



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

2014

Corporate Social Responsibility Report



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WeChat ID: China_Overseas



1. About this Report

1.1 Scope of Reporting

China Overseas Holdings Limited (“COHL”, or “the Group”) is committed to its corporate social responsibility (CSR) mission, and has reported its CSR performance annually to the stakeholders and the community since 2010. This report is our fifth standalone CSR report and covers the CSR strategies, management approaches, implementation and performance data of the Group as well as of its two major subsidiaries during the reporting period (i.e. the 2014 calendar year). The report covers the operational performance of the Group and of its two major subsidiaries, namely China Overseas Land & Investment Ltd. (“COLI”), whose core business is property development, and China State Construction International Holdings Limited (“CSCI”), whose core business is building and infrastructure construction, in Hong Kong, Mainland China and Macau. Although several of our subsidiaries operate businesses abroad, as these were relatively small, last years’ Group reports only included information on financial performance and human resources issues. In addition to these two aspects, this year’s report includes data on the environmental performance of these foreign operations.

This report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4.0 (G4) “core” option. This report also makes reference to the relevant guidelines of the State-owned Asset Supervision and Administration Commission of the State Council’s *Guidelines to State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* and the International Standards Organisation’s *ISO26000: Guidance on Social Responsibility*.

The focus of G4 is to strengthen stakeholders participation, so, before preparing this report, the Group commissioned an independent consultant to collect stakeholders’ opinions to ensure the participation of the relevant business units, stakeholders and the CSR Committee in the assessment of the Group’s various CSR issues. The results were discussed in order to determine the material CSR issues to be reported. The specific communication process and results are detailed in **Chapter 4** of this report — **Stakeholder Engagement and Materiality Analysis**.

1.2 Access to the Report

The report is published in PDF format in Traditional Chinese, Simplified Chinese and English, and is available from our website: www.cohl.com

The 2014 CSR reports for our subsidiaries COLI and CSCI are available from the respective links:

- China Overseas Land & Investment Ltd. Corporate Social Responsibility Report 2014:
www.coli.com.hk
- China State Construction International Holdings Limited Corporate Social Responsibility Report 2014:
www.csci.com.hk

1.3 Feedback Channels and Contacts

The Group values feedback and suggestions from our stakeholders. Should you have any comments or suggestions regarding this report or the Group’s CSR performance, please feel free to use the feedback form in Chapter 8, or contact us as below. We welcome your input and suggestions.

China Overseas Holdings Limited

Address: 10/F, Three Pacific Place, 1 Queen’s Road East, Hong Kong

Fax: +852 2865 5939

Email: csr@cohl.com

2. Chairman's Message

The year 2014 saw mild economic growth in Hong Kong, while the rest of the world weathered ups and downs in a relatively more complex economic environment. COHL has been well prepared, with effective resource allocation and risk management, which has led to the Group's outstanding performance. The property development and construction business lines have exceeded our expectations, with combined value of new contracts reaching HKD206 billion, an increase of over 20% compared to 2013. Our net asset value has reached a new record of HKD146.3 billion, also increasing by over 20% compared to 2013. This achievement illustrates that the COHL business model, supported by our excellent team of employees, has become increasingly mature and stable. Meanwhile, 2014 marks the fifth year that we are publishing our CSR report, as well as the first year that we are using GRI G4 guidelines to report the progress of our CSR initiatives. On the basis of these G4 guidelines, we engaged with multiple stakeholders to identify the material issues of relevance to the various stakeholders as well as to our business. With our corporate philosophy of "Exercising caution in details and implementation, Building a strong foundation to seek greater success" in mind, we have continued to strive to nurture a people-oriented corporate culture, and we are committed to fulfilling our corporate responsibility through meaningful community investment.



In 2014, the property development and construction business lines have exceeded our expectations, with combined value of new contracts reaching HKD**206** billion, an increase of over **20%** compared to 2013. Our net asset value has reached a new record of HKD**146.3** billion, also increasing by over **20%** compared to 2013.



"Exercising caution in details and implementation, Building a strong foundation to seek greater success"

Property development and construction businesses have strong connections with the location of the projects in which they are involved. From initial design to the safety management of the construction site, we have prioritised quality in order to ensure that the properties that we develop and construct will have a positive impact on society. After three years of preparatory work, this year saw the launch of our first series of "COPM Demonstration Projects", pioneer projects among industry peers. COLI recorded excellent performance in 2014, and was ranked China's top real estate brand for the 11th consecutive year.

On the other hand, being responsible to the environment is an essential part of our definition of CSR. Green building is an important aspect of our environmental practices. We have been actively promoting the adoption of green building technologies in the latest generation of residential buildings and have been awarded multiple green building certifications, including LEED and Chinese national-level green building certification. We have also increased the use of green materials to reduce the impact of our construction businesses on the environment and create healthy, environmentally friendly, energy-efficient and comfortable modern living spaces. Last year, CSCI was awarded a number of patents and won multiple awards for its achievements in technology innovation, including for its green construction processes, and we are very pleased with these results.

In addition, we have always strived to meet the different demands of the communities in which we operate. In recent years, there has been strong demand for affordable housing in Hong Kong and Mainland China, and we are actively expanding our business in this area and increasing the percentage of affordable housing in all of our projects under development and construction. We aim to continue to live up to our mission of providing high-quality, safe and comfortable homes for residents from all strata of society.

2. Chairman's Message

Our well-developed corporate governance structure has enabled us to continue to operate our business smoothly and with integrity. In order to maintain our expertise amidst fierce industry competition, we have flattened the corporate governance structure of our property business segment, with more power distributed to the regional offices. We are pleased that the success of this move also earned us the recognition of Asia's Outstanding Company on Corporate Governance and Asian Corporate Director Recognition Awards.

"People-oriented" Community Engagement and Investment

We believe that the success of any CSR strategy lies in the mutual development of different stakeholders, including customers, shareholders, employees, partners, community residents, local governments, as well as the region as a whole. This also reflects our business principle of putting people first. As part of the stakeholder engagement process, we have collected the opinions and expectations of a range of stakeholders, and this will provide an important foundation for our future initiatives. One of the most important we received were those of our employees who provided many useful suggestions from the perspective of a corporate citizen. We are also committed to providing a better working environment and more value-added opportunities for our employees, to ensure that our corporate responsibility reaches the innermost of our operations.

To quote a Chinese saying, it takes ten years to grow a tree, but a hundred years to educate a person. We have always placed community development and youth education at the very centre of our charity projects. Since 2005, we have lived up to our promise of building one Hope School per year, and these now benefit over 6,000 children from rural areas in China. Moreover, we have kept in close contact with both schools and students, to follow up on their development, organise students exchange activities and provide scholarships for those in need. We hope that we can make full use of the available resources to provide more support to students.

In 2014, COLI and CSCI were once again included in the Dow Jones Sustainability Index and Hang Seng Corporate Sustainability Index. We are grateful for the recognition afforded by different stakeholders of our performance in the fields of community development, environmental protection and corporate governance. I would like to once again express my heartfelt gratitude for the hard work of our employees and the support of our stakeholders. Looking ahead, we will not rest on our laurels, but will continue to focus on the detail as we listen to and live up to the expectations of our different stakeholders, and look to the future of building sustainable communities.

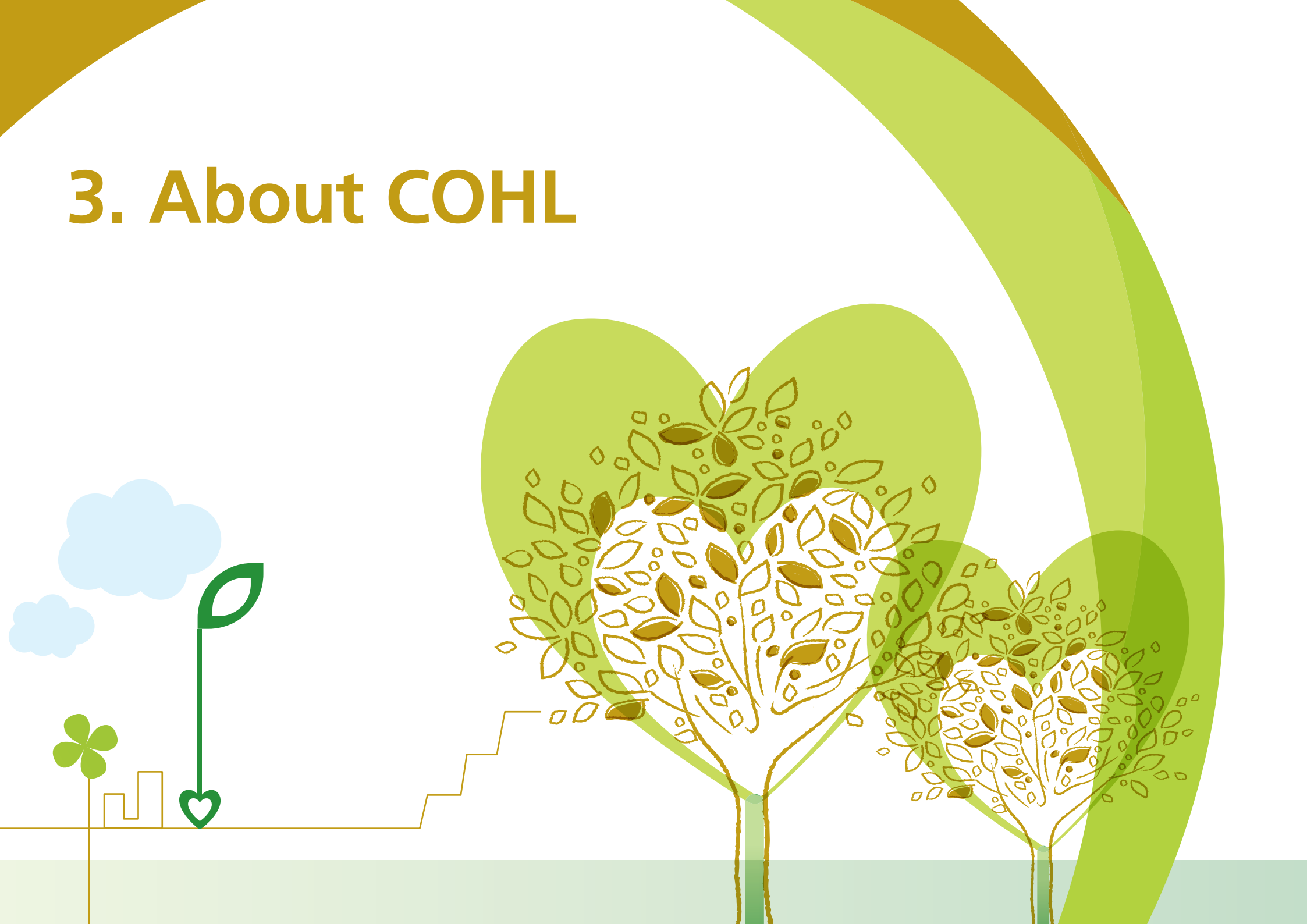


Guan Qing

Chairman

China Overseas Holding Limited

3. About COHL



3. About COHL

3.1 Business Overview

Established in June 1979 in Hong Kong, China Overseas Holdings Limited is the subsidiary of China State Construction Engineering Corporation (CSCEC, ranked 52nd in 2014 and 37th in 2015 among the Fortune Global 500). The Group operates its core businesses through its listed subsidiaries, China Overseas Land & Investment Ltd. (00688.HK, a constituent stock of the Hang Seng Index), and China State Construction International Holdings Limited (03311.HK, a constituent stock of Hang Seng Composite Index and MSCI China Index), which are respectively engaged in property development and construction, as well as China Overseas Grand Oceans Group Ltd. ("COGOGL", 00081.HK, a constituent stock of Hang Seng Global Composite Index and China Index under MSCI Global Standard Indices) and Far East Global Group Limited ("Far East Global", 00830.HK), the listed subsidiaries of COLI and CSCI respectively. Guided by our corporate principle of "Exercise caution in details and implementation, Build a strong foundation to seek greater success", the Group continues to work for sustainable development and improvements for our stakeholders, as it has done for the past 36 years.

Group structure

	 中國海外發展有限公司 CHINA OVERSEAS LAND & INVESTMENT LTD. (00688.HK)	 中國建築國際集團有限公司 CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED (03311.HK)
Core business	Property development, property investment, property management, planning and architectural design	Building construction, civil engineering works, infrastructure investment, pre-cast component production, curtain wall systems
Operating regions	Hong Kong, Mainland China and Macau	Hong Kong, Mainland China, Macau and overseas
Listed subsidiaries	China Overseas Grand Oceans Group Ltd. (00081.HK)	Far East Global Group Limited (00830.HK)

3. About COHL

Group structure (as at 31 December 2014)



* As described in the Group's 2013 CSR report, there have been minor changes to the Group structure. The merger of COHL Investment Developing Holdings Limited into CSCI was completed in 2014.

As of end-2014,
total asset amounted to **HKD434.2 billion**,
revenue amounted to **HKD149.1 billion**.

In addition, the management and stocks of directly-operated real estate development business previously held by China State Construction Engineering Corporation Ltd. have been integrated into the Group by 31 December 2014. The relevant financial performance has also been incorporated. The integration of other properties into COLI was completed in March 2015, and does not therefore affect the content of this report.

In 2014, the property industry in Mainland China was hampered by unfavourable global and Chinese economic conditions, as the drop in market demand resulted in reduced turnover. Faced with these challenges, the Group held fast to its steering principles for the year, of consolidation and improvement, and a focus on continued commitment to ongoing projects. Armed with a flexible marketing strategy, effective cost management and a strong financial base, and a sound operating strategy, both core businesses of the Group sustained strong business performance and managed to exceed their yearly sales targets. 2014 saw 21% year-on-year growth for new contracts awarded, totalling HKD206 billion, of which COLI accounted contracted property sales for HKD145.3 billion and CSCI accounted for HKD60.2 billion. Group revenue totalled HKD149.1 billion, representing an increase of 40% over the year. Net profit totalled HKD29.3 billion, representing an increase of 17% over the year, while the year end total assets amounted to HKD434.2 billion, representing an increase of 19% over the year and net assets as of 2014 increased by 21% year-on-year, to HKD146.3 billion. The Group's consolidated financial statements can be found on pages 135-136 and 93-94 of the 2014 annual reports of COLI and CSCI respectively.

3. About COHL

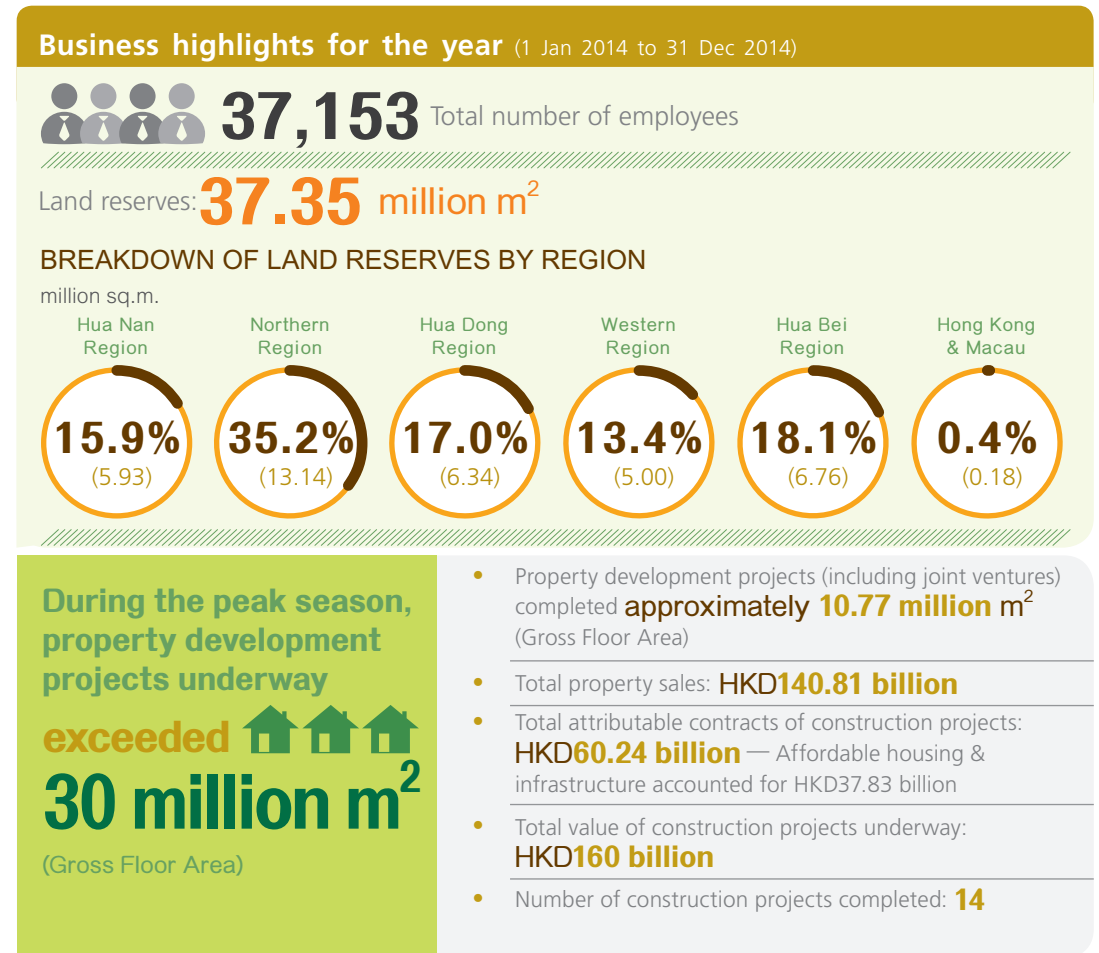
3.2 2014 Business Highlights

Financial performance

Direct economic value	HKD (thousand)
Revenue	149,062,626
Profit attributable to shareholders of the company	
• COLI	27,680,160
• CSCI	3,457,410

Distributed economic value	HKD (thousand)
Operating cost	120,560,066
Total employee salaries	4,371,723
Payment to capital providers	2,579,972
Tax paid to national governments	17,932,579
Total donations	7,977

Business performance



For more information about our business, please visit www.cohl.com.

