation process, and assist farmers in employment and increasing their income</li> <li>Actively seek to work on more housing projects for low-income groups</li> <li>Be proactive in poverty alleviation and charitable activities, promote youth education and expand development of Hope Schools</li> <li>Establish harmonious and inclusive society by strengthening service quality for property customers and providing interaction opportunities for the communities</li> </ul>

#### 4. OUR SUSTAINABILITY CONCEPT AND STRUCTURE

Stakeholder engagement helps the Group to gain a better understanding of its CSR performance from the perspectives of its stakeholders. The Group collects stakeholder feedback and listens to their needs during its daily operation, and responds and takes action in a timely manner when appropriate. Relevant business units conduct satisfaction surveys on staff, customers and suppliers on a regular basis.

#### 4. OUR SUSTAINABILITY CONCEPT AND STRUCTURE

For example, our property service unit conducts an annual customer satisfaction survey to understand its performance on management, security, cleanliness and maintenance of the company. In 2012, 252 site visits were organised for its property development projects in 30 cities for more than 1,500 investors. CSCI participated in award ceremonies and workshops organised by government departments with the aim of better understanding government and public bodies' expectations as well as industrial trends.

Figure 1: The Group and Its Stakeholder





#### 4. OUR SUSTAINABILITY CONCEPT AND STRUCTURE

### 4.2 Corporate Governance and Anti-Corruption Mechanism

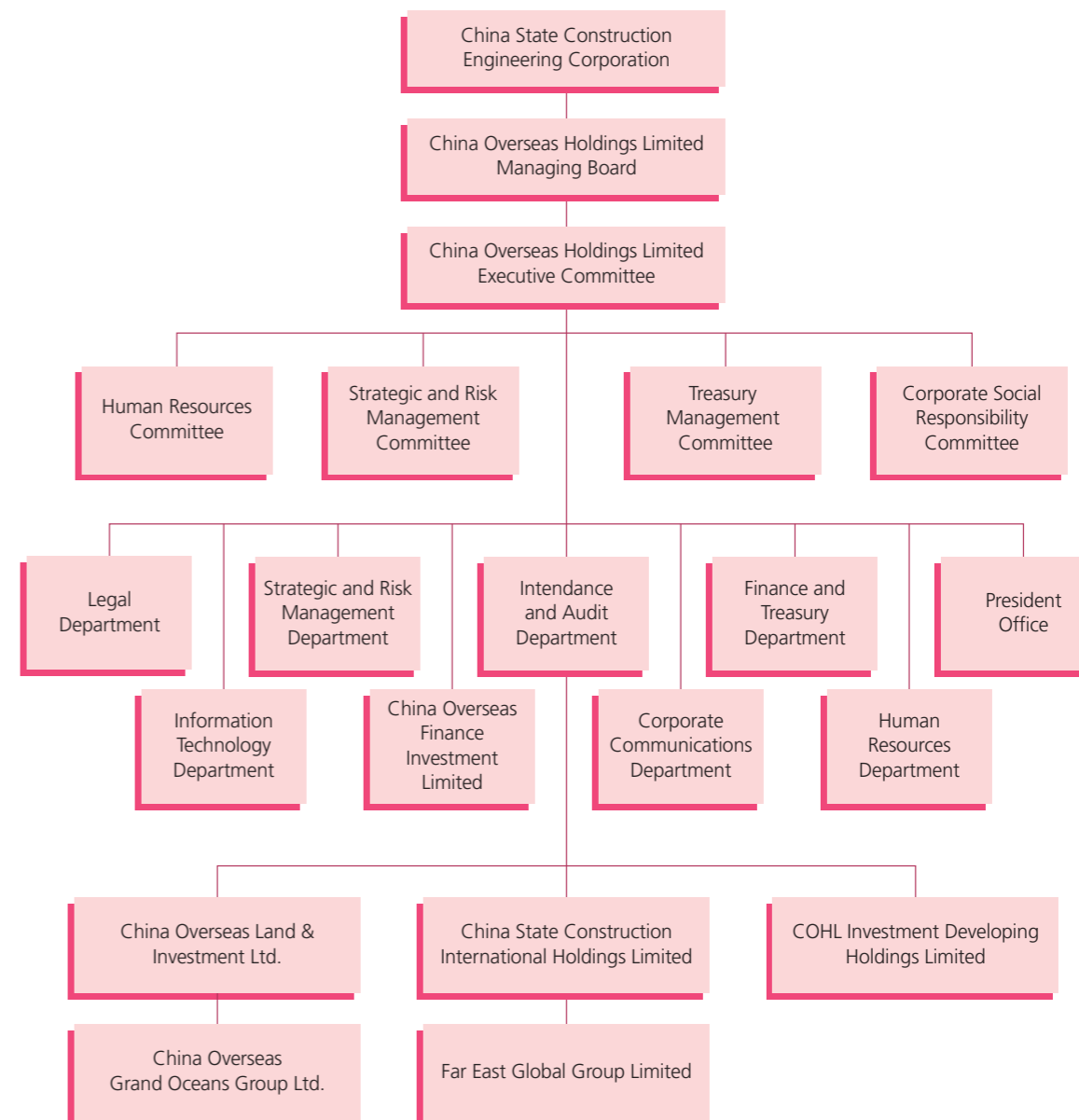
The Group has a sound corporate governance structure and mechanism to ensure transparency and the stable development of its business. The Managing Board and the Executive Committee develop procedures and establish collective decision-making mechanisms. The posts of the Chairman and the President are separated and their responsibilities are clearly divided and outlined in the Board of Directors' Duty Statement. The Management board, which is at the core of the corporate governance structure, monitors various committees including the CSR Committee, Human Resource Management Committee, Strategy and Risk Management Committee, and Treasury Management Committee. Each Committee is required to report its progress to the Group's President.

The Group's CSR Committee was established in 2008 to create a more structured foundation for the formulation and practice of CSR policies and build up a good corporate citizen image. The CSR Committee consists of senior management staff and department heads and is supervised by the Board of Directors to ensure the Group's CSR concept is integrated in its internal policies. The Committee set up working groups comprising different departments and units to be responsible for CSR implementation and to take part in the related strategy development process. For example, the Group's Staff Association and its affiliated associations, including — China Overseas Sorority, China Overseas CSR Department and China Overseas Volunteers Association — have organised various activities to promote the Group's CSR and corporate culture. The Group's "China Overseas Charity Fund Limited" functions as a platform to support charity, education and poverty alleviation work.



#### 4. OUR SUSTAINABILITY CONCEPT AND STRUCTURE

Figure 2: Corporate Governance Structure



All Hong Kong listed subsidiaries of the Group have their own board to govern their respective operations. Each of these boards has established an Audit Committee, Nomination Committee and Remuneration Committee made up of independent non-executive directors. In 2012, CSCI restructured the Board after its acquisition of the Far East Global Group Limited. The changes are disclosed in the CSCI's 2012 Annual Report.

For more information, please refer to the Corporate Governance Report in the 2012 CSR Report of COLI and CSCI.

#### 4. OUR SUSTAINABILITY CONCEPT AND STRUCTURE

##### Anti-corruption

The Group has established effective policies on staff discipline and prohibits staff from making personal gains from its business partners. China Overseas Property (a key subsidiary of COLI) distributes questionnaires to its partners to assess the company's employee performance in terms of integrity and self-discipline. All partners, such as construction sub-contractors, material purchasers, designers, marketers and stationery suppliers are required to sign an official probity agreement to prohibit gift-giving to staff at all levels to avoid termination of partnership. In 2012, the Group actively strengthened its anti-corruption education and system in operations in Mainland China. The Group developed corresponding anti-corruption mechanisms for its three main business categories. Highlights in 2012 are as follows:

<b>Anti-corruption assessment and discipline commitment</b>	Management in the headquarters, regional and local offices were required to sign a probity agreement to promote greater monitoring across all management levels. Probity assessment and integrity commitment mechanism was introduced.
<b>Internal anti-corruption education</b>	"Daily Reminder Messages" about anti-corruption were sent to managerial staff every day within a specific period, and over 240 people received these messages. The Group distributes internal anti-corruption publications to promote integrity and a total of 10 issues were published by 2012.
<b>Strengthen and develop monitoring team</b>	Added five internal discipline inspection personnel to develop business training, and to identify staff to sit for the certification examinations organised by CSCEC with regards to the discipline inspection process.
<b>Annual evaluation mechanism</b>	Amended 13 items and added 42 items related to the anti-corruption system with the contribution from different departments. A total of 285 internal training sessions were organised to inform staff of the changes and over 2,516 staff attended the training.
<b>Establish office and special monitoring platforms</b>	Utilised online platform to allow updates of policies and systems to be uploaded onto intranet instantly to facilitate the approval process carried out by relevant key personnel at the headquarters, regional and local level. The efficiency of the approval process has increased by 50% compared to the previous year.
<b>Improve corporate systematic decision-making mechanisms</b>	Strengthened monitoring and management of issues related to decision making in significant problems, appointment and dismissal of key personnel, planning of major projects and consumption of large capital resources; introduced over 22 items related to employee accountability system, complaint and reporting mechanisms, capital management in Mainland China, senior management appointment procedure and corruption prevention.
<b>Identify the integrity risk point of work position</b>	In accordance to the "Job Risk Prevention Strategies", a total of 273 risk points were identified from 16 job positions at headquarters, regional and local level. These risks were categorised into integrity risks, progress risks, and efficiency risks and rated against the extent of their significance from 1 to 3.
<b>Strengthen the Group's internal audit</b>	Conducted economic efficiency assessment and paid more attention to analysis of income and expenditure of new business.

#### 4. OUR SUSTAINABILITY CONCEPT AND STRUCTURE

##### 4.3 Quality and Supply Chain Management

A "Headquarters-Regional-Local" three-tier quality management system has been established to meet short to long-term needs of the Group's regional development and to support quality control across the Group. The Group implements strict quality control management on construction, property development, property service and urban-rural development projects. All aspects of its operations, according to their business nature, adopt strict quality management systems to enable the Group as a whole to achieve a consistent level of high quality standards across its value chain. For example, in our construction business, in addition to the three traditional factors (performance progress, cost and quality), we impose stringent standards on health and safety as well as environmental protection that exceed regulatory requirements. Given that the issue of quality is closely linked with our ability to manage our supply chain, the Group has established strict procurement and sourcing controls that emphasise different aspects, such as the material quality, stock examination upon arrival, and documentation of each purchase stage. Since the implementation of centralised purchasing, the Group has established long-term, win-win strategic partnerships with its suppliers through its effective policies.