3. About COHL

3.3 2014 Highlights

Area	Highlight
 Economic	<ul style="list-style-type: none"> The Group's total asset amounted to HKD434.2 billion, setting another high record. Revenues amounted to HKD149.1 billion Attributable contract value of construction projects is sufficient to cover its operations for three years "China Overseas Property" brand value reached RMB34.25 billion (HKD42.45 billion), ranking the first in Mainland China's property sector
 Corporate governance	<ul style="list-style-type: none"> The Group streamlined its management structure to facilitate more regionalised and flattened operations. Regional subsidiaries were given greater freedom in the allocation of business development and project management resources COLI won the Asia's Outstanding Company on Corporate Governance recognised by Corporate Governance Asia as well as The Asset Corporate Awards — Titanium Award
 Quality and safety	<ul style="list-style-type: none"> COLI made further improvements to quality and safety management, by setting up a quality management committee and continuously enhancing its quality assessment management system, which integrates the input of contractors, supervision companies, client representatives, third-party quality control institutes and government bodies Gold Court (Macau) Property Services Ltd. and two other subsidiaries of China Overseas Property Service Limited, including the security services company and Mepork Company, received ISO 9001 certification for their quality management systems 13 projects including Top View (Guangzhou) were selected as the first series of "COPM Demonstration Projects"
 Environment	<ul style="list-style-type: none"> CSCI was included in the Dow Jones Sustainability Index for the second year in a row COLI received 10 green building certifications (making a total of 26) COLI's first full life-cycle green construction technology pilot project, International Community, Suzhou 233-2 Project (Spring Project), completed the inspection and acceptance
 Employees	<ul style="list-style-type: none"> Average training hours per employee reached 68 hours COLI is nominated as Top 10 of ChinaHR Best Employers in real estate industry
 Community	<ul style="list-style-type: none"> The Group donated funds to support construction of 10 China Overseas Hope Schools through China Overseas Charity Fund, serving more than 6,300 students over the years since 2005 The Group won China's Outstanding Charity Contribution Award issued by the China Charity Foundation, and Hong Kong Outstanding Corporate Citizenship Award — Silver Award in the Enterprises Category Infrastructure construction and affordable housing projects accounted for over 50% of construction projects underway

3. About COHL

3.4 Awards and Recognitions

A selection of awards and recognitions awarded to COHL and its subsidiaries in 2014



Award	Awarded Units	Awarding Bodies
1 5 years Plus Caring Company Logo	China Overseas Holdings Limited China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Hong Kong Council of Social Service
Family-Friendly Employer 2013/14	China Overseas Holdings Limited	Family Council
HKQAA CSR Plus Mark	China Overseas Holdings Limited China Overseas Land & Investment Ltd.	Hong Kong Quality Assurance Agency
2 The 5th Hong Kong Outstanding Corporate Citizenship Award — Enterprise Category — Silver Award and Continuous Improvement Award	China Overseas Holdings Limited	Hong Kong Productivity Council (HKPC) Committee on the Promotion of Civic Education (CPCE)
UNMDG Better World Company Label and WGO's Green Office Label	China Overseas Holdings Limited	World Green Organisation
China's Outstanding Charity Contribution Award	China Overseas Holdings Limited	China Charity Federation
Hang Seng Sustainability Index Series	China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Hang Seng Indexes Company Limited
Index Component of the Dow Jones Sustainability Indices	China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Dow Jones and Company

3. About COHL

Award	Awarded Units	Awarding Bodies
The Asset Corporate Awards — Titanium Award and The Greater China Award for Corporates in Environment — Real Estate 2014	China Overseas Land & Investment Ltd.	The Asset
3 Directors of the Year Awards 2014 — Listed Companies (SEHK-Hang Seng Indexes Constituents) Executive Directors	Mr. Hao Jianmin, Chairman & Chief Executive Officer of China Overseas Land & Investment Ltd.	The Hong Kong Institute of Directors
4 Asia's Outstanding Company on Corporate Governance and Asian Corporate Director Recognition Awards 2014	China Overseas Land & Investment Ltd. and Mr. Hao Jianmin, Chairman & Chief Executive Officer	Corporate Governance Asia
Leading Brands of China Real Estate Companies — No. 1 in China Real Estate Brand Value (Brand Value: RMB34.25 billion)	China Overseas Land & Investment Ltd.	Enterprise Research Institute of Development Research Centre of State Council of P.R.C, Institute of Real Estate Studies of Tsinghua University, China Index Academy
No. 1 in China Real Estate Brand Value Top 50 (Brand Value: RMB31.94 billion) No. 3 in Top 10 Property Service Brand Value — China Overseas Property Management Ltd.	China Overseas Land & Investment Ltd.	China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal
The 12th ChinaHR Best Employers Awards (Top 10 in Real Estate Industry)	China Overseas Land & Investment Ltd.	ChinaHR

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3. About COHL



Award	Awarded Units	Awarding Bodies
China Blue Chip Real Estate Developer (No. 1 for the 11th consecutive year)	China Overseas Land & Investment Ltd.	The Economic Observer
The 4th Asian Excellence Recognition Awards: Best CEO	Mr. Hao Jianmin, Chairman and Chief Executive Officer of China Overseas Land & Investment Ltd.	Corporate Governance Asia
5 Finance Asia: Asia's Best Companies 2014	China State Construction International Holdings Limited	FinanceAsia
Best Executive Team of Listed Companies	China State Construction International Holdings Limited	Institutional Investor
Zhuhai Housing Construction Projects of Excellence: Two projects shortlisted	China State Construction International Holdings Limited	Zhuhai Construction Association
Guangdong Construction Award — Gold Prize	China State Construction International Holdings Limited	Guangdong Construction Industry Association
Housing and Infrastructure Safe and Civilised Construction Site Demonstration Project, Provincial Safe, Civilised and Standardised Construction Site Class AA	China State Construction International Holdings Limited	Construction Industry Safety Association of Guangdong
6 National utility model patents, including green construction practices on vegetated metallic wall, fire shutter etc.	China State Construction International Holdings Limited	State Intellectual Property Office of the PRC
Green Contractor Award 2013 — Green Contractor Silver Award	China State Construction International Holdings Limited	Architectural Services Department
7 Hong Kong Awards for Environmental Excellence 2013 — Merit in "Sectoral Awards"	China State Construction International Holdings Limited	Environmental Campaign Committee









The above are only a selection of the awards and recognitions received in 2014. To find more about other recognition awarded to COLI and CSCI last year, please refer to their 2014 CSR reports.

3. About COHL

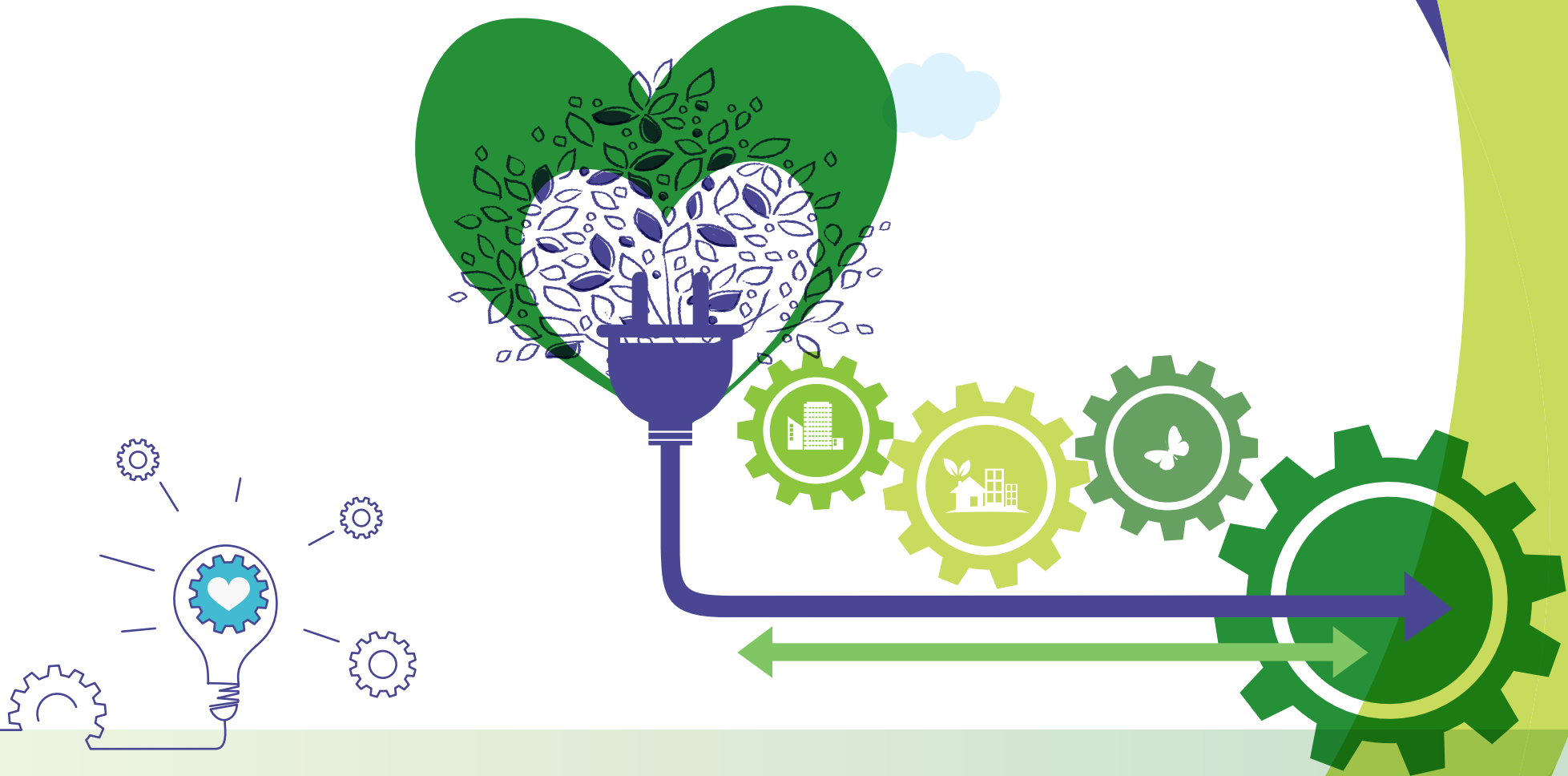
3.5 Organisations and Charters

Organisations and Charters in which COHL and its subsidiaries participated:



Charter/Organisation	Participating Units	Organising Units
 Let's Save 10L Water 	China Overseas Holdings Limited China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Water Supplies Department, Government of HKSAR
 Energy Saving Charter on Indoor Temperature 2014 	China Overseas Holdings Limited China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Electrical and Mechanical Services Department, Government of HKSAR
 Earth Partner — Saturn	China Overseas Holdings Limited China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Friends of the Earth (HK)
 Be Our Greening Partner	China Overseas Holdings Limited China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Development Bureau, Government of HKSAR
 Energy Saving Charter on "No ILB" 	China Overseas Holdings Limited China Overseas Land & Investment Ltd. China State Construction International Holdings Limited	Electrical and Mechanical Services Department, Government of HKSAR

4. Stakeholder Engagement and Materiality Analysis



4. Stakeholder Engagement and Materiality Analysis

Engaging and communicating with our stakeholders has always been important to the Group. This year, with the assistance of an independent third-party consultant, we conducted a stakeholder engagement exercise with reference to the G4 guidelines, to get quantitative and qualitative insights in preparation for our first GRI G4 report on the Group.

After analysing stakeholder insights from existing stakeholder engagement channels, we identified 36 preliminary CSR aspects that are relevant to the Group's business and, their impact thereon. We also identified and confirmed the stakeholder groups to be engaged by communicating with different departments within the Group and subsidiaries.

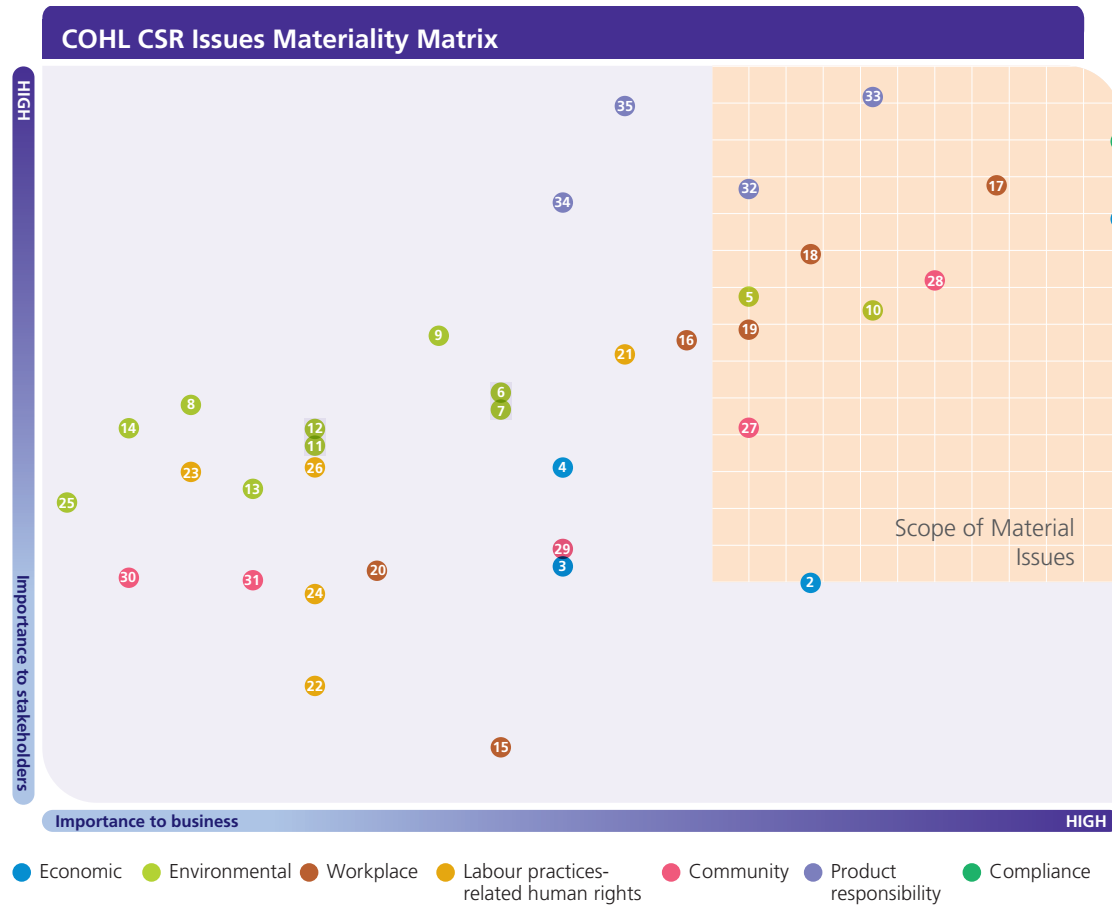
Since the major impacts exerted by the Group arise from its property development and construction businesses, we have consolidated the online stakeholder survey results from our two subsidiaries to identify the importance of each aspect to the stakeholders. The online surveys generated 2,301 responses from COLI and CSCI internal stakeholders (employees at all levels) and external stakeholders (including clients, suppliers, community partners, NGO representatives, business partners, investors, etc.). The surveys were analysed by an independent third-party consultant, and responses were collected anonymously in order to assure independence.

In addition, the Group's Corporate Social Responsibility Committee, comprising representatives from departments across COHL and its subsidiaries, rated CSR issues according to their importance and relevance to the Group's business. The preliminary CSR aspects were plotted on a materiality matrix according to the rating given in the stakeholder surveys, "importance to stakeholders", and to the rating given by the Group CSR Committee, "importance to business". Two focus groups and five phone interviews were conducted in parallel to collect qualitative feedback and suggestions from our stakeholders on our performance in those CSR aspects. The results were then presented and reviewed by the Group's management. The 12 CSR issues in the upper right corner of the matrix, representing the aspects that were most important to both stakeholders and our business, were prioritised as most material for disclosure.



4. Stakeholder Engagement and Materiality Analysis

Materiality Matrix



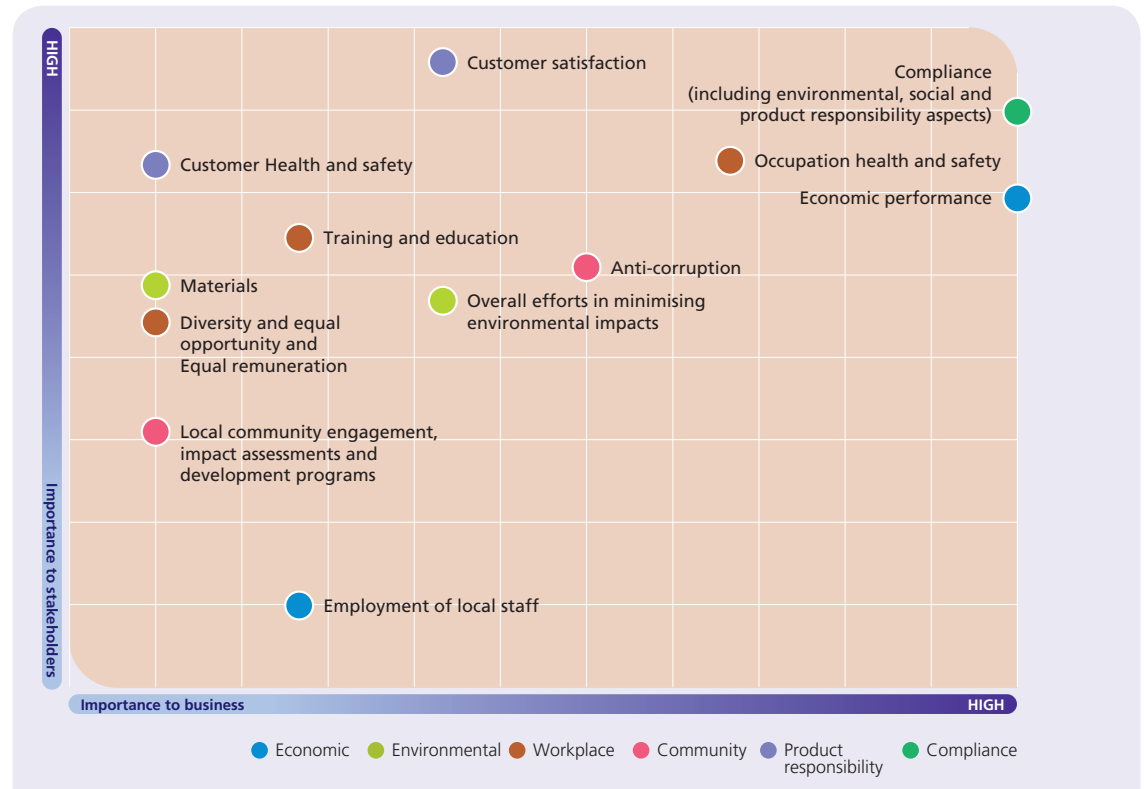
Economic	1	Economic performance ●
	2	Employment of local staff ●
	3	Indirect economic impact
	4	Procurement and supply chain management
Environmental	5	Construction materials ●
	6	Energy
	7	Water
	8	Emissions
	9	Effluents and waste
	10	Overall efforts in minimising environmental impacts ●
	11	Investment in the environment
	12	Supplier environmental assessment
	13	Environmental grievance mechanisms
	14	Land degradation, contamination and remediation
Workplace	15	Employment composition
	16	Labour/management relations and labour practice grievance mechanisms
	17	Occupational health and safety ●
	18	Training and education ●
	19	Diversity and equal opportunity and Equal remuneration ●
	20	Assessments of supplier for labour practices

4. Stakeholder Engagement and Materiality Analysis

Labour practices-related human rights	21	Non-discrimination
	22	Freedom of association and collective bargaining
	23	Forced or compulsory labour
	24	Assessments of operations
	25	Supplier human rights assessment
	26	Human rights grievance mechanisms
Community	27	Local community engagement, impact assessments and development programs ●
	28	Anti-corruption ●
	29	Anti-competitive behaviour
	30	Assessments of supplier impacts on society
	31	Grievance mechanisms for impacts on society
Product responsibility	32	Customer health and safety ●
	33	Customer satisfaction ●
	34	Product and service marketing & labelling
	35	Customer privacy protection
Compliance	36	Compliance (including environmental, social and product responsibility) ●

●●●●●● = Material issues




Material Issues:





Besides determining the material issues listed above, we also received a number of comments and suggestions from stakeholders. A summary of some key stakeholder opinions, and the Group's responses, is given in the next page. Comments from stakeholders are also quoted in other chapters where applicable.