Most of the construction workers at our sites are recruited by our sub-contractors, therefore we set strict regulations and criteria on sub-contractor selection. While our sub-contractors are required to pay the workers on time, we are also concerned with the workers' safety and environmental performance. We increase workers' awareness on safety and environmental protection by providing them accountability training and incentives, such as implementing a "Site Safety Award Stamps Redemption Scheme" and "Site Safety Worker Award Scheme". We offer prizes for outstanding performance and innovative ideas proposed by the workers. Our business units organise a "Best Performing Subcontractors Competition" annually to recognise and reward outstanding sub-contractors.

In order to qualify as suppliers or sub-contractors unit of the Group, they are required to complete an assessment which outlines their profile, reputation and past performance. Annual audits of existing suppliers or sub-contractors are also carried out by relevant business units, where criteria such as their performance progress, quality, cost, safety and environmental protection are taken into account. Individual business units of the Group conduct supplier/sub-contractor satisfaction surveys to gather feedback on the respondents' perception of the overall performance of the relevant business units, business partnership, complaint handling and our employees' integrity. *For more information on quality and supply chain management, please refer to the corresponding Chapters in the 2012 CSR Report of COLI and CSCI.*

## 5. CONTRIBUTION TO SOCIETY

Society is shaped by the continuously evolving relationships between people. A business enterprise is made up of individuals (employees), and its direct income also relies on people (customers). To become rooted in the communities in which it operates, and to promote the sustainable development of both the business and the wider community, the Group believes that promoting a people-oriented and inclusive society is vital. The Group takes a multi-faceted approach to contributing to society. Internally, we are committed to providing our employees with a safe working environment, competitive benefits and career development opportunities. We promote work-life balance and a culture of giving back to the community. In our business, we balance our responsibility to shareholders with our social responsibility, helping communities meet their basic needs by building affordable housing and striving for improved urban-rural planning to create shared value. The Group creates opportunities to help its property customers become part of an inclusive community. We also reduce the impact of our construction projects on communities adjacent to the sites. Over the years, we have successfully established 'The Sea has no Limit and Love has no Boundary' as our brand slogan for community work that we initiate. The Group is committed to providing educational opportunities to young people and disadvantaged groups. We also encourage our employees to actively participate in community services and charitable donations.

### 5.1 Caring for our People

#### 5.1.1 Employee benefits

As of 2012, the total number of employees across the Group's business portfolio exceeds 30,000 people. Employee benefits and their personal development therefore not only have a significant impact on the development of the company, but are also considerable driving forces for the development of our employees' families, as well as wider society and the industry as a whole. The Group is committed to providing equal opportunities in recruitment, training, promotion, transfer, remuneration, benefits and termination of contracts regardless of race, gender or age. In order to provide competitive remuneration, we conduct regular industry benchmarking and salary assessments. Based on regular employee performance appraisals, salary reviews and training opportunities are arranged. We have incentive programmes to reward outstanding employees. During the reporting year, all of our employees have received regular performance appraisal and career development assessment. Our employee benefits packages are influenced by local legal requirements and standards, local living costs and company performance. Each year, the Group organises formal talks with relevant employee representatives to review and address feedback and concerns from the workforce. During the reporting year, the Group revised its employee benefit policy to provide male employees in Hong Kong with three days of paternity leave and expanded its employee medical insurance to provide its employees' immediate family members with full or partial coverage.

## 5. CONTRIBUTION TO SOCIETY

Each year, the Group's Staff Association and its affiliates in different regions organise various regular and one-off sporting, leisure and community service activities to facilitate better communication between employees and build team spirit. To strengthen our corporate culture, the Group organises a large-scale event every year, which alternates between a sports event and a cultural performance event. For the reporting year, the Group organised the **"China Overseas Cup" chess tournament** on 26th and 27th October 2012. The Staff Association was responsible for the coordination of the event and it engaged employees for advice, to draw up the competition rules and to promote the tournament. Ultimately, 16 representative teams from different regional offices were put forward to compete. It took around eight months from the preparation till the tournament ended. Within the same year, we also participated in different activities (such as a photography exhibition, a badminton tournament, aerobics competitions, and cultural events) initiated by CSEEC in celebration of its 30th Anniversary. To support **the 5th Sporting Games of the Hong Kong Chinese Enterprises Association**, over 60 employees took part in the games and formed cheerleading teams, and 10 property service personnel volunteered as security guards.



"China Overseas Cup" Chess Tournament



The 5th Sporting Games of the Hong Kong Chinese Enterprises Association



"Hong Kong People, Hong Kong Heart Volunteer Ambassador Campaign"

The Group provides many opportunities for employees to participate in community service or environmental protection activities. COHL's "Compassion Volunteer Team" encouraged employees to participate in volunteering activities including the **"Hong Kong People, Hong Kong Heart Volunteer Ambassador Campaign"** organised by the Social Welfare Department of HKSAR Government. We collected toilet rolls, lucky red envelopes and other waste from our employees and up-cycled them into hundreds of pretty little "treasure boxes". We also used towels to make thousands of "towel rabbits" and distributed them through social service agencies as gifts to those in need of care and well wishes.

## 5. CONTRIBUTION TO SOCIETY

### Respect for Female Employees

At work and at home, the Group acknowledges the important role women play in society. China Overseas Sorority was founded in 1997 to organise gatherings and recreational activities for female employees. The Sorority also organises and participates in various community service activities. To promote family harmony and filial piety, the Sorority invited cooking experts to give three 'Mother's Day Baking Workshops' in May that were open to families, so that colleagues could hand-make desserts for their mothers.

Every year, all female employees can enjoy half a day paid leave on Women's Day on 8th March. Many female colleagues use this half-day leave to organise their own charitable activities or participate in activities organised by the Group, for example in the "Learning Station" volunteer tuition class series\* initiative jointly organised by the Group and Hong Kong Single Parents' Association. The programme has run for two and a half years since 2009.

Women's Day 2012 was the 15th anniversary of the establishment of the Sorority, and we invited the Director-General of the Hong Kong Single Parents Association to attend the Group's "March 8 Social Gathering". At the gathering, a review of the Sorority's work was presented, volunteers shared their experiences and "Volunteer Service Certificates" and "Volunteer Appreciation Prizes" were presented to show appreciation for the "Learning Station" volunteers.

We encouraged our female employees to participate in the 360° Leadership Development Workshop for Women co-organised by the Hong Kong Federation of Women and the Hong Kong Women's Commission. The workshop enabled participants to understand the various issues in Hong Kong, including governmental, social, environmental, and entrepreneurial. The Group also recommended that female employees participate in the "Half the Sky" Youth Leadership Million Dollars Training Program, organised by the Hong Kong Federation of Women and Hong Kong Baptist University, to improve their self-confidence and sense of self-worth.

\* Tutors in the "Learning Station" were primarily Group employees and their children, family members and friends, who gave their free time at weekends to teach English and provide homework assistance to first and second year secondary school students residing in Hong Kong's Sham Shui Po District. These students were typically new immigrants to Hong Kong, or from single-parent or low-income families. In addition to taking an interest in the academic achievements of the students, the "Learning Station" emphasised the importance of parent-child relationships and the spirit of community giving. During the project period, parents regularly accompanied the students to participate in environmental activities organised by the Group, China-Hong Kong student summer camps and visits to The Chinese University of Hong Kong. Over the past two years, volunteers have given over 1,600 hours — which does not include time spent on planning, lesson preparation or logistics coordination.



## 5. CONTRIBUTION TO SOCIETY

“ We are grateful to China Overseas Holdings Limited, its employees and their children for providing homework guidance to children of low income families. Both their financial and in-kind contribution were of great help to the beneficiaries. We believe this programme also helps children of the China Overseas's employees in their personal growth. We hope to continue our partnership with China Overseas to fulfill our mission of “help ourselves, strengthen ourselves then help others” and to achieve a win-win situation for multiple parties. ”

Ms Jessie YU Sau-chu  
Founder and Chief Executive of Hong Kong Single Parents Association

### 5.1.2 Cultivating the ethics and capabilities of employees

In addition to increasing business acumen, professional skills and the pursuit of excellence, part of the Group's commitment to nurturing talent is “cultivating ethics” and fostering a sense of responsibility and integrity in our staff. The Group insists that all business be done in a proper and legal manner and does not condone corrupt behaviour. Individual business units are responsible for communicating with employees and providing adequate training according to their needs. We also encourage our employees to participate in community activities.

The 'Sons of the Sea' programme series is a flagship human resources initiative of the Group, which includes recruitment and training for both external and internal talents. The 'Sons of the Sea' pilot training scheme provides new recruits with a short-term, intensive introduction to the Group's corporate culture and values, helping to integrate them into working life. Different business- and sector-specific pilot trainings are conducted to meet the needs of our operations and to convey the message to the participants that challenges can be seen as opportunities to strengthen their will and show their capabilities. In 2012, the Group successfully recruited 557 people from university campuses, and all went through the pilot training.

### The "Sons of the Sea" training scheme

**TALENT ABSORPTION**  
(Recruitment, Internship, Experience Programme and Professional Workshops)

**TALENT TRAINING**  
(Pilot Training Scheme)

**TALENT REVIEW**  
(Training Programme)

## 5. CONTRIBUTION TO SOCIETY

As the Group expands internationally, employees, in particular middle to senior management, are encouraged to develop a global perspective. During the reporting year, the Group implemented a two-year "China-Europe Leadership Development Partnership Program" aimed at building the leadership capacity of regional General Managers. The programme's six modules cover topics including macroeconomic analysis, financial management for decision-makers, strategy, human resources management, risk analysis and innovation.