4. Stakeholder Engagement and Materiality Analysis

Key stakeholder feedback and Group responses

Key stakeholder feedback received	COHL responses
<p>Economic </p> <p>The monthly investment reports issued by COLI have effectively improved the company's financial transparency. Stakeholders hoped to see even greater transparency and more disclosures in future.</p>	<p>The Group and its subsidiaries complied with all accounting principles for the preparation of our annual financial reports and financial statements. We will continue to provide timely updates to stakeholders.</p>
<p>Corporate Governance </p> <p>Internal stakeholders generally believe that the Group complies with and implements a rigorous and effective internal control and anti-corruption mechanism. A number of stakeholders suggested that a more informal approach could be taken to anti-corruption training. Experience in this area could also be passed on to operations in Mainland China. One investor, on the other hand, suggested that investor on-site inspections might be useful.</p>	<p>The Group will consider more diverse approaches the implementation of anti-corruption training. In 2014, we launched the "China Overseas E-Community" corporate platform on WeChat to facilitate online anti-corruption and integrity training by means of an online "Integrity Forum" which provides a number of moral stories, biographies of frontline moral role models, and other useful materials. Frontline staff publish weekly posts in order to consolidate and propagate the corporate culture.</p>
<p>Employees </p> <p>Internal stakeholders were generally satisfied with the Group's human resources policy (which covers areas such as equal opportunities and remuneration, training and support in career development), staff benefits and care for staff. However, raised issues included a lack of sufficient communication channels and potential failures to handle feedback in a timely manner. It was suggested that online platforms might be employed to collect feedback.</p> <p>A number of employees hoped that the Group might improve occupational health activities for office staff. This might include the promotion of easy exercises, such as eye exercises.</p> <p>A number of stakeholders hoped that the Group might extend its concern for occupational health & safety to the Group's supply chain, contractors and sub-contractors.</p>	<p>In response to this feedback, the Group intends to incorporate feedback channels into the employee performance review system and communicate with employees during their annual appraisals.</p> <p>A number of offices within the Group have already implemented occupational health & safety activities. We encourage our subsidiaries to customise and organised related activities depending on their needs.</p> <p>Clear requirements regarding occupational health & safety practices are contained in the labour law of different regions, and we strictly comply with and align our operations with these. Our current occupational health and safety policy system works well and has achieved good results. The Group will continue to adjust its safety management goals of and approach to drive continuous development.</p>

4. Stakeholder Engagement and Materiality Analysis

Key stakeholder feedback received		COHL responses
Environment 	<p>Stakeholders noted that the CSR reports for previous years reported on different activities and initiatives which the Group organised or participated in, but did not lists achievements, participation rates or participants' comments. They hoped to see more disclosure in future reports.</p>	<p>The Group also recognises the importance of quantifying our work and will actively conduct assessments of our activities by keeping track of the data mentioned by the stakeholders. In certain regular projects, we will aim at comparing performance with previous years and adjust arrangements as needed.</p>
	<p>Another stakeholder felt that there was a lack of demonstration projects on the market, and hoped that the Group might single out a number of pilot projects in which incorporate innovative and cutting-edge sustainability designs and technologies.</p>	<p>China Overseas Property and China Overseas Property Management Ltd. ("COPM") initiate an activity "Co-Building an Exemplary Model of a Top property Projects" in 2011 and completed the inspection and acceptance of the first batch of "COPM Demonstration Projects" in 2014. These Quality Demonstration Projects showcase our highest standards in building quality, environmental performance and impact on the community. For more information, please see Chapter 6.2 Quality and Safety.</p>
Community 	<p>Some stakeholders felt that the Group was insufficiently involved in communities outside of Mainland China. They hoped that the Group will devote greater effort to support the development of communities in Hong Kong, Macau and other overseas regions where the Group operates.</p>	<p>Over the past two years, the Group has been keen to increase its involvement in local Hong Kong communities, especially in the field of education. For instance, we have made changes to the scope and approach of our ongoing "Children's Dream, Children's Art" art exchange programme to engage students from mainstream and special needs schools in Hong Kong and Mainland China. In addition, our subsidiaries in Hong Kong have set up staff volunteer teams to engage employees in local volunteering activities.</p>
		<p>Our operations in Macau are still relatively small, so current participating stakeholders are residents living in the vicinity of our projects. Looking ahead, we hope to leverage our experience in our Hong Kong and Mainland offices to develop our community engagement in Macau.</p>

4. Stakeholder Engagement and Materiality Analysis

Stakeholder communication and feedback



Stakeholder group	Government and the community	Shareholders & investors	Financial organisations	Employees	Customers	Strategic partners and suppliers
Expectation and requests	<ul style="list-style-type: none"> Legal compliance Preserve and increase asset value Fulfil tax obligations Foster development of local business Foster development of community public services Boost employment and provide training and education opportunities Charitable donations and community engagement Create a green community 	<ul style="list-style-type: none"> Revenue and returns Satisfaction with company market value Protection of interests Transparency of information 	<ul style="list-style-type: none"> Integrity and fulfilment of commitments Risk control and prevention Maintaining trust Win-win cooperation 	<ul style="list-style-type: none"> Career development Salaries and benefits Health and safety Care for employees Equal opportunity 	<ul style="list-style-type: none"> Integrity and fulfilment of commitments Transparency of information Privacy protection High-quality products & services 	<ul style="list-style-type: none"> Win-win cooperation Mutual development Sharing of resources Open, equal and fair procurement processes Fulfilment of promises Secured payments
Means of communication and feedback	<ul style="list-style-type: none"> Compliance management Timely tax payment Sound corporate governance structure Support and guidance Training and promotional activities Engagement activities Charitable activities Environmental commitment 	<ul style="list-style-type: none"> Increase profitability Enhance market management Timely disclosure of operational information Maintain investor relations 	<ul style="list-style-type: none"> Implementation of contracts Two-way visits by senior management Strategic cooperation Regular communication 	<ul style="list-style-type: none"> Protection of labour rights Labour contracts Training and education Open recruitment and democratic communication Benefit and care for employees 	<ul style="list-style-type: none"> Fulfilment of contracts Satisfaction survey Daily communication Encourage suggestions and feedback 	<ul style="list-style-type: none"> Two-way visits by senior management and regular meetings Multi-channel cooperation and forward-thinking research and studies Feedback & support Disclosure of procurement information Implementation of contracts Negotiation and interaction

5. Corporate Governance and CSR Management



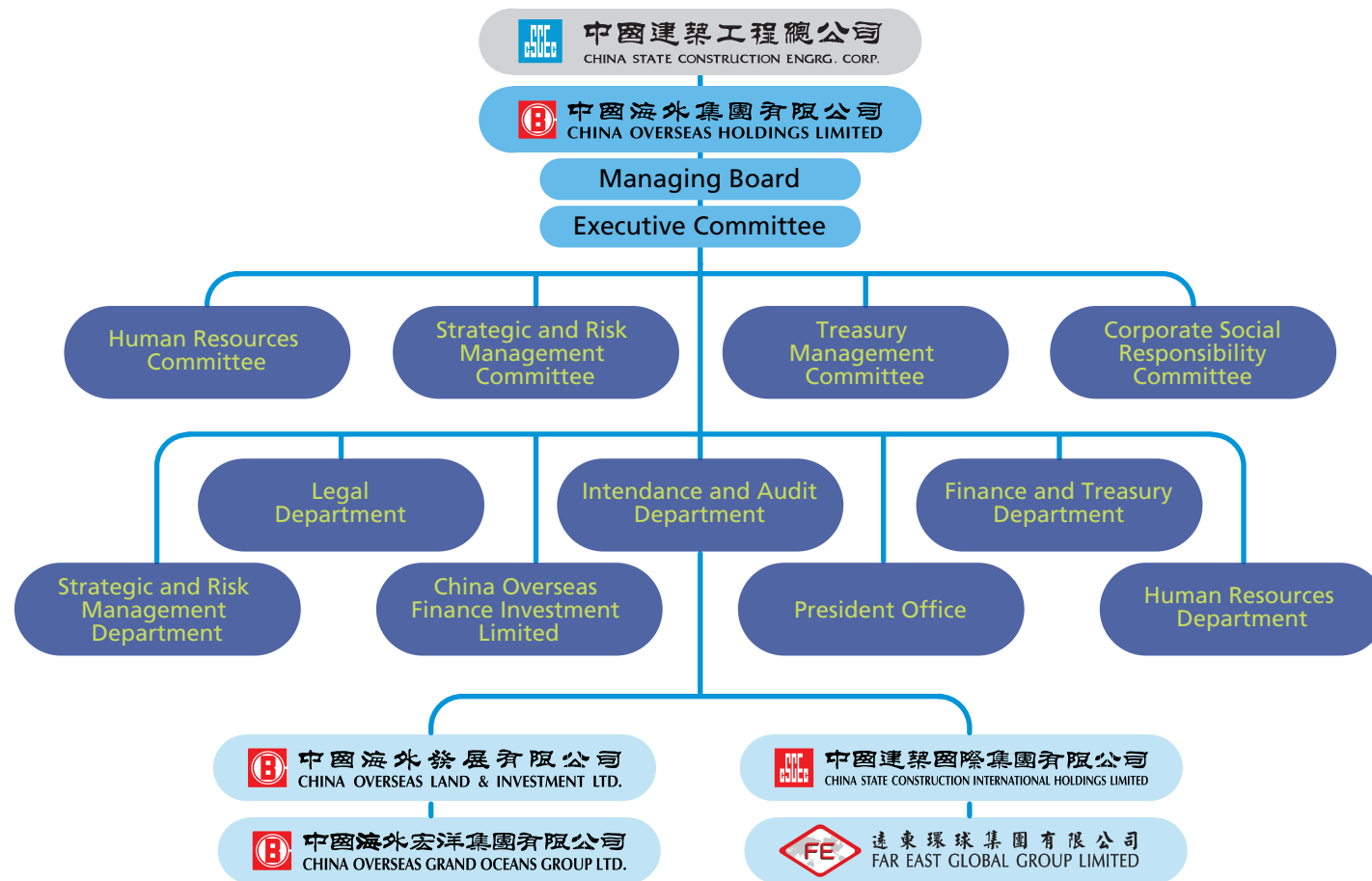
5. Corporate Governance and CSR Management

5.1 Corporate Governance Structure and Management Approach

We believe that our CSR missions should be entrenched in our core business and operations. Our sound corporate governance system and professional workforce have laid a solid foundation on which we can fully deliver on our CSR commitments.

We attribute the success of our corporate governance to the effective and transparent management structure which underpins it. The Management Board and Executive Committee are our collective decision-making mechanism, and perform in accordance with the respective procedural guidelines. The positions of Group Chairman and President are separate, and they hold different responsibilities as outlined in the Board of Directors' Statement of Duties. For more details, please see the Corporate Governance Report sections of the COLI and CSCI 2014 Annual Reports.

Corporate governance structure

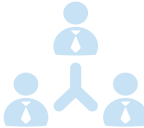










5. Corporate Governance and CSR Management

The Group established a CSR Committee in 2008, as one of four commissioned committees reporting to the Management Board. The CSR Committee consists of senior management and department heads, and its major duties are to outline and coordinate the Group's CSR policies and associated activities. Similarly to the other three committees (the Human Resources Committee, Strategic and Risk Management Committee and Treasury Management Committee), the CSR Committee presents an annual report of their work and progress to the President of the Group.

Since the major impact which the Group has on external stakeholders is generated by our two major subsidiaries, we make every effort to direct, influence and monitor their CSR policies and performance, so as to ensure positive, forward CSR development momentum. In 2014, COLI streamlined its management structure in Mainland China to foster a more regionalised, flattened operation, by granting regional-level subsidiaries the authority and obligation to implement business development and project management. COLI headquarter signed assignment agreements with its subsidiaries, indicating the annual target of newly contract amount, turnover, profit, pay back amount and the excellence of the project etc, by giving them access to resource allocation and correlating their performance with their project completion rate. These adjustments enhanced operational efficiency and competitiveness while empowering at regional levels with new responsibilities and opportunities.

CSR management approaches

Area of CSR	Major achievements
 <p>Business performance and corporate governance</p>	<p> We have upheld our strategic budget control mechanism, which comprises three key areas: strategy alignment, resource allocation and performance review, wherein alignment with the budget was considered a key performance indicator</p>
	<p> We have promoted the regionalisation and flattening of operational management, empowering regional subsidiaries with greater responsibilities as a means of improving operational efficiency and competitiveness</p>
	<p> We have continued to uphold a rigorous internal control mechanism to stamp out corruption and consolidate our corporate culture of integrity. In 2014, the Group set up Intendance and Audit Departments within COLI and CSCI, and provided specialised training to internal auditing teams</p>
 <p>Environment</p>	<p> We are reducing the environmental impact of construction projects and offices, and are committed to complying with the strictest of local environmental standards</p>
	<p> We are investing in green buildings and energy conservation research and design, and are preparing the associated standards and regulations</p>
	<p> We have appointed specific staff responsible for the supervision of environmental protection issues</p>
	<p> We actively collaborate with our employees, local residents and community organisations to create a green community</p>

5. Corporate Governance and CSR Management

Area of CSR	Major achievements
Employee 	 We manage the Group's talent and systematically coordinate talent recruitment, training and review programmes by means of "Sons of the Sea", "Sea Recruits" and other programmes
	 We have commissioned officers to oversee site safety and environmental performance. Regular safety training is provided and third-party safety audits are performed
	 We continue to care for our employees' development and welfare, and ensure that regular performance reviews and career development evaluations are provided to all employees
	 We monitor the equal treatment and opportunity conditions of employees from different backgrounds
Community engagement 	 We have developed interim and long-term community engagement and philanthropy plans through the China Overseas Charity Fund and our community brand, "The Sea has no Limit, and Love has no Boundary"
	 We actively encourage employees to participate in different community activities through the employee associations of the Group and our major subsidiaries
	 We worked with the China Overseas Club to hear the needs of our stakeholders

5.2 Corporate Culture of Integrity

The Group has extremely high standards in terms of the integrity of our workforce. All departments, subsidiaries, business units, joint venture projects and construction sites are subject to a rigorous internal audit and control mechanism. In 2014, the Group stepped up its efforts in this area, and established Intendance and Audit Departments in COLI and CSCI. These will be run independently by the Group to ensure unbiased monitoring. In order to enhance the professionalism of the intendance and audit staff, the Group has arranged trainings of project management, audit, and monitor for around 60 employees. Apart from ensuring the ongoing use of strict intendance

and audit mechanisms, we have also stipulated and circulated a range of guidelines governing areas as diverse as *Business Expense Inspection Systems*, *Money Laundry and Corruption Prevention*, and *Legal Auditing of Significant Investment Activities*, all aimed at educating employees about the correct practices to adopt when faced with a corruption risk, while at the same time reminding them of the consequences of any violation. Department heads within the Group's subsidiaries have also been asked to sign an *Honesty & Integrity Responsibility Commitment Agreement* to guarantee their ownership of the anti-corruption process. To further minimise the risk of corruption, COLI has increased the transparency of their management staff at district levels by sharing their "Personal Integrity Profiles" and real-time financial status with Intendance and Audit Department. Shared information includes the status of the employee's family members, concurrent posts, monetary gifts turned in, and economic responsibility reviews, etc. In our 2014 Internal Audit Report, we identified the top 18 sites with considerably higher risks of corruption by using the findings of the Group's risk evaluation model. Official corruption risk reviews were performed at these 18 sites, and no major corruption risks were found.

While strengthening the different monitoring mechanisms, the Group is also working to reaffirm our corporate culture of integrity among our staff, and consolidating the concept of "not wanting, not being able and not daring to engage in corrupt practices" in the working environment. In order to instil this anti-corruption concept in staff at all levels, COLI launched a six-phase company-wide anti-corruption training and workshop programme in 2014. The Group has also leveraged technology to provide online corporate ethic education sessions, most notably through the WeChat "China Overseas E-Community" corporate account, developed in 2014. The account's "Integrity Forum" is updated on a weekly basis by different frontline business units, sharing moral stories, biographies of frontline moral role models, and other useful materials. The account is currently followed by over 5,000 employees on WeChat, and reflects the effort that we have expended in this area. During the year, a number of employees also participated in the first Short Film on Integrity Competition event organised by our parent company CSCEC on behalf of the Group, and, to our great delight and honour, two of our pieces won the First Prize and Excellence Award.

6. CSR Implementation



6. CSR Implementation

6.1 COHL and our People



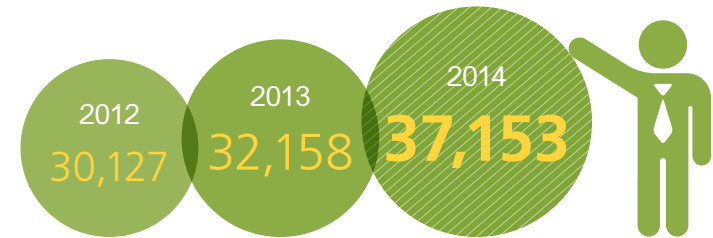
Our people

As of end-2014, the Group and its subsidiaries had a total of 37,153 employees. The COHL workforce is a large family in which every member is a valuable asset to the Group. Our employees are also the stakeholder group who deliver our corporate responsibility on a daily basis. Besides providing them with a safe workplace and competitive remuneration, the Group also strives to foster a pleasant working environment in which employees can receive care and support, training opportunities and equal treatment. It is also the Group's belief that investing in people not only benefits our staff and business, but also drives the development of our industry and society at large.

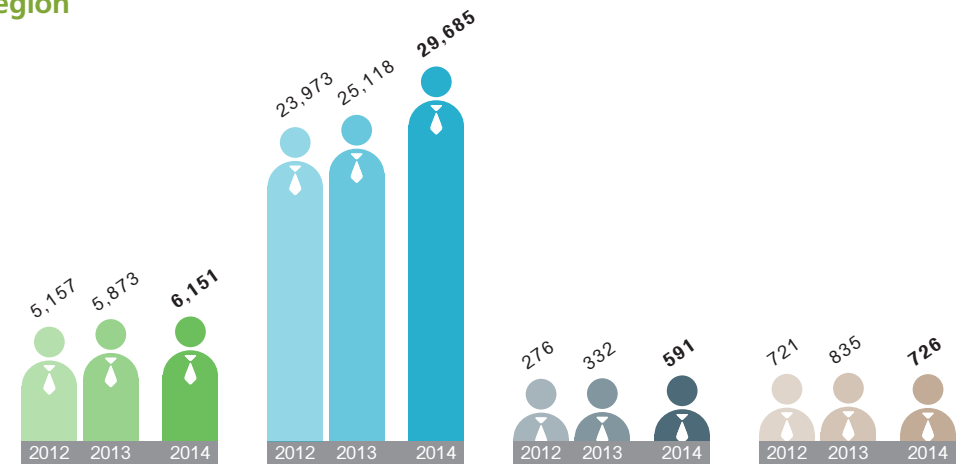
While the size of our workforce has continued to expand in recent years, turnover rates in our major operating areas remained at satisfactory levels. Compared with last year, the turnover rates in Hong Kong, Macau and Mainland China all dropped by more than 5%. Since our operations in overseas markets (ad-hoc contract-based construction projects) is still developing, both in terms of size and maturity, a range of different employment contracts are used, resulting in a higher, but fully expected, turnover rate within the Group.

Workforce overview

Total number



By region



Hong Kong

Mainland China

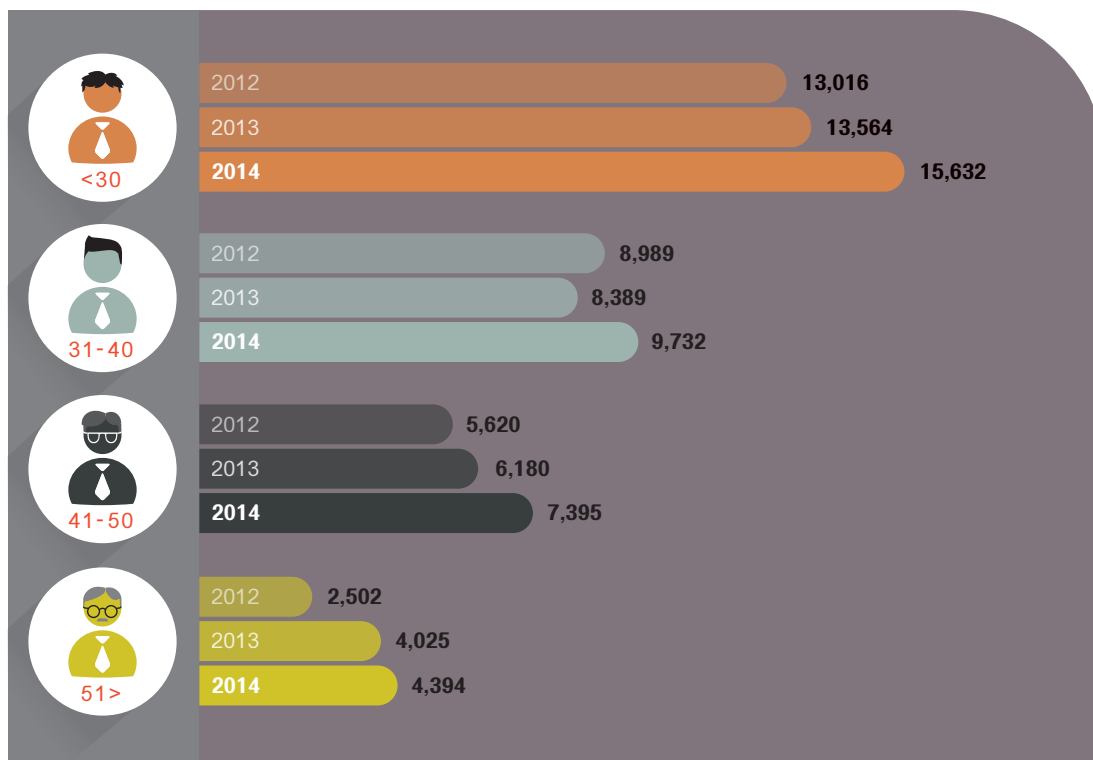
Macau

Overseas

6. CSR Implementation - -

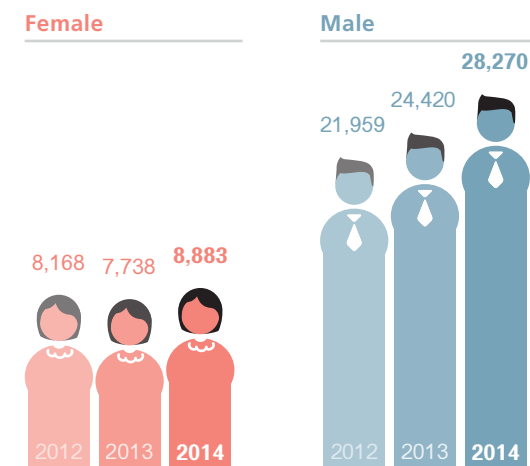
Workforce overview

By age



*More detailed workforce data can be found in Chapter 7 Performance Data

By gender



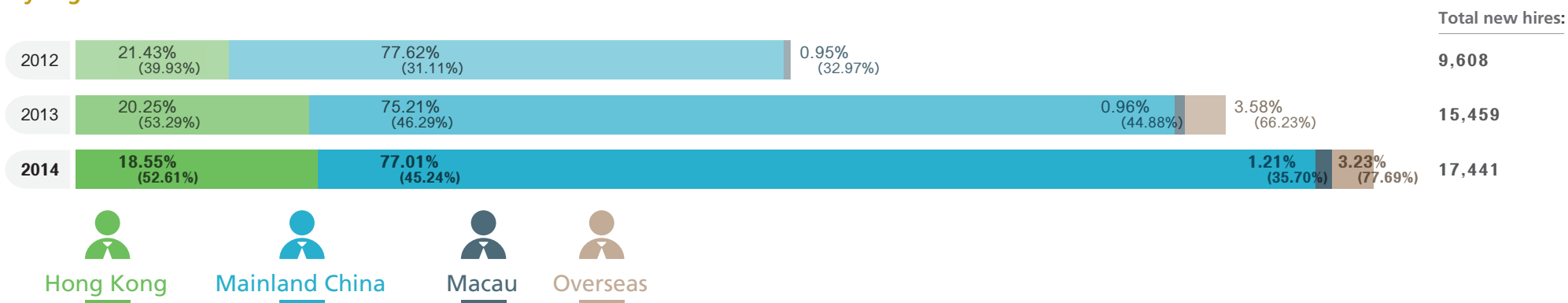
By position



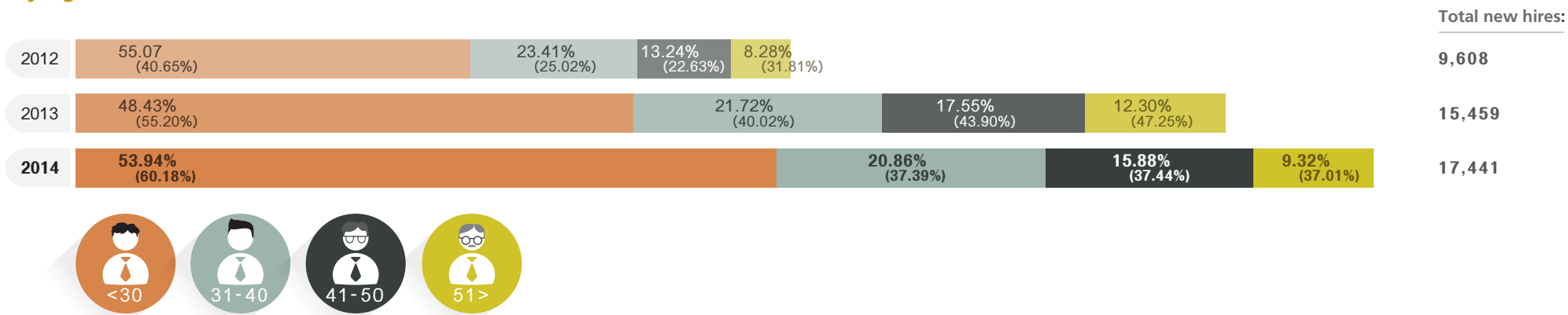
6. CSR Implementation -

New hires rate overview

By region



By age

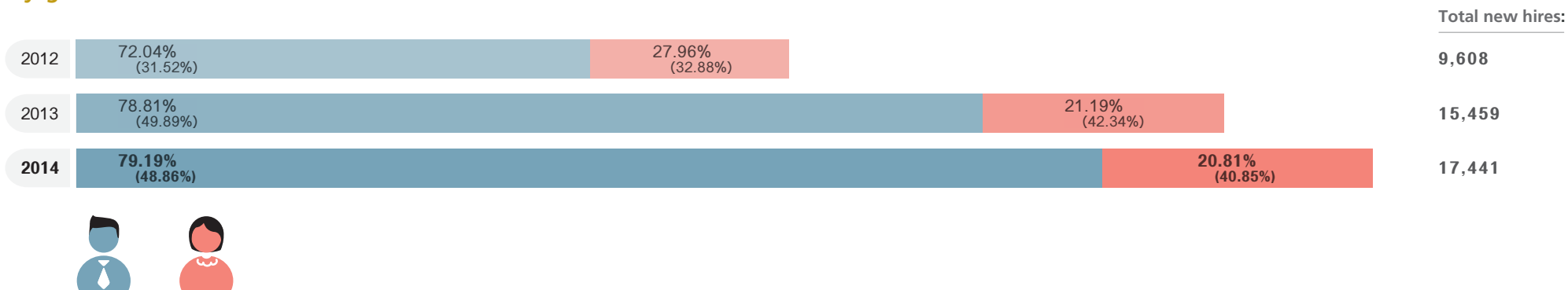


* Percentage in bracket () represents the rate of total workforce in the category.

6. CSR Implementation – –

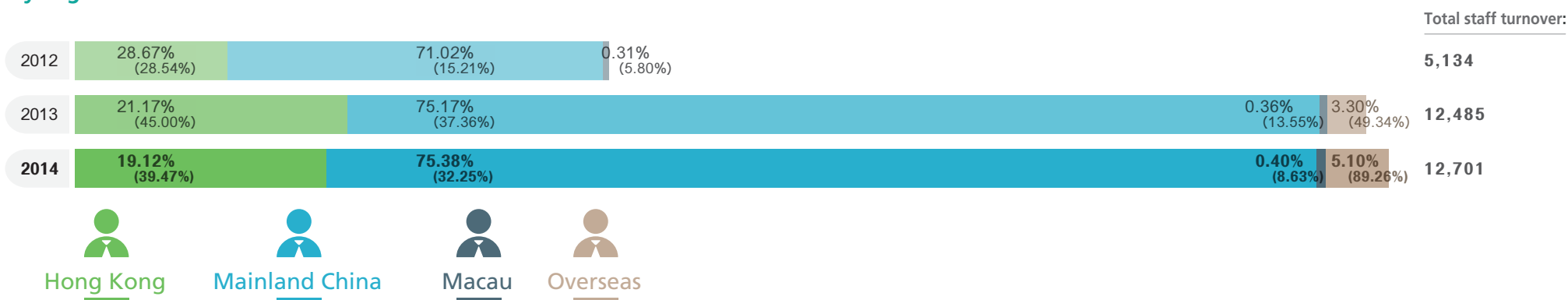
New hires rate overview

By gender



Employee turnover rate overview

By region

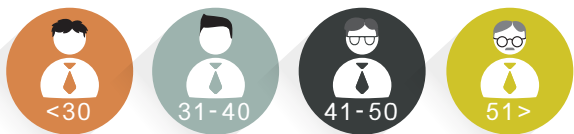
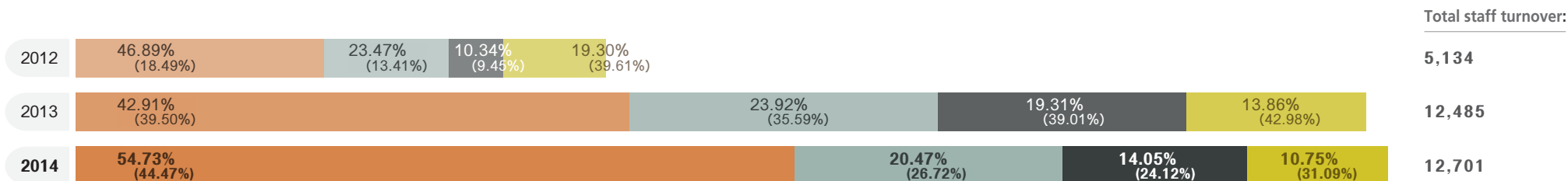


* Percentage in bracket () represents the rate of total workforce in the category.

6. CSR Implementation - -

Employee turnover rate overview

By age



By gender



* Percentage in bracket () represents the rate of total workforce in the category.

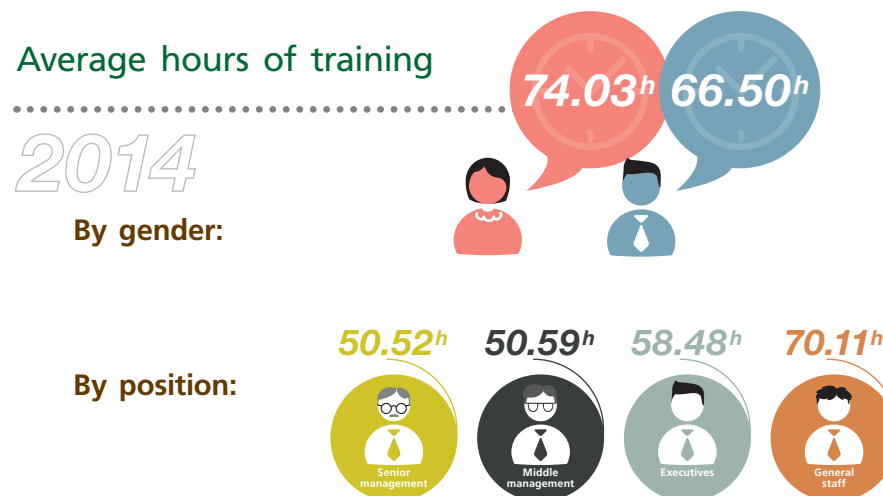
6. CSR Implementation – –

Staff development and support

The Group encourages its employees to hone their skills and knowledge throughout their career path, and supports them by means of a concrete staff growth and development system that currently covers 100% of our staff. We have also developed a range of guidelines governing staff training, including *COHL Employee Continuous Education and Training Measures* and *COLI Degree Education Subsidies Measures*, to ensure that the Group and its subsidiaries develop continuous education and training opportunities customised for their staff within a comprehensive overall framework. Human Resources Departments within every business unit provide an assistant general manager or equivalent with ownership of education and training initiatives. Measures we have taken to develop our staff include providing subsidies for training, collaborating with recognised institutions and business schools to organise training programmes for senior executives, and leveraging the training resources of our parent company to enable senior management capacity building, amongst others. A few examples include the China Overseas — CEIBS Leadership Skills Building Programme for managerial staff, the CSCEC Leadership Enhancement and Development Workshops, and the CSCEC Lecture Series.



Average hours of training



The Group established the China Overseas Property E-Learning Academy in 2011, and now uses this platform for general staff training and self-development. The initiative allows staff from different regions, departments and positions to exchange and share knowledge. In 2014, usage of the platform reached a new high, as the self-learning sessions which the employees enrolled for reached 11,270, totalling over 21,025 hours of online training. On average, each employee attended 21 sessions over the year.



6. CSR Implementation – –

As part of our branded human resources programme, we continued to attract and develop talent through the Sons of the Sea programme. We have established a systematic training and development programme, incorporating Talent Absorption, Talent Training and Talent Review stages, for outstanding graduates who are keen to join the industry. In 2014, 166 Sons of the Sea joined the Group and attended the orientation programme (the first round of training) as well as subsequent customised and more professionally focused training.

No. of employees recruited through Sons of the Sea programme **166**



The Sons of the Sea programme is designed not only to provide fresh graduates with a sound professional foundation, but also to instill the right values and integrity in them. The programme helps ensure the calibre and integrity of our employees, and thus remains a cornerstone of the Group’s internal talent development strategy. To learn more about the programme, please see Chapter 5 “People-oriented Sustainability” of the COLI CSR Report 2014.

Value Chain of the Sons of the Sea Programme



Employee well-being and equal opportunities

We provide competitive remuneration and benefit packages to our staff and conduct performance appraisals with each and every member of the workforce as the basis of their yearly salary adjustment. In 2014, COLI renovated its staff dormitory, leveraging the company’s core competences within the resources available. New tiling, paintwork and furniture and other features have all helped to improve the environment for residents of the dormitory. CSCI also worked actively to improve construction site environments last year, and implemented a number of welfare policies for workers which went above and beyond contractual requirements. For instance, shuttle bus services are provided for workers at sites with poor connectivity, an outsized lounge for employees to relax in, shower stalls for male and female workers, hand-washing basins, etc. were installed in the site office. Over the summer, CSCI also provided beach umbrellas and sprayers at the construction sites to reduce the risk of heat stroke. During the hottest months, ice cream and water melon were also provided to the work sites.

6. CSR Implementation –

In recent years we have also devoted resources to improving and standardising the management of human resources. 2013 saw the introduction of our PeopleSoft Human Resources Platform in the Hong Kong office, and the second round of implementation was launched in February 2014. Staff covered by the system can use the platform to set up their own staff profiles, receive payment slips and apply for leave. The technology saves paper as well as time for our staff. The system also provides a tailored function allowing management staff to review certain human resources with ease. The Group plans to extend the system to benefit not only employees directly employed in Hong Kong, in order to amplify the impact of the system in terms of resource conservation and the standardisation of human resources management.

The Group is an equal opportunity employer, and we are committed to providing an equal, diverse working environment in terms of gender, age and race. As part of our stakeholder engagement process, we have noted that certain stakeholders consider the diversity of staff backgrounds and equal opportunity to be an issue that the Group should report on and pay attention to. The Group has therefore for the first time collected and reported the salary ratios of male and female employees. The data below illustrates the tendency of male employees to receive higher salary in all positions and regions; the nature of the construction industry must however also be taken into consideration. Since our operations in Hong Kong relate primarily to construction contracting, many key technical roles and senior management are male, while female employees mostly work as assistants. For this reason, the basic salary of male workers are generally higher than that of female workers. In the future, we may consider including this criteria in CSCI's appraisal system, in order to facilitate the appropriate follow-ups.

Male and female basic salary & remuneration ratios in 2014			
Operating region	Position	Ratio of basic salary* of male to female	Ratio of remuneration* of male to female
Hong Kong	Senior management	1.31	1.29
	Middle management	1.39	1.48
	Executives	1.51	1.57
	General staff	1.66	1.66
Mainland China	Senior management	No female staff	No female staff
	Middle management	1.23	1.08
	Executives	1.14	1.07
	General staff	1.18	1.20
Macau	Senior management	No female staff	No female staff
	Middle management	1.05	1.53
	Executives	0.87	1.13
	General staff	1.59	2.17
Overseas	Senior management	No female staff	No female staff
	Middle management	No female staff	No female staff
	Executives	No female staff	No female staff
	General staff	No female staff	No female staff

*Basic salary is defined as a fixed, minimum amount paid to an employee for performing his or her duties. This does not include any additional remuneration, such as payments for overtime work or bonuses. Remuneration is defined as basic salary plus additional amounts such as those based on years of service, bonuses including cash and equity such as stocks and shares, benefit payments, overtime, time owed, and any additional allowances (such as transportation, living and childcare allowances).

6. CSR Implementation – –

We also discovered that some stakeholders were interested in the employment of local staff within the Group. We have therefore attempted to collect data on the employment of local senior management in each operating region, using the G4 guidelines. Senior management includes the senior management of the Group, Group Department heads, senior management in the Group's major subsidiaries and General Management of other subsidiaries. Currently, 73% of the Group's senior management are locals while the ratio in Macau was 15%. As for Mainland China, we found that the indicator was not entirely applicable, as population mobility within China is very high because of the country's mode of economic development. It is also extremely difficult for the Group to determine the background of a staff member using one single indicator, such as a household registration ('hukou') or place of birth. Therefore, this year we could only confirm that all senior members of Mainland operations management were from Mainland China. On the other hand, our overseas business is still at its early development and no locals have yet been introduced into senior management positions. The Group should take this into account when appointing senior management staff, mainly from the perspective that local staff will have a better understanding of the local market and culture. As already mentioned, this is the first time that we are reporting this set of data, and we will continue to monitor developments. If necessary, we may also incorporate this into future staff performance appraisals.

Care for and engagement with our team

The Group cares for its employees' mental and physical wellbeing, and hopes to consistently maintain a proper work-life balance which allows them to enjoy their spare time to the fullest. At the same time, the Group also stimulates interaction among staff from different departments in order to strengthen our corporate culture and team spirit. Every year, we organise a wide variety of recreational and development activities for our staff through the staff associations of the Group and its major subsidiaries. Throughout the year, we organised events and team-building activities including annual dinners, sports activities, team outings and photography competitions, all of

which were well received. The biennial  China Overseas Cup badminton tournament was also held successfully in Chengdu. Staff from the Group and different subsidiaries had the chance to meet each other and have fun together on the court in this rewarding two-day event. The  China Overseas Sorority has also organised a series of interest groups or workshops that have received an overwhelming response — these include DIY soap workshops, dessert making classes for Mothers' Day, and bakery classes, all of which provide a relaxing environment in which for foster friendships between employees while they learn something new and fun.



In addition to these events, the Group and its subsidiaries also strive to engage our staff in community and volunteering activities. For instance, many staff members devote their time to facilitating exchange activities we organised for the students and teachers of our China Overseas Hope Schools. Their involvement in activities such as summer camps and art exchange programmes can enhance and deepen the impact of these initiatives in the company. Please find more information on our staff volunteering work in Chapter 6.4 COHL & the Community.