As business operations scale up, the Group has developed clearer requirements for middle to senior managers and a more systematic approach to match candidates to appropriate positions. Core competencies, personal characteristics and qualifications are some of the aspects that we consider. During the reporting year, we provided clear guidance to employees with regards to their career development during talent reviews and training. *For more information about staff training, please see the 2012 CSR reports of COLI and CSCI.*

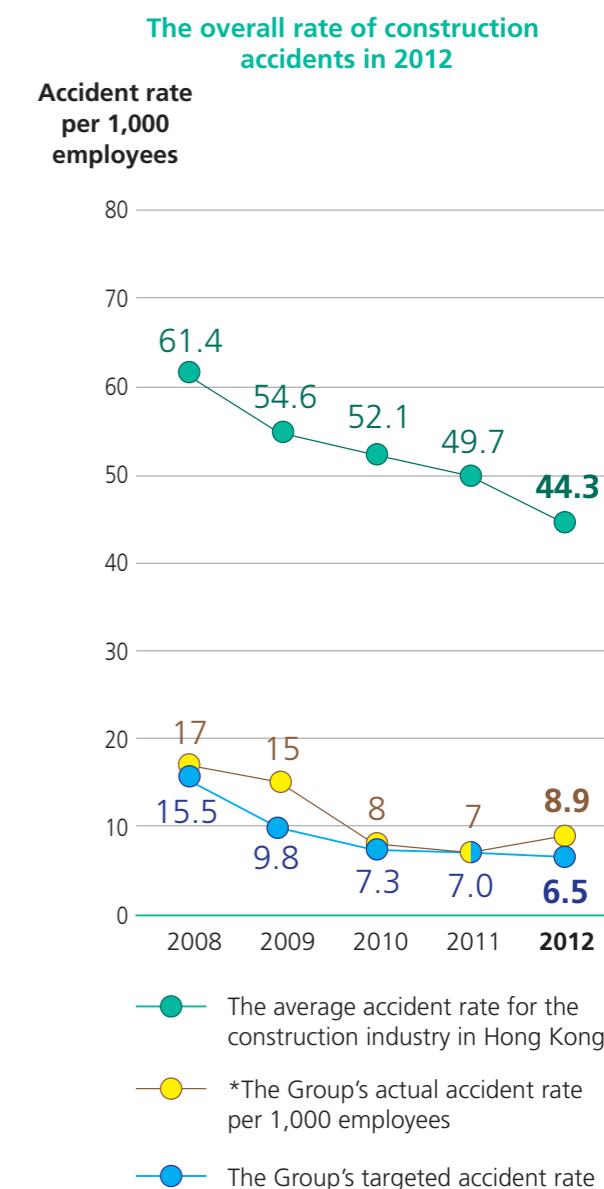
### 5.1.3 Health and safety

The Group's main health and safety concerns are in its construction business, as construction workers are often exposed to high-risk environments and dust. Management systems are in place to minimise the risk and promote safety, including policies, safety audits, training, incentives and accountability. Given that environmental conditions on site have the potential to affect one's health and safety, the Group has established a special department to monitor safety and environmental protection issues on sites. All of the Group's sites follow our Area Management System to ensure each divided area within a construction site has sufficient frontline management staff responsible for health and safety issues. In light of the complex and fast-paced environment of housing construction sites, in 2012 we allocated at least one assistant supervisor and two safety workers to work with the person in charge of a specific area.

All property development projects strictly enforce established systems such as the "China Overseas Property Construction Safety Management System" and "Manuals of Implementing Visual Identity Standardisation on Construction Site". The Group engaged independent third party agencies to conduct on-site safety inspections in Hong Kong, the results of which were used to evaluate existing policies, procedures and mechanisms, and improve conditions of at-risk construction sites.

## 5. CONTRIBUTION TO SOCIETY

The Group has imposed stringent safety standards for its construction sites in Hong Kong. Compared to the average industrial accident rate in Hong Kong of 52.4 per 1,000 employees between 2008 and 2012, the Group has been able to maintain a very low accident rate. In 2012, our Hong Kong construction sites achieved an average accident rate of 8.9 per 1,000 employees (including subcontracted workers on our sites). The Group has been implementing the "Site Safety Award Stamps Redemption Scheme" and "Site Construction Workers Safety Incentives Scheme" in Hong Kong for many years to reward site workers (including subcontracted workers) who have good safety practices and achieve zero injuries, thereby enhancing on-site safety awareness. These incentive schemes are also implemented in Macau. During the reporting year, the second edition of the 2010 "Site Safety Award Stamps Redemption Scheme" handbook was issued. Updates include prize information adjustments and additional sweepstakes. In Hong Kong, the Group gives out prizes each quarter for construction sites that fulfil the 'zero prosecution, zero accidents' criteria and a total of HK\$2,912,000 worth of prizes were distributed in 2012. *For more details, please see the case study: Shek Pai Wan Public Housing CN5a in Macau in the "Commitment to Health and Safety" chapter of the CSCI's 2012 CSR Report.*



\* Accident rate per 1,000 employee = number of incidents / average number of on-site workers every day

## 5. CONTRIBUTION TO SOCIETY

### 5.2 Creating Shared Value for Business and Community

#### 5.2.1 Affordable housing development

By utilising its own strengths in property development, planning and construction, the Group has been active in providing good quality public and affordable housing in Mainland China, Hong Kong and Macau, making it one of our core business activities to benefit low-income families. Since 1982, CSCI has completed 69 public housing projects and provided more than 110,000 residential units in Hong Kong and Macau. Starting from the end of 2010, it has invested in affordable housing projects in Mainland China through the “Build and Transfer” model, covering cities such as Tianjin, Chongqing, Wuhan, Chengdu, Xi’an and Changsha. In 2012, nearly 9,000 units were completed with another 10,500 units in progress. Affordable housing in Lucheng in Wenzhou and Limin Jiayuan in Zhangzhou are currently two of CSCI’s construction projects in Mainland China. COLI has also been working with the local governments through different partnership models to develop affordable housing in cities such as Beijing, Qingdao, Guangzhou, Shenzhen, Lanzhou and Nanning.

We adopt high standards in property design, material planning, construction and operations to meet residents’ needs and to position ourselves as role model in public or affordable housing development, achieving a win-win situation for the government, enterprise and residents. To provide residents of public or affordable housing with good quality properties and services, we create outstanding landscape design for the public housing community, with an emphasis on natural ventilation and lighting. We also adopt safe and low-carbon construction initiatives, as well as installing good leisure facilities for the residents.



## 5. CONTRIBUTION TO SOCIETY

### 5.2.2 Balancing urban and rural development

Amidst rapid economic growth in Mainland China, there has been a notable gap between urban and rural areas in terms of income, educational opportunities and social welfare due to uneven development in the region and China’s dualistic economic structure. The development of the agricultural industry and villages as well as welfare of farmers is a pressing issue in China. Since 2009, the Group has been exploring an innovative business model to utilise its business capabilities to address the problem, taking into consideration of the different needs of the Chinese Government, local farmers and businesses. With the model it has adopted, the Group is able to create new demands in an uncontested market, or a “Blue Ocean”, that sustains its future business development and create shared value for its business and society. Between 2009 and 2012, three of our urban-rural development projects commenced at LiXiang Lake area (in Nanchuan of Chongqing), WenChang Lake area (in Zibo of Shandong) and TaiHua Lake area (in Weinan of Shanxi). In the reporting year, both projects around LiXiang Lake and TaiHua Lake have generated profits and cash for the Group, marking a breakthrough for the urban-rural development model the Group has adopted.

Our model takes into account the interests of farmers, government and the business, with farmers’ interests always our priority. Our urban-rural development projects consist of the following elements:

- 1 Supporting local industrial development: diversifying and improving industrial development with a focus on industries related to retirement and healthy living (such as eco-tourism, hospitality and leisure, modern agriculture) to promote social and economic growth of the villages
- 2 Developing basic infrastructure: improving farmers’ living conditions by building roads and developing transportation networks, and utility infrastructure, enabling more farmers and stakeholders to enjoy a similar living standard to people in the city
- 3 Protecting farmers’ interests: promoting equality in employment, education, labour rights protection, land rights and helping farmers’ in residence registration to reduce the disparity between urban and rural areas. We help farmers to apply for an urban pension insurance scheme, and provide them with opportunities for jobs, training and ownership of businesses.

We believe in teaching one to fish is better than giving some fish. To prevent the urban-rural development projects from becoming short-term poverty alleviation or charitable activities, we have consistently strived to reduce the unemployment rate in villages and to increase villagers’ incomes and living standards. The local governments we work with are committed to contributing resources to accelerate the progress of these projects, to compensate farmers for land use and to enable farmers to see the projects’ potential in terms of increasing their income. The Group leverages its own strengths to ensure it delivers the best performance in property development and management in the projects, while seeking reliable and suitable partners for areas that it is not familiar with, such as running a school, hospital, hotel or other commercial industries.

## 5. CONTRIBUTION TO SOCIETY

### LiXiang Lake Urban-Rural Development Project

The LiXiang Lake is one of the mountain lakes situated in the centre of an eco-farming area in Nanchuan, Chongqing. COIHL plays a critical role in consolidating the local resources, strengthening infrastructure development (e.g. water, electricity, gas, roads etc.) and developing supporting facilities (such as public facilities, nursing homes, community facilities, educational institutes and medical centres) for the local community. To date, this project has provided 438 households and 1,500 farmers with high quality and renovated housing. In addition to improving their living conditions, we have helped them to obtain urban residence status, allowing them to enjoy retirement and medical benefits, education opportunities, and facilities that those living in the city have.

We aim to turn the project area into one that is attractive to tourists, residents and businesses. As such, we help develop industries that promote or facilitate a healthy retirement and lifestyle, tourism and leisure, and hospitality in the local community. To enhance the development and productivity of local farming and the livestock industry, we appoint experts to research and develop sophisticated farming methods, to establish an agricultural company and to assign dedicated areas for eco-farming.

We organise various training for local farmers to diversify their job opportunities, such as technical work (e.g. carpentry, masonry work) and service-oriented work (e.g. property cleaning, security, customer service). We offer local farmers jobs in the agricultural company and have introduced a farmer shared ownership scheme to provide them with shares of the agricultural company in proportion to the size of their land. The farmers are encouraged to run their own mini market or 'agri-tainment' businesses by taking advantage of their unique nostalgic and rural appeal of their farmland to tourists.