6. CSR Implementation – –

Develop talent for the future and local staff employment

Talent is the most sought-after asset in the construction and property industry, where expertise and professionalism is crucial. In many of our operating regions, Hong Kong and Macau in particular, construction labour shortages have emerged as a major challenge in recent years. In light of this, the Group is committed to developing talent for the industry, and to providing training and career opportunities to aspiring individuals in the community with the resources we can employ. Back in 2008, CSCI foresaw the emerging shortages of technical workers in the construction industry. As a long-term corporate citizen in Hong Kong, we were also aware that a vast number of young people with no tertiary education were struggling to find employment at the time. CSCI believed that if given the opportunity to do so, these young people would thrive in the construction industry, where there are keen demand for labour. Therefore, since 2009, CSCI has operated an apprentice programme to invest and grow young local talent, targeting students of the Hong Kong Construction Industry Council, with the objective of growing these apprentices into the Group's professionals. An apprenticeship contract drafted in reference to the Apprenticeship Ordinance is signed with each apprentice before they embark on their 3–4 years of apprenticeship, depending on the individual's previous work experience and academic background. The Group provides full sponsorship for their apprentices' studies in the relevant courses at Hong Kong Institute of Vocational Education (HKIVE) and Vocational Training Council (VTC). Apprentices can attend classes and exams during working hours, and are allowed five days of revision leave every semester. The Group also appoints a seasoned construction employee as a mentor and supervisor for each apprentice, who will oversee the apprentice throughout the programme, and provide them with support and instruction as needed. A systematic vocational programme covering construction theory, construction technology and quality, safety and environmental impact management as well as business communication skills has been developed for apprentices. The mentors, Human Resources managers and an inspector from the Office of the Director of Apprenticeship hold regular meetings with the apprentices to review and examine their learning progress. The period from 2011 to end-2014 saw 76 apprentices enrol in the programme, of which 57 received monthly subsidies from the Group since they were still studying at the Council. The Group sponsors all of the apprentices in their studies at the HKIVE and VTC, and has offered each a contract to welcome them officially as employees.

COLI also ran a two-month internship programme at some of its local-level subsidiaries over the summer of 2014. Over 150 roles were available, attracting 276 summer interns who underwent a structured internship programme. The versatile programme provided university students with a taste of applied knowledge and on-the-job learning, propagated the Group's corporate culture to the younger generation, while also meeting the ground-level needs of the local offices.

Monitoring suppliers' labour conditions

As well as taking care of our own staff, we are also concerned about the rights of our suppliers' workers. In our projects in Mainland China, we have introduced a number of practices to ensure that suppliers pay their workers. These practices have been used extensively in most of our businesses in China*. For instance, sub-contractors were asked to collect and submit receipts for the latest salary payments before the Group would release the next tranche of the project fee. In addition to these regular measures, the Group has also set up a whistle-blowing hotline to ensure that sub-contractors pay their workers in a timely manner. The Group has also set up a "Green Pass" to help protect village workers victimised by late salary payments. Disputes regarding late payments are flagged to the Ministry of Labour or associated government bodies and industry associations. The People's Courts can also prioritise cases to guarantee the release of the salary to the worker. These measures will hopefully help improve the labour/management relationship and safeguard the rights of workers in our supply chain.

Every year, we assess our suppliers based on a rounded performance review form that takes into consideration their labour-related performance. We believe this practice will motivate suppliers to improve their labour policies and foster awareness of this within the industry.

*All COLI regional construction companies, all regional subsidiaries of China State Construction International Investments (China) Limited and 中海投資重慶公司 (an investment subsidiary in Chongqing), have implemented this practice. Besides, China Overseas Investment Co., Ltd. (Weinan) and China Overseas Port (Laizhou) Co., Ltd. have signed a No Late Payment Guarantee Agreement, and perform annual supplier reviews with suppliers.

6. CSR Implementation – –

6.2 Quality and Safety



Quality and safety are the foundations of COHL's development. We understand that a comprehensive management and monitoring system is essential to maintaining the improvement of project quality and safety performance. The Group, including our different subsidiaries, has continued to work to optimise our safety management mechanisms, paying particular attention to the safety of construction projects and workers. In recently years, the Group has established a series of policies and measures that focus on workforce health and safety. We have also strengthened the supervision of subcontractor safety performance, and prioritise contractual relationships with partners who possess quality and safety certifications.

The Group continues to uphold quality as a priority and to improve project management systems. We have assigned staff responsible for project quality management and have implemented detailed on-site measurement and testing processes. As our quality control starts at the source of the supply chain — our raw materials, we have been strengthening our supply chain management to ensure that the quality provided by our suppliers meets our quality requirement. Meanwhile, we have also placed considerable emphasis on the quality of our property management services. We are committed to enhancing customer satisfaction and delivering optimal quality products and services to every customer.

Quality and safety management system

CSCI has implemented our own *CSCI Regulations on Construction Safety Management*, and divided our various subsidiaries into two categories, based on their business model and risk level. Category 1 includes companies that are involved in project construction, manufacturing and processing, leasing, and other relatively more hazardous projects such as mining. Category 2 includes companies that are involved in investment, property development, design and investigations. CSCI requires Category 1 companies to establish an independent safety supervision department and to employ a Safety Director. In terms of standards, CSCI has established

documents such as *Benchmark for Safety-associated Rewards and Penalties*, *Assessment of Production Safety* as well as *Standards for Production Safety Management Personnel*.

Since construction sites have the inherent risk of exposing employees to hazardous working conditions and dust for relatively long periods of time, the Group has paid special attention to health and safety issues affecting construction and its associated businesses. We have adopted relevant policies and placed a significant emphasis on a safety inspection, training and accountability system to ensure a systematic and effective approach to safety management. We have worked to promote the supervision of accountability for the safety management of construction workers by ensuring that sufficient safety management personnel are present at — and responsible for the safety of — construction sites. COLI has also established its own regulations governing safety management, including the supervision of production at construction sites and implementation of corporate identity system at construction sites. In 2014, COLI embarked on the implementation of supervision of accountability for production safety management and now requires construction site managers to sign an accountability agreement. The safety performance of construction sites is taken into consideration as part of the appraisals of site managers, which serves as a catalyst for achieving COLI's safety management targets. On construction projects, the Group commissions third-party safety inspections to identify safety risks, and where further improvement is needed.

In the quality management area, the Group has set up an Inter-departmental Management Committee which is responsible for planning and establishing the Group quality policy, regulations and measures, as well as providing advice for the continuous improvement of the Group's quality management systems. A designated department is responsible to execute the measures and review the quality management system regularly. The chief engineer of each engineering subsidiary also serves as the chief quality inspector, and is responsible for the strategic planning, supervision and execution of tasks related to project quality. The construction site manager is the person responsible for quality management at each site, while the project manager is responsible for planning quality management-related tasks. Similarly, site quality managers and quality engineers are responsible for supervising the quality of the project, while other designated staff are responsible for examining the quality of a given subcontractor's work.

6. CSR Implementation - -



The four principles for safety risks assessment

- Randomness:** Sample selected buildings, floors, rooms and measurement points for quality assessment should be selected randomly, and should take the progress of construction work into consideration.
- Traceability:** The location of each criteria selected for a quality and safety assessment must be properly documented and archived.
- Timeliness:** The quality and safety assessment is intended to reflect the current status of an ongoing project.
- Efficiency:** The selection of criteria for safety assessments should take the measurability of the indicators into sufficient consideration to ensure that there are as many measurable indicators as possible, in order to enhance the efficiency of the assessment.

Three-party supervision and periodical assessments

We pay special attention to three major aspects: structure, watertightness and materials. The contractor, supervision company and developer comprise the individual components of the three-level independent assessment scheme: the contractor is responsible for ensuring a 100% self-assessment of the construction projects at hand, while the developer and supervision company perform 20% sample checks. Small-scale inspections are performed on a daily basis, while larger-scale inspections take place once a week. The results of the inspections are compiled and reported to the construction company, with deadlines stipulated for any improvements required.

Taking China State Construction Engineering (Hong Kong) Limited (China State Construction Hong Kong), the subsidiary of CSCI, as an example, in 2014, the Quality and Technology Department performed 124 internal inspections on the construction sites of buildings, civil engineering, infrastructure and electromechanical projects, an increase of 14% over the 109 inspections performed in 2013. 51 of these inspections focused on key construction processes, 24 comprised comprehensive inspections of private housing projects, and four of the inspections were performed before final handover of the project to the property owners. This comprehensive series of inspections and supervision ensures that each site with ongoing construction project work undergoes an overall inspection at least once a quarter.

Certification of management system

In 2014, Gold Court (Macau) Property Services Ltd. and two other subsidiaries of COPM, including the security services company and Mepork Company, were awarded ISO 9001 certification for their quality management systems. The ISO 9001 certification status of the remaining Group subsidiaries is given below:

COHL Subsidiary	Year of certification	COHL Subsidiary	Year of certification
China Overseas Property Management Ltd.	2013	Treasure Construction Engineering Limited	2004
China State Construction Engineering (Hong Kong) Limited	1999	Shenzhen Hailong Construction Products Company Limited (Precast)	2003
China Overseas Building Construction Limited	1998	Shenzhen China Overseas Construction Limited	2013
China State Civil Engineering Limited	1998	China Overseas Port (Laizhou) Co., Ltd.	2009
China State Foundation Engineering Limited	2013	重慶海投物業管理有限公司 (a property management company in Chongqing)	2013
China State Mechanical & Electrical Engineering Limited	1998	Far East Global Group Limited	2000

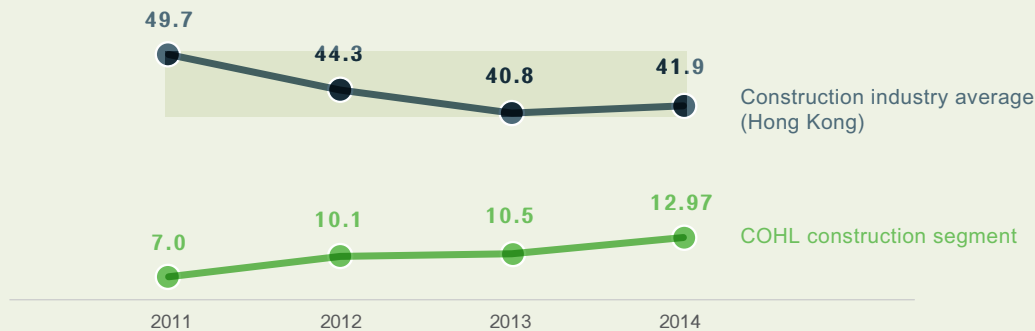
Several subsidiaries have also been awarded OHSAS 18001 health and safety management certification, including COPM, China State Construction Hong Kong, China Overseas Building Construction Limited, China State Mechanical & Electrical Engineering Limited, Alchmex Construction International Limited, Shenzhen China Overseas Construction Limited and Shenzhen Hailong Construction Products Company Limited. Certified companies regularly review their existing plans and targets, and work to further improve their existing standards. A number of other subsidiaries also aim to achieve certification in 2015, to further align with international standards.

6. CSR Implementation – –

Employee health and safety

The Group's construction segment has always set stringent safety targets. For China State Construction Hong Kong, the accident rate per 1,000 employees in 2014 was 12.97, lower than the industry average for Hong Kong.

Accident Rate per 1,000 COHL employees compared to industry average and past years data* (Hong Kong)



*Our 2013 CSR Report recorded an accident rate per 1,000 employees of 7.9. We have updated this figure as data for certain local subsidiaries was not available at the time of report publication. The updated accident rate per 1,000 employees for all of our subsidiaries for 2013 is 10.5, as shown in this chart.

In recent years, our business scope has continued to expand, and now comprises an annual total project construction area in excess of 10 million m², and this expansion of our business has also indirectly generated a significant numbers of job opportunities. Given that most construction workers are recruited by subcontractors, we have set stringent labour practice standards for the subcontractors that we work with and required the subcontractors and the workers to sign labour agreement which indicate their rights and obligations. We also provide a hotline number at construction sites which construction workers can use to report subcontractor misconduct. We conduct regular inspections to ensure that construction companies comply with labour rights and ensure the health and safety of construction workers.

In addition, the Group also provides health check services for construction workers and invests blood pressure measurers which can provide printed record. There is full-time health care staff to provide regular body check-up for every new worker, and individuals involved in highly dangerous construction processes. New inductees to a construction site are provided with safety training, and a special sticker is used to differentiate new workers from more seasoned workers. In 2014, the Group provided induction safety training to 419 new employees. The Group also organises safety training awareness sessions for all construction site managers and subcontractors. Subcontractors are assessed on the basis of their safety performance. The best-performing subcontractors and the workers that they employ are rewarded for their good safety management record in accordance with the Group's ordinance of *Safety Management Award Scheme for Supervisors and Workers of Sites in Hong Kong*. In 2014, subcontractors and workers were awarded a total of HKD1.5 million, an increase of 50% compared to 2013. The reward mechanism is an effective approach to stimulate subcontractor and worker safety awareness, as well as the effectiveness of the oversight thereof.

6. CSR Implementation -  -

Work related casualties					
Categorised by region		Injuries	Deaths	Total casualties by region	Accident rate per 1,000 employees by region
Hong Kong	Male	40	0	82	13.33
	Female	42	0		
Mainland China	Male	54	0	66	2.22
	Female	12	0		
Macau	Male	1	0	1	1.69
	Female	0	0		
Overseas	Male	0	0	0	0.00
	Female	0	0		
Total		149	0	149	4.01
Categorised by gender		Injuries	Deaths	Total casualties by gender	Accident rate per 1,000 employees by gender
Male		95	0	95	3.36
Female		54	0	54	6.08
Total		149	0	149	4.01

In terms of incidents which resulted in penalties, the Group has been tracking the causes of the incidents and learning from them, including enhancing the construction process and equipment, as well as strengthening safety training to avoid similar accidents from happening again (a case study is outlined on the right).



Case Study: Improvements to indicator lighting system of Iron Bender (Shatin Area 52 Phase 1)

Reason for equipment improvement: Workers forget about the bend angle on the bender, which resulted in accidents.

Analysis of potential risk: Injuries, such as waist injury and finger lacerations can occur when the view of the bend position is blocked, or when the operator forgets to revolve the bender.

Collection of worker feedback: After discussing the conditions and problems faced by workers using the bender, a brake system was fitted, and lighting system is installed to avoid similar accidents from reoccurring.

Relevant training: CSCI organised safety training and thematic courses to raise worker safety awareness and improve their application of the equipment.



Blue light at 90°, red light at 180°



Instruction sheet



Safety training

6. CSR Implementation – –

Supply chain quality and safety management

Effective supply chain management is essential to quality assurance. The Group has paid significant attention to the materials that it obtains from its suppliers, with detailed documentation of the quality checks performed at different stages of the procurement process. Since the launch of centralised procurement, the Group has established strategic win-win partnerships with suppliers to ensure a comprehensive, sustainable and stable supply chain.

For example, COLI improved its procurement classification and the standards governing building material procurement in 2014. COLI has also established a set of standards for the materials and products used in the construction process, and reviewed its list of compliant suppliers. The company has also established partnerships with suppliers to enhance research into product standardisation. During the last year, COLI collaborated with Mitsubishi Electric and KONE Corporation to standardise elevator products, which also improves the production efficiency and product quality from our suppliers.

The Group has consistently paid close attention to the safety and environmental performance of its subcontractors. Accountability systems, training and reward mechanisms have been established to raise subcontractor awareness, and assist them as they improve their performance. A series of internal regulations are also now in place which serve as both guidelines for subcontractors and workers to follow, and as a benchmark for rewarding good performance, such as *Site Frontline Management Accountability System*, *The Safety Award Scheme for Subcontractors Supervisors and Workers*, and *Civilised Construction Management System* etc.

Based on a review of the reputation and past performance of suppliers and subcontractors, Group's subsidiaries select only those that meet a designated standard for inclusion in the list of compliant suppliers. These standards include supply chain progress, quality, cost, safety, and environmental performance. The subsidiaries also perform supplier satisfaction surveys to gain a better understanding of their assessment of COHL, including their impression of the local subsidiary, the effectiveness of the partnership, and whistleblowing reports. For example, when comparing between different suppliers, COPM prioritises suppliers certified in environmental management, safety management and quality management. Currently, more than half of the company's suppliers hold applicable certification for their management systems.

Customer service quality

Real estate is considered a durable consumer product, which leads to highly replicable product design, packaging and development processes. There is an obvious homogenization trend among industry peers, leading to more fierce of competition. The Group focuses not only on the quality and safety of its construction projects, but also emphasises the quality of customer services, particularly in property management, to ensure premium quality as well as strengthen our expertise. COLI has worked to implement its strategy of developing boutique products, and is committed to ensuring that every process is conducted to perfection, and every building is of the highest quality. Armed with this standard and with the customer at the centre of product development considerations, COLI adheres to the highest standards, from the design stage through to decoration, from the construction process through to property management, a strategy which has been handsomely rewarded in terms of the company's ever-increasing customer base.

In April 2011, COLI and COPM launched a demonstration project "Co-Building an Exemplary Model of a Top Property Projects". After three years' work and total investment exceeding RMB90 million, the two companies have completed over 2,000 equipment and infrastructure upgrades, as well as improvements to property management services for the selected projects which have been already occupied for two or more years. This is considered a pioneer initiative among industry peers, as part of which we bore all costs generated during the upgrades, which we deem a meaningful investment in terms of return to the property owners and increasing the long-term value of the properties. In early 2014, following a self-assessment by COPM's subsidiaries, an inspection by COPM, and a reassurance by COLI, as well as an assessment by external experts, a total of 13 projects (listed below) made a final list of a first series of "COPM Demonstration Projects".

6. CSR Implementation – –

List of COPM Demonstration Projects



One Hong Lake, Shenzhen



One City South, Chengdu



Windsor Pavilion, Beijing

- | | |
|--------------------------------------|--------------------------------------|
| 1 Top View, Guangzhou | 8 Park Royal, Guangzhou |
| 2 One City South, Chengdu | 9 Windsor Pavilion, Beijing |
| 3 Royal Court, Changchun | 10 Star Plaza, Nanjing |
| 4 Noble House, Suzhou | 11 Star Crest East, Foshan |
| 5 One Hong Lake, Shenzhen | 12 Dragon Manor, Ji'nan |
| 6 Champion Court, Beijing | 13 International Community, Shenyang |
| 7 International Community, Chongqing | |

The 13 projects represent the outstanding cases in respect of “enhancement of property services and value creation of the communities” during the process of “co-building of eternal and excellent projects”. These projects have not only been recognised internally within COHL, but have also been well received by our customers and industry experts. The customer satisfaction rate in these demonstration projects is above 90%, far higher than the industry average of 80%. Multiple projects have received industry-wide recognition, which demonstrates the success of our niche project strategy.



Demonstration project case study:

Infrastructure upgrade and safety improvements

A smart management system for external renovation workers was installed at the south and north gates of the No. 1 Honey Lake project in Shenzhen, replacing an earlier paper-based entry system. The external renovation workers can be identified by logging into the system with their ID card. A real-time cross-check of the information of the visitor with the database can be made through access to the Public Security System over the internet. When an unauthorized person is found, the system will automatically alert the police. This automated, smart system not only improves visitor management but also improves condominium safety (seven visitors have been checked due to doubts about their identity, and one escaped criminal has been arrested since the installation of the system).

Exploring innovative property management working approaches

The Group has been exploring ways in which property management staff can perform their tasks more effectively, this include introducing robots to perform cleaning duties to alleviate their workload. In 2014, over 300 units of cleaning equipment were introduced in over 100 projects. This innovative approach not only increases working efficiency but is also popular with property owners.



6. CSR Implementation – –

The Group has been occupied not only with upgrading facilities, but also the strengthening of our detail-focused customer services, which has significantly improved our brand recognition among customers. We have built up a systematic and dynamic customer service capable of delivering professional, tailored services. Over the course of 2014, COLI's regional offices launched public accounts on a social networking application, WeChat to communicate with the property owners and to organise different activities which promote a healthy lifestyle and social cultural experiment to the property owners. Besides sharing information about public events, the COLI WeChat platform also provides day-to-day information which meets the daily needs of property owners. WeChat also allows property owners to interact with property management staff without leaving their homes, which ensures more effective and efficient customer service delivery.

COLI's offices in Southern China launched a new innovative customer service model as part of the process of property handover — they used iPads to record all of the questions raised by property owners during the process, and then, depending on the time needed to solve the problem at hand, responded to customers using two different approaches. For issues which were relatively easy to resolve (taking less than 20 minutes), they followed rapid-repair guidelines and fixed the problem on-site. For more difficult issues, a description of the problem for the customer through the iPad, with a commitment to provide timely follow-up and transparent communication, an approach which has impressed customers. In addition, most of the offices in Southern China also introduced third-party property inspections in 2014, which provided a helpful approach for introducing advanced property management experience from the market and enhancing their own expertise, as well as providing more reliable customer experience.

COHL also protects customer privacy, and ensures that the appropriate management of customer information. Customer personal data is only accessible by assigned personnel, using a designated computer. Documents in hard copy are also handed by the assigned personnel and stored in a secure location. In addition, we have designated managers to supervise the implementation of associated rules across each region.

6. CSR Implementation — —

6.3 COHL and the Environment



Since its establishment, the Group has worked to promote environmentally friendly design, construction and property management practices. With sustainable building forming as the core of our business, we aim to ensure that environmental design and practice is integrated into every aspect of a building's lifecycle. The Group upholds the highest levels of environmental standards wherever we operate, including the United States' LEEDS (Leadership in Energy and Environmental Design), China's Green Building Label (3 Star) and Hong Kong's BEAM (Building Environmental Assessment Method) Plus. Moreover, we have been actively promoting environmental awareness amongst our employees, through policy, management mechanisms and various activities. We also collaborate with the communities where our properties are located, to raise awareness in the local community and create a more environmentally friendly community.

The Group's commitment to the environment:

- ✦ **Comply with laws and regulations, contracts' terms and conditions and related requirements on environmental protection**
- ✦ **Reduce pollution**
- ✦ **Reduce construction waste**
- ✦ **Reduce natural resources consumption**
- ✦ **Achieve continual improvement**
- ✦ **Research and design of green buildings**



Environmental management system

COHL has taken significant steps to implement its commitment to the environment. We have set up broad-ranging environmental management systems and are aiming to achieve ISO 14001 certification for our systems. Multiple subsidiaries, including China State Construction Hong Kong, China State Construction International Investments (China) Limited and COHL Investment have held ISO 14001 certification for a number of years. In 2014, more than 10 major construction sites underwent — and successfully passed — external inspections of their environmental performance. In addition, China State Construction Hong Kong and China Overseas Building Construction have also been awarded ISO 150001:2011 certification for their energy management systems, effective as of end-2014.

Green building design and research

Since buildings have relatively long life cycles, the amount of energy consumed, and greenhouse gas emissions during the operation is extremely large. It is therefore essential to take environmental consideration from the very beginning of the design stage. COHL takes six major aspects into consideration when it comes to green building design: land use, energy consumption, water consumption, material use, interior environmental quality and operational management.

COLI has continued with its strategy of applying the most advanced green technology in its projects across the country, including ground source heat pumps, rainwater collection and recycling, and solar water heating systems. In December 2014, the final inspection and acceptance of COLI's first life-cycle green building technology demonstration project, International Community, Suzhou 233-2 Project (Spring Project), was completed prior to delivery. The project is based on three major concepts — low carbon, health and intelligence; utilising a total of 28 green building technologies, it has been well received by industry experts.

6. CSR Implementation - -

The development of the Group's green building projects has also provided an impetus for associated research. In recent years, we have made significant investments in green building research and design, as well as establishing industry standards, and we aim to become an industry pioneer in this field. February 2014 saw the launch of the project of "Green Construction Evaluation Standard" Research and Demonstration of Application of the Construction Index in Regions Having Distinct Seasons. The project will form an important component of our green building initiatives in 2015, and we expect the research results to be published in 2015. COHL has also been actively involved in green building related multi-stakeholder dialogues, aiming to enhance communication among industry peers as well as strengthen the social impact of the Group.

Green building certification

The Group has been working to achieve best practice in the industry. In terms of green building, we have learned from international best experience and require new projects to receive internationally recognised certifications such as LEED as well as continually improving the sustainability performance of our buildings. In 2014, COLI received 10 green building certifications (making a total of 26, comprising 11 residential projects and 15 commercial projects). The projects that have received green building certifications are outlined on the next page.



绿色建筑设计标识
一星级绿色建筑标识证书
CERTIFICATE OF GREEN BUILDING LABEL

住宅建筑 NO. RD11060

建筑名称: 中海·国际社区B1-3地块
建筑面积: 17.80万平方米
完成单位: 南京高麒房地产开发有限公司 南京长江都市建筑设计股份有限公司

评价指标	设计值	说明:
建筑节能率	51.74%	1. 依据《绿色建筑评价标准》和《绿色建筑标识管理办法》(建标[2014]76号)《GB/T50378-2014》(一星标准); 2. "绿色建筑"指为改善人居品质而实施的, 符合《绿色建筑评价标准》(GB/T50378)要求的建筑。
可再生能源利用率	—	
非传统水源利用率	2.03%	
住区绿地率	30.31%	
可降解环保装饰材料用量比	10.27%	
室内空气污染物浓度	设计阶段不参评	
物业管理	设计阶段不参评	

中华人民共和国住房和城乡建设部监制 发证日期: 2014年04月24日 有效期至: 2015年04月24日



绿色建筑设计标识
二星级绿色建筑标识证书
CERTIFICATE OF GREEN BUILDING DESIGN LABEL

居住建筑 NO. RD21075

建筑名称: 苏州中海八号公馆项目
建筑面积: 20.32万m²
完成单位: 中海地产(苏州)房地产开发有限公司, 深圳市建筑科学研究院有限公司, 苏州中盈建筑设计有限公司

评价指标	设计值	说明:
建筑节能率	57.40%	1. 依据《绿色建筑评价标准》(GB/T50378-2014)《GB/T50378-2014》(二星标准); 2. "绿色建筑"指为改善人居品质而实施的, 符合《绿色建筑评价标准》(GB/T50378)要求的建筑。
可再生能源利用率	52%的住户采用太阳能热水系统	
非传统水源利用率	1.89%	
住区绿地率	52.30%	
可降解环保装饰材料用量比	10.80%	
室内空气污染物浓度	设计阶段不参评	
物业管理	设计阶段不参评	

中华人民共和国住房和城乡建设部监制 发证日期: 2014年04月24日 有效期至: 2015年04月24日

6. CSR Implementation -

Overview of COLI Green Building Certification					
Project Name	Certificate	Date received	Project Name	Certificate	Date received
China Overseas Plaza (Beijing)	LEED (Gold Certification)	2010.10	China Overseas International Center CD (Chengdu)	LEED (Gold Precertification)	2013.10
China Overseas Property Plaza (Beijing)	Certificate of Green Building Design label (3-Star)	2010.11.04	China Overseas Plaza, Uni park (Ji'nan)	LEED (Silver Precertification)	2013.10
Shanghai Luwan 65#	LEED (Gold Precertification)	2011.06	China Overseas Building (Nanjing)	LEED (Gold Precertification)	2013.12
Suzhou International Community	Certificate of Green Building Design Label (3-Star)	2011.10.09	Eighth Mansion (Suzhou)	Certificate of Green Building Design (2-Star)	2014.01.24
Hohhot The Arch 1-3, 5-12, 15#	Certificate of Green Building Design Label (2-Star)	2012.05.28	China Overseas International Center G (Chengdu)	LEED (Silver Precertification)	2014.03
#1 Lake Lantern Phase 1	Certificate of Green Building Design Label (1-Star)	2012.05	China Overseas International Center H (Chengdu)	LEED (Gold Precertification)	2014.03
Tiansongyayuan (Shenzhen)	Certificate of Green Building Design Label (Shenzhen, Bronze)	2012.12.19	China Overseas International Center F (Chengdu)	LEED (Silver Precertification)	2014.04
Yuejing Garden (Shenzhen)	Certificate of Green Building Design Label (Shenzhen, Bronze)	2012.12.19	Hohhot The Bund 5-8#	Certificate of Green Building Design Label (2-Star)	2014.04
Xinjiang Happiness Town	Certificate of Green Building Design Label (2-Star)	2013.01.01	International Community (Nanjing) B1-3	Certificate of Green Building Design Label (1-Star)	2014.04.24
Tiansongyayuan (Shenzhen)	Certificate of Green Building Design Label (1-Star)	2013.01.11	China Overseas International Center (Shenyang)	LEED (Gold Precertification)	2014.05
Yuejing Garden (Shenzhen)	Certificate of Green Building Design Label (1-Star)	2013.01.11	China Overseas International Center I (Chengdu)	LEED (Gold Precertification)	2014.06
China Overseas International Center AB (Chengdu)	LEED (Silver Certification)	2013.07	China Overseas International Center J (Chengdu)	LEED (Gold Precertification)	2014.06
China Overseas Plaza (Shenyang)	LEED (Gold Pcertification)	2013.09	China Overseas Building (Beijing) JB#	LEED (Silver Precertification)	2014.11

6. CSR Implementation – –

Green building case study: International Community, Suzhou 233-2 Project (Spring Project)

The project is located at the central district on the eastern side of the secondary axis of the city in Hudong, Suzhou Industrial Park. Comprising 121 low-rise residential buildings and two 150-metre super high-rise buildings, the community is adjacent to the east bank Central Business District (CBD) of Jinji Lake. The central axis of the development comprises a 5,500 m² waterscape, which forms a natural wetland ecosystem in the community.



- **Total land area:** approx. 93,700 m²
- **Total building area:** approx. 110,600 m²
- **Greening rate:** approx. 50.47%
- **Building density:** approx. 87%

Three principal systems: At the very beginning of the project, we implemented a technology system comprising three principal systems — low carbon, health and intelligence.

Five goals: We have established five quantifiable targets for our green design, including ratings for building energy conservation, renewable energy use, water conservation, unconventional water source adoption and renewable building material use. Upon completion, the results far exceeded the levels required for National 3-Star Certification in Green Building Design.

Requirement of Current 3-Star Green Building Certification	Target for this project	Rate achieved	Percentage exceeding the 3-Star Green Building Standard
Energy conservation	65%	80%	82.60%
Renewable energy use	10%	50%	50.80%
Water conservation	8%	10%	11.20%
Unconventional water source adoption	10%	30%	33.60%
Renewable building material use	10%	30%	31.50%

28 green building technologies: Based on our three principal systems and five quantitative goals, we adopted 28 green building technologies. The adoption of both domestic and international advanced technologies and our extensive technological experience in property development ensure a truly green residential community with trail-blazing deployments in environmentally-friendly practices and equipment, energy saving, a cozy living environment and management through high technology system.

Principal Systems		28 major green building technologies applied in the project	
Low Carbon	Basic	External protection structure and thermal insulation system	Ground-source heat pump system
		Green wall surface	Water efficient equipment
		Auto-electric shading blinds	Highly efficient irrigation system
		Tubular daylighting system	Rainwater recycling system
		Fresh air heat recovery system	Scrap solid waste recycled construction materials
	Demonstration	Solar thermal system	Unit bathroom
		Electrochromic glass	Solar-powered street lamps
		Soundproof ventilation windows	Auto purification water system
		LED lighting	New laminated wood-plastic flooring
		Solar PV power generation system	Precast assembly and construction
Health	Basic	Permeable steel slag bricks	
	Demonstration	Humidity-controlling porcelain tiles	
Intelligence	Basic	Management and surveillance system	Safety and security system
		Communications network system	
	Demonstration	Intelligent security structure	Intelligent household platform
		Self-control equipment system	

6. CSR Implementation – –

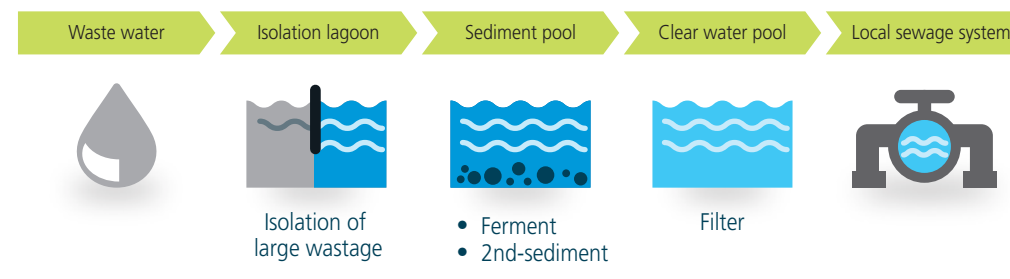
Green construction

The construction process requires large amounts of building materials, resources and energy, and generates dust, air pollution, waste water, solid waste and noise. COHL has established comprehensive regulations to ensure energy conservation at our construction sites, and has been continually improving its construction techniques and procedures, as well as utilising recyclable building materials (e.g. bricks and stone) to reduce the impact on the surrounding environment.

With regard to the waste water and solid waste generated at construction sites, COHL has established strict rules and assigned specific responsibility for the collection and transportation of waste in line with civil regulations. Hazardous waste such as waste oil and waste paint is also generated during the construction process. We have contracted external certified companies to handle hazardous waste and established appropriate procedures for the hand-over of waste materials.

For example, COGOGL has set up open channels for water disposal. At sites where relatively larger amounts of waste water must be disposed of, a small-scale waste water sediment pool is set up. This system, with an appropriate incline designed in accordance with the direction of water flow, ensures the smooth disposal of waste water and connection with the local sewage system.

Waste water disposal process



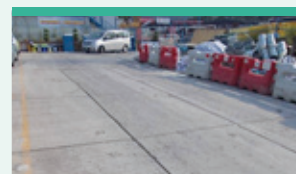
The Group received no major fines for environmental violations in 2014, and only three instances relating to violations of construction noise regulations. Once this had been reported, China State Construction Hong Kong reviewed the issue and has organised multiple training sessions to raise environmental awareness among employees, in particular with regard to construction noise regulations. The training focused on the main procedures for applying for construction noise permits, and the associated preparatory work was also organised. In terms of supervision, our safety and environmental protection department has been conducting spot checks on public holidays and at night. A yellow-card warning will be issued to the sites that fail to comply with noise management regulations, and follow-up procedures will be required for these sites.

6. CSR Implementation – –

Green construction case study: Sha Tin Area 52 Public Rental Development Project

The Sha Tin Area 52 Public Rental Development Project is located at Shui Chuen O, southeast of the East Shatin area in Hong Kong's New Territories, and covers an area of 15 hectares. The project is the largest public housing project in Shatin in recent years, with 18 public rental housing blocks to be completed in four phases between 2014 and 2016. Upon completion, the project will consist of 11,000 residential units providing housing for approximately 30,000 people. The housing committee made full use of the surrounding natural environment and has integrated green living concepts into the design. As part of the construction process, the project utilised solar panel systems. The project also marks the first time that a biological rainwater treatment, collection and irrigation system has been used in a public housing project.

The Shui Chuen O site embodies the concept of “building green communities”, and retains as many natural elements as possible during the construction process. In order to reduce the impact on local residents and the surrounding environment, the construction team has focused on a number of specific areas:



Dust control:

Roads are built using precast elements, while watering system are in place along most roads to reduce dust emissions.



Water management:

Water used during construction must be treated through designated channels before disposal. A third-party organisation has been appointed to perform water quality inspections at Shui Chuen O, which ensures that the construction process does not cause water pollution.



Afforestation:

The construction team has planted trees appropriate to the surroundings to improve environmental conditions at the construction site.



Waste classification:

Household and construction waste classification bins are placed at fixed locations.



Noise test:

Noise levels are tested at specific locations on a weekly basis.

6. CSR Implementation – –

Green procurement

COHL has been a long-term proponent of green procurement, focusing on the recognition of the environmental management systems and the environmental performance of products of its suppliers. We have also been strengthening environmental inspections of the materials and products which are supplied to us, to enhance the environmental performance of our suppliers. We assess our suppliers and subcontractors on an annual basis on a series of criteria including safety and environmental performance. Suppliers which do not meet the designated standard are provided with training and assistance to help them improve. Furthermore, we source from local suppliers (i.e. within a distance of 500 miles) as much as possible and have centralised our procurement of office supplies to reduce the carbon emissions associated with the transportation of the products.

For example, COGOGL has established strict rules regarding supplier selection, and takes the environmental performance of its suppliers into consideration. To date, the company has 374 suppliers, over 50% of whom have been awarded environmental management system certification. In 2014, of the company's 63 newly added suppliers, over 75% were externally certified.

Green offices

Employees' environmental awareness is the foundation to a green office environment. COHL has enacted policies and run training sessions to improve environmental awareness among employees and help them to better understand environmental issues such as waste management. The COHL management team provide effective support for green office initiatives, including the promotion of an electronic office environment (no paper at work), and encourage employees to implement these policies as part of their daily office work duties.

In June 2014, we invited an environmental expert from Friends of the Earth (Hong Kong) to share their experience on waste management with employees. Besides, posters are displayed in the offices as energy conservation reminders. We also use FSC (Forest Stewardship Council) certified paper materials for printing, and have set up recycling boxes of brown envelopes for internal use.

COHL strongly supports the calls made by the Environmental Bureau of the HKSAR Government, including the "Indoor Temperature Charter" and the "No Incandescent Light Bulb (ILB) Charter". We coordinate with the property management companies of our offices to ensure that indoor temperatures are set between 24 and 26 degrees Celsius and have ensured the full-scale use of T5 bulbs. The Group has also signed up to the "Let's save 10L water" initiative, and is committed to promoting water conservation among its employees. COHL is also a member of the Earth Partner programme launched by Friends of the Earth, under which we have promised to accomplish the following:



Energy conservation:

- Establish energy conservation procedures in offices and properties to reduce carbon emissions.

Water conservation:

- Reduce waste water emissions in production and make good use of water saving tools.

Cherish food:

- Reduce food waste at the source and avoid waste at banquets.

Three-colour recycling bins:

- Set up three-colour recycling bins at offices and ensure appropriate coordination with recycling bodies.

Reduce consumption at the source:

- Reduce the use of disposable products such as paper cups, bottled water and takeaway lunch-boxes.

Reduce over-consumption of paper and office supplies:

- Encourage employees to reduce paper use, reuse paper printed on one side, consider printing needs, and avoid throwing away office supplies in good condition.


Recycling plan:

- Participate in recycling plans, including for old clothes, furniture and toner cartridges.

6. CSR Implementation – –

In addition to office activities, COHL also organises various activities for our employees, such as “China Overseas Environmental Day” and “Green Rider”, which also effectively raise environmental awareness of our employees.

Environmental Protection Garden: The Group has established a garden in a suburb of Hong Kong, where employees can participate in tree planting and other activities. The garden has an area of 360 square metres, and is an extension of the China Overseas Garden set up between 2009 and 2011 in Fung Yuen Butterfly Reserve, Taipo.

COHL Environmental Protection Day:  The Group launched the COHL Environmental Protection Day in 2006. In 2014, the Group collaborated with the Sai Kung community centre to organise an eco-culture tour for employees. A total of 34 employees attended the event, illustrating the Group’s support for environmental responsibility as well as for the fostering of eco-cultural development in Hong Kong.



Green Rider:  In October 2014, COHL and the China Overseas Charity Fund sponsored the Conservancy Association’s Green Rider programme, in which more than 40 employees and family members cycled from the Shek Pik Reservoir on Lantau Island, all the way from the Tong Fuk Catchwater to Pui O before returning to the starting point. The participants were also involved in a good number of themed games aimed at raising environmental awareness. The Conservancy Association is one of the oldest environmental civil societies in Hong Kong, and is dedicated to the conservation of nature and protecting our cultural heritage. The Green Rider programme first started in the 1970s, and is a fundraising event for the Conservancy Association’s environmental education and plant conservation projects.

6. CSR Implementation – –

Tree planting in Mainland: On 13 April 2014, five volunteers from 中建(漳州)建設開發有限公司 (a subsidiary of CSCI in Zhangzhou) participated in a tree-planting event organised by the local Forestry Bureau and Volunteer Association, highlighting the volunteer spirit of our employees.