This project has provided over 1,000 job positions to local farmers. Compared to the per capita income of other farmers in Nanchuan, the annual income of farmers who have been trained to become security guards and cleaners has tripled in 2012. Farmers who own shares in the agricultural company receive bonuses every year. The improved transportation network in the LiXiang Lake area has brought convenience to the villagers who used to depend on walking or boats for commuting.



## 5. CONTRIBUTION TO SOCIETY

### 5.3 Cultivating Harmonious Neighbourhoods

#### 5.3.1 Holding customer-oriented social activities

In addition to conducting regular tenant satisfaction assessments, China Overseas Property Club ("The Club") was established to enhance the Group's relationship with its members, i.e. property owners or tenants, thereby enhancing its reputation. Different activities have been held by The Club to promote a harmonious community and families within it. In 2012, The Club organised three nation-wide campaigns in Mainland China.



Crazy Children's Day

Children's Experience Camp

## 5. CONTRIBUTION TO SOCIETY

The **“Crazy Children’s Day”** was held on International Children Day to promote the importance of the parent-child relationship, and adults were able to enjoy their childhood games with their children during the day. As we are aware that many parents in Mainland China have been over-indulging their child under the context of one-child policy, the Club continued to organise a **“Children’s Experience Camp”** similar to last year for children of property owners aged seven to fourteen to participate in role-play activities, such as being ‘little security patrol’, ‘little customer service officer’ and ‘little gardener’. The experience camp was led by our property management personnel, and provided opportunities for young participants to understand and respect the work of the people they meet daily. In addition, as aerobics dance is popular within the elderly community in China and is believed to help prevent elderly diseases, The Club held an **“Aerobics Competition”** for its members, particularly to attract the participation of the elderly while promoting a healthy lifestyle to the community in general. Professional judges were invited to select winners based on criteria such as the overall presentation of the dance, professionalism in the arrangement of the dance, and the health benefits of the dance.



Aerobics Competition

## 5. CONTRIBUTION TO SOCIETY

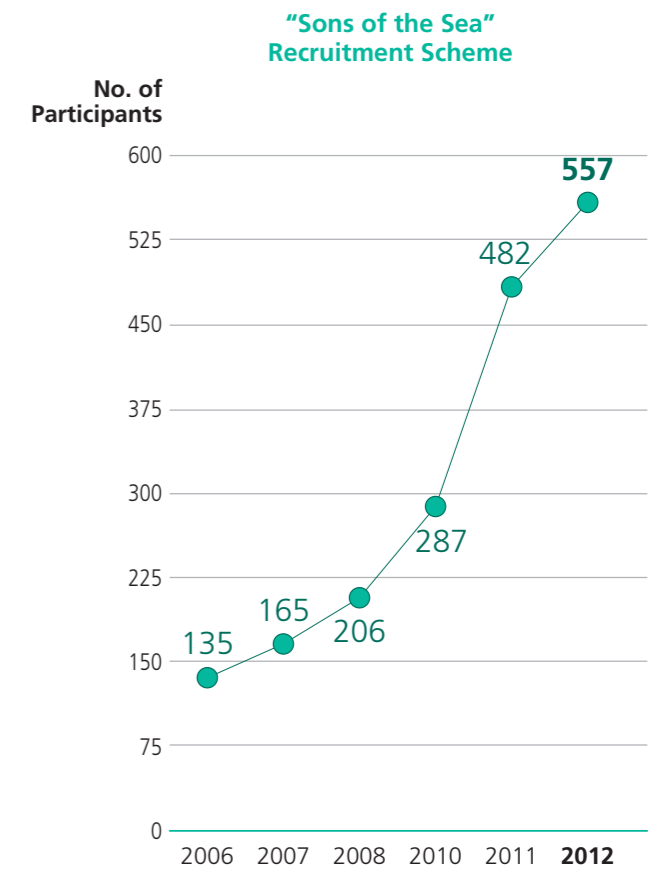
### 5.3.2 Enhancing relationship with neighbouring communities

We engage with communities close to our construction projects to enable them to have a better understanding of the post-construction community and the safety and environmental protection initiatives that we have adopted. For example, in 2012, we invited primary school students from near the Tolo construction site to our safety talks to promote a better understanding of the Group and the safety awareness among the community and our workforce. We monitor the noise level of our construction sites to avoid disturbance to nearby schools, especially during examination periods, we requested for their examination timetable in advance. To promote environmental awareness in the community, we held park and beach clean-up activities in which our employees participated. For example, during the year, our staff from Cheung Sha Wan and Pillar Point construction sites participated in clean-up activities in an amusement park in Cheung Sha Wan and on Shek Pai Wan beach respectively. We have a dedicated public relations officer for each of our major development projects to maintain the Group’s relationship with the neighbouring community.

## 5.4 Commitment to Education and Nurturing Young Generation

### 5.4.1 “Sons of the Sea” Recruitment Scheme

The Group regards youth recruitment and training as an important element to sustain our business operations and a vital part of our social contribution of providing employment and nurturing talent. Our “Sons of the Sea” Recruitment Scheme has been our flagship programme in recruiting talent for the Group. As of 2012, it has been running for six years. We open the programme to third year university students or early year postgraduate students. Through providing internship and research opportunities, we hope to inspire students to develop their career in the property sector. CSCI, for example, had organised 16 seminars in 13 cities over a period of more than 50 days in Mainland China during the reporting year and attracted over 5,000 applicants with over 150 students successfully recruited.



The “Sons of the Sea” recruitment scheme was stopped in 2009 due to the financial crisis



## 5. CONTRIBUTION TO SOCIETY

As part of the 'Sons of the Sea' programme series, COLI continued to run the 'Career Development Workshop' in partnership with universities. The 'Career Development Workshop' started in 2007 in collaboration with reputable universities in different regions in Mainland China (e.g. Tsinghua University, Chongqing University, Nanjing's Dongnan University and Dalian University of Technology). The strategic partnership with the universities enables their lecturers to share academic knowledge with our regional offices while our property experts share their practical management experience with the students. We offer internship opportunities to outstanding students. *For more information about the 'Sons of the Sea' Programme series in 2012, please refer to the 2012 CSR reports of COLI and CSCI.*

### 5.4.2 Student Sponsorship Programme

In Hong Kong, our construction arm launched its apprenticeship scheme in 2009 to support students who are interested in the construction business. By the end of 2012, 109 apprentices had participated in the scheme and 66 of them received monthly tuition subsidies of HK\$1,200 each. Selected apprentices are allowed to attend classes and examinations during office hours. They are entitled to five days paid study leave annually. *Please refer to CSCI's 2012 CSR Report for further information.*

We believe the best way to fight poverty is through education. Besides sponsoring students at the corporate level, the Group encourages its employees and Staff Associations to take their own initiative to address the education needs of low-income groups. The Group Sorority continued to support The Group's "One on One" Project by encouraging employees to take part in providing in-kind contribution for poor students in China Overseas Hope Schools. Since 2007, the Group Sorority has been sponsoring underprivileged high school students in Hubei, with support from the Group's employee volunteering team in Nanshan, Shenzhen. By 2012, 220 of our employees had participated in the sponsoring programme and donated more than HK\$1,000,000 for the high school students in Hubei. A number of beneficiaries have successfully enrolled in well-known universities in China, such as Tsinghua University, Wuhan University, Hubei University and Beijing Institute of Technology. One of them has enrolled as PhD candidate in Tsing Hua University.



## 5. CONTRIBUTION TO SOCIETY

### 5.4.3 China Overseas Hope School

The Group has been supporting the development of China Overseas Hope School in Mainland China since 2005. As of 2012, we have built ten China Overseas Hope Schools. All Hope Schools are located in poor areas within the Group's operating region. We engage with the local government and education bureaus prior to the construction stage to understand the existing education conditions and the needs of the local community. The Group's China Overseas Charity Fund is responsible for the planning of all China Overseas Hope Schools' construction projects, with support and commitment from its subsidiaries. The construction process of the schools is supervised by our offices based in the relevant regions to ensure the buildings achieve our quality standard with staff assigned to follow up with the Hope Schools during operation to ensure their proper use. Apart from implementing the "One on One" project, our employees pay visits to the Hope Schools every year. During the reporting year, our regional offices in Xi'an, Shenyang, Chongqing and Chengdu organised visits to the China Overseas Hope Schools in their regions. In addition, the China Overseas Charity Fund has been organising regular annual activities for Hope Schools which are aligned with the Group's mission to promote love beyond boundaries as reflected in its community brand slogan — "The Sea has no Limit and Love has no Boundary".

	China Overseas Hope Schools	Location	Land size (m <sup>2</sup> )	Start Year	No. of teachers	No. of students	
1	China Overseas Qinglong Hope School	Hanzhong, Shaanxi	4,402	2005	4	62	
2	China Overseas Sanquan Hope School	Chongqing, Nanchuan	10,656	2007	27	347	
3	China Overseas Xihu Hope School	Changchun, Jilin	18,000	2008	30	410	
4	China Overseas Sanxia Hope School	Yunyang, Chongqing	9,311.77	2009	47	287	
5	Dujiangyan China Overseas Xinjian Special Education School	Dujiangyan, Sichuan	29,130	2009	29	130	
6	China Overseas Shaling Hope School	Shenyang, Liaoning	39,970	2011	41	952	
7	China Overseas Jinfeng Hope School	Yinchuan, Ningxia	14,335.97	2012	27	805	
8	China Overseas Dougou Hope School (Pending for operation)	Jinan, Shandong	25,700	*	*	*	
9	China Overseas Majin Hope School (Construction in progress)	Kaihua, Zhejiang	12,084.37	*	*	*	
10	China Overseas Yuanling Hope School (Construction in progress)	Yuanling, Hunan	23,275	*	*	*	
					<b>Total</b>	<b>205</b>	<b>2,993</b>

\* Number of teachers and students were not available as three of the schools were not in operation by the end of the reporting year. For more information of China Overseas Hope Schools, please visit <http://school.cohl.com>

## 5. CONTRIBUTION TO SOCIETY

### Long-term programmes with the participation of China Overseas Hope School children

#### “China Overseas x TREATS” Mainland + Hong Kong Drawing Competition

To convey the message of social integration, the Group and its long-term community partner based in Hong Kong, TREAT, continued to provide a platform for students from China and Hong Kong to showcase their creativity through a drawing competition. In 2012, a total of 135 primary schools in Hong Kong (including mainstream schools and schools for special needs and minorities), six China Overseas Hope Schools, community centres and arts studios participated in this competition and over 6,700 drawings were received. About 300 of them were awarded and chosen as finalists. The finalists' work was displayed in the exhibition hall in the C.C. Wu Building in Hong Kong for 13 consecutive days to allow the public to enjoy the drawings by children from different regions, ethnic groups and with varied abilities.



## 5. CONTRIBUTION TO SOCIETY

#### Cheers Mate! China Overseas Summer Camp for Mainland & Hong Kong Youth

In August 2012, the Group held the third “Cheers Mate! China Overseas Summer Camp for Mainland & Hong Kong Youth”, a cultural exchange programme for students in Mainland China and Hong Kong. The Summer Camp was held in Dujiangyan, Sichuan in 2010 and Hong Kong in 2011. In 2012, it was organised in Chongqing’s Geleshan National Forest Park for six days, and 51 student representatives from the six China Overseas Hope Schools and primary schools in Hong Kong participated in the programme. Part of the activities were designed in conjunction with the COLI’s ‘Career Development Workshop’ and students from the Chongqing University led the Summer Camp’s participants in a tour of their university to offer primary school students a snapshot of university life.

The Summer Camp was themed “Integration through Sports” and a variety of games were arranged with the aim of promoting equality and appreciation of differences. The Group and TREATS helped children of different learning abilities and backgrounds to fully integrate into the group environment as quickly as possible. Among the participants, some had joined the previous summer camps. One of them from Hong Kong had joined the 2010 Summer Camp in Dujiangyan, Sichuan, but at that point was unable to converse in Mandarin. We were delighted that the student could now interact with others in fluent Mandarin.

“Shared Vision”, “Respect” and “Trust” are the critical success factors in the partnership between TREATS and China Overseas Holdings Ltd. We are delighted to have the company as our long-term partner who shares the same vision in giving care & love, and advocating respect & equality for all children regardless of their abilities, background and culture.”

Ms Kris Tong  
Director of TREATS



## 5. CONTRIBUTION TO SOCIETY

### 5.5 Charitable Fundraising

#### 5.5.1 Bank of China (Hong Kong) Outward Bound Corporate Challenge

The Group, together with its four listed subsidiaries, participated in the Corporate Challenge event organised by Bank of China (Hong Kong) for the second consecutive year to raise funds for capacity building programmes for underprivileged children. Almost 100 of our employees joined together as the China Overseas Team to compete with 55 teams from over 40 corporations. In addition to fundraising, the event helps enhance employees' team spirit and strengthen cooperation in the business community to promote corporate social responsibility collectively. The China Overseas team won six awards in the Corporate Challenge, including "The team with the highest number of participants", "Champion under the property construction sector category", "Champion for best new team", "Second runner-up for Chinese Cup", "Second runner-up under the conglomerate category", and "Second runner-up for shield category".



#### 5.5.2 Wu Zhi Xing Charity Walk

At the end of the reporting year, the China Overseas Charity Fund sponsored the second Charity Walk organised by Wu Zhi Qiao (Bridge to China) Charitable Foundation. The Charity Walk aims to encourage students in tertiary institutions to support footbridge construction projects in remote villages in rural China to improve the villagers' lives. To raise funds for the operation of the Wu Zhi Qiao (Bridge to China) Charitable Foundation, the Group Sorority arranged for employees and their families to participate in the Charity Walk. We formed a group of more than 30 people representing China Overseas to join over 1,000 participants, including members of the public, faculty members, and students from 11 tertiary institutions based in Hong Kong, for the walk. With support from the Water Supplies Department of Hong Kong SAR Government, the Charity Walk involved the Tai Tam Waterworks Heritage Trail which has the highest number of stone bridges in Hong Kong.

## 5. CONTRIBUTION TO SOCIETY

### 5.5.3 Other community activities

The Group supports the charitable activities of different organisations that serve underprivileged communities. During the reporting year, our employees participated in the second flag sale held by the Hong Kong Single Parents Association and used part of the China Overseas Charity Fund to make a financial donation. At the same time, the Group Sorority raised HK\$40,000 within the Group and joined 700 volunteers from other corporations to take to the streets in Hong Kong Island to raise funds during the flag sale day. Over 400 of the Group's employees participated in the "New Territories Walk" organised by the Community Chest of Hong Kong. The Conservancy Association's "Walk for the Environment" and the "Charity Walk" by The Hong Kong Island Social Services Charitable Foundation were among the fundraising activities in which the Group participated in 2012.

New Territories Walk



Charity Walk



Walk for the Environment



## 6. CONTRIBUTION TO THE ENVIRONMENT

The Group recognises the importance of issues related to climate change and environmental protection. To promote sustainable building, the Group endeavours to incorporate environmental considerations into the property lifecycle of the projects including the design, construction, property management and demolition stages. The Group follows the highest environmental guidelines in the jurisdiction in which it operates, including the Hong Kong BEAM (Building Environmental Assessment Method), and China Green Building Label (1 Star) the United States' LEED (Leadership in Energy and Environmental Design) certification.

The Group pays attention to detail and strives to incorporate various environmental considerations into its business, including offices, construction sites and the communities where it operates. To build up a culture of green offices and communities, the Group creates environmental awareness through various policies, management mechanisms and activities among its staff, subcontracted workers and community members.

### The Group's commitment to the environment:

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



## 6. CONTRIBUTION TO THE ENVIRONMENT

### 6.1 Green Building Research and Design

The Group invests heavily in supporting green building technology research and develops guidelines and standards to facilitate the construction process of green buildings that make use of such technologies. In its new low-carbon residential property development projects, the Group follows the construction approach and technology guidance of the "China Overseas Green Building Whitepaper". To protect buildings against natural disasters such as earthquakes, the Group has developed a scientific, analytical approach to identify the most vulnerable part of the buildings and adopt a corresponding anti-earthquake design and approach. In November 2012, COLI organised a two-day **Green Building Forum** to increase the overall standard of green building techniques and to provide a platform for technology knowledge exchange among staff.



Green Building Forum

## 6. CONTRIBUTION TO THE ENVIRONMENT

Regardless of private or public housing, the Group takes into consideration six environmental protection elements which include land saving, energy saving, water saving, material saving, the indoor environment, and operations. In December 2012, the China Overseas Qiandeng Lake Project (Phase 1) and two affordable housing projects of **Fairview Park** and **Southern Garden** in Shenzhen were completed with the achievement of the China Green Building Design Label (1 Star). The two affordable housing projects also achieved Shenzhen Green Building Design — Bronze Award in recognition of the green technology used. For further information on the Group's property projects, please refer to the 2012 CSR Report of COLI.



Fairview Park



Southern Garden



## 6. CONTRIBUTION TO THE ENVIRONMENT

### Case Study: Project design and implementation — China Overseas International Center in Chengdu

**Total site area:** approx. 9,995 sq m, **GFA:** approx. 135,000 sq m  
**Building Density:** approx. 49%  
**Total number of flats:** 534

China Overseas International Center was one of the projects that we built according to LEED requirements. This project was granted LEED Gold Pre-certification in August 2011 and commenced operation in July 2012. As a Grade A office, this project adopted an efficient green building design approach with consideration of ecological impact, technology utilisation, user-friendliness and cost efficiency.

#### Understanding the local climate and environment before construction

The Group conducted a detailed analysis of the local climate and environment in order to identify suitable green building techniques.

**Humidity:** With high relative humidity in the district (79–84%), we paid greater attention to the interior ventilation and light sourcing, while adopting appropriate dehumidification measures.

**Wind frequency:** The frequency of calm wind is 42%, which implies poor air diffusion in the area. Thus we needed to ensure adequate ventilation and create fresh air-supply when designing the interior layout of the building.

**Water resource:** The average water usage per person in Chengdu is 828 m<sup>3</sup>, which is far lower than the internationally recognised water scarcity level (1,700m<sup>3</sup>/person). Therefore reducing water consumption during the construction process was one of the focus areas in this project.

**Use of space:** To better utilise the limited site area and ensure better traffic flow, the Group hired experts to conduct traffic inspections and simulations on site, including the car park area, and compare the results with other projects with similar conditions to facilitate the best traffic design.

#### Good use of natural resources and energy saving measures

**Curtain wall solutions:** To increase natural lighting and the viewing ratio inside the building, the curtain walls are double glazed and made with low emissivity glass which has good shading and thermal isolating effects. We have incorporated environmental considerations into the product cycle of the curtain wall from design, production, machining, and transportation to installation.

**Balcony design:** The balcony is located in the southern area of the building which increases the views of scenery and thus improves the working environment of the offices in the building.

**Lighting control system:** There are daylight sensors and specialised lighting systems across 75% of the total area to achieve energy saving.

**Air conditioning system:** The outdoor climate index is used to automatically adjust the temperature of air conditioning and ventilation, thereby reducing energy consumption.

**Fresh air supply:** Fresh air is supplied in accordance to the level of carbon dioxide and relative humidity.

## 6. CONTRIBUTION TO THE ENVIRONMENT

**Building structure:** The Group adopted effective column arrangement with a core-tube design that resists lateral loads and optimised structural beams to maximise the office space and floor height for better comfort.

**Greening technology:** To reduce the urban heat island effect within the region as a result of the building development, we constructed an underground car park, a green rooftop and utilised other vertical garden technology.

### Water conservation

**Water saving:** In accordance to LEED certification, we adopted various recycling and reuse measures, such as using water-efficient appliances and fixtures, irrigating technologies and adopting a rainwater collection system.

**Soil erosion:** Carefully selected native species were planted to prevent soil erosion as well as to reduce water usage and maintenance cost.

**Water pollution reduction:** The Group paved grass bricks around the building, and designed an effective surface drainage system to divert rain water during rainstorms to reduce underground water pollution.