Earth Hour: On 29 March 2014, employees of COLI Nanning office along with local volunteers marked Earth Hour at venues including Nanning Electrical Technology Square. The event was well received by local residents in Nanning. In addition, COHL also led Earth Hour events in Beijing, Shanghai and Chengdu, by turning off the lights in office of China Overseas Buildings. The Group is committed to providing leadership for a green, low-carbon, healthy office culture through such initiatives.

Green communities

COHL's environmental practice not only extends to its internal management and building construction, but also all the way into the surrounding communities. By communicating and collaborating with local residents, COHL hopes to create green communities and guide the way to a healthier lifestyle. The Group has launched environmental activities in each property under Group management, including the promotion of waste classification, battery recycling and clothes recycling. These activities have been well received by residents and have created an interactive, healthy and environmentally friendly community atmosphere.

In 2014, COPM organised over 100 community events, including Tree Planting Day, Earth Hour, Waste Classification Promotion and Car Free Day, involving over 50,000 residents. In addition to setting up separated recycling bins and battery recycling bins, COPM is also working with local governments and organisations to become a fixed-time, fixed-location waste collection model organisation. In 2014, numerous managed properties were recognised as "Waste Classification Model Residence".

6. CSR Implementation — —

6.4 COHL & Community



The core businesses of COHL (namely property development, property management and construction) deliver products and services that inevitably have close ties with, and a long-term impact on, neighbouring communities and areas. In view of this, the Group believes in the importance of leveraging the impact of its business to create values for the areas in which it operates, and establish a corporate culture of doing the right thing.

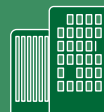
In 2014, we invested in our community through our core businesses and community projects:

“Building a Strong Foundation to Seek Greater Success” — Creating value for neighbouring communities through the Group’s core businesses

- Affordable housing development
- Caring for the COHL community

“The Sea has no Limit and Love has no Boundary” — The Group’s community projects

- A decade of building schools and hope — China Overseas Hope Schools programme
- Staff volunteering and other community/corporate philanthropic programmes



Yuejing Garden, Shenzhen

Tiansongyayuan, Shenzhen

“Building a Strong Foundation to Seek Greater Success” — Creating value for neighbouring communities through the Group’s core businesses

Affordable housing development

Strained housing supply is a common issue in Hong Kong and a number of major cities in Mainland China. As demand for affordable housing far exceeds market supply, home ownership and housing for urban populations is one of the most pressing social issues in many cities. While the complexities of the housing problem call for responses from beyond the property development industry and the private sector, COHL strives to utilise its strengths in property planning and construction to help provide good-quality public housing for low-income families. The HKSAR government has provided guidance with the formulation of its Long Term Housing Strategy since 2012. Its latest projection sets a housing supply target of 480,000 housing units over the coming ten-year period (with a 6:4 public private split). In light of this, the Group has also adjusted the development strategy of its construction business. In 2014, 45% of CSCI’s newly signed contracts were public housing projects, amounting to HKD27.3 billion. In fact, CSCI is a long term player in the public housing development of Hong Kong. CSCI has worked with the Hong Kong Housing Authority since 1982 and has constructed over 120,000 housing units in the last three decades. Currently the projects at Sha Tin Area 52, Sha Tsui Road in Tai Wo Hau, Ching Hong Road in Tsing Yi and the development at Anderson Road remain under construction. It is expected that the 2017 completion of projects currently underway will provide a total of 13,000 public housing units.

6. CSR Implementation – –



Chongqing Hechuan Public Rental Housing

Zhangzhou Ecological Park Relocation Housing

Since 2010, CSCI has also invested in good-quality affordable housing in China through the Build and Transfer model in Mainland cities including Tianjin, Chongqing, Wuhan, Chengdu, Xi'an and Changsha. As of 2014, 23,000 housing units had been completed, comprising over 2 million square meters of gross floor area. Currently, affordable housing developments have become a core business of CSCI in Mainland China and accounts for 43.9% of its projects there. Within the context of Mainland China's affordable housing, this comprises four main categories, namely low-rent housing, public rental housing, economic housing and affordable commercial residential housing. COLI has also invested in different types of affordable housing in Mainland cities in order to provide good-quality housing to customers with different needs.

A major challenge for affordable housing projects is to strike the right balance between production cost and quality. In recent years, labour costs in Hong Kong's construction industry have been escalating. Although the increased construction cost of public housing is covered by the government and thus has fewer direct impact on property buyers, the Group still makes every effort to maintain a good balance in terms of cost and quality management.

CSCI affordable housing construction projects in Hong Kong in 2014

Site	Attributable contract value (HKD million)	Contract commencement	Expected completion date	Housing unit
Sha Tin Area 52 Phrase 1	1,323	2011.05.25	2014.04	3,039
Sha Tin Area 52 Phrase 2	2,233	2012.07.17	2015.05.02	3,459
Sha Tin Area 52 Phrase 3 & 4	2,580	2013.04	2015.05	4,625
Sha Tsui Road at Tai Wo Hau and Ching Hong Road at Tsing Yi	1,233	2014.07	2016.11	1,427
Anderson Road Area C1 and Area C2 Phrase 2	1,044	2014.11.15	2017.03.14	1,352
Total	8,413	N/A	N/A	13,902

CSCI affordable housing construction projects in Mainland China in 2014

CSCI affordable housing construction projects in Mainland China in 2014	
Total number of housing units constructed to date	23,000
Total gross floor area of affordable housing project constructed to date	Approximately 2.17 million square meters
Number of affordable housing projects underway and completed in 2014	42 underway, 5 completed in 2014
Gross floor area of affordable housing projects underway and completed in 2014	5.267 million square metres underway, including 673,000 square metres completed in 2014
Attributable contract value of affordable housing projects in Mainland China underway and completed in 2014	RMB25.37 billion, including RMB1.96 billion completed in 2014
Percentage of CSCI's business in Mainland China	43.9%


6. CSR Implementation – –

COLI affordable housing development projects in Mainland China in 2014

COLI affordable housing development projects in Mainland China in 2014	
Gross floor area for all categories of affordable housing projects constructed	1.06 million square metres
Gross floor area completed in 2014	438,627 square metres
Cities where there are affordable housing projects	Qingdao, Harbin, Beijing, Shanghai, Hangzhou, Shenzhen, Xi'an, Xinjiang, Hohhot, Yinchuan, Nanning, Lanzhou and Yancheng
Gross land area reserved for affordable housing projects in 2014	331,940 square metres
Cities where new land is reserved for affordable housing projects	Guangzhou, Beijing, Zhengzhou, Xi'an, Lanzhou

Creating a vibrant China Overseas community

The Group's business and operational ability to deliver on our CSR goals and add synergy to the community is of utmost importance to us. We strive to provide a vibrant and healthy community life for each and every user of our properties while engaging with them through the communication platforms that we establish.

In 2004, the China Overseas Property Club was established to enrich the community lives of property owners and occupants, while also serving as a platform for us to engage with them and respond to their needs. Over the years, membership has continued to grow and the Club now serves more than 300,000 members. Leveraging its influence, it has also launched various activities and campaigns in the China Overseas community, in areas including philanthropy, cultural promotions, health and wellbeing, and environmental protection. We are delighted that many of these activities have been well received and supported by the property owners that we manage. For instance, the Experience Camp for Children of Property Owners, first developed for a China Overseas community in Western China three years ago, was so popular among parents and children that we were happy to extend the programme to China Overseas communities in other regions. These experience camps have become a featured regular summer activity for children in China Overseas communities. Participants are invited to play different roles in property management and have a great time being "little security patrol officers", "little customer service officers" and "little gardeners".  In 2014, subsidiaries in different areas incorporated new elements into the camp to



make the event even interesting for participants. To give a few examples, the Chengdu Division incorporated knowledge of fire prevention and evacuation training, Xi'an Division incorporated elements of ancient Chinese philosophy into their programme, while the Foshan Division collaborated with the AIESEC international students association and invited 30 colleague student volunteers from nine countries across the world, including Korea, Italy and Egypt, to act as Camp instructors. Our "little clients" not only learned about property management professions, but also were exposed to and acquired knowledge that could not be taught in the classroom.

Another campaign in 2014 also demonstrated the way that the people-oriented principle is engrained in our property management operations. In one of our demonstration projects, property management staff discovered that certain residents were reporting difficulties in getting their plants to grow due to insufficient sunlight and excessive moisture in their apartments. They worked with the management office to designate an adjacent area with abundant sunlight as a Love & Care Gardening Plot, accommodating residents' plants upon their request and assigning staff members to water and take good care of them. Residents thoroughly appreciated this heart-warming green service.

6. CSR Implementation – –

Other activities organised by the China Overseas Club in 2014 included a “China Overseas Old Time Event”, “China Overseas Cup” national sports competition, sports day, children’s drawing competitions, photography competitions, and group travel tours. This year marked the first  China Overseas Old Time Events, yet over 70 successful fun-filled community events were held in over ten cities with 60,000 participants. The Group also worked to run other events to raise social and environmental awareness in China Overseas communities.



In 2014, we completed more than **300 community programmes** covering approximately 200 initiatives across the China Overseas communities with more than 50,000 property owners participated. These included Earth Hours for energy conservation, tree planting activities, waste recycling promotions, and much more.



“The Sea has no Limit and Love has no Boundary” — COHL’s community and philanthropic activities

A decade of building schools and hope — China Overseas Hope Schools Programme

To quote a Chinese saying, it takes ten years to grow a tree, but a hundred years to educate a person. Guided by our people-oriented corporate principle, the Group has since 2005 targeted its community investment in education development in Mainland China through the coordination of China Overseas Charity Fund. We have prepared our China Overseas Hope Schools Donation Guidelines in 2011 on the basis of our experience in school building over the years as well as discussion round-tables. The Guidelines outline the workflow for handling donations and the division of duties so as to provide a more standardised and systematic school construction process. In February 2014, the tenth China Overseas Hope School, the China Overseas Yuanling Hope School in Huaihua, Hunan, officially opened for classes, marking a milestone in our decade-long journey of building schools and delivering hope.

We have learnt from our years of school building experience that an interactive and long-term relationship with the schools must be maintained if we want to create a long-term impact. First of all, the Group ensures that the quality of the school buildings is as good as any of our other projects. This is why the cost of constructing our Hope Schools now totals several million Hong Kong dollars, and many are in fact the best built and equipped schools in their localities. The Group also continues to refurbish and renovate school campuses as requested, to ensure that they can consistently provide a good learning environment for students. In 2014, a series of refurbishments were completed at the China Overseas Sanxia Hope School. To date, China Overseas Hope Schools have already provided educational opportunities to more than 6,300 students. In addition, we have also allocated funds for awards to outstanding students and teachers in the schools. 2014 saw the completion of a second round of scholarships, whereby a total of approximately RMB400,000 was awarded to around 320 students and teachers.

6. CSR Implementation – –

We continue to be involved and track the development of our schools after their inauguration. The guiding principle of the Group's collaboration with the Schools is to ensure external promotion, exchanges between the schools, as well as reviews within each school. It is our hope that each school will become a home base for our poverty alleviation and values building programmes. Our subsidiaries at the regional level engage different Group stakeholders in the activities that we organise on a regular basis with the schools. Annual summer camps, charitable visits and art exchange programmes are examples of this. The "Cheers Mate! China Overseas Summer Camp for Mainland & Hong Kong Youth 2014" (the theme activity in the fifth consecutive year), jointly organised by the Group, our community partner TREATS and COLI's Hangzhou subsidiary, entertained 77 students and teachers from the nine China Overseas Hope Schools, the Dr. Catherine F. Woo Memorial School in Hong Kong and the children of China Overseas property owners. This marked the fifth year of this featured programme, as well as a record-breaking number of participants.

The Group is also aware of the changes in educational needs as the country's economy continues to thrive and the implementation of mandatory education is extended. Looking ahead, we aim at taking into consideration the different needs of regions, with differing stages of development and poverty, and make the necessary adjustments to our donation and school building strategy.



6. CSR Implementation - -

Message from Ms Shang Deyi, Principal of China Overseas Shaling Hope School

Located in Shaling, Shenyang, China Overseas Shaling Hope School was constructed in 2010 and opened for classes in 2011. Shaling was selected mainly because at the time, the vast surrounding areas were served by only a single village school, and this was failing to meet the needs of local students. China Overseas had been considering the construction of a school in Shenyang, and had in fact discussed this with Yuhong district officials. After completing a number of official procedures, the site was confirmed, and China Overseas has built us an utterly beautiful school with all the facilities that students need, as well as a very pleasant environment. Since the project was supported by the local government, we were able to recruit a good number of university graduates as teachers, which ensures the quality of our teaching. With the support of the government and the China Overseas brand, I'm proud to say that we have become one of the most popular schools in the region.

What impresses and moves me the most was the active engagement of the China Overseas staff throughout the years, before and after the construction was completed, in the development of the school. A senior manager of their Shenyang subsidiary attended our opening ceremony and was appointed a member of the school council. Their director actually visited the school once, arriving on a bicycle, which demonstrates how much they value the school. China Overseas staff members have also organised a book donation initiative in the China Overseas community to engage more of their staff and clients (the property owners) in the school building process. Now that we are in full operation, China Overseas staff hold summer camps for our students every year. We appreciate that they always communicate with us beforehand about the programme and arrangements for the camp, and ask our opinion. It makes us feel that the school and the Group are partners on an equal footing.

As Principal of the school, I hope to see more exchange activities, for example seminars, between all of the China Overseas Hope schools, to enable us to communicate ideas on education and school management. As a member of the community, I truly appreciate the passion and determination of the Group for its community investment and quality. In fact, China Overseas has already built a very good reputation in the Shenyang region.




6. CSR Implementation -  -

The schools building journey




2005

 China Overseas Qinglong Hope School
 Location: Hanzhong, Shanxi
 Start Year: 2005
 No. of Students: 62



2007

 China Overseas Sanquan Hope School
 Location: Nanchuan, Chongqing
 Start Year: 2007
 No. of Students: 347



2008

 China Overseas Xinhua Hope School
 Location: Jilin, Changchun
 Start Year: 2008
 No. of Students: 410



2009

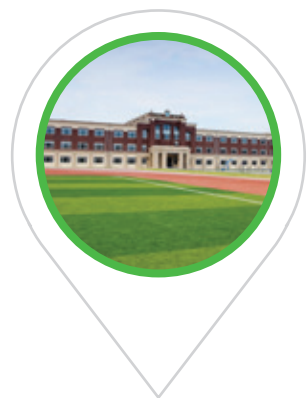
 China Overseas Sanxia Hope School
 Location: Yunyang, Chongqing
 Start Year: 2009
 No. of Students: 287




2009

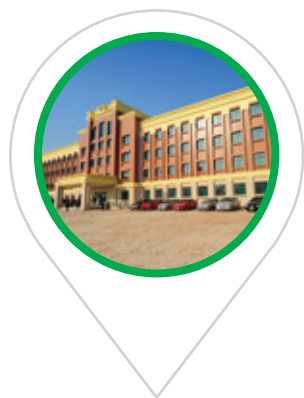
 Dujiangyan China Overseas Xinjian Special Education School
 Location: Dujiangyan, Sichuan
 Start Year: 2009
 No. of Students: 130

6. CSR Implementation -  -



2011

 **China Overseas Shaling Hope School**
Location: Shenyang, Liaoning
Start Year: 2011
No. of Students: 952



2012

 **China Overseas Dougou Hope School**
Location: Jinan, Shandong
Start Year: 2012
No. of Students: 540



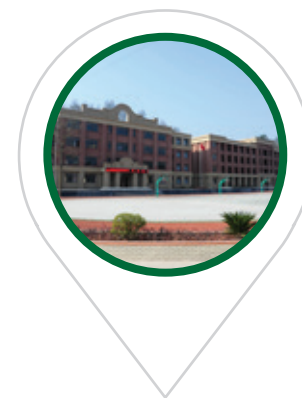
2012

 **China Overseas Jinfeng Hope School**
Location: Yinchuan, Ningxia
Start Year: 2012
No. of Students: 805



2013

 **China Overseas Majin Hope School**
Location: Kaihua, Zhejiang
Start Year: 2013
No. of Students: 1,155



2014

 **China Overseas Yuanling Hope School**
Location: Yuanling, Hunan
Start Year: 2014
No. of Students: 1,347

6. CSR Implementation - -



China Overseas Yuanling Hope School

China Overseas Yuanling Hope School is the tenth Hope School that COHL built in Mainland China, and represents a milestone in our decade-long school-building journey. The school occupies a total area of 23,275 square metres and has 107 teachers. It is expected to accommodate at most 36 classes and as many as 2,000 pupils. The construction of the school kicked off on 16 April 2013 and was completed by 19 February 2014. Currently, it serves over 1,500 students from the rural villages in the region, 80% of whom were “left-behind children”, meaning that their parents work and live in urban areas elsewhere. The school has made good progress towards alleviating the education needs of the 22 villages in the vicinity, and is also progressively making improvements in other educational areas to create an optimal learning environment for both students and teachers.



To learn more about the China Overseas Hope Schools, please visit our website www.cohl.com.

Staff volunteering and other community engagement programmes

The Group is eager to create value for the community. In 2014, we donated a total of HKD7.98 million, which included an investment of HKD6.33 million for the construction of China Overseas Tingkou Hope School in Qixia, Shandong. Apart from our financial donations, we encourage our employees to organise and participate in community and charitable activities. 2014 saw the Group's total hours of volunteering increase slightly, to over 1,000 hours. In addition to the community programmes related to the China Overseas Hope Schools, the Group, COLI and CSCI Staff Association has also mobilised employees to participate in fundraising activities such as Charity Walk by the Community Chest of Hong Kong, “Walk for the Environment” by the Conservancy Association. COLI has gone the extra mile to also influence its customers to do good for society. In 2014, it held more than 300 activities across the different provinces in which it operates. For example, the property management branch in Beijing worked with local government bodies, district residential committees and the local China Overseas community to organise a visit to the elderly living alone in the community. The visit was reported by mainstream media and hopefully raised people's concern for the elderly living alone.

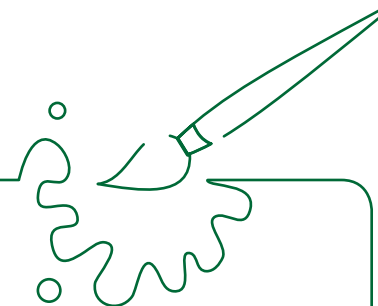
6. CSR Implementation - -

Community engagement case study: “Children’s Dreams, Children’s Art” — “China Overseas x TREATS” Mainland and Hong Kong Art Exchange Programme

“Children’s Dreams, Children’s Art” was jointly organised by COHL and our community partner TREATS with the support of the China Overseas Charity Fund and the China Overseas Club. Children participating in the programme came from different schools in Hong Kong and Mainland China, and this “art-jamming” event was led by professional art instructors and China Overseas volunteers. As part of the process of creating their collage artworks, children were encouraged to show and communicate their dreams and aspirations with others. This year we have gone beyond the original drawing competition framework, by adding a number of new elements to the programme and reaching out to children of more diverse backgrounds in a bid to make a bigger impact.


Diversity was a key highlight of this year’s event, with students from mainstream schools and special needs schools in Hong Kong, China Overseas Hope Schools in Mainland China and the China Overseas communities invited to participate. It was also the first time that our staff volunteers and instructors visited and organised collage art workshops in schools for participants from mainstream and special needs schools. The themes of the art workshops were “Adventure”, “Perseverance” and “Contribution”. As the programme became a lot more interactive this year, participants were given more opportunities to work with and learn from fellow students from distinctly different backgrounds. The experience stimulated their creativity and also instilled in the children respect for people with differences. During the workshop, children not only had a great time discussing and consolidating ideas and concepts about their aspirations, but also learned how to respect and learn from their partners with different abilities and cultural backgrounds.