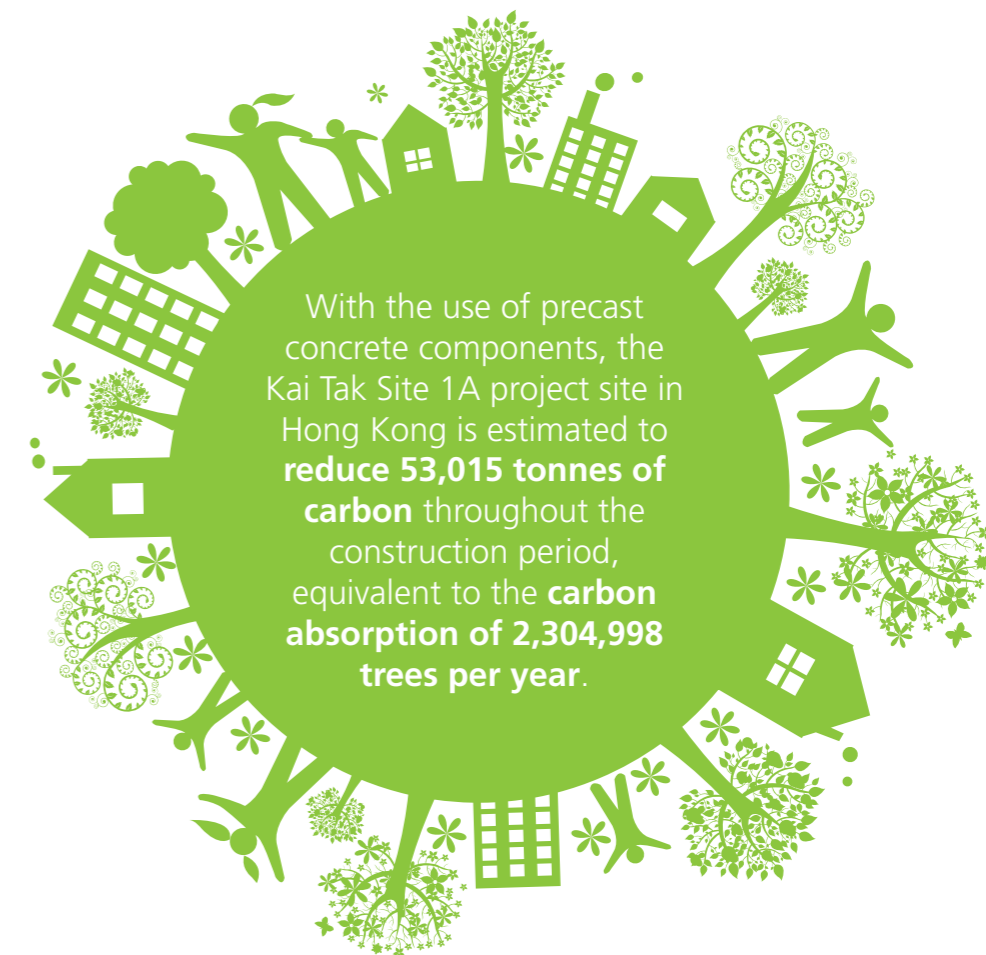


## 6. CONTRIBUTION TO THE ENVIRONMENT

### 6.2 Green Building Construction

CSCI has been certified with the international standard ISO14001 since 1998. It has established an environmental committee and developed environmental policies to drive an environmentally-efficient construction approach. We established the *Environmental Management Standard Procedure* to ensure stringent implementation and supervision of the construction work. We have imposed standardised energy saving measures on our construction sites to mitigate the negative impact on nearby communities.

The Group chooses materials with lesser environmental impact and which are locally produced (i.e. those manufactured within 500 miles of the construction site) to reduce carbon emissions from transportation. The Group widely uses precast concrete components and recycled steel for construction and civil engineering projects to reduce the use of wooden materials. The Group has set relevant indicators to govern the sourcing of building materials and the wastage of steel materials and concrete to reduce the consumption of natural resources. With its own fabrication factory, the Group produces tailor-made precast concrete components for different green building projects to accurately control the use of water, electricity and materials during production, thereby reducing resource consumption and carbon emissions.



## 6. CONTRIBUTION TO THE ENVIRONMENT

Besides using pre-cast components to reduce energy consumption, we provide solar-powered heaters on site for construction workers to use for hot showers. In our large-scale sites, we use locally produced bio-diesel made from cooking oil waste to fuel our machinery. We have installed electric vehicle (EV) charging stations on some of our construction sites to encourage the use of EVs as contract cars.

The Group strives to minimise the burden on landfill and fill banks to stockpile waste. During construction, demolition and re-construction stages, the Group reuses as much construction material as possible or transports it to an authorised party to handle. The Group also recycles non-construction waste, including paper, desks, chairs, papers and old batteries from offices abandoned in demolition projects. In June 2012, CSCI organised a safety helmet recycling activity, where 70% of our construction sites in Hong Kong participated and over 900 expired safety helmets were collected. For other non-construction waste such as leftover food, we have food waste decomposers installed on certain sites to process this into fertiliser for plants on the sites, or to donate the fertiliser to neighbouring communities. In 2012, the Kai Tak Site 1A project donated fertiliser to 13 schools, five neighbourhoods and six construction sites. The food waste processed was estimated to have reduced 1.7 tons of carbon emissions in the project correspondingly, which is equivalent to the carbon absorption of 75 trees per year.

For water initiatives, we conduct regular checks on water pipes, and amend the water supply system to prevent leakages. We also install rainwater collection facilities on sites. Waste water treatment facilities are installed and part of the treated water is used for on-site cleaning. Part of the recycled water is used by automatic tyre washing machines which are installed in each construction site to prevent dust-spreading when vehicles leave the sites. For sites located in large-scale estates, the Group carries out regular dust monitoring and walkway cleaning to reduce the negative impact of the surrounding environment. To identify the effectiveness of the carbon reduction initiatives on site and to understand more about the implications for Greenhouse Gases (GHGs) emissions, carbon footprinting is conducted for some large scale construction projects of the Group. Currently, the Hong Kong Kai Tak public housing 1A site and Pillar Point Sewage Treatment Works have undergone carbon audits conducted by independent consultancy firms jointly hired by the Group and the developers.

*For further information or other details or data of environmental cases, energy consumption, water usage and construction waste recycling on construction projects, please refer to the 2012 CSR Report of CSCI.*



## 6. CONTRIBUTION TO THE ENVIRONMENT

### 6.3 Green Communities

Cultivating green communities is part of our ambition to promote sustainable development and sustainable living. With over 230 properties in Hong Kong and Mainland China, the Group actively promotes environmental protection, sanitation, and healthy living in the communities we serve. We engage our communities to take part in several activities including waste collection and separation, and battery and clothes recycling etc. Through these activities, we strive to rally support from residents to create a vibrant, healthy, environmentally conscious and civilised atmosphere together.

The Group is committed to energy saving and improving the landscape in the community. The China Overseas Green Alliance, our flagship campaign in the Northern China region to promote green communities has been continuously engaging with the communities and have organised a series of large-scale themed programmes to promote low-carbon living and green home building. Some of the activities organised include: a plant redemption programme that allows community members to receive plants in exchange for recycled books and newspapers; a book donating programme that gives the books collected to children living in rural villages; and a tree/plant "adoption" programme that allows seedlings to be planted in dedicated gardens. All these activities have been well-received by the local communities.

Every year China Overseas Green Alliance launches a one-month tree/plant adoption and growing programme, covering nearly 10,000 families, with 30,000–50,000 people benefiting from it. We receive over 100 enquires and appointments are booked for the following year's programme. The plant redemption programme and seeds distribution programme held in 2012 successfully attracted thousands of China Overseas property owners to the launch. Hundreds of families planted or adopted seedlings or flowers in the gardens belonging to their neighbourhoods. We also upgraded the greenery areas in our communities in Beijing. The dedicated gardens in all our communities in Beijing where we operate have hundreds of ornamental flowers and plants (e.g. Peony, Lagerstroemia and Begonia), as part of our efforts in promoting green communities. During the reporting year, the China Overseas Green Alliance gained extensive coverage and was featured in various famous media, like SINA, SouFun and The Beijing News.

China Overseas  
Green Alliance activities



## 6. CONTRIBUTION TO THE ENVIRONMENT

### 6.4 Green Office

The Group integrates environmental considerations into its daily office operations with the aim of creating environmental awareness among staff. Various energy saving initiatives are implemented in offices such as imposing lighting and air-conditioning control, using energy efficient light bulbs and electronic appliances and indoor temperature monitoring. All our offices record usage such as electricity, water, and paper. They are encouraged to keep a record of items that are recycled such as paper, ink toners and old batteries for evaluation purposes. The Group is gradually eliminating disposable pens and adopting environmentally certified paper. We encourage our staff to use video conferencing and to take public transport during business trips.

In order to strengthen employee awareness on energy efficiency, the Group displays reminders within offices and encourage its employees to participate in or organise activities focused on environmental protection. We promote "Shark-free Banquets" to encourage staff to support the protection of the marine ecosystem. The Group annually participates in "Earth Hour" organised by the World Wide Fund for Nature and "Walk for the Environment" organised by The Conservancy Association. To commemorate World Environment Day, we established the "China Overseas/China State Construction Environmental Protection Day" in 2006 and since then have organised activities annually with different themes. In 2012, our theme was geological conservation in Hong Kong where we organised the "Geo-tour of Sharp Island and Jin Island" with more than 40 employees participating in this tour.



#### China Overseas Gardens

The Group founded the China Overseas Gardens in the New Territories in Hong Kong for tree planting and to allow staff to participate in the maintenance work. In 2012, about 60 of our employee volunteers took part in the China Overseas Garden in Yuen Long, which is 360 sq metres. This garden is an extension of the China Overseas Garden we have established in the Fung Yuen Butterfly Reserve, Taipo, Hong Kong between 2009 and 2011. One of the activities organised for our volunteers in 2012 was to build a memorial arch for the garden in Yuen Long with used wooden boards and to use cargo containers to build an office in the garden. This activity brought our employees closer to nature and enabled them to contribute to the environment in a practical way.



## 7. ENVIRONMENT AND HUMAN RESOURCE PERFORMANCE DATA FOR 2012

### Environmental Data of the Group in 2012<sup>1</sup>

	Unit	Consumption
<b>Direct Energy Consumption<sup>2</sup></b>		
Diesel	Litre	14,429,477
Bio-diesel	Litre	7,724,755
Petrol	Litre	64,897,758
<b>Indirect Energy Consumption</b>		
Electricity consumption at company offices involved in property development business	Kwh	28,121,076
Electricity consumption at properties managed by the Group <sup>3</sup>	Kwh	186,890,842
Electricity consumption at construction sites and precast fabrication factory	Kwh	41,398,574
Electricity consumption at company offices involved in investment business	Kwh	6,977,773
Total	Kwh	263,388,265
<b>Water consumption</b>		
Water consumption at company offices involved in property development business	m <sup>3</sup>	1,044,579
Water consumption at properties managed by the Group <sup>4</sup>	m <sup>3</sup>	10,013,317
Water consumption at construction sites and precast fabrication factory <sup>5</sup>	m <sup>3</sup>	2,873,734
Water consumption at company offices involved in investment business	m <sup>3</sup>	1,161,416
Total	m <sup>3</sup>	15,093,046
<b>Paper Usage</b>		
Paper used by company offices involved in property development and management business	tons	173.92
Paper used by company offices involved in construction business	tons	65.08
Paper used by company offices involved in investment business	tons	2.23
Total	tons	241
<b>Major Construction Materials Usage<sup>6</sup></b>		
Concrete	m <sup>3</sup>	1,498,328
Cement Mortar	m <sup>3</sup>	67,276
Reinforcing steel bar	tons	276,426
Joist steel	tons	25,062
Disc	tons	8,404
Cement	tons	345,961
River sand	tons	51,973
Stones	tons	211,150



## 7. ENVIRONMENT AND HUMAN RESOURCE PERFORMANCE DATA FOR 2012

	Unit	Consumption
<b>Construction Waste</b>		
Solid waste <sup>7</sup>	tons	2,106,782
Site recycled materials	tons	697,426
Material reutilised on site	tons	789,670
Site waste treated by landfill	tons	381,988
Site waste treated by fill bank for reuse in reclamation and site formation <sup>8</sup>	tons	1,114,225

- <sup>1</sup> The environmental data covers that of COLI, CSCI, and COIHL. Unless specified, the data covers business in Hong Kong, Macau and Mainland China.
- <sup>2</sup> The data only includes the energy consumption of our construction and investment business, with exception that the use of petro and bio-diesel on the construction sites in Macau has not been calculated. As petrol, diesel and bio-diesel are not the main type of energy consumed by the real estate and investment business, the relevant data has not been calculated.
- <sup>3</sup> Electricity consumption data of the properties managed by the Group only covers the common areas and the administrative offices in the properties, excluding those consumed by the tenants within their individual units. The data does not include all the properties managed by the Group as we are currently at the stage of improving our data collection system. More thorough data will be disclosed in the future.
- <sup>4</sup> Water consumption data for property management does not include those of tenants. The data does not include all the properties managed by the Group as we are currently at the stage of improving our data collection system. More thorough data will be disclosed in the future.
- <sup>5</sup> For further details on the data of water consumption and water recycling in our construction business, please refer to p. 34 in CSR report of CSCI.
- <sup>6</sup> The data covers construction sites in the three main regions as well as materials used in the precast fabrication factory in Mainland China. The main materials used by the factory include reinforcing steel bar, cement, river sand and stones.
- <sup>7</sup> Solid wastes include those from construction sites and the precast fabrication factory.
- <sup>8</sup> Data on site waste treated by fill bank covers construction sites in Hong Kong and Mainland China.

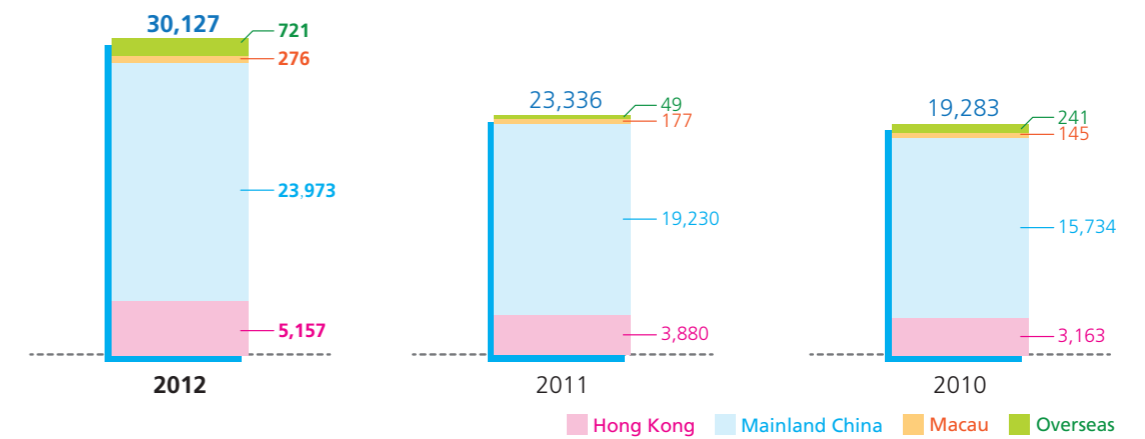


## 7. ENVIRONMENT AND HUMAN RESOURCE PERFORMANCE DATA FOR 2012

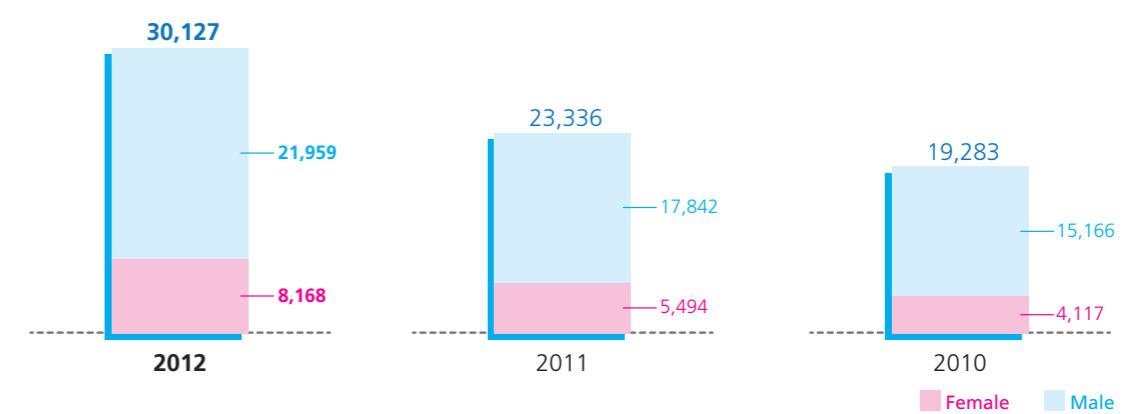
### Human Resource Data of the Group in 2012<sup>1</sup>

#### Employee Distribution

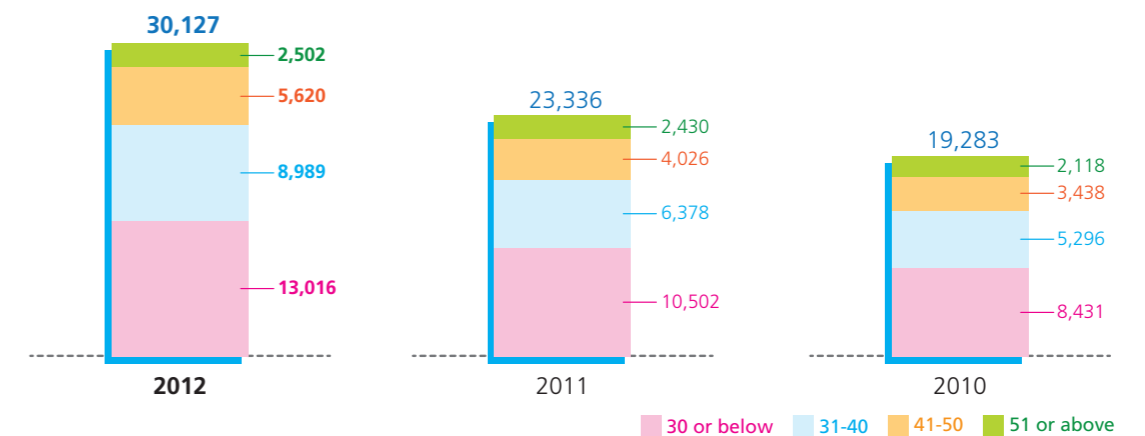
##### By Location



##### By Gender



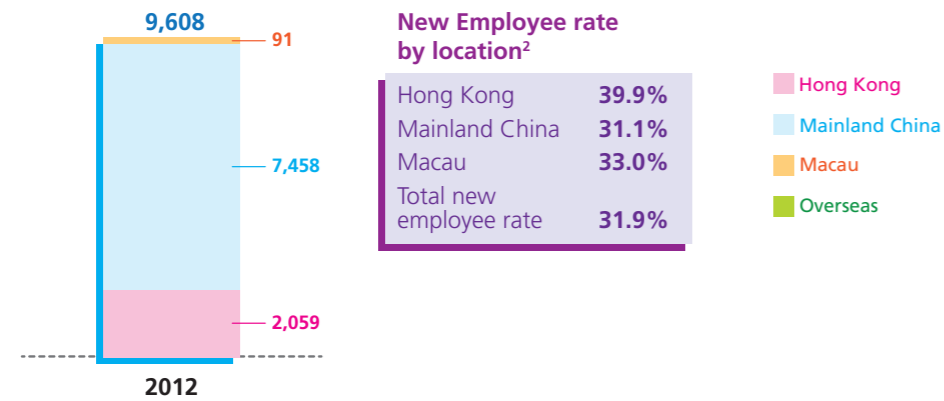
##### By Age



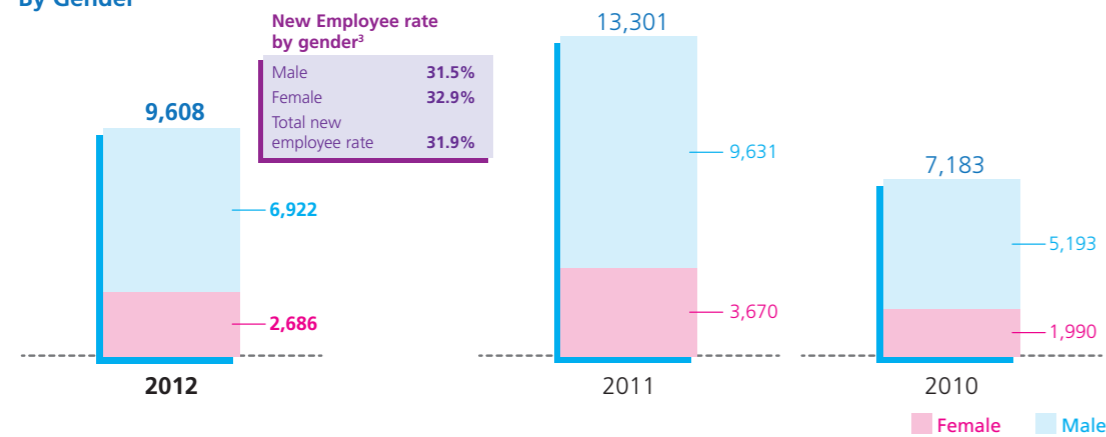
7. ENVIRONMENT AND HUMAN RESOURCE PERFORMANCE DATA FOR 2012