We organised a total of 56 workshops for more than 1,700 children from diverse backgrounds over the March-June period, resulting in a total of 133 collage artworks. 41 of these were exhibited at the Hong Kong Visual Arts Centre during 3–6 July. The Group hopes to continue to organise similar activities with our community partner so as to provide a sustainable platform for art exchange for children in Hong Kong and Mainland China. The activity also provided staff with numerous opportunities for volunteering. The workshops and exhibitions in different communities enabled participating staff to strengthen their connections with the communities.





6. CSR Implementation – –


Let's hear from the participants and partners:

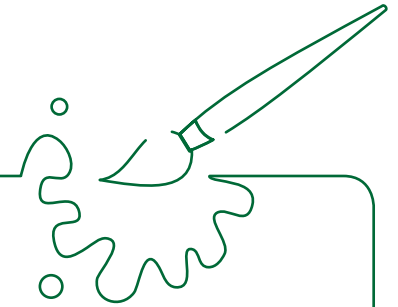
 'I feel really happy to have met and played with different new friends.' **Hoi-Kwan Ma, from a special needs school.**

 'The most memorable thing is that my partner Hoi-Kwan and I were able to showcase our creativity together through the artwork. We even used some fluffy strings to give it a three-dimensional touch. I do not see a big difference between her and me. We worked together to create the artwork.' **Siu-Hong Wong, partner of Hoi-Kwan in the activity, from a local mainstream school.**

 'The voices of children, in particular those from underprivileged backgrounds, are often ignored. We hope that the exhibition will give children an opportunity to share their thoughts in a creative way. We also hope that children with different abilities can learn to respect and accept others' opinions, as we placed them on an equal footing with each other.' **Kris Tong, Director of TREATS.**


 'The artworks the kids made were beautiful and eye-catching, and even more than that. They actually made use of all kinds of materials, from fluffy strings, cellophane, straws to lolly sticks, to decorate the artwork so that it could communicate their thoughts in a more lively and concrete manner. The activity reminded me of my own carefree childhood days. More importantly, I realised the importance of equality and care in facilitating children's participation and development.' **Hoi-Ki Lee, COHL volunteer.**

 'I am delighted that my students had the chance to participate in this activity. It has been memorable for me to see my students discuss and share their opinions with students from mainstream schools. I can feel that they have learned to respect each other in the process, and in the end, been able to consolidate and present different ideas in one single artwork. This is an unforgettable experience.' **Regina SY Lo, Vice Principal of Tseung Kwan O Pui Chi School.**



6. CSR Implementation - -

Let's view some of the artworks:

 **Artwork:** Fly high and meet your dream
Artists: Students from Tak Sun School and The Salvation Army Shek Wu School
Inspiration: If you want to fulfil your dreams you will need perseverance, planning and the support of your friends.

 **Artwork:** "Dreams", the Cocktail Drink
Artists: Students from C&MA Sun Kei Primary School and Tseung Kwan O Pui Chi School
Inspiration: A cocktail is a mix and match of different drinks. This drink that we prepared mixed and matched the adventures each of us wants to go on. Space exploration, adventures under the sea, polar treasure hunts, and flying up high in the sky, to name only a few ingredients. We believe that dreams are within our reach. When you give your dream a try, you will realise how close you are to your own "Dreams" cocktail.

 **Artwork:** Children's Dreams Flying High
Artists: Students from China Overseas Yuanling Hope School and children from the China Overseas Community in Chengsha
Inspiration: Our diverse and technicolour dreams included a bizarre trip with best friends, an encounter with a girl from the future, sharing with friends and families and creating a bright future.

 **Artwork:** Space Exploration
Artists: Students from China Overseas Sanxia Hope School
Inspiration: Up we go, up we go, on a space shuttle! We were flying on an UFO when we encountered and conversed with aliens from other worlds. After that we continued our journey to a new planet.



6. CSR Implementation – –

Plans and goals of community engagement projects in 2015

During the stakeholder engagement exercise with our employees we learnt that many were keen in community engagement and gathered many useful suggestions on our approach, like supporting underprivileged families in Hong Kong, outlining clearer community engagement objectives for the Group and its subsidiaries, and considering the employee volunteering leave policy.

Planning of community engagement projects in 2015

Community and philanthropy programmes in Mainland China in 2015

Programmes

- (1) Organise visits to China Overseas Hope Schools
- (2) Continue collaboration with TREATS to organise China Overseas Summer Camps for youths in Mainland & Hong Kong
- (3) Continue collaboration with TREATS to organise an art exchange programme for youths in Mainland & Hong Kong
- (4) Review and award scholarships and rewards to eligible students and teachers at China Overseas Hope Schools
- (5) Follow up on construction and activities at China Overseas Tingkou Hope School
- (6) Renovate existing China Overseas Hope Schools
- (7) Coordinate other community and philanthropic programmes
- (8) Follow up the site selection for new China Overseas Hope School

Community and philanthropy programmes in Hong Kong in 2015



Programmes

- (I) *Community programmes*
 - (1) Participate in the 2015 Wu Zhi Xing Walk (the event was postponed by the organiser from 2014 to 8 Feb 2015)
 - (2) Implement the Caring Company Scheme activities and explore opportunities to collaborate with other community organisations
- (II) *Environmental programmes*
 - (1) Organise organic farming activities for employees
 - (2) Organise other smaller scaled programmes

7. Key Performance Data and GRI G4 Content Index Table

Major Building Material Consumption				
GRI-G4	Type of Material	Unit	2013	2014*
EN1/EN2	Concrete	cubic metres	3,266,106	4,105,196
EN1/EN2	Cement mortar	cubic metres	746,640	876,552
EN1/EN2	Reinforcing steel bar	tonnes	331,938	265,852
EN1/EN2	Joist steel	tonnes	24,948	62,458
EN1/EN2	Disc	tonnes	3,766	12,958
EN1/EN2	Cement	tonnes	457,304	275,157
EN1/EN2	River sand	tonnes	1,366,574	269,500
EN1/EN2	Stones	tonnes	3,678,929	816,182
EN1/EN2	Bricks	tonnes	541,534	256,829
EN1/EN2	Concrete flooring materials	tonnes	3,608	6,888
EN1/EN2	Aluminium product	tonnes	2013 data was not collected	2,930
EN1/EN2	Steel product	tonnes		787
EN1/EN2	Silica gel	tonnes		306
EN1/EN2	Glass	tonnes		4,462
EN1/EN2	Packaging materials (plastic film)	tonnes		38
EN1/EN2	Wood	tonnes		221

* The data included the overseas business of Far East Global.

7. Key Performance Data and GRI G4 Content Index Table

Other Resources (energy, water and paper) Consumptions and Waste Emissions

Type of Energy/Material	Unit	2013	2014*
Direct Energy Consumption			
Diesel	litre	20,502,617	29,061,045
Bio-diesel	litre	1,200	914,135
Petrol	litre	12,996,799	1,744,764
Indirect Energy Consumption			
Electricity consumption at the Group's offices	kWh	86,537	85,690.9
Electricity consumption at company offices involved in property development business	kWh	3,968,306	11,029,081
Electricity consumption at properties managed by the Group	kWh	7,235,787	3,208,989
Electricity consumption at construction sites and precast fabrication factory	kWh	191,647,990	123,843,446
Total	kWh	202,938,620	138,167,206.9
Water Consumption#			
Water consumption at company offices involved in property development business	cubic metres	138,334	123,605
Water consumption at properties managed by the Group	cubic metres	284,414	222,396
Water consumption at construction sites at precast fabrication factory	cubic metres	9,287,491.8	5,948,411
Total	cubic metres	9,710,239.8	6,294,412

Other Resources (energy, water and paper) Consumptions and Waste Emissions

Type of Energy/Material	Unit	2013	2014*
Paper Usage			
Paper used by the Group's offices	tonnes	0.02	0.94
Paper used by the company offices involved in property development and management business	tonnes	260	192
Paper used by company offices involved in construction business	tonnes	181	237
Total	tonnes	441	429.94
Construction Waste			
Solid waste	tonnes	2,162,765	1,232,538
Site recycled materials	tonnes	124,340	478,862
Material reutilised on site	tonnes	541,028	126,760
Site waste treated by landfill	tonnes	127,914	249,744
Site waste treated by fill bank for reuse in reclamation and site formation	tonnes	1,457,405	1,086,980

* The data included the overseas business of Far East Global.

It is not feasible to calculate the water consumption at the Group's offices due to the facility limitation of the buildings in which the Group is located.

7. Key Performance Data and GRI G4 Content Index Table

Human Resources Data					Total no. of employees by region	
Employee distribution		Below 30	31-40	41-50	51 and above	
Hong Kong	Male	1,031	898	914	1,489	6,151
	Female	267	266	511	775	
Mainland China	Male	9,939	6,484	4,624	1,810	29,685
	Female	4,006	1,679	1,008	135	
Macau	Male	135	121	95	122	591
	Female	51	30	15	22	
Overseas	Male	154	212	201	41	726
	Female	49	42	27	0	
Total no. of employees by age group		15,632	9,732	7,395	4,394	37,153

7. Key Performance Data and GRI G4 Content Index Table

Human Resources Data					Total no. of employees by region		
Employee distribution		Below 30	31-40	41-50	51 and above	Male	Female
Hong Kong	Senior management	0	3	18	21	41	1
	Middle management	2	24	29	28	64	19
	Executives	48	142	144	111	412	33
	General staff	1,248	995	1,234	2,104	3,815	1,766
Mainland China	Senior management	0	28	57	17	97	5
	Middle management	30	318	455	67	543	327
	Executives	1,052	1,504	628	194	2,561	817
	General staff	12,863	6,313	4,492	1,667	19,656	5,679
Macau	Senior management	0	1	0	0	1	0
	Middle management	0	1	3	6	9	1
	Executives	15	12	29	25	80	1
	General staff	171	137	78	113	383	116
Overseas	Senior management	0	0	0	0	0	0
	Middle management	0	0	3	0	3	0
	Executives	1	4	3	8	16	0
	General staff	202	250	222	33	589	118
Total no. of employees by gender and age group		15,632	9,732	7,395	4,394	28,270	8,883

Human Resources Data	
Total no. of employees by position	
Senior management	145
Middle management	966
Executives	3,920
General staff	32,122

7. Key Performance Data and GRI G4 Content Index Table

Material Aspects	G4 Indicator	Indicator explanation	Cross-reference/Comments	Pages	Comments
G4 General Standard Disclosures					
Strategy and Analysis	G4-1	Statement from the most senior decision-maker of the organisation	Chairman's Message	3-4	
General information about the organisation	G4-3	Name of the organisation	About this Report	2	
	G4-4	Primary brands, products and services	About COHL	6	
	G4-5	Location of organisation's headquarter	About COHL	6	
	G4-6	Number of countries where the organization operates	About COHL	2	
	G4-7	Nature of ownership and legal form	About COHL	6-7	
	G4-8	Markets served	About COHL	6	
	G4-9	Scale of the organisation	About COHL	6	
	G4-10	Number of employees	COHL and our People Key performance data and GRI G4 content index table	26-30 67	
	G4-11	Percentage of employees covered by collective bargaining agreements	None of our employees are covered by collective bargaining agreements.	N/A	
	G4-12	Organisation's supply chain	Corporate Governance and CSR Management Quality and Safety COHL and the Environment	24 40 49	The Group has approximately 3,500 suppliers in total.
	G4-13	Significant changes during the reporting period regarding size, structure, ownership or organisation's supply chain	About COHL	N/A	No significant change. Regarding the minor changes to the Group's structure, please refer to the figure in Chapter 3.
	G4-14	Explanation of whether and how the precautionary approach of principles is addressed by the organisation	Corporate Governance and CSR Management Quality and Safety COHL and the Environment	24 36 47	
	G4-15	Subscription or endorsement of externally developed economic, environmental, and social charters, principles, or other initiatives	About COHL	13	
	G4-16	Memberships in association and/or national/international advocacy organisations	About COHL	13	

7. Key Performance Data and GRI G4 Content Index Table

Material Aspects	G4 Indicator	Indicator explanation	Cross-reference/Comments	Pages	Comments
Identified Material Aspects and Boundaries	G4-17	Entities included in the organisation's consolidated financial statement or equivalent documents	About COHL	6-7	For more information, please refer to the 2014 Annual Report of COLI and CSCI.
	G4-18	Process for defining report content and the aspect boundaries	Stakeholder Engagement and Materiality Analysis	15	
	G4-19	Material aspects identified in the process of defining report content	Stakeholder Engagement and Materiality Analysis	16-17	
	G4-20	Aspect boundary within the organization for each material aspect	Stakeholder Engagement and Materiality Analysis	15	The key issues covered in this report are applicable to the scope within the Group as described in this report, except that certain indicators are not applicable to the overseas operations. The reasons have been explained in the respective chapter.
	G4-21	Aspect boundary outside the organisation for each material aspect	Stakeholder Engagement and Materiality Analysis	15	
	G4-22	Explanation of the effect of any re-statement of information provided in earlier reports, and the reasons for such re-statement	Quality and Safety	38	As mentioned in Chapter 6.2, we have revised the accident rate per thousand workers from 7.9 as recorded in the 2013 CSR report to 10.5 as shown in this report, due to the fact that data for certain local subsidiaries was not available at the time of publication of the 2013 report.
	G4-23	Significant changes from previous reporting periods in the scope and boundary	About this Report	2	The Group has been improving the data collection and disclosure system. In 2014, we have extended the scope of coverage for the environmental performance data and included the overseas business of Far East Global Group Limited in our disclosure.

7. Key Performance Data and GRI G4 Content Index Table

Material Aspects	G4 Indicator	Indicator explanation	Cross-reference/Comments	Pages	Comments
Stakeholder Engagement	G4-24	List of stakeholders engaged	Stakeholder Engagement and Materiality Analysis	15	
	G4-25	Basis of identification and selection of stakeholders	Stakeholder Engagement and Materiality Analysis	15	
	G4-26	Stakeholder engagement approach and frequency	Stakeholder Engagement and Materiality Analysis	15	
	G4-27	Key topics and concerns raised by stakeholders and the organisation's response	Stakeholder Engagement and Materiality Analysis	18–19	
Report Profile	G4-28	Reporting period	About this Report	2	
	G4-29	Date of most recent previous report	The last CSR Report of the Group was published in 2014.	N/A	
	G4-30	Reporting cycle	About this Report	2	
	G4-31	Contact point	About this Report	2	
	G4-32	GRI in accordance option chosen	About this Report	2	
	G4-33	External assurance	This report did not receive external assurance.	N/A	
Governance	G4-34	Governance structure	Corporate Governance and CSR Management	22–23	
Ethics and Integrity	G4-56	Describe the organisation's values, principles, standard and norms of behaviour	Chairman's message Corporate Governance and CSR Management	4–5 23–24	
Specific Standard Disclosures					
Economic Performance	DMA (Disclosure of Management Approach)		About COHL	6–7	
	G4-EC1	Economic value generated and distributed	About COHL	8	
Market Presence	DMA		COHL and our People	34	
	G4-EC6	Proportion of senior management hired from the local community	COHL and our People	34	

7. Key Performance Data and GRI G4 Content Index Table

Material Aspects	G4 Indicator	Indicator explanation	Cross-reference/Comments	Pages	Comments
Materials	DMA		COHL and the Environment	42-43	
	G4-EN1	Material used by weight or volume	Key Performance Data and GRI G4 Content Index	65	
	G4-EN2	Percentage of materials used that are recycled input materials	The Group endeavours to utilize environmental materials during construction. In 2014, the data collected as follows covers the construction projects in Hong Kong: Stones 0.79%, Bricks 0.02%, Aluminium Product 20.42%. The other sites in operation have not collected relevant data this year.	N/A	
Energy*	DMA		COHL and the Environment	47	
	G4-EN3	Energy consumption	Key Performance Data and GRI G4 Content Index	66	
Water*	DMA		COHL and the Environment	47	
	G4-EN8	Water consumption	Key Performance Data and GRI G4 Content Index	66	
Effluents and Waste*	DMA		COHL and the Environment	47	
	G4-EN23	Total weight of waste	Key Performance Data and GRI G4 Content Index	66	
Compliance (Environment)	DMA		COHL and the Environment	42	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	COHL and the Environment	47	
Overall (Environment)	DMA		COHL and the Environment	42-51	
	G4-EN31	Total environmental protection expenditures and investment	In 2014, the total environmental protection expenditures and environmental management cost is approximately HKD33.8 million, while the liquid and solid waste disposal costs added up to HKD19.28 million. As this is the first time that the Group collects the data regarding this aspect, the data does not include CSCI's operations in Hong Kong and COLI. We will improve our data collection system in the future to disclose more comprehensive data under this indicator.	N/A	

7. Key Performance Data and GRI G4 Content Index Table

Material Aspects	G4 Indicator	Indicator explanation	Cross-reference/Comments	Pages	Comments
Employment*	DMA		COHL and our People	26	
	G4-LA1	Total number of rates of new employee hires and employee turnover	COHL and our People	26-30	
Occupational Health and Safety	DMA		Quality and Safety	28-39	
	G4-LA6	Type and rates of injury, lost days and work-related fatalities	Quality and Safety	38	
Training and Education	DMA		COHL and our People	31-32	
	G4-LA9	Hours of training per year per employee	COHL and our People	31	
Diversity and Equal Opportunity	DMA		COHL and our People	33-34	
	G4-LA12	Composition of governance bodies and breakdown of employees according to gender, age group and indicators of diversity	COHL and our People Key Performance Data and GRI G4 Content Index	33-34 67	
Equal Remuneration for Women and Men	DMA		COHL and our People	33-34	
	G4-LA13	Ratio of basic salary and remuneration of women to men	COHL and our People	33	
Local Communities	DMA		Stakeholder engagement and materiality analysis	20	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes	100% The property management and construction businesses have been in compliance with the local regulations. We conduct adequate communication with relevant community stakeholders before the launch of construction projects to reduce the impact on the local communities (including environmental aspects).	N/A	
Anti-corruption	DMA		Corporate Governance and CSR Management	24	
	G4-SO3	Total number and percentage of operations assessed for risks related to corruptions and the significant risks identified	In 2014, the Group implemented corruption related risk assessment at 18 locations with considerably higher risks of corruption, accounting for 3.98% of all locations in operation. There was no major risk identified during the assessment.	N/A	

7. Key Performance Data and GRI G4 Content Index Table

Material Aspects	G4 Indicator	Indicator explanation	Cross-reference/Comments	Pages	Comments
Compliance (Social)	DMA		Quality and Safety	36-37	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	During the reporting period, four subsidiaries received fines due to violations of safety related regulations, including China Overseas Building Construction Limited (received a fine of HKD20,000 due to inadequate safety measures during construction), Shenyang Huanggu Thermal Power Plant and its contractor (22 cases of non-compliance of safety, with fines adding up to RMB8,550), Far East Global in Canada (one case) and Hong Kong (51 cases, with fines adding up to HKD167,100). There was no fatality caused by the above mentioned cases. The Group has implemented relevant penalties and provided safety training to the staff involved in the violations.	N/A	
Customer Health and Safety	DMA		Quality and Safety	36-37	
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Quality and Safety	36-37	
Product and Safety Labelling	DMA		Quality and Safety	40-41	
	G4-PR5	Results of surveys measuring customer satisfaction	Quality and Safety	40-41	
Compliance (Product)	DMA		Quality and Safety	36-37	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning provision and use of products and services	During the reporting period, the Group received no major fines related to products and services other than the cases mentioned under G4-SO8 related to violations of safety regulations.	N/A	

* Non-material issues

8. Feedback Form

Thank
you

for reading the CSR report of China Overseas Holding Limited. We hope to learn from your feedback and suggestions on the report and our CSR performance so that we could review our progress and take the company forward. Please click on the link below or email to csr@cohl.com to share your thoughts.

[Feedback Form](#)