New Employee

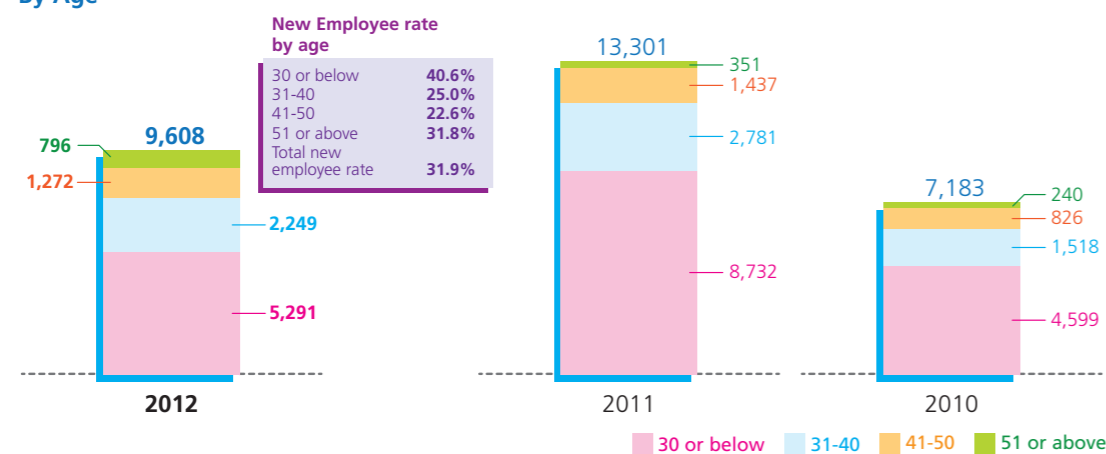
By Location



By Gender



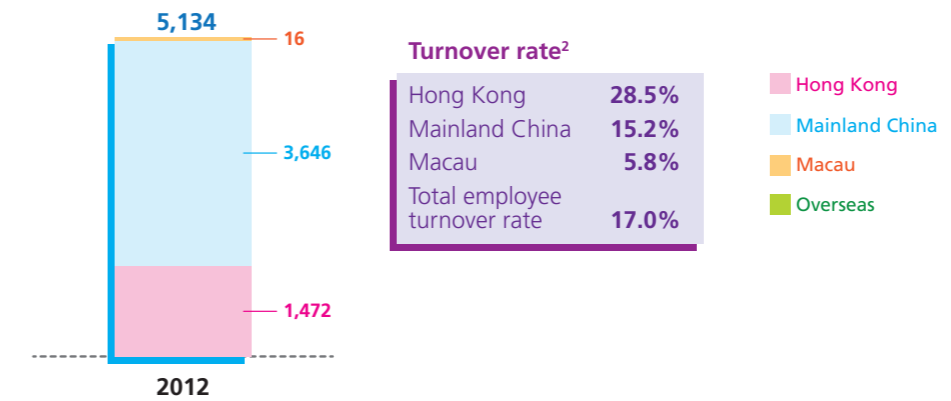
By Age



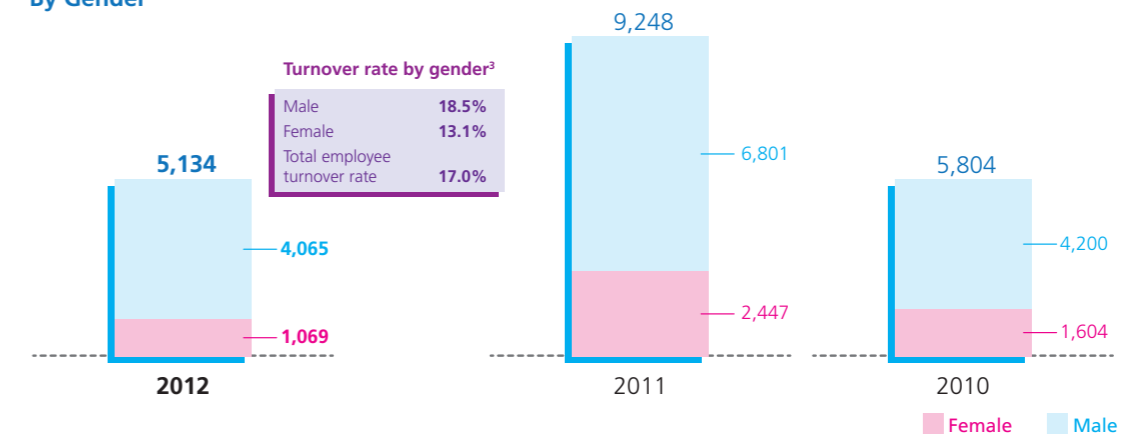
7. ENVIRONMENT AND HUMAN RESOURCE PERFORMANCE DATA FOR 2012

Employee Turnover

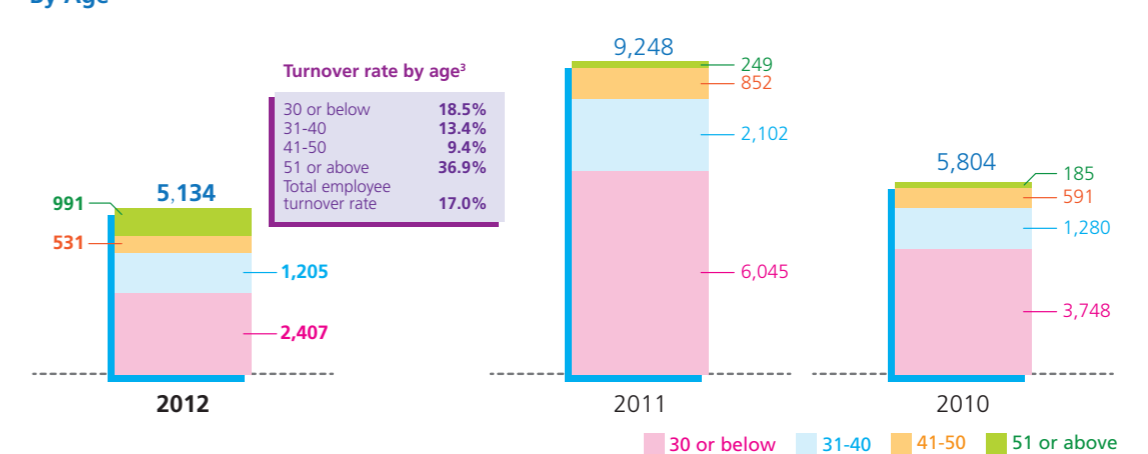
By Location



By Gender



By Age



## 7. ENVIRONMENT AND HUMAN RESOURCE PERFORMANCE DATA FOR 2012

Injuries Data <sup>4</sup>		
By location	No.	Accident Rate per 1,000 employees
Hong Kong	46	8.9
Mainland China	47	2.0
Macau	0	0.0
Overseas	N/A	N/A
<b>Total injuries no./ Overall accident rate</b>	<b>93</b>	<b>3.2</b>
By gender		
Male	52	2.4
Female	41	5.0
<b>Total injuries no./ Overall accident rate</b>	<b>93</b>	<b>3.2</b>

### Training Hour



<sup>1</sup> The human resource data covers China Overseas Holdings Limited and its 3 subsidiaries (COLI, CSCI and COIHL), the listed company of COLI (China Overseas Grand Oceans Group Limited) and that of CSCI (Far East Global Group Limited). Data covers only full-time staff, excluding employees from sub-contractors.

<sup>2</sup> The number of new employees and employees left includes that in Hong Kong, Mainland China and Macau only, excluding employees in overseas regions. The calculation assumes there was no new employee hired or employee left in the overseas regions during the reporting period, and the portion of overseas employees (account for 2% of the total workforce of the Group) plays no significant impact on overall data performance.

<sup>3</sup> Since there is no statistics on the number of new employees and employees lefts in overseas regions, relevant data in terms of geographical and age distribution provided are for reference only. The Group will conduct a more comprehensive statistics in the future. The calculation assumes there was no new employee hired or employee left in the overseas regions during the reporting period, and the portion of overseas employees (account for 2% of the total workforce of the Group) plays no significant impact on overall data performance.

<sup>4</sup> Since there is no statistics on the number of injuries in the overseas regions, the formula of overall accident rate per 1,000 employees is: (Total no. of injuries/Total no. of employees in Hong Kong, Macau and Mainland China) x 1000. The calculation assumes there was no injured employee in the overseas regions during the reporting period and thus the data shown is only for reference. The Group will conduct a more comprehensive data collection in the future. Data excluding employees from sub-contractors.

## FEEDBACK FORM

### Dear Readers,

Thank you for reading the Corporate Social Responsibility Report of China Overseas Holdings Limited 2012. We hope to receive your feedback, which will help us to better fulfil our CSR performance and make improvements in our work. Thank you for your time and your valuable comments.

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